



## Organization

The ULVAC Group sets personnel policies and offers a variety of talent development systems to enable our staff members to work to their full potential. This section features the voices of employees, including people in charge of specific systems, describing how these systems are used.

## Open and Dynamic Organizations Facilitate Innovative Development

ULVAC's corporate philosophy includes a policy of maintaining a free and open culture. We believe that technological innovation requires a free and level organization. ULVAC's driving force is an environment that freely generates ideas regardless of position or rank and where people are free to speak their mind.

### A culture of taking challenges, with no fear of failure

In lieu of a performance-based wage system, ULVAC maintains basic aspects of Japanese-style employment. Employment practices such as a seniority system and lifetime employment create psychological allowances for failure and encourage taking on challenges. Such practices also promote collaboration among researchers and help them focus on team achievements.

We use extremely simple seniority-based pay systems. Although we conduct performance reviews, these do not result in a significant wage differential. This is based on the belief that excess competition within the company interferes with teamwork, and that if we are to compete with anyone, it should be someone outside.

### Developing outstanding employees

The key to developing outstanding employees is knowing how to foster a person who can foster others. ULVAC trains its employees according to an annual plan adopted by our Training Committee.

To give an example, our top executives and other people concerned, including those from Group companies, take part in our strategy study meetings where free discussion takes

place on various issues, such as reviewing the nature of our business and medium/long-term strategy. By working cross-organizationally across departmental boundaries, participants look for and carry out solutions, a process which teaches them strategic thinking with a multilateral approach. Through discussions with executives and their senior employees, young employees take an active part in theme-specific technology study meetings in order to learn about different ways and styles of thinking.

Persons wishing to review the basics or study for another type of occupation are offered a wide range of training opportunities through essential basic education, which young employees are required to take.

We also offer diverse training programs, such as a newly started overseas training program aimed at developing personnel with international mindsets.

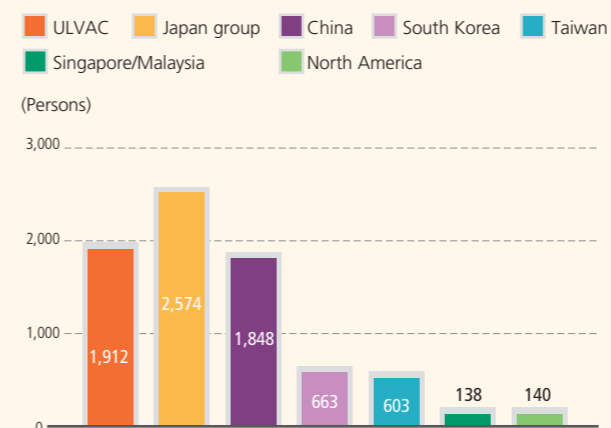


**Tomoyasu Suzuki**  
General Manager  
Personnel Department

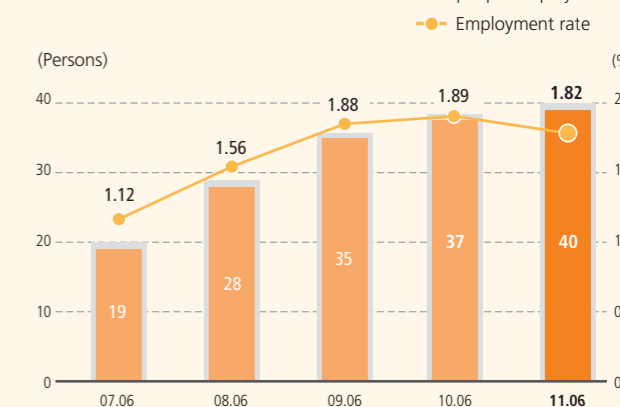
## Personnel Data

ULVAC promotes work/life balance by continuously reducing hours of overtime work and encouraging employees to take paid days off. We continue to advance the hiring of people with disabilities, and as in the year before, we employed more such persons than the law required.

