



AKEBONO REPORT 2012

Business & CSR Activities



אקספּערט
BRAKE EXPERTS

Editorial Policy

Akebono Brake Industry Co., Ltd. ("the Company") and Group affiliates ("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. From fiscal 2005, taking the viewpoint of accountability, we reported on our activities in our *Environmental & Social Report*. In fiscal 2009, we began including 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 thus renamed it the *AKEBONO REPORT*.

In preparing the content of the *AKEBONO REPORT 2012*, the *Environmental Reports Guidelines 2012* issued by the Ministry of the Environment and the 3.1 edition of the *Global Reporting Initiative (GRI) Guidelines* and ISO 26000, have been adhered to with regard to editorial matters. Furthermore, the report has been written in a simple, easy-to-read manner in order to raise the interest of the general public in Akebono. In addition, the report contains specific examples for the purpose of deepening the understanding of readers with regard to Akebono's activities at each facility.

Reporting Scope

Reporting Period

This report covers the annual results data for the 2011 fiscal year (April 1, 2011 to March 31, 2012). 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 facilities in Japan, United States, Europe, Thailand, China and Indonesia.

Official names of some Group facilities have been abbreviated. Please see pages 61 and 62 for a complete listing of Group locations.

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Inquiries:

Akebono Brake Industry Co., Ltd.

Corporate Communications Office

Tel : +81 (0) 3-3668-5183

Fax: +81 (0) 3-5695-7391

URL: <http://www.akebono-brake.com>

E-mail: akebono_pr@akebono-brake.com

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

*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.

akebono's 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

Brand Statement

Since 1929, akebono has brought assurance and peace of mind to our customers and end-users everywhere as a global industry leader in brake design and production. We take pride in our history of achieving safety without compromise, and continue to pursue new standards of perfection with innovation.

Looking to the future, we are inspired by the prospect of delighting and satisfying our customers, and never cease in the challenge to succeed in this goal.

Absolute safety; Unparalleled control.
Putting a smile on people's faces all over the world.

Brand Slogan

Absolute safety; Unparalleled control.

Established 2005

Pursuing Globalization by Strengthening the Functionality of Japan-Based *Monozukuri*



Rediscovering the Roots of Our Corporate Organization

In 2011, we were reminded once again the threat of natural disasters by a series of major disasters, including the Christchurch Earthquake in New Zealand, the Great East Japan Earthquake and the flooding in Thailand.

On the other hand, the Great East Japan Earthquake also provided an opportunity to recognize the strength of Japan's manufacturing sector as it recovered its production capabilities even earlier than expected. Moreover, we rediscovered the roots of our corporate organization—realizing that achievements that are impossible when one acts alone become possible when we all work together.

In response to issues spotted upon the occurrence of the Great East Japan Earthquake and other disasters, we will accelerate the implementation of our medium-term management plan, the akebono New Frontier 30 Rolling Plan 2011.

Capture 30% of the Global Market under the Medium-Term Management Plan

The akebono New Frontier 30 Rolling Plan 2011 includes three major targets: “advancement of technologies for the future,” “continuation of cost revolution and expansion to global operation” and “acceleration of globalization (from a focus on Japan & North America to an approach encompassing Japan, North America, Europe and Asia).”

These three targets were set with the aims of achieving business expansion and improving corporate value, which, in turn, will enable us to gain greater competitiveness and acquire 30% of the global market for OEM disc brake pads. The basic strategies we formulated in 2010 remain the same.

First, in order to achieve the “advancement of technologies for the future,” we will further promote technological development and know-how accumulated over the years. Utilizing the fruits of this advancement, we work to realize new products, such as more lightweight and electro-mechanical brakes, which are environment-friendly. We also strive to meet needs of two markets that are polar opposites, namely, the affordable compact car market and the high-performance car market.

As for our manufacturing facilities, we are pursuing the “continuation of cost revolution and expansion to global operation” and plan to introduce a new cost-competitive yet environment-friendly production facility.

As for the remaining target “acceleration of globalization (from a focus on Japan & North America to an approach encompassing Japan, North America, Europe and Asia),” we are positioning Japan as our information hub. From Japan, we disseminate our technologies and manufacturing know-how to locations worldwide. To this end, we are expanding and strengthening the North American brake business acquired from Robert Bosch LLC, increasing our share of the European market by leveraging our high-performance brakes, and seeking to penetrate the growth markets of emerging countries, primarily in Asia.

At present, our operations extend to eight countries and overseas sales represent 60% of our net sales. In addition, 60% of our associates are working in overseas locations. Moreover, we have decided to expand into Vietnam and Mexico in 2011, further accelerating our globalization. These decisions were backed by the basic principle “local production for local consumption.”

Surviving Global Competition through Commonization and Standardization as well as by Incorporating Enhanced Product Features to Precisely Meet Local Market Needs

To succeed on the global level, we believe that we must become the company of choice, so to this end we are strengthening our manufacturing operations in Japan. We have been promoting “commonization and standardization as well as incorporating enhanced product features to meet local market needs” to achieve this aim. We are also augmenting efficiency by introducing commonization and standardization to every aspect of operations while we bolster competitiveness by incorporating product features according to local market needs.

Japan’s manufacturing industry is confronting severe conditions on six fronts that include such factors as the appreciation of yen and restrictions on electricity consumption.

However, we believe that persistent efforts toward technological innovation have established the current high standing of Japan’s automobile industry in the global economy. The Akebono Group, of course, retains a wealth of technologies and experience accumulated over the 80 years of its history, along with innovative know-how gained through the development of products that include high-performance brakes provided to a Grand Prix racing team. We are confident that we can survive against global competition by persistently improving our technologies, which are based on the above experience and know-how, pursuing initiatives aimed at “commonization and standardization as well as incorporating enhanced product features to meet local needs.”

Recognizing the challenges before us, we are determined to achieve a sustainable growth.



Creating New Value through Human Resource Exchange

Considering the severe market circumstances in this country, some may ask “why should you continue manufacturing in Japan?” I would answer “because this country still retains an abundance of human resources that supports industry with an immense wealth of *Monozukuri*, value-added product manufacturing, knowledge.”

As we move further toward globalization, we will facilitate the exchange of human resources among group members around the globe, striving to share the knowledge and accumulated experience of associates worldwide who may have different value systems and frames of reference. In doing so, we seek to create new value and to thereby strengthen our competitiveness.

We believe that these initiatives will differentiate us from our competitors and ensure our survival on the global stage. To realize the abovementioned human resource exchange, the akebono Training Center is being built in the headquarters district (completion planned for December 2012).

To realize true globalization, the Akebono Group shall unify under the slogan “One Team, One akebono,” aiming for “One Goal,” the achievement of akebono’s Corporate Mission.

We place utmost importance on contributing to society through the provision of safety and security. We hope that all our stakeholders will find that the *AKEBONO REPORT 2012* helps them gain a wider understanding of the positive contributions that Akebono is making toward 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 about this report.

June 2012

A handwritten signature in black ink, reading "Hisataka Nobumoto".

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

We Continue *Monozukuri* in Japan



From left: Kenji Onuki, General Affairs Department, General Affairs Section; Takashi Goto, Production Engineering Development Department, Production Engineering Division; Tadahiro Mita, Product Planning Department, R&D Division; Yoshiro Hayakawa, Purchasing Planning Department, Purchasing Division; Teruyuki Yamamoto, Monozukuri Center

How should we tackle the tasks and targets identified through our experience of the Great East Japan Earthquake? How will we maintain growth amid severe conditions on the six fronts* Japan's manufacturers are now confronting?—Seeking the answers to such questions, we held a dialogue on the theme “Akebono continues *Monozukuri*, manufacturing value-added products in Japan.”

*The six fronts include: The appreciation of yen, high corporate tax rate, strict labor regulations, demand for CO₂ reduction (environmental regulations), the delayed response to the Free Trade Agreement (FTA) and electric power supply shortages.



Teruyuki Yamamoto

Monozukuri Center

"The Monozukuri Center is a place for training all associates. We are focusing on helping trainees understand techniques through hands-on experience using educational materials tailored for each class."

Staying the Course: Akebono Continues *Monozukuri*, Manufacturing Value-Added Products in Japan

Goto (Production Engineering): I am in charge of developing manufacturing facilities as well as of securing facilities for domestic and overseas locations when additional production capacity is needed. From 2011, backed by government grants we have been developing new manufacturing facilities that cut energy costs in half. At the same time, we have been striving to minimize the heat generated by furnaces, although such heat generation is deemed to be a necessary evil associated with the brake pad manufacturing process.

Mita (R&D): Since January 2011, I have been working to gain a clear vision of the future of brake products. Our teams are mostly made up of young associates in their 30s, and discussions as well as trial and error tests are ongoing as we assiduously seek to expand the potential of brake products to benefit people throughout society.

Hayakawa (Purchasing): Until 2010, I was engaged in machinery design in a development section. After joining the Purchasing Division, I worked on the Purchasing Technology Project, looking to reduce overall material costs. Currently, I am in charge of both supplier quality management and crisis management in the Purchasing Planning Department. The main function of my present department is to support the operations of other divisions. However, I was reminded once again of the broad role that purchasing plays as we went through the experience of the Great East Japan Earthquake and the flooding in Thailand, events that underlined the importance of maintaining the supply chain.

Onuki (General Affairs): The earthquake affected me, too, bringing home the importance of general affairs. Currently I am leading the Energy Policy Project, which is working to respond to the risk of electricity supply shortage, and concurrently leading the Facility Management Project, which aims to assess the robustness of facilities from various aspects including earthquake resistance.

Yamamoto (Monozukuri Center): Since joining Akebono in 1976, I have been exclusively engaged in production and have learned a lot from working in the field. At the Monozukuri Center, which was launched in 2011, I am engaged in nurturing human resources with the goal of

passing on Japan's manufacturing traditions to younger generations, focusing on the improvement of the Monozukuri Center, our in-house training center for production site operators. Our aim is to develop associates who will go on to strengthen the functionality of production sites and who will prove to be globally capable associates.

Applying the Experience of the Great East Japan Earthquake to Manufacturing Operations

Yamamoto (Monozukuri Center): On the day that the earthquake struck, I was preparing for a basic technical class for new associates in Iwatsuki. Because there was no confusion during the evacuation, our associates were able to confirm their safety in an orderly fashion, and they immediately returned to duty to prepare for the resumption of production. I was impressed by Akebono's underlying strength, which allowed production volume to fully recover within a week. To record the experience of the earthquake, associates of Fukushima Manufacturing prepared a DVD of the recovery and restoration activities. I admire their efforts to preserve a record for future generations of this spirit of perseverance.

Goto (Production Engineering): On the day of the earthquake, I was notified that the manufacturing facilities in Fukushima were damaged. The next day, I drove out there in a vehicle packed with relief supplies, and saw what had happened. I would like to utilize the knowledge I gained by closely seeing the damage to figure out how to build new facilities with greater earthquake resistance capabilities.

Hayakawa (Purchasing): When the earthquake struck, the Emergency Response Headquarters in the Purchasing Division began with confirming the safety of the division's members, then contacted suppliers in the Tohoku region to confirm their safety and the continuation of production. I found myself actually having to deal with the difficulty of maintaining steady supply chains in a time of disaster. Now, I am scrambling to improve the continuity of supply chains.

Mita (R&D): After the earthquake, I found I needed to identify required parts from the perspective of design and development functions and then secure substitutes for items whose regular supplies were suspended. To address the issue, we have to begin with breaking down the specifications for each



Takashi Goto

Production Engineering
Development Department,
Production Engineering Division

"Our sights are on how to achieve high quality at low cost and how to improve competitiveness. We believe that the new manufacturing facilities we are developing will play an important role in ensuring Akebono continues to manufacture in Japan."



Yoshiro Hayakawa

Purchasing Planning Department,
Purchasing Division

"Currently I am proceeding with survey of suppliers that goes into even more detail than the previous survey of secondary and tertiary suppliers conducted shortly after the earthquake, aiming to exhaustively cover issues that we could not explore in the previous survey."

item all the way to the pads and calipers used and then apply "commonization and standardization" principles. I believe this approach can also be utilized for production in emerging countries where supply chains are not fully developed.

Onuki (General Affairs): In the days after the earthquake, some neighbors inquired what had happened to Akebono after seeing Ai-City headquarters in Hanyu with its lights all switched off. I was impressed by the strong connection that we have with society. In the following days, we installed backup power systems at the Ai-City headquarters even though it is not a production plant. This ensured that facilities in the building that are used for such processes as development, experimentation and examination did not have to suspend operations. If operations there were to be suspended, the entire production of company would eventually be gravely affected. In addition, surplus power generated by our backup power systems is offered to an electric power provider as a part of our social contribution activities.

Globalization Will Toughen Up Japan

Goto (Production Engineering): I believe efforts to enhance production technology, including the introduction of automated production, are essential to maintain domestic production and ensure its competitiveness. Specifically, we need to introduce innovations that improve efficiency as well as quality and reduce costs through the combination of development and manufacturing facilities, for example, by implementing facility advances that reduce the number of processes needed from five to two.

Mita (R&D): Hereafter, I predict that we will see advances in technologies that integrate the control of various automobile functions. In the future, such functions as braking, steering and acceleration will be controlled by an artificial intelligence able to make split-second decisions. One of our ambitions is to develop automobiles that, through automatic functions, bring even more social benefit by mitigating the damage caused by accidents and careless driving. Development of such control systems is a field in which Japan excels. We need to expand our scope of development to get more involved and not remain a company that only makes brakes.

Yamamoto (Monozukuri Center): As of April 2012, the Center had accepted 2,000 trainees, including 150 from overseas. Focusing on the Akebono Production System, trainees in Japan receive exhaustive instruction in basic techniques. I am looking forward to seeing Akebono's philosophy on manufacturing spread to group members worldwide as the overseas trainees apply and teach the techniques they have acquired in their home countries.

Onuki (General Affairs): In recent years, the number of guests coming to Ai-City headquarters from overseas has been increasing. I intend to create a better environment for the overseas trainees accepted at the Akebono Training Center, paying attention to their diet, sleeping arrangements and other aspects. I wish to hear them say, "I'm very glad I came to Japan," and, "Akebono is a good company."

Yamamoto (Monozukuri Center): My wish is to turn overseas trainees into Akebono fans. Of course, there is much to learn through interactions with them, and this will ultimately help enhance the training program at the Monozukuri Center through its cooperation with the Akebono Training Center.

Hayakawa (Purchasing): Our basic approach to global purchasing is "local production for local consumption." Our reason for expanding factories overseas is not to ensure lower labor costs, but to situate manufacturing in the region where the products are needed. By promoting "commonization and standardization as well as incorporating enhanced product features," Akebono helps to increase the competitiveness of automobiles manufactured in the region. This will, in turn, increase the competitiveness of automobiles made in Japan and eventually lead this country to be an export giant once again in a new sense. In this regard, continued manufacturing in Japan is significant.

Onuki (General Affairs): Japanese industry is now confronting severe conditions. But this is not the first time the country has contended with adversity, and it can happen to any market in any country. I believe that it is essential to raise the competitiveness of Japan's manufacturing from a long-term perspective. We should not be preoccupied with short-term trends.

Hayakawa (Purchasing): When I participated in a local procurement project in China, I got the impression that Japan's manufacturing was the most advanced. For example, I often



Kenji Onuki

General Affairs Department,
General Affairs Section

"I believe that Japanese industry has great potential for competitiveness. From the viewpoint of general affairs, I believe we can boost it through such initiatives as reviewing energy procurement methods and energy usage."



Tadahiro Mita

Product Planning Department,
R&D Division

"The future vision of the automobile will vary by region and culture. Hereafter, we should also develop products in tandem with local operations across the world."

saw that old fashioned cutting methods are still used overseas, even in processing screws, generating a lot waste material. The cost of those materials are buffered by the low labor costs. In contrast, a cold-headed screw manufactured in Japan generates no grinding dust. However, we have to note that technology tends to outflow sooner or later. Therefore, we must continuously strive to enhance it. I believe Japan's manufacturing sector can be made even stronger through such efforts as improving yield rates by reducing the waste normally associated with manufacturing.

Goto (Production Engineering): Furthermore, a process that takes 10 seconds to complete may not create any added value that could not be achieved in a one-second process. The other nine seconds can be seen as wasted time. There is more room for eliminating the unnecessary.

Onuki (General Affairs): Throughout the world, Japanese technology and craftsmanship are unique. In every section, we have many associates who are skilled in excellent technologies and who possess craftsmanship. We must pass on these technologies to younger generations.

Yamamoto (Monozukuri Center): When I was involved in drawing up the brand statement, I was told that "a brake is second engine." This made a strong impression on me. Only the knowledge that he has reliable brakes gives a driver the confidence to step on the accelerator—we can be proud of that, and should work with enthusiasm, finding joy in providing people with this absolute safety.

Hayakawa (Purchasing): After the earthquake, we conducted surveys on secondary and tertiary suppliers in Japan, North America, Europe and Asia to ensure we could maintain the supply chain. Based on the experience I gained through these surveys, I will work to select suppliers who pay particular attention to compliance. Especially, expansion in emerging countries requires us to pay sufficient attention to human rights protection.

Why Akebono Continues Manufacturing in Japan

Mita (R&D): Currently, Akebono's main products are brake-related. However, I think we are being called to move on to create new products best suited for the times. Specifically, guided by akebono's Corporate Mission we should be

looking to products that assure users of safety and security in line with the evolution of automobiles. My wish is to make Akebono a company that creates products that benefit people's lives even more.

Yamamoto (Monozukuri Center): When Akebono marks its 100th anniversary, my grandchild will be in the midst of the recruiting season. I want to hear him say, "I'd like to join Akebono." Setting the stage for the young of Japan, I am determined to do best I can.

Goto (Production Engineering): When I joined Akebono in 1983, the company had just been listed on the First Section of the Tokyo Stock Exchange. This was followed by the establishment of the joint venture Ambrake Corporation (currently Akebono Brake, Elizabethtown Plant) with an American based company. Then, Akebono acquired the brake business of Robert Bosch LLC in 2009. My career has progressed along with the turbulent transitions accompanying Akebono's overseas expansion. While our axis is set on Japan, our eyes are fixed on the global stage. This is how we are making Akebono a front runner.

Onuki (General Affairs): From the viewpoint of general affairs, we want to win the even greater trust if people in Japan as well as overseas for the entire Akebono Group, not only for our brake products. To achieve this, one of the most important things is to continuously contribute to the development of local societies by persisting with manufacturing in Japan and maintaining employment for young people as well as older workers. This will also help broaden the base of end-users of our products and fans.

Hayakawa (Purchasing): I feel our brand statement is implying how automobiles in 20 years later are going to look. I predict that automobile demand will polarize, that is, on one extreme there will be demand for cars for pleasure while on the other end of the spectrum we will see demand for vehicles that support daily life. To meet either extreme, the development of innovative and low-cost production technologies is required. Only Akebono of Japan is positioned to achieve this.

We will continue *Monozukuri*, manufacturing value-added products in Japan as we strive to remain a manufacturer guided by our Corporate Mission, even after we mark our 100th anniversary in 2029.



Response to the Great East Japan Earthquake

We Continue to Provide Wide-Ranging Support in the Devastated Areas

Supporting Restoration through Our Business

After the Great East Japan Earthquake struck, we launched the "Tohoku Project," mainly through the Sendai Sales Office's Aftermarket Sales Division.

There was some anxiety that brakes might malfunction due to salt damage caused by the tsunami. Salt can deteriorate various parts of a brake in addition to contributing to the rusting of metal components. To prevent brakes from losing their effectiveness, cars in the devastated areas had to be properly checked and repaired. Our "Tohoku Project" was launched to provide parts that were in short supply to automobile repair shops and end-users in the devastated areas, thereby supporting restoration efforts. Project activities are still ongoing.

As part of the project, we dispatched the "brake technology education patrol car," aiming to enlighten people about the danger of salt damage to cars; offered automobile repair shops in the devastated areas; and provided information and know-how on fixing rusty brakes while supporting brake repair activities. The project provided support to over 500 automobile mechanics in 43 automobile repair shops.



The brake technology education patrol car



Educational activities



Leaflet explaining how to fix salt-damaged brakes



TOPICS

Observing the Devastated Area



President Hisataka Nobumoto visited Kesennuma City with suppliers from the devastated areas to get a firsthand look at the damage situation (March 2, 2012)

Support for Local Communities

Since September 2011, we have been providing access to the facilities and premises of the former Akebono Brake Miharuru Manufacturing Co., Ltd. for use as a local kindergarten, an elementary school and a junior-high school. This move was made as part of support activities for the former residents of Tomioka-machi, Fukushima, who were forced to seek refuge away from home due to the radioactive pollution brought by the accidents at the Fukushima Daiichi Nuclear Power Station. Currently, some 80 children are commuting to the kindergarten and schools. From February 2012, the premises have housed a support center for the elderly as well.



The official opening ceremony for the kindergarten, elementary school and junior-high school (September 1, 2011)

TOPICS

Other Restoration Support Activities

Volunteer activities



Akebono associates participated in the "Sagae Sakuranbo Owen-Tai" (a local volunteer group; May 28, 2011, Kesennuma City, Miyagi)



Associates from Sanyo Manufacturing and Fukushima Manufacturing entertained people in the devastated areas with performances of Japanese drums (July 3, 2011, Koori-machi, Fukushima)



The Tohoku restoration support shop, featuring food products from the Tohoku region (Summer festival at Iwatsuki Manufacturing, August 25, 2011)

Promoting Recyclable Energy



Akebono offered land to the Tatebayashi Solar Park, which achieves the equivalent of a 206 ton reduction in CO₂ emissions annually (Tatebayashi City, Gunma)

Addressing Management Issues Needing BCP Coverage

We identified the management issues that had come to light because of the Great East Japan Earthquake, summarizing them as eight management tasks and promoting a number of initiatives to address them. Looking ahead, we will formulate a new Business Continuation Plan (BCP) to tackle these management tasks.

Management Tasks Identified after the Earthquake

Tasks	Initiatives
Review crisis management structure	<ul style="list-style-type: none"> Review framework of crisis management project (review of disaster response manuals based on the risk situations identified through the earthquake and countermeasures implemented against them) *incorporate the unprecedented conditions (radioactive pollutions, disasters other than earthquake and overseas relocations) Appoint crisis management leaders, clarify crisis management structure and responsibility of each personnel
Clarify roles and responsibilities pursuant to position	<ul style="list-style-type: none"> Clarify roles and responsibilities of top management, ensure swift cooperation between sections, clarify roles and responsibilities pursuant to position and provide a support structure for administrative functions including logistics
Visualize working conditions of associates	<ul style="list-style-type: none"> Visualize working conditions (attendance, absence and business trips): establish systems to perceive, update and share information on working conditions at the individual associate level
Ensure prompt communication	<ul style="list-style-type: none"> Collect information on in-house and external conditions, including the situations of customers, to forecast order trends in the medium and long-term Collect information from external information sources (the Ministry of Economy, Trade and Industry, Japan Auto Parts Industries Association etc.) Establish structures for the control and sharing of information, appoint responsible persons to locations by function to facilitate communication
Review purchasing	<ul style="list-style-type: none"> Review existing purchasing structure for parts and materials (avoiding overconcentration in a given region and accelerating local procurement) Review energy procurement methods, including the implementation of energy consumption reduction, and develop backup power systems Improve compatibility of products (Japan and overseas)
Reform production systems	<ul style="list-style-type: none"> Reform global production systems (avoiding the overconcentration of factories and products in any given region), establish administrative functions that control entire factories Promote exhaustive "just-in-time lean inventory" (checking current situation and maintaining stock in accordance with production capability of each factory)
Review and augment facilities	<ul style="list-style-type: none"> Assess earthquake resistance at facilities and entire factories, implement countermeasures against vulnerability Plan facilities for emergencies (evacuation shelters and rest houses) Establish a back up location for the Response Headquarters (other than buildings)
Set up countermeasures against urgent disasters	<ul style="list-style-type: none"> Review the emergency communication network (introduction of satellite phones and other communication methods for enhancement of quality and quantity) Review tools for accessing information Develop emergency-contact networks for all associates, as well as a method of confirming the safety of associates and their families and adherence to prescribed communication methods Create system for emergencies, including layoffs, buses for commuters and accommodation Prepare <i>Disaster Response Manuals</i> at the head office (countermeasures against regionally specific disasters)

● Introduction of Backup Power Facilities

In August 2011, backup power facilities were installed at Ai-City and Yamagata Manufacturing. Facilities installed at Ai-City use natural gas and those at Yamagata Manufacturing use heavy oil, each generating 5,750kW. The total generating capacities of these facilities corresponds to 40% of Akebono's domestic electricity consumption at its peak in fiscal 2010.



Construction of back-up power facilities (Yamagata Manufacturing)



Backup power facilities being installed (Ai-City)

● Supply Chain Maintained by Akebono

We received the "Above and Beyond Award" from NACCO Industries, Inc., the largest manufacturer of forklifts in North America. The award was given for Akebono's rapid recovery of its supply capability following the Great East Japan Earthquake and prompt implementation of measures for risk avoidance. In addition, we received a letter of appreciation from Nissan Motor Co., Ltd., as a supplier that greatly contributed to recovery of production activities after the earthquake.



Michael E. Rosberg, vice president of NACCO, visited Sanyo Manufacturing (October 27, 2011)



A letter of appreciation from Nissan

● Record of the Damage Situation

At Fukushima Manufacturing, we produced DVD with recordings of damage in the devastated areas. A diorama that replicates damage situation of the proving grounds of the test course (Iwaki City, Fukushima Prefecture) is also exhibited on the premises.



DVD "Recovery and Restoration in the Aftermath of the Great East Japan Earthquake"

● VOLUNTEERS DISPATCHED FROM THE LABOR UNION

Volunteers Speak Up

The Japanese Trade Union Confederation is holding continuous volunteer activities in Fukushima, Miyagi and Iwate prefectures from March 31, 2011. Five Akebono associates participated in these activities, cleaning up drifting garbage from the devastated areas.



Fukushima Manufacturing

Yoshinori Hagiwara

Seeing the severe situation, I was once again determined to continuously support the restoration with a spirit of cooperation.



Quality Assurance Division

Tsuyoshi Kurohiji

By seeing the actual devastated area, I learned things that could not be seen through the media.



Application Development Division

Yoshinori Kurita

Through hands-on experience in volunteer activities, I learned much. I would love to participate in such activities again.



Iwatsuki Manufacturing

Takeshi Arai

I was moved by the words of appreciation voiced by afflicted people.



Aloos Corporation

Kyoji Nakamura

I appreciate the understanding and support I received from the company and the union with regard to my volunteer activities.

Making Forays into New Markets alongside Customers and Local Communities



Stepping into the Growth Market in Mexico

The Akebono Group provides automotive manufacturers in Mexico with products made at and exported from factories in North America and Japan. The aim of the Group's expansion in Mexico is to streamline its existing logistical structure and reduce logistic costs by manufacturing in the region. Planning the production kickoff for June 2013, we will first begin with drum brake assembly then move on to disc brake manufacture. To achieve this, we must promote the commonization and standardization of production technologies.

In Guanajuato state, where our local factory will be situated, there are 28 state-run vocational schools. We plan to recruit and train new associates from these schools, which can provide training systems tailored to the needs of companies hiring their graduates.

After the Lehman Brothers bankruptcy in 2008, a number of automotive manufacturers began relocating their production plants to Mexico. It is predicted that the average growth rate of the automobile industry in Mexico will remain steady at approximately 5% over the next 10 years. By establishing a structure of "local production for local consumption," we expect to achieve growth in Mexico, leveraging the opportunities that country's market offers.

Thriving alongside Local Communities through Cooperative Activities

Guanajuato state is situated in the middle of Mexico and boasts a concentration of car factories. In fact, over 90% of the factories producing completed cars in the country are in that state and within a 500 kilometer radius of each other.

Although the region has a comparatively low crime rate, because the finished products will be transported to the United States, we will be required to take considerable care to ensure security. We will select and manage our local contractors carefully, paying attention to more than just costs. In particular, we make sure that human-rights abuses, such as child labor violations, will never occur along our supply chain.

For the inaugural year of the Mexico factory, we are planning to allocate approximately 50 associates, comprising about 47 locally hired associates and three staff dispatched from Japan. As for the manager in charge of human resources and general affairs, which represents key function of the business, we plan to appoint a local associate from the beginning of operations and pursue the localization of management.

Santa Fe II industrial complex in Guanajuato state, the place our plant will be situated, is joint public-private venture developed by the state government and local companies, and there are strict regulations on the conservation of environment and the appearance of the area in place. In addition to complying with those regulations, we will proactively contribute to improving the city's amenities and work thrive alongside the local community.

Outline of Akebono Brake Mexico S.A. de C.V.

Location: Calle Plaza de la Paz 100 Int 211,
Colonia Puerto Interior, C.P. 36275, Silao,
Guanajuato, Mexico

Representative: Keiji Yamanaka

Business activities: Manufacture and sale of automotive brakes

Paid-in capital: ¥400 million (scheduled to increase in stages)

Date of establishment: April 13, 2012

Shareholders: Akebono Group 100%

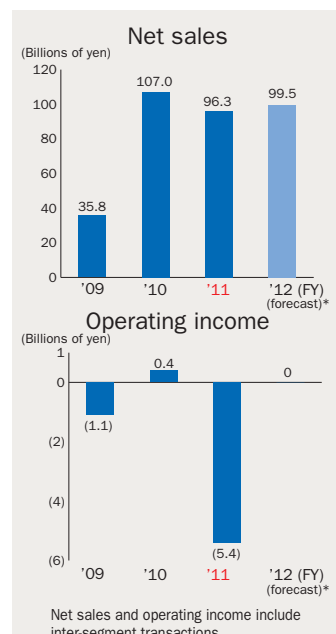
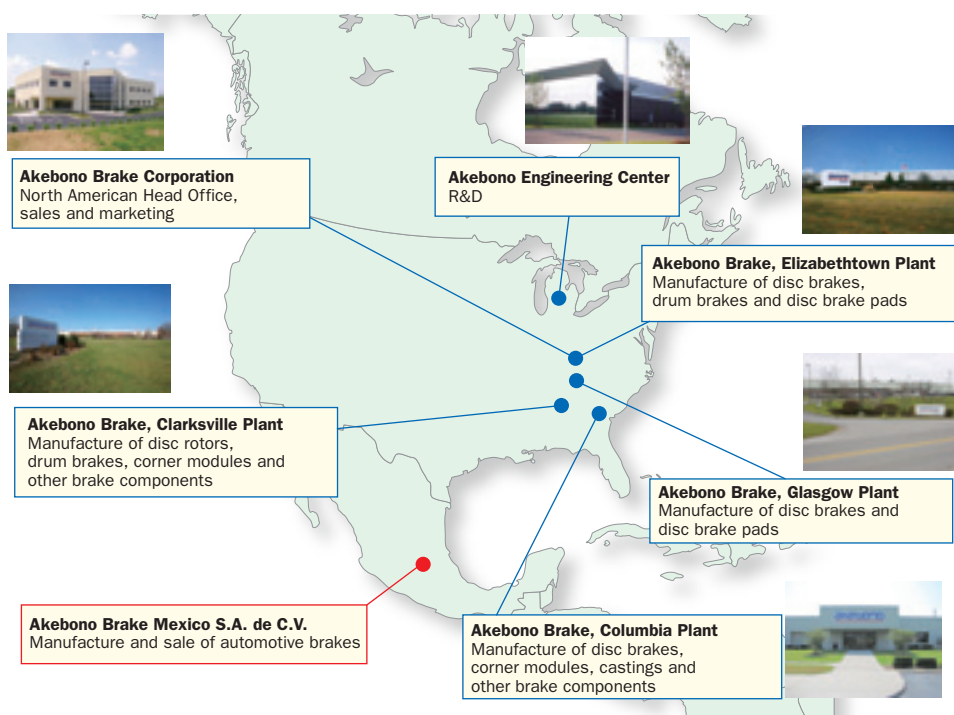
Outline of Akebono Brake Mexico S.A. de C.V. plant (planning phase)

Site area: Approx. 110,000m²

Start of production: June 2013

Net sales: Approx. ¥4.5 billion (fiscal 2015 forecast)

Akebono's Network in North America



*Based on fiscal 2012 forecasts by region released on May 8, 2012 (please see page 47 for details)



■ Swift Response to Demand for Motorcycles in ASEAN Region

In November 2011, Akebono Brake Astra Vietnam (AAVH) was established at Thang Long Industrial Park II, which is located in the outskirts of Hanoi City, to manufacture disc brakes and master cylinders for the motorcycle factories of Japanese-affiliated companies in Vietnam.

