

For New Technology Network



Annual Report 2007

Year ended March 31, 2007

NTN Corporation



Essential Elements for Ecology

Our contribution to the global community lies in our creation of new technologies and development of new products.

The directors and employees of NTN Group companies strictly adhere to company rules of conduct and strive to be consistently fair and responsible in their business activities. Through these actions, NTN seeks to fulfill the NTN Group's responsibility to its shareholders, customers, local communities, and other stakeholders.

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“Growth through Creativity and Achievements 21” means to create new corporate value and continued growth, thereby realizing significant achievements. NTN’s challenge is to go back to the starting point; begin at zero, not with past experiences.

Profile

NTN, a precision equipment manufacturer, ranks fifth in the world in **bearing** sales. Since its establishment in 1918, the Company has continued to supply many industries with products essential to their business development.

Among bearings, NTN is poised in fiscal 2007 to capture the world's leading share of **axle bearings**, critical automotive components that enable wheel axles to turn.

NTN has also achieved notable growth in fields other than bearings. It holds the No. 2 global market share of **constant-velocity joints (CVJs)**—a key component for automobile drive trains. As our vision for 2010, we are aiming to claim the **No. 1 spot in the world market**.

NTN is a global organization, with more than half of its approximately **15 thousand employees working overseas**. Since 1961, NTN has been building a **five-sided sales and production network** encompassing Japan, the Americas, Europe, Asia, and China. **The overseas sales ratio to consolidated net sales** was more than 50%.

NTN is aggressively developing business in newly emerging markets, which are achieving notable economic growth. In **China**, the Company already has four production bases manufacturing bearings and CVJs. Production has also commenced at a dedicated CVJ site recently established in **India**.

April 2007 marked the **start of the “Growth through Creativity and Achievements 21” medium-term business plan**. Right now, the Company is striving to realize its long-term vision of **¥1 trillion in consolidated net sales** in fiscal 2014 by unveiling initiatives to further improve enterprise value.



Bearings



Axle bearings



Constant-velocity joints

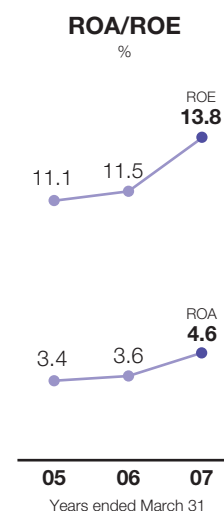
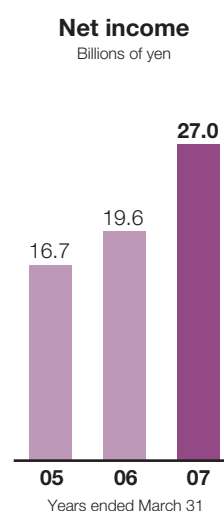
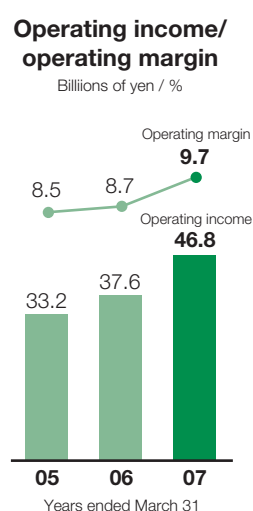
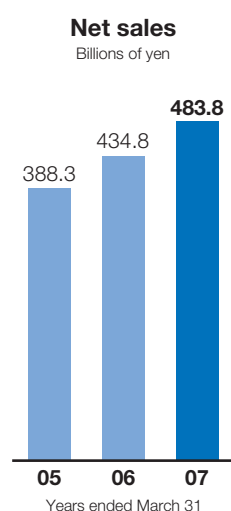


Financial Highlights

NTN Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen (except per share amounts)				Thousands of U.S. dollars (except per share amounts)
	2007	% change (07/06)	2006	2005	2007
FOR THE YEAR DATA					
Net sales	¥ 4,838	11.3%	¥ 4,348	¥ 3,883	\$4,099
Operating income.....	468	24.3%	376	332	397
Income before income taxes and minority interests	452	48.6%	304	266	383
Net income	270	38.2%	196	167	229
PER SHARE DATA					
Shareholders' equity.....	¥445.61	—	¥396.73	¥341.93	\$ 3.78
Net income					
-Basic.....	58.34	—	41.94	35.83	0.50
-Diluted.....	54.54	—	38.55	32.94	0.47
Cash dividend	16.00	—	11.00	8.50	0.14
AT YEAR-END DATA					
Total assets	¥ 6,119	9.0%	¥ 5,615	¥ 5,166	\$5,184
Shareholders' equity.....	2,158	17.8%	1,832	1,580	1,828
Interest-bearing debt.....	1,979	8.0%	1,832	1,762	1,677
Number of employees	17,306	18.3%	14,631	12,788	
MAJOR MANAGEMENT INDICES					
Operating margin	9.7%	—	8.7%	8.5%	
ROA.....	4.6%	—	3.6%	3.4%	
ROE.....	13.8%	—	11.5%	11.1%	
Shareholders' equity ratio.....	34.2%	—	32.6%	30.6%	

Note: U.S. dollar amounts have been translated from yen for convenience only, using the approximate exchange rate on March 31, 2007, which was U.S.\$1=118.05.



To Our Shareholders

Fifth Consecutive Year of Top- and Bottom-line Growth Crowned by Record-high Earnings



Yasunobu Suzuki
Chairman and CEO

Tatsuo Kondo
President

Overview of Fiscal 2006

The business year ended March 2007 saw the NTN Group unite in a concerted drive to raise enterprise value during the final year of the Rapid Advance 21 medium-term business plan. Our efforts were rewarded with growth in revenues and earnings for the fifth year in a row, with net sales and operating income both at record highs.

Consolidated sales rose 11.3% over the previous year to ¥483.8 billion, buoyed by firm growth in sales in Japan and overseas of automotive bearings and constant-velocity joints (CVJs), as well as sales of bearings for general industrial machinery (construction machinery, wind power systems, etc.). Earnings, meanwhile, benefited from higher sales and cost reductions, with operating income climbing 24.3% to ¥46.8 billion, recurring profit up 28.6% to ¥42.2 billion, and net income rising 38.2% to ¥27.0 billion.