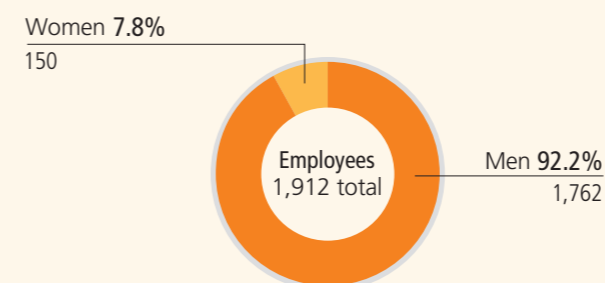
### Number of employees working in ULVAC Group companies [FY2010]



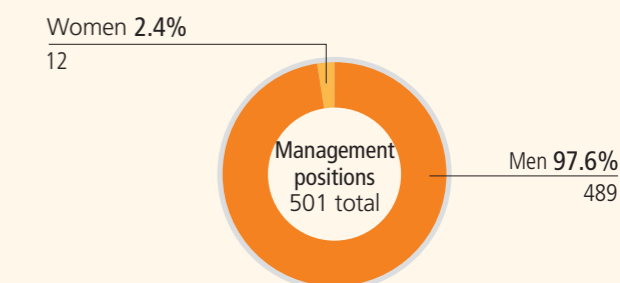
### Changes in the number and percentage of disabled people employed (ULVAC, non-consolidated)



### Percentage of men and women employees [FY2010] (ULVAC, non-consolidated)



### Percentage of men and women in management positions [FY2010] (ULVAC, non-consolidated)



## Topics

### Young employees share their opinions with the president

President Suwa initiated informal meetings between himself and young employees, describing such meetings as follows: "Although ULVAC regards itself as a level organization, there seems to be a barrier between myself and the young employees. I would like to remove that barrier and offer our employees an opportunity to speak their minds." Meetings are held once per month and attended by those chosen from among the young employees born in that month. Participants share dinner in casual dress at an outside restaurant.

For most participants, this is their first experience to talk with the president. These meetings have three rules: 1. Don't state non-constructive opinions; 2. Don't purposely create antagonism; and 3. Don't slander specific individuals. So long as participants observe these rules, they may talk about anything they choose.

Participants ask various questions, including those on topics such as business management and the president's work as well as

private matters. The president also asks participants many questions.

We have received many comments from attendees, such as "The meeting increased my motivation for working with President Suwa" and "I picked up many useful tips on how to perform my work." The photos taken at these meetings are always full of smiling faces.

This program is very much in line with the ULVAC approach. We plan to expand this program to other areas and continue to improve and conduct these meetings.



Group photo taken at an informal meeting

## A Workplace for Diverse Human Resources

For ULVAC to grow, we need everyone who works for us to tap their individuality and maximize their potential. We support our workers and help advance their careers, whatever their situation.

### Coming back from parental leave

My parental leave was initially scheduled to end after one year, but I was unable to find a daycare center that would accept my child due to quota limitations, even by the end of the leave period.

I therefore applied for permission to extend my leave for approximately half a year, so in total I took one and a half years of parental leave. I am very grateful that I could return to my previous work despite such a long period of absence.

Since my husband lives by himself in Yamagata on a job assignment, I have no choice but to take leave when my child is

sick, causing a great deal of inconvenience to the other members of my division. However, my managers and colleagues are all very encouraging and I am thankful to work in such a pleasant environment.

I am currently using the short working hour system, which means that I will be working on a limited schedule for some time. Despite these limitations, I am working toward my full potential as a member of ULVAC in order to achieve successful results in the most efficient way possible.

**Maiko Gondo,**  
Tsukuba Institute for Super Materials



### Sign language as a means of communication

I held sign language training sessions every Wednesday after work for employees interested in sign language.

Although at first the participants had difficulty in learning sign language, they memorized terms and expressions one by one.

I was deeply impressed and pleased with the participants' sincere attitudes and their serious efforts toward learning sign language. Now that the four months of training sessions are over, I miss them very much.

Sign language is not just for people with hearing impairments.

Sign language can be used on many different occasions, such as when communicating with a person standing on the opposite platform or for having a conversation while diving in the ocean.

I would like to provide many more people with opportunities to learn sign language.

