

# SEIKO

CORPORATE REPORT 2012



SEIKO HOLDINGS CORPORATION





## Genuine quality and the power of synergy

### SEIKO ASTRON

SEIKO ASTRON combines Seiko's quartz, solar, GPS and craftsmanship skills to create a unique advance in watchmaking—the power of synergy at its best.



### Luxury mechanical watches

Over the past 100 years, Seiko has built a tradition in luxury watchmaking. As one of the world's very few fully integrated manufacturers of watches, Seiko designs, produces and assembles all the main components of its watches in-house, including hairsprings and mainsprings.

## Raising the quality of the SEIKO brand

### WAKO: The face of Seiko

The WAKO clock tower is an iconic symbol on the Tokyo skyline and the newly renovated building is home to the new Seiko Salon, the leading flagship store for SEIKO watches, clocks and optical products.



### Supporting thrilling moments in sports

Since serving as Official Timer for the first time at the Tokyo Olympic Games in 1964, Seiko has provided high-precision timing at numerous competitions, such as the World Championships in Athletics and many international events. We are proud to support many of the most thrilling moments in world sports.



## Always one step ahead of the rest

### Solutions business

We offer solutions that link people and information to create safer and more convenient network societies. We have created solutions like Japan's first wireless settlement service, non-contact integrated circuit (IC) terminals for various types of e-money and information processing services for data centers.



### In-vehicle electronic components

Seiko offers ICs with the high dependability needed for automotive applications like power-steering, airbags and transmissions and thus contributes to the advancement of safety and comfort in vehicles.

## Continuing to be “a Company that is Trusted by Society” in keeping with our unchanging commitment to “reliable quality”

For over 130 years, Seiko has provided customers with reassurance and satisfaction based on its unchanged commitment to “reliable quality.” Our insistence on genuine quality and the synergy of our leading-edge technologies—as exemplified by SEIKO ASTRON, the world's first GPS solar watch launched in 2012—with design techniques established during 100 years of watchmaking, form the foundation of our *monozukuri* (manufacturing).

Since 1964, our skills in timing technology have been transmitted into world-leading timing systems for sports and we proudly serve as Official Timer to many international sports events, including the World Championships in Athletics.

Our commitment to quality is also expressed in the newly renovated WAKO store in the Ginza district of Tokyo. The building's renewal preserved and enhanced the historic exterior and it now houses a new Seiko flagship store providing visitors with the best possible experience of the SEIKO brand.

As our second main business after watches, we produce electronic components, including in-vehicle high valued-added electronics components that support the safety and comfort of vehicles. We also create solutions for realizing safer and more convenient network societies as our third business pillar. With these businesses, we are creating products and services that are “always one step ahead of the rest” and that resonate with people.

In the future as well, we will instill awareness that “reliable quality” is precisely the best means of connecting Seiko with its customers. Also, we will seek to further improve management transparency and fairness and we will maintain our focus on environmental concerns. Through these initiatives, we aim to continue being “a Company that is Trusted by Society.”



**Shinji Hattori**  
Chairman & Group CEO  
SEIKO HOLDINGS CORPORATION



**Yoshinobu Nakamura**  
President  
SEIKO HOLDINGS CORPORATION



# Introduction

Seiko is engaged in a variety of businesses, including watches, electronic devices, clocks and optical products. While promoting collaboration, each group company aims to continue to make further large strides forward in its own field.

## Watches

Since the launch of Japan's first wristwatch in 1913, Seiko has introduced a continuous stream of innovative products and, through growth, has become one of the world's very few true *manufactures*, making every component in every type of watch in-house. Seiko will always strive to continue to be a leader in the world's watch industry.

### A multi-brand strategy to meet every customer need

To respond to the wide range of customer needs, Seiko uses a multi-brand approach both in Japan and overseas. At the core is the SEIKO brand, but we also manufacture Grand Seiko, a luxury watch created in 1960 that has continually pursued the highest standards in a practical watch. In Japan and selected other markets, Seiko also offers the luxury CREDOR brand, specializing in dress and precious metal watches. SEIKO LUKIA is one of the popular collections for women who design their own distinctive lives. Seiko also offers other brands in lower price ranges including WIRED, which is targeted at the younger generation, and in international markets, PULSAR and LORUS, brands that offer outstanding value for the money.



