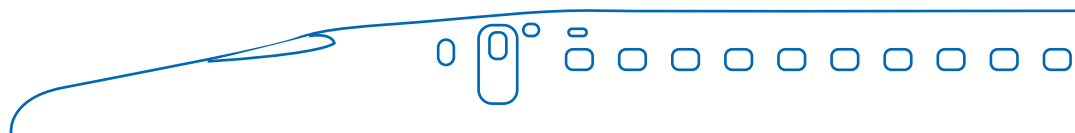
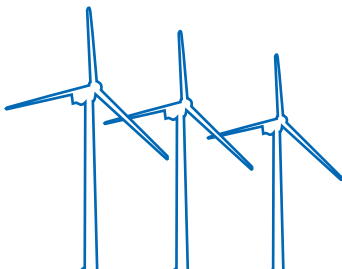
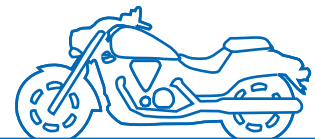




# AKEBONO REPORT 2010

Business & CSR Activities



## 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. Since fiscal 2005, from the viewpoint of accountability, we have reported on our activities in our *Environmental & Social Report*. Furthermore, from fiscal 2009, we include financial information such as results reporting and financial statements—traditionally published in our annual report—in this report, aiming to provide a better communication tool with a variety of information for stakeholders. We have thus named it the “AKEBONO REPORT.”

## Reporting Scope

### Reporting Period

This report covers the annual results data for the 2009 fiscal year (April 1, 2009 to March 31, 2010). 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, North America, Europe, Thailand, China and Indonesia.

Official names of some Group facilities have been abbreviated. Please see page 35 for a complete listing of Group locations.

Publication Date: August 2010

(Last publication: September 2009;

Next scheduled publication: August 2011)

### 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](mailto:akebono_pr@akebono-brake.com)

# AKEBONO REPORT 2010

## Business & CSR Activities

## CONTENTS

Top Message .....	2
Main Products.....	4

### Feature

1 akebono’s Corporate Mission: Showing the Way to the Brakes of the Future.....	6
Global R&D that Supports Our Mission .....	11
2 Enhancing Brake Business Profitability .....	12

### Economic Report

Business Summary and Consolidated Financial Highlights .....	14
Performance Report for Fiscal 2009.....	16
Management Systems .....	18
Fiscal 2009 Event Calendar .....	20

■ Social Report.....	22
----------------------	----

■ Environmental Report .....	24
------------------------------	----

### Reference Materials

Eleven-Year Financial Summary .....	26
Consolidated Balance Sheets.....	28
Consolidated Statements of Income .....	30
Consolidated Statements of Changes in Net Assets (Summary).....	31
Consolidated Statements of Cash Flows .....	32
Notes to Consolidated Financial Statements.....	33
akebono Locations .....	35
Directors and Officers .....	36
Investor Information .....	37

### Environmental Mission

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

### Basic Environmental Policy

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

## 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

## Company Outline

**Company Name:** Akebono Brake Industry Co., Ltd.

**Established:** January 27, 1929

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

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

**President and CEO:** Hisataka Nobumoto

**Paid-in Capital:** ¥19,939 million (as of March 31, 2010)

**Net Sales:** ¥130,604 million (fiscal 2009)

**Number of Employees:** 6,984 (as of March 31, 2010)



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



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

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

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

\*\*\* Akebono Nihonbashi Building: Commenced operations in 2008 as the Global Head Office

## Welcoming a Third Phase of Transition, Aiming to Be a Truly Global Company



### Fiscal 2009, a Year Notable for Three Shifts in the Business Environment

In fiscal 2009 (ended March 31, 2010), the automotive industry witnessed three seismic shifts in the business environment with regard to its sense of values, the market and products. With the period of extreme economic volatility receding into the past, consumers' attitudes toward vehicles encompassed a diverse set of values that included a rising concern for the environment. In tandem with this, the market's center of gravity shifted from developed to emerging countries, and the surge toward increasingly compact and low-cost products gained momentum. Together these factors contributed to the severe

conditions confronting akebono as it tackled the challenge of achieving success.

In the year under review, along with realigning our Japanese facilities and optimizing production, we worked to more precisely utilize our brake manufacturing capacity throughout North America. At the same time, in December 2009 we acquired the North American brake business of Robert Bosch GmbH in a bid to expand our business domain.

As for business results, we implemented thorough cost-cutting measures, including slashing fixed costs and curbing investments. Increased sales and earnings in Asia led to a substantial recovery in performance.

### Adapting to Globalization with APS

It is absolutely vital that we foster a sense of unity within the Group so as to develop globally. With this in mind, it is essential that we work together with our North American production plants—newly reinforced by the acquisition—to achieve further growth in line with our pursuit of manufacturing value-added products and by working even harder to implement the akebono Production System (APS).

One simple way of describing APS would be to say that it aims for the continual elimination of waste. The objective of APS is to clearly pinpoint all problems or incidents of wastage hidden within daily business operations. Critical to meeting this goal will be to develop the skills and awareness of our people. Keeping in mind the need to ensure both the manufacture of value-added products and the development of human talent, we hope to raise the profile of APS, forming bonds throughout the Group that will enable us to surmount any cultural barriers.

### Providing Safety and Security through Brakes

As a member of society, akebono understands that its top priority is always the provision of safety and security. This is the starting point from which our corporate brand management springs and defines the approach that we have been taking since 2005.

When an engine fails, the vehicle comes to a stop, but if the brakes fail, the vehicle simply cannot stop. In Formula 1 racing, brakes are actually essential to facilitating better lap times through improved braking efficiency. In both of these situations brakes offer safety and security, and this is the role akebono pursues.

In another area, giving due consideration to the environmental impact of our plant facilities will be even more critical in the times ahead. We will tackle the issue of reducing CO<sub>2</sub> emissions from the perspective of improving the energy efficiency of heat-treating equipment, and will take steps to lay the environmental groundwork with life cycle assessments and other needed measures to survive and succeed as a Japanese manufacturer in the face of increasingly stringent environmental regulations. In addition, we are

moving forward on an internal project that targets staff in and around their 30s and asks them to be the core thinkers who will focus on how our production facilities should operate, reflecting concern for environmental conservation, in a decade from now.

### Technology Development Guidance for akebono's Corporate Mission

Guided by akebono's Corporate Mission, namely through "Friction and Vibration, their Control and Analysis," we strive through analysis and research to further develop our mainstay friction material technologies of blending and heat forming ingredients. And, when we do so, there is the potential of creating new technologies. This ability to conceive technology development is something we intend to nurture.

Our Corporate Mission also serves as a vision to realize social responsibility across all of the various business activities conducted by akebono, including business management, environmental conservation and contributions to society. The promotion of corporate brand management that we pursue is based on our Declaration for the 21st Century as the stance and Code of Conduct needed to bring this vision to reality.

We can look back at our history with much pride. Since our founding 80 years ago, we have passed a number of remarkable milestones, for example, the 1960 technology alliance with Bendix Corporation of the United States and the 1986 establishment of a joint venture with General Motors Corporation. We now know that 2009 was for akebono the beginning of a third phase of transition marked by the milestone of the North American brake business acquisition.

To all our stakeholders, we hope that through this AKEBONO REPORT 2010 you will 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.



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

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

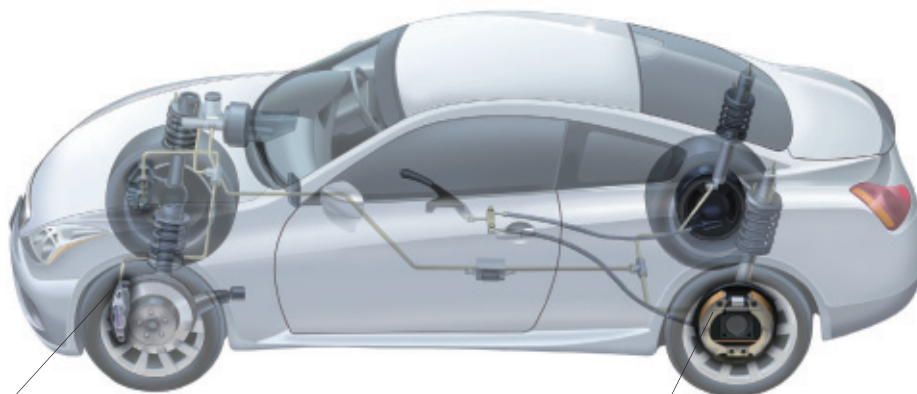


# Main Products

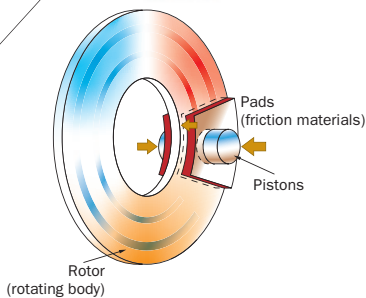
## Products for Automobiles



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

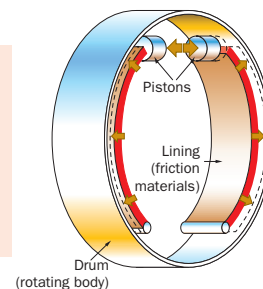


### Disc brake



In a disc brake, pistons push the brake pads against a rotor, which is rotating in tandem with the wheel, converting kinetic energy into heat and thus slowing or stopping the vehicle.

### Drum brake



In a drum brake, pistons push the brake lining against a drum, which is rotating in tandem with the wheel, converting kinetic energy into heat and thus slowing or stopping the vehicle.

## Products for Rolling Stock



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

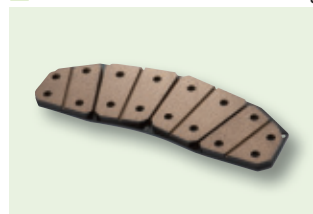
### Bullet train disc brake



### Brake linings for rolling stock



### Bullet train disc brake lining



### Brake for maglev trains



N700 series bullet train

## Products for Motorcycles



- Disc brake calipers
- Disc brake pads
- Master cylinders

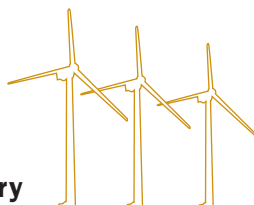
### Master cylinder



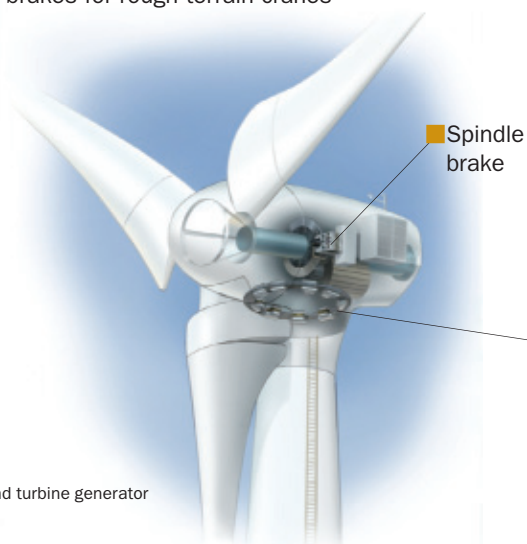
### Disc brake



## Products for Industrial Machinery



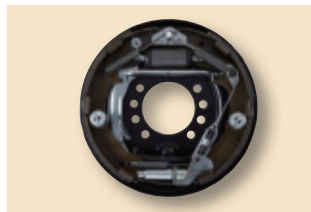
- Drum brakes for forklifts
- Disc brake calipers for wind turbine generators
- Disc brakes for rough terrain cranes



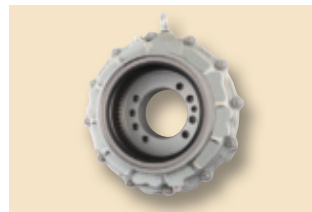
Wind turbine generator

### Spindle brake

### Drum brake for forklifts



### Wet brake for forklifts



### Yaw brake

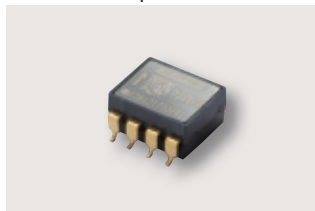


### Disc brake caliper for rough terrain cranes



## Other Products

### Sensor chip



### Combined sensors



### Concrete pouring detection system



**Special  
Feature  
1**

# **akebono's Corporate Mission: Showing the Way to the Brakes of the Future**



**Having celebrated its 80th anniversary in 2009, akebono has consistently provided safety and security for society as an expert maker of brakes. In recent years, growing concerns about limited resources and environmental problems have placed a spotlight on new technologies. Given this situation, what kind of technological development will take akebono to the next stage of growth? To answer this question, we talked to those working at the cutting edge of development.**



## The Challenges of Formula 1 are the Ultimate Ecology

Formula 1 (F1), it is the pinnacle of world automobile racing. Aiming to develop brake technology for the most extreme conditions, akebono has since 2007 been the Official Supplier of brakes to the Vodafone McLaren Mercedes F1 team.

“What they need are brakes that make the car go faster,” explains Takayuki Ichige of the VCET Project where brakes are developed in collaboration with the racing team. “Along with consistently functioning precisely to the commands of the driver, it is critical that F1 brakes have the reliability to safely handle the tightest of corners. In order to realize contradictory functions—being completely lightweight yet highly rigid—while boasting outstanding cooling capability, low drag and of course high reliability, all within extremely

demanding parameters, our meticulous design mechanisms take into account materials selection, their surface treatment and all other aspects.” Ichige elaborates, “Reducing weight and raising the level of cooling—if we applied this expertise to brakes equipped on vehicles sold in the market, then it wouldn’t be just a dream to realize cars with a low environmental impact through better fuel efficiency.”

There is also the issue of fostering the capabilities of engineers. Every race has different demands, and in an environment that requires repeated quick responses to accommodate these demands, enhanced skills are a matter of course. “You have to find a solution in a limited amount of time, so somehow you have to come up with an idea. I think that’s extremely important,” adds Ichige.



“akebono produces its F1 brake calipers in-house. I’ve heard that business inquiries from European car makers increase after they watch a race, and it gives me great satisfaction to know that I have a job that attracts the attention of the world.”

