

Special Report

ULVAC Group's Response to the Great East Japan Earthquake

We would like to express our heartfelt sympathy to those affected by the Great East Japan Earthquake. At 2:46 p.m. on March 11, a magnitude 9.0 earthquake, the largest earthquake ever recorded in Japan, occurred off the Pacific coast of eastern Japan and caused enormous tsunami waves that devastated the coastal areas.

This Special Report details the damage to ULVAC Group companies resulting from the earthquake as well as our activities during and after the disaster.

Damage to ULVAC Group companies

Most of the buildings comprising the ULVAC Group companies' offices and factories suffered no serious damage. The employees of ULVAC Group companies were all safe and sound save for several persons who suffered minor injuries.

ULVAC's Tsukuba Institute for Super Materials, where the walls and columns were damaged by the earthquake, is already back to normal operation.



A collapsed column in Building B at the Tsukuba Institute for Super Materials

Damage to the facilities of ULVAC Tohoku Inc.

ULVAC Tohoku Inc.'s head office plant, which is located in the Hachinohe North-Interchange Industrial Complex, suffered only minor damage. However, the company's Plant 2, located near the coast, suffered serious losses due to damage caused by

the tsunami to products in storage as well as to devices that were being manufactured. We assessed the damage to products and other ULVAC Tohoku plant facilities. We acted quickly to minimize inconvenience to our customers.

ULVAC Tohoku Inc.'s business continuity activities from immediately after the earthquake until the restoration of Plant 2

<p>3.11 Occurrence of the earthquake</p> <p>Information on the damage to ULVAC's offices and factories was distributed via the ULVAC Group Risk Network*</p> <ul style="list-style-type: none"> All employees gathered in front of the logistics center to prepare for evacuation. The safety of all employees was confirmed by a quick roll call. Employees whose homes were still reachable were allowed to return home An emergency task force was established and private power generators were put into operation in order to secure the minimum necessary power. <p>* ULVAC Group Risk Network: A networked system designed to distribute information to the presidents, executives, and managers of all ULVAC Group companies</p>	<p>3.18 Restoration work on Plant 2 started</p> <ul style="list-style-type: none"> Information was collected on the damage caused by the tsunami to devices awaiting shipment. Information was collected on the damage caused by the tsunami to the facilities on the premises as well as the devices that were being manufactured. <p>Major points</p> <p>As our highest priority toward restoration, we worked to create the space required for demolition and sorting debris.</p>
<p>3.12 Information collection</p> <p>ULVAC's President Suwa issued instructions to collect information about the areas affected by the earthquake and organized an emergency meeting attended by members of domestic ULVAC Group companies.</p> <ul style="list-style-type: none"> Managers collected information about the damage to buildings and equipment on the premises. 	<p>3.25 Restoration of damaged equipment</p> <ul style="list-style-type: none"> We started carrying out the damaged equipment. We started the demolition, sorting, and cleaning of damaged equipment. <p>Major points</p> <p>New criteria We established new judgment criteria beyond those of the existing ISO standards and immediately implemented these criteria. (Establishment of criteria for seawater infiltration and measurement of the salt level)</p>
<p>3.14 Employees return to work</p> <p>The first shipment of devices after the earthquake was made after performing quality testing with the cooperation of ULVAC.</p> <ul style="list-style-type: none"> Restoration work started on the premises Information collected on the damage to Plant 2 <p>Major points</p> <p>Broken equipment: Repaired, replaced, or discarded Intact equipment: Fully used, maintained/managed, and reinforced Equipment newly required: Built, modified, or newly provisioned.</p>	<p>3.26 Shipment of undamaged devices</p> <ul style="list-style-type: none"> Devices were transported to the Port of Yokohama for shipment. The company's policy was modified on March 15 to allow for the use of land transportation; transportation routes were studied carefully prior to shipment. <p>Major points</p> <p>In order to avoid inconveniencing our customers, we needed to deliver our products as soon as possible.</p>
<p>3.18 Provision of employee transportation</p> <ul style="list-style-type: none"> Due to difficulties in obtaining gasoline, the company started commuter bus services (until March 26). <p>Major points</p> <p>In view of the need to maintain the workforce required for plant operation, the company used four buses to provide commuter services for employees.</p>	<p>3.30 Restoration</p> <ul style="list-style-type: none"> Plant 2 started operation. <p>Major points</p> <p>Under our policy of avoiding closing plants even for a day, with the support of our partners (suppliers) and through the use of power generators and other temporary equipment, we were able to quickly put the production plant (Plant 2) back into operation.</p>