To date, we have been supplying motorcycle brake products to major countries in ASEAN region through exports from our Indonesian factories. By establishing a factory in Vietnam, our supply structure will be able to more swiftly respond to customer needs, improving our competitiveness in the local market. Looking ahead, we aim to supply 100% of the brakes needed by Japanese affiliated motorcycle manufacturers in Vietnam.

For PT. Akebono Brake Astra Indonesia (AAIJ), a group member with a 60% share of AAVH, the expansion in Vietnam is a first step toward becoming a truly global company. The Akebono Group is aiming for further growth in Asia through AAIJ.

■ Consideration for Local Human Resources

From the very beginning, nearly all of AAVH's 28 associates have been Vietnamese, with the exclusion of one Japanese and two Indonesian staff. We are particularly eager to appoint a local associate as the manager in charge of human resources and general affairs, a key position in the company, and note that the person appointed may become involved in management to an even greater extent in the future.

Guided by the high regard for human rights—a management philosophy inherited from its parent company AAIJ, AAVH will strive to facilitate motivation, communications and teamwork among its associates.

In its first fiscal year of operations, AAVH will begin with assembly production using parts imported from Indonesia. However, AAVH will gradually initiate fabrication in its own plant. At that point, it will seek to switch to the purchase of parts from domestic suppliers.

We believe that maintaining high regard for human rights is an essential in establishing our supply chain, too. We must ensure that even our sub- or sub-sub contractors' businesses operate with consideration for human rights.

In addition, we will utilize our experiences at AAIJ to ensure environmental conservation and proactively work on such initiatives as material recycling, the treatment of drainage water from the plant and the maintenance of greenery on the premises.

Outline of Akebono Brake Astra Vietnam Co., Ltd. (AAVH)

Location: Plot D-10 (Rf-1a) Thang Long Industrial Park II, Yen My District, Hung Yen Province, Vietnam

Representative: Tetsumaru Arakawa

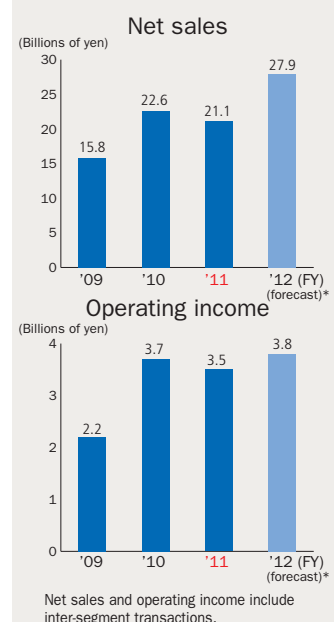
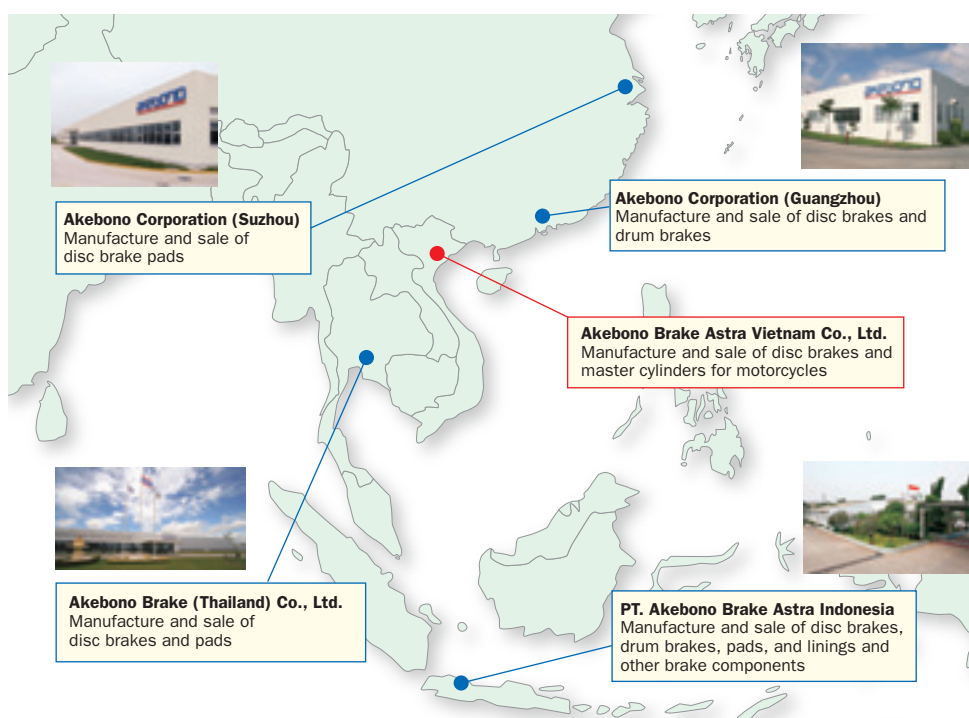
Paid-in capital: US\$1.5 million (scheduled to increase in stages)

Shareholders: Akebono Brake Industry Co., Ltd. (20%)
AAIJ (60%), PT. Astra Otoparts Tbk. (20%)

Date of establishment: November 14, 2011

Business activities: Manufacture and sale of disc brakes and master cylinders for motorcycles

Akebono's Network in Asia



*Based on fiscal 2012 forecasts by region released on May 8, 2012
Data for Asia is a graphic representation of the aggregate totals for China, Thailand and Indonesia (please see page 47 for details)

Brake Systems That Bring Vehicles to a Halt Safely

Brakes save lives: absolute safety

What is a brake?

- ◆ A device that causes a vehicle to decelerate and/or cease motion by converting kinetic energy into heat energy utilizing friction
- ◆ An **important security component** that brings a vehicle to a halt safely

When brake pedal is pressed:

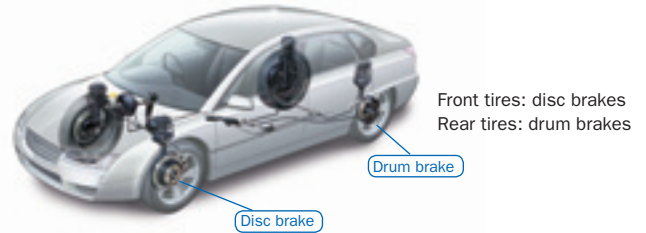
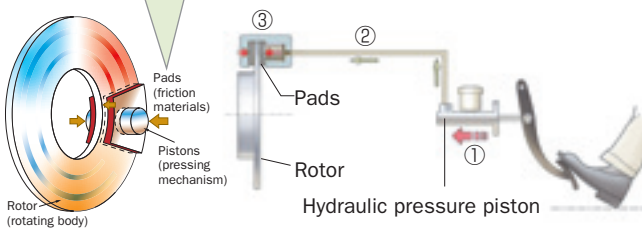
1. The hydraulic pressure of the brake fluid builds
2. The pressure is transferred into the brake mechanism
3. The transferred pressure causes:
 - Disc brake: the pads clamp the rotor
 - Drum brake: the lining (friction material lining the shoe) is pushed into and applies pressure to the drum
4. Friction due to the above process converts kinetic energy into heat, thereby causing the vehicle to decelerate and eventually stop moving.

Kinetic energy is translated into heat energy:

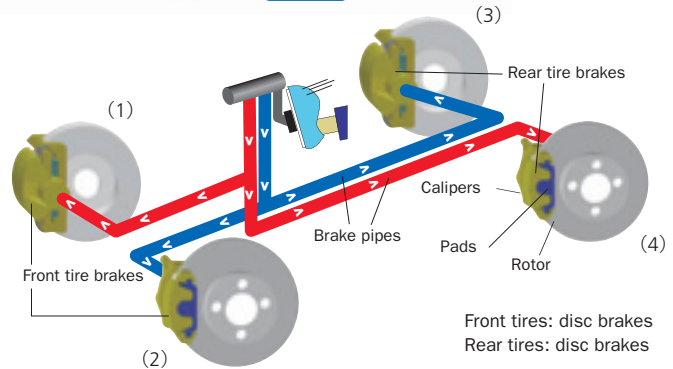
The sudden application of brakes when a vehicle is travelling at 100km/h, generates enough heat to raise the temperature of two liters of water from 0°C to boiling (100°C).

Disc brakes (usually used in passenger cars)

Pads clamp rotor, stopping its spinning



Front tires: disc brakes
Rear tires: drum brakes

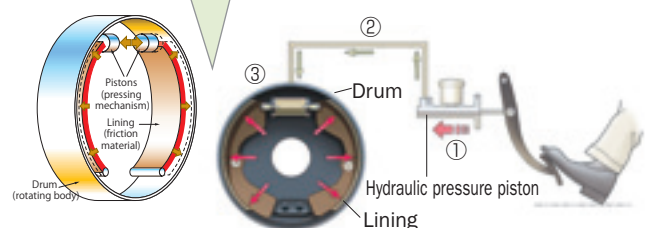


Front tires: disc brakes
Rear tires: disc brakes

Each of the four tires of a vehicle is equipped with brakes.

Drum brakes (usually used in buses and trucks)

Lining is pushed into the drum from the inside, stopping its spinning



Brakes fall roughly into two categories, namely, disc brakes and drum brakes. Disc brakes deliver a stable braking force for high-speed running. Drum brakes are best suited to bringing heavier automobiles to a halt.

How brake pads are made: The manufacture of a brake entails a seven-step production process.



Miniature Brake Pad Manufacturing Line

ACW has a miniature brake pad manufacturing line on exhibit at its premises along with similar manufacturing line for brake calipers. These lines were produced in-house by young Akebono associates and are superbly detailed, for example, the before and after examples of the pressure plates used in the forming process are different colors, just like a real line. All the mechanisms that comprise the line are driven by a single motor that is powered by solar cells.

The photos illustrating steps 2, 4 and 5 are all from the miniature manufacturing line

Achieving Inspiring Technology That Delivers Safety and Security

Grand Prix Racing

Since 2007, Akebono has been supplying brake calipers and brake master cylinders to the “Vodafone McLaren Mercedes” team as an official supplier.



MP4-27 (2012)

In Grand Prix racing, which is the world's most prestigious racing, brakes must be specifically tailored to high-speed running. For example, when a racing car is approaching a turn at a speed of 300km/h and has to decelerate to 80km/h within a mere three seconds, the braking for the deceleration heats the rotor almost instantly to about 800°C. To create brakes that are always reliable and stable under such conditions, Akebono continually strives to enhance all aspects of its products, including structure, materials and surface finishing.

Mountain Bike Racing and Motorcycle Racing

In 2002, Akebono entered the world of mountain bike downhill racing and in 2003 began supplying a team in the All Japan Road Race Championship in the JSB 1000 class that captured the title thanks to brilliant performances.



All Japan Road Race Championship 2012: Takumi Takahashi riding HONDA CBR1000RR equipped with an Akebono brake system

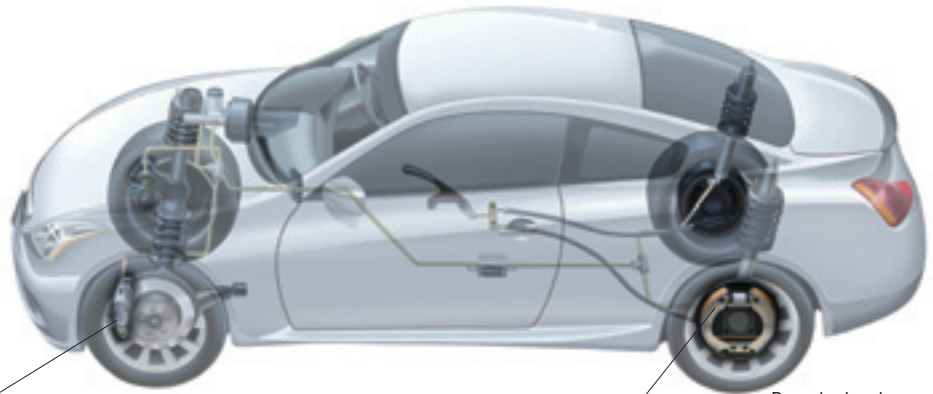
Road racing requires high-performance brakes that enable a rider to quickly decelerate his motorcycle from a speed of 300km/h using just one finger. Riders also demand extreme responsiveness.

Since 2011, Akebono has been providing braking systems to “MUSASHI RT HARC-PRO,” one of Japan's leading road racing teams.

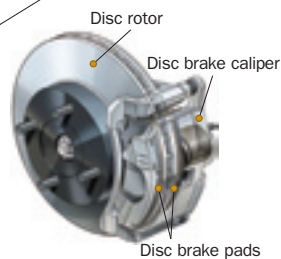
Main Products

Products for Automobiles

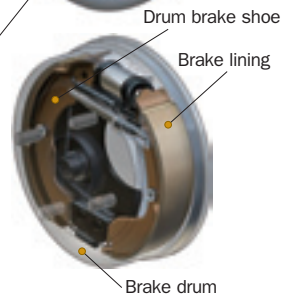
- Disc brake calipers
- Disc brake pads
- Drum brakes
- Drum brake shoes
- Brake linings
- Disc rotors
- Brake drums



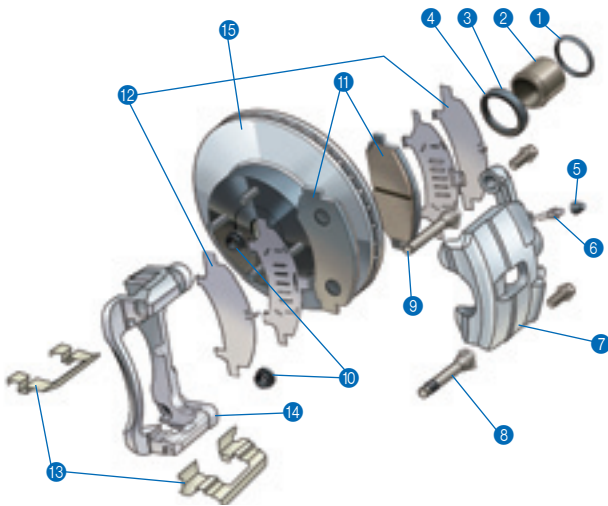
Disc brake



Drum brake

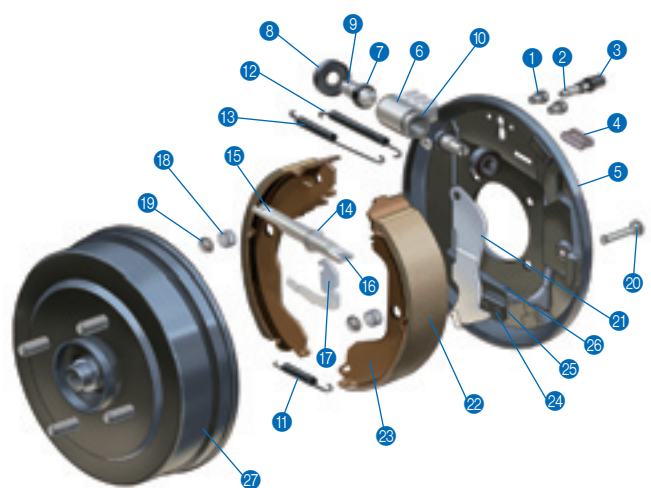


Main components of disc brakes (type AD)



- | | |
|-------------------|---------------------|
| 1 Piston seal | 10 Pin boot |
| 2 Piston | 11 Pads |
| 3 Piston boot | 12 Shims |
| 4 Boot ring | 13 Pad clips |
| 5 Bleed screw cap | 14 Mounting bracket |
| 6 Bleed screw | 15 Rotor |
| 7 Cylinder body | |
| 8 Lock pin | |
| 9 Guide pin | |

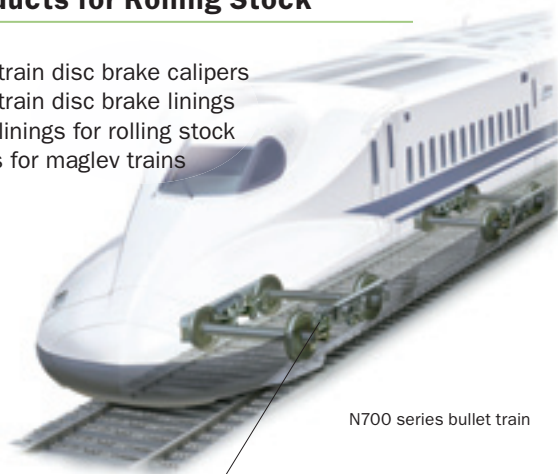
Main components of drum brake (type LT)



- | | |
|---|--------------------------|
| 1 Bolt | 14 Adjuster screw |
| 2 Bleeding screw | 15 Adjuster nut |
| 3 Bleeding cap | 16 Adjuster socket |
| 4 Check hole cover | 17 Adjuster lever |
| 5 Back plate | 18 Shoe hold down spring |
| 6 Wheel cylinders body | 19 Shoe hold down cup |
| 7 Wheel cylinder cup | 20 Shoe hold down pin |
| 8 Wheel cylinder boot | 21 Parking brake lever |
| 9 Piston | 22 Lining |
| 10 Retainer | 23 Shoe |
| 11 Retainer spring | 24 Rivet |
| 12 Return spring (shoe to shoe spring) | 25 Anchor plate |
| 13 Return spring (shoe to lever spring) | 26 Wire guide |
| | 27 Drum |

Products for Rolling Stock

- Bullet train disc brake calipers
- Bullet train disc brake linings
- Brake linings for rolling stock
- Brakes for maglev trains



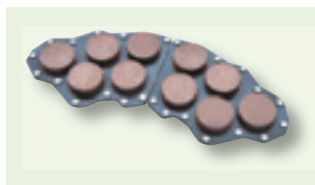
■ Bullet train disc brake



■ Railroad train brake shoes



■ Bullet train disc brake pads

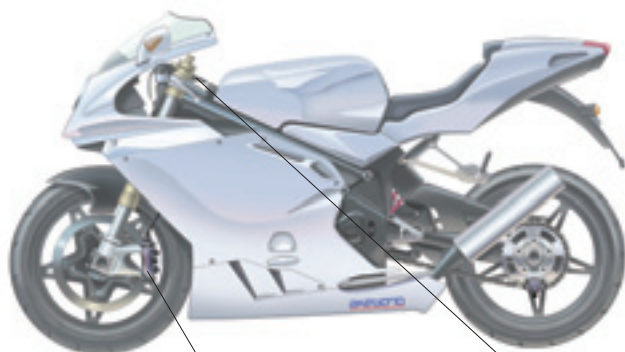


■ Maglev train brake



Products for Motorcycles

- Disc brake calipers
- Disc brake pads
- Master cylinders



■ Disc brake

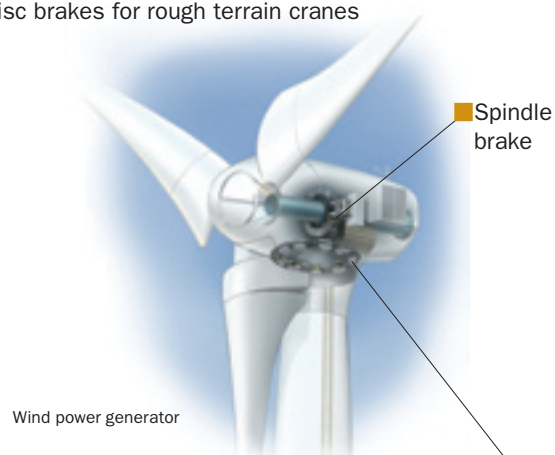


■ Master cylinder



Products for Industrial Machinery

- Forklift brakes
- Disc brakes for wind power generators
- Disc brakes for rough terrain cranes



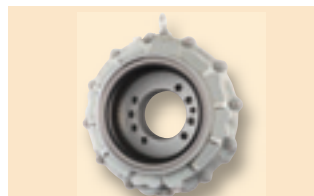
■ Drum brake for forklifts



■ Disc brake for a wind power generator



■ Wet brake for forklifts



■ Disc brake caliper for rough terrain cranes



Other Products

■ Brake caliper for touring car endurance racing



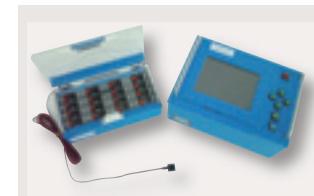
■ Brake caliper for motorcycle racing



■ Sensor cluster



■ Concrete pouring detection system



Achieving akebono's Corporate Mission through the Steady Promotion of CSR

Further Enhancing Our Corporate Brand and Pursuing Contributions to Society

We believe that we must continue to move forward to realize akebono's Corporate Mission, because we confirm that this is the best way to contribute to society. To this end, we are persistently communicating and sharing this belief in our mission with our associates worldwide, along with akebono's Declaration for the 21st Century, which sets forth a code of conduct for realizing the Corporate Mission.

In October 2005, we formulated our Brand Statement pursuant to the Corporate Mission as a part of initiatives based on Corporate Brand (CB) Management that were kicked off that year. The Brand Statement presents the ideal form of company that is our goal on a medium-term basis—with the aim of realizing the abovementioned mission on a long-term basis—as well as outlining a practical and effective way of achieving this goal in line with the changing times.

In 2008, we set our focus on two aspects of our corporate image, namely, the provision of high-quality products and services and technological excellence. Since then, we have been striving to enhance our corporate image through corporate branding promotion activities.

Akebono's Corporate Brand Management is based on the recognition that among the various stakeholders we come in contact with in the course of business operations, the most important are our customers, shareholders and associates. Given this, we constantly strive to enhance our corporate value, trying to place equal emphasis on these three stakeholder groups.

The purpose of the Company's Corporate Brand Management is to enhance Akebono's uniqueness and attractiveness in support of its Corporate Mission by encouraging pride in the Akebono brand among associates and creating a vibrant organization. Each of our associates is fully aware of their connection with Akebono's corporate brand and is assiduously working to enhance the brand image through their day-to-day tasks and activities.

Enhancing the Corporate Brand by Steadily Promoting CSR

We recognize that CSR is indispensable to corporate brand management and essential to our continued business operations. Guided by akebono's Corporate Mission and Brand

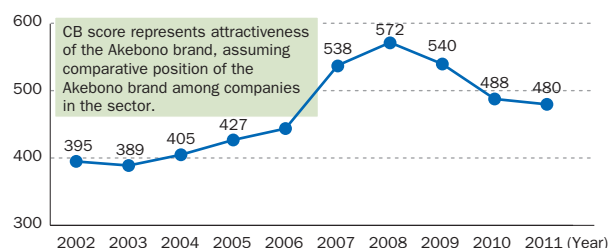
Statement, we are becoming an organization that meets the various requirements of its stakeholders and voluntary targets as a matter of course, as we proceed with CSR activities that aim to offer greater safety and security to people throughout society.

It is our hope that through the promotion of CSR activities, our associates will come to understand that they are able to contribute to society in other ways through various aspects of business activities. By facilitating their confidence in Akebono, we believe that they can take greater pride in delivering safety and security to society, not only through brake products but through all aspects of their service in the Company. Thus, we recognize that steady promotion of CSR helps to enhance attractiveness of our corporate brand and corporate value.

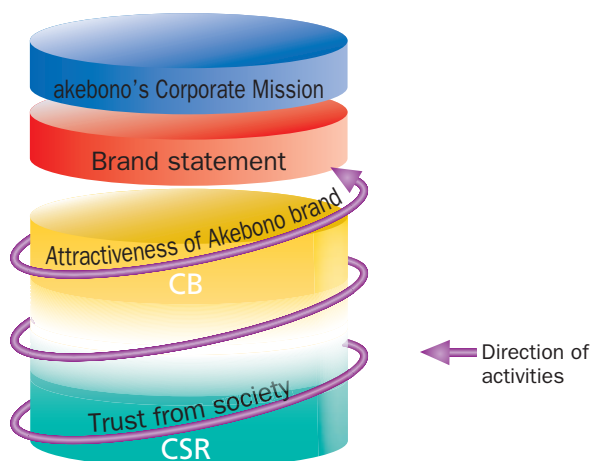
Corporate Brand Awareness Survey and Brand Reports

Akebono has conducted surveys on corporate brand awareness both inside and outside the Group since 2005, aiming to improve the effectiveness and efficiency of its Corporate Brand Management. Surveys are significant part of the Plan, Do, Check and Act (PDCA) cycle in Corporate Brand Management activities. The scope of survey includes all Akebono associates who work at locations nationwide and overseas as well as customers and suppliers in various industrial sectors. By accepting stakeholder feedback and opinions with sincerity, we are aiming to ensure that our stakeholders gain greater satisfaction from our products and services. Voices from stakeholders are shared among associates worldwide and utilized to guide future activities toward greater Corporate Brand Value.

CB Score



Relationship Diagram—Corporate Brand and CSR



Status of CSR Promotion (in-house)

In accordance with the *CSR Guidebook* (revised edition as of April 2010) issued by the Japan Auto Parts Industries Association (JAPIA), Akebono is preparing a list of its ongoing CSR activities. By making those activities more visible and managing them in a systemized manner, Akebono is ensuring that all its CSR activities are steadily implemented.

In the course of preparing the abovementioned list, Akebono is utilizing the ISO 26000 management system and the internal inspection system incorporated in that system. Also, committees and project teams launched to promote CSR are evaluating the CSR activities conducted in each business segment. By doing so, Akebono works to clarify its management issues on CSR from a global perspective and sets priorities for addressing them, thereby improving overall CSR activities.

CSR Promotion Status (in-house: fiscal 2011)

Explanatory note:

A: 5.0 points, B: from 4.0 to 4.9 points, C: from 3.0 to 3.9 points, D: 2.9 points and below

Points represent result of self-evaluation on a scale of 1.0 to 5.0 points that was implemented in reference to the "CSR Check Sheet (revised version as of April 2010)" formulated by JAPIA.

