



AKEBONO REPORT 2011

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. From fiscal 2005, taking the viewpoint of accountability, we reported on our activities in our *Environmental & Social Report*. In fiscal 2009, we began including financial information such as results reporting and financial statements—traditionally published in our annual report—in this report, aiming to provide a better communication tool with a variety of information for stakeholders. We thus renamed it the *AKEBONO REPORT*.

In preparing the content of the *AKEBONO REPORT 2011*, the *Environmental Reports Guidelines 2007* issued by the Ministry of the Environment and the third edition of the *Global Reporting Initiative (GRI) Guidelines*, have been adhered to with regard to editorial matters. Furthermore, the report has been written in a simple, easy-to-read manner in order to raise the interest of the general public in akebono. In addition, the report contains specific examples for the purpose of deepening the understanding of readers with regard to akebono's activities at each facility.

Reporting Scope

Reporting Period

This report covers the annual results data for the 2010 fiscal year (April 1, 2010 to March 31, 2011). In addition, certain information on activities after the latter date is included to provide a better understanding of our ongoing efforts.

Organizations

Activity details and data are provided for akebono facilities in Japan, United States, Europe, Thailand, China and Indonesia.

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

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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.

Established 2001

akebono's Corporate Mission

Corporate Goals

Customer needs first

Technology realignment

Establishing a global network

Established 1990

akebono's Corporate Mission

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

Established 1999

akebono's Declaration for the 21st Century

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

We declare that we will:

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

Established 1999

Brand Slogan

Akebono Brake, Absolute Safety

Established 2005

akebono Pursues Safety and Security on a Global Scale



In the executive boardroom where the Disaster Task Force was set up

Establishment of a Robust Production Structure

First of all, we extend our deepest sympathy and condolences for those who have been affected by the Great East Japan Earthquake, which struck on March 11, 2011. We are hoping for the fastest possible recovery of the disaster areas.

The akebono Group has four production plants in eastern Japan. Approximately one hour after the earthquake on March 11, 2011, we set up the Disaster Task Force and placed utmost priority on confirming the safety of associates and their families, following this with the collection of necessary information and responding to the disaster. Fortunately, our facilities suffered only minor damage, and even Akebono Brake Fukushima Manufacturing Co., Ltd. (Fukushima Manufacturing), where the damage was the

greatest, was able to get back on track on March 21, 2011, reflecting associates' all-out efforts. In the course of checking on the extent of damage at our materials and components' suppliers, we came to realize that the structure of the Japanese automotive industry supply chain resembles a diamond or an upside-down pyramid rather than the upright pyramid that it had previously been likened to. We thus realized that from now on, we have to address the rather major issue of how to maintain supply chains in Japan and overseas.

Over the past few years, the akebono Group has been striving toward the establishment of a global production system in which we adhere to local production regulations and meet local consumption needs. Under the Akebono

Production System (APS), we are standardizing every aspect of operations, ranging from which products are made to manufacturing, facilities and management. Incorporating product features according to local market needs and product application, we will reinforce our cost-competitiveness with our product development capability, leveraging differentiated technologies. In addition, we are engaged in various environmental preservation activities at manufacturing facilities, including the enhancement of energy efficiency based on reviews of manufacturing facilities for heat molding products, the streamlining of coating process and the reduction of CO₂ emissions.

Referring to issues spotted upon the occurrence of the disaster, we will accelerate abovementioned initiatives. To that end, we will shift from our highly concentrated business structure to a global production system, reorganizing our production structure in order to secure an edge in burgeoning emerging countries. We understand the present is the best time for investing in not only damage recovery but also in future business development. Although we are currently reviewing our medium-term management plan, we will maintain the akebono New Frontier 30 Rolling Plan 2011, which includes the three major targets “advancement of technologies for the future,” “continuation of cost revolution and expansion to global operation” and “acceleration of globalization (from Japan & North America to Japan, North America, Europe and Asia),” with the aim of enhancing business performance and corporate value.

Pursuing Safety and Security on a Global Scale

We place utmost importance on contributing to society through the provision of safety and security. We want our associates to be proud of their work and the Company, backed by the knowledge that akebono offers safety and security through its brakes. Based on this idea, we have

engaged in Corporate Brand Management since 2005. In order to realize true globalization that encompasses people with different nationalities, languages, educational backgrounds, religions, customs and value systems, we have to aim for one goal as one team to become one and only company for our associates. To that end, in 2011 we commenced activities aimed at heightening our sense of unity under the slogan “One Goal, One Team, One akebono.” In the midst of this initiative, we experienced the Great East Japan Earthquake.

On March 22, 2011, I visited Fukushima Manufacturing with relief supplies and the intention of offering encouragement to our associates. Looking around, however, at associates who were together in harmony and showing deep consideration for others, it was I who was moved and encouraged instead. This visit prompted me to hold a graduation ceremony for the 38th class of technical workers at the Global Head Office in Nihonbashi on April 10, 2011. Our experience in dealing with this disaster, made us truly understand the importance of ensuring safety and security. Accordingly, we intend to go back to the basics and act appropriately in accordance with akebono’s Corporate Mission, our fundamental philosophy covering all our activities from business management and environmental preservation to social contribution.

To all our stakeholders, we hope that through this *AKEBONO REPORT 2011* 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.

June 2011



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

akebono's Response to the Great East Japan Earthquake

akebono's Disaster Response and Information Disclosure

On March 11, 2011, approximately one hour after the Great East Japan Earthquake struck, we established a "Disaster Task Force" at the Global Head Office in Nihonbashi. Under President Hisataka Nobumoto, the Disaster Task Force placed utmost priority on confirming the safety of associates and their immediate families and other relatives, while collecting information on the damage to branch offices, plants, suppliers and customers. On March 13, 2011, we posted a preliminary assessment of damage sustained at each plant and information on our future production plans on our Website. The post also contained the information that Akebono Brake Yamagata Manufacturing Co., Ltd. (Yamagata Manufacturing) and Akebono Brake Iwatsuki Manufacturing Co., Ltd. (Iwatsuki Manufacturing) sustained relatively minor damage to their buildings and facilities and would resume production on March 14, 2011, as would Tatebayashi Foundry on March 15, 2011. In addition, we disclosed information on safety confirmation activities at our materials and parts suppliers. Furthermore, on March 14, 2011, we announced that no major injuries had been sustained by Group personnel. We completed the damage assessments at our materials and parts suppliers on March 16, 2011, and learned of concerns regarding disruption in supply for some items. Along with offering relevant suppliers help in restoring their operations, we considered using substitute materials and parts, announcing this move in a news release on March 16, 2011. In addition, on May 9, 2011, we announced the recording of an extraordinary loss due to the earthquake. The full restoration of our Proving Grounds is anticipated in fiscal 2013.

Resuming Production and Helping out Survivors

Among our production plants, Akebono Brake Fukushima Manufacturing Co., Ltd. (Fukushima Manufacturing) was the nearest to the quake's epicenter. In the afternoon of March 13, 2011, after the electricity supply resumed, we made a detailed damage assessment with the cooperation of the Global Head Office. Although no buildings were found to have collapsed, we found materials in process and inventory stock scattered about inside the buildings, production equipment that had shifted sideways and cracks in the anti-seismic reinforcement braces. On March 14, 2011, we



President Nobumoto writing messages of encouragement for staff (Fukushima Manufacturing on March 22, 2011)

began repair and restoration work, conducting test operations with help from Yamagata Manufacturing and Ai-City headquarters. Owing to the prompt response here and elsewhere, normal production was restored at all akebono's domestic plants by March 21, 2011. On March 22, Hisataka Nobumoto visited Fukushima Manufacturing to offer words of encouragement as well as to provide relief supplies to local associates.

For local people in the disaster area, we began sending relief supplies on March 12, 2011, to Fukushima and Sendai, from where they were distributed to evacuation shelters. We helped associates and their families who had been living in designated evacuation areas or whose houses had collapsed to evacuate to the Kanto area. From March 13, 2011 to April 30, 2011, we provided accommodation for 18 families, or a total of 85 people, at company dormitories and business hotels.

Also, the sewage treatment tank at Fukushima Manufacturing was damaged. Provisional repairs were made but we plan to replace the damaged unit with a new tank that has higher earthquake resistance in August. After assessing our response to this earthquake, we will review our business continuity plan (BCP) manual and revise it to remove bottlenecks regarding relief supplies as well as to improve the performance of telecommunication facilities and other functions. This will ensure that in the future we will be able to better select evacuation areas.

TOPICS

Support for Restoration

Monetary Sponsorship

The akebono Group offered monetary sponsorship as well as donations for the purchase of relief supplies totaling approximately ¥100 million to support survivors and the restoration of the disaster areas.

Volunteer Activities

Seven new recruits from Yamagata Manufacturing participated in volunteer activities at the Sagae City Civic Gymnasium on March 30, 2011. They helped out with the sorting and transporting of relief supplies.



akebono volunteers loading relief supplies

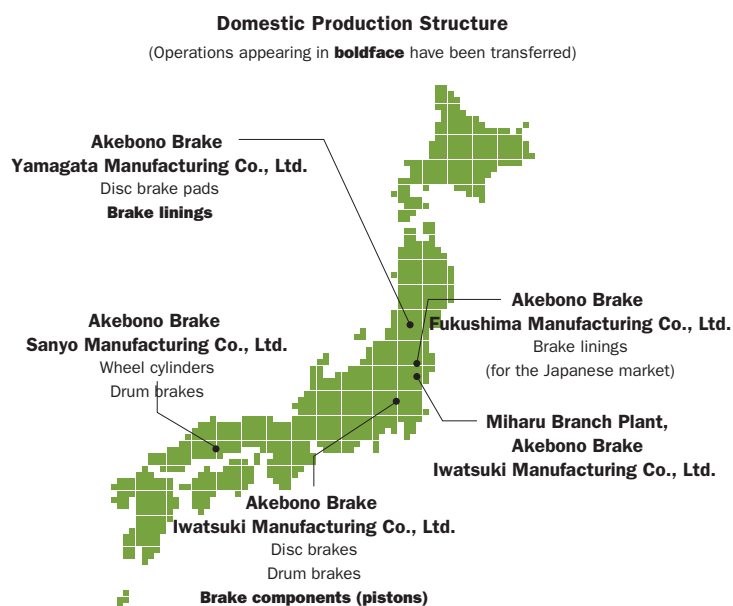
akebono's Post-Disaster Response

Reassembling the Domestic Production System

In response to the disaster, we began transferring some brake component manufacturing operations to other areas. Previously, all drum brake linings were manufactured at Fukushima Manufacturing. Now, however, approximately 10% of the total production volume will be transferred to Yamagata Manufacturing.

Also, we are considering transferring the production of brake components for export, already relatively low, to regional facilities close to their intended markets, for example, to North America or to plants in either Indonesia or Thailand for items presently exported to Asian markets. We are striving to increase the manufacturing ratio at overseas plants in order to disperse the manufacturing function while standardizing overseas plants to boost our cost-competitiveness. Furthermore, in response to the possible expansion of the area of evacuation surrounding the Fukushima Daiichi Nuclear Power Station, the manufacture of pistons will be transferred from the Miharu Plant to Iwatsuki Manufacturing by the end of August 2011.

Because the Japanese automotive industry tends to be upstream-intensive, the entire industry has been affected by the earthquake. Also, raw material prices have risen further, and we anticipate upsets in the cost structure. We are thus shifting toward the standardization of our domestic production structure to enhance cost-competitiveness.



TOPICS

Implementation of Seismic Simulation, Disaster Drills and Anti-Seismic Reinforcement

As part of our risk management efforts, we regularly conduct seismic simulations to discover and address problems. In our fourth such drill on December 15, 2010, we simulated an earthquake in the high sixes on the Japanese seismic scale striking Fukushima Prefecture. The result was extensive damage to facilities and infrastructure leading to production disruption and casualties. Based on this, we established disaster task forces at Fukushima Manufacturing, Ai-City headquarters and the Global Head Office, set up satellite phones and audio- and teleconference systems to report on the disaster situation and confirm safety at each facility. Also, the scenario posited that the head of the disaster task force was away on business so a senior

managing executive officer and director was made deputy head of the disaster task force.

Simultaneously, Ai-City conducted a disaster drill assuming that a large-scale earthquake had occurred in the Kanto area, and all 739 employees moved to an evacuation area following routes broadcast through the in-house public address system.

Since 2008, akebono has promoted anti-seismic reinforcement at each facility. Fukushima Manufacturing completed the seismic reinforcement work on its buildings, including the dormitory on its premises, on March 10, 2011.



