

NHK SPRING REPORT 2011

Society-Environment-Finance
April 2010 — March 2011

**Building a better world
by building innovative products**





For a **resilient** society through a wide-range of innovation across a diversity of fields

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.

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Editorial policy

The NHK Spring Group has published the NHK Spring Report since the 2008 fiscal year, summarizing the social, environmental and financial aspects of what we have done over the last year. We have tried to make this fourth annual report on our activities more complete than ever.

Readership

This Report is intended for our customers, shareholders and investors, suppliers, the communities around the places where we operate, and our employees and their families.

Scope

This Report covers the fundamental business activities of the NHK Spring Group. 'NHK Spring Group' refers to the group overall; 'NHK Spring' refers specifically to NHK Spring Co., Ltd. and our affiliates are identified individually by name. We make every effort to ensure that the Report is accurate.

Reporting period

In principle, the Report covers our business activities from April 2010 to March 2011. As it is published in September, it will also include any major developments since April 2011.

Editorial guidelines

Ministry of the Environment's Environmental Reporting Guidelines (2007 ed.)

NHK Spring innovation meeting different needs of society

Automobiles

Steering gear



Coil springs absorb vibration and any impact from the road surface. Stabilizer bars limit lean when cornering or changing lanes. Leaf springs affect both the ride and stability.

Internal and external products



We provide fully integrated design to assembly of safe and comfortable automotive seats. Highly waterproof, airtight, soundproof and impact absorbent Super Seal/Sheet is used in internal and external automobile products.

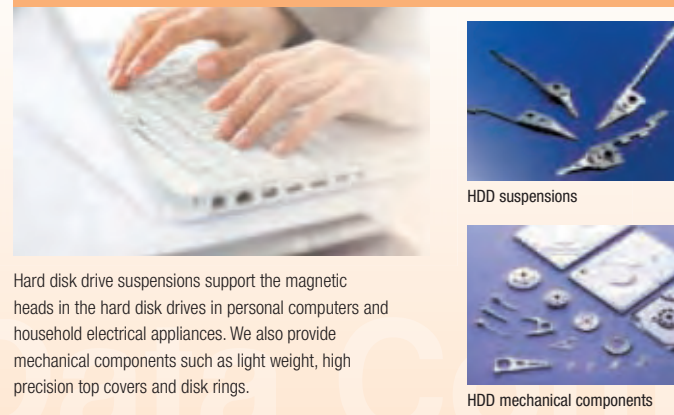
Engine and drive transmission components



Our highly safe and durable components, such as valve, disk, wave, and arc springs, are used in engine and drive transmissions.

Data communications

PCs and household electrical appliances



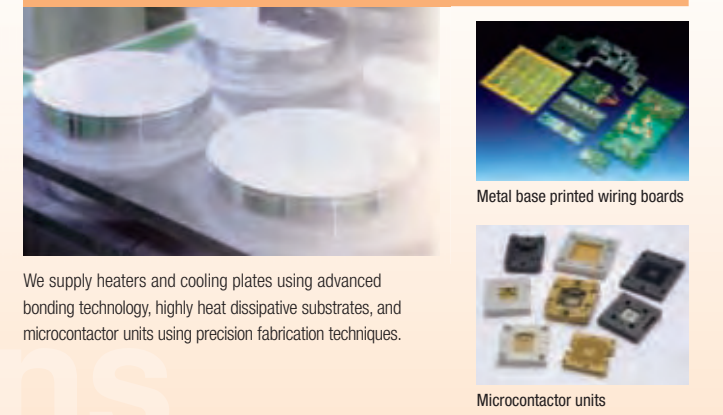
Hard disk drive suspensions support the magnetic heads in the hard disk drives in personal computers and household electrical appliances. We also provide mechanical components such as light weight, high precision top covers and disk rings.

Copiers and printers



Different types of wire and thin leaf springs are used in copiers and printers. Spring clutches are used in paper feed mechanisms.

Semiconductors



We supply heaters and cooling plates using advanced bonding technology, highly heat dissipative substrates, and microcontactor units using precision fabrication techniques.

Industry and lifestyle

Railroads



Tension balancers absorb the stretching of the overhead wires that deliver power to the railroad pantographs, and maintain a constant level of tension. Railroad rolling stock also uses a variety of springs.

Mechanical multilevel parking systems



The special features of springs are used in the systems that move pallets vertically and horizontally. These systems provide parking spaces regardless of economic and land use requirements, and ensure the spaces are used efficiently.

Lighting systems



The NHK Spring Group Yokohama Kiko (Co., Ltd.) supplies many types of lighting systems. The lighting at the NHK Spring Mitsuzawa Football Stadium uses systems from our affiliate, Yokohama Kiko.

Principal products for our variety of business divisions, contributing to a **resilient** society

Automobiles

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

- Suspension springs: leaf and coil springs and stabilizer bars
- Seats, seat mechanical seating components, interior products
- Wire and thin leaf springs, precision machined components
- Polyurethane products



Data communications

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

- HDD suspensions and mechanical components
- Leaf and thin leaf springs
- Liquid crystal and semiconductor testing probe units
- Precision machined components
- Ceramic products
- Brazed products
- Metal base printed wiring boards
- Polyurethane products
- Security products



Industry and lifestyle

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

- Parking systems
- Pipe support systems
- Gas springs
- Polyurethane products
- Spring mechanisms



Supplying the world with vital components

I would like to thank each of our stakeholders for their continuing support for the NHK Spring Group.

May I begin by assuring all those affected by the Great East Japan Earthquake of our deepest sympathy and our hopes for a speedy recovery in the affected areas.

These have been turbulent times since the collapse of Lehman Brothers, the subsequent recovery, and then the earthquake and the nuclear problem that followed. All these developments have brought significant changes to the business environment in which we operate. It is against this background that we are executing our medium and long term corporate strategy of maximizing enterprise value by becoming a global business. We launched the new three-year Medium Term Management Plan (2013 Midterm Plan), to end in fiscal 2013, in April 2011. Under the Plan, we aim to lay the groundwork to roll out our vital components production on the global level, and make the NHK Group the first choice of our customers over the next three years.

While on the one hand we need to increase sales and operate more efficiently in order to ensure the Group survives and grows, at the same time we recognize that we must exert all our efforts towards CSR in order to conduct



our business in a sustainable manner. That is why our policies include ‘ongoing efforts to encourage CSR.’

We conduct ourselves on that basis, with an awareness of our responsibilities to society as a global business. We make every effort to increase the transparency of our management and to improve checks and balances to gain the trust of our stakeholders, while contributing to society and protecting the environment. We are also strengthening our risk management.

Through this report, we hope to give the reader an understanding of some of our beliefs and activities concerning our social responsibilities. We are not perfect, but we ask you all for your continuing support for what we are doing.

Thank you.

2013 Midterm Plan Slogan

Pole to Win
—Stepping Toward Victory—

K. Sasaki

Kenji Sasaki
Chairman of the Board

K. Tamamura

Kazumi Tamamura
President and CEO

Strongly encouraging CSR to build a dynamic business

I believe that it is always vital that we meet our obligations to society while gaining the mutual understanding and trust of our stakeholders (customers, employees, suppliers, shareholders and local and national governments) if we are to continue to grow the organization.

Our CSR Committee is formed from the directors of the relevant departments and sets directions on the basis of management policies grounded in our Corporate Slogan and Corporate Philosophy. These are rolled out as specific actions throughout the entire organization and each workplace. Our CSR activities encompass risk management, quality assurance, disclosure, labor (human resources training and health and safety, etc.), contributing to society and protecting the environment.

We will work harder to deepen our commitment to CSR.



Tsutomu Yamaguchi

Executive Vice President
Chairman of the CSR Committee

The Great East Japan Earthquake Impact on NHK Spring Group

March 11 and its aftermath

The Great East Japan Earthquake on March 11 was of an unprecedented lower 6 intensity on the seven point Japanese scale. The massive tremor was even felt in Yokohama. We were severely affected: public transport was brought to a standstill, and many employees had to walk home, while others gave lifts in their cars to fellow workers who lived in the same direction.

No NHK Spring or Group company employee suffered any personal harm in the disaster, nor did any of our plant or equipment suffer any serious damage. However, some employees did lose immediate family and extended family members. We pray for the souls of those who died, and feel deeply for those who were injured.

We established a Disaster Response Division in Head Office on March 14. The Division received information every morning to establish conditions at each of our facilities. Scheduled power outages were implemented from that day, and we had to make ad hoc adjustments to our operations to take account of the various factors affecting our customers, suppliers and distribution. We responded to the scheduled power outages by changing operating hours and going onto standby while the power was out at our Gunma, Atsugi and Isehara plants.

President's message and Group response

Addressing the employees on the situation, President Tamamura said 'We will come out of this. We all need to knuckle down and see it through.' The Group is contributing ¥40 million, and the Board and current and former employees are also raising funds.

From July 2011, we will be matching the car makers by taking Thursdays and Fridays off and working Saturdays and Sundays to help save power. We expect to continue with this arrangement until the end of September.

The earthquake and tsunami and the nuclear power plant accident have had an enormous effect. The entire Group is working closely with our customers and suppliers, and also the relevant government authorities, to recover in the shortest possible time.

President Tamamura: New structure starts

At the June 29, 2010, Board of Directors following the General Meeting of Shareholders, former President Takehiko Amaki handed over to the new President Kazumi Tamamura, initiating the new structure. (Former President Amaki was appointed a Counselor.)

In his message to employees on his appointment and for the company's Anniversary, Mr. Tamamura brought out the following points:

- He made clear the purpose of work
- He distinguished between what should and should not be changed, and
- He promised more active communication

He said "We're all in the same boat. If we all pull together, if we're all bright, cheerful and enjoying ourselves, the boat will move forward."

He launched the new structure aimed at implementing the three-year Medium Term Management Plan to end in fiscal 2013 as well as Vision 2020.



President Tamamura at the Anniversary ceremony (Yokohama facility, September 8, 2010)

Initiatives on naming rights



Station sign at Shidai-Igakubu Station showing its new alternative name, Nippatsu-mae



The Yokohama New Transit Kanazawa Seaside Line runs alongside our Yokohama facility. We decided to buy alternative naming rights to a station as a new advertising medium, and acquired the rights from April 2010 to the Shidai-Igakubu Station, nearest our office. The station will now also be known as Nippatsu-mae Station. The new name will appear on station signage and route maps, and will be announced as "Nippatsu-mae" Station in the trains.

NHK Spring Mitsuzawa Football Stadium

President Tamamura presents award before big crowd at NHK Spring and College of Science & Engineering Soccer League in Kanto area

Since 2010, we have been offering special support to the College of Science & Engineering Soccer League in the Kanto area. The League runs a number of League games and competitions in the spring and fall with NHK Spring. President Tamamura spoke at an award ceremony before a large crowd at a regular game by the J. League club Yokohama F.C. to loud cheers and applause. This shows the impact of our naming rights campaign.

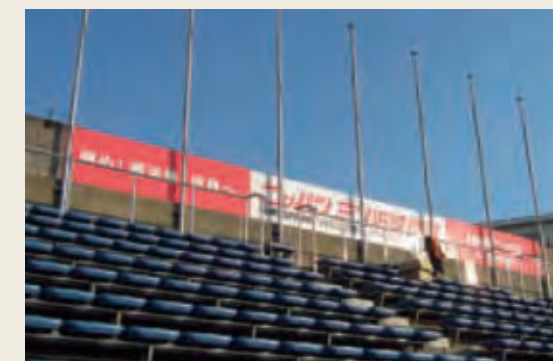


President Tamamura speaking in front a crowd of around 8,000



New grandstand signage

We have updated our name and message boards on the second grandstand in the baseball stadium. It was navy blue for contrast, but was hard to read at night in particular. As it was old and needed to be replaced, we changed it to NHK Spring red to go with the second grandstand. This should further improve name recognition and our image.



New grandstand signage

Regular Group and Intra-company Soccer Tournaments

One way we exercise our rights to free use of the NHK Spring Mitsuzawa Football Stadium is holding annual NHK Spring Group and Intra-company Soccer Tournaments. This fosters communication between Group and company employees.



Over a hundred players in the Intra-company Soccer Tournament





CSR Management Report

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CSR management system and governance

We understand our responsibilities to the Group as a member of society, and we aim for consensus within the Group to ensure CSR proceeds smoothly. We have also established a system of governance, to ensure that we conduct our business in a proper manner.

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 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.

Board of Managing Directors and Committees



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 2010 at our Affiliates Management Summit, we worked on integrating our approach on CSR to senior Group management at home and abroad. We will continue to actively promote CSR.

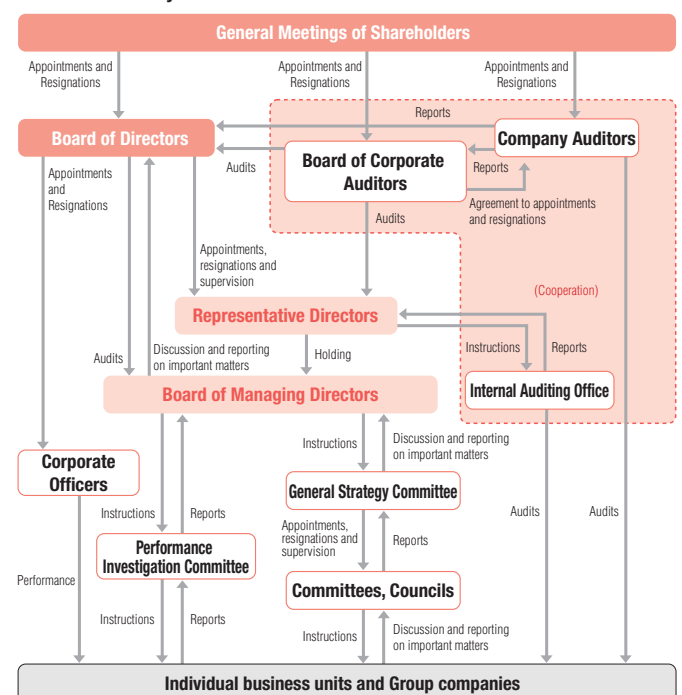
Corporate Governance

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 six board members as of June 29, 2011.

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, two of whom 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.

In April 2011, the Legal Department became the Risk Management Department. This integrates the risk management function, establishing and expanding our system of risk management. The Department also obtains advice from our corporate lawyers as required, on a consultancy basis.

Governance system



Risk management

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

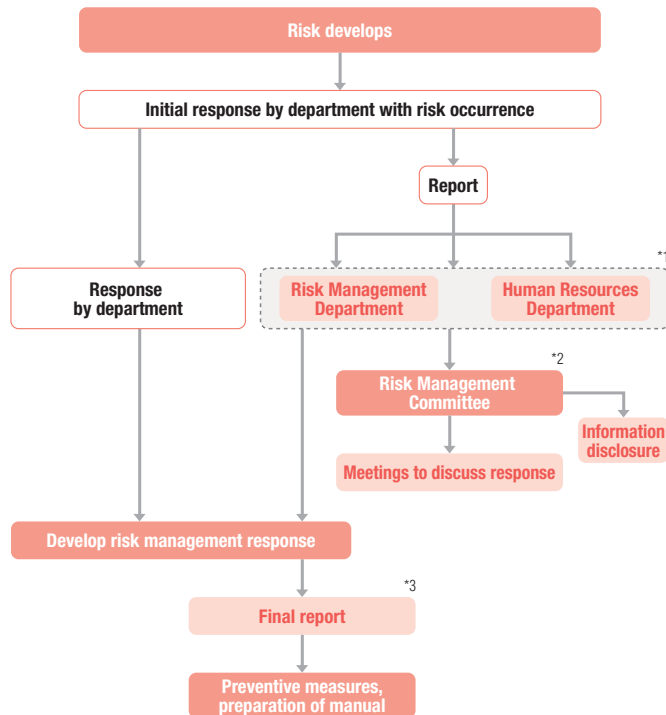
Risk management system

We confront a broad range of risks—natural disasters such as earthquake, tsunami and flood, as well as epidemics, terrorism and fires—but our mission is to keep the business operating while responding to them. Only in March this year, the Japanese economy suffered severely from the Great East Japan Earthquake, and the resulting nuclear incident. This made a review of our risk management systems inescapable.

We have established a Risk Management Committee within the company to manage risk. There are Business Continuity Planning (BCP), Natural Disasters, Swine Flu and Confidentiality subcommittees below the main Committee. The subcommittees develop systems of organizations and rules for these eventualities, and take prompt and correct action when they arise.

Most recently, the Committee reviewed our systems for first response to an earthquake and tsunami, and is strengthening weaknesses in our existing systems. The Committee is also reviewing plans to lessen the impact of sudden interruption to our supply chain, and the use of our own generators in case of power shortages. We are continuing to develop effective risk management systems.

Flowchart in the event of risk



*1 The Risk Management Department is responsible for risks from natural disasters and accidents, and operational and legal risk, and the Human Resources Department is responsible for workplace risk and incidents and accidents overseas.

*2 The Risk Management 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.

Operational risk management

The organization doesn't only face risks to business continuity from natural disasters: there are other latent risks in its day-to-day operations. Some examples are a loss of operational efficiency from a high staff attrition rate, compensation for damages due to failure to perform contractual obligations arising from poorly-prepared contractual documentation, and fines for unintentional breaches of the law arising from differences in interpretation of laws and so on. This kind of operational risk can deal a body blow to an organization, through loss of profitability and weakening of the organization. We began auditing actual operational risk in the overseas group companies in 2010, evaluating risk, prioritizing issues and proposing key policies. We are also considering introducing self-checking procedures and ongoing monitoring. Our system cycles through risk management PDCA with regular audits of our operations by the Internal Auditing Office.

There is always the potential for operational risk. With the assistance of other relevant functions, we will focus on the early identification of risk and rapid development of plans to deal with it. In that way, we can contribute to improving Group performance.

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

Compliance

While we naturally comply with the law, we also genuinely meet the demands society makes on us. Compliance is a major element of how we do business. We have established the NHK Spring Employees Code of Conduct, describing what society expects from us and specifying what is required of employees in every facet of business.

In order to achieve compliance throughout our business, the President has ultimate authority for compliance. We have Compliance Promotion Officers

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

Strengthening risk management in the NHK Spring Group

Responsibility for the risk management function used to be spread over a number of departments. However, we centralized it in fiscal 2010 in one single department, for greater efficiency and faster response. We also added the compliance function which was the responsibility of the old Legal Department., and renamed it the Risk Management Department. Its task is to plan for all types of risk—natural disasters and operational risk among others—and to strengthen our Group management systems by monitoring the results of these measures.