Category	Initiatives	Responsible organization	Numerical targets (if applicable)	Structure for promotion, action taken and degree of attainment	Self-evaluation
1. Safety and quality	1-1. Understanding customer needs, providing products that benefit society	Sales and R&D Divisions		<ul style="list-style-type: none"> Proactively seek knowledge of the latest customer needs by meeting with customers Process inquiries and estimation requests in accordance with prescribed workflows and pass them on to the relevant sections through in-house computer networks Analyze collected market information and pass it on to the relevant sections in accordance with prescribed workflows Explore market needs in more depth through the newly established Marketing Planning Department Collect information on overseas market needs through the newly established Overseas Business Department and formulate global strategies 	A
	1-2. Providing information on products in an appropriate manner	Sales and Quality Assurance Divisions		<ul style="list-style-type: none"> Provide appropriate information on R&D phase technologies in accordance with prescribed workflows For defective products that are found after the start of mass production, ensure appropriate processing in accordance with prescribed workflows that set forth procedures to check the details of the defect, analysis of magnitude and actions to be taken against its recurrence 	
	1-3. Ensuring product safety	R&D and Quality Assurance Divisions, each manufacturing plant		<ul style="list-style-type: none"> Verify the pre-production safety pursuant to the prescribed operational procedures At the R&D phase, examine and verify conformity to regulations and safety requirements under the law as well as market and customers' needs in accordance with the relevant system For defective products that are found after the start of mass production, ensure appropriate processing in accordance with prescribed workflows that set forth procedures to check the details of the defect, analysis of magnitude and actions to be taken against its recurrence 	
	1-4. Ensuring product quality	Quality Assurance Divisions		<ul style="list-style-type: none"> Quality management systems (ISO 9001, ISO/TS 16949 etc.) are in place to ensure product quality Such management systems are regularly reviewed pursuant to the prescribed checklist setting forth items to be reviewed 	
2. Human rights and working environment	2-1. Abolishment of discrimination (ensuring equal employment opportunity)	HR Department		<ul style="list-style-type: none"> Wage structure and personnel evaluation system are set forth irrespective of gender Gender is eliminated from items verified at the examination for wage raise and promotion 	A
	2-2. Respect for human rights (prevention of harassment)	HR Department, Compliance Committee		<ul style="list-style-type: none"> Compliance training is provided to associates in accordance with their rank to raise awareness among them (seven training sessions were held in fiscal 2011) An internal consultation service has been established with contacts for such service announced Companywide Whistleblowers are protected under the prescribed in-house rules 	
	2-3. Abolishment of child labor	HR Department		<ul style="list-style-type: none"> The Company demands newly recruited employees to submit documents to verify their age under the rules of employment 	
	2-4. Abolishment of enforced labor	HR Department		<ul style="list-style-type: none"> Although the Company may check an employee's passport for proof of verify, the submission of a passport is not required 	
	2-5. Appropriate wages	HR Department		<ul style="list-style-type: none"> The Company is annually comparing the amount of wages paid to its associates and the minimum wage set by each prefecture, ensuring that it is complying with the law (implemented utilizing a wage database system) 	
	2-6. Working hours	HR Department		<ul style="list-style-type: none"> In accordance with a labor agreement between the Company and labor union, notification of overtime work exceeding prescribed baseline hours must be submitted and permission gained in advance An attendance management system is utilized to verify whether the workplace situation is in compliance with the Labour Standards Law 	
	2-7. Communication and consultation with associates	HR Department		<ul style="list-style-type: none"> Frequency of labor-management consultations as well as matters to requiring consultation are set forth in labor agreement 	
	2-8. Safety and health of the working environment	Central Safety and Environment Committee		<ul style="list-style-type: none"> Annual activity plan covering matters such as safety countermeasures for machine equipment and sanitary control at workplaces and facilities is formulated by Safety and Health Committee and implemented FRESH Center and Health Management Office have been established and an annual activity plan for health management formulated and implemented Safety indicators were set forth at each location and risk assessments implemented (in fiscal 2011, four assessments were implemented) 	
	2-9. Human resources nurturing	HR Department		<ul style="list-style-type: none"> Education programs for associates which are best suited for their rank and job roles have been prepared and implemented 	
3. Environment	3-1. Environmental management	Global Environment Committee and others		<ul style="list-style-type: none"> Green Purchasing Guidelines were revised aiming to expand scope of survey on environmental load substances ISO 14001 environmental management system was renewed 	B
	3-2. Reduction of greenhouse gas emissions	Global Environment Committee (CO ₂ Emission Reduction Project) Global Environment Committee (Logistics Environment Sectional Committee)	Set voluntary target on reducing 7% of CO ₂ emission volume on average from fiscal 2008 to fiscal 2012 compared with fiscal 1990 (in reference to JAPIA target value) Improvement of transportation efficiency: set target on a 1% reduction in specific energy consumption year on year (in reference to revised Energy Conservation Law)	<ul style="list-style-type: none"> By replacing existing facilities with a new type to enhance energy saving capability and efficiency and converting control of compressors and squeeze pumps to an inverter control system, CO₂ emissions were reduced 14% in fiscal 2011 (compared with fiscal 1990) In spite of various initiatives, such as the introduction of energy-saving trucks and utilization of returnable materials, specific energy consumption in the logistic section increased 4% (compared with fiscal 2010) due to a fall in the load-to-truck ratio in the wake of the production decrease and electric power shortage following the Great East Japan Earthquake 	
	3-3. Preventing pollution of environment (air, water and soil)	Global Environment Committee (Surface Finishing Technology)		<ul style="list-style-type: none"> Technology development for reducing waste fluid of plating solution is ongoing 	
	3-4. Resource saving and waste reduction	Global Environment Committee (Zero-Emissions Sectional Committee)	Maintenance of Zero-emissions status (no landfill of waste and no incineration)	<ul style="list-style-type: none"> Zero-emissions (no landfill and no incineration) of waste sand generated by the process was accomplished in fiscal 2011 for the fifth consecutive year through such efforts as recycling of sand into cement raw material 	
	3-5. Chemical substance management	R&D Divisions	Regulations on copper used in friction materials set forth by the states of California and Washington, the U.S. After January 1, 2021, materials for new automobiles containing 5wt% of copper or more are going to be prohibited After January 1, 2025, materials for new automobiles containing 0.5wt% of copper or more are going to be prohibited	<ul style="list-style-type: none"> The Company is developing friction materials free of copper Materials for rear brakes have already been developed Development of materials for front brakes is ongoing Chemical substances designated by PRR laws contained in newly developed friction materials are checked and overseen 	
4. Compliance	4-1. Compliance with laws and regulations	Compliance Committee		<ul style="list-style-type: none"> Compliance Committee meetings are regularly held and issues and initiatives relating to compliance are discussed Annual priority goals are set forth and actions toward these goals are taken: in fiscal 2011, the Committee focused on control of important information, including trade secrets, developed structures to ensure the control of such information and continued implementing education activities in Japan and overseas 	B
	4-2. Compliance with competition laws	Compliance Committee		<ul style="list-style-type: none"> Training sessions are held and educational activities are implemented in Japan and overseas 	
	4-3. Corruption prevention	Compliance Committee		<ul style="list-style-type: none"> The Company raises alerts over bribery in Japan and overseas 	
	4-4. Control and protection of secret information	Compliance Committee		<ul style="list-style-type: none"> Centered on control of important information, including trade secrets, structures to ensure control of such information have been developed and education activities are implemented in Japan and overseas 	
	4-5. Control of export transactions	Compliance Committee		<ul style="list-style-type: none"> Export transactions are managed and overseen by structures set forth in the in-house rules and processed using a prescribed operation flow provided by such rules The Company submitted the "Export Control Rules for National Security" to the Ministry of Economy, Trade and Industry, and is registered as an exporter Training sessions are held and educational activities are implemented 	
	4-6. Intellectual property protection	Legal & Intellectual Property Department		<ul style="list-style-type: none"> Structure for confirming the latest patents applied for by other companies and patent information sharing is well established; for example, persons in charge of checking updated patent publications are appointed to the R&D section by development fields Structure for avoiding the infringement of the patent rights of other companies is established; for example, at the R&D phase, products are verified regarding patent violations before they are commercialized in accordance with prescribed procedures In fiscal 2012, the Company is formulating a Patent Verification Format 	
5. Information disclosure	5-1. Information disclosure to stakeholders	Corporate Communications Office		<ul style="list-style-type: none"> Information disclosure is appropriately made to stakeholders, including mass communication media, shareholders, investors, industry groups and associates, giving sufficient consideration to content and the timing of such disclosure Matters such as financial condition, performance and business activities are disclosed through such media as TD-net and EDINET pursuant to the rules of information disclosure set forth by such media The Company issues annual <i>AKEBONO REPORT</i>, which aggregates the corporate brochure, CSR report and annual report for the convenience of stakeholders by incorporating information on various initiatives of the Company in one brochure The Company produced a video introducing its activities to general public 	B
6. Risk management	6-1. Companywide risk management structure	Risk Assessment Committee		<ul style="list-style-type: none"> Risk assessment meetings are held periodically and to follow up on the outcomes of initiatives 	B
	6-2. Formulation of business continuity plan	Natural Disaster Crisis Management Project		<ul style="list-style-type: none"> Earthquake disaster simulations are annually conducted to practice cooperation between locations nationwide under the leadership of management in preparation for disasters Backup power facilities and high output generators were installed at two locations 	
7. Social contribution	7-1. Contribution to local communities	General Affairs Department		<ul style="list-style-type: none"> Five meetings with local residents for the exchange of opinions were held in fiscal 2011, attended by 114 people in total Voluntary cleanup activities at the local areas are undertaken by associates regularly. In fiscal 2011, such activities were held five times, with 206 associates participating in total Summer festivals were held in fiscal 2011 at four factories with 6,120 people participating The Company makes donations in line with the policy of maintaining soundness and transparency with the aim of returning profits to society and under the in-house guidelines, which are set forth in such categories as aid for disaster damage, support for promotion of education and culture, social welfare and the environment 	B
	8-1. Structure for developing CSR activities inside the Group	Corporate Branding Management Office		<ul style="list-style-type: none"> Recognizing that "CSR is indispensable for corporate brand management and essential for continuing our business operations," sections in charge of promoting Corporate Brand Management are leading entire initiatives to enhance the corporate brand Each initiative is conducted within the scope of each sections' business and evaluated from the perspective of such sections. The Company recognizes that those initiatives must be integrated and promoted in closer cooperation between sections Groupwide in the future 	
8. CSR promotion structure	8-2. Structure for developing CSR activities involving suppliers	Purchasing Division		<ul style="list-style-type: none"> Developing ongoing activities under the Green Purchasing Guidelines, which cover such matters as quality, the environment and response to regulations along with activities relating to Environmental Management System Initiatives involving suppliers will be formulated to systematically cover the entire supply chain 	C

Initiatives at Locations in Japan and Overseas

Japan-France Exchanges

Akebono is participating in exchange activities between Japan and France at the private level. At the “Strategic Attractiveness Council” held by the French government in Paris in 2011, we participated as the only Japanese company on the council and exchanged opinions with French officials on investment in France. Also, in June 2011, Akebono co-sponsored a traditional Japanese *Kamigata-Mai* dance performance in France, introducing an ancient Japanese art form rarely seen even in Japan.

In these and similar ways, we are facilitating international exchanges in cultural and business areas.



“Strategic Attractiveness Council” at Paris, France

Welcoming Visitors to Plant Tours

Akebono is welcoming visitors from local schools as well as local economic associations to its plant tours. On December 20, 2011, Sanyo Manufacturing was host to representatives of the Kochi Industrial Association as well as a number of tour participants organized by the Kochi Industrial Promotion Center. A total of 39 people visited the company’s Kibi Daiichi Plant, enjoying a presentation on the operation of the manu-



Presentation on model manufacturing line

facturing lines. There were also lively dialogues on *Monozukuri*, value-added product manufacturing between Akebono staff and tour participants.

Received a Letter of Appreciation from Fukushima Prefectural Police

On December 20, 2011, Akebono received a letter of appreciation from Fukushima Prefectural Police for its cooperation in the training of motorcycle policemen.

In recent years, the dangers that motorcycle policemen face in their day to day traffic enforcement duties have grown with the increase in the number of automobiles and high-performance, high-speed motorcycles on the road. It is therefore essential that they learn enhanced driving techniques. Since spring 2010, Akebono has been offering its Proving Grounds, which are usually used as its test course, for use in the training of motorcycle policemen as a part of its continuous social contribution activities in line with its Corporate Mission.* The letter

of appreciation acknowledged the Company’s initiatives and contributions as well as its strong commitment to road safety.

*Please see page 1 for akebono’s Corporate Mission.



The letter of appreciation was presented by Fukushima Prefectural Police



Cleanup and Planting Activities in Region

On June 11, 2011, we conducted a cleanup at Ai-City and the surrounding area. 2011 marked the 19th time we engaged in this activity and we saw a record number of participants. In fact, 134 volunteers, including Akebono associates from each Headquarters department, labor union representatives, associates from Akebono 123 Co., Ltd. and children from local sports club associations participated. Also, the area covered by the cleanup was broadened, extending to getting rid of the weeds around Hanyu station.

As for planting activities, we planted 200 Satsuki (*rhododendron indicum*) trees on the Ai-City premises. Akebono plans to continue with these cleanup and planting activities at its nationwide locations.

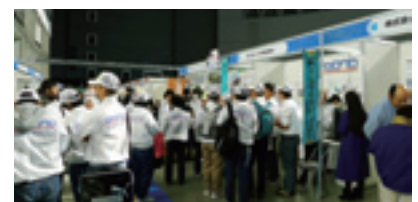


Cleaning up the area around Ai-City and Hanyu station

Initiatives of Akebono 123 Co., Ltd.

Akebono 123 Co., Ltd., a subsidiary of Akebono that provides employment for people with disabilities, participated in an exhibition at the “*Shogai-sya* (people with disabilities) Job Fair 2011 in Saitama” on November 22 and 23, 2011, publicly introducing its initiatives. In 2011, an associate of Akebono 123 received a prize for excellence from the Saitama Employment Development Association.

On January 17, 2012, Akebono 123 was visited by Ms. Yoshiko Ando, director of the Saitama Labor Bureau and Mr. Toshio



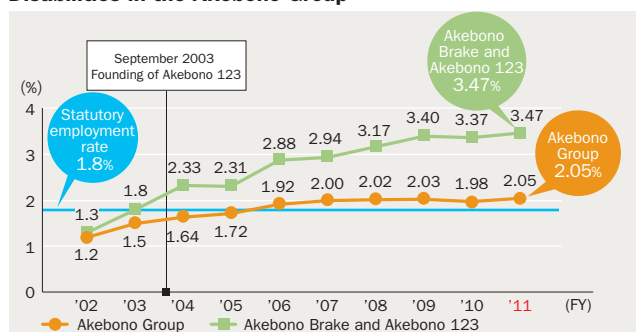
Akebono 123’s exhibition booth at the job fair

Hashimoto, manager of Employment Measure Affairs of the Ministry of Health, Labour and Welfare. These two government officials observed associates performing such duties as sorting business forms and refilling copier paper trays. By providing the officials with the opportunity to observe workplace operations, the company was able to present its initiatives aimed at expanding the job categories of its associates and maintaining a high retention rate.



Government officials observed operations at the workplace with great interest

Employment Rate of People with Disabilities in the Akebono Group



Relay Road Race and Walking Competition at Ai-City

Akebono holds many events that it invites its neighbors to participate in. On December 10, 2011, the “Ai-City Relay Road Race” and walking competition were held at the Hanyu City athletics stadium and surrounding area, welcoming 538 participants.

A record-high 16 teams participated in the relay road race for adults, including all of the staff of Akebono 123. In children’s race, 20 teams from neighboring sports club associations participated. The crowd cheered loudly for both races, which were friendly but competitive.



The “Ai-City Relay Road Race” welcomed participants from both within and outside the company

Overseas Topics

Thailand: Akebono Volunteers for Flooding Victims

In Thailand in the second half of 2011, the flooding that struck the Chonburi district neighborhood of Akebono Brake (Thailand) Co., Ltd. (AKBT), affected 4,000 people.

Akebono offered ¥10 million donated by group members in both Japan and Thailand for relief efforts to the Government of Thailand. In addition, AKBT associates were dispatched as volunteers to the devastated areas.



Support activities, including distribution of relief supplies

United States: Fundraising in South Carolina

On December 23, 2011, Akebono Brake, Columbia Plant (ABCS) held a mutual aid drive for Christmas for families in need of support. With the cooperation of a church located on a local military base, children’s clothing, toys, gift vouchers and Christmas food were presented to three families by ABCS Plant Manager Bill Jordan and two associates from Human Resources Department. The cost of the gifts was mostly covered by donations amounting to about US\$1,000 gathered from ABCS associates.



ABCS associates delivered gifts to each family

Meeting Customer Needs, Maintaining Quality

Quality Management System (ISO/TS16949)

All of Akebono's principal operations nationwide have obtained the ISO/TS 16949 quality management system certification introduced by automotive manufacturers overseas along with ISO 9001 quality management certification. Akebono maintains its ISO management systems and aims to expand its scope of certification in pursuit of further developing its business relationships with domestic and overseas automotive manufacturers.

In fiscal 2011, our operations received regular audits by the external certification bodies. Only one minor point of non-conformance was found, the lowest number to date. On the other hand, 37 items for improvement were identified. We will strive to maintain quality by undertaking these improvements.



Presenting quality assurance policies at the audit

Aftermarket Products Festa

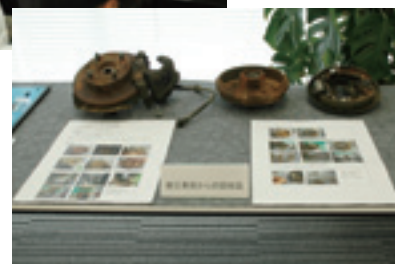
At aftermarket sales divisions, which serve automobile repair shops as well as auto dealers and automobile mechanics nationwide, we hold the annual "Aftermarket Products Festa," aiming to deepen communications with customers.

The third Festa was presented at the Global Head Office in Nihonbashi, Tokyo, on October 14, 2011. Reports were held on the results of the Tohoku Project undertaken in support of the restoration of areas devastated by the Great East Japan Earthquake (please see page 8 for details). Participants also shared information on and spread awareness of reformation projects proceeding in aftermarket sales divisions through progress briefings and group discussions.

We are working to strengthen the functionality of our aftermarket sales divisions through these initiatives, specifically to enhance our ability to garner feedback directly from end-users. Our goal in doing so is to capture a more detailed picture of the needs of end-users and to apply this feedback in our product development and quality assurance sections as we work to create brake products that further contribute to safety and peace of mind.



The third Aftermarket Products Festa



Display of brakes recovered from cars submerged in the tsunami caused by the Great East Japan Earthquake

ISO/TS16949 and ISO 9001 Certified Operations

As of May 2012

Scope of Certification:

Akebono Brake Industry Co., Ltd.
Ai-City headquarters

- Automotive Sales Division
- R&D Division
- Quality Assurance Division
- Purchasing Division
- Manufacturing Division
- Production Planning Division
- Production Engineering Division
- Aftermarket Sales Division
- HR Department
- Audit Department
- Alocs Corporation (logistics)

Tatebayashi Foundry	Casting of brake components
Sanyo Manufacturing	Drum brakes
Yamagata Manufacturing	Disc brake pads
Fukushima Manufacturing	Brake linings
Iwatsuki Manufacturing	Disc brakes and drum brakes
Aftermarket sales divisions	8 locations

 Scope of fiscal 2011 regular audit  ISO/TS 16949  ISO 9001

Car Information Corner

We believe that growth in automobile demand will bring new business opportunities to us and this will eventually enhance our brand value. To this end, we support the sales activities of automotive manufacturers, who are also our customers, under the slogan of "no demand expansion, no production."

Set up in our locations nationwide, "Car Information



Car Information Corner at Sanyo Manufacturing

Corners" provide Akebono associates with the opportunity to access the latest information on our customers' automobiles and industry sales trends through such media as car brochures.

We Continuously Promote Information Disclosure

To gain the deeper understanding of our shareholders, we hold an annual briefing at the General Meeting of Shareholders, reporting on latest management situation and presenting forecasts of performance, our business strategies and medium-term management plan. For shareholders who are unable to attend General Meeting of Shareholders, we have introduced the electronic voting system so that they may exercise their voting rights. At the fiscal 2011 General Meeting of Shareholders, electronic votes represented 21% of the total.

For security analysts and institutional investors, we hold briefings on financial results twice a year. In addition, we began to hold individual meetings with overseas investors in 2007.

Materials used at the aforementioned briefings to



Briefing on financial results (May 9, 2011)

present the latest data on the management situation and financial results are posted under “Investor Relations” on our website along with our financial results and fact sheets.

Utilizing various media, including our website and the Tokyo Stock Exchange’s “TDnet,” we are ensuring that equal and fair disclosure is made and are complying with applicable laws and regulations under the Financial Instruments and Exchange Law, the Company Law and the rules of securities exchanges related to disclosure.

To facilitate the understanding of our shareholders and investors of our business directions and initiatives, we continually enhance the content of our briefings as well as information disclosure.



Fact sheet (fiscal 2011 full year)



Enhancing Partnerships through the Activities of Seiya Kai

In all its purchasing activities, Akebono seeks to enhance its partnerships with suppliers. In particular, we conduct wide-ranging activities in cooperation with the “Seiya Kai,” the association of Akebono’s main suppliers. This association focuses on the mutual evolution of member companies and strengthening of their foundations. Akebono seeks to deepen communications with this group, respecting its members’ viewpoints.

In 2011, Akebono held a training session centering on the Business Continuity Plan to be implemented at time of disaster, basing its approach on its experience of the Great

East Japan Earthquake and its aftermath and sharing the concept of risk management with Seiya Kai. Also, practical-minded training programs were offered to Seiya Kai members at the Monozukuri Dojo while Sanyo Manufacturing offered company tours.

During the training session, the members of Seiya Kai divided into five groups, each promoting initiatives to enhance their quality assurance structure in line with a theme of their choosing. This activity built a shared sense of achievement and allowed them to share the fruits of their initiatives.



A Seiya Kai group activity focusing on the quality assurance structure (June 2011)



Presentation held at a training session (December 15, 2011)

To Deepen Friendships and Nurture Pride in the Company

10-Minutes' Communication

To facilitate exchange among associates that transcends the boundaries between departments and to raise the level of information sharing, we hold "10-Minutes' Communication" sessions involving associates from administrative departments. These gatherings of five to seven people are kept small to allow participants to introduce themselves to their peers and get to know each other well as they share information about their jobs and discuss such topics as how their work relates to the overall business direction the Company is taking. The sessions are held in such places as break rooms to ensure that participants are able to relax and to deepen exchanges through face-to-face communications.

By facilitating Companywide exchanges among associates from administrative departments, we aim to solidify the sense of unity and organizational power among associates and thereby strengthen our competitiveness.

In 2011, times for "10-Minutes' Communication" sessions were scheduled for four occasions over a period of six weeks, with 847 associates from 18 departments participating.



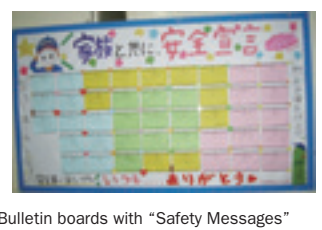
Declaration of Safety with Families

Introduced first at Fukushima Manufacturing, our "Safety Messages" are an example of an initiative aimed at raising associates' safety mindedness. Under this program, associates' families provide letters that communicate messages about safety, both for their loved ones and for display in the workplace.

This initiative, which takes the "Declaration of Safety with Families" as its theme, aims to make associates pay close attention to safety by reminding them of their families. Those separated from or without family are provided with letters from their supervisor and colleagues.

A second aim of the "Safety Messages" program is to reinforce the mission of Akebono, which is to contribute to safety, through communications that remind them that they are loved by families, colleagues and friends.

We hope that these "Safety Messages" will contribute to the realization of the Brand Slogan.



Bulletin boards with "Safety Messages" are posted in each department

TOPICS

Open House Event

As an activity to enhance our brand image, which is underpinned by the policy of "becoming a brand you can boast about to your family," we hold "Open House Event" days at each location, inviting families of associates to come to see where their family members are working. In fiscal 2011, such visiting days were held at four Akebono locations with 121 people participating.

From participants, such comments as "it was good to see what my sister's workplace is like," "I was happy to see my dad's workplace" (schoolchild), "I appreciate the staff taking care of my children so that I could take the time to tour the workplace" (wife of an associate)" and "everywhere I went I was addressed by old friends. I had a very good time (ex-associate who is also mother of a current associate)" were given.

We are aiming to instill pride in the Company in our associates, and so are seeking to win the understanding of their families.



Communicating with overseas locations through a television conference (the Global Head Office, August 24, 2011)

Nurturing Human Resources with the Potential for Success on the Global Stage

Basic Human Resources Policy

Akebono believes that the most important factor that guides a company to success is human talent (our associates). Guided by that belief, we set forth our basic human resource policy that “each associate must be given the opportunity to exert their abilities and be continuously supported to share their success with the company.” We are striving to build our long-term global personnel policy as well as to facilitate associates’ ability to establish their individuality and foster mutual respect and trust.

Moreover, we are working on human rights education and enlightenment with high regard for human rights to achieve an organization with abundant diversity and creativity.

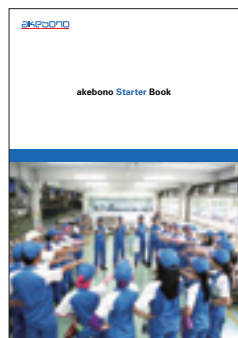
Human Resource Development and Human Resource System

Respecting human rights and the diverse value systems of individual associates as well as their rights to privacy, Akebono is developing training programs and human resource systems for Groupwide application with the goal of placing the right person in the right position and entrusting them with handling business in the right region, regardless of their nationality. Previously, each of our global operations had been implementing a different educational program and human resource systems had differed by region. The above-mentioned efforts are aimed at imparting a greater ability to function in cross-cultural environments to Japanese associates who previously had less opportunity to work together with colleagues of different nationalities, cultures and languages. Focusing on augmenting communication skills, language skills and the ability to deal with diverse cultures, we are enhancing human resource nurturing programs.

Global Educational Program

■ Introduction of the Akebono Standard Package

As an educational package used throughout the Group in educational programs for newly recruited associates, we are developing Akebono Standard Package. To ensure the provision of uniform educational material, we issued the *akebono Starter Book*, which sums up information on Akebono’s founding and history, business features by region, and Akebono’s corporate culture and philosophy, including the Akebono Production System (APS) and corporate brand management. By doing so, we aim to unify the basic knowledge and the mindset that all Akebono associ-



akebono Starter Book

ates need to share. On the other hand, the educational programs best suited to specific countries and locations can be established by adding original programs tailored to the unique characteristics of each region. We began to introduce the Akebono Standard Package from 2011, and aim to disseminate it among all Akebono facilities worldwide by the end of fiscal 2012.

■ Global Leadership Forum

With global leaders who have achieved success at Akebono’s overseas locations as participants, a training session called the Global Leadership Forum was held in November 2011 for three days to provide a venue for exchanges on current issues and the proposal of solutions under the theme “One Goal, One Team, One akebono.”

Divided into four groups, 18 associates from around the world made presentations on issues of concern and solutions and engaged in lively discussions. On the final day of the forum, presentations on issues and solutions were made to board members by participants, confirming each groups’ ongoing endeavors to find solutions and dedication to the aim of becoming a truly global company. Another forum was held in August 2012.

■ Overseas Training Plan for Younger Associates

The Overseas Training Plan launched in 2001 aims to help younger associates understand diverse cultures by stationing them overseas in their early years with Akebono. The cumulative number of participants in the plan stands at over 200. From 2011, we reformed the plan to incorporate more content related to actual operations. In recent years, the number of new recruits with superior foreign-language skills is increasing along with growing globalization. The reformed plan aims to provide such recruits with opportunities to use their linguistic skills in actual business on the premise that they have mastered a foreign language in Japan. From 2012, we are accelerating our efforts to improve the plan and aim to incorporate languages other than English into the plan.

■ The Program to Be Implemented at the akebono Training Center

Aiming to nurture human resources who will succeed on the global stage, we intend to establish the akebono Training Center, which is to be utilized as a place for exchange among associates from worldwide group members, to spread the knowledge obtained from global operations as well as to eventually create new values. We launched the Training Center Planning Office in June 2012, accelerating the preparation of programs to be implemented.

Putting our heads together, we will create new education systems that go beyond the standard bounds of any existing training program, with the goal of helping every single one of our associates realize their full potential through the execution by their duties (please see page 25 for outline of the facility of the akebono Training Center).

Diversity-Related Initiatives (Japan)

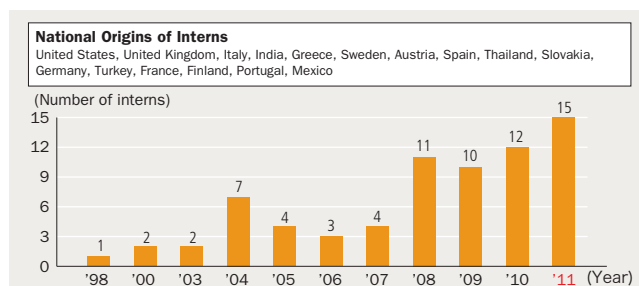
We are aiming to further vitalize Akebono by respecting the value systems of individual associates and paying due respect to their diversity. Specifically, we expect that our respect for the work styles and lifestyles that are best suited for individual associates will nurture creativity in each associates’ area of business. This will eventually contribute to the energization of the organization.

As we expand operations globally, we are striving to diversify our human resources with the view that it is vital to create an organization that helps associates with diverse value systems and cultures to realize their full potential.

■ Internship

Akebono is proactively promoting internships, with the aims of developing associates' sense of being part of an international concern meeting diverse needs and expanding in global markets as well as of supporting young, non-Japanese people's career choices. In fiscal 2012, we aim to assign more than one non-local intern to each Headquarters department. By creating an environment in which interns from various national origins can get involved in programs alongside Akebono associates, we will lay the groundwork for global human resources.

Number of Interns Accepted



■ Introduction of Regular Recruiting of Fresh Graduates in October

In 2012, we are introducing the regular recruiting of fresh graduates in autumn with the aim of securing excellent human resources with the potential to further our global expansion. Recruitment activity is to target graduates from overseas universities, which differ in regard to the month of graduation by region, and will extend throughout the world in the quest for excellent candidates.

We are stepping up our communications with the educational institutes in each region to make sure that new recruits who join in autumn undergo the same training as those newly hired in April. In 2012, the first fiscal year of this recruitment plan, we are going to accept graduates from Thailand, Indonesia, Mexico, Nepal and France as new recruits, and nurture them to be associates who will find success on the global stage at the earliest time.

Work-Life Balance (Japan)

■ Basic Approach

We aim to create an environment in which each of our associates can feel fulfilled in both work and private life, while keeping a proper balance between the two. We provide opportunities to change one's work style through child rearing, caregiving, community work, studying English and other self-improvement activities.

■ Working Hours

At Akebono, annual working hours per employee are 1,916 hours, virtually the same as the automotive industry of Japan average of 1,918 hours. Average annual overtime per employee clocks in at 205 hours at Akebono, slightly lower than the average for the domestic automotive industry of 222 hours. In addition, an average of 17.6 days of paid leave is taken annually, which represents 91.3% of total paid leave granted.

In the Akebono Group, 92% of associates were full time and 8% were contract workers as of March 30, 2012. Employees aged 60 years or more constitute the majority of contract workers as a result of efforts to re-employ mandatory retirees.

■ Child Care Leave Plan

We have a child care leave plan that exceeds legal standards. For example, eligible associates can apply for child-care leave until the child's third birthday. Eligible associates can shorten their working hours by two hours per day until the child's enrollment in junior high-school. Moreover, eligible associates can take up to five days per year of leave that is separate from annual paid leave to nurse sick children.

In 2010, Akebono received the "Child and Youth Support Award" of the "Awards Program for Contributor to Child and Youth Upbringing and Childcare" sponsored by Japan's cabinet office. The award was given for Akebono's initiatives to create a working environment that helps associates maintain a balance between work and child care as well as to enhance its support system.

■ Career Partner Plan

For those who leave the company due to family duties such as child care, care giving, accompanying a spouse on a regional assignment or for other reasons, we offer a Career Partner Plan that provides them with opportunities to rejoin Akebono and make full use of their experience and knowledge. We are developing work systems that allow associates to choose diversified and flexible work styles as well as a work environment in which each associate can exert their skills. In fiscal 2011, one of our ex-associates registered in the plan was welcomed back into Akebono and began working as an associate.

Overseas Labor Management

We recognize the stable labor-management relationship in overseas locations as an essential management issue. We are striving to build cooperative relationships with labor unions through mutual consultations under the basic policy of "harmonious labor relations."

In 2010, we held individual interviews with associates of Akebono Brake (Thailand) and Akebono Corporation in Guangzhou and in Suzhou in China, to hear their comments, requests and opinions. Through these interviews, we found that the personnel system being applied, which was based on the system in Japan, was not necessarily suited to the values of local associates working at these locations and that this system could not win their understanding.

In order to fully realize Akebono's manufacture potential in China, we revised the human resource system implemented at these locations in 2012 after close study revealed that the system had two portions: a portion that represents Akebono's philosophy and could not be changed and a portion that should be changed pursuant to the local labor practices and value systems.

Similarly, we began discussing revisions to the human resource system in Thailand. Looking ahead, we support labor management at overseas locations with high regard for and understanding of the national character and labor practices in each country.

Please see page 62 for the official name of each overseas location

Sharing Our Knowledge in Support of Globalization

Overseas Expansion of Monozukuri Center

The Monozukuri Center provides a forum for learning the principles of manufacturing that is always open to anyone in Akebono. In addition to offering a series of short-term training programs that incorporate the hands-on experience of manufacturing, the center provides associates with opportunities to make new friends.

The center plays an important role in nurturing Akebono's human resources, offering training classes nationwide. In particular, it aims to develop associates who will go on to strengthen the functionality of production sites. Also, the center promotes the dissemination of Akebono's manufacturing strengths—built upon a solid tradition of Japanese *Monozukuri*—among its overseas operations. For those who have been in Akebono less than 10 years, Basic Technical Classes are currently offered at domestic factories as well as an intensive training program teaching best practices.

The Company invited six associates from Indonesia in February 2012 to participate in the Basic Technical Classes. These trainees will, in turn, become trainers teaching the Group's first overseas session of the Basic Technical Class, which is planned to kick off in July 2012 in Indonesia. We are also planning to launch classes at North American locations and accept trainees from Thailand.

The Establishment of akebono Training Center

With the aim of nurturing globally capable associates, the "akebono Training Center" will be established at Ai-City (Hanyu City, Saitama).

We are planning to utilize the center as a place for exchanges among human resources from group members worldwide. Through such exchanges, we are aiming to create new values as associates share knowledge obtained in the course of Akebono's global expansion, which has proceeded rapidly in recent years.

At Ai-City, where Akebono's headquarters is situated, the Monozukuri Center maintains Akebono's technological traditions and the "ai-museum (Brake Museum)" preserves the history of Akebono's technological development.

Aiming to solidify our foundation of human resources over the medium- to long-term, we will expand the human resource nurturing functions of Ai-City with the establishment of the akebono Training Center and promote the development of associates with the potential for success on the global stage.

