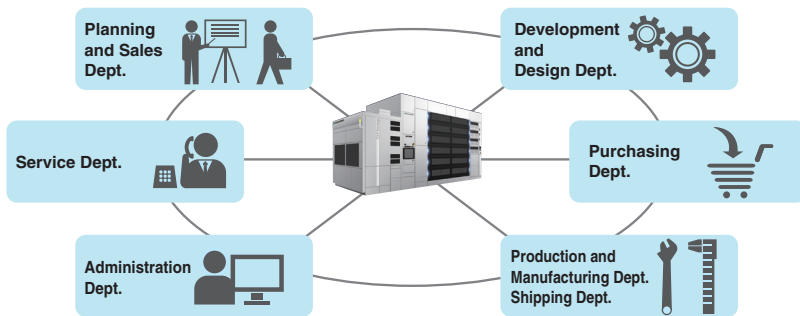


Quality

Each individual employee of the TEL Group strives to understand the true needs of customers, and we provide high quality products and services to satisfy our customers by continuously working to improve quality through our respective work.

The concept of high quality manufacturing

The TEL Group promotes the concept of high quality manufacturing throughout our entire company. From the Development and Design, Purchasing, Production and Manufacturing, and Shipping Departments directly responsible for our products to the Planning and Sales, Administration, and Service Departments supporting them, we constantly strive to improve quality to meet and exceed the expectations of our customers.



Aiming to increase the quality of all departments

Quality promotion framework

The TEL Group has established a cross-divisional TEL Group Quality Promotion Framework led by four working groups. These working groups cooperate with each other for efficient and stable quality control with the goal of improving customer satisfaction.

Initiatives for improving quality

In order to increase efficiency and design quality, the TEL Group employs a strategy of early detection to solve potential problems in the early phases of product development. As a result, it is highly important to correctly identify and pinpoint potential problems during the early stages of design. To guarantee the highest possible quality, we expanded our training programs created to improve design quality and skills and built a matching framework to test them.

In the future we will be increasing efforts to use appropriate analysis techniques to improve equipment design quality and build quality as well as reduce man-hours and development costs, and use evaluations to properly measure and reward employee skill and improve motivation.

In Focus From the manufacturing workplace—Improving quality and productivity through TPM activities^{*1}

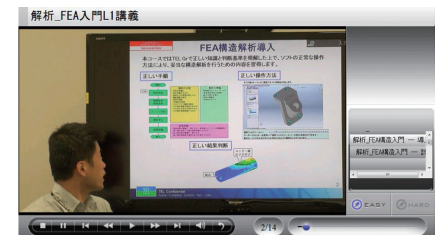
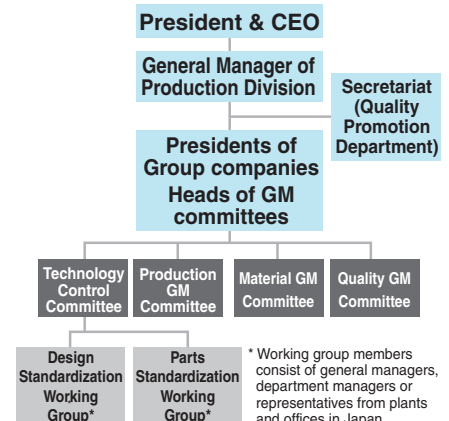
The TEL Group has continued to implement TPM activities for the last 10 years to maintain and improve overall productivity. We have implemented our TPM systems throughout our offices and manufacturing locations. In addition to establishing TPM as an instrumental component of our employee training, we are also working closely with the Design and Administration departments to tackle challenges and develop new improvements to quality and productivity across all divisions.

Reduction rate of changes at the design stage

35.5% reduction

In order to improve quality, reducing the number of changes during the development and design phase is necessary. As a result of improvement efforts on an ongoing basis, the number of changes at the design phase for fiscal 2014 decreased by 35.5% from fiscal 2011.

Quality Promotion Framework



Analysis education using the Internet



| Glossary | ^{*1} TPM activities: Total Productive Maintenance or Management.