



About the Cover

Our cover features photos of children of ULVAC employees in the US, China and Korea under the theme of "Cheer up, ULVAC!"

ULVAC, Inc.

Inquiries:

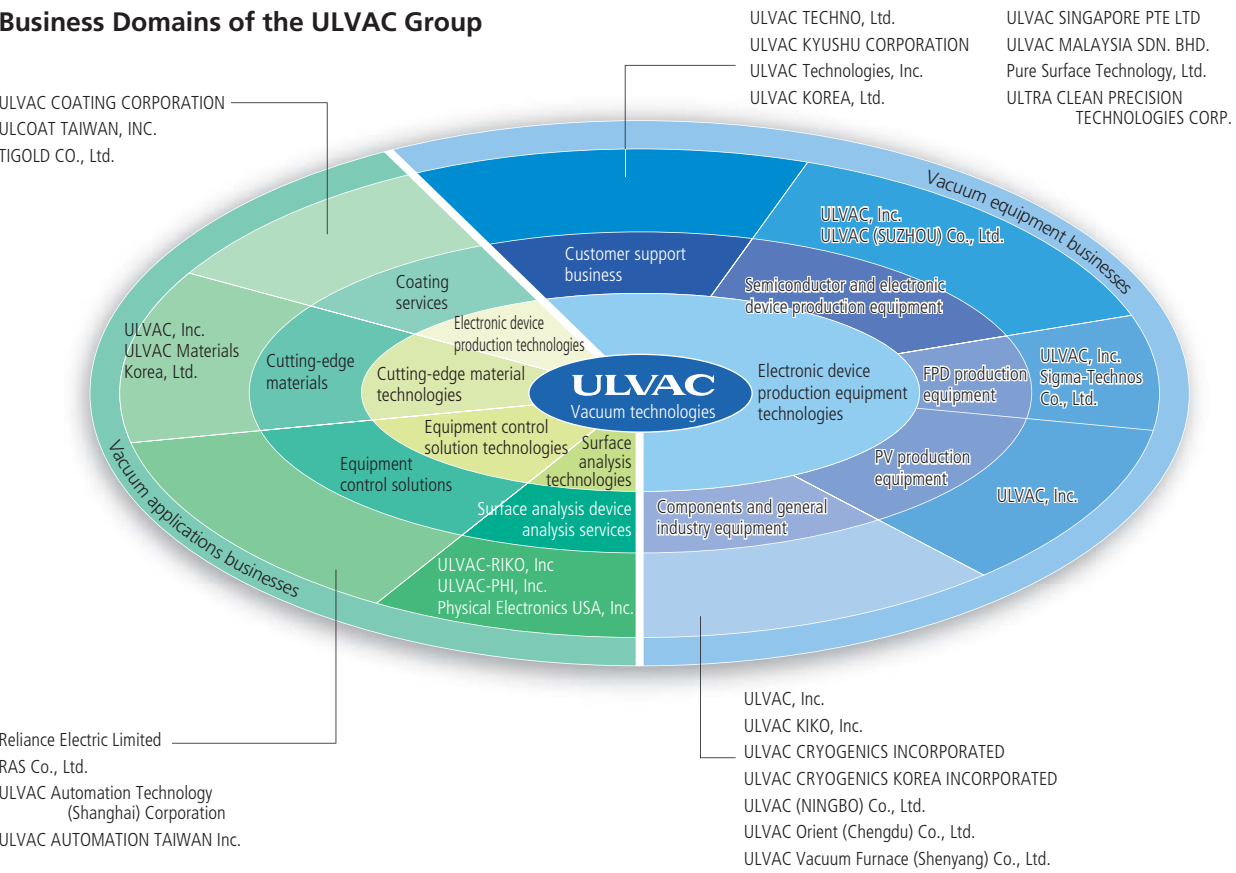
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Corporate Profile of ULVAC, Inc.

Name	ULVAC, Inc.	Number of Employees	2,041 (7,169 including consolidated subsidiaries)
Trademark	ULVAC, Inc.	Business Areas	Development, manufacturing, sale and customer support for vacuum equipment, peripheral devices, vacuum components and materials for the display, solar cell, semiconductor, electronic, electric, metal, machinery, automobile, chemical, food product and medical product industries, as well as universities and research labs, and import and export of various equipment. Additionally, research guidance and technical advising on vacuum technology in general.
Head Office	2500 Hagisono, Chigasaki, Kanagawa 253-8543, Japan		
Established	August 23, 1952		
Capital	20,873,042,500 yen		

Business Domains of the ULVAC Group



ULVAC Group

ULVAC, Inc.

ULVAC Group Companies in Japan

ULVAC TECHNO, Ltd.
ULVAC KYUSHU CORPORATION
ULVAC TOHOKU, Inc.
ULVAC CORPORATE CENTER Ltd.
ULVAC-RIKO, Inc
ULVAC KIKO, Inc.
Reliance Electric Limited
ULVAC EQUIPMENT SALES, Inc.
ULVAC CRYOGENICS INCORPORATED
ULVAC-PHI, Inc.
ULVAC COATING CORPORATION
SHOWA SHINKU CO., LTD.
Sigma-Technos Co., Ltd.
RAS Co., Ltd.
TIGOLD CO., Ltd.
ULVAC Elder, Ltd.
Nisshin Seigyo
Initium, Inc.
ULVAC ENGINEERING, Inc.
SANKO ULVAC Co., Ltd.
ULVAC HUMAN RELATIONS, Ltd.
SHINKU CERAMICS, Ltd.

Overseas ULVAC Group Companies

North America

ULVAC Technologies, Inc.
Physical Electronics USA, Inc.

Europe

OOO ULVAC
ULVAC G.m.b.H.

China

ULVAC (China) Holding Co., Ltd.
ULVAC (NINGBO) Co., Ltd.
ULVAC (SUZHOU) Co., Ltd.
ULVAC Orient (Chengdu) Co., Ltd.
ULVAC Automation Technology (Shanghai) Corporation
ULVAC Tianma Electric (Jing Jiang) Co., Ltd.
ULVAC Vacuum Furnace (Shenyang) Co., Ltd.
ULVAC (Shanghai) Co., Ltd.
ULVAC CRYOGENICS (NINGBO) INCORPORATED
ULVAC (Shanghai) Trading Co., Ltd.
ULVAC NONFERROUS METALS (NINGBO) CO., LTD.
ULVAC Materials (SUZHOU) Co., Ltd.
ULVAC Opto-electronics Thin Film Technology (Shenzhen) Co., Ltd.
ULVAC Research Center SUZHOU Co., Ltd.
Luoyang Xinyou Magnesium Co., LTD.
Hong Kong ULVAC Co., Ltd.

Taiwan

ULVAC TAIWAN INC.
ULTRA CLEAN PRECISION TECHNOLOGIES CORP.
ULVAC SOFTWARE CREATIVE TECHNOLOGY, Co., Ltd.
ULVAC Materials Taiwan, Inc.
ULVAC AUTOMATION TAIWAN Inc.
ULVAC Research Center TAIWAN, Inc.
ULCOAT TAIWAN, INC.
MUE Materials Taiwan Co., Ltd.

South Korea

ULVAC KOREA, Ltd.
Uvac Korea Precision, Ltd.
Pure Surface Technology, Ltd.
ULVAC CRYOGENICS KOREA INCORPORATED
UF TECH, Ltd.
ULVAC Research Center KOREA, Ltd.
ULVAC Materials Korea, Ltd.

Southeast Asia

ULVAC SINGAPORE PTE LTD
ULVAC MALAYSIA SDN.BHD.
ULVAC (THAILAND) LTD.

Note: ULVAC Materials, Inc. merged into ULVAC, Inc. and ULVAC Seiki Co, Ltd. merged into ULVAC KYUSHU CORPORATION effective October 1, 2010.

Origin of Company Name

‘ULVAC’ is a combination of ‘UL’ from ‘ultimate’ and ‘VAC’ from ‘vacuum,’ signifying that we pursue the ‘Ultimate in Vacuum Technology.’

Seeking to achieve a dramatic advance, we will further develop the ULVAC brand by pursuing the development of new technologies that complement vacuum technology.

Editorial Policy

This report is published to promote understanding of the ULVAC Group’s CSR activities among our stakeholders, and we consider it an important communications tool.

We believe that our greatest mission is ‘contributing to the development of science and industry with our proprietary cutting-edge technologies.’ We are highlighting our employees’ own words to report on our initiatives in technology, the environment and organization, which form a key foundation for our CSR activities. Moreover, as we are further globalizing and innovating, the report widely covers some quickly growing overseas Group companies.

Report’s Scope and Period

Scope	ULVAC Group While the report covers the ULVAC Group as a whole, any portions for which the scope differs are indicated.
Period	Year ended June 2010 (July 1, 2009 to June 30, 2010) Portions with information relating to periods other than the above are indicated.

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- **Guidelines Referenced**
Japan’s Ministry of the Environment:
Environmental Reporting Guidelines 2007
Japan’s Ministry of the Environment:
Environmental Performance Indicators Guideline for Organizations 2002

<Disclaimers>
Figures shown in tables and graphs in this report may not add up to the indicated total because of rounding. Some figures have been revised from previous years’ data because the scope of reporting was expanded or calculating methods have been changed.

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The ULVAC Group contributes to the development of science and industry with its proprietary cutting-edge technologies. We believe that fulfilling this mission is the best way for the ULVAC Group to benefit society.

Globalization and Innovation to Be a World Leader

Thanks to private sector capital investment and government policy, the Japanese economy has stepped back from the global recession sparked in the autumn of 2008, and experienced mild recovery in 2009. As ULVAC sees it, this recession has been marked by the following characteristics.

First, the center of the world economy is shifting from the US to China. The fields that are spurring world economic growth are shifting from electronic devices and IT software to energy/environment and resources/materials. India, Russia, Brazil, the Middle East and other areas have joined China as places where the manufacturing industry has begun to boom. And it has become clear that Japan's manufacturing industry is suffering from a devastating loss of vitality.

ULVAC anticipated these major structural changes six years ago when it announced its post-FPD (flat panel display) strategy. Our active investment in new business areas and new product development and our initiatives to turn our business around have yielded a certain level of results.

The keys to ULVAC's continued growth are globalization and innovation. It is extremely important that we accomplish these two goals simultaneously. We do this specifically by competing on cost—which includes rapidly increasing the production of commoditized products in China and benefiting from the deep cost savings—and continuing to develop ground-breaking, original new products.

Through globalization and innovation, ULVAC will accept the challenge to be a world-leading enterprise.

Dr. Kyuzo Nakamura, Chairman

中村久三

Thinking Independently, Creating Independently

Throughout the world, ULVAC alone deals comprehensively with vacuum technology. While most companies are narrowing down their business pursuits in a process of "selecting and concentrating," ULVAC is doing the opposite, an approach that lets us create original cutting-edge technologies and constantly take on new challenges. Even if R&D loses money, we cannot simply discard possibilities that could grow into important businesses in the future. If we keep our technologies, we keep the human resources that work in those technologies. During research on new technologies in particular, failure is a common occurrence, but we also often see young employees with their own opinions discussing the issues with senior employees as equals and gaining self-confidence, desire and skills as a result. This spirit has consistently run through our business since our founding and is now alive at some 60 Group companies.



Expecting New Possibilities in the Chinese Market

ULVAC established its first overseas corporation 50 years ago in China. Even when ULVAC was a small business, we saw the potential of the Chinese market. We anticipated that our business there would struggle without a thorough understanding of Chinese business customs, and we therefore turned management over to native Chinese. Rather than doing things the Japanese way, we decided "when in Rome, do as the Romans do," and became the only foreign-owned company in the Chinese vacuum industry with the three functions of manufacturing, sales and after-sale service. The ULVAC Group in China has grown to include 16 companies with about 1,500 employees. Much investment is planned in solar cells and liquid crystal displays in China, so we expect significant growth to be leveraged by ULVAC's strengths.

Building a Global Production System

Overseas, our Group consists of production bases mainly in Asia, including China, South Korea, Taiwan and Malaysia. Our global management is based on a policy of respecting autonomy. It is our policy at overseas affiliates in particular to respect the customs and cultures of different countries and regions and let them manage for themselves.

At the same time, to ensure that each company has a thorough understanding of ULVAC's basic principles and that each company's intentions are reflected in Group management, we have adopted a governance system that includes an ULVAC Board of Trustees in each country (consisting of company presidents) and an ULVAC Overseas Board of Trustees (with members of representative companies outside Japan). This fiscal year, we are starting a Manufacturing System Reform Council, a Group-wide body that will review and make decisions on ULVAC's production system from a global perspective as we seek to optimize that system.

Hidenori Suwa, President and CEO

諏訪秀則

ULVAC Group CSR

The ULVAC Group practices CSR by fulfilling our responsibilities to all our stakeholders and contributing to society through the research and development of cutting-edge technologies.

Technology

ULVAC has turned its constant pursuit of unique technologies into an engine of growth. As we seek to expand further, we are synthesizing our Group technologies and carrying out business activities globally.

▶▶▶ p07

ULVAC

Environment

ULVAC uses its unique technologies for the benefit of the global environment. By continuing to develop these unique technologies, we will further contribute to environmental sustainability.

