



Building a better world by building innovative products

# NHK Spring Report 2009



Society · Environment · Finance

April 2008~March 2009



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

The Japanese economy is in unprecedented difficulties, with a dramatic fall in exports due to the effects of the rapid deterioration in the global economy following the US financial crisis in the second half of 2008. There has been a huge fall in automobile production — the most important business sector for the NHK Group. IT equipment is another important sector for us. Here, production has fallen heavily due to destocking in HDDs (hard disk drives).

We believe that actions by governments around the world may have halted the slide in the global economy, but recovery will take some time. We expect fiscal 2009 to continue to be difficult in Japan with our high level of reliance on exports. The large falls in production in the automotive sector due to destocking could bottom out. However the delay in any significant recovery in sales could mean a decline in units produced in Japan in fiscal 2009 over fiscal 2008. In the IT equipment sector, HDDs will continue to be strongly affected by general business conditions.

While we do face these very difficult conditions, we also recognize them as an opportunity to establish a flexible production system that responds to volumes of orders as we extend our lead in quality, cost control and technology, and lay the groundwork for the next leap forward. We exercise CSR management, with compliance as a core value and policies that proactively promote CSR activities. In order to gain the trust of all our stakeholders, we promote social contribution programs and global environmental conservation activities as well as proactively release CSR-

related information, and operate the Group soundly with full Group risk management systems. We believe that, in this way, we are contributing to building a better world.

Through this report, we hope to provide some understanding of our ideas and actions on our corporate social responsibilities. We cannot cover everything, but with your advice and guidance, we will continue to improve.



*K. Sasaki*

**Kenji Sasaki**  
Chairman of the Board

*T. Amaki*

**Takehiko Amaki**  
President and CEO

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.

## Business areas and main products



Automobiles

- Leaf springs, coil springs, stabilizer bars and other suspension springs
- Seats, mechanical seating components, trim parts
- Wire springs, flat springs, precision machined components
- Polyurethane products



Data Communications

- HDD suspensions and mechanical components
- Wire springs, flat springs
- LCD/semiconductor testing probe units
- Precision machined components
- Ceramic products
- Brazed products
- Metal-based printed wiring boards
- Polyurethane products
- Security products



Industry and Lifestyle

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

## How others see us

### Recognized as Corporate Contributor to Yokohama

This program recognizes Yokohama-based organizations as 'Corporate Contributors to the Yokohama Region' which are involved in business activities that contribute to the region through employment and the environment. We support the growth and expansion of the program (▶ P3).



Recognition as Corporate Contributor to Yokohama

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### Editorial policy

This Report was compiled on the basis of the Ministry of the Environment's Environmental Reporting Guidelines (2007 ed.). The report is intended for shareholders, investors, customers, suppliers, local communities around NHK Spring offices and facilities, employees and their families, and so on. Since last year, we have combined our CSR report and annual report into a new NHK Spring Report. We hope it will offer a greater level of completeness by adding economic reporting to our social and environmental reports.

### Scope

This report essentially covers the business activities of the NHK Spring Group from April 2008 to March 2009. As it is being issued in September, it also takes in significant developments since April 2009.

## NHK Spring 2008 Highlights

We expanded our business and CSR activities as a locally-focused organization during fiscal 2008.

### 150th anniversary of the opening of the Port of Yokohama and 70th anniversary of the founding of NHK Spring continuing to contribute to the growth of society

Our head office is in Yokohama, which celebrates the 150th anniversary of the opening of the Port of Yokohama in 2009. A number of events are being held to commemorate the opening. Our Chairman of the Board, Mr. Kenji Sasaki, has been appointed Chairman of the Association for the 150th Anniversary of the Opening of the Port of Yokohama, that organizes the activities, and NHK Spring is providing active support.

The 150th Anniversary of the Opening of the Port of Yokohama Exposition "EXPO Y150" opened on April 28. Since the fall of 2008, our advertising has carried Gigantor (from the Japanese anime series Tetsujin 28-go) everywhere, helping spread the word



Chairman Sasaki and Mayor Tanaka cutting the ribbon at the opening of EXPO Y150 (Sasaki second from right)

about Yokohama to its residents and visitors.

At the same time, we celebrated the 70th anniversary of the founding of NHK Spring on September 8, 2009. We grew up in Yokohama and we have our roots there. We continue to contribute to the development of Yokohama as well as society.



New wrap-around ads featuring Gigantor on the shuttle buses linking event sites



Co-sponsoring rest facilities for visitors to EXPO Y150

### Gigantor and the character of NHK Spring roll out to advertising and publicity work

We are making use of Gigantor to carry the image of NHK Spring, and are rolling this out in various locations. We are using computer-generated graphics to give him his metallic appearance. He first appeared in a new TV commercial in October 2008, and since then we have undertaken an integrated marketing campaign, using him on our Website, on signage at Yokohama Station and recruiting aids.

Gigantor is a popular manga figure created by the late Mitsuteru Yokoyama. Interest is still high in Gigantor: every year he appears in films and books. The Japanese name of NHK Spring sounds similar to the Japanese name of Gigantor, Tetsujin 28-go, and the 'Iron' in Tetsujin 28-go goes with the nature of our business, which is why we used him.

Gigantor combined with the NHK Spring Mitsuzawa Football Stadium have been effective in lifting name recognition and the profile of NHK Spring. In fact, the series of three posters to be placed at railway stations created for recruiting purposes received special awards at the 30th Japan BtoB Advertising Awards. We are planning to utilize the character aimed at giving the general public, including those who don't know us, a proper understanding of who we are.



Reality-style TV commercials



Railway station posters received high praise



### Recognition as corporate contributor to Yokohama

NHK Spring has been recognized as a corporate contributor to Yokohama. Mayor Tanaka of Yokohama presented the Certificate to President Amaki at the Yokohama Symposia on April 3, 2009. The awards had already been presented to 40 local companies who support Yokohama through an awareness of local employment and trade, and who undertake CSR. On this occasion, another 28 companies were recognized. As a company with its head office in Yokohama for now and into the future, NHK Spring will contribute in many ways to the region: by pursuing product innovation, protecting the environment and providing work among others.



President and CEO Amaki (right) receiving Certificate from Mayor Tanaka

\*The management names listed here were those of when this event was held

### 2nd Anniversary of NHK Spring Mitsuzawa Football Stadium

We have been celebrating the 2nd Anniversary of the NHK Spring Mitsuzawa Football Stadium. It has really taken off with the crowds, particularly from the J. League official soccer matches.

Aurora vision display was installed before the first game in 2008, and facilities for night games were completed in 2009. This provides better lighting and makes for a more enjoyable experience for fans at night games. Projectors used in the lighting system were built by our affiliate, Yokohama Kiko.

We expect to further boost the profile of the NHK Group through the NHK Spring Mitsuzawa Football Stadium.

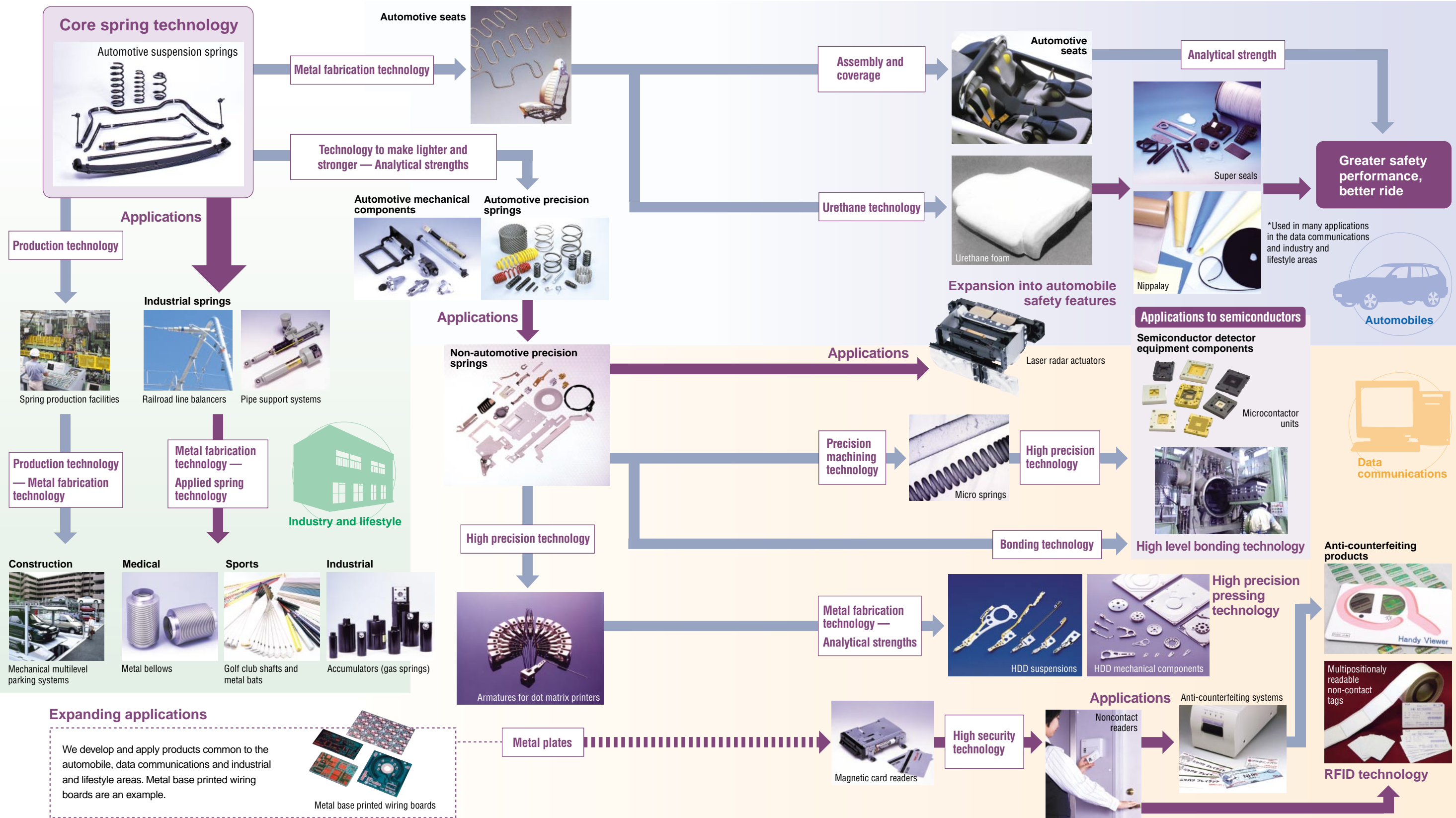


NHK Spring Mitsuzawa Football Stadium celebrating its 2nd year and the new lighting system



# NHK Spring: Wide diversification from our beginnings in springs

We have created a wide range of products that contribute to society and meet the needs of the times. We began with automotive suspension springs, and expanded into many different areas — automobiles, data communications and industry and lifestyle — on the basis of such characteristics of springs as support, transmission, protection, resilience, bounce and stretch. We will continue to help support the growth of society through product innovation, creating vital products for the world.



# Bringing passion and conviction to product innovation

NHK Spring product innovation began with automotive springs and is now firmly established across three broad areas: automobiles, data communications, and industry and lifestyle.

We work unceasingly on product innovation to produce products that will satisfy our customers.

## NHK Spring products contributing to a motorized society

### Suspension springs and suspension spring-related products

#### 1 Stabilizer bars

Lightweight Stable handling



Stabilizer links

#### 2 Coil springs

Lightweight Comfort



### Seats and interior/exterior products

#### 3 Armrest axle locks

Durability Safety



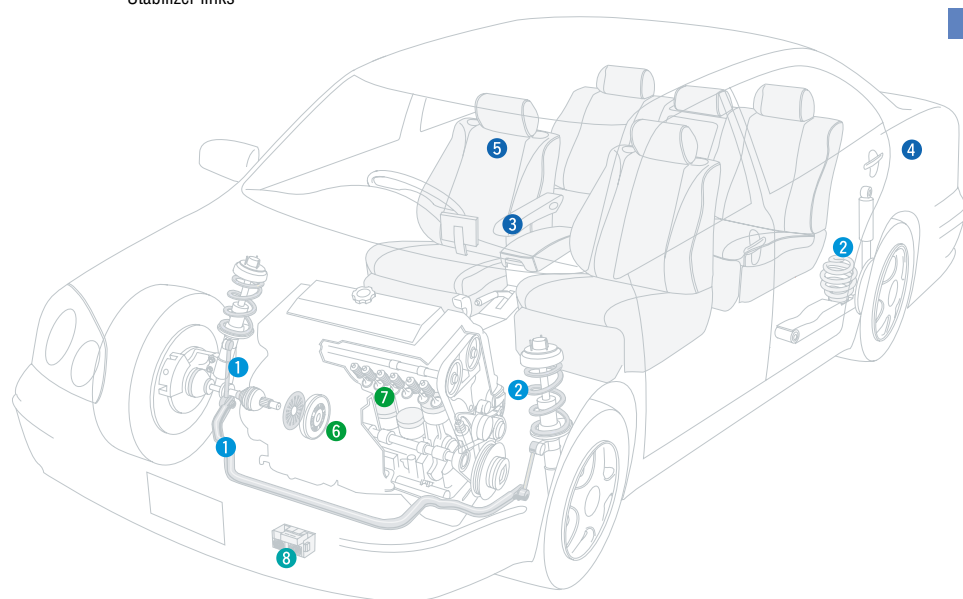
#### 4 Super Seal/ Super Sheet

Waterproof



#### 5 Seat with active head restraint

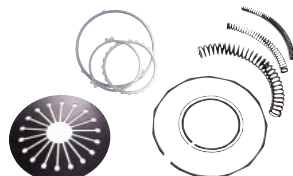
Safety Comfort



### Engine and powertrain components

#### 6 Disc springs, wave springs, arc springs

Durability Comfort



#### 7 Valve springs

Durability Safety Lightweight



### Safety and environmental systems

#### 8 Vehicle-mounted laser radar actuators

Safety Durability



## Creating attractive cars



**Takeshi Nakamura**  
Manager,  
Design Dept. 1, Seating Div.



Specifications examination team bringing together Production and Sales

### Highly functional automotive seats

The seats are a vital part of creating attractive cars. Seats have different features in different types and grades of car, but car seats have acquired more and more functions to give greater safety and a better ride, just like other components. We contribute to creating attractive cars by adding value to the seats, which are a big selling point in cars.

### Gaining customer trust through appealing solutions

We now need to accelerate the development of unique new equipment and bring it to market faster. Our most pressing challenges are better analytical capabilities, reducing the weight of our products and shortening development lead times, as well as bringing in new technologies and offering more attractive solutions.

We will go on innovating to gain customer trust and delivering as an automotive seat maker.

### Global approach ever more necessary

The automobile market these days is borderless. So-called world cars are now on sale in Japan, North America and Europe, and over a hundred other countries. They have had good reviews from motoring journalists around the world. We really do want to build seats that people all around the world will use, and that take account of local customs and regulations.



Crash testing for safety

### Looking for class, convenience and safety as well

I was involved in developing and designing the new luxury SUV seats announced in 2008.

To achieve the ride feel and performance demanded in a luxury SUV takes better fit and holding characteristics, and getting the feelings of flexing and damping right. Gathered leather seats give a luxurious feel, but you have to have consistent quality leather materials to produce seats that appear to have random gather and an attractive finish. This means sitting down with the client and the supplier to get the specifications just right.

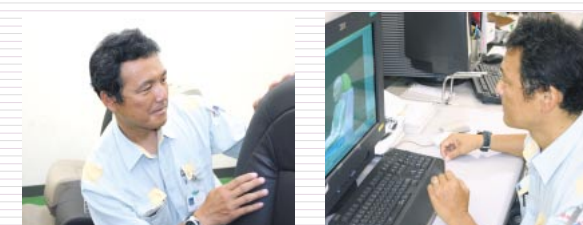


Image change with single gather leather seats

Detailed CAD analysis

For greater driver convenience, we have also developed an electric rear seat function that returns the rear seat to upright position after it has been lowered for use as a luggage area. This provides greater driver convenience. We have also included a safety function to stop the rear seat if anyone's arm is caught while the function is being used. I intentionally had my arm caught to make sure that there would be no risk of anyone being caught.

In our development work we focus on both user satisfaction and a better ride, and safety, including functions to reduce whiplash.



# Bringing passion and conviction to product innovation

## NHK Spring products contributing to business

### HDD-related products

**1 Gaskets (Nippalay)**  
Low air permeability  
Low gas emission

**1 Suspensions**  
High dependability

**1 Top covers**  
High dependability

**1 HDD mechanical components**  
High dependability

Labels: Top covers, Gaskets, Suspensions, Clamp rings, Carriage components, Bases.

Applications: 1. Desktop tower PC, 2. Laptop, 3. Server rack, 4. Storage cabinet, 5. Data center.

### Data communications and semiconductor manufacturing equipment-related products

**2 Microcontacter units**  
Durability  
High dependability

**2 Metal base printed wiring boards**  
High heat dissipating

**2 Lock hinges**  
High dependability  
Comfort

### Security-related products

**3 ALTATTEX**  
High dependability

**4 Trustgram (optical hologram)**  
High dependability

**5 Key-VISCS (access control security)**  
High dependability

## Developing security products



**Shinsuke Yoshida**  
Senior Manager,  
Development and Marketing Dept.  
Security Technologies & Solutions Div.

### Developing anti-counterfeiting labels

Faked famous name brand products have grown into a serious social problem with the recent rise of the technological capabilities of China and Southeast Asian nations. The owners of these brands face losses from counterfeit goods and have been crying out for tools that would allow better protection against counterfeiting at the manufacturing level, and that would make it easy for anyone in different



ALTATTEX

circumstances to be able to tell with certainty genuine items from fakes. Over ten years ago, we started to focus on the limits to printing-based counterfeit prevention by visual inspection. We developed and supplied products with high levels of security through mechanical checking, but now we have developed Trustgram anti-counterfeiting labels and ALTATTEX anti-counterfeiting fabric labels.

Trustgrams are an entirely new tool for detecting fakes. They are holograms possessing our special proprietary optical properties printed onto materials. Trustgrams offer a high level of anti-counterfeiting performance while allowing anyone to tell genuine from fake articles by means of a simple, light weight card-sized viewer. Trustgrams are used to prevent counterfeiting of a wide range of famous branded products sold worldwide, including printer consumables, memory cards, secondary batteries, household



Trustgram



Judging counterfeit items with this simple viewer

electrical appliances, sporting goods and engine and other mechanical parts. Trustgrams are being used in many different ways to detect fakes: Customs officers in over 50 countries now use the simple viewers to check the genuineness of items.

### NHK Spring anti-counterfeiting technology recognized around the world

NHK Spring anti-counterfeiting technology has been invited to an international anti-counterfeiting conference organized by Interpol (ICPO), and has been praised around the world.

We don't just make the products either: we support their effective use as well. We offer total solutions including plans and suggestions for ways of attaching devices to goods, meetings between Trustgram users to discuss effective usage, providing information on application procedures under local law, and Customs seminars on preventing the trade in counterfeit goods.

We continue to meet a wide range of needs through our advanced anti-counterfeit and anti-fake technology.

### Allows remote checking

We have also developed sunglass-type viewers, in addition to our simple viewers. They make it possible to check goods at a distance, and are useful in detecting counterfeit goods where some physical danger is involved.



## NHK Spring anti-counterfeiting products protect brands



Counterfeit prevention labels on the products

NHK Spring anti-counterfeiting films and fabric labels are attached to all Yonex sporting goods. This allows anyone to check whether they are genuine through a simple viewer. Fakes used to be a problem in China and Southeast Asia. However, we have been using NHK Spring anti-counterfeiting products for several years now, and they've been highly effective in driving the fakes out of the market. We rely on NHK Spring's sophisticated anti-counterfeiting technology to protect our brands.



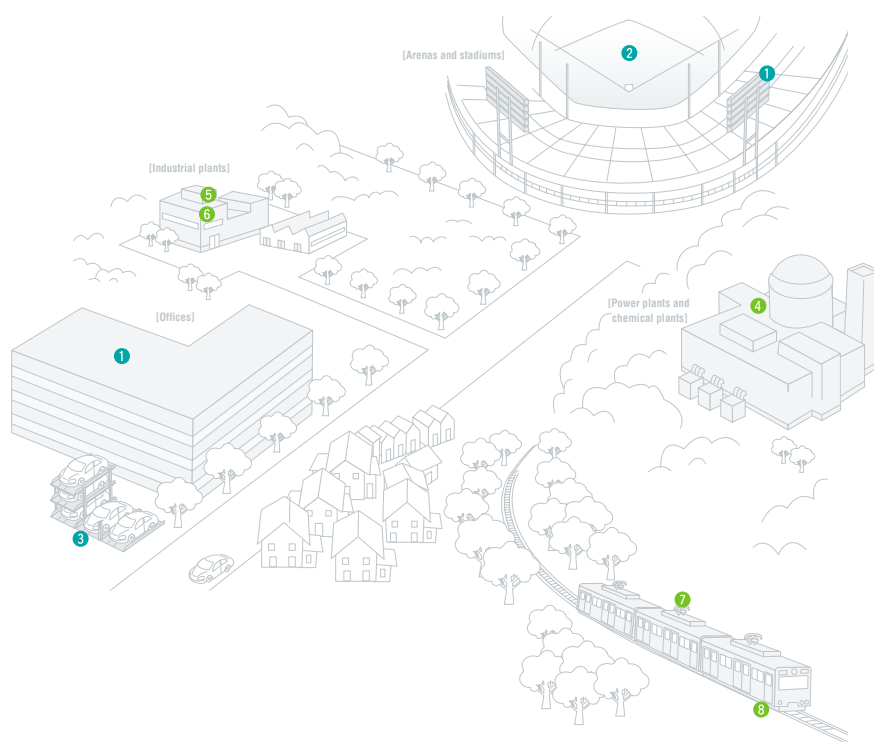
**Jun Okubo**  
Assistant Manager  
Product Development  
YONEX CO., LTD.