Simulated disaster task force (Global Head Office)



Implementing disaster drill at Ai-City

Welcoming a Third Phase of Transition, akebono Aims for True Globalization



Celebrating the technological alliance with Bendix Corporation (1960)



Groundbreaking ceremony for Ambrake Corporation plant (1986)



Signing ceremony for the Asset Purchase Agreement for Robert Bosch GmbH's North American business (2009)

Third Phase of Transition

Founded in 1929, akebono entered the global market through its brake business and during its more than 80 years of history has passed some significant milestones on the road to growth.

The first phase of transition was a technological alliance with Bendix Corporation, a U.S.-based, world-class brake manufacturer, in 1960, at a time when Japan was just approaching the dawn of motorization. Upon entering into the alliance contract, akebono proactively adopted technologies from overseas manufacturers to gain a good foothold and become a comprehensive brake manufacturer.

The second phase of transition was the establishment of a joint venture, Ambrake Corporation (now Akebono Brake, Elizabethtown Plant; Elizabethtown, Kentucky, United States), with General Motors Corporation in 1986. At that time, Japanese automotive manufacturers were beginning to pursue overseas production, and it became a pressing issue for akebono to make it possible to offer components even to overseas locations. When it embarked on its first full-fledged overseas business development, akebono did not limit itself to only the technical side of business, the Company also took charge of management.

The third phase of transition was in 2009, when akebono acquired the North American foundation brake business of Robert Bosch GmbH of Germany. On this occasion, akebono faced the question of how it should pursue true globalization. True globalization for akebono means that its associates, with all their differences in nationality, language, educational background, religion, customs and sense of value, respect those differences and recognize the innate goodness within one other and thereby realize a company that is unique, the one and only akebono, meeting the needs of customers around the world.

Now, in the course of the third phase of transition towards true globalization, akebono associates are addressing issues and moving forward proactively in each operating department.

Aiming for a Global Personnel System that Values Individual Abilities

akebono must establish a global personnel system in order to achieve true globalization. Given the diverse cultures, customs and regulations we deal with, we have needed to create a foundation for personnel development that involves a common global system from the viewpoints of compliance and nurturing of human resources. "In 2010, we first created a position class for general managers and above, and began introducing a personnel system based on global grading," Maejo explains. From this point, akebono established a common system for Japan and North America and expanded it on a global scale. Maejo goes on, "The head of the North American HR department is a woman named Sandra A. Murphree, and we exchange opinions when we make detailed rules." In July 2011, akebono launched the Akebono Standard Package, which offers common training all around the globe for newcomers, beginning with Japan. "The Akebono Standard Package compiles our philosophies and history so that new associates can share the enjoyment of working for akebono. When it is difficult to describe something through words or text, we make effective use of the

Monozukuri Dojo for hands-on experience," says Maejo. We are also accelerating the development of a global personnel database that will allow quick searches for personal career histories and skills, which will help build the foundation for nurturing human resources. Through these efforts, we are aiming to set up a global personnel system that values individual abilities.

Ryoko Maejo

General Manager
HR Talent & Management
Development Department



For details of the Akebono Standard Package and global personnel system, please see page 13.

Our Driving Force for Lean Production Facilities

Globalization at the production department is centered on the Akebono Production System (APS)-based standardization of operations. APS is the starting point of akebono's *monozukuri* (manufacturing). "It turned out to be a valuable experience for me to get involved in the project to introduce akebono's *monozukuri* to the North American

plant acquired from Bosch" says Kojima. What we have learned through the integration of two different corporate cultures was how to approach communications, that is, we work to help people understand APS-based *monozukuri* through explanations and repetition rather than pushing them to understand. "If we can obtain understanding, people will take action regardless of differences in nationality and culture," states Kojima.

Through the introduction of APS, we aim to share the philosophy of *monozukuri*. This is a challenge that we face not only in emerging countries, but also in Japan, the United States and Europe. Our next challenge will be to unify manufacturing processes, line design and quality across the world. Kojima tells us, "The drawing up of detailed instructions for every single manufacturing line is very painstaking work. Once they have all been standardized, however, we will be able to spot trouble instantly when it occurs and recreate the situation to pin down the cause of it." Our unflagging determination to offer highly competitive products is demonstrated by our efforts to improve production lines through standardization.

Masayoshi Kojima

General Manager
Global *Monozukuri* Implementation Office



For details of akebono's *monozukuri*, please see page 13.

Establishing a Global Purchasing Base to Achieve Robust Supply Chains

With the aim of building global networks, akebono's purchasing department chose the keyword "standardization" to promote the reinforcement of our purchasing structure. To this end, we are striving to leverage our networks and cumulative know-how in each region while aiming to boost our competitiveness to realize low-cost operations. In emerging countries, including China, on top of product quality it is important to accurately understand what specifications are necessary to meet local needs. Our goal is to establish production activities at appropriate locations around the world and to offer products best suited to the markets they are supplied to. With this objective, in fiscal 2011 we will invigorate communications on a global scale to ensure proper understanding of local needs. In addition, because trading involves purchasing, there are a number of laws and regulations to follow. Therefore, purchasing is also important with regard to our response to compliance. When there are revisions to such environmental regulations as REACH, in particular, we are required to respond promptly and carefully. Josako explains, "Even though the purchasing of materials and components is globalized, our posture toward sustainable growth in tandem with suppliers who have prominent technologies will remain unchanged." As for materials development, which is key to innovation, we will promote the

creation of materials with low environmental burden by strengthening alliances with suppliers and our R&D division. Simultaneously, given the need for reliable operation during such emergencies as large-scale disasters, we will reduce costs and establish a global purchasing system to ensure that we can continue purchasing high-quality materials and components while considering the best way to maintain current supply chains.

Noboru Josako
General Manager
Purchasing Department
Purchasing Division



Globalization Stemming from an Understanding of Local Needs

Facing the issue of true globalization, akebono's R&D division identifies quality and performance as being universal constants when it comes to products, and develops new products for local needs based on this understanding. "We need to understand what end users need in each local market before aiming for standardization," Nishimura asserts. Particularly in emerging countries, we need to think in fresh ways about the

development of brakes. Therefore, we established a development center in China in January 2011. "Having a Chinese associate as the leader, we are conducting a thorough survey, including of local users' actual usage in local markets," says Nishimura. In Europe, we have been improving our technologies as the Official Supplier of brakes to the Vodafone McLaren Mercedes F1 team since 2007, raising our name recognition. In addition, the acquisition of Bosch's North American business brought rotors and materials used in pads into akebono's product lineup and will contribute to the further cultivation of the Company's core technology of "Friction and Vibration, their Control and Analysis" in the future. Furthermore, we aim to enhance automotive fuel efficiency in response to the movement toward global warming prevention and are to this end engaged in the development of smaller and lighter products as well as of technology to reduce brake drag. Sharing our technological achievements and market information through our global network, we will proactively pursue global R&D activities.

Seiji Nishimura
General Manager
Product Planning Department,
R&D Division



For details of akebono's development department and its R&D activities by region, please see page 21.

Ensuring Consistent Quality No Matter When, Where and Who Manufactures Products

The quality assurance department focuses on quality mainly in the following three categories: products, operations and work process. “Amid the globalization of production and purchasing of materials and components, akebono needs unified rules not only for product quality but also for its operations and work processes in order to achieve quality assurance at facilities around the world,” says Shinagawa. In order to do so, we have to standardize the entire work process, including receiving orders, product development, manufacturing, purchasing and product delivery, in addition to streamlining work carried out by back-office sections. In addition, we must strive to meet customer requests for quality in each region. For example, traceability is a kind of “quality” that can be offered to European luxury car makers as it means that they can promptly get answers for when, where and to what specifications certain products have been manufactured. And, in emerging countries we introduce competitive products to secure consistent quality and low costs. Thus, verification steps in the development stage and management methods at plants differ depending on local needs. However, our responsibility to manufacture important security components and our sincere attitude towards *monozukuri* stay

constant. Ensuring consistent quality no matter when, where and who manufactures products. Aiming to achieve this goal, akebono will continue to offer safety and security, the most important things in a person’s life, on a global scale.

Yoichi Shinagawa

General Manager
Quality Assurance Department



akebono’s True Globalization Will Offer Safety and Security to Society

akebono is now implementing Companywide initiatives to achieve true globalization. In the process, there could be conflicts due to differences in culture and tradition. However, Ms. Maejo (HR Talent & Management Development Department) notes that there are some advantages in such differences. “Through the exchange of opinions, we can deepen our understanding of each other and uncover new issues in the process. Entering into agreements step by step, we will realize a fair personnel system from a global perspective.” Mr. Kojima (Global *Monozukuri* Implementation Office), who is in charge of production, says “In this modern world, values vary greatly among people. Therefore, we need to confirm associates’ awareness of such differences both in Japan and overseas,” and he is striving to bring people with different cultures and ways of thinking together through communications by developing production sites where everyone finds it rewarding to work. Mr. Josako (Purchasing Department, Purchasing Division) remarks “When the earthquake hit, I recognized the importance of maintaining a stable purchasing structure,” and he is aiming for a more robust and global supply chain in order to build good

relationships with suppliers and realize GQCDDM.* Aiming to establish safe and secure technologies, including environment-friendly performance, Mr. Nishimura (Product Planning Department, R&D Division) expressed his enthusiasm, saying “Our record of offering brakes to most automotive manufacturers in Japan and overseas will bring us the optimum solutions for globalization.” Mr. Shinagawa (Quality Assurance Department) stated that “akebono is striving to offer safety and security to all stakeholders in terms of products and environmental preservation. To help realize these goals, we will provide feedback from production sites and share this information on a global scale.” Akebono’s Corporate Mission requires us to provide safety and security to society. In its global *monozukuri* activities, akebono offers safety in every situation and braking force that suits people’s sensibilities in order to provide safety and security to an increasing number of people.

*GQCDDM: Global, Quality, Cost, Delivery (total lead time), Development, Management

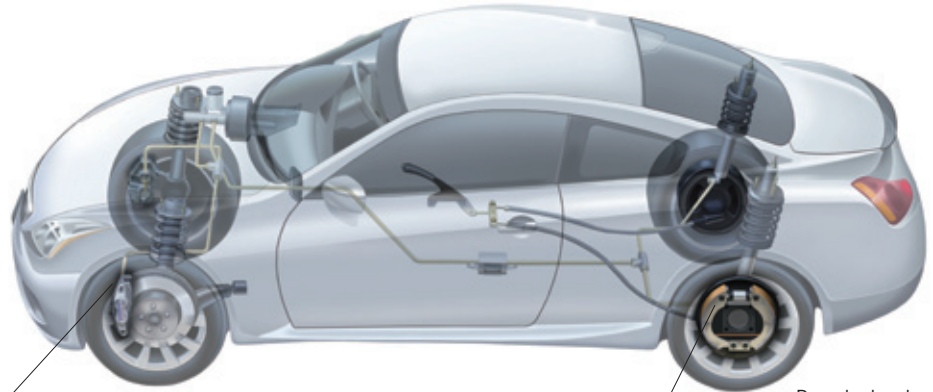


Main Products

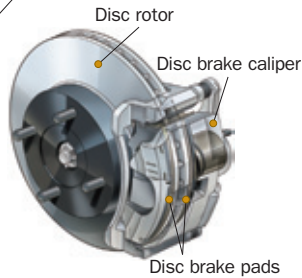
Products for Automobiles



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

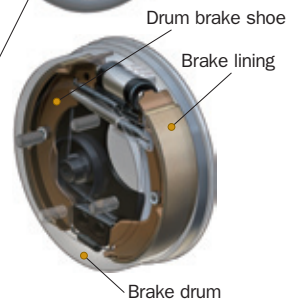


Disc brake



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

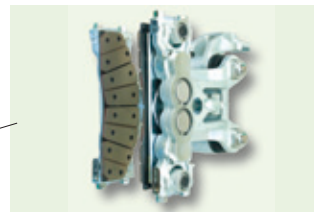


In a drum brake, pistons push the brake lining against a drum, which is rotating in tandem with the wheel, converting kinetic energy into heat and thus slowing or stopping the vehicle.