In consideration of consolidated performance for the year and the payout ratio, we paid an annual cash dividend of ¥16 per share. This dividend includes a term-end dividend of ¥9 per share, which is ¥2 more than the interim dividend of ¥7

per share and incorporates a commemorative dividend of ¥1 to mark NTN's 88th year in business.

Actions and Outcomes for the Final Year of Rapid Advance 21

Launched in April 2004, the Rapid Advance 21 medium-term business plan was designed to enhance enterprise value. Among other goals, we sought to raise consolidated sales by ¥100 billion or more over the three-year duration of the plan through "Innovation in Marketing & Sales," by reforming our mindset in these areas. Plans also called for lifting the operating margin to the 9% level. To do this, we enacted measures to boost productivity, and reap benefits from variable expense reductions, through an emphasis on "MONOZUKURI."*

In fiscal 2006, we intensified already aggressive sales activities and extensive cost-reduction programs in the push to meet our targets for the final year of Rapid Advance 21. But while global economic expansion supported strong growth in demand in both the automotive and general industrial machinery fields, soaring prices for crude oil and raw materials, along with difficulties in procuring steel products, nonetheless resulted in a severe business environment. Faced with these conditions, we pulled together to promote HITOZUKURI** and MONOZUKURI, reviewing our materials procurement policies and augmenting capacity at Group production sites to meet surging demand. These steps enabled NTN to respond quickly and flexibly to this changing operating environment, thereby achieving our initial net sales, operating income and operating margin targets outlined in Rapid Advance 21.

* MONOZUKURI is a comprehensive concept of creating value at NTN throughout the entire business process, including marketing, R&D, engineering, manufacturing and distribution. MONOZUKURI ensures an even higher level of customer satisfaction thanks to NTN's competitive advantages in quality, cost, delivery, development and service.

** HITOZUKURI is NTN's concept of a system designed to continuously develop staff who possess essential technical skills and are capable of working in an international environment. By identifying the skills of each individual and passing down various engineering and technical skills, NTN plans to increase its on-site capabilities, achieve world class high quality and low cost operations and shorten its production time.

The New "Growth through Creativity and Achievements 21" Medium-term Business Plan

Now that Rapid Advance 21 has ended, we have unveiled a new medium-term business plan. Called "Growth through Creativity and Achievements 21," this plan will enhance asset efficiency by quickly reaping the benefits of earlier investments, while pursuing continuous business development through investments aimed at spurring further growth. The plan's most important task, however, is to build corporate value for the NTN Group. To this end, the fundamental policy of the plan is to achieve results and growth by encouraging all employees to create new products and technologies, thinking beyond the way things were done until now.

Initiatives on the sales and technology fronts will strive to raise the value of the NTN brand through further quality enhancements, stronger proposal capabilities, and a faster development pace, among other measures. We are also working to secure long-term advantages for NTN technologies in two ways. First, we are amassing elemental technologies that will be the source of NTN Group product competitiveness by acquiring new materials and researching new approaches to surface formation. To complement this, we are bolstering the development of distinctive products to support everyday life in terms of the environment, safety and comfort. At the same time, we are building a network of patents to reinforce efforts to protect and utilize intellectual property. In the automotive field, we are looking to capture the world's top spots in CVJs and axle-bearings by realizing synergies from capital tie-ups with Germany's IFA-Antriebstechnik G.m.b.H., a firm with strong business links to the Volkswagen Group, and major European bearings manufacturer SNR Roulements. Where industrial machinery is concerned, we intend to focus on expanding sales of mainly large-size and precision bearings in the global market amid strong demand from sectors such as construction machinery, machine tools, wind power systems, and rolling stock.

Production initiatives will see the Company focus on measures to promote HITOZUKURI and MONOZUKURI in ways that dramatically improve production efficiency, through a complete reevaluation of its workforce, facilities, materials and production methods. By emphasizing HITOZUKURI for passing down both technology and skills, we plan to bolster quality control, facility development and a host of other production-side technological capabilities. In Japan, we responded to growing demand for large-size and other bearings for industrial machinery by establishing NTN Hakui Corporation in February 2007. We also began realigning our production sites in the Kuwana region. As for CVJs, we intend to expand business at NTN Fukuroi Corporation, where operations began in November 2006. One task going forward is to ensure consistent operations at these new production sites as soon as possible. Looking overseas, we will proactively strengthen business in the rapidly growing BRICs countries and other newly emerging markets. In April 2007, production got under way at a new company specializing in CVJs established in India in 2006. Meanwhile, in addition to expanding the sales region of SNR Roulements' plant in Romania to encompass Eastern Europe and Russia, we are taking full advantage of that company's plant in Brazil to better meet automotive demand.

As part of initiatives for building a stronger earnings structure, global business expansion will be coupled with the ongoing pursuit of cost reductions. To this end we will promote VA (value-analysis) and VE (value-engineering)

in addition to expanding global and local procurement activities. Another goal is to improve asset efficiency by building on MONOZUKURI efforts from Rapid Advance 21 to boost inventory turnover and capacity utilization rates. We recognize the importance of corporate social responsibility (CSR), which is why we are working to build a Group-wide internal control system, ensure strict compliance, and bolster our risk management framework. In terms of environmental initiatives, meanwhile, we are developing and expanding sales of environmentally friendly products, eliminating the use of environmentally harmful substances, and advising partners on programs for obtaining "Eco Stage" certification, as part of efforts to lessen the Group's environmental footprint.



Toward Sustainable Growth

Companies today must operate in a challenging environment that has only grown more severe in recent years, fueled by high crude oil prices, rising interest rates and other global economic concerns. Nevertheless, our vision at NTN is to deliver more than ¥1 trillion in net sales by fiscal 2015. Along with a host of measures to enact in realizing this vision, we are committed to both enhancing the NTN brand and returning profits to our shareholders. We look forward to your continued support and understanding as the Company takes the steps necessary to achieve these goals

June 2007

Yasunobu Suzuki

Yasunobu Suzuki
Chairman and CEO

Tatsuo Kondo

Tatsuo Kondo
President

New Medium-term Management Plan

Overview of “Rapid Advance 21” Medium-term Management Plan (April 2004 to March 2007)

Goals of “Rapid Advance 21”

“Rapid Advance 21” followed an aggressive growth strategy to enhance corporate value. It took advantage of the corporate structure strengthened by the “NEW Plan 21,” a two-year business structural reform started in April 2002.