**Yasuhiko Iwamoto,**  
Procurement Center



### Skills training in China

I have often been to China on business trips. This time, I was invited by our group company in Shenyang, which manufactures heat treatment equipment. I have thus been working in China as a leased employee for three years. I am in charge of general education and training for matters related to products, including manufacturing, assembly, environmental policies, and safety. Due to cultural differences, sometimes it is difficult for me to provide effective training. But as for daily life, home is where you make it, and

I am enjoying my life here in China without suffering any serious inconveniences.

Although the company I am working for has a long history of manufacturing devices, it still needs to learn many things about newly developed equipment. I think there will be plenty of work for me to do in China while I remain in good health.

**Toshiharu Ishikawa,**  
ULVAC Vacuum Furnace (Shenyang) Co., Ltd.



### Training for new employees

I was concerned when I started working because I had no experience using vacuum equipment as a student. ULVAC's new employee training program is composed of three major parts: lectures, training at the Fuji Susono Training Center that focuses on practical exercises, and on-the-job training in our assigned positions. I learned about vacuum technology through lectures and deepened my understanding by actually operating equipment during the exercise training sessions.

I am currently receiving on-the-job

training and working on various tasks with the help of my senior colleagues. At ULVAC, even new employees are allowed to do tasks independently, which gives me a sense of fulfillment every day. The new employees are all friendly with one another. Many of them are also very eager to improve themselves and always inspire me to learn more about my work. I do not have much time left before completing my training, but I want to strive to fully develop my potential by effectively using the limited time I have.



**Aki Tonosaki,**  
Materials Division

### Serving as a bridge between India and Japan

ULVAC's greatest advantage lies in its willingness to take on new challenges and a new knowledge. In order to achieve these goals, we must remain firm in our commitments. In other words, we need strong resolve to never give up until we succeed.

Since I joined ULVAC, I have learned many things about the unique professional approach of Japanese companies through

on-site communication with my colleagues. I consider my experience at ULVAC a priceless asset. My work developing mutual understanding by talking with Japanese people has strengthened my desire to serve as a bridge between India and Japan to make the most of my international experience.

**Biswas Ramkrishna,**  
Sales & Marketing Planning Department



## Supporting Physical and Mental Health

### Health Promotion Office Initiatives

ULVAC's Health Promotion Office has implemented three measures to promote mental health. First, we offer an internal desk for employees to seek advice regarding physical illnesses and other issues, and provide consultation services. In FY2010, we received approximately 60 requests for such services. Second, we provide self-care training to new employees as well as training for managers to help them promptly detect stress-related psychological issues among their subordinates. We have also started sending occupational health staff to division meetings to provide health training. Finally, we support employees on leave by providing periodic consultation services through occupational health staff from the period of leave through their restarting work so that they are able to recover from the illness and return to work without suffering a relapse. In FY2011, the Health Promotion Office aims to provide even more opportunities for training as well as to improve the training content.

To support employees' physical health, we are working to provide thorough follow-up health care based on medical examination results. In the past, our work has been focused on conducting interviews with employees for whom treatment was deemed necessary based on medical examination results and recommending to such employees that they receive treatment at hospitals. However, thanks to an increase in the number of occupational health nurses in our Health Promotion Office, we have been able to develop a health care guidance system aimed at preventing future lifestyle-related diseases. In FY2010, our new service handled approximately 30 cases. We will continue to work to raise the health awareness of as many employees as possible. In FY2011, we also plan to perform sleep apnea syndrome screening tests in order to improve work performance by promoting sound sleep with the help of the ULVAC Health Insurance Association.



Tomisato Plant terrace (resting space for employees)



**Tomo Nakao,**  
Occupational physician, Health Promotion Office

# Occupational Safety and Health

Among the ULVAC Group, "Safety First" is an ideal built into our Basic Philosophy of business operations, and as such we endeavor to secure safety both in our work environment and in products and services for our customers. We run our own occupational safety and health management system (OSHMS)\* (hereinafter, "Safety Management System"), which focuses primarily on risk assessment, to create an ideal environment.

