DIGEST VERSION

ENVIRONMENTAL REPORT 2010

For the year ended February 28, 2010

STAR MICRONICS CO., LTD.

FOREWORD

Confronting Environmental Issues

In recent years, focus is being placed on the issue of global warming and on how the ecosystem is affected by mankind 's economic activities. The Kyoto Protocol marked the beginning of worldwide action for the reduction of greenhouse gases, and last year 's COP15 in Copenhagen was one of countless global efforts which have been made to promote environmental conservation measures. Within this background of global measures, Japan 's Revised Energy Conservation Act was fully enacted in April of this year. Many corporations are now taking action in order to ensure conformance with the act.

Last year, the global economic recession had an extremely severe affect on our company 's performance, resulting in our first negative earnings in 15 years. Our company is currently working to reduce costs (particularly fixed costs) and to quickly restore profitability by focusing our management resources. However, even while taking such actions, in no way shall we neglect our commitment to the environment. Our company has always placed emphasis on corporate social responsibility (CSR), and we feel that the current age requires that corporations devote the utmost care to fields which are related to the environment. Our company strives to respond to social demands, and we work to conserve energy and resources in all aspects of our corporate activities, from development and manufacturing to sales and disposal. Furthermore, we are entirely committed to the manufacturing of environmentally friendly products.

In the future, our company shall continue to interact sincerely with society and to mobilize the comprehensive strength of our group in order to contribute to the sustainable growth of society through our corporate activities. We look forward to cooperating with each one of you in order to achieve this goal.

HAJIME SATO
President and CEO

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Range Covered:
Domestic/ Company offices (total of 5 locations)
Subsidiaries (total of 3 companies), Sales agents (2 companies)

Overseas/ Subsidiaries (2 main production sites)
Coverage centered on Company activities, with some affiliates such as subsidiaries/sales agents also included.

Period:
• The year" 2010 "represents the period March 1,2009 to February 28,2010.
• The year" 2009 "represents the period March 1,2008 to February 28,2009.

ENVIRONMENTAL MANAGEMENT

Progress Toward ISO 14001 Certification

We have acquired ISO 14001 certification for all five of our domestic plants, all three domestic subsidiaries, two domestic sales agents and two key production sites at our overseas subsidiaries.

In conjunction with our affiliates, we will continue activities to strengthen our overall promotion of environmental activities.

[DOMESTIC]

Company Plants		
Special products	Ihara Plant	Acquired March 2001
Components	Ihara Plant	Acquired March 2001
General Administration Headquarters Corporate Technology Department	Head Office Plant	Acquired September 2001
Precision Products	Fujimi Plant	Acquired February 2002
Machine Tools	Kikugawa Plant	Acquired March 2002

Subsidiaries	
Star Metal Company Manufacturing division (formerly Toshin Seiki Company)	Acquired April 2006
Star Metal Company plating division (formerly OS Metal Company)	Acquired March 2007
Micro Fujimi Company Business Integration division	Acquired September 2006
Micro Fujimi Company Manufacturing Integration division (formerly Micro Takemi Company)	Acquired October 2006
Micro Sapporo Company	Acquired March 2007

Sales Agents		
C.M.I. Company	Head Office/Osaka Office	Acquired January 2006
Move Company		Acquired January 2006

[OVERSEAS]

Subsidiaries (Key Production Sites)	
Star Micronics Manufacturing Dalian Co., Ltd. (Dalian, China)	Acquired May 2002
Shanghai S&E Precision Co., Ltd. (Shanghai, China)	Acquired February 2003

Environmental Audits

[Internal Environmental Audits]

Internal environmental audits are conducted regularly each year at domestic plants and affiliates to confirm that environmental management systems are adequate and effective, and that environmental management programs are appropriate and legally compliant.

We also conduct skills enhancement seminars for internal environmental auditors to improve the expertise of people conducting internal audits.

A comprehensive environmental audit report is created listing items that fall below the expected standards, and the report is submitted to management as data for use in compiling the end-of-year environmental review. Thus audits contribute to improvements in the following year.

Training for auditors

[External Environmental Audits]

Domestic plants and affiliates that have acquired ISO14001 certification are subject to environmental audits (environmental management system inspection) by an external inspection authority. Certification maintenance inspections take place once a year, while renewal inspections are conducted every three years.

