

SEIKO

Moving ahead. Touching hearts.

Corporate Report 2014-2015



SEIKO HOLDINGS CORPORATION



Seeking to raise Seiko into a world-leading brand and open up a new era

In 1969, Seiko revolutionized the world of watches with the commercialization of the world's first quartz watch, Quartz Astron, and made the Seiko brand a household name around the world. Throughout the years, Seiko has solidified this position by delivering to the world watches that are ahead of the times. Today, we make the most of diverse business opportunities with the aim of raising Seiko to a world-leading brand and taking the next leap forward. The world's first GPS solar watch, Seiko Astron, has become a global de facto standard, embodying our dominant presence in the global market, while we also strive to create innovative products and services in other fields. Seiko will strive to open up a new era while keeping in mind our strong founding spirit "Always one step ahead of the rest" and our recently established slogan "Moving ahead. Touching hearts."

Shinji Hattori
Chairman & Group CEO
Seiko Holdings Corporation

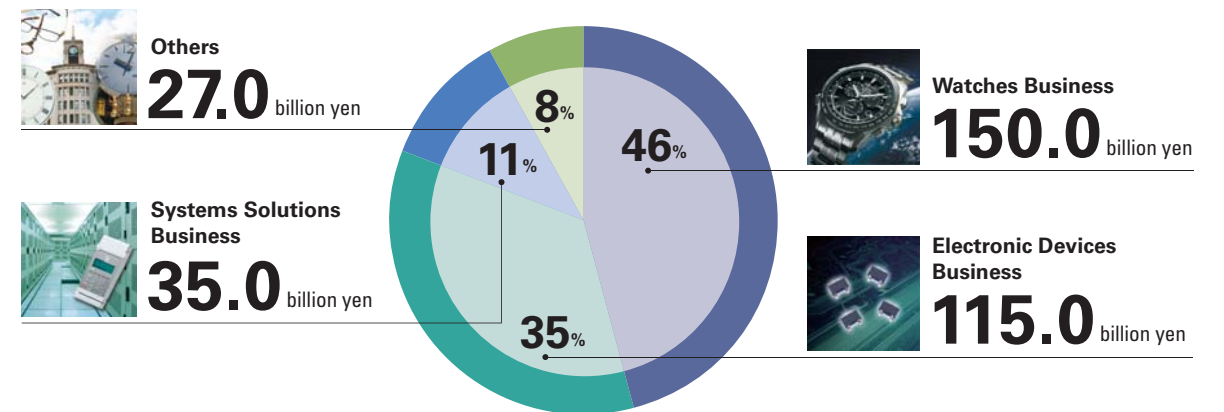
Committed to creating pleasant workplaces where employees can work to their full potential

Seiko has made a solid start to its Fifth Mid-Term Management Plan, which began in April 2013, with increases in sales and profits exceeding targets in the year ended March 31, 2014, the first year of the plan. As we move toward the final year of the plan ending March 31, 2016, we will continue executing our basic policies to "maximize segment profitability" and "qualitatively reinforce our management foundation." The driving forces supporting our business and behind our growth are our human resources. We are pushing ahead with diverse measures under the Fifth Mid-Term Management Plan based on the theme of "Forming mechanisms for developing human resources for sustainable business growth and conducting inter-Group personnel exchange." In particular, in order to further promote the roles of women at Seiko, we are implementing programs aimed at enlightening the company, enhancing awareness and boosting motivation. In addition, we are making concerted efforts regarding human resources development throughout the Group by providing seminars by job level that support the development of employee capabilities. We are also working to establish a healthy workplace environment that is pleasant for everyone through such means as health and safety rules and regulations and measures relating to mental health.