## Development of a safety management system

— To ensure the safety and health of our customers and employees

To realize our basic policy for Safety Management System, ULVAC is striving to the utmost to focus on occupational safety and health activities. The number of product accidents at our customer sites has decreased by 90% in comparison with the FY2002 level. However, the number of occupational accidents in our plants has continued to oscillate without showing signs of improvement; we must break this cycle. To this end, we conducted risk assessments for the first time last year and evaluated the risks using a scoring system in which lower scores indicate smaller risks. Assessing risks based on an objective standard has enabled us to make improvements. We have also tried to ensure compliance with safety rules and implemented punitive measures for violating such rules in order to assure and face safety more seriously by establishing this system.



**Takeo Kato,**  
Director and General Safety  
and Health Manager

As a result of these measures, we saw a decreasing trend in the number of work accidents in FY2010. We will implement these measures continuously throughout the entire ULVAC Group.

ULVAC suffered serious product losses in the Great East Japan Earthquake; however, there were no casualties. We are currently reviewing our disaster prevention measures for inundations caused by tsunami waves and river flooding.

### ULVAC Safety Management System (OSHMS) Basic Policy of Safety & Health System

By setting "Safety First" as our basic philosophy, we will introduce a occupational safety and hygiene management system to secure the safety and health of all employees and users of ULVAC products and services under the slogan "Healthy ULVAC." To do this, we will implement:

- 1. Compliance with codes and regulations as well as implementation of risk assessment**  
Comply with the Codes for Occupational Safety & Health Management as well as the Rules according to ULVAC's OSHMS. Conduct Risk Assessment in order to perform Occupational Safety & Health Management activities with the help of all employees.
- 2. Safety assurances for ULVAC products**  
Comply with ULVAC's standard for safety design and perform risk assessment of our products in order to deliver safe products and services to our customers.
- 3. Scheduled training on ULVAC's Safety Management system and Product Safety**  
For all of our employees and contractors' employees, perform Occupational Safety & Health training based on the ULVAC Safety Management system while offering scheduled Product Safety training for our users.
- 4. Global expansion of the ULVAC group**  
Through the Safety & Health promotion activities conducted by the Global Safety Management Committee, we will try to create an appropriate work environment for the whole ULVAC group and contribute to the prosperity of our businesses.

Established on July 1, 2011

**Hidenori Suwa,** CEO, ULVAC, Inc.

## Global measures for overseas business expansion

The ULVAC Group has expanded rapidly in recent years, and our General Safety and Health Managers continue to conduct high-level patrols at our group companies during this time of strong growth. We believe it is important to provide direct guidance on safety to our group companies' local employees through these patrols as well as to enhance their safety awareness. Patrols are conducted mainly in various parts of South Korea, Taiwan, and China. We place our highest priority on China, where our business expansion has been particularly rapid.



High-level patrol in China

## Labor safety

Thanks to various preventive measures, FY2010 saw a decrease in the occupational accident rate. In particular, as a result of strict enforcement of a rule to wear protective glasses, we succeeded in completely eliminating eye-related accidents during work, which had occurred frequently until last year. Based on our Safety Management System, we will strengthen punitive measures for violating safety rules, allocate work supervisors more appropriately and improve our safety education program for subcontractors in order to eliminate occupational accidents throughout our group companies.

## Product safety

In FY2010, the product accident rate decreased by half in comparison with the FY2009 level. The rate has continued to decrease annually as a result of various measures taken since FY2003. Based on our product safety system, we will continue to conduct risk assessment of ULVAC products and will improve our basic education program on product safety standards on a global level for all employees engaged in processes, from manufacturing through to the handling of products, in order to eliminate product-related accidents.

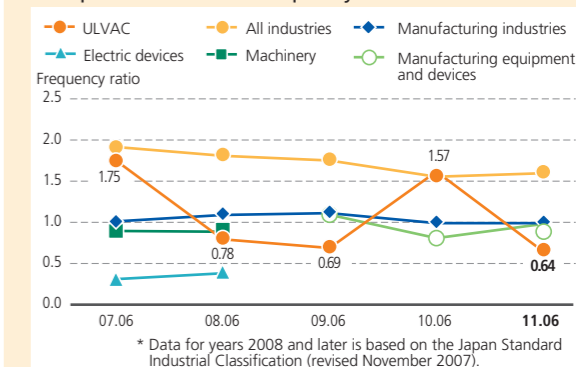
## Emergency life-saving initiatives

To improve our employees' skills and awareness of emergency life-saving techniques through in-house training, we installed a total of six AEDs in the ULVAC Chigasaki Head office/Plant.

