



AKEBONO REPORT 2009

Business & CSR Activities

Editorial Policy

Akebono Brake Industry Co., Ltd. ("the Company") and Group affiliates ("Akebono Group," "Akebono" or "the Group") have since fiscal 2002 prepared and disclosed an annual *Environmental Report* to increase public understanding of the Group's environmental preservation activities as well as to report on the results of such activities. Akebono is aware of its corporate social responsibility, which includes the protection of the environment as well as ongoing activities that contribute to society. Since fiscal 2005, from the viewpoint of accountability, we have reported on our activities in our *Environmental & Social Report*. Furthermore, from fiscal 2009, we included financial information such as results reporting and financial statements—traditionally published in our annual report—in this report, aiming to provide a better communication tool with a variety of information for stakeholders. We have thus named it the "AKEBONO REPORT."

Reporting Scope

Reporting Period

This report covers the annual results data for the 2008 fiscal year (April 1, 2008 to March 31, 2009). In addition, certain information on activities after the latter date is included to provide a better understanding of our ongoing efforts.

Organizations

Activity details and data are provided for Akebono Group facilities in Japan, North America, Europe, Thailand, China and Indonesia.

Official names of some Group facilities have been abbreviated. Please see page 31 for a complete listing of Group locations.

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Company Outline

Company Name: Akebono Brake Industry Co., Ltd.

Established: January 27, 1929

Global Head Office: 19-5, Nihonbashi Koami-cho,
Chuo-ku, Tokyo 103-8534, Japan

Headquarters: Ai-City*, 5-4-71, Higashi, Hanyu-
City, Saitama 348-8508, Japan

President and CEO: Hisataka Nobumoto

Paid-in Capital: ¥13,578 million (as of March 31,
2009)

Net Sales: ¥159,649 million (fiscal 2008)

Number of Employees: 6,405 (as of March 31,
2009)

About the Cover



Children and Brakes

It is always our intent to ensure that the Akebono Report cover reminds readers of the "Akebono's Corporate Mission."

Children serve as a bridge between humans and the natural environment, and we, as adults, must assure safe and reliable surroundings for children. From these two perspectives, we have used a picture of a child for the report cover, thinking that such a visual image would help stakeholders better understand the Akebono's Corporate Mission.

The child in the picture appears to be looking for the car's brake, a symbol of protection in his life. The child seems to want to discover more about the brake.

It is our hope that the AKEBONO REPORT serves to inform readers about the efforts we are making to improve the environment and contribute to society.

Code of Conduct

1. Compliance with laws, regulations and social standards
2. Provision of superior goods and services
3. Communication with society
4. Management with a global perspective
5. Consideration for the global environment
6. Creation of a positive work environment

Established 2003



Akebono Crystal Wing (ACW)**
(Hanyu-City, Saitama, Japan)



Akebono Nihonbashi Building (Chuo-ku, Tokyo)***

*Ai-City: Akebono established its Ai-City headquarters in 2001 with the objective of consolidating a diverse array of capabilities that had been dispersed throughout Japan and to integrate sales, management and other business operations to comprehensively reform the way we conduct our business. This has enabled us to take full advantage of the synergistic effects afforded through the maximum use of IT. The "Ai" in Ai-City refers to "Akebono Innovation" and "IT" (information technology). "Ai" is also the Japanese word for indigo blue, and it refers to a textile dye unique to Hanyu-City, Japan where Ai-City is located.

**ACW: Headquarters completed in 2001 (within the premises of Ai-City)

*** Please refer to page 18 for more details about the Akebono Nihonbashi Building.

AKEBONO REPORT 2009

Business & CSR Activities

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Ever More Faithful to Akebono's Corporate Mission



Amid the rapid spread of globalization and extreme changes in world markets, in the 2008 fiscal year (ended March 31, 2009), the Akebono Group sought to achieve sustained development by launching “Akebono New Frontier 30,” our medium-term management plan. With this milestone the Akebono Group set its policy for global growth, undertaking a variety of measures. In the latter half of 2008, however, the Akebono Group was buffeted by the rapid deterioration of the economic climate caused by the worldwide financial crisis. Our performance shifted 180 degrees from a record-breaking peak in fiscal 2007 to a situation so dire that our very survival meant that we absolutely had to take action to rebuild our corporate foundations.

Given this situation, the approach that corporate brand management embarked upon from 2005 is taking on ever more importance. With corporate brand management, important stakeholders are categorized into customers, shareholders and employees. While striking a balance between these three groups, our aim is to raise the level of our corporate philosophy, namely, Akebono's Corporate

Mission, as well as our sense of values. It is this Corporate Mission upon which we base our corporate social responsibility (CSR), and it influences the way in which we conduct our business, as well as our efforts to protect the environment and contribute to society. It serves as the vision of the Akebono Group. This Corporate Mission defines the creation of profitability under sound management so as to continue to protect, nurture and support not just human life, but all of life on earth.

Akebono's Corporate Mission is also taken up as the Akebono Group's policy for CSR activities. By enhancing fidelity to our Corporate Mission through corporate brand management, we will be able to achieve even greater corporate value in the Akebono Group.

In fiscal 2008, we promoted efforts that included emphasis on the deployment of human resource (HR) measures that take into account diversity and work-life balance, enhancing CSR activities and other actions to strengthen global competitiveness. In July 2008, we completed construction of our Global Head Office in Nihonbashi, Tokyo, the

Akebono Group Corporate Mission

Corporate Goals

Customer needs first

Technology realignment

Establishing a global network

Established 1990

Akebono's Corporate Mission

Through "Friction and Vibration, their Control and Analysis,"
we are determined to protect, grow and support every individual life.

Established 1999

Akebono's Declaration for the 21st Century

We will continue to create value long into the 21st century
as we pursue our Corporate Mission.

We declare that we will:

1. Recognize the real value of what we create and provide.
2. Assure our own indispensability by continuously creating new value.
3. Accomplish our tasks with speed and the courage of our convictions without fear of failure.
4. Achieve our aspirations through the pride of each and every individual.

Established 1999

nerve center of knowledge for Group management. Under Akebono New Frontier 30—one aim of which is to capture a 30% share of the world disc brake pad market—Akebono is expanding its business with the objective of being a global company that is trusted by automotive manufacturers and end-users throughout the world.

Ever since its founding in 1929, Akebono has facilitated safety and security for society as an expert maker of brakes, and through these activities we have endeavored to resolve various social issues. Our products, manufactured over the past 80 years with the pursuit of safety in mind, now hold an approximate 50% share of Japan's bullet train brake market, and they have achieved such popularity that they are now used on Formula 1 racing cars.

Even in these days of dramatic transformation in the social landscape, the spirit of continuity and change embodied by "*fueki ryuko*," or "immutable things, and things that only change sometimes," is what continues to drive the development of the Akebono Group.

From 2009, the newly issued AKEBONO REPORT will com-

plement the environmental and social activity reporting contained in our *Environmental & Social Report* with reporting on financial information that had previously been contained in the annual report and other sources. Together with our reports on CSR activities, we hope that you will gain a multifaceted understanding of the positive contributions that the Akebono Group is making towards sustainable development.

We ask all of you for your ongoing support, and we also welcome a frank exchange of views with you, our stakeholders, and invite your comments.



Hisataka Nobumoto
President and CEO
Akebono Brake Industry Co., Ltd.

Product Development Refined by Akebono's Corporate Mission



In 2009, we celebrated the 10th year of Akebono's Corporate Mission, first formulated in 1999. Akebono's Corporate Mission is a crystallization of its role as a "Brake Expert" and the approach it takes. We talked to front-line development engineers to discover just how our Corporate Mission has taken root and is drawn upon for product development—the first stage of corporate endeavors.

Announcement of Akebono's Corporate Mission

Encounter with Akebono's Corporate Mission

When Akebono's Corporate Mission was formulated in 1999, Minoru Kaneko, Kazuyuki Sakai and Daisuke Fujiwara were three engineers who were already working at Akebono. When they first laid eyes on the Corporate Mission they could sense the gravity of the meaning contained in its lead phrase: "Friction and Vibration, their Control and Analysis." Recalling the day he was briefed on the definition of the Corporate Mission, Sakai, who is engaged in an initiative to develop brakes for wind turbine generators, mentioned how impressed he was when told of the importance of this word sequence.

Sakai commented, "We have always been told that our foremost responsibility is control, and the Corporate Mission's reference to that reinforced this concept." The Corporate Mission that had been announced was something that only Akebono could achieve. It made an enormous impression within

the Company in that it clearly spelled out what needed to be done.

At the time, Fujiwara had been a young employee in his second year at the Company and was tasked with developing automotive brake components. "I recognized that it was the policy we were aiming for—to position technology cultivated up to the present at the core of development, and then to leverage its strengths," stated Fujiwara. He then added that it was the Corporate Mission's second part, where "we are determined to protect, grow and support every individual life" that refreshed an awareness about his responsibility to develop essential safety equipment.

It was also at that time that Minoru Kaneko had been attached to the Akebono Research & Development Centre, Ltd., working to develop new technologies and businesses.

Kaneko felt that this Corporate Mission would be a guidepost for R&D. Kaneko explained, "There are all kinds of green shoots of new businesses to be found,

and positioning the Corporate Mission as a linchpin helps in assessing what work Akebono should be doing." Given the different issues in motion at the same time, the question of whether or not adherence to Akebono's Corporate Mission is maintained becomes a standard basis for judgment that applies to both on-site development and top management. It is this common point of view that enables Kaneko to communicate with greater efficiency.

Careers Begun Under the Corporate Mission

How has the Corporate Mission been received by those such as Mokoto Yamaki, Shinya Kaneko, Koji Ooyabu and Takuya Makishima, who began their careers after its formulation?

"Having been one of those who was briefed directly by Nobumoto-san,* it occurred to me that word by word, great care was taken to embody the pursuit of manufacturing value-added products," said Yamaki, who is engaged in application software development for new products. Since then, Yamaki says that in undertaking development, he is always con-



Automobile disc brake



Disc brake pad for wind turbine generators



Jutender



Disc brake pads for automobiles

*Note: This refers to President and CEO Hisataka Nobumoto. From 1995, all Akebono employees are addressed by attaching to their names the honorific Japanese suffix "san."



R&D Division, Friction Material Application Department, Section No. 3

Koji Ooyabu

"With the development of products that are 100% safe and reliable, I'd like to support rolling stock the world over."

scious that his work should conform to the principles of the Corporate Mission.

Shinya Kaneko is involved with the development of automotive friction materials. "When I first heard the part about 'every individual life,' I asked, 'why doesn't this specify human life?'" said Shinya Kaneko. It was when he understood that it meant not just humans, but all of the environment, including plants and animals, that he realized the enormity of the task Akebono must fulfill as a company.

Ooyabu was another who thought about the meaning behind the words of

the Corporate Mission.

Engaged in the development of friction materials for rolling stock, he realized how "protect, grow and

Brake linings for rolling stock

support" could be linked with corporate activities. "I understand it is vital to always be conscious of just how much value Akebono creates, and how it contributes to the environment," states Ooyabu, another person who has deepened his awareness of the Corporate Mission as it involves his work operations.

Makishima, who entered the Company in 2004, currently works on the development of rolling stock brakes. "The

first part of the Corporate Mission pertains to technology, while the second half can apply to the mental attitude needed to produce that technology," said Makishima. "The creation of new technology is based on the conviction that all life on earth should be valued. Corporate growth is driven by repeatedly



Bullet train disc brake lining

implementing this principle, which is something we try to put into practice in the course of our daily operations."

Product Development Work

Raising the Environmental Performance of Passenger Cars

Fujiwara explained, "These days, when the spotlight is on the environmental performance of passenger cars, brakes do more than simply stop forward motion; it is essential for them to provide an increased range of capabilities." Of particular note is the increasing demand for ever-more-lightweight brake systems to realize improved fuel efficiency, a critical issue for automobiles in recent years. This is an issue for Fujiwara as well, considering the weight of his workload to keep on top of this situation.

"Specifically, one major trend is the replacement of traditional brake calipers with those made of more lightweight aluminum," explains Fujiwara. "One point in favor for aluminum is its recyclability, which means it can contribute to the environment from the standpoint of low energy and resource consumption." On the negative side, however, aluminum is a comparatively expensive material, and



R&D Division, Mechanical Component Application Department, Section No. 3

Takuya Makishima

"I'd like to offer products that provide safety as a matter of course for rolling stock."

to gain acceptance for its use in mass-produced vehicles there is the issue of clearing the two conditions of lighter weight and reduction of cost.

Shinya Kaneko, who is tasked with the development of proprietary brake pad technology, pointed out the demand for a high level of brake quality, stating, "With the development of friction materials, of course we prohibit the use of materials that severely impact the environment. While providing braking func-



R&D Division, Engineering Project 10 Project Leader

Shinya Kaneko

"I like the challenge of contributing to the world's environment by making environment-friendly designs."

tions that operate safely and securely, it is also important to keep to a minimum any components that cause anxiety, such as those that cause noise or judder."

Shinya Kaneko offered observations based on his work experience in Europe to detail the differing demands for brake performance from Japan, the U.S. and Europe. In Japan, it is important not to have brake noise, drag or judder when the brakes are applied. Conversely, in Europe, where high-speed driving is common, the amount of effort it takes to put on the brakes from a high rate of speed is of concern. Furthermore, in North America, because of long-distance driving, durability and freedom from



Today's leading brake system (front: disc brakes; rear: drum brakes)



R&D Division, Mechanical Component
Application Department, Section No. 1
Staff

Daisuke Fujiwara

"From light cars to minivans, we aim to produce brakes that people can use safely at any time."

maintenance requirements take priority. "Of course, if we could develop a brake pad that was able to satisfy all of those requirements it would be ideal," said Shinya Kaneko. "In that sense you can say that there is still great potential for the development of friction materials."