▶▶▶ p17

▶▶▶ p27

ULVAC is tireless in its pursuit of cutting-edge technology and understand that it is people that support this pursuit. We are crafting a system that responds to the changing times, defends that which is worthy of holding on to, and fosters an optimal climate that aligns ULVAC Group growth with personal talent realization.

Organization

Basic Philosophy

ULVAC Group pursues its contribution to the growth of industry and science through providing both support and cooperation in order to make the best use of vacuum and related technologies throughout the world.

Corporate Philosophy

Improvement of
Customer
Satisfaction

Innovative
Production
Technology

Unique
Product
Development

Free and
Open
Culture

Increased
Corporate
Value



ULVAC constantly takes on new technical challenges as we develop our business activities globally. This section introduces quick chargers, and solar panel systems pioneered by ULVAC, as well as LED/OLED production equipment, expansion of our target materials business, and our resource recycling efforts.

Technology



Next-Generation Energy Technology Developed by ULVAC

Here, we introduce a photovoltaic/electric vehicle quick-charging system (PV/EV quick-charging system) as a successful example of synthesizing ULVAC Group companies' technologies to develop a new technology to contribute in the environment/energy field.

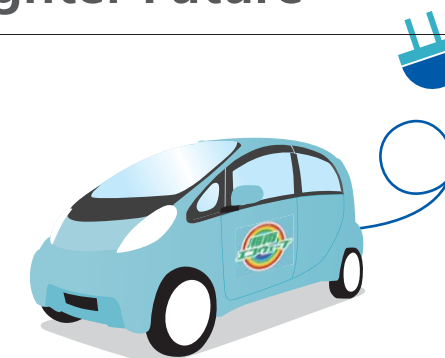
For the future of the world

Global warming will have serious impacts on the environment and society. The cause is widely accepted to be the increase in greenhouse gases emitted from human activities. A variety of approaches have been suggested for reducing greenhouse gases, such as wide-scale implementation of solar energy, or switching to different fuels. Among all the possible solutions, electric vehicles are getting much of the attention.



Electric Vehicles for a Brighter Future

While there was a relative boom in electric vehicles in the mid-1990s, interest waned as the spotlight ultimately shifted to fuel cell vehicles. Automobile manufacturers have begun producing electric vehicles based on "light automobiles," and lithium-ion batteries have been developed that remedy the problem of insufficient battery life, helping these vehicles to gain acceptance. Users in the past have been particularly dissatisfied with the long charging times required, but that problem has been addressed with the development of quick chargers.



Advantages and issues with electric vehicles compared to gasoline-fueled vehicles

Advantages	Very clean: no exhaust when driving	Smooth takeoff, with little vibration or noise	Excellent energy efficiency	Low running costs (electricity is less expensive than gasoline)
Issues	Short range	Charging takes a long time	Vehicles are expensive (high battery cost)	Infrastructure not completely ready

Faster Charging—and It's Solar Energy

A maker of integrated solar cell production lines, ULVAC now makes quick chargers as well. Charging can take seven to 14 hours with ordinary chargers. People therefore assume that the way to use an electric vehicle is to charge it at night and drive it during the day. But quick chargers are expected to be installed around town for drivers who run out of power while on the road. A 50 kW quick charger is expected to charge an electric vehicle to 80% of capacity in only about 25 minutes, which is many times faster than ordinary chargers. Our quick chargers use a number of technologies from ULVAC Group company Reliance Electric Limited.

ULVAC was the first in the world to develop a photovoltaic/electric vehicle quick-charging system (PV/EV quick-charging system), which combines the quick charger with solar panels.



For a Clean Earth

As we noted at the beginning, global warming is getting more serious every year. This is not the kind of earth any of us wants to leave to the next generation. To reduce greenhouse gases, ULVAC is not only developing a photovoltaic/electric vehicle quick-charging system (PV/EV quick-charging system) but also technology using renewable energy in a number of fields.

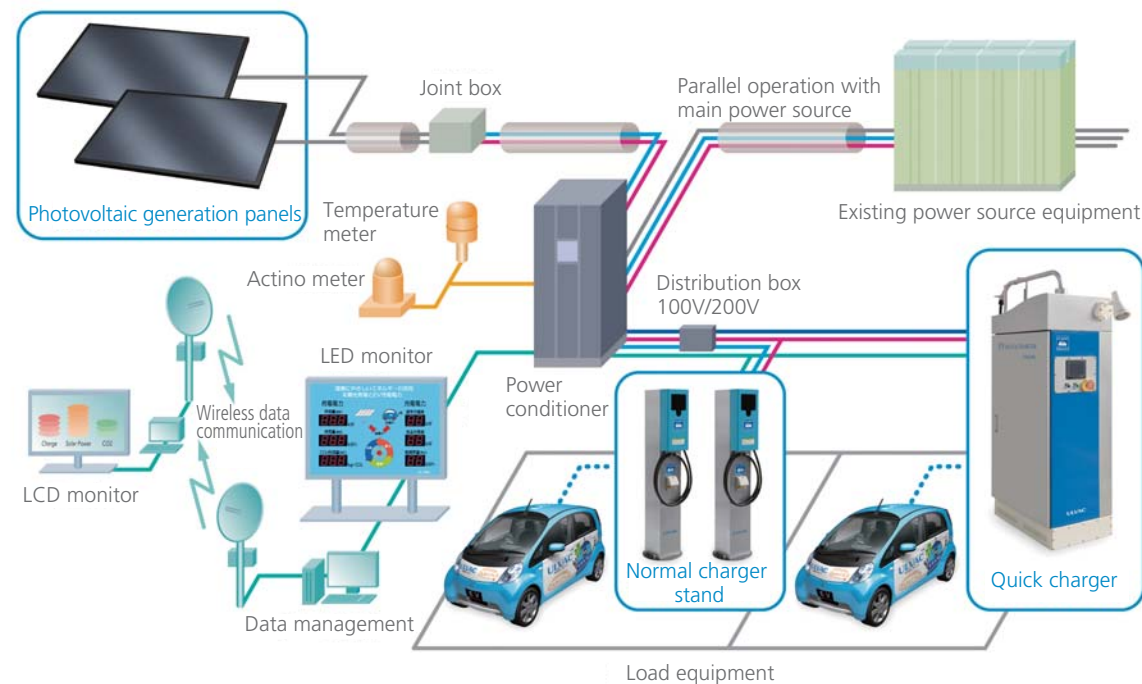
In our resources/materials business as well we are working proactively, for example, to recycle target materials used in our sputtering equipment so that we might use limited resources effectively.

<See case study on p. 12>



Creating Machines to Create

ULVAC is a company that creates devices that in turn create flat panel television screens and semiconductors. With our technical expertise, we have successfully created systems to create electricity from renewable energy. As the figure shows, this is how it works: Electricity generated by solar panels is sent through a power conditioner to chargers of each type. We believe that ULVAC will make a great contribution to CO₂ reduction with this system.



Next-generation technology from Chigasaki

ULVAC developed its PV/EV quick-charging system in collaboration with the city of Chigasaki. Mayor Hattori proposed this partnership in November 2008, and soon system development was in high gear. Our existing power source technology know-how also proved very useful, helping us to finish development in just one year. Even power company representatives could not hide their surprise when they witnessed our demonstration of the technology. With Mayor Hattori sitting in as our guest, we held a press conference in January 2010 that was attended by 33 mass media outlets. This level of attention was a first for ULVAC, and the response was overwhelming. And that is the story of ULVAC's made-in-Chigasaki next-generation technology. Our original project was transformed into the "Low Carbon Grid Department." We continue to put out next-generation technologies, like mega-solar, wind energy and battery-powered boats to contribute to the global environment.

Senior Manager, Low Carbon Grid Department
Toshihide Tsurudome



LED/OLED Production Equipment

LEDs and OLEDs are expected to be next-generation technologies to replace conventional light bulbs and fluorescent lamps. They are winning interest not only for saving energy and having long lives, but for other environmentally friendly features as well, such as requiring no mercury or other hazardous substances to manufacture. ULVAC has been developing LED and OLED production equipment and conducting device R&D for many years to increase productivity and device performance.

ULVAC and LEDs

ULVAC has long developed, manufactured and sold LED production equipment. Since white LEDs (which are actually blue) were developed for practical lighting use in the 1990s, customers have recognized the ULVAC brand of white LED production equipment for its track record and high reliability.

White LEDs are made by depositing many layers of GaN film on a substrate and processing them, however their performance can vary considerably depending on the production process.

Presently, an issue confronting the market for white LEDs is how to improve their luminous efficiency. Sapphire substrates with a processed surface are often used to increase the luminous efficiency of LEDs. Sapphire substrates are surface-processed to make light from the light-emitting layer diffuse in reflection at the substrate surface and thereby increase the light extraction efficiency. Many LED manufacturers use ULVAC's dry etching systems for sapphire processing.

ULVAC furthermore successfully developed a world-first process for LED production. Evaporator technology is commonly used to make the indium tin oxide (ITO) film that goes into LEDs, but our new technology instead uses sputtering, an area in which ULVAC specializes. This yields transparent conductive film with higher transmissivity, which raises the LED's luminous efficiency.

ULVAC will continue to combine a variety of production equipment (dry etching, evaporation, sputtering, CVD, ashing and other systems) and develop processes to bring ULVAC solutions to the LED market.

In addition to equipment sales, moreover, we will work to raise LED performance and customer productivity by enhancing our customer support system through sampling and process optimization at our laboratories and affiliates in each country.



NE950EX dry etching system for LEDs

ULVAC and OLEDs

Just as LEDs have started to catch on as next-generation lighting, OLEDs are another remarkable technology gaining attention. Whereas an LED is a point light source, an OLED can turn entire surfaces into a light source, which means they can be used not only as lighting, but also as flat-panel displays. Thin, lightweight and bendable, OLEDs can be placed almost anywhere, and with their increased luminous efficiency, life and brightness, they are expected to become common as lighting in ordinary households.

ULVAC started developing OLED production equipment in 1991, and in 1993 announced the development of the world's first OLED lighting device on a 100-mm square substrate. Presently, we have successfully developed a six-inch lighting device with near-practical performance. ULVAC will continue its development efforts to make OLED lighting practical and widespread.



A 200-mm square OLED lighting device under development

Employee opinions go into equipment development

I mainly work in starting up the etching systems used to manufacture LEDs and other products. The startup process takes place either at ULVAC or our customer's site. Lately we've had many opportunities to deliver equipment to LED manufacturers outside Japan, such as China and South Korea. It has made me constantly aware of how important it is to communicate with employees and customers of our overseas affiliates. Inspecting to see whether our equipment meets the customer's specifications is just one part of the job. We also actively confer with the design department about changes to component form or other potential improvements we could make if we notice them while working onsite. This feedback then goes into the equipment. My plan is to be proactive about gaining startup experience with a variety of machines and use that to gain technical skill and knowledge.

Erina Kikuchi
Manufacturing,
Advanced Electronics
Equipment Division,
ULVAC, Inc.

Target Business Expansion and Resource Recycling

ULVAC manufactures and sells ITO targets (target materials consisting mainly of indium oxide), which are a transparent conductive film essential to FPD production. This section describes how ULVAC's recycling technology and the supply chain are making a big impact.

ULVAC and the target market

ULVAC has a 90 - 95% share of the market for FPD sputtering machines used to form display panel electrode materials for LCD TVs and PC monitors. We also manufacture and sell ITO targets, which are used in these sputtering machines.

ULVAC's development of the target market overseas

The LCD TV and PC monitor markets are expected to grow in the future. Moreover, the center of the market is shifting from the US, Europe and Japan to rapidly growing Asian economies, especially China and India. South Korea and Taiwan account for much of the production, and this too is shifting to China. This means that production volumes are increasing in China, the same place where the market is growing so rapidly. A number of major panel manufacturers are expected to make significant capital investments around China in the next five years to manufacture so-called seventh-generation and up liquid crystal panels.

ULVAC has been expanding our Kagoshima Plant's production capacity for ITO targets used as liquid crystal panel electrode material. This will increase monthly production from 10 tons to 20 tons by 2011. We have also been building factories in Taiwan and South Korea to supply targets locally and thereby meet customer needs globally.

In April 2009, we established ULVAC Materials (Suzhou) Co., Ltd. in Suzhou, China to grab a share of the growing Chinese market. The first factory is expected to reach completion in the Suzhou Industrial Park in October 2010, and then we plan to build a second factory to prepare for increased production.

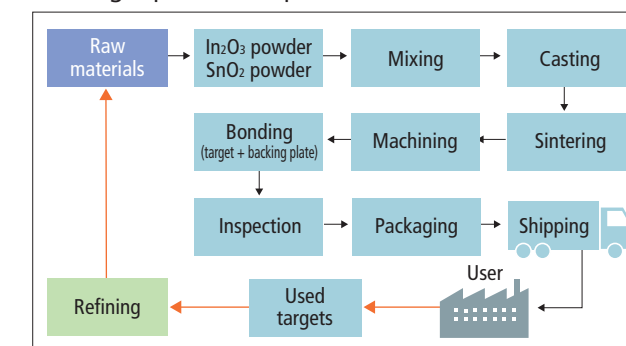


ULVAC Materials (Suzhou) Co., Ltd. Suzhou, China

Target resource recycling

The raw materials of targets are refined metals with high purity or certain scarce metals, which ULVAC molds and processes and then supplies as products. As resources become depleted worldwide, we cannot afford to waste energy or scarce metals in the refining process. To avoid waste, we collect used targets and recycle them into new ones. We also collect and refine excess adhesive film that sticks to components other than film-deposited panels and to the walls inside sputtering machines, and this film is recycled as new target material. We are able to use nearly 100% of scarce and expensive resources without any waste.

