AKEBONO REPORT 2015

Business & CSR Activities







Absolute safety; Unparalleled control

Brand Statement

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

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

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



Net Sales Trend

To Achieve True Globalization

Akebono Brake Industry Co., Ltd. was founded as Japan's first brake lining (friction material) manufacturer in January 1929, just at the dawning of the country's motorization. Since then, we have striven to best serve society by doing our utmost to ensure "absolute safety." A look back at our more than 85 years of history shows that three major phases of transition have marked our transformation from automotive brake lining producer to comprehensive brake manufacturer providing brakes for motorcycles, rolling stock and industrial machinery.

The first phase was marked by a technological alliance with Bendix Corporation, then a world-leading brake manufacturer based in the United States. In 1960, when Japan was on the brink of full-scale motorization, this alliance enabled us take that significant first step toward becoming a comprehensive brake manufacturer. The second phase came in 1986 when we established a joint venture in Kentucky with General Motors Company, the world's leading automaker. This move secured our first overseas stronghold and marked the beginning of our global investments. In 2010 we entered the third phase of transition as, in a follow up to the acquisition of the North American brake business of Robert Bosch LLC in 2009, we began tackling challenge of becoming a company capable of succeeding in the face of rapid globalization.

While seeking out growth opportunities in markets overseas, Akebono has solidified its domestic business foundation in a manner in keeping with its commitment to delivering "absolute safety." Today, the automotive industry is undergoing drastic changes. As a small-sized, specialized, independent manufacturer, Akebono is poised to make further advances toward becoming a successful truly global player.

2005

2000





2010

Third Phase of Transition

0

2014 (FY)

Top Message

Despite Rapidly Changing Industry Conditions, We Will Expand Globally and Succeed by Leveraging Our Position as an Independent Manufacturer

Clarifying Akebono's Future Vision

Today, the automotive industry is seeing a proliferation of significant technological advances including eco-friendly alternative fuel and electric vehicles, the realization of automated driving and advancements in vehicle safety and connectivity. Against this backdrop, automotive manufacturers are seeking greater capital efficiency and cost competitiveness by the development of globally unified vehicle platforms and modular component designs. This, in turn, has prompted many auto parts makers to divest non-core businesses while seeking out M&A opportunities to bolster their technology and global market share.

Amid the rush to consolidate to become mega suppliers, Akebono intends to remain a specialized, independent manufacturer with lean organization that will enable us to serve the needs of our customers more effectively. We can use size and sharp focus to differentiate ourselves from competitors by fully leveraging our expertise and responding to our customers' requirements quickly.

Akebono's distinctive strengths are as follows.

Our lean organization allows us to make and implement decisions quickly. This ability somewhat offsets are our restricted financial resources compared to many of the mega companies. So, we must be careful to ensure that every decision is in line with principles of selection and concentration. This should increase our focus on customer needs and improve the accuracy and timeliness of our response so that we are better able to solve the challenges confronting customers.

Although we are best known for excellence in automotive brakes, Akebono is well diversified. Our product lines include brake systems for rolling stock, industrial and construction machinery, two-wheeled vehicles and other related equipment. Our extensive knowledge of friction and vibration gives us the expertise to continue to expand our sales to many industries. By meeting the technical demands of customers both in and outside the motor vehicle industry, we will become a more competitive friction material and brake maker for all of our customers.

Moreover, our independence from automakers enables us to make management decisions free of external constraints. Leveraging this status, and applying a medium- to long-term perspective, we decided to become involved in Formula One racing in 2007. Although we must remain more vigilant about the business climate compared with suppliers affiliated with automakers, we are committed to pursuing technological development with an eye to achieving breakthroughs over the next 10 or 15 years. For example, our recent decision to initiate the supply of brakes for high-performance (HP) vehicles was aimed at acquiring new technologies and expertise. Entering this field, we confronted extremely challenging requirements in terms of both technology and costs. Nevertheless, we are steadily securing a foothold in the market. To summarize, Akebono's strengths as a manufacturer lie in its specialization, and this allows it develop the knowhow and expertise throughout the company. Everyone, including our associates can concentrate on improving their skills, knowing that their contributions will enable Akebono to win against larger competitors.

So, I would like to encourage associates to embrace two mottoes that will enhance Akebono's strengths. First, prioritize perfecting human skills. Second, work as a team to achieve objectives that might be impossible if tackled alone. In line with these mottoes, we must continue to build on our reputation as a reliable manufacturer capable of doing things that no other companies can accomplish. That's my vision of Akebono's future.

Accelerating Initiatives toward the Renewal of Midterm Business Plan

In the year ended March 31, 2015 (fiscal 2014), Akebono experienced a downturn in its performance that reflected production-related problems in North American operations. So, it is unlikely that we will meet the goal of achieving operating income of ¥20 billion by March 31, 2016 (fiscal 2015)—the final year of akebono New Frontier 30-2013, a three-year midterm business plan launched in November 2012. However, we are working to quickly resolve the challenges in North America by raising production capacity, improving productivity and optimizing the product mix. At the same time, we are working to streamline our corporate structure so that we are more responsive to issues as they arise.

Now, well into fiscal 2015, we are focusing on two initiatives, namely: re-creating Akebono Brake Iwatsuki Manufacturing Co., Ltd. (Iwatsuki Manufacturing) and U.S.-based Akebono Brake Corporation to accelerate globalization (from Iwatsuki through ABC to the world) and; re-establishing the foundation for our European business.

In recent years, a key factor determining success in global manufacturing operations has been changing radically. Previously, we had been pursuing "internationalization," that is, establishing factories abroad simply with the aim of manufacturing products to a quality standard equivalent to that applied to domestically-manufactured products. Now, we recognize that true "globalization," means the timely supply of products tuned to local needs, specifications and cost constraints is crucial. With this in view, we expect that the role of our Japanese business locations will be even more significant.

Iwatsuki Manufacturing is our core manufacturing location, and we have been striving to augment its capabilities. Nevertheless, our efforts have made no significant progress because the facility suffers from a chronic lack of human resources due to the need to send associates to support international locations. Having acquired all shares of Akebono Brake Sanyo Manufacturing Co., Ltd., however, we established a technological stronghold in the western Japan to supplement the resources of Iwatsuki Manufacturing. This, in turn has freed management resources that can be used to improve operational efficiency. Also, Akebono recognizes that the United States is a market of foremost importance. We are working to quickly overcome the challenges confronting us in North America, and plan to deploy the latest technologies at Iwatsuki Manufacturing in our U.S. operations. Moreover, we will re-create ABC with an eye to nurturing its associates to compete in the challenging global business environment. In these ways, we will step up initiatives in Japan and the United States to achieve globalization.

Meanwhile, Akebono had been facing great difficulties in penetrating the European market, and its market share has been stagnating at less than 1%. However, with the commencement of operations



supplying brakes for HP vehicles, we are finally positioned for further expansion in the market. Going forward, we will thoroughly reorganize all aspects of our European operations from supply, development and sales to quality assurance. In effect we are approaching the task as if we were starting over in the region from scratch. This will better enable us to use our technological capabilities, quick response and cost competitiveness to accommodate the needs of European automakers.

We will steadily address and implement these initiatives in the upcoming renewal of the midterm business plan.

Time to Refresh Our Management Approach toward True Globalization

As people's values are diversifying, we must create an organization that embraces diversity. Specifically, we should utilize human resources who have diverse values and reflect their opinions in our operations. This kind of openness will be key to transforming our management approach and meeting our goal of achieving true globalization. In this light, we will work to enhance communication between and facilitate mutual understanding among associates. Another key to achieving globalization is establishing a defined structure of responsibilities and authority. As the composition of workforce diversifies, associates' approach to work will vary largely by individual due to differences in cultural backgrounds. Therefore, clarifying each associate's responsibilities and authority is essential. In addition, to step up our diversity initiatives, we added revised indices to assess executives' work performance, including such items as "contribution to diversity promotion" and "ability to nurture staff."

Lastly, we have compiled the AKEBONO REPORT 2015, putting emphasis on featuring ongoing globalization initiatives that draw on our advantages of organizational size, independent status and manufacturing expertise as well as our future outlook. We would like to ask our readers to send us their frank opinions and comments on this report.

We sincerely ask for your understanding and ongoing cooperation with our efforts, which are governed by our unwavering commitment to delivering safety and peace of mind through brake products.

June 2015

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

Editorial Policy

We compiled the AKEBONO REPORT 2015 based on "integrated thinking," a concept proposed by the International Integrated Reporting Council (IIRC). In doing so, we have focused on actual examples of the Akebono Group's operations, the kind of growth it aims to achieve and how it will fulfill its commitment to delivering safety and peace of mind through brake products.

To effectively convey abovementioned content to our stakeholders, we prepared both printed booklet and web editions of the *AKEBONO REPORT 2015*. In the printed booklet, we put greater emphasis on reader-friendliness while narrowing the content to matters that we want to communicate to a broader range of stakeholders. We hope that readers wanting further details on topics presented in the printed booklet will visit our website and gain a deeper understanding of our initiatives. The printed booklet begins with an article on the history of Akebono's operations and efforts aimed at making contributions to society. The booklet also allocates a considerable portion of its volume to examples of its forward-looking global initiatives. Included are sections featuring the Company's unique human resource nurturing activities as well as its quality assurance, technological development and brand management activities, all of which are key to its future growth.

It is our hope that the aforementioned articles help readers understand Akebono's determination to lead the way in realizing unparalleled competitiveness as a specialized manufacturer with a lean organization and independent status.

In preparing this edition, we referred to the Guiding Principles set forth by the IIRC as well as the Global Reporting Initiative Sustainability Reporting Guidelines (G4) and ISO 26000.



the corporate core value akebono's Corporate Mission

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

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.



- 1. Customer needs first
- 2. Technology realignment
- 3. Establishing a global network

- P 1 To Achieve True Globalization
- P 2 Top message
- P 4 akebono's Corporate Mission/Editorial Policy
- P 6 Financial and Non-Financial Highlights

Special Feature 1: Our Business Model

Our Distinctive Strengths, Products and the Business Environment

- P 8 Enhancing Strengths in Our Field of Specialty by Harnessing Our Independent Status
- P 10 Friction Materials and Mechanical Parts
- P 12 Seamless Application of Technologies
- P 14 Our Global Locations

Special Feature 2: Looking to Our Future Operations

Future Growth Prospects and Progress under the Midterm Business Plan

- P 16 Progress under the Current Midterm Business Plan
- P 18 Our Fiscal 2015 Strategies
- P 20 Our Future Initiatives
- P 22 Management Systems

Social Report

Our Relationships with Stakeholders

- P 24 Celebrating Our 85th Anniversary
- P 25 Relationships with Our Stakeholders
- P 26 With Communities
- P 28 With Our Customers/With Our Shareholders and Investors/With Our Suppliers
- P 29 With Our Associates

Environmental Report

Initiatives to Contribute to a Sustainable Society

- P 36 Environmental Management
- P 38 Initiatives at the Design and Development Stage
- P 40 Initiatives at the Purchasing Stage/ Initiatives at the Logistics Stage

Economic Report

- P 42 Financial Review for the Fiscal Year Ended March 31, 2015
- P 46 Consolidated Balance Sheets
- P 48 Consolidated Statements of Income and Comprehensive Income
- P 49 Consolidated Statements of Changes in Net Assets (Summary)
- P 50 Consolidated Statements of Cash Flows

Corporate Information

- P 52 Corporate Governance
- P 56 Directors and Officers/Company Outline
- P 58 Akebono Locations

Cautionary Statement Concerning Outlook



The AKEBONO REPORT 2015 booklet presents financial and non-financial information on the Akebono Group's fiscal 2014 initiatives with a focus on readability.

For detailed data on each initiative, please visit our website.

Reporting Scope

Reporting Period

This report covers the annual results data for the 2014 fiscal year (April 1, 2014 to March 31, 2015). In addition, the report contains references to some ongoing activities undertaken after the latter date to provide readers with a better understanding of latest status of initiatives.

Organizations

Japan: Akebono Brake Industry (including development, manufacturing, production engineering, purchasing, quality assurance, automotive sales, aftermarket sales departments and administrative departments as well as Tatebayashi Foundry), domestic Group companies including four production plants (Yamagata, Fukushima, Iwatsuki and Sanyo), Akebono Brake Industrial Machinery & Rolling Stock Component Sales, Alocs Corporation, Akebono Research & Development Centre, APS and Akebono 123, and Akebono Advanced Engineering; Overseas: ABC, AEC, ABE, ABG, ABCT and ABCS (U.S.); ABM (Mexico); AENV (Belgium); AESA, AASA and AECE (France); AEG (Germany); AAE (UK); ABSK (Slovakia); AKBT, A&M (Thailand); two Chinese subsidiaries (Guangzhou and Suzhou); AAIJ (Indonesia); and AAVH (Vietnam).

Please refer to "Akebono Locations" on pages 58 to 59 for the formal names of those organizations that are presented in the above listing as abbreviations.

Definition of Fiscal Year

To present content in a consistent and easy-to-follow manner, in this report, the period referred to as the fiscal year represents the fiscal period from April 1 to March 31 of the next year. The financial statements are also presented on a fiscal year basis.

Publication date: August 2015 (Last publication: August 2014; next scheduled publication: August 2016)

Inquiries: Akebono Brake Industry Co., Ltd.

Corporate Communications Office

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

- Fax: +81 (0) 3-5695-7391
- Website: the AKEBONO REPORT 2015 web edition is available on our website.
- URL: http://www.akebono-brake.com

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. Special Feature 2: ooking to Our Future Operations.

Social Report

Economic Report

Financial and Non-Financial Highlights

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

2004 2005 2006 2007 Net sales ¥ 132.8 ¥ 142.3 ¥ 173.2 ¥ 184.7 Gross profit 26.0 30.9 35.1 36.6 36.6 Ratio of gross profit to sales (%) 19.6 21.7 20.3 19.8 Selling, general and administrative expenses 16.2 19.1 21.3 21.4 Ratio of saling, general and administrative expenses to sales (%) 12.2 13.5 12.3 11.6 Operating income (loss) 9.8 11.7 13.9 15.2 Ratio of operating income (loss) to sales (%) 5.2 5.9 6.6 6.6 Ratio of operating income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from financing activities (3.7) (11.9)		Billion	s of yen							
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$			2004		2005		2006		2007	
Ratio of gross profit to sales (%) 19.6 21.7 20.3 19.8 Selling, general and administrative expenses 16.2 19.1 21.3 21.4 Ratio of selling, general and administrative expenses to sales (%) 12.2 13.5 12.3 11.6 Operating income (loss) 9.8 11.7 13.9 15.2 Ratio of operating income (loss) to sales (%) 7.4 8.2 8.0 8.2 Net income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from investing activities 19.7 11.9 (9.1) (16.0) Cash flow from financing activities 19.7 11.9 (9.1) 10.992 Number of outstanding shares at the end of period (including treasury stock)	Net sales	¥	132.8	¥	142.3	¥	173.2	¥	184.7	
Selling, general and administrative expenses 16.2 19.1 21.3 21.4 Ratio of selling, general and administrative expenses to sales (%) 12.2 13.5 12.3 11.6 Operating income (loss) 9.8 11.7 13.9 15.2 Ratio of operating income (loss) 5.2 5.9 6.6 6.6 Ratio of operating income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from financing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Number of outstanding shares at the end of period (including treasury stock) $\overline{97,508}$ 110,816 110,992 110,992 Net income (loss) per sha	Gross profit		26.0		30.9		35.1		36.6	
Ratio of selling, general and administrative expenses to sales (%) 12.2 13.5 12.3 11.6 Operating income (loss) 9.8 11.7 13.9 15.2 Ratio of operating income (loss) to sales (%) 7.4 8.2 8.0 8.2 Net income (loss) 5.2 5.9 6.6 6.6 Ratio of net income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from financing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Number of outstanding shares at the end of period (including treasury stock) $\overline{97,508}$ 110,816 110,992 110,992 Net income (loss) per share—basic	Ratio of gross profit to sales (%)		19.6		21.7		20.3		19.8	
expenses to sales (%) 12.2 15.3 12.3 11.6 Operating income (loss) 9.8 11.7 13.9 15.2 Ratio of operating income (loss) to sales (%) 7.4 8.2 8.0 8.2 Net income (loss) 5.2 5.9 6.6 6.6 Ratio of net income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from investing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Thousands Number of outstanding shares at the end of period (including treasury stock) 97,508 110,816 110,992 110,992 Ven 10.0 6.00	5.5		16.2		19.1		21.3		21.4	
Ratio of operating income (loss) to sales (%) 7.4 8.2 8.0 8.2 Net income (loss) 5.2 5.9 6.6 6.6 Ratio of net income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from investing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Thousands Number of outstanding shares at the end of period $\overline{97,508}$ 110,816 110,992 110,992 Net income (loss) per share—basic $\overline{92,508}$ 110,816 110,992 110,992 Total assets			12.2		13.5		12.3		11.6	
Net income (loss) 5.2 5.9 6.6 6.6 Ratio of net income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Number of outstanding shares at the end of period (including treasury stock) 97,508 110,816 110,992 110,992 Net income (loss) per share—basic ¥ 54.29 ¥ 56.60 ¥ 61.86 ¥ 61.85 Cash dividends per share 6.00 6.00 10.00 10.00 10.00 10.00 Net interest-bearing debt 35.5 40.3 40.2 40.2 <t< td=""><td>Operating income (loss)</td><td></td><td>9.8</td><td></td><td>11.7</td><td></td><td>13.9</td><td></td><td>15.2</td><td></td></t<>	Operating income (loss)		9.8		11.7		13.9		15.2	
Ratio of net income (loss) to sales (%) 3.9 4.1 3.8 3.6 Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from investing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Thousands Number of outstanding shares at the end of period (including treasury stock) $y7,508$ $110,816$ $110,992$ $110,992$ Ven Wet income (loss) per share—basic y^{4} 54.29 456.60 461.86 461.85 61.33 Cash dividends per share 6.00 6.00 10.00 10.00 Ellions of yen Total assets 4	Ratio of operating income (loss) to sales (%)		7.4		8.2		8.0		8.2	
Return on assets (ROA) (%) 4.2 4.3 4.3 4.2 Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from investing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Thousands Number of outstanding shares at the end of period (including treasury stock) 97,508 110,816 110,992 110,992 Net income (loss) per share—basic Yen Emilions of yen Total assets Y 122.2 Y 150.1 ¥ 163.3 Net interest-bearing debt 35.5 40.3 40.2 40.2 Net debt-equity ratio 1.3 1.0 0.8 0.8 Stock subscription rights) 27.2 41.0 47.3 49.8 <td>Net income (loss)</td> <td></td> <td>5.2</td> <td></td> <td>5.9</td> <td></td> <td>6.6</td> <td></td> <td>6.6</td> <td></td>	Net income (loss)		5.2		5.9		6.6		6.6	
Return on equity (ROE) (%) 21.7 17.2 15.0 13.7 Capital investment 5.8 8.2 8.9 14.9 Depreciation and amortization 7.4 7.6 9.3 9.9 Cash flow from operating activities 14.0 12.2 10.8 15.1 Cash flow from investing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Number of outstanding shares at the end of period (including treasury stock) $97,508$ $110,816$ $110,992$ $110,992$ Net income (loss) per share—basic Yen Yen Yen Yen Yen Yen Total assets Yen Yen Yen Yen Yen Yen Yen Total assets Yen Yen Yen Yen Yen Yen Yen Total assets Yen Yen Yen Yen Yen Yen Yen Y	Ratio of net income (loss) to sales (%)		3.9		4.1		3.8		3.6	
Capital investment5.88.28.914.9Depreciation and amortization7.47.69.39.9Cash flow from operating activities14.012.210.815.1Cash flow from investing activities(3.7)(11.9)(9.1)(16.0)Cash flow from financing activities(9.4)(3.2)(3.3)0.1ThousandsNumber of outstanding shares at the end of period (including treasury stock) $\overline{y7,508}$ 110,816110,992110,992VenVenNet income (loss) per share—basic $\overline{y7,508}$ 110,816110,992110,992Delilions of yenTotal assets $\overline{y12.2}$ \overline{y} 150.1 \overline{y} 155.6 \overline{y} 163.3Net interest-bearing debt $\overline{35.5}$ 40.340.240.2Net debt-equity ratio1.31.00.80.8Net debt-equity ratio1.31.00.80.8Net debt-equity ratio $\overline{37.2}$ 41.047.349.8	Return on assets (ROA) (%)		4.2		4.3		4.3		4.2	
Depreciation and amortization7.47.69.39.9Cash flow from operating activities14.012.210.815.1Cash flow from investing activities (3.7) (11.9) (9.1) (16.0) Cash flow from financing activities (9.4) (3.2) (3.3) 0.1 Number of outstanding shares at the end of periodThousandsYenNumber of outstanding shares at the end of periodYenVenNumber of outstanding shares at the end of periodYenNet income (loss) per share—basicQash fillows of yenTotal assetsNumber of outstanding ber share6.006.006.006.006.006.006.006.006.006.006.006.006.006.00Billions of yenTotal assetsYenTotal assetsYenTotal assetsYenTotal assetsYenTotal assetsYenYenYen										