Facility Outline

Name	The akebono Training Center (tentative)
Address	5-Chome Higashi, Hanyu City, Saitama
Site area	Approx. 9,500m ²
Floor space	Approx. 3,900m ²
Construction	Two-story, steel frame building
Design	Plantec Architects, Inc.
Contractor	Kitano Construction Corp.
Start of construction	May 2012
Planned completion	December 2012
Total investment	Approx. ¥1.7 billion

Monozukuri Center



Friction Materials Dojo where trainees learn basic manufacturing skills



Over 2,000 trainees in total have completed training classes (as of April 2012)



APS Dojo where trainees learn standard operation procedures



Trainees from Indonesia (February 2012)

Other than the above dojos, the Monozukuri Center has established the Kako Dojo, Safety Dojo, Maintenance Dojo and Environmental Dojo (page 34). Training is also offered as a Saitama Prefectural Government program.

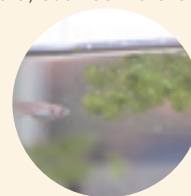
Main Features of the Facility

- Flexible learning spaces that can be expanded or reduced depending on program requirements
- Presentation auditorium modeled on a university-style lecture theater
- Dedicated language laboratories and study rooms
- Lounge areas for enhanced communication and garden spaces for greenery
- Accommodation for medium- and long-term-stay visitors
- Kitchen facilities for cross-cultural exchanges through the experience of various cuisines
- Library facilities to support self-study through e-learning and other means
- Video conferencing functions to strengthen worldwide networking among global facilities

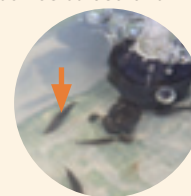
Environmental Measures Taken at the Facility

- Efforts to plant trees across the entire site with a greening attainment rate currently at 33%
- Utilization of renewable energy technologies (solar power systems, solar water heating equipment, energy and cost savings through use of natural resources)
- Promotion of wildlife diversification through on-site cultivation of local fauna and flora, such as *Aldrovanda vesiculosa* and fireflies

Aldrovanda vesiculosa and fireflies are currently nurtured at the Monozukuri Center. We plan to release the young on the premises of the akebono Training Center.



Killifish and *Aldrovanda vesiculosa*



Firefly larvae

Business Continuity Plan

- Earthquake proofing reinforced to 150% of Japanese standards
- Emergency provisions and supplies stockpiled for use in the event of an emergency evacuation
- Independent power generators to ensure emergency electricity supply

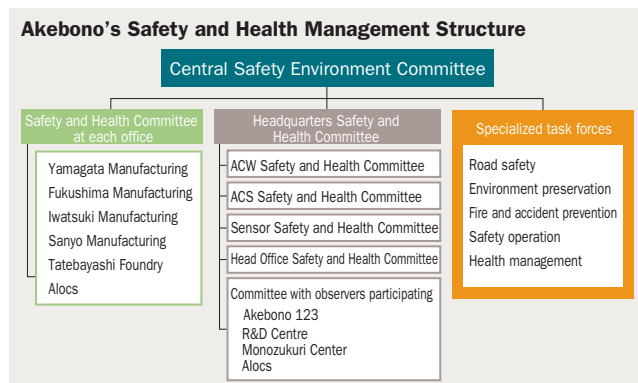
Worksite Safety and Health

Ensuring the Safety and Health of Associates

In line with Akebono's Corporate Mission and Akebono's Declaration for the 21st Century, we maintain a number of initiatives promoting the safety and health of associates. Through a safety and health management structure headed by the Central Safety Environment Committee, we are ensuring the safety and health of our associates and thoroughly implementing measures to prevent various risks related to our operations, including disasters, accidents and other emergencies.

Specifically, we are paying utmost attention to the safety of our personnel. Unless they have received the prescribed safety education, no newly recruited associate or contract worker is allowed to engage in actual operations.

In our production sections, safety training sessions are held regularly. Associates learn about the appropriate gear/protective clothing, the order of operation, how to anticipate danger and safe driving techniques through the sessions and the booklet *Need-to-Know about Safety*, which is given to all of them.



TOPICS

Augmented Initiatives in Response to Earthquake

Disaster drills were held at our nationwide locations from October 2011 to March 2012, assuming a large scale earthquake.

At Fukushima Manufacturing, an evacuation drill on the assumption of an earthquake with an intensity of six and fire in the plant was carried out.

In the above drill, satellite phones were used to communicate with the Crisis Management Office at Ai-City headquarters. The use of these phones was in line with the listed countermeasures against urgent disasters (see page 9 for details).

At Ai-City headquarters, a disaster drill was held on the assumption of a magnitude 7.3 earthquake centered in southern Ibaraki.

At the building in which the Global Head Office is situated in Nihonbashi, Tokyo, a disaster drill was held by the building owner, and 36 Akebono-related persons, including associates and interns from overseas, participated.



Disaster drill (Fukushima: October 6, 2011)



Disaster drill (Ai-City: March 21, 2012)



Smoke Experience House opened (Ai-City: December 7, 2011)



Disaster drill (Tokyo: March 2, 2012)

Response to the Problems of Asbestos

Ahead of other domestic companies, Akebono began the development of asbestos-free products in the 1970s.

As for products for new passenger cars manufactured on an OEM basis, the transition to the asbestos-free products was completed in 1992. In the same way, we accomplished the transition to such products for commercial cars in 1994. We have not manufactured service parts containing asbestos since 2000.

In July 2005, Akebono launched the "Asbestos Special Committee" and in August each group member then established a "Health Consultation Room," implementing health checks for neighbors, ex-associates and their family members (the costs were borne by Akebono). In total, 602 people underwent health checks as of March 30, 2012. The health check is planned to be continued.

Breakdown of Number of Examinees (from August 2005 to March 2012)

Figures in parentheses represent increases from the previous year

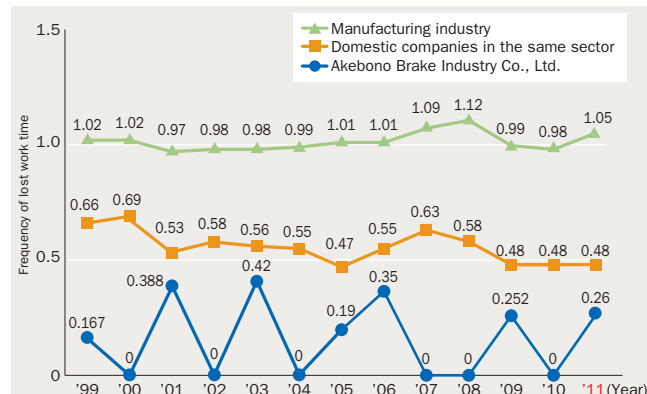
	Ex-associates	Families of ex-associates	Neighbors	Total
Asbestosis found	41	0	0	41
Pneumoconiosis found	15	0	0	15
No findings	397 (+15)	37	112	546 (+15)
Total	453 (+15)	37	112	602 (+15)

The 4,210 Consecutive Days of Accident-Free Driving—Alocs

Alocs is a carrier that transports the Group's products among domestic production plants in addition to delivering products to customers. It marked its 11th year of accident-free operations since 2000, with 4,210 consecutive days of safe driving that included not only product transportation but associates' commuting and even off-duty driving.

At Alocs, such initiatives as confirming the health of its drivers and identifying danger points along driving routes are persistently made to prevent car accidents. The Akebono Group, which provides communities with safety and security through brake products, continues to provide safe logistics.

Frequency of Occupational Accidents (frequency of lost work time)



Manufacturing industry and domestic companies in the same sector:

Frequency of occupational death and injuries=number of deaths and injuries due to industrial accidents/total number of actual working hours x 1,000,000

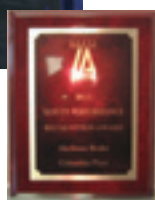
Akebono Brake: Frequency of accidents causing lost work time=numbers of workers suffering lost-work-time injuries/total number of actual working hours x 1,000,000

Improvement of Worksite Safety and Health Overseas, Award-Winning Activities

■ ABCS Wins Safety Award in North America

Akebono Brake, Columbia Plant (ABCS) was given two safety awards by the South Carolina Manufacturing Alliance and the

South Carolina Chamber of Commerce. The awards were given in recognition of ABCS' exemplary efforts in conducting exhaustive monitoring and reporting on potential accidents as well as in providing safety education utilizing web-based systems.



South Carolina Safety Performance Recognition Award



South Carolina Chamber of Commerce Safety Award

■ AAIJ Wins the Highest Safety and Health Award in Indonesia

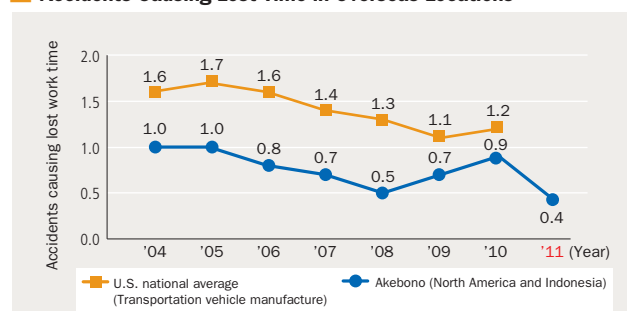
PT. Akebono Brake Astra Indonesia (AAIJ) was given the Highest Safety and Health Award at the Astra Green Company (AGC) Environment Safety and Health Convention for its fire prevention program for aluminum melting furnaces.

The Astra Group is one of Indonesia's foremost conglomerates, and this award is regarded as the country's most authoritative CSR award, with the selection committee consisting of officials of University of Indonesia and the Government.



In 2011, the frequency of accidents that caused lost time was 0.4, reached record low levels.

■ Accidents Causing Lost Time in Overseas Locations



Graph data is based on calculation methods adopted by the Occupational Safety and Health Administration Office of each country. U.S. national average is based on the U.S. Department of Labor data. However, figures for 2011 do not contain average data for all Akebono U.S. plants as such data has not been publicly disclosed as of June 11, 2012. Data from 2003 to 2009 included ABG and ABE; ABCS and ABCT were added from 2010. AAIJ (Indonesia) was included from 2011.

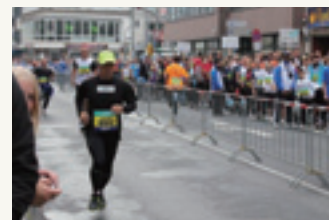
Please see page 62 for the official name of overseas locations.

TOPICS

Initiatives to Promote Health and Friendship Among Associates

■ Participated in Marathon in Germany

A joint team consisting of associates of Akebono Europe GmbH and staff of a local Japanese restaurant participated in the BMW Frankfurt Marathon held in October 30, 2011.



■ Suzhou and Guangzhou, Akebono Affiliates in China Held Year-End Parties

Chinese year-end parties were held by Akebono



End-of-Year Party held by Akebono Corporation Guangzhou

Corporation Suzhou and Guangzhou and were celebrated by 160 associates in Suzhou and 120 in Guangzhou respectively.

■ Participated in the Clarksville Riverfest in North America

A team from Akebono Brake, Clarksville Plant (ABCT) participated in the Fifth Annual Riverfest

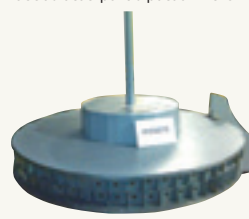
Regatta on September 10, 2011, a part of the Clarksville Riverfest event. The team won the "Ship Shape Award" which is given for the most unique boat design.



ABCT associates participated in the Regatta



Ship Shape Award Plaque



The "Floating Rotor," built by the ABCT team

Facilitating Individuals' Health Management by Providing Health Information

Our Basic Policy of Health Management

In recent years, the number of workers who are stressed or worried from work or daily life has been increasing. In addition to existing measures to prevent occupational injuries and diseases, countermeasures against mental health problems becoming a big issue for companies.

Aiming to promote our Worksite Health Management System as well as associates' self-management of their health, we have devised Health Management Rules. We are improving our health management structures and systems in line with our basic approach to protecting associates' health as follows:

1. Each individual is ultimately responsible for the management of his/her health, but the Company shall support his/her efforts to ensure good health.
2. The Company aims to promote the sound mental and physical condition of each associate and thereby improve productivity.
3. The Company manages risk by paying sufficient attention to workers' health and complies with relevant laws and regulations.

We are developing a working environment that helps prevent the occurrence of mental health problems through the provision of educational programs and by conducting health checks covering all the associates. Moreover, we are promoting the early detection and treatment of problems by making it obligatory for those who are overworked to be interviewed by an industrial physician. For those who are on leave of absence due to mental problems, we facilitate their reinstatement through rehabilitation support and take steps to prevent recurrence. These measures are carefully designed to address specific problems.

Looking ahead, Akebono will continue to nurture a work environment in which any associate can easily consult a professional about their health and that has systems and structures in place to properly manage associates' health while facilitating and supporting their self-health management.

Initiatives to Manage Associates' Mental Health

Our initiatives for mental health management began with a voluntary training session on "worksite mental health" was held in July 2003. This was followed

by regular training sessions under the theme "Basic Mental Healthcare Management Training" at locations nationwide from 2004. Eventually, all associates in supervisory roles came to be obliged to participate.

On the other hand, we are continually improving our mental health care structure. We have clinical psychotherapists appointed and allocated within our health management structure. Moreover, diagnostics on mental health are fed back to the associate receiving treatment.

In fiscal 2010, the number of people receiving counseling from the clinical psychotherapists increased 30 from the year earlier, to 197 associates. This was due mainly to increasing awareness among associates about mental health issues as well as a trend among associates with potential problems going to receive counseling earlier than before. Consultations with managers about the mental problems of their staff have also contributed to the increase.

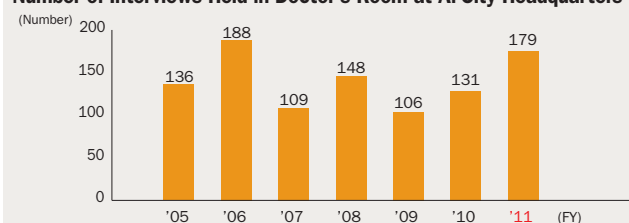
Nevertheless, from the perspective of mitigating corporate risk and occupational safety, we recognize that our existing initiatives need to be examined and improved on based on a review of complaints with regard to both counseling and diagnostic results. In order to direct our initiatives toward essential contributions to mental health management, we held an "Investigative Commission" in fiscal 2012, staffed by the human resource department and representatives from a labor union and health insurance association to investigate underlying cause of mental health issues and to discuss countermeasures against such issues.

Kenko Akebono 21 (Health Akebono 21)

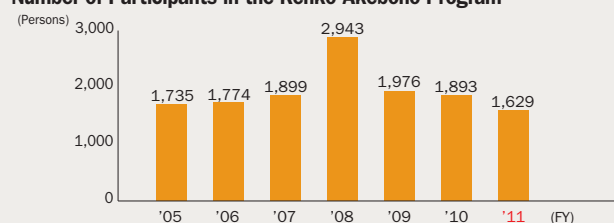
Our "Kenko Akebono 21" program encourages associates to set exercise targets. In 2005, the program was expanded to cover associates' families, aiming to provide them with the opportunities to promote their health in a fun way.

"Health Up Points" are awarded to participants based on their targets, efforts and achievements and can be exchanged for fitness gear and coupons for contracted resort facilities and sports facilities. In fiscal 2011, 1,629 people participated in the program.

Number of Interviews Held in Doctor's Room at Ai-City Headquarters



Number of Participants in the Kenko Akebono Program



TOPICS

Health Promotion Activities for Associates

Lectures on Radiation

Lectures on radiation and its impact on health were given on June 9 and 15, 2011, at Fukushima Manufacturing, which is situated in the prefecture where the Fukushima Daiichi Nuclear Power Station is located.

Industrial physician Dr. Yoshio Yaginuma delivered the lecture, and associates were glad to shed their excessive anxiety over radiation which correct knowledge prevents from prevailing.

Attendees gained deeper understanding of the mechanism of a nuclear power station, type of radiation and their radiotransparency, forms of exposure and radiation damage through plain explanations using graphs and values.

Some of attendees questioned on whether they can hang laundry outside the house and whether they should let children play outdoors. The effectiveness of radiation protection suits was questioned. By providing

answers to associates' immediate questions, Fukushima Manufacturing worked to reduce their worries over radiation.

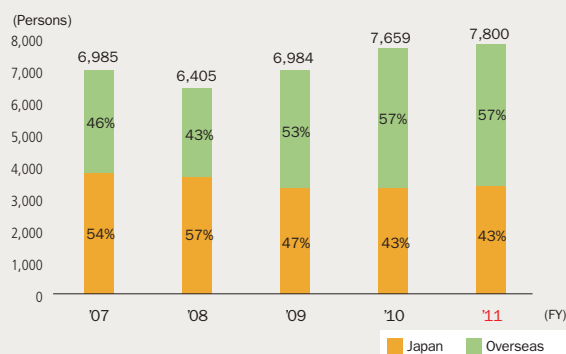
Promotion of Nonsmoking

We are promoting nonsmoking on the Companywide level. Yamagata Manufacturing supports a voluntary group of associates in which participants encourage each other to quit smoking. In spring 2010, the company solicited smokers to join the group and 60% of participants succeeded in quitting smoking within one year. They received certificates of commendation from the company.

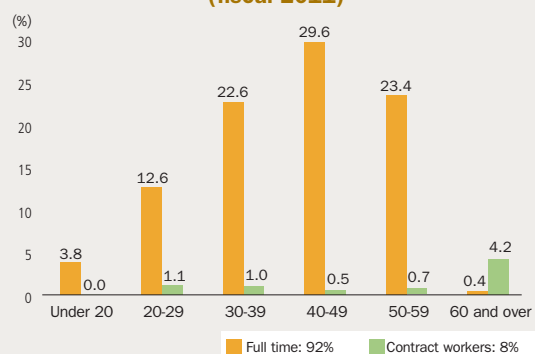
On March 14, 2012, a health examination was held at ACW, using the device that detects carbon monoxide in breath. 60 people, including smokers, secondhand smokers and other people those who are concerned about their health, participated.

Highlights: Associates' Data

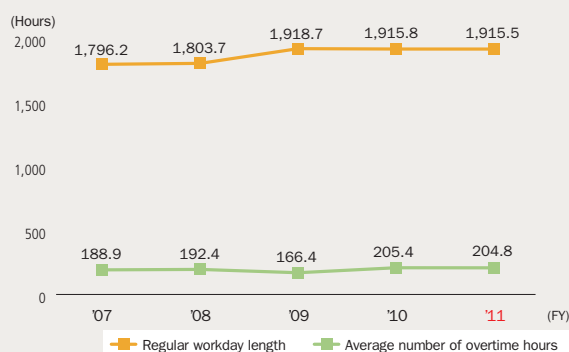
Number of Associates (Consolidated Basis) and Ratio of Domestic and Overseas Associates (%)



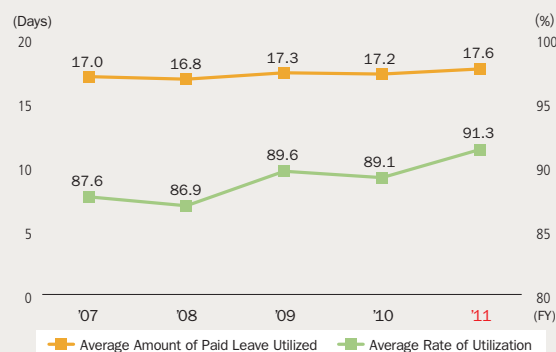
Ratio of Associates by Age (Japan) (fiscal 2011)



Workday Length (Japan)

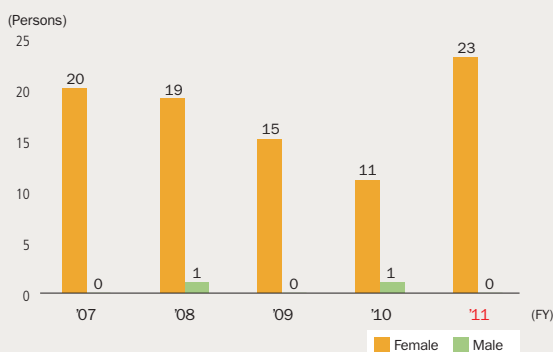


Average Amount of Paid Leave Utilized (Japan)

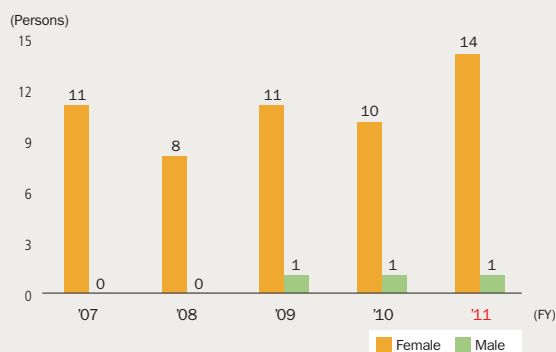


Work-Life Balance Statistics (Japan)

● Child care leave



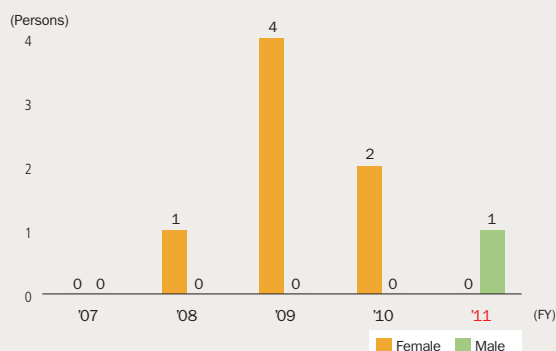
● Shorter working hours due to child care



● Family care leave



● Shorter working hours due to family care



Targets and Results

Environmental Targets for Fiscal 2011 and Results Achieved

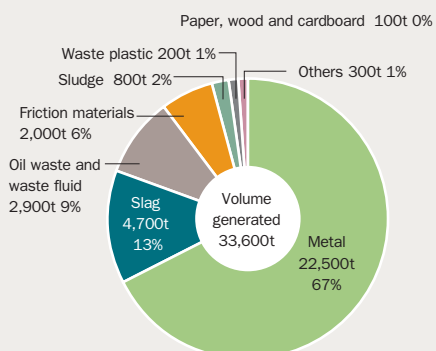
	Initiatives	Medium- and long-term targets	Targets for fiscal 2011
R&D	Promotion of products containing no substances of concern (SOCs)	Develop lead-free sintered material by 2013 (for conventional train lines and bullet trains)	Reduce lead usage 70% by March 31, 2011
Production	Reduction of total CO ₂ emissions at five production plant in Japan	Reduce CO ₂ emissions an average 7% in the fiscal 2008–2012 period (compared with fiscal 1990)	Reduce CO ₂ emissions 7% or more compared with fiscal 1990
	Continue ISO 14001-related activities and improve environmental management system	Continue to enhance environmental activities	Firmly root ISO 14001 in operations and steadily renew certifications
	Promotion of Zero-emissions activities at production plants: eliminate landfill waste	Maintain Zero-emissions	Maintain Zero-emissions
Environmental education	Environmental Dojo	Nurture human resources to disseminate environmental preservation methods to locations nationwide through training programs implemented at Environmental Dojo	Upgrade education activities at Environmental Dojo and Safety Dojo, especially energy-saving education
Logistics	Response to revised Energy Conservation Law (energy saving obligation of cargo owners)	Reduce specific energy consumption 1% on a year on year basis	Reduce specific energy consumption 1% on a year on year basis
Purchasing	Promotion of green purchasing	Establish structure that ensures purchasing activities in line with the Green Purchasing Guidelines	<ul style="list-style-type: none"> •Conduct an ongoing survey of substances of very high concern (SVHC) and substances subject to regulations •Proactively respond to the expected designation of six new substances •Conduct individual surveys upon inquiries from customers related to CLP* •Revision of the Green Purchasing Guidelines <p>*EU regulations on Classification, Labeling and Packaging of substances and mixtures Because the obligation to post notification of the substances contained in packing materials were enforced, businesses with connections to the packing business are required to adhere to CLP guidelines</p>
Production engineering	Promotion of resource-saving design	Develop manufacturing facilities that are re-usable, achieving a greater yield ratio, energy saving and eco-friendly operations, thereby realize environment-friendly manufacturing	<ul style="list-style-type: none"> •Further enhancement of energy-saving and resource-saving technologies •Plan and develop new technology to reduce waste fluid •Figure out application of heat pump technology to brake manufacturing process

* Matters regarding safety and crisis management (business continuity plan) are presented on page 17 in a chart labeled "Status of CSR promotion"

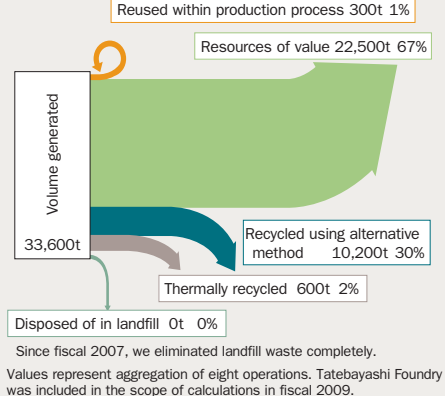
Zero-Emissions Activities

In fiscal 2011, the Group's total waste emission volume increased 1,800 tons, reflecting robust production. This represents a 6% increase compared with fiscal 2010. Nevertheless, we continue to pursue Zero-emissions in the form of disposal methods that cause less environmental load, for example, recycling waste sand into cement raw materials, which we began outsourcing in 2010.

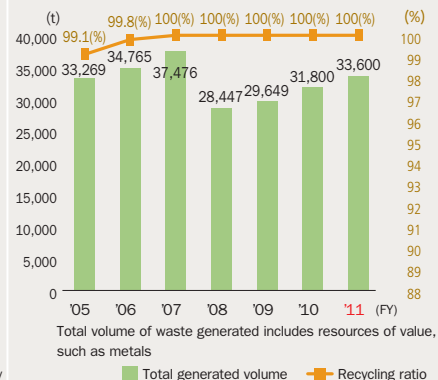
Waste Generated in Fiscal 2011 (primary operations in Japan)



Fiscal 2011 Volume of Waste Generated and Recycling Ratio (major operations in Japan)



Change in Total Volume of Waste Generated and Recycling Ratio (major operations in Japan)



Evaluations: A 100% accomplished / B not accomplished

Results achieved in fiscal 2011	Evaluations	Plans for fiscal 2012 and after	Related pages
<ul style="list-style-type: none"> Reduced lead usage 42% as of March 31, 2012 Regarding new friction materials for rolling stock, the Company has already completely eliminated lead usage 	B	Develop lead-free sintered material by March 31, 2013 (for conventional train lines and bullet trains)	36
Introduced an inverter control system for compressors and dust collectors to promote energy saving and reduced CO ₂ emissions 14%, to 63,900t (compared with 74,000t of fiscal 1990)	A	Reduce CO ₂ emissions more than 7% (compared with fiscal 1990) by March 31, 2012 Moreover, reduce CO ₂ emissions 30% by March 31, 2016 (compared with fiscal 2009)	40, 41
ISO 14001 certifications were renewed at six locations, including Iwatsuki Manufacturing	A	Continue to firmly root ISO 14001 in operations and steadily renew certifications	34
Maintained Zero-emissions: eliminated landfill waste	A	Continue to maintain Zero-emissions: generate no landfill waste	30
Broadened energy-saving education: incorporated energy-saving best practices and introduced a simulator at the Environmental Dojo that provides a "real-life" experience of an air leak incident	A	Implement follow-up education, reflect feedback from trainees in education	34
Specific energy consumption increased 4% to 0.257 compared with 0.247 in fiscal 2010 Formula for calculating specific energy consumption: Crude oil usage volume/10,000 transportation t-km Specific energy consumption increased due to a fall in the load-to-truck ratio in the wake of the production decrease and electric power shortage following the Great East Japan Earthquake in spite of the following activities: the introduction of new cars conforming to fuel efficiency standards set for fiscal 2015; the further development of eco-driving activities; and the promotion of safety and eco-driving training	B	Reduce specific energy consumption 1% on a year on year basis	43
<ul style="list-style-type: none"> Conducted a survey of REACH designated substances that is ongoing Completed a survey of CLP subject materials Revised Green Purchasing Guidelines to incorporate formats for reporting environmental load substances (IMDS and JAMA sheet; established a submission deadline in the Guidelines) 	A	<ul style="list-style-type: none"> Continue to conduct the ongoing survey on SVHCs that are expected to come under REACH designation Conduct research into substitute materials that contains less environmental load substances 	39
<ul style="list-style-type: none"> Applied heat pump technology to a part of brake manufacturing process, improved energy saving efficiency Previously, wastewater was diluted before being discharged in order to adjust pH level to the prescribed level. A neutralization tank was installed to treat such wastewater and this process has reduced the requirement for dilution water by 10,000t per year (see picture below) 	A	Further enhancement of energy-saving and resource-saving technologies	41

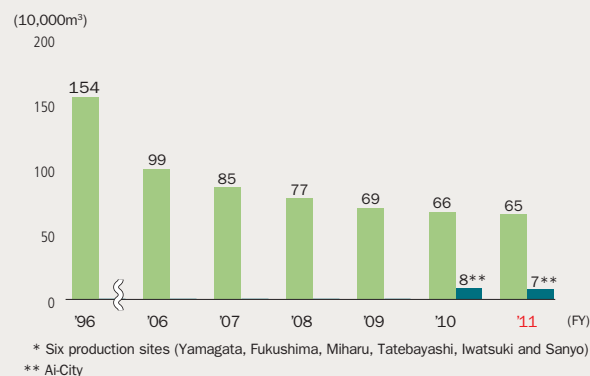
Reduction in Water Usage



A neutralization tank is used to treat liquid acid or alkaline waste

Achieved a 10,000 ton annual reduction in the volume of dilution water by treating wastewater in a neutralization tank (Yamagata Manufacturing)

Change in Water Resource Usage Volume



Headed by the Global Environment Committee, We Are Promoting Environmental Preservation

Our Environmental Vision

Akebono recognizes that responding to the environmental problems is an issue of the utmost importance and seeks to protect the environment on a global scale as part of efforts to fulfill its CSR. Based on this recognition, Akebono maintains a strong commitment to undertaking environmental preservation activities in a comprehensive manner and with a global perspective.

In line with this commitment, the Recycling Committee and the Global Environment Committee were established in 1991 and 1994 respectively, followed by the formulation of the Company's Environmental Declaration and Basic Environmental Policies in 2001. Rallying the strength of entire Group, Akebono is striving to achieve both sustainable business operations and sustainable society.

Strengthening Cooperation between the Global Environment Committee and Task Forces

Guided by akebono's Corporate Mission and akebono's Declaration for the 21st Century (please see page 1), the Company established environmental and CSR management systems based on its Environmental Declaration and Basic Environmental Policies. To prevent air pollution and mitigate environmental risk, Akebono is developing highly eco-efficient operations, taking into account CO₂ emissions, industrial waste recycling, energy saving and resource saving.

Looking ahead, Akebono is accelerating its environmental activities at the initiative of the Global Environment Committee and with strengthened cooperation between Sectional Committees and task forces. With global perspective, its initiatives are further broadening and incorporating various new activities, such as preventing loss of biodiversity.