F1 Brake Development  
VCET Project  
Takayuki Ichige  
Specialist



F1 brake caliper

## akebono’s Next-Generation Technology (1) Electro-Mechanical Brakes

Sharpening its technological prowess in the extreme world of racing, akebono continues to welcome the challenges it faces on the front lines of next generation technology development. One technology in particular, electro-mechanical brakes, represents a shift in operating principles away from hydraulics and to the utilization of a motor.

Akiyuki Tajima of the New Electronic Application Pioneering Department notes that akebono is presently at the stage of developing basic technologies. “We conduct tests in our pursuit of understanding what characteristics electro-mechanical brakes should possess. For example, in field trials under extreme conditions, we simulate downward motion on an incline, constantly applying pressure to the brakes, surveying exactly which parts within the brake reach what temperature.”

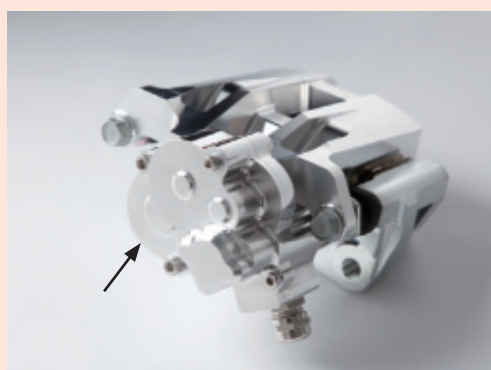
Electro-mechanical brakes have numerous advantages. The first is that because they use an electric signal, the movement of the piston can be controlled with great precision in accordance with the speed of the vehicle and other conditions, and unlike hydraulic brakes there is no need for hydraulic piping, ABS or other hydraulic devices. Electro-mechanical brakes are also capable of addressing issues that have come into importance in recent years, such as raising vehicle safety and weight reduction.

“Currently, we use motors to provide the power, but are motors really ideal?” Tajima questions. “We’re taking different ideas into consideration, including other sources of power.” This signifies that just as with F1 brake development, this is a field in which ideas are a necessity.



“Electro-mechanical brakes have great compatibility with the energy regeneration systems being used in the next wave of automobile technology, such as electric vehicles. Given that, we hope to complete their development as soon as possible.”

Electro-Mechanical Brake Development  
New Electronic Application Pioneering  
Department, R&D Division  
Akiyuki Tajima  
Staff Engineer



Electro-mechanical brakes (under development)  
Arrow indicates the electro-mechanism portion

## akebono's Next-Generation Technology (2) Ultra-Low-Drag Calipers

Right now, within the disc brakes of vehicles that are normally driven on streets anywhere in the world, the pad and the rotor come into contact, even if ever so slightly. This has an impact on fuel performance. The ultra-low-drag caliper that Daisuke Kobayashi is working on in the Foundation Brake Development Project is a technology intended to minimize this resistance. The issue for ultra-low-drag calipers will be raising fuel performance without altering the basic structure of the hydraulic brake, the parts for which should be kept interchangeable while keeping down costs as much as possible. "It's not as simple, however, as just trying to

reduce drag to zero," states Kobayashi. "For example, if the gap between the pad and the rotor becomes too wide, rain or snow could get inside, compromising the effectiveness of the brake. What's more, you can't say that it would be better to separate them completely as any kind of foreign object that falls inside will certainly impact safety or reliability." This is why Kobayashi is confronting the challenge of reducing resistance between the pad and the rotor to the bare minimum—all the way to the micron level—using technology that requires the utmost in precision.



"Even before electro-mechanical brakes become widespread, there is, I believe, still great opportunity for brake product creation to add value to conventional gasoline-powered cars and other vehicles."

Ultra-low-drag caliper development  
Foundation Brake Development Project,  
R&D Division

Daisuke Kobayashi  
Staff Engineer



Ultra-low-drag caliper (under development)

## akebono's Next-Generation Technology (3) Friction Materials

The manufacture of friction materials involves blending multiple raw materials, taking into consideration the demands of increasingly sophisticated customers. akebono makes controlling friction with precision possible by drawing on its core technology as an expert maker of brakes. "Braking—meaning coming to a complete halt—is the priority, and with a policy of not using materials that could have a harmful impact on the human body, we are constantly looking for new materials. To understand a material's characteristics and just how it is transformed when contained in a brake pad it is essential to have expertise based on detailed research and testing," explains Masayo Shitara of the Friction Material Application Department.

There are many factors causing change in the characteristics of friction materials—heat, pressure and variations of speed, for example—and to have a grasp of a material's characteristics with regard to these variables requires much time and hard work. In addition, there is the issue of eliciting a required characteristic in a material. "If a customer's requested figures differ greatly from actual conditions, bold ideas are needed, and in the end the material may require delicate tweaking measured in minute degrees," adds Shitara. In the global marketplace there are a wide range of demands, and it is no exaggeration to state that the development of friction materials remains an area with enormous untapped potential.



The disc brake pad equipped on Porsche's Panamera model

"A major topic in the development of friction materials is environmental protection. Abrasions cause minute pieces of the brake pad to fall outside into the environment. That's why I intend to search with an open mind for materials with a low environmental load."

Friction material development  
Friction Material Application Department,  
R&D Division

Masayo Shitara  
Staff Engineer



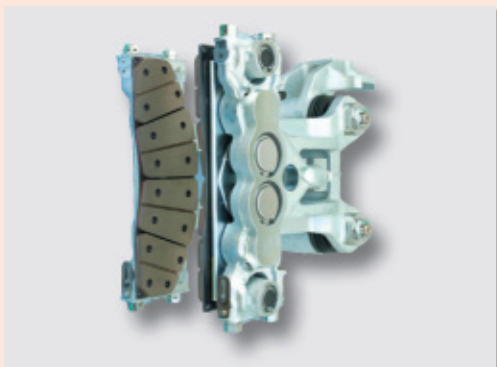
## akebono's Next-Generation Technology (4) Bullet Train Disc Brakes

Approximately 50% of the brake calipers and pads used on bullet trains in Japan are manufactured by akebono. On the one hand, bullet trains need to be able to slow and come to a safe stop from speeds of 300km/h, and on the other, it is essential that rolling stock brakes also contribute to environmental protection.

“Certainly, modal shift in Japan is an example of contributing to environmental protection,” states Kazuhiro Yoshikawa of the Mechanical Component Application Department. “Shipping costs via rail are low, and it’s an effective way to reduce CO<sub>2</sub> emissions. However, factors that include a high friction coefficient demand high performance.”

Looking ahead, in the process of spreading Japanese railway technology overseas it will be necessary to develop products that meet environmental needs in any given country. Yoshikawa further explains his thinking, “Setting our sights on overseas locations, we cannot look to just our existing technology and think that our work is done, especially if we want to be able to respond to any kind of heavy-duty usage requirements. I hope to make things of even higher quality.”

akebono seeks to link friction materials with the development of structural components for rolling stock brakes as well and will continue to develop products with the aim of delivering performance that more than anything ensures that people travel in safety.



Bullet train disc brake

“When I go on business or other trips, I take the bullet train, and that always reminds me of the importance of brakes. It really makes me proud of how incredibly worthwhile this job is.”

Development of disc brakes for  
bullet trains  
Mechanical Component Application  
Department, R&D Division  
Kazuhiro Yoshikawa



## Production Engineering That Gives Shape to Dreams

What enables quality with greater uniformity, realized with greater efficiency, is the new akebono production engineering. Shinichi Terashima of the Production Engineering Development Department, is constantly thinking about “the balance of safety, quality and cost.” Safety and quality are, of course, priorities, and to improve productivity, equipment must be kept simple and compact. Also, the key question is how to incorporate automation into the process. However, as Terashima explains, “When we deploy robots, we absolutely must design to automate only the efficient processes. To get around this problem, it’s essential to think about simplifying. Of course, it’s important to have a human perspective.”

At the same time, a major topic for production engineering development is the reduction of CO<sub>2</sub> emissions in the manufacturing process. “Forming brake pads requires an enormous amount of heat,” notes Terashima. “It should be possible to be friendly to the environment and lower the costs of energy consumption by raising the heat efficiency of this process.” The technological hurdles are definitely not low, but surmounting these problems will enable reductions in fuel consumption and CO<sub>2</sub> emissions as well as lower costs. To accomplish this, improving resource and energy conservation in the manufacturing of akebono products is something that we are constantly considering.



“The development of production engineering requires expertise, of course. But it’s more than just the efforts of one individual division—the work conducted across many departments will be what bears fruit.”

Production engineering development  
Production Engineering Development  
Department, Manufacturing Division  
Shinichi Terashima  
Specialist

### Supporting Development (1) Considering Production Equipment



Essential to the installation of production equipment, blueprints are used to determine tasks, their operability, safety and efficiency, ensuring that no problems occur.



## APS, the Starting Point of All *Monozukuri*

"APS is the akebono Production System," Yoshio Takanashi of the APS Section points out as he explains this, the starting point for akebono's pursuit of *Monozukuri* (value-added product manufacturing). He notes, "Specifically, APS is the continuous elimination of waste." APS performs a valuable role in answering questions related to creating the just-in-time system—making necessary items in necessary quantities in necessary timeframes—as well as determining plant layouts and workflow—what should be where for manufacturing efficiency.

APS also stands for akebono Philosophy & Spirit, so, on the one hand, it is a way of managing and analyzing while, on the other, it is the very concept that this approach embodies. APS aims to be the common thread of the philosophy behind the pursuit of *Monozukuri* that is woven into the

functions of all the various divisions.

As Takanashi asserts, "For example, at a plant's shipping area, we obviously have to propose positioning equipment and the flow of traffic so that items can be handled with consistent timing and movement; however, it's just as vital to maintain discussions with production management, shipping managers and all other personnel involved." This illustrates how the spread of APS as the concept inspiring akebono's pursuit of *Monozukuri* will continue to be a priority. "At the APS *Jishuken* (intensive Kaizen activity), we target sections with plant facilities as sites for implementing APS," Takanashi explains, "and, through attempts to reduce inventories and loss of operational time as well as on-site implementation, we work to develop human skills."



"Those who participate in *Jishuken* are given about 20% more work than they think they can handle. Then, when they've finished their tasks, it gives them a sense of accomplishment—that's the development of human talent."

APS  
APS Section, APS Corporation  
Yoshio Takanashi

### Supporting Development (2) the APS Dojo within the Monozukuri Dojo



The "APS Dojo" is where one can really experience APS. This is where hands-on training provides people with knowledge on how to pursue ultimate efficiency in production.

## Key to the Development of Next-Generation Technology, akebono's Corporate Mission Will Open the Door to Future Brake Technology.

When thinking about the next 20 years, the question is what approach akebono should take to provide value to society. What will guide us is akebono's Corporate Mission.

"APS is, I believe, connected at a deep level to the analytical side of the Corporate Mission," Takanashi explains. "It pursues the facts behind each and every problem and is also important to making manufacturing systems where sub-standard products are not manufactured, indeed, cannot be manufactured. If you have certain conditions, then there is no way substandard products can result. As we build up the systems for ensuring good-quality products, I think we will accomplish what is needed to provide safety and security."

Discussing what the Corporate Mission expresses in terms of akebono's role in society Terashima states, "The latter half of the Corporate Mission statement—'every individual life'—is especially emblematic of the role our production engineering plays, namely, in protecting the lives of drivers, passengers and pedestrians as well as on-site production personnel. It also includes actually putting into place environmentally friendly production equipment."

To explain his views on the way work forms the interface between himself and society, Yoshikawa frames things this way: "My boss once told me that when people travelling in a bullet train that's moving at 300km/h can walk around freely without fastening their seatbelts, that's a clear demonstration of technology protecting people's lives." It is the very enormity of that task that gives Yoshikawa the will to tackle difficult problems.

That concept rings true for Shitara as well. "Suppose an engine doesn't work properly—you would have it repaired and then just get back in the vehicle, right? But if your trouble is a nonfunctioning brake, you'll never ride in that vehicle again. When you take the perspective that people ride in cars because they can, and do, come to a proper stop, I feel a great sense of responsibility as one supporting safety."

It is Kobayashi who turns again to the issue of "having a complete grasp, as brake specialists, of what is happening at the point where pad and rotor meet." In this connection, just how far outside the



parameters of normal driving are designers capable of considering? He notes, "We are always asking the question of what research is really necessary to ensure that trouble or mistakes do not occur."

Tajima adds, "The Corporate Mission is the standard by which akebono, as a company, determines whether or not any given task should be carried out." Tajima believes that it is important to have a clear practical and theoretical understanding to the smallest detail of the designs' foundations. As with Tajima, Ichige is also aware that, "Whenever we have to determine the course of the company, or when we find ourselves at the crossroads of technology development, we should turn back and reread the Corporate Mission."

What all of these engineers have in common is the strong commitment to providing safety and security, based on the Corporate Mission, even over 10 to 20 years when next-generation vehicles may make their mainstream appearance. As Shitara states, "If vehicles change, there is no way to avoid changes to friction materials as well, which means we must change the way we think." So, while constantly searching for new technologies that enable light-weight brake components and that respond to environmental issues, as Ichige asserts, finding "brakes that fit with human sensitivities" will be akebono's task.



## Global R&D that Supports Our Mission

“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, by taking advantage of distinctive characteristics of facilities throughout Japan, North America and Europe and abiding by the three tenets of higher performance, lower cost—including more compact and lightweight products—and future technologies 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.

### Japan

akebono is progressing in its efforts to develop high-performance, low-cost friction materials 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 characteristics and that minimize wheel dust. In addition, while working to enhance product performance with due consideration to environmental concerns, we are taking steps to reduce costs through the use of both new materials and improved manufacturing processes.

In the development of disc and drum brake mechanisms, we apply our efforts to improving performance and lowering cost. These efforts have been recognized by customers, who offer high praise for our opposed-type disc brakes, which employ an aluminum alloy developed for high-performance cars. Moreover we are thoroughly implementing measures to ensure the standardization of materials and processes as well as otherwise working to boost our cost-competitiveness.

In the area of combating global warming, we are striving to raise fuel efficiency through innovative weight and drag reductions. We 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.

### North America

akebono is working to develop optimum new friction materials and next-generation foundation brakes based on the domestic and global needs of U.S.-based automotive manufacturers. 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 are also environment-friendly.

akebono is mass-producing a new disc brake made from a lightweight aluminum alloy as well as new disc brakes with rear-wheel parking functions and others for a wide range of vehicle models. We are also promoting the development of next-generation products in tandem with R&D facilities in Japan.

