

» Together with our customers: Product quality

● Improving quality globally ●

THK is constantly striving to provide the world's highest-quality products while maintaining uniform quality all over the world. In 2011 THK made concrete progress toward this goal by developing specialized testing equipment to evaluate the components it procures and the materials it uses throughout the world, in order to assess their performance with respect to each item's specific purpose and use. This will help improve the global material quality assurance system. By incorporating quality control techniques into the management of its production equipment and procedures, THK is minimizing variance and improving product quality.

THK also holds quarterly teleconferences involving its production facilities in Asia, Europe, and the United States, as well as other meetings, to discuss quality control techniques, ways of improving reliability, quality improvement, and other such topics. Meanwhile, the Quality Assurance Division conducts ongoing evaluations to assess product quality at THK's production facilities in Japan and overseas. The findings confirm that THK product quality remains consistent, even for products manufactured at different plants located all over the world.

THK will continue to actively pursue a variety of efforts to achieve global improvements in product quality.

● Quality management ●

In order to manage product quality in a well planned, systematic manner, THK has obtained ISO 9001 certification for the quality management systems employed at all production sites in Japan, the United States, Europe, and the rest of Asia. THK has also obtained ISO/TS 16949 automobile production quality management certification for the quality management systems employed in its Future Automotive Industry Division and at THK Manufacturing of Europe and THK Manufacturing of America plants, enabling them to supply products to the automobile industry, which has highly demanding standards for quality control. THK NIIGATA acquired JIS Q 9100 certification for its quality management system for aerospace-related products in 2009 and began supplying products to the aerospace industry thereafter.

To ensure that quality management is conducted more efficiently and effectively and that it satisfies the needs of customers and society, THK is reviewing and consolidating existing ISO 9001 certification for

its plants in Japan and is taking steps to have new quality management systems certified in 2012.

THK will continue to pursue various product-quality initiatives and maintain and improve quality through its quality management systems.

● Technology exchange ●

In 2011 THK took part in an annual conference that focuses on business improvement efforts, in order to educate personnel and improve corporate quality. The event, hosted by an industrial engineering research institute, was the 11th such conference. The seminars offered included a practical business session, devoted to identifying methods for making improvements and putting them to use, and a management session, devoted to identifying basic principles and applying them in managerial decision making. Four case studies were examined at the 2011 conference, including one presented in the practical business session by THK, highlighting improvements at the MIE Plant.

THK's presentation, which focused on improvements in productivity in a turning process used in the manufacture of Cross-Roller Rings, emphasized two points: (1) there was no increase in personnel corresponding to the increase in production volume; and (2) efforts were made to reduce processing times, eliminate waste, and improve the production line in order to increase volume. Presentations by other corporate participants focused on making improvements in various areas, pursuing production based on the "takt time" concept, and the results of efforts to achieve more efficient *monozukuri*.

The management session topics included complying with customers' lead-time requirements and the issue of delivery planning.

Through TAP2*, THK is making further efforts to establish production systems that raise the level of *monozukuri* and enable THK to provide a better product at a lower price within the desired timeframe.



Presentation on improvements at THK's MIE Plant.

*TAP: THK Advantage Program. There are three types: TAP1 (sales), TAP2 (production), and TAP3 (administration).

» Together with our customers: Customer satisfaction

• Training in business etiquette •

THK's CHUBU Distribution Center was established with the aim of improving customer service and enabling the Sales Division to operate more efficiently. The Center recently hosted a training session for mid-level employees, focusing on business etiquette.

After their initial training, newly hired employees generally acquire their knowledge of business etiquette from senior employees in the workplace; there is little opportunity to consolidate and reinforce such knowledge. At the training session employees reviewed their daily work habits and behavior and identified areas of business etiquette that they need to work on. Through group work, they developed greater skill at dealing with customers and meeting their needs. The one-day session covered grooming and personal appearance, proper greetings, correct usage of honorific language, and telephone skills.

This type of training will be expanded in the future, and further efforts will be made to provide practical guidance in order to improve the ability of THK employees to satisfy customers' needs.



Business etiquette training session.

• Global engineers conference •

In November 2011 THK held its third global engineers conference. The one-week event was attended by 10 engineers from THK facilities in the United States, Germany, France, China, Taiwan, and South Korea. The participants received training equivalent to that provided to THK sales personnel in Japan. They attended seminars at the Technology Center designed to reinforce basic knowledge and received hands-on training with demo equipment at the KOFU Plant to prepare for the possibility of problems occurring at a customer facility, in an effort to improve their ability to quickly address on-site needs.