Note: Includes R&D expenses and related expenses arising from daily operations aimed at achieving improvements

Capital Investment and Ratio of CAPEX to Net Sales



14.6 19.8 30.4 24.9 23.5 26.8 24.3 9.2 15.2 14.0 11.9 11.4 11.3 9.6 20.9 15.1 19.0 21.1 19.2 18.7 20.3 13.1 11.6 8.8 10.1 9.3 7.9 8.0 (6.3) 4.7 11.4 3.8 4.3 8.1 4.0 (3.9) 3.6 5.3 1.8 2.1 3.4 1.6 (16.3) 2.1 5.3 (3.2) 0.5 2.4 (6.1 (10.2) 1.6 2.4 (1.5) 0.3 1.0 (2.4 (10.2) 1.3 3.0 (1.8) 0.3 1.3 (2.7 (42.2) 5.8 11.6 (7.1) 1.2 4.9 (11.5 17.8 5.4 5.1 14.3 19.8 21.8 20.8 11.4 10.0 9.8 9.8 8.6 8.9 10.2 (13.6) (13.4) (8.6) (23.8) (4.1) (20.3)							Billions of yen
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	2008	2009	2010	2011			2014
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	¥ 159.6	¥ 130.6	¥ 216.6	¥ 209.6	¥ 206.0	¥ 236.7	¥ 254.2
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	14.6	19.8	30.4	24.9	23.5	26.8	24.3
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	9.2	15.2	14.0	11.9	11.4	11.3	9.6
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	20.9	15.1	19.0	21.1	19.2	18.7	20.3
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	13.1	11.6	8.8	10.1	9.3	7.9	8.0
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	(6.3)	4.7	11.4	3.8	4.3	8.1	4.0
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	(3.9)	3.6	5.3	1.8	2.1	3.4	1.6
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	(16.3)	2.1	5.3	(3.2)	0.5	2.4	(6.1)
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	(10.2)	1.6	2.4	(1.5)	0.3	1.0	(2.4)
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	(10.2)	1.3	3.0	(1.8)	0.3	1.3	(2.7)
11.4 10.0 9.8 9.8 8.6 8.9 10.8 4.2 3.2 7.4 2.9 7.6 18.9 10.2 (13.6) (13.4) (8.6) (23.8) (4.1) (20.3) (17.7) 38.6 (0.0) 18.2 1.4 (2.0) (6.2) 5.8 110,992 135,992 135,992 135,992 135,992 135,992 135,992 135,992 110,992 135,992 135,992 135,992 135,992 135,992 135,992 135,992 ¥ (151.65) ¥ 17.80 ¥ 39.75 ¥ (24.25) ¥ 3.90 ¥ 18.24 ¥ (45.83) 5.00 5.00 10.00 10.00 10.00 10.00 10.00	(42.2)	5.8	11.6	(7.1)	1.2	4.9	(11.5)
4.2 3.2 7.4 2.9 7.6 18.9 10.2 (13.6) (13.4) (8.6) (23.8) (4.1) (20.3) (17.7) 38.6 (0.0) 18.2 1.4 (2.0) (6.2) 5.8 110,992 135,992 135,992 135,992 135,992 135,992 135,992 135,992 110,992 135,992 135,992 135,992 135,992 135,992 135,992 135,992 110,992 135,992 135,992 135,992 135,992 135,992 135,992 ¥ (151.65) ¥ 17.80 ¥ 39.75 ¥ (24.25) ¥ 3.90 ¥ 18.24 ¥ (45.83) 5.00 5.00 10.00 10.00 10.00 10.00 10.00	17.8	5.4	5.1	14.3	19.8	21.8	20.8
(13.6) (13.4) (8.6) (23.8) (4.1) (20.3) (17.7) 38.6 (0.0) 18.2 1.4 (2.0) (6.2) 5.8 110,992 135,9	11.4	10.0	9.8	9.8	8.6	8.9	10.8
38.6 (0.0) 18.2 1.4 (2.0) (6.2) 5.8 Thousan 110,992 135,992	4.2	3.2	7.4	2.9	7.6	18.9	10.2
Thousar 110,992 135,992 135,992 135,992 135,992 135,992 135,992 ¥ (151.65) ¥ 17.80 ¥ 39.75 ¥ (24.25) ¥ 3.90 ¥ 18.24 ¥ (45.83 5.00 5.00 10.00 10.00 10.00 10.00 10.00 10.00	(13.6)	(13.4)	(8.6)	(23.8)	(4.1)	(20.3)	(17.7)
110,992 135,992 135,992 135,992 135,992 135,992 135,992 135,992 ^Y ¥ (151.65) ¥ 17.80 ¥ 39.75 ¥ (24.25) ¥ 3.90 ¥ 18.24 ¥ (45.83 5.00 5.00 10.00 10.00 10.00 10.00 10.00 10.00	38.6	(0.0)	18.2	1.4	(2.0)	(6.2)	5.8
¥ (151.65) ¥ 17.80 ¥ 39.75 ¥ (24.25) ¥ 3.90 ¥ 18.24 ¥ (45.83 5.00 5.00 10.00 10.00 10.00 10.00 10.00 10.00							Thousands
¥ (151.65)¥ 17.80¥ 39.75¥ (24.25)¥ 3.90¥ 18.24¥ (45.83)5.005.0010.0010.0010.0010.0010.0010.00	110,992	135,992	135,992	135,992	135,992	135,992	135,992
5.00 5.00 10.00 10.00 10.00 10.00 10.00		V 17.00	V 20.7F	V (24.25)	V 2.00	V 10.24	Yen
				(- <i>)</i>			
Billions of y	 5.00		10.00			10.00	
¥ 155.4 ¥ 164.1 ¥ 186.0 ¥ 181.0 ¥ 186.6 ¥ 199.2 ¥ 225. 9	¥ 155.4	¥ 164.1	¥ 186.0	¥ 181.0	¥ 186.6	¥ 199.2	
							95.8
							1.78
27.4 43.8 47.1 43.3 46.5 52.7 53.9	27.4	43.8	47.1	43.3	46.5	52.7	53.9
<u>17.6</u> 26.7 25.4 23.9 24.9 26.4 23.9	17.6	26.7	25.4	23.9	24.9	26.4	23.9

Number of Associates and Ratio of Overseas Associates



Total CO₂ Emission and CO₂ Emissions per Net Sales (Akebono Group Worldwide)



Water Resource Usage and Water Resource Usage per Net Sales (Akebono Group Worldwide)



Special Feature 1: Our Business Model

Enhancing Strengths in Our Field of Specialty by Harnessing Our Independent Status

Committed to Delivering "Absolute Safety" as an Independent Manufacturer Specializing in Brakes

Since its founding in 1929, Akebono has specialized in the manufacture of brakes, maintaining no capital relationships with particular automakers. Striving to deliver safety and peace of mind through brake products, Akebono secures approximately 90% of its net sales from automotive brake-related products.

Specifically, Akebono comprehensively develops and manufactures brake pads, brake linings and other friction materials as well as such mechanical parts as disc brakes and drum brakes, with customers around the world using its products. In addition to automotive brakes, our product lineups include brakes for motorcycles, industrial machinery and railcars as well as other machine and rolling stock components. Moreover, we have drawn on our technological expertise to develop such products as sensors. In the area of rolling stock brakes, we have provided brakes for the Central Japan Railway Company bullet trains from the firstgeneration railcar Type 0 series through to the latest N700A as well as for a number of other bullet trains and railcars used on conventional lines and monorails.



Main Products

Products for Motorcycles



Disc brakes

8

Products for Automobiles



Special Feature 1: Our Business Model

Friction Materials and Mechanical Parts

Akebono is an independent brake supplier serving automakers worldwide without any constraint attributable to a capital relationship with any particular corporate group.

OEM sales account for more than 70% of the Company's net sales. Main OEM customers include Toyota, Nissan, Honda, Mitsubishi, Isuzu and all other domestic automakers as well as overseas automakers, including GM, Chrysler, Ford, Porsche and Mercedes Benz. Currently, Akebono boasts an approximately 40% share of the domestic market for automotive disc brake pads sold as genuine parts.



Brake Mechanisms

Main Components of Disc Brakes



Main Components of Drum Brakes



Brake Components

Each of the four heels of a car may be equipped with disc or drum brakes. Type of brakes is determined by the usage and characteristics of the car.

• Disc brakes

Brake pads clamp the rotor, stopping its rotation

Drum brakes

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

Development and Production of Friction Materials and Mechanical Parts

As a comprehensive brake manufacturer, Akebono develops and manufactures friction materials and components for disc brakes and drum brakes. In particular, its North American business involves the development and production of the core components of disc brakes, including calipers, pads and rotors. This allows the Company to enhance the efficiency of brake development. Among brake suppliers around the world, Akebono is one of the few capable of manufacturing both friction materials and mechanical parts.



Friction materials suppliers

Disc brake pad

Akebono is one of the few suppliers capable of providing both friction materials and calipers.

Calipers suppliers

Aftermarket Products

With a wealth of expertise in brakes for a variety of vehicles, Akebono also provides customers worldwide with aftermarket products backed by superior technologies and steadfast quality control that enable it to serve as an OEM supplier for major global automakers.





Rotor

Special Feature 1: Our Business Model

Seamless Application of Technologies

Boasting a wealth of expertise, the Company also applies its core technologies in a range of fields.



Producing Brakes for Variety of Applications from Passenger Cars to Motorsports

The manufacture of automotive brake-related products constitutes Akebono's primary business pillar, with a robust product lineup encompassing a range of automotive brakes from those for passenger cars to those for high-performance vehicles. Moreover, we provide brake-related products for a variety of motorsports, including Formula One racing—the most prestigious motorsport category with the aim of enhancing our technological strengths. We also produce brakes for motorcycles, rolling stock and industrial machinery, drawing on our core technologies backed by a longstanding track record in brake development.

Akebono's Motorsports Challenge

Formula One

Since 2007, Akebono has been supplying brake parts, including calipers and brake master cylinders to the McLaren team, a prominent team participating in Formula One—the world's most prestigious motorsport.

In Formula One, a racing car may be approaching a turn at a speed of 300km/h and have to decelerate to 80km/h within a mere three seconds. The braking for the deceleration heats the brake rotor almost instantly to about 800°C. To create brakes with a performance that is assured to be always reliable and stable under such conditions, Akebono continually strives to enhance all aspects of its products, including structure, materials and surface finishing.





Motorcycle Racing

Taking on a new challenge, in 2004, Akebono began supplying brake systems to a team in the JSB 1000 class, a top category in the MFJ SUPERBIKE All Japan Road Race Championship Series. Motorcycle racing requires high-performance brakes that enable a rider to quickly decelerate from a speed of 300km/h. Riders also demand extreme responsiveness.

Since 2011, Akebono has been providing braking systems to "MuSASHi RT HARC-PRO," contributing to the team's outstanding accomplishments, including winning the first prize at the Suzuka 8-hour Endurance Road Race for a second consecutive year both in the 2013 and 2014 FIM Endurance World Championship Series.



JSB 1000 class in the MFJ SUPERBIKE All Japan Road Race Championship Series



NVH Control Expertise Bolsters Our Core Technologies

Akebono has positioned technological differentiation as one of its core strategies in the pursuit of increased profitability. In particular, its brake development activities focus on enhancing NVH control with the aim of helping realize greater driving comfort. Going forward, we will continue to pursue better noise and vibration control, the key performance determiners of excellent brakes, while enhancing the environment-friendliness of our products. As we do so, we will continue to supply a range of products from reasonably-priced brakes to brakes for high-performance vehicles.

FIA World Endurance Championship (WEC)

In 2014, Akebono became a supplier of brake calipers for the TS040 HYBRID racing cars of "TOYOTA GAZOO Racing," a team participating in the World Endurance Championship (WEC) series, including the famous Le Mans 24-hour race. Winning the twofold title of Drivers' and Manufacturers' World Champion in 2014, the TS040 HYBRID is now on the track for the 2015 season, with Akebono supplying brake calipers.



FIA World Endurance Championship (WEC) 2014

Nürburgring 24 Hour Endurance Race

The Nürburgring 24 Hour race is arguably the world's toughest production car-based race. Having incorporated Akebono's brake calipers and brake pads, "TOYOTA GAZOO Racing" ran its LEXUS LFA Code X in the rounds held on May 16 and 17, 2015, winning the title of a class champion for the second consecutive year.



Nürburgring 24 Hour Endurance Race



The breakdown of composition of sales by region reflects the success of our efforts to secure footholds in markets worldwide. North American and Japanese sales account for approximately 50% and 30% of the Company's net sales, respectively. Asian sales represent a significant portion as well and are followed by European sales.

Akebono established new business sites in France in fiscal 2013, and in Slovakia and Thailand in fiscal 2014.





Special Feature 2: Looking to Our Future Operations

Progress under the Current Midterm Business Plan

Akebono is striving toward its long-term targets under the following strategies.



*2 Cost of sales at 80%, SG&A expenses at 8% and operating income at 12% of sales

Fiscal 2015 Initiatives

Over the past few years, capital expenditures increased on a Groupwide basis. In fiscal 2015, Akebono will pursue overall facility improvement and streamlining to enhance investment efficiency. Addressing inventory issues, the Company will work to shorten production lead times and drastically reduce stockpiles, particularly work-in-progress, with the aim of cutting operational expenses and improving its financial position.

Although Japanese sales are expected to remain sluggish, those in North America, China and ASEAN counties are expected to pick up due to the expansion of markets and the production kickoff for new items as well as favorable foreign exchange rates reflecting the depreciation of the yen.

On the earnings front, the Company anticipates considerable spending on forward-looking development projects in Japan and the launch of production facilities in Europe. Nevertheless, operating income should rise significantly, backed by the expected turnaround from a temporary loss in North American business and an increase in profits from operations in China and ASEAN countries. Reflecting this, the Company forecasts the posting of net income for fiscal 2015.



 YoY (%)
 +13%
 +62%
 +70%
 —
 —

 * Net income: In line with the adoption of the Revised Accounting Standard for Business Combinations on April 1, 2015, indications for some line items have been revised. However, net income is
 Mover of the revised Accounting Standard for Business Combinations on April 1, 2015, indications for some line items have been revised. However, net income is

Net income: in line with the adoption of the Revised Accounting Standard for Business Combinations on April 1, 2015, indications for some line items have been revised. However, net income is presented under the name used prior to the revision of the aforementioned standard.



* Including expense for new projects

Special Feature 2: Looking to Our Future Operations

Our Forward-Looking Initiatives

Ceaselessly pursuing the better control of noise and vibration, Akebono will leverage its wealth of expertise in this field to realize: 1) overwhelming cost competitiveness through commonization and standardization and the development of low-cost brakes; 2) unrivaled production engineering for global environmental friendliness to create such products as lightweight/electro-mechanical brake systems and to accommodate the unique needs of electric/hybrid vehicles; 3) development of the next-generation, cost-competitive manufacturing facilities that generate lower environmental burdens; 4) further penetration of the market for brakes for high-performance vehicles; and 5) advanced technology capable of enabling the Company to seize a larger share of the compact and low-price car market, particularly in emerging countries. In these ways, we will enhance our competitiveness. To secure greater responsiveness to globalization, the Akebono Group has positioned its domestic locations to collectively act as the core driver for the global dissemination of its monozukuri, value-added manufacturing technologies. At the same time, the Group will further expand and reinforce its operations in North America, which has become its most significant regional segment. Moreover, the Group will step up expansion in the European market with high-performance brakes while securing a greater presence in promising markets in emerging countries, primarily in Asia. In addition, the Group will augment its global supply network and R&D structure, thereby becoming a more competitive supplier capable of accommodating a growing trend toward automobile production employing global platform (GPF) systems.

Fiscal 2015 Policies

	Initiatives	Objectives	Policies
1	From Iwatsuki Manufacturing through ABC to the world	 Re-creating Iwatsuki Manufacturing as a core plant to establish future manufacturing standards (the model line) for all Akebono Group members Rolling out the "model line" at ABC (North America) to reclaim Group's largest profit source 	Fully adopting the Akebono Production System (APS) to reduce redundancies
		③ Disseminating the "model line" at locations around the world	
2	Re-establishing our European business foundation	 Boosting sales of brakes for European high-performance vehicles 	 Applying technologies developed through the supply of brakes for Formula One racing cars
2		② Strengthening local development and production networks	② Boosting production capacity of Arras and launching Slovakia plant
3	Securing at least ¥5.0 billion in cash	Reducing operational expenses to secure funds for new businesses	Reducing inventories, in particular, work-in-progress

Basic Policy for the Distribution of Earnings and Dividends

Akebono has positioned the return of profits to shareholders as an important management issue. Accordingly, the Company adheres to a basic policy of ensuring long-term sustainable returns to shareholders with comprehensive consideration given to its business performance and the dividend payout ratio as well as to maintaining retained earnings at the level necessary to make investments for securing sustainable growth.

Dividends and per Share Information

(FY)	2007	2008	2009	2010	2011	2012	2013	2014	Fiscal 2015 (forecasts)
Net income (loss) per share (¥)	61.85	(151.65)	17.80	39.75	(24.25)	3.90	18.24	(45.83)	
Net assets per share (¥)	463.82	254.82	330.76	355.88	326.39	350.52	396.4	405.23	
Cash dividend per share (¥)	10.00	5.00	5.00	10.00	10.00	10.00	10.00	10.00	10.00
Payout ratio (%)	16.2	_	28.1	25.2	_	256.3	54.8	—	88.7
Number of shares outstanding at end of term	110,992	110,992	135,992	135,992	135,992	135,992	135,992	135,992	

Special Feature 2: Looking to Our Future Operations

Our Fiscal 2015 Strategies

Leveraging its global business network Akebono will achieve sustainable growth through the pursuit of strategies optimized to each market region.

Growth driver: Secure a more robust profit base by streamlining our core business bases that together serve as core driver for the global dissemination of the Group's manufacturing technologies

Performance forecasts Net sales: ¥87 billion; unchanged year on year Operating income: ¥3.2 billion; a decrease from the previous fiscal year due to development expenses and cost for establishing global networks



Net Sales



Regional strategies

• Re-creating Iwatsuki—Overhauling the Disc Brake Production Structure

Having positioned Akebono Brake Iwatsuki Manufacturing Co., Ltd. (Iwatsuki Manufacturing) as a key domestic production base, Akebono has implemented thoroughgoing reviews of its entire operational process, from the receipt of parts to shipments of finished products. This move has led to the establishment of the "model line," a streamlined workflow developed in accordance with our intention to enhance the productivity and international competitiveness of Iwatsuki Manufacturing. Going forward, we will further upgrade the base's aging facilities, which regularly produce a considerable volume of mainstay products, while prudently controlling spending on that upgrade. In these ways, we are working to enhance the cost-competitiveness of our manufacturing to ensure our advantages over global competitors.

Eventually, we will re-create Iwatsuki Manufacturing as a truly competitive manufacturing base offering a favorable, environment-friendly working environment while serving as a driver for our expansion into markets around the world. We will achieve this goal during the next five years.

• Optimizing Production

With regard to the small-size drum brake lines presently manufactured at Iwatsuki Manufacturing, Akebono Brake Sanyo Manufacturing Co., Ltd., which has been positioned as a key manufacturing base in the western Japan, is scheduled to take over production. This move will enable a more competitive production structure capable of boosting drum brake sales.

• Fukushima Manufacturing—Ensuring Capacity to Meet Production Demand Fluctuations

Customers may suddenly place high-volume orders for the friction material type products for automotive air conditioners that Akebono produces only at Akebono Brake Fukushima Manufacturing Co., Ltd. (Fukushima Manufacturing). In light of production-linked problems that recently confronted our North American operations, we decided to hedge against similar risks by creating a two-plant production structure capable of ensuring stable profits from growth in orders.

In these ways, we will secure future growth in this business category.

Forward-Looking Initiatives

Akebono's core locations in Japan also play a significant role in its effort to get the European business on a growth track. Having positioned high-performance brakes as a key priority product group, we will focus our management resources on their development and production. Moreover, we will pursue the forward-looking development of electric parking brakes and copper-free, eco-friendly friction materials.

Growth driver: Return to profitability through the reorganization of ABE while optimizing production

Performance forecasts Net sales: ¥165.6 billion; backed by an increase in orders in step with market growth Operating income: Return to profitability on a full-year basis after the stagnation in the first half due to the rebound after a period of excessively high factory utilization rates



Net Sales



Regional strategies

Streamline ABE's and ABG's Production Structure

We will transfer production of some of the lines manufactured at the Akebono Brake Elizabethtown Plant (ABE) to other facilities, thereby optimizing its workload. Moreover, we will augment ABE's disc brake production facilities. In the second half, we will reinstate its labor schedule into three-shift system that operates six days a week while reducing the generation of scrap. In these ways, we will enhance ABE's profitability.

At Akebono Brake Glasgow Plant (ABG), we will expand and reinforce friction material production lines, with the goal of boosting disc brake pad production capacity about 15%. Simultaneously, we will streamline these facilities to enhance overall productivity, thereby securing greater responsiveness to sudden rises in production demand.