Keeping Pace with Faster Rolling Stock

When it comes to demands for increasingly lighter weights, rolling stock is no exception, stated Makishima. "The requirements we need to meet to enable us to more fully utilize the merits of rolling stock, a low emitter of CO₂, are becoming ever higher," explained Makishima. "However, given this, increased demand for improved brake performance is only natural. In particular, as speeds continue to rise, it's advantageous to have something that's lightweight for both braking and the reduction of noise emitted to the surrounding area."

Approximately 50% of the brake calipers and pads used on bullet trains in Japan are manufactured by Akebono. This statistic is backed by our technological prowess and responsiveness that enable one-stop development of the mechanical parts of mechanisms and

friction materials. Being able to produce brakes that can stop vehicles from speeds of 360km/h within an established distance is certainly the result of collaborative processes among evaluation trial team members for mechanical design and friction material development.

Applying this kind of uniform development process to future high-speed bullet trains will also be a critical step, and great expectations are held for important contributions to the global environment. Moreover, "In the future, as Japan's bullet train technology spreads globally, we hope to apply this uniform development process to realize a mechanical design capable of dealing with any kind of burden, no matter how high. And more than anything else, we aim for performance that allows train staff and passengers to ride in safety," said friction materials developer Ooyabu.

One of Akebono's strong points is its ability to swiftly respond to customer demands with regard to friction materials and mechanisms. This forte applies to the Automotive Department as well. Both Fujiwara and Shinya Kaneko are of the same mind when they say, "With issues and demands from automotive



R&D Division, New Product Frontiers
Pioneering Department, Section No. 2
Senior Staff

Minoru Kaneko

"To develop new products, it's exciting to be able to go to places like bridges, dams, tunnels under construction and other places where the general public is not able to go."

manufacturers, resolutions cannot be achieved with just mechanisms or just friction materials. Our considerable strength lies in our ability to collaborate on exploring causes to problems and to bind this together for a better solution."

The Challenge of the Industrial Machinery Field

In another area, since 2001, Sakai has been involved in the development of brakes for wind turbine generators that utilize energy from nature. "For both Akebono and me, wind turbine generation is a completely new field," Sakai

said. "Wind turbine generators must optimally adjust the number of rotations and angle due to constantly changing wind strength and direction. To accomplish this, it was necessary to offer mechanism and friction material performance that did not yet exist." By its very nature, wind power often requires generators to be set in mountain passes with deep snow and other locations in harsh environments, with access made difficult, depending upon the season. Superb reliability is also required for brakes to ensure stable 24-hour operation in any situation. For that reason, Sakai explained, "We cannot just rearrange our conventional know-how—thinking up completely new mechanisms and friction materials that fulfill performance requirements is what is driving current growth." By confronting this challenge over eight years, Akebono has accumulated a great many accomplishments in this field.

"More than just brakes, our job is to develop businesses and devices that offer safety and security, and to contribute to society," said Minoru Kaneko of the New Product Frontiers Pioneering Department. One product that represents this principle is *Jutender*, used in monitoring concrete construction. "In the past, there was no way of knowing if concrete being poured was completely filling the areas around the inside frames of structures. Furthermore, there might be times when design specifications for strength are not met because areas that could not be visually confirmed were left neglected," explained Minoru Kaneko. "*Jutender* detects these gaps, thus contributing to the long-term safety and security of buildings and structures." By using *Jutender*, it is possible to confirm if concrete is being poured properly around the inside frames of buildings. Yamaki and Minoru Kaneko worked together on the software development of *Jutender*.

In undertaking development in the civil engineering industry, it seems a lack of experience with differing technical terminology and business styles presented challenges. However, by charging ahead to solve communication issues, and while exchanging opinions with major general contractors, "We understood that since there was no way to remember things without reading a manual or usage directions, and that that would cause *Jutender* to fall flat at a construction site, we pursued intuitive operability so that it could be used by anyone," Yamaki explained. As the fruits of Yamaki's steadfast efforts, *Jutender* is now used in the construction of tunnels, bridges and other public works, where it has grown into an essential element of quality management.

For Akebono's product developers, Akebono's Corporate Mission has given

In support of quality 1



Disc brake trial using dynamometer

An important test to confirm the pad's installation and attrition



Electron beam microanalyzer

The copper and steel content on the surface of products can be checked by the shade of color.

direction for new products and become a major cornerstone for development efforts. In addition to this, now, 10 years since the formulation of this philosophy, it has come to be understood by all generations of employees and offers opportunities for each and every one of us to achieve our aspirations.

The Future Potential of Akebono's Products and Trends in Product Development

There have been a number of key words that indicate the future direction of Akebono. An example of this is the critical theme of "consideration for the environment." This is represented by the lighter weight and accompanying fuel effi-



R&D Division, New Product Frontiers
Pioneering Department, Section No. 2
Staff

Mokoto Yamaki

"Working in civil engineering in line with the Corporate Mission is connected to social responsibility."

ciency—essential when fuel cell vehicles become more widespread—obtained by switching passenger car brake calipers to aluminum, as well as by the reduction of environmental load when taking into account aluminum's recyclability.

"Reducing the cost of brake systems is a constant issue," stated Fujiwara. "Because of the huge effect on fuel efficiency and driving performance gained by making a vehicle's chassis weight lighter, we are reducing the number of

components in efforts to progress toward the introduction of aluminum calipers, and we constantly consider how we can create designs that lower costs."

In addition, keeping pace with the increasing speeds of rolling stock, will, as a result, lead to reductions of CO₂ emissions. "As high speed becomes increasingly commonplace, another result is the progression of a modal shift where trains—comparatively low emitters of CO₂—and other such modes of transport are the preferred choice," stated Makishima. "Although there are intense demands for brake performance in line with increasing speeds, what we would like to pursue is higher performance, considering both friction materials and mechanisms in an integrated manner. Next, we also hope to develop a brake that meets the performance, quality and cost requirements of demanding global markets."

Says Ooyabu, "In Japan as well, we can use our experience in dealing with a variety of conditions, from Kyushu to Hokkaido, the weather and terrain, changing seasons, heavy rains, snow and falling leaves." Moreover, with regard to passenger car and rolling stock brakes, in addition to just safety and security, the pursuit of quality in terms of comfortable braking feeling must not be forgotten. "Actually, in the passenger car field, in Europe as well, in addition to the standpoint of performance, demand for quieter brakes is ever more pronounced," explained Shinya Kaneko. "I suppose it means that in the future we will have to raise the level of both of these aspects."

It is predicted that wind turbine generation, expected to effectively reduce greenhouse gas emissions, will be expanded and output increased around the world. "For example, when taking a closer look at ocean-based power generation, we see that maintenance is difficult and that the level of reliability must be raised. It is, I believe, Akebono's



R&D Division, Engineering Project 8
Assistant Manager

Kazuyuki Sakai

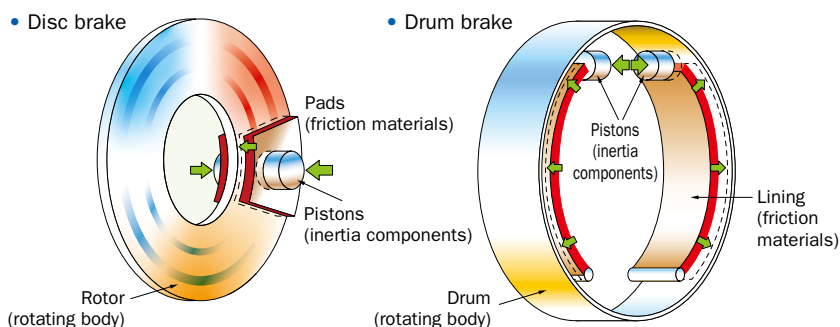
"I thought that I'd be able to contribute to society by developing wind turbine generator brakes."

social responsibility to present solutions to satisfy this kind of situation," says Sakai.

Jutender also works to raise the level of construction quality and shorten the period of construction, which in turn also contributes to the reduction of CO₂ emissions associated with construction. "Sometimes when we introduce a new product like *Jutender*, we get asked the question: 'Why does this kind of technology come from a brake manufacturer?' However, in my experience, the questions of our customers are immediately answered by explaining Akebono's Corporate Mission," says Yamaki. "That's when I truly feel that we are providing something useful to society."

Akebono's Corporate Mission will continue to act as a guiding principle in a variety of situations. Akebono believes that new value will be created by each employee, keeping such value close to heart and raising the level of adherence.

Types of automotive brakes



Disc (drum) brakes apply pressure to the pad (lining) with the inertia of pistons in the rotor (drum) that rotates in tandem with the car wheel.

Global R&D that Supports Our Mission

Based on Akebono's Corporate Mission and Corporate Goals, we aim to offer a comprehensive range of brake and sensor products, including those for automobiles, rolling stock and industrial machines. At the same time, Akebono keeps an eye on the changing market and uses ingenious concepts and approaches to press forward with the development of new friction materials and next-generation products.

To focus on basic and future technologies, as well as to deepen the analysis essential to product development, Akebono enhances R&D investment and its development structure. Simultaneously, by developing technologies that take advantage of the distinctive characteristics of facilities throughout Japan, North America and Europe, and founded on the three tenets of higher performance, environmental responsiveness and lower costs, we are moving forward on next-generation product development that highlights our competitive capabilities on a global level.

Japan

Akebono is developing high-performance and low cost friction materials and foundation brakes that respond to customer needs with environment-friendly materials and manufacturing processes. In friction materials, Akebono focuses on its mainstays of high performance brake pads and cost-competitive pads for passenger cars. Akebono applies its own in-house guidelines that are even more stringent than the related Japanese laws or those of other countries. Beginning with the development and design phase, we use safe, environment-friendly raw materials, striving to create products that include minimal environmental load substances, and develop products and manufacturing processes that realize high quality at low cost.

In foundation brakes, for Formula 1 race cars and other vehicles that represent the pinnacle of high performance, we have developed opposed brakes that use an aluminum alloy. From the perspective of combating global warming, we contribute to raising fuel efficiency through innovative weight and drag reductions. In pursuit of world-leading technologies is the Akebono Research & Development Centre Ltd. This facility concentrates on the future of friction materials by developing technologies that enhance performance and are environmentally responsive—technologies that utilize the mechanisms of friction. This research into next-generation brakes and friction materials is what sets Akebono apart from its competitors.

North America

In the North American Market operations, Akebono is working to develop optimum new friction materials and next-generation foundation brakes. We are undertaking the development of friction materials for use in a wide range of vehicles, from passenger cars to pickup trucks. These materials have exceptional NVH (noise, vibration, harshness) characteristics and are also environment-friendly.

Akebono also develops disc brakes for passenger cars, SUVs and pickup trucks and is mass-producing a new disc brake product made from a lightweight aluminum alloy. Our new disc brakes with rear-wheel parking brakes and our new disc brakes for full-size SUVs and pickup trucks support an ever larger range of vehicle models. By working closely with Akebono's R&D in Japan, our North American operations are progressing with the development of next-generation products, such as cost-competitive brakes based on new designs and disc brakes which minimize drag.

Europe

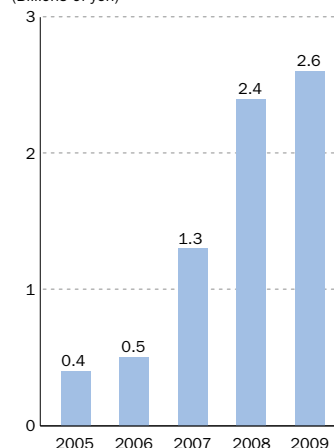
Our European operations specialize in developing friction materials, and we are conducting R&D to respond to a wide range of customer needs, from friction materials that conform to the rigorous environmental standards of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations and the high performance demands in high speed areas of the European market to friction materials intended for auto exports to Japanese and U.S. markets.

Our local units in France and Germany, which are close to our customers, conduct development of cost-competitive products that respond to their strict requirements.

Research and Development

Years Ended March 31

(Billions of yen)



Providing Advanced Technologies that Support the Safety of People

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31

Automotive disc brakes supplied by Akebono have gained the overwhelming support of people in Japan and around the world owing to their high degree of safety, quiet features and responsiveness. The safety of numerous people is also supported by Akebono's other advanced technologies, which include brakes for motorcycles and rolling stock-based transport such as the bullet train. Furthermore, as a global supplier of friction materials, Akebono is expanding its activities into the area of controls used in forklifts and wind turbine generators. The Company is also making practical use of control analysis technologies for the develop-

ment of sensors and construction quality certification testing equipment, leveraging its advances made in brake technology.

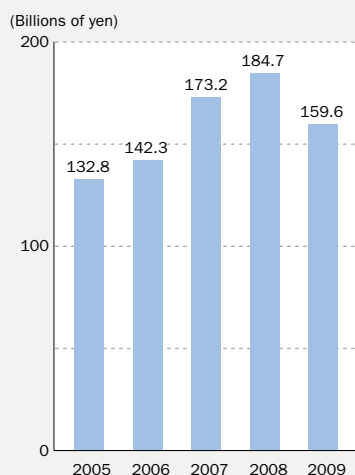
Based on Akebono's Corporate Mission, Akebono will continue to create value throughout the 21st Century in keeping with the aspirations of all those it employs. For this reason, Akebono aims to establish its position with an indispensable presence in a "borderless world" by contributing to society through its unique ideas and approaches based on its Corporate Goals.