This type of training will continue to be provided in the future, in order to equip employees with the means to resolve problems incurred by customers anywhere in the world and to ensure that THK provides the same high level of service all over the world.



Hands-on training in taking accurate measurements.

In their own words

»»» Global engineers conference participant



Eun Ju Park
Technical support team
SAMICK THK Co., Ltd.

My college major was mechanical design. I really wanted to work in the machine industry to use what I had learned at school, so I went to work for SAMICK THK, which is famous for the LM Guide. Right now I'm on the technical support team. We hold seminars to inform customers about THK products, help select models for use in customer products, and resolve problems when there's a complaint from a customer.

I attended the recent global engineers meeting. In the training sessions, I was able to actually examine the features of products that I had previously only seen in catalogues. We had seminars dealing with the latest data at the Technology Center and conversations with the engineers from other countries, where I learned about situations that have come up in other locations. I acquired a lot of information that will be very useful to me in my future work.

When I explain what I learned at the conference to our clients in South Korea, I'm going to try to adopt the customer's point of view, and I'll do all I can to help bring about more widespread use of the LM Guide. At SAMICK THK, I'd like to become the kind of engineer people will look to whenever they need technical support.

» Together with our customers: In their own words

AMADA Co., Ltd.

AMADA was founded in 1946. As a comprehensive manufacturer of metalworking machinery, AMADA is now involved in manufacturing, sales and servicing of its machines around the globe.

In addition to processing machinery in four sectors, namely sheet metal machines, press machines, cutting and drilling machines, and machine tools, AMADA markets computer software and peripheral devices for control of such machines as well as tooling and maintenance services as solutions.



Hiroshi Onodera
MANAGER
BLANKING MACHINERY DEVELOPMENT
DEPT.1

Takaaki Yamanashi
GENERAL MANAGER
BLANKING MACHINERY DEVELOPMENT
DEPT.1

Counting on THK, a brand known around the world, for reliability and carefully cultivated expertise

How did you come to start using THK products?

From what we've heard, the relationship with THK began before we joined the company. For the laser machines that we work with, the low-noise LM Guide with a ball retainer was recommended to us because of its long maintenance-free service life, along with the QZ lubrication system, so we've been using those products.

The guide components inside a laser machine are extremely important for ensuring precision. Our customers run these machines at full capacity 24 hours a day, so they get worked very hard. If the guide components wear out or break, the machine can't operate, and that means big trouble for the customer. But with THK products, we don't have to worry about that very much, which is a big relief.

With THK, the brand itself is very attractive. THK is recognized as the world leader for guide components. That reputation comes from a combination of technology, functionality, and durability, which translate into a very high level of reliability.

Didn't one of your products, the FOL-3015AJ, win the Masuda Award?

Yes. It was recognized as one of the 10 best new products of the year by the newspaper Nikkan Kogyo Shimbun and also won the Masuda Award, which goes to the product that contributes to the progress of *monozukuri* and helps make Japan more competitive. It's a great honor. The FOL-3015AJ is a laser machine equipped with a new fiber laser oscillator, the first in Japan capable of generating 4 kilowatts of output. This makes it possible to do laser processing on metals such as copper and aluminum, which used to present problems for conventional lasers, and

that's why the product was selected for the award. In this machine as well, of course, we take advantage of THK's accumulated expertise and use their products, including the LM Guide, Cross-Roller Ring, and Cam Follower, at key points.

The FOL model was completely revamped last year and equipped with a fiber laser, but even before that it was considered the world's fastest laser machine. While working to reach the world's highest speed and attain a maximum acceleration of 5G, we often turned to people at THK for advice. We've had a lot of technical discussions with THK, especially when developing new products.



The FOL-3015AJ

What do you expect from THK in the future?

AMADA has production facilities in China, France, and the United States. As our activities become increasingly globalized and we do more optimal-site production, we have to maintain the same level of quality and the same lead times, even when we rely on local procurement. As dealings among businesses in different countries increase, there will be an increasing need for flexibility. At the same time, in order for us to succeed in global competition, it will be essential to set a rapid pace in developing new products. For this reason, we have high hopes that THK will be developing its own new products at a rapid rate. We'll be looking to them for continued cooperation in the future.