Fortunately, we weren't greatly affected by the Great East Japan Earthquake, but it prompted us to review our first response to earthquakes and tsunamis, or supply chains, and how we deal with power shortages, and how they are reflected in our business continuity planning. We are building a stronger NHK Spring Group on the twin foundations of compliance and risk management.



Kazuyuki Okumura
Director
Risk Management Dept.

Strengthening and bedding down information security systems

Information security is not only vital in winning the confidence of our customers and our stakeholders in general, but we also regard it as a fundamental support to safe and secure activity within society. We look on the NHK Spring Group Security Management Policy Guidelines as the foundation on which we protect our intellectual property and define the basic vision of how we conduct our business, establish relevant rules and train staff, all in order to better maintain information security.

We also have an IT Controls Team within the Information Systems Department. It continually monitors and revises our IT controls and oversees information security for the security of the Group as a whole as its contribution to stronger internal controls.



Junichi Suzuki
Director
Information Systems Dept.

Making compliance part of business

I tell the compliance training sessions that 'You need to make compliance a part of your work. You each know your own job best, so I want you each to think how you can build compliance into the work you do.' Of course, talk is cheap. The hard part is actually embodying compliance in our work. We first need to know what sort of compliance is required. This is particularly so because business is now global, and we are called on to apply compliance at the global level. This means knowing our national rules of course, but we also need to know what the rest of the world demands as well. We all have to decide to do this. I'm always keen to speak out on compliance for the Risk Management Department.



Yoshiki Terada
Senior Manager
Risk Management Dept.



Social Report

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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 have taken a range of measures to cope with the impact of fluctuations in supply and demand for power, and continue to strive to maintain and improve the quality of our products, continuing to deliver quality products to our customers.

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 of important processes (heat treatment and welding)
 - (2) Expanding the range of important processes (launch of shot peening process)
 - (3) Implementing preventive evaluation at the development and design stage (FMEA, FTA, DRBFM, etc.)
- 3. Development of human resources through quality control training**
 - (1) Improving problem-solving abilities through off-site training
 - (2) Improving practical skills through on-the-job training
- 4. Extending quality training to our overseas affiliates**
 - (1) Identification of local conditions and preparation of manuals and tools

Acquired certification from the International Organization for Standardization

NHK Spring first acquired the ISO 9001 international standardization certificate for the Atsugi Plant in 1996, and since then, all our plants have acquired ISO

9000 Series certifications. Our car related production plants, have acquired ISO/TS 16949, for which the requirements are higher.

In addition to actively encouraging our local Group companies to acquire certifications, we are also taking on initiatives to acquire other international quality management systems certifications, such as the ISO 9000 series and ISO/TS 16949, according to the requirements of our customers and different regions.

Through our quality assurance system structured on international standards for quality management systems, we will continue to provide high quality products based on the idea that "The next step in the process is the customer."

What our customers say about us

NHK Spring is always trying to improve on quality, delivery and costs, to meet customer 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

We expect suppliers to develop cross-industrial solutions

NHK Spring has been supplying us with automotive seat frames for many years. In addition to automotive seat frame, we work together across a range of areas, including simultaneous worldwide launches and achieving a better ride through developments in urethane. Recently, the focus has been on environmental issues and improving fuel consumption. We have learned a lot from NHK Spring about seat design, particularly through exchanging information on making seats lighter.

NHK Spring has great technical strengths in automotive seat development, design, production and quality. They make use of their impressive ability to collect and analyze information here and overseas to actively pursue developments in urethane handling that can be rolled out globally and in producing a better ride.

We expect to work with NHK Spring production facilities at the global level, through cutting-edge development and by applying technology from different areas of industry to automotive seats.

Akihiro Sakurai

Associate Manager
Lightweight Platform Development Group.
Automobile Platform Design Dept.
SUZUKI MOTOR CORP.



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:

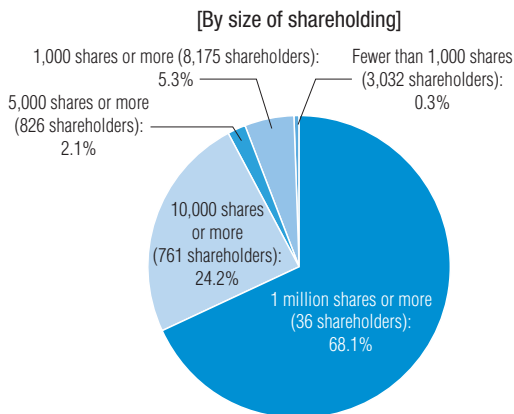
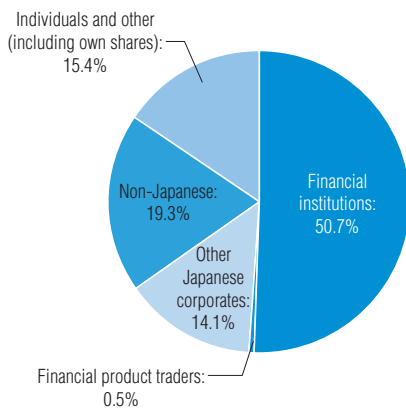
Public Relations Group: Business activities and general

General Affairs Dept.: All share-related procedures

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

The graph below shows the breakdown of shareholders.

Breakdown of shareholdings (As of March 31, 2011) [By type of shareholder]



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 was chosen for the FTSE4Good Index in 2009 and again in 2010.

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. Our strong commitment to CSR is reflected in our long-term vision out to 2020, our medium term management plan and our fiscal year policies, and we intend to maintain this commitment.



Confirmation of inclusion in the FTSE4Good Index

Voice

The market values NHK Spring's strengths in technology and development

I have covered the forecast results for the automotive parts makers, and made bearish recommendations on the industry to principally local and overseas institutional investors (trust banks and life insurance companies, etc.).

I collect information from NHK Spring through Financial Fact Books, and also analyst briefings and information from investor relations; I also take part in visits to the company's plants in Japan and overseas. In this way, I acquire information on NHK Spring's proprietary technology, its products and production. Visiting its plants, I've been particularly impressed by the company's commitment to innovation. At first glance, the products are just springs. But NHK Spring brings its own special materials and advanced technology to them, and this has cultivated the confidence of its customers over many years. I will be following NHK Spring more closely to ensure that the market properly values its outstanding strengths in technology and development.

Shiro Sakamaki

Analyst
Equity Research Dept (II)
Financial Research Center
Chartered Member of the Securities Analysts
Association of Japan
Daiwa Securities Capital Markets Co., Ltd.



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.

In fiscal 2009, we thoroughly overhauled the Guidelines to reflect the increasing importance of communication throughout the chemical substance supply chain and compliance with the law overseas.



Green Procurement Guidelines

Supplier business briefings

We invite representatives of the companies we do business with, and hold supplier business briefings for our suppliers once a year. (Until last year, these were known as Supplier Meetings.) 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 briefings build genuine partnerships

Voice

Partners in globalization and developing new technology

Kyodo Shaft has been supplying cold-finished steel bar—an input to automotive suspension springs—to NHK Spring spring manufacturing facilities and Group companies for over fifty years. We make use of our network on behalf of NHK Spring plants overseas to contribute to lifting their local procurement rate.

On the technical front, we also work with the steelmakers to improve surface quality, dimensional accuracy and precision of length to lead to higher strength springs. We take part in a two-way flow between production sites by providing spring steel drawing technology.

NHK Spring is globalizing rapidly. Understanding and coexisting with local cultures and customs allow it to spread production facilities around the world. We will become more global and develop new technology along with NHK Spring.

Tadakazu Tsukamoto

President
Kyodo Shaft Co., Ltd.



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 people with disabilities, 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 organizes 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 do 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.

We have a recruitment information page on our website with links to sites for mobile phone users. This lets us better deliver information to students. We also put up recruiting posters in stations for three months directed at new graduates, giving them more opportunities to learn about NHK Spring.



Recruiting sessions are an opportunity for students to deepen their understanding for our company



Recruiting information page on our website



Recruitment magazine that introduces our employees job performance

Employing the people with disabilities

We established a special subsidiary, Nippatsu Harmony Co., Ltd., to employ the people with disabilities 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 2011, we have 43 employees with disabilities (mostly intellectually) working happily at four facilities, two each in Kanagawa and Nagano Prefectures. In fiscal 2010, we gave training to 30 students from local special schools, and over 460 people from different schools and organizations visited our plants.

The NHK Group aims to have all its employees, whether with disabilities or not, working together harmoniously, testing their limits, working as independent members of society and living with society.



Nippatsu Harmony takes part in the annual National Skills Competition for People with Disabilities (Abilympic)

Workplace health and safety

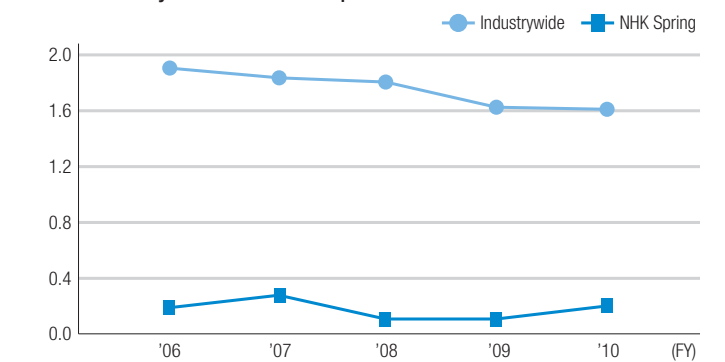
We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out companywide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve Zero hazards:

- 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



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

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.



Activities to widen the scope of exchanges between workplaces



Sailing Club: Cruising Shonan on our company-owned cruiser



Taiko Club: Actively participates in events inside and outside the company

Local communities

We have facilities and local group companies throughout Japan, and they are all engaged in activities within their local communities. All the efforts of our Group companies and employees are directed to extending our cooperation beyond the local communities 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 division and plant employee works with the interns to guide them, providing not just work experience but also preparing them mentally to become members of society.



Receiving training from NHK employees to gain experience in different divisions

Factory tours
Every day we conduct factory tours 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 people with disabilities among others.



Visits from overseas Group companies for analysts



Family tours give children the chance to see where their fathers and mothers work

Local events
We support many local sporting and cultural activities and community events. Every year we provide special sponsorship at Kids Engineer held by the Society of Automotive Engineers of Japan during the elementary school summer holidays. 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 run an easy-to-follow display, The Wonderful World of Springs, on the types and uses of springs.
We have concluded an agreement for the naming rights to the NHK Spring Mitsuzawa Football Stadium. This gives us the right to use the stadium without charge, and we held a junior soccer school there in October 2010. 150 elementary school students from the 2nd to 4th grades took part and received instruction from former J. League players. The children said, and their parents agreed, that it was a great experience.
We are considering making good use of our free access to the Stadium again.



Our stand at Kids Engineer 2010



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. One element of this is the Tenryu Riverbank picnic held every year in the Ina-Komagane region, attended by many of our employees and their families. They clean up rubbish from the area around the plants and work hard to beautify the local environment. Other facilities carry out similar activities tailored to local needs.



Taking part in the Tenryu Riverbank picnic



Group company involvement

Contributing to society
NHK Spring and our Group companies believe that every little bit helps. We contribute in many ways to local sporting and cultural activities and all sorts of local events.
Faurecia-NHK Kyushu, for example, contributes to its local community through voluntary donations every month by its employees, because they 'want to help out mothers, children and families in difficult circumstances'. They have contributed ¥2 million to Kanda-machi in their area.



Employee donations for Kanda-machi

Support for education in elementary and junior high schools
NHK Spring (Thailand) cooperates in the greening of Thailand, and contributes to society in other ways through big events sponsored by the Thai royal family among others. In fiscal 2010, we began supporting education in elementary and junior high schools. This year we will begin providing assistance to five schools in Samut Prakan Province and ten schools in Chachoengsao Province. We are also looking into elementary and junior high schools in the vicinity of the Wellgrow and Bangpoo Industrial Estates and the Banpo area, to see how we can help with what they need.



NHK Spring (Thailand) making ongoing positive contributions to society



Japan Festival
NHK Seating of America Inc. joins with other local Japanese companies to hold a biennial Japanese Festival in the Frankfurt City Library. It has regularly featured performances on Japanese musical instruments (the biwa this year), demonstrations of calligraphy, writing English names in kanji, and Japanese cooking classes, and this year featured goldfish scooping and sake tastings. The help of our local staff and their families contributes to an enjoyable cultural exchange with the local people.



Introducing Japan to the local residents at the Japan Festival



Environmental Report



Environmental Management

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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 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 at 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
 - 2) Provision of information
 - 3) Employee education and training
 - 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.

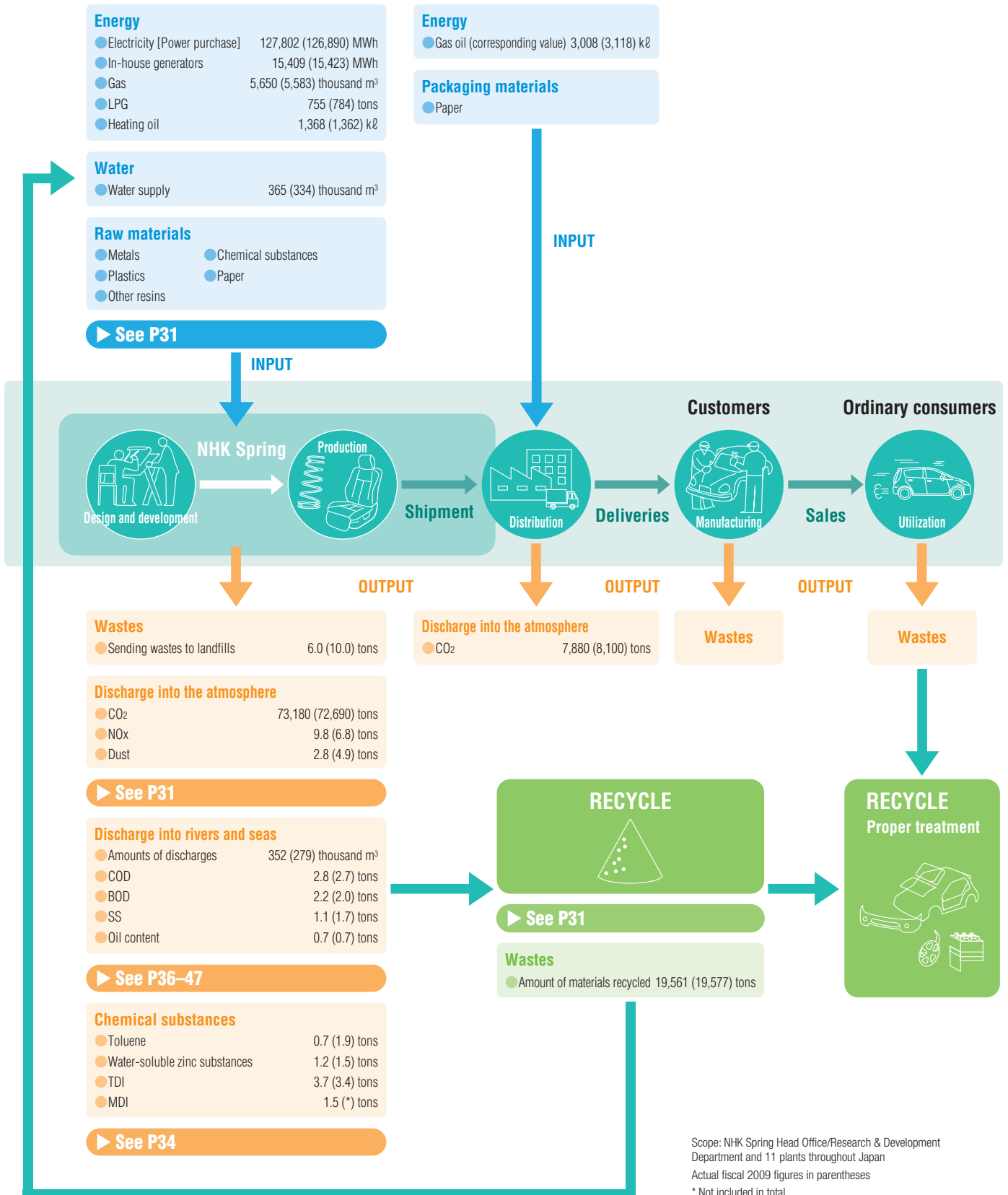
In fiscal 2011, we continue to enhance our environmental conservation activities. With a particular focus on biodiversity, and our management of environmental facilities, while at the same time encouraging resource saving activities and measures to combat global warming.

Environmental Activities Policies 2011

- 1. Encourage Group environmental management**
 - 1) Ongoing reduction in CO₂ emissions
 - 2) Ongoing zero emissions and reduction in amount of waste generated
 - 3) Encouraging activities to save the environment
- 2. 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.



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

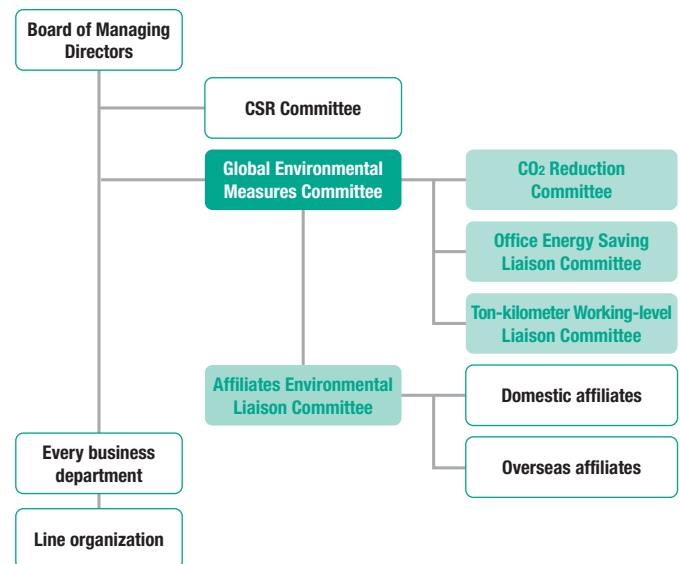
The Global Environmental Measures Committee provides unified consideration of the details of our environmental activities and implements our Global Environmental Activities Plan.