• Global Initiatives— Streamlining Product Distribution

Akebono will review the distribution of product lines around its manufacturing network to improve performance at all locations. Specifically, we will relocate the production of some items from North American to other sites and better utilize those facilities' freed-up capacity, thereby optimizing the overall production structure.

Initiatives in North America—Optimize Product Mix

We will narrow down the breadth of items handled by the Akebono Brake Columbia Plant (ABCS) to aluminum calipers to enhance its production efficiency and profitability.

Step Up Assistance by Japanese Locations

We will dispatch domestic staff with extensive experience to train North American associates, with the aim of enhancing production capacity and efficiency. This move is expected to contribute to the overall improvement of human resources and onsite capabilities. Moreover, we will roll out the "model line" established in Japan to improve production lines in North American locations and other global locations.

Cost Reductions through Visualization

We will step up the installment of an enterprise resource planning (ERP) system covering every location and utilize it to make cost elements visible and to implement exhaustive numerical control. At ABE, we will cancel external warehouse contracts entirely and begin using on-site storage for inventory management. This will shorten lead times and decrease inventories while cutting transportation and storage expenses.

In the caliper business, we will negotiate with customers to raise product prices while reducing manufacturing costs. Furthermore, we will initiate the mass-production of brake corner modules incorporating high-value-added rotors finished using the ferritic nitro-carburizing (FNC) process. In these ways, we will secure greater returns in this field.

Special Feature 2: Looking to Our Future Operations

Growth driver: Strive to secure a significant market presence by restructuring existing production facilities

Performance forecasts Net sales: ¥10.9 billion; an increase backed by sales expansion Operating income: ¥1.2 billion; a decrease due to launch costs for new production facilities



Regional strategies

Orders for brakes for high-performance vehicles are expected to become our growth driver in Europe. At the same time, we anticipate an increase in operating loss due to startup costs and other forward-looking investment accompanying the launch of a disc brake production base in Slovakia (ABSK).

We will reinforce our local R&D structure to establish a more robust foundation for our European business. At the same time, we will streamline the operations of Akebono Europe S.A.S. (Arras) (AASA), cut material costs and improve productivity while optimizing product prices.

Growth driver: Further expansion into growth markets

Performance forecasts Net sales: ¥45.1 billion; an increase due to growth in orders Operating income: ¥4.5 billion; a profit increase in step with sales growth



Regional strategies

In Asia, we aim to boost sales by securing new orders. To that end, we will launch the production of brakes for cars manufactured using global platform systems while seeking orders for brakes for vehicles specifically designed for Asian markets. Also, we will accommodate a growing need for brakes for locally produced commercial vehicles.

China

Sales are expected to grow with the launch of new business and an increase in orders. Profit will stay unchanged year on year.

Thailand

We expect increases in both sales and profit due to an upswing in market demand and growth of our aftermarket business.

Indonesia

To boost sales, we aim to increase transactions through existing accounts. We will also continue to streamline operations by enhancing productivity.

Special Feature 2: Looking to Our Future Operations Our Future Initiatives

Examples of our activities aimed at securing sustainable growth

In fiscal 2015, we are striving to overcome challenges confronting us and achieve significant growth in the final year of the akebono New Frontier 30-2013 midterm business plan. Although we missed fiscal 2014 performance targets due to the effect of losses in our North American business, we are working to effect a drastic improvement by fully leveraging the wealth of technologies and experience we have accumulated over our 85 years of operations. Here, we introduce examples of our fiscal 2015 initiatives.

Improving the Production Efficiency of ABE

In fiscal 2014, ABE faced production-related problems as it scrambled to meet an unexpected up swell in orders. We have been rallying our strengths Companywide to address this issue and thereby improve profitability at the earliest possible date.

Contributing Factors

In 2014, automotive sales in North America were robust due to an upturn in the economy. Reflecting this, the production volume at ABE increased radically from June onward. As ABE launched the production of new items due to model changes, the various disc brake production lines had to bear an excessively high workload. To meet orders, ABE had to maintain around-the-clock operations, instituting a three-shift labor system. This made it impossible to perform regular facility maintenance and repair. Moreover, a further surge in orders in November led ABG to also institute three-shift, 24/7 operations. Due to the continuously overloaded production schedule, the facility failure frequency and rejection rate increased at these two locations, leading to a decline in productivity. To supplement the capacity of these locations, we had to ship in products produced at other plants by air. As a result, profitability deteriorated even further due to air transportation fees and an increase in labor costs.

Countermeasures

To rectify the situation, we shifted some production items to other locations to utilize available capacity. Also, Japanese associates with extensive experience were dispatched to North America to help local staff resolve the situation.

Current Status and Outlook

The productivity of the ABE and ABG manufacturing lines improved thanks to our Companywide efforts to resolve the problems. Currently, Japanese associates are striving to further improve production technologies while undertaking facility maintenance and staff training. Despite the expected effect of the situation on the Company's performance in the first half of fiscal 2015, it is anticipated that North American operations will return to profitability on a full-year basis. Drawing lessons from this experience, we will strive to enhance the flexibility of our production structure throughout the world.



Akebono Brake, Elizabethtown Plant

Economic Report

Corporate Information

Initiatives to Secure Medium- to Long-Term Growth

Reinforcing the Aftermarket Business to Promote Corporate Branding

In addition to selling brakes to automakers on an OEM basis, Akebono has aftermarket brake business for general consumers. We will reinforce our aftermarket business by securing greater recognition through corporate branding initiatives and by enhancing our sales capabilities.

Strengthening Global Networks

To secure responsiveness to a growing trend toward automobile production employing global platform systems, Akebono is striving to augment its global production network. Specifically, the Company aims to build a structure capable of developing, producing and supplying products tailored to local needs in a more efficient manner. At the same time, efforts are now under way to boost capacity to supply brakes for high-performance vehicles.

Next-Generation Friction Material Production Facilities

In the course of brake manufacturing, brake pads and other friction materials are shaped using heat through such processes as pressing. To reduce the energy consumption of manufacturing processes, Akebono Brake Yamagata Manufacturing Co., Ltd. (Yamagata Manufacturing) brought a next-generation friction material production facility online. The energy efficiency of this facility is approximately 50% greater than conventional facilities thanks to the adoption of innovative manufacturing process.

Previously, the energy consumption of friction material production facilities did not vary by production volume because they were designed for the mass production of fixed amounts. However, the new facility is designed with the assumption of a minimum production volume of one unit while using lightweight molds and jigs, with fewer of the latter than usual. The new facility is thus able to flexibly accommodate requests for the manufacture of a diverse product mix in small lots with commensurately lower energy consumption.

Going forward, we will adopt similar facilities in other locations to achieve a significant improvement in energy efficiency. At the same time, we will work to enhance overall productivity. In these ways, we will better control production-related energy costs as we aim to make further advance in our manufacturing technologies.





Management Systems

Corporate Governance, Compliance and Information Security Activities

Supporting a solid corporate structure, every Akebono associate is committed to ensuring thoroughgoing risk management and legal compliance and implementing information security policies.

Risk Management

Akebono's risk management structure is supported by the Risk Management Committee, comprising a group of directors chaired by the Representative Director & CEO, and the Risk Evaluation Committee, which oversees the implementation of the PDCA* cycle in risk management and is chaired by the Representative Director & Executive Vice President. Under the former's supervision, the latter plays two key risk management functions, controlling Groupwide critical risks and promoting business continuity management (BCM) activities.

For fiscal 2014, we classified Groupwide critical risks into six special risk management fields and seven regular risk management fields. In each of these fields, the Risk Evaluation Committee implemented risk mitigation initiatives, closely monitoring them for progress and areas needing attention.

For our fiscal 2015 operations, we have identified 10 Groupwide critical risks and are addressing them through PDCA management. Expanding the scope of our BCM activities, we are also examining all possible catastrophic scenarios that may result in the disruption of the Company's operations and are formulating countermeasures for domestic and overseas locations. Efforts are now under way to implement these plans to secure a greater resilience to risk.

Groupwide critical risks: Quality risk, labor administration risk, financial risk, cartel risk, environmental and workforce safety risk, raw material procurement risk, intellectual property risk, information security risk, credit risk and corporate communication risk

BCM themes: Risk of natural disasters in Japan, risk of natural disasters overseas, country risk and related security risk overseas, cyber-attack risk in Japan and overseas, pandemic risk in Japan and overseas.

* PDCA: A management methodology that controls company's activities from the four aspects of Plan (planning), Do (implementation of a plan), Check (checking the outcome) and Act (effecting improvement based on the check)

Compliance Structure

As it expands globally, it is important that Akebono, beyond complying with the law and regulations, correctly understands and fulfills its corporate social responsibility. Accordingly, we have set up the Compliance Committee, chaired by a managing executive officer, and established the "akebono Global Code of Conduct" and "akebono Global Standard of Behavior" to be observed by each associate.

Fiscal 2014 Compliance Activities

We are implementing a range of educational programs in order to raise the level of compliance awareness among our associates with regard to such issues as information control and the prevention of harassment. In fiscal 2014, we asked all associates in Japan to take a "compliance proficiency test" while incorporating compliance education in job level-based training programs.

For the prevention and early detection of problems, we have set up in-house and outsourced consultation counters to accept inquiries from any Group associate. The inquiries can be made anonymously. In fiscal 2014, a total of 15 such inquiries were received, and they were addressed under the leadership of the Compliance Committee. In addition, in January 2014 we established the "Supplier Hotline" to field and address inquires made by our suppliers in connection with the business conduct of Akebono associates. As of May 31, 2015, however, this helpline has yet to receive any inquiry. Akebono conducts hearings on compliance for Group associates every year. In fiscal 2014 we conducted hearings for over 200 persons inside and outside Japan. The results of the hearings helped improve communications between Group members. Furthermore, we carried out additional training and campaigns focusing on the prevention of cartels and bribery.

Information Security Activities

Akebono has established the Information Security Committee, while clearly defining information security policies, guidelines and rules for the handling of information based on its significance and risk, in order to implement appropriate measures aimed at protecting information systems and data owned inhouse or provided by our customers from all kinds of threats. We have also created a structure in which each section carries out self-checks against the information security risks their respective operations are vulnerable to. While raising associates' awareness through the implementation of the PDCA cycle, we are strictly enforcing our information security guidelines and other internal rules to ensure information security, and associates who violate these rules are subject to punishment.

We are also upgrading our information management structure to match the changing business environment. In light of the heightening risk of information leakage due to global business expansion, growing dependence on IT and the increased liquidity of employment, we are developing a globally unified structure to further strengthen controls on critical information. Specifically, after revising the information security guidelines in fiscal 2012, we expanded the scope of their application to include overseas Group members in fiscal 2013, thereby promoting information security activities at locations across the globe. In fiscal 2015, we began to step up countermeasures against "targeted cyber-attacks," which recently have entered the cybercrime mainstream. Given the growing sophistication of cyber-attackers' methodologies, we are striving to secure greater preparedness on a global basis.

akebono

Brand Report 2014

Economic Report

Toward Further Growth Corporate Brand Management and Corporate Social Responsibility

Achieving Akebono's Corporate Mission

Our Corporate Brand Management and Positioning of CSR Activities

In 2005, Akebono initiated corporate brand management, an initiative aimed at enhancing corporate value by meeting the expectations of stakeholders, namely, customers, shareholders and associates, with an equal emphasis placed on each of these key stakeholder groups. In October 2005, Akebono went on to formulate the Brand Statement, implementing the full-scale launch of its corporate brand management initiative with the aim of encouraging pride in the Akebono brand among associates and thereby strengthening the Company's competitive edge. From fiscal 2008 onward, we have focused on two aspects of our corporate image, namely, the provision of high-quality products and services and our status as a technologically advanced manufacturer. Since then, we have been striving to realize greater brand recognition by enhancing the Company's attractiveness and strengths.

Akebono considers fulfilling its corporate social responsibility (CSR) to be indispensable to continued business operations. In other words, its pursuit of regular CSR activities is an essential part of maintaining its operating foundation. At the same time, corporate branding initiatives reflect the Company's strategic CSR initiative aimed at further enhancing its social and corporate value. To realize our Corporate Mission, we will promote corporate branding initiatives to secure greater corporate strength, remaining a company that consistently provides people with safety and peace of mind through its operations.

Corporate Brand Awareness Survey and Brand Reports

Since 2005, Akebono has conducted annual surveys on corporate brand awareness among its associates, customers and



The Relationship between Corporate Brand and CSR

suppliers, as it recognizes that such surveys are significant part of the PDCA cycle, which is an aspect of corporate brand management.

In fiscal 2014, the scope of the survey included all of our business locations in Japan, North America, Europe and Asia, with a total of 6,880 associates responding.

To share what our stakeholders have to say with our associates worldwide, we issue the Brand Report, an in-house newsletter that summarizes—in Japanese, English, French, Chinese, Thai, Indonesian, Vietnamese and Spanish—wide-ranging stakeholder feedback and opinions gleaned from these surveys. This helps ensure that such feedback and opinions are reflected in our future initiatives to secure the greater satisfaction of our stakeholders.

When we carried out our fiscal 2012 survey, we set targets for each business location with regard to our corporate brand management initiative recognition rate among associates. Against the target rate of 70% or greater, the fiscal 2013 recognition rate reached 84.7% at Akebono Brake Fukushima Manufacturing Co., Ltd. (Fukushima Manufacturing) and 68.9% at Akebono Brake Yamagata Manufacturing Co., Ltd. (Yamagata Manufacturing), with both locations achieving significant improvements compared with fiscal 2012 figures. In fiscal 2014, Yamagata Manufacturing further improved the

rate to 84.3%, exceeding the target rate. Moreover, the recognition rate at Alocs Corporation increased to 79.5%, compared with 48.7% in fiscal 2013.

Going forward, we will apply our survey results to further raise associates' awareness, thereby enhancing the quality of their daily operations.

Status of CSR Promotion (in-House)

In accordance with the CSR Guidebook (revised edition as of April 2010) issued by the Japan Auto Parts Industries Association (JAPIA), Akebono maintains a list of its ongoing CSR activities. By making those activities more visible and managing them in a systematic manner, Akebono is ensuring that its CSR activities are steadily implemented. Akebono also utilizes an internal inspection system based on the ISO 26000 management system to evaluate CSR activities conducted in each business segment. By doing so, Akebono works to clarify its CSR management issues from a global perspective and thereby improve overall CSR activities.

Celebrating Our 85th Anniversary

Looking toward its centennial and beyond, Akebono will work to enhance its Groupwide strengths.

Observing Our Anniversary with Associates around the Globe On January 27, 2014, Akebono marked the 85th anniversary of its founding. To celebrate this milestone, the Company launched a project team to spearhead the event, which centered on the three themes "Reviewing Our History," "Considering the Future" and "Building a Sense of Unity: A Celebration for All Associates." Beginning with a "kickoff" event held in April, a variety of activities were organized during 2014 at domestic and overseas locations, with the 85th anniversary ceremony in November topping it all off. It was the first time Akebono has held such a major event simultaneously on a global basis.

The 85th Anniversary Ceremony

Held on November 24, 2014, the 85th anniversary ceremony welcomed participants from a number of Akebono business locations via teleconferencing. Among them were the Ai-City headquarters and five production sites, namely, Yamagata Manufacturing, Fukushima Manufacturing, Iwatsuki Manufacturing, Sanyo Manufacturing and Tatebayashi Foundry, as well as nine other business sites. Associates at overseas locations joined in the celebration, sending video messages. Moreover, to ensure that everyone could share in the atmosphere of celebration, the Company produced DVDs featuring video recordings of the event and sent them to locations worldwide.

At the ceremony, overviews of related events and contests held at Groupwide locations were presented. For example, each location reported on a commemorative tree planting event, which involved tree species specifically chosen by associates to represent a particular vision. Also, the results of robot competitions* and rapid calculation contests** were announced. Related events at various locations included an exhibition held at Ai-City. Timing the exhibition to coincide with the ceremony, Ai-City associates presented story boards depicting the histories of a number of the Akebono products since the Company's



A congratulatory surprise presented by McLaren at the 85th anniversary ceremony



Ai-City associates gathered at the ceremony



Robot competition (Mexico)

founding as well as a chronology of each department. Also on display were artistic pieces of calligraphy, with each associate choosing one Chinese character to communicate their commitment to pursuing their goals. Commemorative events were still being held as of the time of this publication, with the objectives of facilitating mutual understanding between worksites and locations and a sense of unity among associates.

A Celebration for All Associates with the Project Team Member Playing the Leading Role

The 85th anniversary ceremony and related events were solely the responsibility of Akebono associates. To lead the overall process, a project team consisting of 10 young or mid-level associates was formed to utilize human resources who are expected to be among the next generation of Akebono's business leaders. In addition to these project members, every associate throughout the Group was encouraged to play a role in organizing these events from the ground up.

At the 85th anniversary ceremony, President Hisataka Nobumoto gave a speech, saying, "I will be very pleased if this project provides you with opportunities to consider the Company's future and the role you want to play in it. As our centennial approaches, I challenge you to think about this and take action accordingly."

Going forward, Akebono will strive to expand its Groupwide operations by building on the sense of unity that grew from this series of celebratory events. We are now moving forward toward our centennial and beyond, with each associate doing their best to play a key role in creating a prosperous future for the Company.

- * Robot competitions: Teams of three associates each pitted remote-controlled robots they designed and assembled themselves against each other in a speed contest involving transporting table tennis balls.
- ** Rapid calculation contests: A relay race in which teams of three associates each compete for best calculation speed. Vying to finish first, participants tackled a number of computational problems using desk calculators, PCs, or other methods of choice.



Each department prepared a chronology



Commemorative tree planting (Thailand)



Rapid calculation contest (the United States)

Special Feature 2: Looking to Our Future Operations

Relationships with Our Stakeholders

Sharing Our Values to Realize akebono's Corporate Mission

In formulating akebono's Corporate Mission, we identified what we value most in the course of our efforts to realize a sustainable society. We aspire to share these values with all our key stakeholders, including customers, shareholders and investors, suppliers and local communities as well as associates and their families.

Our Commitment to CSR Activities

Akebono is implementing a variety of CSR activities to facilitate mutual understanding with stakeholders and maintain relationships of trust with them.

Utilizing its facilities and worksites, the Company sponsors such events as plant tours while offering job experience programs for students. Moreover, our associates at locations around the world engage in volunteer activities and organize such events as health promotion campaigns on an ongoing basis.

Moreover, we continue to provide support for the reconstruction of areas hit by the Great East Japan Earthquakes while pursuing the development of a disaster-proof corporate structure. Please visit our website to learn the details of our CSR activities.

Key Stakeholders with Whom Akebono Shares Its Values Presented by akebono's Corporate Mission



With Communities

Our Relationships with Local Communities

Akebono is nurturing future generations through the provision of scholarships, thereby making contributions to local communities.

Vocational Scholarship Program; Assisting Future Leaders in Their Pursuit of Education

Since 1964, Akebono has provided scholarships through its Vocational Scholarship Program, a program that allows students to earn wages by working at Akebono while also covering their academic fees for a period of three years. This program has supported junior college students earning degrees in early childhood education or nutrition to acquire specialist qualifications in these fields.

At present, Akebono Brake Fukushima Manufacturing Co., Ltd. (Fukushima Manufacturing) is operating this program. Scholarship students live in the corporate dormitory and engage in shift work at Fukushima Manufacturing while pursuing their studies. Once they complete their respective academic courses and acquire qualifications, they will go on to work as kindergarten teachers, nursery workers and nutritionists, although some of them may pursue careers at corporations.

Over its 50-year-long history, the program has provided scholarships to more than 3,000 students, who include some secondgeneration recipients. We strive to maintain robust relationships with local communities through the provision of scholarship programs aimed at helping young people realize their dreams.



An in-house graduation ceremony for the 42nd group of scholarship recipients (February 2015)

Offering Office and Plant Tours

Akebono proactively invites external companies as well as students from local elementary and junior high schools to tour its offices and plants across Japan.

In fiscal 2014, we invited more than 1,000 students from 12 elementary schools in Saitama Prefecture to tour Ai-City headquarters. In addition to a briefing on the Company, these tours involved a visit to "Ai-Museum" (Brake Museum) and a presentation by our mobile brake technology educational center as well as programs aimed at providing hands-on experience of manufacturing at the Monozukuri Center. Such tours help raise visitors' safety awareness while facilitating their understanding of Akebono and its products.



In addition, our Global Head Office in Nihonbashi, Tokyo, welcomed 62 students from a French management school in April 2014 as part of an overseas training program involving company visits. In addition to providing an overview of our operations and personnel system, we gave a presentation on the experiences of expatriates during their service in North America. Lastly, we gave the students a tour of the Global Head Office facilities.

Looking ahead, we will implement initiatives with local enterprises and communities in regions around our domestic and overseas locations. Learning from and inspiring each other, we will grow in tandem with our stakeholders.



Special Feature 1: Our Business Model

Social Report

Economic Repor

With Communities

Akebono's Social Contribution Activities around the World

Akebono is striving to build favorable relationships with local communities worldwide through a variety of social contribution activities and events.