Products for Rolling Stock

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

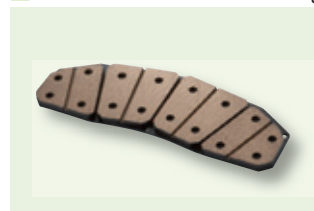
Bullet train disc brake



Brake linings for rolling stock



Bullet train disc brake lining



Brake for maglev trains



N700 series bullet train

Products for Motorcycles

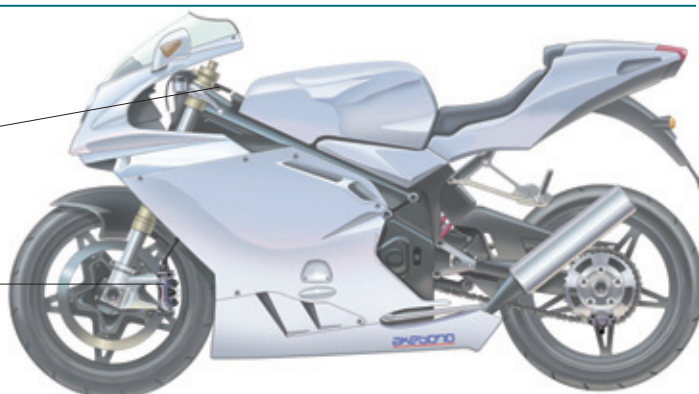


- Disc brake calipers
- Disc brake pads
- Master cylinders

Master cylinder



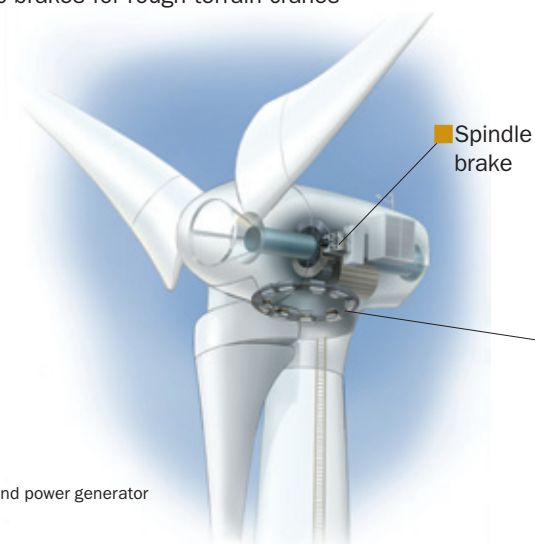
Disc brake



Products for Industrial Machinery



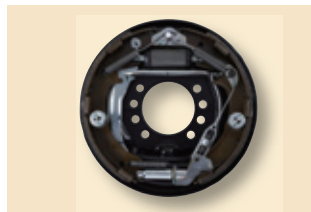
- Drum brakes for forklifts
- Disc brake calipers for wind power generators
- Disc brakes for rough terrain cranes



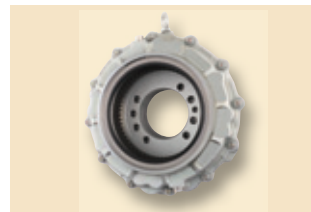
Wind power generator

Spindle brake

Drum brake for forklifts



Wet brake for forklifts



Yaw brake



Disc brake caliper for rough terrain cranes



Other Products

Brake caliper for touring car endurance racing



Brake caliper for motorcycle racing



Sensor cluster



Concrete pouring detection system



Highlights of Fiscal 2010 Activities

United States: Participation in Community Organizations

In North America, many of our associates belong to a council or a committee formed to address issues in their local community. For example, some Akebono Brake Corporation (ABC) associates serve on the Automotive Industry Council of Kentucky, which focuses on legislative issues pertaining to the needs of the automotive industry in Kentucky, as well as on the Japan Business Advisory Council to Kentucky along with Governor Beshear. Also, one associate is a board member of the United Way of Central Kentucky, an organization that fosters the support of community organizations in addition to collecting charitable contributions from community members and businesses for disaster relief efforts, the feeding and clothing of people in need, and aiding victims of domestic violence.

At Akebono Brake, Elizabethtown Plant (ABE), an associate serves on the Lincoln Trail Area Work Force Investment Board, which works to create and develop employment opportunities, and another serves as the Chair of the Elizabethtown Industrial Foundation Training Consortium Board, which develops and implements various training programs for local industry aimed at upgrading the skills of the current and future workforce. An associate at the Akebono Brake, Glasgow Plant (ABG) serves as a member of the Barren River Adult Vocational Consortium, which develops vocational educational programs to meet local needs. At the Akebono Brake, Clarksville Plant (ABCT), associates proactively participate in local community activities and have served as the Chairperson of as well as members of the Clarksville/Montgomery County Industrial Council, which conducts surveys on trends of local industries and cross-industrial exchanges.

United States: Raising Funds for Infant Health

Every year, ABE and ABC associates participate in the March of Dimes Walk-a-Thon to raise money for research and education aimed at improving infant health by helping to prevent birth defects, premature birth and infant mortality. March of Dimes researchers, volunteers, educators, outreach workers and advocates work together to give all babies a fighting chance in an often threatening world.



Associates participating in the infant health campaign

United States: Scholarships for Local High School Students

ABC provides scholarships for high school seniors graduating from Elizabethtown High School and Central Hardin High School. Each recipient is a young person who has decided to pursue an engineering degree. ABC aims to develop human resources who will one day become engineers or otherwise contribute to society as well as to expand the opportunities for younger people in local communities to find employment.

United States: Blood Drive

Rosanne Domanski, HR/Administrative Coordinator at Akebono Engineering Center (AEC) in Farmington Hills, Michigan, has for the past six years coordinated our blood drive on behalf of the American Red Cross, drawing on the experience of seeing her late mother requiring many blood transfusions during her illness for inspiration. AEC has held a blood drive annually since the 1990s. However, when Rosanne took over this project, our donations quickly climbed and began to exceed the goals set by the Red Cross. Akebono thanks Rosanne Domanski for her diligent efforts to coordinate the drive and encourages associate participation in this worthy cause.



Blood drive at AEC

France: Internship Program

At Akebono Europe S.A.S. (Arras), an all-out effort is being made to accept as many qualified interns as possible from local junior high and high schools as well as technical schools. Arras' motivation is not limited to wanting to cooperate in France's domestic educational programs. Rather, the intent is also to support the career choices of local young people, who represent the human resources of the next generation. Another benefit of this initiative is the opportunity it gives the company to deepen the local community's understanding of Akebono's business pursuits.

In fiscal 2010, Arras accepted 23 interns, more than twice the number accepted in the previous fiscal year, for a cumulative total of 605 workdays. Continuing to proactively accept interns, Arras will fulfill its role in local communities as an Akebono Group subsidiary.

Thailand: Visit to Facility for Handicapped People

As part of its volunteer activities in local communities, Akebono Brake (Thailand) Co., Ltd. (AKBT) periodically visits a facility for handicapped people with gifts purchased with funds raised by employees. The facility maintains a craft studio where the physically handicapped make accessories for sale. Despite the differences in the way we make products, we are both involved in "manufacturing." Communications are thus enlivened by the exchange of opinions as well as anecdotes about challenging and rewarding experiences.



AKBT associates and facility residents

HR Management and Development

Global Educational Program

■ Introduction of Akebono Standard Package

akebono's Akebono Standard Package is an educational package for use throughout the Group in educational programs for newly recruited associates. The package covers information on akebono's founding and history, business features by region, and akebono's corporate culture and philosophy, including the akebono Production System (APS) and corporate brand management. The package can be used for lectures in basic knowledge and the mindset that all akebono associates need to share. In addition, we intend to establish educational programs suited to specific countries and locations by adding original programs tailored to the unique characteristics of each region. We began to introduce the Akebono Standard Package from 2011 and aim to disseminate it among all akebono facilities worldwide by the end of fiscal 2012.

■ Global Leader Training

In fiscal 2011, akebono is planning to conduct global leader training for management-level associates at every facility in Japan and overseas. During this training, people who play a central role at their facility gather to share ideas about the global business strategy and improve their understanding of each other's role in each country and region while nurturing a sense of unity as the akebono Group. The first training session will be held in Japan, and we are currently preparing for its implementation.

Diversity

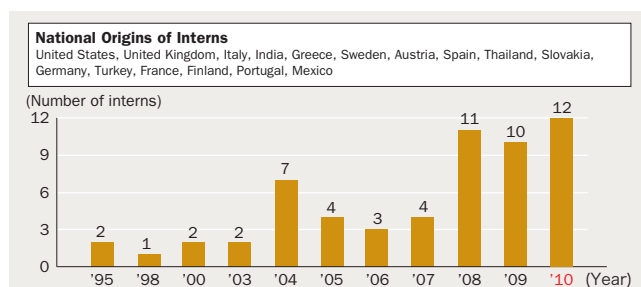
■ Internship

akebono is proactively promoting internship with the aim of developing associates' sense of being part of an international concern meeting diverse needs and expanding in global markets as well as of supporting young non-Japanese people's career choices. In fiscal 2011, we aim to assign more than one intern to each Headquarters department. By creating an environment in which interns from various national origins can gather and get involved in programs alongside akebono associates, we will lay the groundwork for global human resources.



Cross-cultural workshop for young akebono associates and interns (November 9, 2010, at Ai-City headquarters)

Number of Interns Accepted



Initiatives at Monozukuri Center

With the aim of developing human talent capable of pursuing the ultimate efficiency in production, the Monozukuri Dojo (training hall) was established in 2006. In fiscal 2010, akebono integrated this Dojo with the Basic Technique Class, the purpose of which was to spread and disseminate appropriate standards regarding operations conducted at each production facility, and the Model Line, which was designed to demonstrate the ideal manufacturing process. The result of this integration was the Monozukuri Center, where personnel are given the opportunity to develop in new directions.

The Monozukuri Center is a place where anyone can learn and get hands-on experience of the principles of *monozukuri* (manufacturing) in a short period at any time while building partnerships with other akebono associates. With the addition of the new Quality Dojo to the existing five Dojos (Safety Dojo, APS Dojo, Maintenance Dojo, Environmental Dojo and Friction Materials Dojo) in fiscal 2010, we now offer a wealth of learning opportunities. A particularly notable feature of the Monozukuri Center is that all training programs include hands-on experience. The training process begins with classroom lectures followed by hands-on experience and then qualification testing, and we expect trainee participants to bring back truly useful skills. As of March 2011, 1,326 associates in total had gone through training programs over the last five years.

In fiscal 2010, we also began taking the initiative in globalization. Starting with the plant managers of ABCT and the Akebono Brake Columbia Plant (ABCS) in the United States, we accepted a total of 41 trainees from overseas. akebono is now facing its third phase of transition and the Monozukuri Center is playing a crucial role in spreading the benefit of akebono's *monozukuri* as well as the benefit of Japan's *monozukuri* to overseas bases.



New recruits at the Basic Training Class



ABCT and ABCS Plant managers taking a training course

■ Trainees from Overseas Bases

In February 2011, we welcomed seven trainees from ABCT and ABCS in the United States. We held training mainly at the APS Dojo and Quality Dojo, and received such feedback from trainees as "I would like to bring back what I learned here to our plant in the States and reflect it to our operational improvement."



Training seminar for overseas trainees



Trainees and Monozukuri Center staff

Worksite Safety and Health

United States: Akebono Engineering Center (AEC)

AEC holds events in which associates' children can experience what it is like to be an AEC associate. Associates come to work with their children in the morning and spend the whole day showing them around the office and plant facilities, even giving them the opportunity to perform some tasks themselves. This deepens children's understanding of their parents' work, while helping boost associate motivation.



Bring Your Kids to Work Day (April 28, 2011)

Thailand: Akebono Brake (Thailand) Co., Ltd. (AKBT)

During Songkran, the traditional New Year's celebration in Thailand from April 13 to 15 every year, AKBT holds a purification rite at office. After this ceremony, the celebration turns into a festival where people throw water on each other, and this has become an important event that helps to promote friendship among associates. As for other events to facilitate friendship, AKBT conducts company trips. In fiscal 2010, we made an overnight trip to Nakornnayok. We also hold a New Year's Party and Sports Day before the year-end holiday in December. On that day, we invite a Buddhist monk to purify the plant in the morning, and hold the sports festival in the afternoon. All the AKBT associates participate, breaking into two teams to enjoy games.



Songkran (Thai traditional New Year's water-throwing festival)



Company trip



Sports Day

China: Akebono Corporation (Guangzhou)

Twice a month, Akebono Corporation (Guangzhou) holds gatherings of senior staff and associates whose birthdays fall in those months. Senior staff hear associate suggestions and opinions during the luncheon that they reflect in their business management. In addition, we hold an annual company trip with all associates to facilitate communication among associates while raising their motivation. On the safety front, we conduct emergency drills and, in tandem with Akebono Corporation (Suzhou), offer opportunities for mutual exchange and engage in improvement activities regarding safety and health. As a result of our efforts, Akebono Corporation (Guangzhou) achieved 1,000 no-disaster days.