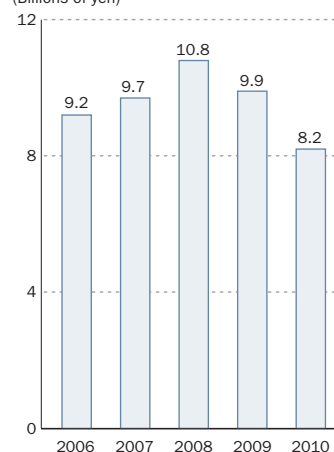
### Europe

Our European operations specialize in developing friction materials, and akebono conducts R&D to respond to a wide range of customer needs, from friction materials that meet unique performance demands and conform to the rigorous environmental standards of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations to friction materials intended for auto exports to Japanese and U.S. markets from the European market. We strive to cultivate new customers by marketing “hybrid materials,” which incorporate characteristics that are suited to both the quiet-running cars preferred by the Japanese and U.S. markets and the high-performance vehicles popular in the European market. In addition to the existing development base in France, we established a local agency with a development function in Germany in pursuit of more customer-oriented development activities. Standardizing materials by procuring them from local markets and introducing a European-style manufacturing process helps reinforce our cost-competitiveness.

Total R&D-related expenditures\*

Years Ended March 31

(Billions of yen)



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

## ■ Formulation of akebono New Frontier 30 Rolling Plan 2010

Under its previous three-year medium-term management plan, “akebono New Frontier 30” announced in 2008, the Company addressed a number of issues, including the realignment of its facilities in Japan and North America; workforce optimization; promotion of the in-house manufacture of key components and the standardization and interchangeability of materials and processes so as to realize the cost reductions needed to ensure business sustainability; development of high-performance brakes; promotion of environmental responsiveness; development of low-cost products for lightweight and compact vehicles among other technological differentiation; and acceleration of expansion into Asia. After the financial crises of 2008, however, major changes in the business environment spurred the Company to review specific details of the plan, in what became “Rolling Plan 2010.”

To secure a foundation that will enable the accomplishment of targets, the new plan aims to further expand sales and improve profitability with competitive technologies for the future, ongoing revolutionary cost reductions and development outside Japan, and accelerating globalization, moving from a focus on Japan and North America to one covering Japan, North America, Europe and Asia.

## ■ Review of Japanese Market

Due to Japanese automakers’ new car sales staging a better than expected recovery, thanks to government assistance measures (environment-friendly vehicles tax incentives and new vehicle replacement subsidies), akebono received an increasing number of orders. However, for the foreseeable future it appears that there will be no full-fledged recovery in new automobile sales and thus no recovery accompanied by a surge in new vehicle production. In recognition of this situation and in addition to ongoing reductions in fixed costs, the Company is progressing with the implementation of a raft of initiatives with the aim of significantly increasing profit at a time of sluggish sales. These initiatives include: accelerating the development of interchangeability and standardization; manufacturing key components in-house to realize uniform quality and cost reductions; reducing costs by revamping logistics; reexamining energy costs; accelerating the development of next-generation production equipment; and streamlining procurement.

## ■ Expanding Group Operations in the North American Market

As a regionalized strategy that promotes more rapid globalization in Japan, North America, Europe and Asia, akebono is positioning North America as a crucial market where the Company is making great efforts to enhance and expand its business.

As part of these efforts, we reached a basic agreement with Robert Bosch GmbH regarding the acquisition from

North American subsidiary Robert Bosch LLC of part of the latter’s brake business, concluding an asset purchase agreement through our Kentucky-based subsidiary Akebono Brake Corporation (ABC) on September 23, 2009.

With respect to its North American business, akebono has implemented a number of restructuring measures since 2005, including completing the integration of production into two plants at the end of August 2008.

However, with the region’s operating environment lapsing into unprecedented severity due to such factors as the sharp drop in automobile sales and excess production capacity brought about by the global economic downturn as well as intensifying cost competition, akebono put into effect initiatives designed to significantly boost sales, which necessitated the further restructuring of its business. Simultaneously, Bosch was in the process of reorganizing its North American business, and akebono saw the opportunity to acquire part of Bosch’s brake business and optimize its overall brake production capacity in the region.

akebono has thus further boosted its competitiveness in the North American market, and it is anticipated that sales will soar with the commercial rights gained from the acquisition. Moreover, the Company has its sights set on an early return to profitability for its North American business and is revamping production capacity through plant reorganization and streamlining based on the promotion of the in-house manufacture of key components while pursuing synergies in procurement and other departments. akebono will also continue to promote the search for and training of human talent with leadership potential and will assume as assets the two new plants obtained through the acquisition.

## ■ Other Regions

### ● Europe

A rapid recovery cannot be expected in the European automotive market. To set in motion a return to profitability at a time of flat sales, the Company will work to streamline procurement and further improve productivity. In addition, as its sales strategy for friction materials, akebono will target luxury vehicles, taking advantage of the competencies gained through brand development activities involving the supply of brake products for F1 motor racing. As a future issue, akebono will continue to study the best approach for brake caliper production.

### ● Asia

In the Asian market, where major growth is expected to center on China and Indonesia, the Company intends to secure a framework that will allow increased production, promoting thorough cost reductions across the region that focus on increasing the local procurement of materials, improving productivity and securing more efficient logistics. Raising competitiveness by developing businesses that offer the usability, costs and platforms that meet local needs, akebono will take an array of initiatives to realize significant increases in sales and income.

## Outline of Acquired Business

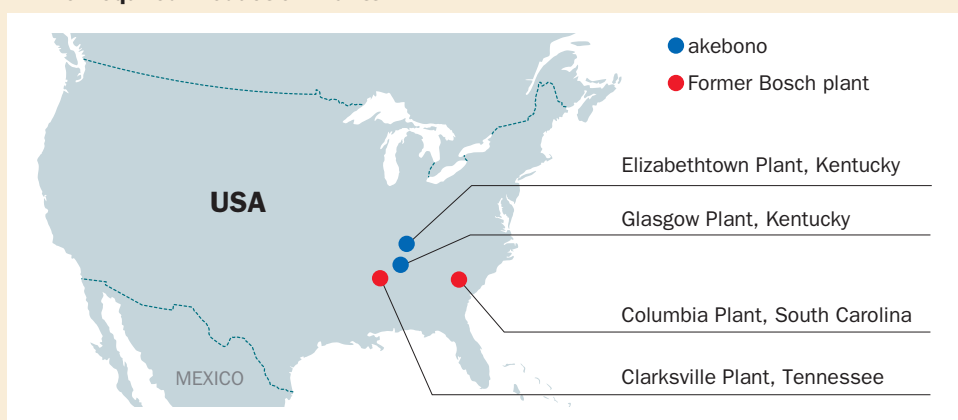
Business and commercial rights to manufacturing and sale with respect to the foundation brake, disc rotor, brake drum and corner module businesses of the Bosch Group's North American subsidiary, Robert Bosch LLC. There is no succession of account receivables and account payables.

Note: "Foundation brakes" refers to basic static components related to the control of brakes, except for operative parts, such as disc brakes, drum brakes and parking brakes. "Corner modules" are products into which chassis parts, such as foundation brakes, hub bearings, knuckles, etc., are secured during pre-assembly.

### ■ Date of Acquisition

December 31, 2009

### ■ Two Acquired Production Plants



### ■ Outline of Financial Information

- Acquisition price and settlement method
 

Acquisition value	\$19 million
Acquisition cost	\$19 million
- Acquired asset and liability and accounting method
  - Acquired assets and liabilities as of acquisition date:
 

Current assets	\$33 million
Fixed assets	\$74 million
<b>Total assets</b>	<b>\$108 million</b>
Current liabilities	\$3 million
Fixed liabilities*	\$83 million
<b>Total liabilities</b>	<b>\$85 million</b>

\* In anticipation of incurring a post-acquisition loss, and with that loss recognized as a liability under U.S. accounting standards due to its calculation being reflected in the acquisition price, the abovementioned \$83 million in fixed liabilities is recorded under fixed liabilities on the balance sheet as "Provision incurred from transfer of business applied to foreign subsidiaries."

#### 2. Accounting method

Amount of goodwill from incurred loss, causal factors in loss, depreciation and amortization method and period

(1) Amount of negative goodwill from incurred loss  
\$4 million

(2) Causal factors in loss

As the net asset amount at the time of the business acquisition exceeded the acquisition price, the difference was recorded as negative goodwill.

(3) Depreciation and amortization method and period

One-time depreciation in fiscal 2009

### ■ Acquired Brake Components



### ■ Outline of Bosch Group

Head office location: Stuttgart, Baden-Württemberg, Germany  
Business details: Development, manufacture, sale and service of automotive, industrial, consumer and construction-related products

Net sales: 38,174 million Euros (fiscal 2009)

Number of employees: approx. 270,000 (fiscal 2009)

### History of Bosch (akebono-related)

(akebono-related events in blue)

1886 Bosch founded; develops engine ignition systems  
1937 To as far as possible eliminate external influences, changes from a publicly traded to a private limited company; enters chassis field

1987 Bosch (then in West Germany) signs a technical support agreement with akebono covering anti-lock braking systems for commercial vehicles

1988 Bosch acquires shareholding in Bendix Corporation (now Allied Signal, Inc.); becomes akebono's third-largest shareholder

1995 akebono commences supplies to Bosch of brake pads for the F150

1996 Bosch acquires Allied Signal's brake division (mechanical parts only)

1999 Bosch becomes second-largest shareholder in akebono

## Unique Ideas and Approaches That Support Safety and Security

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

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, reliability and 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 turbine 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.

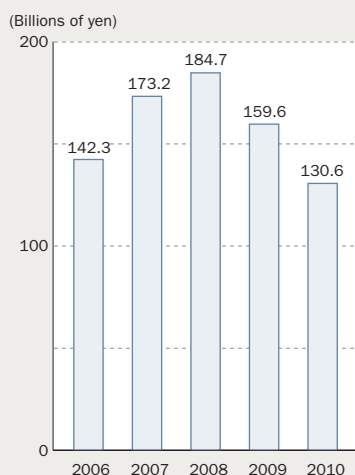
In line with akebono's Corporate Mission, the Company contributes to society through unique ideas and approaches based on its Corporate Goals and aims to establish a peerless position with an indispensable presence in a borderless society. akebono is also promoting fundamental structural reorganization,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

### Financial Highlights

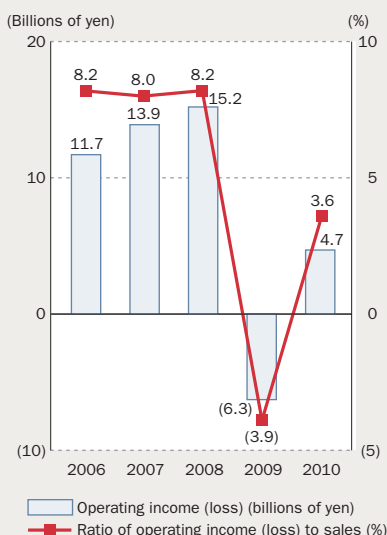
		2008	2009	2010
Fiscal year (billions of yen):	Net sales	184.7	159.6	130.6
	Operating income (loss)	15.2	(6.3)	4.7
	Net income (loss)	6.6	(16.3)	2.1
	Capital investment	14.9	17.8	5.4
	Depreciation and amortization	9.9	11.4	10.0
	Research and development	2.4	2.6	1.1
Year-end (billions of yen):	Total assets	163.3	155.4	164.1
	Net assets	56.5	32.2	49.1
	Employees (number)	6,985	6,405	6,984
Per share data (yen):	Net income (loss) per share—basic	61.85	(151.65)	17.80
	Cash dividends per share	10.00	5.00	5.00
Key financial indicator (%):	Return on equity (ROE)	13.7	(42.2)	5.8