A Toy Donation Campaign in Kentucky

At ABE, based in Kentucky, the United States, we presented local children with Christmas gifts, such as bicycles and toys, participating wholeheartedly in the Elizabethtown campaign of the Toys for Tots Foundation, a charitable organization that delivers messages of hope to less fortunate youngsters in the hope of assisting them to become responsible, productive and patriotic citizens. In addition to gifts donated by associates, ABE provided a fund totaling 1,000 dollars to purchase bicycles and toys. As a result, we were able to donate more than 50 bicycles along with a total of 2,500 dollars.



Akebono President Receives Legion D'honneur Officier from the Republic of France

In March 2015, Akebono President Hisataka Nobumoto was chosen to bear "Legion D'honneur Officier," a prestigious title that, since 1802, has been awarded by the Republic of France to commend persons who have made outstanding contributions in various fields.

Since establishing a French subsidiary in 1985, Akebono has worked to develop its local business network, opening an R&D center, friction material production plant and foundation brake research center in 1995, 1998 and 2013, respectively.

The awarding of the Legion D'honneur Officier was in recognition of significant contributions Akebono has made to local economic development in France and to enhancing the country's image as a place friendly to R&D investment.



Our CSR Activities in Indonesia

PT. Akebono Brake Astra Indonesia (AAIJ) was granted "Five Stars," the highest accreditation under the Astra Friendly Company Certificate (AFC) system operated by Astra International, a major company that heads one of Indonesia's foremost conglomerates in the automotive and other industries, for its unique initiatives to fulfill its corporate social responsibility.

At AAIJ, efforts are now under way to help improve the quality of life in the local community and to nurture young people through the provision of continued support and donations and the creation of employment opportunities. In this way, AAIJ is striving to win the support of the community.

AAIJ's Main Initiatives

- Tree planting activities
- (planted a total of 1,500 mango trees in fiscal 2014)
- Provision of scholarshipsFood donations
- Food donations
- Blood donation from associates



Tree planting activities



Provision of scholarships



Blood donation from associates

AKEBONO REPORT 2015 Akebono Brake Industry Co., Ltd. 27

With Our Customers

Pursuing Superior Quality to Satisfy Customer Needs

With "customer needs first" as a corporate goal, we are striving to provide satisfaction worldwide through our unique manufacturing technologies.

Earthquake Simulations

Well before the Great East Japan Earthquake, Akebono and its suppliers carried out periodic earthquake simulations to ensure the safety of associates and their families, provide assistance to disasterstricken communities and maintain a stable supply of brakes.

In fiscal 2014, the Company conducted a simulation drill that assumed that its manufacturing sites were hit by an earthquake centered in Yamagata Prefecture with an intensity registering a high six on the Japanese seismic scale. This drill was the eighth of this kind. By assuming a different seismic center and scenario for each occasion, the Company is striving to ensure solid emergency responsiveness at each domestic business location. Moreover, the drills are intended to establish a robust structure capable of launching full-scale assistance for local communities in the immediate wake of a disaster. To that end, efforts are now under way to upgrade simulations to include drills aimed at testing Ai-City headquarters' crisis management system.



Our Mobile Brake Technology Educational Center Employing the "Mobile Brake Technology Educational Center," a vehicle specially designed to display braking mechanisms in an easy to understand way, representatives of Akebono's aftermarket sales section visit auto dealers and automobile repair shops nationwide to teach car salesman and auto mechanics about the structure and features of Akebono brakes and give them tips on brake maintenance. More than 200 training sessions are held each year and attendees' feedback and comments are later reflected in product development. We are confident that this initiative is helping to make driving safer by promoting optimal brake maintenance while at the same time promoting the Akebono brand.



Akebono Products Garner Praise around the World for Their Quality

ABC's Brake Pad Wins the Best Overall Import Aftermarket Product Award at AAPEX

Produced by Akebono Brake Corporation (ABC), the EURO[®] Ultra-Premium ceramic disc brake pad was chosen to bear the title of the Best Overall Import Aftermarket Product at the AAPEX show, North America's largest international exhibition for automotive aftermarket products, for its functionality, superior quality and specifications finely tuned for European vehicles.



Akebono Receives the Toyota Quality Alliance Gold Award in North America

Our aftermarket sales team in North America received the Toyota Quality Alliance Gold Award from Toyota Motor Sales, U.S.A., Inc. in recognition of its contributions to the release of a new product in the Genuine Toyota Brake Pad (MVP) II line as well as marketing activities for this line. We believe that this commendation is a

testament to the success of our concerted efforts, with sales, development and manufacturing departments in North America as well as those at Ai-City headquarters collaborating to win customer trust. Receiving this award for the second time since 2012, Akebono has become the exclusive supplier of the Genuine Toyota Brake Pad (MVP) II line.



pics Quality Management Systems (ISO/TS 16949 and ISO 26262)

With the aim of promoting its corporate branding initiative, the Akebono Group's principal bases nationwide have obtained and are maintaining the ISO/TS 16949 quality management system certifications introduced by automotive manufacturers overseas. In addition, efforts are now under way to acquire the ISO 26262 certification with regard to automotive electronic and electrical safety-related systems.

With Our Shareholders and Investors

Working together to Enhance Corporate Value

Akebono constantly strives to enhance its corporate value through proactive communication with shareholders and investors.

Our Investor Relations (IR) Activities in Fiscal 2014

Dialogue with Shareholders

Akebono aims to make it easy for as many shareholders as possible to attend its General Meeting of Shareholders. To this end, the Company avoids holding General Meeting of Shareholders at the same time that many other companies hold such meetings. In addition, the Company sends a notice of convocation well ahead of the mandatory date of notification (two weeks prior to said meeting). Moreover, the Company posts English-language translations of its notice of convocation, notice of meeting resolutions and voting rights execution results on its website. In these ways, we are striving to improve convenience for our shareholders.

After the close of the General Meeting of Shareholders, we also hold presentation meetings to discuss the latest management situation and host other gatherings where we can engage in dialogue with shareholders.

Dialogue with Investors

Akebono proactively engages in face-to-face dialogue with investors to facilitate their understanding of its business operations. In fiscal 2014, the Company held corporate briefings for individual investors on 12 occasions, with more than 1,000 people attending. For domestic and overseas institutional investors and security analysts, we held briefings on our financial results and meetings in Japan and overseas while sponsoring facility tours. As a result, we were able to meet face to face with more than 500 of such investors and analysts.

In addition, our website features IR related materials prepared in both Japanese and English. Some of these materials are also translated into French.

		2014							2015			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
For shareholders												
General Meeting of Shareholders			•									
Briefing on latest management situation			•									
Exchange meeting			•									
For analysts and institutional investors	Total numb	tal number of analysts and institutional investors with whom the Company's representatives met in fiscal 2014: 523										
Briefings on financial results : Two times		•						•				
Responding to individual inquiries	•											
Overseas IR meetings : Five times			Europe •	•	Asia 🕶	North America	 North Amer 	ica 🕶		● • Eu	rope	
Small meetings : 10 times				•		•••		•	••		•	• •
Conferences sponsored by securities companies : Four times			•			•			•		•	
Facility and plant tours : Four times	•			•	•					•		
For individual investors	Total numbe	er of attendee	s of briefings	for individua	l investors: 1,	130						
Appearance on media for individual investors : Two times		•					•		Tokyo	Hamamatsu		
Corporate briefings for individual investors : 12 times		Kanazawa ●	•	Kobe \bullet 鱼	Saitama		Tokyo ●	Osaka 🗨 🗨	Saitama 🜢	•	••	• Osaka
			Osaka							Sa	pporo Osaka	a

With Our Suppliers Inspiring Each Other with Suppliers

Akebono is striving to maintain and enhance relationships with its suppliers.

Enhancing Partnerships through the Activities of Seiwa Kai

As part of activities aimed at enhancing partnerships with suppliers, Akebono and "Seiwa Kai," an association comprising Akebono's main suppliers, proactively work together as equal partners to inspire creativity. Activities undertaken with Seiwa Kai include study sessions focused on safety and quality. During the study sessions, the attendees divide into three groups, with each group sharing the latest technical information and the challenges they have been facing based on a single theme. By working together toward solutions, Akebono associates and Seiwa Kai members are able to share their firsthand expertise and gain a sense of accomplishment, which reinforces their productive and mutually beneficial relationships.

Rooting Our Global Operations in Local Communities

To survive amid the global market, Akebono recognizes that meeting SGQCDDM* requirements is essential. We believe that our ability to satisfy these requirements is largely dependent on mutual understanding and relationships of trust with our local suppliers.

With this in mind, Akebono has positioned a high regard for human rights as the cornerstone of its pursuit of global expansion. In doing so, we put great emphasis on maintaining robust communications to express our respect for and deepen understanding of local cultures and value systems in the areas that we expand into. Moreover, when selecting our suppliers, we confirm the status of their compliance with laws, ethics and other requirements. In these ways, Akebono is striving to achieve the sustainable and mutual development of the Company and its suppliers.

* S: Safety; G: Global; Q: Quality; C: Cost; DD: Delivery and Development, or Differentiation through Development; and M: Management

Establishing Supplier Hotline on the Company's Website

With the aim of building and maintaining favorable partnerships with all of its suppliers, in fiscal 2013 Akebono established a "Supplier Hotline."* Whenever a complaint from a supplier is received, the secretariat of the Compliance Committee will address the problem and take necessary steps to ensure that the problem is settled at an early stage and that preemptive countermeasures are in place to detect and prevent similar problems from recurring. Akebono will acknowledge any risk that arises in the course of its operations and address it by implementing appropriate measures. By doing so, we will strive to better fulfill our responsibility as a corporate citizen.

* The Supplier Hotline may be accessed from our corporate website; please go to "Purchasing" under "Products & Technologies" and click on "Supplier Hotline" or click on the "Supplier Hotline" under "Contact Us."

With Our Associates

A Personnel System That Enhances Corporate Value

To remain a successful company in the global business environment, Akebono is striving to create a more robust workforce.

Basic Human Resources Policy and Personnel System

Basic Human Resources Policy

To provide opportunities to all associates and to support them so that they can share in the Company's successes.

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

Moreover, we are reinforcing human rights education and enlightenment to support the achievement of an organization with abundant diversity and creativity.

Human Resource Nurturing and Personnel System

We strive to ensure that our associates are assigned optimal positions and work locations based on their competencies, regardless of their nationality. To this end, our human resource recruitment, nurturing and administration systems are premised on abundant respect for human rights as well as associates' individuality, privacy rights and diverse value systems.

In particular, we are developing our associates' communication skills, flexibility in dealing with diverse cultures and their linguistic abilities. Addressing differences in training programs and personnel systems by location, we are working to enhance our Japanese associates' ability to operate in global business settings, putting emphasis on training those who have had few opportunities to engage in duties with peers from other countries with different cultures and native tongues.

Nurturing Globally Capable Human Resources

As a part of training programs for newly recruited associates, Akebono is developing globally unified educational materials for use at all Group business locations. In fiscal 2011, Akebono began issuing the Akebono Starter Book, a standard educational package that features the Company's corporate history since its founding, characteristics of its operations in each region and explanations of APS (Akebono Production System or Akebono Philosophy and Spirit), its corporate culture and philosophy as well as corporate brand management activities. This package aims to ensure that all associates are equally informed of the basic knowledge and concepts necessary to act as Akebono businesspersons. Moreover, efforts are now under way to create additional programs that reflect local concerns. By doing so, we will develop human resource educational programs optimized for each region and location.

Internship

Not only does Akebono proactively accept interns from abroad, it also organizes exchange events where interns and associates find their sense of being part of an international concern nurtured through the exchange of ideas. In fiscal 2012, the Company began holding such events under the title "Internship Forums." Stepping up this initiative, in fiscal 2014 these events were renamed "Diversity Forums," with the scope of participants being expanded to include trainees from overseas Group members as well as Japanese expatriates. Approximately 60 attendees participate in each of these forums, which facilitate understanding of countries around the world through presentations on local industries and cultures and question and answer sessions. Going forward, we will provide further opportunities for exposure to diverse cultures and value systems, thereby nurturing a greater number of human resources capable of succeeding on the global stage.

Number of Interns Accepted



Akebono 123 Associates' Contributes on Multiple Aspects

Akebono 123 Co., Ltd., is a special-purpose subsidiary of the Akebono Group that provides employment for people with disabilities. Working to help them achieve personal growth through work, Akebono 123 maintains a high ratio of people with disabilities in its workforce.

In November 2014, two Akebono 123 associates participated in the Abilympics, a national vocational skill competition aimed at facilitating the development of skills of people with disabilities. In a field of 332 participants from regions nationwide, one of our associates won gold medal in the category of building cleaning.

Furthermore, in September 2014 Akebono 123 was chosen to receive a prize from the president of the Japan Organization for



Employment of the Elderly, Persons with Disabilities and Job Seekers in recognition of its initiatives to provide employment for people with disabilities. It also received a commendation at the Shogai-sya Job Fair 2014 held in Saitama Prefecture for the same reason.

Employment Rate of People with Disabilities in the Akebono Group



Special Feature 1: Our Business Model

Social Report

With Our Associates

Promoting Diversity to Become a Successful Global Company 💻

Akebono is engaged in diversity management with the aim of creating a workplace in which associates with diverse values can develop their potential.



Akebono aims to strengthen its corporate capabilities in a way that reflects the high respect it has for the values of each associate and their diversity. In other words, the Company cherishes associates' individual aspirations regarding work and life so that each can develop their creativity in the course of their duties, which, in turn, will help bring about a more vibrant company overall. Akebono recognizes that as it expands globally it is becoming increasingly important to establish a corporate structure that helps each associate realize their full potential regardless of their value system or cultural background. In line with this recognition, we are promoting diversity management centered on three key initiatives, namely, diversity promotion; work-life balance promotion; and career development assistance.

Ai-Village

"Ai-Village" ____ A Center for Nurturing Globally Capable Associates

Since its establishment in 2012, Ai-Village global training center has served as a training ground for numerous associates. In fiscal 2014, the number of associates who received training at this facility totaled 11,000, exceeding the figure for the previous fiscal year. Around half of the training sessions held there consist of programs spearheaded by the Human Resource Department, including job level-based training programs and training for selected associates, and the remainder is organized by operating departments, such as those handling development, technology, sales and production. In addition to providing a place for retreat-type training sessions, there were some instances where Ai-Village opened its accommodations to associates trapped by inclement weather. To maximize the site's utilization, in fiscal 2014 the Company decided to expand the lineup of training programs, initiating Ai-Campus, a series of open seminars comprising 80 courses. Among these are language training programs aimed at nurturing globally capable associates as well as lectures on basic knowledge about manufacturing and Akebono products. Looking ahead, we will continue to strive to fully utilize this facility to nurture competitive human resources.



Exterior of Ai-Village

With Our Associates Promoting Work-Life Balance to Enable Associates to Pursue Individual Goals over the Long Term

Akebono is striving to create an even better working environment for all associates.

Akebono Helps Its Associate Strike a Work-Life Balance

Akebono puts great emphasis on helping associates strike a good work-life balance. Accordingly, we are constantly working to realize a working environment that accommodates diverse work styles to meet individual needs.

For example, we have designed various programs for associates raising children and those caring for their family members to assist them with their efforts to strike a balance between their work and private lives. Some of these programs allow eligible associates to opt for shorter working hours or take leave for child rearing and nursing care. Moreover, we also offer a Career Partner Plan that allows the reinstatement of those who left Akebono due to prescribed reasons. We also support associates' career development efforts while offering opportunities to participate in selfimprovement activities.

We distribute *Life Supporter*, a booklet that summarizes the content of these and other programs with the aim of facilitating the utilization of the programs by associates. Going forward, we

will also implement forward-thinking initiatives with an eye to future issues, thereby securing a corporate structure responsive to changes in the social environment. To create a working environment that offers diverse and flexible working styles, we will continuously enhance these programs by incorporating feedback from associates.

In addition, Akebono obtained the Kurumin Mark—an authorization mark awarded by Japan's Minister of Health, Labour and Welfare to certify businesses that proactively support the upbringing of future generations, in November 2007 and renewed it in June 2013.



Kurumin Mark

Child care leave plan	Associates can take leave until the March after the child's third birthday while receiving aid. This can be taken in multiple parts. Note: Akebono has a child care leave plan that exceeds legal standards.
Career partner plan	A program that provides those who left the Company due to family duties with opportunities to later rejoin Akebono within five years after their resignation. Eligible associates include those who had served for a continuous period of three years or more before leaving and meet other prescribed criteria.
Nursing care leave plan	Associates can take up to two years leave per family member to provide nursing care while receiving a stipend
Child nursing care plan	Associates can take up to five days of leave per year (ten days for associates with two or more children) to nurse sick or injured children or for children's doctor visits until the child graduates from elementary school. This leave is separate from annual paid leave.
Measures to reduce working hours	 Child care plans Reduced working-hours plan: Associates can use the system multiple times until children graduate from elementary school. Flex time plan Child care aid plan: A fixed monthly aid until the March following the child's third birthday
Improvements to company environment	 Nursing care plans Reduced working-hours plan: Associates can work reduced hours for a total of up to three years per family member to provide nursing care. These can be taken in multiple parts. Flex time plan

Sports Activities

Akebono's Main Initiatives

At Akebono, many associates are actively involved in sports in the form of basketball, baseball and soft tennis clubs.

Providing each other with mutual support, club members strive to develop skills and reach goals.





Basketball clinic

Basketball club

In 2014, some of the members of basketball and baseball clubs voluntarily began to sponsor clinics for elementary and junior high school students, in this way contributing to local communities.







Tennis club

Corporate Information

With Our Associates Strengthening Our Onsite Capabilities through Human Resource Development

Akebono is nurturing associates who bolster its production frontlines throughout the world and unique manufacturing capabilities.

Disseminating Akebono Manufacturing Technologies

Opened in 2011, the Monozukuri Center serves as a forum for short-term intensive training courses on the principles of manufacturing and is open to anyone in Akebono. With an emphasis on teaching trainees to think, work out problems for themselves and offer innovative solutions, the center nurtures engineers capable of reinforcing the foundation of Akebono's manufacturing strengths. Such training courses comprise the "Monozukuri Dojo," which provides associates with hands-on experience so that they may gain manufacturing know-how that is immediately applicable at their own worksites; "Fundamental Skills Training Schools" aimed at teaching and disseminating optimal operation procedures; and "Model Line Courses," which demonstrate production line ideals. The educational materials used in training courses are prepared by the lecturers themselves. The center plays an essential role in disseminating our manufacturing approach to bases Groupwide.



Workshop on the utilization of the production survey sheet

Localizing Training Programs

Since 2012 the center has been proactively organizing "Fundamental Skills Training School" courses at overseas locations. This initiative began at sites in the United States and Asia to instruct local trainer candidates and certify their teaching skills. Up to the present, 30 have completed their instruction and gained qualification and are now serving as trainers at five locations overseas.

Furthermore, in March 2014, we established the first overseas Monozukuri Center at Akebono Brake Corporation (ABC) in North America. The new center kicked off operations with a training course on the preparation of the 3 Basic Sheets,* and in November 2014, it initiated the provision of Quality Dojo courses. In a bid to secure trainers from among locals, a total of six candidates are currently being trained at four North American locations. Meanwhile, in March 2015 our Japanese business sites began to set up Monozukuri Dojo training framework locally, with a total of seven candidates at four locations being developed into trainers.

Looking ahead, we intend to provide training programs tailored to the needs of Group locations around the world while enhancing content even further.

* 3 Basic Sheets: Standardized work combination table, standardized production capacity sheet and standardized work chart



ABC associates participating in a training session at the local Monozukuri Center

During fiscal 2014, a total of 1,175 associates completed Monozukuri Dojo training courses Monozukuri centers in Japan and North America or Fundamental Skills Training School courses at four Japanese and four North American locations as well as one Indonesian location.

Fiscal 2014 Training

	Location	Number of associates who completed training courses
Monozukuri Dojo/Quality	Monozukuri Center (Japan)	315 (domestic) 38 (overseas)
Dojo	North American Monozukuri Center (ABC)	142
Fundamental	Yamagata Manufacturing, Fukushima Manufacturing, Iwatsuki Manufacturing and Sanyo Manufacturing	140
Skills Training	ABCT	53
School	ABE	63
	ABCS	126
	ABG	185
	AAIJ	113

With Our Associates

Our Initiatives to Improve Workplace Safety and Health

Akebono is striving to provide its associates with an even better workplace environment.

Occupational Safety and Health Management

Striving to ensure the safety and health of its associates, the Akebono Group established the Occupational Safety and Health Management Structure, with the aim of thoroughly addressing various risks related to its operations, including disasters, accidents and other emergencies. Placing the utmost emphasis on securing the safety of our personnel, we have set the rules that allow no newly recruited associate or contract worker to engage in actual operations unless they have undergone the required safety education. We also distribute *Need-to-Know about Safety Knowledge*, a booklet summarizing important safety issues, to all associates to raise their safety awareness.