### Luxury mechanical wristwatches uniting craftsmanship and advanced technologies

To respond to rising demand for our luxury mechanical wristwatches, Seiko established the Shizukuishi Watch Studio in Iwate Prefecture in 2004. Entirely specialized in luxury mechanical watches, this is one of the few studios in Japan with fully integrated operations ranging from the manufacture of components to the assembly of watches. The studio produces the highest level of quality mechanical watches with hand craftsmanship, including micron-level spring adjustments and the assembly of 1.98mm ultra-thin movements. The studio also uses its hand craftsmanship skills in fine engraving of movements and cases. These traditional skills are combined with advanced technologies such as component manufacturing utilizing cutting-edge metal forming technologies and new alloys. It is the fusion of the traditional and high tech that makes the studio's products unique.



### Launching a new revolution in watches: The world's first GPS solar watch

In 2012, Seiko launched SEIKO ASTRON, the world's first GPS solar watch. With just one touch of a button it adjusts to each of the world's 39 time zones and always provides the correct time anywhere in the world. In 1969, Seiko revolutionized the world of wristwatches with the QUARTZ ASTRON, the world's first quartz watch. Now the new ASTRON ushers in a new era of innovation in watchmaking. Designed for those who play active roles on the global stage, SEIKO ASTRON redefines the concept of what a watch can do and sets a new standard in wristwatches.



Principal operating companies

SEIKO WATCH CORPORATION  
SEIKO INSTRUMENTS INC.

## Electronic Components

Utilizing precision processing technologies and compact, low-power consumption technologies developed in watch manufacturing, we provide high-precision metal-processed components and electronic devices as well as system devices and solutions that apply wireless technologies and IT. By doing so, we are responding to the increasingly sophisticated needs of society and industry throughout the world.

### Supporting the advance of digital devices

We apply our sub-micron level precision processing technologies developed through watch manufacturing to offer motors and pivots for hard disk drives and shutters for digital cameras. Our machine tools that concentrate our know-how gained at metal-processing sites are widely used by automotive parts manufacturers and in many other industries. Additionally, our compact thermal printers that print by applying a heating element to thermal paper eliminate the need for ink and are outstanding in terms of maintenance and quiet operation. These printers are being used in an extensive range of products, including POS registers, payment settlement terminals and medical and measuring devices.

### Realizing compactness, low power consumption and high functionality

Our electronic devices, which originate from the development of quartz watches, play a key role in a broad range of fields that include mobile phones, digital home electronic appliances and automobiles. Our CMOS ICs and quartz crystals feature low-voltage drives and low power consumption, which help realize devices that are more compact and highly functional with longer operating times. Among these products, our ICs for quartz crystal modules command the world's largest share while our ICs for protecting rechargeable lithium batteries for mobile phones and other applications also boast a world top-class share. In micro batteries for wristwatches and other products, Seiko was the first company to successfully develop a mercury-free silver oxide battery that reduces the environmental impact.

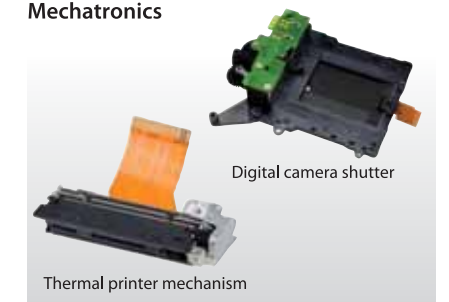
### Contributing to a networked society

We offer solutions that link people and information through data processing services, which include a wireless settlement service that enables card payment of taxi fares and door-to-door sales as well as our Time Stamping Authority service that has obtained the accreditation of the Japan Data Communications Association. Additionally, we provide restaurant ordering systems that enhance the ease of order taking in restaurants and other establishments, devices such as multi-functional printers that can output design drawings and large-scale inkjet printers for printing outdoor signs and posters. Our reliable technologies provide strong support for the operations of our customers.