» Together with our shareholders, investors, and overseas customers

● Investor relations events ●

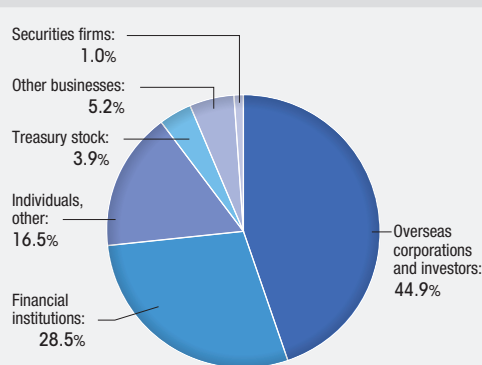
Twice a year THK holds a briefing for investors on financial results, where THK's CEO discusses the group's business performance and business strategies. Ample time is provided for questions from those in attendance, to ensure that investors have a chance to candidly communicate their views to THK management. THK is working to expand the dialogue to include more investors through small-scale meetings and individual interviews. THK is also working to provide more opportunities for communication with institutional investors overseas, through efforts such as annual visits with investors in the United States and Europe.

Since 1998 THK has held its annual General Shareholders Meeting on a Saturday, avoiding the days when most corporate shareholders meetings are scheduled, to enable more THK shareholders to attend. Seats for observers are provided at the meeting venue to permit other stakeholders to learn about THK's operations; attendance by partner businesses and other stakeholder groups has been encouraging. An exhibition highlighting everyday uses for THK products is held in a space adjoining the meeting venue, to provide visitors with a better understanding of products that, while seldom seen, significantly affect daily life.



THK's 42nd Ordinary General Shareholders Meeting.

■ Shareholdings by investor type (as of March 31, 2012)



● Multilingual websites ●

THK has to provide customers around the globe with the information they need, and that information varies from one country to the next. By creating 27 nation-specific websites in 21 different languages, THK has established a system that makes it possible to transmit readily accessible information to customers everywhere. Until recently THK's Seismic Isolation website provided information in Japanese only, but in light of rising worldwide interest in countermeasures against earthquakes, this information is now presented in other languages as well.

THK also maintains a Technical Support website providing information in eight languages on product features and applications, service-life calculations, and other topics. More than 210,000 customers visit the site on a regular basis.



● EMO Hannover 2011 ●

THK actively participates in exhibitions in Japan and overseas. For these events, THK works hard to create exhibits that present a diverse array of products and provide visitors with a better idea of what THK products actually do. In September 2011 THK was among the exhibitors at EMO Hannover 2011, an international trade fair for machine tool manufacturers held in Hannover, Germany. High rigidity, high speed, and high precision were the focus of the THK exhibit. Visitors to the exhibit were particularly impressed by a single-rail demo machine featuring a seven-meter-long rail, designed to accommodate products of extended length.

THK will continue to take part in exhibitions and trade fairs in the future, in its continuing effort to provide optimal solutions and contribute to creative *monozukuri*.



The THK booth at EMO Hannover 2011

» Together with our partner businesses

● Basic policy on procurement ●

To continue to provide products that satisfy its customers' needs, THK has established a basic policy on procurement enabling the formation of healthy, amicable, and mutually beneficial relationships between THK and its partner businesses. This policy is implemented by means of the practices outlined below.

1. Procurement practices emphasizing clear communication with suppliers; evaluation and selection of partner businesses guided by thorough consideration for QCDES: quality, cost, delivery, the environment, and safety.
2. Fair and equitable dealings in compliance with all pertinent laws, regulations, and societal norms.
3. Continuing efforts to minimize costs; encouragement of active pursuit of cost-saving projects and value-analysis initiatives.
4. Pursuit of global purchasing.
5. Implementation of business continuity plans.
6. Demonstration of environmental consciousness through green purchasing.

● Business continuity survey ●

THK would not be able to manufacture anything without the cooperation of its suppliers and other partner businesses. THK therefore surveys its partner businesses to ascertain their status with respect to business continuity planning.

In this year's survey, 237 partner businesses were presented with 28 questions about preparedness for a major earthquake (seismic tremors as well as soil liquefaction) or tsunami and about the extent to which they are engaged in business continuity planning. The findings indicated a high degree of preparedness in the determination of escape routes and evacuation sites as well as the containment of hazardous substances in the event of a fire or tsunami, but a relatively low degree of readiness with regard to partner businesses asking their own suppliers to formulate continuity plans or determining the status of such plans. THK is asking its suppliers and other partner businesses to incorporate these efforts into everyday duties, to minimize damage in the event of a natural disaster or other such emergency.

