



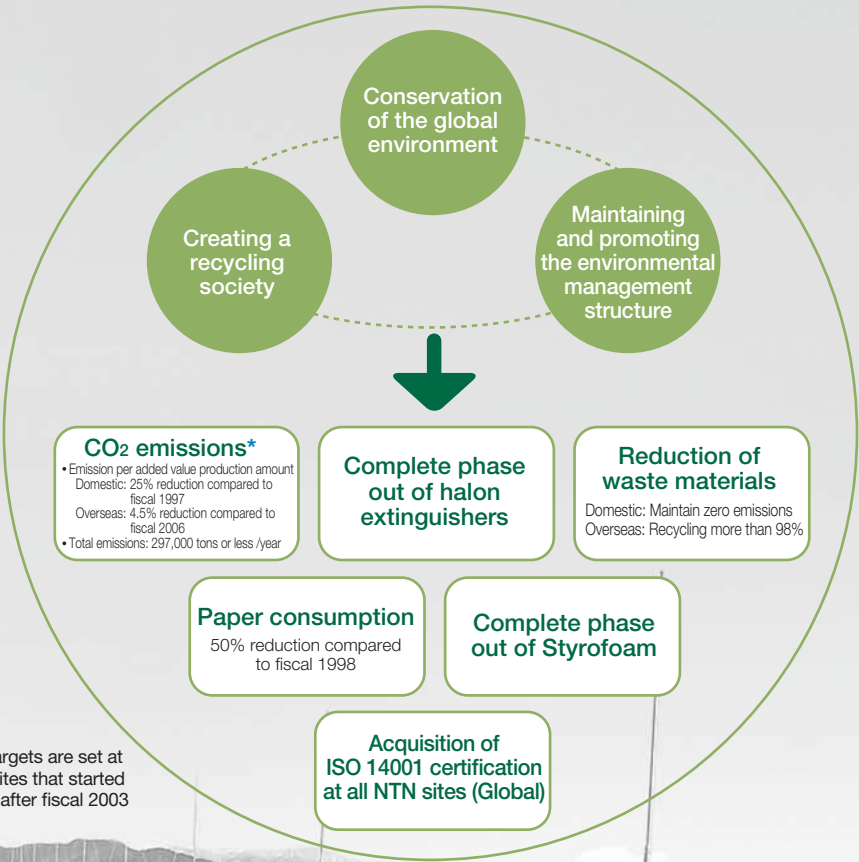
Wind Power Generator at Export Center (Kuwana)

Report on Environmental Aspects

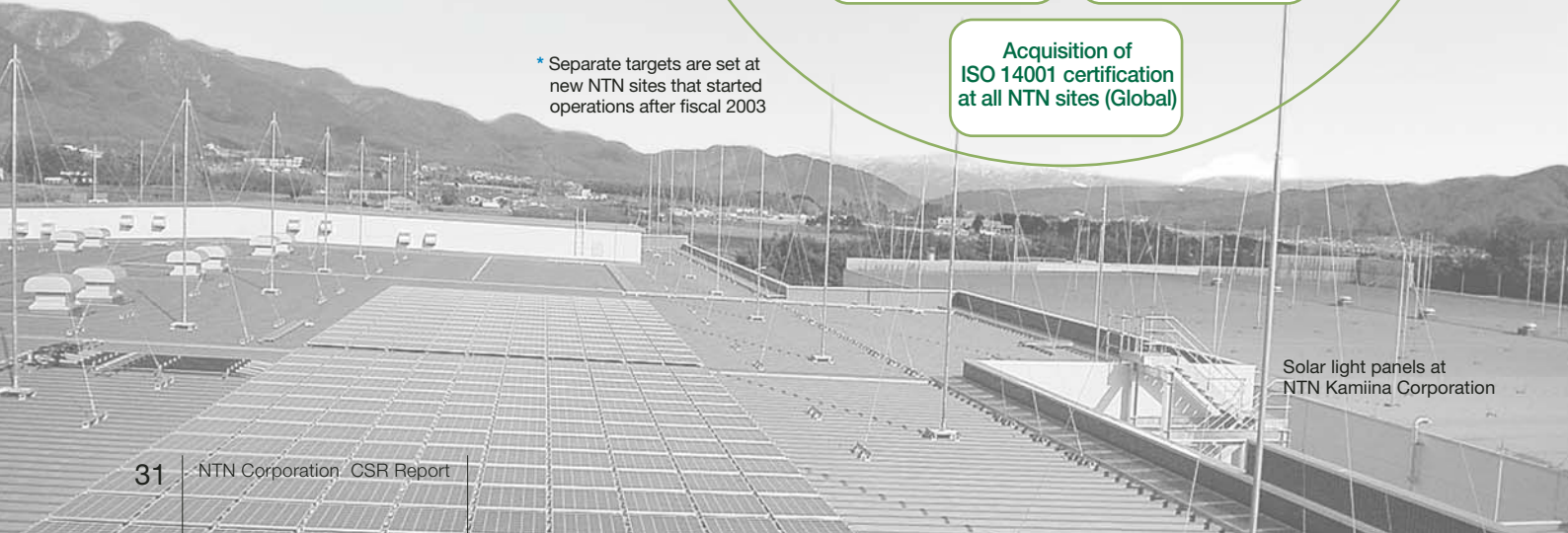
Emphasizing conservation of the environment, our group aims to create a sustainable society while defining our environmental targets for 2010.