(Billions of yen)

	2004/3 Results	2007/3 Results	Initial target for 2007/3	Comparison between 2007/3 results and initial target
Net sales	357.4	483.8	450.0	+33.8 (+7.5%)
Operating income	24.7	46.8	42.0	+4.8 (+11.4%)
Operating margin	6.9%	9.7%	9.3%	+0.4
Recurring profit	28.0	42.2	37.0	+5.2 (+14.1%)
Net income	11.0	27.0	22.0	+5.0
ROE	8.0%	13.8%	12.0%	+1.8
ROA	2.4%	4.6%	4.2%	+0.4

Major Activities of “Rapid Advance 21”

Foreseeing an increase in demand, increased production capacity for the products in the industrial machinery sector

We invested actively in facilities at plants manufacturing bearings for industrial machinery centered on the Kuwana region (Kuwana Works and NTN Mie Corporation).



NTN Mie Corp.

Expanded production capacity for constant-velocity joints (CVJ) and axle bearings used by automobiles

We actively increased production capacity for these products centered on Japan (NTN Fukuroi Corporation) and North America (NTN DRIVESHAFT INC. and AMERICAN NTN BEARING MFG. CORP.).

Formed strategic alliances with European partners to increase NTN’s presence in Europe

We laid the foundation for increasing our presence in Europe through alliances with SNR Roulements of France and IFA-AT of Germany.

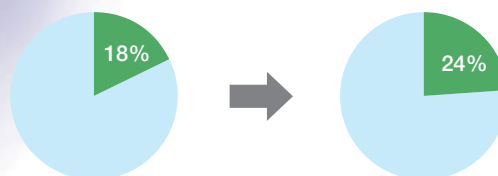
Developed new products based on new concepts

We conducted research and development, and subsequent commercialization, in such fields as fluid dynamic bearings and medical equipment.

Major Achievements of “Rapid Advance 21”

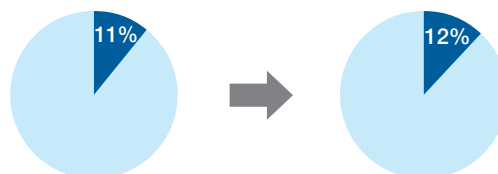
Market share increase in CVJs

18% in year ended March 2004 ⇒ 24% in year ended March 2007 (NTN estimate)



Market share increase in axle bearings

11% in year ended March 2004 ⇒ 12% in year ended March 2007 (NTN estimate)



Growth in the fluid dynamic bearing business

¥1.5 billion in year ended March 2004 ⇒ ¥10 billion in year ended March 2007



Challenges to be continued after “Rapid Advance 21”

- Early return on production capacity investments.
- Improvement in asset efficiency (inventories and tangible fixed assets).
- Early realization of synergistic effects from European alliances.

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GCA21

Growth through
Creativity and
Achievements

Overview of “Growth through Creativity and Achievements 21” Medium-term Management Plan (April 2007 to March 2010)

What is “Growth through Creativity and Achievements 21”?

“Growth through Creativity and Achievements 21” means to create new corporate value and continued growth, thereby realizing significant achievements. NTN’s challenge is to go back to the starting point; begin at zero, not with past experiences.

“Growth through Creativity and Achievements 21” places a greater emphasis on maintaining a good balance between offense and defense with regard to the following:

- ◆ Enhancing corporate value by improving asset efficiency
- ◆ Strengthening competitiveness by increasing capital expenditure for further growth
- ◆ Having every employee “explore their own ideas, create something new, achieve results and develop themselves as well”

Goals of “Growth through Creativity and Achievements 21”

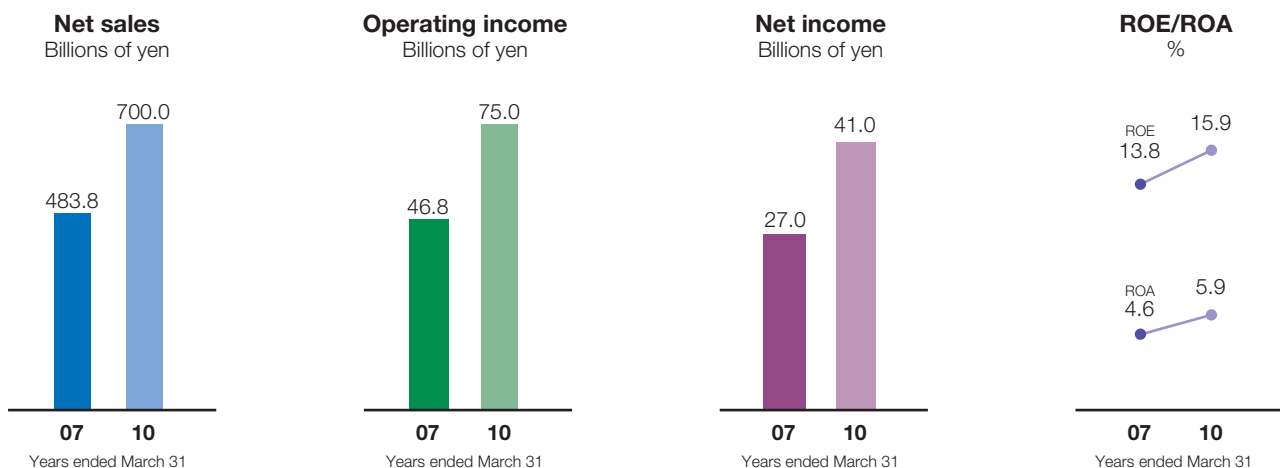
Enhance corporate value by improving NTN’s brand value.

- Raise consciousness of NTN’s improving safety and quality.
- Increase reliability of the products.
- Strengthen and expand intellectual property rights.
- Pass on the technology and skills the baby boomers hold.
- Differentiate NTN products by enhancing competitiveness of products, services and technologies.

Enhance stakeholder value by increasing customer value, employee value, social value and shareholder value.