● THK Association ●

The THK Association is a body made up of THK's suppliers and other partner businesses. Through its activities, corporate members are developing a deeper understanding of THK's basic policy on procurement. The association also provides a valuable venue where members can communicate their needs and other relevant information.

In June 2011 the THK Association held a general meeting in Nagahama, Shiga Prefecture. The event included a discussion of THK management policies. In addition, THK's CEO presented commendations to various members for their value-analysis initiatives.

The association has branches connected to each THK plant, which hold periodic meetings of their own. THK will keep working to forge strong bonds with its partner businesses through the THK Association.



A THK Association gathering.

● Value-analysis proposals ●

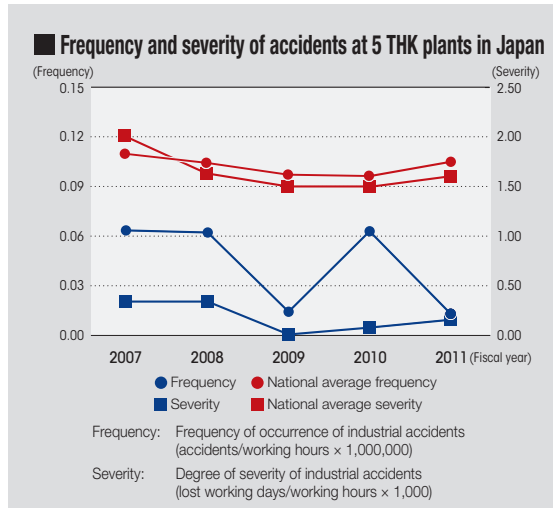
A value-analysis proposal system has been established to help advance and improve THK's operations and those of THK Association members. Proposals submitted by members are reviewed by a committee, and outstanding proposals are awarded with commendations each year at the association's general meeting. Thanks to the efforts of the Value Analysis/Value Engineering* teams established at THK's various plants and to the cooperation of association members, the number of commendations awarded in 2011 was triple that for the previous year. Efforts are underway to stimulate further initiatives and double last year's total in 2012.

THK will continue to cooperate closely with its partner businesses and elicit proposals for safe and environment-friendly products and components that contribute to high-quality, low-cost manufacturing.

*Value Analysis/Value Engineering: A management method for increasing component and product functionality by reducing overall costs.

» Together with our employees: Health and safety

Occupational health and safety



A variety of measures have been implemented to create a safe working environment for THK employees. From December 15, 2011, to January 15, 2012, THK mounted a New Year's "zero accidents" campaign, in an effort to heighten employee awareness of the dangers of workplace injuries and traffic accidents and help eliminate their occurrence. As part of this effort, safety conditions were surveyed at 12 production facilities, including those of THK affiliates, and safe-driving workshops were conducted at THK's sales offices.

In light of previously encountered challenges to health and safety management, THK has established a centralized system for directing the flow of critical information. When an accident occurs, a report is submitted to the Risk Division at THK Headquarters, and the Risk Division promptly reports the details to top management. The Risk Division is actively involved in efforts to institute a groupwide system for managing employee health and safety.

THK will continue to protect its employees' physical and emotional health and will keep working to eliminate accidents at work and on the way to and from work, to ensure a safe and worry-free workplace.

Countermeasures against influenza

In February 2009 THK issued a manual prescribing countermeasures against a new strain of influenza. Every possible effort was made in response to the global influenza pandemic to protect the lives and health of THK Group employees and their families, both in Japan and overseas. By addressing the situation quickly and properly, THK took action to ensure

that it would have a minimal impact on business continuity.

When the 2009 H1N1 influenza pandemic occurred, during the period of greatest concern over interpersonal transmission of the virus, THK established a task force headed by its CEO, as prescribed by the influenza manual. Each THK site was equipped with stocks of masks, mouthwash, and disinfectants, and the task force issued instructions for measures to prevent transmission of the virus among employees and from visitors.

The influenza A virus was rampant in fiscal 2011. Just when influenza A had finally run its course, there was a rise in reported outbreaks of influenza B. In some cases, people who had contracted influenza A later became ill again with influenza B.

When a THK employee or a member of an employee's family contracts a contagious illness, the circumstances are reported to THK Headquarters by means of a prescribed form. Once the situation has been assessed, instructions are provided for addressing it quickly and properly. Every possible precaution is taken to ensure that the contagion does not spread and does not affect business continuity.

Preparation for natural disasters

When a disaster strikes, THK's first consideration is the safety of its employees. For this reason, close contact is maintained with each business location, and various countermeasures have been prepared.