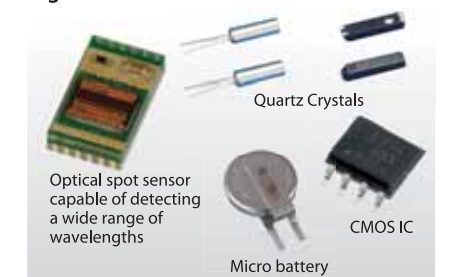
Principal operating companies

SEIKO INSTRUMENTS INC.  
SEIKO PRECISION INC.  
SEIKO NPC CORPORATION

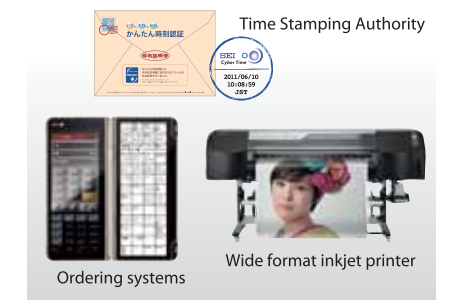
### Mechatronics



### Digital Devices



### System Applications



## Clocks

Seiko began manufacturing wall clocks 120 years ago. Since that time, we have continually led each era and in recent years have brought new technologies to a traditional industry in the form of advanced radio wave clocks. Seiko is able to offer an extensive collection of clocks drawing on the fusion of its advanced technology and a *monozukuri* (manufacturing) spirit that is supported by a long tradition.

### Integrated structure for operations ranging from planning to after-sales service

Under an integrated structure for operations that range from planning, development and manufacturing to after-sales services, Seiko has established production and procurement bases in Japan as well as in Hong Kong, China and Thailand and markets its products all around the world using Hong Kong as a base.

### From mechanical clocks to new radio wave clocks

We offer an extensive range of clocks, both high tech and traditional. SEIKO Ra-Clock Solar Plus is solar powered and combines radio control for precision with a unique setting mechanism for convenience. The range also includes high-grade mechanical clocks with engraved finishes.

Principal operating company

SEIKO CLOCK INC.



SEIKO Ra-Clock Solar Plus, a radio wave clock balancing a high level of precision and convenience



DECOR SEIKO Samurai mechanical clock

## Optical Products

The optical products business boasts a long history and a distinguished track record dating back over 90 years. We offer comfortable optical products (lenses and frames) to people around the world through our leading-edge technologies and reliable quality.

### Numerous “world’s first” and “Japan’s first” lenses that have etched their names in history

We have created numerous “world’s first” and “Japan’s first” lenses. These include Japan’s first plastic spectacle lenses in 1975 and the world’s first back surface progressive lenses in 1997. In the future as well, we will provide products and services centered on “individualized lenses” tailored to the requirements of each person.

### SEIKO brand and various types of licensed frames

As a pioneer in titanium frames, we offer frames that are light and comfortable to wear.

Principal operating company

SEIKO OPTICAL PRODUCTS CO., LTD.



Pursuit PV, a next-generation custom-made progressive lens



Verus collection of refined men's frames

## Retail

### A luxury specialty store that offers unrivalled quality and hospitality

At WAKO, an upscale specialty store that is a landmark in the Ginza district of Tokyo, we offer a wide range of high-quality products, including watches, jewelry, men’s and women’s products, interior decoration products and food. WAKO also offers high-quality services that our customers value and trust. In 2012, the clock tower at the Ginza 4-chome intersection marked its 80th anniversary and is famous as the iconic symbol of Ginza.

Principal operating company

WAKO CO., LTD.



The SEIKO Salon, located in the WAKO main building, is Seiko's leading flagship store.

## System Clocks / Sports Products

### Time systems for public spaces and sports events

We carry out comprehensive operations that range from planning and development to manufacturing, sales, installation and after-sales service for system clocks and sports products. This product line-up includes marionette clocks that decorate communities and system clocks for public places such as schools and hospitals as well as sports timing devices, large-sized displays and scoreboards. We also time major sports events both nationally and internationally.