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 (→P30) 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



Working closely with local communities to preserve the environment

We encourage activities in conjunction with local communities to preserve the environment; this is coordinated through the Secretariat of the Global Environmental Measures Committee. In fiscal 2010, we organized visits to our Yokohama facility by local elementary school students. We explained our involvement with the environment (reducing wastes and saving energy, etc.) to help them better understand what we are doing to save the environment. We described these activities at the Kanagawa Prefecture Children's World Summit for the Environment and to the local press.

We also continue to run environmental tours for foreign students at nearby universities and trainees from the Association for Overseas Technical Scholarship.



Plant visit by local elementary school students



Explaining our involvement in the environment to children

Voice

Solid environmental results based on the Global Environmental Activities Guidelines

NHK Spring is involved with global environmental issues and has had arrangements in place for the environment since 1992 when it issued the Global Environmental Activities Guidelines. This has resulted in some solid achievements: among others, the Group has abolished the use of chlorine-based cleaning agents and has achieved zero emissions.

We are currently proceeding with planned reductions in the volumes of CO₂ emissions and wastes generated. We have responded to the March 2011 earthquake by instituting working schedule on weekends and power saving measures, to help ensure sufficient electricity.

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

Takashi Yonezawa
Manager,
Safety & Environmental Activities
Engineering Dept.



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 three plants a year, with the last of our eleven 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 17 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 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
	NHK Spring Production Company	August 2001
	Sumihatsu Co., Ltd.	October 2003
	Horikiri, Inc.	May 2001
	Tohoku Nippatsu 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 Precision Co., Ltd.	February 2006
	NHK MEC Corporation	March 2002
	Nippon Shaft Co., Ltd.	November 2003
	Topura Co., Ltd.	November 2001
Yokohama Kiko Co., Ltd.	August 2001	
North and South America	New Mather Metals, Inc.	July 2003
	NHK of America Suspension Components Inc.	January 2003
	NHK Seating of America Inc.	September 2004
	Rassini-NHK Autopeças Ltda.	May 2002
Asia	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
NHK Spring India Ltd.	October 2003	
Europe	Ibérica de Suspensiones, S.L.	December 2003

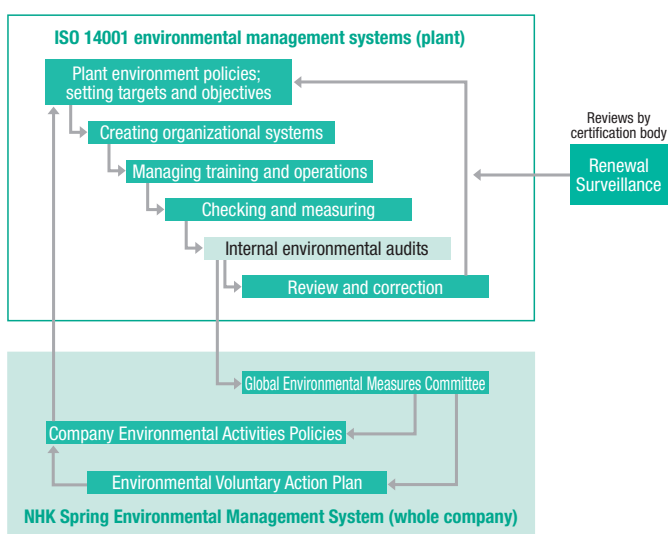
Environmental auditing

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



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 eleven plants and one office received external audits in fiscal 2010; eight plants had surveillance audits, and three plants and one 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.

Environmental auditing

The members of our environmental audit team have completed special training. In fiscal 2010, each of our plants conducted an internal environmental audit. In addition, the Head Office of NHK Spring also conducted environmental audits on one local plant, and three local and three overseas affiliates. This ensured that our systems were functioning properly and we were improving our performance.

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

Voice

Passing on the natural beauty of Lake Biwa to future generations

The Yasu Plant lies near Lake Biwa. In recent years, maintaining the water quality of the lake has become a very serious issue. The demands on environmental protection are greater here than in other regions, and our production activities here take that into account.

We are constantly striving to improve, so that we can leave the natural beauty of Lake Biwa to future generations. Our ISO14001 certification will be renewed in fiscal 2011, and the plant is aware of its responsibility to the environment and never stops trying to improve its protection.



Susumu Wada

Manager, Manufacturing Sect.
Parking Systems Dept.
Industrial Machinery & Equipment Div.

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 when staffs begin new positions, and regular skill upgrading is also provided.

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



Different levels of environmental auditor seminars

Numbers of staff with environmental qualifications (as of June 2011)

Qualification	Classification	Numbers holding qualifications	Qualification	Classification	Numbers holding qualifications		
Pollution prevention management	Air	Type 1	7	Qualified persons for energy management	-	25	
		Other	22				
	Water quality	Type 1	8	Working environment measurement experts	Type 1	Dust	4
		Other	26			Special chemicals	4
	Noise*		37			Metals	3
Vibration*		32	Organic solvents			4	
Dioxins		2	Type 2			6	
Environmental management system auditors	Assistant auditor	2	Certified environmental measurers	Level-related	3		

*Including three staffs with noise and vibration section qualifications

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

Consciousness-raising activities

We hold an annual "Global Environment 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



Environmental activity case studies

Voice

We all share a high level of awareness of the need to save energy

At the Atsugi Plant, we keep up our environmental activities by continuing to cut down on the amount of wastes we generate, maintaining zero emissions and reducing our CO₂ emissions amongst other things.

In fiscal 2011, we also felt the impact of the March earthquake. The power shortages brought the seriousness of the problem home to us, and the whole plant now has an even greater awareness of the need to save energy.

We have all pulled together to save power, of course by cutting down on lighting, changing the air conditioning temperature settings in summer and switching to LED lighting. At Atsugi Plant, we'll go on doing whatever it takes.



Takayuki Yamamoto
Manager, Manufacturing Sect. 1
Atsugi Plant
Precision Spring & Components Div.

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 2010 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).

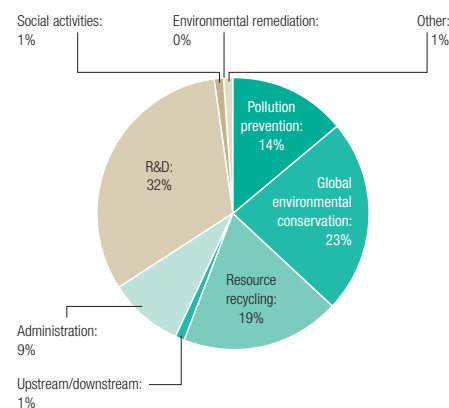
For fiscal 2010, our environmental account was worth around 919.1 million Yen calculated from a constant base. The table below shows the breakdown.

Fiscal 2010 – Cost of environmental conservation

Units: ¥ million/year

Classification of costs	Main elements	Value* in FY 2009	Value* in FY 2010
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	118.5	127.9
2) Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	177.9	206.8
3) Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	167.7	179.2
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)	23.0	8.5
5) Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	93.6	82.4
6) R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	237.0	294.9
7) Social activities	Social service activities (cleaning waterways and surroundings of plants) etc.	5.8	9.0
8) Environmental remediation	Remediating environmental damage to surroundings	5.1	0.1
9) Other	Other environmental conservation work	1.1	10.3
Total		829.6	919.1

*Value: totals of Environmental Investments and Environmental Conservation



Classification and performance of fiscal 2010 investments

The table below shows our fiscal 2010 performance. The improvement in volume of wastes sent to landfill is evident. In other areas, we generally sustained our

2009 levels of performance. There was no significant fall-off in the effects of investments. We will continue to improve in these areas.

Performance of fiscal 2010 investment effects

	Material effects*1			Economic effects*2			Assessment
	FY 2009 performance	FY 2010 performance	Effects	FY 2009 performance	FY 2010 performance	Effects	
Energy use per unit output (J/¥ million) ³	5,957	5,950	-7	-	-	-	○
CO ₂ per unit output (thousand kgC/¥ million) ³	0.127	0.128	0.001	-	-	-	○
Wastes to landfill (tons/year)	10.0	6.0	-4.0	-	-	-	◎*4
Wastes recycled (tons/year)	19,577	19,561	-16	-	-	-	○
Energy costs per unit output (¥/¥ thousand) ³	-	-	-	15.2	16.1	0.9	△*5
Waste treatment costs per unit output (¥/¥ thousand) ³	-	-	-	0.56	0.55	-0.01	○

*1 Material effects: Reduction in environmental pollutants, etc.

*2 Economic effects: Energy savings and waste reduction, etc.

*3 Unit output: Values to Sales

*4 Through achieving 100% internal recycling rate

*5 Due to increased unit energy costs

NHK Spring involvement at production sites

We have installed energy-saving equipment and are working on our products and processes to minimize the amounts of energy and resources we use in production. This involves our employees and their families too in recycling and working to protect the environment.

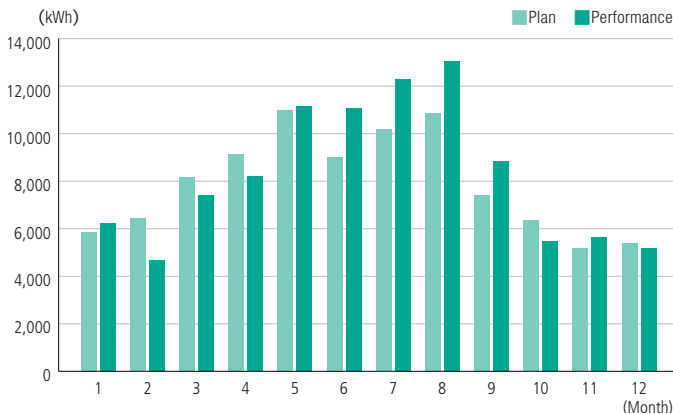
Energy-saving activities

Using solar energy

Every company in the NHK Spring Group is involved in reducing our CO₂ emissions. We have been progressively rolling out solar generation across the Group, starting with our Komagane Plant in fiscal 2007 and followed by a 100 kW solar electric generator at our Yokohama facility in fiscal 2008.

We installed 56 kW solar panels on the roof and walls of the new development building in our Gunma Plant in March 2011.

Fiscal 2010 solar generation at Yokohama facility



Promotional work by the CO₂ Reduction Committee

The CO₂ Reduction Committee carries out the work of the Global Environmental Measures Committee. It holds regular meetings to stimulate energy saving activities in our plants and affiliates. The Committee passes on information and useful case studies to provide active support across the entire Group.

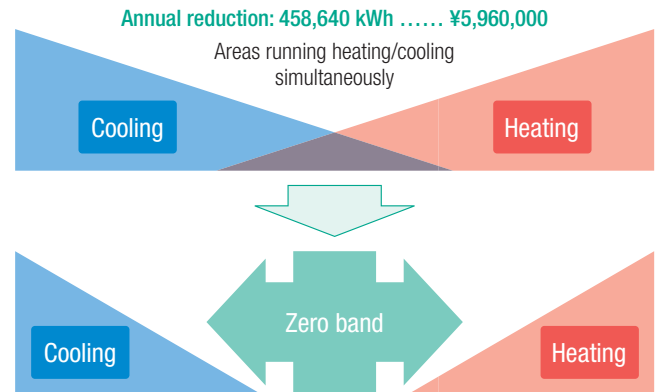
Some actual examples include improvements to heat treatment furnaces, improvements to compressor controls and reviews of product fabrication conditions.

Power consumption reduced by changing hydraulics settings (production conditions) on hydraulic endurance testing machine

(Units: kW)

Endurance testing machine	Power consumption	
	Before	After
25 tons	150	43
15 tons (#1)	110	39
15 tons (#2)	165	60
6 tons	55	31
5 tons (#1)	55	39
5 tons (#2)	55	31
Wind-up	110	39
5 tons (#4)	165	94
4 tons (#2)	37	21
2 tons (#1)	30	26
2 tons (#2)	30	26
2 tons (#4)	90	32

Reduction in power consumption from using the zero band setting on plant air conditioning



Note: Zero band control is setting ranges in air conditioning temperature and humidity settings to prevent both heating and cooling simultaneously.

Zero emissions

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

Recycling confidential paper documents

We use a secure shredding service so that we can reuse documents that would be hard to recycle otherwise for security reasons.



Reusing confidential documents

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.



Checking processor on site

NHK Spring fiscal 2010 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.

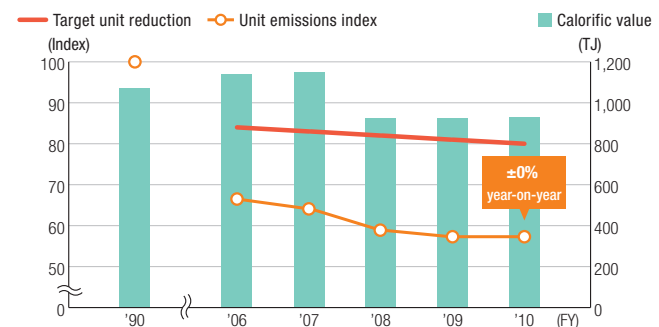
Energy saving

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 subcommittees and working groups since moving our head office, and Suspension Spring and Seating divisions (plants) to Yokohama in 1991. We are currently continuing with energy saving initiatives at all our plants.

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 2010 target	FY 2010 actual	Assessment
Target unit consumption* 80.0	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



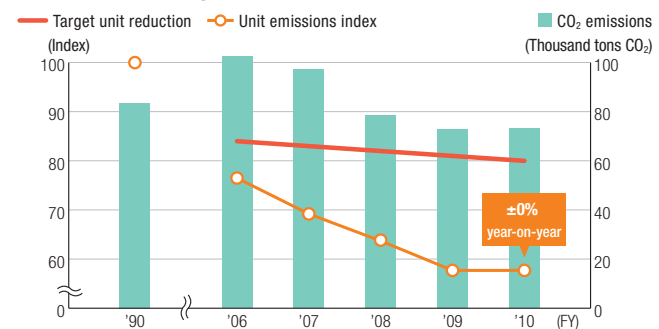
Reduction in CO₂ emissions

We established a CO₂ Reduction Committee in 2008 for our involvement with our domestic affiliates in efforts to reduce CO₂ emissions. There are specific targets for reducing CO₂ emissions for the whole group and preventing global warming. As a result, our unit CO₂ emissions in fiscal 2010 were in line with those of fiscal 2009.

Targets		
7% reduction from 2008 to 2012 (based on fiscal 1990) and reduction of 20% in unit CO ₂ emissions by 2010 (based on fiscal 1990) (According to Japan Auto Parts Industries Association Fifth Environmental Voluntary Action Plan)		
FY 2010 target	FY 2010 actual	Assessment
Target unit emission* 80.0	Unit emission 57.7	

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

Movements in target and actual CO₂ emissions



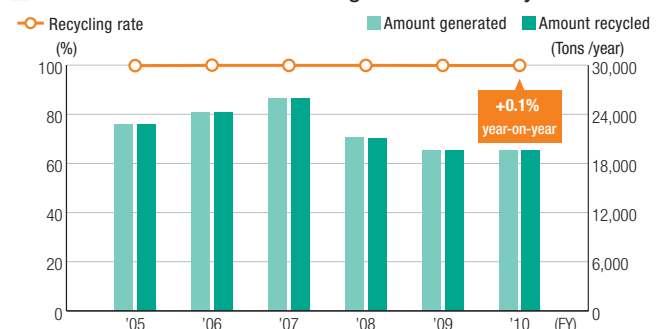
Recycling of wastes

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. We achieved 100% recycling rate for fiscal 2010.

Targets			
Maintain zero emissions across the entire company from fiscal 2005 (Recycling rate of 99.9% achieved since fiscal 2005)			
FY 2010 target	FY 2010 actual	Assessment	FY 2011 target
Recycling rate of at least 99%	Recycling rate of 100%		Continue recycling rate of at least 99%

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

Movements in amounts of waste generated and recycled



Group company involvement

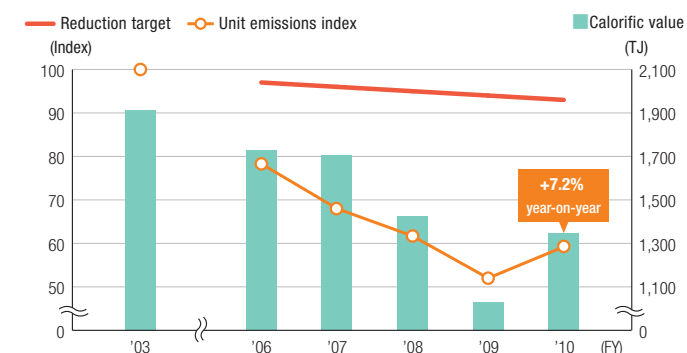
We involve the entire Group in our environmental conservation activities. They are all engaged in reducing environmental pollution.

Domestic affiliates

Energy saving

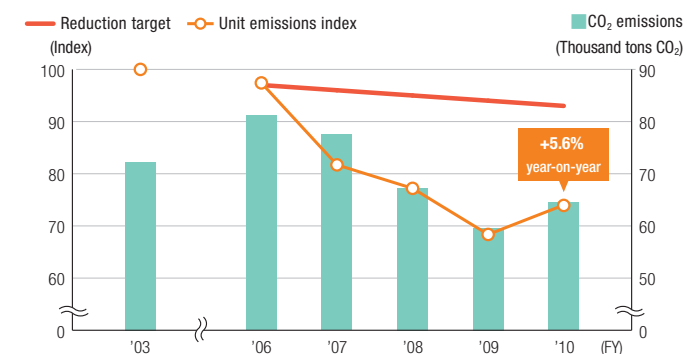
Our domestic affiliates are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to sales, with fiscal 2003 as the base year.

Movements in target and actual unit index energy consumption to sales



*Unit consumption in fiscal 2003 as 100
*Electric heat value coefficient = 8.81GJ/1000 kWh

Movements in target and actual CO₂ emissions



*Unit consumption in fiscal 2003 as 100
*Electric CO₂ coefficient = 0.368 tons/1000 kWh

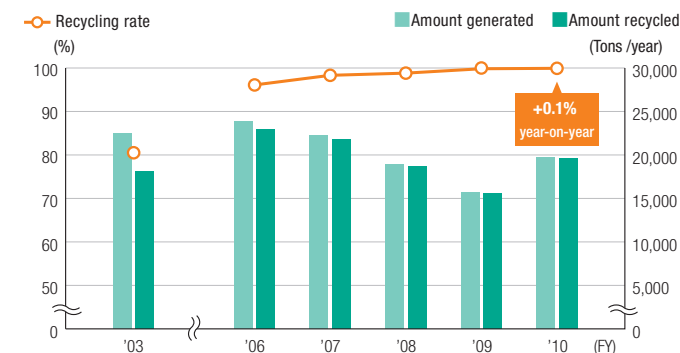
Towards an environment-friendly society

In fiscal 2010, our domestic affiliates generated 19,692 tons of wastes annually. As they recycled 19,630 tons, this gave a recycling rate of 99.7% an increase of 0.1% on fiscal 2009.