When torrential rains struck Niigata and Fukushima Prefectures in July 2011, hotel accommodations were provided for THK NIIGATA employees residing in areas where travel was restricted. When Typhoons 12 and 15 threatened Japan in September, THK monitored commuting conditions and the movements of the storms and arranged for many employees to go home early.

In the aftermath of the Great East Japan Earthquake, THK Headquarters personnel now check indoor and outdoor radiation levels three times a day, using portable radiation detectors. The results are reported to the employees to keep them apprised of current conditions.



Checking the radiation level at THK Headquarters with a portable radiation detector.

» Together with our employees: Support for employee development

• Passing on technical skills •

The THK INTECHS MISHIMA Plant has begun a program to facilitate the transmission of technical prowess, in an effort to ensure that advanced skills, cultivated over the course of many years using general-purpose machine tools, are passed on to younger employees.

From 1:00 to 4:00 every Tuesday afternoon, young plant employees receive instruction in the use of milling, drilling, and surface grinding machines. Each week three employees receive one hour of individual training with each type of machine from a skilled machinist. By working with general-purpose equipment, trainees not only acquire processing skills, they also attain a command of the machinery and the work and learn to recognize danger signs through familiarity with visual and auditory cues.

Some of the trainees have only an ordinary high school education, so they receive thorough instruction in setup procedures and basic processing methods. Young employees who worked with general-purpose machinery in high school are often assigned to numerical control machines, and many have praised the program for helping them grasp specific processing criteria and settings and understand why certain duties are necessary.

For any production site, fostering the development of skilled workers is an absolute necessity. This program will continue to be used to enable young employees to master elementary skills. Through on-the-job training in everyday processing techniques, skilled machinists will continue to pass along their abilities to those who will become their successors.



Instructor Minoru Tsukada (left) trains Yohei Yamada in the use of a milling machine.

• Occupational healthcare •

Occupational health specialists and other healthcare personnel have been posted to THK Headquarters and the YAMAGATA, KOFU, GIFU, MIE, and YAMAGUCHI Plants, where they work to keep THK employees in good health by reviewing checkup results and reporting on health and hygiene conditions. They also engage in efforts to prevent industrial accidents and improve the working environment. THK's occupational health personnel hold regular meetings to organize groupwide health policies and procedures, which were formerly administered separately by each business location, and establish mechanisms to promote good health.

The healthcare staff monitors the status of employees on sick leave and those who are absent for extended periods due to illness, sets rules for proper recovery periods and for conditions during and after the employee's return, and makes other efforts to help employees return to work in good health following an illness.

• e-learning •

THK has introduced an e-learning system to help facilitate employee education, enabling employees to engage in self-development activities whenever they have access to the Internet. The e-learning system comprises a diverse range of training courses: Business Skills, which is devoted to improving practical abilities in areas such as critical thinking and business accounting; Product Knowledge, which covers a wide range of THK products; and Compliance, currently a topic of great interest. As of March 2012 the system included a total of 42 e-learning courses.

By taking advantage of opportunities for distance learning provided by this system, sales employees, for example, can study for and take a qualifying exam to obtain accreditation in electrical engineering. Use of the e-learning system is steadily increasing.

■ Educating employees via e-learning

	Enrollment			Completion
	Eligible employees	Employees enrolled	Percentage of eligible employees	Percentage of enrolled who completed course
September 2008	1,963	893	45.5	73.9
September 2009	2,057	1,059	51.5	74.4
September 2010	2,103	1,142	54.3	72.7
September 2011	2,130	1,212	56.9	73.1

● In-house recruiting ●

As part of efforts to offer opportunities for employees to enter new fields of endeavor, THK has established an in-house recruiting system. The system is used when a new project is launched or a new organizational unit is formed, as well as to reinforce existing departments.

Under the system, employees who are attracted by a new opening communicate their interest directly to the Personnel Division, in order to preserve confidentiality. The ultimate selection is determined through interviews with the management of the department involved and the Personnel Division. To date, the system has enabled many THK employees to explore new fields.

THK's internal recruiting system is expected to continue to serve as a useful bridge between organizational needs and the employees' desire for new challenges.

● Efforts at THK NIIGATA ●

THK NIIGATA has made improvements to increase productivity on its miniature Ball Spline precision assembly and inspection line. One such improvement is an effort to reduce the takt time required for product assembly from 106 seconds to 90 seconds, by adjusting processes and repositioning personnel along the line and eliminating inefficiency and inconsisten-

cies in checking, bonding, and demagnetizing operations.