Akebono's Safety and Health Management Structure





Response to the Problem of Asbestos

Well ahead of other domestic companies, Akebono began the development of asbestos-free products in the 1970s. Not only did we complete the transition to asbestos-free products for new cars by 1994, we have not manufactured service parts containing asbestos since 2000. In July 2005, Akebono launched the "Asbestos Special Committee" and established a "Health Consultation Room" within each Group company, implementing complementary health checks for neighbors, ex-associates and their family members. In total, 616 people have undergone asbestos health checks as of March 31, 2015. We plan to continue these checks in the future.

On November 28, 2012, a lawsuit was filed against Akebono by ex-associates and bereaved families of ex-associates, demanding compensation for health damage allegedly attributable to asbestos contained in its products. As of April 30, 2015, hearings were held on 14 occasions. We will respond to their claims for such damage with sincerity.

Breakdown of Number of Examinees

(from August 2005 to March 2015)

Figures in parentheses represent increases from the previous year

	Ex-associates	Families of ex-associates	Neighbors	Total
Asbestosis found	41	0	0	41
Pneumoconiosis found	16	0	0	16
No findings	410 (+3)	37	112	559 (+3)
Total	467 (+3)	37	112	616 (+3)
Frequency of Occupational Accidents (frequency of lost work time)



Safety Records at Overseas Locations

As a result of initiatives aimed at reducing occupational accidents, the frequency of lost work time due to occupational accidents in fiscal 2014 was 0.2, a record low.



Figures for 2014 do not contain U.S. national average data as such data had not been publicly disclosed as of June, 2015.

Data for Akebono from 2007 to 2009 included ABG and ABE; ABCS and ABCT were added from 2010. AAIJ (Indonesia) was included from 2011.

Our Basic Policy of Health Management

Akebono believes that maintaining associates' health is indispensable not only for its ongoing business operations but also for the society in which it operates. Guided by this unchanging belief, we are pursuing health promotion initiatives from the following viewpoints:

- 1. Enhancing the quality of life of associates
 - a. Promoting physical and mental health while helping associates maintain favorable family relationships and good human relationships at worksites
- 2. Maintaining a healthy working environment that ensures a long working life
 - a. Preventing the occurrence of health problems that may result in long-term absence or a decline in job performance and productivity

b. Promoting mental healthcare and reducing medical expenses

3. Exercising risk control

a. Addressing health problems that may increase occupational and commuting accidents or product defects

b. Securing an emergency response structure against pandemics

To create an environment in which every associate can enjoy a favorable working life in terms of both physical and mental health, we will continuously work to identify problems and risks and resolve them promptly. Moreover, we will fulfill our obligation as an employer to give due consideration to the health of employees by implementing workplace safety and health promotion initiatives that are standardized Groupwide. At the same time, we will raise associates' awareness of their responsibilities to undertake selfhealth management.

Review of Fiscal 2014 Initiatives

We reviewed the composition of our industrial physician team. In April 2015, Ai-City headquarters and Akebono Brake Iwatsuki Manufacturing Co., Ltd. (Iwatsuki Manufacturing) increased the number of in-house physicians while entering into exclusive contracts with them. In particular, doctors contracted to Ai-City headquarters included a psychologist, as it aims to employ a specialist's viewpoint in creating mental healthcare countermeasures.

To reinforce the collaboration of its Safety and Health Committees, Ai-City headquarters set up a task force specializing in workplace hygiene, having established a similar task force at Iwatsuki Manufacturing.

In addition, the Company engages in cross-company discussions of measures aimed at promoting mental healthcare in the auto parts manufacturing industry. Following up on our participation in the previous fiscal year, we participated in a liaison council hosted by the Japan Auto Parts Industries Association for those individuals responsible for their organization's mental healthcare efforts. This opportunity enabled us to contribute to the updating of the industry's standard mental healthcare educational program. This program is utilized in the Company's training sessions for newly appointed managers to teach them about their roles in a "line-care" structure. Reflecting the effectiveness of these efforts, a growing number of associates are acting on their supervisors' advice, voluntarily consulting with physicians and, seeking out specialists' counsel about their own mental health or mental health issues involving their families. We will promote these and other mental health care initiatives while raising associates' awareness of self-health management.

Fiscal 2015 Targets

• Mental healthcare

We will ensure that our existing stress check systems are compliant with guidelines under new legislation obliging employers to perform stress checks on their employees that will come into effect on December 1, 2015. In doing so, we will utilize the assessment results at hand about individual's and organizational unit's ability to manage mental health problems.

• Health management system reinforcement

We will compile health management best practices undertaken at Ai-City and Iwatsuki Manufacturing and roll them out horizontally at other locations in Japan and overseas while determining those locations' priorities by engaging in dialogue.

• Cooperation with a health insurance association

We will collaborate with a health insurance association to utilize statistical data gleaned under the "Data Health Plan" from the health examination results of association members and submitted to Japan's Ministry of Health, Labour and Welfare. By doing so, we will implement initiatives for the prevention, earlier detection and treatment of diseases through PDCA cycles.

In addition, we will also work to have more associates participate in "Kenko Akebono 21," a health promotion program that encourages participants to set exercise targets, through the revision of program content, as we have seen the number of participants decline.

Environmental Management

Environmental Management System

As a part of its social contribution initiatives, Akebono is actively promoting environmental preservation.

Environmental Declaration

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

Established 2001

Basic Environmental Policies

- 1. From the early development and design stages, we will actively pursue initiatives that give consideration to both safety and the environment. We will promote the development of technologies and products that minimize environmental impact.
- 2. Each and every associate will make ongoing efforts to reduce environmental impact and promote an eco-friendly society by conserving energy and resources, recycling and reducing waste
- 3. In addition to complying with environmental laws, regulations and agreements, we will endeavor to enhance our environmental management by establishing voluntary management standards both in Japan and overseas.
- 4. We will actively disclose information to increase understanding of our environmental initiatives and encourage positive relationships with communities with the aim of creating a better living environment.

Environmental and CSR Management System

Established 2001

Renewal of ISO Certifications

Since the former Akebono Brake Miharu Manufacturing Co., Ltd. became the first ISO 14001-certified facility in the Akebono Group in 1999, all Group members in Japan have obtained the ISO 14001 certification. To date, each has passed all two to four successive renewal examinations while extending the scope of their environmental initiatives to include back-office sections as well as their suppliers. Akebono Brake Astra Indonesia (AAIJ) and other Group members overseas have also been certified, with a majority of them completing renewal procedures in fiscal 2014.

Note: ISO 14001: An international standard for environmental management systems issued by the International Organization for Standardization

ISO 14001 Certified Group Members and O	peratior	าร		●Cer)Ren			it (thi	ee-y	ear cy	/cle)
	Certification	n		Ren	ewal	Sche	dule		()	'ear)
Companies/Operations* ²	date *1	'07	'08	'09	'10	'11	'12	'13	'14	′15
Yamagata Manufacturing	00/03			0			0			0
Fukushima Manufacturing	00/03			0			0			0
Iwatsuki Manufacturing	02/03		0			0			0	
APS*3	02/03		0			0			0	
Ai-City Headquarters	03/03			0			0			0
Tatebayashi Foundry*4	10/03				\odot		0			0
R&D Centre*5	03/03			0			0			0
Alocs*6	07/07	0			0	0			0	
Sanyo Manufacturing	01/05	0			0			0		
ABE (U.S.)	01/07	0			0			0		
ABG (U.S.)	01/07	0			0			0		
ABCS (U.S.)	02/08		0			0			0	
ABCT (U.S.)	01/10	0			0			0		
Akebono Europe (Gonesse) (France)	04/09	0			0			0		
Akebono Europe (Arras) (France)	04/09	0			0			0		
AAIJ (Indonesia)	02/01		0			0			0	
Akebono Corporation (Suzhou) (China)	08/11		O			0			0	
AKBT (Thailand)	09/12			O			0			0
Akebono Corporation (Guangzhou) (China)	10/09				Ø			0		

1. 00/03 means "certified in March 2000."
 *2. Please see pages 58 to 59 for the official names of Group members and operations.

Certified as part of Watsuki Manufacturing.
 Certified accompanying an expansion in the scope of certification for Ai-City Headquarters.
 Certified as part of Ai-City Headquarters.

*6. Certified accompanying an expansion in the scope of certification to encompass the Production Engineering Division in July 2007 and included in Iwatsuki Manufacturing from March 2010.



*1 SOC (Substance of Concern): Environmentally hazardous substances, including mercury, cadmium, lead and hexavalent chromium Established in 20 *2 VOC (Volatile Organic Compound): Toluene and xylene are representative of this group's compounds, which are suspected of involvement in the development of substances that cause health concerns, including oxidant and airborne particulate matters

3 LCA (Life Cycle Assessment): A technique for analyzing and assessing the environmental impact associated with the entire life cycle of a product (mining of materials, manufacturing, use, recycling and disposal) *4 PRTR (Pollutant Release and Transfer Register): Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) was passed into law in 1999 and enforced in 2001. Under the law, business operators which handle more than a certain amount of specified chemical substances are required to submit reports to the competent minister annually.

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

*6 Zero-emissions: Proposed by the United Nations University in 1994, a system wherein companies aim to emit no waste, engaging rather in resource recycling and the effective utilization of waste *7 Green purchasing: Affirmative selection and acquisition of products that impose less negative environmental impact; scope includes materials used in products as well as secondary materials used in the course of manufacturing. The manufacture of "Green Products" requires the practice of green purchasing.

Special Feature 1: Our Business Model

Environmental Management

Product Life Cycles and Environmental Impact Mass Balance 💻

Akebono promotes the effective utilization of resources as it strives to reduce the environmental impact of its operations.

Our environmental initiatives begin with the design and development stage and cover all stages thereafter, including the recovery and recycling of used products. In all aspects of its business, Akebono is practicing the effective utilization of resources with the aim of contributing to a recycling society.



- tion through use, emission, recovery, recycling and re-use after recycling to final disposal * Values for NOx, SOx and smoke dust represent total
 - emission volumes from facilities subject to regulations
- * Scope of calculation covers operations in Yamagata, Fukushima, Tatebayashi, Iwatsuki and Sanyo * REACH: Registration, Evaluation Authorization and Restriction of Chemicals

Initiatives at the Design and Development Stage \square

Akebono is working to deliver brakes that are friendly to both people and the environment by creating products free of environmentally hazardous substances while pursuing longer product lives.

Developing Products Free of Environmentally Hazardous Substances

In North America, regulations on environmentally hazardous substances have been tightened due to anxiety over the impact of brake dust on the ecosystems of rivers and gulfs.

In response, Akebono is striving to develop technologies that reduce the volume of brake dust generated from the use of friction materials while extending the product life of brake pads.

Also, Akebono promotes the development of products with a lower environmentally hazardous substance content. In accordance with in-house guidelines, which set forth stricter regulations on brake raw materials than required by law, Akebono painstakingly examines these materials' possible impact on the environment and work environment even from the product design and development stages.

Satisfying U.S. Regulations on Chemicals Used in Brake Friction Materials

In 2014, new regulations were enforced in California and the state of Washington, the United States, setting limits on copper and other specified substance content in brake pads, linings and friction materials produced on and after January 1, 2014. Moreover, these regulations oblige manufacturers to label their pads and linings using Friction Materials Edge Code Markings that indicate compliance. In response, a number of Akebono's business units, including its U.S., Japanese and Asian production bases that manufacture friction materials destined for the American market, as well as development, quality assurance, sales and production engineering sections worldwide, have striven to ensure compliance with these requirements through across-the-board collaboration that has resulted in their functioning truly as "One Team" or "One akebono" working together toward "One Goal." Looking ahead, we will painstakingly continue to implement measures aimed at complying with state laws and other regulations, such as package labeling statutes.



A brake pad labeled with Friction Materials Edge Code Markings

FNC Finished Rotors

Akebono supplies rotors for trucks produced by U.S.-based General Motors Company. These rotors are finished using the ferritic nitrocarburizing (FNC) process and thus deliver superior braking performance as well as low noise and vibration while boasting an industry-leading product life, which, in turn, contributes to resource savings. Moreover, since FNC finishing provides greater abrasion resistance, it also reduces the generation of dust, which not only often mars the appearance of wheels, but poses an environmental burden.



An FNC finished rotor

Technology to Control Noise and Vibration

When it comes to making brakes, finding ways to control the noise and vibrations that may make the driving experience unpleasant for the end-user is of the utmost importance. Akebono pays particular attention to what it calls NVH (noise, vibration and harshness, or vibrations caused by unevenness in road surfaces), which makes for a less pleasant braking experience. Noise itself refers to the sound generated when vibration caused by the friction between the pads and rotors is transmitted through the calipers and resonates throughout the brake.

Noise and vibration are affected by many factors, including driving conditions, speed, brake temperature, quality of component materials, configuration of the parts and rotor speed. Akebono uses simulations of various conditions to attempt to predict noise and vibration. This enables the Company to predict noise from the design stage and thus allows the number of prototypes needed for testing to be decreased, contributing to both energy and resource savings.



Development of New Brakes for Greater Fuel Efficiency

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

• Electro-Mechanical Brakes



Arrow indicates the electro-mechanical actuator

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

• Low Drag Caliper



In a conventional disc brake there is always slight contact between the brake pads and the rotor, even when the brakes are released. This creates rotational resistance of the rotor and negatively affects fuel economy. Also, if the gap between the rotor and pad alters, however subtle the change, it affects how far the pedal must travel to initiate braking. This reduces driver confidence. The low drag caliper incorporates specially designed components to ensure that the pad to rotor gap is precisely maintained at the micron level. In this way, brake drag is reduced, contributing to improved fuel economy.

Upgrading Ai-Ring to Secure Competitiveness in the Global Market

• The New Ai-Ring Concept

One of Japan's largest test courses possessed by an automobile part manufacturer, Ai-Ring is equipped with verification facilities that enable Akebono to carry out various types of brake testing using actual vehicles. A construction project aimed at upgrading the whole facility is now under way, with an eye to completion in March 2016, and will include new multiple tracks used for new product development. Once completed, the new Ai-Ring will enable us to test brakes in conditions even closer to actual driving environments, thereby helping us to better verify our advances. In addition, dynamometer brake testing equipment will be added, with the aim of implementing bench testing, dyno testing and vehicle testing in a single facility. While establishing a global development structure, Akebono will enhance its R&D competitiveness through this facility upgrade. Moreover, Ai-Ring will help us integrate testing techniques employed at R&D bases worldwide while providing a place for training designers and engineers.

The upgraded Ai-Ring will serve to accelerate our progressive initiatives by enhancing the critical development capabilities needed to achieve technological differentiation. At the same time, we will also utilize this facility to develop brakes that help save energy and resources.



Conceptual map laying out the functions of the new Ai-Ring

Brakes for a "Space Elevator"

A carbon nanotube is a lightweight material boasting superior strength. This innovative material offers the possibility of constructing a "space elevator," a futuristic transportation system connecting earth and space. The current concept of a space elevator includes the establishment of space stations in geostationary orbit to enable ground-space transportation. Projects are now under way at universities and other research institutions worldwide studying this concept. In Japan, Akebono is providing technological assistance to JAPAN SPACE ELEVATOR ASSOCIATION, a general incorporated association established in 2008, by proposing designs for the brake systems such an elevator would require.

> Counterweight HEO Station Climber Mars Station GEO Station LEO Station Climber LEO Station

Conceptual drawing of the structure of a space elevator (Provided by JAPAN SPACE ASSOCIATION)

Initiatives at the Purchasing Stage

Akebono aims to deliver greater environmental quality by working together with its suppliers.

Striving to Ensure Worksite Safety throughout the Supply Chain

Akebono believes that the continued operation of a business is premised on the maintenance of safety, consideration for the environment and CSR. In particular, it recognizes safety as key to achieving higher product quality and cost competitiveness, since only a safe working environment can allow workers to concentrate on duties without constraint.

However, over the last few years Akebono has seen a series of major accidents at suppliers' worksites. To eliminate occupational accidents throughout its supply chain, Akebono will strive to raise the awareness of its suppliers, urging them to develop safer workplaces through suppliers' meetings and Seiwa Kai study sessions.

Response to the Conflict Minerals*1 Issue

The U.S. Congress passed the "Conflict Minerals Rule," which aims to cut off sources of funding for armed groups in the Democratic Republic of Congo and neighboring countries. The rule requires manufacturers to ensure public disclosure and reporting related to "conflict minerals," obliging them to thoroughly track the origins of minerals that are supplied to them.

Ranking and Management of Environmental Impact Substances under Green Purchasing*² a Guidelines

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

Rank	Chemical substances	Examples of control measures
Usage prohibited	Substances that are strictly banned from use and production by law and regulation	Prohibit use/draw up plans for abolishment if there is substance in use
Usage restricted	Substances which are projected to come under legal regulation and substances for which emission regulations are set under existing laws	Conduct research on alternative materials or reduction methods and draw up reduction plan
Proper management of usage information required	Substances listed in GADSL* ³ , that is, substances requiring declaration of usage amount	Ensure proper management of usage information and work toward reduction of usage

*1 Conflict Minerals

The Section 1502 of the Dodd-Frank Act targets minerals containing tungsten, tantalum, gold, and tin produced in the Democratic Republic of Congo and neighboring countries that provide sources of funding for armed groups involved in the conflict.

*2 Green purchasing

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

*3 GADSL (Global Automotive Declarable Substance List)

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

- 1. Substances that are subject to regulation under the laws of each country
- 2. Substances that are expected to come under legal regulation

3. Substances with a proven negative impact on health and/or the environment The list contains substances classified into such categories as "Substances prohibited from use in all applications," "Substances prohibited from use in certain applications or that must be declared if used" and "Substances that must be declared if usage exceeds defined threshold limits." Akebono has been working systematically in accordance with standards stipulated by industrial associations to meet these requirements. Since the commencement of full-scale tracking in fiscal 2013, no conflict minerals have been detected in its product content. From fiscal 2015, Akebono will strive to enhance its suppliers' understanding of this issue and achieve an even higher response ratio to its tracking surveys.

Suppliers' Meetings Held around the World

Akebono holds annual suppliers' meetings every year to facilitate their understanding of the Company's initiatives. In fiscal 2014, in addition to convening these meetings in Japan, North America, Indonesia and Thailand, Akebono held suppliers' meetings in Guangzhou and Suzhou, China, for the first time, reflecting its intention to step up global expansion.

We gave presentations on each business unit's policies aimed at achieving the goals of our current midterm business plan while sharing information on initiatives undertaken in regions worldwide. Also, we urged suppliers to pursue quality enhancement activities and ongoing cost reductions.

Going forward, Akebono will pursue uncompromising costreduction and quality-control efforts in collaboration with its suppliers.



General suppliers' meeting in Japan (February 5, 2015)

Social Report

Environmental Report

Economic Report

Corporate Information

Initiatives at the Logistics Stage 💻

Utilizing a dynamic management system for truck operations, Akebono is determined to ensure safe, efficient, energy-saving and environment-friendly logistics activities.

Promoting Safe and Eco-Friendly Driving

The Akebono Group member Alocs Corporation (a freight company) is employing a dynamic management system, specifically, a truck operation management system that utilizes data on individual vehicles gleaned from onboard sensors, such as engine speed, driving speed, acceleration rate and location. This data is automatically transmitted to the headquarters in Ai-City via data centers and checked by associates in charge of truck operation management as well as with informing drivers of weather and traffic jams. The Alocs system is able to give timely instruction to each driver so that they can avoid crowded routes and helps to ensure that drivers are taking breaks as needed. In these ways, Akebono is ensuring safe and environment-friendly truck operations.

Moreover, the introduction of this system contributed to an improvement in unit energy consumption for logistics activities. In fiscal 2014, unit energy consumption for these activities decreased 2.5% compared with the previous fiscal year, well surpassing our target of a year-on-year decrease of 1% or greater.

Energy Consumed and CO₂ Emitted by Logistics Activities

	FY11	FY12	FY13	FY14
Total traffic volume (10,000 ton kilometer)	5,291	5,023	4,957	4,932
Consumed energy (kl crude oil equivalent)	1,359	1,270	1,205	1,170
CO ₂ emission volume (t-CO ₂)	3,494	3,268	3,098	3,004
Unit energy consumption	0.257	0.253	0.243	0.237

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



Financial Review for the Fiscal Year Ended March 31, 2015

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

During fiscal 2014, ended March 31, 2015, the Akebono Group recorded a decline in Japanese sales on the back of weak automobile production in Japan. Nevertheless, consolidated net sales rose 7.4% year on year to a record-high ¥254.2 billion thanks to strong demand for automobiles in such overseas markets as North America and China and the influence of foreign exchange translation, the latter of which contributed ¥11.9 billion to sales growth. On the earnings front, despite growing profits from the Asian operations and successful efforts to rationalize production functions, operating income declined 50.5% year on year to ¥4.0 billion due mainly to unanticipated expenses in the North American operations. Specifically, in the face of a greater-than-expected upturn in market demand in North

America, the Company strove to accommodate a radical increase in production demand while simultaneously initiating the production of new items, thus posting a significant rise in costs. Ordinary income was also down, declining 61.0% year on year to ¥2.8 billion due in part to a decline in foreign exchange gains. As a result, the Company posted a net loss of ¥6.1 billion (compared with net income of ¥2.4 billion in the previous fiscal year), due to such factors in Japan as impairment accounting conducted for such assets as excess production facilities as well as land, facilities, plant and property, and a reversal of deferred tax assets based upon revisions in the tax system and calculations of future recoverability.