# Bringing passion and conviction to product innovation

## NHK Spring contributing to life in the city

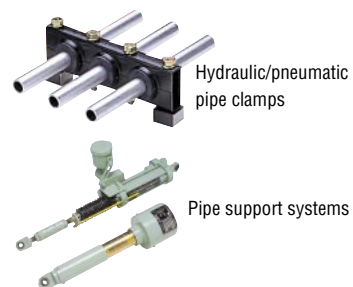
### Lifestyle-related products

- ① Lighting systems Yokohama Kiko  
Durability Comfort
- ② Sporting goods Nippon Shaft  
Lightweight Optimal
- ③ Mechanical multilevel parking systems (SD/UD park)  
Space saving Environmental protection Safety



### Industrial equipment and lifestyle products

- ④ Vehicle-mounted laser radar actuators  
Optimal Safety



- ⑤ Metal bellows / gas springs  
Durability High dependability



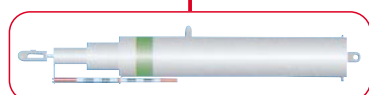
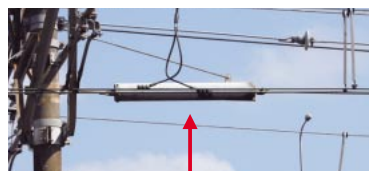
- ⑧ Railroad car and industrial machinery springs Sumihatsu  
Durability Comfort Safety



- ⑥ Balance units  
Maintenance free



- ⑦ Tension balancers (Automatic tension adjusting systems for railroad overhead lines)  
Space saving Maintenance free



## Pipe support systems used in plants around the world



**Takashi Kobayashi**  
Assistant Manager,  
Engineering Sect. 1,  
Machinery & Equipment Parts Dept.  
Industrial Machinery & Equipment Div.

### A diverse family of products

NHK Spring pipe support systems are used in many different types of plants around the world. They form an indispensable part of the safe use of a vast range of pipes under a wide variety of operating conditions. Pipe support systems not only support the weight of pipes, but also accommodate the expansion and contraction of the pipes due to heat, and prevent the generation of high levels of stress at the junctions between pipes and other items of equipment. Our products cope with many different types of shaking, from slow but heavy mechanical vibration to high frequency vibration.



Constant hanger to support pipes under constant loads

We have been supplying pipe support systems for 40 years without any radical changes to the basic design. They may be a traditional product, but through sustained strong technical ability and high reliability, we still continue to deliver large numbers of products to this day. Our products are in use in many important facilities in Japan of course, but also in many other countries, particularly in Southeast Asia and the Middle East.

We offer a wide range of specifications for materials, coatings and options in pipe support systems to meet customer requirements. We optimize the design for the same specifications according to where the product is to be installed, according to position and conditions. This means designing each individual part of a single pipe support specifically for each order. We are confident that we can deliver the product the customer requires.

### Dealing with both earthquakes and mechanical vibration in large plants

Hydraulic and mechanical dampers are effective as supports to prevent the shaking caused by earthquakes. Under normal circumstances, the dampers have no effect on pipes, even when they expand in heat, but they lock securely onto the pipes during earthquakes, thereby preventing damage.

Our specially constructed spring dampers control shaking of the pipes from mechanical vibration. Many customers place great trust in them. Mechanical vibration has increased as plants have become bigger in recent years and has led to fastenings becoming loose. However, we



From above: Rod restraints, spring dampers, hydraulic dampers and mechanical dampers

reviewed the damper structures and replaced them with new types that can cope with the heavier vibration found these days. The review had the additional effect of shortening installation times.



Variable hangers mainly for pipes subject to thermal deformation

### High praise for our stress analysis of pipes

We not only supply product, we are also involved in using pipe stress analysis to select pipe routes, select pipe support systems and determine the locations of pipes. Pipe stress analysis and pipe support systems are closely related fields: selecting the support systems to be placed on pipes requires a high level of technical skill to cover both effectiveness and low cost. In that regard, our customers have nothing but praise for the 'selection of pipe routes and supports recommended by NHK Spring who really knows pipe support systems.' We aim to go further to gain the trust of our customers in us as the leaders in pipe support technology.



# Social Report



## CSR Management

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# CSR management system

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

## Contributions to society grounded in the local community

In pursuing our CSR activities, committees set up by the relevant department members determine directions and the individual businesses and the company as a whole plan how to carry out specific projects. Our CSR activities are guided by our corporate commitments (▶ P1).

In the following pages, we report on the status of individual projects. In a nutshell, our approach is 'We encourage contributions to society over a broad range of areas as a good corporate citizen, based on our corporate philosophy of contributing to the development of an affluent society.' Our activities are guided by our company culture of emphasizing people. We aim to grow people, grow places and grow

society to be an inspiration for all. Everywhere we are active, our involvement is grounded in being a member of the local community. Our business is springs and we want to bring the warmth of the spring season to people wherever we are.

We aim to work even harder to contribute to society, particularly through greater CSR activities.



Kunio Nagasawa  
Executive Vice President,  
Chairman of CSR Committee

## Approach to CSR

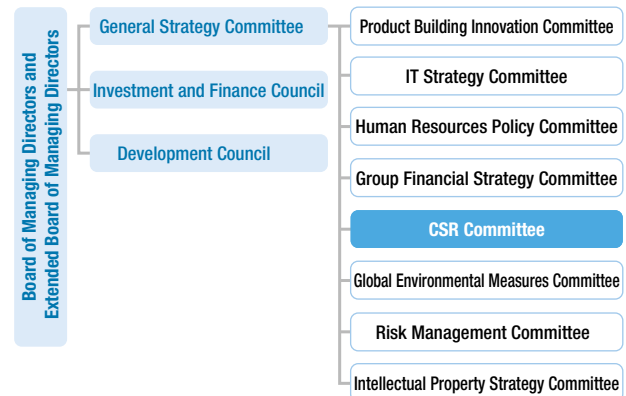
In our Corporate Philosophy, we speak of "contributing to the development of an affluent society," and throughout our history, we have worked to meet our responsibilities as a company to society. We have done this in a wide range of areas. We were one of the first companies to become involved with the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

## Promoting CSR

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

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

## Board of Managing Directors



## Encouraging CSR

Each of the committees below the General Strategy Committee consists of members drawn from many different 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.

# Governance and compliance

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

## Corporate Governance

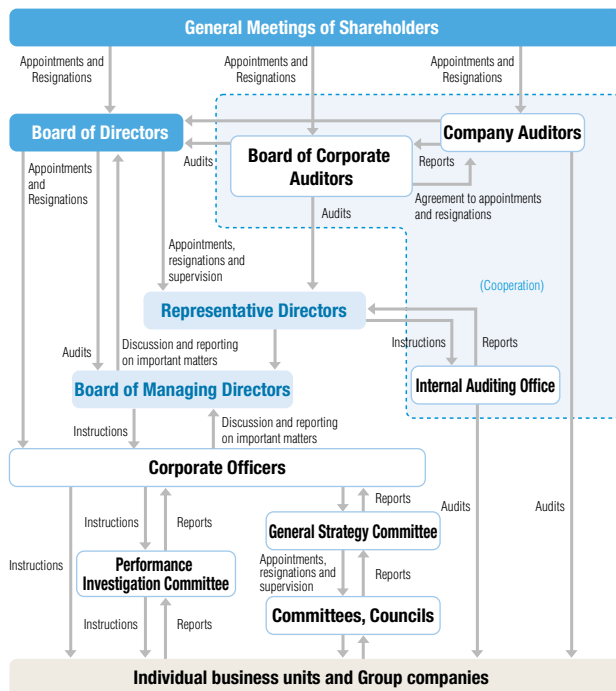
General Meetings of Shareholders and the Board of Directors are the decision-making bodies. However, to allow for more rapid decision-making, we established a system of executive corporate officers in fiscal 2005. There are now eight Executive Corporate Officers.

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

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

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

### Governance system



## Compliance

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

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

We also conduct a range of learning activities including e-learning undertaken by all employees, 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.

## VOICE

### High level of ethical awareness among individuals, and systems to support it

Three things sustain compliance within NHK Spring: we, the employees who make up the company, our high levels of awareness of ethics, and our ethical behavior. This requires the proper work environment and systems. At a practical level, we established a Legal Department in fiscal 2007 to ensure fair and lawful business practices through day-to-day advice and business support. We also have systems for in-house prior consultations and internal reporting, and we have introduced a system of external reporting as well. This has created a means of self-correction through guidance not only from within, but from the broader community as well.

Everyone in NHK Spring is involved with compliance. We are always on the alert for any information. We are always



looking out for what may be demanded of us, and how we can respond.

Yoshiki Terada  
Senior Manager  
Legal Dept.



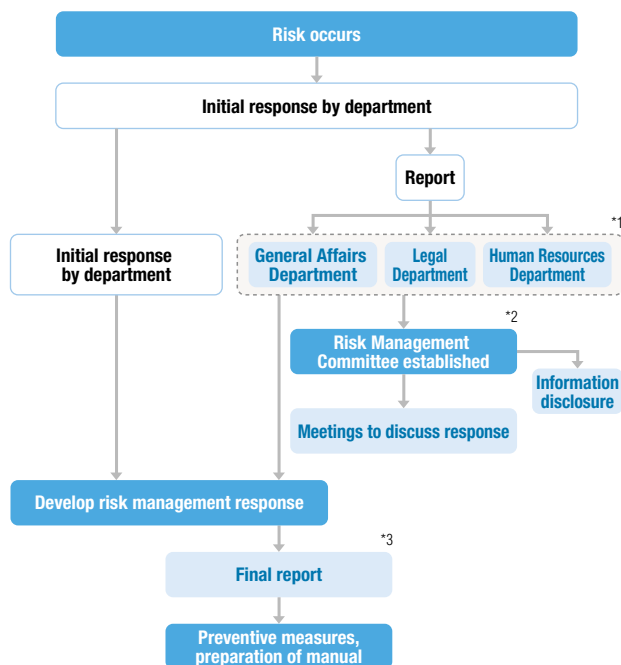
# Risk management

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

## Risk management system

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

### Flowchart in the event of risk



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

\*2 Either General Affairs or Human Resources 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.

## Maintaining information security

In December 2003 we established our Security Management Policy Guidelines as the basis for preventing the unauthorized disclosure of information relating to transactions between NHK Spring and Group members, customers, and suppliers. We work to maintain the security of information through these policies and procedures.

The Policy applies to executives and employees of NHK Spring and affiliates and also to the employees (including leased and part-time employees) of contractors. The importance of information is assessed,

classified, and managed appropriately according to confidentiality and content to prevent leakages, distortion, falsification, improper use, and so on.

## VOICE

### Prevention and risk minimization

It is important to act to prevent and minimize risk that may arise in the company and the Group. We implement thorough risk management in relation to all our stakeholders, not only our business partners and associated organizations.

For our planning for natural disasters, in fiscal 2008 we established a disaster communications network and food and water reserves to upgrade our recovery preparedness. In the area of management of confidential information, we also upgraded our policies and systems to prevent any unauthorized release of information. We will then take definite steps towards upgrading precautions across the entire Group.



Masanori Ohkubo  
Manager  
General Affairs Dept.

### Need to build and implement information security systems

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

We set up a IT Planning Group in the Information Systems Department in March 2009. The IT Planning Group will develop arrangements to secure internal controls and allow sharing of information between user departments through enhanced IT controls, and apply these throughout the NHK Spring Group.



Satoshi Kinouchi  
Manager  
Information Systems Dept.

# Customers

We deliver high quality products backed by ISO 9000 Series and other international quality assurance standard certification and aim to continuously improve delivery times and costs as well.

## Quality assurance

### Quality guidelines

We have established Quality Guidelines and apply a range of quality assurance measures in order to ensure world class quality products and further lift levels of customer satisfaction.

### Quality management

We work hard to gain certifications for international quality standards, and we operate our quality management on that basis.

#### Quality guidelines

We achieve higher levels of customer satisfaction globally by delivering world class quality products.

#### Main points

1. Improve the global quality management system by monitoring quality
2. Improve quality assurance in special processes and eliminate serious complaints
3. Activities to reduce market complaints
4. Activities to reduce defective products
5. Activities to reduce defective purchases
6. Be involved in working to resolve problems at the process level in order to build quality in
7. Improve quality through SQC and parameter design

### Specific activities

Some specific examples of the policies and measures are:

1. **Upgrading global quality control by monitoring quality**
  - (1) Reviews of items monitored, checks on the status of the management of guidelines and the implementation of initial control measures, and guidance for suppliers on improving quality
  - (2) Check of activities and processes to prevent the recurrence of problems found under the previous fiscal year's monitoring program
  - (3) Follow-up and expansion of quality improvements
2. **Improvement in quality assurance in special processes and elimination of serious complaints**
  - (1) NHK Spring and domestic affiliates: Better quality through inspections and improvements to welding and heat treatment
  - (2) Overseas affiliates: Better quality through inspections and improvements to welding and heat treatment
3. **Reduction of market complaints**
  - (1) Analysis and investigation through information collection and recovery of goods
4. **Reduction in defective products**
  - (1) Fast moves to consistent new product quality through enhanced initial flow control activities
    - (i) Better quality design through design FMEA (failure modes and effects analysis) and DR (design review)
    - (ii) Better process assurance through process FMEA
5. **Reduction in defective purchases**
  - (1) Supplier quality monitoring and guidance on improving quality

## What our customers say about us

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



Received many awards from customers

## VOICE

### Developing as good partners

NHK Spring is an important supplier of automotive suspensions and seats globally. They have a strong image in the market as a product innovator and leading local spring manufacturer customers can rely on for quality and delivery. And as a good corporate citizen, they strive to help local communities where they operate.

People demand that cars be ever safer, more economical and more environmentally friendly. Isuzu works to balance the demands of society and the environment as a major player in commercial vehicles and diesel engines. We hope to grow as good partners our customers can rely on, and we look forward to first-rate technical and development support from

NHK Spring.



Naohiro Mukaida  
Group Leader,  
Metallic Group No. 3, Sourcing  
Dept. No. 1,  
Isuzu Motors Limited

# Shareholders and investors

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

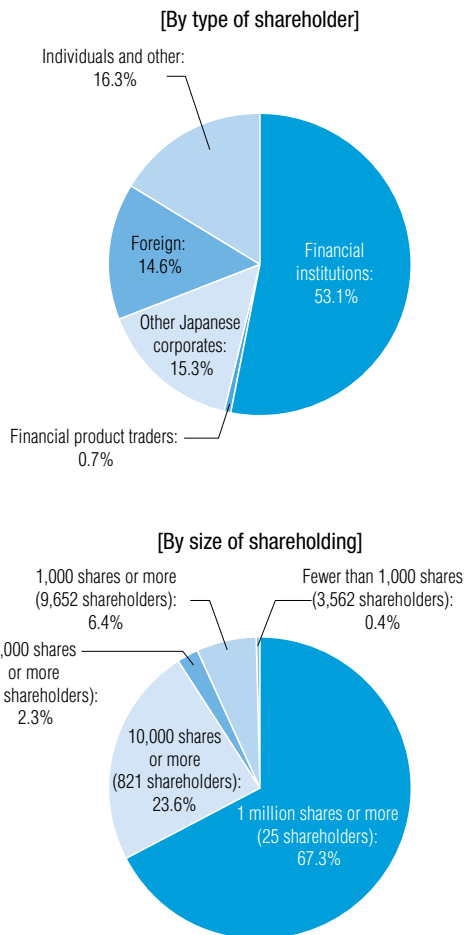
## Shareholder information and breakdown of shareholdings

Shareholders can contact us in the following way:

- Public Relations Group: Business activities and general
- General Affairs Dept.: All share-related procedures
- (Share Registry: Mitsubishi UFJ Trust and Banking Corp.)

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

### Breakdown of shareholdings



## 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/>



Investor Information link on NHK Spring website

## VOICE

### Innovation and experience the drivers of renewed growth

We make use of the information from NHK Spring as a shareholder and investor. NHK Spring has gained a competitive edge through ongoing improvements in its major lines of suspension springs, seats and precision parts, and we have the impression that there have been big improvements in disclosure by its management team and investor relations people. NHK Spring has not escaped the impact of the synchronized global downturn, but we believe that its excellence in new product development and production efficiency, as well as the experience of overcoming problems such as the Asian crisis, will form the drivers for renewed growth in the future. NHK Spring will attract even greater interest from global shareholders and investors in the future.



Takashi Moriwaki  
Senior Analyst,  
Automotive and Capital Goods  
Manufacturing Analysis Div.,  
Financial & Economic Research  
Center,  
Nomura Securities 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 the disabled, and we take care over workplace health and safety and employee welfare to create a company that people want to work for.

## Employment and training of human assets

### 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 resource development

There are three organically linked structures in human resource development that help the individual reach his or her potential as a professional.

- 1) The Individual who grows himself or herself,
- 2) The Workplace which trains the employee, and
- 3) The Personnel System that supports the others.

Education and training for human resource development includes both intensive work and specialist skills training according to level and training in foreign languages and other cultures. This is rounded out with active participation in external training, overseas training, and distance learning as well.



Upgrading employee skills with internal training courses

### Employment

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

We instituted a recruiting page on our Website as part of a general update of the site in January 2009. The new page carries information of use to anyone interested in working for us, including a number of comments from existing employees and stories about developing products. We paid particular attention to putting a human face to recruiting, with a section introducing the members of the recruiting team.

Our posters around stations aimed at new graduates show Gigantor, who has been featured in our advertising since fiscal 2008 (▶P4). We aim to link our employees to the idea of Gigantor and being in the top league.



Regular participation in recruiting events



Recruiting information top page on our website



Recruiting material

### Employing the disabled

We aim for a non-discriminatory working environment, and we actively seek to employ the disabled. This led us to establish a special subsidiary, Nippatsu Harmony, dedicated to promoting the employment of disabled people. It began operating from our Yokohama offices in April 2002. Nippatsu Harmony opened sales offices in Atsugi in April 2004, in Komagane in April 2005, and in Ina in 2007. Its work is expanding around cleaning, greening offices, distribution of mail and documents, and it employs 56 including staff instructors as of April 2009.



Staff of Nippatsu Harmony busy at work

### Workplace health and safety

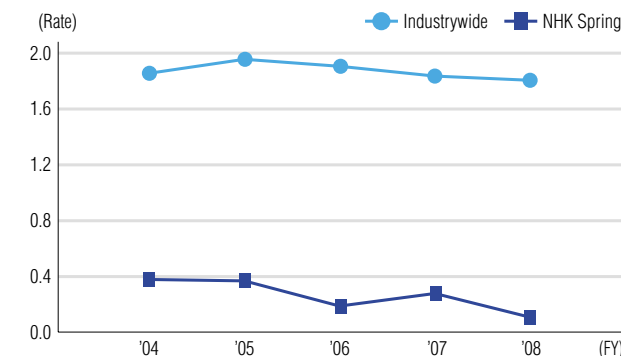
We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out companywide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve Zero hazards:

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

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

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

### Trend in days lost due to workplace accidents



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

### 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.



Sporting activities extend to most workplaces



Getting to know each other better through social get-togethers



Range of events aimed at building healthy minds and bodies



# Local communities

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

## Involvement by NHK Spring

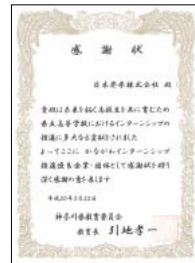
### Internships

We are enthusiastic providers of work experience through internships. The demand for internships with NHK Spring grows year by year. All our people work with the interns to guide them to 'learn to be a useful member of society, not just undergo work experience.'

Our ongoing program of internships with Kanagawa prefectural high schools in fiscal 2008 has been praised. NHK Spring received an award for excellence in promoting internships from the prefectural education board.



High school students keen to gain practical experience under the guidance of NHK Spring staff



Receiving a Certificate of Appreciation from the Kanagawa Prefectural Board of Education

### Factory tours

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

The Product Innovation Dojos we have in our plants are being promoted the Dojo as ways of giving training in the basics of the work of the individual plants. The Product Innovation Dojos have greatly impressed visitors from outside NHK Spring.



Observing the work of Nippatsu Harmony employees



Analyst and investor factory visit

### Technical exchanges

We have hosted a Downstream Seminar on Demand for businesses in the Keihin (Tokyo-Yokohama) region. The meeting served as a link in bringing together upstream business potential and downstream business needs in Yokohama, with seven upstream organizations giving presentations on their particular technologies. We actively support technical exchanges in the area by providing other opportunities of a similar nature for exchanges.