This effort was carried out through quality-control initiatives conceived and implemented by the employees themselves. With maximum input from the employees, a short interval control system was devised enabling progress to be managed using a production control board.

As a result, takt time was reduced to 95 seconds. This was short of the goal, but the precision assembly and inspection line employees are still making a concerted effort to expand their own capabilities and make further improvements to achieve the goal.



Nearing the goal: workers on the precision assembly and inspection line.

In their own words

>>> A beneficiary of the in-house recruiting system



Tomoko Kayaki
ICB Center employee

During my first five years at THK, I worked at branches in Japan and for the Overseas Sales Division. In February 2011 the ICB Center, which handles advertising and publicity for the THK Group, posted an opening via the in-house recruiting system. I applied, was selected, and assumed my new position the following May.

I wanted to use my experience to assist with the advertising and public relations work that supports the THK Group's globalization efforts. I had long been interested in designing websites and doing animation as a hobby, so this was a great chance to pursue those interests.

These days I'm involved in operating the company websites and producing PR videos and in-house publications. I'm applying some of the lessons I've learned from past experience, and I find it very rewarding to be able to help promote sales. In the future I hope to help create more video content, create applications to make the website more user-friendly, and improve the content of our internal publications.

The feeling at THK is that we're being given a whole range of opportunities. I think the in-house recruiting system is great, because it gives people the chance to realize their ambitions.

» Together with our employees: Embracing diversity

• Hiring people with disabilities

THK has been actively hiring people with disabilities to work at its Headquarters and plants. As of April 1, 2012, people with disabilities constitute 1.89% of THK's workforce, which is higher than the legally prescribed minimum percentage.

Some of THK's disabled employees have flourished with particular distinction. In December 2011 Masahiro Fujii, an employee in the Order Management Section at the YAMAGUCHI Plant, took first place in the product packing event of the Yamaguchi Prefecture preliminary 2012 Abilympics competition, winning the right to compete at the national level. The YAMAGUCHI Plant was represented in the same event in last year's national games and took home the gold medal, along with the honor of being recognized as Japan's best. Advancing to the national Abilympics two years in a row is a major achievement.

THK will keep working hard to provide a hospitable workplace for employees with, as well as those without, disabilities.

■ Disabled employees in the THK workforce (%)

December 2009	December 2010	April 2011	April 2012
1.64	1.70	1.80	1.89

• Length-of-service awards

While many businesses honor employees at the end of each decade of service, THK presents length-of-service awards to its employees after every five years of continuous service. This provides more opportuni-

ties to show appreciation for the many contributions made by THK's employees. In fiscal 2011, 586 employees received commendations and commemorative gifts to honor their long-term service.

■ Length-of-service awards

Continuous service	2007	2008	2009	2010	2011
35 years	7	6	10	11	14
30 years	20	16	25	23	69
25 years	133	91	139	129	54
20 years	87	107	143	163	128
15 years	99	43	146	177	92
10 years	179	74	77	113	68
5 years	91	104	84	167	161
Total	616	441	624	783	586

• Employee inventiveness

THK has a system in place to encourage employees to devise their own inventions. The system, which is governed by company regulations in full compliance with all legal and regulatory requirements pertaining to intellectual property, solicits and provides monetary rewards for inventions by any employee. Rewards are provided at each stage: notification, application for a patent, acquisition of rights, and implementation.

In fiscal 2011, 390 notifications were submitted and more than 100 patent applications were filed. Thanks to such efforts, 700 Japanese patents and 1,300 foreign patents had been applied for or obtained as of the end of March, 2012.

In their own words

» Yamaguchi's representative in the Abilympics



(From left) Order Management Section Senior Assistant Manager Shunsuke Yoshinaga, section employee Masahiro Fujii, and YAMAGUCHI Plant Manager Katsunori Yamamura.

Masahiro Fujii says, "I competed in the Abilympic product packing event last year too, but in the Yamaguchi Prefecture preliminary round I lost to Yukihiro Fujimoto of THK. I finished second, which was very disappointing. Because of that I really wanted to represent Yamaguchi this year, so I competed again. Fortunately I had been hired at the YAMAGUCHI Plant, where I had hoped to work, and before the competition I got individual coaching from Mr. Fujimoto, which gave me a lot of confidence. During the competition I didn't know whether I would win or not, but I was very thankful when I did."