Twice monthly birthday gathering

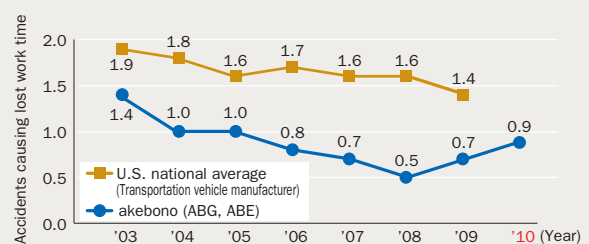


Company trip



A ceremony to hoist a safety flag in commemoration of achieving 1,000 no-disaster days

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

Data from 2003 to 2009 included ABG and ABE; ABCS and ABCT were added from 2010. However, the figure for 2010 does not contain average data for all akebono U.S. plants as such data has not been publicly disclosed as of June 10, 2011.

Highlights of Fiscal 2010 Activities

Energy Conservation Activities (China and the United States)

Akebono Corporation (Suzhou) in China is engaged in energy conservation activities, ranging from the use of natural lighting in its plant buildings, introduction of invertors for its compressors, rationalization of facility operation hours, reduction of industrial waste and streamlining of production activities. As a result, Akebono Corporation (Suzhou) was accredited as a Clean Manufacturing Company that contributes to the preservation of the local environment, receiving a certificate and monetary award from the Administration Committee of the Suzhou Industrial Park.

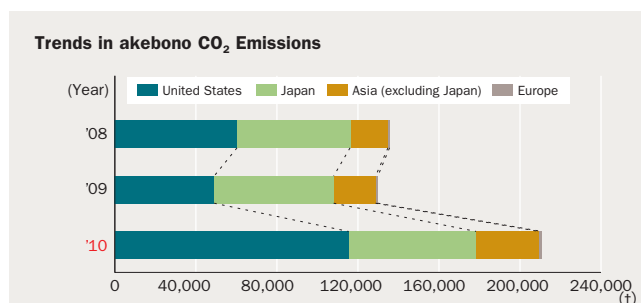


The certificate from the Administration Committee of the Suzhou Industrial Park

Akebono Engineering Center (AEC) in the United States has set up solar power generation panels that on a yearly basis can generate electricity equivalent to the annual consumption of approximately five average Japanese households (21,000kWh). These panels allow AEC to cut its CO₂ emissions per year by approximately 14 tons. The panels can also be used as awnings for upper story windows, thereby enhancing air-conditioning efficiency. In the United States, where coal-fired thermal power is the prime means of power generation, it is anticipated that solar power generation will play a role in reducing CO₂ emissions.

CO₂ Emissions in akebono's Overseas Operations

In each the country in which akebono operates, because of the variety of energy sources used—oil, coal, nuclear, hydroelectric or even wind generation—to generate the same amount of electric power, the level of CO₂ emissions may differ. In France, where nuclear power is the main source of energy, the volume of CO₂ 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 CO₂ conversion factors than Japan. akebono is taking steady steps to reduce CO₂ emissions while considering local conditions. The CO₂ emissions of two facilities in the United States and two facilities in Asia were included in the figure for the Group's total CO₂ emissions in fiscal 2010, this data thus covers all akebono production facilities.



United States: Akebono Brake, Elizabethtown Plant (ABE)

In fiscal 2010, ABE reduced its CO₂ emissions equivalent to 968 tons (based on the waste calculator program of the U.S. Environmental Protection Agency) by recycling waste materials, including cardboard and waste plastics. Scrap metals, 688 tons of which were classed as scrap cast iron and 24 tons as recycled aluminum, were sent offsite. On April 22, 2010, ABE tied up with the Hardin County Government and other local companies for an Earth Day event and set up a booth for the recycling of home electronics. On September 18, 2010, ABE was a cosponsor, along with the Hardin County Government, and host of the third annual Household Hazardous Waste (HHW) collection event. ABE wholeheartedly cooperated in this local event, collecting a total of 26,252 pounds (approximately 12 tons) of materials. The company received a letter of appreciation from the Hardin County Government for this achievement.



The letter of appreciation from the Hardin County Government



The third annual HHW collection event (September 18, 2010)

United States: Akebono Brake, Columbia Plant (ABCS)

ABCS strives to reduce the environmental burden posed by the transportation of general waste products and industrial waste. For example, if fluorescent bulbs are broken during transportation, the mercury contained in the bulb (approximately 8mg per bulb) will scatter and may negatively impact the environment. In order to prevent such accidents, ABCS installed a bulb crusher, which safely processes bulky and fragile bulbs, and worked to cut transport costs by reducing its overall waste volume.



Bulb crusher: Using a triple-layer filter, this unit first separates glass, metal caps and other materials into collection receptacles, then turns mercury into an insoluble mercuric sulfide to recover it safely.



Bulbs are inserted into the opening of the crusher

Activities at PT. Akebono Brake Astra Indonesia (AAIJ)

PT. Tri Dharma Wisesa changed its corporate name to PT. Akebono Brake Astra Indonesia (AAIJ) in January 2011. The purpose of the corporate name change is to reflect the company's growth as a global company that contributes to the development of Indonesia while maintaining a strong alliance with Akebono Brake Industry Co., Ltd. and Astra International Tbk.



AAIJ Corporate Name Change Ceremony (February 11, 2011)



AAIJ associates and akebono president Hisataka Nobumoto

Overview of AAIJ

- 1981 PT. Tri Dharma Wisesa (TDW) founded
- 1996 akebono acquired a 30% capital stake in TDW
- 2006 akebono expanded its capital stake to 50% and included TDW into its scope of consolidation
- 2011 Corporate name changed to PT. Akebono Brake Astra Indonesia

PT. Akebono Brake Astra Indonesia (AAIJ)

Address:

Jl. Pegangsaan Dua Blok A1, Km. 1,
6 Kelapa Gading, Jakarta, Indonesia

Principal businesses:

Manufacturing and sales of drum
brakes, disc brakes (for motorcycles
and automobiles), pads and linings

Number of associates:

Approximately 1,400 (largest among
the Group production plants)



Promoting company spirit, AAIJ renovated its facilities for associates.



Completion ceremony for new facilities
(December 8, 2010)



Company cafeteria



Mosque



Shower stalls

AAIJ's Environmental Preservation and Social Contribution Activities

•Aluminum Recycling

AAIJ established a cascade recycling system wherein impure aluminum byproducts of the aluminum casting process are collected for reuse. Local community businesses process the collected material and make such items as fire extinguisher nozzles. Through this activity, AAIJ is creating job opportunities while contributing to the development of the local economy.

Cascade recycling: The secondary use of materials for another purpose once they have fulfilled their primary purpose



Aluminum recycling facilities

•Wastewater Recycling

AAIJ also recycles wastewater by filtering and conditioning it for reuse in cleaning, plant-watering and industrial applications.



AAIJ's wastewater recycling system

•Support Local Governments' Profit-Making Businesses

AAIJ outsources to local governments the cleaning of the plastic boxes it uses for product distribution and provides advice on how to increase profit and improve such operations. Profits made from these businesses are used for local community activities.



Boxes being cleaned

•Participation in Local Council

Together with neighboring companies, AAIJ participates in a local council every year to discuss methods of providing assistance to address problems in local communities. In June 2010, the relevant parties gathered to confirm local needs and identify support activities.



Local council meeting

•Food Aid

Every year, AAIJ donates food to poverty-stricken areas. In August 2010, AAIJ donated 1,000 boxes of food to local communities and 50 boxes to a child welfare facility as part of its efforts to fight poverty.



Food aid

•Scholarships for Children

With the aim of developing next-generation human resources, AAIJ offers a scholarship system for children, both those of its associates and those from local communities. In 2010, 38 elementary school students, 14 junior high school students and 12 senior high school students were chosen, and in September AAIJ held a ceremony to award scholarships to those students.



Scholarship award ceremony

•Safety and Health Activities

AAIJ proactively participates in local community safety and health activities. As part of such activities, in December 2010, AAIJ worked in tandem with local governments to disinfest the area in order to prevent and curb the spread of dengue fever, which has been rising in incidence in Southeast Asia.



Eradication of mosquitoes that transmit dengue fever

Financial Review

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

Financial Highlights

		2009	2010	2011
Fiscal year (billions of yen):	Net sales	159.6	130.6	216.6
	Operating income (loss)	(6.3)	4.7	11.4
	Net income (loss)	(16.3)	2.1	5.3
	Capital investment	17.8	5.4	5.1
	Depreciation and amortization	11.4	10.0	9.8
	Research and development	2.6	1.1	1.3
Year-end (billions of yen):	Total assets	155.4	164.1	186.0
	Net assets	32.2	49.1	54.6
	Associates (number)	6,405	6,984	7,659
Per share data (yen):	Net income (loss) per share—basic	(151.65)	17.80	39.75
	Cash dividends per share	5.00	5.00	10.00
Key financial indicator (%):	Return on equity (ROE)	(42.2)	5.8	11.6

Business Overview

Automotive disc brakes supplied by akebono have gained the overwhelming support of customers in Japan and around the world owing to their advanced safety features, reliability and noise, vibration and harshness (NVH) performance. Customers' safety and peace of mind are also supported by akebono's other advanced technologies, which include brakes for motorcycles and rolling stock-based transport, such as the bullet train. Furthermore, as a global supplier of brake friction materials, akebono is expanding its activities in the markets for forklifts and wind power generators. The Company is also making practical use of control analysis technologies for the development of sensors and construction quality certification testing equipment, leveraging its advances made in brake technology.

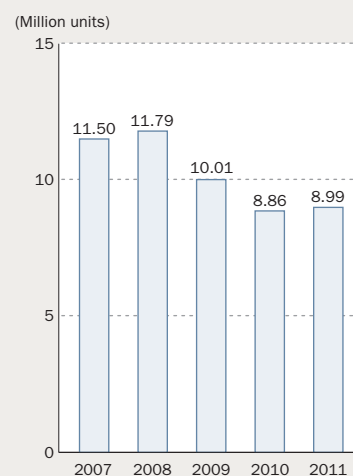
In line with akebono's Corporate Mission, the Company contributes to society through unique ideas and approaches based on its Corporate Goals and aims to establish a peerless position with an indispensable presence in a borderless society. akebono is also promoting fundamental structural reorganization,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

Business Environment and Operating Results

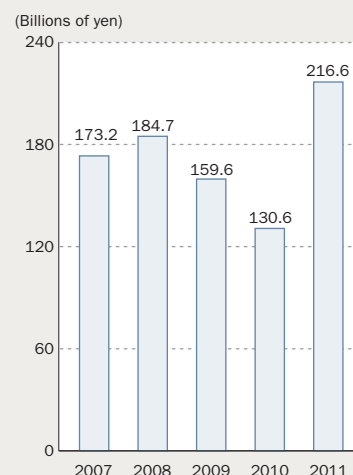
In fiscal 2010, ended March 31, 2010, the global economy continued to improve, with growth centered in China, India and other emerging countries in Asia. In the United States and Europe, there were signs of gradual economic recovery. Japan also saw signs of recovery as exports gained strength and production picked up thanks to brisk demand overseas, mainly in emerging nations, as well as various governmental economic stimulation policies. At the same time, there were a number of factors slowing the pace of economic growth in Japan, among them, the prices of goods increased in tandem with crude oil price hikes as the situation in the Middle East deteriorated and markets saw continued yen appreciation. Then, on March 11, 2011, toward the end of the fiscal year, the Great East Japan Earthquake struck, casting a large shadow over the future prospects of the Japanese economy.

Turning to the automobile industry, sales in Asia remained strong while moderately increasing year on year in North America. In Europe, despite signs of gradual recovery, economic uncertainty lingers, reflecting large disparities in the economies of EU countries.