The results of these inspections are submitted to management as data for use in compiling the end-of-year environmental review, thereby contributing to improvements in the following year.

Conducting an environmental audit

Environmental Training

Star Micronics and its domestic affiliates believe that to maintain, and further improve, the level of our environmental activities, we need to change the mindset of every single employee. We therefore offer training opportunities for all employees from new hires to management. Training comprises four core categories: general, rank-based, leader-oriented, and specialist.

In 2010 (domestic), our company held various seminars on themes such as introduction of the environment, introduction of environmental issues, environmental manuals, environmental impact evaluation, waste products, internal auditor development and green purchasing.

[Environmental Training Structure]

Training Category	Personnel Eligible	Internal/External Seminars Offered
General training	Regular employees	Introductory seminar, general seminar, waste product separation
Rank-based training	Managers	Managers ' seminar
	Top management	Top management seminar
Leader-oriented training	Environmental leaders	Environmental manual seminar (including document management)
Specialist training	Environmental survey team	Environmental impact evaluation seminar
	Internal environmental auditors	Auditor development seminar (internal/external)*
	Personnel in charge of environmental law	Environmental law seminar*
	Public-sector environmental experts	Qualification seminar/test based on laws and regulations
	Personnel in charge of procurement	Green procurement seminar
	Personnel in charge of waste products	Waste products seminar
	Harmful substance handler	OJT by personnel with public-sector environmental qualifications
	Noise measurement personnel	OJT by certified internal environmental experts

*For the certified internal environmental experts

Green purchasing seminar

Auditor development seminar

[Public, Environmental Qualified Person Related to Environment]

Name of Qualification	Number of Persons Qualified (Number of Persons Qualified in 2010)	Name of Qualification	Number of Persons Qualified (Number of Persons Qualified in 2010)
Safety manager	4(1)	Dangerous substance handler	78(0)
Public health manager	13(0)	Manager in charge of handling of toxic and harmful substances	3(0)
Pollution prevention manager	16(0)	Manager in charge of X-ray operations	1(0)
Manager in charge of industrial waste requiring special management	21(1)	Manager in charge of organic solvent operations	33(0)
Fire prevention manager	11(0)	Manager in charge of specific chemical substance operations	7(0)

Note: For the parent company only. Excludes domestic affiliates.

Emergency Response

Every year, Star Micronics and its domestic affiliates plan and conduct emergency-related training of relevant parties and disaster prevention drills, as well as simulation-based drills for individuals and entire facilities based on manuals, which are evaluated as part of the process. These drills anticipate every conceivable accident or emergency (earthquake, typhoon, explosion, fire, blackout, leak, airborne hazard, etc.).

[Simulation-Based Drills]

Oil leakage response drill (Ihara Plant)

Response training for leakage of chemical substances (Fujimi Plant)

[Disaster Prevention Drills]

Evacuation drill (Ihara Plant)

Firefighting training (Head Office Plant)

Evacuation drill (Dalian Plant)

Firefighting training (Dalian Plant)

Status of Legal Compliance

Star Micronics and its domestic affiliates have stipulated internal regulations for the application of environment-related laws, and compliance with these laws is evaluated in accordance with a list of specific items to be monitored and measured.

Legal compliance is confirmed by checking that results measured are in line with management figures, and the data is stored as an environmental record. When installing, introducing, changing, or disposing of facilities and equipment, we conduct an assessment of the facilities and equipment to evaluate legal compliance.

[Accident Measures]

In April 2009, our company disposed of the "facilities designated for use of hazardous materials" inside of our headquarters plant. At the time of the disposal, we conducted a soil survey as mandated by the Soil Contamination Countermeasures Act. During the survey, we detected levels of boron and fluorine which exceeded environmental standards. Our company responded by contacting the Environment Conservation Section of the Shizuoka City government and by replacing the contaminated soil. Through these actions, we were able to prevent damage such as spreading of the pollution to surrounding areas.

In July 2009, an accident occurred in the waste water processing facilities of S&K Precision Technologies (Thailand), a subsidiary of our company. The accident occurred when a malfunctioning check valve caused waste liquid from a nickel settling tank to flow into a drain for rainwater. Our company took onsite action and acted under the instruction of local government offices in order to collect all of the leaked waste liquid. Furthermore, upon ascertaining that operation of cooling equipment had caused the malfunction in the check valve, we corrected operation problems, created operation manuals, and implemented other thorough measures to prevent a reoccurrence of the problem.