Yoshinobu Nakamura
President
Seiko Holdings Corporation

Fifth Mid-Term Management Plan (Fiscal 2013-Fiscal 2015)

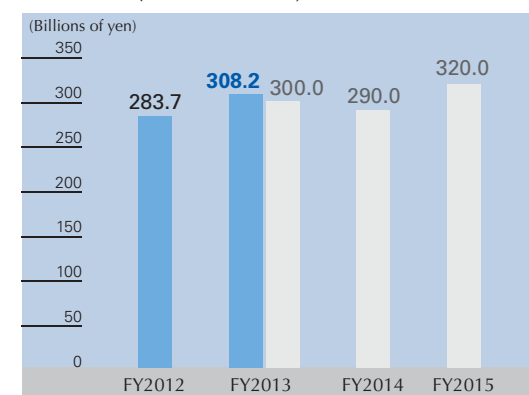
Sales target figures by segment for FY2015



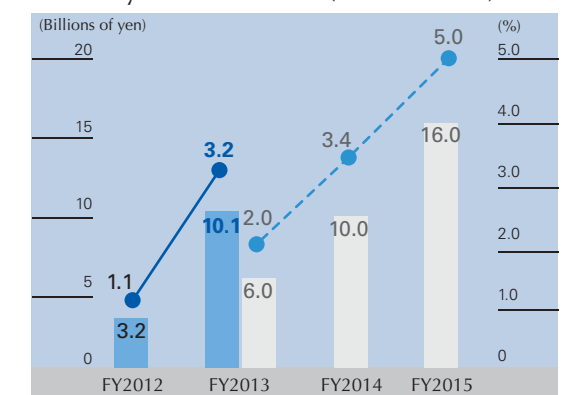
*The sales target figures and percentages shown in the pie graph are calculated based on figures before adjustments for inter-segment sales or transfers.

For the fiscal year ended March 31, 2014, the first year of the Fifth Mid-Term Management Plan, the Company reported consolidated net sales of 308.2 billion yen, a year-on-year increase of 24.4 billion yen, despite the impact of the sale of the scientific instruments business that took place during the fourth quarter of the previous fiscal year, which was a factor in lowering revenue. On a per-segment basis, sales under the Watches Business grew steadily both within Japan and overseas, and the Electronic Devices Business, particularly the performance of semiconductors, recovered as well. In terms of income, operating income amounted to 14.0 billion yen, a year-on-year increase of 8.4 billion yen. This significant growth in operating income is primarily attributable to the performance of the Watches Business. Ordinary income increased by 6.9 billion yen over the previous fiscal year to 10.1 billion yen.

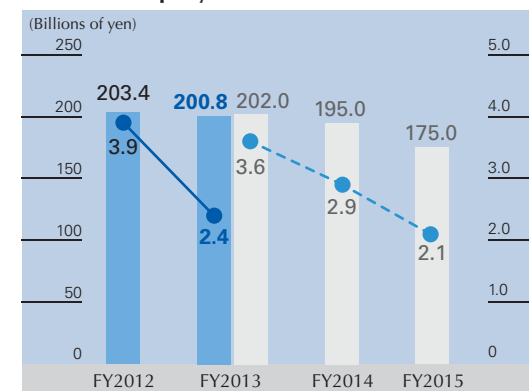
Net sales (consolidated)



Ordinary income / Ratio (consolidated)

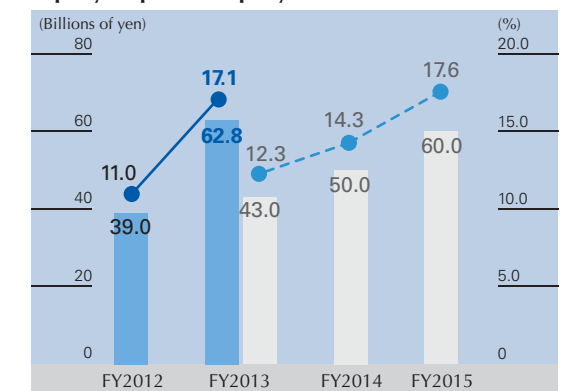


Interest-bearing debt* / Net debt/equity ratio (consolidated)