NTN Environmental at Targets toward 2010

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* Separate targets are set at new NTN sites that started operations after fiscal 2003



Solar light panels at NTN Kamiina Corporation

Toward a Harmonious Co-existence with the Global Environment

The NTN group established our Basic Concept and Action Guideline, aiming at a harmonious co-existence with the global environment, and we are making every possible effort to fully develop a structure and environmental management activities in order to realize our objectives.

Basic Concept

Advocating harmony with the global environment is our most important issue and we will make constant efforts to contribute to the harmonious development of society, while aiming to reduce environmental impacts and create a recycling society.

Action Guideline

In connection with its manufacture and sales of bearings, constant velocity joints and precision equipment, the NTN Group will comply with the following guidelines, which state our commitment to continuously reduce the impact of our products and business activities on the environment, and to maintain a safe environment for the future.

1. NTN will contribute to world-wide energy conservation by developing and providing eco-conscious products using tribological technologies and high precision processing technologies.
2. NTN not only will comply with the requirements set forth in applicable governmental laws and regulations but also with customers' requirements and internal standards, as NTN deems necessary.
3. Beginning at the research, development and design stage, NTN will endeavor to reduce environmental impacts.
4. In its purchase of raw materials, parts and equipment, NTN will take into account protection of the environment, preservation of resources and more efficient use of energy. In its production and sales activities, NTN will endeavor to reduce energy consumption and waste generation while promoting recycling.
5. NTN will endeavor to implement production methods and distribution systems that have less environmental effect in terms of pollution, waste and use of resources and energy.
6. NTN will conduct environmental audits and will maintain and improve corporate environmental management systems.
7. NTN will cooperate in programs for environmental protection conducted by national and local government entities and will actively participate in regional environmental activities.
8. NTN will conduct environmental education. NTN will promote improved awareness of this Environmental Policy and environmental protection to all persons working on behalf of the NTN Group.

April 1, 2007
Osamu Wakisaka
Chief Environmental Management Officer
Senior Managing Director
NTN Corporation

Environmental conservation structure

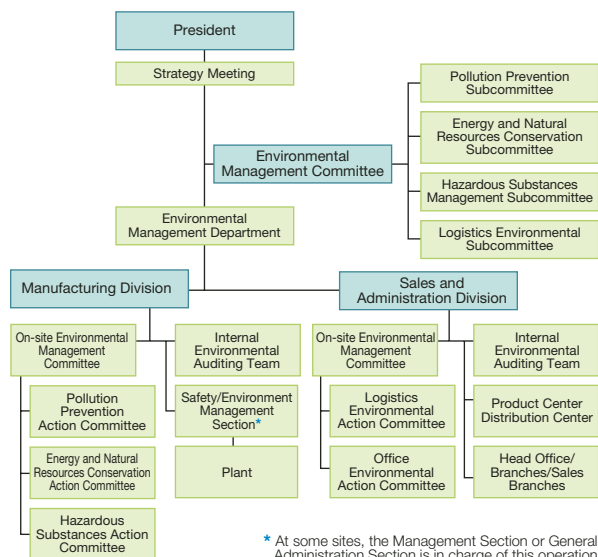
Environmental Management Committee promotes activities as a central body

Creation and maintenance of the best environmental conservation structure is one of the important social responsibilities for the corporation.

Our group established the Environmental Conservation Committee in 1993 in each department at the Head Office and in the Engineering, Production, Sales and Logistics Departments. Company-wide environmental conservation activities started.