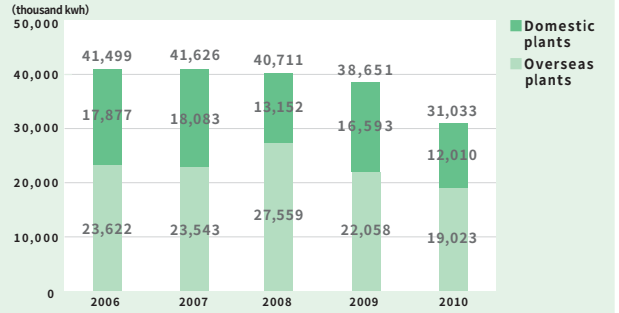
ENVIRONMENTAL LOAD ASSOCIATED WITH BUSINESS ACTIVITIES

Our company uses a variety of resources and energy during the process of conducting business activities. This results in the emission of CO_2 and the generation of waste products. Our company assesses the environmental load associated with our activities and promotes activities to decrease environmental load by reducing the amount of energy consumed, reducing the amount of waste products generated and decreasing the amount of hazardous materials used.

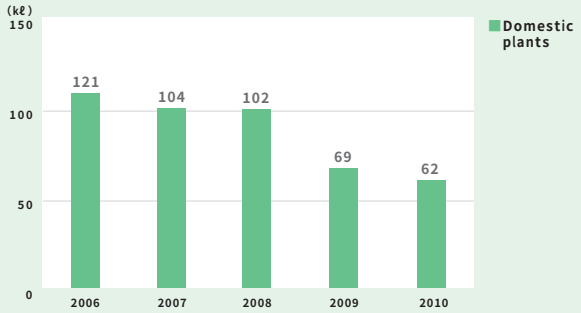
*Scope of Analysis: domestic (Star Micronics Co., Ltd. and affiliated domestic companies), overseas (Star Micronics Manufacturing Dalian Co., Ltd.; Shanghai S&E Precision Co., Ltd.; S&K Precision Technologies (Thailand) Co., Ltd. : from 2009)

Change in Input Amount (Major Items)

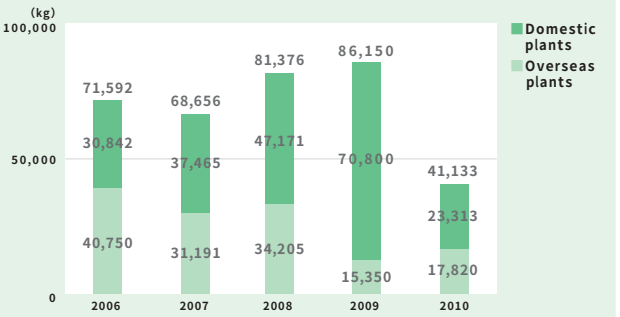
[Electricity Usage]



[Heavy Oil Usage]

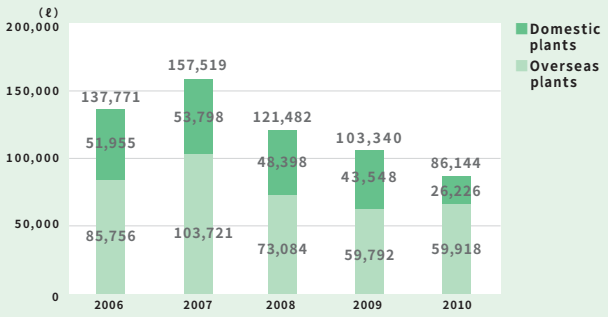


[LPG Usage]

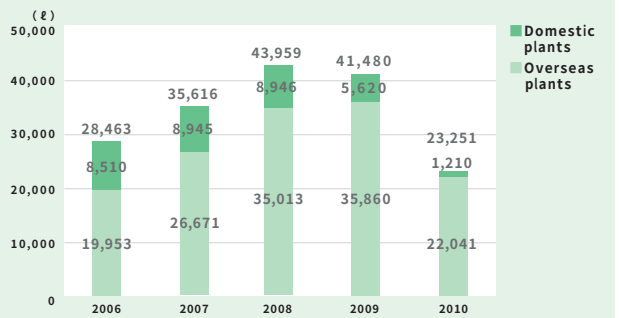


*Decrease inusage amount due to stagnation of production activities, etc.