Principal operating company

SEIKO TIME SYSTEMS INC.



Tower clock located in Haneda Airport's new international terminal

## SEIKO HOLDINGS CORPORATION

### Increasing synergies through smooth collaboration

As the holding company for the Seiko Group, SEIKO HOLDINGS CORPORATION is responsible for consolidation, legal tasks, management of intellectual properties, group publicity and investor relations. The holding company ensures that every employee can utilize his or her specialized knowledge and that each operating company is efficiently and flexibly managed.

By setting the direction of the entire Group and taking a long-term and holistic view, we aim to foster strong solidarity among the Group as well as improve business efficiency as we maximize synergies through collaboration between all the operating companies.





# How our values have developed SEIKO's 130 years of history



**1913**  
Introduced LAUREL, Japan's first domestically produced wristwatch.



**1964**  
Served as Official Timer of the Tokyo Olympic Games, the first of six Olympic Games at which Seiko supplied timing services.



**1987**  
Served as Official Timer of the IAAF World Championships in Rome and has supported all the Federation's subsequent World Championships.



**2004**  
Opened Shizukuishi Watch Studio, a fully integrated production facility for luxury mechanical wristwatches.



**2005**  
Developed mercury-free silver oxide battery, thereby realizing a reduction in the environmental impact caused by mercury.



**1939**  
At the order of the Imperial Household Ministry, as it was then called, manufactured braille watches for soldiers who had lost their eyesight.



**1970**  
Introduced the world's first radio-controlled clock system at Osaka Expo.

## Initiatives as a Pioneer



**1892**  
SEIKOSHA clock factory founded and production of wall clocks began.



**1930**  
Began production of Japan's first camera shutters.

**1950**



**1969**  
Introduced the world's first quartz watch.



**1985**  
Introduced the world's first ordering system for restaurants.



**1997**  
Introduced the world's first back surface progressive lenses.



**1999**  
Introduced the world's first SPRING DRIVE watch.



**2012**  
Introduced SEIKO ASTRON, the world's first GPS solar watch.

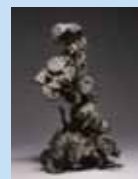
**2000**



**1881**  
Founding (founder Kintaro Hattori)

**1900**

## Technology Development



**1923**  
Great Kanto Earthquake. After a fire caused by the quake had destroyed the SEIKOSHA factory, Seiko replaced 1,500 watches that were in for repair and were ruined. (Right: newspaper advertisement announcing the replacement)



**1983**  
Introduced a talking clock.



**1917**  
Introduced bracelet-type wristwatches for women.



**1953**  
Commissioned Japan's first ever television commercial.



**1979**  
Carried out the "Why don't you change your watch as well?" campaign. Suggested owning several wristwatches as part of fashion.



**2007**  
Served as Official Timer for the Tokyo Marathon and every subsequent edition.



**2011-2014**  
Started the "SEIKO 130 Actions" project for supporting earthquake disaster reconstruction following the Great East Japan Earthquake. (Above: window displays related to disaster recovery (April-May 2011))

## Contributions to Society



Holding of a charity autograph-signing session with U.S. soccer player Landon Donovan in the U.S. state of California



Holding of auction of a clock with the autographs of players from FC Barcelona and donation of auction proceeds



Provision of Christmas presents to elementary schools in Otsuchi-cho, Iwate Prefecture



Donation of tuners and metronomes to elementary schools, middle schools, high schools and brass bands in the Tohoku region



Support for Kesenuma Photo Rescue Project



Participation in volunteer activities for decontamination of kindergarten play yard in Matsudo-shi, Chiba Prefecture

## SEIKO 130 Actions

"SEIKO 130 Actions" is being carried out by the SEIKO HOLDINGS Group, which marked its 130th anniversary in 2011. It is a project with 130 support programs to be implemented over three years to March 10, 2014. This project aims to contribute to the reconstruction of communities devastated by the Great East Japan Earthquake and the tsunami disaster. Rather than being an initiative implemented by the company alone, this project features the addition of volunteer support activities by individuals and groups of individuals from the Group who report these activities themselves and register them within the company as part of the SEIKO 130 Actions effort, as all employees and the entire company carry out activities in unison.