Financial Highlights

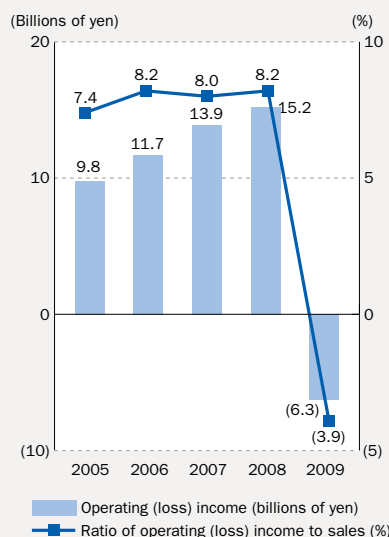
		2007	2008	2009
Fiscal year (billions of yen):	Net sales	173.2	184.7	159.6
	Operating (loss) income	13.9	15.2	(6.3)
	Net (loss) income	6.6	6.6	(16.3)
	Capital investment	8.9	14.9	17.8
	Depreciation and amortization	9.3	9.9	11.4
	Research and development	1.3	2.4	2.6
Year-end (billions of yen):	Total assets	155.6	163.3	155.4
	Net assets	52.3	56.5	32.2
	Employees (Numbers)	6,810	6,985	6,405
Per share data (yen):	Net (loss) income per share—basic	61.86	61.85	(151.65)
	Cash dividends per share	6.00	10.00	5.00
Key financial indicator (%):	Return on equity (ROE)	15.0	13.7	(42.2)

Overview of Business Performance

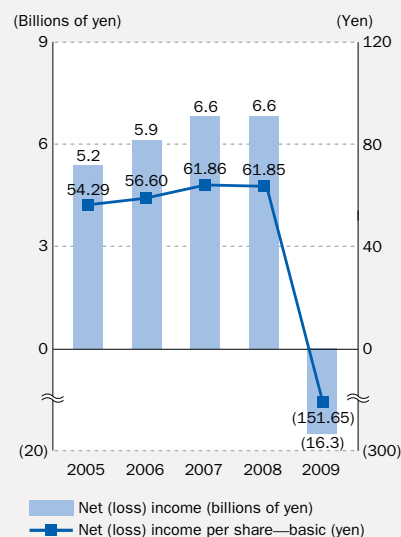
Net Sales



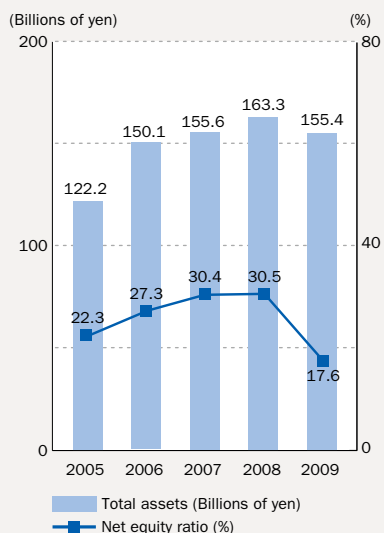
Operating (Loss) Income/ Ratio of Operating (Loss) Income to Sales



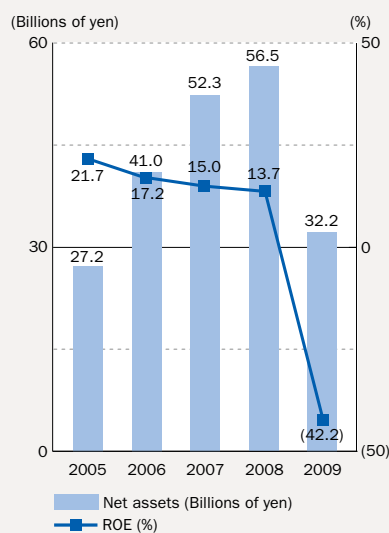
Net (Loss) Income/ Net (Loss) Income per Share—Basic



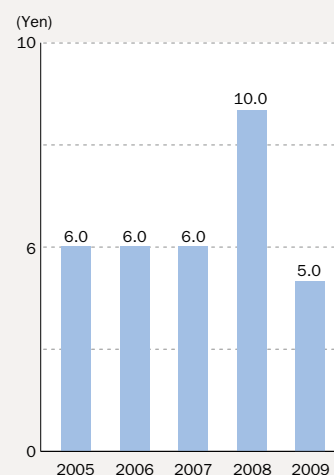
Total Assets/Net Equity Ratio



Net Assets/ROE

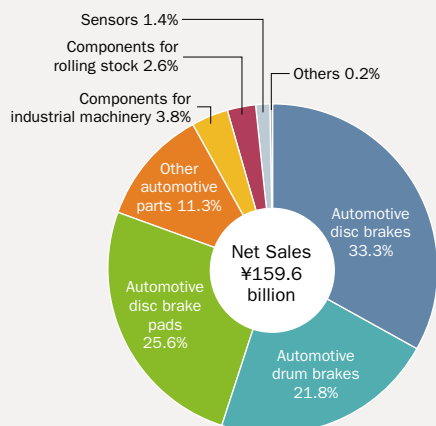


Cash Dividends per Share



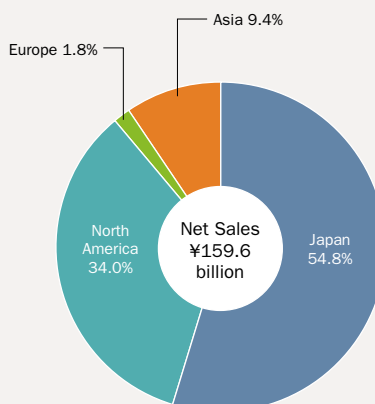
Sales Ratio by Product

Year Ended March 31, 2009



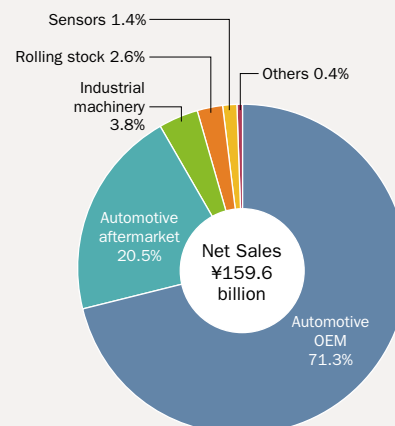
Sales Ratio by Geographical Segment

Year Ended March 31, 2009



Sales Ratio by Business

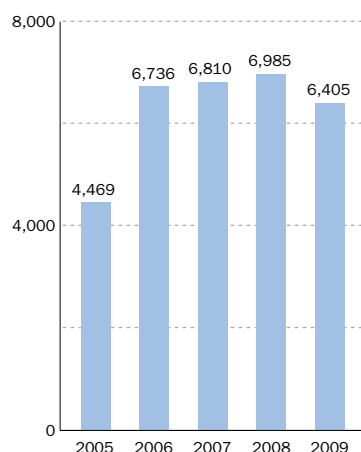
Year Ended March 31, 2009



Net sales figures shown above do not include intersegment transactions.

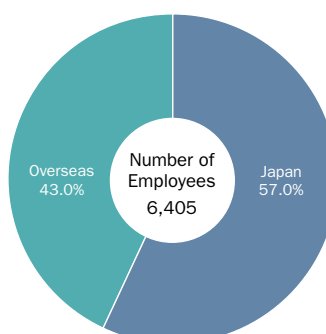
Employee Data

Number of Employees



Ratio of Employees in Japan to Overseas

Year Ended March 31, 2009



Akebono Group Global Network



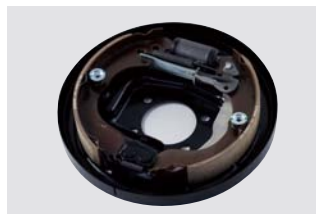
Main Products



Products for Automobiles



Four-pot aluminum caliper and rotor
for micro compact cars (concept)



Drum brake



Disc brake caliper



Disc brake pads



Products for Motorcycles



Disc brake caliper



Master cylinder



Products for Rolling Stock



Bullet train disc brake caliper



Bullet train disc brake lining



Products for Industrial Machinery



Disc brake for cranes



Disc brake for wind
turbine generators

Other Products



Sensor chip



Combined sensor

Operating Results and Progress of the Mid-Term Management Plan

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Year Ended March 31, 2009

Business Environment and Operating Results

As the global economic recession that began following the financial crisis originating in the United States continued, the Japanese economy deteriorated rapidly due to a significant drop in capital investment and exports, a worsening employment situation and sluggish consumer spending.

In the automotive industry, production adjustments as a result of a major decline in global automobile sales were unavoidable. Domestic auto production in fiscal 2008 declined 15.2% to 9.99 million units as a result of cooling demand in Japan and falling exports.

Under these conditions, the Akebono Group's consolidated net sales for fiscal 2008 fell ¥25.1 billion (13.6%) year on year to ¥159.6 billion due to the impact of drastic and significant drops in production and the stronger yen. Akebono made adjustments in production and personnel, consolidated its North American production plants and made significant reductions in fixed costs and overhead expenses—including compensation for executive officers and management bonuses—in response to reduced net sales. Despite these measures, the Company posted an operating loss of ¥6.3 billion, a decline of ¥21.4 billion from the previous fiscal year due to the sharp rise in raw material costs in the first half of the fiscal year, and an abrupt and precipitous decline in orders in the second half. The Company also posted a net loss of ¥16.3 billion, a decline of ¥22.9 billion from the previous fiscal year. This was a result of an impairment loss on fixed assets posted in line with restructuring intended to bring about an early recovery, provision for business structure improvement and a loss on valuation of investment securities, together with a reevaluation of deferred tax assets.

year on year to ¥54.7 billion, while operating income fell ¥6.4 billion to record an operating loss of ¥2.4 billion. In Europe, net sales contracted ¥0.6 billion (9.6%) year on year to ¥5.7 billion. In terms of earnings, operating income decreased ¥0.1 billion to ¥0.1 billion compared with the previous fiscal year. Asia reported a ¥4.4 billion (41.3%) year-on-year rise in net sales to ¥15.1 billion owing to robust sales in Indonesia and the commencement of full operations in Thailand. Operating income dipped slightly to ¥0.9 billion due to increased costs related to the launching of a brake pad manufacturing plant in Thailand. Sales and operating income by geographical segment listed above include intersegment transactions.

Financial Position

Assets, Liabilities and Net Assets

Total assets as of March 31, 2009 decreased ¥7.8 billion to ¥155.4 billion compared with the previous fiscal year. Major factors for this were increases in cash and cash equivalents to ensure liquidity on hand, the recording of an impairment loss on fixed assets and a drop in the value of investment securities.

Total liabilities rose ¥16.5 billion year on year to ¥123.2 billion, primarily due to an increase in interest-bearing liabilities.

Net assets declined ¥24.3 billion to ¥32.2 billion compared with the previous fiscal year. Significant factors for this included a net loss, foreign currency translation adjustments on the back of appreciation in the value of the yen, and a drop in unrealized gains on available-for-sale securities due to falling stock prices.

Cash Flows

Cash and cash equivalents as of March 31, 2009 amounted to ¥31.6 billion, an increase of ¥28.7 billion from March 31, 2008.

Net cash provided by operating activities was ¥4.2 billion. Principal contributing factors were net loss before income taxes of ¥20.3 billion, depreciation and amortization of ¥11.4 billion, a decrease of ¥10.1 billion in notes and accounts receivable, and loss on impairment of long-lived assets of ¥9.5 billion.

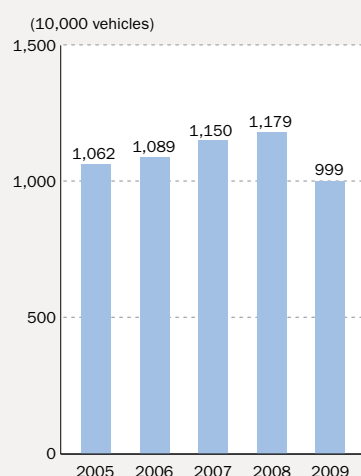
Net cash used in investing activities was ¥13.6 billion. The principal uses of cash in investing activities were ¥17.6 billion for purchases of property, plant and equipment, ¥2.8 billion for purchases of investment securities and ¥6.4 billion provided by proceeds from sales of property, plant and equipment that included a portion of the Global Head Office.

Net cash provided by financing activities was ¥38.6 billion. This is mainly reflected by ¥29.7 billion in proceeds from long-term debt, an ¥8.0 billion net increase in commercial paper and a ¥7.9 billion net increase in short-term borrowings.

Progress of the Mid-Term Management Plan

In these times of dramatic changes in the operating environment, Akebono is committed to the realization of its top management priorities of rapidly recovering business performance and streamlining its business structure. In fiscal 2009, urgent issues to be undertaken by the Company are the “accelerated restructuring of production facilities in Japan,” “restructuring of HR in Japan and the United States in response to the significant decline in production” and “realization of a robust cost structure.” Through these measures, Akebono is revising its mid-term management plan that takes even greater strides.