ITO target production process



Preparing for ULVAC Group's Chinese market expansion

Established in the Suzhou Industrial Park in April 2009, ULVAC Materials (Suzhou) Co., Ltd. is running a pilot bonding process in a borrowed corner at ULVAC (SUZHOU) Co., Ltd. Construction of the new factory is taking place at the same time, which means all types of problems come up, but we solve them one by one. There are language problems and differences in our culture and customs, so each day is a struggle, but we're working hard to expand the Group further in China and building a system that can meet customer needs.

Masanori Maenosono
Manager, ULVAC Materials
(Suzhou) Co., Ltd.

Growing the ULVAC Brand

Our goal is safe, confidence-inspiring products

Almost all production facilities of the ULVAC Group have now completed ISO 9001 certification procedures for quality management systems. We are producing high-quality products around the world at our many production factories and joint ventures. To maintain "ULVAC quality," we have also established ULVAC brand standards and a certification system, and have a strict check system in place for the start of production and type approval.

Making rapid improvements based on quality information

■ Our Claim Management System

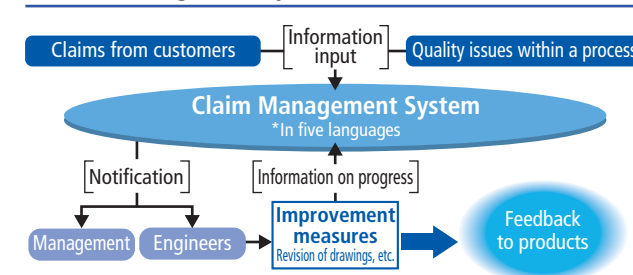
All information on quality issues related to ULVAC and its production facilities is managed comprehensively by the Claim Management System, enabling the information to be shared by the Group. The system identifies persons in charge within the process at the Chigasaki Plant or our manufacturing assignees and also notes the date. Any customer complaints after product delivery are also processed by the system. If a serious safety issue arises, the system automatically sends out the



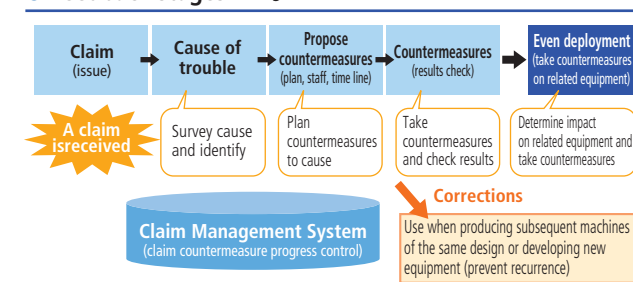
A quality inspection

information to all management personnel according to the level of risk of each claim. If the situation is particularly serious, the information is labeled a "Key Claim" and reported at the monthly business meeting, where responses are discussed and determined via a top-down approach.

● Claim Management System



● Feedback stages (acting on feedback)



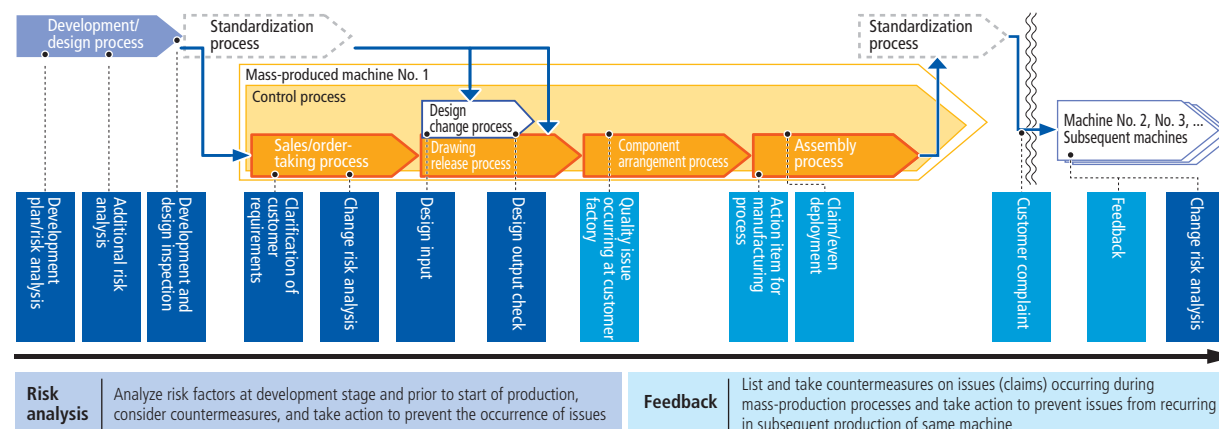
Quality Policy

We are committed to improving the Quality of our work to provide products and services that satisfy our customers.

Action Policies

1. We comply with all rules and procedures.
2. We do not deliver any nonconforming products to the next process.
3. We observe delivery times to the next process.
4. We commit to the production budget.

● Quality assurance system concept in relation to development and design flow



■ Quality control system for customer satisfaction and confidence

Risk analysis and feedback are two fundamental concepts of ULVAC's quality management system. Following the flow that begins at the development and design stage, we identify risks, identify countermeasures to them on a "risk analysis sheet" and work to prevent quality issues. In the event of an issue occurring after production processes and shipping, we write up a

feedback list based on data collected from our Claim Management System and feed back the information at each stage.

We also run a stringent quality check on such issues during the quality inspection prior to shipping. In this manner, we aim to be timely providers of products that reflect the most up-to-date technology so that we can promptly support our customers' production activities.

A foundation for ULVAC quality and production technology in the growing Chinese market

China Quality Assurance Committee

ULVAC (China) Holding Co., Ltd. hosts a China Quality Assurance Committee four times a year. This meeting discusses and reports on quality issues at each Chinese group company and how well each is implementing quality assurance systems and ULVAC quality standards. Activities are performed that cause participating companies to stimulate each other's improvement attitude. Results of this conference are reported to the ULVAC Quality Assurance Committee convening in Japan. This system spreads the ULVAC Group's quality requirements, notifies the Group of the opinions and ideas of the Chinese companies and creates a forum for their discussion.



China Quality Assurance Committee

China Production Technology Presentations

To encourage quality improvements and work improvements at our Chinese companies, each company holds on-site Production Technology Presentations (or Work

Improvement Presentations) of accomplishments. Each company forms site-level teams that summarize and report on the work and quality improvements they have achieved. Teams selected from the different companies come together twice a year to hold our China Production Technology Presentations. This meeting is significant for sharing each other's issues and improvement reports, while work leaders facing similar issues have the opportunity to exchange ideas and get to know each other better. Superior teams at the China Production Technology Presentations are sent to ULVAC's Production Technology Presentations in Japan, where they give reports about improvements to production technology at our sites in the growing Chinese market. For the employees of our Chinese group companies, the opportunity to make improvements and accomplishments and present them in Japan as representatives increases their motivation, builds a foundation for quality and production technology in their country and becomes a means of human resources development.



China Production Technology Presentations



Shen Xiaoming
Quality Assurance Department,
ULVAC (China) Holding Co., Ltd.

Stepping up quality assurance in our Chinese group

The role of the Quality Assurance Department at ULVAC (China) Holding Co., Ltd. includes responding to the actions proposed by each company at the China quality assurance conference and promoting production technology (or work improvements), but it's also important for us to give appropriate guidance and help to expand those activities. The ULVAC (China) Holding Co., Ltd. Quality Assurance Department cannot do this alone; it's also essential to work with ULVAC's Quality Assurance Department in Japan and the various departments concerned to give leadership and support to Chinese group companies. China is a particularly important production center for ULVAC. I look forward to hearing everyone's opinions and advice for improvement so we can make quality assurance at our Chinese companies stronger than ever.

Building Good Relationships with Suppliers

Suppliers are critical partners to the ULVAC Group. We maintain and promote fair and proper business relations and work to optimize materials and logistics procurement that is based on solid mutual trust.

Promoting global procurement

Yasushi Shibata

ULVAC (China) Holding Co, Ltd. (on loan from ULVAC, Inc.)

ULVAC is facing a challenging business environment right now, especially the strong yen, which helps overseas competitors that compete against us. To get through this, it's urgent that ULVAC expand its business activities globally and practice procurement around the world. Acquiring supplies from around the world, not just Japan, enables us to find the optimal parts. We've been trying to develop relationships with more suppliers abroad to promote our global procurement.

We attempted contacting a large number of overseas suppliers in FY2009, especially in China. Suppliers that have little experience with overseas companies might offer aggressive prices to us, but many of these suppliers have not yet met the RoHS Directive. We found there were many such suppliers we could not do business with at this time, since ULVAC is eliminating RoHS-listed substances. Our task hereafter in terms of global procurement is to develop suppliers outside Japan who meet the RoHS Directive and to provide guidance to them.

In FY2010, we aspire to understand the laws of each country and fully consider the local culture and customs so

that we can further promote global procurement. We hope to build strong cooperative relationships with companies globally through the local procurement of raw materials and components.



Working to eliminate RoHS-listed substances

Reiko Sasaki

Procurement Section, Procurement Center, ULVAC, Inc.



From left, Kouki Nagasawa, Reiko Sasaki, Hiroyuki Kojima

Following our Green Procurement Standard, the ULVAC Group is working at the development, design and procurement stages to identify the chemical substances contained in its products, including RoHS-listed substances. We strive not to use any hazardous substances at all. Because of this environment-friendly activity, we comply voluntarily with the RoHS Directive and endeavor to eliminate the six substances targeted by it.

Our efforts in FY2009 focused on reviewing components we had already surveyed. We are also carefully checking components we have not previously surveyed. We are committed to practicing appropriate management that minimizes risk as we work to comply with the RoHS Directive in the goods we procure outside Japan, and our goal is to work with suppliers to keep checking their response to the directive's requirements.

International multimodal transport from Japan to Korea

Takayuki Okudera

Logistics Department, Procurement Center, ULVAC, Inc.

In March 2010, I was involved from the stage of project transportation planning when we shipped some large precision production equipment. We successfully achieved international multimodal transport of this equipment with an air suspension trailer. International multimodal transport is a transport that uses at least two different means of transportation, one after another. Land and sea transport are combined under a single contract, and the cargo is shipped between two countries straight through to the final destination. The project transportation in this case involved multimodal transport, with constancy of temperature and humidity and vibration control for the precision equipment. The close cooperation between our business division and the overseas operations division enabled us to ship the large and heavy major equipment components from our Chigasaki Factory overland and by

coastal shipping within Japan, then by ship to Incheon, South Korea, and finally overland to the customer.

International multimodal transport allowed us to skip packing in a crate (thus no wood was used), reduce shipping processes and therefore delivery time (again,

since no crate was required), and increase product safety, because multimodal transport means less material handling.



Loading on the ship



Loading for land transport



Supplier Comment

Last year, when ULVAC held an Operations Briefing Meeting on its business, they commended our work with the RoHS Directive. We were extremely honored by this.

KITZ SCT acquired ISO 14001 certification in March 2007, and as a member of the KITZ Group we've obeyed its Environmental Action Policy. Day to day, each employee uses his or her unique position to develop and provide environmentally friendly products and services, reduce and reuse waste and prevent environmental pollution.

To give an example of how we work with the RoHS Directive, we provide information and direction to suppliers of individual components that go into all products we manufacture. This encourages these suppliers to cooperate in surveys of chemical substances in their components. As a rule, we only purchase goods that comply with RoHS Directive, but if the supplier has not yet confirmed the required component, we use an X-ray fluorescence analyzer (installed in May 2008) to determine whether the component is in conformity. This process is being conducted systematically.

With growing international expectations to avert the risk of hazardous substances, we plan to centralize our management of information relating to the reduction of relevant chemical substances. Such information will be reflected in development, design, ordering, purchasing, receiving, usage and production and will advance our efforts to mitigate environmental burdens.



Hiroshi Aono

KITZ SCT Co. Ltd. General Manager,
Quality Assurance Department

Environment

The following section outlines a variety of environmental initiatives of ULVAC Group companies, starting with a conversation between the Mayor of Chigasaki and ULVAC's President on the topic of "ULVAC Environmental Technology, from Chigasaki to the World."

The ULVAC Group promotes reduction of environmental impact with proprietary cutting-edge technologies

With the growing threat from global warming and other world environmental problems, enterprises have a social responsibility to work for environmental and human health.

The ULVAC Group believes in using its cutting-edge technologies to help solve global environmental problems and is conducting many initiatives to do so.

ULVAC's forefront of thinking on the environment

ULVAC's environmental initiatives fall into the following three main policies.

- To provide products that help save energy and resources, and protect the environment.
- To promote energy-saving, resource-saving and environmental products (environment and components).
- To promote energy-saving, resource-saving and environmental protection in the manufacturing process.

Below we introduce specific accomplishments.