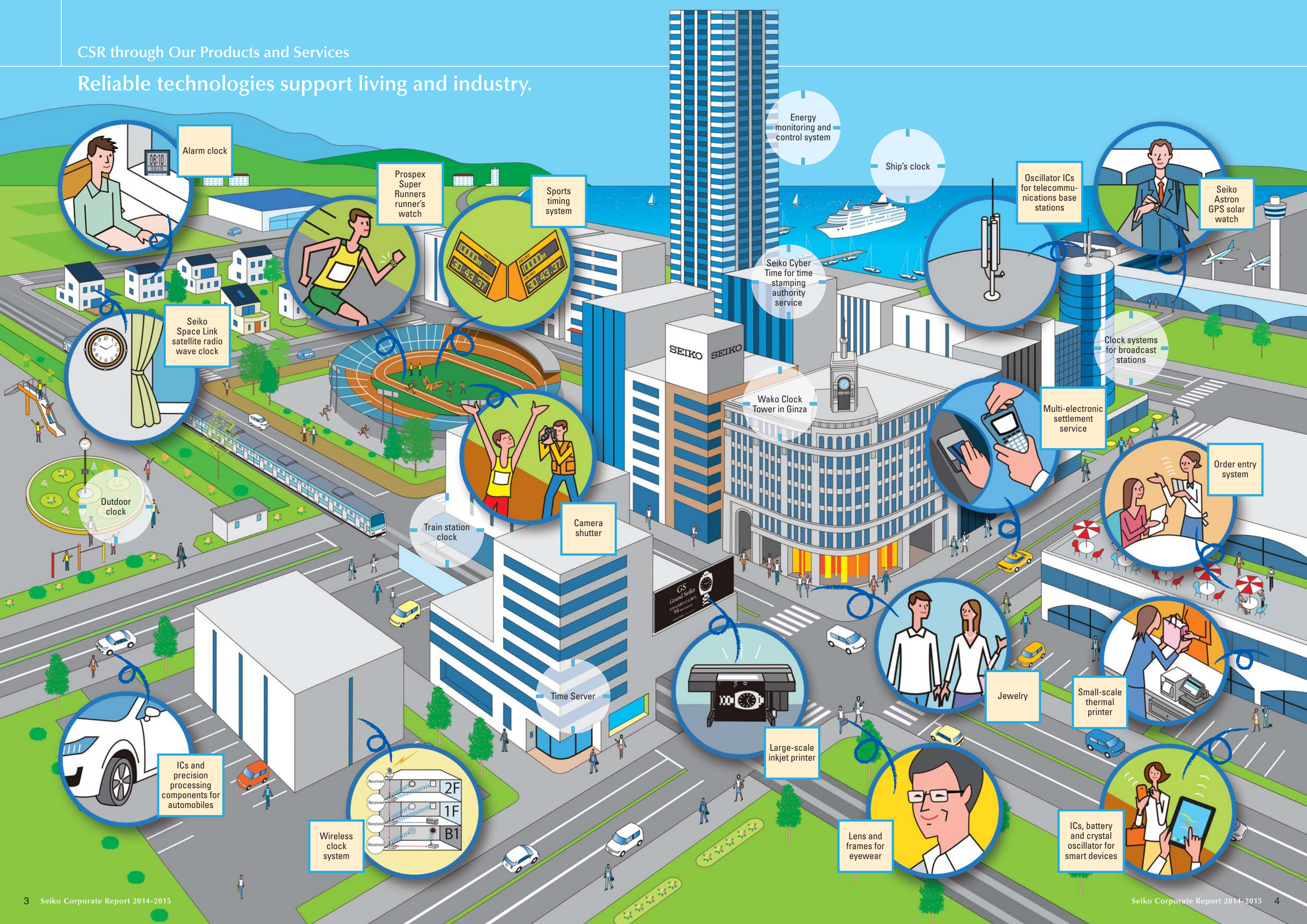
*Loans payable + Lease obligations

Equity capital / Equity ratio (consolidated)



Actual (solid line) Target (dashed line)

Reliable technologies support living and industry.