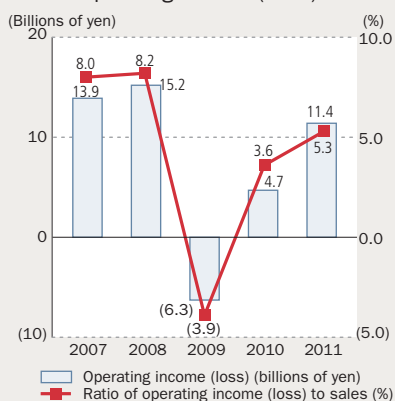
Number of Vehicles Produced in Japan



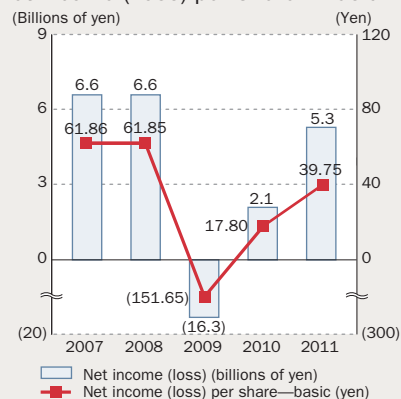
Net Sales



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



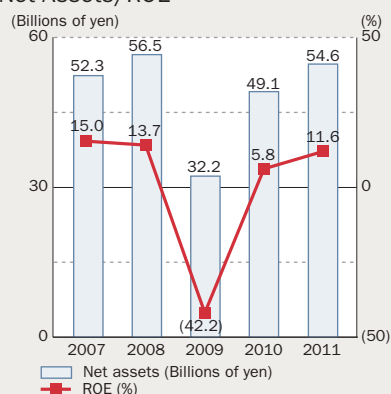
Net Income (Loss)/ Net Income (Loss) per Share—Basic



Total Assets/Net Equity Ratio



Net Assets/ROE



In Japan, automotive production has largely declined since October 2010 due to the termination of the eco-car subsidy in September 2010. Nevertheless, the industry was able to maintain production volume at a certain level until March 11, 2011, thanks to an increase in exports. However, since March 12, 2011, domestic automotive manufacturers have been forced to cease or largely cut back production.

Despite profound economic fluctuations over the course of the fiscal year under review and regional disparities, the Company recorded a substantial increase in net sales (up 65.8% from the previous fiscal year) to ¥216.6 billion, owing to favorable conditions in the period from April 2010 through February 2011 as compared with the same period a year earlier. Reflecting this, operating income jumped 144.3% year on year to ¥11.4 billion and net income surged 155.5% to ¥5.3 billion, due to the significant increase in revenue.

Segment Results (Net Sales and Operating Income)

● Japan

Despite the decrease in automotive sales due to the termination of the eco-car subsidy and the impact of the Great East Japan Earthquake, the solid increase in demand for export models served as a positive factor. As a result, net sales rose 12.1% from the previous fiscal year to ¥93.1 billion, while operating income surged 110.9% to ¥7.1 billion. During the fiscal year under review, the Company recorded an extraordinary loss on earthquake disaster of ¥1.3 billion. (For details, please see the Notes to Consolidated Financial Statements, page 33.)

● United States

Net sales jumped 199.0% from the previous fiscal year to ¥107.0 billion. This was owing to an increase in orders at the Company's existing production facilities and the recording of a full year of results since the acquisition of the brake business of Robert Bosch L.L.C. at the end of December 2009. On the earnings front, however, an extraordinary cost was incurred due to a production transfer from a former Bosch plant. As a result, operating income stood at ¥0.4 billion, a turnaround from an operating loss of ¥1.1 billion in the previous fiscal year. As of the fiscal 2009 year-end, the reversal of provision incurred from transfer of business applied to foreign subsidiaries* was the more-than-expected amount of ¥5.9 billion. This was due to the unexpectedly large volume of orders for unprofitable products that was included in the business acquisition agreement with Robert Bosch.

* "Provision incurred from transfer of business applied to foreign subsidiaries" is recorded under long-term liabilities in the consolidated balance sheets as an anticipated operating loss following the completion of the business transfer from Robert Bosch.

● Europe

Net sales grew 5.0% year on year to ¥4.4 billion during the fiscal year under review. The Company recorded an operating loss of ¥0.03 billion due to the raw material price hike, a turnaround from operating income of ¥0.04 billion in the previous fiscal year.

● China

Owing to an increase in orders from Japanese automotive manufacturers, net sales climbed 42.7% year on year to ¥5.1 billion, while operating income surged 48.8% to ¥0.8 billion.

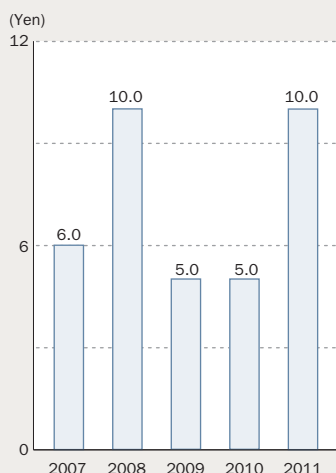
● Thailand

In addition to disc brakes, the production of brake pads also got on track, resulting in a strong increase in orders. Accordingly, net sales jumped 41.0% year on year to ¥3.3 billion, while operating income skyrocketed 374.6% to ¥0.4 billion.

● Indonesia

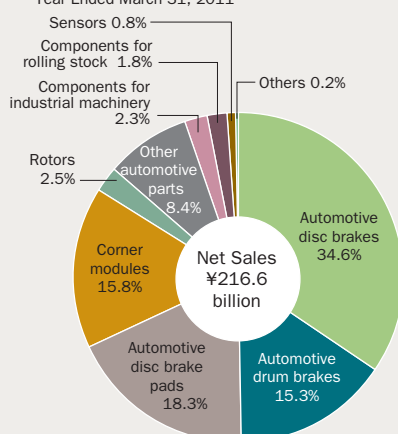
Net sales grew 32.1% from the previous fiscal year to ¥14.2 billion and operating income increased 58.5% to ¥2.5 billion. This was attributable to a favorable increase in orders from Japanese motorcycle and automotive makers.

Cash Dividends per Share



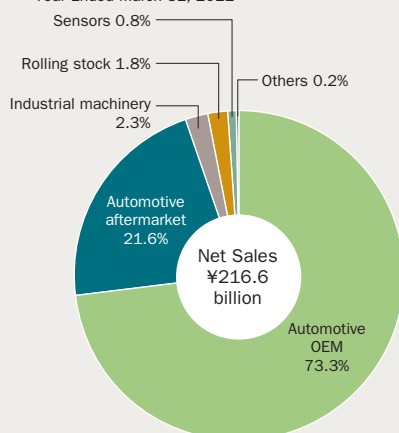
Sales Ratio by Product

Year Ended March 31, 2011



Sales Ratio by Business

Year Ended March 31, 2011



Financial Position

Assets, Liabilities and Net Assets

Total assets as of March 31, 2011 increased ¥21.8 billion year on year to ¥186.0 billion. Major factors contributing to this result included a ¥9.9 billion increase in cash and deposits; a ¥6.4 billion increase in notes and accounts receivable—trade due to the increase in sales from the new business acquisition in North America; and a ¥9.5 billion increase in short-term investment securities. Noncurrent assets decreased ¥6.0 billion to ¥85.0 billion, due mainly to a ¥7.9 billion decline in property, plant and equipment. Total liabilities grew ¥16.3 billion to ¥131.4 billion. This was largely attributable to a ¥15.0 billion increase in bonds payable; a ¥6.4 billion increase in notes and accounts payable—trade due to an increase in essential purchases following the business acquisition in North America; and a ¥5.9 billion decrease in provision incurred from transfer of business applied to foreign subsidiaries. Net interest-bearing liabilities, that is, interest-bearing liabilities (¥83.9 billion), less cash and deposits and short-term investment securities, amounted to ¥36.9 billion. Equity rose ¥5.5 billion year on year to ¥54.6 billion, mainly reflecting a ¥3.9 billion increase in retained earnings and a ¥2.1 billion increase in minority interests due to Akebono Brake Industrial Machinery & Rolling Stock Component Sales Co., Ltd.'s implementation of a third-party allocation of shares during the fiscal year under review.

Cash Flows

Cash and cash equivalents as of March 31, 2011 amounted to ¥38.5 billion, up ¥16.9 billion from a year earlier. Net cash provided by operating activities was ¥7.4 billion. The principal components included income before income taxes of ¥8.5 billion, depreciation and amortization of ¥9.8 billion, a decrease in provision for retirement benefits of ¥2.8 billion and an increase in inventories of ¥2.2 billion. Net cash used in investing activities fell to ¥8.6 billion. The major contributor to the decrease was a ¥4.0 billion turnaround from a net outflow in the previous fiscal year due to the purchase of marketable securities for the purpose of asset management to a net inflow in the form of proceeds from the redemption of securities. Net cash provided by financing activities was ¥18.2 billion, due mainly to proceeds from issuance of bonds of ¥14.9 billion.

Discussions with Robert Bosch GmbH regarding the Foundation Brake Business

During the year under review, Robert Bosch GmbH approached akebono Brake with a request for further study into the feasibility of the Company acquiring Bosch's foundation brake business outside North America (Europe, Asia, Australia and Latin America). After the necessary due diligence procedures and discussions, the Company declined to go through with the acquisition, announcing on March 4, 2011, that it had decided not to proceed with this project.

Fiscal 2011 Forecasts

(Billions of yen)

	Japan	North America	Europe	Asia	Consolidated elimination	Consolidated total
Net sales	93.5	98.0	5.0	20.8	(9.3)	208.0
Operating income	7.2	(4.0)	0.0	3.7	0.1	7.0

Segment Information

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

Japan

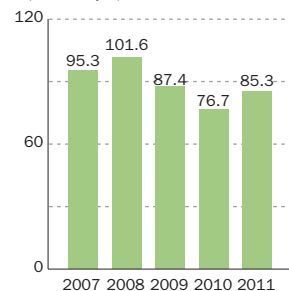
Ratio of Net Sales
(%)



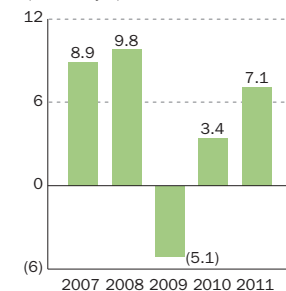
39.4%

Year Ended March 31, 2011

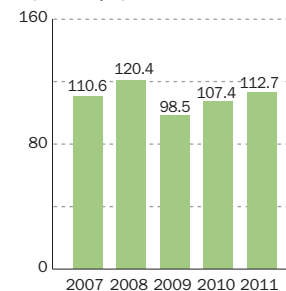
Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



United States

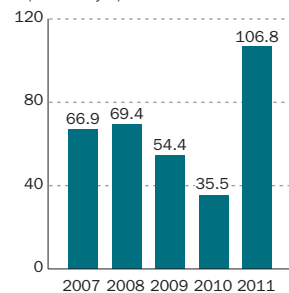
Ratio of Net Sales
(%)



49.3%

Year Ended March 31, 2011

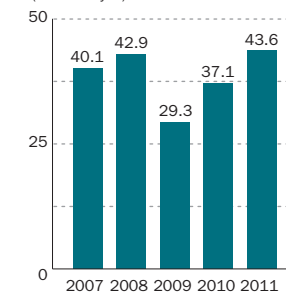
Net Sales
(Billions of yen)



Operating Income (Loss)
(Billions of yen)



Total Assets
(Billions of yen)



Europe

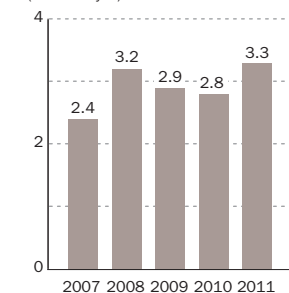
Ratio of Net Sales
(%)



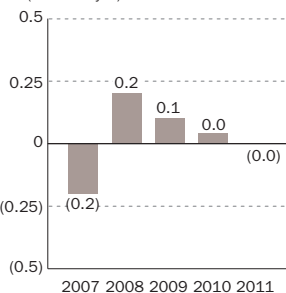
1.5%

Year Ended March 31, 2011

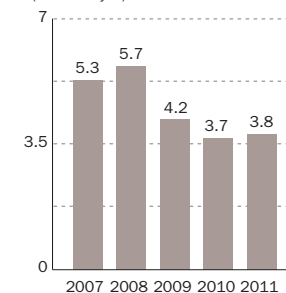
Net Sales
(Billions of yen)



Operating (Loss) Income
(Billions of yen)



Total Assets
(Billions of yen)



Asia

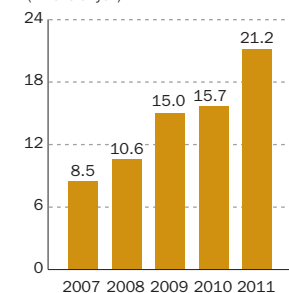
Ratio of Net Sales
(%)



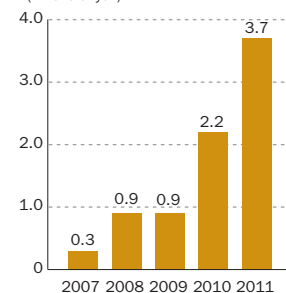
9.8%

Year Ended March 31, 2011

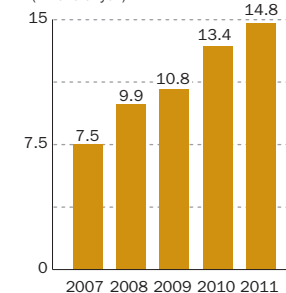
Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Total Assets
(Billions of yen)



[About Segment Information]

Net sales and operating income do not include inter-segment sales/transactions. Data for the year ended March 31, 2011, for Asia is a graphically visualized sum of data for China, Thailand and Indonesia as presented in the Notes to Consolidated Financial Statements, 5. Segment Information, on page 34.