Technical exchanges at lectures and displays



### Cleaning up

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



New April recruits-in-training volunteer



Volunteers wearing uniforms with the company's social contribution slogan

## Local events

We support many local sporting and cultural activities and events.

We assisted by running a demonstration at the Kids Engineer 2008 show organized by the Society of Automotive Engineers of Japan in August 2008. This event was held for the first time in 2008 to provide an opportunity for children to gain an interest in scientific technology and monozukuri (the art of manufacturing). We ran an easy to follow display, The Wonderful World of Springs, on the types and uses of springs.

In November, we held a Junior Soccer School at the NHK Spring Mitsuzawa Football Stadium. 150 students from the 2nd to 4th grades were coached by former J. League players. The children, and the parents who accompanied them, loved it.



Introduced scientific technology through the wonder of springs to children



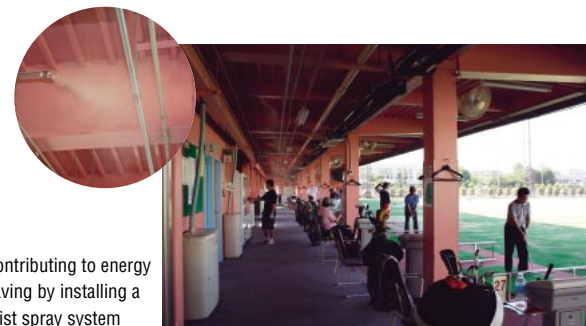
Inviting former J. League players to the soccer school

## Involvement by domestic group companies

### Internships

We encourage our local group companies to accept interns as well.

An example is G.L.G. Corporation, which operates golf driving ranges. G.L.G. provides work experience for students from the nearby Hiyoshi Junior High School in Kawasaki. The students learn valuable lessons such as the meaning of work through the activities of G.L.G. In Summer 2008, G.L.G. installed the first mist spray system on a golf driving range in Japan, to protect the environment.



Contributing to energy saving by installing a mist spray system

## Activities by overseas group companies

### Contributing to society through instruction in 5S

Our overseas group companies are also involved in contributing to society in ways closely linked to their local communities.

NHK Spring (Thailand) Co., Ltd ('NHK Thailand') is providing its local police station with guidance in 5S Principles ('Sort (Seiri), Straighten (Seiton), Shine (Seiso), Standardize (Seiketsu) and Sustain (Shitsuke)'). The local police had already inspected the NHK Thailand plant, and expressed keen interest in applying 5S to their own station. This prompted NHK Thailand to agree to take this up as a social service project, and they are now actively involved in improvements at the station.

At first, the officers at the station had little understanding of 5S, and little money to implement it, so results were limited. In addition, the nature of police duties meant that the officers were often out of the station and the expected benefits did not arrive. However, the officers' interest was aroused by the enthusiastic guidance on 5S they received from NHK Thailand.

Even with a limited budget, it was possible to improve the document organizing system and how the notice boards were used. This shortened the time needed for administrative work within the station and pleased the officers. This also allowed the officers to attend to local residents visiting the station more quickly, making the residents happier as well.

The project attracted the attention of Police Headquarters resulting in a ripple effect, with visits from other police stations. NHK Thailand has taken up the challenge and is now helping with guidance on 5S in other police stations too.



The Police station and even the signs looking more organized compared to before (left)



Police officers being instructed in 5S at the NHK Thailand plant



'Sorting' and 'Straightening' documents using filing cabinets

# 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.

We revise our Green Procurement Guidelines promptly when the laws change.



Green Procurement Guidelines

## Supplier Meeting

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



Our Supplier Meeting builds genuine partnerships

## VOICE

### The desire to deliver unmatched added value

Nitto Denko supplies microcircuits used in HDD suspensions made by NHK Spring. HDD suspensions have come a long way in the last ten years: where we once used wire connections, we have switched to circuit materials formed by etching and now additives. From the earliest days of additive technology, the combination with NHK Spring HDD suspensions has led to widespread acceptance of these materials by the industry. We expect rapid changes in the market and increasingly tough competition in the HDD business. NHK Spring is always at the cutting edge of technology; they contribute to developing the industry by cooperating with suppliers. Nitto Denko hopes to strengthen our partnership with them, to deliver value-added

products and operations our competitors can't match.



**Kazuhiro Fujioka**  
 General Manager  
 Market Sales Dept., Printed Circuit Div.  
 NITTO DENKO CORPORATION

\*the department and the concerned person are as of June 2009



# 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 promote corporate growth and contribute to the development of an affluent society." To do this, we declare that our business activities will strive for harmonious coexistence with the global environment.

### Global Environmental Activities Guidelines

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

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

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

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

## Global Environmental Activities Plan

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

### Global Environmental Activities Plan

**1. Framework to encourage activities**

- 1) Organizational structures
- 2) Establish and manage appropriate rules

**2. Involvement in specific issues**

- 1) Care for the environment around plant sites
- 2) Prevent pollution
- 3) Save energy and reduce CO<sub>2</sub> emissions
- 4) Recycle
- 5) Eliminate all CFCs
- 6) Design products and develop processes that take account of reducing the burden on the environment
- 7) Reduce toxic chemical substances
- 8) Rationalize distribution
- 9) Put in place and enhance environmental management systems
- 10) Pursue green procurement

**3. Publicity and social activities**

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

**4. Activities overseas**

## Environmental Activities Policies

Each year we draw up Environmental Activities Policies to gradually reach the specific targets based on the Global Environmental Activities Plan. By setting out specific activities policies, we involve each of our plants more thoroughly in our targets.

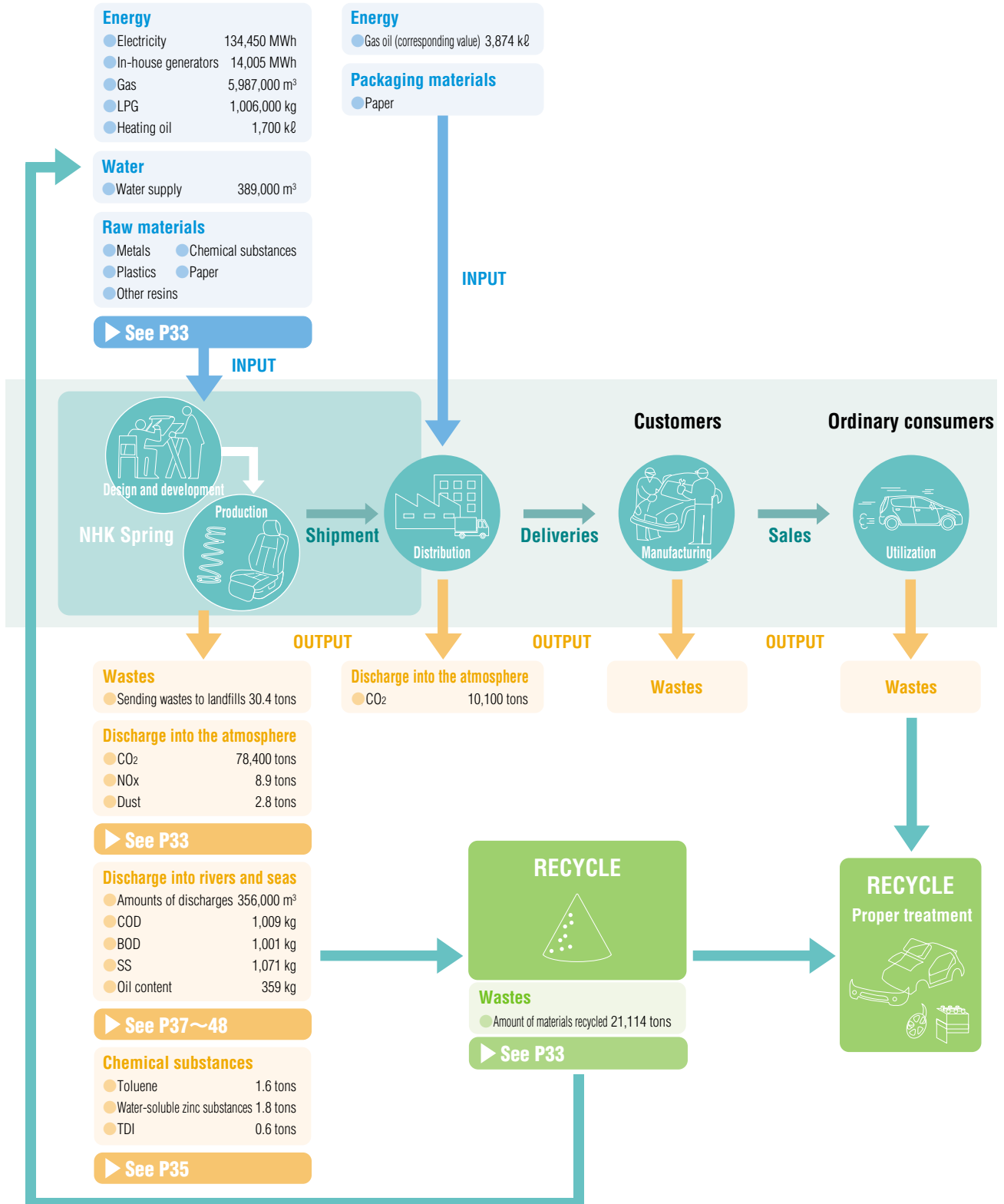
Our fiscal 2009 Environmental Activities Policies are on the right.

### Environmental Activities Policies 2009

- 1. All members of the Group will develop dynamic environmental management systems in order to further strengthen Group environmental work.**
- 2. Recognize energy saving (reducing CO<sub>2</sub> emissions) as an important issue, set concrete targets, and encourage the entire Group to work towards them as one.**
- 3. Reduce levels of waste and encourage resource saving and recycling.**
- 4. Work to secure the global environment and encourage activities that contribute to coexisting harmoniously with and give back to local communities everywhere.**
- 5. Achieve zero environmental accidents.**

# Business activities and the product lifecycle

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



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

# Systems to encourage environmental conservation

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

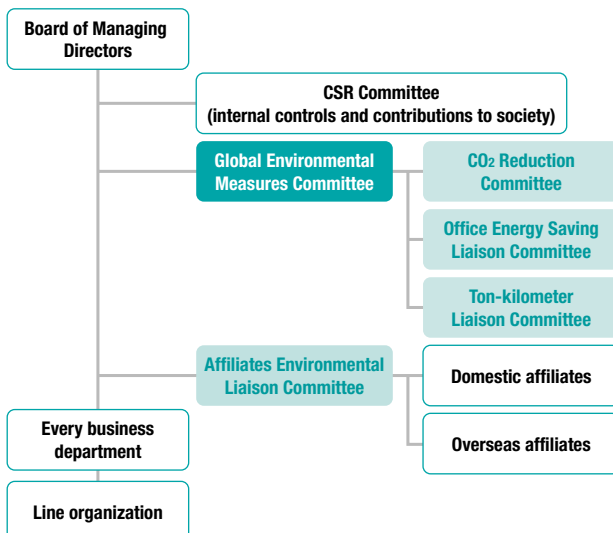
## Organizational

We established a CSR Committee in July 2005 to integrate the work formerly performed by the Global Environmental Measures Committee and Social Service Committee. We then established a separate Global Environmental Measures Committee in July 2008, to pursue these activities more effectively particularly in the area of the environment. The Global Environmental Measures Committee provides unified consideration of the details of our environmental activities and implements our Global Environmental Activities Plan.

The Global Environmental Measures Committee has reconsidered the organization at a lower level and divided it into three: a CO<sub>2</sub> Reduction Committee, an Office Energy Saving Liaison Committee and a Ton-kilometer Working-level Liaison Committee. The CO<sub>2</sub> Reduction Committee reduces CO<sub>2</sub> emissions in the production process, and the Office Energy Saving Liaison Committee works at the practical and head office organizational 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. An Affiliates Environmental Liaison Committee has also been established under the Global Environmental Measures Committee, as part of the NHK Spring Group's involvement in the environment. The Committee will more actively encourage environmental measures embracing our overseas affiliates as well.

In addition, we launched a Zero Emissions Project (▶ P32) in November 2000, targeting zero emissions as part of our involvement in building a recycling society. As a first step, we achieved zero emissions from our Yokohama office, and our second step was achieving zero emissions from all our plants. We are now on the third step, which is reaching zero emissions from our domestic affiliates.

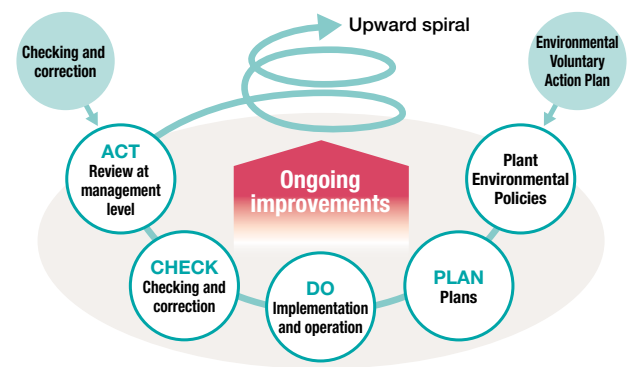
### System for encouraging environmental protection



## PDCA cycle

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

### PDCA cycle



## VOICE

### EMS taking in overseas affiliates and enhanced environmental performance

The NHK Spring Group has been involved in protecting the environment since 1997. Since that time, all our plants involved in acquiring ISO 14001 certification for the international standard environmental management system (EMS) have done so. We also encourage our affiliates to acquire certification. We continually work to improve the EMS in our plants and affiliates through environmental audits. We are working hard to lift our environmental performance in areas such as global warming and wastes, compliance with environmental laws and reducing the load on the environment.

We are making efforts to improve overall Group EMS, including our overseas affiliates and to lift our environmental performance.

**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 office 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 have their own sites and should have gained certification, have done so.

\*Forum for group activities by domestic affiliates

### Overseas affiliates

The NHK Spring Group also encourages its overseas affiliates to acquire ISO14001 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 Transport Co., Ltd.	July 2003
	Yokohama Kiko Co., Ltd.	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 Teleflex Morse Co., Ltd.	March 2002
	Nippon Shaft Co., Ltd.	November 2003
	Topura Co., Ltd.	November 2001
North and South America	NHK Precision Co., Ltd.	February 2006
	New Mather Metals, Inc.	June 1998
	NHK of America Suspension Components Inc.	January 2003
	NHK Seating of America Inc.	June 1998
Asia	Rassini-NHK Autopeças Ltda.	May 2002
	NHK Spring (Thailand) Co., Ltd.	June 2000
	NHK Precision (Thailand) Co., Ltd.	January 2005
	General Seating (Thailand) Co., Ltd.	March 2006
	Autrans (Thailand) Co., Ltd.	May 2004
	NHK Manufacturing (Malaysia) SDN. BHD.	August 2001
	NHK-Uni Spring (Guangzhou) Co., Ltd.	March 2006
	NHK Spring Precision (Guangzhou) Co., Ltd.	December 2005
	Chongqing Qingling NHK Seat Co., Ltd.	March 2006
	NAT Peripherals (Hong Kong) Co., Ltd.	October 2003
Europe	Uni Auto Parts Manufacture Co., Ltd.	March 2006
	NHK Spring India Ltd.	October 2003
	Ibérica de Suspensiones, S.L.	December 2003

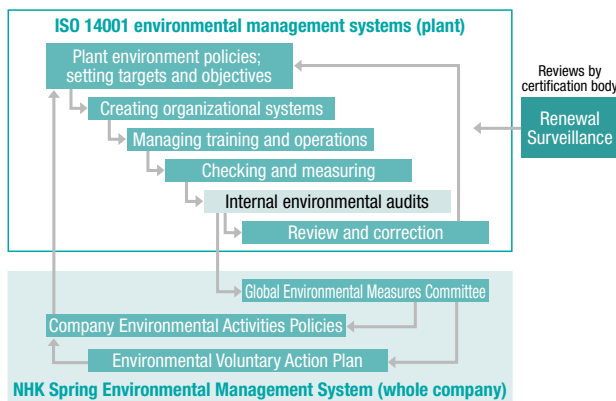
# Environmental auditing

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

## ISO 14001 and environmental auditing

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

### Environmental management and environmental auditing



### Fiscal 2008 environmental audits

Internal plants	11 sites
Domestic affiliates	19 sites
Overseas affiliates	16 sites

### External audits

External audits are conducted by external certification bodies to check that our environmental management systems meet and are being operated according to the requirements of ISO 14001. Surveillance audits are in principle conducted annually, with renewal audits once every three years.

All eleven plants and one office received external audits in fiscal 2008; ten plants and one office had surveillance audits, and one plant 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. During fiscal 2008, the team audited the eleven internal plants to check that systems were functioning correctly.

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



Environmental audit

## VOICE

### First plant to acquire ISO certification, working to be the leader in the Group

The Yokohama Plant of the Suspension Spring Division was the first in the NHK Spring Group to gain international ISO14001 certification. All employees are involved in environmental activities, and we are currently working hard to reduce our CO<sub>2</sub> emissions and recycle wastes. We also function as the mother plant to the domestic and overseas group companies, lending them technical support.

We will encourage energy and resource saving through TPM (total productive maintenance) activities and environmental audits, and lift our environmental performance.

Our slogan is 'making environmentally-friendly springs.'



Masaaki Takei  
Senior Manager,  
Suspension Spring Div.,  
Yokohama Plant

# Environmental education and consciousness-raising

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

## Environmental training

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

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

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

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



Different levels of environmental auditor seminars

## Consciousness-raising activities

We hold an annual Global Environmental Forum in June, which is Environment Month. This involves raising the awareness of the employees of NHK Spring and our affiliates through environment exhibitions, seminars, and examples of outstanding environmental work. We also give awards for the best environment-related suggestions during the fiscal year to promote proactive environmental conservation activities among employees.

We also carry news of how different offices and plants are involved with the environment, through company newsletters and the Intranet, to develop activities horizontally across the NHK Spring Group.



Environment circles active in every workplace



Global Environment Forum



## Numbers of staff with environmental qualifications (as of June 2009)

Units: Persons

Qualification	Classification	Numbers holding	Qualification	Classification	Numbers holding				
Pollution prevention management	Air	Type 1	Qualified persons for energy management	—	28				
		Other							
	Water quality	Type 1				Working environment measurement experts	Type 1	Dust	5
		Other						Special chemicals	4
	Noise	49						Metals	2
	Vibration	37							Organic solvents
Dioxins	1	Type 2	5						
Environmental management system auditors	Principal auditor		1	Certified environmental measurers	Level-related			3	
	Auditor	1							
	Assistant auditor	1							

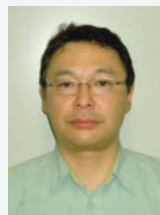
## Contents of environmental education

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

## VOICE

### Training employees on the environment as the bedrock our environmental efforts

The Yasu Plant is near Lake Biwa. Shiga Prefecture has perhaps the toughest regulations on water pollution in Japan, and the entire plant, through the EMS Office and our environmental protection groups in particular, is engaged in improving the environment. We have been devoting even greater efforts to preventing environmental accidents and saving energy since fiscal 2008. As a result, we have beaten our targets for cutting CO<sub>2</sub> emissions by a wide margin. We overhauled the contents of our intensive environmental course that started last year in order to get each one of our employees motivated for environmental work in fiscal 2009. This year, each employee will undergo training in the environment, and we aim to cut our CO<sub>2</sub> emissions further through heightened efforts by the EMS Office and our environmental protection groups.



**Makoto Shibuta**  
Manager, Manufacturing Sect.,  
Parking Systems Dept.,  
Industrial Machinery & Equipment 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 2008 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 (2000 edition). In fiscal 2008, it is now nine years since we introduced

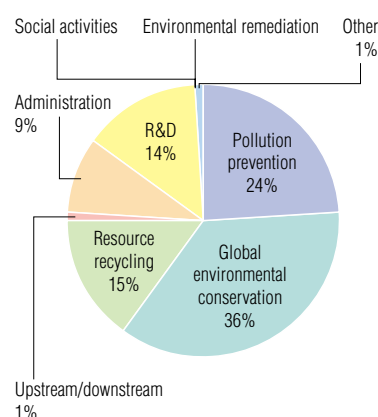
environmental accounts, and the results are apparent in our investments as well.

For fiscal 2008, our environmental account was worth around 1,018 million yen calculated from a constant base. The table below shows the breakdown.

### Fiscal 2008 – Cost of environmental conservation

Units: ¥ million/year

Classification of costs	Main elements	Value* in FY 2007	Value* in FY 2008
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	139.6	248.7
2) Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	237.7	360.6
3) Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	213.5	153.0
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)	5.7	13.5
5) Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	125.6	89.1
6) R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	78.2	137.5
7) Social activities	Social service activities (cleaning waterways and surroundings of plants) etc.	6.7	4.1
8) Environmental remediation	Remediating environmental damage to surroundings	6.6	0.9
9) Other	Other environmental conservation work	10.1	11.1
Total		823.7	1,018.5



\*Value: totals of Environmental Investments and Environmental Conservation

## Classification and performance of fiscal 2008 investment effects

The table below shows fiscal 2008 performance. There were improvements in the amounts of energy/CO<sub>2</sub> used and in waste treatment costs.

Energy use per unit output and energy costs per unit output were up

somewhat, and the amount of wastes recycled was down from the previous year due to the decline in sales in fiscal 2008. We will continue to strive for improvements across all areas.