# Corporate Social Responsibility

## Corporate Philosophy

### A Company that is Trusted by Society

- Offering high-quality products and services with the consistent emphasis placed on a customer-oriented approach
- Further enhancing the value of the SEIKO brand that has been nurtured by its customers
- Further improving management transparency and fairness and focusing on environmental concerns

## Basic Principles of Corporate Ethics

1. Complying with the laws and rules of the countries and regions where business is conducted and engaging in fair practices in the light of social ethics
2. Aiming to become a sensible corporate citizen, and striving for harmony with society
3. Disclosing information in a timely fashion, and engaging in honest and transparent communications
4. Protecting the irreplaceable earth and contributing to the preservation of the environment
5. Respecting fundamental human rights and individuality, and building up a corporate culture with a broad vision which fosters the spirit of corporate ethics

## Corporate Governance

To execute our Corporate Philosophy of being “a company that is trusted by society,” Seiko has positioned complying with laws and regulations, assuring the transparency and fairness of management and respecting social ethics as crucial management issues and is promoting efforts to strengthen corporate governance to realize these objectives.

### Management activities earn high acclaim overseas

In August 2012, SEIKO OPTICAL UK, a European sales subsidiary of SEIKO OPTICAL PRODUCTS CO., LTD., earned the Gold Award, the highest evaluation presented to an organization, from Investors in People (IIP), a UK consulting company.

The Gold Award is presented to less than 2% of the 32,000 companies accredited by IIP and the earning of this award reflects their extremely high evaluation of SEIKO OPTICAL UK.



SEIKO OPTICAL UK staff receive the award from their Member of Parliament (left).

## Social Activities

### Experience the work of watch master craftsmanship at manufacturing sites

Seiko runs the City Clock pavilion exhibit at KidZania Tokyo and KidZania Koshien, which are spaces for children to learn about how society works.

In 2012, the KCJ Group, which operates KidZania, and Seiko have jointly hosted the “Out of

KidZania SEIKO Watch Master Craftsmanship Experience in Shizuishi,” a program that lets children experience watch assembly by visiting MORIOKA SEIKO INSTRUMENTS INC.



Children experiencing watch assembly

### The Tokyo Marathon participant support program

Every year since the first event in 2007, Seiko has been supporting all runners as the Official Timer of the Tokyo Marathon.

In the 2012 race, we developed the citizen runner support program along with the message “START YOUR TIME! Let’s go and find new aspects of ourselves.” Accordingly, we solicited participants as TEAM SEIKO members who will put their words into action and take on challenges by setting their own personal target time for completing the race.



Seiko developed exclusive advertising for display on Tokyo Metro lines.

### Meeting the challenge of counterfeit goods

Since the early 1980s, the SEIKO HOLDINGS Group has worked to completely eliminate counterfeit goods with the aim of protecting customers. Actions we take include the registration and active defense of our trademarks and investment in anti-counterfeit programs in cooperation with industry organizations worldwide.



Seized counterfeit watches bearing the SEIKO brand name

### Assisting the less fortunate in the United Kingdom

In the United Kingdom, Seiko contributes space and resources to the People to Places charity, which provides transportation to people who have difficulties getting to places they want to go due to sickness or disabilities. We donate space for their office staff and vehicle fleet within the premises of SEIKO UK LIMITED and help them to raise funds in a variety of ways.



People to Places volunteers

### Donations to support people affected by the flooding in Thailand and promote reconstruction efforts

SEIKO HOLDINGS CORPORATION, SEIKO PRECISION INC., SEIKO INSTRUMENTS INC. and SEIKO WATCH CORPORATION donated a total of 10 million yen to the Chaipattana Foundation, which was established by the King of Thailand to contribute to society with the aim of supporting people affected by the flood disaster that struck Thailand in 2011 and for the purpose of reconstruction.