Officials at the Yamaguchi Minami Sogo Special Needs School in Yamaguchi Prefecture, where Masahiro Fujii attended high school, have praised THK's enthusiastic approach to providing vocational guidance to people with disabilities. In their message of congratulations, they expressed hope for a strong showing in the national competition.

● Proposals for improvements ●

THK has established a system for eliciting proposals for improvements, to enhance its products, efficiency, quality, safety, productivity, and technology. THK values its employees' originality, ingenuity, and workplace perspectives. Every proposal is evaluated, and commendations are awarded for proposals that satisfy certain key criteria. Employees receive points based on the results of the evaluations and can accumulate more points for successive proposals. When an employee's point total surpasses a certain level, he or she receives an award, the highest-level award being the THK Prize. A distinctive feature of the program is the periodic awarding of second-level commendations.

The system encourages employees to continually devise and present inventive proposals for improvements and rewards their efforts to do so. More than 100 employees now earn second-level commendations every six months.

In fiscal 2011, 11,840 proposals were received, ranging from ideas for new markets for THK products to a proposal for changing the notation method employed in product catalogs. By encouraging employees to submit proposals for improvements, THK not only improves its operations but also inspires greater self-motivation and encourages employees to cultivate stronger powers of observation.

■ Second-level commendations for improvement proposals

	Proposals	Commendations
2003, 1st half		140
2003, 2nd half	8,760	107
2004, 1st half		124
2004, 2nd half	7,303	146
2005, 1st half		88
2005, 2nd half	6,722	123
2006, 1st half		100
2006, 2nd half	8,095	156
2007, 1st half		137
2007, 2nd half	8,772	131
2008, 1st half		144
2008, 2nd half	10,241	166
2009, 1st half		179
2009, 2nd half	11,554	162
2010, 1st half		156
2010, 2nd half	10,454	175
2011, 1st half		163
2011, 2nd half	11,840	189

● Continuing employment until age 65 ●

The retirement age at THK is 60. Employees who want to keep working, however, have the option to continue employment until age 65. Around 80% of employees who reach retirement age opt for continuing employment; 54 people are currently employed in that capacity. Those who choose continuing employment after they reach the retirement age are engaged as contract employees, but this does not entail significant changes in their duties. Even so, adjustments in the number of work days, reductions in hours, and other flexible working arrangements are available to accommodate individual needs. Paid vacation time, stock ownership, the employee savings system, and other benefits are the same as for regular employees. As longtime veterans, continuing employees tend to exhibit strong job performance and, thanks to their knowledge and experience, play a key role in the education of younger employees.

Employment for senior citizens is a momentous issue for Japan. THK is working to perfect its continuing employment system to ensure that employees beyond the age of 60 who are determined to keep working can do so with complete peace of mind.

● Passing on skills in Yamanashi ●

In fiscal 2011 THK employees Masaki Yamamoto, Satoshi Kunugi, and Kuniharu Tanaka were commissioned by a technicians association in Yamanashi Prefecture to instruct young technicians in the prefecture in the use of engine lathes, as part of a course devoted to passing on technical skills, held at Yamanashi Industrial Technology Junior College. From 9:00 a.m. to 4:00 p.m. on 15 Saturdays extending over a six-month period, they provided technical guidance to newcomers and beginning-level technicians to enable the students to pass the national certification system's second-level test.



Demonstrating the use of an engine lathe.

» Together with our employees: In local communities

• Charitable contributions •

As part of its contributions to society, THK provides monetary assistance when disasters strike and donates money to organizations devoted to the advancement of science and the future development of *monozukuri* in Japan. In addition, THK sponsors a variety of events in communities where it has business locations.

■ Major charitable causes

August 2011	Torrential rains in Niigata and Fukushima Prefectures
October 2011	Great East Japan Earthquake
October 2011	Typhoon 12
November 2011	Flooding in Thailand

■ Monetary support

December 2011	Japan Science Foundation
February 2012	Sakuranbo Marathon

• Technical training •

Yamanashi Prefecture's education committee, its secondary school industrial education task force, and THK—representing industry, academia, and government—have joined forces to provide engineering training for technical high school teachers and students, with a focus on machine inspections. Training has been provided by technical instructors from THK's KOFU Plant.

Technical high school teachers received training to improve their instructional abilities in July 2011, learning about the basics of machine inspections and the use of measuring instruments, and performing practice inspections. Students at five technical high schools took part in 14 training sessions from November 2011 to January 2012, attending a course and receiving hands-on training to prepare them for the level 2 and 3 national proficiency test in machine inspection. Among the students who attended the course, 65 went on to take the proficiency test and 52 passed, for an 80% success rate.