The domestic affiliates aimed to reach a recycling rate of at least 99% from fiscal 2007 to 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 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.

Movements in amounts of waste generated and recycled



Recycling office equipment

Voice

Focusing on energy saving to contribute to greening the world

We mainly produce automotive stabilizers. As a Type 1 Designated Energy Management Factory, we are a heavy consumer of electricity and fuel, so saving energy and reducing CO₂ emissions are serious issues for us. Recently, with the assistance of the Engineering Department, we were able to establish correct compressed air loads, and set up a pressure control system. This allowed us to completely stop one 37 kW compressor.

We're also making progress with unit fuel consumption in our heat treatment furnaces, by minimizing the area opened and reviewing heating up times. With guidance from Professor Emeritus Akira Miyawaki of Yokohama National University, we've also planted a green belt in the grounds of the plant, to contribute to efforts to green the area.



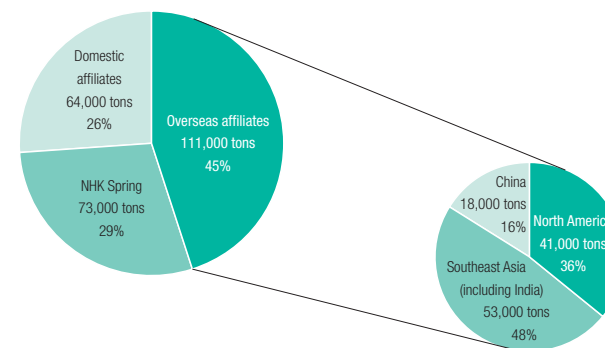
Toshiharu Yoshizawa
Director
NHK Spring Production Company

Overseas affiliates

CO₂ emissions

The amount of CO₂ emissions from our overseas plants increases as we expand our global production. As overseas CO₂ emissions accounted for 45% of total Group emissions in fiscal 2010, we are analyzing ways to save energy and setting unit energy consumption reduction targets to encourage reductions in CO₂ emissions.

Fiscal 2010 CO₂ emissions by group segment



Energy saving activities

Energy consumption has increased as we have increased production to meet rapid economic growth overseas. We have called in outside experts to analyze how we could reduce our energy use in our affiliates as part of our energy saving efforts overseas. We performed analyses at our three main North American plants in fiscal 2010.



Energy analyses at North American affiliates

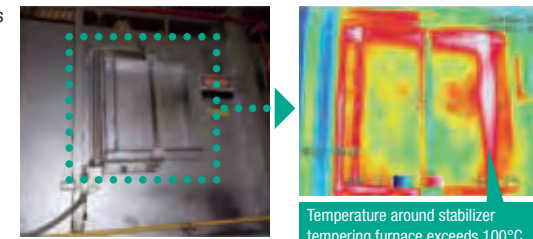
Global analysis of energy saving

2008	2009	2010	2011
Implemented in 14 Japanese plants		Implementation flowchart	
	Implemented in 6 plants in Thailand		
		Implemented in 3 plants in North America	
			India, China (planned)

Results of analyses of energy saving in three North American affiliates

Improvements required at NMMI (New Mather Metals, Inc.)

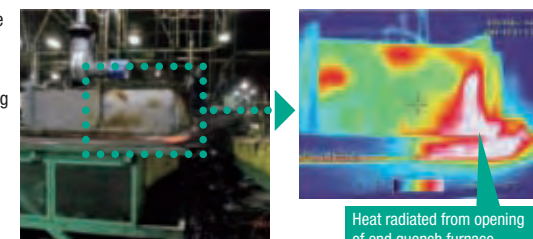
1. Stopped air leaks
2. Insulated furnaces
3. Minimized openings in drying furnaces



Temperature around stabilizer tempering furnace exceeds 100°C

Improvements required at NASCO (NHK of America Suspension Components Inc.)

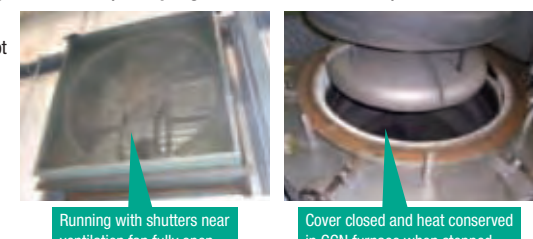
1. Insulated furnace walls
2. Cut off radiant heat from opening of end quench furnace



Heat radiated from opening of end quench furnace

Improvements required at NSPA (NHK Spring Precision of America Inc.)

1. Ventilation fans stopped when not required
2. Heat conserved in GCN furnace when stopped
3. Redundant equipment removed from server room



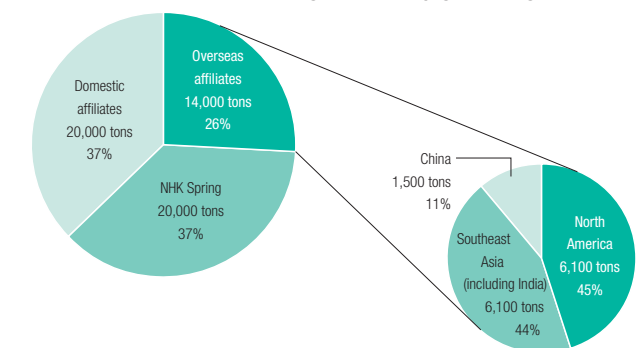
Running with shutters near ventilation fan fully open

Cover closed and heat conserved in GCN furnace when stopped

Waste emissions

Overall levels of waste emissions from our overseas plants are trending down. In fiscal 2010, they accounted for 26% of total Group waste emissions, but we need to improve our waste management. Our overseas operations will set their own recycling targets and become involved in their own recycling activities from 2011.

Fiscal 2010 volumes of waste generated by group segment



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.

In fiscal 2011, we continue to manage chemical substances so that we do not use substances of very high concern under European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, and also those that we expect to be regulated in future.

Results of fiscal 2010 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	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
20	2-aminoethanol	Class I	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
53	Ethyl benzene	Class I	18.4	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
71	Ferric chloride	Class I	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
76	ϵ -caprolactam	Class I	1.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	Class I	53.8	15.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
232	N,N-dimethylformamide	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
272	Copper salts (water soluble, except complex salts)	Class I	107.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
291	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
296	Toluene diisocyanate (TDI)	Class I	861.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	3.7
297	1,3,5-trimethylbenzene	Class I	152.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3
300	Toluene	Class I	30.7	12.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
309	Nickel compounds	Special Class I	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
355	Bis (2-ethylhexyl) phthalate	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
384	1-bromopropane	Class I	5.3	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
410	Polyoxyethylene nonylphenyl ether	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
412	Manganese and its compounds	Class I	2.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
448	Methylene diphenyl diisocyanate (MDI)	Class I	414.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
455	Morpholine	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRTR total			1,658.4	42.1	0.0	0.0	0.0	0.0	0.0	0.0	8.3
Domestic affiliates											
1	Zinc compounds (water-soluble)	Class I	29	0	0.1	0	0	0	0	0	28
20	2-aminoethanol	Class I	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2
53	Ethyl benzene	Class I	38.5	37.7	0.0	0.0	0.0	0.0	0.0	0.0	0.3
57	Ethylene glycol monoethyl ether	Class I	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	Class I	99.0	96.8	0.0	0.0	0.0	0.0	0.0	1.4	0.6
185	Dichloropentafluoropropane (HCFC225)	Class I	0.9	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.1
186	Dichloromethane	Class I	20.8	4.0	0.0	0.0	0.0	0.0	0.0	0.0	16.8
232	N,N-dimethylformamide	Class I	5.2	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
240	Styrene	Class I	31.5	11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
296	Toluene diisocyanate (TDI)	Class I	2.7	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
297	1,3,5-trimethylbenzene	Class I	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	Class I	93.3	87.7	0.0	0.0	0.0	0.0	0.0	3.1	2.2
309	Nickel compounds	Special Class I	2.3	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
354	Di-normal butyl phthalate	Class I	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRTR total			333.9	249.4	0.1	0.0	0.0	0.0	0.0	5.1	48.2

*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 achieved zero emissions	Tenth Conference of the Parties to the Convention on Biological Diversity (COP10) Implementation of Amended Soil Contamination Countermeasures Act
2011	Jun.: 17th Global Environment Forum held		Implementation of Amended Water Pollution Control Act

Head Office and Research & Development Department



Location: Kanazawa-ku, Yokohama
Business areas: Planning, management, R&D
Commenced operations: February 1991
Employees: 385

Overview of our activities

Our Head Office and Research & Development Department, is located in the same industrial complex as our Suspension Spring and Seating Division, at the Yokohama Plant. It operates with consideration for the surrounding environment, particularly sewage and air and noise pollution.

Outlook and policies

As a Head Office function, NHK Spring has been promoting environmental activities by developing new environmentally-friendly products and by developing facilities to reduce CO₂ emissions, as well as by providing 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 2010 and 2011 initiatives

Reducing CO₂ emissions

- We are pressing ahead with making energy use more transparent. We publish power use data by department in the main building using individual power monitors. The members of the Office Energy Saving Liaison Committee perform head office energy saving patrols. In fiscal 2011, we are managing power use to meet a call to cut peak power consumption by 15% over last year.
- A Presidential Commendation system operates for outstanding examples of reducing CO₂ emissions across the company, and we also hold an energy conservation slogan contest for employees and their families. We will continue to reduce our CO₂ emissions by installing high efficiency boilers and water heaters and coolers, and by improving the controls on our furnaces and compressors.

Managing Chemicals

- The Safety & Environmental Activities Department collects data on chemicals used in Japan (including Group affiliates) and totals them annually according to our own independent standards. We also follow Green Procurement Guidelines to manage substances included in our products and that are detrimental to the environment. We intend to further strengthen our controls on chemical substances that we expect to be regulated in the future.

Reducing industrial waste

- In fiscal 2010, we worked in our Head Office and Research & Development Department to reduce the absolute volume of waste and processing costs, and achieved each of our targets for that fiscal year.
- In fiscal 2011, we will continue reductions and lightening the environmental burden by making our operations more efficient and converting wastes into useful resources.

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

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Hot water boiler	A	0.042	0.020
		B	0.106	0.015
		C	0.106	0.014
	Cooling water generator	A	0.070	0.029
		B	0.047	0.040
		C	0.025	0.019
Dust	Hot water boiler	A	0.050	0.011
		B	0.050	0.016
		C	0.050	0.013
	Cooling water generator	A	0.050	0.014
		B	0.050	0.011
		C	0.050	0.008

NOx units: m³/h Dust units: g/m³h

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.4	6.5	6.9
Oil	5	2.7	0.2	1.7
Fe	3	0.05	<0.01	0.02
Zn	1	0.15	<0.01	0.03
Ni	1	0.03	<0.01	<0.01
T-Cr	2	<0.01	<0.01	<0.01
Fluorine	8	1.4	Not found	0.21
Phenols	0.5	<0.05	<0.05	<0.05
NH ₄	380	1.3	0.6	1.0

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	7.3	6.7	7.0
	R&D Building 2		8.9	3.6	8.0
Oil	R&D Building 1	5	2.3	0.3	1.0
	R&D Building 2		5.1	0.1	1.2
Fe	R&D Building 1	3	1.1	<0.01	0.4
	R&D Building 2		0.99	<0.01	0.17
Ze	R&D Building 1	1	0.4	0.0	0.1
	R&D Building 2		0.96	0.01	0.07
Ni	R&D Building 1	1	0.1	<0.01	<0.01
	R&D Building 2		<0.01	<0.01	<0.01
T-Cr	R&D Building 1	2	<0.01	<0.01	<0.01
	R&D Building 2		<0.01	<0.01	<0.01
Phenols	R&D Building 2	0.5	<0.05	<0.05	<0.05
NH ₄	R&D Building 1	380	1.8	0.4	1.28
	R&D Building 2		5.3	0.7	2.48

Units: mg/l



Location: Kanazawa-ku, Yokohama
Products: Leaf springs, coil springs, and radius arms
Commenced operations: November 1987
Employees: 410

Remarks by plant manager

We have been actively responding to the power situation since the earthquake, while at the same time putting all our efforts into environmental protection which is at the heart of raising productivity.



Jiro Oyama Plant Manager

Outlook and policies

At this plant, we aim to make environmentally-friendly springs, according to our environment policies. To do this, we are reducing our CO₂ emissions through energy-saving initiatives and recycling. We are also reducing our industrial wastes production by usefully recycling and following a flexible approach to managing our environment to respond to such changes in the business environment as the need to cut our power consumption. This is how we contribute to preserving the environment and preventing global warming.

Fiscal 2010 and 2011 initiatives

Energy saving

- While our unit CO₂ emissions deteriorated in March 2011 due to effects of the earthquake, we still met our targets for unit and volume emissions over the full year in fiscal 2010.
- In fiscal 2011, we are rejigging our production systems to achieve a 15% reduction in power consumption. We will also press forward with our combined TPM (total productive maintenance) and energy-saving activities, to better our fiscal 2010 results.

Reducing industrial wastes

- In fiscal 2010, we continued to reduce our volume of industrial wastes and usefully recycled more of our wastes. Over the full year, our industrial waste volume and costs indexes were well below the target values.
- In fiscal 2011, we will continue our efforts to reduce volumes of industrial waste and classify wastes through extensive TPM to meet our index targets.

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

Substance	Equipment	Regulated value	Actual	
NOx	Metal reheating furnace	A	0.128	0.058
		B	0.11	0.028
		C	0.212	0.035
		D	0.169	0.066
		E	0.119	0.037
	Metal tempering furnace	A	0.202	0.011
		B	0.123	0.014
		C	0.104	0.046
		D	0.085	0.036
		E	0.059	0.018
Dust	Metal reheating furnace	A	0.1	0.03
		B	0.1	0.02
		C	0.1	0.03
		D	0.1	0.03
		E	0.1	0.03
	Metal tempering furnace	A	0.1	0.04
		B	0.1	0.03
		C	0.1	0.03
		D	0.1	0.04
		E	0.1	0.04
	F	0.1	0.01	

NOx units: m³/h Dust units: g/m³N

Water quality (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	7.7	6.1	6.9	
Oil	Animal and vegetable	30	7	1	2
	Mineral	5	1.8	0.1	0.7
Fe	3	<0.01	<0.01	<0.01	
Zn	1	0.08	0.02	0.05	
Ni	1	0.21	0.01	0.11	
Mn	1	0.08	<0.01	0.02	
Fluorine	8	2.9	0.04	0.4	
Boron	10	0.6	0.1	0.3	
Total nitrogen	120	33.5	23.5	29.4	
Total phosphorus	16	0.3	0.03	0.2	
NH4	380	51	24	35	

Units: mg/l

Suspension Spring Division

Shiga Plant



Location: Koga, Shiga
Products: Coil springs, stabilizer bars, and torsion bars
Commenced operations: November 1973
Employees: 259

Remarks by plant manager

We are working steadily through our Kaizen tasks to cut CO₂ emissions and recycle wastes, to preserve the global environment. This is how we can contribute both as a business and a 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 2010 and 2011 initiatives

Energy saving

- In fiscal 2010, we continued the previous year's work to save energy by installing inverter controls and far-reaching energy-saving activities in the workforce. We achieved energy saving by more careful management of maintenance linked to our circle activities to prevent air leaks and saved energy in ceiling-mounted lighting.
- In fiscal 2011, we will continue actively installing inverter controls, reviewing manufacturing and fabrication conditions, ensuring that the operating conditions shut down equipment when it isn't needed, and encouraging energy saving by careful management of maintenance to prevent air leaks.

Recycling and reducing waste

- In fiscal 2010, we reduced our volumes of wastes by further air drying sludge and we brought our thinner regenerator into full use, allowing us to reuse 100% of our thinners.
- In fiscal 2011, we will reduce wastes by continuing to press ahead with air drying sludge and making efforts to recycle wastes into useful resources.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Metal reheating furnace	A	180	42
		B	180	38
		C	180	50
	Boiler		150	54
Dust	Metal reheating furnace	A	0.25	0.03
		B	0.20	0.01
		C	0.20	0.03
	Boiler		0.10	0.03

NOx units: ppm Dust units: g/m³N

Water quality (Regulated value: Agreement with Minakuchi)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6-8	7.8	6.3	7.1
BOD	20	2	1	1
COD	20	6	2	4
SS	10	8	1	4
Oil	3	2.7	0.2	1.4
Total nitrogen	12*	12	0.8	10
Total phosphorus	1.2*	0.6	0.01	0.1
Fluorine	8*	0.2	0.03	0.1
Boron	2*	0.6	0.02	0.3

*Shiga prefectural regulations

Units: mg/l



(Ojima area)

Location: Ota, Gunma

Products: Automotive seats

Commenced operations: December 1986

Employees: 498

(Ota area)

Location: Ota, Gunma

Products: Automotive interior products

Commenced operations: July 1969

Employees: Included in Ojima area

Remarks by plant manager

The Gunma Plant is blessed with the waters of the Tone and Watarase Rivers and the green of the Kanayama and Hachioji hills. Everyone in the plant is involved in preserving the environment, so that the plant remains worthy of its location. Our slogan is 'Creating a dream plant for the future'. We continue to strive towards an environmentally-friendly seating plant.



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.

Fiscal 2010 and 2011 initiatives

Reducing CO₂ emissions

- In fiscal 2010, we relocated the boilers dotted around the plant into a single location, and ran them more efficiently through centralized controls. Everyone continued quietly with unobtrusive energy-saving efforts, resulting in higher volume production and distinctly lower unit costs.
- In fiscal 2011, we will be actively involved in energy saving. We will make extensive use of ecologically sound power generation by operating clean solar generators and by replacing our transformers with more efficient models. We will carry on with low-key efforts from last year: energy saving patrols and eliminating air and steam leaks, and every one of us will be striving to reduce our CO₂ emissions.