Many local media covered the visit to Thailand and presentation of a monetary donation.

## Environmental Activities

Seiko believes in the importance of preserving the environment on which we all depend, and we put our “Environmental Policy” at the heart of everything we do, from the way we make our products to the way we recycle batteries and packaging.

### Products that are kind to the environment

The SEIKO HOLDINGS Group companies market a large number of products that are kind to the environment. Furthermore, we are making concerted efforts to create products and services that can positively contribute to improving the environment, as well as components that help improve the environmental features of our third-party customers’ products.

#### Examples of eco-friendly products

##### Solar watches

Thanks to a solar cell with high-efficiency electricity generation, SEIKO Solar is capable of converting all types of light into energy and no battery replacement is ever required. SEIKO Solar is a bright idea that is good for the planet.



##### PHS phones

###### PORTUS (WX02S)

These PHS phones feature Wi-Fi routers and contribute to improving resource savings and portability.



##### Voltage regulator ICs

###### S-1333 series

This S-1333 series achieved a 300 mA output current and an extremely low current consumption of 25 μA type, which reduces the current consumption of equipment and the mounting area of circuit boards.





# SEIKO HOLDINGS Group Overview

Through a network of subsidiaries, Seiko produces and markets its products on a global scale.

- Head offices of operating companies
- Watches
- Electronic Components
- Clocks
- Optical Products

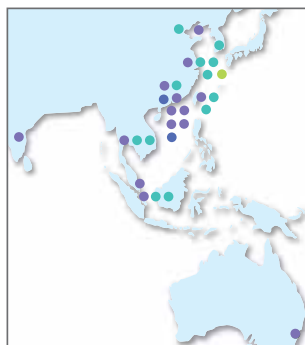
## AMERICA



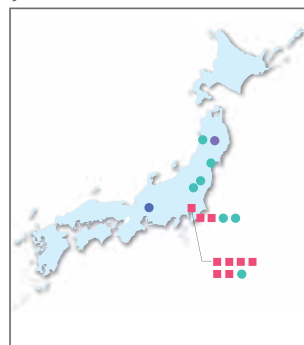
## EUROPE



## ASIA



## JAPAN

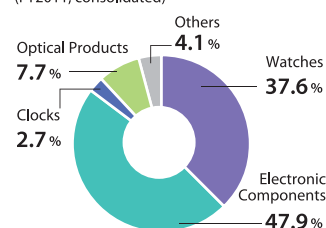


### SEIKO HOLDINGS CORPORATION

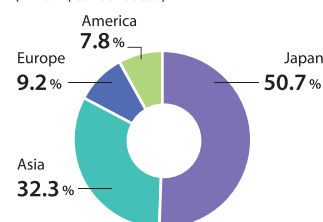
#### Corporate Information

<b>Year of establishment</b>	1881
<b>Capital</b>	10 billion yen
<b>Number of employees</b>	87 (as of March 31, 2012)
<b>Net sales</b>	4.6 billion yen (FY2011)
<b>Overview of business</b>	296.9 billion yen (FY2011, consolidated)
	Management control of its consolidated subsidiary companies which are engaged in the following business domains: watches, electronic devices, semiconductors, clocks, eyewear, high end apparel and fashion accessories, etc.

#### Net Sales by Business (FY2011, consolidated)



#### Net Sales by Region (FY2011, consolidated)



# SEIKO

- SEIKO WATCH CORPORATION
- SEIKO INSTRUMENTS INC.
- SEIKO PRECISION INC.
- SEIKO NPC CORPORATION
- SEIKO CLOCK INC.
- SEIKO OPTICAL PRODUCTS CO., LTD.
- WAKO CO., LTD.
- SEIKO TIME SYSTEMS INC.

### SEIKO HOLDINGS CORPORATION

8-10, Toranomon 2-chome, Minato-ku, Tokyo 105-8505, JAPAN  
 TEL +81-3-6739-3111  
 E-mail: prdept@seiko.co.jp  
 http://www.seiko.co.jp/en

