

Aiming to become a corporation with the trust and understanding of society

JTEKT Corporation
Company President

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Reflect upon our achievements in FY2009 and aim to become a corporation with the trust and understanding of society

First, please allow me to express my gratitude for your constant support and understanding of JTEKT's business activities.

Looking back upon fiscal year 2009, in order to respond to the rapid worsening of the business environment after the Lehman Shock, we took action to reduce fixed costs in line with production scale, reconstruct our production framework and adjust our workforce. From the latter half of the year, as the result of various countries' economic stimulus measures, many industries including automotive, showed signs of recovering demand, however the willingness of companies to invest in equipment remained low. Due to this external environment, in FY2009, despite being able to secure a sales surplus of 10.2 billion yen in the mechanical components and apparatus business, the machine tool business produced a sales deficit of 10.2 billion yen, a result reflecting the severity of the external environment. The final profit and loss result gave a significant deficit of 19.4 billion yen after setting aside funds for business structure improvement, quality assurance and so forth, and I feel extremely sorry that we were unable to fulfill our responsibility to our stakeholders. Also, I am grateful to the employees of all of our group companies, both within Japan and overseas, for sharing the burden of suppressed employment and salaries and relocation in the form of production support and so on.

We take these outcomes seriously, and look at this as an opportunity to reflect deeply upon why we were unable to respond swiftly to the rapid change in the business environment, and rethink how we should fulfill our responsibility to our stakeholders.

We believe that CSR starts with offering good quality, low-cost products from a "customer comes

first" viewpoint, and winning trust based on safety in the community and the safe work practices of our employees. In order to continue sending products like this out into the world, we need to continue being a company where employees work with vigor and enthusiasm.

We would like to see such efforts bear results and produce adequate profits so that we may make stable contributions through tax payments and shareholder dividends.

Further still, JTEKT take societal issues such as global environmental problems and traffic accidents seriously, and are proactive in finding solutions through *monozukuri* and engineering innovation, managing our company for the forces of good, and aiming to become a corporation with the trust and understanding of society.

Recall our founding spirit, and provide *monozukuri* for the forces of good

In order to realize this goal, we would like to go back to our grass roots, and recall our founding spirit.

JTEKT was created when Koyo Machines and Toyoda Machine Works merged in January of 2006, becoming an unmatched *monozukuri* company with bearings, agglomerations of elemental technology essential to machines, as well as machine tools and automotive components which make up the mechanical element.

The thinking at the time of our founding as JTEKT, essentially our rebirth as a company, was "be a company that holds up the foundation of *monozukuri*, that the world knows about, counts on and trusts" and our ideas on sending out technology and products useful for the people of the world is expressed in our corporate message of "Pursing dreams through skill to bring you valuable technology". This valuable technology is based on the key words of "quality, safety" and "environment" which possess universal value irrespective of the era.



We always go back to our roots when we consider who quality and safety is for. We are keenly aware that quality and safety are for the customer, decided by the customer, and always look from the perspective of the customer to examine whether we are running our business in a fashion that will achieve across-the-board improvements in respect to societal issues.

Meanwhile, in the environmental aspect, developing products and technology that prioritize global warming prevention and resource/energy problems is our imperative.

Global environment conservation movements are accelerating across all industries. For example, the popu-

larization of hybrid cars and acceleration of electric car development in the automotive field, shift to rail transportation in logistics, spread of reusable energies, hybridization of construction equipment and so forth.

JTEKT develop products which contribute to global environment conservation in the general application machinery fields of automotive, wind-power generation, steel, construction equipment, agricultural equipment and so on.

For example, since becoming the first manufacturer in the world to develop and mass produce an electric power steering (EPS) that improves vehicle fuel efficiency by 3% to 5% compared with the conventional

hydraulic type, we have exerted every effort to popularize EPS by enhancing fuel efficiency, shifting to high output to suit large vehicles, creating electronic control to increase safety and so forth. Furthermore, going beyond the bounds of common sense, we have developed an ultra-low torque, tapered roller bearing with 80% reduced torque loss and an electric pump for eco-run. In the future we will commit ourselves to developing electric unit products like wheel hub motors and so on, in order to contribute to the popularization of hybrid cars and electric vehicles. In the industrial machinery field, we were the first in the world to develop a ceramic bearing with insulation specifications preventing electrical corrosion and introduce it as a product for wind-power generators.

In the machine tool field, we established an environmental load assessment index through the entire lifecycle of our products, developing “Eco-Scale” a JTEKT-original index expressing the reduction of environmental load, developing products and technology leading the market in a wide range of fields by conveying the environmental performance of the machine tools JTEKT sells in an easy-to-understand way to our customers.

Presently, technology with value is diversifying, and there is a change from world standardized quality, to optimal specifications matching the characteristics of the market and region. However, quality, safety and environment, key factors at the heart of *monozukuri*, remain universal, and should remain unchanged regardless of the times. We believe that it is JTEKT’s duty and responsibility to deliver products, technology and services which advance quality, safety and environmental technologies and bring joy and inspiration to our customers.

We will continue to solve societal issues, and advance the development of products which contribute to the development of a sustainable planet and society and technologies which support *monozukuri*.

Becoming a company that grows with employees and the community

We want JTEKT to be a company where our employees can grow and express themselves.

Creating an environment where each and every employee can think for themselves and overcome hurdles independently is the duty of management, and if employees can grow in this way, grow together with the company, we believe this will benefit society.

We think that if our employees can feel satisfied with their choice to work at JTEKT, this will lead to the happiness of people on the whole.

We want to be a company that takes care of working men and women. That is the type of company we strive for.

Our CSR activities have only just begun, and in the future we will gather our stakeholders’ opinions through dialogue and reflect them in our business activities.

We will aim to become a corporation which wins society’s trust and understanding of our business activities.

I would like to thank you all in advance for your continued support onwards into the future.