● Contributing to reducing environmental impacts through ULVAC's proprietary technologies

Integrated production lines for TFSCs, integrated thin-film lithium secondary battery production lines, power device production equipment and LED production equipment are among the products we offer that use our unique and cutting-edge technologies to benefit the environment. Photovoltaic power generation and quick charging systems for EVs developed this fiscal year also have received an overwhelming response as next-generation energy and electric vehicle technology infrastructure.

● To provide environmentally friendly products and comprehensive management of chemical substances

We continue to practice comprehensive management of chemical substances to completely abolish the six RoHS-listed substances to make our business activities compliant with the RoHS Directive enacted in Europe in July 2006. Thanks to the cooperation of our suppliers, as of June 30, 2010, ULVAC sells 1,427 products that use no RoHS-listed substances.

Dr. Hiroyuki Yamakawa

Senior Managing Director and
Environmental Management
Representative



Environmental Philosophy

Recognizing that environmental conservation is one of the highest-priority challenges facing humanity, the ULVAC Group has committed itself to the conservation of the Earth's natural environment and is making contributions toward society's environmentally sustainable growth and development in all business activities.

Environmental Policy



Managing chemicals other than those listed in the RoHS Directive is also crucial for human health and especially for children. ULVAC will continue to do whatever it can to minimize use of such chemicals.

● To protect the environment in the manufacturing process: energy and facilities management

ULVAC promotes energy management by making energy use visible and driving down energy consumption throughout the Group. Aside from reducing consumption, we are furthering the use of renewable energy in our production activities by promoting installation of our products, photovoltaic power generation, and quick charging systems for EVs at our site.

Furthermore, we have studied how to reduce environmental risks in environment-related facilities when they are being newly installed, changed or terminated and have been installing safe facilities and improving existing ones. At the same time, we have strengthened facility management and procedures to prevent environmental pollution. Particularly, to avoid any major environmental accidents, we have set up a communications network Group-wide so that in case a small accident has occurred, even small solutions can be evenly deployed to prevent real accidents.

The ULVAC Group contributes to the environmental conservation with its proprietary cutting-edge technologies.

Find details online about the ULVAC Group's environmental initiatives

<http://www.ulvac.co.jp/eng/csr/eco/report/index.html>

ULVAC Environmental Technology, from Chigasaki to the World

— Developing photovoltaic power generation and quick charging systems for EVs —

Our environment is threatened from many sides: global warming, the rapid depletion of our energy resources, and a lack of enough fresh water for our needs. Of these, global warming is one issue that everyone needs to work together to solve. To help find a solution, ULVAC and the city of Chigasaki collaborated to develop an unprecedented system combining solar energy and an electric vehicle quick charger. The next few pages report on a conversation between City of Chigasaki Mayor Nobuaki Hattori, who proposed the project, and ULVAC, Inc. President Hidenori Suwa, who answered the challenge. The two reflect on the project from development to completion and discuss their hopes and the outlook for the future.

Q: The system proposed by Mayor Hattori has been a reality since April. How are people responding to it?

Hattori: Right now the system is installed in Chigasaki's public parking lot, where electric vehicles can be charged for free. Citizens have responded very favorably. There are quick chargers in seven places within the two cities and

one town taking part in the Shonan Eco Wave* program. There is one on ULVAC premises.

Suwa: The number of people driving up in electric vehicles for a charge has gradually increased lately. When they do, we ask them to take a survey so we will be able to make improvements in the future. We plan to create an



Nobuaki Hattori | Born in 1961 in Chigasaki City, Kanagawa Prefecture. He was a member of the Chigasaki City Council for two terms, then a member of the Kanagawa Prefectural Assembly for two terms before becoming city mayor in April 2003. His hobbies: Boy Scouts, singing tenor in a chorus and listening to music.

upgraded version that will be easier to use.

Hattori: The original aim of this project was to find out what kind of support, mechanisms and environment the city can provide to encourage citizens to take environmentally friendly actions. I am extremely satisfied with this system installation as a first step.

Suwa: As an enterprise based in Chigasaki and doing business globally, nothing would give me more pleasure than working with the city to help local people and the global environment.

Hattori: Actually, I rode an electric vehicle to come here today. Recently more of our staff members are using electric vehicles, so it is hard to find one available. However, electric vehicles are still far from common for the citizens, so I hope to continue taking steps to make them more common.

Suwa: The governor of Kanagawa Prefecture has headed up a variety of measures for that purpose, so I think citizen awareness of the environment is gradually changing. It seems to me that electric vehicles will become common over time.

Hattori: Someone who works at an automobile manufacturer told me that a relatively large number of hybrid car sales are in the Shonan area compared to Japan as a whole. I think many people in this area expect electric vehicles to go main stream in the future, so they are really looking ahead when they think of a car to buy. If so, then preparing and spreading the infrastructure to charge electric vehicles is going to be more and more important. We will need ULVAC's cooperation.

Q: Looking back, would you recount how this project started?

Hattori: We've seen some very proactive steps worldwide in recent years to prevent global warming. As a local government, we have been thinking about what we can and should do as an organization to prevent global warming.

Of course, as a city we've taken various measures to conserve the environment, but we've been wondering what we can do to address this issue even more by collaborating with citizens and organizations. A big reason for doing so is that it is important to provide a number of familiar activities and measures that make citizens feel, "I'm a part of this effort" or "I'm doing this for the environment."

The city of Chigasaki established its "Global Warming Countermeasures Regional Promotion Plan" in March 2009. One of its key policies is to promote electric vehicles. And the key to promoting electric vehicles is to prepare and enrich the infrastructure, including charging facilities.



SHONAN ECO WAVE



An initiative begun in 2009 by Fujisawa City, Chigasaki City and Samukawa Town to help prevent global warming.

The participants adopted an action plan and are carrying out projects to prevent global warming, an issue that affects the entire world. To help reduce CO₂ emissions, they promote activities that raise citizen awareness, such as plantings on top of and around public facilities, joint afforestation projects and campaigns urging drivers not to let their vehicles idle. Among these activities, an electric vehicle network project we are operating with Kanagawa Prefecture focuses on promoting electric vehicles and providing information that encourages citizens to use them.

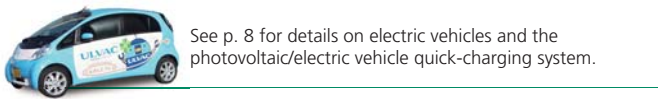


Nobuaki Hattori

Mayor, City of Chigasaki

Hidenori Suwa

President and CEO, ULVAC, Inc.



Naturally we did not know much about this issue, but we had an idea that it would be marvelous if we could use renewable energy instead of regular electricity. Everything started when we thought to approach ULVAC with this idea.

Suwa: Yes, that's right. That was around November 2008, I think. Now that you mention it, why did you choose our company? *[Laughs]*

Hattori: I heard that recently ULVAC had been focusing on the energy and environment business, such as expanding its work with solar cells. Also, I was impressed with ULVAC's culture. There is a spirit of taking on challenges, as well as a culture that turns out one unique technology after another. I expected that if we approached this company, we might be able to find a place to start.



Suwa: I see. Certainly, ULVAC has a culture of taking on challenges. In other words, because our people have no fear, they accept challenges that a regular company would not. That spirit has run through our company since its founding.

Hattori: Also, the system we wanted was an unprecedented experiment, so it was not just about technology. A less understanding company that did not sympathize with our idea might have turned us down.

Suwa: I agreed with your idea of using renewable energy, the cleanest way possible to charge an electric vehicle. As a manufacturer, we've made an effort to develop products that help the environment, such as by developing technologies that reduce CO₂. Because this system uses renewable energy, not regular electricity, to charge vehicles, it's really the ultimate environmentally friendly way of doing things.

Q: I heard it took a very short time from conception to development and completion. Did you have any problems during the development stage? And are there any issues that will need to be addressed in the future?

Suwa: Developing a quick-charging system that combines a photovoltaic generator and electric vehicle quick

charger was a new challenge for us, so at first we were anxious and thought it might be quite a difficult undertaking.

Looking back, however, it seems it went comparatively smoothly. That is because people tend to think of ULVAC as a manufacturer of production equipment such as machines for producing solar cells, but the Group has long had the basic technology to build quick chargers and inverters that convert direct current generated by solar cells to alternating current. We also do business with solar cell manufacturers. By synthesizing the technologies our Group already had and moreover working with our partner companies, things went smoothly.

Hattori: The project was finished about one year after we approached ULVAC. We were very impressed with ULVAC's technological expertise. We really appreciate that you were able to develop the system in such a short time.

Suwa: We gained a lot of experience, and some new possibilities opened up for us, because you approached us.

Until now, we have been doing business as a comprehensive vacuum system manufacturer, offering solutions based on vacuum technology. But we believe that in order to develop our business further in the future, we need to utilize the technologies and experiences we have gained, and we need elements that build upon our business so far. So our medium/long-term growth strategy is to develop businesses beyond equipment and vacuum technology.

This project was a very different area than vacuum technologies and in that sense it was a direction that we really wanted to go, so we are glad you gave us a great opportunity to take a first step toward the future.



Hattori: The biggest objective for putting in this system was of course to help prevent global warming, but raising citizens' environmental awareness was also our hope. To popularize electric vehicles and help prevent global warming, it is important to change the way citizens think and get them involved.

Home solar power generators are one example. In Chigasaki, we started a program in FY2009 that provides

assistance when such equipment is installed. Combined with subsidies from the national and prefectural governments, this goes a long way toward covering the installation cost. We had about 134 applications in 2009, and there are already 163 in fiscal 2010 as of the end of July. I think local governments have a mission to promote citizen awareness of global warming prevention by enhancing programs like this.

Also, the cost of products like electric vehicles and power generators goes down as the products become more common, making it highly likely they will become even more popular. That's why we are trying to lower the barriers to electric vehicle usage for citizens, to transform their awareness of environmental conservation. That includes measures like full exemption from the "kei car" tax and free use of chargers and municipal parking lots.

Suwa: Of course we will continue our R&D to make the system more efficient, and we plan to make improvements so the system will be easier for people to use.

Q: Lastly, would you tell us about future possibilities and prospects?

Hattori: The Shonan area is very flat, so there are many people who ride bicycles. Since bicycling is healthy and creates little environmental burden, we decided on a "Bicycle Plan" that makes our towns easy to get around by bicycle and we are now setting up the infrastructure for that. Lately, electric bicycles have become particularly popular because they can be used by older people without too much physical effort. We are now operating a rental bicycle program in the city, and in the future I hope to include electric bicycles in the program with cooperation from train stations and shopping districts. If electric bicycles could be charged while parked and especially if the power came from renewable energy, it would be really environmentally friendly.

Suwa: What a wonderful idea! The Chigasaki/Fujisawa/Kamakura area is small enough to get around by bicycle. If there were public services that let people enjoy the Shonan area's atmosphere and streets without creating an environmental burden, that would be something to look forward to. Kanagawa Prefecture has designated this as an "environmental coexistence community," meaning that more people, from citizens to visitors, will have the chance to experience it, so this is work worth doing. We hope to use our experience from this endeavor and cooperate even more.

Hattori: Thank you for your encouraging words. I believe ULVAC will keep developing earth-saving original technologies that make our citizens, including our children, feel proud of ULVAC as a Chigasaki enterprise. I'm sure you will continue to make rapid advances.

Nothing would better energize our society than to have children who want to try developing technology for themselves and one day work for a company like yours. And if in the future our citizens tell us that they too would like to approach enterprises with new ideas, we hope to take the initiative and bridge the gap between those citizens and enterprises. It is very likely we will ask you for your cooperation in the future, so I hope we can be partners for a long time.

Suwa: Of course, as an enterprise and member of society, our value needs to be recognized by the community. ULVAC aims to be an enterprise welcomed by the community, one that people are glad to have here. We will actively cooperate with Chigasaki City's efforts. This endeavor has just started. Collaborative initiatives by local governments and enterprises for the sake of the community and environment have unlimited possibilities. I want to widely spread the word about such government/industry initiatives as our efforts to popularize electric vehicles.



Topics of ULVAC Group Environmental Initiatives

The workplaces and companies of the ULVAC Group are engaged in various environmental initiatives. The Group as a whole will promote its endeavors on behalf of the global environment.

Making animal feed from food waste at Kagoshima Industrial Park

ULVAC, Inc.
ULVAC KYUSHU CORPORATION
ULVAC Seiki Co., Ltd.

Kagoshima Industrial Park has launched a waste centralization project that seeks to reduce the amount of waste from the Group companies in the Park, dispose of wastes properly, and reconsider the reduction of processing costs. The project has included recycling food waste from the industrial park's employee cafeteria since April 2010. Vegetable cores, peels and leftovers are reused as feed at a nearby poultry farm. Food waste from our cafeteria, nearby supermarkets and hotels is transformed into feed for hens by mixing it with fermentation bacteria, sawdust, rice husks, oyster shells and so on and fermenting for a certain period of time in order to regulate the moisture content. As a result, about 90% of the amount of food waste is reduced which in the past would have been burned.



Food waste is turned into feed for hens that lay eggs, which we can then enjoy. This initiative reminds us that all life recirculates on earth. Of course, we must also remember to reduce cafeteria leftovers. Though this initiative is small in scale, it does not only reduce waste but also reminds us that we depend on other living things for our food.