Alarm clock

Prospex Super Runners runner's watch

Sports timing system

Energy monitoring and control system

Ship's clock

Oscillator ICs for telecommunications base stations

Seiko Astron GPS solar watch

Seiko Space Link satellite radio wave clock

Seiko Cyber Time for time stamping authority service

Clock systems for broadcast stations

Wako Clock Tower in Ginza

Multi-electronic settlement service

Order entry system

Outdoor clock

Train station clock

Camera shutter

Time Server

Large-scale inkjet printer

Jewelry

Small-scale thermal printer

ICs and precision processing components for automobiles

Wireless clock system

Lens and frames for eyewear

ICs, battery and crystal oscillator for smart devices



Watches

We aim to be a leading company in the world of watches as one of the few “manufactures d’horlogerie” in the world to produce all key components in-house.

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 simple operation it adjusts to your time zone* and always provides the correct time in different places on earth. In 1969, Seiko revolutionized the world of watches with the Quartz Astron, the world’s first quartz watch. Seiko Astron, regarded as the second revolution after the Quartz Astron, has earned extremely high acclaim following its launch and we will strive to position this as a standard for new watches that overturns existing concepts in watches.

* Time zone data as of January 2012 (7X series) or January 2014 (8X series). Changes to time zones occurring after this date are not programmed and manual adjustment may be required.



Seiko Astron, the world’s first GPS solar watch

Luxury mechanical watches uniting craftsmanship and advanced technologies

To respond to rising demand for our luxury mechanical watches, 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. Serving as a nucleus, 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 technology that

makes Grand Seiko and Credor brands unique with exceptional performance.



Shizukuishi Watch Studio (Iwate Prefecture)

A wide-ranging multi-brand strategy to meet every customer need

To respond to the diversification of customer needs, Seiko uses a multi-brand approach both in Japan and overseas. We offer watches matched to a variety of lifestyles through our richly distinctive brands that include Grand Seiko, which provides the essentials of watchmaking raised to the level of art, as well as Credor, our premier dress watch collection, and Seiko Lukia for women who lead their own unique lives. Additionally, with a view toward the fashion sports watch market that continues to grow globally, in July 2013 we established a new company that integrates the Seiko Holdings Group’s businesses in this field as we strive to expand our share.



Seiko Lukia

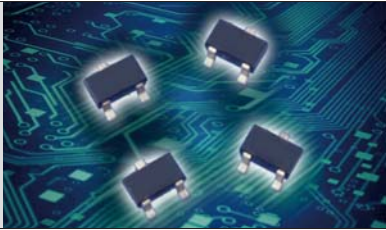
Grand Seiko

Principal operating companies

Seiko Watch Corporation
Seiko Instruments Inc.

Electronic Devices

Seiko Supports an increasingly sophisticated society and industry with precision processing technologies and compact, power-saving technologies.



Electronic 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 smartphones, digital home electronic appliances, automobiles and industrial equipment. Our CMOS ICs and quartz crystals feature compact low-voltage drives, low power consumption and high precision, which contribute to the realization of more compact and highly functional devices with longer operating times. Among these products, our CMOS ICs are widely used for vehicles which require stable operation under harsh conditions, and their capabilities are highly acclaimed. Meanwhile, our ICs for quartz crystal modules command the world’s largest share.



CMOS ICs

Quartz crystals

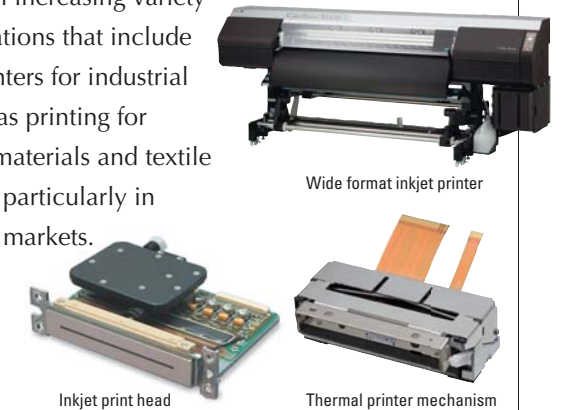
Micro batteries / Chip capacitors

Printers

—Reliable technology capabilities provide an enhanced sense of security and superb productivity