Fiscal 2010 R&D by Region

“Friction and Vibration, their Control and Analysis,” is not merely akebono’s Corporate Mission, it refers to the basis of the Company’s core technologies. akebono constantly leverages its competencies to develop new friction materials and next-generation brakes that make possible an array of brake-related products for automobiles and other means of transportation. Stepping up its focus on basic technologies and deepening the analysis essential to product development, akebono is augmenting its R&D investment and R&D structure. In addition, further deepening its knowledge about noise and vibration, akebono aims to reinforce its lineup of standardized, low-cost brakes and to establish environment-friendly technologies for lighter weight, electro-mechanical brakes that can be used in hybrid electric vehicles (HEVs) and electric vehicles (EVs) as well as technologies that meet various demands associated with products used in high-performance vehicles and products distributed in emerging countries. Details of R&D activities in each region are as follows.

Japan

akebono is progressing in its efforts to develop high-performance, low-cost friction materials responsive to both market and customer needs. In its endeavors to develop high-quality products, akebono focuses on high-performance, cost-competitive brake pads for passenger cars using environment-friendly, safe materials that realize excellent performance with regard to noise and vibration and that minimize wheel dust. 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 brake mechanisms, we apply our efforts to improving performance and lowering costs. These efforts have been recognized by customers, who offer high praise for our opposed-type disk 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 development of environment-friendly products, 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.

United States

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. We also develop brake mechanisms for such vehicles and are proactively engaged in the mass production of lightweight aluminum alloy disk brakes. Furthermore, we mass produce rotors and drums for various vehicle types, and

develop lightweight products with excellent performance with regard to noise and vibration, using brake modules.

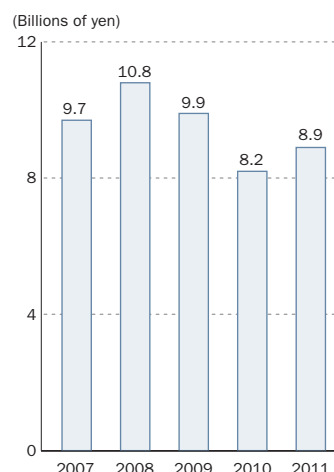
Europe

Our European operations specialize in developing friction materials, and akebono conducts R&D that responds 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 for 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. As a result, our products are gradually gaining greater acceptance among European manufacturers. In addition to our existing development base in France, we established a local agency with a development function in Germany to carry out 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.

China

Looking to develop low-cost brakes mainly for Asian, principally the Chinese, markets, we collect information on local needs through market surveys conducted by visiting local sites to see real products in real-life situations. Utilizing the results of these efforts, we have established a development center in China for the purpose of conducting all-new development activities that are not limited by Japanese preconceptions. We also began developing low-cost pads that meet local demands for friction materials. For the development of brake mechanisms, we are focusing on the reduction of product weight, enhancement of performance in terms of noise and vibration, and improvement of cost-competitiveness.

Total R&D-Related Expenditures*
Years Ended March 31



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

Corporate Governance and Internal Control System

Basic Approach to Corporate Governance and Implementation Status

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

akebono has put in place a Board of Auditors 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 deliberation as the Management Council and the Technology Council with the purpose of providing timely and correct judgments through deliberation. 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

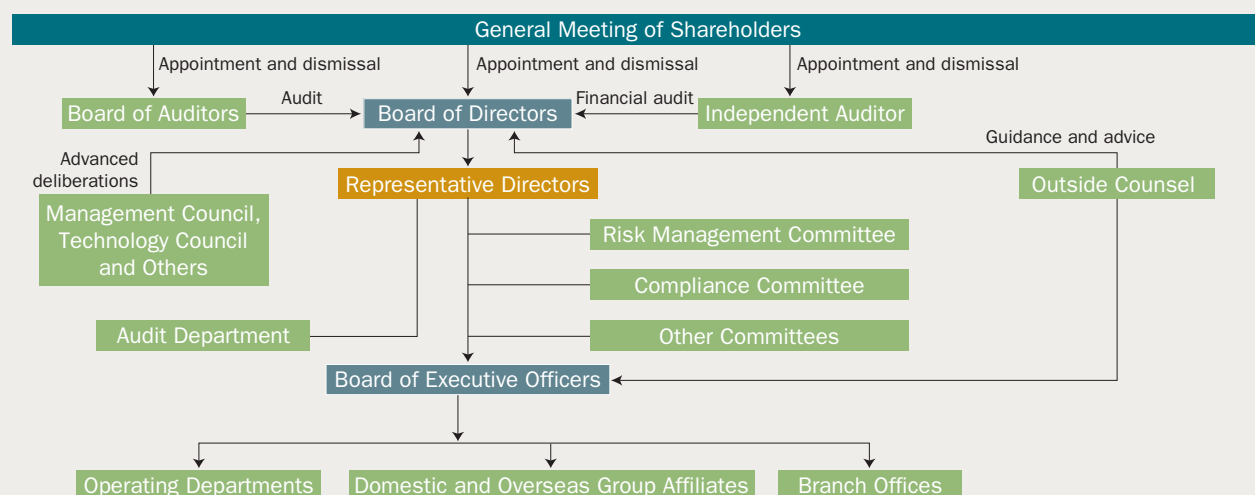
Dr. Kunio Ito, based on his broad knowledge and vast academic experience, and Mr. Takuo Tsurushima, who is a highly experienced and knowledgeable business manager. Of the 15 Board of Directors' meetings held in fiscal 2010, Dr. Ito attended 13, while Mr. Tsurushima was present for each one.

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 the 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. As for our Groupwide efforts in fiscal 2010, we identified six priority categories, including HR, quality, technology, market, overseas businesses and procurement, in addition to six other risk categories, namely, information control, environment, compliance, crisis management, intellectual property and exchange rate fluctuation. 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. In fiscal 2011, we identified 12 categories where the Groupwide efforts should be taken, namely, HR, quality, technology, market changes, overseas businesses, procurement, disaster, compliance, information control, environment, intellectual property and post manager integration (PMI).

Risk Management Structure



Maintaining a Compliance Structure

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

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

To prevent problems before they occur, through early detection and early resolution, akebono established internal and external consultation services to deal with the questions and complaints of associates. The services handle inquiries from all those working for the Group, including contract workers. Consultation services have been outsourced to an external organization that specializes in corporate ethics and sexual harassment/human relationship 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 2010, the external consultation organization handled a total of 22 cases, 10 of which involved corporate ethics, with the remaining 12 involving sexual harassment/human relations. The Compliance Committee is mainly responsible for investigating these queries and implementing remedial measures. Every year the Compliance Committee conducts hearings for associates. In fiscal 2010, hearings were held for a total of 194

associates, including those from Group companies. Hearing results are reflected as business operation improvements.

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 associates. Furthermore, in view of the recent increase in the number of people arrested on charges of violating rules regarding insider trading, akebono focused on countermeasures against insider trading and conducted training seminars in fiscal 2010.

Information Security Activities

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

akebono—Striving Toward True Globalization

● 2010

April–June

- Akebono Brake Industry Co., Ltd. absorbed Akebono Tec Corporation and Akebono Management Service Co., Ltd.
- The medium-term management plan “akebono New Frontier 30 Rolling Plan 2010” announced
- The first APS open seminar held
- akebono president Hisataka Nobumoto reappointed as the Chair of the Japan Auto Parts Industries Association (JAPIA)



President Nobumoto at a Press Conference (May 25)

- Toyota LEXUS LFA team, to which akebono provides calipers and pads, won the SP8 class at the 24 Hours Nürburgring endurance race



LEXUS LFA equipped with akebono's calipers and pads (May 15, 16)

- The F1 Vodafone McLaren Mercedes team drivers Lewis Hamilton and Jenson Button took home the first and second prizes, respectively, in both the 2010 Formula 1 Turkish Grand Prix and 2010 Formula 1 Canada Grand Prix



Jubilant Lewis Hamilton and Jenson Button on the podium (June 13)

July–September

- Summer festivals were held at akebono Group facilities throughout Japan



First summer festival in two years

- “Bring Your Family to Work Day” held at akebono Group facilities throughout Japan



Many family members participated in this event aimed at deepening understanding about what it is like to work at akebono

- Two-month overseas training for second-year associates
- Participation in 2010 Paris Motor Show (France)



In addition to F1 race cars, akebono exhibited super environment-friendly products, including electro mechanically actuated brakes, lightweight calipers and ceramic pads, in its booth (September 30 – October 17)

October–December

- Received a Best Performance Award from Nissan Motor Co., Ltd. for the third consecutive year
- Exhibited at Messe Nagoya 2010 (October 27 – 30)

2011

January–March

● Five McLaren people, including its Engineering Director, visited the Global Head Office to hold a special seminar

The top management of McLaren Racing engineering division visited akebono's Global Head Office in Nihonbashi on October 11, the day after the Formula 1 Japan Grand Prix, to hold a special seminar. At the seminar, they talked about partnership, mainly how akebono brakes' high performance and reliability contribute to the team's performance.



151 akebono associates from across Japan participated in the special seminar (October 11)

● LET'Z All akebono Session 2010 Autumn

With ACW's second floor serving as the main venue, the LET'Z All akebono Session 2010 Autumn welcomed more than 800 participants from 18 facilities. "akebono daiko," a Japanese drum performance kicked off the event, which included reporting on latest management situation, presentations on actions and achievements, and a panel discussion. The panel discussion on the theme of "communication" saw an active exchange of ideas.



A number of ideas were raised at the panel discussion, including "it is important to share the purposes of communication" (November 13)

■ Exhibited at the "HV-EV Eco Seibi Forum 2010" (Osaka City)



akebono booth (November 16, 17)

■ akebono president Hisataka Nobumoto participated in the Tokyo General Assembly of the Franco-Japonais Club

■ The 37th akebono Engineering meeting was held (December 2)

■ Arranged a facility tour for the third task force team of the manufacturing department of the practical business study group, a subsidiary organization of the Japan Corporate Auditors Association



Inspection tour at the Monozukuri Dojo (December 3)

■ akebono carried out a seismic simulation on December 15 [p.5]

■ PT. Tri Dharma Wisesa changed its corporate name to PT. Akebono Brake Astra Indonesia (AAIJ) [p.16]



AAIJ corporate name change ceremony (February 11)

■ Coming of Age ceremonies held at akebono facilities throughout Japan

■ akebono continues to provide brakes to the F1 Vodafone McLaren Mercedes team for 2011



Vodafone McLaren Mercedes MP4-26

■ AKEBONO REPORT 2010 received the "Excellence Award" in the Sustainability Report category, the 14th Environmental and Sustainability Report Awards (sponsored by TOYO KEIZAI INC.)