Net Sales



Capital Investment/ Depreciation and Amortization



Net Income (Loss) per Share



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



Net Interest-Bearing Debt/ Net Debt-Equity Ratio



Net Assets per Share



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



Cash Flow



Cash Dividends per Share



Consolidated Assets, Liabilities, and Net Assets Assets

At the end of fiscal 2014, total consolidated assets rose \pm 26.7 billion from the end of fiscal 2013 to \pm 225.9 billion.

Over the same period, current assets increased ¥7.2 billion to ¥80.4 billion. This was mainly attributable to a ¥3.7 billion increase in notes and accounts receivable—trade that reflected sales growth and the effect of foreign currency translation and a ¥2.6 billion rise in inventories, which offset a ¥1.6 billion decrease in cash and deposits.

Noncurrent assets grew ¥19.5 billion from the end of fiscal 2013 to ¥145.5 billion at the end of fiscal 2014 due mainly to a ¥12.5 billion increase in property, plant and equipment arising from capital investments focusing on Japanese and North American operations and a ¥7.7 billion rise in investment securities backed by higher stock prices.

Liabilities

Total consolidated liabilities increased ¥27.2 billion from the end of fiscal 2013 to ¥166.0 billion at the end of fiscal 2014.

Over the same period, current liabilities increased ¥31.3 billion to ¥100.5 billion due primarily to a ¥2.0 billion increase in notes and accounts payable—trade and a ¥25.0 billion rise in short-term interest-bearing debt (comprising short-term loans payable, the current portion of long-term loans payable, the current portion of bonds and lease obligations).

Consolidated noncurrent liabilities decreased ¥4.1 billion from the end of fiscal 2013 to ¥65.5 billion at the end of fiscal 2014. This was due mainly to a transfer of corporate bonds to current liabilities, which resulted in a ¥15.0 billion decrease in noncurrent liabilities that offset a ¥3.8 billion increase in deferred tax liabilities due to a rise in stock prices.

Net interest-bearing debt amounted to \$95.8 billion, following the exclusion of cash and deposits from total interest-bearing debt of \$108.2 billion. Net Assets

At the end of fiscal 2014, consolidated net assets edged down ¥0.5 billion from the end of fiscal 2013 to ¥59.9 billion. This was mainly attributable to the posting of a net loss, which led to a ¥7.6 billion fall in retained earnings that largely outpaced a ¥5.5 billion increase in valuation difference on available-for-sale securities attributable to higher stock prices and a ¥3.3 billion improvement in foreign currency translation adjustment due to the depreciation of the yen.

Consolidated Cash Flows

Consolidated cash and cash equivalents decreased ± 1.2 billion from the end of fiscal 2013 to ± 12.4 billion at the end of fiscal 2014.

Cash Flow from Operating Activities

A net inflow of ¥10.2 billion was seen in cash flow from operating activities (a decrease of ¥8.7 billion from the inflow recorded in fiscal 2013).

The main factors influencing this net inflow were depreciation totaling ¥10.8 billion and an impairment loss totaling ¥3.3 billion. Primary cash outflows were a loss before income taxes and minority interests of ¥0.6 billion and income taxes paid of ¥2.9 billion.

Cash Flow from Investing Activities

A net outflow of ¥17.7 billion was recorded in cash flow from investing activities (a decrease of ¥2.6 billion from the net outflow recorded in fiscal 2013). The main factors influencing this outflow were ¥20.6 billion used for the purchase of property, plant and equipment in the course of facility investment focusing on Japan and North America.

Cash Flow from Financing Activities

A net inflow of ¥5.8 billion was recorded in cash flow from financing activities (a turnaround from a net outflow of ¥6.2 billion recorded in fiscal 2013). The main factors affecting cash outflow included ¥9.8 billion for the repayments of long term loans payable and ¥4.1 billion used for the purchase of additional shares of Akebono Brake Sanyo Manufacturing Co., Ltd. and Akebono Brake Industrial Machinery & Rolling Stock Component Sales Co., Ltd. (Presented as purchase of treasury shares of subsidiaries and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation. In addition, these two companies became wholly owned subsidiaries). The primary cash inflow was proceeds from long-term loans payable of ¥20.0 billion.

Basic Policy for Distribution of Earnings and Dividends for Fiscal 2014 and 2015

Akebono positions the return of profit to its shareholders as an important management issue. Accordingly, the Company adheres to a basic policy of ensuring long-term sustainable returns to shareholders while giving comprehensive consideration to its business performance and dividend payout ratio as well as to maintaining retained earnings at the level necessary to make investments for securing sustainable growth.

In line with this policy, the Company paid a fiscal 2014 full-year dividend of ¥10 per share, which comprises an interim dividend of ¥5 per share and a year-end dividend of ¥5 per share. For fiscal 2015, the Company plans to pay a full-year dividend of ¥10 per share consisting of interim and year-end dividends each amounting to ¥5 per share.

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 accounting 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 ¥120.17 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, 2015. 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.

Summary of Significant Accounting Policies The Scope of Consolidation

The consolidated financial statements as of March 31, 2015 include the accounts of the Company and its 27 significant (24 in the fiscal year ended March 31, 2014) subsidiaries (together, the "Group"). Under the controlling company accounting method, companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

During fiscal 2014, Akebono Advanced Engineering Co., Ltd., Akebono Brake Slovakia s.r.o. (ABSK) and A&M Casting (Thailand) Co., Ltd. (A&M) were newly established and included in the scope of consolidation.

An investment in one associated company (one in the fiscal year ended March 31, 2014) is accounted for by the equity method. Investments in the remaining two associated companies (two in the fiscal year ended March 31, 2014) are stated at cost, and their impact on the consolidated financial statements is insignificant. 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 five 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.

Note: Please refer to page 51 for Changes in Accounting Policies and Accounting Estimates.

Japan

Fiscal 2014 Results

With less-than-robust automobile production reflecting a trend toward overseas production among automakers, automobile sales remained sluggish in Japan and were further weakened by stagnant demand for new cars due the market recoil that followed the last-minute surge in anticipation of the consumption tax hike. However, sales of commercial vehicles rose backed by the expansion of infrastructure development businesses due to the reconstruction of areas stricken by the Great East Japan Earthquake. Demand for industrial machinery components also grew. Nevertheless, domestic sales edged down 2.8% year on year to ¥86.7 billion reflecting the aforementioned poor automobile sales and a decline in sales of aftermarket products for exports.

Looking at earnings, operating income rose 5.1% year on year to ¥3.6 billion, despite a decrease in orders. The growth in operating

income was mainly attributable to the success of the Company's efforts aimed at streamlining production and procurement and reducing costs as well as an increase in royalties from overseas Group members. Fiscal 2015 Outlook

Even though the Company forecasts that sales will stay virtually

unchanged year on year, it remains committed to improving operating income. To enhance profitability, the Company will steadily implement such initiatives as restructuring its disc brake production structure, optimizing the distribution of production items, securing responsiveness to radical fluctuations in production demand and allocating greater management resources to the development and production of high-performance brakes—a priority product group—while pursuing forward-looking R&D of electric parking brakes and eco-friendly friction materials.



Operating Income

Ratio of Net Sales



North America

Fiscal 2014 Results

Automobile sales rose 5.9% year on year, reflecting an economic upturn and low interest rates that enhanced the availability of car loans. Reflecting these circumstances as well as the effect of the depreciation of the yen, which contributed ¥11.2 billion to sales growth, sales from North American operations rose 14.2% year on year to ¥140.3 billion.

However, from the second half of fiscal 2014, the production workload increased, particularly for ABE's disc brake production lines, reflecting a huge increase in production demand and the launch of new products due to model changes. Because ABE was forced to introduce a round-the-clock, three-shift labor system to meet orders, labor costs surged beyond reasonable expectations. Also, to supplement its overloaded production lines, products were flown in from other facilities, generating additional expenses. Addressing these problems, Akebono allocated greater human resources to local facilities by, for example, dispatching associates from its facilities in Japan. Simultaneously, Akebono transferred some production to other facilities, including those in Japan, while augmenting overall capacity. Despite these efforts, in the fourth quarter ABE recorded such additional costs as overtime pay expenses, as it fielded automaker requests that could not be satisfied without operating facilities through the winter vacation season. Likewise, ABG saw rapid growth in orders for disc brake pads in the fourth quarter, and was forced to institute round-the-clock, three-shift operations. In addition to posting such additional labor costs as overtime vacation pay expenses, ABG was unable to reach agreement with automakers or its suppliers with regard to revising product prices.

As a result, Akebono posted an operating loss of ¥3.2 billion, compared with operating income of ¥0.7 billion in the previous fiscal year. Fiscal 2015 Outlook

While stepping up the development of stable profit structure, Akebono will offer greater career opportunities to local associates with the aim of nurturing competitive managers. We expect sales to increase significantly, taking into account such factors as firm automobile sales in the United States, the production launch of new items and the effect of favorable foreign currency exchange rate. Also, we will work to optimize the profit structure of our North American operations and thereby record operating income in the fiscal 2015.

Net Sales





(5.4)

0.7

2010 2011 2012 2013 2014 2015 (FY)

(0.2)

(3.2)

0.1

(Billions of yen

0.4

2.5

(2.5)

(5.0)

(7.5





Europe

Fiscal 2014 Results

Automobile sales increased compared with the previous year, due to an upturn in consumer sentiment backed by the depreciation of euro and a rise in sales of compact vehicles. In its European operations, the Company saw an increase in sales of brake products designed for cars produced using global platform systems (common platforms used on a worldwide basis), particularly sales of products imported from the Company's Asian locations. As a result, sales rose 19.9% year on year to ¥8.9 billion.

On the earnings front, despite the sluggish performance of the friction material business centered on brake pads for OEM and aftermarket products, the operating loss improved slightly to ¥0.5 billion from an operating loss of ¥0.6 billion in the previous fiscal year, thanks to the Company's efforts to revise sales prices in non-profitable business areas and streamline overall operations.

Fiscal 2015 Outlook

Operating loss is expected to increase due to initial costs associated with a full-scale production kickoff at ABSK, a key disc brake production facility in Europe. Nevertheless, Akebono will strive to strengthen the foundations to support future business, as it expects ABSK to play a significant role in expanding operations related to high-performance brakes—a key product group that will drive its growth strategy. At the same time, the Company will reinforce its R&D structure to expand its European business while stepping up the streamlining of AASA and optimizing its profit structure. In these ways, the Company will secure a stronger operating base in Europe.

Net Sales



Operating Income

Ratio of Net Sales





Asia

Fiscal 2014 Results

In China, automobile production and sales both increased 6.8% year on year. While the pace has been slowing down due to the effect of economic deceleration, the country's automotive industry remained on a modest but stable growth track. Under these circumstances, sales rose 32.4% year on year to ¥14.3 billion, thanks to an increase in new account transactions and a rise in orders from Japanese automakers as well as the effect of the depreciation of the yen, which contributed ¥1.1 billion to the sales increase. Moreover, operating income grew 6.5% year on year to ¥1.7 billion despite rising labor costs and an expansion in depreciation expenses reflecting a production increase. As a result, the Company achieved record-high sales and operating income in its Asian operations.

In Thailand, sales of new cars were sluggish, down 33.7% year on year due mainly to economic deceleration triggered by political turmoil since the beginning of 2014. Reflecting this, sales declined 10.8% year on year to ¥5.5 billion. To offset the effect of a decrease in orders, the Company worked to streamline production, as a result posting operating income of ¥0.3 billion, down 50.5% year on year.

In Indonesia, sales increased 4.4% year on year to ¥16.4 billion. This was mainly attributable to a rise in sales of brake-related products designed for cars produced using global platform systems and being marketed in Europe. This rise offset a decrease in orders from Japanese automakers and the effect of stagnant motorcycle sales as well as the impact of a foreign currency translation loss of ¥0.7 billion. Operating labor costs, increases in such purchasing costs as raw material expenses due to the weak Indonesian Rupiah and a ¥0.1 billion foreign currency translation loss.

Fiscal 2015 Outlook

In China and ASEAN nations, the pace of economic growth has decelerated. Nevertheless, the Company forecasts that sales will grow year on year in these regions in step with its efforts aimed at securing new orders. Building on these orders, Akebono will strive to stabilize profits.

Net Sales



Operating Income



Ratio of Net Sales



Consolidated Balance Sheets

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2015 and 2014

			Thousands of U.S. Dollars
	Millions	of Yen	(Note) 2015
ASSETS			2010
Cash and deposits	¥ 12,365	¥ 13,937	\$ 102,893
Notes and accounts receivable—trade	40,605	36,861	337,895
Merchandise and finished goods	4,369	4,124	36,358
Work in process	2,632	2,385	21,905
Raw materials and supplies	12,547	10,474	104,407
Accounts receivable—other	3,792	1,382	31,556
Deferred tax assets	1,049	1,117	8,729
Other	3,259	2,923	27,120
Allowance for doubtful accounts	(265)	(59)	(2,202)
Current assets	80,353	73,144	668,664
Buildings and structures, net	26,360	23,367	219,353
Machinery, equipment and vehicles, net	47,331	33,895	393,864
Land	21,656	21,944	180,214
Construction in progress	13,507	17,359	112,396
Other, net	2,454	2,207	20,423
Property, plant and equipment	111,308	98,772	926,252
Intangible assets	2,710	3,251	22,554
Investment securities	25,676	17,960	213,664
Net defined benefit assets	3,537	2,837	29,429
Deferred tax assets	1,213	2,179	10,094
Other	1,173	1,131	9,757
Allowance for doubtful accounts	(76)	(76)	(632)
Investments and other assets	31,522	24,031	262,314
Noncurrent assets	145,540	126,055	1,211,121
Total Assets	¥225,894	¥199,198	\$1,879,785

Note: The value of the U.S. dollar is, purely for the sake of convenience, calculated using the approximate exchange rate as at March 31, 2015, which was ¥120.17 to \$1 (figures are rounded down to the nearest \$1,000).

2015 2014 2015 LABLITIES AND NET ASSETS 2015 2014 2015 Notes and accounts payable—trade ¥ 29,602 ¥ 27,595 \$ 246,33 176,96 Current portion of bonds 15,000 — 124,82 Current portion of long-term loans payable 16,538 9,746 137,62 Lease obligations 466 306 3,87 Income taxes payable 444 931 3,69 Accrued expenses 6,733 5,021 56,02 56,021 56,343 3,651 44,449 31 3,69 44,49 31 86,94 444 901 46,93 366 44,49 31 86,94 44,49 31 3,69 44,49 31 3,69 44,49 31,67 419,4		Millions	of Yen	Thousands of U.S. Dollars (Note)
Notes and accounts payable—trade ¥ 29,602 ¥ 27,595 \$ 246,33 Short-term loans payable 21,266 18,233 176,96 Current portion of bonds 15,000 — 124,82 Current portion of long-term loans payable 16,538 9,746 137,62 Lease obligations 466 306 3,87 Income taxes payable 444 931 3,69 Accrued expenses 6,733 5,021 56,02 Deferred tax liabilities — 0 — Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Bonds payable — 15,000 — Long-term loans payable — 15,000 — Long-term loans payable—other 653 742 5,431 Lease obligations 4,489 3,266 37,355 Provision for director's retirement benefits 26 31 21				
Short-term loans payable 21,266 18,233 176,96 Current portion of bonds 15,000 — 124,82 Current portion of long-term loans payable 16,538 9,746 137,62 Lease obligations 466 306 3,87 Income taxes payable 444 931 3,69 Accured expenses 6,733 5,021 56,02 Deferred tax liabilities — 0 — Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Bonds payable — 10,0480 69,187 836,14 Current liabilities 10,0480 69,187 836,14 44,89 3,266 37,355 Provision for director's retirement benefits 26 31 21 419,42 Long-term accounts payable 2,641 18,88 2,641 18,88 Deferred tax liabilities 2,269 2,641 18,88 <	LIABILITIES AND NET ASSETS			
Current portion of bonds 15,000 — 124,82 Current portion of long-term loans payable 16,538 9,746 137,62 Lease obligations 466 306 3,87 Income taxes payable 444 931 3,69 Accrued expenses 6,733 5,021 56,02 Deferred tax liabilities — 0 - Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable — 15,000 - 15,000 - Long-term loans payable Other 53 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 65,495 69,579 54,502	Notes and accounts payable—trade	¥ 29,602	¥ 27,595	\$ 246,337
Current portion of long-term loans payable 16,538 9,746 137,62 Lease obligations 466 306 3,87 Income taxes payable 444 931 3,69 Accrued expenses 6,733 5,021 56,02 Deferred tax liabilities 0 Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Bonds payable 15,000 Long-term loans payable 15,000 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabili	Short-term loans payable	21,266	18,233	176,964
Lease obligations 466 306 3,87 Income taxes payable 444 931 3,69 Accrued expenses 6,733 5,021 56,02 Deferred tax liabilities 0 Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable 15,000 Long-term loans payable 15,000 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 1	Current portion of bonds	15,000	_	124,823
Income taxes payable 444 931 3,69 Accrued expenses 6,733 5,021 56,02 Deferred tax liabilities — 0 — Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Bonds payable 5,040 69,187 836,14 Bonds payable — 15,000 — Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 4,259 4,57 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 59 54,502 54,502 Total Liabilities 165,975 138,766	Current portion of long-term loans payable	16,538	9,746	137,624
Accrued expenses 6,733 5,021 56,02 Deferred tax liabilities - 0 - Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable - 15,000 - Long-term loans payable - 15,000 - Long-term loans payable - 15,000 - Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities for land revaluation 3,324 3,761 27,656 Other 72 55 59 Noncurrent liabilities 165,975 138,766 1,381,166 Capital stock	Lease obligations	466	306	3,878
Deferred tax liabilities - 0 - Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable - 15,000 - Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 4,259 457 35,44 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,922 Capital stock 19,939 19,393 165,922	Income taxes payable	444	931	3,696
Provision for bonuses 1,737 1,933 14,45 Notes payable—facilities 3,345 1,771 27,83 Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable — 15,000 — Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 5 5 Noncurrent liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,925 Capital stock 19,939 2,069 (1,58 Shareholders' equity 31,678 40,435 263,61	Accrued expenses	6,733	5,021	56,029
Notes payable—facilities 3,345 1,771 22,83 Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable - 15,000 - Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities 65,4975 138,766 1,381,46 Capital stock 19,939 19,592 1065,975 138,766 1,381,16 Capital stock 19,939 19,593 19,939 165,925 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2	Deferred tax liabilities	_	0	_
Other 5,348 3,651 44,49 Current liabilities 100,480 69,187 836,14 Bonds payable 15,000 Long-term loans payable 50,403 43,627 419,42 Long-term loans payable 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 59 Noncurrent liabilities 65,495 69,579 545,02 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Capital stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082	Provision for bonuses	1,737	1,933	14,457
Current liabilities 100,480 69,187 836,14 Bonds payable — 15,000 — Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,393 165,92 Capital stock 19,933 (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082	Notes payable—facilities	3,345	1,771	27,834
Bonds payable — 15,000 — Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,277 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61	Other	5,348	3,651	44,499
Long-term loans payable 50,403 43,627 419,42 Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082<	Current liabilities	100,480	69,187	836,144
Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment <t< td=""><td>Bonds payable</td><td>_</td><td>15,000</td><td></td></t<>	Bonds payable	_	15,000	
Long-term accounts payable—other 653 742 5,43 Lease obligations 4,489 3,266 37,35 Provision for director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment <t< td=""><td>Long-term loans payable</td><td>50,403</td><td>43,627</td><td>419,429</td></t<>	Long-term loans payable	50,403	43,627	419,429
Provision of director's retirement benefits 26 31 21 Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans		653	742	5,435
Net defined benefit liabilities 2,269 2,641 18,88 Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income	Lease obligations	4,489	3,266	37,357
Deferred tax liabilities 4,259 457 35,44 Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22	Provision for director's retirement benefits	26	31	216
Deferred tax liabilities for land revaluation 3,324 3,761 27,66 Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22,222 12,247 184,92 Subscription rights to shares 248 199 2,066 Minority interests	Net defined benefit liabilities	2,269	2,641	18,880
Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22,222 12,247 184,92 Subscription rights to shares 248 199 2,066 Minority interests 5,771	Deferred tax liabilities	4,259	457	35,442
Other 72 55 59 Noncurrent liabilities 65,495 69,579 545,02 Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22,222 12,247 184,92 Subscription rights to shares 248 199 2,066 Minority interests 5,771	Deferred tax liabilities for land revaluation	3,324	3,761	27,660
Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,655 Accumulated other comprehensive income 22,222 12,247 184,922 Subscription rights to shares 248 199 2,066 Minority interests 5,771 7,552 48,02	Other			598
Total Liabilities 165,975 138,766 1,381,16 Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,655 Accumulated other comprehensive income 22,222 12,247 184,922 Subscription rights to shares 248 199 2,066 Minority interests 5,771 7,552 48,02	Noncurrent liabilities	65,495		545,021
Capital stock 19,939 19,939 165,92 Capital surplus 12,978 14,217 107,99 Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22,222 12,247 184,92 Subscription rights to shares 248 199 2,06 Minority interests 5,771 7,552 48,02	 Total Liabilities	165,975	138,766	1,381,166
Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22,222 12,247 184,92 Subscription rights to shares 248 199 2,06 Minority interests 5,771 7,552 48,02	Capital stock			165,926
Retained earnings 754 8,348 6,27 Treasury stock (1,993) (2,069) (16,58 Shareholders' equity 31,678 40,435 263,61 Valuation difference on available-for-sale securities 10,606 5,082 88,25 Revaluation reserve for land 6,572 6,389 54,69 Foreign currency translation adjustment 4,725 1,451 39,31 Remeasurements of defined benefit plans 319 (676) 2,65 Accumulated other comprehensive income 22,222 12,247 184,92 Subscription rights to shares 248 199 2,06 Minority interests 5,771 7,552 48,02	Capital surplus	12,978	14,217	107,996
Treasury stock(1,993)(2,069)(16,58Shareholders' equity31,67840,435263,61Valuation difference on available-for-sale securities10,6065,08288,25Revaluation reserve for land6,5726,38954,69Foreign currency translation adjustment4,7251,45139,31Remeasurements of defined benefit plans319(676)2,65Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02		754	8,348	6,277
Shareholders' equity31,67840,435263,61Valuation difference on available-for-sale securities10,6065,08288,25Revaluation reserve for land6,5726,38954,69Foreign currency translation adjustment4,7251,45139,31Remeasurements of defined benefit plans319(676)2,65Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02	-	(1,993)	(2,069)	(16,587)
Valuation difference on available-for-sale securities10,6065,08288,25Revaluation reserve for land6,5726,38954,69Foreign currency translation adjustment4,7251,45139,31Remeasurements of defined benefit plans319(676)2,65Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02			40,435	263,612
Foreign currency translation adjustment4,7251,45139,31Remeasurements of defined benefit plans319(676)2,65Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02		10,606	5,082	88,254
Foreign currency translation adjustment4,7251,45139,31Remeasurements of defined benefit plans319(676)2,65Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02	Revaluation reserve for land	6,572	6,389	54,690
Remeasurements of defined benefit plans319(676)2,65Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02	Foreign currency translation adjustment	4,725	1,451	39,317
Accumulated other comprehensive income22,22212,247184,92Subscription rights to shares2481992,06Minority interests5,7717,55248,02				2,658
Subscription rights to shares 248 199 2,06 Minority interests 5,771 7,552 48,02	·			184,920
Minority interests 5,771 7,552 48,02				2,062
				48,023
10tal Net Assets 59,919 00,452 490,01	Total Net Assets	59,919	60,432	498,619
				\$1,879,785