Automobile Production in Japan
Years Ended March 31



Results by Geographical Segment (Net Sales and Operating Income)

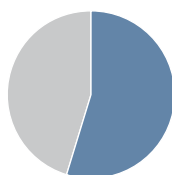
In Japan, net sales fell ¥17.3 billion (15.5%) year on year to ¥94.4 billion and an operating loss of ¥5.1 billion was incurred, a negative turnaround of ¥15.0 billion from the previous fiscal year. Net sales in North America declined ¥15.4 billion (22.0%)

Geographical Segments

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31

Japan

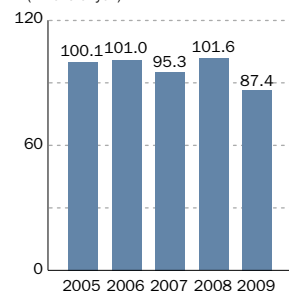
Ratio of Net Sales
(%)



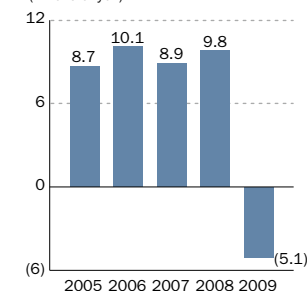
54.8%

Year Ended March 31, 2009

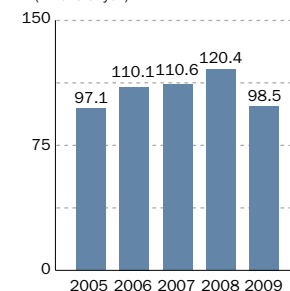
Net Sales
(Billions of yen)



Operating (Loss) Income
(Billions of yen)



Total Assets
(Billions of yen)



North America

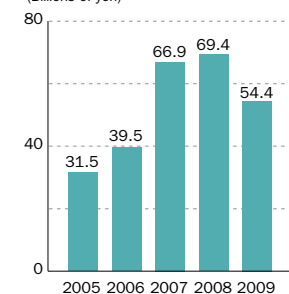
Ratio of Net Sales
(%)



34.0%

Year Ended March 31, 2009

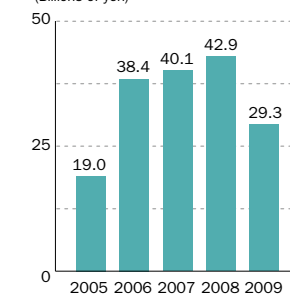
Net Sales
(Billions of yen)



Operating (Loss) Income
(Billions of yen)

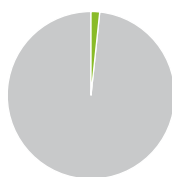


Total Assets
(Billions of yen)



Europe

Ratio of Net Sales
(%)



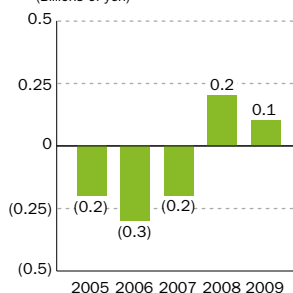
1.8%

Year Ended March 31, 2009

Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



Asia

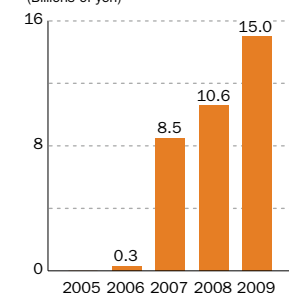
Ratio of Net Sales
(%)



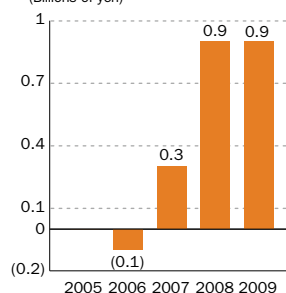
9.4%

Year Ended March 31, 2009

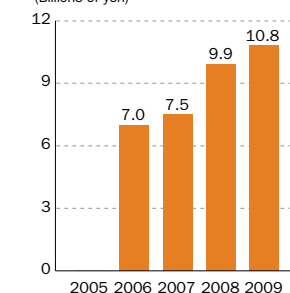
Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



Change to Geographical Segments Classification

Net sales and operating income do not include intersegment transactions. From the fiscal year ended March 31, 2007, the information for the Asia region, previously included in the Europe and Others segment, is presented under the Asia segment. Information for the fiscal year ended March 31, 2006 has been adapted and presented based on the geographical segments in the fiscal year ended March 31, 2007.

Corporate Governance and Internal Control System

Basic Approach to Corporate Governance and Implementation Status

Akebono's corporate governance is intended to maximize corporate value to enable the execution of business operations in a transparent and fair manner from a global perspective. Increasing management transparency, carrying out rapid and appropriate decision-making, disclosing appropriate information in a timely manner, upgrading internal control systems and ensuring that management meets compliance requirements are all indispensable in achieving this objective. To realize its corporate social responsibility, Akebono strives to maintain sound and positive relationships with customers, suppliers, shareholders, employees and local communities, and aims to enhance its corporate governance as a manufacturer of essential safety equipment.

Akebono has put in place a Board of Auditors in the understanding that its auditing system, operated by this Board of Auditors, ensures the appropriate execution of business by directors. Ordinary Board of Directors' meetings are convened monthly, and extraordinary meetings are held as needed. To deal with important issues, Akebono has established such bodies for advanced deliberations as the Management Council and the Technology Council with the purpose of providing timely and correct judgments through deliberations. The Executive Officer System was introduced in April 2000 with the objectives of clarifying management responsibility and authority and improving management efficiency.

In order to provide an independent viewpoint to management, Akebono invites individuals from outside the Company to become non-executive directors. Akebono receives coun-

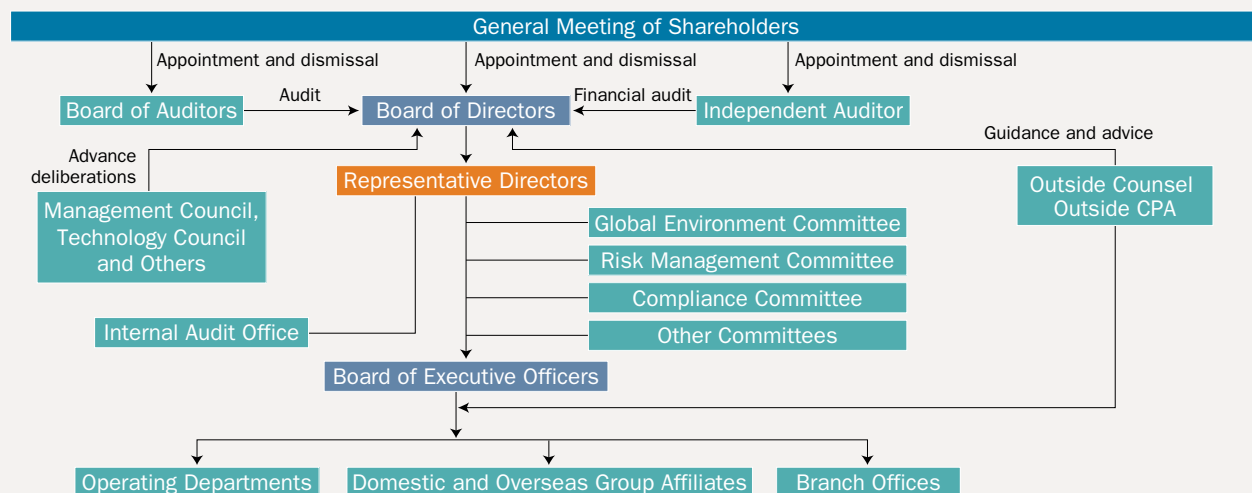
sel from Dr. Kunio Ito, based on his broad knowledge and vast academic experience, and Mr. Takuo Tsurushima, who is a highly experienced and knowledgeable business manager. Of the 17 Board of Directors' meetings held in fiscal 2008, Dr. Ito attended 14, while Mr. Tsurushima was present for each one.

Maintaining an Internal Control System

In May 2006, Akebono established the "Basic Policy Regarding the Establishment of In-House Regulatory Systems" to respond to risks related to company size, business characteristics and management actions. On the basis of this policy, the Company maintains systems related to risk management, adherence to laws and regulations, effective business performance, accurate financial reporting and promotion of the development and operation of internal control systems throughout the Akebono Group.

From the standpoint that all organizations are involved and all employees must participate, Akebono places the highest priority on efficiently upgrading its internal control systems to adapt to changes in such areas as the operating environment, management strategies and business content. In addition, the Company implements regular checks, oversight and verification of internal control systems by utilizing the auditing capabilities of auditors and the internal audit office. With regards to internal control based on the Financial Instruments and Exchange Law, systems within the Company for financial reporting are upgraded to ensure the reliability of information that can have a major influence on financial statements.

Corporate Governance Structure



Risk Management and Compliance Structure

Risk Management

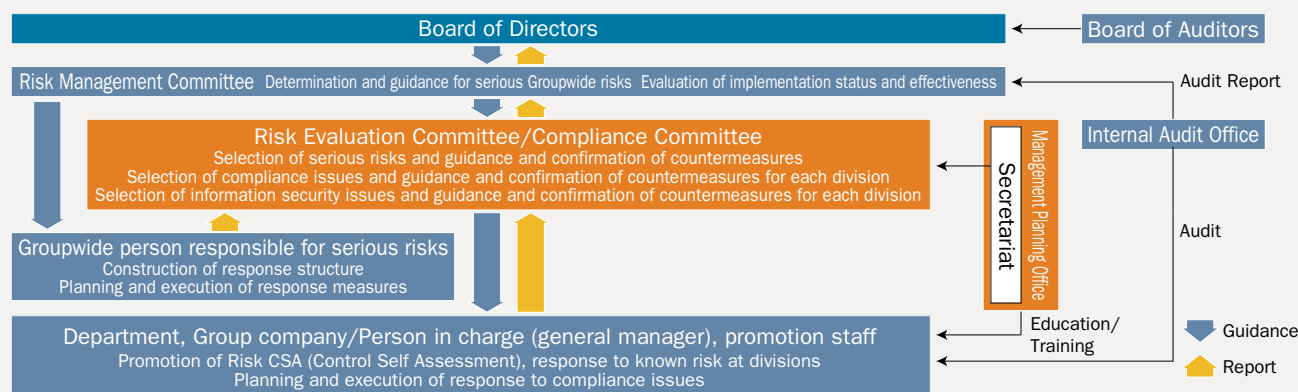
Akebono has established the Risk Management Committee, an entity that promotes the construction of a risk management system, chaired by the Representative Director & CEO, who also selects the committee's members.

In fiscal 2008 the Risk Management Committee identified 11 categories where Groupwide efforts should be taken, namely, HR, quality, technology, information control, environment, crisis management, procurement, compliance, intellectual property and risks in other countries. Plans were

formulated to assign committee leaders, create countermeasures and targets with schedules to attain them, along with actions taken to reduce the chance of occurrence.

The result of these activities was produced at the end of the fiscal year in an evaluation map that shows serious risk. This map is being utilized for activities in the current fiscal year. We are now working to mitigate risk in fiscal 2009. In addition to the ongoing 11 risk categories, we will also include exchange rate fluctuation and capital procurement, for a total of 13 categories to be addressed Groupwide.

Risk Management Structure



Maintaining a Compliance Structure

Akebono's definition of compliance is not limited to simply observing the letter of laws and regulations. It also includes the need for employees to exercise good judgment in acting as responsible members of society by adhering to social customs and corporate ethics in both their work and private life.

In order to conduct compliance activities based on this principle, Akebono established the Compliance Committee, chaired by a Representative Director and Executive Vice President. In addition to maintaining a framework for compliance, the Compliance Committee distributes a *Compliance Manual* to officers and employees and implements a range of educational programs.

To prevent problems before they occur, through early detection and early resolution, Akebono established internal and external consultation services to deal with employees' questions and complaints. The services handle inquiries from all Group employees, including contract employees. External consultation services have been outsourced to an external organization that specializes in corporate ethics and work environment hotlines. These consultations are conducted anonymously, with details of any inquiries and reports as well as personal information kept confidential, and users protected from any prejudicial treatment. In fiscal 2008, external consultation services handled a total of 13 cases, eight of which involved corporate ethics, with the remaining five being work environment-related. The Compliance

Committee is mainly responsible for investigating these queries and implementing remedial measures.

Every year the Compliance Committee conducts hearings for employees. In fiscal 2008, Compliance Committee members met with a total of 335 employees, including those from Group companies, and selected topics such as work environment concerns and employee queries. From individuals' concerns to Groupwide issues, reports and responses are made to each division and worksite. Akebono continues to implement hearings, while enhancing its compliance education to promote increased awareness.

Information Security Activities

To adequately protect information assets, Akebono clarifies processes for handling information. According to degree of risk and importance, we protect customer data as well as internal system data from a variety of threats, including negligence, accidents, disasters and criminal activities. Akebono also ensures information security by raising awareness through education and training based on security rules. Such awareness is cultivated not only among the Board of Directors but also among employees across the Group, both in Japan and overseas. We regard information security as a matter of utmost importance and constantly improve our management system capable of adapting to a changing environment.

Aiming to Grow Globally as a “Brake Expert”

2008

April–July

- LET’Z All Akebono Session 2008 Spring (in-house event)

Chairman and CEO Hisataka Nobutomo awarded the Medal of Honor with Blue Ribbon

The medal was awarded in recognition of a long-standing involvement in the automotive brake industry and significant contributions to the industry’s development.



Hisataka Nobutomo at the official award ceremony (May 16)



The Medal of Honor with Blue Ribbon and certificate of recognition

Akebono Brake Tatebayashi Foundry commenced shipment of casting materials for disc brakes

First shipment (May 15)



- Exhibited at Tokyo Special Import-Car Show 2008

Akebono booth at Tokyo Special Import-Car Show (May 16–18)

Chairman and CEO Hisataka Nobumoto appointed Chairman of Japan Auto Parts Industries Association (JAPIA)

Press conference to announce the appointment (May 22)



- Akebono Europe S.A.S. (Arras) received the Environment Prize (please refer to page 19)
- Special Award from Mitsubishi Heavy Industries, Ltd.; commended for forklift brake supply
- Received the Best Performance Award from Nissan Motor Co., Ltd.
- Completion ceremony for Global Head Office in Tokyo
- Summer festivals held at Akebono Group facilities throughout Japan in July and August



Summer festivals at Akebono Group facilities



- The second “Bring Your Family to Work Day” held at Akebono Brake Fukushima Manufacturing Co., Ltd.

August–October

- The third “Bring Your Family to Work Day” held at Ai-City



Studying about brakes (August 22)

- Akebono joined a Saitama Prefecture initiative aimed at enhancing child-rearing support among corporations

Official reception held to commemorate the completion of the Global Head Office in Tokyo (please refer to page 18)



Official reception for the Global Head Office (September 3)



The new Global Head Office in Tokyo

- Received the Saitama Labour Bureau Director’s Prize at the Corporate Awards for Outstanding Achievement in Promoting Equality and Work-Life Balance from the Japanese Ministry of Health, Labour and Welfare
- Received the Grand Prize from Saitama Prefecture for outstanding corporate support of child rearing
- Exhibited at the 2008 Paris Motor Show (France)



Akebono booth at the 2008 Paris Motor Show (October 4–19)

Official opening of Akebono Brake (Thailand) Co., Ltd. (please refer to page 19)



Akebono Brake (Thailand) Co., Ltd.