■ Toyota Motor Corporation "Superior" Quality Performance Award received



"Superior" Quality Performance Award received for the sixth consecutive year (February 25)

Eleven-Year Financial Summary

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

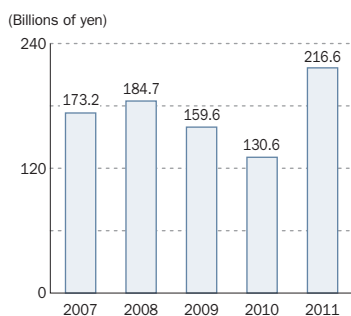
	Billions of yen			
	2001	2002	2003	2004
Net sales	¥ 126.4	¥126.7	¥ 126.6	¥141.4
Gross profit	21.6	21.9	25.0	28.4
Ratio of gross profit to sales (%)	17.0	17.3	19.7	20.1
Selling, general and administrative expenses	15.7	16.4	16.5	18.4
Ratio of selling, general and administrative expenses to sales (%)	12.4	12.9	13.0	13.1
Operating income (loss)	5.9	5.6	8.5	9.9
Ratio of operating income (loss) to sales (%)	4.6	4.4	6.7	7.0
Net income (loss)	(1.4)	0.1	(6.3)	4.6
Ratio of net income (loss) to sales (%)	(1.1)	0.1	(5.0)	3.2
Return on assets (ROA) (%)	(1.1)	0.1	(4.4)	3.4
Return on equity (ROE) (%)	(9.1)	0.6	(35.5)	25.8
Capital investment	7.8	15.4	7.6	6.3
Depreciation and amortization	7.7	7.4	6.9	6.3
Cash flow from operating activities	9.2	12.3	8.0	17.8
Cash flow from investing activities	(4.6)	(11.0)	(4.0)	(4.3)
Cash flow from financing activities	(7.1)	(0.7)	(2.8)	(13.3)

	Thousands			
Number of outstanding shares at the end of period (including treasury stock)	94,010	94,019	94,019	95,508

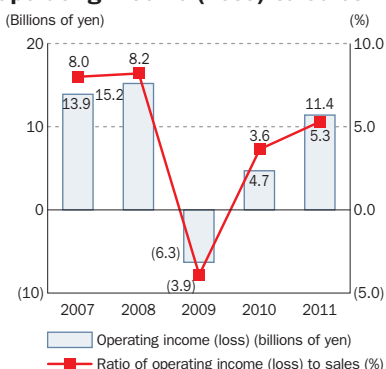
	Yen			
Net income (loss) per share—basic	¥(14.54)	¥ 1.05	¥(67.25)	¥48.50
Cash dividends per share	2.00	1.00	1.00	4.00

	Billions of yen			
Total assets	¥ 129.5	¥141.2	¥ 143.2	¥126.6
Balance of interest-bearing liabilities	69.5	71.9	63.8	51.4
Debt on equity ratio	4.8	3.4	4.4	2.4
Net equity (Equity minus minority interests minus stock subscription rights)	14.5	21.1	14.5	21.0
Net equity ratio (%)	11.2	14.9	10.1	16.6

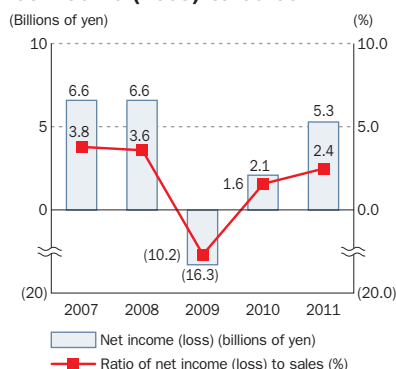
Net Sales



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



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



Billions of yen

2005	2006	2007	2008	2009	2010	2011
¥132.8	¥142.3	¥173.2	¥184.7	¥ 159.6	¥ 130.6	¥ 216.6
26.0	30.9	35.1	36.6	14.6	19.8	30.4
19.6	21.7	20.3	19.8	9.2	15.2	14.0
16.2	19.1	21.3	21.4	20.9	15.1	19.0
12.2	13.5	12.3	11.6	13.1	11.6	8.8
9.8	11.7	13.9	15.2	(6.3)	4.7	11.4
7.4	8.2	8.0	8.2	(3.9)	3.6	5.3
5.2	5.9	6.6	6.6	(16.3)	2.1	5.3
3.9	4.1	3.8	3.6	(10.2)	1.6	2.4
4.2	4.3	4.3	4.2	(10.6)	1.3	3.0
21.7	17.2	15.0	13.7	(42.2)	5.8	11.6
5.8	8.2	8.9	14.9	17.8	5.4	5.1
7.4	7.6	9.3	9.9	11.4	10.0	9.8
14.0	12.2	10.8	15.1	4.2	3.2	7.4
(3.7)	(11.9)	(9.1)	(16.0)	(13.6)	(13.4)	(8.6)
(9.4)	(3.2)	(3.3)	0.1	38.6	(0.0)	18.2

Thousands

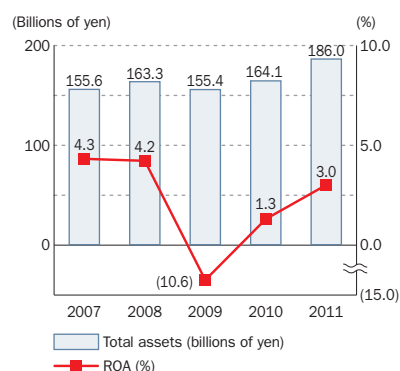
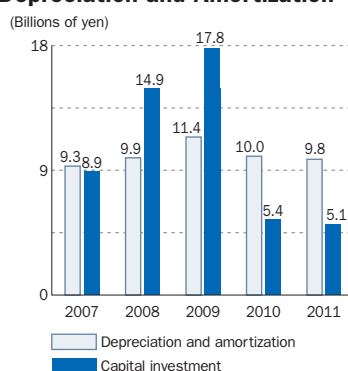
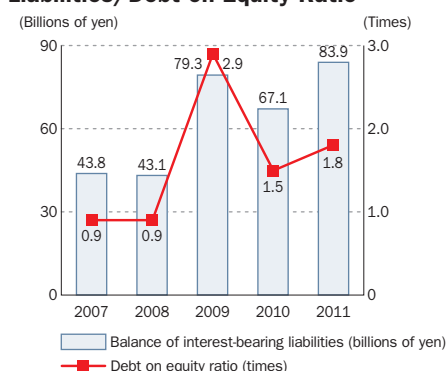
97,508	110,816	110,992	110,992	110,992	135,992	135,992
¥54.29	¥56.60	¥61.86	¥61.85	¥(151.65)	¥ 17.80	¥ 39.75
6.00	6.00	6.00	10.00	5.00	5.00	10.00

Yen

Billions of yen

¥122.2	¥150.1	¥155.6	¥163.3	¥ 155.4	¥ 164.1	¥ 186.0
43.0	45.4	43.8	43.1	79.3	67.1	83.9
1.6	1.1	0.9	0.9	2.9	1.5	1.8
27.2	41.0	47.3	49.8	27.4	43.8	47.1
22.3	27.3	30.4	30.5	17.6	26.7	25.4

Total Assets/ROA

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

Consolidated Balance Sheets

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
ASSETS			
Current assets:	¥100,958	¥ 73,144	\$1,216,361
Cash and deposits	26,661	16,754	321,216
Notes and accounts receivable – trade	33,035	26,624	398,012
Short-term investment securities	20,300	10,800	244,578
Merchandise and finished goods	3,571	4,699	43,024
Work in process	1,916	1,587	23,084
Raw materials and supplies	8,049	6,077	96,975
Accounts receivable – other	3,630	3,405	43,734
Deferred tax assets	2,443	1,983	29,433
Other	1,374	1,237	16,554
Allowance for doubtful accounts	(21)	(22)	(253)
Noncurrent assets:	84,994	90,976	1,024,024
Property, plant and equipment	65,735	73,605	791,987
Buildings and structures	16,283	18,080	196,180
Machinery, equipment and vehicles	22,740	28,173	273,975
Land	21,396	21,498	257,783
Construction in progress	3,989	4,478	48,060
Other	1,326	1,376	15,975
Intangible assets	1,813	1,315	21,843
Investments and other assets	17,446	16,055	210,192
Investment securities	11,184	9,199	134,746
Deferred tax assets	5,535	6,150	66,686
Other	812	804	9,783
Allowance for doubtful accounts	(86)	(98)	(1,036)
Total assets	¥185,952	¥164,120	\$2,240,385

See accompanying Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
LIABILITIES AND EQUITY			
Current liabilities:	¥ 59,942	¥ 38,313	\$ 722,192
Notes and accounts payable – trade	22,988	16,553	276,963
Short-term loans payable	8,059	6,742	97,096
Current portion of bonds	—	100	—
Current portion of long-term loans payable	15,435	4,568	185,963
Income taxes payable	871	560	10,493
Accrued expenses	4,827	4,765	58,156
Deferred tax liabilities	—	32	—
Provision for bonuses	2,072	1,877	24,963
Provision for loss on earthquake disaster	515	—	6,204
Provision for business structure improvement	—	410	—
Notes payable – facilities	455	233	5,481
Provision incurred from transfer of business applied to foreign subsidiaries	1,699	—	20,469
Other	3,020	2,473	36,385
Noncurrent liabilities:	71,438	76,721	860,698
Bonds payable	15,000	—	180,722
Long-term loans payable	45,301	55,610	545,795
Long-term accounts payable – other	1,302	2,058	15,686
Provision for retirement benefits	3,821	5,908	46,036
Provision for director's retirement benefits	28	165	337
Deferred tax liabilities	1,581	909	19,048
Deferred tax liabilities for land revaluation	4,268	4,268	51,421
Provision incurred from transfer of business applied to foreign subsidiaries	—	7,615	—
Other	136	188	1,638
Total liabilities	131,380	115,034	1,582,891
Equity:	54,573	49,086	657,506
Shareholders' equity:	44,438	40,445	535,397
Common stock	19,939	19,939	240,228
Capital surplus	14,244	14,248	171,614
Retained earnings	12,602	8,661	151,831
Treasury stock	(2,348)	(2,404)	(28,289)
Accumulated other comprehensive income:	2,711	3,349	32,662
Valuation difference on available-for-sale securities	1,539	771	18,542
Revaluation reserve for land	5,882	5,882	70,867
Foreign currency translation adjustment	(4,710)	(3,303)	(56,746)
Subscription rights to shares	283	234	3,409
Minority interests	7,141	5,058	86,036
Total liabilities and equity	¥185,952	¥164,120	\$2,240,385

Consolidated Statements of Income and Comprehensive Income

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2011 and 2010

Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Net sales	¥216,574	¥130,604	\$2,609,325
Cost of sales	186,208	110,801	2,243,469
Gross profit	30,366	19,803	365,855
Selling, general and administrative expenses	18,974	15,140	228,602
Operating income	11,392	4,663	137,253
Other income	481	552	5,795
Interest income	87	123	1,048
Dividend income	113	75	1,361
Equity in earnings of affiliates	3	9	36
Subsidy for employment adjustment	—	72	—
Other	279	273	3,361
Other expenses	2,135	2,545	25,722
Interest expense	1,195	1,365	14,397
Foreign exchange loss	281	133	3,385
Depreciation	226	259	2,722
Product warranty expenses	139	206	1,674
Other	293	582	3,530
Ordinary income	9,738	2,670	117,325
Extraordinary income	452	897	5,445
Gain on sales of noncurrent assets	10	17	120
Gain on change in equity	336	—	4,048
Subsidy	66	123	795
Reversal of provision for business structure improvement	40	313	481
Gain on negative goodwill	—	371	—
Gain on abolishment of retirement pension plan	—	73	—
Gain on sales of investment securities	—	1	—
Extraordinary loss	1,709	889	20,590
Loss on sales and retirement of noncurrent assets	326	403	3,927
Impairment loss	131	376	1,578
Loss on earthquake disaster	1,252	—	15,084
Loss on valuation of investment securities	—	4	—
Contribution for withdrawal from employees' pension fund of subsidiaries	—	62	—
Other	—	43	—
Income before income taxes	8,482	2,678	102,192
Income taxes – current	1,265	676	15,240
Refund of income taxes	—	(668)	—
Income taxes – deferred	384	228	4,626
Income before minority interests	6,833	—	82,325
Minority interests in income	1,568	382	18,891
Net income	¥ 5,265	¥ 2,061	\$ 63,433

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Income before minority interests	¥ 6,833	—	\$ 82,325
Other comprehensive income	768	—	9,253
Valuation difference on available-for-sale securities	(1,841)	—	(22,180)
Foreign currency translation adjustment	(1,073)	—	(12,927)
Total other comprehensive income	5,760	—	69,397
Comprehensive income	5,760	—	69,397
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	4,627	—	55,746
Comprehensive income attributable to minority interests	1,134	—	13,662