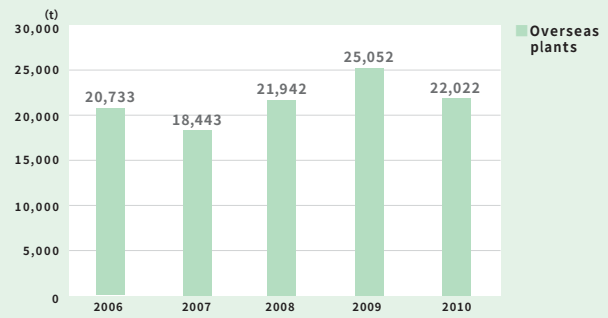
[Gasoline Usage]



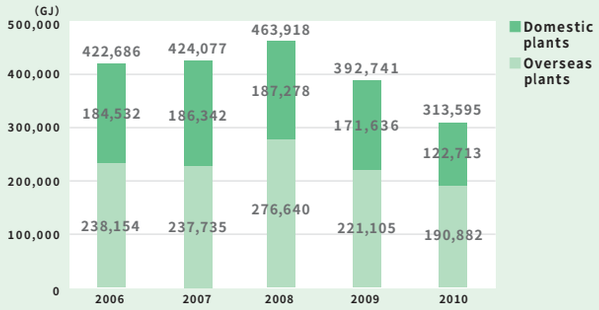
[Light Oil Usage]



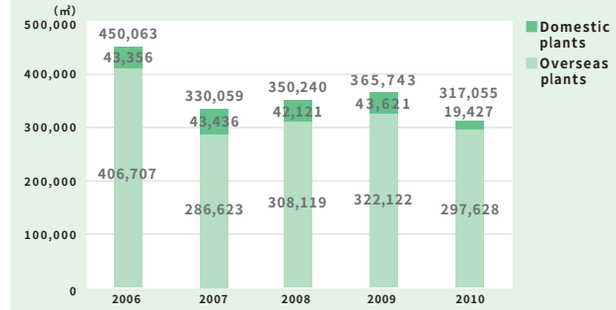
[Amount of Steam Used]



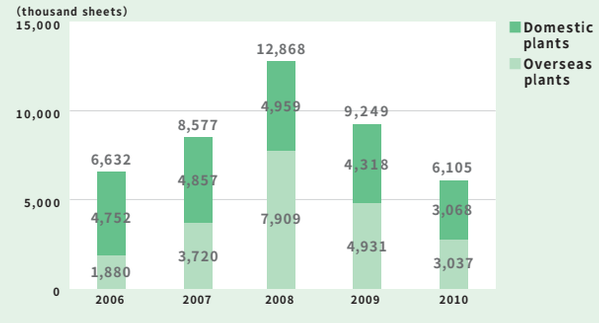
[Total Amount of Energy Used]



[Water Usage]

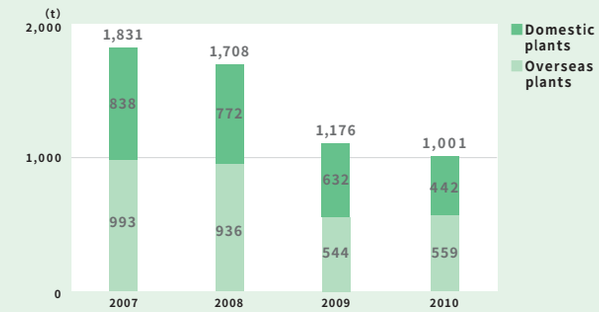


[Copy Paper Purchased]



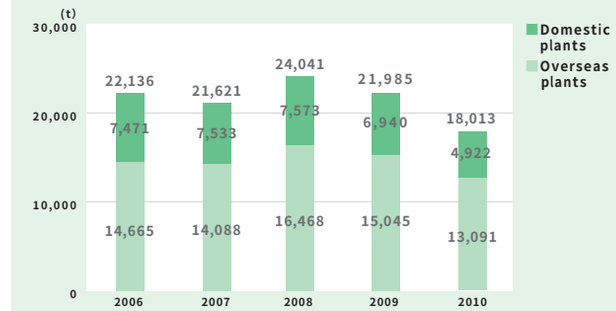
Change in Discharge Amount (Major Items)

[Waste Generated]



*99.6% recycling rate for the past 3 years.