### Overview of Business Performance

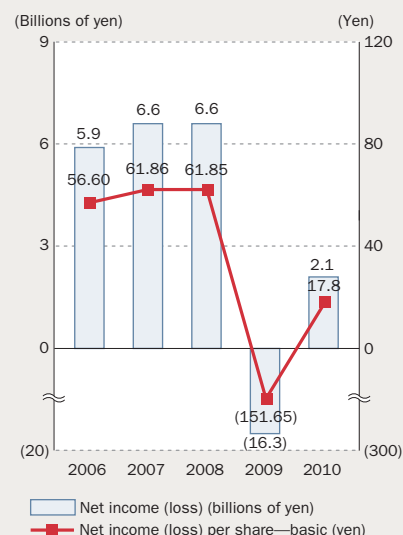
#### Net Sales



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

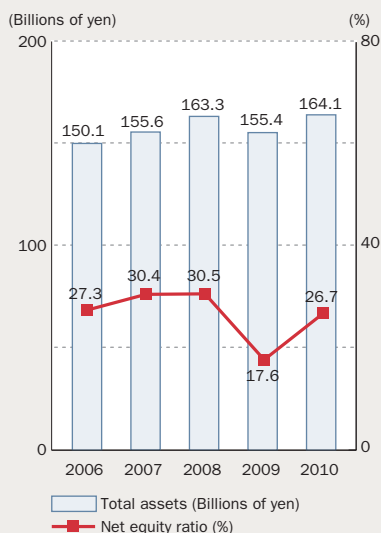


#### Net Income (Loss)/ Net Income (Loss) per Share—Basic

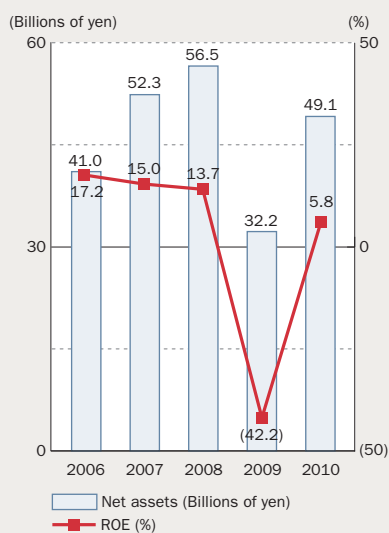




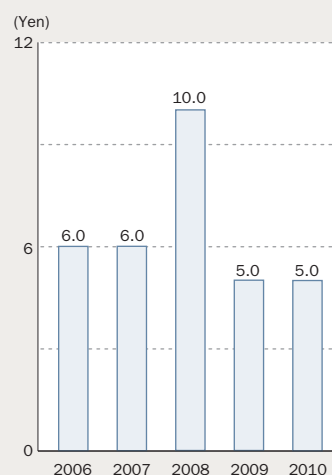
### Total Assets/Net Equity Ratio



### Net Assets/ROE

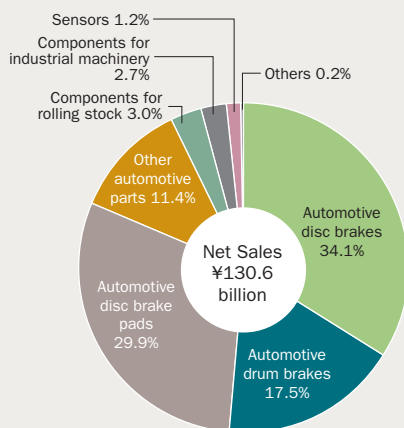


### Cash Dividends per Share



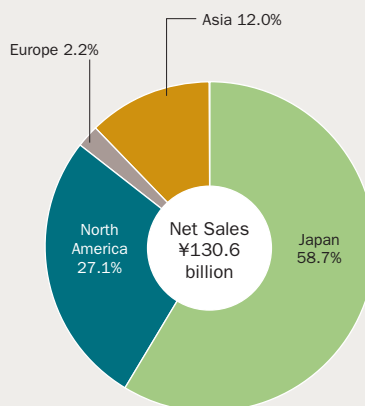
### Sales Ratio by Product

Year Ended March 31, 2010



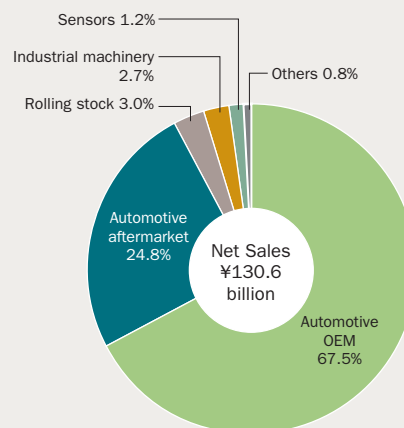
### Sales Ratio by Geographical Segment

Year Ended March 31, 2010



### Sales Ratio by Business

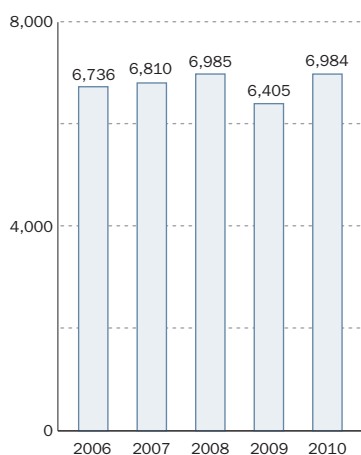
Year Ended March 31, 2010



Net sales figures shown above do not include intersegment transactions.

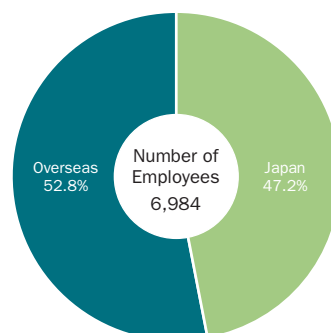
### Employee Data

#### Number of Employees



#### Ratio of Employees in Japan to Overseas

As of March 31, 2010



## Operating Results and Fiscal 2010 Forecasts

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Year Ended March 31, 2010

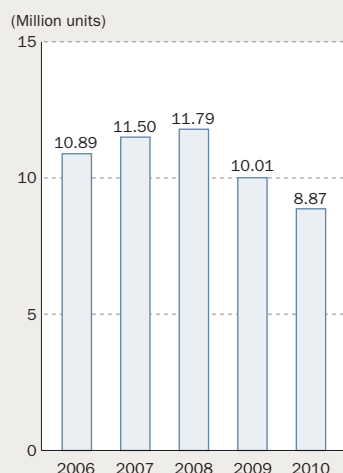
### Business Environment and Operating Results

In fiscal 2009, ended March 31, 2010, the global economy appeared to have turned the corner and there were expectations of economic growth in some parts of the world, such as China. Despite a sense of a bottoming out in the Japanese economy, sluggishness in consumer spending, a high rate of unemployment, a strong yen and deflation persisted, resulting in unrelentingly harsh economic conditions in which the potential for a self-sustaining recovery appeared as poor as ever. In the automotive industry, the number of vehicles sold in China skyrocketed and global production continued to recover, reflecting measures designed to stimulate demand and increase sales, such as purchase subsidies and tax incentives. In Japan, the United States and Europe, however, demand did not reach the point where it could be classed as a full-fledged recovery.

Under these conditions, akebono's consolidated net sales for fiscal 2009 fell ¥29.0 billion (18.2%) year on year to ¥130.6 billion due in large part to the impact of foreign exchange conversions brought about by the strong yen.

Nevertheless, the implementation of comprehensive cost-structure reforms—including adjustments in personnel numbers, reductions in labor costs, cutbacks in capital investment and significant reductions in fixed costs and overhead expenses—resulted in a solid recovery in performance. The Company posted operating income of ¥4.7 billion, representing an improvement of ¥11.0 billion on the operating loss of the previous fiscal year. Also recorded was net income of ¥2.1 billion, improving on the previous year's loss by ¥18.3 billion.

Number of Vehicles Produced in Japan  
Years Ended March 31



Source: Japan Automobile Manufacturers Association, Inc.

### Results by Geographical Segment (Net Sales and Operating Income)

In Japan, net sales fell ¥11.3 billion (12.0%) year on year to ¥83.1 billion, but operating income of ¥3.4 billion represented a positive turnaround of ¥8.5 billion from the previous fiscal year's operating loss. Net sales in North America declined ¥18.9 billion (34.5%) to ¥35.8 billion, while the operating loss improved ¥1.2 billion to ¥1.1 billion. In Europe, net sales contracted ¥1.5 billion

(26.3%) to ¥4.2 billion, and operating income decreased ¥0.8 billion to ¥0.4 billion.

In Asia, we reported a ¥0.7 billion (4.8%) year-on-year rise in net sales to ¥15.8 billion. This was thanks to improved sales and income, on a local currency basis, in Indonesia, China and Thailand, the latter achieving a favorable operating balance due to the effects of thorough cost reductions. Operating income for the Asian region increased ¥1.4 billion year on year to ¥2.2 billion.

### Financial Position

#### Assets, Liabilities and Net Assets

Total assets as of March 31, 2010 increased ¥8.7 billion to ¥164.1 billion compared with the end of the previous fiscal year. Major factors contributing to this outcome included a decrease in cash and cash deposits under current assets that was more than offset by increases across the board in trade accounts and notes receivable, marketable securities and, due to the acquisition of Robert Bosch LLC's North American brake business, merchandise and finished goods. In addition, the acquisition of the North American business resulted in increases in machinery, equipment and vehicles included under fixed assets as well as in investment.

Reflecting a decrease in interest-bearing liabilities, total liabilities decreased ¥8.2 billion compared with the end of the previous fiscal year to ¥115.0 billion.

Net assets increased ¥16.9 billion compared with the end of the previous fiscal year to ¥49.1 billion. Significant factors for this were increases in common stock and capital surplus due to public stock offerings and an increase in retained earnings.

### Cash Flows

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥21.6 billion, a ¥10.1 billion (31.8%) decrease from March 31, 2009.

Net cash provided by operating activities was ¥3.2 billion. The principal inflow was depreciation and amortization of ¥10.0 billion, while outflows included an increase of ¥8.9 billion in notes and accounts receivable, a decrease of ¥2.9 billion in provision for business structure improvement and a decrease of ¥2.2 billion in provision for retirement benefits.

Net cash used in investing activities was ¥13.4 billion. The principal uses of cash included a net ¥6.0 billion increase in marketable securities and time deposits and ¥5.2 billion for purchases of property, plant and equipment.

Net cash used in financing activities was ¥0.03 billion. Principal components were ¥12.7 billion from the issuance of common stock and a net ¥12.6 billion decrease in interest-bearing liabilities.

### Fiscal 2010 Forecasts

(Billions of yen)

Performance Forecasts	Net Sales	Operating Income
Japan	85.8	4.5
North America	93.4	0.7
Europe	4.2	0.05
Asia	18.7	2.55
Consolidated elimination	(8.1)	0.2
Consolidated total	194.0	8.0

## Geographical Segments

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

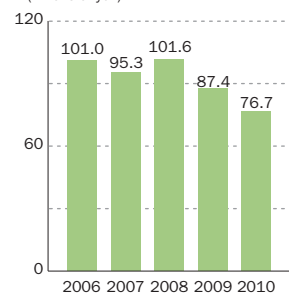
### Japan

Ratio of Net Sales (%)

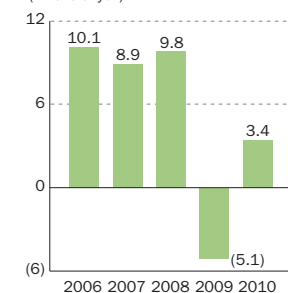


**58.7%**  
Year Ended March 31, 2010

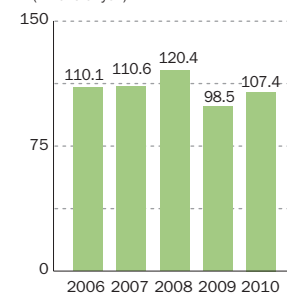
Net Sales (Billions of yen)



Operating (Loss) Income (Billions of yen)



Total Assets (Billions of yen)



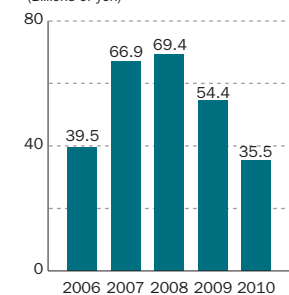
### North America

Ratio of Net Sales (%)



**27.1%**  
Year Ended March 31, 2010

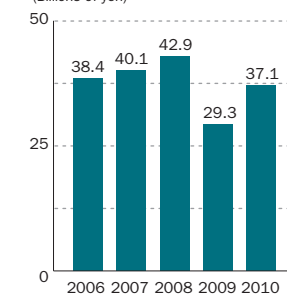
Net Sales (Billions of yen)



Operating (Loss) Income (Billions of yen)



Total Assets (Billions of yen)



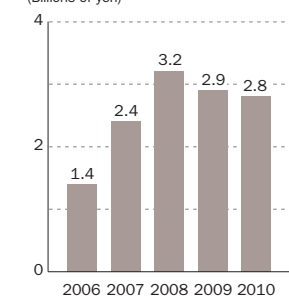
### Europe

Ratio of Net Sales (%)

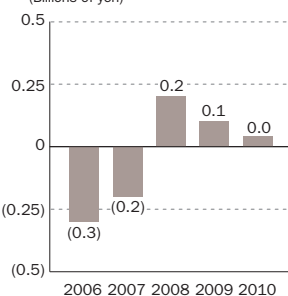


**2.2%**  
Year Ended March 31, 2010

Net Sales (Billions of yen)



Operating Income (Loss) (Billions of yen)



Total Assets (Billions of yen)



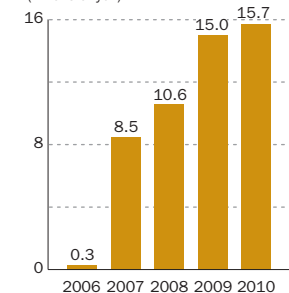
### Asia

Ratio of Net Sales (%)

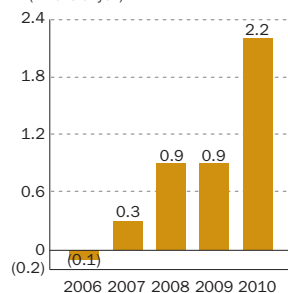


**12.0%**  
Year Ended March 31, 2010

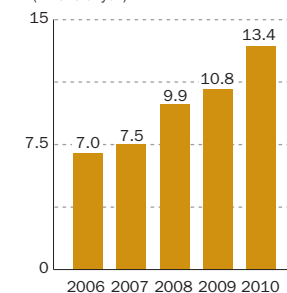
Net Sales (Billions of yen)



Operating Income (Loss) (Billions of yen)



Total Assets (Billions of yen)



#### Change to Geographical Segments Classification

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

## Corporate Governance and Internal Control System

### Basic Approach to Corporate Governance and Implementation Status

akebono's corporate governance is intended to maximize corporate value to enable the execution of business operations in a transparent and fair manner from a global perspective. Increasing management transparency, carrying out rapid and appropriate decision-making, disclosing appropriate information in a timely manner, upgrading internal control systems and ensuring that management meets compliance requirements are all indispensable 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 in the 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 deliberations as the Management Council and the Technology Council with the purpose of providing timely and correct judgments through deliberations. The Executive Officer System was introduced in April 2000 with the objectives of clarifying management responsibility and authority and improving management efficiency.

In order to provide an independent viewpoint to management, akebono invites individuals from outside the Company to become non-executive directors. akebono reflects in Company management the counsel it receives from

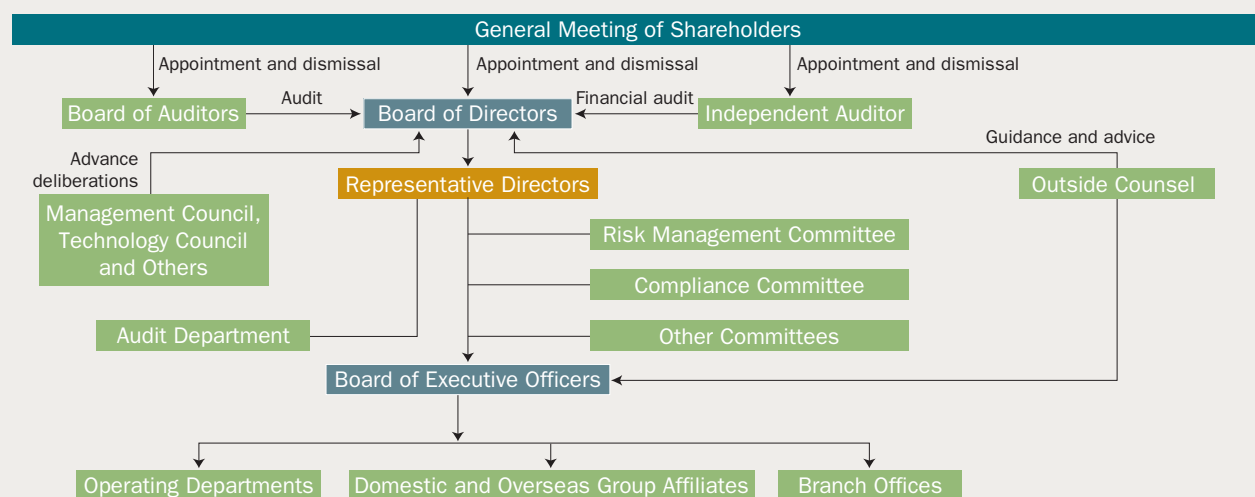
Dr. Kunio Ito, based on his broad knowledge and vast academic experience, and Mr. Takuo Tsurushima, who is a highly experienced and knowledgeable business manager. Of the 15 Board of Directors' meetings held in fiscal 2009, Dr. Ito attended 13, while Mr. Tsurushima was present for each one.