November–December

Keynote lecture at the Automobile Industry Forum 2008

Chairman and CEO Hisataka Nobumoto delivered a lecture at the Automobile Industry Forum 2008 held in Saitama Prefecture with the theme, “The auto parts industry under globalization”



Speech about the auto parts industry
(November 27)

LET'Z All Akebono Session 2008 Autumn (in-house event)

LET'Z All Akebono Session 2008 Autumn took place at the Kasukabe City Culture Hall. Under the theme of “Collaboration,” presentations by each operating department and a panel discussion with the participation of Dr. Kunio Ito of Hitotsubashi University were held. There were a variety of booths, including an experimental section for “Monozukuri-dojo,” a training center for production efficiency, a photo exhibition of the Akebono Brake Tatebayashi Foundry and other attractions, to introduce the diverse activities of Akebono.



LET'Z All Akebono Session 2008 Autumn with 786 participants in total (November 29)

- Exhibited at Essen Motor Show 2008 (Germany)



Akebono booth at Essen Motor Show 2008 (November 29–December 7)

- Friendship festival at Akebono Brake Sanyo Manufacturing Co., Ltd.
- The Global Head Office in Tokyo received a certificate of appreciation from the Hisamatsu Police Station, Tokyo Metropolitan Police Department

Proactive traffic safety campaign at the Global Head Office in Tokyo was evaluated

- Briefing session for employees with regard to the “saiban-in (lay judge)” system

Briefing session held at the Global Head Office in Tokyo (December 12)



2009

January–March

- Coming of Age ceremonies held at Akebono Group facilities throughout Japan
- Akebono 123 Co., Ltd. worksite visit

Akebono 123 hosted a worksite visit from a total of 33 people. Participants were from the Saitama Prefectural Rehabilitation Center, the “Hogosha Tanpopo no Kai,” a group staffed by mothers of Akebono 123 employees, and students of Saitama Junshin College.



Worksite visit

Memorial lecture at the Japan Auto Industry Strategic Symposium

At the Japan Auto Industry Strategic Symposium held for the 80th anniversary of the *Nikkan Jidosha Shimbun*, Chairman and CEO Hisataka Nobumoto delivered a memorial lecture regarding “An Example of Japanese Manufacturing and a Component Maker's Global Strategy”



Symposium venue (February 2)

- Toyota Motor Corporation “Superior” Quality Performance Award received for the fourth consecutive year



Toyota Motor Corporation “Superior” Quality Performance Award trophy and certificate

- 2009 Supply Partner Meeting held in Elizabethtown, Kentucky, United States
- 2009 Suppliers' Meeting held in Japan



Award commendation ceremony at the 2009 Suppliers' Meeting (March 6)

- Chairman and CEO Hisataka Nobumoto delivered a speech at the Japan-France Symposium

Highlights of Fiscal 2008 Activities

Environmental Mission

Based on our corporate mission statement, together with our Declaration for the 21st Century, we will continue to create new value into the 21st century. As a global corporate citizen, we also strive to protect the environment on a global basis and implement voluntary ongoing activities aimed at creating a safe, vibrant society that co-exists in harmony with the environment.

Basic Environmental Policy

- 1) We will actively implement initiatives that give consideration to safety and the environment from the development and design phase, and promote the development of technologies and products that minimize environmental impact.
- 2) Each and every employee will make ongoing efforts to reduce environmental impact to promote a recycling society by conserving energy and resources, reducing waste and carrying out recycling.
- 3) In addition to complying with environmental laws, regulations and agreements, we will endeavor to enhance our environmental management by establishing voluntary management standards both inside and outside Japan.
- 4) We will actively disclose information to increase understanding of our environmental initiatives and encourage positive relationships with communities with the aim of realizing a better living environment.

Established 2001

Operations Commence at Global Head Office

A leap forward to become a global company requires improving the efficiency of operations through smooth communication. Our new Global Head Office has raised functional capabilities as a flagship office that offers "Mieruka," a function that enables people to visualize the workplace environment. The ability to visually communicate is constant, whether it is within the office through rooms that use glass partitions or with staff across the globe via a high-definition video conferencing system.

Under measures set forth by our business continuation plan (BCP), the Global Head Office has adopted a seismically isolated structure with a system that transmits electric power from two substations, also making available up to 72 hours of emergency backup power.

The building also includes environment-friendly features such as rooftop solar panels, rooftop greening and water-saving toilets. Akebono intends to fully utilize this Global Head Office in its aim for sustained development as a global brake supplier.



Akebono Nihonbashi Building (Global Head Office in Tokyo)

Facility Outline

Building name: Akebono Nihonbashi Building
Address: 19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534 Japan
Site area: 1,387.33m²
Total floor area: 9,470.93m²
(Note: Floors 7 to 9 are used for the Global Head Office)
Employees: 50 (full-time)

Environment-friendly Building



Partial greening of rooftop



First-floor landscaping soil utilizes waste material



Solar panels on the roof



Toilets flushed with rainwater yield water savings of approximately 1.3 million liters per year

Enhancing Business Efficiency



Executive boardroom*



Meeting room*



Space for business travelers



Partitions offer areas for concentration



Multi-purpose hall

*Note: Constant communication both within Japan and to bases overseas is facilitated with high-definition video conferencing facilities.

ISO 14001 Certification

By fiscal 2008, each Group company had renewed its certification of ISO 14001 two to three times, responding to the changes in the most recent (2004) version and improving environmental performance. Moreover, these companies are also proceeding to include

administration and suppliers in a broad array of related activities. Overseas, Akebono Corporation (Suzhou) acquired certification in November 2008.

Akebono Brake, Elizabethtown Plant (ABE) (U.S.)

ABE Executive Appointed to KPPC

David Pedigo Certified Hazardous Materials Manager, Senior Environmental Engineer at ABE, was appointed to the Board of Directors of the Kentucky Pollution Prevention Center (KPPC) located at the University of Louisville. KPPC's mission is to work with businesses and organizations to help them develop solutions for improved efficiency for their environmental activities. ABE will also play a part in these initiatives.

Household Hazardous Waste Collection

In September 2008, ABE co-hosted, with the Hardin County, Kentucky government, a household hazardous waste collection event for local residents. This was a great opportunity to clean out basements or garages and remove old, unused chemicals for disposal in an environmentally safe manner. The event collected a total of 17,385 pounds of hazardous waste. The materials included pesticides, flammable paints and liquids, antifreeze, brake fluid and used oil.



Participants in front of the collection point



Local residents taking hazardous waste to be processed

Akebono Brake Corporation Engineering Center (AEC) (U.S.)

Promotion of Resource Conservation Activities

AEC promotes resource conservation activities. In the January to March 2009 period, AEC's efforts to lower fuel consumption reduced the volume of gas used by 13.3%, and for electricity, by 16.3%, respectively, compared to the same period of the previous year. AEC has already succeeded in reducing the amount of copper used in its friction materials, a goal defined by the California Legislature as a 5.5% reduction by 2032. AEC is also producing results by recycling paper, cardboard, drink packs and batteries.

Akebono Europe S.A.S. (Arras) (France)

Environment Prize Winner

In June 2008, Arras was awarded a Prize given by the French Environment and Energy Management Agency and the Northern France Chamber of Commerce. in recognition of its 50% reduction in water use and 121.7 ton reduction in CO₂ emissions. This was achieved through a combination of reduced power consumption, optimization of the drying furnace temperatures for coatings and improvements to furnace doors. The prizewinning companies were presented with a commemorative glass globe on the theme of "The Ecosystem of the Earth."



Commemorative glass globe with three emerging shrimp

Akebono Brake (Thailand) Co., Ltd.

Grand Opening Ceremony

In October 2008, Akebono Brake (Thailand) held a grand opening ceremony. This subsidiary has been steadily expanding its operations, having completed its pad manufacturing factory in July 2008, with production and delivery commenced from November.

On the day of the ceremony, 69 guests were in attendance, including customers and government-related authorities, enabling Akebono to strongly promote its operations in Thailand.



Commemorative photo visiting guests

Akebono Corporation (Guangzhou) (China)

Reductions to Electric Power Usage

As a countermeasure to combat global warming, Akebono's subsidiary in Guangzhou, China, is striving to reduce its electric power consumption so as to lower the volume of its CO₂ emissions. From February 2009, the company adjusted the time its night shift begins, shifting to a time period when electric power is less expensive. In addition, it is implementing countermeasures such as immediately cutting power in the event of equipment failure. Akebono Corporation

(Guangzhou) thoroughly implements initiatives such as a strict policy to turn off lights when not in use, reducing the number of fluorescent light bulbs and having workers turn off their computer monitors when leaving their desks. This subsidiary presents data on electric power used in easily understood graphs.

An Eco Factory

Akebono Corporation (Guangzhou) constantly liaises with the local government, the fire department and the electric power authorities in its adherence to China's environmental laws and regulations, in addition to formulating environmental measures. To minimize the volume of noise emitted to the area surrounding the factory, it switched to a system of soundproofing its equipment. It has adopted the use of turf blocks for a parking lot and is increasing the ratio of green areas on its premises. From the standpoint of logistics, it also uses returnable pallets and has reduced the volume of cardboard used. From these aggressive efforts, it is the objective of this subsidiary to raise awareness of energy conservation among employees and nurture an understanding of protection of the earth's environment. It also aims to acquire ISO 14001 certification at the end of 2009.



Parking lot where eco-friendly turf blocks grow



View of factory entrance where trees are planted

PT. Tri Dharma Wisesa (TDW) (Indonesia)

Environmental Award

This Environmental Award is given in appreciation for a company in the Jakarta region that implements sound environmental management policies. TDW was recognized for its environmentally sensitive plant activity, and especially for its business practices that keep the environment in mind. TDW received the award in June 2008 from the Environmental Ministry of Indonesia and the Governor of DKI Jakarta.



TDW receiving award at ceremony

Wonderful Plant (Environment-friendly Plant) Activities

• Reuse of Plant Wastewater

TDW utilizes reverse osmosis for 1,700–2,300m³ of water discharged from the plant every month to separate purified water and sludge. The purified water is reused mainly for plant operations, and the remainder is used as irrigation water for the plant's landscaping. This system enables roughly 100% of discharged water to be recycled, together with saving 1,500–2,000m³ of water per month used in the plant. Sludge, cutting waste and residual paint are treated and provided to external operators for reuse as basic ingredients of cement.



Reverse osmosis equipment

• Cutting Fluid Osmosis

The cutting fluid used to cool friction temperatures in machine processing is degraded by being mixed with tramp oil during the machining process or with the propagation of bacteria.



① Before purification; ② After purification; ③ Separated pollutant and tramp oil

The degraded cutting fluid had in the past been disposed of as waste; however, the installation of osmosis equipment has led to its purification and reuse. In so doing, TDW has been able to reduce the volume of cutting fluid used, lower waste disposal costs and also give consideration to the environment.

• Aluminum Recycling

TDW has introduced an aluminum recycling system that reuses aluminum chips and slag generated from the machining and cleaning process. Aluminum chips are washed and formed into briquettes under high pressure. Compared to primary aluminum, recycled aluminum enables up to a 95% reduction in energy used per ton.



Aluminum scrap hardened into briquette form

Diversity Management

Akebono Aims for Diversity

Akebono takes employee diversity into account in its management practices. To continue to create new value that will prevail in these changing times, Akebono, as a global company, aims to build an organization capable of maximizing the abilities of each employee by maintaining an open-minded stance to the thinking, values, nationality, age, gender, life stage and other differences of each individual.

The diversity management undertaken by Akebono is comprised of three main themes, namely: "promotion of diversity," "promotion of work-life balance" and "career support."

Basic Themes of Diversity



Accepting Overseas Interns

To promote diverse human resources, from 1995 Akebono has enthusiastically worked to accept overseas interns. Akebono's internship system enables students to have first-hand experience in technical fields or jobs related to their future careers.

Presently, Akebono accepts overseas interns from various countries, including the United Kingdom, France, Italy, Slovakia, Germany, Greece and Sweden. The Company accepts five to ten interns every year.

Internships generally last from six months to one year. By accepting overseas interns, both interns and employees can deepen their understanding of different cultures, and Akebono creates a work environment where diverse talents are utilized. Furthermore, students educated in Akebono's corporate culture can be expected to perform exceptionally well in either Japan or overseas. There are currently two former interns working as employees. With the future development of the program, we hope to accept interns strategically, looking for this to eventually lead to their employment.

Number of Interns

Fiscal Year	Number	Nationality
2005	5	Finland, France, Portugal, Spain
2006	3	Mexico, United Kingdom, United States of America
2007	6	France, Turkey, Slovakia, Italy, Germany
2008	13	Germany, Sweden, Greece, United Kingdom, France, Spain, Thailand, India



From left, Ms. Michaela Messner, Ms. Laura Runne and Mr. Dex van Hunen

• Message from the Akebono Internship Program

Ms. Laura Runne Diversity Management Office

Akebono recruits interns through established contacts with universities such as Université de Rennes in France, specific internship programs including Vulcanus and IAESTE, as well as KOPRA, the international platform for announcing internships over the Internet. Initially, telephone interviews are conducted with applicants, with selection criteria including the interviewee's level of motivation, suitability and understanding of Japan. Internship periods generally extend from six months to one year, with recruitment conducted twice annually.

Akebono strives to provide an environment that makes it easy to apply for an internship, and it offers clear procedures to begin such internship, from Company orientation to visa application and housing. To raise program effectiveness, regular interviews with interns and meetings with host departments at the end of internships generate feedback about the program's good points and areas that can be improved.

Moving forward, I would like to contribute to Akebono's increased diversity by using this program to raise the Company's international profile and enhance recruitment efforts.