[CO_2 Emissions]



ENVIRONMENTAL ACCOUNTING

[Environmental Protection Costs]

(thousands of yen)

Category		Initiatives	Domestic		Overseas	
			Investment	Expenses	Investment	Expenses
Costs within Business Area	Pollution Prevention Cost	Prevention of air/water/ground contamination	4,310	13,585	416	14,430
	Environmental Preservation Cost	Energy conservation	2,550	534	5,430	860
	Resource Recycling Cost	Treatment/disposal of waste	0	10,582	0	4,375
Upstream/Downstream Cost		Green procurement difference	0	0	0	0
Management Activity Cost		EMS operation, education, on-site planting	9,100	41,683	0	3,257
Research & Development Cost		R&D, WEEE/RoHS measures	0	6,117	0	0
Social Contribution Cost		Donations, financial support	0	890	0	0
Environmental Damage Response Cost		Repairs for ground/water contamination	0	0	0	60
Total			15,960	73,391	5,846	22,982

Note: Excludes depreciation expense.

[Financial Impact Resulting from Environmental Protection Measures]

(thousands of yen)

Category		Parent Company	Affiliates
		Impact	Impact
Earnings	Gains from sales of marketable waste from business activities	3,335	18,803
Expense Reductions (Year on Year)	Total energy expense (electricity/heavy oil/LPG/measured substances/gasoline/light oil) reductions	92,176	−979
	Reductions in water/well water usage expense	531	548
	Reductions in copy paper purchase expense	370	486
	Reductions in waste disposal expense	4,778	−2,501
	Others	0	0
Total		101,190	16,357

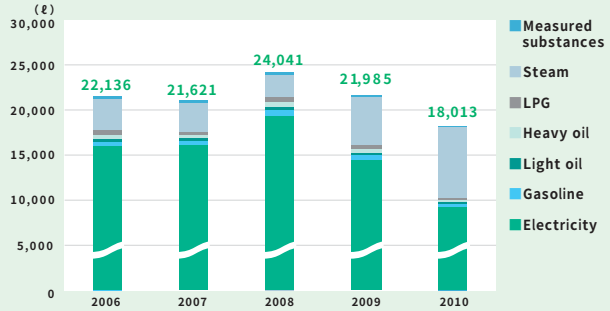
Note: In the expense reduction figures, a minus indicates that a reduction was not achieved and the expenses increased.

REDUCTION OF CO_2 EMISSIONS AMOUNT —TO PREVENT GLOBAL WARMING—

Our company is taking a variety of actions to reduce the amount of energy consumed and is working to prevent global warming.

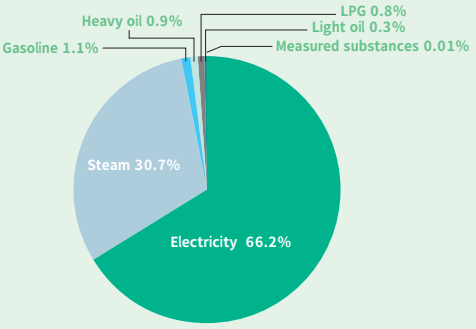
When compared to the previous year, the amount of CO_2 emissions in 2010 decreased by 3,972 tons. This decrease is attributable to both a reduction in the amount of energy consumed because of stagnated production activities and to the initial results of energy conservation activities. Additionally, our company is performing activities such as those listed below in order to further promote the conservation of energy.

Changes in CO_2 Emissions



Breakdown of CO_2 Emissions

(2010, domestic and overseas plants)



[Seminar for Introduction of Environmental Issues]

Our company held a seminar for introduction of environmental issues in order to instill environmental consciousness in each one of our employees. The seminar was held for all domestic employees.

At the seminar, a detailed explanation was given regarding the abnormal weather which is caused by global warming. Thorough explanation was also given regarding the effects of human activities which are the source of global warming. The seminar appealed for employees to raise their consciousness regarding environmental protection.