This year, at our group company adjacent to the Chigasaki Head office/Plant, there was a case that required emergency treatment. We were able to save the employee's life through the proper use of one of the AEDs installed at the plant. The group and security company employees stationed at ULVAC who administered the emergency treatment were awarded a commendation from the Chigasaki City Fire Department.

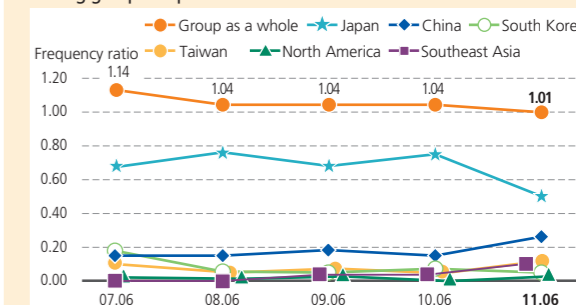
## Trends in product accident counts/occupational accident rates

### Occupational accident frequency ratio



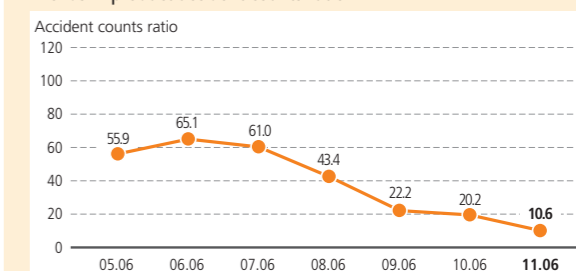
Until FY2007, our reports provided data only for our Chigasaki Plant, but reports since FY2008 cover all ULVAC's sites and branches. Also, in accordance with changes to industry classifications, we used data for the production machinery and equipment manufacturing industry to make the comparisons for years 2008 and later. In FY2010, the occupational accident rate decreased by approximately 60% in comparison with the previous year.