### Performance of fiscal 2008 investment effects

	Material effects* <sup>1</sup>			Economic effects* <sup>2</sup>			Assessment
	FY 2007 performance	FY 2008 performance	Effects	FY 2007 performance	FY 2007 performance	Effects	
Energy use per unit output (J/¥ million)* <sup>3</sup>	6,661	6,999	342	—	—	—	△* <sup>4</sup>
CO <sub>2</sub> per unit output (thousand kgC/¥ million)* <sup>3</sup>	0.142	0.141	-0.012	—	—	—	○
Wastes to landfill (tons/year)	26.8	30.4	3.6	—	—	—	△
Wastes recycled (tons/year)	25,896	21,114	-4,782	—	—	—	△* <sup>4</sup>
Energy costs per unit output (¥/¥ thousand)* <sup>3</sup>	—	—	—	18.2	19.1	0.9	△* <sup>4</sup>
Waste treatment costs per unit output (¥/¥ thousand)* <sup>3</sup>	—	—	—	0.73	0.67	-0.06	○

\*1 Material effects: Reduction in environmental pollutants, etc. \*2 Economic effects: Energy savings and waste reduction, etc. \*3 Unit output: Values to Sales \*4 Due to decline in sales



# NHK Spring involvement at point of production

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

## Energy-saving activities

### CO<sub>2</sub> emissions reduction

At NHK Spring, the entire organization is involved in reducing CO<sub>2</sub> emissions and resource saving.

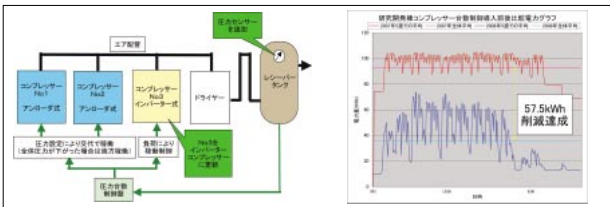
In fiscal 2008 we installed a 100 kW solar electric generator in the Research & Development Building at our Yokohama Plant. This was a joint research project aimed at using renewable energy with NEDO (New Energy and Industrial Technology Development Organization). The generator uses the latest in solar cells and yields sufficient electricity to power all the office equipment in the main building.



Solar electric generator

Each plant and department is engaged in effective energy saving initiatives through the CO<sub>2</sub> Reduction Committee, which is the implementation arm of the Global Environmental Measures Committee. The Committee believes in the demonstration effect of tangible results, and has been very effective reducing CO<sub>2</sub> emissions from a variety of different types of equipment.

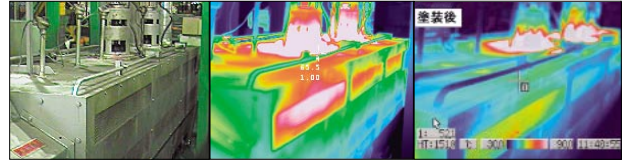
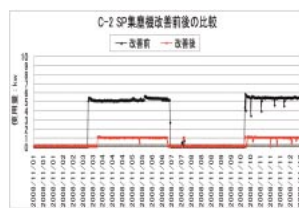
Three examples of this are alterations to the controls on compressors, the application of insulating coatings that improve the efficiency of electric ovens, and installing inverters in the dust collector fans in plants. The Committee has also initiated energy saving patrols in offices and has unnecessary lighting switched off during meal breaks in offices. This produced a better than 4% reduction in electricity consumption in our offices year-on-year.



Tangible reduction in power use from changed compressor controls in Research & Development Building



Invertible dust precipitator



Heat insulation coating effect for an electric furnace

## Zero emissions

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

### Encouraging sorting

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



Sorting Training Corner



Sorting station

### On-site checks of waste processors

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



Regular inspection of waste processor

# NHK Spring fiscal 2008 targets and performance

We approach energy saving, reducing CO<sub>2</sub> emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

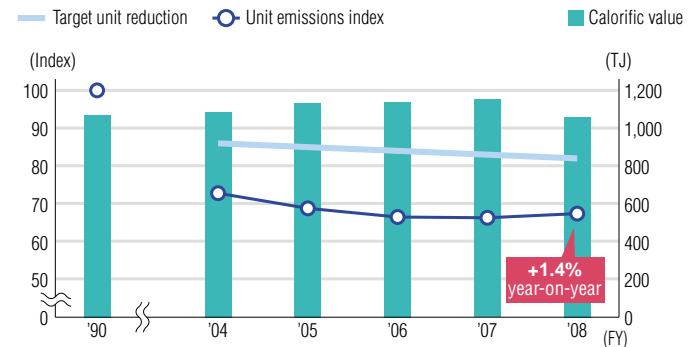
## Energy saving

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

Targets		
Unit energy consumption to Sales: Annual reduction of 1% (based on fiscal 1990) (Under the Law Concerning the Rational Use of Energy, Evaluation criteria of factories for rationalization of energy use)		
FY 2008 target	FY 2008 actual	Assessment
Target unit consumption* <b>82.0</b>	Unit consumption <b>67.4</b>	△

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

### Movements in target and actual unit energy consumption to Sales



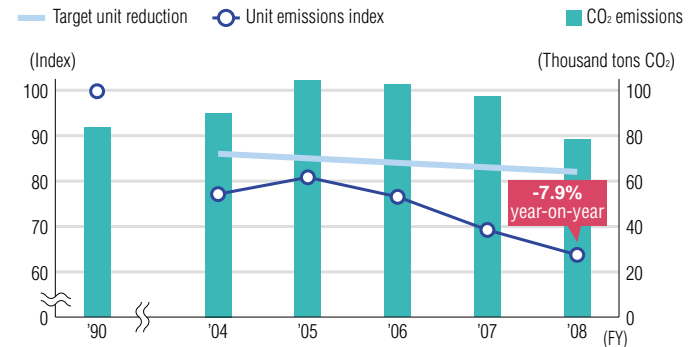
## Reduction in CO<sub>2</sub> emissions

We established a CO<sub>2</sub> Reduction Committee in 2008, and are involved in combating global warming through setting concrete targets for reductions in CO<sub>2</sub> emissions across the entire Group in cooperation with our domestic affiliates.

Targets		
7% reduction from 2008 to 2010 (based on fiscal 1990) and reduction of 20% in unit CO <sub>2</sub> emissions by 2010 (based on fiscal 1990) (According to Japan Auto Parts Industries Association Fifth Environmental Voluntary Action Plan)		
FY 2008 target	FY 2008 actual	Assessment
Target unit consumption* <b>82.0</b>	Unit consumption <b>63.7</b>	◎

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

### Movements in target and actual CO<sub>2</sub> emissions index



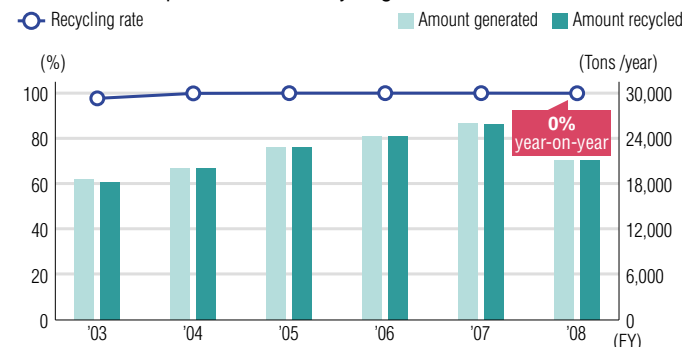
## Recycling of wastes

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

Targets			
Maintain zero emissions across the entire company from fiscal 2005 (Recycling rate of 99.99% achieved since fiscal 2005)			
FY 2008 target	FY 2008 actual	Assessment	FY 2009 target
Recycling rate of at least <b>99%</b>	Recycling rate of <b>99.9%</b>	◎	Continue recycling rate of at least <b>99%</b>

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

### Movements in performance in recycling rate



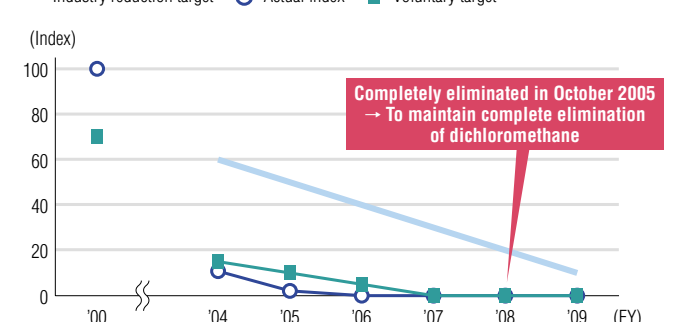
## Reduction in dichloromethane

We are a member of the Japan Auto Parts Industries Association, but we've set ourselves tougher targets for reductions in dichloromethane than those in the Association's Environmental Voluntary Action Plan\*1 and we have reduced the amounts. By switching to substitute cleaners and adhesives across the company, we have succeeded in completely eliminating use of dichloromethane five years ahead of the industry target, and one year ahead of the voluntary target.

Targets			
To maintain complete elimination of dichloromethane			
FY 2008 target	FY 2008 actual	Assessment	FY 2009 target
<b>0</b> (Index*2)	<b>0</b> (Index*2)	◎	To maintain complete elimination of dichloromethane

\*1 Environmental Voluntary Action Plan: Targets under the Fifth Environmental Voluntary Action Plan revised in January 2008 are a reduction of 95% in emissions by 2010 (base year: 2000)  
\*2 Index of amount of emissions with year 2000 as 100

### Movements in target and actual performance of dichloromethane reduction



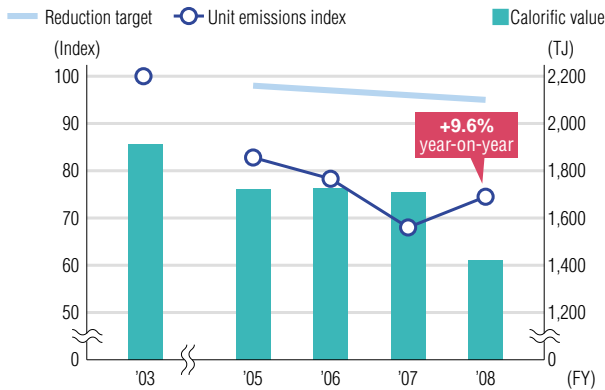
# Involvement of domestic affiliates

We involve the entire Group in our environmental conservation activities. Each of our 22 domestic affiliates is engaged in reducing environmental pollution.

## Energy saving

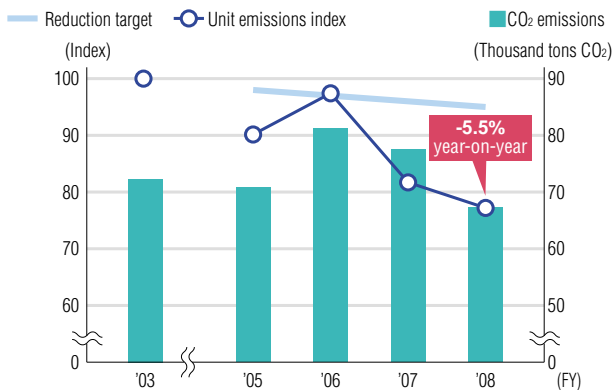
Our domestic affiliates are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to Sales, with fiscal 2003 as the base year.

### Movements in energy/calorific value



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

### Movements in CO<sub>2</sub> emissions



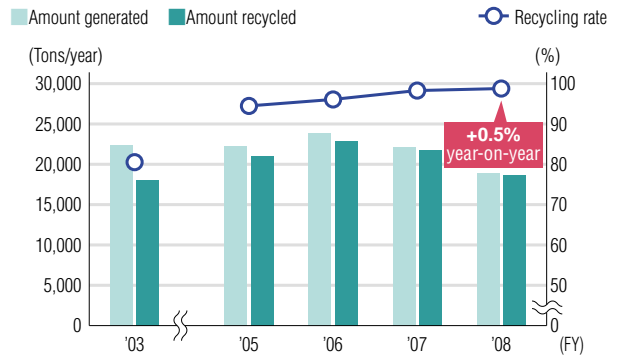
\*Unit consumption in fiscal 2003 as 100  
\*Electric CO<sub>2</sub> coefficient = 0.368 tons/1000 kWh

## Towards an environment-friendly society

In fiscal 2008, our domestic affiliates generated 18,945 tons of wastes annually. As they recycled 18,683 tons, this gave a recycling rate of 98.6% - an increase of 0.5% on fiscal 2007.

The domestic affiliates aim to reach a recycling rate of at least 99% by the end of fiscal 2009 through Zero Emissions activities.

### Movements in amounts of waste generated and recycled by domestic affiliates



### Examples of 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.



Recycling office equipment

## VOICE

### Ongoing efforts to improve the environment as a member of the NHK Spring Group

At Sindai we recognize that preserving the environment is a serious issue for all mankind, which is why we are all involved in environmental protection. In fiscal 2008 our target was a 99% recycling rate, and we worked towards zero emissions based around reducing our volume of waste and recycling wherever possible. In fiscal 2009 our target is to reduce CO<sub>2</sub> emissions, and we will work towards it by cutting the amount of power we use and making transport more efficient. We encourage continuing improvement of the environment: we aim to further lift the environmental awareness of our entire workforce and reduce the burden on the environment as a member of the NHK Spring Group.



Yutaka Rokutanda  
Quality Assurance Dept.,  
SINDAI CO., LTD.



# 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 addition, in fiscal 2008 we complied with the European REACH (Registration, Evaluation, Authorization and restriction of Chemical substances) regulation and would continue developing systems to manage the chemical substances in our products.

### Results of fiscal 2008 survey of pollutant releases and transfers

Units: Tons/year

PRTR Law Cabinet Order No.	Name	Types of designated chemical	Amount used	Amount emitted						Amount moved	
				Atmosphere	Water quality	Soil	Buried on-site			Sewage system	Waste (subcont.)
							Stable	Managed	Isolated		
1	Water-soluble zinc compounds	Class I	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8
16	2-aminoethanol	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Meta aminophenol	Class I	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Ethyl benzene	Class I	16.0	7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
61	$\epsilon$ -caprolactam	Class I	2.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	Class I	42.7	23.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
172	N,N-dimethylformamide	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
176	Organic tin compounds	Class I	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
207	Water-soluble copper salts	Class I	115.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
218	Toluene-epoxypropyl isocyanurate	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	Class I	1.4	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
227	Toluene	Class I	45.2	24.2	0.0	0.0	0.0	0.0	0.0	0.0	1.6
232	Nickel compounds	Special Class I	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
272	Bis-(2-ethylhexyl) phthalate	Class I	0.9	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.1
309	Polyoxyethylene nonylphenyl ether	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
311	Manganese and compounds thereof	Class I	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
338	Methyl-1,3-phenylene diisocyanate (TDI)	Class I	826.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
PRTR total			1,061.0	59.1	0.0	0.0	0.0	0.0	0.0	0.0	4.4
Domestic affiliates											
1	Water-soluble zinc compounds	Class I	25	12.0	0.0	0.0	0.0	0.0	0.0	0.1	12.4
16	2-aminoethanol	Class I	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1
40	Ethyl benzene	Class I	60	58.6	0.0	0.0	0.0	0.0	0.0	0.7	0.3
43	Ethylene glycol	Class I	15	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	Class I	139	136.1	0.0	0.0	0.0	0.0	0.0	1.7	0.7
145	Dichloromethane	Class I	37	10.7	0.0	0.0	0.0	0.0	0.0	0.0	26.2
172	N,N-dimethylformamide	Class I	4.5	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
177	Styrene	Class I	63.4	24.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	Class I	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
227	Toluene	Class I	196.7	190.2	0.0	0.0	0.0	0.0	0.0	3.8	2.2
230	Lead and compounds thereof	Class I	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
232	Nickel compounds	Special Class I	2.2	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
243	Barium and water-soluble compounds thereof	Class I	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
270	Di-normal butyl phthalate	Class I	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRTR total			547	439.2	0.1	0.0	0.0	0.0	0.0	6.4	43.1

\*Industrial wastes include waste materials that have value or no value and that can be recycled to provide value. 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.: Environment Protection 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 Environment 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 Office 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 in Yokohama Office Feb.: 6th Revised Environmental Voluntary Action Plan May: 8th Global Environment Forum held Jun.: Received 10th Yokohama Environmental Conservation Work Award Dec.: Yokohama Office received Fiscal 2002 Kanagawa Global Environment Award	Mar.: NHK Teleflex Morse 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 Office 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.: Nipatsu Service gained ISO 14001 certification 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 Office 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 Plant Jun.: 15th Global Environment Forum held		G8 L'Aquila Summit (Italy)

## Head Office and Research & Development Department



**Location:** Kanazawa-ku, Yokohama  
**Business areas:** Planning, management, R&D  
**Commenced operations:** February 1991  
**Employees:** 374

### Involvement

At our Head Office and Research & Development Department, as well as our Suspension Spring and Seating Division Yokohama Plants, our activities are tailored to the adjoining scenic area and the surrounding environment. Our Head Office Energy Saving Liaison Committee organizes energy saving patrols to manage air conditioning temperatures, implement the government's Cool and Warm Biz campaigns and turn off unnecessary lighting and so reduce CO<sub>2</sub> emissions.

### Fiscal 2008 and 2009 initiatives

#### Reducing CO<sub>2</sub> emissions

- In order to reduce the CO<sub>2</sub> emissions of the overall NHK Spring Group, we rolled out reduction initiatives with our domestic affiliates in fiscal 2008, establishing the total energy usage of the Group including our overseas affiliates and holding a CO<sub>2</sub> Reduction Promotion Committee. We will continue these initiatives in fiscal 2009.

#### Environment-conscious energy usage and pollution prevention

- In fiscal 2008 we installed a renewable energy 100 kW high efficiency hybrid solar cell system in the Research & Development Department building at our Yokohama facility. We are making other efforts to improve to control operation of compressor, reduce CO<sub>2</sub> emissions and save energy by installing state of the art water heaters and coolers.

#### Management of chemicals

- Each year, NHK Spring and our affiliates manage and report the amounts of environmental pollutants we handle and release on the basis of the PRTR (Pollutant Release and Transfer Register) Law. We follow statutory European standards in managing the environmental pollutant components contained in the products we ship. We will set out new green procurement guidelines in fiscal 2009 and organize our supply chains according to the latest standards.

#### Managing wastes

- In fiscal 2008 we quantified the volume of industrial wastes disposed of by the NHK Spring Group, including our overseas affiliates, and set out to improve our recycling rate. From fiscal 2009, we will work to reduce levels of wastes discarded by the Group.

### Atmosphere (Regulated values: Air Pollution Control Law, Yokohama environmental regulations)

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Hot water boiler	A	0.065	0.021
		B	0.075	0.043
	Cooling water generator	A	0.066	0.027
		B	0.046	0.041
Dust	Hot water boiler	A	0.05	0.018
		B	0.05	0.023
	Cooling water generator	A	0.05	0.022
		B	0.05	0.013

NOx units: m<sup>3</sup>/h Dust units: g/m<sup>3</sup>N

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	7.8	7.0	7.3
Oil	5	3.2	0.1	1.2
Fe	3	0.7	< 0.01	0.13
Zn	1	0.1	0.01	0.03
Ni	1	0.1	< 0.01	0.04
T-Cr	2	0.07	< 0.01	0.04
Fluorine	8	0.5	< 0.01	0.15
Phenols	0.5	< 0.05	< 0.05	< 0.05

Units: mg/l

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

Item	Facilities	Regulated value	Actual		
			Maximum	Minimum	Average
pH	R&D Building 1	5~9	8.9	6.8	7.5
	R&D Building 2		8.4	6.9	7.7
Oil	R&D Building 1	5	3.8	0.3	1.2
	R&D Building 2		2.0	0.3	1.0
Fe	R&D Building 1	3	0.5	< 0.01	0.12
	R&D Building 2		0.8	< 0.01	0.14
Zn	R&D Building 1	1	0.2	0.01	0.06
	R&D Building 2		0.15	0.01	0.05
Ni	R&D Building 1	1	0.01	< 0.01	0.01
	R&D Building 2		< 0.01	< 0.01	< 0.01
T-Cr	R&D Building 1	1	< 0.01	< 0.01	< 0.01
Phenols	R&D Building 2	0.5	< 0.05	< 0.05	< 0.05

Units: mg/l

## Suspension Spring Division • Yokohama Plant



**Location:** Kanazawa-ku, Yokohama  
**Business areas:** Leaf springs, coil springs, and radius arms  
**Commenced operations:** November 1987  
**Employees:** 387

### Remarks by plant manager

This year we are again encouraging all our people to become involved in environmental conservation activities so that we can tell the world from Yokohama that we are committed in our hearts and minds to making environmentally friendly springs.



**Jiro Oyama**  
Plant Manager

### Outlook and policies

Based on our environmental policies, the plant builds “earth-friendly springs.” To achieve this, we are actively involved in reducing CO<sub>2</sub> emissions and industrial wastes, while contributing to protecting the environment and combating global warming through flexible environmental management activities in response to changes in the business environment.