Our thermal printer mechanism, which enables printing by applying a heating element to thermal paper, is being used in an extensive range of products, including POS registers, payment settlement terminals, and medical and measuring devices. Our large-scale inkjet printers for printing outdoor signs and posters attain a balance between high productivity and high image quality and ensure ease of use and environmental compatibility. These printers solidly support the business operations of our customers. Our inkjet print heads, a core component in printers, are

used in an increasing variety of applications that include inkjet printers for industrial use such as printing for building materials and textile products, particularly in emerging markets.



Wide format inkjet printer

Inkjet print head

Thermal printer mechanism

Mechatronics

—Precision processing technologies that support society

Seiko provides precision turned parts that are used in a variety of fields, including HDD, medical instrument, camera, motor and mobile phone components, by utilizing precision processing technologies developed through watch manufacturing. We are also engaged in the manufacture of automotive parts such as anti-lock brake system (ABS) parts and engine and transmission parts for automobiles as well as 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, and their capabilities are fully used in high-precision production.



Digital camera shutter

Automotive use precision processed parts

Internal grinder

Principal operating companies

Seiko Instruments Inc.
Seiko Precision Inc.
Seiko NPC Corporation

Systems Solutions

Seiko provides high added-value solutions through combined services that integrate hardware, applications and data centers.

Systems integration

—Providing total ICT solutions through customer- and market-based response

Seiko provides comprehensive building management systems and other energy management systems that realize energy conservation, ordering systems supporting restaurant operations and digital evidence solutions for assigning a digital signature and time stamp to digital information. We propose solutions that are intimately connected to the customer and focus deeply on market needs.



MONSTERA restaurant ordering system

Payment solutions

—Integrated support from terminals to services that meet payment settlement needs from the customer's perspective

Seiko provides optimal and total payment solutions for customers. This includes the development of non-contact IC terminals, the sale of payment package software that supports e-commerce among companies and the provision of CREPiCO, a wireless credit card settlement service for taxi fares and doorstep sales. Our integrated support also includes the operation of information processing centers.



Settlement terminals for taxis



Non-contact IC settlement terminals

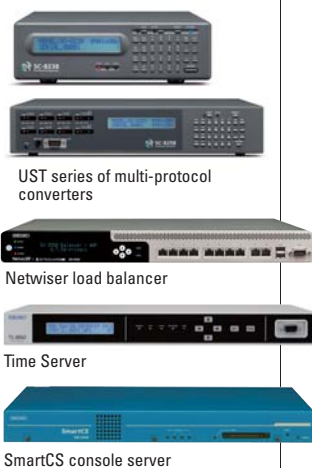


Various services of settlement business

Network solutions

—Generating trust and peace-of-mind with products that have exceptional connectivity in areas such as time synchronization and legacy communications

Seiko provides uniquely developed products with high reliability and stability such as time servers that deliver standard time to machines on a network with exceptional precision, the UST series of multi-protocol converters that respond to existing legacy communications and seamlessly integrate information, and various network devices for steady communication over an Ethernet. We deliver new value through the seamless unification of information.



SmartCS console server

Mobile solutions

—Aiming to be a mobile solution vendor that leads the M2M market

Seiko provides pioneering products in the M2M market by leveraging wireless and downsizing technologies nurtured over the years. We have expanded into operational services through Japan's first LTE 3-band communication modules and communication module assemblies. Our aim is to be a mobile solution vendor that can resolve diverse industry challenges.



Mr. Sho-Ene heat, humidity and illumination node



Smart body composition scale



PHS phone

Principal operating company

Seiko Solutions Inc.

Others

Contributing to society through a wide range of business domains that include clocks, retail, system clocks/sports products and optical products.