Environmental Declaration

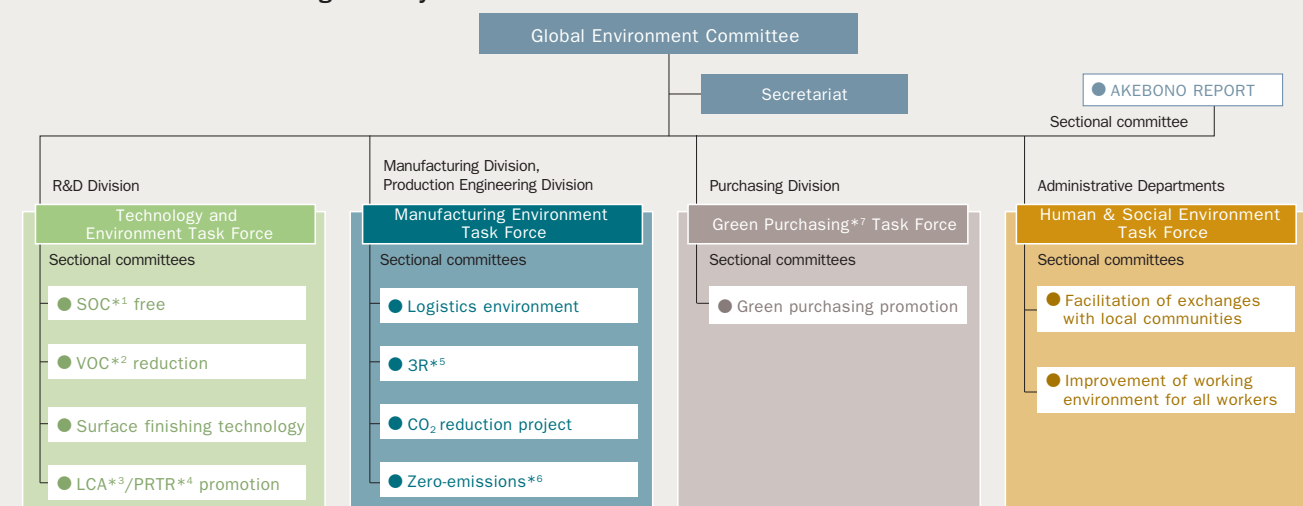
Based on our Corporate Mission and Declaration for the 21st Century, we will continue to create new value in the new millennium, contributing to both the company and the environment. As a global corporate citizen, we will also strive to protect the environment on a global scale and implement ongoing voluntary activities aimed at creating a safe, vibrant society that co-exists in harmony with the environment.

Basic Environmental Policies

1. From the early development and design stages, we will actively pursue initiatives that give consideration to both safety and the environment. We will promote the development of technologies and products that minimize environmental impact.
2. Each and every associate will make ongoing efforts to reduce environmental impact and promote a recycling-oriented society by conserving energy and resources, recycling and reducing waste.
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 in Japan and overseas.
4. We will actively disclose information to increase understanding of our environmental initiatives and encourage positive relationships with communities with the aim of creating a better living environment.

Established 2001

Environmental and CSR Management System



Established in 2001

*1 SOC (Substance of Concern): Environmentally hazardous substances, including mercury, cadmium, lead and hexavalent chromium

*2 VOC (Volatile Organic Compound): Toluene and xylene are representative of this group's compounds, which are suspected of involvement in the development of substances that cause health concerns, including oxidant and air-borne particulate matters

*3 LCA (Life Cycle Assessment): A technique for analyzing and assessing the environmental impact associated with the entire life cycle of a product (mining of materials, manufacturing, use, recycling and disposal)

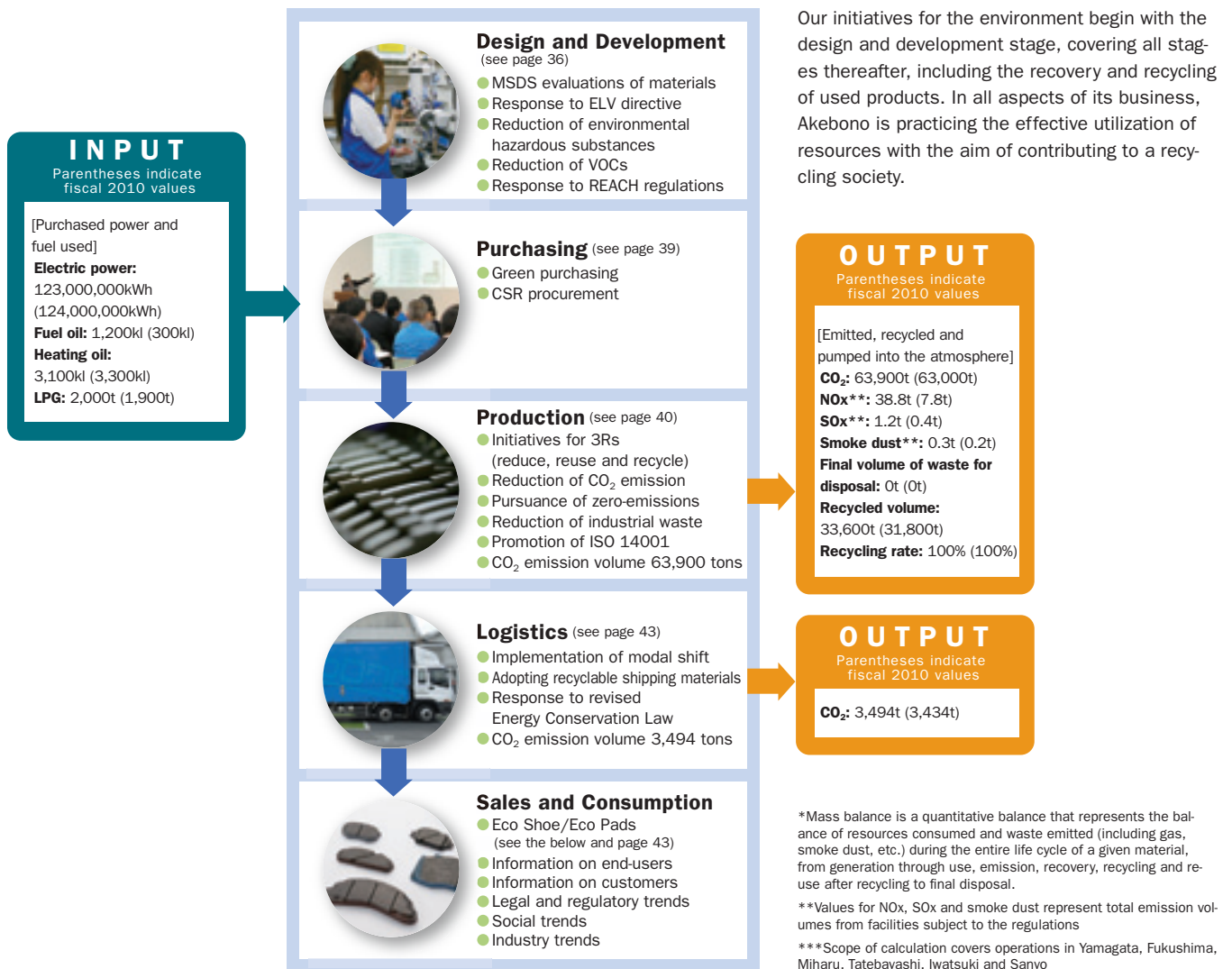
*4 PRTR (Pollutant Release and Transfer Register): Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) was passed into law in 1999 and enforced in 2001. Under the law, business operators which handle more than a certain amount of specified chemical substances are required to submit reports to the competent minister annually.

*5 3R: Acronym for reduce, reuse and recycling of resources, activities that contribute to a recycling society

*6 Zero-emissions: Proposed by the United Nations University in 1994, a system wherein companies aim to emit no waste, engaging rather in resource recycling and the effective utilization of waste

*7 Green purchasing: Affirmative selection and acquisition of products that impose less negative environmental impact; scope includes materials used in products as well as secondary materials used in the course of manufacturing. The manufacture of "Green Products" requires the practice of green purchasing.

Product Life Cycles, Environmental Impact Mass Balance and Recycling Route



Recycling Route



akebono Eco Pads (registered trademark)



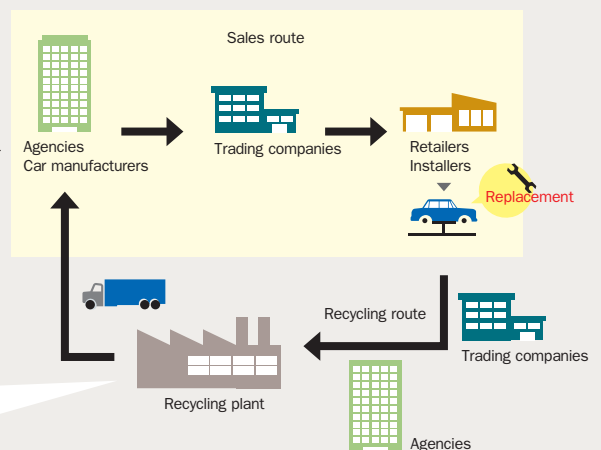
Detached drum brake shoes and disc brake pads (foreground)



Sorting recycling products by model number



New product plant



ISO Certifications, Environmental Education and Audits

Sequential Renewal of ISO Certifications

In 1999, the former Akebono Brake Miharuru Manufacturing Co., Ltd. obtained ISO 14001 certification, becoming the first Akebono Group member to garner ISO certification. Since then, each Group member in Japan has obtained the certification, extending the scope of coverage to include back-office sections. Group members overseas were also certified, with ABCS in North America in the lead. All of these Group members maintain their certifications through audits and renewals. The latest renewals were completed in 2011. Moreover, Akebono encourages suppliers to get involved in its environmental activities.

ISO 14001 Certified Group Members and Operations		Renewal Schedule (Year)									
Companies/Operations	Certification date	'05	'06	'07	'08	'09	'10	'11	'12		
Yamagata Manufacturing	00/03		○							○	
Fukushima Manufacturing	00/03		○							○	
Iwatsuki Manufacturing	02/03	○			○					○	
APS*	02/03	○			○					○	
Ai-City Headquarters	03/03		○			○				○	
Tatebayashi Foundry	10/03						◎			○	
R&D Centre**	03/03		○			○				○	
Alocs ***	07/07			◎			○	○			
Sanyo Manufacturing	01/05			○			○				
ABE (U.S.)	01/07			○			○				
ABG (U.S.)	01/07			○			○				
ABCS (U.S.)	02/08	○			○					○	
ABCT (U.S.)	01/10			○			○				
Akebono Europe (Gonesse) (France)	04/09			○			○				
Akebono Europe (Arras) (France)	04/09			○			○				
AAJ (Indonesia)	02/01	○			○					○	
Akebono Corporation (Suzhou) (China)	08/11				◎					○	
AKBT (Thailand)	09/12					◎					○
Akebono Corporation (Guangzhou) (China)	10/09						◎				

Notes:

1. 00/03 means "certified in March 2000."
2. Please see page 61 to 62 for the official names of Group members and operations.
3. Operations marked by a single asterisk (*) were certified as part of Iwatsuki Manufacturing.
4. Operations marked by double asterisks (**) were certified as part of Ai-City Headquarters.
5. Operations marked by triple asterisks (***) were certified accompanying an expansion in the scope of certification to encompass the Production Engineering Division in July 2007 and were included in Iwatsuki Manufacturing in March 2010.
6. Tatebayashi Foundry was certified accompanying an expansion in the scope of certification for Ai-City Headquarters.

Raising Environmental Awareness from the Materials Perspective

A number of our educational programs focus on raising environmental awareness. Beginning with freshmen, all Akebono associates receive environmental education aimed at building their awareness of their roles and responsibilities with regard to the environment while encouraging proactive action.

Our Environmental Dojo, which is one the training classes over-



Training session using a bulletin board

seen by the Monozukuri Center, is aimed at deepening the understanding of the relationship between Akebono's operations and the environment, focusing on such topics as rare earths. Moreover, stickers are attached to all the working machines used in the class, indicating their respective CO₂ emission volume so that trainees are always aware of CO₂ emissions no matter the type of training.

Reflecting the Results of Audits in the Environmental Management System

Our environmental management system receives annual external audits in addition to once every three year external audits for the renewal of certification. Also, in-house auditors conduct internal audits at least once a year.

In the latest external audit held in fiscal 2011, observations, that is, items needing attention, were pointed out to Akebono, including the following: improvement of communication with internal suppliers on environmental requirements and clearer identification of which aspects of primary business benefit the environment. On the other hand, our environmental management system was evaluated as appropriately established and operated, greatly contributing to the mitigation of the environmental load through proactive initiatives for improvement. Looking ahead, we will develop better structures to more clearly communicate our environmental requirements to our suppliers and create a framework for evaluating the environmental benefits of our business in response to the abovementioned observations while pursuing initiatives designed to mitigate the environmental load.

Observations: Events identified by audits that are at present not deemed to be in "non-conformance," that is, failing to meet customer requirements and/or in-house rules, but have potential to be in non-conformance in the future.

Number of Staff Holding Major Environment-Related Qualifications (as of March 31, 2012)

Name of qualification	Number* of staff
Internal environmental auditor	193
Pollution control manager	39
Water quality	16
Atmosphere	12
Noise and vibration**	11
Energy manager	7
Septic tank manager	5
Specialty controlled industrial waste administrator	5

* Total for seven operations

(Yamagata, Fukushima, Miharuru, Tatebayashi, Iwatsuki, Sanyo and Ai-City Headquarters)

** Appointed from April 2006

(Internal environmental auditors are qualified and appointed in accordance with Akebono's in-house rules.)



A sticker that indicates CO₂ emission volume attached to working machine used at Friction Materials Dojo

Major content of environmental education

Classifications	Content
Education for new recruits	Outline of environmental issues and actions to be taken
Education for associates	Environmental policies, environmental aspects of work-sites and the roles and responsibilities of every associate
Specialized education	Training for ISO 14001 internal auditors

Environmental Accounting and Eco-Efficiency

Enhancing the Manufacturing Process and Recycling Methods to Promote Greater Eco-Efficiency

In accordance with the “Environmental Accounting Guidelines 2005” formulated by the Ministry of the Environment of Japan, Akebono has calculated the costs and effects of its environmental preservation activities in fiscal 2011. The economic effects of environmental preservation measures are calculated based on concrete evidence.

The environmental preservation cost for 11 domestic operations in fiscal 2011 amounted to ¥827 million, a 3.6% year on year decrease, and represented 0.4% of domestic net sales in consolidated basis.

On the other hand, the effects of environmental preservation activities included year-on-year improvements in eco-efficiency based on net sales per unit of CO₂ emissions as well as in eco-efficiency based on net sales per unit of PRTR substance emissions.

However, eco-efficiency based on net sales per unit of waste generation declined from 0.61 to 0.59. This was attributable to an increase in waste sand due to growth in the production of casting parts in line with our policy of raising the ratio of internal manufacturing. Waste sand generated by operations is recycled by contractors as a raw material for cement and road beds. We have also started working on reducing the volume of waste sand generated.

PRTR (Pollutant Release and Transfer Register): Japan’s PRTR system legally obliges business operators handling certain chemical substances to collect and publically disclose information on said substances, including with regard to the volume generated, emitted and transported off premises. This information must be appropriately gathered, verified and reported by those operators.

Environmental Preservation Costs

Environmental preservation costs			FY2009		FY2010		FY2011	
Category		Major initiatives	Investment	Costs	Investment	Costs	Investment	Costs
Main business segment	Pollution prevention	Prevention of air, water and noise pollution	1	386	41	376	36	352
	Global environmental preservation	Prevention of global warming and ozone depletion	0	55	0	56	0	66
	Resource recycling	Reduction, disposition and recycle of industrial waste	0	194	0	163	0	174
Upstream and downstream		Recycling and reuse of products and their packing materials	0	16	0	-5	0	3
Administrative		Environmental education and environmental management system (EMS) related activities, including the acquiring of EMS certification	0	73	0	74	0	63
R&D		R&D of eco-friendly products	0	121	0	141	0	120
Social activities		Initiatives to improve the environment, including nature preservation, planting and cleaning activities	0	15	0	11	0	11
Recovery		Soil remediation and natural disaster recovery measures	0	0	0	0	0	0
Subtotal			1	860	41	817	36	791
Total			861		858		827	

Notes:

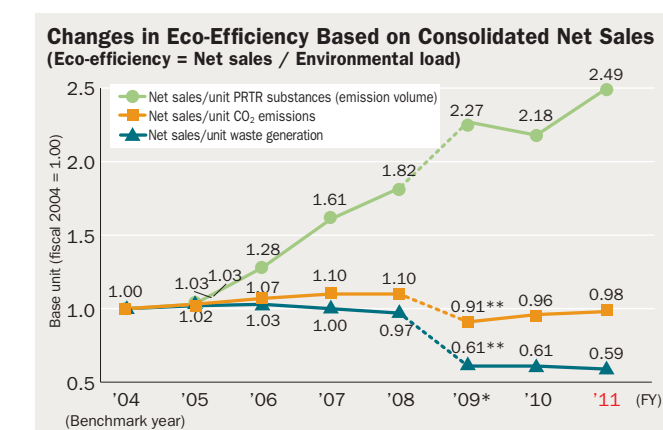
- Scope of calculation for environmental preservation costs includes the following 11 bases: Yamagata, Fukushima, Miharu, Tatebayashi, Iwatsuki, Sanyo, ACW (including purchasing), R&D sections (including Proving Grounds), production engineering sections, Alocs and the R&D Centre.
- Environmental preservation costs are the amount spent for such activities as operation and maintenance of environment preservation facilities.
- Value of investment is amount invested on introduction of environment preservation facilities.
- Values indicated in subtotal of environmental preservation costs in fiscal 2010 and 2011 differ from the actual sum of costs for the respective years due to rounding.

Major Quantitative Effects

Quantitative effects (reduction from the previous year)					(millions of yen)			
Major items		FY2009	FY2010	FY2011	Economic effects of environmental preservation measures			
					Effect	FY2009	FY2010	FY2011
Global warming prevention (CO ₂ reduction)	t-CO ₂	-3,200	-4,000	-900	Income from recycling and others	91	75	69
Reduction of industrial waste generated	t	-1,202	-2,151	-1,800	Cost reduction through energy saving, VA* and VE**	210	126	317
Reduction of industrial waste disposed of in landfills	t	0	0	0	Decrease of waste disposal costs	166	177	98
Reduction of water usage level	1,000m³	80	30	20	Total	467	378	484

Notes:

- Scope of calculation of quantitative effects and economic effects is the same as that used for environmental preservation costs and includes 11 operations.
- Values with a plus sign indicate a reduction. In addition, values have been retroactively adjusted accompanying the change in scope of calculation.



*From fiscal 2009, scope of calculation includes the following seven production plants: Yamagata, Fukushima, Miharu, Iwaki, Tatebayashi, Iwatsuki and Sanyo.

** The decrease in the eco-efficiency base on net sales per unit CO₂ emissions and the eco-efficiency of net sales per unit waste generation recorded in fiscal 2009 was due to the inclusion of Tatebayashi Foundry in the scope of calculation.

Eco-efficiency: An indicator that integrates economic performance and environmental performance. It is defined as the net sales per unit environmental load imposed by business activities. For this evaluation, Akebono has adopted measurements of industrial waste, CO₂ emissions and PRTR substances (emission volume) as indicators of environmental load.

Environmental Accounting Guidelines: Guidelines for accounting management formulated by the Ministry of the Environment of Japan aimed at providing a method for defining the costs of environmental load reduction activities to elucidate their effectiveness and performance. The latest version was issued in February 2005.

Expanding the Field of Applications for Eco-Friendly Brake Products

Developing Products Free of Environmental Load Substances

We are promoting the development of products that use a lower volume of environmental load substances in accordance with our in-house guidelines, which set forth even stricter regulations than required by law either in Japan or overseas.

As for substances restricted by PRTR and REACH regulations, we are doing our utmost to avoid using them. Moreover, we try to avoid even substances that are not restricted by these regulations, substituting other substances when we believe that there exists the possibility of a substance adversely affecting human health or the environment.

In light of the tightening of regulations on environmental load substances in recent years, before adopting any candidate materials we conduct strict checks of them with regard to their possible impact on the environment as well as on work environment safety. Having identified the presence of an environmental load substance, usually an intentional inclusion, we confirm the amount contained therein, however small it may be. Based on these efforts, we select materials that contain the least possible amount of such substances.

As for substances that are expected to come under legal regulation, we are developing alternative materials ahead of these regulations and are working to cease using such substances. Thus, we are not only responding to the existing regulation but also preparing for future regulation.

Moreover, we are trying to decrease the amount of powdery dust generated by brake pads due to abrasion as a part of our environmental preservation activities.



Striving to develop materials that impose less environmental load

Saving Energy and Resources by Reducing Product Development Lead-Time

In the product development phase, we repeatedly manufacture, examine and verify trial products to ensure conformity with regulations and legal standards on safety as well as customer specifications.

Aiming to reduce the product development lead-time, we are working to reduce the number of times we must cycle through the evaluation process by introducing such numerical value analysis methods as FEM and working to standardize product designs. This

approach contributes to energy savings by reducing the amount of electricity consumed in the development phase, specifically, electricity used in manufacture of trial products and operation of testing facilities. Of course, this also means that fewer trial products need to be made and the wear and tear on equipment parts and friction materials is reduced as well, contributing to resource saving.

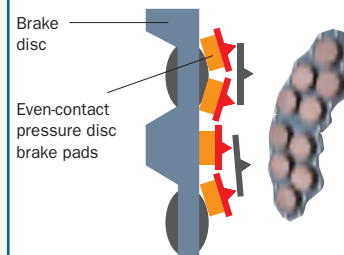
We are enhancing the efficiency and eco-friendliness of our product development system through detailed analysis of the design process and reduction of development lead-time.

TOPICS

Received Commendation for Industrial Technology

Akebono received the 41st Commendation for Industrial Technology—a prize given by the Minister of Education, Culture, Sports, Science and Technology—as one of 10 companies involved in the development of the Tohoku bullet train “E-5 Hayabusa.” Akebono’s newly developed disc brake pads for this bullet train apply even-contact pressure to the brake disc, allowing the safe operation and stable braking of high-speed trains moving in excess of 300 km per hour. In addition, Akebono adopted materials that impose less environmental load for the pads.

Mechanism of Even-Contact Pressure Disc Brake Pads



Even-contact pressure disc brake pads are designed to fit into the indented pattern on the surface of the brakes, yielding greater braking force, and thereby enhancing braking performance



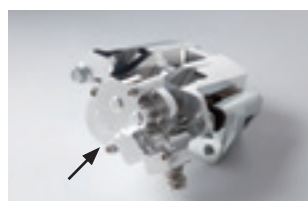
Tohoku bullet train “E5 Hayabusa”

Development of New Brakes for Greater Fuel Efficiency

We are developing a new automobile braking system that enables greater fuel efficiency while offering weight savings. In addition, we aim to contribute to resource saving by reducing number of parts needed in these brakes.

• Electro-Mechanical Brakes

This new brake system employs an electric operating mechanism to press down the disc brake pads. The system eliminates the master cylinder, hydraulic control unit and several other parts used in a conventional hydraulic brake. This improves fuel efficiency by saving weight. Moreover, this system can contribute to environmental preservation by eliminating the need for hydraulic brake fluid, which must be properly disposed of whenever repairs are made.



Arrow indicates the electro-mechanical actuator

• Low Drag Caliper

In a conventional disc brake there is always slight contact between the brake pads and the rotor, even when the brakes are released. This creates rotational resistance of the rotor and negatively affects fuel economy. Also, if the gap between the rotor and pad alters, however subtle the change, it affects how far the pedal must travel to initiate braking. This reduces driver confidence.

The low drag caliper incorporates specially designed components to ensure that the pad to rotor gap is precisely maintained at the micron level. In this way, brake drag is reduced, contributing to improved fuel economy.



Motor Sports—Exhaustively Pursuing Weight Savings

Weight Saving at the Level of a Tenth of One Percent

From 2007, Akebono is providing a braking system to the “Vodafone McLaren Mercedes” Grand Prix racing team as an Official Supplier. To meet McLaren’s uncompromising demands, we have been exhaustively pursuing weight savings to the level of a tenth of one percent along with high rigidity, greater cooling capability, high reliability and stable braking performance. We succeeded in realizing a braking system that boasts the highest level of achievement with regard to all these considerations by utilizing our originally developed mechanisms, materials and surface-finishing methods.

The know-how we obtain from the development of braking systems for such vehicles as Grand Prix racing cars is reflected in our designs for mass production. In fact, the fuel efficiency of mass-production automobiles could be improved upon by adopting some weight-saving technology initially developed for a racing-oriented braking system, where such savings are pursued to the one-gram level. This will eventually facilitate energy savings for regular automobiles.

Also, the durability of brake products can be enhanced by applying

technology aimed at improving friction materials’ abrasion resistance and ability to withstand high loads, features of an endurance race-oriented brake system. Therefore, these developments also contribute to resource saving and enhance the environmental efficiency of products.



Team members in charge of developing high-performance automobile oriented brake (from left; Kazuhiko Oishi, Takashi Oshita, Daisuke Seki and Junichi Nogiwa)

TOPICS

Akebono Products Adopted for the McLaren MP4-12C GT3

Brake calipers and brake pads developed by Akebono have been adopted for the “McLaren MP4-12C GT3” racing car, which is in the Federation of International Automobiles (FIA) GT3 class. U.K.-based McLaren is the main developer of this super car and one of the leading Grand Prix racing teams in terms of history and accomplishments. Its cumulative know-how in Grand Prix racing has been thoroughly incorporated into this supercar. The GT3 class comprises commercially available sports cars that have been

extensively modified by automotive manufacturers for racing. This class is becoming extremely popular in Europe, with races currently being held in six countries and broadcast all over the world. Total annual race attendance is more than 100,000.* Private racing teams in Europe are going to be provided with 20 MP4-12C GT3 cars and will be participating in the GT3 class racing from 2012.

*Figure announced by FIA GT3 season review in 2011



Mr. Martin Whitmarsh, Representative of McLaren and Takashi Kudo, Senior Managing Executive Officer of Akebono, chatting at press conference marking the release of the MP4-12C GT3 (May 4, 2011)



McLaren MP4-12C GT3



Front caliper: six-piston monoblock caliper



Rear caliper: four-piston monoblock caliper

The Development of New Products and Technologies

Industry's First Ferritic Nitro-Carburizing Rotor Is Introduced in North American Market

In North America, car dealerships hold large inventories of vehicles, displaying them in their open-air lots so that after inspecting the actual vehicles in person, the buyers can take their new purchases with them. This means that some cars can be sitting on a lot for months, which can cause corrosion of the brake rotor surface, resulting in brake roughness, noise and vibration.



FNC finished rotor

Addressing this issue, Akebono launched working groups in North America and Japan in 2010 and devoted significant effort to the development of FNC* technology. As a result, in December 2012, Akebono completed the development of FNC treated disc brake rotors, becoming the first brake manufacturer to have FNC mass-production capabilities. The supply of FNC rotors in the United States is planned to begin in 2012.

The FNC process is a surface treatment that improves corrosion resistance and wear performance. In fact, the corrosion resistance of the treated rotors is expected to be nearly five times that of untreated rotors.

In addition, the treatment boosts both fatigue and heat resistance, thereby strengthening the wear performance of rotors and ultimately raising overall braking performance. Another benefit is a decrease in the volume of dust generated by friction, increasing the durability of rotors and the appearance of wheels. The treatment thus adds value while contributing to resource saving as well as reduction of environmental load caused by such dust.

* Ferritic Nitro-carburizing

● Associates in the FNC Working Group in Japan



Katsuji Seki



Yoshiyuki Sugai

"The problems originating in the natural environment around us that cause corrosion could not be solved only with development of new friction materials, but we eventually prevailed."

"Although FNC is still new technology, we are going to utilize it in broader applications as peripheral technology."



Takuya Takada



Makoto Ohta

"FNC also enhances product value by helping to maintain appearance. I would like to hear people saying 'When it comes to FNC, you should ask Akebono.'"

"We developed FNC treatment ahead of other companies in the sector. We will grow it into a big business."

● FNC Working Group in North America



● TOPICS

Development of Lightweight Calipers

In our Caliper Design Workgroup, 11 associates strive for excellence in design as well as greater weight savings. The workgroup mainly consists young engineers in their 20s, and their fresh sensibility is fully utilized. We are looking to achieve innovative leaps that can be applied to the mass production of calipers, and our members are from such wide-ranging functionalities as R&D, production, engineering and sales. In 2011, we presented four distinct types of calipers at the Tokyo Motor Show 2011.



Members of Caliper Design Workgroup: (from left) Yuki Kaitani, Ryota Kobayashi, Shota Wada and Yoshihiro Hirata



Caliper for high-performance vehicles: 6-pot aluminum monoblock caliper



Caliper for high-performance vehicles: 6-pot aluminum monoblock caliper (with a truss type structure)



Caliper for mid-range performance vehicles: 4-pot aluminum monoblock caliper



Caliper for mass-produced vehicles: 1-pot aluminum floating caliper

Working Together with Our Suppliers

Exercising CSR in Purchasing Activities

Akebono's consideration for the environment and CSR begins at the material procurement stage—with the cooperation of its suppliers, Akebono selects materials, secondary materials and parts that have lower environmental loads in accordance with "Green Purchasing* Guidelines" formulated in fiscal 2005.

In compliance with the ELV directive** as well as the latest regulations on chemicals represented by REACH,*** manufacturers are required to further enhance their chemical substance management structures.

REACH requires a manufacturer to establish a system that covers the entire supply chain, enabling the smooth disclosure and communication of information on chemical substances contained in products. In response, Akebono has adopted the JAMA Standard Material Datasheet† and International Material Data System, †† comprising industry wide standard forms and methodology, to enhance the efficiency of its monitoring of chemical substance usage in supply chain.

In fiscal 2011, Akebono revised its Green Purchasing Guidelines and set forth its method of investigation pertaining to environmental load substances.

Also, we constantly work to keep our suppliers aware of the importance of taking action and working in partnership to promote environment preservation. We thereby ensure their understanding of and cooperation in our green purchasing activities across the supply chain.

In addition, the U.S. Congress passed the "Conflict Minerals Rule," which aims to cut off sources of funding for armed groups in the Democratic Republic of Congo and neighboring countries by imposing public disclosure and reporting requirements related to "conflict minerals" on manufacturers. To meet the abovementioned reporting obligations, the origins of minerals that suppliers handle must be thoroughly researched. As a member of the Japan Automobile Manufacturers Association, Inc. (JAMA) and Japan Auto Parts Industries Association (JAPIA), Akebono is involved in planning the methodology of research that does not impose excessive burdens on its suppliers.

* Green purchasing

The affirmative selection and acquisition of products that cause less negative environmental impact. Scope of products covers materials, secondary materials, office articles and equipment used in the course of manufacturing. Manufacture of "Green Products" requires the practice of green purchasing.

** ELV directive (End of Life Vehicles Directive)

Directive of the European Union enforced in 2003, aimed at reducing the negative environmental impact arising from end-of-life vehicles. It sets forth the restrictions on usage of cadmium, lead, mercury and hexavalent chromium as environmental load substances.

*** REACH

The European Community Regulation on registration, evaluation, authorisation and restriction of chemicals enforced on June 1, 2007

† JAMA Standard Material Datasheet

Material data system formulated by the Japan Automobile Manufacturers Association, Inc. (JAMA)

†† International Material Data System

A global data repository used by the automotive industry to gather data for reporting requirements

††† GADSL (Global Automotive Declarable Substance List)

A list of chemical substances requiring proper management formulated by automobile manufacturers, their parts suppliers and material suppliers in Japan, the United States and Europe. It is an industrywide standard, targeting the following substances, which are possibly contained in parts and materials supplied to automotive manufacturers:

1. Substances that are subject to regulation under the laws of each country
 2. Substances that are expected to come under legal regulation
 3. Substances with a proven negative impact on health and/or the environment
- The list contains substances classified into such categories as "Substances prohibited from use in all applications," "Substances prohibited from use in certain applications or that must be declared if used" and "Substances that must be declared if usage exceeds defined threshold limits."