### Fiscal 2008 and 2009 initiatives

#### Reducing CO<sub>2</sub> emissions

- In fiscal 2008 we rolled out energy saving initiatives, centered on reducing our use of electricity. We have achieved significant results, from small improvements such as the efficient use of electricity monitors and attaching cords to the fluorescent lighting in the workplace and always turning the lights out when they aren't needed, to big improvements such as mounting inverters in the exhaust fans. As a result, we reached both our targets, 118% of our fiscal year target for CO<sub>2</sub> emissions and 106% of our unit CO<sub>2</sub> emissions to sales target, building momentum for subsequent years.
- In fiscal 2009, we will spread these improvements out through the Group, and also extend our energy-saving initiatives mainly through reducing our gas consumption by overhauling combustion processes and making use of heat insulating coatings, building flexible environmental management systems in response to changes in the business environment.

#### Reducing industrial wastes

- In fiscal 2008, we reduced industrial wastes through involvement in converting shot peening dust into useful resources. This had an impact on the Suspension Spring Divisions and related Group companies. In fiscal 2009, we will continue converting industrial wastes into useful resources.

### Atmosphere (Regulated values: Air Pollution Control Law, Yokohama environmental regulations)

Substance	Equipment	Regulated value		Actual
NOx	Metal reheating furnace	A	0.125	0.065
		B	0.108	0.038
		C	0.189	0.038
		D	0.151	0.062
		E	0.106	0.031
	Metal tempering furnace	A	0.163	0.017
		B	0.105	0.011
		C	0.089	0.056
		D	0.073	0.052
		E	0.051	0.019
Dust	Metal reheating furnace	A	0.1	0.03
		B	0.1	0.02
		C	0.1	0.04
		D	0.1	0.04
		E	0.1	0.04
	Metal tempering furnace	A	0.1	0.04
		B	0.1	0.03
		C	0.1	0.04
		D	0.1	0.04
		E	0.1	0.02

NOx units: m<sup>3</sup>/h Dust units: g/m<sup>3</sup>N

### Water quality (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5~9	8.9	6.4	7.9	
Oil	Animal and vegetable	30	7.4	0.1	1.7
	Mineral	5	2.8	0.1	1.0
Fe	3	0.04	< 0.01	0.02	
Zn	1	0.2	0.01	0.04	
Ni	1	0.36	0.01	0.10	
Mn	1	0.1	< 0.01	0.03	
Fluorine	8	2.9	0.18	0.79	
Boron	10	0.5	0.1	0.33	

Units: mg/ℓ



Suspension Spring Division • Shiga Plant



**Location:** Koga, Shiga  
**Business areas:** Coil springs, stabilizer bars, and torsion bars  
**Commenced operations:** November 1973  
**Employees:** 252

Remarks by plant manager

We are working steadily on Kaizen tasks one by one aimed at the issues of cutting CO<sub>2</sub> emissions and recycling wastes to preserve the global environment.



Hidefumi Yoshimura  
Plant Manager

This is how we can contribute at the level of both the business and this plant to common world goals.

Outlook and policies

Our slogan is Shiga Plant — Promoting STPM (Strategy for Total Power Management). Environmental conservation is one of the seven 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 2008 and 2009 initiatives

Reducing CO<sub>2</sub> emissions

- In fiscal 2008 we encouraged energy saving through our ongoing changeover to energy-efficient air conditioning and lighting, reviewed motors and eliminated drafts.
- In fiscal 2009 we will concentrate on installing inverter controls, educate the workforce in modern energy saving through ecological operation of air conditioners and switching off lights when unneeded, and manage maintenance by preventing air escapes through the involvement of employee environmental circles.

Recycling and reducing waste

- In fiscal 2008 we moved ahead with RPF (fuel generation) from plastic and paper wastes by reviewing our standards for sorting waste plastics and paper and completing a sludge dryer, reducing levels of these wastes discarded.
- In fiscal 2009 our efforts to reduce volumes of waste will center on ramping the sludge dryer up to full production, and we will also recycle thinners.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Metal reheating furnace	A	300	43
		B	300	37
		C	180	31
		D	180	36
Dust	Metal reheating furnace	A	0.25	0.04
		B	0.25	0.06
		C	0.25	0.05
		D	0.25	0.04

NOx units: ppm Dust units: g/m<sup>3</sup>N

\*D: A second line for a solid-core stabilizer was added

Water quality (Regulated value: Agreement with Minakuchi)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6~8	7.7	6.9	7.3
BOD	20	3.0	1.0	1.6
COD	20	6.0	1.0	2.9
SS	10	7.0	1.0	3.3
Oil	3	2.8	0.1	1.4
Total nitrogen	12*	8.5	4.2	6.3
Total phosphorus	1.2*	0.9	0.01	0.11
Fluorine	8*	1.8	0.01	0.19
Boron	2*	0.5	0.01	0.21

\*Shiga prefectural regulations

Units: mg/ℓ

## Seating Division • Gunma Plant



[Ojima area]

**Location:** Ota, Gunma

**Business areas:** Automotive seats

**Commenced operations:** December 1986

**Employees:** 359

[Ota area]

**Location:** Ota, Gunma

**Products:** Automotive interior products

**Commenced operations:** July 1969

**Employees:** Included in Ojima area

### Remarks by plant manager

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



**Kiyohiko Kanmei**  
Plant Manager

### Atmosphere: Ojima area (Voluntary values for unregulated equipment)

Substance	Equipment		Regulated value	Actual
NOx	Boiler	A	300	52
		B	300	56
		C	300	65
Dust	Boiler	A	0.2	0.04
		B	0.2	0.06
		C	0.2	0.06

NOx units: ppm Dust units: g/m<sup>3</sup>N

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6~8	7.2	6.0	6.6
BOD	10	3.0	1.0	1.8
SS	10	4.0	1.0	2.6
Oil Animal and vegetable	30	2.5	0.0	0.8
Mineral	5	1.2	0.0	0.5

Units: mg/l

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8~8.6	8.0	7.0	7.5
BOD	40	5.0	2.0	3.2
COD	40	9.0	3.0	5.4
SS	50	10.0	2.0	6.4
Oil	5	1.6	0.7	1.2

Units: mg/l

### Outlook and policies

In this plant we contribute to a better automotive society by producing safe and people-friendly automotive seating and interior products. Ours is an integrated operation, from design through manufacture to shipment. We look for possibilities to save resources, recycle, and reduce the impact on the environment from the product and equipment design stages onward.

### Fiscal 2008 and 2009 initiatives

#### Reducing CO<sub>2</sub> emissions

- In fiscal 2008 we improved energy efficiency by lifting the speed of our customer production lines, and reduced our LPG usage by converting one of our two mixed hot and cold urethane lines to cold only. The Seating Division slogan is *Everyone working together to save energy*, and we all work to reduce downtime energy losses.
- In fiscal 2009 we will achieve big reductions in CO<sub>2</sub> emissions by closing our boiler and chilled tower facilities and extending cold curing of urethane to all vehicle models. (This is a longstanding suggestion to our customers.)

We will also encourage some very practical initiatives, such as building our energy management standards into day-to-day management, and eliminating losses of air and steam.

#### Recycling and reducing waste

- In fiscal 2008 we converted to recycling by using 95% of the leather offcuts from seat surfaces for power generation to recover the waste heat.
- In fiscal 2009 we will improve our recycling rate by installing raw waste treatment facilities to reuse raw wastes that are currently burnt.

Seating Division • Yokohama Plant



**Location:** Kanazawa-ku, Yokohama  
**Business areas:** Automotive seats and interior products  
**Commenced operations:** April 1990  
**Employees:** 452

**Remarks by plant manager**

Yokohama is celebrating the 150th anniversary of the opening of the port as "Yokohama, an



Naohiko Tsukagoshi  
Plant Manager

environmentally-friendly city." We join in eco-action with the local community to build an environmentally-friendly plant.

**Outlook and policies**

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

**Fiscal 2008 and 2009 initiatives**

**Reducing CO<sub>2</sub> emissions**

- To save energy in fiscal 2008, we reduced our use of boilers by using cogenerated steam at Yokohama Plant and the Head Office and saved space by centralizing the welding process. We also changed the plant lighting from mercury to energy-saving fluorescent lights, changed the office air conditioning to an ecological air conditioner, and applied insulating film to the windows to reduce our air conditioning power consumption.
- In fiscal 2009 we will strive to eliminate lost power by making sure that plant utilities are run according to production loads. At the same time, we will put measures in place to avoid wasting electricity by stepping up monitoring using electricity monitoring systems. As part of our ongoing training efforts, we will work to further enhance environmental awareness and encourage all employees to save energy.

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

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Boiler	A	0.067	0.055
		B	0.067	0.057
Dust	Boiler	A	0.050	0.018
		B	0.050	0.026

NOx units: m<sup>3</sup>N/h Dust units: g/m<sup>3</sup>N

**Water quality (Regulated values: Yokohama sewage regulations)**

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5~9	8.7	6.2	6.9	
Oil	Animal and vegetable	30	9.6	0.1	2.0
	Mineral	5	1.9	0.1	0.7
Fe	3	0.2	< 0.01	0.06	
Zn	1	0.4	< 0.01	0.09	
Ni	1	0.22	< 0.01	0.04	
Boron	10	0.5	0.03	0.2	

Units: mg/ℓ

## Seating Division • Toyota Plant



**Location:** Toyota, Aichi

**Business areas:** Automotive seats and interior products

**Commenced operations:** June 1961

**Employees:** 344

### Remarks by plant manager

We have set higher targets for environmental conservation in fiscal 2009, and the plant is



**Hiroki Sakamoto**  
Plant Manager

aiming for even higher levels of energy saving. We are moving ahead to train every employee in environmental awareness.

### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	7.5	6.6	7.1
BOD	600	10.0	2.0	3.7
COD	600	12.0	3.0	8.0
SS	600	18.0	2.0	7.3
Oil	5	4.6	0.6	2.3
Zn	2	0.3	0.02	0.09
Cu	3	0.1	0.01	0.03

Units: mg/l

### Outlook and policies

We contribute to the development of a better automotive society by building safe, people-friendly automotive seating and interior products. We will continue to improve on our environmental conservation activities, contribute to society, and take account of the environment across everything we do, from design through manufacturing to shipment.

### Fiscal 2008 and 2009 initiatives

#### Reducing CO<sub>2</sub> emissions

- In fiscal 2008, we changed all the lighting in the No.1 Plant to energy-saving types. We actively engaged in basic energy-saving work through plans to stop losses from air and water pipes. We also undertook a range of measures to reduce the plant from a Type 1 to a Type 2 Designated Energy Consuming Factory.
- In the challenging environment of fiscal 2009, everyone is involved in thinking of ways to save energy without incurring capital costs by doing things like reducing the air pressure settings in compressors and thinning out the lighting inside the plant. We will also heighten everyone's awareness of energy saving by systematically holding Environment Dojos in order to lift environmental awareness.

#### Dealing with noise

- In fiscal 2008 we erected effective noise barriers to deal with the long-running problem of noise in neighboring areas from trucks operating at night. This allowed us to operate trucks within the plant at night while eliminating the noise. It also had a significant positive impact on safety in the plant as well.
- In fiscal 2009, we aim for better communications with our neighbours and Toyota City to enhance the plant's community relations.



Precision Spring & Components Division • Atsugi Plant



**Location:** Aikawa-machi, Aiko-gun, Kanagawa  
**Business areas:** Thin leaf springs and precision stamped products  
**Commenced operations:** November 1970  
**Employees:** 465

**Remarks by plant manager**

We are raising the environmental awareness of each and every one of our employees so that we can "keep the world beautiful." We will provide environmental education so that our employees can practice environmental



Yoshikazu Kitamura  
Plant Manager

conservation activities on their own, to create an environmentally-friendly plant.

**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 2008 and 2009 initiatives**

**Recycling and reducing waste**

- In fiscal 2008, we moved decisively towards chrome-free plating of HDD mechanical components, both here and in our overseas plants.
- Since fiscal 2005, we have reached a recycling rate of at least 99.9%, which we intend to maintain in future.

**Reducing CO<sub>2</sub> emissions**

- In fiscal 2008 we reviewed compressor pressure settings and optimized numbers of units in operation. This saved power equivalent to a 4.6% reduction in CO<sub>2</sub> emissions on fiscal 2007 levels. We also introduced centralized control and monitoring of the operational status of compressors so that we know how they are being used at all times. We also completed the installation of electricity monitoring systems throughout the plant. This allows rapid detection and resolution of any problems.
- In fiscal 2009 we will continue the 3-year program from fiscal 2008. We will complete a year early the update to an energy saving system incorporating energy saving controls in the high efficiency air conditioner in the die plant. This will bring big reductions in CO<sub>2</sub> emissions. We will also make more efficient use of electricity through the effective use of electricity monitoring systems.

**Atmosphere (Regulated values: Air Pollution Control Law)**

Substance	Equipment	Regulated value	Actual
NOx	Hot water boiler	250	47.4
Dust	Hot water boiler	0.3*	0.08

\*Kanagawa prefectural regulation NOx units: ppm Dust units: g/m<sup>3</sup>N

**Water quality (Regulated value: Sewage Law)**

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5~9	7.9	6.9	7.3	
BOD	600	64.0	7.0	23.6	
SS	600	71.0	1.0	16.0	
Oil	Animal and vegetable	30	5.6	1.1	3.2
	Mineral	5	3.8	0.3	1.8
Fe	10	0.9	0.1	0.3	
Total nitrogen	125	28.2	8.3	15.0	
Fluorine	8	2.1	0.02	0.2	
Boron	10	0.5	0.04	0.3	

Units: mg/ℓ

## Precision Spring & Components Division • Ina Plant



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

**Business areas:** Wire springs and precision machined components

**Commenced operations:** December 1943

**Employees:** 487

### 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



Toshiyuki Saitou  
Plant Manager

CO<sub>2</sub> emissions to encompass improving the global environment, creating earth-friendly products.

### Outlook and policies

At these plants we develop and manufacture high quality, high performance products with a low impact on the global environment. Our products include valve springs, which are key components in automotive engines, all kinds of wire springs, high performance products, and semiconductor and LCD panel testing instruments.

We work with all our employees to create earth-friendly products to protect the environment. As members of society responsible for the environment, we recognize energy saving as a vital issue of concern.

### Fiscal 2008 and 2009 initiatives

#### Reducing CO<sub>2</sub> emissions

- In fiscal 2008 we worked hard to save energy. We increased the energy efficiency of our electric ovens by applying insulating coatings and installed high efficiency (COP4.0) air conditioning in the offices. In this way we achieved a massive 29.1% reduction in CO<sub>2</sub> emissions against a target of 4.2% (compared with actual figures for 2007).
- In fiscal 2009 we will control numbers of compressors and extend the insulating coatings to our large nitriding furnace to continue our energy saving efforts.

#### Recycling and reducing waste

- We reached a recycling rate of at least 99.9% since fiscal 2005, and we will maintain this level.
- We will keep to a 99.9% recycling rate in fiscal 2009, and work to reduce emissions by better drying of sludge.

#### Reducing pollutants

- We have virtually completed the switch from hexavalent to trivalent chromium. We will sort out spares and other residuals, and reduce our use of epoxy resins and other pollutants.

### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Heating boiler	A	250	39.8
		B	250	58.9
		C	250	67.8
Dust	Heating boiler	A	0.3	0.08
		B	0.3	0.04
		C	0.3	0.06

NOx units: ppm Dust units: g/m<sup>3</sup>

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.7~8.7	8.1	6.5	7.0
BOD	600	10.0	1.0	3.5
COD	—	30.0	1.0	8.4
SS	600	29.0	1.0	7.7
Oil	5	3.9	0.5	1.4
Fe	10	1.7	0.01	0.47
Cu	3	0.1	0.01	0.02
Total nitrogen	380	8.3	1.7	4.1

Units: mg/ℓ

Disk Drive Suspension Division • Komagane Plant



**Location:** Komagane, Nagano  
**Business areas:** HDD suspensions  
**Commenced operations:** November 1983  
**Employees:** 476

**Remarks by plant manager**

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



Susumu Senkawa  
Plant Manager

■ Water quality (Regulated value: Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8~8.6	7.9	6.3	7.1
BOD	20	13.0	2.0	7.6
COD	20	11.0	2.0	7.1
SS	30	9.0	1.0	5.0
Oil	5	2.2	0.1	1.1

Units: mg/ℓ

**Outlook and policies**

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

**Fiscal 2008 and 2009 initiatives**

**Reducing CO<sub>2</sub> emissions**

- We implemented energy saving improvements in fiscal 2008 in the special environment of our clean rooms. We altered the controls on the air conditioning, reviewed the way we use compressors and insulated our steam pipes. We also reduced our CO<sub>2</sub> emissions by 12.3% over last fiscal year by raising productivity and making production more responsive to variations in levels of orders.
- In fiscal 2009 we will carry on with the improvements already made and implement energy saving through capital investment. These enhanced operating and management systems will further reduce CO<sub>2</sub> emissions.

**Recycling and reducing waste**

- In fiscal 2008 we worked to reduce waste volumes and treatment costs by treating in-house the effluents generated during maintenance, extracting value from waste plastics, finding new vendors, and recovering value by dismantling and sorting rejects.
- In fiscal 2009 we will maintain a 100% recycling rate, and continue to improve by establishing new index targets for waste volumes and reductions in treatment costs.



**Location:** Isehara, Kanagawa  
**Business areas:** Brazed products, pipe support systems, specialized springs  
**Commenced operations:** March 1993  
**Employees:** 194

**Remarks by director**

Each one of us here aims to make the Isehara Plant beautiful. To do this, we must reduce our



**Takashi Kayamoto**  
 Director, Bonding and Ceramic Department

impact on the environment. Each one of us is thoroughly environmentally aware and acts on that awareness.

■ Water quality (Voluntary controls for less than 50m<sup>3</sup>/day effluent)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8~8.6	7.2	6.8	7.0
BOD	130	68.0	3.0	17.2
COD	130	70.0	5.0	22.0
SS	160	16.0	3.0	6.9
Oil	5	2.2	0.8	1.3
Fe	3	0.1	0.0	0.01
Zn	1	0.3	0.01	0.12

Units: mg/ℓ

**Outlook and policies**

We strive to act responsibly as global citizens. The Isehara Plant brings together several divisions and affiliates, covering a range of businesses. All these businesses are united by demanding targets and plans to protect the environment and at the same time build a virtuous circle of improvement.

**Fiscal 2008 and 2009 initiatives**

**Reducing CO<sub>2</sub> emissions**

- In fiscal 2008 we switched our air conditioning to high efficiency heat pump systems, installed inverters in many motors, replaced our mercury lamps and engaged in various electricity saving activities. This resulted in a 30.4% reduction in CO<sub>2</sub> emissions on fiscal 2007, or an absolute reduction of 696 tons.
- We will not be making any large capital investments in environmental measures in fiscal 2009. However, we will be using the electricity monitoring systems installed in 2008 to refine energy saving and eliminate wastage, to achieve at least a further 3% reduction in CO<sub>2</sub> emissions.

**Recycling and reducing waste**

- In fiscal 2008 we maintained our fiscal 2007 100% recycling rate. We reduced levels of waste coatings by 12% on fiscal 2007 by careful management and eliminating wastage. We made use of cyclic cleaning equipment for (organic solvent-based) wash effluents and recycled wash solutions. This resulted in a massive 65% reduction on fiscal 2007 levels.
- We will maintain a 100% recycling rate in fiscal 2009. We are very waste conscious, and we plan to further cut our absolute volumes of wastes.

**Establishing Environment Dojo**

- We established an Environment Dojo at the end of fiscal 2008. We aim to make use of it to increase the awareness of each individual by education and consciousness raising.



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



**Location:** Komagane, Nagano  
**Business areas:** Specialized polyurethane foam products, metal base printed wiring boards  
**Commenced operations:** December 1981  
**Employees:** 134

**Remarks by director**

I love the changing of the seasons — the eternal, clear snow melt and the plants and



**Hitoshi Sasaki**  
 Director, Chemical Products and Electronic Components Departments

animals. All of us work to protect the environment, hand in hand with the local community to preserve these beauties of nature.

**Outlook and policies**

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

**Fiscal 2008 and 2009 initiatives**

**Recycling and reducing waste**

- Our fiscal 2008 industrial waste and emissions indexes were down 8% on last fiscal year.
- We will encourage the recovery of value from waste plastics and effluents and reduce treatment costs in fiscal 2009.

**Reducing CO<sub>2</sub> emissions**

- In fiscal 2008 we reduced our use of kerosene by reviewing running times for our steam boilers. We also reduced our use of air by separating out air pipes by process and installing a system to deliver air only when a process is operating. This has produced a significant reduction in CO<sub>2</sub> emissions.
- In fiscal 2009 we will install inverter compressors to reduce power consumption at times of low loads. Each employee will develop basic energy-saving activities to further reduce our CO<sub>2</sub> emissions.

**Enhanced environmental management**

- In fiscal 2008 we renewed two effluent tanks and holding dams to prevent any environmental accident. We plan to continue renewing the effluent tanks in fiscal 2009.