### Maintaining an Internal Control System

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

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

### Corporate Governance Structure





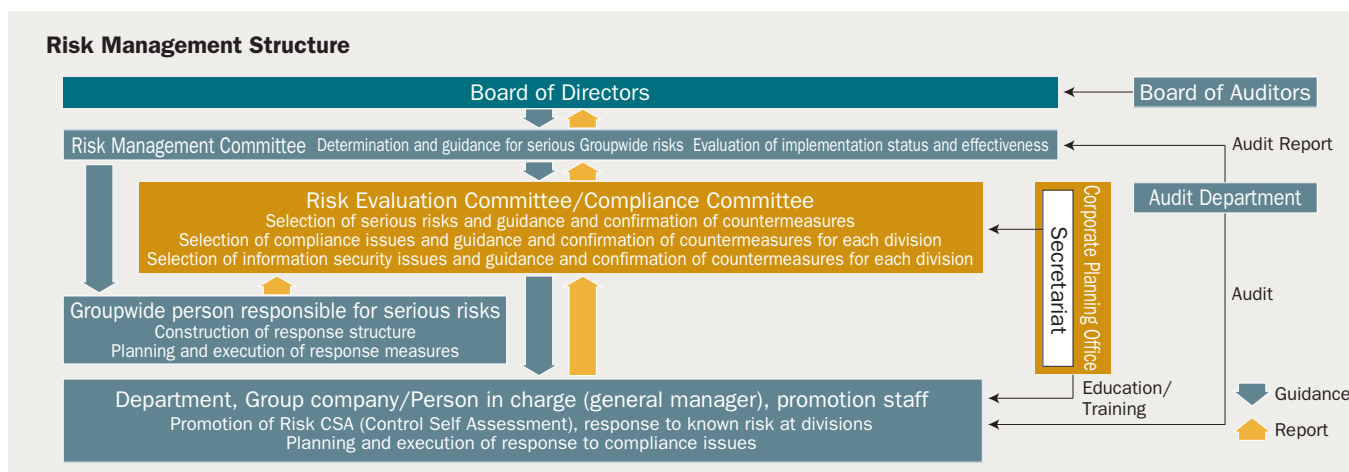
## Risk Management and Compliance Structure

### Risk Management

akebono has established the Risk Management Committee, an entity that promotes the construction of a risk management system, chaired by the Representative Director & CEO. In fiscal 2009 the Risk Management Committee identified 13 categories where Groupwide efforts should be taken, namely, HR, quality, technology, information control, the environment, crisis management, procurement, market circumstances, compliance, intellectual property, country risk, exchange rate fluctuation and capital procurement, with the further addition of asset purchases in the fiscal year under review. Plans were formulated to assign committee leaders, to create

countermeasures and targets with schedules to attain them and to take action to reduce the chance of risk occurring.

The results of these activities as of the end of the fiscal year were presented in an evaluation map that shows serious risk. This map is being utilized for activities in the current fiscal year. We are now working to mitigate risk in fiscal 2010. In addition to the six priority risk categories of HR, quality, technology, market, overseas businesses and procurement, we will raise the level of management in the six categories of information control, environment, compliance, crisis management, intellectual property and exchange rate fluctuation, for a total of 12 categories to be addressed Groupwide.



### Maintaining a Compliance Structure

akebono's definition of compliance is not limited to simply observing the letter of laws and regulations. It also includes the need for 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 life.

In this spirit, akebono has established the Compliance Committee, chaired by a Representative Director and Executive Vice President. In addition to maintaining a framework for compliance, the Compliance Committee distributes a Compliance Manual to officers and staff and implements a range of educational programs to raise an 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 staff. The services handle inquiries from all those working for the Group, including contract workers. Consultation services have been outsourced to an external organization that specializes in corporate ethics and work environment hotlines. These consultations are conducted anonymously, with details of any inquiries and reports as well as personal information kept confidential, and users protected from any prejudicial treatment. In fiscal 2009, external consultation services handled a total of 12 cases, 4 of which involved corporate ethics, with the remaining 8 being work environment-related. The Compliance Committee is mainly responsible for investigating these queries and implementing remedial measures.

Every year the Compliance Committee conducts hearings for staff. In fiscal 2009, Compliance Committee members

met with a total of 221 staff members, including those from Group companies, and investigated selected topics, such as work environment concerns, including communication on the job, with reports and responses made to each division and worksite.

In addition, akebono takes a firm stand against any anti-social behavior that would have a negative impact on social orderliness or sound corporate activities. akebono clearly states in the Compliance Manual that constant efforts are needed to ensure sensible, just actions, and the Company endeavors to make this common knowledge among officers and staff. Policies addressing specific issues are formulated in cooperation with the relevant overall divisions in charge as well as in coordination with police, legal counsel or other relevant authority.

### Information Security Activities

To adequately protect information assets, akebono clarifies processes for handling information. According to degree of risk and importance, we protect customer data as well as internal system data from a variety of threats, including negligence, accidents, disasters and criminal activities. akebono also ensures information security by raising awareness through education and training based on security rules. Such awareness is cultivated not only among the Board of Directors but also among 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 capable of adapting to a changing environment.

# Nurturing a Sense of Group Unity, Aiming for Global Growth

## 2009

### April–June

- Fiscal 2009 new staff member induction ceremony and training
- Akebono 123 Co., Ltd. registered as a corporate supporter of the ATARIMAE Project
- **LET'Z All akebono Session 2009 Spring (in-house event)**  
Presenting information on the Company, including a status update, specific examples of operational reform and messages from top management, the session used a TV hookup to link akebono locations to kick off the new fiscal year, providing a hint of upcoming activities.



Staff explained panels to visitors



The TV hookup offered access to 1,033 participants (April 11)

- akebono provided brake calipers and pads to the Jürgen Alzen Motorsport team taking part in the 24 Hours Nürburgring endurance race



Race car equipped with akebono brakes (May 21–24)

- Implementation of voluntary retirement program
- Elizabethtown Plant (United States) received the 2008 Quality and Delivery Performance Awards from Honda North America

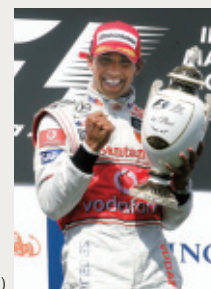


Commemorative awards photo

- akebono held “Father Support” and “Health” seminars

### July–September

- The F1 Vodafone McLaren Mercedes team's driver Lewis Hamilton scored his first victory of the 2009 season at the Hungary Grand Prix



A jubilant Lewis Hamilton on the podium (July 26)

- **ACP (akebono Central Pier, Chubu Central Sales Office), received the Chubu New Office Promotion Award and the Chubu Bureau of Economy, Trade and Industry, METI Minister's Award at the 22nd Nikkei New Office Awards**

Highly praised for its ways of working that raise creativity, utilization of IT, consideration for the environment and other efforts, ACP was honored with the Chubu New Office Promotion Award. Furthermore, of the four offices receiving this award, only ACP was selected for the Chubu Bureau of Economy, Trade and Industry METI Minister's Award.



External view of ACP



Award certificate

- Implementation of Ai-City disaster response training
- Participation in Frankfurt Motor Show 2009 (Germany)



akebono booth at the Frankfurt Motor Show (September 15–27)

- Akebono 123 Co., Ltd. was recognized as an outstanding employer of persons of disabilities by the Saitama Employment Development Association
- **Agreement signed with Robert Bosch GmbH to acquire North American brake business**



Acquisition agreement signing ceremony (September 23)

## October–December

- Received a Best Performance Award from Nissan Motor Co., Ltd. for the second consecutive year

### Exhibited at Tokyo Motor Show 2009



A full-sized replica of the F1 race car MP4-24 driven by the Vodafone McLaren Mercedes team was exhibited at the Tokyo Motor Show (October 23–November 4)

- New shares issued through a public stock offering
- Exhibited at Messe Nagoya 2009
- Five honored at Excellent Employee Awards Ceremony  
Targeting employees with more than 15 years of unbroken service, those who display exemplary behavior and who have earned a high level of recognition for their superior work performance, the Gyoda Labour Standard Association of Saitama Prefecture honored five akebono employees as “Excellent Workers.”



Employees honored as “Excellent Workers” (November 19)

### “All-akebono TQM Seminar 2009”



Case studies presented by various departments (November 30)

### akebono Motor Show (in-house)

Of the products exhibited at Tokyo Motor Show 2009, particularly popular were the F1 caliper, electro-mechanical caliper, ultra-low-drag caliper and the four-pot caliper—a concept product. These were later put on display at all production facilities.



The display at Akebono Brake Fukushima Manufacturing Co., Ltd. (December)



## 2010

## January–March

- Coming of Age ceremonies held at akebono facilities throughout Japan
- Hino Ranger equipped with akebono brakes takes part in the Dakar Rally

### LET’Z All akebono Session 2010 Winter (in-house event)

To address issues raised at the LET’Z 2009 spring event held earlier in the year, the winter event was themed “What each of us should consider when taking action.” akebono aimed to instill a sense of unity by transforming the second floor of ACW—itsself symbolic of operational reform—into a main event space. Leveraging its corporate infrastructure, akebono provided a TV hookup to enable the participation of akebono people at locations around Japan.



Approximately 600 people gathered on the second floor of ACW (February 6)



Panels created by the akebono Eco Project, a group of akebono volunteers, were presented to offer information on the prevention of global warming.

- Excellent Appreciation award received from Honda Motor Company, Ltd.
- Annual assembly of the Chamber of Commerce and Industry of France in Japan (CCIFJ)  
As a result of an election held at the end of his term in CCIFJ, akebono Chairman and CEO Hisataka Nobumoto was reappointed to the position of deputy vice president.
- Toyota Motor Corporation “Superior” Quality Performance Award received for the fifth consecutive year



Certificate and memorial trophy

- akebono Suppliers’ Meeting 2010
- Asia strategy meeting
- Participation in Porsche’s Suppliers’ Day.  
Having commenced the delivery of brake pads to equip Porsche’s Panamera model, akebono took part in that company’s Suppliers’ Day



Hisataka Nobumoto holding the commemorative license plate signed by Porsche CEO Michael Macht



Suppliers’ Day (March 25)



## Highlights of Fiscal 2009 Activities

### Akebono Brake Industry Co., Ltd. (Japan) akebono Brake's "ai-museum"

This brake-oriented museum was established in October 2004 to commemorate the Company's 75th anniversary and, since its opening, has been visited by people from the local community, the Company's business partners, students and a great many others. Brakes perform a crucial role in protecting the lives of people, but the concept behind the museum's exhibits is to provide visitors with the opportunity to gain an even greater understanding of the importance of brakes. Inside the museum, a real car is used to explain how brakes function and move, and actual bullet train brakes are among the more than 220 brake-related exhibits. In addition, the museum has set up an information corner where visitors can learn about the history of brake development and gain a true sense of the road travelled in brake technology development.



#### akebono's Brake Museum

Open: Every Wednesday from 14:00 to 16:00; Admission: free  
Inquiries: General Affairs Department, Akebono Brake Industry Co., Ltd.  
Tel. + 81 (0) 48-560-1500 Fax. + 81 (0) 48-560-2880  
Visitors should please call in advance.

### Akebono Brake, Elizabethtown Plant (ABE) (U.S.) Sister City Partnership with Japan

In 1986, the joint venture that is now ABE was established, and this plant has helped provide the impetus behind akebono's support for the 1992 sister city tie-up between Elizabethtown, Kentucky, and Koori-machi, Fukushima Prefecture, where Akebono Brake Fukushima Manufacturing Co., Ltd. is based. In their 18 years of sisterhood, both cities have accepted the other's international exchange delegations, mainly junior high school students. Japanese participants in these delegations have decided to become students in America and English-language teachers from Elizabethtown have come to Koori-machi—signs that the delegations have sparked deepening exchange. ABE also accepts international exchange delegations from Koori-machi and provides support and plant tours.



ABE welcomes the Koori-machi international exchange delegation

### Akebono Brake Fukushima Manufacturing Co., Ltd. Akebono Brake Iwatsuki Manufacturing Co., Ltd. (Japan) "akebono Sankan-Bi"

Each year, on "akebono Sankan-bi," or Bring Your Family to Work Day, akebono hosts worksite tours for staff members' families. The fiscal 2009 Sankan-bi was held at Akebono Brake Fukushima Manufacturing Co., Ltd. on July 28 and at Akebono Brake Iwatsuki Manufacturing Co., Ltd. on August 26. At Akebono Brake Fukushima Manufacturing Co., Ltd., 54 people from 23 families participated, and at Akebono Brake Iwatsuki Manufacturing Co., Ltd., 47 people from 16 families were able to see where their family members and others work. Comments included: "It was great to be able to tour the plant, something I would definitely not normally be able to see" and "I hadn't given much thought to the brakes I use every day, but after seeing how so many of the staff take part in the processes of brake manufacturing my feelings toward brakes have changed." One parent of a girl who works at akebono by day and studies at a junior college at night exclaimed, "When I saw my daughter working I could see how grown up she had become and was overcome with emotion. She's worked so hard for the past three years." The akebono Sankan-bi also provides a valuable opportunity for staff members to renew their sense of unity. akebono plans to continue holding this event, extending it to other regions.



Plant tour at Akebono Brake Iwatsuki Manufacturing Co., Ltd.

Lunchtime at Akebono Brake Fukushima Manufacturing Co., Ltd.