Working Together with Suppliers to Enhance Quality

Through cooperative activities with suppliers to reduce defects and promote streamlining, Akebono seeks to understand the difficulties that suppliers confront and express its expectations to them, to this end maintaining close communications and sharing information with them.

Specifically, Akebono's relevant sections (R&D, Quality Assurance, Production and Purchasing) work together with suppliers and strive to solve troubles arising in production, reduce product defects, improve yield ratios and cut back workloads. At the same time, Akebono recognizes that its quality enhancement and cost reduction activities are also part of its environmental conservation efforts and contribute to improvements in energy efficiency and waste reduction.

In fiscal 2011, various activities aimed at quality enhancement and streamlining were conducted, including "Expectation Value Activities" involving 17 suppliers and Seiwa Kai group studies (please see page 21 for details). Looking ahead, we will strive to build mutually beneficial and friendly relationships with our suppliers through such efforts.



Quality enhancement activities with suppliers at a worksite (May 11, 2012)



"Partnership 2012—General Meeting of Akebono Suppliers" held at Hotel Okura Tokyo (February 2, 2012)

Ranking and Management of Environmental Load Substances under Green Purchasing Guidelines

Targeted chemical substances are categorized into three ranks and controlled as follows:

Rank	Chemical substances	Examples of control measures
Usage prohibited	Substances that are strictly banned from use and production by law and regulation	Prohibit production and use/draw up plans for abolishment if there is substance in use
Usage restricted	Substances which are projected to come under legal regulation regarding production and substances for which emission regulations are set under existing laws	Conduct research on alternative materials or reduction methods and draw up reduction plan
Proper Management of Usage Information Required	Substances listed in GADSL, that is, substances requiring declaration of usage amount	Ensure proper management of usage information and work toward reduction of usage

Global Warming Prevention

Initiatives to Reduce CO₂ Emissions

To reduce CO₂ emissions, which are considered to be the main cause of global warming, we are striving toward the streamlining of resource and energy use in every phase of our operations, including production.

Our Energy Saving and CO₂ Reduction Project Team was launched in 2007 and is pursuing the improvement of our facilities through ongoing activities focused on reducing CO₂ emissions by conserving energy.

Akebono's CO₂ emission volume in fiscal 2011 was up 1.4% year on year to 63,900 tons, reflecting growth in net sales, which rose 3%. The ratio of total CO₂ emission volume to net sales

improved, however, decreasing 1.3% year on year to 66.5 tons per ¥100 million, from 67.4 tons in the previous year.

We have been promoting global warming prevention activities, with the target of reducing our CO₂ emission volume an average 7% compared with fiscal 1990 in the period from fiscal 2008 to fiscal 2012. This voluntary target exceeds the 6% set by the Japanese government under the Kyoto Protocol adopted in 1997. Thanks to our efforts, we have successfully reached and exceeded our own target ahead of schedule. Looking ahead, we will enhance heat efficiency in our manufacturing facilities and thereby further reduce CO₂ emissions.

*Domestic net sales were ¥96,154 million in fiscal 2011 (please see page 60).

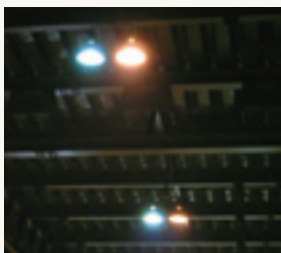
TOPICS

Initiatives to Save Energy (1)

Conversion to High-Efficiency Lighting

At Yamagata Manufacturing, both 400 Watt mercury lamps and 230 Watt sodium-vapor lamps have been tried. The former use a lot of electricity while the latter have poor color rendering properties. After some study, we converted 300 light fittings to paired high-efficiency 230 Watt mercury lamps. This resulted not only in energy savings and better color rendering but also in a 45-ton reduction in annual CO₂ emissions.

Color rendering: A way of evaluating the effect of lighting on the appearance of colors.



Before conversion



After conversion

Logistics: Introduction of Energy-Saving Tires



Eco-friendly tires that improve fuel efficiency are widely used on Akebono vehicles.

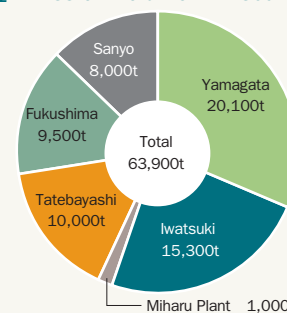
Creating Green Curtains

We are planting loofah and bitter melon vines around our buildings. These climbing plants act as "green curtains," reducing the need to use electricity for cooling by removing heat from the air through evaporation while providing shade.



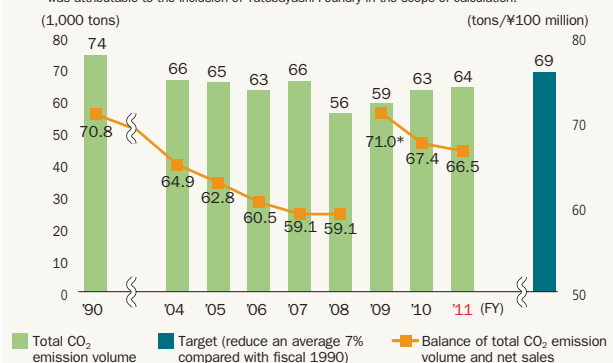
Loofah and bitter melon vines planted around a café terrace serve as "green curtains"

CO₂ Emission Volume in Fiscal 2011



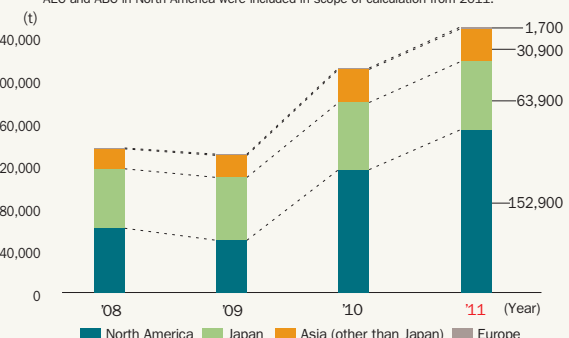
Total CO₂ Emission Volume and Emission Volume per ¥100 Million in Net Sales

The increase in the CO₂ emission volume per ¥100 million in net sales recorded in fiscal 2009 was attributable to the inclusion of Tatebayashi Foundry in the scope of calculation.



Transition of CO₂ Emissions of the Akebono Group Worldwide

AEC and ABC in North America were included in scope of calculation from 2011.



New Facilities to Achieve Greater CO₂ Reductions

Augmentation of R&D and Manufacturing Facilities for Eco-Car Oriented Brakes

Wishing to augment its R&D and manufacturing facilities for eco-car brake products, Akebono decided to submit an application to the Japanese government for a “Grant for a Company Promoting Employment by Low Carbon Type Industries” in November 2011.

The grant was awarded particularly to support Akebono’s introduction of manufacturing facilities for the production of eco-car brakes and related tools, including molds and jigs, as well as to support the set up of facilities for the development and evaluation of such brakes. With this decision, we are aiming to fulfill our responsibility to society by introducing eco-friendly facilities in addition to developing our business by raising our competitiveness. In



Interview with TV Saitama regarding the new facilities (at Iwatsuki Manufacturing, January 16, 2012)

late December 2011, preparations for the introduction have started.

Outlines of New Facilities and Aims of Introduction

Yamagata Manufacturing	Facilities	Production facilities for eco-car brake pads
	Aims	Reduce CO ₂ emissions by installing energy efficient production facilities
R&D Division	Facilities	Evaluation and testing facilities for eco-car oriented brakes
	Aims	Accelerate the development of eco-car brakes through the provision of testing facilities incorporating facilities for testing regenerative brake systems
Iwatsuki Manufacturing	Facilities	Assembly facilities for eco-car drum brakes and disc brakes
	Aims	Reduce CO ₂ emissions by installing production facilities with greater energy saving capability

Grant for a Company Promoting Employment by Low Carbon Type Industries: A grant in the form of a subsidy that is awarded by the Ministry of Economy, Trade and Industry to businesses in environmental technology fields (including eco-cars, lithium-ion batteries and LEDs) in which future growth and the generation of employment are expected. The grant particularly aims to support the establishment of domestic plants for such businesses.

An Engineer Speaks Up



New Facility Project, Production Engineering Division
Toshihiro Hoshi

The new facilities scheduled to be introduced are aiming to achieve a 50% increase in energy efficiency. As for the production of eco-car brake pads, we will be able to maintain our existing production capabilities using only eight manu-

facturing lines, fewer than our present plant, which requires ten lines to manufacture one module. We also aim to increase output speed to achieve maintain the production level.

The first manufacturing line has been installed already, having been put in place in July 2012 at Yamagata Manufacturing. We are aiming to achieve a 95% in-house production ratio using the new facilities. The remaining lines will be installed in order at Yamagata Manufacturing.



Project members confirming the design concept of facilities on the blueprints
From left: Kazuya Ayabe, Kyohei Hashimoto, Toshihiro Hoshi and Atsushi Koda

TOPICS

Initiatives to Save Energy (2)

Prize Given by the Director of the Kanto Regional Bureau of the Economy

In fiscal 2011, Tadashi Yoshida of Technology Department,



Award ceremony (February 21, 2012)

Iwatsuki Manufacturing was awarded a prize by the director of the Kanto Regional Bureau of the Economy. The prize recognized Yoshida for his contribution as an energy manager made over the years.

Rotating Summer Shifts

The JAMA, the JAPIA and the Confederation of Japan Automobile Workers Unions, all of which Akebono is a member of, decided to implement rotating summer shifts in line with a request made by the Ministry of Economy, Trade and Industry to reduce energy demand 15% in the areas served by Tokyo Electric Power Company and Tohoku Electric Power Co., Inc. This decision was made to avoid blackouts and entailed cutting peak power demands in summer 2011.

During the period from July 1 to September 30, 2011, Akebono implemented the change in shifts at locations nationwide.

Fiscal 2011 Emission Volume of PRTR Designated Chemical Substances

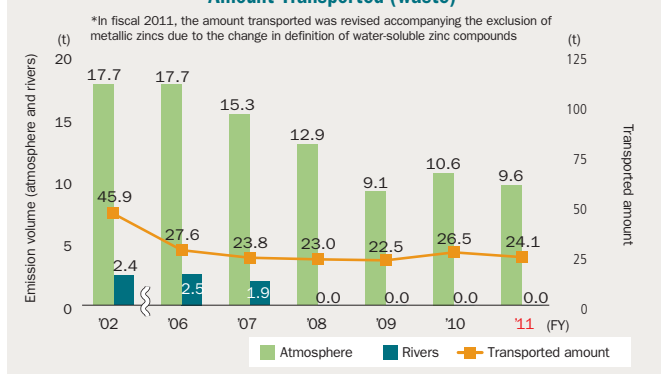
Reduction of Hazardous Chemical Substances

The PRTR (Pollutant Release and Transfer Register) is the legal system obliging business operators who handle potentially hazardous chemical substances to identify, collate and disclose information on such substances, including data on where the substances are generated and emitted and whether the substances are transported off premises mixed with waste.

The Pollutant Release and Transfer Law (PRTR Law) for the Promotion of Chemical Management, which is the basis of the above system, requires such business operators to record the amount of such substances they handle, emit and transport. In April 2001, 354 substances were listed as Class I Designated Chemical Substances requiring surveys and reports to business operators. A revision of the law enacted in October 2009 further extended the scope of listed substances to 462, and established 100 Class II Designated Chemical Substances. Business operators handling or manufacturing designated chemical substances must monitor the amount of such substances that are emitted into the environment as well as the amount transported off premises in waste or sewage water for disposal. Also, these matters must be annually reported to the competent authorities.

To reduce emissions of such chemical substances, Akebono has been introducing powdered paints as well as paints that contain lower amounts of organic solvents. As a result, the Company's emission volume of PRTR designated substances decreased 46% to 9.6 tons in fiscal 2011, compared with 17.7 tons in fiscal 2002, the year PRTR law was enforced. In addition, Akebono completely abolished the use of hexavalent chromium at all its bases in 2007.

Emission Volume of PRTR Designated Substances (atmosphere and rivers), Amount Transported (waste)



Fiscal 2011 Emission Volume of PRTR Designated Chemical Substances

Unit: Tons/Year

Name of substance*	Amount handled		Amount emitted				Amount transported				Amount removed through proper removal methods		Amount consumed (attached to products)	
			Atmosphere		Rivers		Landfill		Recycled					
	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11
Water-soluble zinc compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Antimony and its compounds	58.3	89.1	0.0	0.0	0.0	0.0	0.0	0.0	7.3	6.0	0.0	0.0	51.0	83.1
Xylene	9.7	—	0.3	—	0.0	—	0.0	—	0.0	—	9.4	—	0.0	—
Trivalent chromium compounds	10.7	25.8	0.0	0.0	0.0	0.0	0.0	0.0	3.6	2.1	0.0	0.0	7.1	23.7
Chlorobenzene	3.5	3.2	3.5	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Triethylamine	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	1.1	1.1	0.0	0.0
Hexamethylene tetramine	84.9	82.5	0.0	0.0	0.0	0.0	0.0	0.0	9.4	8.6	75.5	73.9	0.0	0.0
Toluene	6.2	6.4	6.2	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nickel compounds**	21.2	19.5	0.0	0.0	0.0	0.0	0.0	0.0	2.5	3.8	0.0	0.0	18.7	15.7
Phenol	23.5	22.4	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.3	20.9	20.1	0.0	0.0
Hydrogen fluoride and its water soluble salt	1.8	—	0.6	—	0.0	—	0.0	—	0.0	—	1.3	—	0.0	—
Manganese and its compounds	5.5	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.8	0.0	0.0	4.9	5.5
Molybdenum and its compounds	4.3	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.0	0.0	3.9	4.3
Total	230.9	261.1	10.6	9.6	0.0	0.0	0.0	0.0	26.5	24.1	108.2	95.1	85.7	132.3

The scope of calculation covers all of Akebono's domestic production plants. In principle, substances for which the amount handled is less than one ton per year are not included; however, substances marked by double asterisks (**) have been included in the chart and amounts exceeding 0.5 ton per year are indicated. Triethylamine was designated and included in the calculations from fiscal 2010.

Amounts of water-soluble zinc compounds in fiscal 2010 presented in the above chart were revised accompanying the exclusion of metallic zincs due to the change in definition of water-soluble zinc compounds.

Pursuing Safety and Security in Logistics

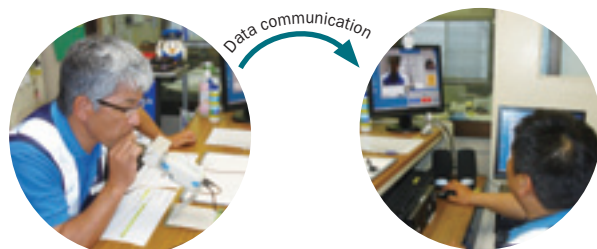
“Put Your Health First, Be an Eco-Friendly Driver”

The Akebono Group member Alocs Corporation is a freight company with a unique nationwide logistics structure that it constantly works to optimize in line with demand to promote energy saving.

In spite of energy saving activities we have promoted in fiscal 2011 (see page 31) toward achieving our goal of decreasing unit energy consumption 1% a year, the figure rose 4%. This was mainly attributable to a fall in the load-to-truck ratio in the wake of the production decrease and electric power shortage following the Great East Japan Earthquake.

On the other hand, we introduced the “IT roll call” system with the aim of improving driver health management. Along with existing efforts to reduce CO₂ emissions, we are promoting initiatives to ensure safety and security.

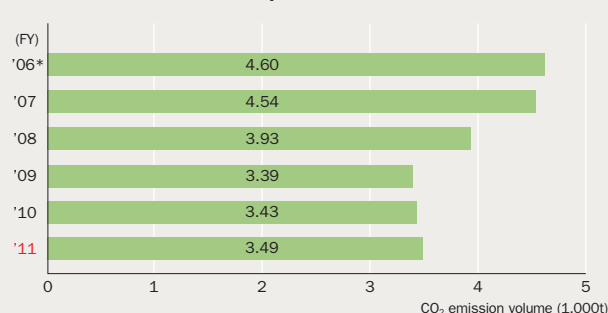
IT roll call system: A system for checking on the health of drivers that utilizes video-phone and data communications. At present, only business operators with an “excellent” rating are permitted to use such a system.



Alcohol breathalyzer test before driving

Driver health can be checked over the monitor

CO₂ Emissions from Transportation



*Accompanying the revision of the Energy Conservation Law, Akebono changed its calculation methods for CO₂ emission volume, enhancing its accuracy.

Energy Consumed in and CO₂ Emitted from Logistics Activities

	FY08	FY09	FY10	FY11
Total traffic volume (10,000 ton kilometer)	5,814	5,144	5,718	5,291
Consumed energy (kL crude oil equivalent)	1,518	1,310	1,413	1,359
CO ₂ emission volume (t-CO ₂)	3,930	3,393	3,434	3,494
Unit energy consumption	0.261	0.255	0.247	0.257

Unit energy consumption: A value calculated by dividing the amount of energy consumed in transportation by traffic volume (ton-kilometer). A lower value represents a higher transportation efficiency, which also means imposing less environmental load.

Eco-Conscious Products

Spreading Our Recycling Efforts to the United States

Initiatives to Recycle Our Products

Since 1965, Akebono has been promoting the recycling of its products in Japan and today supplies Eco Shoe and Eco Pads made from recycled drum brake shoes and disc brake pads, respectively. In the mid-1980s Akebono kicked off initiatives for recycling in the United States as well, contributing to resource conservation and the reduction of waste.



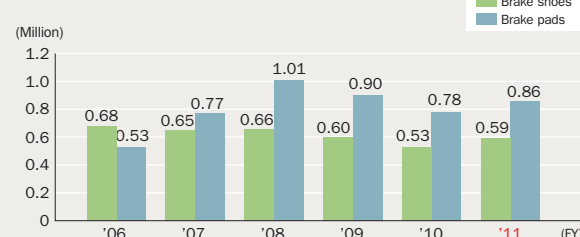
Products recycled and used in the United States



Number of Recyclable Products Recovered

Used drum brake shoes and disc brake pads are recovered from all over Japan. In fiscal 2011, 590,000 drum brake shoes and 860,000 disc brake pads were recovered.

Number of Recovered Products



Financial Review

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

Financial Highlights

		2010	2011	2012
Fiscal year (billions of yen):	Net sales	130.6	216.6	209.6
	Operating income	4.7	11.4	3.8
	Net income (loss)	2.1	5.3	(3.2)
	Capital investment	5.4	5.1	14.3
	Depreciation and amortization	10.0	9.8	9.8
	Research and development*	1.1	1.3	1.7
Year-end (billions of yen):	Total assets	164.1	186.0	181.0
	Net assets	49.1	54.6	49.8
	Associates (number)	6,984	7,659	7,800
Per share data (yen):	Net income (loss) per share—basic	17.80	39.75	(24.25)
	Cash dividends per share	5.00	10.00	10.00
Key financial indicator (%):	Return on equity (ROE)	5.8	11.6	(7.1)

*Please see page 49 for total R&D related expenses, including R&D costs and expenses associated with day-to-day improvement activities.

Business Overview

Automotive disc brakes supplied by Akebono have gained the overwhelming support of customers in Japan and around the world owing to their advanced safety features and reliability as well as noise, vibration and harshness (NVH) performance. Customers' safety and peace of mind are 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 brake friction materials, Akebono is expanding its activities in the markets for forklifts and wind power generators. The Company is also making practical use of control analysis technologies for the development of sensors and construction quality certification testing equipment, leveraging its advances made in brake technology.

In line with Akebono's Corporate Mission, the Company contributes to society through unique ideas and approaches based on its Corporate Goals and aims to establish a peerless position with an indispensable presence in a borderless society. Akebono is also promoting fundamental structural reorganization, guided by "Akebono's Declaration for the 21st Century," which serves as its stance and code of conduct for realizing the Corporate Mission.

Business Environment and Operating Results

Looking at the global economy in fiscal 2011, ended March 31, 2012, a slow recovery was seen in the U.S. economy, with some improvement in employment statistics and corporate performances, while the European economy continued to stagnate, reflecting the ongoing debt crisis confronting EU member countries.

Asia, although affected by the flooding in Thailand and a slowing of economic growth in China, is still doing well as a whole. Japan, hit hard by the extreme losses caused by the Great East Japan Earthquake and the impact of rapid yen appreciation, is emerging from a prolonged economic slump but has not yet completely recovered.

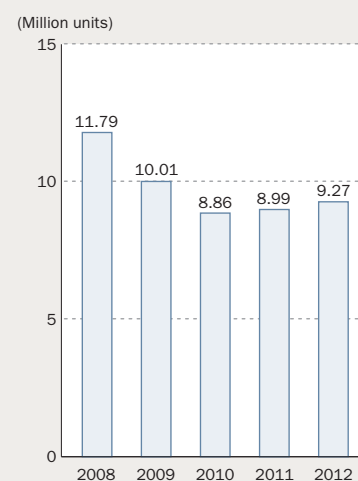
In the automotive sector, automobile production in Asia remained strong, especially in China, and sales in North America outperformed expectations. In addition, production in Japan has returned to pre-earthquake levels. Similar trends were observed in the industrial machinery and rolling stock sectors.

With regard to the Akebono Group's results, despite the recovery in domestic production in the second half of fiscal 2011, the earlier sluggish production among domestic car manufacturers just after the earthquake and the effects of strong yen on the translation of overseas sales caused net sales to shrink 3.2% from the last fiscal year to ¥209.6 billion.

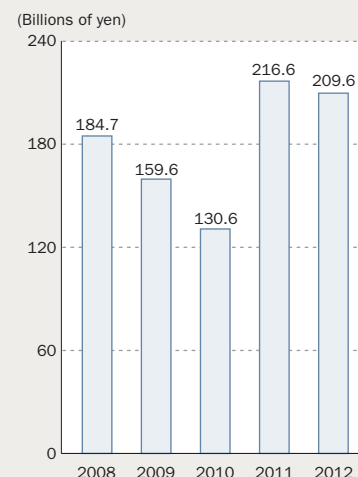
In terms of profits, the following items helped drive down operating income and ordinary income to ¥3.8 billion (down 66.3% from the last fiscal year) and ¥2.1 billion (down 78.5%), respectively:

- 1) Increase in extraordinary expenses due mainly to the effects of the earthquake in Japan and floods in Thailand, which led to a rise in the procurement of alternative parts because of damage to suppliers and a reduction in production facilities' capacity utilization
- 2) Increase in raw material costs and labor costs
- 3) Increase in sales of certain unprofitable models in the United States

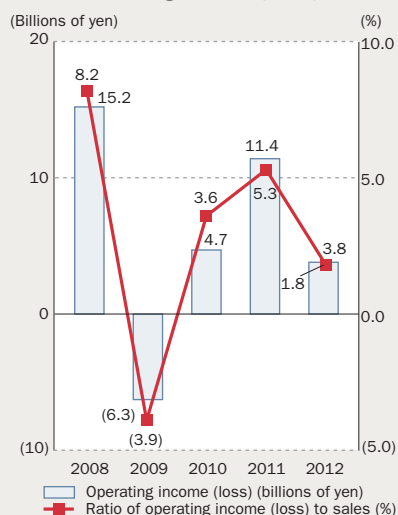
Number of Vehicles Produced in Japan



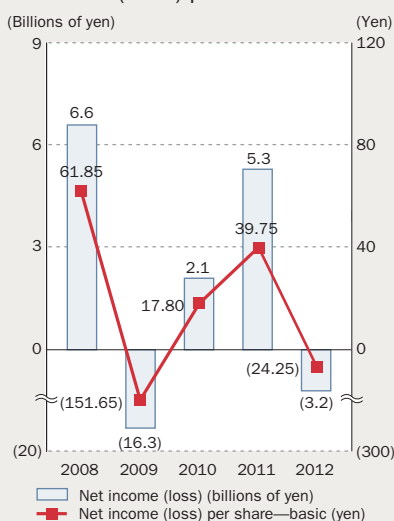
Net Sales



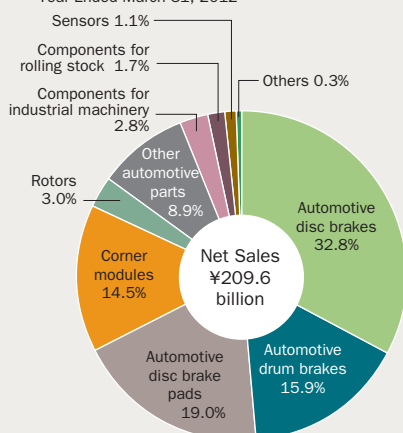
Operating Income (Loss)/ Ratio of Operating Income (Loss) to Sales



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



Sales Ratio by Product Year Ended March 31, 2012



In addition, an impairment loss (see Note 1), the partial suspension of tax effect accounting (see Note 2) in North America and the impact of a reversal in deferred tax assets due to tax reform in Japan, led to a consolidated net loss of ¥3.2 billion (compared with net profit of ¥5.3 billion in the previous fiscal year) for fiscal 2011.

Segment Results (Net Sales and Operating Income)

● Japan

Although domestic automobile production dropped off following the earthquake in Japan and flooding in Thailand, both production and orders recovered toward the fiscal year-end, bringing net sales to ¥96.2 billion (a 3.2% increase from the previous fiscal year).

Operating income was ¥5.9 billion, down 16.7% from the previous fiscal year due to:

- 1) Soaring raw material costs
- 2) Increased labor costs due mainly to restoration work following the earthquake and increase of bonus payment reflecting solid performance in fiscal 2010
- 3) Market and business research expenses associated with emerging markets
- 4) Logistics restructuring expense
- 5) In-house power generation related costs
- 6) Costs associated with the earthquake and the nuclear power plant disaster
- 7) Costs associated with stepped up efforts to nurture and manage global human resources

● North America

At ¥96.3 billion, net sales were down 10.0% year on year due to a drop in orders from the local operations of Japanese manufacturers, whose operations were hampered by the earthquake in Japan, as well as to the unfavorable exchange rates when converting sales results into yen.

In terms of profits, an increase in the volume of unprofitable orders inherited from Robert Bosch LLC and the soaring cost of the raw materials used in casting and bearing parts contributed to an operating loss of ¥5.4 billion compared with ¥0.4 billion in operating income the previous fiscal year despite a ¥1.7 billion reversal of provision incurred from transfer of business applied to foreign subsidiaries (see Note 3) recognized in the first quarter of the fiscal year.

● Europe

Net sales increased 11.9% to ¥5.0 billion thanks to new orders from local car manufacturers. The high cost of raw materials and expenses incurred by subcontracting out work in Japan and Europe to ensure our ability to meet orders in excess of our production capacity led to a ¥0.4 billion operating loss (compared with a ¥30 million operating loss in the previous fiscal year).

● China

Although affected by the earthquake in Japan, orders from the local operations of Japanese manufacturers increased thanks to the strong domestic market. As a result, net sales grew 3.2% to ¥5.3 billion, while operating income decreased 2.8% to ¥0.8 billion due mainly to an increase in labor costs.

● Thailand

A temporary decrease in the order volume due to the earthquake in Japan and a significant decline in capacity utilization after the flooding led to a 13.0% fall in net sales in this sector to ¥2.8 billion and a 51.3% drop in operating income to ¥0.2 billion from the previous fiscal year.

● Indonesia

In spite of a rise in new orders for both motorcycles and automobiles from the local operations of Japanese manufacturers, net sales amounted to ¥14.0 billion, a 1.6% decrease from the previous fiscal year that reflected production slowdowns at certain customers' operations due to the Thai flooding along with the effect of converting local currency results to yen. Operating income was ¥2.5 billion (a 1.5% decline).

Note 1: As a result of the impairment testing of the assets of the Clarksville Plant (Tennessee, the United States), the Company recorded an impairment loss of US\$18.4 million (¥1.47 billion). As a result, depreciation in fiscal 2012 will decrease about US\$5 million.

Note 2: Due to the recording of negative earnings in the four fiscal years prior to fiscal 2011 in North America, the Company suspended the recording of a portion of deferred tax assets in fiscal 2011.

Note 3: "Provision incurred from transfer of business applied to foreign subsidiaries" represents expected operating losses accompanying the acquisition of the North American brake business of Robert Bosch LLC in fiscal 2010. This was indicated in the liabilities section of the consolidated balance sheets.

Analysis of Financial Position

Assets, Liabilities and Net Assets

Assets

Total assets as of the end of the fiscal year amounted to ¥181.0 billion, a decrease of ¥4.9 billion from the end of the previous fiscal year.

Current assets accounted for ¥90.4 billion, a decrease of ¥10.5 billion from the end of the previous fiscal year, and non-current assets totaled ¥90.6 billion, an increase of ¥5.6 billion from the end of the previous fiscal year.

The decrease in current assets was attributable to a ¥7.2 billion decrease in short-term investment securities, including certificates of deposit, and a ¥5.6 billion decrease in cash and deposits.

Non-current assets increased mainly due to a ¥3.6 billion rise in investment securities reflecting the appreciation of their market value and a ¥1.5 billion increase in property, plant and equipment attributable to new investments in Japan, the United States and Asia for production equipment and private power generation.

Liabilities

Total liabilities as of the end of the fiscal year were ¥131.2 billion, a decline of ¥0.2 billion from the previous year.

Current liabilities totaled ¥67.3 billion, a ¥7.3 billion increase from the end of the previous fiscal year. Non-current liabilities decreased ¥7.5 billion to ¥63.9 billion largely due to a ¥2.6 billion increase in interest-bearing debt to secure liquidity on hand and a ¥1.7 billion decrease in provision incurred from transfer of business applied to foreign subsidiaries.

The balance of net interest-bearing debt was ¥52.4 billion after subtracting cash and deposits and short-term investment securities (certificates of deposit) from the ¥86.5 billion in total interest-bearing debt.

Net Assets

At the end of the fiscal year, consolidated net assets were ¥49.8 billion, a ¥4.8 billion decrease from the end of the previous fiscal year. This was mainly attributable to a ¥4.5 billion decrease in retained earnings, reflecting the net loss recorded in fiscal 2011 and the payment of dividends.

Cash Flows

Cash and cash equivalents as of March 31, 2012, amounted to ¥18.8 billion, down ¥19.6 billion from a year earlier.

Net cash provided by operating activities was ¥2.9 billion, a decrease of ¥4.5 billion from the previous fiscal year. Depreciation and amortization of ¥9.8 billion contributed to inflows while outflows included a ¥4.1 billion increase in notes and accounts receivable—trade and a ¥3.1 billion decrease in provision for retirement benefits.

Net cash used in investing activities soared to ¥23.8 billion, a ¥15.3 billion increase from the previous fiscal year. The principal components include a ¥12.9 billion outflow related to the purchase of property, plant and equipment, as well as a net ¥7.4 billion outflow due to the purchase of and proceeds from redemption of certificates of deposit, which was undertaken with the aim of asset management utilizing short-term investment securities.

Net cash provided by financing activities amounted to ¥1.4 billion, down ¥16.8 billion from a year earlier. The principal components include an inflow of proceeds from long-term loans payable (¥12.4 billion) and a net increase in short-term loans payable (¥6.3 billion) in addition to an outflow in the form of repayments of long-term loans payable amounting to ¥15.5 billion.