New development building completed in April 2010, with solar generation system



Atmosphere: Ojima area (Voluntary values for unregulated equipment)

Substance	Equipment		Regulated value	Actual
NOx	Boiler	A	300	69
		B	300	66
		C	300	71
		D	300	65
Dust	Boiler	A	0.2	0.04
		B	0.2	0.05
		C	0.2	0.04
		D	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	7.5	6.3	6.9	
BOD	10	6	1	3	
SS	10	9	1	3	
Oil	Animal and vegetable	30	2.2	0.3	1.1
	Mineral	5	1	0.1	0.4

Units: mg/l

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.6	6.8	7.4
BOD	40	4	1	3
COD	40	9	2	5
SS	50	6	1	2
Oil	5	2.3	0.3	1.1

Units: mg/l

Seating Division

Yokohama Plant



Location: Kanazawa-ku, Yokohama
Products: Automotive seats and interior products
Commenced operations: April 1990
Employees: 519

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 are 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 2010 and 2011 initiatives

Reducing CO₂ emissions

- In fiscal 2010, our activities centred on reducing wasted electricity use. We took great many initiatives to achieve a 27.8% reduction in CO₂ emissions over fiscal 2007 levels, including improved urethane line temperature controls in the high volume production equipment area and improved inverter controls of the exhaust fans in the ancillary equipment area.
- In fiscal 2011, the main issue is reducing summer power consumption. We will use more precise power management and optimize the running of our production and ancillary equipment.

Reducing summer power consumption

- It is important to improve everyone's understanding of the problem. At morning assembly, we explain the pressing power situation facing the country and explain the part each employee here can play. This concerns all of us.
- Reducing our power consumption is a vital goal. Of course, this involves hardware solutions, but collecting smaller suggestions from our employees is also important as we monitor the resulting power consumption in real time.

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

Substance	Equipment		Regulated value	Actual
NOx	Boiler	A	0.067	0.062
		B	0.067	0.052
Dust	Boiler	A	0.05	0.02
		B	0.05	0.03

NOx units: m³/h Dust units: g/m³

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	5.2	0.2	1.1
	Mineral	5	1.0	0.1	0.5
Fe	3	0.1	<0.01	0.1	
Zn	1	0.4	<0.01	0.1	
Ni	1	0.4	<0.01	0.4	
Boron	10	0.3	0.02	0.1	
NH4	380	7.2	0.3	2.7	

Units: mg/l



Location: Toyota, Aichi
Products: Automotive seats and interior products
Commenced operations: June 1961
Employees: 417

Remarks by plant manager

We are providing further encouragement to reducing CO₂ emissions and building environmentally-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 business is building the frames for automotive seating. We run an integrated operation from design, through production to shipping. The equipment we use is selected with an eye to the environment and we produce goods that are kind both to people and the environment. We continue to improve our contributions to the community and the local environment.

Fiscal 2010 and 2011 initiatives

Energy saving

- As part of our efforts to further improve the global environment, in fiscal 2010, we installed high efficiency compressors, introduced centralized compressed air controls and repaired compressed air tubing. This was effective in reducing our CO₂ emissions. The whole plant worked on the question of lighting. We installed people sensors to overcome the problem of forgetting to switch off lights in the plant, and we also reduced the numbers of lights, to save energy. We also continued energy-saving patrols, to heighten awareness of the environment. We raised the consciousness of plant staff towards energy saving and recycling by checking on unnecessary power usage during lunch breaks and collecting and sorting rubbish.
- We are aiming for further reductions in CO₂ emissions in fiscal 2011. We plan to replace all mercury lamps in the plant with LED lighting by 2013. We are also moving forward on reducing CO₂ emissions from equipment by reducing the pressures used in our equipment. We also use Environment Dojos for training purposes. This further raises and fixes employee awareness of energy saving.

Measures for noise and vibration

- In fiscal 2010, we increased the number of cameras set up in the plant, and also monitored and limited nighttime noise. In fiscal 2011, we bought equipment to measure vibration. This creates an environment in which we can deal quickly with the sources of vibration.

Collaborating with local society

- We continue to be involved with Toyota City in combined efforts on the environment. We are members of a council which concluded an agreement with the city on working together to protect the environment.

Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.3	6.4	6.8
BOD	600	10	2	5
COD	600	17	1	7
SS	600	18	1	5
Oil	5	2.9	0.6	1.5
Zn	2	0.15	0.03	0.09
Cu	3	0.02	0.01	0.01

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: 355

Remarks by plant manager

We aim to create an environmentally aware, environment-friendly plant. To protect our beautiful planet, we are raising the awareness of each employee of environmental issues through environmental education so that they can all help protect the environment, and save energy and resources.



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 2010 and 2011 initiatives

Recycling and reducing waste

- We regularly check the performance of machinery oils and lubricants and clean them, so that in principle we should not have to replace them.
- Since fiscal 2005, we have reached a recycling rate of at least 99.9%, which we intend to maintain in future.

Saving energy and reducing CO₂ emissions

- In fiscal 2010, we made a scheduled changeover energy-saving air conditioning and water heaters, eliminating the use of kerosene for hot water in air conditioning. This allowed us to eliminate three underground storage tanks in the plant grounds.
 We also made air conditioning more transparent by rolling out air conditioning monitoring across the entire plant. This brought improvements in redundant and inefficient running and resulted in energy saving without causing serious discomfort.
- The shutdown of the nuclear power stations due to the earthquake led to restrictions of at least 15% on summer 2011 power consumption. Nevertheless, we were able to meet our targets from the effects of reductions in consumption in previous years as well as by scrapping, replacing and reviewing inefficient air conditioning and running our heat treatment furnaces more efficiently.
 We now aim to all work together to implement our slogan of "It's up to every one of us to save energy" to cut down on electricity use and save energy.

Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	7.3	6.6	6.9	
BOD	600	45	5	21	
COD	—	61	16	30	
SS	600	8	1	5	
Oil	Animal and vegetable	30	14.0	1.6	4.2
	Mineral	5	4.4	0.1	1.9
Fe	10	1.1	0.04	0.3	
Total nitrogen	125	24	7	14	
Fluorine	8	0.4	0.0	0.1	
Boron	10	0.54	0.03	0.33	

Units: mg/l



Location: Miyada-mura, Kami Ina-gun, Nagano
Products: Wire springs and precision machined components
Commenced operations: December 1943
Employees: 536

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 this plant, 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 concern.

Fiscal 2010 and 2011 initiatives

Reducing CO₂ emissions

- In fiscal 2010, we implemented a range of energy-saving initiatives: linking compressors in order to shut some down, making lighting more efficient, careful temperature management, more efficient work shifts and energy saving in the home. Our CO₂ volume emissions were 23.8% down on fiscal 2007 levels and unit emissions were down 15%.
- In fiscal 2011, we will continue to extract energy efficiencies from our plant and equipment by improving the plant structure and installing windows in the roof and more efficient operation of the clean room air conditioning.
- We will also continue our efforts to pass on a beautiful natural environment to later generations by encouraging greater transparency in performance, making the results of our efforts clear, increasing the sense of satisfaction from what people do, encouraging each individual to put these things into practice and involving everyone in energy saving.

Recycling and reducing waste

- We have reached a recycling rate of at least 99.9% since fiscal 2005, and we will maintain this level.

Greening

- We encourage the greening of the plant and beautification of the local community. This motivates us to keep the plant looking attractive and to improve it, which will appeal to our customers and local residents, and motivates our employees to preserve the beauty of our surroundings and pass it on to future generations.

■ Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Heating boiler	A	250	46
		B	250	70
		C	250	75
		D	180	87
Dust	Heating boiler	A	0.3	0.05
		B	0.3	0.05
		C	0.3	0.04
		D	0.2	0.01

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	7.4	6.3	6.8
BOD	600	13	2	5
COD	—	18	3	9
SS	600	22	3	9
Oil	5	3.3	0.9	1.8
Fe	10	0.1	0.01	0.05
Cu	3	0.02	0.01	0.01
Total nitrogen	380	12.5	1.9	4.3

Units: mg/l

Disk Drive Suspension Division

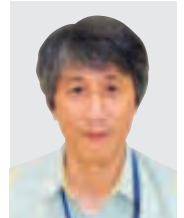
Komagane Plant



Location: Komagane, Nagano
Products: HDD suspensions
Commenced operations: November 1983
Employees: 757

Remarks by plant manager

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



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 shape.

Fiscal 2010 and 2011 initiatives

Energy saving (reducing CO₂ emissions)

- In fiscal 2010, despite reaching record production, we reduced our CO₂ emissions by 25.9% compared with fiscal 2007 and our absolute output by 3,294 tons. We achieved this by adding an inverter to the booster fan used to ventilate the clean room and shutting down the boilers over summer to achieve operational efficiency energy saving.
- In fiscal 2011, we will further enhance our operational efficiency energy saving by installing a new energy monitoring system.

Recycling and reducing waste

- In fiscal 2010, we reviewed how we treated oily effluent and reduced the amount of waste discharged. We also recycled waste plastics into useful resources, and reached the whole company target very early.
- In fiscal 2011, we will cut our emissions and treatment costs further by maintaining our 100% resource recovery rate, continuing last year's reduction in oily effluent discharges and extracting value from waste plastics.

Water quality (Regulated value: Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.6	6.9	7.3
BOD	20	19	2	12
COD	20	12	2	7
SS	30	8	1	3
Oil	5	2.1	0.3	1.1

Units: mg/l



Location: Isehara, Kanagawa
Products: Brazed products, pipe support systems, specialized springs
Commenced operations: March 1993
Employees: 222

Remarks by director

We are working to reduce our levels of CO₂ emissions and to save energy here in the beautiful Isehara region. Our efforts are directed both to production and protecting the environment with earth-friendly plants globally.



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 2010 and 2011 initiatives

Reducing CO₂ emissions

- In fiscal 2010, we carried on from fiscal 2009 the improved productivity from the electric furnaces we use to manufacture semiconductor production equipment parts. These account for 40% of our CO₂ emissions. In fiscal 2010, in-house sales were almost the same while our CO₂ emissions were down 17% or 368 tons in absolute terms on fiscal 2007 levels.
- In fiscal 2011, all employees at the plant will be involved in ongoing improvements to cut out waste through monitoring our power use during the summer power restrictions and afterwards, providing visible power use management. We will cut our CO₂ emissions by a further 36 tons per year through the use of inverters in our compressors.

Recycling and reducing waste

- In fiscal 2010, we maintained the 100% recycling rate we achieved in October 2004. Our in-house sales were up 20% on fiscal 2008, but our emissions were down by 3%.
- In fiscal 2010, we will continue our 100% recycling rate program. In June we revamped our recycling center and reviewed how we sort and classify wastes to improve our recycling and value recovery rates.

Environment Dojos

- In fiscal 2010, we continued the Environment Dojos from fiscal 2009, and stepped up our training in sorting and classifying wastes. Every employee is involved 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	6.4	6.9
BOD	130	43	4	16
COD	130	59	13	26
SS	160	22	3	10
Oil	5	2.0	0.3	1.2
Fe	3	0.06	<0.01	0.01
Zn	1	0.39	0.03	0.14

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: 134

Remarks by director

While the snow lingers on the flanks of Shimadamusume in the Central Alps, everyone begins planting out the rice. We are proud of our beautiful landscape and of our awareness of the need to preserve the environment.

We encourage all our employees to join with the local community to work to protect the environment.



Hitoshi Sasaki

Director, Chemical Products and Electronic Components Departments

Outlook and policies

This plant is in a place of great beauty between two mountains in 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 guidelines and plans.

Fiscal 2010 and 2011 initiatives

Recycling and reducing waste

- In fiscal 2010, we reduced our volumes of industrial wastes by recovering useful resources.
- In fiscal 2011, we will concentrate on reducing our treatment costs for waste plastics (urethane) and effluent.

Reducing CO₂ emissions

- In fiscal 2010, we improved the performance of the compressors and water pumps by installing inverters. We reduced our CO₂ emissions by 30% from fiscal 2007 levels, and reached our target of a 26% reduction.
- In fiscal 2011, we will extend our energy saving by centralizing the production lines and improving production methods.

Enhanced environmental management

- In fiscal 2010, we put in new hazardous materials and raw materials tanks to prevent environmental accidents.
- In fiscal 2011, we will continue to replace obsolete tanks.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual	
NOx	Hot water boiler	A	180	78
		B	180	84
		C	180	86
	Multi-stage pressure boiler	180	88	
Heating boiler	A	180	61	
	B	180	82	
Dust	Hot water boiler	A	0.3	0.02
		B	0.3	0.02
		C	0.3	0.03
	Multi-stage pressure boiler	0.3	0.03	
	Heating boiler	A	0.3	0.02
B		0.3	0.03	

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	7.4	7.8
	Production Building 2		7.2	6.4	6.8
BOD	Production Building 1	20	3	1	2
	Production Building 2		19	2	12
COD	Production Building 1	20	1	1	1
	Production Building 2		16	3	9
SS	Production Building 1	30	2	1	1
	Production Building 2		5	1	2
Oil	Production Building 1	5	1.7	0.7	1.3
	Production Building 2		2.3	0.7	1.4
Fe	Production Building 2	10	0.3	0.1	0.1
Cu	Production Building 2	3	0.3	0.02	0.1

Units: mg/l



Location: Yasu, Shiga
Products: Mechanical multilevel parking systems
Commenced operations: October 1996
Employees: 62

Remarks by director

Our Yasu plant is situated on the shores of Lake Biwa, rich and beautiful with natural features 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 manufacture mechanical multilevel parking systems bearing in mind our wish to reduce the load on the environment. We aim to further protect the global environment and continue improving our care for the environment to ensure that we pass on the green mountains and clear air and rivers of these superb natural surroundings to later generations.

Fiscal 2010 and 2011 initiatives

Energy saving

- In fiscal 2010, we reduced our energy consumption by installing inverters in the compressors, temperature management of the drying ovens and using natural light, while reducing our use of power and LPG by improving line operating efficiency and analyzing the running of our production equipment by monitoring electricity use.
- In fiscal 2011, we will reduce our power consumption through centralized control of the inverter compressors and far-reaching use of energy-saving equipment (LED lighting) in the administration building. We will also much better manage the on/off status of production equipment.

Recycling and reducing waste

- In fiscal 2010, we reviewed our classification of metal scrap and recovered more value.
- In fiscal 2011, we will redouble our efforts to review and enhance our classification of scrap.

Pollution prevention activities embracing the NHK Spring Group

- We will continue workplace patrols in our affiliates and demand environmental accident prevention in local communities.

■ Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NOx	Boiler	150	55
	Drying oven	230	22
Dust	Boiler	0.1	0.01
	Drying oven	0.2	0.02

NOx units: ppm Dust units: g/m³N

■ Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.3	6.2	6.8
BOD	600	14	2	4
COD	—	99	1	12
SS	600	17	2	9
Oil	5	1.7	0.6	1.2
Ni	1	0.7	0.1	0.4
Total nitrogen	60	38	22	30
Total phosphorus	10	0.5	0.05	0.2

Units: mg/l

Financial Report



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Five-year summary (consolidated)

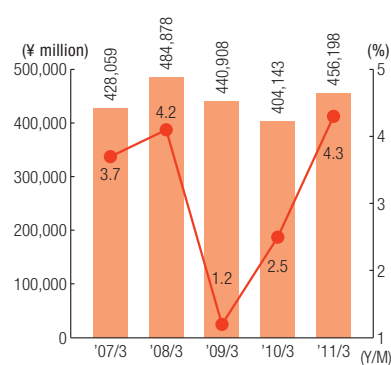
(Millions of Yen)

	Year ended in March 2011	Year ended in March 2010	Year ended in March 2009	Year ended in March 2008	Year ended in March 2007
Net sales	456,198	404,143	440,908	484,878	428,059
Cost of sales	389,142	353,303	396,219	419,028	367,381
Gross profit	67,056	50,839	44,689	65,850	60,677
Selling, general and administrative expenses	34,298	32,053	34,229	35,494	35,562
Operating income	32,757	18,785	10,459	30,356	25,115
Other income (expenses)	(1,809)	(3,462)	(851)	4,114	2,576
Income before income taxes and minority interests	30,948	15,323	9,608	34,470	27,691
Net income	19,420	10,290	5,262	20,361	15,931
Net assets	142,804	134,242	115,961	149,228	137,610
Total assets	356,048	357,141	324,888	401,069	400,966
Depreciation	22,584	24,074	26,600	22,935	17,965
Capital expenditure	20,538	15,695	34,800	34,779	34,661
Per share					
Net income	82.44	43.45	21.98	84.01	65.71
Shareholders' equity	610.07	567.01	489.57	615.82	567.7
Cash dividends	15	10.5	10.5	14	11.5

Net sales

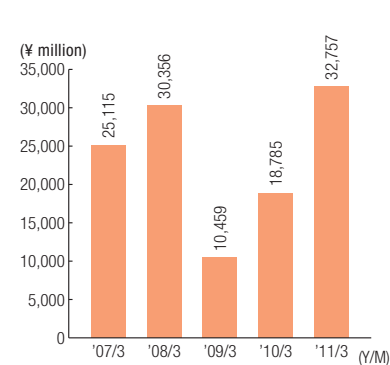
■ Net sales

◆ ROS



Operating income

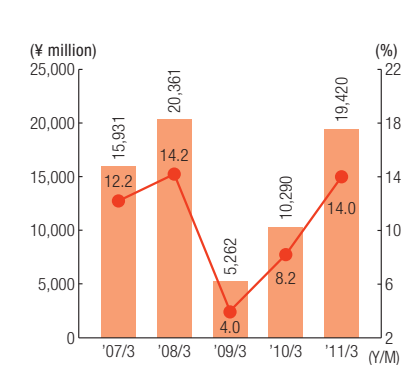
■ Operating income



Net income

■ Net income

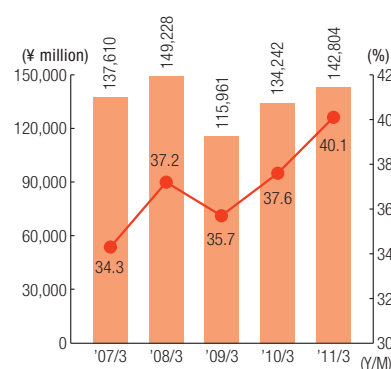
◆ ROE



Equity

■ Equity

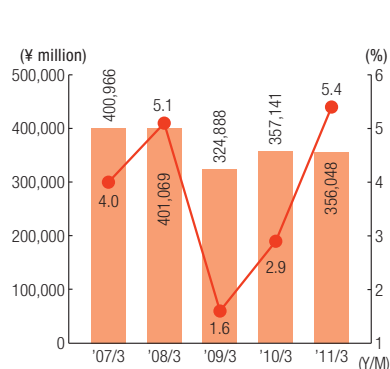
◆ Equity ratio



Total assets

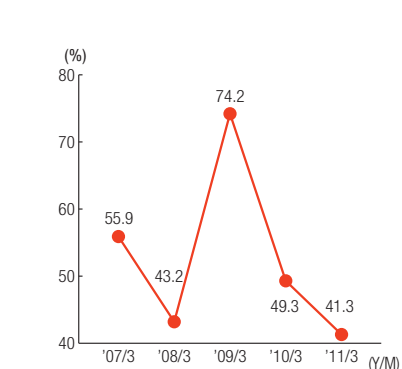
■ Total assets

◆ ROA



Debt equity ratio

◆ Debt equity ratio



Analysis of results

Operating results for fiscal 2010

The Japanese economy in fiscal 2010 proceeded on a recovery track in the first half of the fiscal year as the government's economic stimulus measures supported a rebound in domestic demand and thanks to rising exports. Into the second half, however, uncertainty began to mount given ending subsidy regulations for purchases of environment friendly automobiles and amid progressive yen appreciation. Moreover, uncertain future effects on the domestic economy after the Great East Japan Earthquake of March 11 have rendered the outlook difficult fathom. On the upside, despite a number of factors for concern, the global economy saw markets in emerging economies centered on Asia experience sustained growth while Western markets continued with a moderate recovery.