The seminar also introduced everyday examples of energy conservation in order to aid the daily energy conservation activities of each employee.

Seminar for introduction of environmental issues

[Less Air Conditioning]

Cool Biz Campaign

1. Period Conducted: June to September
2. Air conditioning temperature: Set to 28 ℃
   (Although the campaign does not apply to manufacturing and reception areas, these are included as much as possible.)
3. Attire: No neckties or uniforms are worn

Note: The campaign is conducted in a reasonable and flexible manner.

Warm Biz Campaign

1. Period Conducted: December to March
2. Heating temperature: Set to 20 ℃
3. Attire: Employees are encouraged to wear warm clothes

Note: The campaign is conducted in a reasonable and flexible manner.

[Lights-Down Campaign]

This year, our company once again participated in the Lights-Down Campaign held by the Ministry of the Environment. This campaign is held throughout Japan in midsummer of every year. The rooftop neon logo signs at our head office plant, Ihara plant and Fujimi plant are normally lit until 11:00 PM. However, for the 5 days from July 3rd (Friday) to July 7th (Tuesday) of 2009, the lighting was turned off at 8:00 PM. As a result, the amount of power used during the 5-day period decreased by 1,396 kwh and CO_2 emissions were decreased by 536 kg.

[Installation of Solar LED Lighting]

We installed solar LED lighting for the nighttime lighting on the premises of headquarters. These lighting facilities use solar energy and therefore do not consume energy in any way that contributes to CO_2 emissions.

Solar LED Lighting

[The Number of Company Cars Owned]

In order to reduce the amount of fuel consumed by company cars, our company has implemented the use of lightweight cars and hybrid cars. We have also reduced the number of company cars used by our company, and we encourage employees driving company cars to turn off the engine when stopped.

(Number)

Type of Car / Year	Ordinary Cars (Leased)	Ordinary Cars (Purchased)	Mini Cars (Leased)	Hybrid Cars (Leased)	Total
2009	42	7	8	3	60
2010	39	6	8	4	57

[No-Car Campaign]

Every year, our company holds a No-Car Campaign for employees who commute by car or motorcycle to offices within Shizuoka City. Although the length of the campaign was originally set as 1 week, we expanded the campaign period in 2010 in order to enable participation by even more employees. The campaign is now held for 2 weeks in both spring and autumn.

Implementation Report

Period: Monday, June 1— Friday, June 12, 2009
Monday, September 28 — Friday, October 9, 2009

Participants: 117 individuals

Total days: 372 days

Eco-commute distance: 4,945 km

CO_2 reduced: 1,137 kg
(calculated based on fuel consumption of 10 km/l)

[Carbon Offset —Use of Emission Credit Trust—]

As one countermeasure against global warming, in August 2008 we purchased an emission credit trust divided into small lots derived from greenhouse gas emission credits that had been bulk-purchased by Mizuho Trust & Banking Co., Ltd.

This purchase comprises 5,000 tons of CO_2 emission credits. Considering the Kyoto Protocol 's target for reducing greenhouse gas, we purchased an amount of emission credits equivalent to the amount of CO_2 emissions we must reduce over 5 years from 2007 to 2012, in the form of emission credit trust beneficiary rights. Our company then used the resulting decrease in CO_2 emissions amount to conduct a " carbon offset " that compensates for the CO_2 generation during production of the TSP100ECO printer, which was released in April 2010. We also used the carbon offset to compensate for the standby power and power consumed during use of the printers over a 5-year period. Our company bears 100% of the associated cost, thus enabling users of the ECO printer to participate in environmental conservation without incurring any additional burden. (Please refer to our company 's official homepage for further details.)

ECO printer with carbon offset

Note)
In the Environmental Report for last year, we stated that we will voluntarily transfer the entire amount of emission credit beneficiary rights to the Japanese government. However, after the issuance of last year 's report, we continued to examine methods for using the rights to realize even higher social benefits. Our examination led to a company decision to give back to society by implementing a carbon offset as described above. Therefore, our response is taking a different orientation than stated in the policies listed in last year 's report.