Effects of planned power outages and ULVAC's countermeasures

On the day after the earthquake, under the instructions of the Chairman and the President, ULVAC examined the order of priority as to which equipment was to be put back into operation first. We adjusted the operation of plant utilities in accordance

with the power outage schedule. We also implemented staggered commuting from March 15 and operated some of our facilities at night.

Topics

ULVAC's power outage strategy featured in a TV program for international audiences as well as a newspaper

ULVAC was featured as a company working to avoid plant closures during the planned power outages after the earthquake in the March 29 "NHK World" TV program as well as in the Nikkei newspaper.

Immediately after the earthquake, pessimistic views regarding Japan's manufacturing industry spread widely around the world. However, this TV program provided an opportunity to inform the world that Japanese manufacturers were taking every possible measure to continue their business operations.

Support for affected areas

ULVAC donated 10 million yen to Hachinohe City, where ULVAC Tohoku's head office is located, and 5 million yen to Aomori Prefecture. Through the Japan Red Cross Society, we also donated disaster relief funds collected from our employees totaling over 1.4 million yen to the affected areas.

In addition, a total of 71 cardboard boxes containing of supplies, including sanitary goods and clothes donated by

employees as well as hygiene products stored at the company, were distributed to Kesennuma City with the help of Shonan Bellmare, a local J-League soccer club and ULVAC's CSR partner.



Bellmare CSR staff members sorting out relief supplies

Coping with restrictions on the use of electricity

All large power consumers (i.e., those with a contracted power supply of 500 kW or more) in the areas covered by the Tokyo Electric Power Company were requested to reduce their maximum summer power consumption by 15% compared to the previous summer's consumption level from July 1 onwards.

Among ULVAC's plants, the following were subject to the restrictions: the ULVAC head office/plant, Fuji Susono, Chiba Tomisato, and Chiba Sanmu plants.

At the ULVAC head office/plant, which focuses on development, we increased production during the night-shift to respond to customers' needs.

All business divisions filed applications to operate during the day and conducted demand monitoring*. We had no experience in load adjustment or backup operations using private power generators, which made us realize the importance of electricity.

Although power supply shortages resulting from the closure of nuclear power plants are likely to continue, our Group companies are committed to maintaining the operation of their factories and attaining profits.

We believe that it is our obligation as a manufacturer to make it through these difficult times and to improve our basic capabilities.

* Demand monitoring: Monitoring power consumption to predict and monitor power demand.

Improvement of our disaster prevention system

ULVAC has been working to establish a disaster prevention system focused on earthquakes and fires. Based on the lessons learned from this earthquake, we began reviewing measures to prevent damage caused by tsunami waves. However, since the ULVAC Chigasaki plant is unlikely to be hit by such waves, measures for that plant are focused primarily on damage due to flooding of the Sagami river.

To minimize the potential damage caused by the flooding of the Sagami river (the result of a heavy downpour occurring roughly once every 150 years), we will implement effective measures to prevent the inundation of development equipment inside our buildings.

We also made major changes to our emergency evacuation drills, which now focus not only on evacuating outside but also evacuating to the second and higher floors as well as the implementation of roll calls and confirmation of employees' safety. We also concluded an emergency agreement with Chigasaki City in order to develop a system for more actively accepting residents in the areas around our plant.



Mr. Nobuaki Hattori, Mayor of Chigasaki City (left) and ULVAC Director Motoyoshi