In the automotive industry, the main business area of the Group, domestic vehicle sales declined 5.7% from the previous year to 4.601 million units, partly due to falling demand after the end of subsidy regulations for purchases of environment friendly automobiles. Exports of finished vehicles increased to 4.803 million units, marking a rise of 17.5% compared with the previous year, thanks to recovered demand overseas. As a result, domestic vehicle production rose 1.5% on the year to 8.994 million units.

In IT equipment industry, another business mainstay of the Group, production of HDDs (hard disk drives) rose as government-instituted subsidies for environment friendly electric appliances fueled domestic consumption and due to emerging economies' increased demand for PCs.

Based on the foregoing, net sales increased 12.9% from the previous year to ¥456,198 million. Reflecting higher sales and aggressive cost cutting efforts, earnings rose despite the continued rapid appreciation of the yen, with operating income increased 74.4% to ¥32,757 million, ordinary income rose by 89.5% to ¥33,407 million, and net income increased 88.7% to ¥19,420 million.

Cash flow

Net cash provided by operating activities totaled ¥53,056 million, which was ¥10,249 million more than in the previous year. The main factor was higher income before income taxes and minority interest due to increased sales and aggressive cost cutting efforts.

Net cash used in investing activities totaled ¥20,025 million, which was ¥2,248 million more than used in the year earlier. The main factor was expenditure for the purchase of property, plant, and equipment.

Net cash used in financing activities decreased ¥9,134 million to ¥13,330 million. Main factors were expenditures for the purchase of treasury stock and income from bond issuance proceeds. As a result, total cash used in financing activities declined compared with the previous year.

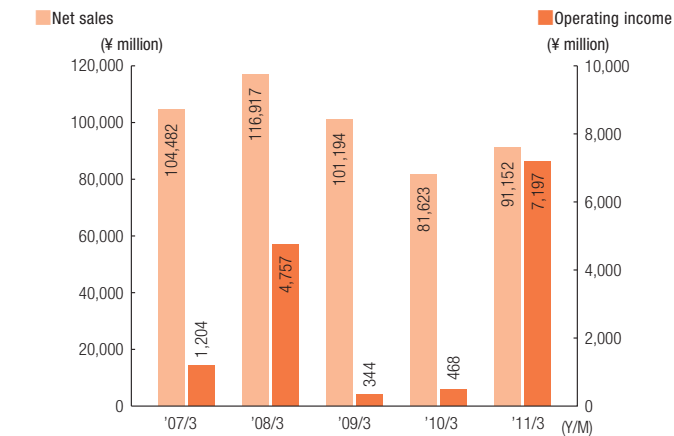
Free cash flow, defined as net cash provided by operating activities less net cash used in investing activities, totaled ¥33,031 million.

As a result of the foregoing, cash and cash equivalents at the end of the period under review totaled ¥52,934 million, which was ¥17,555 million more than at the end of the previous fiscal year. The sum of corporate bonds, commercial paper, and long-term and short-term bank borrowings totaled ¥58,964 million, which was ¥7,263 million less than that at the end of the previous fiscal year.

Segment information

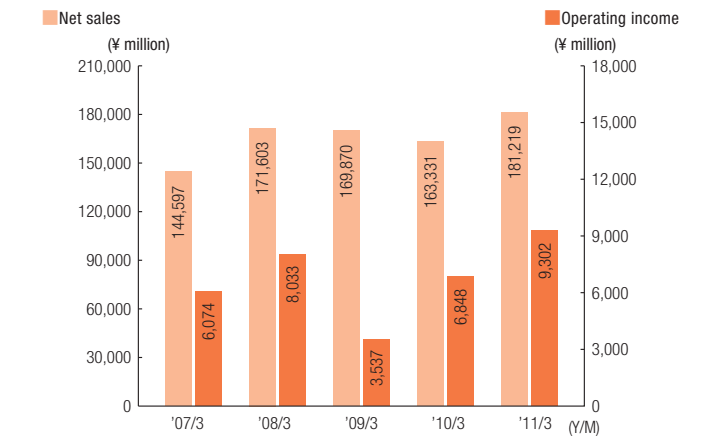
[Suspension springs]

The suspension springs segment posted net sales of ¥91,152 million for fiscal 2010, due to recovered domestic and overseas automobile production and increased demand for trucks. Sales operating income rose to ¥7,197 million.



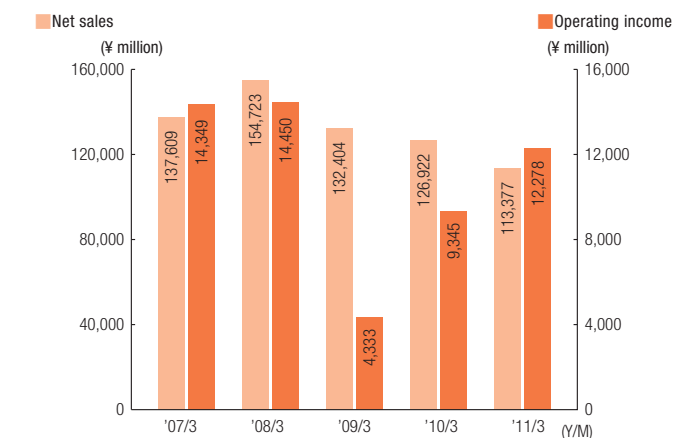
[Seating]

The seating segment posted net sales of ¥181,219 million for fiscal 2010, due to recovered domestic and overseas automobile production. Sales operating income rose to ¥9,302 million.



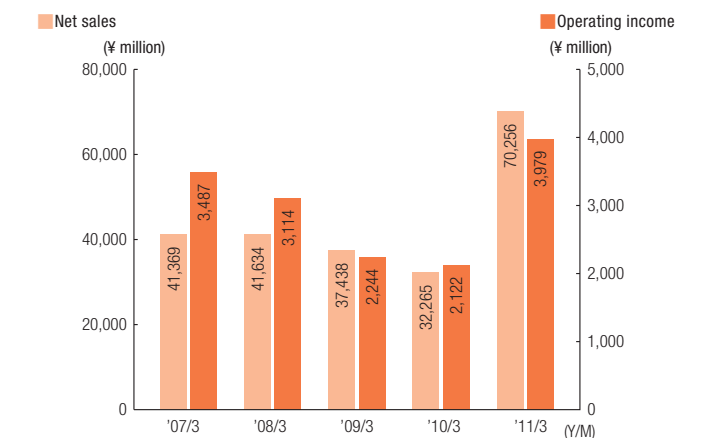
[Precision springs and components]

The precision springs and components segment posted net sales of ¥113,377 million for fiscal 2010, due to recovered domestic and overseas automobile production and good demand for HDDs. Sales operating income rose to ¥12,278 million.



[Industrial machinery and equipment, and other operations]

The industrial machinery and equipment, and other operations segment posted net sales of ¥70,256 million for fiscal 2010, due to increased order receipts amid signs of economic recovery. Sales operating income rose to ¥3,979 million.



Notes

1: Segment section has been changed from fiscal 2010.

2: The difference between segment total and consolidated net sales are adjustments.

Consolidated balance sheets

(Millions of Yen)

	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Assets		
Current assets		
Cash and bank deposits	36,021	53,300
Notes and accounts receivable, trade	88,337	77,950
Merchandise and finished products	11,820	12,903
Work in process	7,592	6,762
Raw materials and supplies	8,391	8,394
Parts	2,894	3,937
Deferred tax assets	4,510	4,674
Other current assets	14,220	13,424
Allowance for doubtful notes and accounts	(74)	(351)
Total current assets	173,714	180,996
Fixed assets		
Property, plant and equipment		
Buildings and structures	107,052	106,956
Accumulated depreciation	(62,819)	(65,916)
Net property, plant and equipment	44,232	41,039
Machinery and transport equipment	160,530	161,509
Accumulated depreciation	(120,178)	(125,435)
Machinery and transport equipment, net	40,351	36,074
Land	28,393	29,866
Leased assets	5,601	5,416
Accumulated depreciation	(1,420)	(2,027)
Leased assets, net	4,180	3,389
Construction in progress	3,324	5,543
Others	46,954	47,885
Accumulated depreciation	(41,193)	(42,254)
Other, net	5,761	5,631
Net property, plant and equipment	126,245	121,544 ^{*4}
Intangible assets		
Goodwill	367	—
Others	2,426	2,383
Total goodwill and intangible assets	2,794	2,383
Investments, long-term receivables and other assets		
Investment securities	48,244	44,041 ^{*1}
Long-term loans	614	439
Deferred tax assets	2,055	2,319
Others	3,849	4,908
Allowance for doubtful notes and accounts	(376)	(584)
Total investments, long-term receivables and other assets	54,387	51,123
Total fixed assets	183,426	175,051
Total assets	357,141	356,048

(Millions of Yen)

	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable, trade	94,229	91,255
Short-term borrowings	30,641	21,509 ^{*4}
Accrued income taxes	3,143	5,310
Deferred tax liabilities	906	1,076
Allowance for directors bonus	180	190
Equipment notes payable	354	536
Other current liabilities	23,960	24,663
Total current liabilities	153,415	144,542
Long-term liabilities		
Corporate bonds	—	10,000
Long-term debt	32,586	24,454 ^{*4}
Lease obligations	3,550	2,889
Deferred tax liabilities	9,419	8,118
Accrued retirement benefits for employees	11,791	10,081
Accrued retirement benefits for directors and corporate auditors	557	682
Accrued retirement benefits for corporate officers	583	667
Liabilities from application of equity method	91	—
Others	611	868
Total long-term liabilities	59,193	57,761
Total liabilities	212,608	202,303
Net assets		
Shareholders' equity		
Common stocks	17,009	17,009
Capital surplus	17,295	17,523
Retained earnings	97,962	114,642
Treasury stocks	(4,742)	(6,755)
Total shareholders' equity	127,526	142,420
Accumulated other comprehensive income (loss)		
Unrealized gain or loss on available-for-sale securities	14,673	12,208
Deferred hedge gains and losses	(4)	(1)
Foreign currency translation adjustment	(7,952)	(11,823)
Total accumulated other comprehensive income (loss)	6,716	383
Minority interests	10,290	10,940
Total net assets	144,533	153,744
Total assets	357,141	356,048

Consolidated statements of income

(Millions of Yen)

	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Net sales	404,143	456,198
Cost of sales	353,303	389,142 ^{*1,*3}
Gross profit	50,839	67,056
Selling, general and administrative expenses		
Selling expenses	10,495	10,729
General and administrative expenses	21,558	23,569
Total selling, general and administrative expenses	32,053	34,298 ^{*2,*3}
Operating income	18,785	32,757
Non-operating income		
Interest income	154	277
Dividend income	442	636
Equity in earnings of affiliates	882	1,481
Real estate rental income	909	880
Waste and scrap sale income	42	—
Others	1,207	1,381
Total non-operating income	3,638	4,658
Non-operating expenses		
Interest expenses	1,316	960
Loss on disposals of fixed assets	621	475
Exchange loss	1,236	1,272
Others	1,617	1,299
Total non-operating expenses	4,792	4,007
Ordinary income	17,631	33,407
Extraordinary gain		
Gain on sales of tangible fixed assets	130	—
Gain on sales of investment securities	22	33
Gain on negative goodwill	—	144
Gain on reversal of allowance for doubtful accounts	127	14
Others	29	—
Total extraordinary gain	309	192
Extraordinary losses		
Loss on disposals of fixed assets	37	38 ^{*4}
Impairment loss of fixed assets	1,058	19 ^{*5}
Loss on sales of short-term investments and investment securities	7	—
Loss on write-down of investment securities	64	289
Loss on closure of plant	920	—
Loss from prior period adjustment	277	—
Provision for allowance for doubtful accounts	—	549
Loss from disaster	—	807 ^{*6}
Loss on adjustment for changes of accounting standard for asset retirement obligation	—	302
Others	250	644
Total extraordinary losses	2,617	2,651
Income before income taxes and minority interests	15,323	30,948
Current	4,422	9,274
Deffered	(447)	123
Total income taxes	3,974	9,398
Income before minority interests	—	21,550
Minority interests in income of consolidated subsidiaries	1,059	2,129
Net income	10,290	19,420

Consolidated statements of changes in net assets

	(Millions of Yen)	
	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	17,009	17,009
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	17,009	17,009
Capital surplus		
Balance at the end of previous period	17,295	17,295
Changes during the period		
Disposal of treasury stock	0	227
Total changes during the period	0	227
Balance at the end of current period	17,295	17,523
Retained earnings		
Balance at the end of previous period	89,408	97,962
Increase resulting from change of fiscal term of consolidated subsidiaries	51	110
Changes during the period		
Dividends paid	(1,671)	(3,298)
Increase due to increase of consolidated subsidiaries	25	—
Other comprehensive gain	—	446
Other comprehensive loss	(141)	—
Net income	10,290	19,420
Total changes during the period	8,503	16,569
Balance at the end of current period	97,962	114,642
Treasury stock		
Balance at the end of previous period	(4,653)	(4,742)
Changes during the period		
Purchase of treasury stock	(91)	(2,656)
Disposal of treasury stock	2	643
Total changes during the period	(88)	(2,012)
Balance at the end of current period	(4,742)	(6,755)
Total shareholders' equity		
Balance at the end of previous period	119,060	127,526
Increase resulting from change of fiscal term of consolidated subsidiaries	51	110
Changes during the period		
Dividends paid	(1,671)	(3,298)
Increase due to increase of consolidated subsidiaries	25	—
Other comprehensive income	—	446
Other comprehensive loss	(141)	—
Net income	10,290	19,420
Purchase of treasury stock	(91)	(2,656)
Disposal of treasury stock	2	870
Total changes during the period	8,415	14,783
Balance at the end of current period	127,526	142,420
Accumulated other comprehensive income (loss)		
Unrealized gain or loss on available-for-sale securities		
Balance at the end of previous period	7,534	14,673
Changes during the period		
Net changes of items other than shareholders' equity	7,138	(2,465)
Total changes during the period	7,138	(2,465)
Balance at the end of current period	14,673	12,208
Deferred hedge gains and losses		
Balance at the end of previous period	0	(4)
Changes during the period		
Net changes of items other than shareholders' equity	(4)	2
Total changes during the period	(4)	2
Balance at the end of current period	(4)	(1)

	(Millions of Yen)	
	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Foreign currency translation adjustment		
Balance at the end of previous period	(10,632)	(7,952)
Changes during the period		
Net changes of items other than shareholders' equity	2,680	(3,871)
Total changes during the period	2,680	(3,871)
Balance at the end of previous period	(7,952)	(11,823)
Total valuation and translation adjustment		
Balance at the end of previous period	(3,098)	6,716
Changes during the period		
Net changes of items other than shareholders' equity	9,814	(6,333)
Total changes during the period	9,814	(6,333)
Balance at the end of current period	6,716	383
Minority interests		
Balance at the end of previous period	9,082	10,290
Changes during the period		
Net changes of items other than shareholders' equity	1,207	649
Total changes during the period	1,207	649
Balance at the end of current period	10,290	10,940
Total net assets		
Balance at the end of previous period	125,044	144,533
Increase resulting from change of fiscal term of consolidated subsidiaries	51	110
Changes during the period		
Dividends paid	(1,671)	(3,298)
Increase due to increase of consolidated subsidiaries	25	—
Other comprehensive gain	—	446
Other comprehensive loss	(141)	—
Net income	10,290	19,420
Purchase of treasury stock	(91)	(2,656)
Disposal of treasury stock	2	870
Net changes of items other than shareholders' equity	11,022	(5,683)
Total changes during the period	19,437	9,100
Balance at the end of current period	144,533	153,744

Consolidated statements of comprehensive income

	(Millions of Yen)	
	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Income before minority interests	—	21,550
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	—	(2,476)
Deferred hedge gains and losses	—	3
Foreign currency translation adjustment	—	(3,794)
Equity equivalent to affiliated companies	—	(424)
Total other comprehensive income	—	(6,693)* ²
Comprehensive income	—	14,856* ¹
Comprehensive income attributable to:		
owners of the parent company	—	13,087
minority interests	—	1,769

Consolidated statements of cash flows

(Millions of Yen)

	FY2009 April 1, 2009 – March 31, 2010	FY2010 April 1, 2010 – March 31, 2011
Cash flows from operating activities		
Income before income taxes and minority interests	15,323	30,948
Depreciation and amortization	24,074	22,584
Loss on impairment of fixed assets	1,058	19
Decrease in provision for retirement benefits	(1,679)	(1,675)
Interest and dividends income	(596)	(914)
Interest expenses	1,316	960
Foreign exchange gains	493	513
Equity in earnings of affiliates	(882)	(1,481)
Gain on property, plant and equipment	568	476
Gain on sales of investment securities	(14)	(33)
Loss on write-down of investment securities	64	289
Decrease (increase) in notes and accounts receivable, trade	(26,519)	10,614
Decrease (increase) in inventories	4,760	(2,038)
Increase in notes and accounts payable, trade	24,494	(3,124)
Other, net	642	2,194
Sub-total	43,107	59,333
Interest and dividends income received	1,262	1,710
Interest expenses paid	(1,306)	(955)
Income taxes paid	(255)	(7,032)
Net cash provided by operating activities	42,807	53,056
Cash flows from investing activities		
Payments into time deposits	107	327
Purchase of securities	(1,000)	(2,998)
Proceeds from sales of securities	1,000	1,998
Purchase of property, plant and equipment	(16,321)	(18,616)
Proceeds from sales of property, plant and equipment	195	152
Purchase of intangible assets	(524)	(719)
Purchase of investment securities	(978)	(127)
Proceeds from sales and redemption of investment securities	121	81
Disbursements for loans	(1,417)	(1,647)
Collection of loans	886	1,914
Other	153	(390)
Net cash used in investing activities	(17,777)	(20,025)
Cash flows from financing activities		
Proceeds from issuance of short-term debt	13,883	8,841
Repayment of short-term debt	(26,250)	(14,842)
Proceeds from issuance of long-term debt	13,405	6,012
Repayment of long-term debt	(21,042)	(16,254)
Proceeds from issuance of bonds	9,000	22,000
Redemption of bonds	(9,000)	(12,000)
Payments for purchase of treasury stock	(91)	(2,661)
Repayments of lease obligations	(555)	(820)
Dividends paid	(1,670)	(3,297)
Cash dividends paid to minority shareholders	(150)	(186)
Other, net	6	(122)
Net cash used in financing activities	(22,465)	(13,330)
Effect of exchange rate changes on cash and cash equivalents	549	(2,256)
Net increase in cash and cash equivalents	3,113	17,442
Cash and cash equivalents at beginning of year	32,253	35,379
Increase in cash and cash equivalents resulting from change of fiscal term of consolidated subsidiaries	(86)	112
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	99	—
Cash and cash equivalents at end of year	35,379	52,934*

Notes to fundamental important matters for the creation of the consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries.....27

Names of consolidated subsidiaries:

Yokohama Kiko Co., Ltd., Sumihatsu Co., Ltd., Ites Co., Ltd., NHK Precision Co., Ltd., NHK Sales Co., Ltd., NHK Transport Co., Ltd., Nippatsu Service Co., Ltd., Nippon Shaft Co., Ltd., NHK Parking Systems Co., Ltd., Horikiri, Inc., Uniflex Co., Ltd., Tokuhatsu Co., Ltd., Tohoku Nippatsu Co., Ltd., Faurecia-NHK Kyushu Co., Ltd., NHK Teleflex Corporation, NHK Spring (Thailand) Co., Ltd., NHK International Corporation, New Mather Metals, Inc., NHK of America Suspension Components Inc., NHK Seating of America Inc., NHK Manufacturing (Malaysia) SDN. BHD., NAT Peripherals (Hong Kong) Co., Ltd., NHK Spring Precision of America Inc., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Precision (Thailand) Co., Ltd., and NHK Spring India Ltd.