**Atmosphere (Regulated values: Air Pollution Control Law)**

Substance	Equipment	Regulated value		Actual
		Regulated value	Actual	
NOx	Hot water boiler	A	180	76
		B	180	46
		C	180	69
	Multi-stage pressure boiler	180		61
Dust	Hot water boiler	A	0.3	0.03
		B	0.3	0.02
		C	1.3	0.01
	Multi-stage pressure boiler	0.3		0.03

NOx units: ppm Dust units: g/m<sup>3</sup>N

**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	7.7	7.9
	Production Building 2		7.4	6.5	6.8
BOD	Production Building 1	20	2.0	1.0	1.5
	Production Building 2		12.0	2.0	5.4
COD	Production Building 1	20	1.0	1.0	1.0
	Production Building 2		12.0	3.0	7.0
SS	Production Building 1	30	2.0	1.0	1.4
	Production Building 2		14.0	1.0	2.9
Oil	Production Building 1	5	2.7	0.2	1.1
	Production Building 2		3.8	0.6	1.3
Fe	Production Building 1	10	0.5	0.02	0.2
Cu	Production Building 2	3	0.1	0.01	0.04

Units: mg/ℓ



**Location:** Yasu, Shiga  
**Business areas:** Mechanical multilevel parking systems  
**Commenced operations:** October 1996  
**Employees:** 68

**Remarks by director**

We hear nature sounding the alarm as the uniquely beautiful, natural world of the lake country undergoes rapid environmental change.

We know that the environment can easily be ruined and is hard to restore, and all our people are working together to create an environmentally-friendly plant.



Toshifumi Otsuka  
 Director, Parking Systems Department

**Outlook and policies**

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

**Fiscal 2008 and 2009 initiatives**

**Reducing CO<sub>2</sub> emissions**

- In fiscal 2008 we reduced our energy usage through improvements such as switching to energy-saving lights for illumination in the plant, optimizing the placement of compressors and fine tuning the temperatures and operating conditions of dryers.
- In fiscal 2009 we will make further energy saving improvements. We will reduce our CO<sub>2</sub> emissions in absolute terms, reduce unit CO<sub>2</sub> emissions and better manage CO<sub>2</sub> emissions.

**Recycling and reducing waste**

- In fiscal 2008 we reviewed our sorting of wastes at the industrial waste recycling center to step up the recovery of valuable materials, particularly cardboard, and reduce our waste treatment costs.
- In fiscal 2009 we will cut treatment costs by pursuing the recovery of valuable materials by reviewing our sorting of resins, and examining the treatment of alkaline effluents in-house.

**Pollution prevention activities embracing the NHK Spring Group**

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

**Atmosphere (Regulated values: Air Pollution Control Law)**

Substance	Equipment	Regulated value	Actual
NOx	Boiler	150	49.7
	Drying oven	230	24.8
Dust	Boiler	0.1	0.04
	Drying oven	0.2	0.06

NOx units: ppm Dust units: g/m<sup>3</sup>N

**Water quality (Regulated value: Sewage Law)**

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	8.2	6.5	7.4
BOD	600	13.0	2.0	5.5
COD	—	8.0	3.0	5.7
SS	600	14.0	4.0	9.2
Oil	5	1.7	0.1	1.2
Ni	1	1.8	0.01	0.6
Total nitrogen	60	38.8	29.4	33.8
Total phosphorus	10	0.8	0.2	0.4

Units: mg/l

# Financial Report

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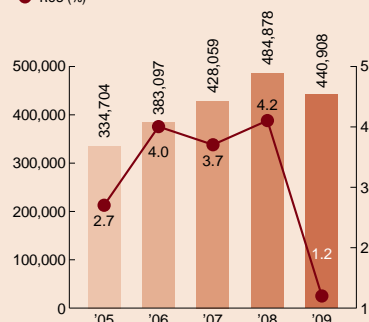
## Five-year summary (consolidated)

	Millions of Yen					Thousands of U.S. Dollars (Note)
	2009	2008	2007	2006	2005	2009
Net sales	¥440,908	¥484,878	¥428,059	¥383,097	¥334,704	\$4,488,531
Cost of sales	396,219	419,028	367,382	329,068	284,607	4,033,585
Gross profit	44,689	65,850	60,677	54,029	50,097	454,946
Selling, general and administrative expenses	34,230	35,494	35,562	32,433	32,295	348,467
Operating income	10,459	30,356	25,115	21,596	17,802	106,479
Other income (expenses)	(851)	4,115	2,576	2,943	(304)	(8,666)
Income before income taxes and minority interest	9,608	34,471	27,691	24,539	17,498	97,813
Net income	5,262	20,361	15,931	15,390	8,987	53,573
Net assets	115,962	149,228	137,610	123,273	100,705	1,180,514
Total assets	324,889	401,070	400,967	355,061	303,207	3,307,430
Depreciation	26,600	22,936	17,966	14,367	13,073	270,794
Capital expenditure	34,800	34,779	34,661	27,666	19,047	354,272
Per share	Yen					U.S. Cents
Net income	21.98	84.01	65.71	62.83	36.35	22.38
Shareholders' equity	489.57	615.82	567.70	507.75	414.50	498.39
Cash dividends	10.5	14.00	11.50	9.00	6.00	10.69

Note: U.S. Dollar amounts are translated from yen for convenience at the rate of ¥98.23=US\$1.00, the rate of exchange on March 31, 2009.

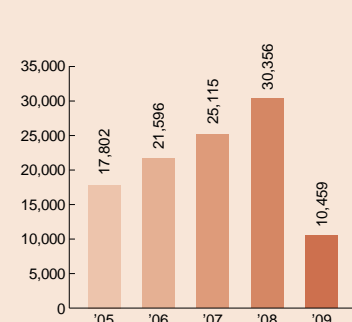
### Net sales

Net sales (¥ million)  
ROIS (%)



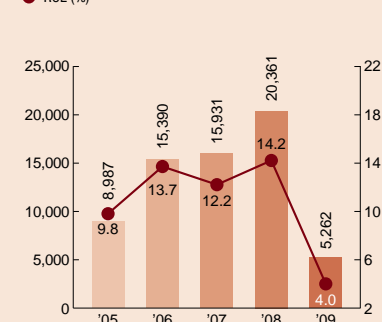
### Operating income

Operating income (¥ million)



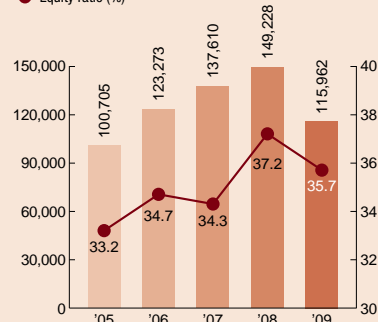
### Net income

Net income (¥ million)  
ROE (%)



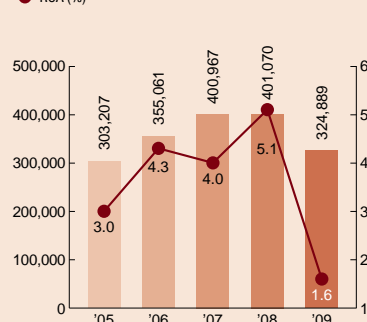
### Equity

Equity (¥ million)  
Equity ratio (%)



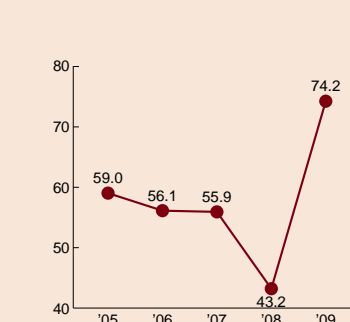
### Total assets

Total assets (¥ million)  
ROA (%)



### Debt equity ratio

Debt equity ratio (%)





## Analysis of results

### Operating results for the year

During the first half of the year, conditions were very slow due to rising crude oil and raw materials prices, price rises for consumer goods and poor growth in exports. The second half saw an unprecedented decline, as the US financial crisis caused a rapid deterioration of the world economy, leading to a heavy fall in exports.

In the automotive industry, which is the principal business of the NHK Spring Group, domestic sales fell 11.6% year-on-year to 4.701 million units. Fully assembled vehicle exports fell 17.2% year-on-year to 5.603 million units. As a result, Japanese automobile production thus reached only 9.994 million units: a 15.2% decline year-on-year. The fall in production was particularly severe in the second half, reaching 33.4% year-on-year.

The IT equipment industry is also an important business for NHK Spring. Hard disk drive (HDD) production was down badly in the second half due to destocking.

The extremely difficult economic conditions led to a large fall in orders and produced a contraction of 9.1% year-on-year in sales to ¥440,908 million. While we implemented a range of measures in response to the decline in orders, including the redeployment of employees, reductions in working hours and holding back on capital investment in order to reduce unit costs, they were not enough to compensate, and operating income declined 65.5% year-on-year to ¥10,459 million, ordinary income declined 58.8% to ¥12,925 million, and net income for the year declined 74.2% to ¥5,262 million.

### Conditions by segment

#### Segment information

##### [Suspension Springs]

Suspension springs net sales were down 13.4% year-on-year to ¥101,195 million, and operating income was down 92.8% to ¥344 million. Income and profits were affected by reduced automobile production and a deterioration in the model composition.

Domestically, the sales and profits were adversely affected by a fall in commercial truck production on top of a fall in automobile production. In North America, the fall in automobile production lowered sales, but income improved due to improved selling prices and efforts to raise productivity. In Asia, sales and profits were down due to the slow production of SUV type models in Thailand and the stronger Yen.

##### [Seating]

Seating net sales were down 1.0% year-on-year to ¥169,870 million, and operating income was down 56.0% to ¥3,537 million. The new car effect on model orders had a minimal impact on sales, but the deterioration in model composition did reduce profits.

Domestically, the new car effect brought an increase in sales, but the decrease in SUV type models adversely affected profit. The effect of production cutbacks in North America was minimal. In Asia, sales were reduced by the sale of shares in Thai Automotive Seating & Interior Co.,

Ltd, meaning that it was no longer an affiliate and was excluded from our consolidated results.

##### [Precision Springs and Components]

Precision springs and components net sales were down 14.4% year-on-year to ¥132,405 million, and operating income was down 70.0% to ¥4,334 million. Income and profits were hit by the reduction in automobile production, the reduction in HDD suspensions and the strong Yen.

Domestically, sales were heavily affected by the cutbacks in automobile production and HDD suspensions and the strength of the Yen. Sales rose in Asia with full production of HDD suspensions commencing from NHK Spring (Thailand) and the startup of HDD component parts in China.

##### [Industrial Machinery and Equipment, and Other]

Industrial machinery and equipment, and other net sales were down 10.1% year-on-year to ¥37,438 million, and operating income was down 27.9% to ¥2,244 million. The effects of the recession in Japan impacted sales and profits.

### Segment information by region

#### [Japan]

Income from net sales in Japan was down 9.1% year-on-year to ¥316,429 million, and operating income was down 92.9% to ¥1,420 million. Sales from the Seating business grew, but income and profits were down due to the effects of the reduction in overall automobile production, the deterioration in the model composition and the strong Yen.

#### [North America]

Net sales in the North American region were down 11.1% year-on-year to ¥46,005 million, but the continuing improvement in profitability saw operating income rise to a profit of ¥192 million from an operating loss last year.

#### [Asia]

Net sales in the Asian region were down 8.7% year-on-year to ¥91,181 million, and operating income was down 17.9% to ¥8,847 million. The sale of a Thai affiliate and the strong Yen impacted income and profits.

### Cash flow

Cash flow from operating activities was down by ¥11,589 million from the previous year, at ¥22,640 million. This was due to a reduction in operating income. Depreciation charges were ¥26,600 million, an increase of ¥3,664 million on the previous year.

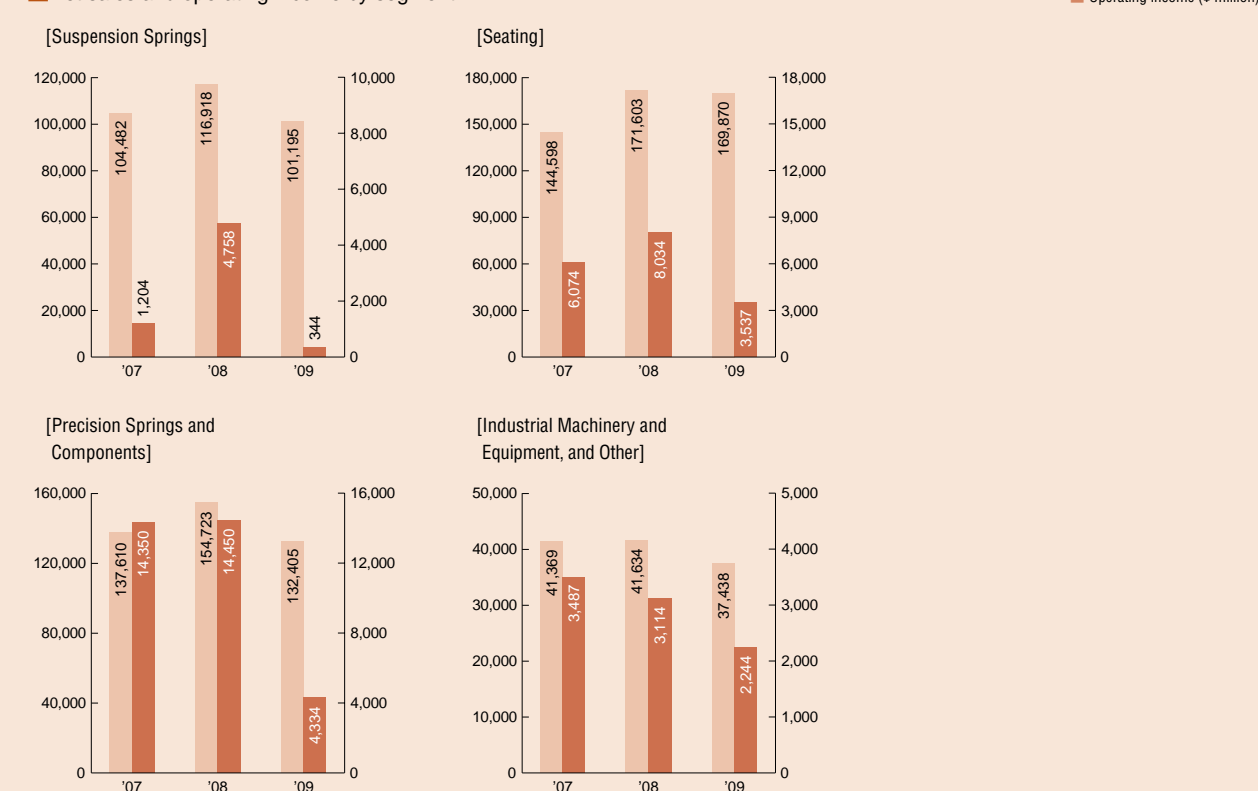
Cash flow employed for investment activities was ¥29,303 million, a reduction of ¥5,491 million on the previous year. This was due primarily to lower expenditures for the acquisition of tangible fixed assets associated with capital investments.

Cash flow from financial activities increased by ¥28,769 million to ¥15,806 million. This was due primarily to increased Purchases of treasury stock, as well as the issue of commercial paper and short- and long-term borrowings.

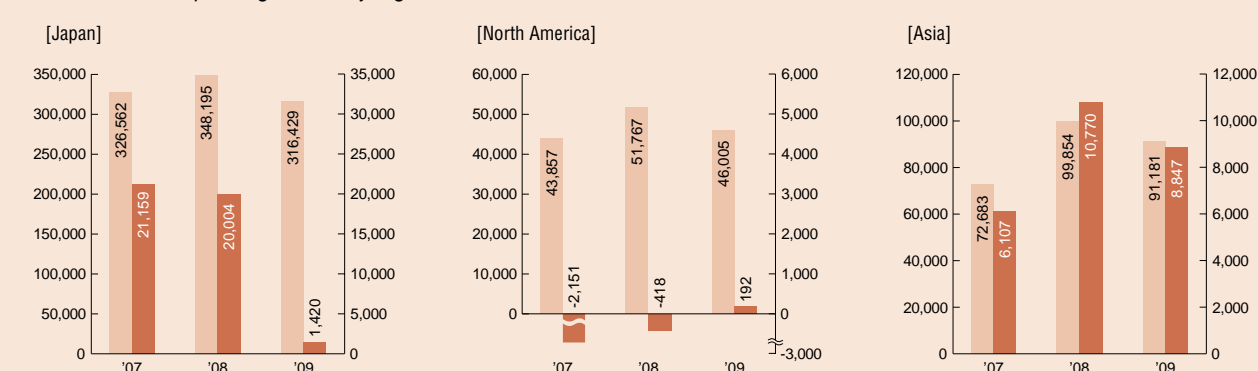
Free cash flow, representing cash flow from operating activities less cash flow from investment activities, was negative ¥6,663 million.

As a result, cash and cash equivalents at the end of the year rose by ¥5,859 million to ¥32,253 million. Commercial paper and Short- and long-term debt increased to ¥86,058 million, a ¥21,532 million rise from the end of the previous year.

#### Net sales and operating income by segment



#### Net sales and operating income by region



## Consolidated balance sheets

March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	(Note 2)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and bank deposits (Notes 4 and 7)	¥ 31,491	¥ 27,129	\$ 320,582
Notes and accounts receivable, trade	61,241	98,324	623,445
Less: Allowance for doubtful accounts	(360)	(691)	(3,669)
Inventories	34,845	38,995	354,733
Deferred tax assets (Note 9)	3,892	4,483	39,618
Other current assets	12,757	13,807	129,870
<b>Total current assets</b>	<b>143,866</b>	<b>182,047</b>	<b>1,464,579</b>
<b>Investments and long-term receivables:</b>			
Investment securities (Note 5)	24,838	53,048	252,858
Investments in unconsolidated subsidiaries and affiliated companies	14,292	16,322	145,498
Long-term loans	1,105	920	11,249
Deferred tax assets (Note 9)	1,668	1,461	16,982
Other investments	2,221	3,038	22,596
Less: Allowance for doubtful accounts	(414)	(327)	(4,216)
<b>Total investments and long-term receivables</b>	<b>43,710</b>	<b>74,462</b>	<b>444,967</b>
<b>Property, plant and equipment:</b>			
Buildings and structures	102,782	106,044	1,046,337
Machinery	153,663	159,004	1,564,316
Jigs, tools and equipment	49,269	45,678	501,563
Land	27,332	27,419	278,246
Construction in progress	7,116	3,363	72,446
	340,162	341,508	3,462,908
Less: Accumulated depreciation	(207,119)	(201,723)	(2,108,514)
<b>Net property, plant and equipment</b>	<b>133,043</b>	<b>139,785</b>	<b>1,354,394</b>
<b>Intangible and other assets</b>	<b>4,272</b>	<b>4,776</b>	<b>43,490</b>
<b>Total assets</b>	<b>¥324,889</b>	<b>¥401,070</b>	<b>\$3,307,430</b>

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	(Note 2)
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Note 7)	¥ 27,257	¥ 18,693	\$ 277,477
Current portion of long-term debt (Note 7)	19,685	16,021	200,399
Notes and accounts payable, trade	68,373	116,194	696,050
Accrued expenses	13,034	14,543	132,684
Accrued income taxes	736	5,924	7,493
Deferred tax liabilities (Note 9)	662	195	6,741
Allowance for directors' bonuses	210	230	2,142
Other current liabilities	11,203	8,865	114,050
<b>Total current liabilities</b>	<b>141,160</b>	<b>180,665</b>	<b>1,437,036</b>
<b>Long-term liabilities:</b>			
Long-term debt (Note 7)	36,116	29,812	367,667
Accrued employees' pension and severance costs (Note 6)	12,707	14,548	129,362
Accrued retirement benefits to directors and corporate auditors	1,815	1,745	18,479
Deferred tax liabilities (Note 9)	4,268	14,815	43,447
Other long-term liabilities	3,778	162	38,458
<b>Total long-term liabilities</b>	<b>58,684</b>	<b>61,082</b>	<b>597,413</b>
<b>Contingent liabilities (Note 11)</b>			
<b>Net assets:</b>			
Shareholders' equity:			
Common stock:			
Authorized: 600,000,000 shares			
244,066,144 shares issued at March 31, 2009			
244,066,144 shares issued at March 31, 2008	17,010	17,010	173,161
Capital surplus	17,296	17,296	176,074
Retained earnings (Notes 10 and 16)	89,408	87,604	910,195
Less: Treasury stock	(4,654)	(852)	(47,377)
<b>Total shareholders' equity</b>	<b>119,060</b>	<b>121,058</b>	<b>1,212,053</b>
Valuation and translation adjustments: Net unrealized gains on other securities	7,534	23,828	76,702
Deferred hedge gains and losses	0	(31)	0
Foreign currency translation adjustments	(10,633)	4,373	(108,241)
<b>Total valuation and translation adjustments</b>	<b>(3,098)</b>	<b>28,170</b>	<b>(31,539)</b>
Minority interests	9,083	10,095	92,466
<b>Total net assets</b>	<b>125,045</b>	<b>159,323</b>	<b>1,272,980</b>
<b>Total liabilities and net assets</b>	<b>¥324,889</b>	<b>¥401,070</b>	<b>\$3,307,430</b>