■ Clocks

For 120 years since it began the production of wall clocks, Seiko has made clocks that have been at the forefront of the industry. In 2014, Seiko was the first in the world to release a satellite radio wave clock for domestic use that corrects the display time automatically based on time information received from a GPS satellite. So long as signals can be received from the GPS satellite, it is possible to display the exact time irrespective of country or region.



Seiko Space Link, the world's first satellite radio wave clock for domestic use

Principal operating company

Seiko Clock Inc.

■ Retail

Wako, an upscale specialty store that is a landmark in the Ginza district of Tokyo, offers a wide range of high-quality products and services, beginning with watches, as well as jewelry, men's and women's products, interior decoration products and foods. All products and services have been independently developed incorporating the opinions of customers or meticulously selected in Japan or overseas.



Wako Main Building

Principal operating company

Wako Co., Ltd.

■ System Clocks / Sports Products

We plan, develop, manufacture, sell and service system clocks and sports products. Our product lineup includes facilities clocks for public places such as schools and hospitals; marionette clocks that decorate communities; specialty clocks such as clocks for broadcasters; sports timing devices that enable precise measurements to 1/10,000th of a second; competition processing computer systems; and various types of large-sized displays and scoreboards.



Large display panel at the Tokyo Tatsumi International Swimming Center

Principal operating company

Seiko Time Systems Inc.

■ Optical Products

Seiko's Optical Products business boasts a long history dating back over 90 years. We engage in business ranging from the planning to sales of lenses and frames. As one of only a few companies around the world that handle both lenses and frames, we aim to further promote the concept "Seiko eyewear, the solution" by proposing "EYEWEAR THAT PERFORMS" eyewear that realizes the highest and optimal performance.



Seiko eyewear new advertisement

Principal operating company

Seiko Optical Products Co., Ltd.

Seiko Holdings Corporation

Seiko Holdings Corporation strives to ensure maximum synergy between the Group companies. As the holding company, it ensures that every employee can utilize his or her specialized knowledge and that each operating company is efficiently and flexibly managed.