### Akebono Europe (Arras) (France) Accepting Interns

At Arras, all-out efforts are made to accept interns from local junior high schools, high schools and technical schools. These efforts are not undertaken merely as show of cooperation with France's domestic educational programs; rather, they are entered into with the intention of supporting the career choices of local young people—the group that constitutes the human talent of the next generation. Another benefit of this initiative is the opportunity it provides to deepen the local community's understanding of akebono's business activities. In 2009, Arras accepted 12 interns who participated in three classes for training as operators, technicians and management candidates so that they might gain well-rounded real work experience. The interns put in a cumulative total of 415 work days, and in 2010, plans are to accept 13 interns for a cumulative total of 352 days.

Arras also ties up with local technical schools and offers plant tours. In 2009, 30 tours were given.



An intern at Arras



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

### Worksite Safety and Health

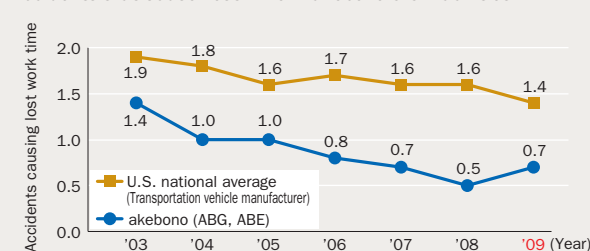
At ABG, the detailed analysis conducted when an accident occurs underpins the thorough measures taken to prevent recurrence and simultaneously works to identify factors that can be tied to the workplace injuries examined in yearly educational programs, together with remedial programs designed to minimize risk. With an eye toward injury prevention during equipment maintenance, ABG



Safety discussions

strongly promotes “Stop-Call-Wait,” a work process activated at the first sign something anomalous has occurred. In 2009, ABG equipment maintenance staff implemented weekly safety topic training. These practices help maintain safety awareness among staff as the company continuously endeavors to implement a variety of initiatives that reduce the risk of injury.

Accidents that Cause Lost Time in akebono U.S. Facilities



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

## Akebono Corporation (Guangzhou) (China)

### Worksite Safety and Health

akebono endeavors to create a safe and healthy work environment. For safety, Guangzhou has set up a “safety dojo” and an “experience corner” that are used for training and installed a safety gate. In addition, the installation of cutting edge bidet-style toilets with heated seats has improved sanitation and comfort while helping to curb excessive toilet paper use. Guangzhou is making improvements with the aim of creating a comfortable work environment, such as letting natural light into plant facilities, enhancing ventilation and upgrading the staff rest area and parking lot.

### Personal Education

At Guangzhou, Japanese-language conversation classes are offered to interested staff so as to facilitate smooth communication with local staff. Every Thursday, a language school teacher is invited to hold an approximately two-hour long class after regular work hours.



Japanese conversation class

### Guangzhou Company Activities

Every two months, workers whose birthdays fall within the designated period are invited to join senior staff for a meal where opinions and suggestions can be communicated to Company management. Company trips and sports events are also useful in deepening communication and raising motivation.



Group photo on Chundu beach



Games help enhance camaraderie among staff members

### Emergency Drills

Guangzhou held two emergency drills, one each in December 2009 and February 2010. These exercises simulated fires and had a realistic feeling of disaster. In addition, together with implementing emergency response training that includes how to handle automated external defibrillators, other drills that serve to raise safety awareness among staff members are held on a regular basis.



Emergency drill

	Before	After
Rest area		
Window installation		
Cross ventilation		 Installation of cross ventilation
Upgrade of parking lot		 Use of eco-friendly turf blocks

## Highlights of Fiscal 2009 Activities

### Akebono Brake Iwatsuki Manufacturing Co., Ltd. (Japan)

#### Efforts toward Biodiversity (Waterwheel Plant Cultivation)

As one initiative to promote regional biodiversity, akebono is cultivating the aquatic waterwheel plant, which is on the Ministry of the Environment's Red List of threatened species.

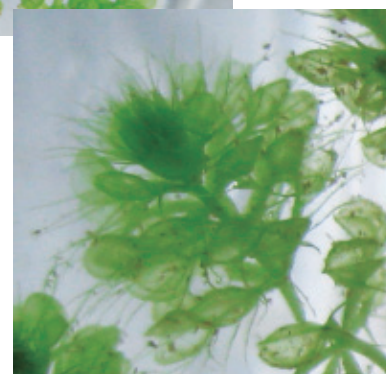
The waterwheel plant is a species that in Japan is nearly extinct because of urbanization and the impact of agricultural chemicals. A natural habitat of the waterwheel plant, Hozoji-numa in Hanyu-City, Saitama Prefecture, was designated as one of the 500 Important Wetlands of Japan.

akebono began cultivating the waterwheel plant in fiscal 2009 at Akebono Brake Iwatsuki Manufacturing Co., Ltd. The waterwheel plant has low name recognition compared with typical garden plants and is difficult to cultivate to a robust state, taking several years even under ideal growing conditions.

The waterwheel is a carnivorous plant that feeds on zooplankton, and is highly susceptible to spirogyra overgrowth and contaminants. akebono has learned from the waterwheel, a living educational resource, about the difficulties and importance of continuing to protect the environment.



Cultivation of waterwheel plant

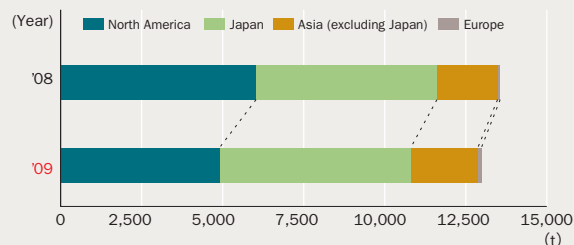


Waterwheel plant (magnified)

### CO<sub>2</sub> Emissions in akebono's Overseas Operations

In each country in which akebono operates, because of the variety of energy sources—oil, coal, nuclear, hydroelectric or even wind generation—for the same amount of electric power consumed, the level of CO<sub>2</sub> emissions may differ. In France, where nuclear power is the main source of energy, the volume of CO<sub>2</sub> emissions per unit of electric power is one-fifth that of Japan. The advance of globalization has spurred akebono over the past few years to increase production volumes in countries with greater electricity to CO<sub>2</sub> conversion factors than Japan. akebono is taking steady steps to reduce CO<sub>2</sub> emissions while considering local conditions. In 2009, akebono locations reduced CO<sub>2</sub> emissions by 4% compared to 2008.

Trends in akebono CO<sub>2</sub> Emissions



### PT. Tri Dharma Wisesa (TDW) (Indonesia)

TDW is tackling the ongoing issue of water recycling and has already completed the installation of a reverse osmosis unit that recycles the water it discharges for use in plant operations and the irrigation of its landscaping. Going a step further, in fiscal 2009 TDW installed a de-ionized water system in its aim to raise the level of purity of recycled water by removing sludge, waste and residual paint from water and recycling them as basic ingredients of cement. TDW also promotes Wonderful Plant Activities as a way to reduce air pollution. akebono regularly measures gases emitted by the plant and emissions from company vehicles and staff members' own cars. TDW boasts a low plant emission density that is less than half of that required by regional regulations and was honored with the Environmental Award by the governor of DKI Jakarta.



The DKI Jakarta Environmental Award certificate

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

Every year, the third week of September is Pollution Prevention Week in the United States, during which major environmental events are held in every region. One of these events is held in Kentucky where the Kentucky Pollution Prevention Center (KPPC) is the main sponsor of awards given to companies, organizations and individuals who have contributed to the environment. In 2009, ABE was awarded with the KPPC Environmental Sustainability Award in recognition of its promotion of energy conservation and recycling over the 21 years since it commenced operations and for its contributions to the community.



Award recipients with certificate

## Examples of Initiatives

- In collaboration with Hardin County, ABE provided a drop-off point for household hazardous waste and collected from local residents over eight tons of unused agricultural chemicals, household paints, engine oil and other items, which were disposed of safely.
- Compressed and recycled packaging materials and other plastic refuse that previously would have been treated as landfill
- Conserved electricity by selectively reducing the number of overhead lighting units
- Thoroughly managed solvents and other chemicals
- Optimized the volume of water employed in cleaning processes by using an electric conductivity analyzer
- Economized on water usage by employing cascade utilization\* for processing cleaning water
- Recycled 680 tons of office paper, cardboard, aluminum cans, plastics and other waste that previously would have been treated as landfill
- Raised electricity usage efficiency by using a condenser bank

\* Cascade utilization refers to secondary usage, for example, rather than discarding used bathwater, using it as laundry water or other such applications.



Plastic refuse compacting machine



Compacted refuse

## Akebono Corporation (Suzhou), Akebono Corporation (Guangzhou)

In Suzhou, akebono is aggressively working to improve the environment in its aim to create an "eco-factory." In fiscal 2009 windows were installed on the plant's roof to make more efficient use of natural light and thus save on electric power usage during the day. Also reducing electricity consumption was the switch from mercury lamps to highly efficient fluorescent lighting. In addition, changing to inverter-type compressors enabled electricity savings by lowering the number of revolutions at low demand times. In paint application processes, to eliminate paint spotting and wastage during the spraying process, a paint

collection device has been installed on the paint spraying machine, helping to raise efficiency and improving the worksite environment.

In Guangzhou as well, in the interests of environmental preservation, disposable chopsticks have been eliminated from the box lunches provided at birthday parties and other events held by the company. Akebono Corporation (Guangzhou) is also moving forward with the placement of ornamental foliage inside plant areas and other measures linked to raising the level of comfort in the worksite environment, moves that have received high praise from customers.



Compressor



Inverter control panel



Ornamental foliage in the staff rest area

## Akebono Europe (Arras) (France)

At Arras, the thorough implementation of water conservation measures facilitated a 20% year-on-year reduction in water consumption in fiscal 2009. Energy conservation is another area where Arras is moving forward, for example, in the winter the fan in the cooling tower is turned off to utilize the "free cooling" of the natural atmosphere, thereby saving energy. In the pre-processing stage, Arras has been able to prevent corrosion prior to surface polishing by improving the processing tank and reducing the burden of effluent water.

In another area, as a measure to address Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations, from

2010 Arras is preparing to begin the steady registration of chemical substances, participating in the Substance Information Exchange Forum (SIEF), an organization composed of companies that have tentatively registered chemicals. From 2010, Arras will follow up on the registration of Company applications with regard to all new materials. Current customers have been notified that items on the list of hazardous substances that are prospective Substances of Very High Concern (SVHC) are not included among Company products. To ensure that no substance registrations were missing in the supply chain, information on the volume and applications of chemical substances handled was provided to business partners, with this notification entirely completed in November 2009.



## Eleven-Year Financial Summary

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

	Billions of yen			
	2000	2001	2002	2003
Net sales	¥121.1	¥ 126.4	¥126.7	¥ 126.6
Gross profit	19.1	21.6	21.9	25.0
Ratio of gross profit to sales (%)	15.8	17.0	17.3	19.7
Selling, general and administrative expenses	14.7	15.7	16.4	16.5
Ratio of selling, general and administrative expenses to sales (%)	12.1	12.4	12.9	13.0
Operating income (loss)	4.4	5.9	5.6	8.5
Ratio of operating income (loss) to sales (%)	3.6	4.6	4.4	6.7
Net income (loss)	(0.9)	(1.4)	0.1	(6.3)
Ratio of net income (loss) to sales (%)	(0.8)	(1.1)	0.1	(5.0)
Return on assets (ROA) (%)	(0.7)	(1.1)	0.1	(4.4)
Return on equity (ROE) (%)	(5.7)	(9.1)	0.6	(35.5)
Capital investment	9.8	7.8	15.4	7.6
Depreciation and amortization	7.9	7.7	7.4	6.9
Cash flow from operating activities	12.3	9.2	12.3	8.0
Cash flow from investing activities	(8.6)	(4.6)	(11.0)	(4.0)
Cash flow from financing activities	(7.8)	(7.1)	(0.7)	(2.8)

	Thousands			
Number of outstanding shares at the end of period (including treasury stock)	94,010	94,010	94,019	94,019

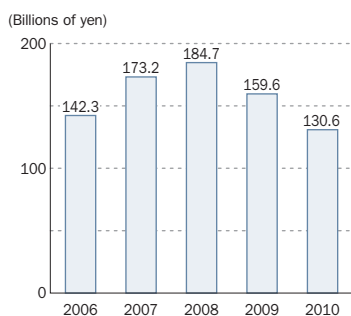
  

	Yen			
Net income (loss) per share—basic	¥ (9.84)	¥(14.54)	¥ 1.05	¥(67.25)
Cash dividends per share	3.00	2.00	1.00	1.00

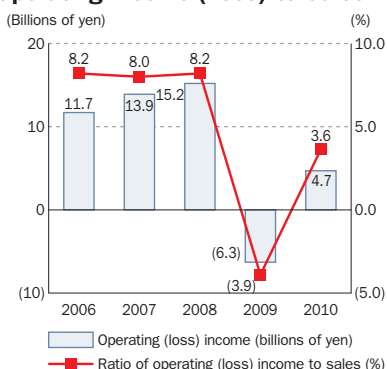
  

	Billions of yen			
Total assets	¥128.5	¥ 129.5	¥141.2	¥ 143.2
Balance of interest-bearing liabilities	78.1	69.5	71.9	63.8
Debt on equity ratio	5.0	4.8	3.4	4.4
Net equity (Equity minus minority interests minus stock subscription rights)	15.5	14.5	21.1	14.5
Net equity ratio (%)	12.1	11.2	14.9	10.1