LOWERING ENVIRONMENTAL CONTAMINATION RISK

Managing Chemical Substances

Star Micronics and its domestic affiliates have created and implemented internal regulations for the management of harmful substances and dangerous materials handled by the Company in order to ensure proper and safe management of chemical substances. These internal regulations, based on the relevant laws and statutory regulations, are designed to ensure that the environment is taken into account in the purchasing, storage, use and disposal of such substances.

[Response to PRTR Law]

The results of PRTR reporting by domestic plants and affiliates are shown in the table below.The number of reported substances is 3. The emission/transfer amount of substances in 2010 decreased by 781 kg when compared to 2009.

[PRTR Reports for all Domestic Plants and Affiliates]

(Unit:kg/year)

Year	Substance No.	Chemical Substance Name	Use	Emmissions Volume			Transfer Volume		
				Air	Public Drainage Areas	Ground within Plant	Landfill within Plant	Washed into Sewage	Waste within Plant
2010	145	Dichloromethane	Chroming	1,500	0	0	0	0	500
	232	Nickel Compound	Chroming	0	0	0	0	1	550
	227	Toluene	Paint	830	0	0	0	0	360
	Total			2,330	0	0	0	1	1,410

*The PRTR (Pollutant Release and Transfer Register) Law is a means of obtaining, collating and disclosing emission and transfer volume data for harmful chemical substances.

Total Volume of PRTR Emission and Transfer

Air Pollution Measures

[Reduction of VOC Emissions Amount (Powder Coating)]

From 2008, our subsidiary company Star Metal has adopted a method of powder coating which does not use organic solvents (solvents containing substances subject to the PRTR Law). This powder coating method is used in the coating process for sheet-metal parts of the CNC automatic lathe in the Machinery Division. Use of the powder coating method allows our company to reduce environmental load at the manufacturing stage.

This new method has realized the environmental effect of cutting atmospheric pollutants (VOC) in half and reducing industrial waste by one-third.

Powder coating

Response to EU Environmental Regulations

Environmental regulations in the European Union (EU) have had a significant impact not only within the EU region but also in various countries around the world, and many Japanese manufacturing industries have been forced to respond in some way.

For our products that fall under WEEE and RoHS directives, we are operating based on our internal regulations for management of substances that burden the environment and on green purchasing guidelines. We are also studying how to respond to REACH regulations and the ErP directive (Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND THE COUNCIL on establishing a framework for the setting of ecodesign requirements for energy-using products).

[Introduction of X-ray Fluorescence Spectrometers]

We introduced X-ray fluorescence spectrometers to measure levels of chemical substances contained in components of our printers that fall under the WEEE and RoHS directives, as well as to conduct inspections on receipt of the components.

Our machine tools do not fall under these directives, but we have taken aggressive measures such as introducing X-ray fluorescence spectrometers to measure the composition of components with a view to reducing harmful substances. Components used in the actual machines in our key products are 99.3% RoHS compliant, excluding certain NC control equipment.

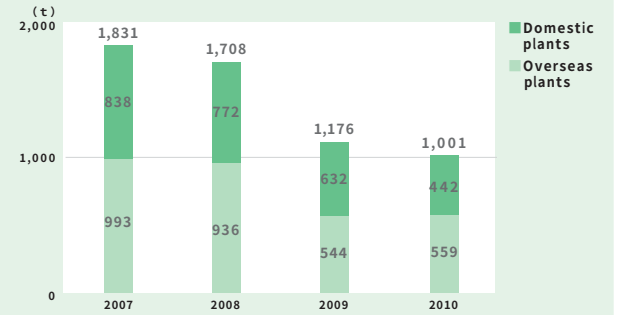
X-ray fluorescence spectrometer (Ihara Plant)

PROMOTION OF REDUCTION AND RECYCLING ACTIVITY OF WASTE

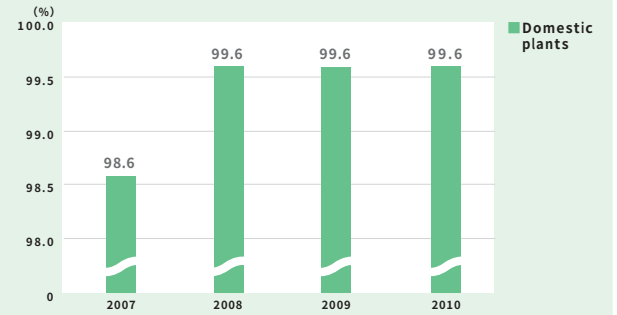
Star Micronics and its domestic affiliates have created and implemented internal waste management regulations in order to properly dispose of waste produced from corporate activities in line with the requirements of the Waste Disposal Law and to promote voluntary activities.