• Messages from the Interns

Ms. Michaela Messner

- Host Department: HR Development Office
- Nationality: Germany
- Internship Period: April 1, 2009 to March 31, 2010 (scheduled)

As I am very interested in getting to know the Japanese business culture and its differences with the "Western Way," my desire for first-hand knowledge led me to apply for this position through KOPRA. I am presently entrusted with assisting on human resource development, including personnel matters, language training and the counseling of new employees. The Diversity Management Office offers an excellent support system, providing immediate help, even with issues encountered in daily life. My colleagues have been quite welcoming, and I am very satisfied with my experience in the Akebono internship program.

Mr. Dex van Hunen

- Host Department: Automotive Sales
- Nationality: Netherlands
- Internship Period: April 1, 2009 to August 31, 2009 (scheduled)

My current responsibilities include conducting surveys of trends in the global market and translating marketing materials. Originally, I was unfamiliar with Akebono, but when I checked up on internships through KOPRA, I was able to get an understanding of the system and had the impression that this was a company that valued people. Everyone in my office is very helpful, making for an environment extremely conducive to learning. In the future I'd like to be involved in planning work that takes advantage of my research into market trends.

Highlights of Fiscal 2008 Activities

Akebono Brake Corporation (ABC) (U.S.)

ABC participates in the Automotive Industry Council of Kentucky. This council's purpose is to concentrate legislative efforts to the needs of the automotive-based industry in Kentucky. ABC also serves on the Japan Business Advisory Council to Kentucky, which works to support Japanese-owned businesses in Kentucky. In addition, ABC is represented on the Board of Directors of the Elizabethtown-Hardin County Industrial Foundation and the Elizabethtown-Hardin County Chamber of Commerce, which contribute to promoting overall business prosperity for the region.

While participating in these corporate organizations, ABC supports the local community through charitable work such as contribution collections and providing Christmas presents to less fortunate children, as well as working within environmental organizations.



Bicycles to be given as presents

Akebono Brake Corporation Engineering Center (AEC) (U.S.)

At AEC, the continuous implementation of programs that promote employee communication and raise employee capabilities is undertaken to realize future growth. In addition to the "Bring Your Family to Work Day" held every April, AEC fosters exchange among employees with summer picnics and winter parties. Other events include American and Japanese cultural training and financial seminars held approximately every month since mid-2008. This free education provides AEC and associate company employees with the opportunity to enhance their skills to survive and thrive in a severe economic environment.



"Bring Your Family to Work Day"

Akebono Brake, Elizabethtown Plant (ABE) (U.S.)

ABE implements a variety of measures and activities to raise safety awareness. Visitors and contractors are required to review and abide by ABE's policies for safety while entering and exiting the premises. Signs are posted indicating that safety gear—including safety glasses, safety shoes, helmets and masks—may be required in certain areas of the facility. Forklift and train (waterspider) operators are provided with safety instruction, and ABE thoroughly instills the principles of keeping good order and cleanliness to eliminate the spills that can lead to slips and accidents.



First Aid Room

In addition, for contingency reasons, first-aid kits and fire extinguishers are positioned throughout the facilities, and a First Aid Room is also located in the front office lobby area. New employees receive training during their pre-employment training, and every three years plating and material control employees are required to attend training for the handling of hazardous materials. Employees who work in areas where respirators are required are given training that includes testing by an external health consultant firm.

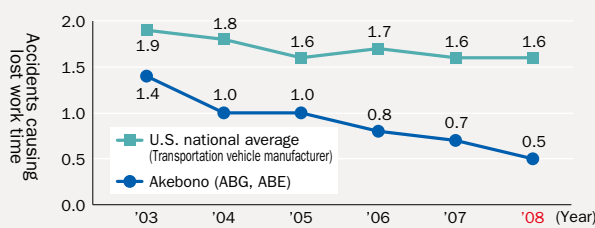


Entranceway sign indicating mask and safety glasses requirement

Akebono Brake, Glasgow Plant (ABG) (U.S.)

ABG implements numerous safety programs, including Daily Safety Staff meetings on the facility floor to meticulously review items of concern with regard to employee safety and industrial accidents. Under the ABG STOP Program to prevent industrial accidents, training by the United States' Occupational Safety and Health Administration (OSHA) is implemented, and internal safety awareness training is conducted. Monthly Safety Reports detail the number of attendees, which is one way to build motivation to participate in the training. As activities to protect employees from hazards at the plant, thorough safety audits and investigations into the cause of accidents are conducted. A safety and environmental engineer conducts detailed previews of process change requests and implements a chemical review and approval process for all new proposed chemicals. A local occupational group reviews processes in order to identify ergonomic issues.

Five Consecutive Years of Reductions to Accidents that Cause Lost Work Time in Akebono Brake's U.S. Facilities



Graph data on accidents causing lost work time is based on Occupational Safety and Health Administration (OSHA) calculation method

Akebono Corporation (Guangzhou) (China)

Greening Activities

On the occasion of its founding anniversary, employees aim to conserve Guangzhou's natural environment by planting trees on factory grounds. This activity spurs employees to consider the environment and has as its objective the promotion of environmental conservation and a raised awareness of greening activities.



Raising employee awareness of the environment with tree-planting activities

Henceforth, every year one commemorative tree will be planted with the intent of nurturing a beautiful friendship forest as a future symbol of amity between the peoples of Japan and China.

Food Safety

In China, food safety is an issue of concern. Akebono Corporation (Guangzhou) has therefore established rules in the selection of catering companies that provide food service in Guangzhou, and it has adopted such measures as requiring catering companies to provide written assurance of the production area's safety in order to offer employees meals without worry. More than just low cost and tasty, by allying with highly trustworthy companies that can offer safe meals, this subsidiary is working to maintain employee health and trust.



Aiming to provide safe meals



Catering company's food safety certificate

Eleven-Year Financial Summary

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years ended March 31

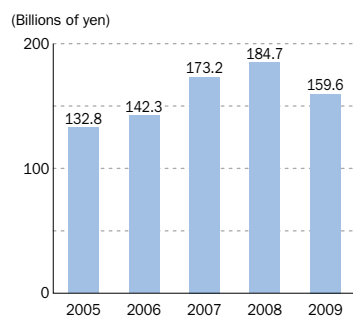
	Billions of yen			
	2009	2008	2007	2006
Net sales	¥ 159.6	¥184.7	¥173.2	¥142.3
Gross profit	14.6	36.6	35.1	30.9
Ratio of gross profit to sales (%)	9.2	19.8	20.3	21.7
Selling, general and administrative expenses	20.9	21.4	21.3	19.1
Ratio of selling, general and administrative expenses to sales (%)	13.1	11.6	12.3	13.5
Operating (loss) income	(6.3)	15.2	13.9	11.7
Ratio of operating (loss) income to sales (%)	(3.9)	8.2	8.0	8.2
Net (loss) income	(16.3)	6.6	6.6	5.9
Ratio of net (loss) income to sales (%)	(10.2)	3.6	3.8	4.1
Return on assets (ROA) (%)	(10.6)	4.2	4.3	4.3
Return on equity (ROE) (%)	(42.2)	13.7	15.0	17.2
Capital investment	17.8	14.9	8.9	8.2
Depreciation and amortization	11.4	9.9	9.3	7.6
Cash flow from operating activities	4.2	15.1	10.8	12.2
Cash flow from investing activities	(13.6)	(16.0)	(9.1)	(11.9)
Cash flow from financing activities	38.6	0.1	(3.3)	(3.2)

	Thousands			
Number of outstanding shares at the end of period (including treasury stock)	110,992	110,992	110,992	110,816

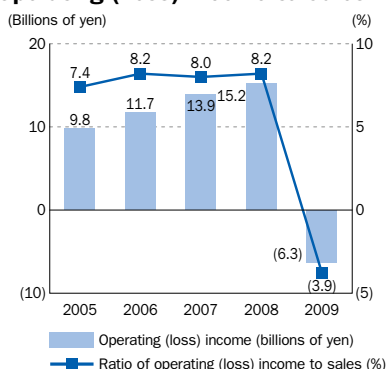
	Yen			
Net (loss) income per share—basic	¥(151.65)	¥61.85	¥61.86	¥56.60
Cash dividends per share	5.00	10.00	6.00	6.00

	Billions of yen			
Total assets	¥ 155.4	¥163.3	¥155.6	¥150.1
Balance of interest-bearing liabilities	79.3	43.1	43.8	45.4
Debt on equity ratio	2.9	0.9	0.9	1.1
Net equity (Equity minus minority interests minus stock subscription rights)	27.4	49.8	47.3	41.0
Net equity ratio (%)	17.6	30.5	30.4	27.3

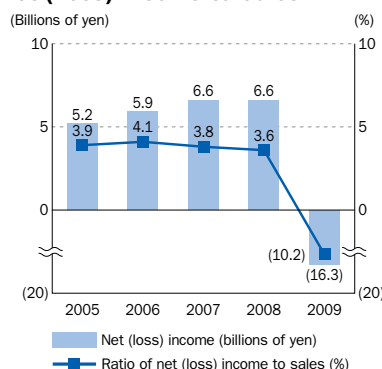
Net Sales



Operating (Loss) Income/Ratio of Operating (Loss) Income to Sales



Net (Loss) Income/Ratio of Net (Loss) Income to Sales



Billions of yen

2005	2004	2003	2002	2001	2000	1999
¥132.8	¥141.4	¥ 126.6	¥126.7	¥ 126.4	¥121.1	¥ 120.7
26.0	28.4	25.0	21.9	21.6	19.1	15.5
19.6	20.1	19.7	17.3	17.0	15.8	12.9
16.2	18.4	16.5	16.4	15.7	14.7	14.3
12.2	13.0	13.0	12.9	12.4	12.1	11.9
9.8	9.9	8.5	5.6	5.9	4.4	1.2
7.4	7.0	6.7	4.4	4.6	3.6	1.0
5.2	4.6	(6.3)	0.1	(1.4)	(0.9)	(5.7)
3.9	3.2	(5.0)	0.1	(1.1)	(0.8)	(4.7)
4.2	3.4	(4.4)	0.1	(1.1)	(0.7)	(4.5)
21.7	25.8	(35.5)	0.6	(9.1)	(5.7)	(29.3)
5.8	6.3	7.6	15.4	7.8	9.8	10.7
7.4	6.3	6.9	7.4	7.7	7.9	7.0
14.0	17.8	8.0	12.3	9.2	12.3	(0.4)
(3.7)	(4.3)	(4.0)	(11.0)	(4.6)	(8.6)	(9.3)
(9.4)	(13.3)	(2.8)	(0.7)	(7.1)	(7.8)	13.5

Thousands

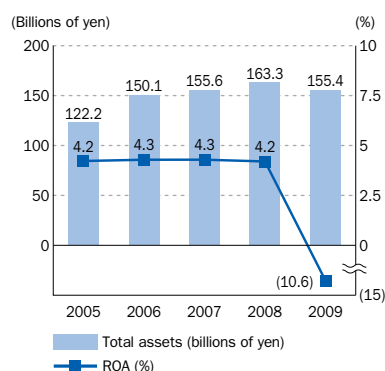
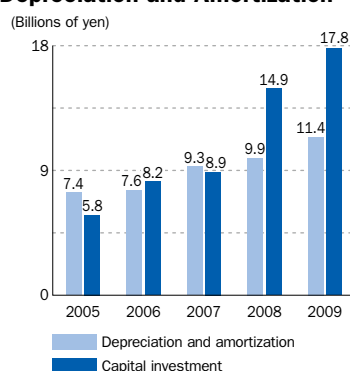
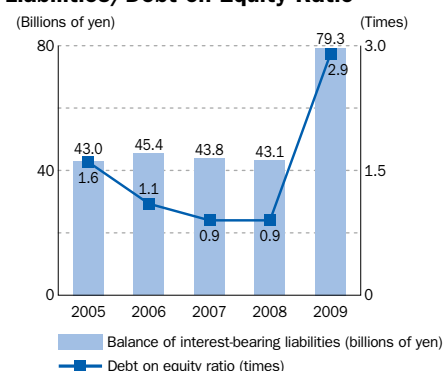
2005	2004	2003	2002	2001	2000	1999
97,509	95,508	94,019	94,019	94,010	94,010	93,821
¥54.29	¥48.50	¥(67.25)	¥ 1.05	¥(14.54)	¥ (9.84)	¥(60.98)
6.00	4.00	1.00	1.00	2.00	3.00	3.00

Yen

Billions of yen

2005	2004	2003	2002	2001	2000	1999
¥122.2	¥126.6	¥ 143.2	¥141.2	¥ 129.5	¥128.5	¥ 132.0
43.0	51.4	63.8	71.9	69.5	78.1	84.3
1.6	2.4	4.4	3.4	4.8	5.0	5.0
27.2	21.0	14.5	21.1	14.5	15.5	17.0
22.3	16.6	10.1	14.9	11.2	12.1	12.9

Total Assets/ROA

Capital Investment/
Depreciation and AmortizationBalance of Interest-Bearing
Liabilities/Debt on Equity Ratio

Consolidated Balance Sheets

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
ASSETS			
Current assets:	¥ 67,623	¥ 54,079	\$ 690,030
Cash and cash equivalents	29,625	2,960	302,295
Trade notes and accounts receivable	17,447	30,006	178,030
Marketable securities	2,000	—	20,408
Inventories	—	13,089	—
Merchandise and finished goods	2,121	—	21,642
Work in process	1,425	—	14,540
Raw materials and supplies	5,714	—	58,306
Deferred tax assets	3,234	2,063	33,000
Other	6,100	5,970	62,244
Allowance for doubtful accounts	(42)	(9)	(428)
Fixed assets:	87,805	109,184	895,969
Tangible fixed assets	73,000	87,517	744,897
Buildings and structures	18,571	20,087	189,500
Machinery, equipment and vehicles	27,140	30,966	276,938
Land	21,356	22,727	217,918
Construction in progress	3,642	11,057	37,163
Other	2,292	2,679	23,387
Intangible assets	1,569	5,932	16,010
Investments and other assets	13,236	15,736	135,061
Investment	5,983	7,042	61,051
Deferred tax assets	6,453	5,414	65,846
Other	896	3,366	9,142
Allowance for doubtful accounts	(96)	(87)	(979)
Deferred assets:	—	0	—
Total assets	¥155,428	¥163,263	\$1,586,000