In 1998, the committee was renamed the Environmental Management Committee. The management scope was clarified and targets were set regarding pollution prevention, energy conservation, environmental conservation, materials management and environmental impact reduction in logistics, etc..

Structure Chart



Environmental management system

Environmental management structure strengthened at each global operating site

We have been working to obtain ISO 14001 certification at every site since fiscal 1996. To efficiently carry out unified environmental management at all NTN Group companies, we have obtained multi-site certification for 14 sites: the Head Office, all the production sites and the R&D division. Eight related companies manufacturing finished products as well as manufacturers NTN Kinan Corp. and NTN Tado Corp. also obtained certifications. Thirteen overseas sites have obtained certifications so far.

In October 2006, a surveillance audit of the

multi-site certification was conducted and passed. Items that were pointed out by the audit had been checked at other sites and corrected if necessary.

We will be working to obtain ISO 14001 multi-site certification by 2010 for all the NTN Group companies including part processing companies. Based on this policy, NTN Kamiina Corp. and NTN Bizen Corp. began efforts last year to obtain simplified environment certifications such as “Eco-stage” (see p. 42) as a preliminary step to obtaining ISO 14001.

In fiscal 2007, we will seek ISO 14001 certification on the following schedule to ensure further improvement of the management structure at global business sites, as well as transferring NTN Kinan Corp. and NTN Fukuroi Corp. to the multi-site certification.

Certified operating sites

Area	Operating site		Year/Month Obtained		Registration	
	Company Name	Plant Name	Year	Month	No.	Agency
Japan	Multi-site certification obtained collectively		1999	11	JSAE176	JSA
	(Included sites) Kuwana Works, Iwata Works, Okayama Works, Takarazuka Works, Nagano Works, NTN Kongo Corp., NTN Mikumo Co., Ltd., NTN Engineering Plastics Corp., NTN Powder Metal Corp., Hikari Seiki Ind. Co., Ltd., NTN Casting Corp., NTN Omaezaki Corp., NTN Mie Corp., The Head Office					
	NTN Tado Corp.		2005	3	JSAE1058	JSA
	NTN Kinan Corp.		2004	10	JSAE947	JSA
U.S.A.	American NTN Bearing Mfg. Corp.	Elgin Plant	2000	6	111994	LRQA
		Schiller Park Plant	2000	9	112115	LRQA
	NTN-Bower Corp.	Macomb Plant	2000	6	111998	LRQA
		Hamilton Plant	2000	6	111999	LRQA

Area	Operating site		Year/Month Obtained		Registration	
	Company Name	Plant Name	Year	Month	No.	Agency
U.S.A.	NTN-BCA Corp.		2000	7	A8699	UL
	NTN Driveshaft, Inc.		1999	12	A8478	UL
Canada	NTN Bearing Corp. of Canada, Ltd.		1999	7	287	KPMG
Germany	NTN Kugellagerfabrik (Deutschland) G.m.b.H.		1999	6	201167-2	LRQA
France	NTN Transmissions Europe		2003	1	19479	AFAQ
Thailand	NTN Manufacturing Thailand		2003	3	31634	TÜV
China	NTN-NIDEC (Zhejiang) Corp.		2005	1	02005E10013ROL	CNAB
	Guangzhou NTN-Yulon Drivetrain Co., Ltd.		2005	4	104043247	TÜV
	Shanghai NTN Corp.		2005	7	CH05/0489	SGS

Operating sites expected to be certified

Area	Operating site	Year/Month Obtained	
		Year	Month
Japan	NTN Kinan Corp.	2007	10
	NTN Fukuroi Corp.	2007	10
U.S.A.	NTK Precision Axle Corp.	2008	3

Area	Operating site	Year/Month Obtained	
		Year	Month
Thailand	NTN-NIDEC (THAILAND) Co., Ltd.	2008	3
India	NTN MANUFACTURING INDIA PRIVATE LTD	2009	3
China	Changzhou NTN-Guangyang Corp.	2009	3

Environmental auditing

Conducting internal audits and cross-audits

In addition to ISO 14001 assessments by external organizations, we conduct “internal audits” by operating sites, as well as “cross-audits” done by a separate operating site.

A cross-audit is an opportunity to learn useful things and to improve the environmental management system as well as to enhance the environmental awareness of employees. In fiscal 2006, six operating sites were audited with a single finding concerning noise.

Equipment noise was reduced accordingly. An internal audit was conducted at every operating site and there were no serious findings.

