

Manufacturing

FY2011 Major Initiatives

Production in the vending machine business had previously been conducted by two bases: the Mie Factory and the Saitama Factory. In fiscal 2011, we consolidated these two facilities into the Mie Factory and installed headquarter functions in this factory. Furthermore, a new building was constructed on the premises of the factory, a new production line was established, and other measures were put into place to reduce production lead times. In these manners, we worked to improve operational efficiency in this business. In the magnetic disk business, we consolidated our two factories in Malaysia and the Yamanashi Prefecture of Japan into one integrated facility located in Malaysia

that contains development, production, and sales functions. This has enabled us to create a system for producing products in the regions where they are used.

In addition, the Saitama Factory, which was previously used to manufacture vending machines, was reborn as the Facility Technology Center. This facility is now a nerve center for global manufacturing operations and also serves as an education center for personnel in areas relating to production technologies, facility manufacturing, and other manufacturing fields throughout the Company.

FY2012 Policies and Strategies

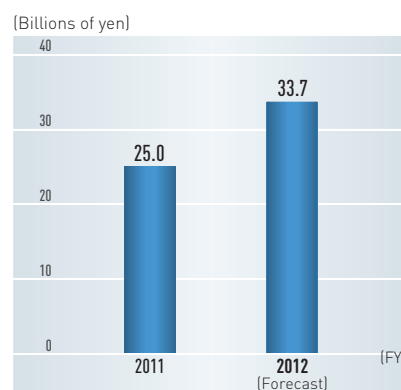
In fiscal 2012, we will work to strengthen production systems, particularly those in Asia, by promoting local design, production, and usage of our products. At the same time, we are pursuing improved profitability by lowering procurement costs through global procurement and concentrated purchasing.

Furthermore, we are implementing initiatives to aid us in our quest to create products that can compete on an international level. At the new Facility Technology Center, we will install more sophisticated automatic production lines and utilize more advanced die technologies with the aim of strengthening the technical capabilities this core facility possesses in the field of production. We also intend to institute education programs for manufacturing staff to cultivate human resources that can function on the global stage.

As we further evolve our production systems, Japanese production bases will come to serve as the heart of these systems, as they utilize core technologies in product development and production efforts. Overseas bases, meanwhile, will advance design initiatives based on the specifications in demand in specific markets, conduct local procurement, and implement improvement activities under the guidance of the production nerve center in Japan.

In addition, fiscal 2012 will see the start of operations at the IGBT back-end process factory in Shenzhen, China, as well as the establishment of new production bases in other regions of Asia.

Plant and Equipment Investment



Global Production Base Network