### Trends in the number of occupational accidents among group companies

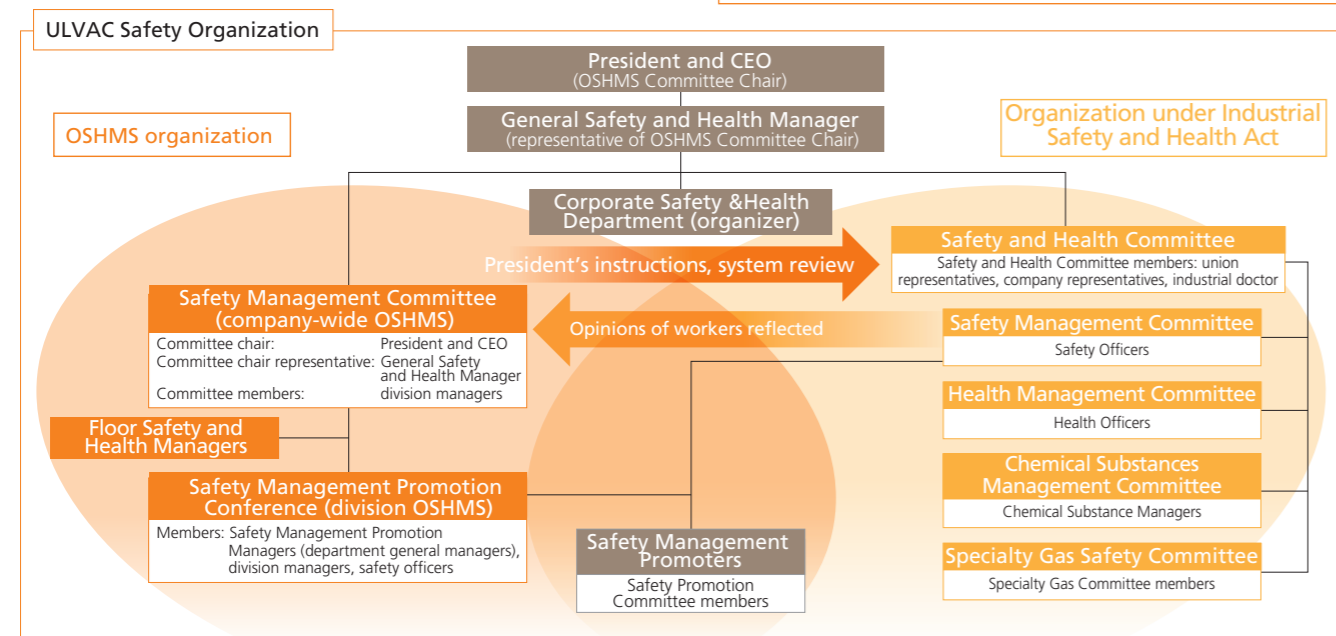


This graph shows the number of occupational accidents by country or region, expressed as ratios to the number of occupational accidents for all ULVAC Group companies in FY2005. In FY2010, the number of accidents decreased in comparison with the previous year in Japan and South Korea, but increased in China, Taiwan, and other areas, consequently remaining at the same level for the ULVAC Group as a whole.

### Trends in product accident counts ratio



This graph indicates the number of product accidents per unit of sales (ULVAC, non-consolidated). (Rates shown on the line are relative to FY2001, which is indexed as 100.) The number of product accidents for FY2010 decreased by half in comparison with FY2009.



\* Occupational Safety and Health Management System (OSHMS): A system for systematically managing occupational safety and health



## Interview with an Environmental Safety & Health Department trainee, ULVAC KOREA, Ltd. (UK)

My name is Park Sung-Woo and I work at the UK Environmental Safety & Health Department. During my three-month training at ULVAC's Corporate Safety & Health Department, I participated in patrols and meetings on occupational safety in order to better understand ULVAC's safety management operations. I was particularly pleased for the chance to become acquainted with other ULVAC employees.

Based on what I learned through my training experience in Japan, I will do my best to improve safety in ULVAC KOREA after returning to South Korea.

**Park Sung-Woo**  
Environmental Safety &  
Health Department,  
ULVAC KOREA, Ltd.



**Scholarship donation — ULVAC KOREA, Ltd. —**

As part of its scholarship program, ULVAC KOREA, Ltd. offers scholarships through corporate citizenship initiatives twice per year (in May and November) to Cheongbuk Middle School and Pyeongtaek Mechanical and Technical High School in Pyeongtaek, South Korea.

ULVAC KOREA began offering scholarships to Cheongbuk Middle School in May 2004 and to Pyeongtaek Mechanical and Technical High School in November 2006. The company has provided a total of 67 million won in scholarships to 200 students.

ULVAC KOREA plans to increase the amount of scholarships awarded in 2011 so that more students may make effective use of the scholarships in their studies.

In September 2010, the company was awarded a testimonial by the presidents of Cheongbuk Middle School and Pyeongtaek Mechanical and Technical High School. We will continue our efforts to contribute to society.

**“Providing educational opportunities to children greatly contributes to the future.”**



**“We wish to make ULVAC better known through dialogue with local community residents.”**

**Plant tour program**

ULVAC conducts plant tours primarily for local public organizations. In FY2010, a total of 357 people from 13 organizations participated in tours at the ULVAC Chigasaki Plant. We will continue to create opportunities for local community residents to deepen their understanding of ULVAC through plant tours and will take an active part in holding dialogues with residents.



**“A local community team, we stand in the same field to contribute to society.”**



**Bellmare**

**As a CSR partner of the local J. League team, Shonan Bellmare**

This is the second year ULVAC and Shonan Bellmare have been connected through CSR partnership.

Shonan Bellmare performs all types of social initiatives, and ULVAC is proactively joining the team in CSR initiatives that are particularly relevant to the community.

\* See page 8 for a report on ULVAC's earthquake relief activities through Shonan Bellmare

**Global Corporate Citizenship Initiatives**



Based on its corporate philosophy of contributing to the growth of industry and science with innovative, cutting-edge technologies, the ULVAC Group provides unique technological innovations globally and implements initiatives for solving various social problems by using ULVAC's technologies and human resources.