In the period under review, the Company acquired all remaining issued share capital of NHK Teleflex Corporation. Consequently, beginning with the term under review, NHK Teleflex Corporation is included in the scope of consolidation.

(2) Non-consolidated subsidiaries

Names of unconsolidated subsidiaries:

Ayase Seimitsu Co., Ltd. and G.L.G. Corporation

Reason for excluding from scope of consolidation

The accounts 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 Company.

2. Scope of application of equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 2

Names of non-consolidated subsidiaries accounted for by the equity method:

Ayase Seimitsu Co., Ltd., G.L.G. Corporation

Number of affiliates accounted for by the equity method: 7

Names of affiliates accounted for by the equity method:

SNIC Co., Ltd., Sindai Co., Ltd., Topura Co., Ltd., Faurecia-NHK Co., Ltd., Ibérica de Suspensiones, S. L., Rassini-NHK Autopeças Ltda., General Seating (Thailand) Co., Ltd.

In the period under review, the Company acquired all remaining issued share capital of previous equity-method affiliate NHK Teleflex Corporation that the Company did not already own. Consequently, beginning with the term under review, application of the equity method of accounting has been discontinued with respect to NHK Teleflex Corporation.

(2) Non-consolidated companies and affiliates not accounted for by the equity method

Names of companies:

Nippatsu Harmony Co., Ltd.

Reason not accounted for:

The accounts of these affiliates were excluded from the equity-method accounting since the aggregate amounts of these affiliates, net income and retained earnings were immaterial in total.

3. Accounting standards

(1) Asset valuation method

1) Inventories

Inventories are mainly stated according to the weighted average cost method. (Values stated in the balance sheet are written down consistent with declines in sales value.)

2) Securities

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

Other securities

Marketable securities

Marketable securities are carried at fair market value, based on market price as of the balance sheet date. (Any changes in unrealized holding gain or loss, net applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving-average method.)

Non-marketable securities

Moving-average method

3) Derivative

Derivatives are carried at fair value.

(2) Depreciation and amortization of assets

1) Tangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets 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.

2) Low-value depreciable assets (excluding lease assets)

Low-value depreciable assets with acquisition prices ranging between ¥100,000 and less than ¥200,000 are depreciated in even amounts over three years in accordance with the provisions of the Corporation Tax Law.

3) Intangible assets (excluding lease 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.

4) Lease assets

Finance lease transactions other than those deemed to transfer ownership. 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.

(3) Treatment of deferred assets

Corporate bond issuance costs

Charged to income in the full amount when expensed.

(4) Significant accruals

1) Allowance for doubtful receivables

To provide for losses from doubtful accounts, provisions for general claims

are recognized based on actual default rates, and based on irrecoverable amounts for specified claims such as delinquent claims, taking into consideration individual collectability.

2) Accrued bonuses for directors

To provide for bonuses to directors, the Company recognizes the amounts accrued at the end of the fiscal year under review based on the estimated payment at the end of the fiscal year under review.

3) Accrued retirement benefits for employees

To provide for employee retirement benefits, the Company recognizes the amounts accrued at the end of the fiscal year under review based on the consolidated retirement liabilities and pension assets at the end of the fiscal year under review.

Past service liability is proportionately expensed according to the straight-line method over a certain number of years (10 to 16 years) within employees' average remaining number of years of service at the time of accrual.

Actuarial differences are proportionately expensed, beginning with the next fiscal year after the year of accrual, according to the straight-line method over a certain number of years (10 to 16 years) within employees' average remaining number of years of service at the time of accrual.

4) Accrued retirement benefits for directors and corporate auditors

In order to provide for the retirement benefits of corporate officers, domestic consolidated subsidiaries recognize the required benefit amounts accrued at the end of the fiscal year in accordance with the regulations for retirement benefits of corporate officers or in accordance with internal rules.

5) Accrued retirement benefits for executive corporate officers

In order to provide for the retirement benefits of executive corporate officers, the Company and domestic consolidated subsidiaries recognize the required benefit amounts accrued at the end of the fiscal year in accordance with the regulations for retirement benefits of corporate executive officers or in accordance with internal rules.

(5) Significant hedge accounting methods

1) Hedge accounting methods

The Company uses deferred hedge accounting. Notably, currency forward contracts (including a number of currency options) are accounted for by periodic allocation where the requirements for this accounting method are satisfied. Interest rate swaps are accounted for according to special exception rules where requirements for this accounting method are satisfied.

2) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange contracts	Forecasted foreign exchange transaction
Interest rate swap	Borrowings

3) Hedging policies

As Group internal regulations, "Cash Management Regulations" provide as basic principles that hedging is to be used for currency risks and interest risks management.

With regard to foreign denominated trade receivables, which pose the main risk, in order to avoid the associated currency risk, the Company enters into comprehensive currency forward contracts. Currency forward contracts are used within the scope of actual export transactions in connection with regular foreign-denominated business transactions.

4) Method of determination of hedge effectiveness

The hedge effectiveness of currency forward transactions is determined through checks performed when currency forwards are contracted. Checks are performed in accordance with the "Cash Management Regulations" integral to the internal regulations of the Company. Hedge effectiveness of interest rate swaps, to the extent that such swaps meet the requirements for special exception rules, is determined in accordance with the Accounting Standards for Financial Instruments.

(6) Goodwill amortization and amortization period

Goodwill and negative goodwill originated on or prior to March 31, 2010, are amortized in equal amounts over a 5-year period consistent with the cause of origination. Negative goodwill originated on or after April 1, 2010, is taken to the consolidated income for the fiscal year of origination of such negative goodwill.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

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.

(8) Other important matters to create the consolidated financial statements

Consumption taxes

Transactions subject to national and/or local consumption are recorded at an amount exclusive of the consumption tax.

Notes

Consolidated fiscal year (March 31, 2011)

Consolidated balance sheets

*1 Note regarding unconsolidated subsidiaries and affiliated companies

Each item in unconsolidated subsidiaries and affiliated companies are as follows:

Investment securities	¥10,921 million
Investment, other assets and others	¥2,455 million

*2 Trade notes receivable is ¥3,503 million.

The reservation part of securitized notes is ¥1,358 million.

Accounts receivable is ¥866 million.

*3 Liabilities for assurance

Guarantees are given for non-consolidated companies' debts from financial institutions

Liabilities for assurance to non-consolidated companies' debts from financial institutions	¥76 million
Employee	¥194 million
Total	¥270 million

*4 Pledged asset

Buildings and structures	¥8,955 million (Carrying amount)
Machinery and transport equipment	¥776 million (Carrying amount)
Land	¥7,684 million (Carrying amount)
Total	¥17,416 million (Carrying amount)

The above is serving as floating mortgage for collateral of ¥1,988 million long-term debt (including ¥872 million long-term borrowing due within one year).

Consolidated statements of income

*1 Loss on devaluation of inventories after the amount after the book value was reduced due to the decreased profitability. Sales cost includes loss on devaluation of inventories.

Reversals are presented in brackets "()", such as "(¥10 million)".

*2 Breakdown of selling, general and administrative expenses are as follows:

(1) Selling expenses

Packing and delivery expenses	¥2,530 million
Salaries, allowances, and bonuses	¥4,256 million
Employee's retirement benefits	¥277 million
Depreciation	¥41 million
Commission expenses	¥608 million

(2) General and administrative expenses

Salaries, allowances, and bonuses	¥9,740 million
Employee's retirement benefits	¥766 million
Provision of accrued retirement benefits for directors and corporate auditors	¥266 million
Provision of accrued retirement benefits for corporate officers	¥35 million
Depreciation	¥1,944 million
Research and development expenses	¥1,640 million
Commission expenses	¥1,687 million

*3 Research and development expenses in general and administrative expenses and sales cost

¥9,786 million

*4 Loss on disposals of fixed assets in extraordinary losses is as follows:

Buildings and structures	¥3 million
Machinery and transport equipment	¥6 million
Others	¥29 million

*5 Loss on impairment of fixed assets

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

Location	Purpose	Type
Tsurushi-cho, Takamatsu, Kagawa Pref.	Underutilized real estate	Buildings and structures Other
Shimizu-ku, Shizuoka	Underutilized real estate	Land

(Background of the recognition of impairment losses)

Facility of Takamatsu office of NHK Sales Co., Ltd., one of our subsidiaries in Japan moved to Rokujo-cho, Takamatsu in August, 2007, and became an underutilized real estate. As a result of reevaluation at the end of the year, impairment losses were recognized.

Facility of Shizuoka Office of NHK Sales Co., Ltd. became an underutilized real estate resulting from its consolidation with the Tokai Branch and former Iwata Office. As a result of reevaluation at the end of the year, impairment losses were recognized.

(Amount of impairment losses)

Type	Amount
Land	¥9 million
Buildings and structures	¥9 million
Other	¥0 million
Total	¥19 million

(Method for grouping assets)

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

(Method for calculating recoverable values)

Based on net sale value and real-estate appraisal criteria.

*6 Losses from disaster

In connection with loss from the Great East Japan Earthquake, the Group has recognized extraordinary loss as follows.

Disaster reconstruction costs	¥74 million
Impairment loss of tangible fixed assets and inventories	¥11 million
Fixed cost during downtime of operations	¥705 million
Others	¥15 million

*2 Other comprehensive income for the year ended March 2010

Net unrealized gain on other securities	¥7,185 million
Deferred hedge gains and losses	(¥4 million)
Foreign currency translation adjustment	¥1,840 million
Equity amount of affiliated companies	¥1,022 million
Total	¥10,044 million

Consolidated statements of comprehensive income

*1 Total comprehensive income for the year ended March 2010

Owners of the parent company	¥20,105 million
Minority interests	¥1,289 million
Total	¥21,394 million

Consolidated statements of changes in net assets

1 Type and number of outstanding shares

Type	Number of shares as of March 31, 2010	Increase in the number of shares during the year under review	Decrease in the number of shares during the year under review	Number of shares as of March 31, 2011
Common stock	244,066,144	—	—	244,066,144

2 Type and number of treasury stocks

Type	Number of shares as of March 31, 2010	Increase in the number of shares during the year under review	Decrease in the number of shares during the year under review	Number of shares as of March 31, 2011
Common stock	7,310,760	3,659,303	982,272	9,987,791

(Reasons for the increase or decrease)

Details of the increase are as follows:

Increase due to share purchase request from shareholders opposing the share exchange	3,560,000 shares
Increase due to purchases of less-than-one-unit shares	99,303 shares

The breakdown of the decrease is as follows:

Decrease by share transfers	974,727 shares
Decrease by sales of less-than-one-unit shares	5,884 shares
Decrease due to excluding subsidiaries and affiliates accounted for by the equity method	1,661 shares

3 Dividends

(1) Amount of dividends paid

Resolution	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders held on June 29, 2010	Common share	1,658	7.0	March 31, 2010	June 30, 2010
Board of Directors meeting held on Oct. 22, 2010	Common share	1,639	7.0	September 30, 2010	December 3, 2010

(2) Shares whose dividend record date is in the year and effective date is during next fiscal year

Resolution	Type of share	Dividend resource	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders held on June 29, 2011	Common share	Retained earnings	1,873	8.0	March 31, 2011	June 30, 2011

Consolidated statements of cash flows

*A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows.

(As of March 31, 2011)

Cash and bank deposits	¥53,300 million
Time deposits with maturity in excess of three months	(¥366 million)
Cash and cash equivalents	¥52,934 million

Leases

1. 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

(1) Acquisition cost equivalents, accumulated depreciation equivalents and net book value equivalents of leased property

(Millions of Yen)

	Machinery, equipment and vehicles	Property, plant and equipment	Intangible assets	Total
Acquisition cost equivalents	1,008	223	138	1,370
Accumulated depreciation equivalents	735	146	117	999
Net book value equivalents	273	76	20	370

(Note) Acquisition cost equivalents are calculated on the simple method that includes interest in lease payment.

(2) Future lease payments at March 31, 2011

Due within one year	¥200 million
Due over one year	¥170 million
Total	¥370 million

(Note) Future lease payments are calculated on the simple method that includes interest in lease payment.

(3) Current lease payments and depreciation equivalents

Lease payments	¥344 million
Depreciation equivalents	¥344 million

(4) Calculation methods of depreciation equivalents and interest equivalents

Calculation methods of depreciation equivalents

Amounts equivalent to depreciation are calculated by the straight-line method, assuming that useful life is same as the lease term and the residual value equals zero.

2. Finance lease transactions

(1) Type of lease assets

Mainly production equipments (machinery and transport equipment) in Suspension Springs and in Precision Springs Segments.

(2) Depreciation method of leased assets

Amount of depreciation is calculated by the straight-line method, assuming that useful life is same as the lease term and the residual value equals zero.

3. Operating lease transaction

Future minimum lease payments for non-cancellable operating lease transactions

Due within one year	¥219 million
Due over one year	¥427 million
Total	¥647 million

(Impairment losses)

Finance lease transactions have no impairment loss.

Financial instruments

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. The purpose of borrowings and commercial papers is 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 is or counterparties may default)

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

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

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. Outline of marketable financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2011 (closing date of this fiscal year) are as follows.

(Million of Yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	53,300	53,300	—
(2) Notes and accounts receivable, trade	77,950	77,950	—
(3) Investment securities			
1) Bonds to be held to maturity	500	507	7
2) Equity of subsidiaries and affiliates	1,488	1,068	(420)
3) Other securities	31,614	31,614	—
(4) Long-term loans	439		
Allowance for doubtful receivables*1	(78)		
	360	378	17
Total assets	165,214	164,819	(395)
(1) Notes and accounts payable, trade	91,255	91,255	—
(2) Short-term borrowings	21,509	21,509	—
(3) Accrued income taxes	5,310	5,310	—
(4) Equipment notes payable	536	536	—
(5) Corporate bonds	10,000	9,934	(65)
(6) Long-term debt	24,454	24,352	(101)
(7) Lease obligations	2,889	3,082	192
Total liabilities	155,956	155,982	25
Derivative financial instruments *2	[3]	[3]	—

*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.

(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) Equipment notes payable

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

(5) Corporate bonds

These corporate bonds are determined using the quoted price obtained from the financial institutions.

(6) Long-term debt, and (7) Lease obligations

The fair values of long-term debt and lease 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 were conducted.

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

(Millions of Yen)

Category	Carrying amount
Equity investments of unlisted subsidiaries and affiliates	9,432
Other unlisted stocks	1,005

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	53,260	—	—	—
Notes and accounts receivable, trade	77,950	—	—	—
Investment securities				
Bonds to be held to maturity (corporate bonds)	—	500	—	—
Long-term loans	—	265	63	31
Total	131,210	765	63	31

(Note 4) Redemption schedule of long-term debt and lease 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
Bonds	—	—	—	—	10,000	—
Long-term debt	—	10,800	8,087	4,954	612	—
Lease obligations	—	518	482	495	332	1,060
Total	—	11,318	8,569	5,449	10,944	1,060

Marketable securities

1 Equity securities for the purpose of selling and buying

(As of March 31, 2011)

Not applicable

2 Equity securities to be held to maturity (As of March 31, 2011)

(Millions of Yen)

Type	Acquisition cost	Carrying value	Unrealized gain
Securities which carrying value exceeds their acquisition cost			
1) National bonds and local government bonds	—	—	—
2) Corporate bonds	500	507	7
3) Other	—	—	—
Subtotal	500	507	7
Securities which acquisition cost exceeds their carrying value			
1) National bonds and local government bonds	—	—	—
2) Corporate bonds	—	—	—
3) Other	—	—	—
Subtotal	—	—	—
Total	500	507	7

3 Other securities with fair value (As of March 31, 2011)

(Millions of Yen)

Type	Acquisition cost	Carrying value	Unrealized gain
Securities which carrying value exceeds their acquisition cost			
1) National bonds and local government bonds	30,385	9,110	21,274
2) Corporate bonds	—	—	—
3) Other	—	—	—
Subtotal	30,385	9,110	21,274
Securities which acquisition cost exceeds their carrying value			
1) National bonds and local government bonds	1,229	1,747	(517)
2) Corporate bonds	—	—	—
3) Other	—	—	—
Subtotal	1,229	1,747	(517)
Total	31,614	10,858	20,756

(Note) Impairment occurs if the fair market value decreased more than 50% compared to the acquisition cost except if the value is expected to recover. If the decreased rate is 30% to less than 50%, the possibility to recover is to be judged. If the Company determined that there is no possibility, it will be dealt with as impairment loss.