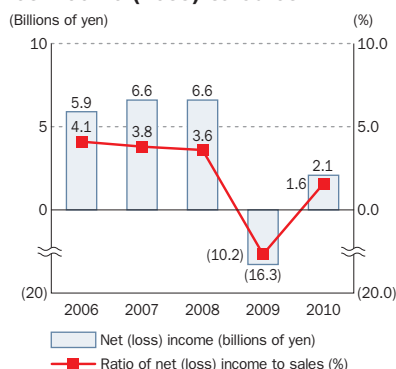
### Net Sales



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



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

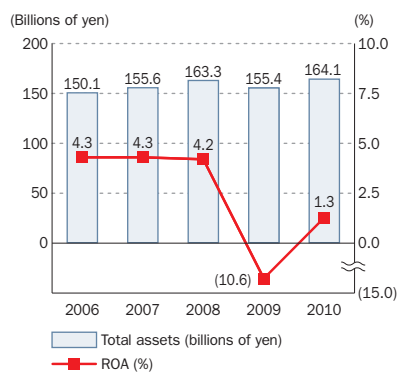


						Billions of yen
2004	2005	2006	2007	2008	2009	2010
¥141.4	¥132.8	¥142.3	¥173.2	¥184.7	¥ 159.6	¥ <b>130.6</b>
28.4	26.0	30.9	35.1	36.6	14.6	<b>19.8</b>
20.1	19.6	21.7	20.3	19.8	9.2	<b>15.2</b>
18.4	16.2	19.1	21.3	21.4	20.9	<b>15.1</b>
13.1	12.2	13.5	12.3	11.6	13.1	<b>11.6</b>
9.9	9.8	11.7	13.9	15.2	(6.3)	<b>4.7</b>
7.0	7.4	8.2	8.0	8.2	(3.9)	<b>3.6</b>
4.6	5.2	5.9	6.6	6.6	(16.3)	<b>2.1</b>
3.2	3.9	4.1	3.8	3.6	(10.2)	<b>1.6</b>
3.4	4.2	4.3	4.3	4.2	(10.6)	<b>1.3</b>
25.8	21.7	17.2	15.0	13.7	(42.2)	<b>5.8</b>
6.3	5.8	8.2	8.9	14.9	17.8	<b>5.4</b>
6.3	7.4	7.6	9.3	9.9	11.4	<b>10.0</b>
17.8	14.0	12.2	10.8	15.1	4.2	<b>3.2</b>
(4.3)	(3.7)	(11.9)	(9.1)	(16.0)	(13.6)	<b>(13.4)</b>
(13.3)	(9.4)	(3.2)	(3.3)	0.1	38.6	<b>(0.0)</b>

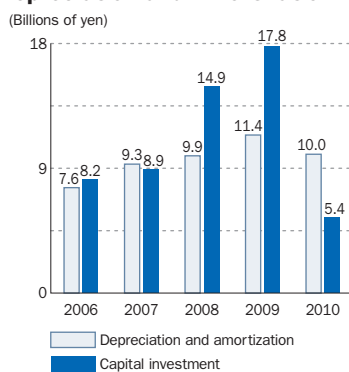
						Thousands
95,508	97,508	110,816	110,992	110,992	110,992	<b>135,992</b>
¥48.50	¥54.29	¥56.60	¥61.86	¥61.85	¥ (151.65)	¥ <b>17.80</b>
4.00	6.00	6.00	6.00	10.00	5.00	<b>5.00</b>

						Billions of yen
¥126.6	¥122.2	¥150.1	¥155.6	¥163.3	¥ 155.4	¥ <b>164.1</b>
51.4	43.0	45.4	43.8	43.1	79.3	<b>67.1</b>
2.4	1.6	1.1	0.9	0.9	2.9	<b>1.5</b>
21.0	27.2	41.0	47.3	49.8	27.4	<b>43.8</b>
16.6	22.3	27.3	30.4	30.5	17.6	<b>26.7</b>

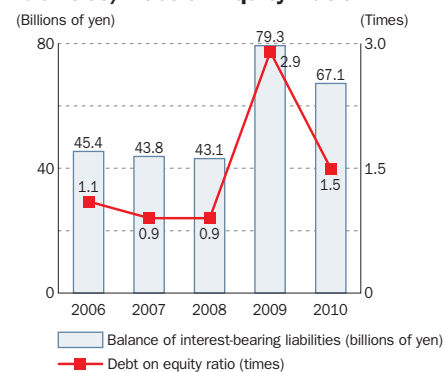
### Total Assets/ROA



### Capital Investment/Depreciation and Amortization



### Balance of Interest-Bearing Liabilities/Debt on Equity Ratio





## Consolidated Balance Sheets

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
<b>ASSETS</b>			
Current assets:	<b>¥ 73,144</b>	¥ 67,623	<b>\$ 786,494</b>
Cash and deposits	<b>16,754</b>	29,625	<b>180,150</b>
Trade notes and accounts receivable	<b>26,624</b>	17,447	<b>286,279</b>
Marketable securities	<b>10,800</b>	2,000	<b>116,129</b>
Merchandise and finished goods	<b>4,699</b>	2,121	<b>50,526</b>
Work in process	<b>1,587</b>	1,425	<b>17,064</b>
Raw materials and supplies	<b>6,077</b>	5,714	<b>65,344</b>
Deferred tax assets	<b>1,983</b>	3,234	<b>21,322</b>
Other	<b>4,642</b>	6,099	<b>49,913</b>
Allowance for doubtful accounts	<b>(22)</b>	(42)	<b>(236)</b>
Fixed assets:	<b>90,976</b>	87,805	<b>978,236</b>
Tangible fixed assets	<b>73,605</b>	73,000	<b>791,451</b>
Buildings and structures	<b>18,080</b>	18,571	<b>194,408</b>
Machinery, equipment and vehicles	<b>28,173</b>	27,140	<b>302,935</b>
Land	<b>21,498</b>	21,356	<b>231,161</b>
Construction in progress	<b>4,478</b>	3,642	<b>48,150</b>
Other	<b>1,376</b>	2,292	<b>14,795</b>
Intangible assets	<b>1,315</b>	1,569	<b>14,139</b>
Investments and other assets	<b>16,055</b>	13,236	<b>172,634</b>
Investment	<b>9,199</b>	5,983	<b>98,913</b>
Deferred tax assets	<b>6,150</b>	6,453	<b>66,129</b>
Other	<b>804</b>	896	<b>8,645</b>
Allowance for doubtful accounts	<b>(98)</b>	(96)	<b>(1,053)</b>
<b>Total assets</b>	<b>¥164,120</b>	¥155,428	<b>\$1,764,731</b>

See accompanying Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
<b>LIABILITIES AND EQUITY</b>			
Current liabilities:	<b>¥ 38,313</b>	¥ 59,183	<b>\$ 411,967</b>
Trade notes and accounts payable	<b>16,553</b>	14,048	<b>177,989</b>
Short-term bank loans	<b>6,742</b>	16,634	<b>72,494</b>
Commercial paper	<b>—</b>	9,984	<b>—</b>
Current portion of bonds	<b>100</b>	200	<b>1,075</b>
Current portion of long-term debt	<b>4,568</b>	4,380	<b>49,118</b>
Income taxes payable	<b>560</b>	1,480	<b>6,021</b>
Provision for bonuses	<b>1,877</b>	1,631	<b>20,182</b>
Provision for business structure improvement	<b>410</b>	3,268	<b>4,408</b>
Note payable for equipment	<b>233</b>	757	<b>2,505</b>
Other	<b>7,270</b>	6,801	<b>78,172</b>
Long-term liabilities:	<b>76,721</b>	64,026	<b>824,956</b>
Bonds	<b>—</b>	100	<b>—</b>
Long-term debt	<b>55,610</b>	47,874	<b>597,956</b>
Liability for retirement benefits	<b>5,908</b>	7,192	<b>63,526</b>
Liability for retirement benefits for directors and corporate auditors	<b>165</b>	200	<b>1,774</b>
Deferred tax liabilities	<b>909</b>	1,158	<b>9,774</b>
Deferred tax liabilities for revaluation	<b>4,268</b>	4,268	<b>45,892</b>
Provision incurred from transfer of business applied to foreign subsidiaries	<b>7,615</b>	—	<b>81,881</b>
Other	<b>2,246</b>	3,234	<b>24,150</b>
Total liabilities	<b>115,034</b>	123,209	<b>1,236,924</b>
Equity:	<b>49,086</b>	32,219	<b>527,806</b>
Shareholders' equity:	<b>40,445</b>	25,617	<b>434,892</b>
Common stock	<b>19,939</b>	13,578	<b>214,397</b>
Capital surplus	<b>14,248</b>	7,883	<b>153,204</b>
Retained earnings	<b>8,661</b>	6,601	<b>93,129</b>
Treasury stock	<b>(2,404)</b>	(2,445)	<b>(25,849)</b>
Valuation and translation adjustments:	<b>3,349</b>	1,737	<b>36,010</b>
Unrealized gain on available-for-sale securities	<b>771</b>	(503)	<b>8,290</b>
Land revaluation surplus	<b>5,882</b>	5,882	<b>63,247</b>
Foreign currency translation adjustments	<b>(3,303)</b>	(3,643)	<b>(35,516)</b>
Stock subscription rights:	<b>234</b>	268	<b>2,516</b>
Noncontrolling interest:	<b>5,058</b>	4,597	<b>54,387</b>
Total liabilities and equity	<b>¥164,120</b>	¥155,428	<b>\$1,764,731</b>

## Consolidated Statements of Income

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Net sales	<b>¥130,604</b>	¥159,649	<b>\$1,404,344</b>
Cost of sales	<b>110,801</b>	145,035	<b>1,191,408</b>
Gross profit	<b>19,803</b>	14,614	<b>212,935</b>
Selling, general and administrative expenses	<b>15,140</b>	20,903	<b>162,795</b>
Operating income (loss)	<b>4,663</b>	(6,289)	<b>50,139</b>
Other income	<b>552</b>	1,097	<b>5,935</b>
Interest income	<b>123</b>	182	<b>1,322</b>
Dividend income	<b>75</b>	160	<b>806</b>
Other	<b>354</b>	755	<b>3,806</b>
Other expenses	<b>2,545</b>	2,708	<b>27,365</b>
Interest expense	<b>1,365</b>	1,306	<b>14,677</b>
Product warranty expenses	<b>206</b>	218	<b>2,215</b>
Other	<b>974</b>	1,184	<b>10,473</b>
Ordinary income (loss)	<b>2,670</b>	(7,900)	<b>28,709</b>
Extraordinary income	<b>897</b>	4,551	<b>9,645</b>
Gain from sales of fixed assets	<b>17</b>	3,325	<b>182</b>
Bargain purchase gain	<b>371</b>	—	<b>3,989</b>
Reversal of provision for business structure improvement	<b>313</b>	—	<b>3,365</b>
Subsidy for research and development	<b>123</b>	189	<b>1,322</b>
Gain on abolishment of retirement pension plan	<b>—</b>	938	<b>—</b>
Other	<b>74</b>	98	<b>795</b>
Extraordinary loss	<b>889</b>	16,943	<b>9,559</b>
Loss on disposal of property, plant and equipment	<b>403</b>	493	<b>4,333</b>
Impairment loss on fixed assets	<b>376</b>	9,491	<b>4,043</b>
Contribution for withdrawal from employees' pension fund of subsidiaries	<b>62</b>	—	<b>666</b>
Loss on valuation of investment securities	<b>4</b>	1,904	<b>43</b>
Provision for business structure improvement	<b>—</b>	3,268	<b>—</b>
Loss on valuation of inventory	<b>—</b>	56	<b>—</b>
Other	<b>43</b>	1,731	<b>462</b>
Income (loss) before income taxes	<b>2,678</b>	(20,292)	<b>28,795</b>
Income taxes: Current	<b>8</b>	(1,390)	<b>86</b>
Income taxes: Deferred	<b>228</b>	(2,383)	<b>2,451</b>
Income taxes: Correction	<b>—</b>	447	<b>—</b>
Attributable to the noncontrolling interest	<b>382</b>	(690)	<b>4,107</b>
Net income (loss)	<b>¥ 2,061</b>	¥ (16,277)	<b>\$ 22,161</b>
		Yen	U.S. Dollars
Per share of common stock:			
Basic net income (loss)	<b>¥ 17.80</b>	¥ (151.65)	<b>\$ 0.19</b>
Diluted net income	<b>17.76</b>	—	<b>0.19</b>
Cash dividends applicable to the year	<b>5.00</b>	5.00	<b>0.05</b>

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, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Shareholder's equity			
Common stock			
Balance as of March 31, 2009	¥ 13,578	¥ 13,578	\$ 146,000
Issuance during the period	6,362	—	68,408
Balance as of March 31, 2010	19,939	13,578	214,397
Capital surplus			
Balance as of March 31, 2009	7,883	7,882	84,763
Issuance during the period	6,362	—	68,408
Disposal of treasury stock	3	0	32
Balance as of March 31, 2010	14,248	7,883	153,204
Retained earnings			
Balance as of March 31, 2009	6,601	24,323	70,978
Effect of changes in accounting policies applied to overseas subsidiaries	—	(110)	—
Cash dividends paid	—	(1,073)	—
Net income (loss)	2,061	(16,277)	22,161
Net changes of items other than shareholders' equity	—	(262)	—
Balance as of March 31, 2010	8,661	6,601	93,129
Treasury stock			
Balance as of March 31, 2009	(2,445)	(2,461)	(26,290)
Purchases of treasury stock	(2)	(8)	(21)
Disposal of treasury stock	43	24	462
Balance as of March 31, 2010	(2,404)	(2,445)	(25,849)
Total shareholders' equity	40,445	25,617	434,892
Valuation and translation adjustments			
Unrealized gain (loss) on available-for-sale securities			
Balance as of March 31, 2009	(503)	636	(5,408)
Net changes during the period	1,273	(1,139)	13,688
Balance as of March 31, 2010	771	(503)	8,290
Land revaluation surplus			
Balance as of March 31, 2009	5,882	5,276	63,247
Net changes during the period	—	606	—
Balance as of March 31, 2010	5,882	5,882	63,247
Foreign currency translation adjustments			
Balance as of March 31, 2009	(3,643)	543	(39,172)
Net changes during the period	339	(4,185)	3,645
Balance as of March 31, 2010	(3,303)	(3,643)	(35,516)
Total valuation and translation adjustments	3,349	1,737	36,010
Stock acquisition rights			
Balance as of March 31, 2009	268	200	2,881
Net changes during the period	(34)	68	(365)
Balance as of March 31, 2010	234	268	2,516
Noncontrolling interests			
Balance as of March 31, 2009	4,597	6,571	49,430
Net changes during the period	461	(1,974)	4,956
Balance as of March 31, 2010	5,058	4,597	54,387
Net assets total	¥ 49,086	¥ 32,219	\$ 527,806