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

## Consolidated statements of income

For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
<b>Net sales</b>	<b>¥440,908</b>	¥484,878	<b>\$4,488,531</b>
Cost of sales (Note 8)	396,219	419,028	4,033,585
Gross profit	44,689	65,850	454,946
<b>Selling, general and administrative expenses (Note 8)</b>	<b>34,230</b>	35,494	<b>348,467</b>
Operating income	10,459	30,356	106,479
<b>Other income (expenses):</b>			
Interest income	265	304	2,691
Dividend income	978	1,110	9,958
Gain on sales of tangible fixed assets	34	117	342
Gain on sales of investment securities (Note 5)	17	3,169	177
Interest expenses	(1,467)	(1,693)	(14,939)
Gain on sales of waste and scrap	1,682	1,985	17,127
Equity in earnings of unconsolidated subsidiaries and affiliated companies	1,255	1,010	12,781
Exchange (loss) gain, net	135	(1,183)	1,375
Loss on write-downs of investment securities	(663)	(7)	(6,748)
Loss on disposal of fixed assets	(749)	(858)	(7,625)
Loss on impairment of fixed assets (Note 3)	(1,624)	(6)	(16,534)
Other, net	(714)	167	(7,271)
	(851)	4,115	(8,666)
<b>Income before income taxes and minority interests</b>	<b>9,608</b>	34,471	<b>97,813</b>
<b>Income taxes (Note 9):</b>			
Current	2,077	10,590	21,140
Deferred	1,887	1,363	19,208
	3,964	11,953	40,348
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>382</b>	2,157	<b>3,892</b>
<b>Net income</b>	<b>¥ 5,262</b>	¥ 20,361	<b>\$ 53,573</b>
		Yen	U.S. Cents
Net income per share :			
- Basic	21.98	84.01	22.38
- Diluted	-	-	-
Cash dividends per share	10.5	14.00	10.69

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

## Consolidated statements of changes in net assets

For the years ended March 31, 2009 and 2008

For the year ended March 31, 2008

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	¥17,010	¥17,296	¥70,638	¥ (776)	¥104,168
<b>Changes during the fiscal year:</b>					
Dividends paid			(3,395)		(3,395)
Net income			20,361		20,361
Purchases of treasury stock				(76)	(76)
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	16,966	(76)	16,890
Balance as of March 31, 2008	¥17,010	¥17,296	¥87,604	¥ (852)	¥121,058

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	¥30,959	¥ 42	¥2,441	¥33,442	¥10,095	¥147,705
<b>Changes during the fiscal year:</b>						
Dividends paid						(3,395)
Net income						20,361
Purchases of treasury stock						(76)
Net changes of items other than shareholders' equity	(7,131)	(73)	1,932	(5,272)	0	(5,272)
Total changes during the fiscal year	(7,131)	(73)	1,932	(5,272)	0	11,618
Balance as of March 31, 2008	¥23,828	¥ (31)	¥4,373	¥28,170	¥10,095	¥159,323



For the year ended March 31, 2009

Millions of Yen

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

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2008	¥23,828	¥ (31)	¥ 4,373	¥28,170	¥10,095	¥159,323
Effect of change in accounting policies applied to foreign subsidiaries						202
<b>Changes during the fiscal year:</b>						
Dividends paid						(3,355)
Other comprehensive loss						(305)
Net income						5,262
Purchases of treasury stock						(3,855)
Disposal of treasury stock						53
Net changes of items other than shareholders' equity	(16,293)	31	(15,006)	(31,268)	(1,012)	(32,280)
Total changes during the fiscal year	(16,293)	31	(15,006)	(31,268)	(1,012)	(34,480)
<b>Balance as of March 31, 2009</b>	<b>¥ 7,535</b>	<b>¥ 0</b>	<b>¥ (10,633)</b>	<b>¥ (3,098)</b>	<b>¥ 9,083</b>	<b>¥125,045</b>

For the year ended March 31, 2009

Thousands of U.S. Dollars (Note 2)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	\$173,161	\$176,074	\$891,833	\$ (8,675)	\$1,232,393
Effect of change in accounting policies applied to foreign subsidiaries			2,062		2,062
Changes during the fiscal year:					
Dividends paid			(34,163)		(34,163)
Other comprehensive loss			(3,110)		(3,110)
Net income			53,573		53,573
Purchases of treasury stock				(39,249)	(39,249)
Disposal of treasury stock				547	547
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	16,300	(38,702)	(22,402)
<b>Balance as of March 31, 2009</b>	<b>\$173,161</b>	<b>\$176,074</b>	<b>\$910,195</b>	<b>\$ (47,377)</b>	<b>\$1,212,053</b>

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2008	\$242,570	\$ (317)	\$ 44,517	\$286,770	\$102,768	\$1,621,931
Effect of change in accounting policies applied to foreign subsidiaries						2,062
Changes during the fiscal year:						
Dividends paid						(34,163)
Other comprehensive loss						(3,110)
Net income						53,573
Purchases of treasury stock						(39,249)
Disposal of treasury stock						547
Net changes of items other than shareholders' equity	(165,868)	317	(152,758)	(318,309)	(10,302)	(328,611)
Total changes during the fiscal year	(165,868)	317	(152,758)	(318,309)	(10,302)	(351,013)
<b>Balance as of March 31, 2009</b>	<b>\$76,702</b>	<b>\$ 0</b>	<b>\$ (108,241)</b>	<b>\$ (31,539)</b>	<b>\$ 92,466</b>	<b>\$1,272,980</b>

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

## Consolidated statements of cash flows

For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 9,608	¥34,471	\$97,813
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	26,600	22,936	270,794
Accrued employees' pension and severance costs	(1,250)	(2,103)	(12,728)
Exchange loss (gain)	(247)	93	(2,516)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(1,255)	(1,010)	(12,780)
Loss on disposal of fixed assets	715	733	7,283
Loss on impairment of fixed assets	1,624	6	16,534
Gain on sales of investment securities	(17)	(3,169)	(177)
Loss on write-downs of investment securities	663	7	6,748
<b>Changes in assets and liabilities:</b>			
(Increase) decrease in notes and accounts receivable, trade	31,054	(8,451)	316,132
(Increase) decrease in inventories	1,184	(1,789)	12,050
Increase (decrease) in notes and accounts payable, trade	(39,914)	2,170	(406,327)
Other, net	(6,125)	(9,665)	(62,348)
Net cash provided by operating activities	22,640	34,229	230,478
<b>Cash flows from investing activities:</b>			
Proceeds from sales of property, plant and equipment	463	3,296	4,712
Purchases of property, plant and equipment	(28,659)	(34,641)	(291,756)
Purchases of intangible fixed assets	(1,367)	(653)	(13,912)
Purchases of investment securities	(1,053)	(2,510)	(10,730)
Proceeds from sales of investment securities	1,022	669	10,407
Proceeds from sales of shares of a consolidated subsidiary resulting in change in scope of consolidation	-	2,587	-
Increase in time deposits	(124)	(23)	(1,265)
Disbursements for loans	(661)	(3,544)	(6,731)
Decrease in loans	1,500	1,023	15,273
Other, net	(424)	(998)	(4,313)
Net cash used in investing activities	(29,303)	(34,794)	(298,315)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt	27,179	7,264	276,684
Repayment of long-term debt	(16,255)	(17,503)	(165,481)
Increase in short-term borrowings	9,877	976	100,554
Income from issue of commercial paper	3,000	-	30,541
Dividends paid	(3,563)	(3,625)	(36,269)
Payments for purchases of treasury stock	(3,855)	(75)	(39,249)
Other, net	(577)	-	(5,870)
Net cash (used in) provided by financing activities	15,806	(12,963)	160,910
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3,354)</b>	<b>(920)</b>	<b>(34,141)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>5,789</b>	<b>(14,448)</b>	<b>58,932</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>26,394</b>	<b>39,973</b>	<b>268,700</b>
<b>Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation</b>	<b>70</b>	<b>869</b>	<b>712</b>
<b>Cash and cash equivalents at end of year (Note 4)</b>	<b>¥32,253</b>	<b>¥26,394</b>	<b>\$328,344</b>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for:			
Interest	¥ (1,450)	¥ (1,743)	\$ (14,759)
Income taxes	(8,851)	(11,892)	(90,105)

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

# Notes to the consolidated financial statements

## 1. Summary of significant accounting policies

### (1) Basis of presentation of consolidated financial statements

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

The financial statements of overseas consolidated subsidiaries for the year to March 2008 were prepared in conformity with accounting principles and practices generally accepted in their respective countries of domicile. Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)." In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended March 31, 2009 have been prepared by using, the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. See 1. Summary of Significant Accounting Policies (20), Present treatment of accounting for overseas subsidiaries in the preparation of the financial statements.

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

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

### (2) Scope of consolidation and application of equity method

The Company had 47 subsidiaries at March 31, 2009 (47 at March 31, 2008). The consolidated financial statements for the year ended March 31, 2009 include the accounts of the Company and its 25 subsidiaries (25 in 2008). The Company and these consolidated subsidiaries are together referred to as the "Companies."

The accounts of the remaining 22 unconsolidated subsidiaries for the year ended March 31, 2009 (22 in 2008) were excluded from consolidation since the aggregate amounts of these subsidiaries' combined assets, net sales, net income and retained earnings were immaterial in relation to those of the consolidated financial statements of the Companies.

The Company had 22 (22 in 2008) unconsolidated subsidiaries and 14 (14 in 2008) affiliated companies at March 31, 2009. For the year ended

March 31, 2009, the equity method has been applied to the investments in 2 of the major unconsolidated subsidiaries (2 in 2008) and 8 of the major affiliated companies (8 major affiliated companies in 2008) since the investments in the remaining unconsolidated subsidiaries and affiliated companies did not have a material effect on consolidated net income and retained earnings in the consolidated financial statements.

The investments in the remaining unconsolidated subsidiaries and affiliated companies were stated at cost or less, because they did not have a material effect on the consolidated financial statements.

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated.

The overseas consolidated subsidiaries have December 31 year end which differs from that of the Company. As a result, adjustments have been made for any significant intercompany transactions which took place during the period between the year end of the subsidiaries and the year end of the Company.

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

### (3) Foreign currency translation

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

### (4) Cash and cash equivalents

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

### (5) Inventories

Inventories are mainly stated at average cost.

[Significant changes to standards and methods of valuing assets]

The Accounting Standards for Measurement of Inventories (Accounting Standard No. 9, July 5, 2006, Accounting Standards Board of Japan) have been applied from April, 2008.

Restated under the new Standards, operating income, ordinary income and net income before income taxes and minority interests for March, 2009 were reduced by ¥115 million (\$US1,175 thousand).

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



### (6) Marketable securities and investment securities

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

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

### (7) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

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

[Additional information]

Following the 2008 amendments to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries reviewed the periods of depreciation of tangible fixed assets. As a result, periods of depreciation have been altered on the basis of the amended Act from April, 2008. The effect of this change is that operating income for March, 2009 was reduced by ¥713 million (\$US7,255 thousand), and ordinary income and net income before income taxes and minority interests were reduced by ¥720 million (\$US7,331 thousand), respectively.

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

[Change in method of depreciation]

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries altered the method of depreciation of assets acquired on or after April 1, 2007 on the basis of the revised Corporation Tax Act (Act on Revision of Portion of the Income Tax Act, Act No. 6 of March 30, 2007 and Cabinet Order on Revision of Portion of Order for Enforcement of Corporation Tax Act, Cabinet Order No. 83 of March 30, 2007).

Consequently, when restated by the new method, operating income was reduced by ¥869 million, and ordinary income and net income before income taxes and minority interests were each reduced by ¥870 million compared to the March 2007 fiscal year.

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

[Additional information]

Effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries depreciate assets acquired on or before March 31, 2007 on a straight-line basis over 5 years from the year following the year in which the asset was fully depreciated up to the allowable limit for depreciation on the basis of the revised Corporation Tax Act (Act on Revision of Portion of the Income Tax Act, Act No. 6 of March 30, 2007 and Cabinet Order on Revision of Portion of Order for Enforcement of Corporation Tax Act, Cabinet Order No. 83 of March 30, 2007).

Consequently, when restated by the new method, operating income was reduced by ¥640 million, and ordinary income and net income before income taxes and minority interests were each reduced by ¥642 million compared to the March 2007 fiscal year.

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

### (9) Intangible assets

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

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

### (10) Leases

[Finance lease transactions]

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

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

[Accounting standards for lease transactions]

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

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

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

#### **(11) Allowance for doubtful accounts**

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

#### **(12) Allowance for directors' bonuses**

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

#### **(13) Accrued employees' pension and severance costs**

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

#### **(14) Accrued retirement benefits to directors and corporate auditors**

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

#### **(15) Income taxes**

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

#### **(16) Consumption taxes**

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

#### **(17) Net income/loss per share**

Net income/loss per share is computed based on the weighted average number of shares of common stock outstanding during each year.

#### **(18) Reclassifications**

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

#### **(19) Loss on impairment of fixed assets**

Calculation of the loss on impairment of fixed assets is based on reasonable and supportable assumptions and the grouping of assets and recoverable value, with due consideration for the specific conditions of each company. The recoverable value of assets is calculated based on their respective net selling prices.

#### **(20) Present treatment of accounting for overseas subsidiaries in the preparation of the financial statements**

Effective from April 1, 2008, Present Treatment of Accounting for Overseas Subsidiaries in the Preparation of the Financial Statements (Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements, Accounting Standards Board of Japan, PITF No.18, May 17, 2006) has been applied, and corrections have been made where necessary for consolidation.

When restated consequent on these changes, ordinary income and net income before income taxes and minority interests were reduced by ¥209 million (\$US2,136 thousand) compared to the March 2008 fiscal year.

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

## **2. United States Dollar amounts**

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and the notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥98.23 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2009. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

### 3. Loss on impairment of fixed assets

[Method of grouping assets]

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

[Development of recognition of impairment losses]

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

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

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

[Method of calculating recoverable values]

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

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

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

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

2008		
Location	Applications	Type
Takamatsu, Kagawa Pref.	Underutilized real estate	Land, Buildings and structures

The impairment losses of ¥1,624 million (\$US16,534 thousand) as of the end of fiscal year 2008 (ended March, 2009) and ¥6 million as of the end of fiscal year 2007 (ended March, 2008).

The breakdown of the impairment losses is: Land, ¥66 million (\$US673 thousand) as of March, 2009 and ¥5 million as of March, 2008; Buildings and structures, ¥244 million (\$US2,490 thousand) as of March, 2009 and ¥1 million as of March, 2008; Machinery and transport equipment, ¥1,151 million (\$US11,715 thousand) as of March, 2009, and Other, ¥163 million (\$US1,656 thousand) as of March, 2009.

### 4. Cash and cash equivalents

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

A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
Cash and bank deposits	¥31,491	¥27,129	\$320,582
Bank deposits with a maturity of over 3 months included in cash and bank deposits	(737)	(735)	(7,498)
Securities (Commercial paper)	1,499	-	15,260
Cash and cash equivalents	¥32,253	¥26,394	\$328,344

### 5. Short-term investments and investment securities

The aggregate cost, fair value and net unrealized gains of marketable securities and investment securities pertaining to "Other securities" at March 31, 2009 and 2008, including debt and equity securities and Bonds to be held to maturity, for which market value was readily obtainable, are summarized as follows:

Other valuable securities marked to market			
	Millions of Yen		
	2008		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	¥10,302	¥50,721	¥40,419
Other	-	-	-
	¥10,302	¥50,721	¥40,419

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

	Thousands of U.S. Dollars (Note 2)		
	2009		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	\$102,232	\$234,778	\$132,546
Other	-	-	-
	\$102,232	\$234,778	\$132,546

#### Bonds to be held to maturity marked to market

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

	Thousands of U.S. Dollars (Note 2)		
	2009		
	Cost	Fair value	Net unrealized gains
Corporate debt	\$5,090	\$5,020	\$ (70)
Other	-	-	-
	\$5,090	\$5,020	\$ (70)

Proceeds from the sale of investment securities at market prices in the fiscal year to March 31, 2009 were ¥20 million (\$US212 thousand), and in the fiscal year to March 31, 2008 were ¥617 million. Total gain from the sale of investment securities at market prices in the fiscal year to March 31, 2009 was ¥17 million (\$US178 thousand) and in the fiscal year to March 31, 2008 was ¥221 million.

The aggregate carrying amount of the securities for which market value was not readily obtainable at March 31, 2009 and 2008 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
	Commercial paper (bonds)	¥1,499	-
Equity securities of non-listed companies	¥1,275	¥2,327	\$12,989
	¥2,774	¥2,327	\$28,249

## 6. Employees' pension and severance costs

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

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

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

One overseas subsidiary has a defined benefit plan. Four overseas subsidiaries have defined contribution plans. The remaining overseas

subsidiary has both types of plans.

During the year ended March 31, 2009, the Company and two domestic consolidated subsidiaries had retirement benefit trusts.

Information regarding the employees' pension and severance plans of the Companies for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
	Projected benefit obligation	¥44,800	¥47,885
Plan assets	(19,530)	(26,220)	(198,818)
Funded status of the plans	25,270	21,665	257,257
Unrecognized net actuarial loss	(13,172)	(7,790)	(134,100)
Unrecognized prior service cost	584	610	5,947
	12,682	14,485	129,104
Prepaid contributions to a pension fund	25	63	258
Accrued pension and severance costs	¥12,707	¥14,548	\$129,362

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
	Service cost	¥2,397	¥2,719
Interest cost	903	879	9,191
Expected return on plan assets	(627)	(654)	(6,383)
Amortization of net actuarial (gain) or loss	720	241	7,328
Amortization of prior service cost	(22)	(37)	(225)
Employee pension cost for the year	¥3,371	¥3,148	\$34,317
Loss on change to defined benefit pension plan	78	-	1,259
Other	124	-	803
Total	¥3,573	¥3,148	\$36,379

The discount rates used to determine the actuarial present value of projected benefit obligations under the Japanese plans that cover employees of the Company and the domestic subsidiaries ranged from 2.0% to 2.1% for the year ended March 31, 2009. The discount rates used for the foreign plans were 5.3% to 6.1%. The expected rates of return on plan assets under the Japanese plans and the foreign plans for the year ended March 31, 2009 were 1.2% to 4.7% and 7.7%, respectively.

The discount rates used to determine the actuarial present value of projected benefit obligations under the Japanese plans that cover employees of the Company and the domestic subsidiaries ranged from 2.0% to 2.2% for the year ended March 31, 2008. The discount rate used for the foreign plans was 6.1%. The expected rates of return on plan assets under the Japanese plans and the foreign plans for the year ended March 31, 2008 were 1.2% to 4.0% and 6.1%, respectively.

Unrecognized prior service cost is amortized on a straight-line basis over a period that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (10 to 16 years). Unrecognized actuarial gain or loss is amortized from the year following the year in which the gain or loss was incurred, on a straight-line basis over a period that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (10 to 16 years).



## 7. Short-term borrowings and long-term debt

The composition of short- and long-term borrowings maturing and leasing obligations and other interest-bearing debt due within one year as of March 31, 2008 and March 31, 2009 were as follows.

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
Loans from banks and other financial institutions with weighted average interest rates of 2.73% and 3.71% at March 31, 2009 and 2008, respectively	¥27,257	¥18,693	\$277,477
Current portion of long-term loans from banks and other financial institutions	19,685	16,021	200,399
Leasing obligations due within one year	403	-	4,101
Other interest-bearing debt (commercial paper)	3,000	-	30,541
	¥50,345	¥34,714	\$512,518

Long-term debt and lease obligations at March 31, 2009 and 2008 were comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
Loans from banks and other financial institutions with weighted average interest rates of 1.60% and 1.79% at March 31, 2009 and 2008, respectively	¥55,801	¥45,833	\$568,066
Leasing obligations (excluding due within one year)	3,513	-	35,760
	59,314	45,833	603,826
Less: Portion due within one year	(19,685)	(16,021)	(200,399)
	¥39,629	¥29,812	\$403,427

The aggregate annual maturities of the non-current portion of long-term debt at March 31, 2009 are summarized as follows:

Year ending March 31,	Thousands of U.S. Dollars	
	Millions of Yen	(Note 2)
2011	¥13,367	\$136,079
2012	9,612	97,854
2013	7,317	74,490
2014 and thereafter	5,820	59,244
	¥36,116	\$367,667

The year-by-year breakdown of leasing obligations due in excess of one year as of March 31, 2009 was as follows:

Year ending March 31,	Thousands of U.S. Dollars	
	Millions of Yen	(Note 2)
2011	¥ 480	\$ 4,888
2012	449	4,573
2013	456	4,641
2014	424	4,318
2015 and thereafter	1,704	17,340
	¥3,513	\$35,760

Assets pledged as collateral primarily for short-term borrowings and long-term debt at March 31, 2009 and 2008 are summarized as follows:

	Thousands of U.S. Dollars (Note 2)		
	Millions of Yen		2009
	2009	2008	2009
Cash and bank deposits	¥ -	¥ 71	\$ -
Buildings and structures	10,828	12,031	110,233
Machinery and equipment	1,626	1,856	16,547
Land	7,844	7,845	79,852
Other	1,166	1,539	11,873
	¥21,464	¥23,342	\$218,505

Short-term borrowings and long-term borrowings secured against buildings and structures, machinery and equipment, land and other assets were ¥1,600 million (\$US16,288 thousand) and ¥3,484 million (\$US35,466 thousand) respectively at March, 2009.

## 8. Research and development expenses

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" amounted to ¥10,542 million (\$US107,316 thousand) and ¥8,869 million each for the years ended March 31, 2009 and 2008, respectively.

## 9. Income taxes

The statutory tax rate for the years ended March 31, 2009 and 2008 was 40.3%.