4 Other marketable securities sold during the fiscal year

(April 1, 2010 to March 31, 2011)

(Millions of Yen)

Type	Amount sold	Total gains	Total losses
1) Equity securities	163	33	0
2) Bonds	—	—	—
3) Other	—	—	—
Total	163	33	0

Derivative transactions

1 Derivative financial instruments that do not apply for hedge accounting

Not applicable

2 Derivative financial instruments that apply for hedge accounting

(1) Currency

(Millions of Yen)

Hedge accounting method	Type of derivative transaction	Main hedged items	Contractual value	Contractual value over one year	Market value			
Exchange contracts of deferral hedge accounting	Forward exchange contract	Foreign currency denominated receivables and payables						
	Sell:							
	USD					160	—	(1)
	EUR					25	—	(1)
	Buy:							
	USD		—	—	—			
Total			185	—	(3)			

(2) Interest rate

(Millions of Yen)

Hedge accounting method	Types of derivative transaction	Main hedged items	Contractual value	Contractual value over one year	Market value
Exceptional disposition of interest rate swap contracts	Interest rate swap contract	Borrowings	23,968	15,413	(Note)
	Fixed rate payment				
	Floating receiving				
Total			23,968	15,413	(Note)

(Note) The fair value of the interest rate swap qualifying for exceptional accrual method is included in the above fair value of related long-term borrowings.

Retirement benefit

1 Retirement benefits of the Company

The Company and its subsidiaries in Japan have a contributory funded and a defined contribution 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.

Number of the companies and subsidiaries applying each plan during the fiscal year:

Contributory funded pension plan... The Company

Defined contribution pension plan... 13 domestic consolidated subsidiaries

Termination allowance plan... The Company and all domestic consolidated subsidiaries

As for foreign consolidated subsidiaries, two have contributory funded plan, and five have defined contribution plan. The Company and two domestic consolidated subsidiaries have retirement benefit trust.

2 The outline of the employees' pension and severance plans

1) Projected benefit obligation	(¥43,680 million)
2) Plan assets	
(including retirement benefit trusts)	¥23,974 million
3) Funded status of the plans (1+2)	(¥19,706 million)
4) Unrecognized net actuarial loss	¥10,019 million
5) Unrecognized prior service cost	(¥394 million)
6) Net retirement benefit obligation (3+4+5)	(¥10,081 million)
7) Accrued pension and severance costs	(¥10,081 million)

(Note) Simplified method is applied as for 13 consolidated companies in Japan.

3 Employees' pension and severance cost

1) Service cost	¥2,515 million
2) Interest cost	¥793 million
3) Expected return on plan assets	(¥655 million)
4) Amortization of net actuarial gain or loss	¥1,012 million
5) Amortization of prior service cost	(¥43 million)
6) Employee pension cost for the year	¥6 million
7) Employee pension cost for the year (1+2+3+4+5+6)	¥3,629 million
8) Other	¥44 million
Total	¥3,674 million

(Note 1) Retirement benefits expenses of the Company's consolidated subsidiaries which were accounted for by the simplified method were registered under "1) Service cost" above.

(Note 2) "8) Other" is installment premium payment to defined contribution pension plan.

4 Assumption and policies adopted in the calculation of retirement benefit obligation

1) Method of allocation of retirement benefits in the period

Straight-line method

2) Discount rates

Domestic 1.5% to 2.1%

Foreign 4.2% to 8.0%

3) Expected rates of return on plan assets

Domestic 0.9% to 4.6%

Foreign —%

4) Amortization years of actuarial gain or loss

From 10 to 16 years

(Amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.)

5) Amortization years of prior service cost

From 10 to 16 years

(Amortized as incurred, by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.)

Deferred tax accounting

1 Principal deferred tax assets and liabilities

(Deferred tax assets)

1) Current assets	
Accrued employees' bonuses	¥3,017 million
Accrued enterprise taxes	¥361 million
Unrealized inter-company profit	¥301 million
Tax losses carried forward	¥182 million
Inventory write-downs	¥387 million
Accounts payable	¥384 million
Other	¥643 million
Deferred tax assets (current) subtotal	¥5,280 million
Valuation allowance	(¥602 million)
Total deferred tax assets (current)	¥4,677 million
Offset of deferred tax liabilities (current)	(¥2 million)
Net deferred tax assets (current)	¥4,674 million

2) Fixed asset	
Accrued retirement benefits for employees	¥5,250 million
Depreciation	¥2,903 million
Loss from securities revaluation	¥483 million
Allowance for doubtful receivables	¥418 million
Accrued retirement benefits for directors and corporate auditors	¥686 million
Total loss on impairment of fixed assets	¥64 million
Tax losses carried forward	¥3,273 million
Unrealized inter-company profit	¥290 million
Unrealized losses on other securities	¥62 million
Other	¥980 million
Deferred tax assets (fixed) subtotal	¥14,412 million
Valuation allowance	(¥5,102 million)
Deferred tax assets (fixed) total	¥9,309 million
Offset of deferred tax liabilities (fixed)	(¥6,989 million)
Net deferred tax assets (fixed)	¥2,319 million

(Deferred tax liabilities)

1) Current liabilities	
Retained subsidiaries profits	(¥813 million)
Allowance for doubtful receivables	(¥261 million)
Other	(¥3 million)
Deferred tax liabilities (current) total	(¥1,079 million)
Offset of deferred tax assets (current)	¥2 million
Net deferred tax liabilities (current)	(¥1,076 million)

2) Fixed liabilities	
Special tax purpose reserve	(¥4,005 million)
Depreciation	(¥1,203 million)
Unrealized losses on other securities	(¥9,488 million)
Allowance for doubtful receivables	(¥410 million)
Deferred tax liabilities (fixed) total	(¥15,108 million)
Offset of deferred tax assets (fixed)	¥6,989 million
Net deferred tax liabilities (fixed)	(¥8,118 million)

2 Principal reasons for the difference between the statutory tax rate and the rate of income after application of deferred tax accounting

Statutory tax rate of the Company which submitted the consolidated balance sheets	
Effect of:	40.3%
Tax rate difference of subsidiaries	(6.5%)
Expense account and others not deductible permanently	2.4%
Dividend income and others not taxable permanently	(3.5%)
Foreign tax credit	(0.5%)
Investment tax credit	(4.6%)
Unrealized losses on valuation allowance	(0.4%)
Dividend income from the consolidated subsidiaries	3.2%
Other	(0.1%)
Effective tax rate	30.4%

Asset retirement obligations

Asset retirement obligations recognized on the consolidated balance sheets

(1) Summary of relevant asset retirement obligations

With regard to instances of asbestos used in property, plant and equipment, the affected assets are at the time of their retirement subject the special methods required under the Ordinance on Prevention of Health Impairment due to Asbestos.

(2) Calculation of the amount of relevant asset retirement obligations

The calculation of relevant asset retirement obligations uses the end of the remaining useful life as the estimated period until expenditure and applies a discount rate of 2.1%.

(3) Change in total consolidated asset retirement obligations in the period under review

Balance at start of period (Note)	¥306 million
Adjustment for passage of time	¥0 million
Balance at end of period	¥306 million

(Note) The balance at start of period reflects the first-time application, beginning with the period under review, of the Accounting Standard for Asset Retirement Obligations (Business Accounting Standard No. 18; March 31, 2008) and the Application Guideline for the Accounting Standard for Asset Retirement Obligations (Business Accounting Standard Application Guideline No. 21, March 31, 2008).

Segment information

1. Outline of segment

Reporting segments are comprised of those constituent segments of the Group for which stand-alone financial information is available. They are the subject of periodic review for the board of directors to determine the allocation of management resources and for the evaluation of operating results.

The Company operates principally on four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and other based on manufacturing division of the Company.

Main products of each segment are as follows:

Segment	Main products
Automotive suspension springs	Leaf springs, coil springs, stabilizer bars, torsion bars, stabilizer links, gas springs, stabilinker 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 and others
Industrial machinery and equipment, and others	Brazed products, ceramic products, spring mechanisms, pipe support systems, automatic parking systems, polyurethane products, metal-based printed wiring boards, security products, lighting equipment, golf club shafts and others

2. Method of calculation of sales, income, assets, liabilities, and other account items by reporting segment

The accounting treatment for reporting segments is largely identical to the treatment described in the section entitled "Notes to fundamental important matters for the creation of the consolidated financial statements" except for the

foreign currency conversion rate applicable to sales and the valuation standards for inventories.

Income of reporting segments corresponds to ordinary income. Internal inter-segment sales, earnings, and transfers are valued at market prices.

3. Net sales, income or loss, assets and liabilities, and other items by reporting segment

(Millions of Yen)

	Segment					Adjustments	Total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Sales							
Sales to external customers	91,152	181,219	113,377	70,256	456,006	191	456,198
Inter-segment sales	1,542	100	1,035	5,892	8,570	(8,570)	—
Net sales	92,695	181,320	114,413	76,149	464,577	(8,378)	456,198
Operating income	8,035	12,502	12,273	4,415	37,227	(3,819)	33,407
Assets	61,956	85,016	93,241	58,766	298,980	57,067	356,048
Other							
Depreciation	4,321	4,428	10,647	1,560	20,958	1,625	22,584
Interest income	34	1	8	14	58	219	277
Interest expenses	278	128	303	154	864	95	960
Equity in earnings of affiliates	591	665	32	192	1,481	—	1,481
Amount invested in equity-method affiliates	3,942	3,791	646	1,726	10,107	—	10,107
Property, plant and equipment and intangible assets increase	2,179	5,253	10,176	1,456	19,066	1,471	20,538

4. Reporting segment totals and differences with amounts in consolidated financial statements

(Reconciliations)

(1) Net sales

Reporting segment total	¥464,577 million
Effect of Exchange Rate	¥191 million
Elimination of inter-segment transactions	(¥8,570 million)
Net sales in consolidated financial statement	¥456,198 million

(2) Segment profit

Reporting segment total	¥37,227 million
Corporate expenses (Note)	(¥4,382 million)
Amortization of goodwill	(¥441 million)
Deferred inventories	¥442 million
Other	¥562 million
Ordinary income in consolidated financial statement	¥33,407 million

(Note) Corporate expenses are mainly expenses that relate to NHK Spring Co., Ltd. that are not attributable to the reporting segments.

(3) Assets

Reporting segment total	¥298,980 million
Corporate assets (Note)	¥57,067 million
Total asset	¥356,048 million

(Note) Corporate assets consist mainly of cash and cash equivalents that are not attributable to the reporting segments.

(4) Other items

(Millions of Yen)

Other items	Depreciation	Interest income	Interest expenses	Net increase of property, plant and equipment
Reporting segment total	20,958	58	864	19,066
Adjustments (note)	1,625	219	95	1,471
Carrying amount	22,584	277	960	20,538

(Note) Adjustments were made as follows:

- (1) The adjustment for depreciation and amortization was buildings and others of the Company.
- (2) Interest income and interest expenses are not attributable to the reporting segment.
- (3) The adjustment for increase in tangible and intangible fixed assets is the increase in corporate assets that are not attributable to the reporting segment.

5. Segment by location

(1) Sales

(Millions of Yen)

Japan	North America	Asia	Other	Total
276,816	45,760	131,639	1,981	456,198

(2) Property, plant and equipment

(Millions of Yen)

Japan	North America	Asia	Total
87,440	10,528	23,574	121,544

6. Information on impairment loss of property, plant and equipment of reporting segments

(Millions of Yen)

	Segment					Elimination of corporate assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Impairment	—	—	—	19	19	—	19

7. Segment information of goodwill amortization

(Millions of Yen)

	Segment					Elimination of corporate assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Amortization during the year	7	475	(17)	(23)	441	—	441
Balance at end of year	(6)	(1)	—	(52)	(61)	—	(61)

8. Information by reporting segment on gains accrued from negative goodwill

In the industrial machinery and equipment, and other segments, consolidated

subsidiary Nippon Shaft Co., Ltd. acquired own stock from a third party effective October 1, 2010. As a result, a ¥108 million gain from negative goodwill was recognized in the period under review.

Related party information

1 Related party transactions

(1) Transactions with companies included in the consolidated financial statements and related parties.

Type	Name	Address	Capital (million yen)	Business area	Proportion of voting rights owned (%)	Related party transactions	Details of transactions	Amount of transactions (million yen)	Accounts recorded	Balance at end of year (million yen)
Subsidiary	G.L.G. Corporation	Saiwai-ku, Kawasaki	99	Golf range	100.0	Three concurrent director	Rented properties from our company	479	—	—
Affiliate	Faurecia-NHK Co., Ltd.	Naka-ku, Yokohama	400	Automotive Seat Division	50.0	Customer of our company Five concurrent director	Purchased most products from our company	13,044	Trade accounts receivable	5,719

(Note 1) Amount of transactions does not include consumption tax. Balance at end of year includes the consumption tax.

(Note 2) Conditions of transactions and its policy, sales of our company's products to subsidiaries and affiliates are determined by the reference to market values.

(2) Transactions with subsidiaries of companies included in the consolidated financial statements and related parties.

Type	Name	Address	Capital (million yen)	Business area	Proportion of voting rights owned (%)	Related party transactions	Details of transactions	Amount of transactions (million yen)	Accounts recorded	Balance at end of year (million yen)
Subsidiary	Nippan Business Support Co., Ltd.	Koto-ku, Tokyo	10	Supply of services to all business areas (factoring)	52.5 (indirect)	Transfer of the account payable	Transfer of accounts payable by consolidated subsidiaries	22,700	Trade accounts payable	7,367

(Note 1) Amount of transactions and balance at end of year include the consumption tax.

(Note 2) Conditions of transaction and its policies including transfer of the account payable are determined as same as those of general transactions.

2 Note on the Company or related companies

Not applicable

Per share information

1. Net assets per share ¥610.07

2. Net income per share ¥82.44

(Note) Basic calculation

1. Net assets per share

Item	
Total net assets (million yen)	153,744
Amount deducted from total net assets (million yen)	10,940
(Minority interests)	(10,940)
Net income available for dividends on common stock at end of year (million yen)	142,804
Number of outstanding shares of common stock (thousand shares)	244,066
Number of common stock for treasury (thousand shares)	9,987
Descriptions of potential shares included in the computation of diluted net income per share (thousand shares)	234,078

2. Net income per share

Item	
Income in the consolidated balance sheets (million yen)	19,420
Amount not available for common shareholders (million yen)	—
Net income available for dividends on common shares (million yen)	19,420
Weighted-average number of common shares outstanding during the year (thousand shares)	235,557

Consolidated supplemental schedules

1. Schedule of bonds payable

Company name	Description	Date of Issuance	Balance at end of current year (million yen)	Interest rate (%)	Collateral	Maturity
NHK Spring Co., Ltd.	7th non-collateral corporate bonds (inter-bond pari passu clause)	December 15, 2010	10,000 [—]	0.789	—	December 15, 2015
Total	—	—	10,000 [—]	—	—	—

(Note 1) The amounts in brackets presented under "Balance at end of current year" represent the amounts scheduled to be redeemed within one year.

(Note 2) The redemption schedule of bonds for 5 years is summarized as follows.

(Millions of Yen)

Within one year	One to two years	Two to three years	Three to four years	Four to five years
—	—	—	—	10,000

2. Schedule of borrowings

Category	During the current fiscal year (million yen)	Average interest rate (%)	Maturity
Short-term debt	8,667	0.872	—
Current portion of long-term borrowings	12,841	1.469	—
Current portion of lease obligations	689	—	—
Long-term borrowings (excluding current portion)	24,454	1.469	2012 to 2017
Lease obligation (excluding current portion)	2,889	—	2012 to 2018
Other interest-bearing liabilities Commercial paper (due within one year)	3,000	0.121	—
Total	52,542	—	—

(Note 1) Average interest rate represents the weighted-average rate applicable to the year-end balance.

(Note 2) The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for 5 years.

(Millions of Yen)

Category	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	10,800	8,087	4,954	612
Lease obligations	518	482	495	332

(Note 3) Average interest rate is not described for lease obligation (excluding lease obligation due within one year) and lease obligation due within one year is indicated by using interest calculated methods in some subsidiaries.

Corporate overview

■ Corporate overview (as of March 31, 2011)

Trade name:	NHK SPRING CO., LTD.
Established:	September 1939
Capital:	¥17,009.57 million
Employees:	4,752 (Non-consolidated), 19,792 (Consolidated) *temporary employee is contained
Sales:	¥456.1 billion (Fiscal 2010 consolidated)
Head office:	3-10 Fukuura, Kanazawa-ku, Yokohama, Japan 236-0004
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:	23 Domestic, 21 Overseas

■ Shares

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	12,830

Movements in share price	High	Low
Apr.-Jun. 2010	1,013	807
Jul.-Sep. 2010	870	680
Oct.-Dec. 2010	902	609
Jan.-Mar. 2011	1,034	679

(Yen)

■ Members of the board of directors and auditors (As of June 29, 2011)

Board of Directors

Chairman of the Board
Kenji Sasaki

President and Chief Executive Officer
Kazumi Tamamura

Executive Vice President
Tutomu Yamaguchi

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
Tutomu Yamaguchi

Executive Corporate Officers
Akira Yamazaki
Shoichi Hara
Takao Itoi

Senior Corporate Officers
Shigeru Yasuda
Mitsushige Kawakubo
Kaoru Hatayama

Hiroyuki Kado
Akira Umabayashi
Tsunehiko Hirama
Toshio Hamano
Akihiro Honda
Taro Umemura

Corporate Officers
Hideo Yamamoto
Yosei Morioka
Hideaki Kidokoro
Ryuji Yashiro
Yukihiko Konishi
Masahiko Maeda
Takashi Kayamoto
Toshio Kazama
Toru Sugiyama
Hidekazu Hoshino
Ryuichi Shibata
Susumu Senkawa
Morio Horimoto
Kiyohiko Kanmei

A note from the editors

Thank you so much for reading this report. It started out in 2000 as the 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 2011



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