Volume of Waste Generated and Recycling Rate

Volume of Waste Generated



Recycling Rate



When compared to the previous year, the amount of waste products generated in 2010 decreased by 175 tons. This decrease is attributable to factors such as the stagnation of production activities. The recycling rate of 99.6% was the same as the previous year 's rate. Our company shall continue to instruct group employees regarding the dismantling and separation of trash in order to improve our recycling rate.

SOCIAL CONTRIBUTION ACTIVITIES RELATED TO THE ENVIRONMENT

Environmentally Friendly Policies

Awareness of Earth Environment (From the Star Micronics Group Code of Conduct)

(1) In our efforts to control CO_2 emissions, comply with global warming directives and streamline business efficiency, we will implement business strategies utilizing energy saving equipment to help achieve our goals.

(2) We will guide the establishment of the sustainable economic society with ecological awareness and promotion of environmental activities.

(3) We will guide the realization of the recycling society, trying to utilize all possible resources at all steps from designing to disposal of our products and promoting the environmental load reduction.

(4) We will recognize environmental issues worldwide and engage in them as a global company group.

(5) We will report our environmental protection activities widely and promote the environmental communications with the society.

Social Contribution Activities

CSR activities at Star Micronics entail an active role in contributing to society with the co-operation of our employees. We will strengthen our social involvement on a local and global scale, continuing to contribute through participation in local clean-up activities and assistance for NGOs/NPOs.

[Clean-up Activities at Mihomasaki Beach]

On Saturday, June 6, 2009, clean-up activities hosted by the Association for Environmental Safeguards of Shizuoka City were conducted at Mihomasaki Beach, with a total of 54 participants from Star Micronics (37 employees and 17 family members). In spite of the watery sky, approximately one thousand people from 56 member companies participated on this day, with 770 kilograms of combustible garbage and 180 kilograms of non-combustible garbage collected in about an hour and a half.

Clean-up activities

Participants from Star Micronics

[River Okitsu Clean-up Activities]

On Saturday, September 5, 2009, volunteers worked to clean up the River Okitsu watershed area. This event was jointly organized by the Association for Environmental Safeguards of Shizuoka City and the River Okitsu Preservation Society. Participants from Star Micronics comprised 24 employees of Star Micronics together with 7 members of their families. In total, approximately one thousand people from Shizuoka City participated, managing to clear away 1,240 kilograms of garbage in about one hour.

Clean-up activities

Participants from Star Micronics

[Clean-up Activities in China (Dalian)]

On Saturday, August 15, 2009, Star Micronics Manufacturing Dalian Co., Ltd. (a major overseas production base of our company) held activities to remove litter from a public green area outside of the company. Weeds were also picked as part of the activities.

Although the day of the activities had a high temperature of a sweltering 35 degrees Celsius, approximately 450 volunteer employees gathered at the site. Participants collected 80 bags of garbage and 58 wheelbarrows of weeds, in addition to other trash such as paper. All the participants worked up a sweat during the collection and clean-up activities. The activities provided an opportunity to confirm the increased environmental consciousness in China.

Clean-up activities

[Assistance for NGOs/NPOs]

We became a corporate member of OISCA (The Organization for Industrial, Spiritual and Cultural Advancement International) in September 2006, at the same time establishing the Chubu branch of OISCA 's Shizuoka Prefecture office.

OISCA is an international NGO that has been involved in human resource development, agricultural development, and global environmental problems, mainly in the Asia-Pacific region, since 1962. Its activities have been praised by international organizations and governments of numerous countries, and it has been awarded the UN Earth Summit Award.

Publication of the Environmental Report

From the perspective of conserving the environment through such measures as reducing energy usage and saving resources, Star Micronics does not publish its Environmental Report in paper form. Instead, the report is published on the Star Micronics website as a PDF-format file.

Environmental activities of Star Micronics…**http://www.star-m.jp/company/co05.htm**

For enquiries regarding this environmental report,please contact the CSR Promotion Group within the General Affairs Office
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