At March 31, 2009 and 2008, significant components of deferred tax assets and liabilities are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
<b>Deferred tax assets:</b>			
Accrued employees' bonuses	¥ 2,314	¥ 2,729	\$ 23,559
Accrued enterprise taxes	95	383	966
Accrued employees' pension and severance costs	6,174	6,390	62,855
Depreciation	2,190	1,685	22,299
Allowance for doubtful accounts	314	497	3,192
Accrued retirement benefits for directors and corporate auditors	724	704	7,369
Unrealized inter-company profit	783	782	7,968
Loss on revaluation of securities	447	415	4,552
Tax losses carried forward	3,381	2,774	34,418
Unrealized losses on other securities	103	50	1,052
Other	2,998	2,045	30,518
<b>Gross deferred tax assets</b>	<b>19,523</b>	<b>18,454</b>	<b>198,748</b>
Valuation allowance	(6,163)	(4,127)	(62,737)
<b>Total deferred tax assets</b>	<b>13,360</b>	<b>14,327</b>	<b>136,011</b>
<b>Deferred tax liabilities:</b>			
Allowance for doubtful accounts	(92)	(20)	(940)
Special tax purpose reserve	(4,266)	(4,392)	(43,431)
Depreciation	(1,125)	(883)	(11,454)
Unrealized gains on other securities	(6,346)	(17,431)	(64,600)
Other	(901)	(667)	(9,173)
<b>Total deferred tax liabilities</b>	<b>(12,730)</b>	<b>(23,393)</b>	<b>(129,598)</b>
<b>Deferred net tax assets (liabilities)</b>	<b>¥ 630</b>	<b>¥ (9,066)</b>	<b>\$ 6,413</b>

The differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2009 are not shown because the difference was less than 5% of the statutory tax rate. At March 31, 2008, a reconciliation of the statutory tax rate and the effective tax rate was as follows:

	2008
Statutory tax rate	40.3%
Increase (decrease) in taxes resulting from:	
Tax credit	(1.9)%
Permanent differences	(0.3)%
Net increase in valuation allowance	0.8%
Different tax rates applied to overseas subsidiaries	(4.1)%
Dividend income from consolidated subsidiaries	3.3%
Equity in earnings of unconsolidated subsidiaries and affiliates	(1.2)%
Deferred tax accounting not adopted by overseas subsidiaries	(2.3)%
Other	0.1%
<b>Effective tax rate</b>	<b>34.7%</b>

## 10. Distributions of retained earnings

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

## 11. Contingent liabilities

As of March 31, 2009 and 2008, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
Discounted notes	¥385	¥709	\$3,914
Securitized notes and accounts receivable	4,782	2,212	48,682
(The reservation parts of securitized notes)	(1,148)	(73)	(11,688)
Borrowings and factorings incurred by unconsolidated subsidiaries, affiliates and others	¥857	¥1,086	\$8,729

## 12. Leases

[Finance lease transactions]

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

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

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
Acquisition cost equivalents	¥3,281	¥3,834	\$33,406
Accumulated depreciation equivalents	2,012	1,846	20,486
<b>Net book value equivalents</b>	<b>¥1,269</b>	<b>¥1,988</b>	<b>\$12,920</b>

*Pro forma* depreciation (depreciation computed on a straight-line basis over the respective lease terms of the leased assets with a nil residual value) equivalents and interest equivalents of the lease payments relating to finance lease transactions accounted for as operating leases for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
Lease rental payments	¥846	¥851	\$8,627
Depreciation equivalents	846	830	8,627
Interest equivalents	-	¥ 60	-

\* Effective from March 31, 2009, the method of calculation has been changed from the principle method to the method that contains interest calculated method.

Future lease payments (including the interest portion) subsequent to March 31, 2009 and 2008 for finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
	Due within one year	¥ 555	¥ 784
Due over one year	714	1,262	7,266
Total	¥1,269	¥2,046	\$12,920

Non-cancelable operating lease commitments are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2009	2008	2009
	Due within one year	¥128	¥ 754
Due over one year	125	4,173	1,275
Total	¥253	¥4,927	\$2,577

### 13. Derivative financial instruments

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

The contract amount (notional principal amount), estimated fair value of, and unrealized loss on, the outstanding contracts at March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen			
	2008			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized loss
Currency swap contracts:				
Receive Japanese yen/pay Thai baht	¥-	-	-	¥-
Forward foreign exchange contracts:				
Buy Japanese yen	915	-	(25)	(25)
Interest-rate swap contracts:				
Receive floating / pay fixed	3,217	-	(44)	(44)

	Millions of Yen			
	2009			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized loss
Currency and interest-rate swap contracts:				
Receive Japanese yen/pay Thai baht	¥126	-	¥8	¥8
Forward foreign exchange contracts:				
Buy Japanese yen	910	-	905	5
Interest-rate swap contracts:				
Receive floating / pay fixed	126	-	(3)	(3)

	Thousands of U.S. Dollars (Note 2)			
	2009			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized loss
Currency and interest-rate swap contracts:				
Receive Japanese yen/pay Thai baht	\$1,287	-	\$86	\$86
Forward foreign exchange contracts:				
Buy Japanese yen	9,263	-	9,209	54
Interest-rate swap contracts:				
Receive floating / pay fixed	1,287	-	(33)	(33)

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

## 14. Segment information

(1) Segment information of the Companies classified by industrial segment for the years ended March 31, 2009 and 2008 is presented below.

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

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

	Millions of Yen						
	2008						
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total	Eliminations or common assets	Consolidated total
Sales:							
Sales to external customers	¥116,918	¥171,603	¥154,723	¥41,634	¥484,878	-	¥484,878
Inter-segment sales	-	-	-	-	-	-	-
Net sales	116,918	171,603	154,723	41,634	484,878	-	484,878
Operating costs and expenses	112,160	163,569	140,273	38,520	454,522	-	454,522
Operating income	¥ 4,758	¥ 8,034	¥ 14,450	¥ 3,114	¥ 30,356	-	¥ 30,356
Total assets	¥ 87,284	¥ 99,131	¥152,927	¥61,728	¥401,070	-	¥401,070
Depreciation	5,264	4,960	11,529	1,183	22,936	-	22,936
Loss on impairment of fixed assets	-	-	-	6	6	-	6
Capital expenditures	5,475	6,298	21,983	1,024	34,780	-	34,780

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

	Thousands of U.S. Dollars (Note 2)						
	2009						
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total	Eliminations or common assets	Consolidated total
Sales:							
Sales to external customers	\$1,030,184	\$1,729,310	\$1,347,907	\$381,130	\$4,488,531	-	\$4,488,531
Inter-segment sales	-	-	-	-	-	-	-
Net sales	1,030,184	1,729,310	1,347,907	381,130	4,488,531	-	4,488,531
Operating costs and expenses	1,026,678	1,693,299	1,303,790	358,285	4,382,052	-	4,382,052
Operating income	\$ 3,506	\$ 36,011	\$ 44,117	\$ 22,845	\$ 106,479	-	\$ 106,479
Total assets	\$ 692,107	\$ 725,586	\$1,299,088	\$590,649	\$3,307,430	-	\$3,307,430
Depreciation	68,261	60,473	128,357	13,703	270,794	-	270,794
Loss on impairment of fixed assets	7,109	197	9,129	99	16,534	-	16,534
Capital expenditures	91,899	87,778	157,540	17,055	354,272	-	354,272

Notes:

As noted under Notes to the Consolidated Financial Statements 1. Summary of significant accounting policies (5) Inventories, Significant changes to standards and methods of valuing assets, NHK Spring and its domestic consolidated subsidiaries apply the Accounting Standards for Measurement of Inventories (Accounting Standard No. 9, July 5, 2006, Accounting Standards Board of Japan). Restated under the new method, operating income for the Suspension Springs Segment is reduced by ¥66 million (\$US671 thousand), Seating Segment by ¥1 million (\$US6 thousand), Precision Springs and Components Segment by ¥24 million (\$US250 thousand) and the Industrial Machinery and Equipment Segment by ¥24 million (\$US248 thousand).

As noted under Notes to the Consolidated Financial Statements 1. Summary of significant accounting policies (8) Property, plant and equipment (Excluding lease assets), Change in method of depreciation, following 2008 amendments to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries reviewed the periods of depreciation of tangible fixed assets. As a result, periods of depreciation have been altered on the basis of the amended Act from the year ended March, 2009. Restated applying the new method, operating income for the Suspension Springs Segment is reduced by ¥263 million (\$US2,687 thousand), Seating Segment by ¥172 million (\$US1,756 thousand), Precision Springs and Components Segment by ¥221 million (\$US2,255 thousand) and the Industrial Machinery and Equipment Segment by ¥54 million (\$US557 thousand).

Present Treatment of Accounting for Overseas Subsidiaries in the Preparation of the Financial Statements (Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements, Accounting Standards Board of Japan, PITF No.18, May 17, 2006) has been applied, and corrections have been made where necessary for consolidation. Restated applying the new method, operating income for the Suspension Springs Segment is reduced by ¥44 million (\$US449 thousand), Seating Segment by ¥77 million (\$US784 thousand) and the Precision Springs and Components Segment by ¥88 million (\$US903 thousand).

(2) Segment information of the Companies classified by geographic area for the years ended March 31, 2009 and 2008 is presented below:

	Millions of Yen					
	2008					
	Japan	North America	Asia	Total	Eliminations or common assets	Consolidated total
Sales:						
Sales to external customers	¥334,704	¥51,314	¥98,860	¥484,878	¥ -	¥484,878
Inter-segment sales	13,491	453	994	14,938	(14,938)	-
Net sales	348,195	51,767	99,854	499,816	(14,938)	484,878
Operating costs and expenses	328,191	52,185	89,084	469,460	(14,938)	454,522
Operating income (loss)	¥ 20,004	¥ (418)	¥10,770	¥ 30,356	¥ -	¥ 30,356
Total assets	¥338,529	¥27,233	¥68,270	¥434,032	¥ (32,962)	¥401,070

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

	Thousands of U.S. Dollars (Note 2)					
	2009					
	Japan	North America	Asia	Total	Eliminations or common assets	Consolidated total
Sales:						
Sales to external customers	\$3,105,312	\$465,801	\$917,418	\$4,488,531	\$ -	\$4,488,531
Inter-segment sales	115,994	2,543	10,822	129,359	(129,359)	-
Net sales	3,221,306	468,344	928,240	4,617,890	(129,359)	4,488,531
Operating costs and expenses	3,206,850	466,387	838,174	4,511,411	(129,359)	4,382,052
Operating income	\$ 14,456	\$ 1,957	\$ 90,066	\$ 106,479	\$ -	\$ 106,479
Total assets	\$2,890,261	\$243,912	\$511,053	\$3,645,226	\$ (337,796)	\$3,307,430

Notes:

As noted under Notes to the Consolidated Financial Statements 1. Summary of significant accounting policies (5) Inventories, Significant changes to standards and methods of valuing assets, NHK Spring and its domestic consolidated subsidiaries apply the Accounting Standard for Measurement of Inventories (Accounting Standard No. 9, July 5, 2006, Accounting Standards Board of Japan). Restated under the new method, operating income for Japan is reduced by ¥115 million (\$US1,175 thousand).

As noted under Notes to the Consolidated Financial Statements 1. Summary of significant accounting policies (8) Property, plant and equipment (Excluding lease assets) Change in method of depreciation, following 2008 amendments to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries reviewed the periods of depreciation of tangible fixed assets. As a result, periods of depreciation have been altered on the basis of the amended Act from the present fiscal year. Restated applying the new method, operating income for Japan is reduced by ¥713 million (\$US7,254 thousand).

Present Treatment of Accounting for Overseas Subsidiaries in the Preparation of the Financial Statements (Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements, Accounting Standards Board of Japan, PITF No.18, May 17, 2006) has been applied, and corrections have been made where necessary for consolidation. Restated applying the new method, operating income for Asia is reduced by ¥209 million (\$US2,136 thousand).



(3) Export sales and sales by overseas subsidiaries for the years ended March 31, 2009 and 2008 are presented below:

	Millions of Yen				Thousands of U.S. Dollars (Note 2)
	2009		2008		2009
Overseas sales:	As a percentage of consolidated net sales		As a percentage of consolidated net sales		
North America	¥ 48,055	10.9%	¥ 55,901	11.5%	\$ 489,211
Asia	111,584	25.3%	130,000	26.9%	1,135,944
Other	3,529	0.8%	4,116	0.8%	35,923
Total	¥163,168	37.0%	¥190,017	39.2%	\$1,661,078
Consolidated total	¥440,908	100.0%	¥484,878	100.0%	\$4,488,531

## 15. Related party transactions

Effective April 1, 2009, the Company and its subsidiary have applied "Accounting Standard for Related Party Disclosures" (ASBJ statements No.11, issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ guidance No.13, issued on October 17, 2006). The adoption of them requires the Company to disclose the additional transactions between the consolidated subsidiaries and the related parties compared with previous method.

Transactions with subsidiaries of companies included in the consolidated financial statements and related parties

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

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

## 16. Subsequent event

The following distribution of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2009, was approved by the shareholders of the Company at the annual general meeting of shareholders held on June 26, 2009:

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
Cash dividends of ¥3.5 per share	¥829	\$8,444

## Report of Independent Auditors

The Board of Directors  
NHK Spring Co., Ltd.

We have audited the accompanying consolidated balance sheets of NHK Spring Co., Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NHK Spring Co., Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

June 26, 2009

*Ernst & Young ShinNihon LLC*

Ernst & Young ShinNihon LLC

# Affiliates — overview

## Domestic affiliates (22)

### NHK Sales Co., Ltd.

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

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

### NHK Transport Co., Ltd.

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

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

### Nippatsu Service Co., Ltd.

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

Main Activities: Sales of petroleum, petroleum products, automotive components and automotive products; sales of chemical products and pressurized gas; construction of ancillary facilities; accident and life insurance; real estate

### G.L.G. Corporation

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

Main Activities: Operation of golf driving ranges

### Yokohama Kiko Co., Ltd.

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

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

### Sumihatsu Co., Ltd.

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

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

### Horikiri, Inc.

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

Main Activities: Manufacture and sales of springs of all types

### Tohoku Nippatsu Co., Ltd.

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

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

### Ites Co., Ltd.

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

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

### Faurecia-NHK Co., Ltd.

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

Main Activities: Development and sales of automotive seats

### Faurecia-NHK Kyushu Co., Ltd.

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

Main Activities: Manufacture and sales of automotive seats

### Sindai Co., Ltd.

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

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

### SNIC Co., Ltd.

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

Main Activities: Manufacture and sales of automotive and motorcycle seats

### Uniflex Co., Ltd.

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

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

### Ayase Seimitsu Co., Ltd.

Head Office: 1-13-6 Yoshioka-higashi, Ayase-shi, Kanagawa, 252-1125, Japan  
TEL. +81-467-76-7631 FAX. +81-467-76-7472

Main Activities: Manufacture and sales of precision springs

### Tokuatsu Co., Ltd.

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

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

### NHK Teleflex Corporation

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

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

### NHK Parking Systems Co., Ltd.

Head Office: 2-1-49 Numame, Isehara-shi, Kanagawa, 259-1126, Japan  
TEL. +81-463-91-8620 FAX. +81-463-91-8646

Main Activities: Planning, sales, installation, maintenance, and renovation of automatic multi-level parking garage systems; sales of parking garage ancillary equipment

### Nippon Shaft Co., Ltd.

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

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

### Topura Co., Ltd.

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

Main Activities: Manufacture and sales of automotive screws, bolts, and industrial fasteners

### NHK Precision Co., Ltd.

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

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

### Nippatsu Harmony Co., Ltd.

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

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

## Overseas affiliates (21)

### North and South America

#### NHK International Corporation

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

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

#### New Mather Metals, Inc.

Head Office: 5270 North Detroit Ave., Toledo, Ohio, 43612, U.S.A.  
TEL. 1-419-476-9311 FAX. 1-419-476-3466

Main Activities: Manufacture and sales of stabilizer bars

#### NHK of America Suspension Components Inc.

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

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

#### NHK Seating of America Inc.

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

Main Activities: Manufacture and sales of automotive seats

#### NHK Spring Precision of America Inc.

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

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

#### Rassini-NHK Autopeças Ltda.

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

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

### Asia

#### NHK Spring (Thailand) Co., Ltd.

Head Office: Bangna Towers A, 6-7th Fl., 2/3 Moo 14, Bangna-Trad Rd., K.m.6.5 Bangkaew, Bangplee, Samutprakarn 10540 Thailand  
TEL. 66-2-730-2200 FAX. 66-2-730-2226

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

#### NHK Precision (Thailand) Co., Ltd.

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

Main Activities: Manufacture and sales of brake discs

#### General Seating (Thailand) Co., Ltd.

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

Main Activities: Manufacture and sales of automotive seats

#### Autrans (Thailand) Co., Ltd.

Head Office: 19th Floor, Ocean Tower 2, 75/31 Soi Sukhumvit19, Sukhumvit Rd North Klong-toey, Wattana, Bangkok, 10110, Thailand  
TEL. 66-2-661-7204 FAX. 66-2-661-7217

Main Activities: Automotive and motorcycle component logistics and import/export operations

#### NHK Manufacturing (Malaysia) SDN. BHD.

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

Main Activities: Manufacture and sales of printed wiring boards

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

Head Office: 28 Kaiyuan Road, Eastern Section, Guangzhou Economic & Technological Development Dist., Guangdong Province, China  
TEL. 86-20-8226-6136 FAX. 86-20-8226-6187

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

#### NHK Spring Precision (Guangzhou) Co., Ltd.

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

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

#### Chongqing Qingling NHK Seat Co., Ltd.

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

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

#### NHK Spring (Shenzhen) Co., Ltd.

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

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

#### NHK Spring (Hong Kong) Co., Ltd.

Head Office: Suite No. 15B-17, 9th Floor, Tower 3, China Hong Kong City, 33 Canton Road, T.S.T., Kowloon, Hong Kong  
TEL. 852-2314-4703 FAX. 852-2314-4707

Main Activities: Import/export of data communications components

#### NAT Peripherals (Hong Kong) Co., Ltd.

Head Office: Suite No. 15B-17, 9th Floor, Tower 3, China Hong Kong City, 33 Canton Road, T.S.T., Kowloon, Hong Kong  
TEL. 852-2377-1068 FAX. 852-2314-4707

Main Activities: Manufacture and sales of HDD suspensions

#### NHK Spring (Taiwan) Co., Ltd.

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

Main Activities: Sales of microcontactor products

#### Uni Auto Parts Manufacture Co., Ltd.

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

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

#### NHK Spring India Ltd.

Head Office: Plot No.31, Sector 3, Industrial Model Township, Manesar (Haryana)122050, India  
TEL. 91-124-4369721 FAX. 91-124-4369720

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

### Europe

#### Ibérica de Suspensiones, S.L

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

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

## Corporate overview

### Corporate overview (as of the end of March 2009)

Trade Name:	NHK SPRING CO., LTD.
Established:	September 1939
Capital:	¥17,009.57 million
Employees:	15,869 (consolidated) *Includes temporary staff
Sales:	¥440.9 billion (fiscal 2008 – consolidated)
Head office:	3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
Divisions:	Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery & Equipment Division, Security Technologies & Solutions Division
Plants:	Yokohama Plant (suspension spring/seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/Industrial Machinery & Equipment), Isehara Plant, Yasu Plant
Branches & Sales Offices:	Tokyo, Yokohama, Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
Stock market listing:	First Section, Tokyo Stock Exchange (Code 5991)
Affiliates:	22 Domestic, 21 Overseas

### Shares

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	15,018

Movements in share price	High	Low
Apr.-Jun. 2008	995	680
Jul.-Sep. 2008	877	551
Oct.-Dec. 2008	581	280
Jan.-Mar. 2009	376	286

(Yen)

### Members of the board of directors and auditors (As of June 26, 2009)

#### Board of Directors

Chairman of the Board  
Kenji Sasaki

President and Chief  
Executive Officer  
Takehiko Amaki

Executive Vice Presidents  
Kunio Nagasawa  
Takeshi Fuse

Executive Corporate  
Officers  
Tsutomu Yamaguchi  
Kazumi Tamamura  
Akira Yamazaki

#### Auditors

Masahiko Kimura  
Hidetoshi Takahashi  
Tadashi Shimao  
Susumu Komori

#### Corporate Officers

President and Chief  
Executive Officer  
Takehiko Amaki

Executive Vice Presidents  
Kunio Nagasawa  
Takeshi Fuse

Executive Corporate  
Officers  
Tsutomu Yamaguchi  
Kazumi Tamamura  
Akira Yamazaki  
Tetsuo Saito  
Shoichi Hara

Senior Corporate Officers  
Shigeru Yasuda  
Takao Itoi  
Mitsushige Kawakubo  
Kaoru Hatayama

Corporate Officers  
Hiroyuki Kado  
Akira Umabayashi  
Toshio Hamano  
Akihiro Honda  
Tsunehiko Hiramata  
Taro Umemura  
Hideo Yamamoto  
Yosei Morioka  
Seijiro Uryu  
Hideaki Kidokoro  
Ryuji Yashiro  
Yukihiko Konishi  
Kimihiro Katayama  
Masahiko Maeda

## A note from the editors

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

We value your opinions and invite you our readers to tell us what information you would like us to include in future issues of this Report. We would be also grateful for your candid opinion and feedback.

September 2009





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