See accompanying Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
LIABILITIES AND EQUITY			
Current liabilities:	¥ 59,183	¥ 56,592	\$ 603,908
Notes and accounts payable, trade	14,048	22,743	143,346
Short-term bank loans	16,634	11,183	169,734
Commercial paper	9,984	1,997	101,877
Current portion of long-term debt	4,380	2,581	44,693
Current portion of bonds	200	200	2,040
Income taxes payable	1,480	581	15,102
Deferred tax liability	7	—	71
Provision for bonuses	1,631	2,419	16,642
Note payable for equipment	757	2,325	7,724
Provision for business structure	3,268	—	33,346
Other	6,794	12,563	69,326
Long-term liabilities:	64,026	50,122	653,326
Bonds	100	300	1,020
Long-term debt	47,938	26,535	489,163
Liability for retirement benefits	7,192	15,255	73,387
Liability for retirement benefits for directors and corporate auditors	200	208	2,040
Deferred tax liabilities	1,158	2,999	11,816
Deferred tax liabilities for revaluation	4,268	4,450	43,551
Other	3,170	375	32,346
Total liabilities	123,209	106,714	1,257,234
Equity:	32,219	56,548	328,765
Shareholders' equity:	25,617	43,323	261,397
Common stock	13,578	13,578	138,551
Capital surplus	7,883	7,882	80,438
Retained earnings	6,601	24,323	67,357
Treasury stock	(2,445)	(2,461)	(24,948)
Valuation and translation adjustments:	1,737	6,454	17,724
Unrealized gain on available-for-sale securities	(503)	636	(5,132)
Land revaluation surplus	5,882	5,276	60,020
Foreign currency translation adjustments	(3,643)	543	(37,173)
Stock subscription rights:	268	200	2,734
Minority interests:	4,597	6,571	46,908
Total liabilities and equity	¥155,428	¥163,263	\$1,586,000

Consolidated Statements of Income

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Net sales	¥159,649	¥184,731	\$1,629,071
Cost of sales	145,035	148,124	1,479,948
Gross profit	14,614	36,607	149,122
Selling, general and administrative expenses	20,903	21,449	213,295
Operating (loss) income	(6,289)	15,158	(64,173)
Other income	1,097	654	11,193
Interest income	182	114	1,857
Dividend income	160	148	1,632
Rent income	301	—	3,071
Other	454	392	4,632
Other expenses	2,708	3,193	27,632
Interest expense	1,306	1,307	13,326
Product warranty expenses	218	445	2,224
Equity in losses of associated companies	53	—	540
Other	1,131	1,442	11,540
Ordinary (loss) income	(7,900)	12,619	(80,612)
Extraordinary income	4,551	1,017	46,438
Gain from sales of fixed assets	3,325	68	33,928
Gain on abolishment of retirement pension plan	938	—	9,571
Gain on securities contribution to employee retirement benefit trust	—	809	—
Other	288	140	2,938
Extraordinary loss	16,943	556	172,887
Loss on disposal of property, plant and equipment	493	162	5,030
Impairment loss on fixed assets	9,491	60	96,846
Loss on valuation of investment securities	1,904	—	19,428
Loss on valuation of inventory	56	—	571
Provision for business structure improvement	3,268	—	33,346
Other	1,731	334	17,663
(Loss) income before income taxes	(20,292)	13,080	(207,061)
Income taxes: Current	(1,390)	2,766	(14,183)
Income taxes: Deferred	(2,383)	2,558	(24,316)
Income taxes: Correction	447	—	4,561
Minority interest	(690)	1,119	(7,040)
Net (loss) income	¥ (16,277)	¥ 6,637	\$ (166,091)
	Yen		U.S. Dollars
Per share of common stock:			
Basic net (loss) income	¥ (151.65)	¥ 61.85	\$ (1.54)
Diluted net income	—	61.65	—
Cash dividends applicable to the year	5.00	10.00	0.05

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets (Summary)

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Shareholder's equity			
Common stock			
Balance as of March 31, 2008	¥ 13,578	¥13,578	\$ 138,551
Balance as of March 31, 2009	13,578	13,578	138,551
Capital surplus			
Balance as of March 31, 2008	7,882	7,900	80,428
Disposal of treasury stock	0	(18)	0
Balance as of March 31, 2009	7,883	7,882	80,438
Retained earnings			
Balance as of March 31, 2008	24,323	18,545	248,193
Effect of changes in accounting policies applied to overseas subsidiaries	(110)	—	(1,122)
Cash dividends paid	(1,073)	(858)	(10,948)
Net (loss) income	(16,277)	6,637	(166,091)
Net changes of items other than shareholders' equity	(262)	—	(2,673)
Balance as of March 31, 2009	6,601	24,323	67,357
Treasury stock			
Balance as of March 31, 2008	(2,461)	(2,479)	(25,112)
Repurchases of treasury stock	(8)	(38)	(81)
Disposal of treasury stock	24	57	244
Balance as of March 31, 2009	(2,445)	(2,461)	(24,948)
Total shareholders' equity	25,617	43,323	261,397
Valuation and translation adjustments			
Unrealized gain (loss) on available-for-sale securities			
Balance as of March 31, 2008	636	3,351	6,489
Net changes during the period	(1,139)	(2,715)	(11,622)
Balance as of March 31, 2009	(503)	636	(5,132)
Gain (loss) on derivatives under hedge accounting			
Balance as of March 31, 2008	—	(1)	—
Net changes during the period	—	1	—
Balance as of March 31, 2009	—	—	—
Land revaluation surplus			
Balance as of March 31, 2008	5,276	5,276	53,836
Net changes during the period	606	—	6,183
Balance as of March 31, 2009	5,882	5,276	60,020
Foreign currency translation adjustments			
Balance as of March 31, 2008	543	1,130	5,540
Net changes during the period	(4,185)	(588)	(42,704)
Balance as of March 31, 2009	(3,643)	543	(37,173)
Total valuation and translation adjustments	1,737	6,454	17,724
Stock acquisition rights			
Balance as of March 31, 2008	200	90	2,040
Net changes during the period	68	111	693
Balance as of March 31, 2009	268	200	2,734
Minority interests			
Balance as of March 31, 2008	6,571	4,872	67,051
Net changes during the period	(1,974)	1,699	(20,142)
Balance as of March 31, 2009	4,597	6,571	46,908
Net assets total	¥ 32,219	¥56,548	\$ 328,765

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Cash flow from operating activities:			
(Loss) income before income taxes	¥ (20,292)	¥ 13,080	\$(207,061)
Depreciation and amortization	11,441	9,876	116,744
Loss on impairment of long-lived assets	9,491	60	96,846
Provision for allowance for doubtful accounts	47	2	479
(Decrease) in provision for retirement benefits	(2,838)	(1,941)	(28,959)
Increase in provision for business structure	3,268	—	33,346
Interest and dividend income	(342)	(262)	(3,489)
Interest expense	1,306	1,307	13,326
Equity in losses (earnings) of associated companies	53	(8)	540
(Gain) loss on sales and disposal of property, plant and equipment	(2,833)	94	(28,908)
Decrease (increase) in notes and accounts receivable	10,075	(1,001)	102,806
Decrease (increase) in inventories	2,039	(2,646)	20,806
(Decrease) increase in notes and accounts payable	(6,711)	2,313	(68,479)
Other	719	(1,415)	7,336
Subtotal	5,422	19,459	55,326
Interest and dividends received	342	262	3,489
Interest—paid	(1,253)	(1,307)	(12,785)
Income taxes—paid	(312)	(3,273)	(3,183)
Net cash provided by operating activities	4,200	15,141	42,857
Cash flow from investing activities:			
Purchases of property, plant and equipment	(17,552)	(14,380)	(179,102)
Proceeds from sales of property, plant and equipment	6,388	168	65,183
Purchase of intangible assets	(251)	(533)	(2,561)
Purchases of investment securities	(2,794)	(1,255)	(28,510)
Proceeds from sales of investment securities	1	17	10
Other	646	21	6,591
Net cash provided by (used in) investing activities	(13,563)	(15,962)	(138,397)
Cash flow from financing activities:			
Net increase in short-term borrowings	7,877	2,066	80,377
Net increase in commercial paper	7,987	1,997	81,500
Proceeds from long-term debt	29,667	8,409	302,724
Repayments of long-term debt	(2,803)	(6,675)	(28,602)
Repayments of finance lease obligations	(2,450)	(2,756)	(25,000)
Redemption of bonds	(200)	(3,100)	(2,040)
Net increase in treasury stock	(3)	1	(30)
Dividend paid	(1,072)	(857)	(10,938)
Dividend paid to minority shareholders	(344)	(85)	(3,510)
Receipt from minority shareholders	—	1,121	—
Other	(28)	29	(285)
Net cash provided by financing activities	38,629	149	394,173
Variance due to exchange of cash and cash equivalents:	(602)	94	(6,142)
Increase in cash and cash equivalents:	28,665	(578)	292,500
Cash and cash equivalents—beginning of year:	2,960	3,537	30,204
Cash and cash equivalents—end of period:	¥ 31,625	¥ 2,960	\$ 322,704

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2009 and 2008

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related counting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Akebono Brake Industry Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98 to \$1 (rounded down to the nearest \$1,000; or rounded down to the nearest cent per share), the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

Scope of consolidation—The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 33 significant (33 in the fiscal year ended March 31, 2008) subsidiaries (together, the "Group"). Under the controlling company accounting method, companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. Because equity-method company Daiwa Sangyo, Co., Ltd. changed its fiscal year-end from September 30 to March 31, the equity method will be applied to the financial statements up until March 31, 2009.

An investment in one associated company (one in the fiscal year ended March 31, 2008) is accounted for by the equity method. Investments in the remaining two associated companies (two in the fiscal year ended March 31, 2008) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material. The differences between the cost and the underlying net equity (at fair value) of investments in consolidated subsidiaries and associated companies accounted for by the equity method have been amortized over a period of 5 years. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

3. Segment Information

Information about industry segments and geographical segments of the Company and subsidiaries for the years ended March 31, 2009 and 2008 are as follows:

(1) Industry Segments

The Group operates in a single industry which includes sales and manufacturing of various brakes on a worldwide basis.

(2) Geographical Segments

The geographical segments of the Company and subsidiaries for the years ended March 31, 2009 and 2008 are summarized as follows:

Millions of Yen						
	Japan	North America	Europe	Asia	Eliminations and Corporate	Consolidated
2009						
Sales to customers	¥87,448	¥54,380	¥2,852	¥14,969	¥ —	¥159,649
Intercompany transactions	6,958	280	2,876	144	(10,258)	—
Total revenue	94,406	54,660	5,728	15,113	(10,258)	159,649
Operating expenses	99,523	57,018	5,607	14,259	(10,469)	165,938
Operating income	¥ (5,117)	¥ (2,359)	¥ 121	¥ 854	¥ 211	¥ (6,289)
Total assets	¥98,481	¥29,257	¥4,193	¥10,807	¥ 12,690	¥155,428

Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia	Eliminations and Corporate	Consolidated
2009						
Sales to customers	\$ 892,326	\$554,897	\$29,102	\$152,744	\$ —	\$1,629,071
Intercompany transactions	71,000	2,857	29,346	1,469	(104,673)	—
Total revenue	963,326	557,755	58,448	154,214	(104,673)	1,629,071
Operating expenses	1,015,540	581,816	57,214	145,500	(106,826)	1,693,244
Operating income	\$ (52,214)	\$ (24,071)	\$ 1,234	\$ 8,714	\$ 2,153	\$ (64,173)
Total assets	\$1,004,908	\$298,540	\$42,785	\$110,275	\$ 129,489	\$1,586,000

Millions of Yen						
	Japan	North America	Europe	Asia	Eliminations and Corporate	Consolidated
2008						
Sales to customers	¥101,596	¥69,409	¥3,173	¥10,554	¥ —	¥184,731
Intercompany transactions	10,138	637	3,163	139	(14,077)	—
Total revenue	111,734	70,046	6,335	10,692	(14,077)	184,731
Operating expenses	101,890	65,991	6,140	9,831	(14,279)	169,573
Operating income	¥ 9,844	¥ 4,055	¥ 195	¥ 862	¥ 202	¥ 15,158
Total assets	¥120,402	¥42,942	¥5,685	¥ 9,893	¥(15,659)	¥163,263

Notes: 1. The value of the U.S. dollar is, purely for the sake of convenience, calculated using the approximate exchange rate as at March 31, 2009, which was ¥98 to \$1 (figures are rounded down to the nearest \$1,000).

2. The Company and subsidiaries are summarized in four segments by geographical area based on the countries where the Group is located. The segments consisted of the following countries except for Japan.

North America: United States of America

Europe: France, United Kingdom

Asia: China, Indonesia, Thailand

3. From fiscal 2008, the Company has applied "Accounting Standard for Measurement of Inventories," (ASBJ Statement No. 9, July 5, 2006). As a result of this change, compared to the prior method of calculation, "Japan" operating expenses increased by ¥327 million, and operating loss increased by the same amount.

4. With regard to machinery and equipment held by the Company and its domestic subsidiaries, the useful life had previously been considered three to 12 years; however, from fiscal 2008, this will be revised to three to nine years. In line with this change, compared to the previous method, operating expenses under "Japan" have increased by ¥515 million, and operating loss has increased by the same amount.

Akebono Group Locations

(As of September 1, 2009)

Japan

■ Akebono Brake Industry Co., Ltd.