**“Many small acts of charity eventually generate great power. We will continue our activities to spread such power throughout the world.”**



**Support for local health care facilities — ULVAC KOREA, Ltd. —**

ULVAC KOREA, Ltd. implements a wide range of corporate citizenship initiatives. Of particular importance are the activities started in 2009 by the Charity Service Association, which is composed of volunteers gathered from among the employees of the ULVAC Group companies in South Korea. In FY2010, members of the association visited local health care facilities in order to clean, serve food, and help make arrangements for a picnic in the suburbs.

We will continue our efforts to support local communities through corporate citizenship activities and will actively promote environmental conservation initiatives.

**Tanbo (rice field) Project**

The Tanbo (rice field) Project, which was popular both inside and outside the company in FY2010, kicked off in 2011 with a planting event on May 28.

In Namegaya, Chigasaki City, where the rice is cultivated, there remain to this day unused rice paddies as well as traditional landscapes. We plan to grow corn, peanuts, green soybeans, sweet potatoes, and other crops in these fields as a new experiment in the area's natural environment. We will also expand our communication network with the local community in collaboration with Bunkyo University.

In addition, we will provide a program for veterans\* this year so that participants can begin to understand the difficulties and benefits of cultivating rice by growing rice from scratch.

\* Program for veterans: A program for 2010 program participants who have applied to participate for a second full year



**“The first step toward solving environmental problems is to understand nature's importance. ULVAC conveys the importance of both nature and communicating through its Tanbo (rice field) Project.”**



## IR Communications

ULVAC endeavors to promote communication with and provide information to Japanese and overseas shareholders and investors by leading tours of our plants in Japan and those of our affiliates overseas and holding one-on-one meetings with investors.

### Promoting IR in response to changing business conditions to smooth investor communication

Since our listing on the First Section of the Tokyo Stock Exchange in April 2004, ULVAC's practice of active IR has focused on Japanese institutional and one-on-one investors and analysts. During that time, as a result of proactive business investments in South Korea, Taiwan, and other developing countries, ULVAC's overseas sales have continued to increase and now comprise approximately 60% of our total sales for FY2010. Moreover, the structure of our sales has shifted from primarily FPD production equipment to energy and environmental (including solar cell) production equipment. Against this background, owing to rising global environmental awareness, overseas institutional investors are keenly interested in our company, and the percentage of our shares held by non-Japanese investors is about 24% (as of June 30, 2011). For this reason, we now distribute information to overseas institutional investors and hold overseas information sessions by conducting direct visits as occasions demand in order to make sure overseas investors have up-to-date information.

### Periodic overseas IR initiatives

We hold one-on-one meetings with institutional investors each year in Singapore and San Francisco. The San Francisco meetings are scheduled to coincide with SEMICON West and Intersolar North America, the international exhibitions that draw visitors from all over the United States as well as South Korea, Taiwan, and Japan. This way, we can hold a large number of one-on-one meetings, making our IR more efficient.

### Periodic IR conferences for foreign institutional investors

ULVAC takes part in large-scale conferences held by a securities company thrice per year in Japan. Several hundreds of institutional investors from all over the world come together



Overseas IR meeting

for the conferences and one-on-one meetings as well as to deepen their understanding of ULVAC. We also actively participate in technology conferences and other events held as occasion demands in order to present our cutting-edge technologies.

### Timely information by telephone, video conferencing, and conference call

We value one-on-one meetings with institutional investors, but we also make full use of telephone, video conferencing, and conference calls to communicate in a timely manner.

### Plant tours at ULVAC overseas affiliates

ULVAC is actively moving into South Korea, Taiwan, China, and other developing countries to manufacture there, and along with this our rate of local procurement is rising rapidly. We have two plants that manufacture FPD production equipment in South Korea and one plant that manufactures semiconductors and electronic parts production equipment in Taiwan. Also, in China, we have eight plants, including plants that manufacture LEDs as well as other electronic parts production equipment, heat treatment furnaces, and other industrial equipment in addition to vacuum pumps and parts. These are active manufacturing bases, providing a foundation for ULVAC's further growth, so we are eager to offer tours for institutional investors at these plants.