Waste centralization project members of the Industrial Park

Waste management at Group companies in Taiwan

ULVAC TAIWAN, Inc.
Southern Taiwan Science Park Branch

The ULVAC Group is promoting proper management and reduction as an objective of waste management.

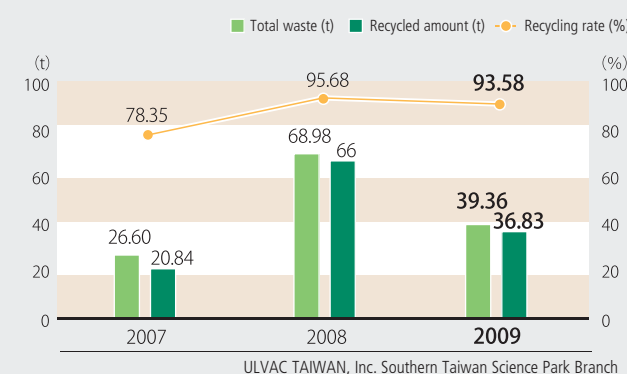
To help meet this objective, ULVAC TAIWAN, Inc. Southern Taiwan Science Park Branch has carefully controlled the waste process in a waste collection center built within the factory. Waste is sorted into metal scrap, paper scrap, corrugated cardboard, waste plastic, wood scrap and other (food waste, etc.). Since receiving ISO 14001 certification in July 2009, the site has kept statistics on amounts of waste and has analyzed recycling processes on a monthly basis.



Chen Weizhi
Safety Section, Safety Management
Department, ULVAC TAIWAN, Inc.

Ongoing specific initiatives include prohibiting the use of disposable chopsticks, printing on both sides of paper and conserving electricity and water, etc. We strengthen the reuse of resources in the factory and the proper management of waste to achieve zero emissions.

Trends in waste emissions and recycling rates



Aiming for energy savings and CO₂ reductions

ULVAC KYUSHU CORPORATION

To use the world's resources more effectively and help prevent global warming, ULVAC KYUSHU CORPORATION started up an energy management committee as part of its energy management system in August 2008.

Following a yearly plan, the committee has overseen company-wide efforts to save energy, educate employees and more.

In FY2009, it reduced CO₂ emissions by 1,234 tons (a reduction of 31.2% vs. FY2008) by managing facilities in line with energy management standards, operating facilities according to production plans and seasonal variations, stopping

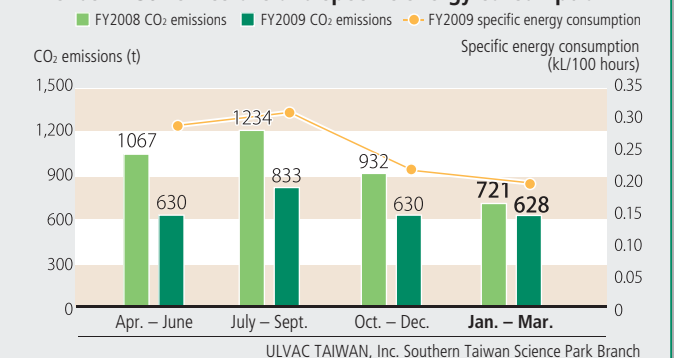


Safety Department, ULVAC KYUSHU CORPORATION
Rear, from left: Ryuichi Yoshihara, Yasuhiro Fukuoka, Takeshi Sasahara
Front, from left: Yoshikazu Fukuda, Akihiko Nakajima

operation during major consecutive holidays, and limiting the number of machines in operation at night and on weekends.

Through eco-friendly initiatives like these, we will continue to protect the global environment, prevent pollution and help avoid global warming by further reducing CO₂.

Trends in CO₂ emissions and specific energy consumption



Towards proper management of chemical substances

Research Department No. 9,
Chiba Institute for Super Materials

Research Department No. 9 of the Chiba Institute for Super Materials is mainly engaged in developing metal nanoparticle dispersion solutions. Because the institute is developing nanoparticles, the chemical substances it studies, including reagents in very small quantities, are very wide-ranging and include dispersants to stably disperse the nanoparticles, solvents to disperse them as well, and additives that impart a variety of functions to dispersion solutions. Thus, the department decided it could help speed-up development if it could instantly determine whether the chemical substance it wanted to study in its experiments was available, how much inventory it had and where it was being kept.



To do this, members of the department created an original work sheet to ensure thorough chemical substance management, and they use this as a guide to storing and

managing chemical inventories.

The task of writing the work sheet was very challenging. First, there were so many types of chemicals to deal with, including hundreds of reagents alone, so it took a great deal of time to simply input the information. Staff responded by dividing up the work and inputting data a little at a time between experiments or during waiting times.

Thanks to the efforts of everyone involved, anyone can instantly determine usage and inventories of chemical substances within the department as well as answer inquiries from other research departments about reagent inventories in stock.



Research Department No. 9, Chiba Institute for Super Materials
From left, Shigeo Hayashi, Zheng JiuHong, Hikoyoshi Tada, Yoshiaki Hayashi, Masato Osawa, Natsuki Hashimoto

Preventing environmental accidents

Environmental Management Section,
General Administration Department

Following an environmental accident at a Group company in 2006*, we started meetings of the Environmental Information Committee. When new facilities affecting the environment are installed, the Environmental Information Committee checks for any environmental risk associated with use of the facilities and works to prevent environmental accidents. Reports of any near-accidents occurring at Group companies are also given at these meetings so that the information can be shared and prevention measures put in place throughout the Group. Thanks to activities like these intended to prevent environmental accidents from recurring, we have not had another environmental accident since then. Hereafter, we will make a steady effort to establish an environmental protection system

that confirms day to day that environment-related facilities are operating properly, that workers are being thoroughly trained in correct management procedures and that not even near-accidents happen.

*An accident occurred at ULVAC KYUSHU CORPORATION's Kagoshima site on July 17, 2006 when our surface processing center, which was undergoing expansion at the time, mistakenly released inadequately neutralized processing liquid into a river.

Shinsuke Matsumoto
Environmental Management Section,
General Administration Department



Environmental initiatives at trade shows

Sales & Marketing Planning Department,
Sales Planning Office

The ULVAC Group exhibits at more than 30 trade shows every year in Japan and abroad, where we actively promote new products and technologies as well as businesses related to the show's theme. In recent years, we have increasingly exhibited at trade shows relevant to renewable energy and electric automobiles to get out the word about the ULVAC Group's environmental products. We place a particular focus on caring for the environment in our trade show operations, as demonstrated through the initiatives below.

Seeking zero emissions from our show booths and decorations

The ULVAC Group has been promoting zero emissions for more than 15 years.

Our booths consist of system panels that we assemble together. When the show is over, the booths can be taken apart and reused. We continue to try to minimize discarded materials by thoroughly systematizing other components.

Switching to LEDs for all lighting

In December 2009, we switched from halogen spotlights to LEDs for all booth lighting, thereby reducing energy consumption by approximately 70%. In January 2010, we also replaced fluorescent lamps with LED light panels to light up our booths' information panels, which reduced the energy consumption per panel from 80 W to 30 W. And because LED light panels are so thin, they are easy to manage and transport.

We look forward to continuing our contribution to the Earth with an emphasis on the environment, resources, materials and energy as key business areas.

Kaoru Horio
Sales & Marketing Planning
Department, Sales Planning Office



Targets of ULVAC environmental initiatives and FY2009 results

Initiative item	Environmental policy	Action item	ULVAC environmental initiative target	FY2009 results	Evaluation	FY2010 environmental initiative target
Environmental contribution through our products	To provide products that help save energy and resources and protect the environment.	Distribution of products contributing to the environment/re-use of resources	Expanding sales of eco-friendly products	We delivered the target number of integrated solar cell production lines. We began selling a multi-probe thin-film characteristics evaluation system (MPEC-1300) for tandem TFSCs.	Target achieved	Expanding sales of eco-friendly products
		Green procurement	Completing elimination of lead, mercury, cadmium, hexavalent chromium, PBB and PBDE by July 2011	We continued initiatives for eliminating the six RoHS-listed substances by July 2011. About 1,400 products are now in compliance with RoHS.	Target 70%+ achieved	Completing elimination of lead, mercury, cadmium, hexavalent chromium, PBB and PBDE by July 2011
	To promote energy and resource savings and environmental protection in products (equipment and components).	Energy savings through production processes and products	Reducing energy consumption of products	We determined the energy consumption of various systems and conducted development to save energy. We launched sales of the MPEC-opt1300, an in-process solar cell evaluation system that reduces evaluation time to 1/8 of its previous models. We launched sales of the CIM-1400, which increases conversion efficiency 30% and reduces manufacturing cost per watt (Wp) 10% compared to a-Si solar cells.	Target 70%+ achieved	Reducing energy consumption of products
				We examined recycling of various target raw materials and test-produced them. We will continue to examine them in the next fiscal year.	Target 70%+ achieved	Recycling raw materials
Environmental contribution at our plants and offices	To promote energy and resource savings and environmental protection in production processes.	Practicing the 3Rs	Recycling and reduction of waste	We lowered landfill rates by 1.9% from the previous fiscal year. Further improvements are expected in FY2010 because of changes to sludge disposal methods at the Chiba Sammu Plant.	Target achieved	Recycling and reduction of waste
		Resource savings	Improving yield of materials	We increased yield of various target products by revising procedures and processes.	Target achieved	Improving yield of materials
		Energy savings	Reducing energy consumption	Usage increased about 3% over the previous fiscal year. This is because production levels rose after the economy started to recover in the second half of FY2009.	Target 70%+ achieved	Reducing energy consumption

Target achieved Target 70%+ achieved Target 50%+ achieved Target less than 50% achieved

Environmental performance of the ULVAC Group

The ULVAC Group conducts its business activities to have minimal environmental impact. Our workplaces and companies practice strict data management and will continue to strive for effective use of resources and lower environmental burden.

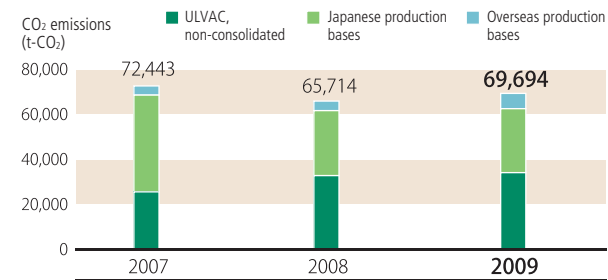
Working towards high-efficiency energy and resource use

Consisting of numerous production and R&D centers, the ULVAC Group is advancing energy conservation at its factories and laboratories. In FY2009, ULVAC's CO₂ emissions rose 5.2% over the

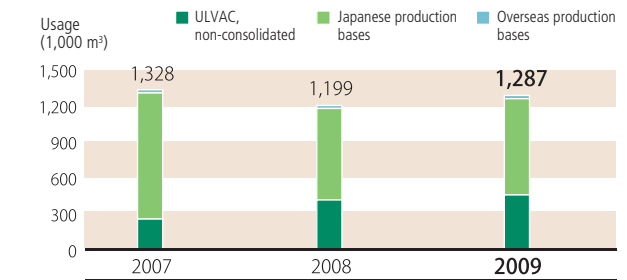
previous year. One major reason for the increase in energy use was that our production volumes climbed in the latter half of FY2009 compared to the recessionary period from FY2008 through the first half of FY2009. Water use similarly rose about 6% compared to the previous year.

In FY2010, we are working to save energy use and make that use more efficient by replacing aging equipment, making changes that increase the operating rate of machines, and so on.

CO₂ emissions trends



Water usage trends



Material balance (ULVAC Group)

INPUT		
Electricity usage 140,281,000 kWh	Fuel usage Heavy oil: 1,312 KL Kerosene: 67 KL Light oil: 67 KL	Chemical substances (PRTR-listed) 44 t
Gas usage LPG: 444.3 t LNG: 850.6 t City gas: 2,211,000 m ³	Water usage: 1,287,000 m ³	Packaging 767 t



OUTPUT	
CO₂ emissions 69,694 t-CO ₂ caused by use of electricity, gas and fuel	
Total waste emissions 7,136 t	Landfill rate 6.1%

* This data is based on individual data from major Japanese production bases (19 sites), overseas production bases (21) and R&D bases (4).
* Data for overseas production bases comes from six of the 21 such bases.
* Data for packaging is the total from 14 of the 44 sites.



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.

A Vital Organization through Fair Personnel Systems and Human Resources Development

An Open and Dynamic Organization

● **For the creation of new technologies**
ULVAC's five-part Corporate Philosophy (see ▶p. 5) includes the policy to "Maintain 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.

Human Resource Policy

● **A culture of taking challenges, with no fear of failure**
An environment that cannot tolerate failure will dampen any desire to take challenges. At ULVAC, on the other hand, we believe that failure is a matter of course. It is the destiny of companies that work with cutting-edge technologies that they will experience more failures than successes. ULVAC maintains basic aspects of Japanese-style employment practices like seniority and lifetime employment, which creates a psychological allowance for failure and encourages taking on challenges. However, we do not completely follow the traditional seniority system: particularly talented individuals are moved into important positions regardless of age. The foundation for all this is the ability to think of ideas in simple, straightforward fashion.