Response to environmental risks and emergencies

Responding quickly to emergency situations

We have a structure to respond quickly to emergency situations such as earthquake, fire, explosion and flood. Such may have serious effects on the environment both inside and outside the company.

Each operating site complies with the “Emergency management rules” and the “Pollution prevention management rules” etc. Instructions for responding to emergency situations involving equipment that may relate directly or indirectly to the environment are prepared. Through these arrangements and daily training, negative effects on the environment can be minimized.



Training for emergency situation

Environmental accounting

Results in fiscal 2006

In fiscal 2006, a total of 4,575 million yen was spent on environmental equipment and other expenses. This generated a financial effect of 476 million yen, 100

million yen more than in fiscal 2005. This is mainly due to the expansion of recycling and energy conservation from installation of the grinding swarf briquetting machine.

[Accounting standard for environmental accounting:

- Applicable period: April 2006 to March 2007
- Organizational scope: All operating sites in Japan that obtained ISO 14001 (multi-site) certification]

Environmental conservation cost

Unit: Million yen/year

Classification	Equipment Investment		Investment Cost		
	Amount	Details	Amount	Details	
1) Cost of in-factory facilities (Environmental conservation cost for limiting environmental hazards caused by business activities)	Pollution prevention costs	139	Environmental equipment (dust collector, particulate smoke removal device, wastewater treatment equipment)	126	Maintenance, inspection, and management of environmental equipment (dust collector, particulate smoke removal device, wastewater treatment equipment)
	Global environmental conservation expenses	135	Energy conservation equipment such as new inverters (Motor, illumination, air conditioning), equipment for natural gas	73	Equipment cost and peripherals for changing to inverters (motor, illumination, air conditioner) and natural gas
	Resource recycling expenses	61	Grinding swarf briquetting machine, recycling of waste, equipment to reduce waste	512	Grinding swarf briquetting machine, waste material recycling/reduction measures, general industrial waste treatment
2) Upper stream/down stream expenses	0		5	Green procurement (plant base cushioning material)	
3) Management activity expenses	0		271	Labor cost for EMS, disclosure of information (advertising, CSR report), greening and beautification of company grounds)	
4) R&D expenses	1,077	R&D equipment related to environmental conservation	2,030	R&D costs related to environmental conservation	
5) Social activity expenses	0		4	Greening and beautification outside the company	
6) Environmental remediation expenses	0		142	Soil remediation	
Grand total	1,412		3,163		
(Reference) Grand total for previous year	1,193		3,433		

Impact on environmental conservation

Indicator	Result for fiscal 2006
CO ₂ emission rate	20.1% reduction compared to fiscal 1997
Reduction of waste	Recycle rate: 98.7%
Reduction in paper purchases	30.9% reduction compared to fiscal 1998
Reduction in Styrofoam purchases	81.0% reduction compared to fiscal 1999

Financial effect of environmental preservation activities

Unit: Million yen/year

Items	Amount	Details
Profit from sale of valuable materials by recycling	171	Profit from sale of saleable materials such as metallic sludge
Deduction of expenses by energy conservation	143	Cost reduction through energy conservation (air conditioning, illumination)
Reduction of waste treatment cost by resource conservation or recycling	162	Benefit from installing grinding swarf briquetting machine
Grand total	476	
(Reference) Grand total for previous year	376	

Environmental communications

Internal environmental education

In fiscal 2006, we educated employees at various levels and in various departments.

1. General explanatory education on environmental issues to newly hired employees/younger employees (done twice)
2. Education on environmentally hazardous substances to employees in the R&D and Engineering Departments (done twice)
3. Education on revised contents of internal regulations to persons in charge of environmental affairs at each operating site
4. Education on environmentally hazardous substances to all employees at domestic production sites as an activity of the Environment Month

We previously provided environmental education primarily for general employees but will extend such education to executives and managers.

Environmental communication to third parties

In order to publicize NTN's environmental activities, we are working aggressively to inform the public through expos, advertisements in newspapers and magazines, cooperation and participation in various events and displays at the Head Office and each operating site.

In July 2006, taking an opportunity at the "5th environmental forum" organized by Kawachinagano-city, Osaka-prefecture, the home town of NTN Kongo Corp., our booth introduced our environmental activities and products. Also, from August, an exhibit about NTN's recycling activities has been exhibited in the basement of the Head Office. The exhibit featured the waste sand and waste slag discharged during production process at NTN Casting Corp. that is used as construction materials.



Environmental advertisement in the NIKKEI BUSINESS DAILY