- Social value
As a good corporate citizen, contribute to the development of local and international communities by taking actions to conserve the environment, maintain mutually beneficial relations with clients and develop harmonious relations with local communities.
- Employee value (through HITOZUKURI)
Pass on technologies and skills through a structured educational curriculum. Revise the existing employment system to attract more female and retired employees to join NTN.
- Customer value (through MONOZUKURI)
Raise quality to a level no competitor can match. Strengthen product development capabilities utilizing NTN’s proprietary technology and expand intellectual property rights. Place greater emphasis on preserving the environment.
- Shareholder value
Ensure long-term returns on investments to fulfill shareholder expectations. Returns to the shareholders will be made in the form of dividends and an increased stock price.

Numerical management targets



Sales Division Initiatives Under “Growth through Creativity and Achievements 21”

Industrial Machinery Division

[Strategically Boost Share and Increase Earnings]

“Rapid Advance 21” saw NTN adopt a GAM (Global Application Manager) system for key industries where growth in demand is anticipated, and concentrate efforts in each of these sectors. This step allowed NTN to successfully increase sales of industrial machinery products, such as large bearings and precision bearings, which played a prominent role in overall sales. Under “Growth through Creativity and Achievements 21,” sales activities targeting market sales customers will take on a more aggressive posture as we cultivate human resources armed with both a comprehensive product knowledge base and proposal capabilities, while continuing efforts to spur sales growth in construction machinery, machine tools, wind power generation, rolling stock, medical equipment and other key sectors. Synergies with SNR, meanwhile, will stimulate dramatic sales expansion in Europe and raise NTN’s global market share.

Automotive Division

[Achieve World’s Top Share in Strategic Products]

Under “Rapid Advance 21,” we took steps to increase global sales of strategic products. As a result, sales of constant-velocity joints (CVJs) and axle bearings grew 1.4 and 1.7 times, respectively, compared with fiscal 2003, which served as the benchmark year. Under “Growth through Creativity and Achievements 21,” we will continue efforts to increase sales in order to capture the world’s leading share in CVJs. In axle bearings, if SNR performance is included, NTN is already the undisputed leader in this field. By creating synergies, we plan to further expand sales going forward. As we meet demand stemming from growing global production by Japanese automakers, we are actively

responding to new projects in the Americas, while working to boost sales to low-share users in Europe. At the same time, we are marching ahead in training globally viable human resources.

Precision Equipment Division

[Expand Business by Developing Advanced Technologies]

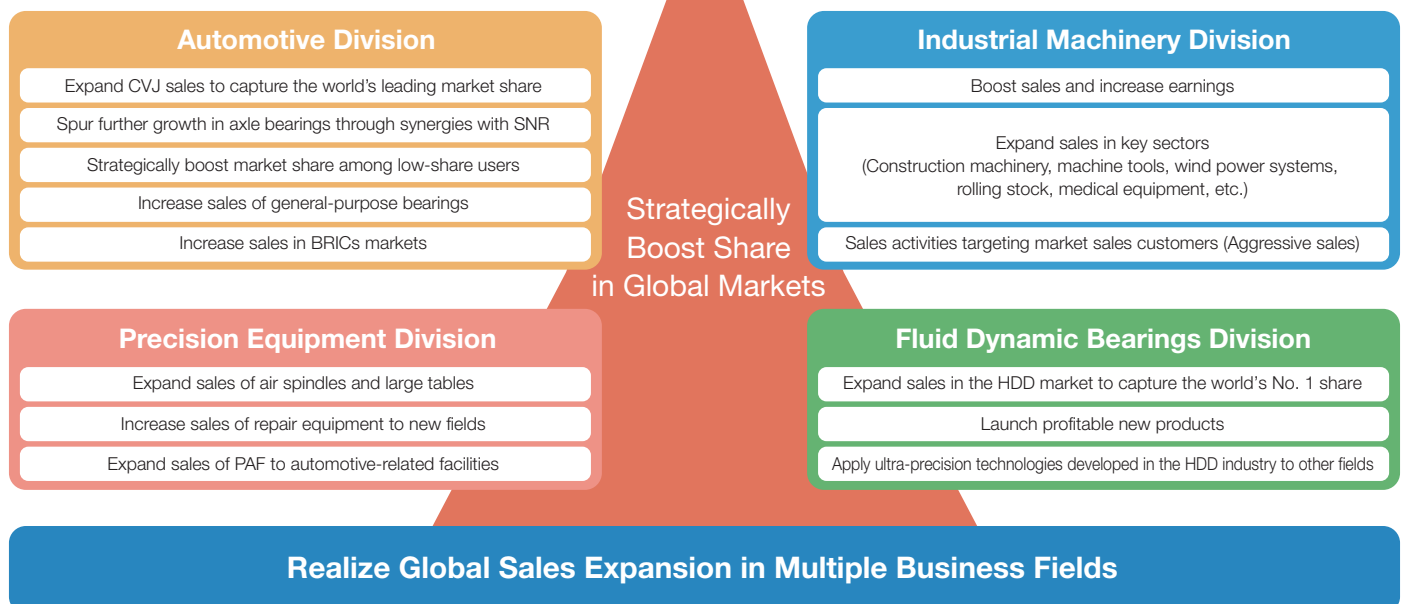
One theme under “Rapid Advance 21” was to raise the number of NTN businesses based on leading-edge technologies. To this end, we strove for business expansion with an emphasis on sales of repair systems in the FPD field. Under “Growth through Creativity and Achievements 21,” the aim is to revolutionize NTN businesses and achieve further sales growth. To do this, we plan to boost sales by launching products in new fields, leveraging both advanced technologies and core technologies, such as precision positioning, cultivated in the FPD field. We will also increase sales of elemental products by responding to needs at the cutting-edge of the market and through development. Another move with respect to parts supply will be to entrench parts-feeding technology. We also intend to train capable human resources through technical education aimed at deepening knowledge of advanced technologies.