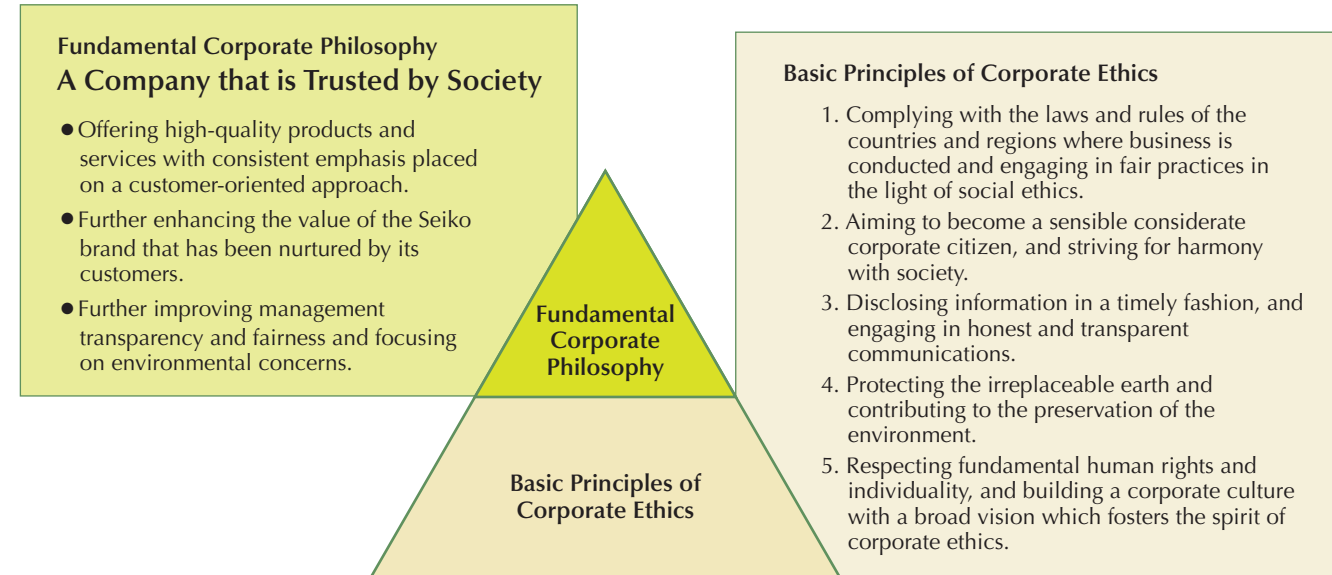


Group publicity communications meeting

Corporate Social Responsibility

The Group's fundamental corporate philosophy is to be "A Company that is Trusted by Society," and in undertaking our corporate social responsibility (CSR) activities, we instill every employee with the awareness that "reliable quality" is the best means of communication for connecting Seiko with our customers.

Seiko's aspired CSR



Social Activities

The Seiko Museum for learning about "time" and "timekeeping"

The Seiko Museum (formerly the Seiko Institute of Horology) was established in 1981 to commemorate 100 years since the founding of Seiko.

In 2014, the museum is running a special exhibition until the end of the fiscal year entitled "Glamour and Precision" to mark the 40th anniversary of the Credor brand of high-end dress watches and the 50th anniversary of the release of Japan's first chronograph (watch with stopwatch function).



The Seiko Museum special exhibition "Glamour and Precision"

Seiko 130 Actions to spread the spirit of harmony and connection

Through the Seiko 130 Actions project to support reconstruction after the Great East Japan Earthquake, the Seiko Holdings Group carried out for three years more than 130 programs designed to aid disaster-stricken areas.

Although the Seiko 130 Actions project was concluded on March 10, 2014, the Seiko Holdings Group will continue to conduct activities supporting areas affected by the Great East Japan Earthquake.

In fiscal 2014, we are working on a project of the spirit of harmony and connection, in which victims from the stricken areas along with supporters write their thoughts and wishes alongside each other on 2015 headbands, and they will be tied together at a concert to support eastern Japan in a spirit of "harmony" in Tokyo planned for March 11, 2015.



A concert to support eastern Japan in a spirit of "harmony" performed in Tokyo on March 11, 2014

Timing and sponsorship of sports events

The Tokyo Olympic Games held in 1964 was the first time Seiko served as Official Timer on the international stage. Seiko introduced a comprehensive electronic timing system, a world first that marked the start of the quartz age. To this day, the Company continues to support as Official Timer such sports events as the Tokyo Marathon and Osaka Marathon, which city runners aspire to, and the IAAF World Championships, in which top athletes gather from around the world. Seiko was a special sponsor of Seiko Golden Grand Prix 2014 Tokyo in May 2014. Top athletes from around the world came together for this event and a number of competition records were set, including a new Japanese record.



Seiko Golden Grand Prix 2014 Tokyo



Seiko Pavilion at the IAAF World Championships, Moscow 2013

Cooperation to enlighten and prevent women's heart disease

Seiko has been sponsoring the 'Go Red for Women' campaign in the United States since 2011. Under this initiative, which is organized by the American Heart Association for enlightening and preventing women's heart disease, Seiko donates US\$25 for each 'Go Red' Seiko Tressia watch sold to support the cause.



'Go Red' Seiko Tressia

People to Places volunteer activity

In the United Kingdom, Seiko contributes space in support of the 'People to Places' charity, a volunteer activity to provide transportation to people who have difficulty getting to places they want to due to sickness or disability. We provide space for their office and vehicles within our premises free of charge throughout the year and donate products for drawings to help them raise funds.



'People to Places' in the United Kingdom

Environmental Activities

Products that are kind to the environment

The 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 customers' products.

At Seiko Watch Corporation, the combined percentage of mechanical watches, and kinetic watches and solar-powered watches that have less environmental impact with no battery replacement required, is two-thirds in terms of net sales. Additionally, the world's first solar-powered GPS watch, Seiko Astron, is also an ultimate eco watch.

Seiko Clock Inc. offers an extensive lineup of eco-friendly clocks, including solar clocks that are compliant with the Law on Promoting Green Purchasing.