Fair Salary System

● **Established a simple and fair salary system**
We use extremely simple seniority-based pay systems. ULVAC has only three pay systems: one for executives, one for managers and one for general employees (those who have not yet reached management level). These pay systems are not based on such factors as educational background, job type or gender. Promotions to all positions other than executives are decided by fair testing. 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. Although we conduct performance reviews, these do not result in a significant wage differential. Because everyone has about the same salary, no single individual can insist "It was my ideas that made us so successful," and no single individual has to take the blame for failure.

Developing Outstanding Employees

● **Pursuing the individual's potential**
If people are incapable, we believe it is important to make them capable rather than give up on them. Put another way, the key 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, the Chairman, President and other executives and people concerned, including those from Group companies, take part in our strategy study meetings where free discussion takes place on issues we confront in our business operations, 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.

At rank-specific trainings, we teach employees the knowledge and ways of thinking they will need at certain milestones in their careers, such as when we train new employees, second-year employees, employees earning internal qualifications, employees entering managerial career paths and employees being promoted to executive posts.

Young employees are required to take "Essential basic education," where everyone gets the same education in accounting and vacuum basics. Persons wishing to review the basics or study for another type of occupation are offered a wide range of training opportunities. We offer miscellaneous other training programs as well.



Tomoyasu Suzuki
Personnel Department
General Manager

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 offer flexible work systems, fair pay systems and a training system uniquely fitted to ULVAC's character to support our workers and help advance their careers, whatever their situation.

Coming back from parental leave

I've been back in the workplace three months after taking a year of parental leave. Though I was off the job for so long, I was welcomed graciously without any sense of discomfort at all. Truly, I think I was able to come back to work without any confusion.

Recently my working hours have changed, and I arrive and leave the office an hour earlier than the regular working time. I'm sure that causes some inconvenience to everyone else, since I leave early and don't have the flexibility to do overtime and things like that, but everyone in the workplace is so understanding and cooperative, and that's why I can keep working.

My challenge is to work more efficiently during my work hours, since they are so inflexible, and as part of that I want to learn some strong skills that will help me develop as a person as well. I appreciate being able to work at a company that lets me work around the job of parenting.

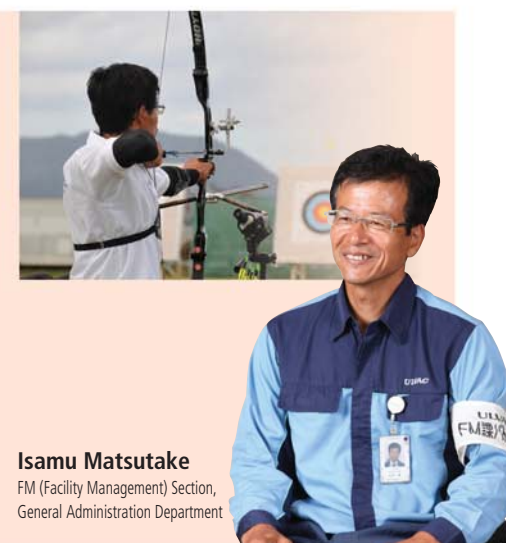


Mutsumi Horikoshi
Advanced Electronics Equipment Division

A new employee at ULVAC

I work in facility maintenance and management in the FM (Facility Management) Section, General Administration Department. I transferred from a field that is different from ULVAC's, but I've been able to put my past working experience to use in tasks ranging from facility repair and garden management to making the entire premises barrier-free. I'm fortunate to have the companions that I do in the workplace. Although I use a wheelchair, the basic attitude is to do whatever you can for yourself, which is just the right balance for me and makes this environment feel very comfortable.

In my personal life I have a dream of going to the Olympics to compete in archery, so I'm out all day doing that on my days off. My goal is to be a responsible person on the job and work far beyond the expectations people have of me.



Isamu Matsutake
FM (Facility Management) Section,
General Administration Department

Posted to a Chinese subsidiary

I'm in my fourth year at ULVAC. I've been posted at a Chinese subsidiary since November 2009 and am currently working in Shanghai. China is growing so rapidly and has so many different markets, which presents a great opportunity for ULVAC. Our Chinese Group companies are growing astonishingly fast, and the workload seems to increase by the day.

Right now I'm doing accounting work like balance sheet support and drafting consolidated balance sheets, and am also involved with building an ERP system for the China region. Prior to my arrival I was nervous about what I could accomplish here, but it was the support from the head office and the cooperation from my superiors and senior members that allowed me to be involved in so many different tasks.

I'm thrilled to serve as a go-between with ULVAC in Japan during its period of growth in the China region, and I hope to take this chance to accomplish some personal growth on a day-to-day basis.



Jin Lianhua
ULVAC (China) Holding CO., Ltd.
(on loan from ULVAC, Inc.)

My international internship experience

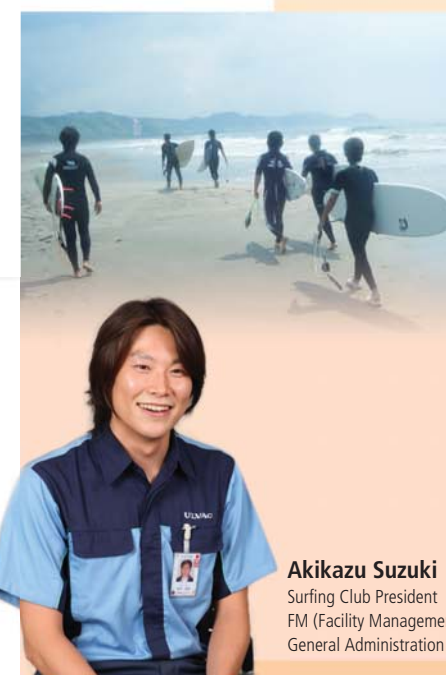
The two months I spent at ULVAC was an experience of a lifetime. The work was enjoyable, my colleagues were friendly, and doing everything according to the company rules and pace was also a first for me.

My job consisted of three main pieces: writing a Java program that calculates the transport coefficients of a gas mixture, writing a MATLAB program that calculates collision integrals for given intermolecular potentials, and studying Navier-Stokes equation to prepare for the weekly seminars held by my supervisor. Coding was fun because it is one of my interests. The seminar and other scholarly discussions with my supervisor and colleagues were also enjoyable, as they offered fresh academic air in the midst of the industrial atmosphere of the company.

I am grateful to all the people who were part of this experience. I plan to continue studying Japanese after I go to graduate school, and most certainly I will visit Japan again in near future.



Lin Yingxuan
Department of Physics and Department of Mathematics,
Massachusetts Institute of Technology



Akikazu Suzuki
Surfing Club President
FM (Facility Management) Section,
General Administration Department

Surfing club founded

A lot of employees enjoy surfing as a hobby owing to the nature of the locality of Chigasaki where ULVAC is located. The ULVAC surfing club started in January 2010 in the thinking that employees can surf together and have fun.

Now individual members get together at a nearby beach to practice, with occasional surfing trips to beaches farther away. The members are of all different levels from beginner to highly experienced, but everybody loves surfing, and that lets us form relationships that don't happen in our ordinary work.

We also help to protect nature and benefit the community by taking part in beach cleanups and supporting non-profit environmental organizations. In future, we will be helping individuals to improve their surfing skills and getting involved in a variety of activities through surfing.

Growing as a working person at ULVAC

Going through the interview process and seeing how the Personnel Department staff dealt with me before I entered ULVAC, I sensed this was a free and energetic environment. I could feel the warmth of ULVAC's employee culture. Although ULVAC's business is so wide-ranging and I only had a vague idea about it all, I sensed the potential for vacuum technology in the future.

After I got my unofficial job offer, I noticed that my same-year peers were all just eccentric enough to make me really look forward to working here. Then when I finally entered I saw they really meant it when they said they cared about people. Being surrounded

by such fascinating and colorful seniors and class peers has been a good influence on my work. I'm learning a lot as I go and enjoying each day.

Though a few months have passed since I joined, I feel as if I'm still not a fully developed working person, so my goal is to keep growing step by step.



Hiroyuki Kobayashi
(Joined ULVAC in 2010)
Chiba Institute for Super Materials

Supporting Physical and Mental Health

Because employees are more likely to work to their full abilities when they are confident their health is being maintained, ULVAC's occupational health staff supports the physical and mental health of all employees.

Voice

Initiatives of the Health Promotion Office

ULVAC's Health Promotion Office has three measures in place for mental health. First, it offers an internal desk for employees to seek advice for physical illnesses and troubles. Second, it provides self-care training to new employees and training to help managers promptly detect stress-related mental problems among their subordinates. Finally, it supports employees on leave so they can recover from illness and come back to work without suffering relapse. As of December 31, 2009, there were about 50% fewer employees on leave for mental health reasons than a year earlier.

In FY2009, we held a health-related event for the first time with the employee cafeteria in Cooperation with Aim Services Co., Ltd. Titled "Smart ULVAC Project," this event sought to encourage

healthy food choices with "satisfying but healthy" lunches specially prepared by the cafeteria and scales placed around the company for employees to keep weight records. Pedometers were also handed out to give feedback on activity levels. When the event was conducted experimentally in 2009, its 20 participants lost an average of 4.6 kg of weight in half a year.

In FY2010, we have increased our full-time occupational health staff by one and aim to roll out the program so more employees can take part in the activities.



Satoshi Nakao
Occupational physician
Health Promotion Office



Increase in number of staff to better support employee health

CLOSE UP Showing appreciation on "Family Day"

Tainan Head Office,
ULTRA CLEAN PRECISION TECHNOLOGIES CORP.

The Tainan Head Office of ULTRA CLEAN PRECISION TECHNOLOGIES CORP. (UCPT) has steadily expanded its business since it opened about three and a half years ago, and it held a "Family Day" to show its appreciation.



UCPT invited its employees and business partners and their families, along with area citizens, to this event. About 180 people enjoyed stage entertainment, a random drawing and a tour of the Tainan Head Office plant.



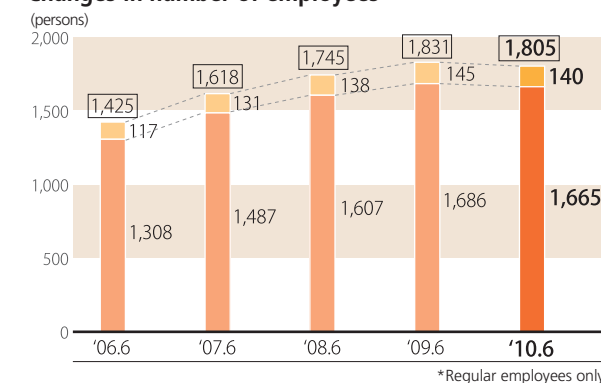
Personnel data (ULVAC, non-consolidated)

ULVAC promotes work/life balance by continuously reducing hours of overtime work and encouraging employees to take paid days off.

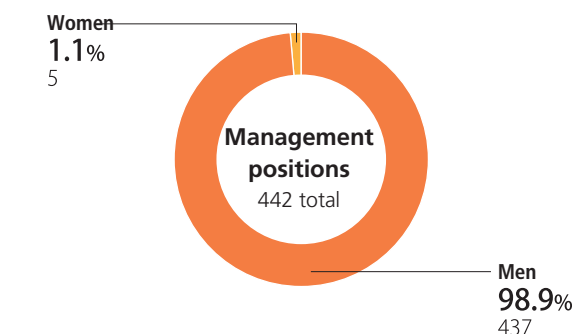
We continue to advance the hiring of people with disabilities, and as in the year before, we employed more such persons than the law required.

ULVAC has a high percentage of male employees because so many of our regular employees work in technical fields.