Fluid Dynamic Bearings Division

[Capture the World’s Leading Share]

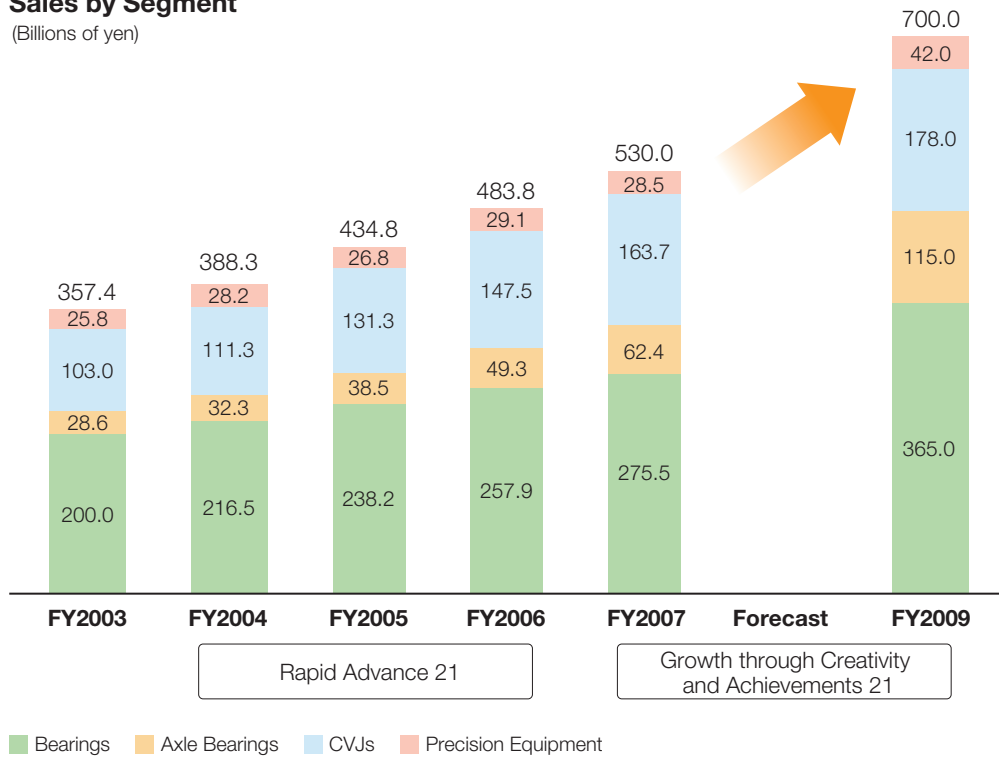
Measures taken under “Rapid Advance 21” to meet rapid growth in sales of fluid dynamic bearing units for 3.5-inch products resulted in sales of ¥9.4 billion in fiscal 2005. This figure represented growth that was roughly six times that of fiscal 2003, the benchmark year. Under “Growth through Creativity and Achievements 21,” we will foster human resources with development skills and specialist knowledge to capture the world’s leading share (share of 60%) for 3.5-inch products. At the same time, we will move forward with developing and expanding sales of Dynamic Bareflight for 2.5-inch products.

Growth through Creativity and Achievements 21



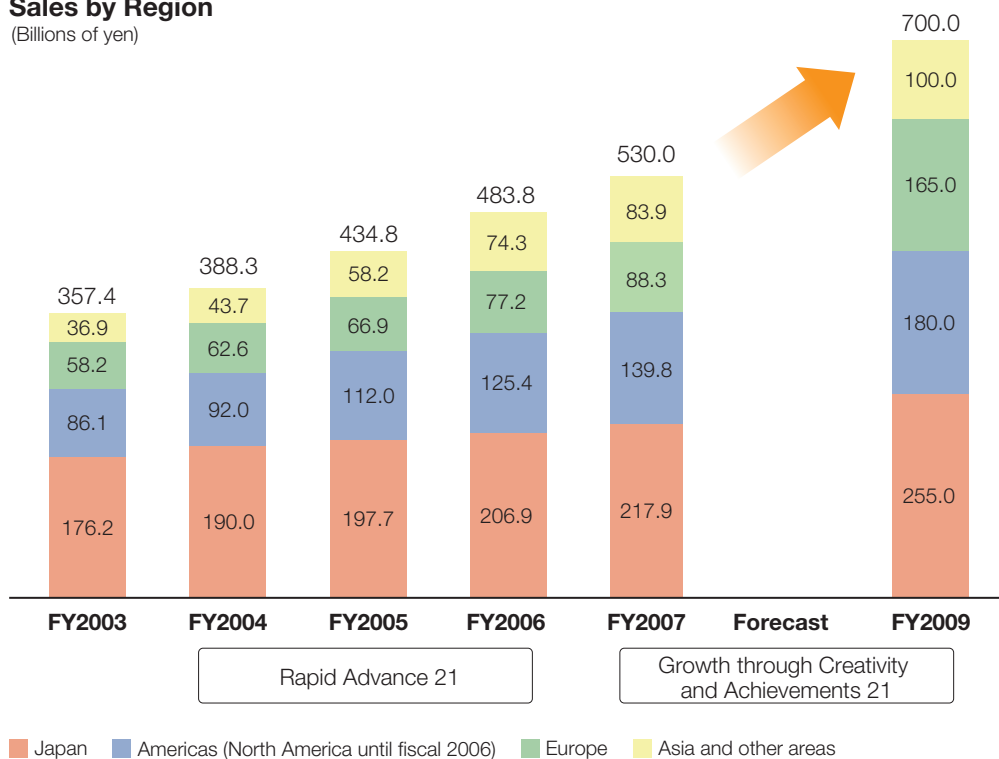
Sales by Segment

(Billions of yen)



Sales by Region

(Billions of yen)