### Improving content in English versions of annual report and website

Even before our stock exchange listing, ULVAC was already producing an annual report in English to provide information for overseas investors. Our English-language website provides even more information with postings of our financial results summaries in English (in excerpt form) and presentation materials.

ULVAC conducts a wide range of IR activities for institutional and



IR information presented on the official ULVAC website

one-on-one investors and analysts in Japan and abroad. We keep our regular information up to date by posting timely

settlements of accounts and management information on our website.



### A new system for actively promoting public relations, IR, and CSR activities

We established a Corporate Communication & IR Team in FY2011 to create a new system.

Our Corporate Communication & IR Team has been given the role of providing up-to-date information about ULVAC's business, including our corporate finance and growth strategies, not only to institutional investors in Japan and overseas but also to one-on-one investors and all of our stakeholders. We also incorporate CSR into this work in order that we may organize activities by integrating the roles of public relations, IR, and CSR.

We will continue to provide timely information to our investors and other stakeholders and strive to our utmost to maintain good communication with our investors.

**Takayuki Usumi**,  
Senior Manager, Management  
Planning Department,  
Corporate Communications & IR Team



## Stock Position (as of June 30, 2011)

Total number of issuable shares:  
80,000,000 shares

Total number of issued shares:  
49,355,938 shares

Number of shareholders:  
25,353

### Major shareholders

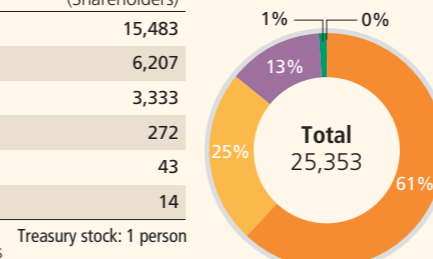
Name of shareholders	Number of shares in possession (1,000 shares)	Ratio of voting rights (%)
TAIYO FUND, L. P.	3,936	7.98
Nippon Life Insurance Company	3,242	6.57
Mizuho Bank, Ltd.	1,916	3.88
Sumitomo Mitsui Banking Corporation	1,864	3.78
The Master Trust Bank of Japan, Ltd. (Trust account)	1,734	3.51
Japan Trustee Services Bank, Ltd. (Trust account)	1,727	3.50
Association of Employee Shareholders of ULVAC	1,257	2.55
State Street Bank and Trust Company	1,188	2.41
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	910	1.84
Inabata&Co.,Ltd.	795	1.61

(Note) Percentage ownership is calculated after deducting treasury stock (2,875 shares).

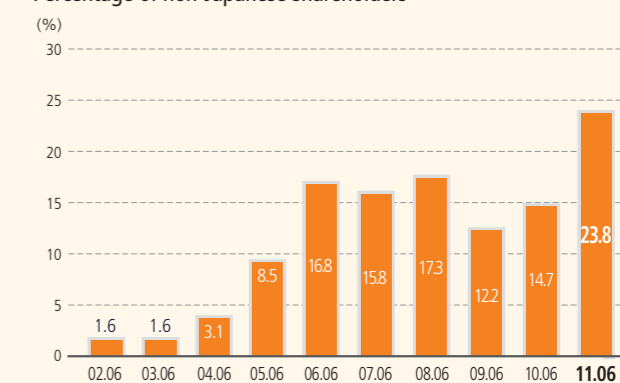
### Distribution of shareholders by number of stock units (Shareholders)

0 to 2	15,483
3 to 9	6,207
10 to 99	3,333
100 to 999	272
1,000 to 4,999	43
5,000 or more	14

\* 1 stock unit: 100 shares



### Percentage of non-Japanese shareholders (%)



### Distribution of number of shares by category (Shares)

Financial institutions	16,135,320
Individuals and others	15,185,186
Foreign-based corporations	11,702,574
Other domestic corporations	5,339,174
Securities companies	938,106
Foreign individuals	52,603
Governments	100

Treasury stock: 2,875 shares

