January 5, 2012

New Year's Message from President Takenaka

On January 5, 2012, the directors of IBIDEN visited the plants, and President Takenaka delivered his New Year's speech to employees at 8:00 a.m. By means of the teleconferencing system, New Year's greetings were also exchanged with overseas bases (the Philippines, Beijing, France and Hungary). President Takenaka's address is summarized below.

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Happy New Year to all of you.

In 2011, we were challenged by natural disasters on a massive scale that were completely beyond imagination, including the earthquake and tsunami in eastern Japan and the flooding in Thailand. The global economy was plagued by the delayed economic recovery in the United States and sovereign debt problems in Europe, while Japan's economy was impacted by yen appreciation, which reached an all-time high.

Our operating environment also experienced drastic changes. While the smartphone and tablet markets continued to grow rapidly, the PC market decelerated significantly, and this forced us to curb the production of IC packages, our mainstay product line, and thus hampered our earnings. In this business environment, all of our Operations embarked on structural reform, but the speed of the reforms failed to match that of the external changes, and much to my regret, the year ended below our expectations. Nevertheless, we are seeing some concrete changes for the better. The DPF Operation, for instance, is now set to boost its earnings once again after making full-fledged attempts at advancing "Zero-Loss *Kaizen*" by proactively engaging the R&D and Production Engineering Operations.

We are quickly approaching our centennial anniversary, which falls in November this year. We have been working exceptionally hard to build a solid foundation in line with the "Global IBI-TECHNO Medium-Term Business Plan" in an attempt to pave the way for another 100 years. To successfully complete the final year of our first century, we have selected three undertakings to serve as the basis for the centennial anniversary project. They are as follows. (1) Completion of the revamping/repair work at hydroelectric power plants (completion of Higashi-Yokoyama and Kawakami Stations, with work at Hirose Station scheduled for completion in spring 2012). (2) Further progress in and enhancement to "IBIDEN's Forest" (the forest rehabilitation program in conjunction with local citizens to build forest zones for relaxation). And (3) actions to ensure that the IPM activities (IBIDEN's self-initiated

activities to achieve *Kaizen*) will be firmly rooted throughout the IBIDEN Group.

In 2012 we anticipate another series of extremely difficult challenges ahead for the world economy, but let me point out that the business environment was even more difficult when our founder created IBIDEN one century ago. Going forward, we will implement the *Kaizen* techniques modeled after the DPF Operation's "Zero-Loss *Kaizen"* initiatives at all production locations, so that they can take root not only in Japan but at all IBIDEN locations throughout the world. And we will remake them into the world's most powerful production factories armed with the latest in cutting-edge production technology Japan has to offer and the ability to withstand foreign exchange fluctuations. So let us begin another 100 years of voyage based on the new, positive identity of "global organization with Japanese roots."

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