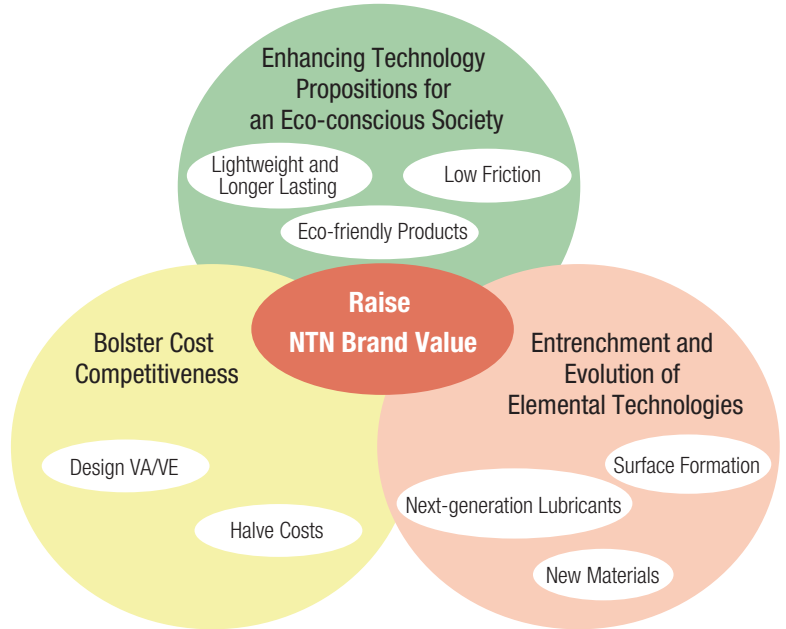
Product Development Initiatives Under “Growth through Creativity and Achievements 21”

Under “Growth through Creativity and Achievements 21,” the technology and research divisions will work to raise the profile of the NTN brand as one that benefits global society by further entrenching core technologies and acquiring new peripheral technologies. In this way, NTN will develop unrivaled products able to meet society’s needs.

To enact “aggressive development,” we will take steps to groom future products and pursue R&D into large new products, while continuing to launch new products for the duration of “Growth through Creativity and Achievements 21.”



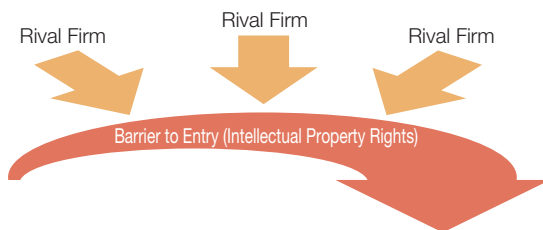
Low-priced V series CVJs for small vehicles



Intellectual Property Activities Under “Growth through Creativity and Achievements 21”

Stronger efforts to submit patent applications under “Rapid Advance 21” sparked a resurgence in patent applications, with applications for the business year ended March 2007 more than triple that of the business year ended March 2004, the benchmark year for comparison.

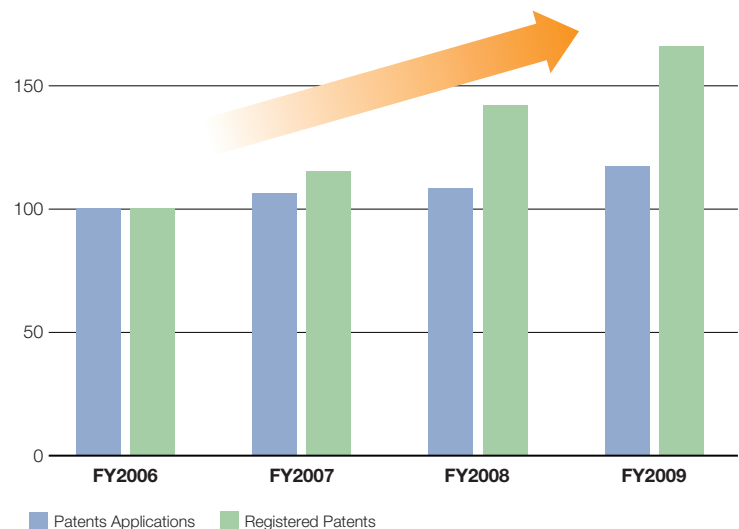
Under “Growth through Creativity and Achievements 21,” as we continue to vigorously apply for patents in recognition of the importance of intellectual property rights, the approach we take will also emphasize patent quality.



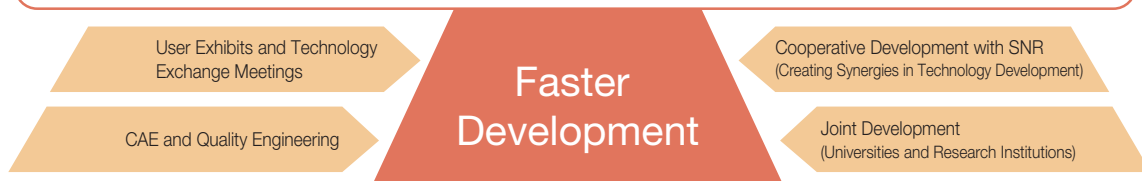
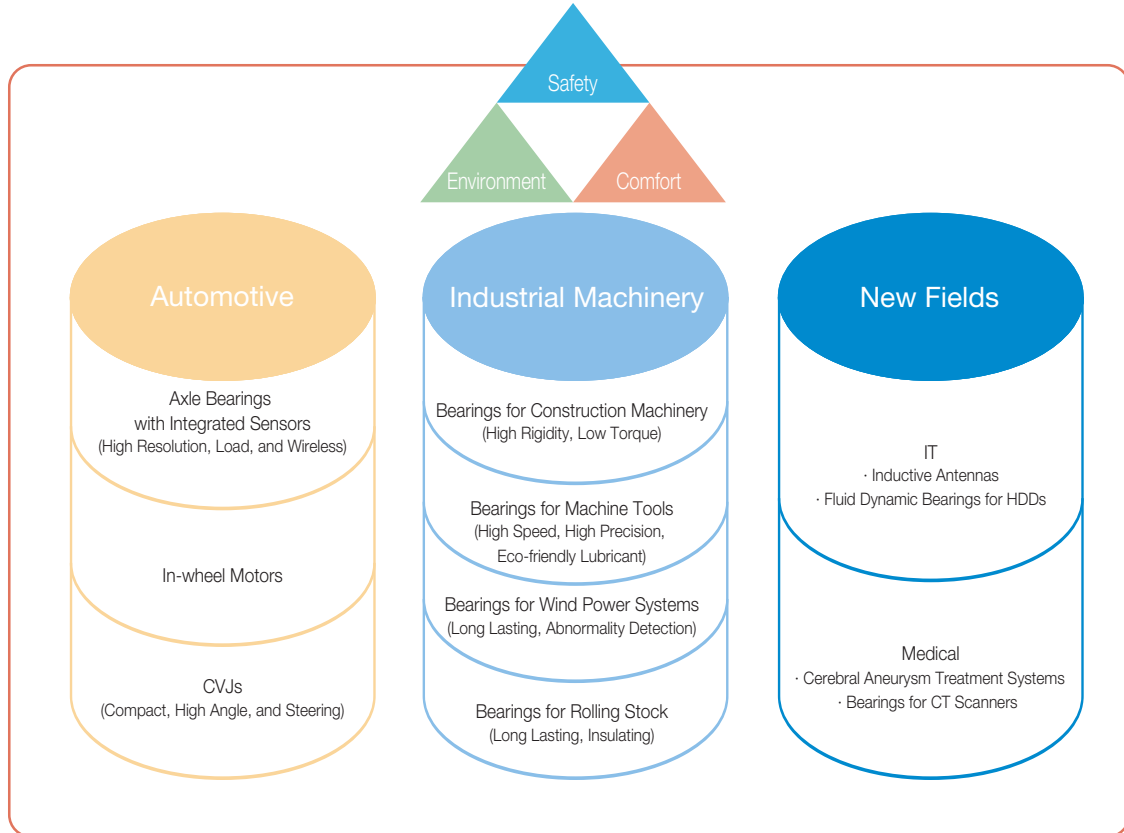
Exclusive rights such as patents and trademarks form a barrier to entry for rival firms. These rights also protect NTN products and ensure fair profits.