Seiko Instruments Inc. has formulated its Green Plan based on the concepts of 'Green Process,'

'Green Products' and 'Green Life,' under which the company practices environmentally conscious management. In 2001, the company introduced the SII Green Product Label System based on its original standards, followed by the SII High Grade Green Product Label System introduced in 2006, to steadily improve the environmental performance of its products.

Seiko Solutions Inc. sells the GreenTALK energy monitoring and control solution package, which was introduced to many companies in recognition of the product's outstanding points in terms of connectivity, expandability and customizability.

Examples of SII Green Products



POS printer RP-D10 series



Quartz movement VK73A

Seiko Holdings Group Overview

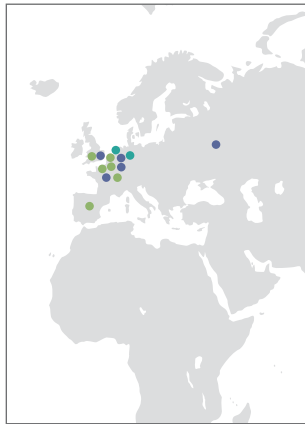
Through a network of subsidiaries, Seiko produces and markets its products on a global scale.

- Holding company
- Watches
- Electronic Devices
- Systems Solutions
- Others

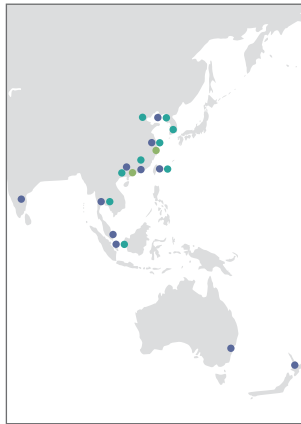
AMERICA



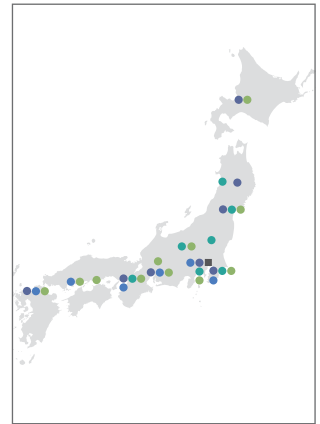
EUROPE



ASIA



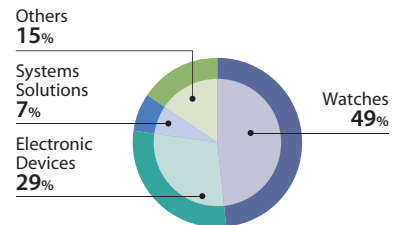
JAPAN



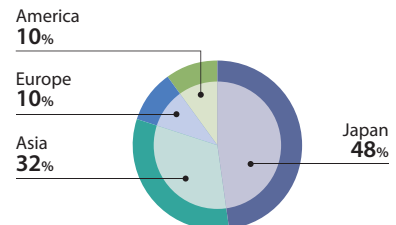
Seiko Holdings Corporation Corporate Information

Year of establishment	1881
Capital	10 billion yen
Number of employees	112 (as of March 31, 2014)
Net sales	13,439 (as of March 31, 2014, consolidated) 10.8 billion yen (fiscal 2013) 308.2 billion yen (fiscal 2013, consolidated)
Overview of business	Management and control of its consolidated subsidiary companies which are engaged in the following business domains: watches, electronic devices, systems solutions, clocks, high end apparel, fashion accessories and system clocks etc.

Net Sales by Business (FY2013, consolidated)



Net Sales by Region (FY2013, consolidated)



SEIKO

- Seiko Watch Corporation
- Seiko Instruments Inc.
- Seiko Precision Inc.
- Seiko NPC Corporation
- Seiko Solutions Inc.
- Seiko Clock Inc.
- Wako Co., Ltd.
- Seiko Time Systems Inc.
- Seiko Optical Products Co., Ltd.

Seiko Holdings Corporation

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