Processing and inspecting are unified skills in *monozukuri*. It is clear that the training provided improved the skills of the teachers and students who took part. THK will continue to provide all possible assistance to help elevate the abilities of those who study and teach at technical schools in Yamanashi Prefecture.

• Beach cleanup •

On June 26, 2011, KANAZAWA Branch employee Emi Taniguchi took part in an effort, sponsored by the city of Hakusan, to clean up Tokumitsu Beach. From 6:00 a.m. to 1:00 p.m., working under cloudy skies, 20 volunteers cleaned an area measuring about one kilometer. When the work was finished they had collected some 40 garbage bags' worth of debris. The result was a well-tended beach, free from trash, where children can frolic in safety.

Taniguchi remarked, "This was the first time I took part in a cleanup. When I saw the kids playing on the beach afterward, I really felt it was worthwhile. If I get a chance, I'd like to do this again."



Volunteers clean up Tokumitsu Beach.

• In-school lessons •

THK presents in-school lessons designed to provide a realistic view of the manufacture of components that support Japanese industry and to convey the wonders of *monozukuri*. In fiscal 2011 lessons were presented in eight high schools located all over Japan. Through these lessons and through its factory tours, THK provided students with a better understanding of manufacturing in fiscal 2011.

THK has now been presenting in-school lessons for four years; some schools have requested the lessons every year. THK will continue to offer these lessons wherever they are needed in the future.



An in-school lesson at Yamaguchi Prefecture Nishi-ichi High School.

• National tree-planting event •

THK's YAMAGUCHI Plant helped sponsor a national tree-planting festival held in May 2012. Back in January 2011, the plant had acquired 10 chestnut seedlings. They were expected to need only periodic watering to grow to maturity, but employees worried constantly whether they would survive the winter cold and the summer heat. By April 2012 they had grown to a height of 30 centimeters, and on May 24 the saplings were planted at the city of Yamaguchi's Kirara Beach. The tree-planting festival provided a welcome opportunity to consider the meaning of environmental conservation and assist in conservation efforts.



Chestnut seedlings at the Yamaguchi Plant.

• Experience in the workplace •

THK's YAMAGATA Plant offers a one-day learning-through-work program for junior high school students. Five first-year students took part in the program on August 5, 2011. Their principal duties were pre-assembly setup, which involves attaching rail stoppers on LM Guides, cleaning rail grooves, attaching washers and bolts, packing attachments for shipping, and sorting production order forms. While it was a challenge for the freshmen to get through the eight-hour work day, one commented that it was tiring but enjoyable. Another spoke highly of the food served in the lunch room, and a third student expressed an interest in working at THK. The experience provided the students with a better understanding of working life.



Learning through work: a student assembles cords.

• Matsusaka monozukuri forum •

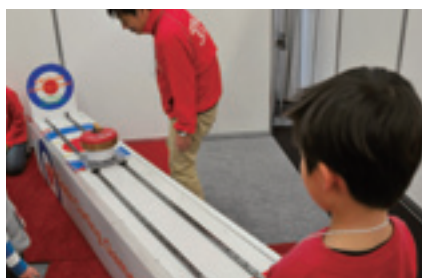
In February 2012 THK's MIE Plant hosted a forum for *monozukuri* technicians, sponsored by the city of Matsusaka. This was the fourth annual staging of the forum, which is designed to encourage collaboration among different businesses and help cultivate technical personnel. Each year the event, held at a manufacturing facility in Matsusaka, features presentations of advanced technology and distinctive products, as well as opportunities to observe on-site production control procedures. A total of 32 technicians from 18 manufacturing firms in the city took part in the 2012 forum, which included tours of the MIE Plant and demonstrations of the operations there.



A presentation at the *monozukuri* forum in Matsusaka.

• Monozukuri exhibition •

In February 2012 THK participated in an exhibition intended to highlight the benefits and importance of *monozukuri*. THK's exhibit included three participatory games designed to demonstrate the true meaning of rolling motion, a demonstration of seismic isolation, and a presentation contrasting rolling motion with sliding motion. Heavy objects were made to move at the touch of a finger, eliciting squeals of delight from the children in attendance. Over 800 visitors attended the two-day event, where they learned about the benefits and profound significance of *monozukuri* and enjoyed hands-on experience with rolling motion, a fundamental THK technology.



A specially designed curling game at the THK booth.