Global Head Office

19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534, Japan
Tel: +81 (0) 3-3668-5171 Fax: +81 (0) 3-5695-7391

Ai-City (Headquarters)

5-4-71 Higashi, Hanyu-City, Saitama 348-8508, Japan
Tel: +81 (0) 48-560-1500 Fax: +81 (0) 48-560-2880

Chubu Office

3-13 Obayashi-cho, Toyota-City, Aichi 473-0902, Japan
(Aftermarket products)
Tel: +81 (0) 565-25-1191 Fax: +81 (0) 565-25-1130
(Passenger vehicle OEM products)
Tel: +81 (0) 565-25-1192~3 Fax: +81 (0) 565-25-1130

Sapporo Sales Office

3-2-66 Kitaokadama Sanjo, Higashi-ku, Sapporo-City, Hokkaido 007-0883, Japan

Sendai Sales Office

3-7-13 Hinode-machi, Miyagino-ku, Sendai, Miyagi 983-0035, Japan

Kanto Sales Office

5-4-71 Higashi, Hanyu-City, Saitama 348-8501, Japan

Osaka Sales Office

2-17 Enoki-cho, Suita-City, Osaka 564-0053, Japan

Hiroshima Sales Office

4-1-13 Yanonishi, Aki-ku, Hiroshima-City, Hiroshima 736-0085, Japan

Fukuoka Sales Office

6-12-41 Itazuke, Hakata-ku, Fukuoka-City, Fukuoka 812-0888, Japan

Tatebayashi Foundry (Casting of brake components)

6012 Aza-Tobu Kogyo Danchi, Oshima-cho, Tatebayashi-City, Gunma 374-0001, Japan

■ Akebono Group Affiliates

Akebono Brake Yamagata Manufacturing Co., Ltd.

(Manufacture of disc brake pads and other brake components)

161-3 Chuo Kogyo Danchi, Sagae-City, Yamagata 991-0061, Japan

Akebono Brake Fukushima Manufacturing Co., Ltd.

(Manufacture of brake linings and other brake components)

10 Aza-Shinjuku, Oaza-Narita, Koori-machi, Date-gun, Fukushima 969-1652, Japan

Akebono Brake Miharu Manufacturing Co., Ltd.

(Manufacture of disc brakes, master cylinders and pressed parts for motorcycles)

1 Aza-Minamibara, Oaza-Kumagami, Miharu-machi, Tamura-gun, Fukushima 963-7704, Japan

Akebono Brake Iwaki Manufacturing Co., Ltd.

(Manufacture of rebuilt brakes and other brake components)

360 Marunouchi, Yabuki-machi, Nishishirakawa-gun, Fukushima 969-0235, Japan

Akebono Brake Iwatsuki Manufacturing Co., Ltd.

(Manufacture of drum brakes, disc brakes and other brake components)

1190 Oaza-Kanamuro, Iwatsuki-ku, Saitama-City, Saitama 339-8601, Japan

Akebono Brake Sanyo Manufacturing Co., Ltd.

(Manufacture of drum brakes, disc brakes and wheel cylinders)

1966-8 Kushiro, Soja-City, Okayama 710-1201, Japan

Alocs Corporation (Logistics)

255-1 Ainohara, Iwatsuki-ku, Saitama-City, Saitama 339-0071, Japan

Akebono Research & Development Centre Ltd. (Brake-related R&D)

5-4-71 Higashi, Hanyu-City, Saitama 348-8511, Japan

Akebono Tec Corporation

(Proving grounds for testing and evaluation)

41-42 Aza-Kosaruda, Uwadaira, Ogawa-machi, Iwaki-City, Fukushima 979-3112, Japan

Akebono 123 Co., Ltd. (Special subsidiary) (Cleaning-related services)

5-4-71 Higashi, Hanyu-City, Saitama 348-8508, Japan

APS Corporation (Consultancy for business streamlining)

1190 Oaza-Kanamuro, Iwatsuki-ku, Saitama-City, Saitama 339-8601, Japan

Akebono Brake Industrial Machinery & Rolling Stock Components Sales Co., Ltd.

(Sales of industrial machinery and rolling stock brakes)

5-4-71 Higashi, Hanyu-City, Saitama 348-8508, Japan

NeoStreet Inc. (Web shop)

5-4-71 Higashi, Hanyu-City, Saitama 348-8501, Japan

Overseas

■ North America

Akebono Brake Corporation (ABC)

(North American Head Office, sales and marketing)

310 Ring Road, Elizabethtown, KY 42701, U.S.A.
Tel: +1 270-234-5500 Fax: +1 270-234-5504

Akebono Brake Corporation Engineering Center (AEC) (R&D)

34385 W. Twelve Mile Road, Farmington Hills, MI 48331, U.S.A.
Tel: +1 248-489-7400 Fax: +1 248-489-7683

Akebono Brake, Elizabethtown Plant (ABE)

(Manufacture of drum brakes, disc brakes and disc brake pads)

300 Ring Road, Elizabethtown, KY 42701, U.S.A.
Tel: +1 270-737-4906 Fax: +1 270-737-3044

Akebono Brake, Glasgow Plant (ABG)

(Manufacture of disc brakes and disc brake pads)

1765 Cleveland Avenue, Glasgow, KY 42141-1057, U.S.A.
Tel: +1 270-678-1765 Fax: +1 270-678-5659

■ Europe

Akebono Brake Europe N.V.

(European Head Office, sales and marketing)

Pegasuslaan 5, 1831 Diegem, Belgium
Tel: +32 (0) 2-709-2034 Fax: +32 (0) 2-709-2222

Akebono Europe S.A.S. (Gonesse)

(Centre de Recherche Européen Akebono)

(Sales and R&D)

6 Avenue Pierre Salvi BP 90111, 95505 Gonesse Cedex, France
Tel: +33 (0) 1-3445-1770 Fax: +33 (0) 1-3445-1771

Akebono Europe S.A.S. (Arras)

(Manufacture of disc brake pads)

Site Artoipôle, 244 Allée d'Espagne,
62118 Monchy-le-Preux, France
Tel: +33 (0) 3-2124-4800 Fax: +33 (0) 3-2124-4801

Akebono Europe GmbH

(Sales)

Auf der Heide 11-13, 65553, Limburg-Dietkirchen, Germany
Tel: +49 (0) 6431-7798510 Fax: +49 (0) 6431-7798515

Akebono Advanced Engineering (UK) Ltd.

(R&D)

415 Wharfedale Road, Winnersh Triangle, Wokingham,
Berkshire RG41 5RA, United Kingdom
Tel: +44 (0) 1189-445-100 Fax: +44 (0) 1189-445-101

■ Asia

Akebono Brake (Thailand) Co., Ltd.

(Manufacture and sales of disc brakes)

700/880 Moo 1 Tambol Panthong Amphur Panthong,
Chonburi 20160, Thailand
Tel: +66 (0) 38-185-082 Fax: +66 (0) 38-185-089

Akebono Corporation (Guangzhou)

(Manufacture and sales of drum brakes and disc brakes)

No. 8 Hefeng 1st Street, Yonghe Economic Zone of Guangzhou Development
District, Guangzhou, China 511356
Tel: +86 (0) 20-8298-6818 Fax: +86 (0) 20-8298-6820

Akebono Corporation (Suzhou)

(Manufacture and sales of disc brake pads)

TingLan Road No. 168 ChangYang Street, Industrial Park,
Suzhou, China 215021
Tel: +86 (0) 512-6283-1577 Fax: +86 (0) 512-6283-1580

PT. Tri Dharma Wisesa (TDW)

(Manufacture and sales of drum brakes, disc brakes, and
other brake components)

Jl. Pegangsaan Dua Blok A1, Km. 1, 6 Kelapa Gading,
Jakarta, Indonesia
Tel: +62 (0) 21-460-2755 Fax: +62 (0) 21-468-26659

Directors and Officers

(As of June 19, 2009)

Directors



Representative Director &
Member of the Board
Hisataka Nobumoto



Representative Director &
Member of the Board
Shunji Yokoo



Representative Director &
Member of the Board
Yoshimasa Ogino



Member of the Board
Toshimitsu Nishigaki



Member of the Board
Sachiya Ishige



Member of the Board
Takashi Kudo



Member of the Board
Takeshi Saito



Member of the Board
Kunio Ito



Member of the Board
Takuo Tsurushima

Executive Officers:

Chairman, President & CEO	Hisataka Nobumoto
Executive Vice President (Status)	Tsuyoshi Kashiwagi
Executive Vice President	Shunji Yokoo
Executive Vice President & CFO	Yoshimasa Ogino
Senior Managing Executive Officer	Toshimitsu Nishigaki
Senior Managing Executive Officer	Sachiya Ishige
Senior Managing Executive Officer	Takashi Kudo
Senior Managing Executive Officer	Takeshi Saito
Senior Managing Executive Officer	Satoshi Utsugi
Senior Managing Executive Officer	Mitsuo Sato
Senior Managing Executive Officer	Koji Kobayashi

Managing Executive Officer	Kiyoshi Dejima
Managing Executive Officer	Takeshi Okumura
Executive Officer	Ryohei Ito
Executive Officer (Status)	Toru Wakabayashi
Executive Officer (Status)	Seiya Odaka
Executive Officer (Status)	Kazuo Matsumoto
Executive Officer	Kanji Miyajima
Executive Officer	Masaaki Ando
Executive Officer	Kazuo Nishiyama
Executive Officer	Akira Hosoya

Corporate Auditors:

Corporate Auditor (Standing)	Keiji Kimura
Corporate Auditor (Standing)	Kazuhiko Goto
Corporate Auditor	Hidejiro Matsuda
Corporate Auditor	Kesao Endo

Advisors:

Executive Advisor	J. W. Chai
Senior Advisor	Hidemitsu Kuwano
Advisor	Yoshihiro Ishigaki

Investor Information

(As of March 31, 2009)

Trade Name

Akebono Brake Industry Co., Ltd.

Address

Global Head Office
19-5 Nihonbashi Koami-cho. Chuo-ku, Tokyo
103-8534, Japan
Tel: +81 (0) 3-3668-5171
Fax: +81 (0) 3-5695-7391

Ai-City (Headquarters)
5-4-71 Higashi, Hanyu-City, Saitama
348-8508, Japan
Tel: +81 (0) 48-560-1500
Fax: +81 (0) 48-560-2880

Founded

January 27, 1929

Paid-in Capital

13,578 million yen

Principal Shareholders

Shareholders	No. of shares held (1,000 shares)	% of issued common stock
Toyota Motor Corporation	15,495.1	13.96
Robert Bosch L.L.C.	12,597.0	11.34
ITOCHU Corporation	10,553.0	9.50
Deutsche Bank AG, Frankfurt Domestic Custody Services	5,900.0	5.31
BBH Boston for Metzler Investment GmbH, Frankfurt	5,261.8	4.74
Isuzu Motors Limited	4,648.1	4.18
Japan Trustee Services Bank, Ltd.	4,301.4	3.87
Mizuho Corporate Bank, Ltd.	3,915.7	3.52
Aisin Seiki Co., Ltd.	3,133.7	2.82
Bridgestone Corporation	2,800.0	2.52

Note: The Company's holding of treasury stock is not included in the above list of principal shareholders, but is equivalent to 9th position.

Stock Listing

Tokyo Stock Exchange, First Section (Code: 7238)

Common Stock

Authorized: 440,000,000 Shares
Issued: 110,992,343 Shares

Number of Employees (Consolidated)

6,405

Transfer Agent & Registrar

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan

Annual Shareholders' General Meeting

The annual shareholders' general meeting is normally held in June each year.

Independent Auditor

Deloitte Touche Tohmatsu

Shareholders

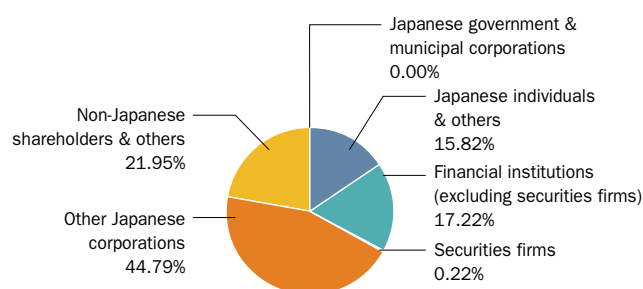
Category	No. of shareholders	No. of shares held (1,000 shares)
Japanese individuals & others	6,064	17,539.6
Japanese government & municipal corporations	0	0.0
Financial institutions (excluding securities firms)	40	19,093.2
Securities firms	24	239.7
Other Japanese corporations	116	49,663.9
Non-Japanese shareholders & others	65	24,333.1
Total	6,309	110,869.5
No. of shares in less than units of 100	—	122,843 shares

Note: The number of treasury shares as of March 31, 2009 was 3,634,186. Of these, 3,634,100 shares are included under "Japanese individuals & others," and 86 shares are included under "No. of shares in less than units of 100."

The number of shares in the name of the Japan Securities Depository Center as of March 31, 2009 is 3,500. Of these, 3,500 shares are included under "Other Japanese corporations."

The number of treasury shares indicated in the shareholders' list is 3,634,186, whereas the actual number as of March 31, 2009 was 3,633,186.

Percentage of Shares Held by Shareholder Category (%)



Cautionary Statement Concerning Outlooks

Current plans, projections, strategies, business performance and other statements reported herein which are not historic facts represent forecasts made under Akebono's assumptions and views based on information available at the time this report was prepared. These statements, therefore, are exposed to risks and uncertainties, including but not limited to those associated with the economic climate surrounding Akebono's business domain, trends in market competition, exchange rates, tax systems and various institutions. Please note that actual business performance may differ significantly from Akebono's forecasts due to various factors.

AKEBONO REPORT 2009

Business & CSR Activities

Issued September 2009

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E-mail: ir_pr@akebono-brake.co.jp

Please send your opinions and impressions to the above office.