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, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Shareholder's equity			
Capital stock			
Balance at the end of previous period	¥ 19,939	¥ 13,578	\$ 240,228
Issuance during the period	—	6,362	—
Balance at the end of period	19,939	19,939	240,228
Capital surplus			
Balance at the end of previous period	14,248	7,883	171,662
Issuance during the period	—	6,362	—
Disposal of treasury stock	(3)	3	(36)
Balance at the end of period	14,244	14,248	171,614
Retained earnings			
Balance at the end of previous period	8,661	6,601	104,349
Dividends from surplus	(1,325)	—	(15,963)
Net income	5,265	2,061	63,433
Balance at the end of period	12,602	8,661	151,831
Treasury stock			
Balance at the end of previous period	(2,404)	(2,445)	(28,963)
Purchases of treasury stock	(1)	(2)	(12)
Disposal of treasury stock	57	43	686
Balance at the end of period	(2,348)	(2,404)	(28,289)
Total shareholders' equity	44,438	40,445	535,397
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the end of previous period	771	(503)	9,289
Total changes of items during the period	768	1,273	9,253
Balance at the end of period	1,539	771	18,542
Revaluation reserve for land			
Balance at the end of previous period	5,882	5,882	70,867
Balance at the end of period	5,882	5,882	70,867
Foreign currency translation adjustment			
Balance at the end of previous period	(3,303)	(3,643)	(39,795)
Total changes of items during the period	(1,407)	339	(16,951)
Balance at the end of period	(4,710)	(3,303)	(56,746)
Total accumulated other comprehensive income	2,711	3,349	32,662
Subscription rights to shares			
Balance at the end of previous period	234	268	2,819
Total changes of items during the period	49	(34)	590
Balance at the end of period	283	234	3,409
Minority interests			
Balance at the end of previous period	5,058	4,597	60,939
Total changes of items during the period	2,083	461	25,096
Balance at the end of period	7,141	5,058	86,036
Total net assets	¥ 54,573	¥ 49,086	\$ 657,506

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Cash flow from operating activities:			
Income before income taxes	¥ 8,482	¥ 2,678	\$ 102,192
Depreciation and amortization	9,821	10,037	118,325
Impairment loss	131	376	1,578
Increase (decrease) in allowance for doubtful accounts	(12)	(18)	(144)
Increase (decrease) in provision for retirement benefits	(2,784)	(2,204)	(33,542)
Increase (decrease) in provision for business structure improvement	(410)	(2,859)	(4,939)
Interest and dividend income	(200)	(198)	(2,409)
Equity in (earnings) losses of affiliates	(3)	(9)	(36)
Interest expense	1,195	1,365	14,397
Loss (gain) on sales and retirement of noncurrent assets	315	386	3,795
Loss (gain) on sales of investment securities	—	(1)	—
Loss (gain) on valuation of investment securities	—	4	—
Decrease (increase) in notes and accounts receivable – trade	(7,939)	(8,931)	(95,650)
Decrease (increase) in inventories	(2,213)	173	(26,662)
Increase (decrease) in notes and accounts payable – trade	7,448	2,207	89,734
Other	(4,098)	1,808	(49,373)
Sub-total	9,733	4,817	117,265
Interest and dividend income received	200	198	2,409
Interest expense paid	(1,170)	(1,378)	(14,096)
Income taxes paid	(1,329)	(1,551)	(16,012)
Income tax refund	—	1,101	—
Net cash provided by operating activities	7,433	3,187	89,554
Cash flow from investing activities:			
Purchase of marketable securities	(6,000)	(9,000)	(72,289)
Proceeds from redemption of securities	7,000	6,000	84,337
Payments into time deposits	(14,504)	(12,297)	(174,746)
Proceeds from withdrawal of time deposits	11,006	9,295	132,602
Purchases of property, plant and equipment	(4,464)	(5,152)	(53,783)
Proceeds from sales of property, plant and equipment	276	89	3,325
Proceeds from sales of intangible assets	(684)	(210)	(8,240)
Purchases of investment securities	(704)	(1,090)	(8,481)
Proceeds from sales of investment securities	—	1	—
Payment for transfer of business	(405)	(1,114)	(4,879)
Other	(75)	104	(903)
Net cash used in investing activities	(8,555)	(13,374)	(103,072)
Cash flow from financing activities:			
Net increase (decrease) in short-term loans payable	2,090	(10,146)	25,180
Net increase (decrease) in short-term bonds payable	—	(9,984)	—
Proceeds from long-term loans payable	6,154	12,313	74,144
Repayments of long-term loans payable	(4,607)	(4,490)	(55,506)
Repayments of finance lease obligations	—	(97)	—
Proceeds from issuance of bonds	14,928	—	179,855
Repayments of bonds	(100)	(200)	(1,204)
Proceeds from issuance of common stock	—	12,656	—
Cash dividends paid	(1,321)	(4)	(15,915)
Cash dividends paid to minority shareholders	(217)	(67)	(2,614)
Proceeds from stock issuance to minority shareholders	1,295	—	15,602
Decrease (increase) in treasury stock	(1)	10	(12)
Other	(19)	(22)	(228)
Net cash provided by (used in) financing activities	18,203	(32)	219,313
Variance due to exchange of cash and cash equivalents:	(172)	148	(2,072)
Increase in cash and cash equivalents:	16,909	(10,072)	203,722
Cash and cash equivalents—beginning of year:	21,552	31,625	259,662
Cash and cash equivalents—end of period (Note 4):	¥ 38,461	¥ 21,552	\$ 463,385

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2011 and 2010

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 ¥83 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, 2011. 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, 2011 include the accounts of the Company and its 31 significant (33 in the fiscal year ended March 31, 2010) subsidiaries (together, the "Group"). Under the controlling company accounting method, companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. During the fiscal year ended March 31, 2011, Akebono Tec Corporation and Akebono Management Service Co., Ltd. were removed from the scope of consolidation following a short-form merger into the Company.

An investment in one associated company (one in the fiscal year ended March 31, 2010) 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. Matters Related to Consolidated Statements of Income

Loss on earthquake disaster

The Company recorded a ¥1,252 million loss on earthquake disaster, including an impairment loss on property, plant and equipment and restoration costs totaling ¥886 million and fixed costs due to the temporary shutdown of plants amounting to ¥111 million. Of this total, ¥515 million is a provision for loss on earthquake disaster.

4. Reconciliation between Consolidated Statements of Cash Flows and Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Cash and deposits	¥ 26,661	¥ 16,754	\$ 321,216
Certificate of deposit included in marketable securities	20,300	10,800	244,578
Time deposits (certificate of deposit) with maturity over three months	(8,500)	(6,002)	(102,409)
Cash and cash equivalents – end of period	¥ 38,461	¥ 21,552	\$ 463,385

5. Per share information

	Yen		U.S. Dollars
	2011	2010	2011
Per share of common stock:			
Basic net income	¥ 39.75	¥ 17.80	\$ 0.47
Diluted net income	39.61	17.76	0.47
Cash dividends applicable to the year	10.00	5.00	0.12

5. Segment Information

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

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

	Thousands of U.S. Dollars								
	Segment						Total	Adjustment	Consolidated total
	Japan	United States	Europe	China	Thailand	Indonesia			
	2011								
Sales to customers	\$1,027,144	\$1,286,481	\$40,096	\$61,433	\$37,710	\$156,445	\$2,609,325	\$ —	\$2,609,325
Intercompany sales/ transactions	94,963	3,072	13,349	84	1,698	14,674	127,855	(127,855)	—
Total revenue	\$1,122,108	\$1,289,554	\$53,445	\$61,530	\$39,409	\$171,132	\$2,737,180	\$ (127,855)	\$2,609,325
Operating income (loss)	\$ 85,506	\$ 5,012	\$ (337)	\$ 9,963	\$ 5,012	\$ 30,120	\$ 135,289	\$ 1,963	\$ 137,253
Total assets	\$1,357,253	\$ 525,337	\$45,313	\$53,915	\$32,566	\$ 91,566	\$2,105,939	\$ 134,445	\$2,240,385

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

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

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

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

3. The value of the U.S. dollar is, purely for the sake of convenience, calculated using the approximate exchange rate as at March 31, 2011, which was ¥83 to \$1 (figures are rounded down to the nearest \$1,000).

4. 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 August 31, 2011)

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 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

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 drum brakes, disc brakes and brake components)

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

Akebono Brake Sanyo Manufacturing Co., Ltd.

(Manufacture of drum brakes and wheel cylinders)

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

Alocs Corporation (Logistics)

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

Akebono Research & Development Centre Ltd.

(Brake component-related R&D)

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

Akebono 123 Co., Ltd. (Special subsidiary)

(Cleaning-related services, packaging service and business card printing)

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

APS Co., Ltd. (Consultancy for business streamlining)

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

NeoStreet Inc. (Web shop)

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

Overseas

■ United States

Akebono Brake Corporation

(North American Head Office, sales and marketing)

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

Akebono Engineering Center (R&D)

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

Akebono Brake, Elizabethtown Plant

(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, drum brakes, corner modules and other brake components)

780 International Boulevard Clarksville, TN 37040-5327 U.S.A.
Tel: +1 931-553-6500 Fax: +1 931-553-6570

Akebono Brake, Columbia Plant

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

201 Metropolitan Drive West Columbia, SC 29170-2294 U.S.A.
Tel: +1 803-227-1300 Fax: +1 803-822-2010

■ Europe

Akebono Brake Europe N.V. (European Head Office, sales and marketing)

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

Akebono Europe S.A.S. (Gonesse)

(Centre de Recherche Européen Akebono) (Sales and R&D)

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

Akebono Europe S.A.S. (Arras) (Manufacture of disc brake pads)

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

Akebono Europe GmbH (Sales)

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

Akebono Advanced Engineering (UK) Ltd. (R&D)

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

■ Asia

Akebono Brake (Thailand) Co., Ltd. (Manufacture and sales of disc brakes)

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

Akebono Corporation (Guangzhou)

(Manufacture and sales of disc brakes and drum brakes)

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

Akebono Corporation (Suzhou) (Manufacture and sales of disc brake pads)

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

PT. Akebono Brake Astra Indonesia

(Manufacture and sales of disc brakes, drum brakes, pads, 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 August 31, 2011)

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
Executive Vice President	Yoshimasa Ogino
Senior Managing Executive Officer	Toshimitsu Nishigaki
Senior Managing Executive Officer	Takashi Kudo
Senior Managing Executive Officer	Takeshi Saito
Senior Managing Executive Officer	Satoshi Utsugi
Senior Managing Executive Officer	Koji Kobayashi
Senior Managing Executive Officer & CFO	Takeshi Okumura
Managing Executive Officer	Kiyoshi Dejima
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	Akira Hosoya
Executive Officer*	Seiki Takahashi
Executive Officer*	Seiji Onoda
Executive Officer*	Toshiyuki Negishi
Executive Officer	Yuji Ando
Executive Officer*	Peter Schmitz
Executive Officer	Shinji Aoyagi
Executive Officer	Hiroshi Idei

Corporate Auditors:

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

Advisors:

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

*Indicates that executive currently has post(s) at akebono Group subsidiary (subsidiaries) outside Japan, but has rank equivalent to an executive at the parent company (Akebono Brake Industry Co., Ltd.)

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

¥19.9 billion (as of March 31,
2011)

■ Net Sales

¥216.6 billion (fiscal 2010)

■ Number of Associates

7,659 (as of March 31, 2011)



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

Investor Information

(As of March 31, 2011)

■ Stock Listing

Tokyo Stock Exchange, First Section (Code: 7238)

■ Common Stock

Authorized: 440,000,000 Shares

Issued: 135,992,343 Shares

■ Transfer Agent & Registrar

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Department

7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan

■ 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
Japan Trustee Services Bank, Ltd.	5,586.6	4.10
BBH Boston for Metzler Investment GmbH, Frankfurt	5,261.8	3.86
Trust & Custody Services Bank, Ltd.	3,307.4	2.43
Aisin Seiki Co., Ltd.	3,133.7	2.30
The Master Trust Bank of Japan, Ltd.	2,508.4	1.84

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

■ Annual Shareholders' General Meeting

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

■ Independent Auditor

Deloitte Touche Tohmatsu

■ Shareholders

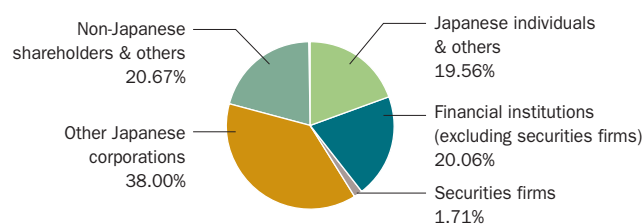
Category	No. of shareholders	No. of shares held (1,000 shares)
Japanese individuals & others	11,417	26,572.1
Japanese government & municipal corporations	—	—
Financial institutions (excluding securities firms)	42	27,267.8
Securities firms	42	2,328.6
Other Japanese corporations	152	51,627.5
Non-Japanese shareholders & others	102	28,079.3
Total	11,755	135,875.3
No. of shares in less than units of 100	—	117,043 shares

Note: The number of treasury shares as of March 31, 2011 was 3,488,311. Of these, 3,488,300 shares are included under "Japanese individuals & others," and 11 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, 2011 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 3,488,311, whereas the actual number as of March 31, 2011 was 3,487,311.

■ 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 2011

Business & CSR Activities

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