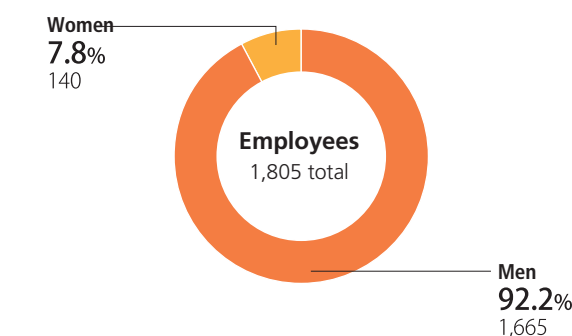
Changes in number of employees



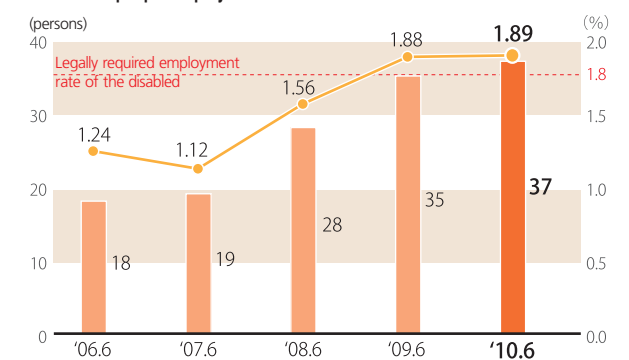
Percentage of men and women in management positions



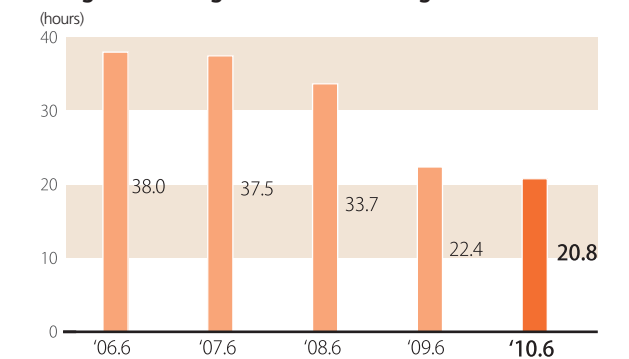
Percentage of men and women employees



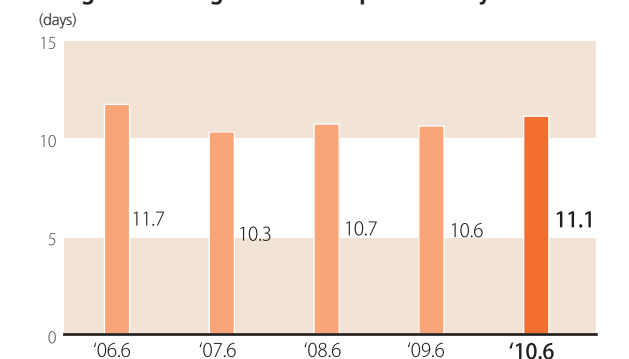
Changes in the number and percentage of disabled people employed



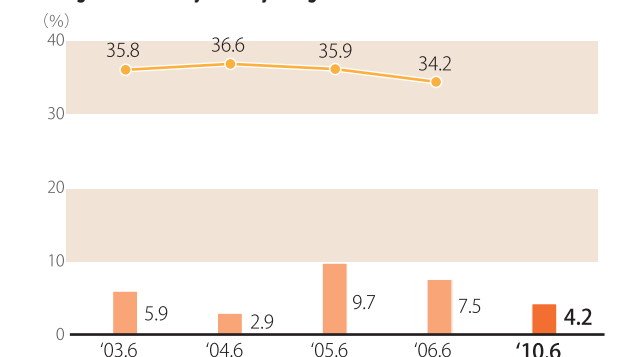
Changes in average overtime working hours



Changes in average number of paid holidays taken



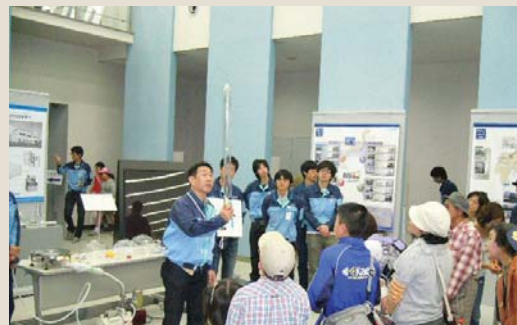
Changes in the number of employees leaving within three years of joining



Rain does not deter 4,000 visitors ULVAC Festival

On May 23, 2010, we held our first "ULVAC Festival" since 2007. We opened our Chigasaki Plant to the public to socialize with community residents and show them our appreciation. We welcomed about 4,000 visitors, who showed up in spite of pouring rain.

Employees set up booths on the premises that they had planned and managed themselves to sell yakisoba noodles, yakitori chicken and more, while local restaurants offered gourmet food booths. Together with plant tours and demonstrations of vacuum experiments, these created a lot of enthusiasm for the festival.



At a high school in Shanghai Vacuum Seminar

ULVAC (China) Holding Co., Ltd.



ULVAC (China) Holding Co., Ltd., a Group company located in Shanghai, held a lecture on basic vacuum knowledge for local high school students on September 23, 2009. The purpose of this event was to introduce "vacuum knowledge" to students born in the 1990s, who would not have learned about it in their regular school classes, so that these students too could become familiar with vacuum basics.

The lecture introduced the unique culture of ULVAC (China) Holding and acquainted students with basic vacuum technology that is part of our daily lives. After the lecture, the schools reported that their students had learned some good basic knowledge, had found the content very interesting and would like to have a tour of an ULVAC plant in the future. We hope in future to hold more such lectures in cooperation with educational organizations.

Solutions for abandoned farmland Tanbo (rice field) Project

At ULVAC, we believe that agricultural and environmental issues facing our local area (Chigasaki City) affect us too, and as such we contribute to city initiatives as part of our practice of CSR. We have also launched the Tanbo (rice field) Project to encourage communication with employee families and the local community.



This project started by spending a year restoring a fallow field in the Namegaya area in northern Chigasaki City. Then, with the cooperation of the city and owners of fallow fields, we plant, harvest and thresh rice, and we plan activities for a harvest festival.

At a planting event held in June, 32 people worked as a team to plant Kinuhikari rice seedlings by hand. Participants got to step away from their daily lives and seemed to commune with nature and enjoy time spent with family and colleagues.



Guest lecturer at Waseda University-NTU Double MBA Program

ULVAC SINGAPORE PTE LTD

President Yasuteru Ueda of ULVAC SINGAPORE PTE LTD gave a lecture as a guest of the Waseda University-NTU Double MBA Program educational course in Singapore.

The lecture was given at the request of Waseda University Business School in order to offer practical courses by persons from the business world. In his lecture, Mr. Ueda shared his actual experience from ULVAC's business, including the providing of customer service and management of customer relations. His practical discussion about the necessity of service in the manufacturing industry was well received and was the type of lesson that cannot be learned by regular classroom study alone.



Photovoltaic/electric vehicle quick charging system attracts attention at Chigasaki Environmental Fair 2010

ULVAC cooperated with Chigasaki City at the Chigasaki Environmental Fair 2010 on July 3-4 to introduce people to our photovoltaic/electric vehicle quick charging system and give them the experience of riding in electric vehicles.



This event helped visitors learn how ULVAC's photovoltaic/electric vehicle quick charging system benefits the global environment by using the sun's unlimited energy to power electric vehicles.

ULVAC will continue to publicize eco-friendly quick charging systems for EVs that use not only energy from the sun but also other natural energies such as wind and hydropower.



Bellmare

Local J. League Club

ULVAC becomes Shonan Bellmare's CSR partner

ULVAC and our local J. League team Shonan Bellmare have created a 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.



Global Corporate Citizenship Initiatives

As the ULVAC Group conducts its business globally, especially in Asia, Europe and America, we take positive corporate citizenship initiatives suited to each region's customs and culture.



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 individual meetings with investors.

Voice

ULVAC: from Japan to Asia

The financial crisis of 2008 caused overseas investors to rethink their appraisal of the Japanese market. Prior to the crisis, the Japanese market was seen as functioning independently, but now it is regarded as just one of the Asian markets. Investors, it has become clear, are starting to look at how competitive an enterprise is in Asia.

Accordingly, although in the past our IR activities focused on Japan, we now find it necessary to change our direction, by giving Asia its proper position and practicing IR at ULVAC as an Asian enterprise.

With Asia as its largest market, ULVAC already has a certain status, but we take these trends as an opportunity to demonstrate our importance to the region. Production equipment manufacturers in Korea, Taiwan and China have become more technologically advanced in recent years. Many such enterprises are already cost-competitive by nature, and we must of necessity consider them a threat in the future. ULVAC has long noted the potential for market growth in Korea, Taiwan and China, and with manufacturing sites in each of these, we have had a certain amount of success there.

We hope to use our IR activities to spread information to investors in Japan and abroad, such as the solid positions we have built in Korea, Taiwan and China and our competitiveness in Asia.

Takayuki Usumi

IR Manager,
Management Planning Department



IR in Japan and abroad for smoother investor communication

Since our listing on the First Section of the Tokyo Stock Exchange in April 2004, ULVAC has practiced active IR with Japanese institutional and individual investors and analysts. During that time, ULVAC's overseas sales have increased year by year and now stand at 55% of all our sales for the period ending June 2010. Moreover, the structure of ULVAC's sales has shifted from primarily LCD production equipment to energy and environmental (including solar cell) production equipment. Owing to rising environmental awareness, overseas institutional investors are very interested in our products, and the percentage of our shares held by non-Japanese investors is about 15% (as of June 30, 2010) and still increasing. For this reason, we practice IR with overseas institutional investors as occasion demands to make sure they have up-to-date information.

Periodic overseas IR initiatives

We hold individual meetings with institutional investors each year in Singapore and San Francisco. The San Francisco meetings are scheduled to coincide with SEMICON West, which draws visitors from all over America as well as Korea, Taiwan and Japan. This way, we can hold a large number of individual meetings, making our IR more efficient.



Individual meeting with institutional investor

Periodic IR conferences for foreign institutional investors

ULVAC takes part in large-scale conferences that a foreign-owned securities company holds twice a year in Japan. Investors from all over the world come together for individual meetings. We are also active participants in technology conferences and other events held as occasion demands.

Plant tours at ULVAC overseas affiliates

ULVAC is actively moving into Korea, Taiwan and China to manufacture there, and along with this our rate of local procurement is rising rapidly. These are active manufacturing bases, providing a foundation for ULVAC's growth, so we are eager to offer tours for institutional investors at these plants.

Timely information by telephone, video conferencing and conference call

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

Improving content in English versions of annual report and web site

Even before our stock exchange listing, ULVAC was already producing an annual report in English to provide information for overseas investors. Our English-language web site 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 individual 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 web site. As a result, we have won the "Enterprise Award for Internet IR Site Excellence" from Daiwa Investor Relations Co. Ltd. for three consecutive years. Moreover, we have been listed for the first time as a "Nikko IR General Ranking Enterprise with Excellent Web Site."



Stock position As of June 30, 2010

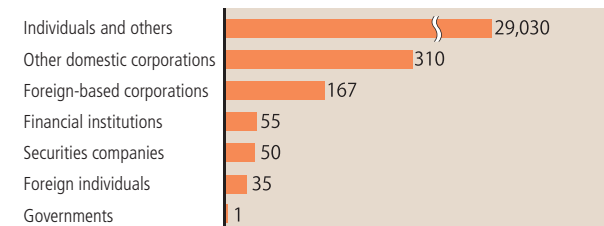
Total number of issuable shares	80,000,000 shares
Total number of issued shares	49,355,938 shares
Number of shareholders	29,649

Major shareholders

Name of shareholders	Number of shares in possession (1,000 shares)	Ratio of voting rights (%)
TAIYO FUND, L.P.	3,652	7.40
Nippon Life Insurance Company	3,602	7.30
Japan Trustee Services Bank, Ltd. (Trust account)	2,074	4.20
Mizuho Bank, Ltd.	1,916	3.88
Sumitomo Mitsui Banking Corporation	1,864	3.78
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,820	3.69
Association of Employee Shareholders of ULVAC	1,266	2.57
The Master Trust Bank of Japan, Ltd. (Trust account)	1,263	2.56
INABATA & CO., LTD.	795	1.61
Panasonic Corporation	782	1.58

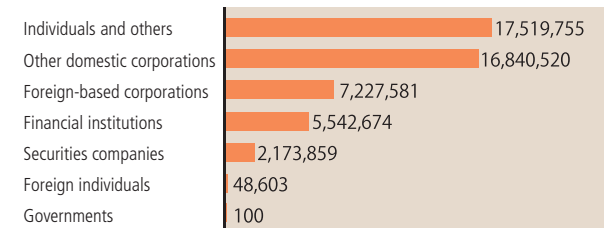
(Note) Percentage ownership is calculated after deducting treasury stock (2,846 shares).

Number of shareholders by category Total: 29,649



Treasury stock: 1 person

Number of shares by category Total: 49,335,938 shares



Treasury stock: 2,846 shares

Corporate Governance

The ULVAC Group regards corporate governance to be one of the most important issues for business operations. We aim to conduct highly transparent and fair business operations that reflect prompt management decisions.

ULVAC's management structure

Establishing the foundations for greater corporate value

ULVAC regards fairness, neutrality and transparency as vital for business operations. Accordingly, our 18-member Board of Directors includes two external directors, and the five-member Board of Corporate Auditors includes three external corporate auditors. The Board of Directors meets as required to maintain momentum, in addition to the regular monthly meetings. The corporate auditors have established close ties with the Internal Auditing Office and also with external independent auditors, while maintaining the necessary objectivity for closely overseeing the business structure. ULVAC's business structure has been configured to allow prompt management decision-making, while maintaining sufficient monitoring functions.

Operational structure

ULVAC has established a Board of Standing Directors and Auditors to supplement the Board of Directors, to

enable prudent examination of key business matters when conducting operations. Meetings of the Board of Standing Directors and Auditors are held twice a month on a regular basis, and additional ad-hoc meetings are held as required, enabling prompt management decision-making. The corporate auditors participate in all important company meetings including those of the Board of Standing Directors and Auditors, so that they can impartially express their opinions and conduct monitoring activities.