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Cash Flows

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Cash flow from operating activities:			
Income (loss) before income taxes	¥ 2,678	¥ (20,292)	\$ 28,795
Depreciation and amortization	10,037	11,441	107,924
Loss on impairment of long-lived assets	376	9,491	4,043
Provision for allowance for doubtful accounts	(18)	47	(193)
(Decrease) in provision for retirement benefits	(2,204)	(2,838)	(23,698)
(Decrease) increase in provision for business structure improvement	(2,859)	3,268	(30,741)
Interest and dividend income	(198)	(342)	(2,129)
Interest expense	1,365	1,306	14,677
Equity in (earnings) losses of associated companies	(9)	53	(96)
Loss (gain) on sales and disposal of property, plant and equipment	386	(2,833)	4,150
(Increase) decrease in notes and accounts receivable	(8,931)	10,075	(96,032)
Increase in inventories	173	2,039	1,860
Increase (decrease) in notes and accounts payable	2,207	(6,711)	23,731
Other	1,811	718	19,473
Subtotal	4,817	5,422	51,795
Interest and dividends received	198	342	2,129
Interest—paid	(1,378)	(1,253)	(14,817)
Income taxes—paid	(1,551)	(312)	(16,677)
Income taxes—refund	1,101	—	11,838
Net cash provided by operating activities	3,187	4,200	34,268
Cash flow from investing activities:			
Purchase of marketable securities	(9,000)	—	(96,774)
Proceeds from sales and maturity of marketable securities	6,000	—	64,516
Increase in time deposits	(12,297)	—	(132,225)
Decrease in time deposits	9,295	—	99,946
Purchases of property, plant and equipment	(5,152)	(17,552)	(55,397)
Proceeds from sales of property, plant and equipment	89	6,388	956
Purchases of investment securities	(1,090)	(2,794)	(11,720)
Payment for transfer of business	(1,114)	—	(11,978)
Other	(105)	395	(1,129)
Net cash used in investing activities	(13,374)	(13,563)	(143,806)
Cash flow from financing activities:			
Net (decrease) increase in short-term borrowings	(10,146)	7,877	(109,096)
Net (decrease) increase in commercial paper	(9,984)	7,987	(107,354)
Proceeds from long-term debt	12,313	29,667	132,397
Repayments of long-term debt	(4,490)	(2,803)	(48,279)
Repayments of bonds	(200)	(200)	(2,150)
Issuance of common stock	12,656	—	136,086
Dividend paid	(4)	(1,072)	(43)
Dividend paid to minority shareholders	(67)	(344)	(720)
Net decrease (increase) in treasury stock	10	(3)	107
Other	(119)	(2,478)	(1,279)
Net cash (used in) provided by financing activities	(32)	38,629	(344)
Variance due to exchange of cash and cash equivalents:	148	(602)	1,591
(Decrease) increase in cash and cash equivalents:	(10,072)	28,665	(108,301)
Cash and cash equivalents—beginning of year:	31,625	2,960	340,053
Cash and cash equivalents—end of period (Note 3):	¥ 21,552	¥ 31,625	\$ 231,741

See accompanying Notes to Consolidated Financial Statements.



# Notes to Consolidated Financial Statements

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2010 and 2009

## 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 ¥93 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, 2010. 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, 2010 include the accounts of the Company and its 33 significant (33 in the fiscal year ended March 31, 2009) 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. In fiscal 2009, ABMA, LLC was newly established and is included within the scope of consolidation. In addition, Akebono Corporation Asia PTE. LTD. was liquidated and is therefore excluded from the scope of consolidation.

An investment in one associated company (one in the fiscal year ended March 31, 2009) is accounted for by the equity method. Investments in the remaining two associated companies (two in the fiscal year ended March 31, 2009) 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
	2010	2009	2010
Cash and deposits	<b>¥16,754</b>	¥29,625	<b>\$180,150</b>
Certificate of deposit included in marketable securities	<b>10,800</b>	2,000	<b>116,129</b>
Time deposits (certificate of deposit) with maturity over three months	<b>(6,002)</b>	—	<b>(64,537)</b>
Cash and cash equivalents—end of period	<b>¥21,552</b>	¥31,625	<b>\$231,741</b>

#### 4. Segment Information

Information about industry segments and geographical segments of the Company and subsidiaries for the years ended March 31, 2010 and 2009 are as follows:

##### (1) Industry Segments

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

##### (2) Geographical Segments

The geographical segments of the Company and subsidiaries for the years ended March 31, 2010 and 2009 are summarized as follows:

Millions of Yen						
	Japan	North America	Europe	Asia	Eliminations and Corporate	Consolidated
<b>2010</b>						
Sales to customers	<b>¥ 76,655</b>	<b>¥35,462</b>	<b>¥2,822</b>	<b>¥15,665</b>	<b>¥ —</b>	<b>¥130,604</b>
Intercompany transactions	<b>6,439</b>	<b>329</b>	<b>1,402</b>	<b>179</b>	<b>(8,349)</b>	<b>—</b>
Total revenue	<b>83,094</b>	<b>35,791</b>	<b>4,224</b>	<b>15,844</b>	<b>(8,349)</b>	<b>130,604</b>
Operating expenses	<b>79,730</b>	<b>36,908</b>	<b>4,183</b>	<b>13,636</b>	<b>(8,516)</b>	<b>125,941</b>
Operating income	<b>¥ 3,365</b>	<b>¥ (1,117)</b>	<b>¥ 41</b>	<b>¥ 2,208</b>	<b>¥ 167</b>	<b>¥ 4,663</b>
Total assets	<b>¥107,390</b>	<b>¥37,146</b>	<b>¥3,685</b>	<b>¥13,431</b>	<b>¥ 2,468</b>	<b>¥164,120</b>

Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia	Eliminations and Corporate	Consolidated
<b>2010</b>						
Sales to customers	<b>\$ 824,247</b>	<b>\$381,311</b>	<b>\$30,344</b>	<b>\$168,440</b>	<b>\$ —</b>	<b>\$1,404,344</b>
Intercompany transactions	<b>69,236</b>	<b>3,537</b>	<b>15,075</b>	<b>1,924</b>	<b>(89,774)</b>	<b>—</b>
Total revenue	<b>893,483</b>	<b>384,849</b>	<b>45,419</b>	<b>170,365</b>	<b>(89,774)</b>	<b>1,404,344</b>
Operating expenses	<b>857,311</b>	<b>396,860</b>	<b>44,978</b>	<b>146,623</b>	<b>(91,569)</b>	<b>1,354,204</b>
Operating income	<b>\$ 36,182</b>	<b>\$ (12,010)</b>	<b>\$ 440</b>	<b>\$ 23,741</b>	<b>\$ 1,795</b>	<b>\$ 50,139</b>
Total assets	<b>\$1,154,731</b>	<b>\$399,419</b>	<b>\$39,623</b>	<b>\$144,419</b>	<b>\$ 26,537</b>	<b>\$1,764,731</b>

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

Notes: 1. The value of the U.S. dollar is, purely for the sake of convenience, calculated using the approximate exchange rate as at March 31, 2010, which was ¥93 to \$1 (figures are rounded down to the nearest \$1,000).

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

North America: United States of America

Europe: France, United Kingdom

Asia: Thailand, China, Indonesia

# Akebono Locations

(As of June 1, 2010)

## Japan

### Akebono Brake Industry Co., Ltd.

#### Global Head Office

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

#### Ai-City (Headquarters)

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

#### Chubu Office

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

#### Sapporo Sales Office

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

#### Sendai Sales Office

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

#### Kanto Sales Office

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

#### Osaka Sales Office

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

#### Hiroshima Sales Office

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

#### Fukuoka Sales Office

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

#### Tatebayashi Foundry (Casting of brake components)

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

#### Proving Grounds (Testing and evaluation)

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

### Akebono Affiliates

#### Akebono Brake Yamagata Manufacturing Co., Ltd.

(Manufacture of disc brake pads and other brake components)

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

#### Akebono Brake Fukushima Manufacturing Co., Ltd.

(Manufacture of brake linings and other brake components)

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

#### Akebono Brake Iwatsuki Manufacturing Co., Ltd.

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

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

#### Akebono Brake Sanyo Manufacturing Co., Ltd.

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

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

#### Alocs Corporation (Logistics)

255-1 Aino-hara, Iwatsuki-ku, Saitama-City, Saitama 339-0071, Japan

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

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

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

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

#### APS Corporation (Consultancy for business streamlining)

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

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

(Sales of industrial machinery and rolling stock brakes)

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

#### NeoStreet Inc. (Web shop)

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

## Overseas

### North America

#### Akebono Brake Corporation (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

#### ABMA, LLC (Manufacture and sales of brake components)

310 Ring Road, Elizabethtown, KY 42701, U.S.A.

#### Akebono Brake Corporation 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

(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

(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

(Manufacture of disc rotors, brake drums, 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

(Manufacture of disc brakes, corner modules, castings and other brake components)

201 Metropolitan Drive West Columbia, SC 29170-2294 U.S.A.  
Tel: +1 803-822-8888 Fax: +1 803-822-2010

### 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. Tri Dharma Wisesa (TDW)

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

Jl. Pegangsaan Dua Blok A1, Km. 1, 6 Kelapa Gading, Jakarta, Indonesia  
Tel: +62 (0) 21-468-30075 Fax: +62 (0) 21-468-26659

## Directors and Officers

(As of June 18, 2010)

### Directors



Representative Director &  
Member of the Board  
Hisataka Nobumoto



Representative Director &  
Member of the Board  
Yoshimasa Ogino



Member of the Board  
Toshimitsu Nishigaki



Member of the Board  
Takashi Kudo



Member of the Board  
Takeshi Saito



Member of the Board  
Satoshi Utsugi



Member of the Board  
Kunio Ito



Member of the Board  
Takuo Tsurushima

### Executive Officers:

Chairman, President & CEO	Hisataka Nobumoto
Vice Chairman	Tsuyoshi Kashiwagi
Executive Vice President & CFO	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	Koji Kobayashi
Managing Executive Officer	Kiyoshi Dejima
Managing Executive Officer	Takeshi Okumura
Managing Executive Officer	Kazuo Matsumoto

Executive Officer	Ryohei Ito
Executive Officer	Toru Wakabayashi
Executive Officer	Seiya Odaka
Executive Officer	Kanji Miyajima
Executive Officer	Masaaki Ando
Executive Officer	Kazuo Nishiyama
Executive Officer	Akira Hosoya
Executive Officer	Seiki Takahashi
Executive Officer	Seiji Onoda
Executive Officer	Toshiyuki Negishi

### Corporate Auditors:

Corporate Auditor (Standing)	Keijiro Kimura
Corporate Auditor (Standing)	Kazuhiko Goto
Corporate Auditor	Kesao Endo
Corporate Auditor	Michiyoshi Homma
Corporate Auditor	Keizo Tannawa

### Advisors:

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



# Investor Information

(As of March 31, 2010)

## Trade Name

Akebono Brake Industry Co., Ltd.

## Address

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

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

## Founded

January 27, 1929

## Paid-in Capital

19,939 million yen

## Principal Shareholders

Shareholders	No. of shares held (1,000 shares)	% of issued common stock
Toyota Motor Corporation	15,495.1	11.39
Robert Bosch L.L.C.	12,597.0	9.26
ITOCHU Corporation	10,553.0	7.75
Deutsche Bank AG, Frankfurt Domestic Custody Services	5,900.0	4.33
Isuzu Motors Limited	5,748.1	4.22
BBH Boston for Metzler Investment GmbH, Frankfurt	5,261.8	3.86
Japan Trustee Services Bank, Ltd.	4,490.1	3.30
Mizuho Corporate Bank, Ltd.	3,915.7	2.87
Aisin Seiki Co., Ltd.	3,133.7	2.30
Trust & Custody Services Bank, Ltd.	2,395.3	1.76

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

## Stock Listing

Tokyo Stock Exchange, First Section (Code: 7238)

## Common Stock

Authorized: 440,000,000 Shares  
Issued: 135,992,343 Shares

## Number of Employees (Consolidated)

6,984

## 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

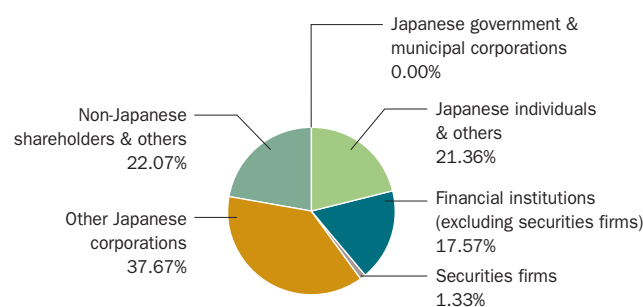
Category	No. of shareholders	No. of shares held (1,000 shares)
Japanese individuals & others	10,833	29,017.4
Japanese government & municipal corporations	0	0.0
Financial institutions (excluding securities firms)	40	23,874.0
Securities firms	46	1,805.2
Other Japanese corporations	187	51,181.6
Non-Japanese shareholders & others	100	29,994.8
<b>Total</b>	<b>11,206</b>	<b>135,873.0</b>
No. of shares in less than units of 100	—	119,343 shares

Note: The number of treasury shares as of March 31, 2010 was 3,572,128. Of these, 3,572,100 shares are included under "Japanese individuals & others," and 28 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, 2010 is 3,500. Of these, 3,500 shares are included under "Other Japanese corporations."

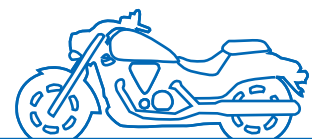
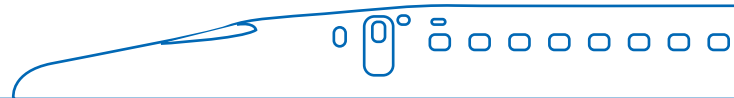
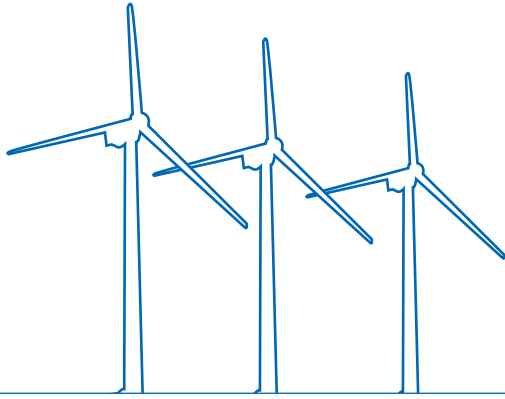
The number of treasury shares indicated in the shareholders' list is 3,572,128, whereas the actual number as of March 31, 2010 was 3,571,128.

## Percentage of Shares Held by Shareholder Category (%)



## Cautionary Statement Concerning Outlooks

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



## AKEBONO REPORT 2010

Business & CSR Activities

Issued September 2010

### 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](mailto:akebono_pr@akebono-brake.com)

Please send your opinions and impressions to  
the above office.