Consolidated Statements of Income and Comprehensive Income

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2015 and 2014

Consolidated Statements of Income		<i></i>	Thousands of U.S. Dollars
	Millions	2014	(Note) 2015
Net sales	¥254,157	¥236,665	\$2,114,978
Cost of sales	229,843	209,856	1,912,650
Gross profit	24,314	26,809	202,327
Selling, general and administrative expenses	20,310	18,725	169,007
Operating income	4,004	8,084	33,320
Interest income	138	119	1,145
Dividend income	446	349	3,708
Equity in earnings of affiliates	15	22	120
Foreign exchange gains	364	564	3,028
Miscellaneous income	235	341	1,957
Non-operating income	1,197	1,393	9,960
Interest expenses	1,204	1,299	10,015
Expenses for product compensation	429	126	3,567
Depreciation	89	89	742
Amortization of business commencement expenses	197	267	1,639
Miscellaneous expenses	450	428	3,745
Non-operating expenses	2,369	2,209	19,710
Ordinary income	2,833	7,269	23,571
Gain on sales of noncurrent assets	59	66	488
Gain on sales of investment securities		489	_
Subsidy income	218	644	1,814
Gain on bargain purchase		19	_
Extraordinary income	277	1,218	2,303
Loss on sales and retirement of noncurrent assets	319	352	2,650
Impairment loss	3,271	31	27,223
Loss on reduction of noncurrent assets	102	599	851
Environmental expenses	33	148	277
Extraordinary loss	3,726	1,130	31,003
Income (loss) before income taxes and minority interests	(616)	7,356	(5,128)
Income taxes—current	1,935	2,035	16,102
Income taxes—deferred	2,326	1,307	19,355
Income taxes	4,261	3,342	35,458
Income (loss) before minority interests	(4,877)	4,014	(40,587)
Minority interests in income	1,217	1,591	10,129
Net income (loss)	¥ (6,095)	¥ 2,423	\$ (50,716)

* See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive		ne Millions	of Yen		nousands of J.S. Dollars (Note)
	201	15	2	2014	2015
Income before minority interests	¥ 4	1,877	¥	4,014	\$ 40,587
Valuation difference on available-for-sale securities	5	5,524		615	45,965
Revaluation reserve for land		357		_	2,967
Foreign currency translation adjustment	3	8,983		5,142	33,140
Remeasurements of defined benefit plans, net of tax		987		_	8,214
Total other comprehensive income	10),850		5,757	90,288
Comprehensive income	5	5,973		9,771	49,701
Comprehensive income attributable to owners of the parent	4	l,055		8,084	33,740
Comprehensive income attributable to minority interests	¥ 1	,918	¥	1,687	\$ 15,960

Note: The value of the U.S. dollar is, purely for the sake of convenience, calculated using the approximate exchange rate as at March 31, 2015, which was ¥120.17 to \$1 (figures are rounded down to the nearest \$1,000).

Consolidated Statements of Changes in Net Assets (Summary)

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2015 and 2014

						M	lillions of Ye	n						
	Shareholder's equity					Acc	Accumulated other comprehensive income							
2015	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Revaluation reserve for land	Foreign currency translation adjustment	of	asurements defined lefit plans	Accumulated other comprehen- sive income	Subscription rights to shares	Minority interests	Total net assets
Balance at the beginning of period	¥19,939	¥14,217	¥ 8,348	¥(2,069)	¥40,435	¥ 5,082	¥6,389	¥1,451	¥	(676)	¥12,247	¥199	¥ 7,552	¥60,432
Cumulative effects of changes in accounting policies			(343)		(343)									(343)
Restated balance	19,939	14,217	8,005	(2,069)	40,092	5,082	6,389	1,451		(676)	12,247	199	7,552	60,089
Changes of items during period														
Dividends from surplus			(1,330)		(1,330)									(1,330)
Net income (loss)			(6,095)		(6,095)									(6,095)
Purchases of treasury stock				(1)	(1)									(1)
Disposal of treasury stock		(28)		77	48									48
Reversal of revaluation reserve for land			174		174									174
Purchase of shares of consolidated subsidiaries		(1,210)			(1,210)									(1,210)
Net changes of items other than shareholders' equity						5,524	183	3,273		996	9,975	49	(1,781)	8,243
Total changes of items during period	_	(1,239)	(7,250)	76	(8,414)	5,524	183	3,273		996	9,975	49	(1,781)	(170)
Balance at end of current period	¥19,939	¥12,978	¥ 754	¥(1,993)	¥31,678	¥10,606	¥6,572	¥4,725	¥	319	¥22,222	¥248	¥ 5,771	¥59,919

						Thousands	of U.S. Doll	ars (Note)					
		Shar	eholder's ec	uity		Acc	umulated o	ther compr	ehensive inco	ome			
2015	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehen- sive income	Subscription rights to shares	Minority interests	Total net assets
Balance at the beginning of period	\$165,926	\$ 118,306	\$ 69,464	\$(17,216)	\$336,480	\$42,289	\$53,170	\$12,078	\$(5,626)	\$101,911	\$1,658	\$ 62,840	\$502,890
Cumulative effects of changes in accounting policies			(2,853)		(2,853)								(2,853)
Restated balance	165,926	118,306	66,611	(17,216)	333,627	42,289	53,170	12,078	(5,626)	101,911	1,658	62,840	500,037
Changes of items during period													
Dividends from surplus			(11,065)		(11,065)								(11,065)
Net income (loss)			(50,716)		(50,716)								(50,716)
Purchases of treasury stock				(9)	(9)								(9)
Disposal of treasury stock		(237)		638	401								401
Reversal of revaluation reserve for land			1,447		1,447								1,447
Purchase of shares of consolidated subsidiaries		(10,072)			(10,072)								(10,072)
Net changes of items other than shareholders' equity						45,965	1,519	27,239	8,284	83,008	404	(14,816)	68,596
Total changes of items during period		(10,310)	(60,333)	629	(70,014)	45,965	1,519	27,239	8,284	83,008	404	(14,816)	(1,417)
Balance at end of current period	\$165,926	\$ 107,996	\$ 6,277	\$(16,587)	\$263,612	\$88,254	\$54,690	\$39,317	\$ 2,658	\$184,920	\$2,062	\$ 48,023	\$498,619

						M	illions of Ye	n					
		Shar	eholder's eq	uity		Acc	umulated o	ther compre	hensive inco	ome	_		
2014	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehen- sive income	Subscription rights to shares	Minority interests	Total net assets
Balance at the beginning of period	¥19,939	¥14,255	¥ 7,253	¥(2,186)	¥39,262	¥4,467	¥6,389	¥(3,595)	¥ —	¥ 7,261	¥ 242	¥7,031	¥53,797
Total changes of items during the period													
Dividends from surplus			(1,328)		(1,328)								(1,328)
Net income			2,423		2,423								2,423
Purchase of treasury stock				(1)	(1)								(1)
Disposal of treasury stock		(38)		118	80								80
Net changes of items other than shareholders' equity						615	_	5,046	(676)	4,985	(43)	520	5,462
Total changes of items during period	_	(38)	1,094	117	1,173	615	_	5,046	(676)	4,985	(43)	520	6,636
Balance at the end of period	¥19,939	¥14,217	¥ 8,348	¥(2,069)	¥40,435	¥5,082	¥6,389	¥ 1,451	¥(676)	¥12,247	¥ 199	¥7,552	¥60,432

Consolidated Statements of Cash Flows

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31, 2015 and 2014

	Millions	of Van	Thousands of U.S. Dollars
	Millions of 2015	2014	(Note 1) 2015
CASH FLOW FROM OPERATING ACTIVITIES:	2015	2014	2015
Income (loss) before income taxes and minority interests	¥ (616)	¥ 7,356	\$ (5,128)
Depreciation	10,756	8,869	\$ (5,120) 89,506
Impairment loss	3,271	31	27,223
Increase (decrease) in allowance for doubtful accounts	224	8	1,862
Increase (decrease) in net defined benefit liabilities	(221)	(528)	(1,836)
Interest and dividend income	(583)	(467)	(1,850)
Share of (profit) loss of entities accounted for using equity method	(565)	(487)	(4,854)
		· · · ·	10,015
Interest expenses	1,204	1,299 285	
Loss (gain) on sales and retirement of noncurrent assets	260		2,161
Loss (gain) on sales of investment securities	(FOF)	(489)	(4.960)
Decrease (increase) in notes and accounts receivable—trade	(585)	2,832	(4,869)
Decrease (increase) in inventories	(712)	(412)	(5,923)
Increase (decrease) in notes and accounts payable—trade	(528)	1,835	(4,397)
Other, net Subtotal	1,212	447	10,084
Interest and dividend income received	13,666	21,044	113,722
	583	467	4,854
Interest expenses paid	(1,189)	(1,342)	(9,897)
Income taxes paid	(2,850)	(1,700)	(23,716)
Income taxes refund		402	
Net cash provided by operating activities CASH FLOW FROM INVESTING ACTIVITIES:	10,210	18,872	84,963
		(105)	
Payments into time deposits	405	(105)	
Proceeds from withdrawal of time deposits	405	(21 (00)	3,370
Purchases of property, plant and equipment	(20,585)	(21,698)	(171,296)
Proceeds from state subsidy	113	593	939
Proceeds from sales of property, plant and equipment	2,671	203	22,229
Purchases of intangible assets	(248)	(124)	(2,064)
Purchases of investment securities	(18)	(17)	(148)
Proceeds from sales of investment securities	_	1,016	_
Purchase of stocks of subsidiaries and affiliates		(207)	(200)
Other, net	(47)	(6)	(389)
Net cash used in investing activities	(17,708)	(20,346)	(147,359)
CASH FLOW FROM FINANCING ACTIVITIES:	4.044		0.000
Net increase (decrease) in short-term loans payable	1,044	5,447	8,683
Proceeds from long-term loans payable	20,019	1,967	166,587
Repayments of long-term loans payable	(9,761)	(15,006)	(81,230)
Cash dividends paid	(1,331)	(1,329)	(11,077)
Cash dividends paid to minority shareholders	(952)	(537)	(7,920)
Proceeds from stock issuance to minority shareholders	114		950
Proceeds from sales and leasebacks	1,082	3,321	9,001
Decrease (increase) in treasury stock	(1)	(1)	(8)
Purchase of treasury shares of subsidiaries	(3,213)	—	(26,740)
Payments from changes in ownership interests in subsidiaries	(880)		(7 220)
that do not result in change in scope of consolidation		(01)	(7,320)
Other, net Net cash provided by (used in) financing activities	(308) 5,812	(81) (6,220)	(2,562) 48,362
Effect of exchange rate change on cash and cash equivalents	5,812	494	40,302
Net increase (decrease) in cash and cash equivalents	(1,167)	(7,199)	4,522 (9,711)
Cash and cash equivalents at beginning of period	13,532	20,731	112,604
Cash and cash equivalents at beginning of period Cash and cash equivalents end of period	¥ 12,365	¥ 13,532	\$ 102,893
	Ŧ 12,303	Ŧ 13,332	J 102,095

Special Feature 2: Looking to Our Future Operations

Segment Information

Akebono Brake Industry Co., Ltd. and its consolidated subsidiaries engage mainly in the production and sale of brake products. A summary of information classified by reporting segment of the Company for the years ended March 31, 2015 and 2014 is as follows:

					Millions of	Yen			
			Segme	Total	Adjustment	Consolidated			
-	Japan	North America	Europe	China	Thailand	Indonesia	Total	(Note 1)	total (Note 2)
-					2015	5			
Sales to customers	¥76,759	¥137,228	¥6,745	¥13,934	¥5,138	¥14,352	¥254,157	¥ —	¥254,157
Intercompany sales/ transactions	9,981	3,031	2,135	352	357	2,020	17,876	(17,876)	_
Total revenue	¥86,740	¥140,259	¥8,880	¥14,286	¥5,496	¥16,372	¥272,033	¥(17,876)	¥254,157
Operating income (loss)	¥ 3,602	¥ (3,165)	¥ (544)	¥ 1,681	¥ 262	¥ 1,821	¥ 3,656	¥ 348	¥ 4,004

				Thous	ands of U.S. D	ollars (Note 3)			
	Segment					- Total	Adjustment	Consolidated	
	Japan	North America	Europe	China	Thailand	Indonesia	IUIdi	(Note 1)	total (Note 2)
	2015								
Sales to customers	\$638,751	\$1,141,953	\$56,130	\$115,953	\$42,757	\$119,432	\$2,114,978	\$	\$2,114,978
Intercompany sales/ transactions	83,059	25,219	17,763	2,932	2,974	16,807	148,756	(148,756)	_
Total revenue	\$721,811	\$1,167,172	\$73,894	\$118,885	\$45,731	\$136,239	\$2,263,734	\$(148,756)	\$2,114,978
Operating income (loss)	\$ 29,973	\$ (26,339)	\$ (4,526)	\$ 13,990	\$ 2,177	\$ 15,150	\$ 30,426	\$ 2,894	\$ 33,320

_	Millions of Yen								
	Segment					Total	Adjustment	Consolidated	
_	Japan	North America	Europe	China	Thailand	Indonesia	IOLAI	(Note 1)	total (Note 2)
-	2014								
Sales to customers	¥80,356	¥119,572	¥5,284	¥10,775	¥5,908	¥14,771	¥236,665	¥ —	¥236,665
Intercompany sales/ transactions	8,882	3,219	2,119	13	251	910	15,393	(15,393)	_
Total revenue	¥89,238	¥122,790	¥7,403	¥10,788	¥6,158	¥15,681	¥252,058	¥(15,393)	¥236,665
Operating income (loss)	¥ 3,427	¥ 749	¥ (567)	¥ 1,578	¥ 529	¥ 2,090	¥ 7,806	¥ 278	¥ 8,084

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, 2015, which was ¥120.17 to \$1 (figures are rounded down to the nearest \$1,000).

Changes in accounting policies, accounting estimates, and restatement of corrections

(Adoption of Accounting Standard for Retirement Benefit)

Concerning the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Implementation Guidance for Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), Akebono has applied paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the "Implementation Guidance for the Accounting Standard for Retirement Benefits" from the beginning of the fiscal year ending March 31, 2015, revising its method of calculating retirement benefit obligations and service costs. The method of attributing expected benefit has been changed from a straight-line basis to a benefit formula basis. Also, the method of determining the discount rate has been changed from one using as the basis for calculation the number of years corresponding to the average remaining service period to a method using multiple bond yields set for each expected retirement benefit period. Regarding the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional treatment stipulated in paragraph 37, the effect of the change in calculation methods for retirement benefit obligations and service costs arising from initial application has been recognized in retained earnings at the beginning balance of the fiscal year ended March 2015.

As a result, net defined benefit decreased by JPY526 million and retained earnings decreased by JPY343 million in the beginning balance of fiscal year ended March 31, 2015. The impact of this implementation was to raise operating income, ordinary income and income before taxes and minority interests in the current fiscal year increased by JPY94 million respectively. (Adoption of Accounting Standard for Business Combinations)

The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, revised on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on September 13, 2013), and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, revised on September 13, 2013) could be applied from the beginning of the consolidated fiscal 2014. Accordingly, Akebono has applied these accounting standards (excluding Article 39 of ASBJ Statement No. 22, revised on September 13, 2013) from the current fiscal year. In accordance with these accounting standards, we recorded the differences caused by changes in the equity share of subsidiaries in which we continue to control as capital surplus. In addition, acquisition-related costs as expenses in the fiscal periods in which the costs are incurred was also recorded. Regarding business combinations, from the beginning of the current fiscal year, we changed the method to reflect changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the consolidated financial statements that includes the acquisition date. Akebono has adopted these accounting standards for Business Combinations," Article 44-5(4) of "Accounting Standard for Consolidated Financial Statements," and Article 57-4(4) of "Accounting Standard for Business Divestitures".

As a consequence, the impact on operating income, ordinary income and income before taxes and minority interests in the fiscal year ended March 31, 2015 increased by JPY49 million and capital surplus decreased by JPY1,210 million at the end of fiscal year ended March 31, 2015.

Corporate Information Corporate Governance

Initiatives to Strengthen Corporate Governance

Akebono aims to create new value through manufacturing while endeavoring to realize greater corporate and shareholder value. As a maker of essential safety equipment, the Company believes that ensuring the transparency, fairness and efficiency of management is necessary to maintaining the trust of all stakeholders and achieving sustainable business development and corporate growth.

In line with this conviction, we have positioned the strengthening of corporate governance as an important management issue, establishing a solid governance structure consisting of such bodies as the Board of Directors and the Audit & Supervisory Board, with every Board member committed to maintaining the vigilant oversight of management.

April 2000	Introduced an Executive Officer System			
June 2005	Reduced the number of directors from 25 to 12			
	Introduced an Outside Director System			
	Established the Compensation Advisory Committee and introduced a performance-based remuneration system for directors			
June 2007	Increased the number of outside directors from one to two			
June 2010	Increased the number of outside Audit & Supervisory Board members from two to three			
June 2014	Increased the number of outside directors from two to three			

Outline of Akebono's Corporate Governance Structure

Type of governance model	A company with auditors
Director's term stipulated by the articles of incorporation	Two years
Chairman of the Board	Representative Director, Chairman and President
Number of acting directors (max. 12)	Nine
Of whom, outside directors	Three
Of whom, those registered as independent directors	Three
Number of Board of Directors meetings held during fiscal 2014	13
Outside directors' average board meeting attendance rate during fiscal 2014	100%
Number of Audit & Supervisory Board members	Five
Of whom, outside members	Three
Of whom, those registered as independent auditors	Three
Outside Audit & Supervisory Board members' board meeting attendance rate during fiscal 2014	98%

Having adopted a "company with auditors" governance model, Akebono has established a corporate governance structure consisting of a Board of Directors as well as an Audit & Supervisory Board whose majority is accounted for by outside members.



Corporate Governance Structure

The Board of Directors meets monthly and holds special meetings as necessary, having lively discussions about management issues.

To deal with important management matters, Akebono has also established separate bodies for advanced deliberation, including the Management Council, the Technology Council and the Board of Executive Officers, ensuring accurate and prompt decision making backed by sufficient deliberation on such matters. These bodies meet once a month in principle and operate in accordance with prescribed internal rules.

Of the nine current directors, Akebono has appointed three outside directors with a variety of experience and skills in order to reflect diverse viewpoints in its management and to reinforce the Board of Directors' management supervision functions.