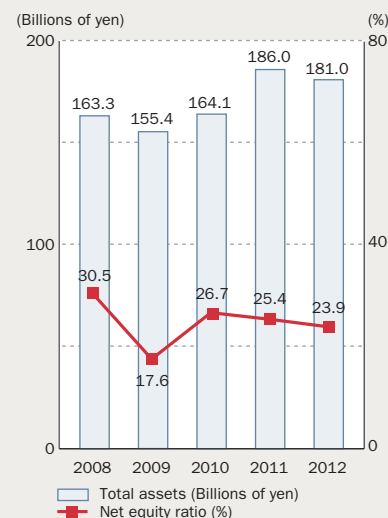
Outlook for Fiscal 2012

In Japan, thanks to the extension of tax breaks and subsidies for low fuel consumption cars (eco-cars), domestic car sales are generally expected to increase. On the other hand, as automobile manufacturers increasingly shift their production overseas to avoid the negative impact of the strong yen, our domestic sales are expected to decrease.

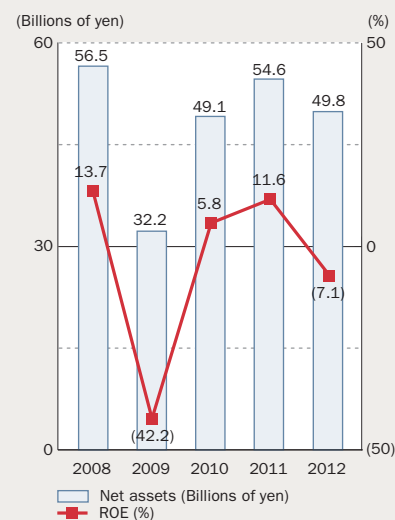
Akebono's operating income is also expected to decline due to a policy change that entails the Company's head office bearing the brunt of R&D expenses on behalf of our overseas locations as we centralize engineering management and intellectual property oversight and move to strengthen global development.

In North America, a gradual economic recovery should help the automobile market turn the corner and drive up new orders. In addition, we expect to close down some unprofitable business accounts inherited from Robert Bosch LLC and will work to increase product prices in line with growth in the market prices of materials. We hope that these efforts, together

Total Assets/Net Equity Ratio

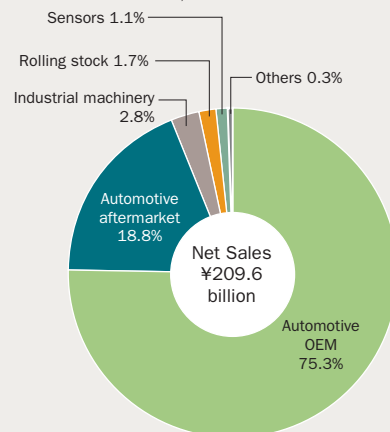


Net Assets/ROE

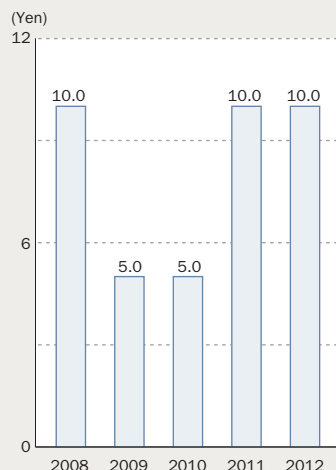


Sales Ratio by Business

Year Ended March 31, 2012



Cash Dividends per Share



with our efforts to improve productivity and logistics operations, will help operating income break even.

In Europe, recurring debt problems may cause further downturns in the economy and the car market. Our operating income in the region will continue to be negative because of the increase in raw material prices, which are not totally hedged, as well as in the investment cost for capacity expansion.

In Asia, although the pace of rapid economic expansion is slowing, the growth trend remains stable, contributing to the further expansion of the automotive market. Our operations and sales in the region are expected to grow thanks to the relocations of production to this region from Japan by Japanese car manufacturers. In spite of the rise in the employment rate accompanied by living standard improvements that reflect economic growth, operating income in the region is expected to increase.

The assumed exchange rates for the current fiscal year, ended March 31, 2013, have been set at ¥80 to US\$ and ¥105 to euro.

Fiscal 2012 Performance Forecast by Region (billions of yen)

	Net sales	Operating income
Japan	92.2	5.0
North America	99.5	0.0
Europe	5.2	(0.5)
China	7.2	1.0
Thailand	4.9	0.2
Indonesia	15.8	2.6
Elimination	(11.0)	0.2
Consolidated total	213.8	8.5

Issues to be Addressed

Although it had announced the “akebono New Frontier 30 Rolling Plan 2010” medium-term management plan on May 20, 2010, the Company decided to update it to the “akebono New Frontier 30 Rolling Plan 2011” on June 14, 2011, in order to reflect radical changes in the economic and business environment surrounding the Company in the wake of such events as the impact of the Great East Japan Earthquake, yen appreciation and an increase in the price of raw materials.

In principle, the “akebono New Frontier 30 Rolling Plan 2011” states the Company’s aims to expand its business and increase its corporate value through three core strategies: “advancement of technologies for the future,” “continuation of cost revolution and expansion to global operation” and “acceleration of globalization (from Japan & North America to Japan, North America, Europe and Asia).” These basic policies of the “akebono New Frontier 30 Rolling Plan 2011” remain unchanged.

In line with the plan, the Company will enhance global competitiveness in order to achieve “Global 30,” or an approximately 30% market share of the worldwide OEM disc brake pad market. The outline of the plan is described as below.

● “Advancement of Technologies for the Future”

While deepening its advanced experience and know-how with respect to noise and vibration, the Company shall set broad targets for the Company’s technology, such as “overwhelming cost competitiveness (commonization and standardization, low-cost brakes),” “unrivaled production engineering for global environment friendliness (lightweight/electro-mechanical products, responding to electric/hybrid vehicles, development of environment-friendly products),” “development of next-generation production facilities with global environment friendliness and cost competitiveness,” “products to be installed in high-performance vehicles,” and “advanced technology capable of acquiring a large share of the compact and low-price car market, particularly in emerging countries.”

● “Continuation of Cost Revolution and Expansion to Global Operation”

Based on the significant reduction of fixed costs in fiscal 2009 (ended March 31, 2010), the Company shall continuously aim to establish a solid cost structure. The Company also promotes the use of locally available specifications as well as locally procured materials, and reinforces cost reductions to meet the requirements of foreign markets.

● “Acceleration of Globalization (from Japan & North America to Japan, North America, Europe and Asia)”

Various measures will be implemented by the Company, as the Company recognizes that having a large presence in Japan, the United States, Europe and Asia is a pressing issue. For the time being, placing Japan, the core of the group, as the center of technology and *monozukuri* (value added product manufacturing) for global operations, the Company will concentrate on expanding and strengthening the North American brake business transferred from Robert Bosch LLC, expanding business in Europe by introducing high-performance brakes. In the Asian market, the Company intends to expand business by focusing on China, Thailand and Indonesia while accelerating globalization.

Segment Information

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

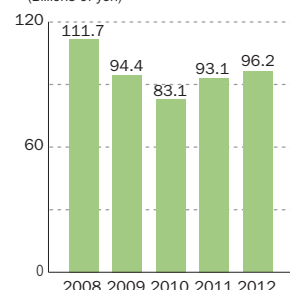
Japan

Ratio of Net Sales
(%)



43.8%
Year Ended March 31, 2012

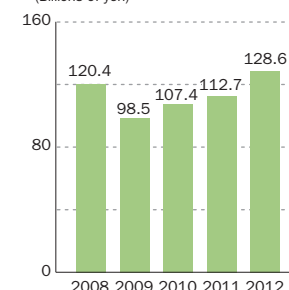
Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



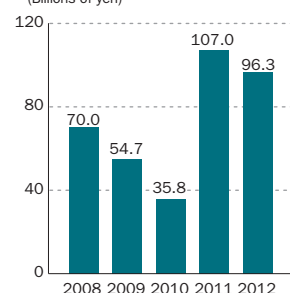
United States

Ratio of Net Sales
(%)



43.8%
Year Ended March 31, 2012

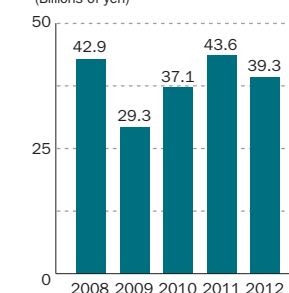
Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



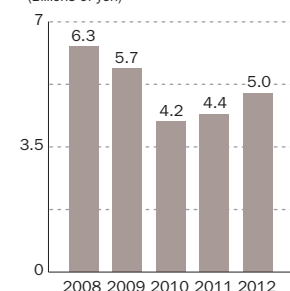
Europe

Ratio of Net Sales
(%)

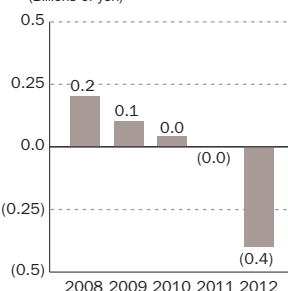


2.3%
Year Ended March 31, 2012

Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



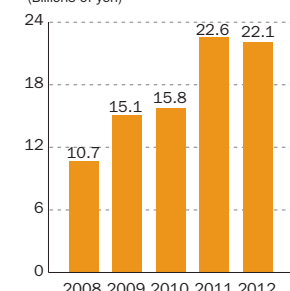
Asia

Ratio of Net Sales
(%)

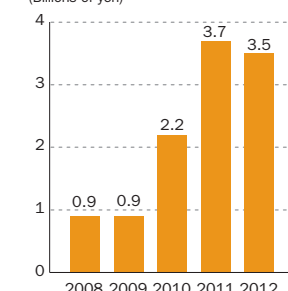


10.1%
Year Ended March 31, 2012

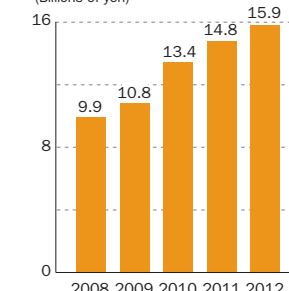
Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Total Assets
(Billions of yen)



[About Segment Information]

Net sales and operating income include intersegment transactions within the Group. In fiscal 2010 and 2011, data for Asia is a graphic representation of the aggregate totals for China, Thailand and Indonesia, which are the reporting segments presented in the Notes to Consolidated Financial Statements, Note 5. Segment Information, on page 60.

Fiscal 2011 R&D by Region

“Friction and Vibration, their Control and Analysis,” is not merely Akebono’s Corporate Mission, it refers to the basis of the Company’s core technologies. Akebono constantly leverages its competencies to develop new friction materials and next-generation brakes that make possible an array of brake-related products for automobiles and other means of transportation. Stepping up its focus on basic technologies and deepening the analysis essential to product development, Akebono is augmenting its R&D investment and R&D structure.

In addition, further deepening its knowledge about noise and vibration, Akebono aims to reinforce its lineup of standardized brakes and to establish environment-friendly technologies for more lightweight and electro-mechanical brakes as well as technologies that meet diverse needs associated with products used in high-performance vehicles and low-cost vehicles. By taking advantage of the distinctive characteristics of facilities in Japan, North America, Europe and China and abiding by the three tenets of environment friendliness, higher performance and lower cost as we carry out product development, we aim to secure critical technology as we move forward in pursuit of next-generation products that are highly competitive on a global level.

Details of R&D activities in each region are as follows.

Japan

Akebono is progressing in its efforts to develop high-performance, low-cost friction materials for brakes responsive to both market and customer needs. In its endeavors to develop high-quality products, Akebono focuses on high-performance, cost-competitive brake pads for passenger cars using environment-friendly, safe materials that realize excellent performance with regard to noise and vibration and that minimize wheel dust, which has become a concern in recent years.

At the same time, we are taking steps to reduce costs through the use of both new materials and improved manufacturing processes, while we work to enhance product performance with due consideration given to environmental concerns.

In the development of disc and drum brake mechanisms, we apply our efforts to improving performance and lowering costs. As a result, our opposed-type disc brakes, which employ an aluminum alloy developed for high-performance cars, won solid reputation among customers.

Moreover, we are thoroughly implementing measures to ensure the commonization and standardization of parts and otherwise working to boost our cost competitiveness. When we find new technologies through the abovementioned measures, those technologies are allocated to the development of new, differentiated products.

In the development of environment-friendly products, we are striving to raise fuel efficiency through innovative weight and drag reductions.

We are also developing brakes that apply next-generation technologies, including an electro-mechanical brake equipped with a small motor that controls braking force electrically through a wire and electric parking brakes with an electro-mechanical actuator. We will continue to work to meet stringent technical and cost benchmarks to reinforce our global supply system and promote technological development aimed at devising built-to-purpose products.

At Akebono Research & Development Centre Ltd., which is at the forefront of the Akebono Groups’ R&D progress into the future, we are conducting research on the following themes: creating original low-environmental load materials for friction material and other applications; achieving Zero-emissions; developing a surface finishing technology that reduces volatile organic compounds (VOCs); developing a new adhesion technology; developing friction materials made of ceramics with the aim of realizing stable, high-friction coefficients; and developing a visualization of the structure of friction materials. Through the abovementioned research, we are striving to establish stand-alone technologies that realize next-generation brakes and friction materials, aiming to differentiate ourselves from competitors.

North America

Based on the domestic and global needs of U.S.-based automotive manufacturers, Akebono is working to develop new friction materials and next-generation foundation brakes that conform to the environmental regulations enacted by several state governments, including Washington State. We support Japanese automotive manufacturers as well with completely local operations, from development to mass production.

Akebono undertakes the development of friction materials for use in a wide range of vehicles, from passenger cars to SUVs to pickup trucks. These materials have exceptional NVH (noise, vibration and harshness) characteristics and their level of environment-friendliness more than meets the abovementioned regulations.

We also develop brake mechanisms for a wide range of vehicles from passenger cars to SUVs to pickup trucks and are proactively engaged in the mass production of lightweight aluminum alloy disc brakes. Furthermore, we mass produce rotors and drums for various vehicle types, and develop lightweight products with excellent performance with regard to noise and vibration, using brake modules.

Europe

In our European operations, we are developing friction materials which reduce judder and realize greater performance in high-speed running to meet unique performance demands. Also, we are giving full consideration to vibration characteristics and noise reduction as well as the chemical substances in materials to ensure that products meet regional environmental regulations such as REACH (Registration, Evaluation Authorisation and Restriction of Chemicals), which may be stricter than those of the other regions. Our R&D activities in Europe aim to respond to a wide range of customer needs, from friction materials designed to meet the above regulations for the European market to friction materials intended for auto exports to the Japanese and U.S. markets from the European market. Of course, our customers are not limited to Japanese affiliated companies; we are developing, producing and supplying friction materials for a wide range of customers in the European market.

To reinforce our cost competitiveness in Europe, we are standardizing our materials procurement by purchasing from local markets while introducing a European-style manufacturing process. In addition to our existing development location in France, we have established local agencies in Germany and the U.K.

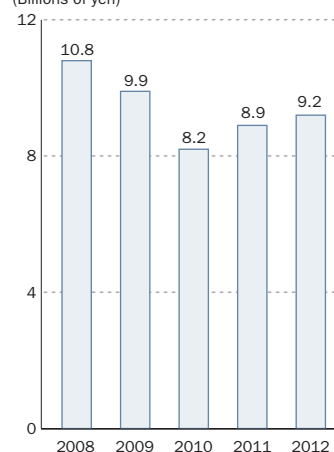
China

Having established the development center in China in 2011, we have been promoting the development and design of products that reflect the needs of local customers. By accelerating the local procurement of materials and parts and adopting production methods that are best suited to the local environment, we are developing friction materials with levels of cost competitiveness and performance characteristics that make them suitable for the markets of emerging countries. As for brake mechanism parts, we are surveying and analyzing local customer’ requirements to determine product features as well as the ways in which they use our products. By doing so, we are developing and proposing products that have the required features and performance at a lower cost.

Total R&D-Related Expenditures*

Years Ended March 31

(Billions of yen)



* The above figures include R&D costs and other R&D-related expenditures incurred as part of regular improvements.

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 to achieving this objective. To realize its corporate social responsibility, Akebono strives to maintain sound and positive relationships with customers, shareholders, suppliers, staff 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, understanding that its auditing system, operated by this Board of Auditors, ensures the appropriate execution of business by directors. In general, 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 deliberation as the Management Council and the Technology Council in order to provide the Board of Directors with advice to help it to make timely and correct judgments. 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 reflects to Company management the counsel it receives 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. Dr. Ito is currently a professor in the Faculty of Commerce of Hitotsubashi University and Hitotsubashi Graduate School's Graduate Course of Commerce. Mr. Tsurushima is a former president of Tokyo Stock Exchange Group, Inc. Of the 14 Board of Directors' meetings held in fiscal 2011, Dr. Ito attended 12, while Mr. Tsurushima was present for all. Neither of the two external directors has a conflict of interest with general shareholders of Akebono, and both retain highly independent status vis-à-vis its management. Because of that, Akebono has registered these two directors as independent directors in accordance with the rules of Tokyo Stock Exchange.

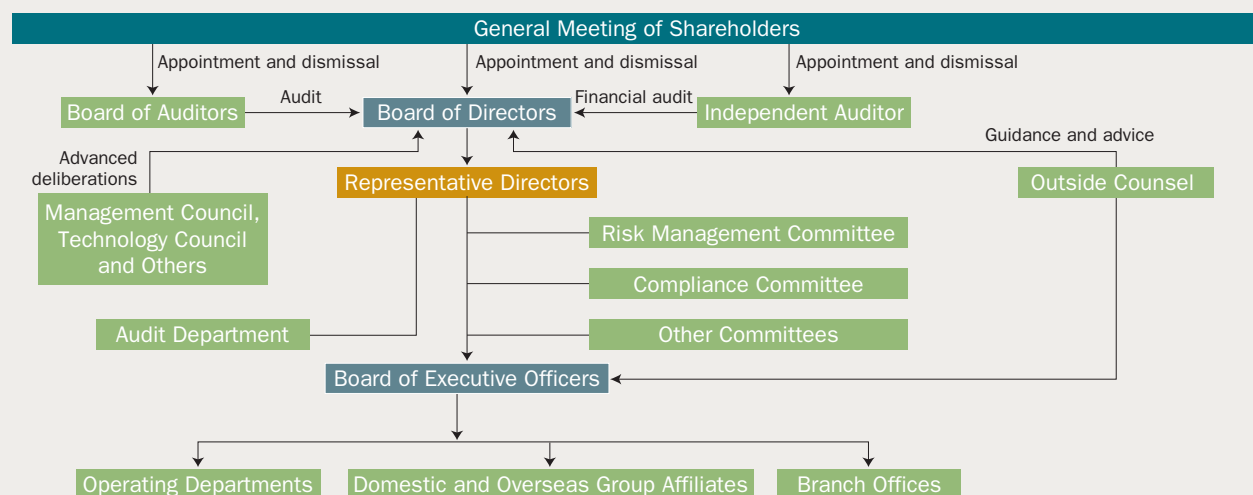
Maintaining an Internal Control System

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, Akebono maintains systems related to risk management, adherence to laws and regulations, effective business performance, accurate financial reporting and the promotion of the development and operation of internal control systems throughout the Group.

In addition, the Company implements regular checks, oversight and verification of internal control systems, utilizing the auditing capabilities of auditors and the Audit Department to ensure these systems' effectiveness and upgrade their functionality as needed.

With regard to internal control based on the Financial Instruments and Exchange Law, systems within the Company for financial reporting are continually upgraded to ensure the reliability of information that can have a major influence on financial statements.

Corporate Governance Structure



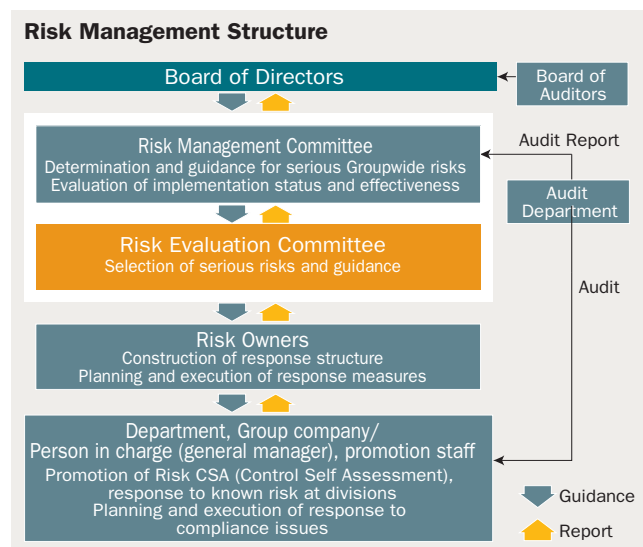
Risk Management, Compliance Structure and Information Security Activities

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 and participated by “Risk Owners,” the persons in charge of risk management.

As for our Groupwide efforts in fiscal 2011, we identified 12 priority categories, namely, HR, quality, technology, market changes, overseas businesses, procurement, crisis management, compliance, information control, the environment, intellectual property and post manager integration (PMI). For each category, plans were formulated with team leaders assigned and schedules outlined to attain them, and actions were taken to mitigate risk or potential damage thereof. The results of these activities are presented in an evaluation map for serious risks compiled at the end of each fiscal year to be used as reference in the following fiscal year.

In fiscal 2012, we included three new risk categories, namely, European debt crisis, the sharp appreciation of yen and electric power shortage, placing them at the same ranking as 11 priority categories (the 12 aforementioned categories minus PMI). We are now developing further Groupwide efforts to mitigate risks in those 14 categories.



Compliance Structure

Akebono's definition of compliance is not limited to simply observing the letter of the law and regulations, it also includes the need for its staff 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 lives.

In this spirit, Akebono has established the Compliance Committee, chaired by the Director and Senior Managing Executive Officer. In addition to maintaining a framework for compliance, the Compliance Committee distributes a *Compliance Manual* to officers and associates and implements a range of educational programs to raise awareness of compliance.

To prevent problems before they occur, through early detection and early resolution, Akebono established internal

and external consultation services to deal with the questions and complaints of associates. The services handle inquiries from all those working for the Group, including contract workers. The external consultation services have been outsourced to a specialized organization outside the Group. 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 2011, the external consultation organization handled a total of 21 cases. The Compliance Committee is mainly responsible for investigating these queries and implementing remedial measures.

Every year the Compliance Committee conducts hearings for associates. In fiscal 2011, the Compliance Committee sent a questionnaire to 381 associates, including those from Group companies. Taking the results of the questionnaire into consideration, members of Committee held hearings with a total of 71 associates, and some problems related to harassment were found. In response, training sessions were held to improve awareness of compliance among associates and to raise an alert regarding these problems.

Moreover, the Committee discovered that an in-house rule forbidding associates from taking laptop computers out of the offices was not being complied with in some sections. We warned each section that this rule must be strictly obeyed.

In addition, Akebono accelerated countermeasures to prevent cartels in fiscal 2011, reflecting the increasing number of cases involving price cartels formed among automotive parts manufacturers in recent years. As a part of the abovementioned countermeasures, Akebono held training sessions and educational activities in Japan and overseas.

Information Security Activities

To adequately protect information assets and take appropriate information security countermeasures, Akebono established the Information Security Policy, Information Security Rules and Information Security Committee and clarified 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 staff members across the Group, both in Japan and overseas. We regard information security as a matter of utmost importance and constantly improve our management system to ensure it is capable of adapting to a changing environment.

In addition, we recognize that the possibility of information leakage is growing due to accelerating globalization, the penetration of IT system usage and the increase of employment mobility in recent years. In response, we have strengthened our information security management system and developed educational activities in Japan and overseas.

Eleven-Year Financial Summary

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

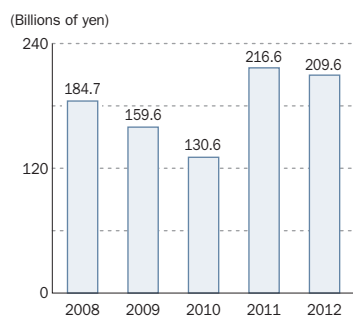
	Billions of yen			
	2002	2003	2004	2005
Net sales	¥126.7	¥ 126.6	¥141.4	¥132.8
Gross profit	21.9	25.0	28.4	26.0
Ratio of gross profit to sales (%)	17.3	19.7	20.1	19.6
Selling, general and administrative expenses	16.4	16.5	18.4	16.2
Ratio of selling, general and administrative expenses to sales (%)	12.9	13.0	13.1	12.2
Operating income (loss)	5.6	8.5	9.9	9.8
Ratio of operating income (loss) to sales (%)	4.4	6.7	7.0	7.4
Net income (loss)	0.1	(6.3)	4.6	5.2
Ratio of net income (loss) to sales (%)	0.1	(5.0)	3.2	3.9
Return on assets (ROA) (%)	0.1	(4.4)	3.4	4.2
Return on equity (ROE) (%)	0.6	(35.5)	25.8	21.7
Capital investment	15.4	7.6	6.3	5.8
Depreciation and amortization	7.4	6.9	6.3	7.4
Cash flow from operating activities	12.3	8.0	17.8	14.0
Cash flow from investing activities	(11.0)	(4.0)	(4.3)	(3.7)
Cash flow from financing activities	(0.7)	(2.8)	(13.3)	(9.4)

	Thousands			
Number of outstanding shares at the end of period (including treasury stock)	94,019	94,019	95,508	97,508

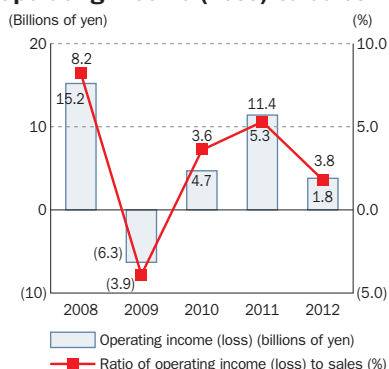
	Yen			
Net income (loss) per share—basic	¥ 1.05	¥(67.25)	¥ 48.50	¥54.29
Cash dividends per share	1.00	1.00	4.00	6.00

	Billions of yen			
Total assets	¥ 141.2	¥ 143.2	¥ 126.6	¥122.2
Net interest-bearing debt	66.7	57.4	44.9	35.5
Net debt-equity ratio	3.2	4.0	2.1	1.3
Net equity (Equity minus minority interests minus stock subscription rights)	21.1	14.5	21.0	27.2
Net equity ratio (%)	14.9	10.1	16.6	22.3

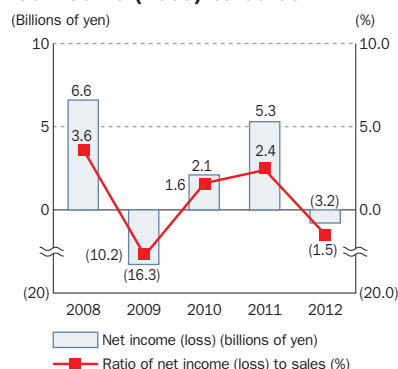
Net Sales



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



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



Billions of yen

2006	2007	2008	2009	2010	2011	2012
¥142.3	¥173.2	¥184.7	¥ 159.6	¥130.6	¥216.6	¥209.6
30.9	35.1	36.6	14.6	19.8	30.4	24.9
21.7	20.3	19.8	9.2	15.2	14.0	11.9
19.1	21.3	21.4	20.9	15.1	19.0	21.1
13.5	12.3	11.6	13.1	11.6	8.8	10.1
11.7	13.9	15.2	(6.3)	4.7	11.4	3.8
8.2	8.0	8.2	(3.9)	3.6	5.3	1.8
5.9	6.6	6.6	(16.3)	2.1	5.3	(3.2)
4.1	3.8	3.6	(10.2)	1.6	2.4	(1.5)
4.3	4.3	4.2	(10.6)	1.3	3.0	(1.8)
17.2	15.0	13.7	(42.2)	5.8	11.6	(7.1)
8.2	8.9	14.9	17.8	5.4	5.1	14.3
7.6	9.3	9.9	11.4	10.0	9.8	9.8
12.2	10.8	15.1	4.2	3.2	7.4	2.9
(11.9)	(9.1)	(16.0)	(13.6)	(13.4)	(8.6)	(23.8)
(3.2)	(3.3)	0.1	38.6	(0.0)	18.2	1.4

Thousands

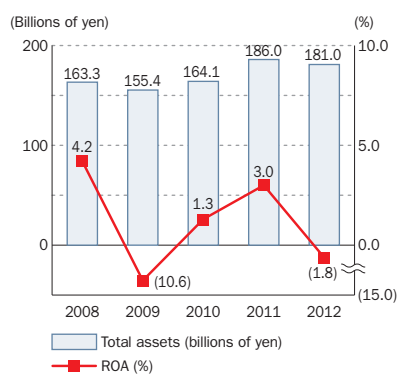
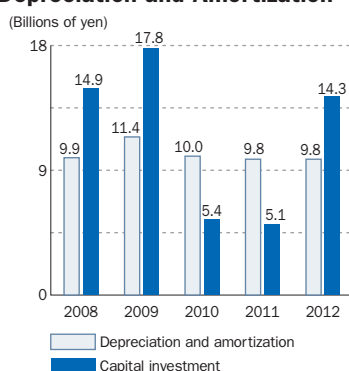
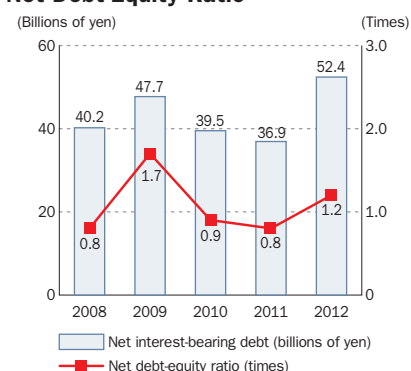
110,816	110,992	110,992	110,992	135,992	135,992	135,992
¥56.60	¥61.86	¥61.85	¥(151.65)	¥17.80	¥39.75	¥(24.25)
6.00	6.00	10.00	5.00	5.00	10.00	10.00

Yen

Billions of yen

¥150.1	¥155.6	¥163.3	¥ 155.4	¥164.1	¥186.0	¥181.0
40.3	40.2	40.2	47.7	39.5	36.9	52.4
1.0	0.8	0.8	1.7	0.9	0.8	1.2
41.0	47.3	49.8	27.4	43.8	47.1	43.3
27.3	30.4	30.5	17.6	26.7	25.4	23.9

Total Assets/ROA

Capital Investment/
Depreciation and AmortizationNet Interest-Bearing Debt/
Net Debt-Equity Ratio

Consolidated Balance Sheets

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
ASSETS			
Cash and deposits	¥ 21,015	¥ 26,661	\$ 256,280
Notes and accounts receivable—trade	36,326	33,035	443,000
Short-term investment securities	13,100	20,300	159,756
Merchandise and finished goods	3,687	3,571	44,963
Work in process	1,821	1,916	22,207
Raw materials and supplies	7,632	8,049	93,073
Accounts receivable—other	4,301	3,630	52,451
Deferred tax assets	1,464	2,443	17,853
Other	1,130	1,374	13,780
Allowance for doubtful accounts	(39)	(21)	(475)
Current assets	90,438	100,958	1,102,902
Buildings and structures, net	16,632	16,283	202,829
Machinery, equipment and vehicles, net	21,316	22,740	259,951
Land	21,332	21,396	260,146
Construction in progress	6,691	3,989	81,597
Other, net	1,266	1,326	15,439
Property, plant and equipment	67,237	65,735	819,963
Intangible assets	2,844	1,813	34,682
Investment securities	14,799	11,184	180,475
Deferred tax assets	4,022	5,535	49,048
Other	1,777	812	21,670
Allowance for doubtful accounts	(86)	(86)	(1,048)
Investments and other assets	20,512	17,446	250,146
Noncurrent assets	90,592	84,994	1,104,780
Total Assets	¥181,030	¥185,952	\$2,207,682