Numerical Targets of “Growth through Creativity and Achievements 21”

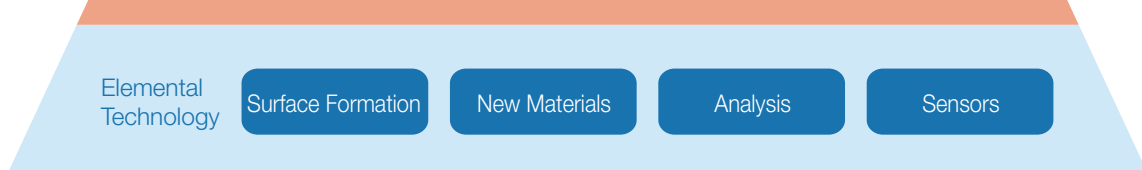
(Comparison to benchmark %)
200



Develop Unrivaled Products Able to Meet Society's Needs



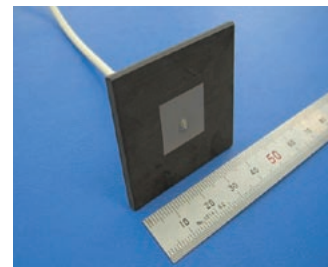
Everything Hinges on Design!! Pursue Easier Creation and Use



Axle Bearings with integrated In-wheel Motors



Cerebral Aneurysm Treatment Systems

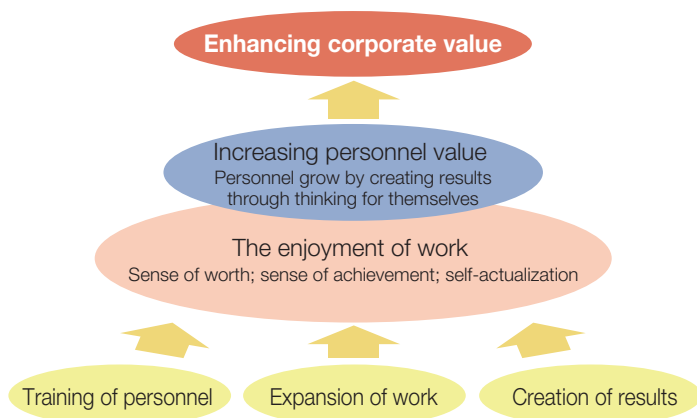


Inductive Antennas

Aiming to Find Enjoyment through Work, Develop One's Potential and Enhance Corporate Value

Through work, each employee aims to acquire a sense of worth, a sense of achievement and experience the enjoyment of self-actualization. By doing so, they aim to increase their own value and enhance NTN's corporate value.

To achieve this, NTN promotes the personnel training needed in the fields of manufacturing, sales, engineering and administration. In particular, we focus on personnel training in manufacturing operations creating strong manufacturing sites where personnel can think for themselves and make improvements.



Personnel Training for Global Production Operations

"Growth through Creativity and Achievements 21" emphasizes training personnel for production operations. In Japan, in line with the company-wide personnel training scheme, NTN personnel with an aptitude for theory and logic receive this training. Overseas, loan personnel receive thorough training before being dispatched, a support system is in place and training is conducted by local trainers.

Qualitative Increase in Skill Level of Skill Holders

NTN aims to improve the skills of the entire company by qualitatively raising the skill level of skill holders over a 3-year period. To accomplish this, we will 1) promote skills education, 2) encourage the acquisition of proficiency skills qualifications and 3) invigorate circle activities.

As regards our existing skills education, we have established a classroom and practical education program with various courses: Beginner 1 for technical novices, Beginner 2 for leader candidates, Intermediate for leaders and Advanced for senior engineering



A skills education lesson

staff. These courses are taught at Kuwana Works, Iwata Works and Okayama Works.

Establishment of skills transmission centers

To systematically and efficiently promote skills education and skills transmission, NTN is establishing skills transmission centers at Kuwana Works, Iwata Works and Okayama Works at which all the necessary elements of production activities can be learnt, including safety, quality, the environment, 5S's/3 rules and visibility.

The Kuwana Skills Transmission Center was opened in February 2007 in a renovated gymnasium; the Iwata center will open by the first half of fiscal 2009 as a fully equipped facility; the newly designed Okayama center is scheduled to open in the second half of fiscal 2009. In the future, we plan to use this center for the training of local trainers from overseas.



The Kuwana Skills Transmission Center

Targets and Progress in Raising the Status of Female Employees

NTN works to raise the status of female employees against the backdrop of women working longer, reflecting the lower birth rate and aging population.