Audit & Supervisory Board members perform stringent audits of directors' business execution. Of the five Audit & Supervisory Board members, two full-time members boast extensive knowledge of Akebono's operations, as they had served as the Company's Chief Financial Officer and as the director in charge of production, respectively. The other three members are a certified public accountant, a lawyer and a corporate manager at companies other than Akebono, and all are highly independent from management and capable of performing objective audits based on their specialist knowledge. The Company has thus secured a robust auditing structure.

The Appointment of Outside Directors and Outside Audit & Supervisory Board Members

As of June 16, 2015, Akebono has appointed three outside directors and three outside Audit & Supervisory Board members, with the aim of obtaining objective advice on management issues and ensuring solid supervision over its business execution.

Outside Directors

Kunio Ito

Adjunct Professor, Graduate School of Commerce and Management, Hitotsubashi University

Director, Center for CFO Education and Research, Hitotsubashi University **Reasons for appointment:** Mr. Ito has extensive knowledge and a wealth of experience in corporate management cultivated over his years as a university professor (Accounting & Management) and as an outside director at other companies. He was nominated as an outside director to bring to bear his knowledge and experience when providing advice and recommendations regarding the Company's business judgments and decision-making processes.

Board of Directors meeting attendance rate: 13 of 13 held during fiscal 2014

Takuo Tsurushima

Former President & CEO of Tokyo Stock Exchange, Inc.

Reasons for appointment: Mr. Tsurushima has served as a corporate leader at a number of companies, including Tokyo Stock Exchange,

Inc., where he was President & CEO until December 2005. He was nominated as an outside director to bring to bear his extensive knowledge of and experience in corporate management when providing advice and recommendations regarding the Company's business judgments and decision-making processes.

Board of Directors meeting attendance rate: 13 of 13 held during fiscal 2014

Ken Okazaki

Professor, Tokyo Institute of Technology

Visiting Professor, World Premier International Research Center Initiative, Kyushu University

Reasons for appointment: Mr. Okazaki has not previously been involved in corporate management. However, he possesses specialized advanced academic knowledge in the fields of environmental protection, energetics and thermal engineering. Mr. Okazaki was nominated as an outside director to bring to bear his knowledge and capability to provide appropriate supervision and advice in aid of the Company's business operations.

Board of Directors meeting attendance rate: 9 of 9 held after taking office in June 2014

Outside Audit & Supervisory Board Members

Kesao Endo

Representative of BDO Sanyu & Co. auditing firm

Reasons for appointment: Mr. Endo has extensive knowledge and experience as a certified public accountant. He was nominated as an outside Audit & Supervisory Board member based on his specialist perspective and highly independent status from management to bring to bear his knowledge and experience in the performance of audits.

Board of Directors meeting attendance rate: 12 of 13 held during fiscal 2014

Audit& Supervisory Board meeting attendance rate: 14 of 14 held during fiscal 2014

Michiyoshi Homma

Partner, HOMMA & PARTNERS law office

Reasons for appointment: A lawyer, Mr. Homma has extensive knowledge and experience in corporate legal affairs. He was nominated as an outside Audit & Supervisory Board member based on his specialist perspective and highly independent status from management to bring to bear his knowledge and experience in the performance of audits.

Board of Directors meeting attendance rate: 12 of 13 held during fiscal 2014

Audit & Supervisory Board meeting attendance rate: 13 of 14 held during fiscal 2014

Keizo Tannawa

Chairman and member of the board, Towers Watson K.K.

Reasons for appointment: Mr. Tannawa has extensive knowledge and experience as a management, organizational and human resources consultant in addition to as a corporate manager. He was nominated as an outside Audit & Supervisory Board member based on his specialist perspective and highly independent status from management to bring to bear his knowledge and experience in the performance of audits.

Board of Directors meeting attendance rate: 13 of 13 held during fiscal 2014

Audit & Supervisory Board meeting attendance rate: 14 of 14 held during fiscal 2014

Interviews with Outside Directors



Kunio Ito Outside director (registered as an independent director) Adjunct Professor, Graduate School of Commerce and Management, Hitotsubashi University Director, Center for CFO Education and Research, Hitotsubashi University

- **Q1.** What is your view of how outside directors contribute to Akebono's management from the perspective of corporate governance?
- A1. I believe that because companies are also corporate citizens, the way to best ensure good corporate governance is to reflect the interests of shareholders while paying due respect to other stakeholders. Outside directors are expected to play two key roles at the Board of Directors meetings, namely, monitoring business execution and advising management.

In the former role, at Board meetings I constantly question how proposals being discussed will contribute to the improvement of Akebono's corporate value in the medium- to long-term. In the latter, I draw on my experience and knowledge in my field of specialization both as an academic and as an outside director in other companies, striving to contribute to greater corporate value in this way as well.

- **Q2.** Are Akebono's outside directors and outside Audit & Supervisory Board members given many opportunities to weigh in on the agendas submitted to the Board of Directors?
- A2. I believe that, compared with many other companies, the members of both Boards are more likely to actively engage in the exchange of opinion and request changes. The top management, including the President, has established an environment in which outside directors and outside Audit & Supervisory Board members feel free to voice their opinions without any constraints. I have been an outside director at Akebono long enough to understand the industry and the business well, and I draw on this knowledge to make serious suggestions and ask difficult questions. In fact, in the past I have requested the reconsideration and resubmission of some agenda items that had the potential to affect the future sustainability of Akebono. I believe an outside director sometimes has to have guts to speak out against the agenda even when no one else is likely to oppose it.
- Q3. As an outside director, do you have any suggestions for more effective governance?
- **A3.** When it comes to corporate governance, execution is much more important than following the rules. In principle, the Board of Directors discusses predetermined agendas, but I would like meetings to be open to requests and suggestions touching on other matters, as I aim to help improve the Company's corporate value in the medium- to long-term.

Q1. What is your evaluation on the governance function of Akebono's Board of Directors?



Takuo Tsurushima Former President & CEO of Tokyo Stock Exchange, Inc.

A1. In every Board of Directors meeting, discussions are very animated. Although they aren't fault-finders, outside directors and outside Audit & Supervisory Board members voice questions and make shrewd suggestions whenever they have any doubt or problem regarding management proposals. Given this, I believe that the participation of such individuals facilitates cogent discussion, which is the cornerstone of corporate governance, thereby ensuring that the board's supervisory function remains very effective. I think "cozy" relationships between outside members and internal directors and executive officers must be avoided. In this light, the composition of the members of the two Boards is appropriately maintained at a reasonable level of tension.

Q2. What do you think your role as an outside director will be going forward?

A2. Akebono is now a global company with Japanese sales accounting for less than 40% and overseas sales topping 60% of the total. Given this, I believe that we have to be sensitive to international trends in the automotive market as we move to reorganize Japanese businesses while appropriately pursuing overseas businesses. I would like to help Akebono succeed on the global stage by providing the most effective advice I can.

Furthermore, based on my long experience in the securities industry, I will continue to support Akebono's efforts to build relationships of trust and mutual understanding with securities market officials, shareholders and investors. In particular, I would like to advise the Company on how to proactively and appropriately disclose corporate information and thereby better communicate the status of its current operations, future management policies and other important messages to its stakeholders.

Q3. Do you have any advice on making the governance system more effective?

A3. After engaging in active discussion, Akebono's Board of Directors decides on business plans and key initiatives and executes them promptly. However, I believe that there is some room for improvement in the way the progress of these plans and initiatives is monitored. In cases where execution is delayed or meets with difficulties, the causes of such delays and difficulties should be better analyzed.

I believe the monitoring function of the Board of Directors could be further improved by the Board employing the perspectives of outside directors and outside Audit & Supervisory Board members while performing, as appropriate or on a regular basis, thorough reviews of the progress of such plans and initiatives. This would enhance the effectiveness of Akebono's corporate governance.

Corporate Information Compensation

Basic Policy for Determining Compensation Paid to Directors and Audit & Supervisory Board Members

The Company has formulated a basic policy for determining the compensation for directors and Audit & Supervisory Board members as follows:

- 1. Acquire and develop talented human resources
- 2. Motivate them to continuously improve corporate performance and value
- 3. Maintain a high level of fairness and rationality

To maintain an objective and fair compensation system for directors, we have established a Director Compensation Committee, which reviews the basic matters relating to director compensation. Based on the results of this review, the amount of compensation for each director is determined at the Board of Directors' meeting within the limit of the total amount approved by the Ordinary General Meeting of Shareholders.

Compensation for directors (excluding outside directors) consists of fixed remuneration and performance-based remuneration. The fixed portion is basic compensation for

duties and is based on positions. The total amount of fixed remuneration must be approved by the Ordinary General Meeting of Shareholders.

The performance-based portion is determined based on the performance of the Company and individual directors in the preceding fiscal year. The upper limit for performance-based remuneration is set at 100% of the fixed portion. Of this amount 40% (cash) may be provided as short-term performance-based remuneration; 20% (subscription rights to shares) as medium-term performance-based remuneration; and 40% (subscription rights to shares) as long-term performance-based remuneration.

The compensation for Outside Directors consists of fixed remuneration only.

The compensation for each Audit & Supervisory Board member is determined through discussion by the Audit & Supervisory Board, and set within limits approved by the Ordinary General Meeting of Shareholders.

Total Amount of Compensation Paid to Directors and Audit & Supervisory Board Members (Fiscal 2014)

	Amount of compensation (Millions of yen)	Fixed remuneration (Cash)	Per	Number of directors/		
			Short-term (Cash)	Medium-term (Subscription Rights to Shares)	Long-term (Subscription Rights to Shares)	Audit & Supervisory Board members
Directors	351	261	31	20	39	10
Audit & Supervisory Board members	56	56	_	_	_	5
Total	407	317	31	20	39	15
(Outside Directors and Audit & Supervisory Board Members)	(41)	(41)	()	()	()	(6)

Notes: 1. Including one director who retired from office upon the closing of the 113th Ordinary General Meeting of Shareholders held on June 18, 2014. As of March 31, 2015, the number of directors and Audit & Supervisory Board members was 9 and 5, respectively.

2. Upper limits of annual compensation for directors and Audit & Supervisory Board members upon resolution of the Ordinary General Meeting of Shareholders:

 (1) Directors:
 Fixed remuneration:
 ¥300 million

¥120 million ¥60 million

¥120 million

¥60 million

Fixed remuneration: Performance-based remuneration* Short-term performance-based remuneration: Medium-term performance-based remuneration: Long-term performance-based remuneration: 0. Audit & Support Constant Constant Constant Constant Audit & Support Constant Con

(2) Audit & Supervisory Board members: Fixed remuneration:

* Excluding outside directors

Corporate Information Directors and Officers

(As of June 16, 2015)

Directors:



Representative Director & Member of the Board Hisataka Nobumoto



Member of the Board Takashi Kudo



Member of the Board Kazuo Matsumoto



Member of the Board Kunio Ito*



Member of the Board Ken Okazaki*



Representative Director & Member of the Board Yoshimasa Ogino



Takeshi Saito



Member of the Board Kanji Miyajima



Member of the Board Takuo Tsurushima*

Audit & Supervisory Board:

Audit & Supervisory Board Member (Standing) Audit & Supervisory Board Member (Standing) Audit & Supervisory Board Member Audit & Supervisory Board Member Audit & Supervisory Board Member Takeshi Okumura Satoshi Utsugi Kesao Endo** Michiyoshi Homma** Keizo Tannawa**

Executive Officers:

Chairman, President & CEO Executive Vice President Senior Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer

Hisataka Nobumoto Yoshimasa Ogino Takashi Kudo Takeshi Saito Kazuo Matsumoto Kanji Miyajima Yuji Ando Katsuji Hidaka Seiki Takahashi Seiji Onoda Masahiro Miyamoto Yoichi Shinagawa Seiji Nishimura Jean de Montlaur Yoshihiko Fujimoto Toshiyuki Negishi Masaaki Ando Akira Hosoya Hadrian Rori Tomokazu Hamada Kiyoshi Tanaka

Advisors:

Executive Advisor Honorary Senior Advisor Executive Technical Advisor Advisor / Assistant to the President & CEO Technical Advisor J.W. Chai Hidemitsu Kuwano Shunji Yokoo Sachiyuki Ishige Toshifumi Maehara

(As of July 1, 2015)

 * Outside directors in accordance with Article 2-15 of the Companies Act
 ** Outside corporate auditors in accordance with Article 2-16 of the Companies Act

Corporate Information Company Outline

(As of March 31, 2015)

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 Ai-City (Headquarters) 5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

President and CEO Hisataka Nobumoto Paid-in Capital ¥19.9 billion (as of March 31, 2015) Net Sales ¥254.2 billion (fiscal 2014) Number of Associates 8,828 (as of March 31, 2015)



Ai-City (Headquarters): Akebono Crystal Wing (ACW) (Hanyu City, Saitama, Japan)



Global Head Office Akebono Nihonbashi Building (Chuo-ku, Tokyo)



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

Investor Information

Stock Listing

Tokyo Stock Exchange, First Section (Code: 7238)

Common Stock

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

Principal Shareholders

Shareholders	No. of shares held (1,000 shares)	% of issued common stock
Toyota Motor Corporation	15,495	11.4
Robert Bosch L.L.C.	12,597	9.3
Isuzu Motors Limited	12,111	8.9
Itochu Corporation	6,449	4.7
Deutsche Bank AG Frankfurt Domestic Custody Services	5,900	4.3
BBH Boston for Metzler Investment GmbH, Frankfurt	5,261	3.9
Japan Trustee Services Bank, Ltd. (trust account)	4,022	3.0
Aisin Seiki Co., Ltd.	3,133	2.3
Northern Trust Co. (AVFC) RE-HCR00	2,302	1.7
Akebono Brake SEIWAKON Employee's Shareholding Association	2,000	1.5

Note: The Company's holding of treasury stock is not included in the above list of principal shareholders.

Transfer Agent & Registrar

Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department

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

Annual Shareholders' General Meeting

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

Independent Auditor

Deloitte Touche Tohmatsu

Shareholders

Category	No. of shareholders	No. of shares held (1,000 shares)
Japanese Individuals & Others	11,640	266,371
Japanese Government & Municipal Corporations	0	0
Financial Institutions (Excluding Securities Firms)	37	182,366
Securities Firms	40	10,438
Other Japanese Corporations	142	528,999
Non-Japanese Shareholders & Others	142	370,680
TOTAL	12,001	1,358,854
No. of Shares in less than units of 100	_	106,943 shares

Note: The number of treasury shares as of March 31, 2015 was 2,958,289. Of these, 2,958.2 thousand shares are included under "Japanese individuals & others," and 89 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, 2015 is 3,500. Of these, 3,500 thousand shares are included under "Other Japanese corporations."

The number of treasury shares indicated in the shareholders' list is 2,958,289, whereas the actual number as of March 31, 2015 was.2,957,289

Percentage of Shares Held by Shareholder Category (%) Non-Japanese Japanese individuals shareholders & others & others 27.28% 19.60% Financial institutions (excluding securities firms) 13 42% Other Japanese corporations Securities firms 38.93% 0.77%

Special Feature 2: Looking to Our Future Operations

Corporate Information

Akebono Locations (Japan)

(As of June 16, 2015)

Akebono Group (Japan)

Akebono Brake Industry Co., Ltd.

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

Ai-City (Headquarters) 5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

Chubu Office 3-13 Obayashi-cho, Toyota City, Aichi 473-0902, Japan

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

Metropolitan Sales Office 19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534, 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

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

Ai-Ring

(Testing and evaluation) 41-42 Aza-Osaruda, Uwadaira, Ogawa-machi, Iwaki City, Fukushima 979-3112, Japan

Ai-Museum (Brake museum) 5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

Ai-Village (Global training center) 5-11-26 Higashi, Hanyu City, Saitama 348-0052, 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 Advanced Engineering Co., Ltd.

(R&D of high-performance brake systems) 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 drum brake linings, disc brake pads and other brake components) 10 Aza-Shinjuku, Oaza-Narita, Koori-machi, Date-gun, Fukushima 969-1652, Japan

Akebono Brake Iwatsuki Manufacturing Co., Ltd.

(Manufacture of disc brakes, drum brakes and brake components) 1190 Oaza-Kanamuro, Iwatsuki-ku, Saitama City, Saitama 339-8601, Japan

Akebono Brake Sanyo Manufacturing Co., Ltd.

(Manufacture of 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.

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

Akebono 123 Co., Ltd. (Special subsidiary company)

(Cleaning-related services, packing, and printing of business cards) 5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

APS Co., Ltd.

(R&D)

(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

Corporate Information

Akebono Locations (Overseas)

(As of June 16, 2015)

Akebono Group (Overseas)

North America

Akebono Brake Corporation (ABC)

(North American Head Office) 34385 W. Twelve Mile Road, Farmington Hills, MI 48331, U.S.A.

Akebono Engineering Center (AEC)

(R&D) 34385 W. Twelve Mile Road, Farmington Hills, MI 48331, U.S.A.

Akebono Brake Corporation (Elizabethtown) (ABC)

(Manufacture of disc brakes, drum brakes and disc brake pads) 310 Ring Road, Elizabethtown, KY 42701, U.S.A.

Akebono Brake, Elizabethtown Plant (ABE)

(Manufacture of disc brakes, drum brakes and disc brake pads) 300 Ring Road, Elizabethtown, KY 42701, U.S.A.

Akebono Brake, Glasgow Plant (ABG)

(Manufacture of disc brakes and disc brake pads) 1765 Cleveland Avenue, Glasgow, KY 42141, U.S.A.

Akebono Brake, Clarksville Plant (ABCT)

(Manufacture of disc brakes, disc rotors, drum brakes, corner modules and other brake components) 780 International Boulevard, Clarksville, TN 37040, U.S.A.

Akebono Brake, Columbia Plant (ABCS)

(Manufacture of disc brakes, corner modules, castings and other brake components) 201 Metropolitan Drive, West Columbia, SC 29170 U.S.A.

Akebono Brake Mexico S.A. de C.V. (ABM)

(Manufacture of disc brakes, drum brakes and other brake components) Av. Mineral de Valenciana 186 Fracc, Industrial Santa Fe II Guanajuato Puerto Interior, Silao, Guanajuato, 36275, Mexico

Europe

Akebono Brake Europe N.V. (AENV) (European Head Office, sales and marketing) Pegasuslaan 5, 1831 Diegem, Belgium

Akebono Europe S.A.S. (Gonesse) (AESA)

(Centre de Recherche Européen Akebono) (CREA) (Sales and R&D) 6 Avenue Pierre Salvi BP 90111, 95505 Gonesse Cedex, France

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

(Manufacture of disc brake pads) Site Artoipôle, 244 Allée d'Espagne, 62118 Monchy-le-Preux, France

Akebono Engineering Center, Europe S.A.S. (AECE)

(R&D for foundation brakes) Bezannes, France

Akebono Europe GmbH (AEG)

(Sales) Auf der Heide 11-13, 65553, Limburg-Dietkirchen, Germany

Akebono Advanced Engineering (UK) Ltd. (AAE) (R&D) 415 Wharfedale Road, Winnersh Triangle, Wokingham,

415 Wharfedale Road, Winnersh Triangle, Wokingham, Berkshire RG41 5RA, United Kingdom

Akebono Brake Slovakia s.r.o. (ABSK)

(Manufacture and sales of disc brakes) Bratislavska 581 911 05 Trenčin, Slovak Republic

Asia

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

(Manufacture and sales of disc brakes and Pads) 700/880 Amata Nakorn Industrial Estate Moo.1, Tambol Panthong Amphur Panthong,Chonburi 20160 Thailand

A&M Casting (Thailand) Co., Ltd. (A&M)

(Manufacture and sale of cast-iron automotive components) Ratchaburi Industrial Estate, Ratchaburi Province, Thailand

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

Akebono Corporation (Suzhou)

(Manufacture and sales of disc brake pads) TingLan Road No. 168 ChangYang Street, Industrial Park, Suzhou, China 215021

PT. Akebono Brake Astra Indonesia (AAIJ)

(Manufacture and sales of disc brakes, drum brakes, pads, linings, master cylinders and other brake components) Jl. Pegangsaan Dua Blok A1, Km. 1, 6 Kelapa Gading, Jakarta, 14250, Indonesia

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

(Manufacture and sales of disc brakes and master cylinders for motorcycles) Plot F-3, Thang Long Industrial Park II, Yen My District, Hung Yen Province, Vietnam

Akebono Brake Industry Co., Ltd. Representative Office (Singapore)

80 Robinson Road #10-01A Singapore 068898

Websites

We maintain several websites to communicate detailed information on our operations to stakeholders.





Investor Relations

http://www.akebono-brake.com/english/ir/index.html





http://www.akebono-brake.com/motorsports/en/index.html



AKEBONO REPORT 2015

Business & CSR Activities

Issued August 2015

Akebono Brake Industry Co., Ltd.

Corporate Communications Office 19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534, Japan TEL +81 (0) 3-3668-5183 FAX +81 (0) 3-5695-7391 URL http://www.akebono-brake.com E-mail akebono_pr@akebono-brake.com Please send your opinions and impressions to the above office.



This report was printed on Forest Stewardship Council-certified paper, which was sourced from well-managed forests and other controlled sources. In addition, the printing involved no volatile organic compounds (VOCs).