See accompanying Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
LIABILITIES AND NET ASSETS			
Notes and accounts payable—trade	¥ 24,326	¥ 22,988	\$ 296,658
Short-term loans payable	14,064	8,059	171,512
Current portion of long-term loans payable	15,307	15,435	186,670
Income taxes payable	874	871	10,658
Accrued expenses	5,114	4,827	62,365
Deferred tax liabilities	1	—	12
Provision for bonuses	1,821	2,072	22,207
Provision for loss on disaster	—	515	—
Notes payable—facilities	1,239	455	15,109
Provision incurred from transfer of business applied to foreign subsidiaries	—	1,699	—
Other	4,536	3,020	55,317
Current liabilities	67,282	59,942	820,512
Bonds payable	15,000	15,000	182,926
Long-term loans payable	42,047	45,301	512,768
Long-term accounts payable—other	583	1,302	7,109
Provision for retirement benefits	2,408	3,821	29,365
Provision for director's retirement benefits	31	28	378
Deferred tax liabilities	—	1,581	—
Deferred tax liabilities for land revaluation	3,761	4,268	45,865
Other	103	136	1,256
Noncurrent liabilities	63,933	71,438	779,670
Total Liabilities	131,214	131,380	1,600,170
Capital stock	19,939	19,939	243,158
Capital surplus	14,253	14,244	173,817
Retained earnings	8,062	12,602	98,317
Treasury stock	(2,278)	(2,348)	(27,780)
Shareholders' equity	39,977	44,438	487,524
Valuation difference on available-for-sale securities	2,710	1,539	33,048
Revaluation reserve for land	6,389	5,882	77,914
Foreign currency translation adjustment	(5,800)	(4,710)	(70,731)
Accumulated other comprehensive income	3,299	2,711	40,231
Subscription rights to shares	316	283	3,853
Minority interests	6,223	7,141	75,890
Total Net Assets	49,815	54,573	607,500
Total Liabilities and Net assets	¥181,030	¥185,952	\$2,207,682

Consolidated Statements of Income and Comprehensive Income

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2012 and 2011

Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Net sales	¥209,584	¥216,574	\$2,555,902
Cost of sales	184,666	186,208	2,252,024
Gross profit	24,918	30,366	303,878
Selling, general and administrative expenses	21,083	18,974	257,109
Operating income	3,835	11,392	46,768
Interest income	83	87	1,012
Dividend income	175	113	2,134
Equity in earnings of affiliates	15	3	182
Miscellaneous income	177	279	2,158
Non-operating income	450	481	5,487
Interest expenses	1,267	1,195	15,451
Foreign exchange losses	153	281	1,865
Expenses for product compensation	120	139	1,463
Depreciation	157	226	1,914
Miscellaneous expenses	491	293	5,987
Non-operating expenses	2,188	2,135	26,682
Ordinary income	2,097	9,738	25,573
Gain on sales of noncurrent assets	50	10	609
Subsidy	825	66	10,060
Gain on change in equity	—	336	—
Reversal of provision for business structure improvement	—	40	—
Extraordinary income	875	452	10,670
Loss on sales and retirement of noncurrent assets	397	326	4,841
Impairment loss	1,487	131	18,134
Loss on reduction of noncurrent assets	775	—	9,451
Loss on disaster	—	1,252	—
Extraordinary loss	2,659	1,709	32,426
Income before income taxes and minority interests	314	8,482	3,829
Income taxes—current	1,747	1,265	21,304
Income taxes—deferred	561	384	6,841
Income taxes	2,308	1,649	28,146
Income (loss) before minority interests	(1,995)	6,833	(24,329)
Minority interests in income	1,220	1,568	14,878
Net income (loss)	¥ (3,215)	¥ 5,265	\$ (39,207)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Income (loss) before minority interests	¥ (1,995)	¥ 6,833	\$ (24,329)
Other comprehensive income			
Valuation difference on available-for-sale securities	1,171	768	14,280
Revaluation reserve for land	508	—	6,195
Foreign currency translation adjustment	(1,216)	(1,841)	(14,829)
Total other comprehensive income	¥ 463	¥ (1,073)	\$ 5,646
Comprehensive income	¥ (1,531)	¥ 5,760	\$ (18,670)
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	(2,626)	4,627	(32,024)
Comprehensive income attributable to minority interests	1,094	1,134	13,341

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, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Shareholder's equity			
Capital stock			
Balance at the beginning of period	¥19,939	¥19,939	\$243,158
Balance at the end of period	19,939	19,939	243,158
Capital surplus			
Balance at the beginning of period	14,244	14,248	173,707
Disposal of treasury stock	8	(3)	97
Balance at the end of period	14,253	14,244	173,817
Retained earnings			
Balance at the beginning of period	12,602	8,661	153,682
Dividends from surplus	(1,325)	(1,325)	(16,158)
Net income (loss)	(3,215)	5,265	(39,207)
Balance at the end of period	8,062	12,602	98,317
Treasury stock			
Balance at the beginning of period	(2,348)	(2,404)	(28,634)
Purchases of treasury stock	(1)	(1)	(12)
Disposal of treasury stock	71	57	865
Balance at the end of period	(2,278)	(2,348)	(27,780)
Total shareholders' equity	39,977	44,438	487,524
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the beginning of period	1,539	771	18,768
Total changes of items during the period	1,171	768	14,280
Balance at the end of period	2,710	1,539	33,048
Revaluation reserve for land			
Balance at the beginning of period	5,882	5,882	71,731
Total changes of items during the period	508	—	6,195
Balance at the end of period	6,389	5,882	77,914
Foreign currency translation adjustment			
Balance at the beginning of period	(4,710)	(3,303)	(57,439)
Total changes of items during the period	(1,090)	(1,407)	(13,292)
Balance at the end of period	(5,800)	(4,710)	(70,731)
Total accumulated other comprehensive income	3,299	2,711	40,231
Subscription rights to shares			
Balance at the beginning of period	283	234	3,451
Total changes of items during the period	33	49	402
Balance at the end of period	316	283	3,853
Minority interests			
Balance at the beginning of period	7,141	5,058	87,085
Total changes of items during the period	(918)	2,083	(11,195)
Balance at the end of period	6,223	7,141	75,890
Total net assets	¥49,815	¥54,573	\$607,500

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
CASH FLOW FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 314	¥ 8,482	\$ 3,829
Depreciation and amortization	9,806	9,821	119,585
Impairment loss	1,487	131	18,134
Increase (decrease) in allowance for doubtful accounts	20	(12)	243
Increase (decrease) in provision for retirement benefits	(3,050)	(2,784)	(37,195)
Increase (decrease) in provision for business structure improvement	—	(410)	—
Increase (decrease) in provision incurred from transfer of business applied to foreign subsidiaries	(1,660)	(5,399)	(20,243)
Interest and dividend income	(258)	(200)	(3,146)
Equity in (earnings) losses of affiliates	(15)	(3)	(182)
Interest expenses	1,267	1,195	15,451
Loss (gain) on sales and retirement of noncurrent assets	347	315	4,231
Decrease (increase) in notes and accounts receivable - trade	(4,056)	(7,939)	(49,463)
Decrease (increase) in inventories	(77)	(2,213)	(939)
Increase (decrease) in notes and accounts payable - trade	1,924	7,448	23,463
Other, net	(417)	1,301	(5,085)
Subtotal	5,632	9,733	68,682
Interest and dividend income received	258	200	3,146
Interest expenses paid	(1,254)	(1,170)	(15,292)
Income taxes paid	(1,720)	(1,329)	(20,975)
Net cash provided by operating activities	2,916	7,433	35,560
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of short-term investment securities	(20,100)	(6,000)	(245,121)
Proceeds from redemption of securities	12,700	7,000	154,878
Payments into time deposits	(13,300)	(14,504)	(162,195)
Proceeds from withdrawal of time deposits	13,900	11,006	169,512
Purchases of property, plant and equipment	(12,908)	(4,464)	(157,414)
Proceeds from state subsidy	345	—	4,207
Proceeds from sales of property, plant and equipment	88	276	1,073
Purchases of intangible assets	(1,418)	(684)	(17,292)
Purchases of investment securities	(2,015)	(704)	(24,573)
Purchase of stocks of subsidiaries and affiliates	(1,265)	—	(15,426)
Payment for transfer of business	—	(405)	—
Other, net	163	(75)	1,987
Net cash used in investing activities	(23,810)	(8,555)	(290,365)
CASH FLOW FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term loans payable	6,303	2,090	76,865
Proceeds from long-term loans payable	12,425	6,154	151,524
Repayments of long-term loans payable	(15,479)	(4,607)	(188,768)
Proceeds from issuance of bonds	—	14,928	—
Redemption of bonds	—	(100)	—
Cash dividends paid	(1,325)	(1,321)	(16,158)
Cash dividends paid to minority shareholders	(488)	(217)	(5,951)
Proceeds from stock issuance to minority shareholders	23	1,295	280
Decrease (increase) in treasury stock	(1)	(1)	(12)
Other, net	(27)	(19)	(329)
Net cash provided by financing activities	1,432	18,203	17,463
Effect of exchange rate change on cash and cash equivalents	(184)	(172)	(2,243)
Net increase (decrease) in cash and cash equivalents	(19,646)	16,909	(239,585)
Cash and cash equivalents at beginning of period	38,461	21,552	469,036
Cash and cash equivalents—end of period (Note 3)	¥18,815	¥38,461	\$229,451

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2012 and 2011

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 ¥82 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, 2012. 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, 2012 include the accounts of the Company and its 29 significant (31 in the fiscal year ended March 31, 2011) 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. During fiscal 2010, three consolidated subsidiaries of Akebono Brake Industry Co., Ltd. were eliminated through mergers with other consolidated subsidiaries as follows: Akebono Brake Hanyu Manufacturing Co., Ltd. and Akebono Brake Iwaki Manufacturing Co., Ltd. were merged into Akebono Brake Fukushima Manufacturing Co., Ltd., with lattermost of these three companies as the surviving company; and Akebono Brake Miharu Manufacturing Co., Ltd. was merged with Akebono Brake Iwatsuki Manufacturing Co., Ltd., with the latter as the surviving company. Accordingly, the number of subsidiaries included in the scope of consolidation has been reduced by three from the fiscal year under review. In addition, Akebono Brake Astra Vietnam Co., Ltd. (AAVH) was newly established, raising the number of subsidiaries included in the scope of consolidation in the fiscal year under review by one.

An investment in one associated company (one in the fiscal year ended March 31, 2011) is accounted for by the equity method. Investments in the remaining two associated companies (two in the fiscal year ended March 31, 2011) 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. Reconciliation between Consolidated Statements of Cash Flows and Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Cash and deposits	¥21,015	¥26,661	\$256,280
Certificates of deposit included in short-term investment securities	13,100	20,300	159,756
Time deposits (certificate of deposit) with maturity over three months	(15,300)	(8,500)	(186,585)
Cash and cash equivalents—end of period	¥18,815	¥38,461	\$229,451

4. Per Share Information

	Yen		U.S. Dollars
	2012	2011	2012
Per share of common stock:			
Net assets	¥326.39	¥355.88	\$3.98
Basic net income (loss)	(24.25)	39.75	(0.29)
Diluted net income	—	39.61	—
Cash dividends applicable to the year	10.00	10.00	0.12

In the fiscal year ended March 31, 2012, the Company had dilutive common stock outstanding, however, it posted diluted net loss per share. Accordingly, the information has not been disclosed.

5. Segment Information

Akebono Brake Industry Co., Ltd. and its consolidated subsidiaries engage mainly in the production and sale of brake products. A summary of information classified by reporting segment of the Company for the years ended March 31, 2012 and 2011 is as follows.

	Millions of Yen						Total	Adjustment (Note 1)	Consolidated total (Note 2)
	Segment								
	Japan	United States	Europe	China	Thailand	Indonesia			
	2012								
Sales to customers	¥ 88,773	¥95,883	¥3,827	¥5,270	¥2,716	¥13,114	¥209,584	¥ —	¥209,584
Intercompany sales/ transactions	7,381	415	1,136	2	130	867	9,932	(9,932)	—
Total revenue	¥ 96,154	¥96,298	¥4,964	¥5,272	¥2,846	¥13,981	¥219,515	¥(9,932)	¥209,584
Operating income (loss)	¥ 5,912	¥(5,357)	¥ (395)	¥ 804	¥ 203	¥ 2,463	¥ 3,630	¥ 205	¥ 3,835
Total assets	¥128,591	¥39,306	¥3,664	¥5,794	¥2,288	¥ 7,946	¥187,589	¥(6,559)	¥181,030

	Thousands of U.S. Dollars (Note 3)								
	Segment						Total	Adjustment (Note 1)	Consolidated total (Note 2)
	Japan	United States	Europe	China	Thailand	Indonesia			
	2012								
Sales to customers	\$1,082,597	\$1,169,304	\$46,670	\$64,268	\$33,121	\$159,926	\$2,555,902	\$ —	\$2,555,902
Intercompany sales/ transactions	90,012	5,060	13,853	24	1,585	10,573	121,121	(121,121)	—
Total revenue	\$1,172,609	\$1,174,365	\$60,536	\$64,292	\$34,707	\$170,500	\$2,677,012	\$(121,121)	\$2,555,902
Operating income (loss)	\$ 72,097	\$ (65,329)	\$(4,817)	\$ 9,804	\$ 2,475	\$ 30,036	\$ 44,268	\$ 2,500	\$ 46,768
Total assets	\$1,568,182	\$ 479,341	\$44,682	\$70,658	\$27,902	\$ 96,902	\$2,287,671	\$ (79,987)	\$2,207,682

	Millions of Yen						Total	Adjustment (Note 1)	Consolidated total (Note 2)
	Segment								
	Japan	United States	Europe	China	Thailand	Indonesia			
	2011								
Sales to customers	¥ 85,253	¥106,778	¥3,328	¥5,099	¥3,130	¥12,985	¥216,574	¥ —	¥216,574
Intercompany sales/ transactions	7,882	255	1,108	7	141	1,218	10,612	(10,612)	—
Total revenue	¥ 93,135	¥107,033	¥4,436	¥5,107	¥3,271	¥14,204	¥227,186	¥ (10,612)	¥216,574
Operating income (loss)	¥ 7,097	¥ 416	¥ (28)	¥ 827	¥ 416	¥ 2,500	¥ 11,229	¥ 163	¥ 11,392
Total assets	¥112,652	¥ 43,603	¥3,761	¥4,475	¥2,703	¥ 7,600	¥174,793	¥ 11,159	¥185,952

Notes: 1. Adjustment to operating income (loss) to eliminate intersegment transactions.

2. Operating income (loss) after adjustments to reconcile total with figure presented in the consolidated statements of income.

3. The value of the U.S. dollar is, purely for the sake of convenience, calculated using the approximate exchange rate as at March 31, 2012, which was ¥82 to \$1 (figures are rounded down to the nearest \$1,000).

Akebono Locations (Japan)

(As of June 20, 2012)

■ 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

Tel: +81 (0) 11-780-5031 Fax: +81 (0) 11-787-6297

Sendai Sales Office

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

Tel: +81 (0) 22-284-4979 Fax: +81 (0) 22-238-9318

Kanto Sales Office

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

Tel: +81 (0) 48-560-1481 Fax: +81 (0) 48-560-1487

Osaka Sales Office

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

Tel: +81 (0) 6-6385-5803 Fax: +81 (0) 6-6368-2457

Hiroshima Sales Office

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

Tel: +81 (0) 82-888-7293 Fax: +81 (0) 82-820-4393

Fukuoka Sales Office

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

Tel: +81 (0) 92-501-0282 Fax: +81 (0) 92-583-1258

Tatebayashi Foundry (Casting of brake components)

6012 Aza-Tobu Kogyo Danchi, Oshima-cho,

Tatebayashi City, Gunma 374-0001, Japan

Tel: +81 (0) 276-80-6788 Fax: +81 (0) 276-77-1102

Proving Grounds (Testing and evaluation)

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

Tel: +81 (0) 246-83-1931 Fax: +81 (0) 246-48-4004

ai-museum (Brake museum)

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

Tel: +81 (0) 48-560-1500 Fax: +81 (0) 48-560-2880

■ Akebono Affiliates

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

(Sales of industrial machinery and rolling stock brakes)

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

Tel: +81 (0) 48-560-1555 Fax: +81 (0) 48-560-1556

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

Tel: +81 (0) 237-83-1111 Fax: +81 (0) 237-83-1125

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

Tel: +81 (0) 24-582-2191 Fax: +81 (0) 24-581-2007

Akebono Brake Iwatsuki Manufacturing Co., Ltd.

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

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

Tel: +81 (0) 48-794-4111 Fax: +81 (0) 48-794-4125

Akebono Brake Sanyo Manufacturing Co., Ltd.

(Manufacture of drum brakes and wheel cylinders)

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

Tel: +81 (0) 866-96-2111 Fax: +81 (0) 866-96-2119

Alocs Corporation (Logistics)

255-1 Ainohara, Iwatsuki-ku, Saitama City, Saitama

339-0071, Japan

Tel: +81 (0) 48-794-1321 Fax: +81 (0) 48-794-1925

Akebono Research & Development Centre Ltd.

(Brake-related R&D)

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

Tel: +81 (0) 48-560-1421 Fax: +81 (0) 48-560-2900

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

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

Tel: +81 (0) 48-560-1231 Fax: +81 (0) 48-560-2855

APS Co., Ltd.

(Consultancy for business streamlining)

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

Tel: +81 (0) 48-793-1650 Fax: +81 (0) 48-793-1656

NeoStreet Inc. (Web shop)

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

Tel: +81 (0) 48-563-0590 Fax: +81 (0) 48-560-1571

Akebono Locations (Overseas)

(As of June 20, 2012)

■ North America

Akebono Brake Corporation

(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 Engineering Center (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 disc brakes, drum 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

Akebono Brake, Clarksville Plant (ABCT)

(Manufacture of disc rotors, drum brakes, corner modules and other brake components)
780 International Boulevard Clarksville, TN 37040-5327 U.S.A.
Tel: +1 931-553-6500 Fax: +1 931-553-6570

Akebono Brake, Columbia Plant (ABCS)

(Manufacture of disc brakes, corner modules, castings and other brake components)
201 Metropolitan Drive, West Columbia, SC 29170-2294 U.S.A.
Tel: +1 803-227-1300 Fax: +1 803-822-2010

Akebono Brake Mexico S.A. de C.V.

(Manufacture and sales of drum brakes and other brake components)
Calle Plaza de la Paz 100 Int 211, Colonia Puerto Interior, C.P. 36275, Silao, Guanajuato, Mexico

■ 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 disc brakes and drum 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. Akebono Brake Astra Indonesia

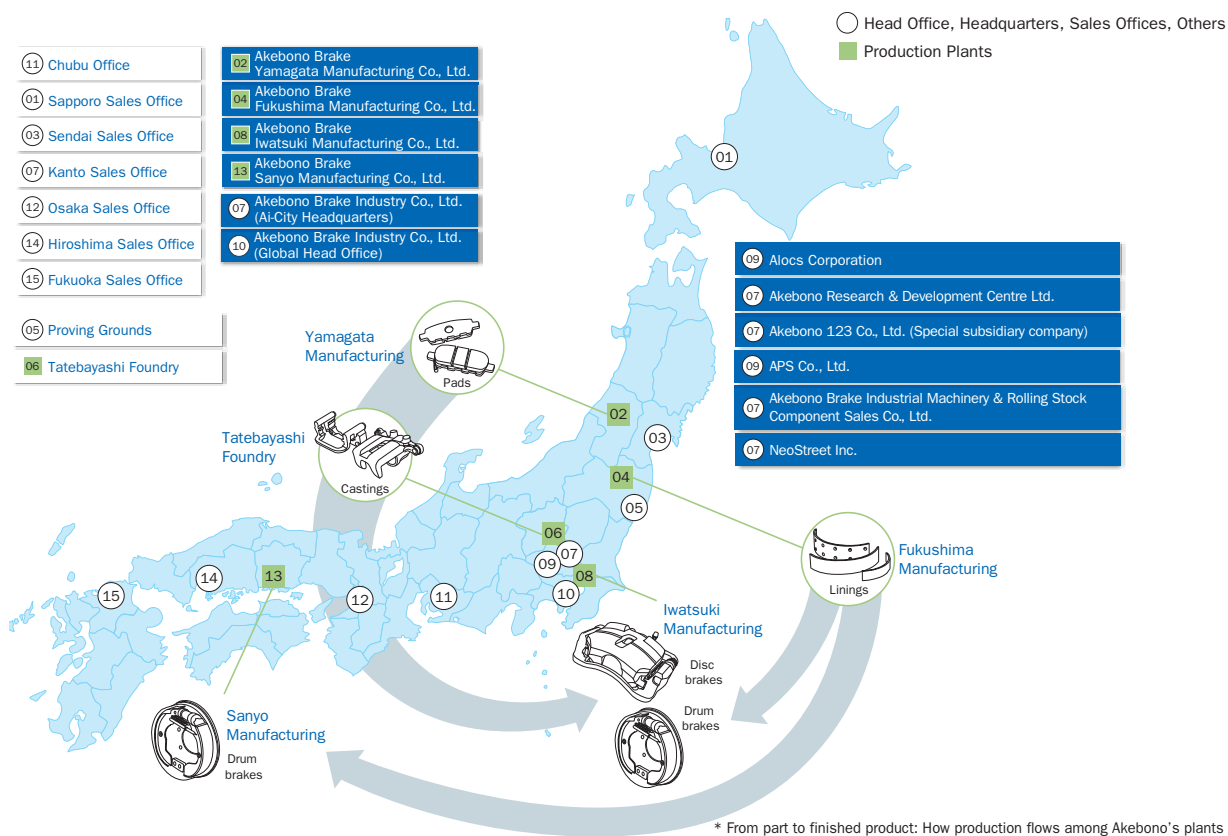
(Manufacture and sales of disc brakes, drum brakes,
pads, linings, master cylinders and other brake
components)
Jl. Pegangsaan Dua Blok A1, Km. 1, 6 Kelapa Gading,
Jakarta, 14250, Indonesia
Tel: +62 (0) 21-468-30075 Fax: +62 (0) 21-468-26659

Akebono Brake Astra Vietnam Co., Ltd.

(Manufacture and sales of disc brakes and master
cylinders for motorcycles)
Plot D-10 (Rf-1a) Thang Long Industrial Park II,
Yen My district, Hung Yen Province, Vietnam
Tel: +84 (0) 321-397-4477 Fax: +84 (0) 321-397-4479

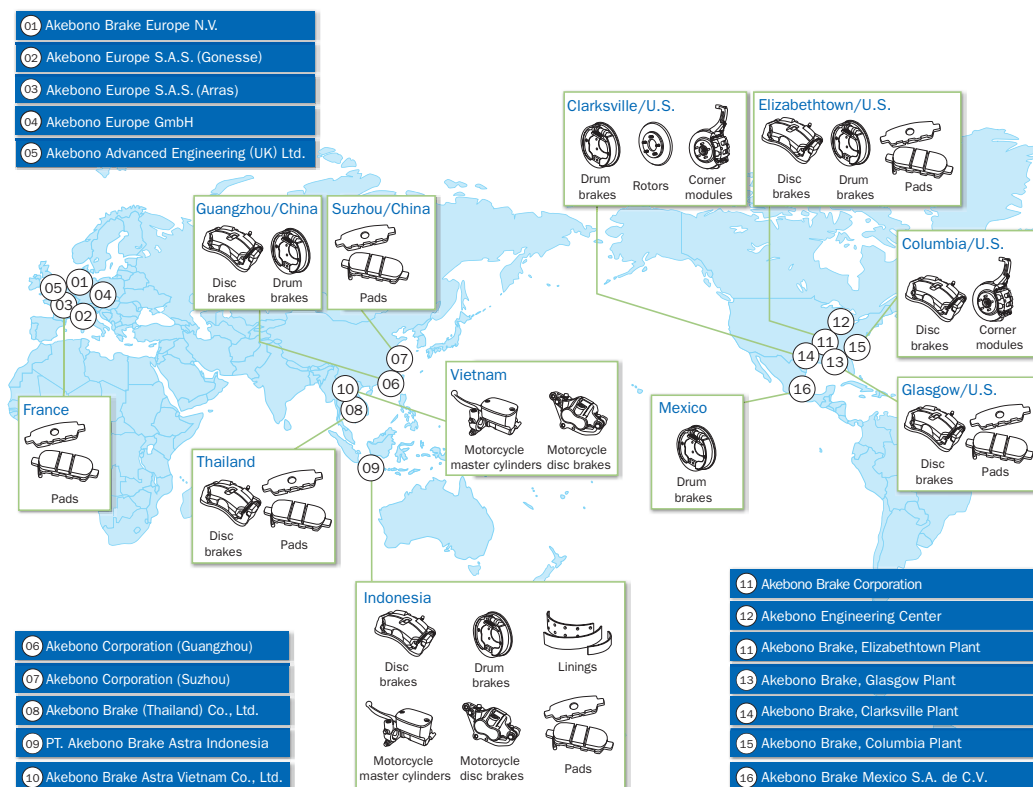
Akebono Group (Japan)

Please see page 61 for each plant's principal products.



Akebono Group (Overseas)

Please see page 62 for each plant's principal products.



Directors and Officers

(As of July 1, 2012)

Directors:



Representative Director &
Member of the Board
Hisataka Nobumoto



Member of the Board
Toshimitsu Nishigaki



Member of the Board
Takeshi Saito



Member of the Board
Takeshi Okumura



Member of the Board
Takuo Tsurushima*



Representative Director &
Member of the Board
Yoshimasa Ogino



Member of the Board
Takashi Kudo



Member of the Board
Satoshi Utsugi



Member of the Board
Kunio Ito*

Corporate Auditors:

Corporate Auditor (Standing) Keijiro Kimura

Corporate Auditor (Standing) Kazuhiko Goto

Corporate Auditor Kesao Endo**

Corporate Auditor Michiyoshi Homma**

Corporate Auditor Keizo Tannawa**

Executive Officers:

Chairman, President & CEO	Hisataka Nobumoto
Executive Vice President	Yoshimasa Ogino
Senior Managing Executive Officer	Toshimitsu Nishigaki
Senior Managing Executive Officer	Takashi Kudo
Senior Managing Executive Officer	Takeshi Saito
Senior Managing Executive Officer	Satoshi Utsugi
Senior Managing Executive Officer & CFO	Takeshi Okumura
Senior Managing Executive Officer	Koji Kobayashi
Managing Executive Officer	Kazuo Matsumoto
Managing Executive Officer	Kanji Miyajima
Managing Executive Officer	Seiki Takahashi
Managing Executive Officer	Seiji Onoda
Managing Executive Officer	Yuji Ando
Managing Executive Officer	Katsuji Hidaka
Executive Officer	Toru Wakabayashi
Executive Officer	Masaaki Ando
Executive Officer	Akira Hosoya
Executive Officer	Ryohei Ito
Executive Officer	Toshiyuki Negishi
Executive Officer	Shinji Aoyagi
Executive Officer	Hiroshi Idei
Executive Officer	Peter Schmitz
Executive Officer	Masahiro Miyamoto
Executive Officer	Yoichi Shinagawa
Executive Officer	Hideki Takamiya
Executive Officer	Hideo Machi
Executive Officer	Keiji Yamanaka

Advisors:

Executive Advisor	J. W. Chai
Senior Advisor	Hidemitsu Kuwano
Executive Technical Advisor	Shunji Yokoo

* Outside directors in accordance with Article 2-15 of the Corporation Law
 ** Outside corporate auditors in accordance with Article 2-16 of the Corporation Law

■ 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

■ Ai-City (Headquarters)

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

■ President and CEO

Hisataka Nobumoto

■ Paid-in Capital

¥19.9 billion
(as of March 31, 2012)

■ Net Sales

¥209.6 billion (fiscal 2011)

■ Number of Associates

7,800 (as of March 31, 2012)



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



Akebono Nihonbashi Building (Chuo-ku, Tokyo)



ai-museum (brake museum)
Opening hours: Every Wed. 14:00-16:00

Investor Information

(As of March 31, 2012)

■ Stock Listing

Tokyo Stock Exchange, First Section (Code: 7238)

■ Common Stock

Authorized: 440,000,000 Shares

Issued: 135,992,343 Shares

■ Principal Shareholders

Shareholders	No. of shares held (1,000 shares)	% of issued common stock
Toyota Motor Corporation	15,495.1	11.39
Robert Bosch LLC	12,597.0	9.26
ITOCHU Corporation	10,553.0	7.75
Isuzu Motors Limited	7,848.1	5.77
Japan Trustee Services Bank, Ltd. (Trust Account)	6,977.7	5.13
Deutsche Bank AG, Frankfurt Domestic Custody Services	5,900.0	4.33
BBH Boston for Metzler Investment GmbH, Frankfurt	5,261.8	3.86
Trust & Custody Services Bank, Ltd. (Trust Account)	3,362.1	2.47
Aisin Seiki Co., Ltd.	3,133.7	2.30
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,825.6	2.07

Note: The Company's holding of treasury stock is not included in the above list of principal shareholders, but is equivalent to 8th position.

■ 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

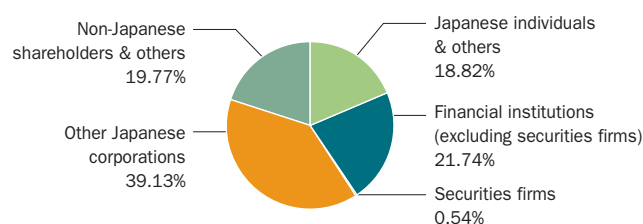
Category	No. of shareholders	No. of shares held (1,000 shares)
Japanese individuals & others	10,721	25,577.2
Japanese government & municipal corporations	0	0.0
Financial institutions (excluding securities firms)	36	29,529.7
Securities firms	31	741.2
Other Japanese Corporations	147	53,162.2
Non-Japanese shareholders & others	88	26,867.6
TOTAL	11,023	135,877.9
No. of shares in less than units of 100	—	114,443 shares

Note: The number of treasury shares as of March 31, 2012 was 3,383,060. Of these, 3,383,000 shares are included under "Japanese individuals & others," and 60 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, 2012 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 3,383,060, whereas the actual number as of March 31, 2012 was 3,382,060.

■ Percentage of Shares Held by Shareholder Category (%)



Cautionary Statement Concerning Outlook

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 2012

Business & CSR Activities

Issued September 2012

Akebono Brake Industry Co., Ltd.

Corporate Communications Office

19-5 Nihonbashi Koami-cho, Chuo-ku,
Tokyo 103-8534, Japan

Tel +81 (0) 3-3668-5183 **Fax** +81 (0) 3-5695-7391

URL <http://www.akebono-brake.com>

E-mail akebono_pr@akebono-brake.com

Please send your opinions and impressions to the above office.



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