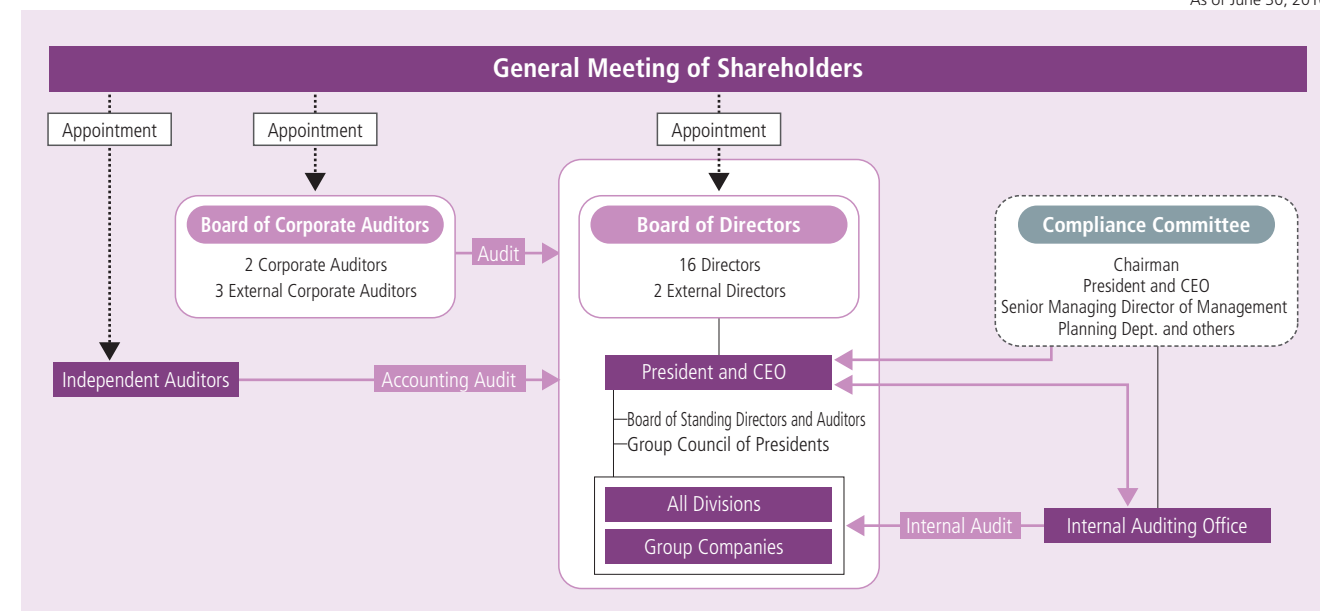
Company-wide measures

ULVAC has established a Corporate Code of Conduct that sets out the code of conduct required of each employee, and has distributed its booklet to each employee. ULVAC has established the Compliance Violation Reporting System, which is available for all employees, and the Compliance Committee that deals promptly with matters reported.

Through taking these comprehensive actions, ULVAC has practiced its commitment to corporate governance.

ULVAC management structure

As of June 30, 2010



Compliance

To introduce systems for full compliance with laws and regulations, the ULVAC Group has systematically established Compliance Regulations and related rules. The regulations stipulate matters related to the Compliance Committee and the Compliance Violation Reporting System, and activities are continuously implemented to cement a spirit of compliance across the company.

Establishment of a Corporate Code of Conduct

Cultivating a spirit of compliance in each employee

ULVAC has established a Corporate Code of Conduct consisting of 18 items that describe the behavioral standards expected of employees. After describing the details, we give employees a booklet that describes the content of this code. The booklet helps employees to act in compliance with the law as a representative of our business.

Corporate Code of Conduct

1. Excellent Products, Services, and Safety
2. Sound Corporate Association with Business Partners and Affiliated Companies
3. Promotion of Maintenance of Fair and Free Competition
4. Protection of Intellectual Property Rights
5. Corporate Secrets
6. Client Information
7. Respect for Employee's Personality and Individuality
8. Respect for Privacy
9. Respect for Human Rights and Nondiscriminatory Treatment
10. Assurance of Safe and Healthy Work Environment
11. Compliance with Laws or Ordinances
12. Insulation from Antisocial Forces
13. Disclosure of Information
14. Global Environmental Protection
15. Local Contribution
16. Overseas Business Activities
17. Thorough Implementation of Corporate Ethics
18. Pronouncements by Individuals

each department serve as members of the Compliance Committee to ensure prudent examination while assuring the fairness of internal investigations. Each member is required to maintain strict confidentiality, and to operate the system so that reporters and investigators are not treated detrimentally. Numerous interviews are held for internal investigations, both with internal and external persons, and attorneys also attend in cases where expertise is required.

Compliance awareness initiatives

Every effort is made to expand compliance practices to the entire ULVAC Group.

Since its start in 2003, the ULVAC Compliance Committee has conducted training to ensure that all employees act in conformity to the Corporate Code of Conduct. We first gave training on the Corporate Code of Conduct to Group companies in Japan and have been expanding it to the rest of the Group in turn as we strive to achieve, in name and in reality, a spirit of business operations that is shared by the entire ULVAC Group.

We will continue to give training that familiarizes employees with the Corporate Code of Conduct so that it will pervade and take root in the Group. And in addition to training for Group companies in Japan, our goal is to help the code pervade at overseas affiliates, so we will take proactive initiatives tailored to the customs and culture of each country and region.

Compliance with laws and regulations via the Compliance Violation Reporting System

Prevention of risk expansion through requirement for strict confidentiality

ULVAC has developed a Compliance Violation Reporting System to minimize the effects of any violations of laws and regulations. The contact point for the Compliance Violation Reporting System is the Internal Auditing Office that serves as the secretariat of the Compliance Committee, the internal compliance investigation division. To facilitate the use of the Compliance Violation Reporting System, the independence of the office's activities is ensured, and anonymous information is accepted. Moreover, the President and general managers of

Dealing with acts of violation

In the event of violation, we investigate the cause and try to prevent it from happening again.

If, as the result of an investigation, the Compliance Committee finds that laws and internal regulations are being violated, action is quickly taken to put a stop to the act causing the violation. Penalties are imposed on those involved in the violation, and stringent penalties may be imposed in the case of serious violations after examination by the Disciplinary Committee. In addition to investigating individual cases, the fundamental causes that brought about the violation are also studied to formulate measures for preventing recurrence.

Risk Management

The ULVAC Group has developed an organization that facilitates prompt and appropriate action against increasingly complex and diverse risk factors, through a process of identification, classification, analysis and evaluation. By linking the risk management system to strategic business administration, we seek to achieve even greater corporate value.

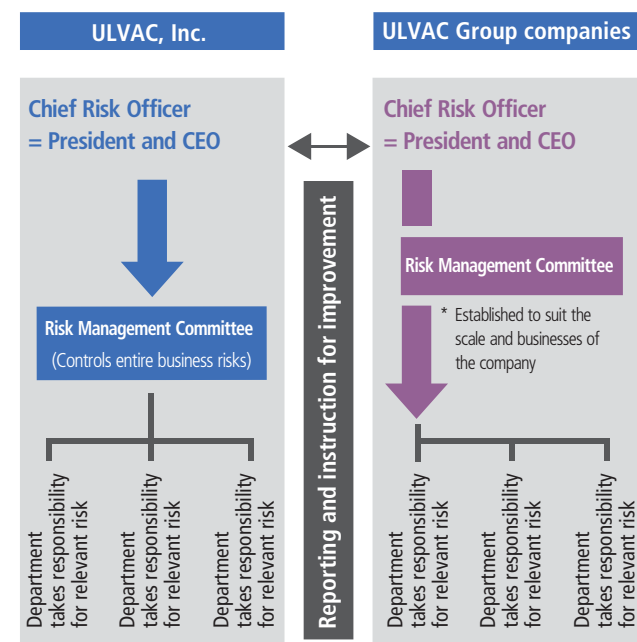
Creating a risk management system

Establishing rules common across Group companies, and strengthening the system for dealing with diverse risks

Stronger risk response through common Group rules

The ULVAC Group believes that expanding the risk management system is a critical business task, and it is continually looking at how best to operate the system. We have established the ULVAC Risk Management Policy to implement rules common across all Group companies. As a result, information on risks is conveyed promptly to related departments and also to the President, to enable flexible and timely action. A system has been established whereby the President of each Group company assumes the position of Chief Risk Officer, and conveys risk information to the President of ULVAC.

Risk management system



Risk management activities are implemented by the responsible departments through the PDCA processes.

ULVAC risk management system

Establishing a Risk Management Committee for continuous system development

ULVAC has classified a wide range of risks, and has set up departments responsible for each of them. Each department functions as an information center that works with related departments to identify and evaluate all specific risks, and then collects information to deal appropriately with the situation, while detecting any issues that arise. For risk information deemed to be important in the evaluation process, we continually collect information to enable prompt responses to emergencies. A Risk Management Committee, chaired by the President, has also been established to verify the risk management system. As the supervising organization for risk management, the Committee meets twice a year to set out basic policies and improve the management and operational situation.

Creating an internal control system

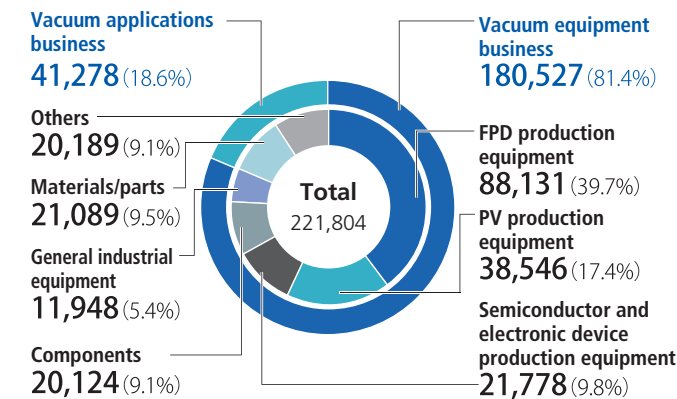
Group companies work in unity to carry out internal control initiatives.

ULVAC has built an internal control system for the entire Group, so that the governing organization will also comply with legal requirements.

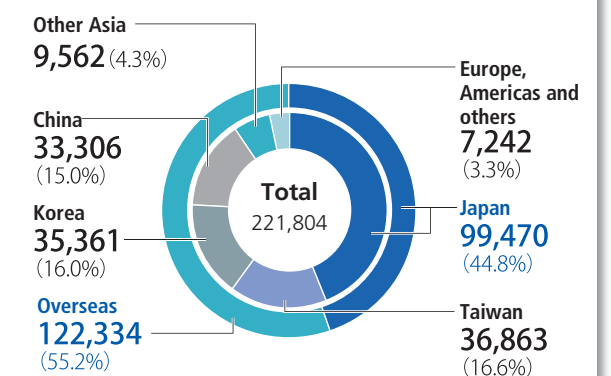
As part of this, we have set up an Internal Control Committee and IT Control Committee, which conduct activities to spread a common awareness of the ULVAC Group's internal control efforts.

Business Performance of the ULVAC Group

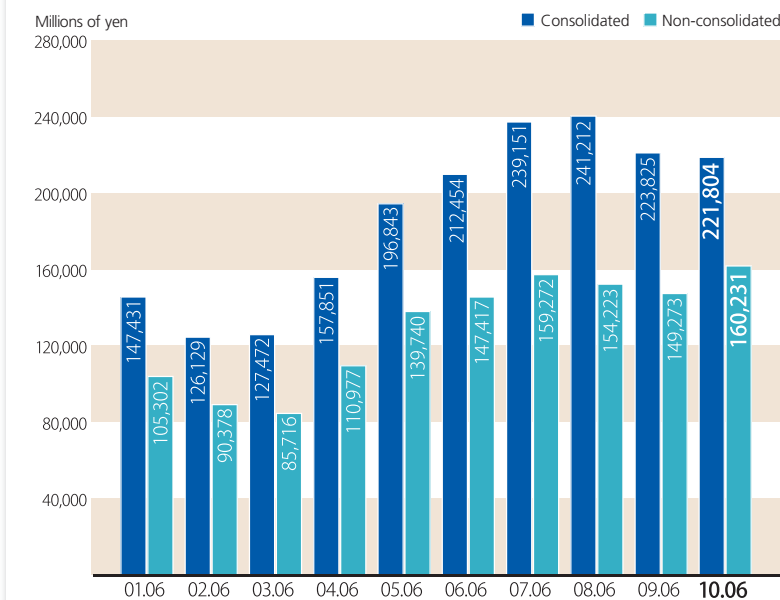
Net sales by business segment (Millions of yen)



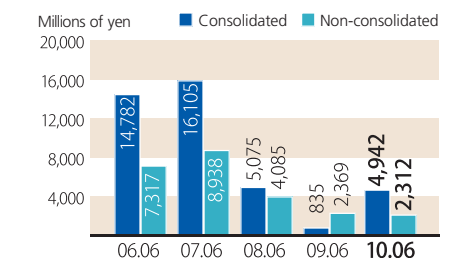
Net sales by region (Millions of yen)



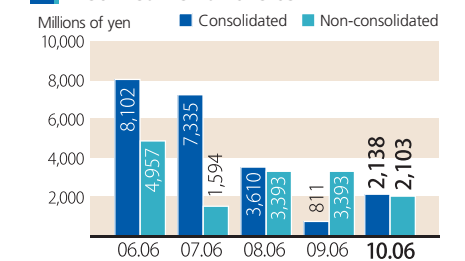
Sales



Ordinary profit



Net income for the term



Status of Socially Responsible Investment (SRI)

FTSE4Good Global Index

ULVAC was selected for four consecutive years for inclusion in the FTSE4Good Global Index, which is a Socially Responsible Investment (SRI) index established by the FTSE Group* that covers businesses from around the world.

*FTSE Group is an enterprise owned by The Financial Times and London Stock Exchange.



FTSE4Good