Pro-women policies

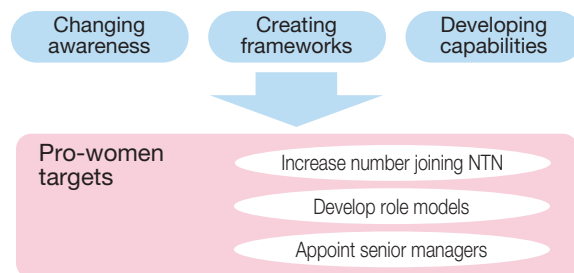
- Change awareness of all employees, improve workplace environment
- Enable women to actively improve capabilities, support their development
- Improve the relevant company systems

Targets for next 3 years

- Increase number of women joining NTN
- Train suitable female employees to become role models
- Appoint women as senior managers (over 10 by 2010)

Initiatives

- Attitude survey of female employees (completed June 2007)
- Questionnaire to directors, senior managers and all female employees about raising women's status (completed August 2007)
- Examination of projects to initiate (from September 2007)



NTN thoroughly pursues the essence of MONOZUKURI, and tenaciously continues to make steady improvements, including conducting facility maintenance activities and implementing measures to shorten the preparatory preproduction stage and prevent minor stoppages.

The Essence of NTN’s MONOZUKURI

The essence of NTN’s concept of MONOZUKURI is to create added value through a variety of business processes by converting materials to products. To further increase this added value and improve production capabilities, we work to improve the smooth unimpeded flow of products and information, and conduct with integrity our basic activities of facility maintenance, “the 5 Ss,” “the 3 Rs” and the shortening of preparations.

Initiatives for MONOZUKURI Revolution

1. Model production lines with smooth flows

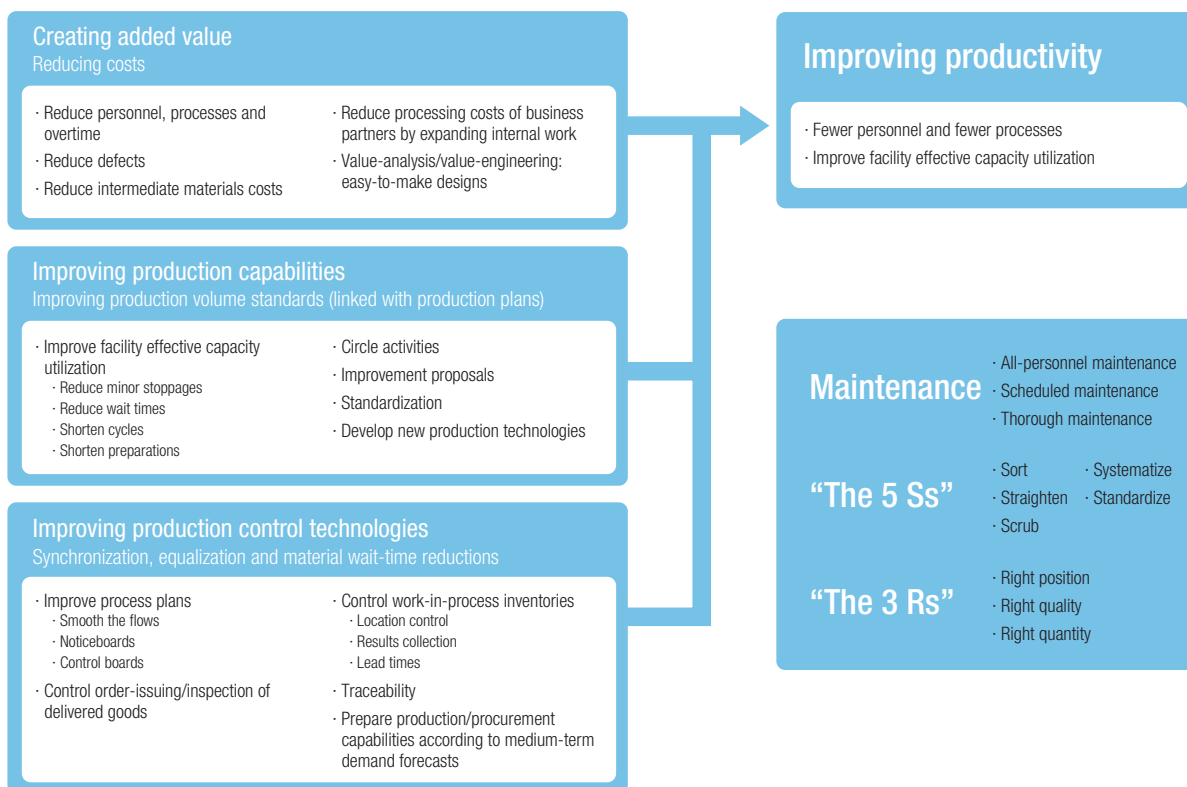
NTN rigorously implements the essence of MONOZUKURI focusing on model production lines with smooth flows. We use the results at both block level and plant-wide level, leading to further benefits.

2. Improving capacity utilization

NTN improves the effective capacity utilization of a facility by two approaches. First, we improve the time-based operating rate by reducing downtime through measures to prevent minor stoppages and improve preparation times. Second, we improve the speed-based operating rate by conducting activities to shorten cycle times based on technological and other measures.

3. Fewer personnel and fewer processes

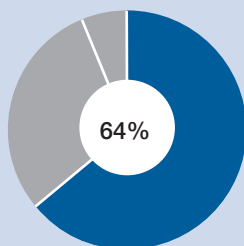
NTN increases employees’ skills so they can review the use of large workplaces and divisions of work responsibilities, removes strain, waste and variance in work methods by changing layouts to achieve production that uses fewer processes and fewer personnel to achieve the same or greater production.



Bearings

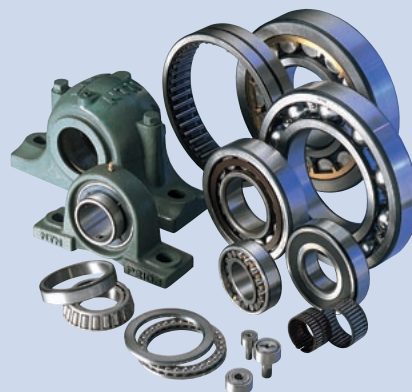
Net sales share

(07/3)



Major products

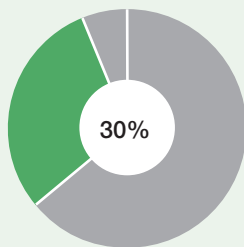
- Ball bearings
- Roller bearings
- Axle bearings
- Bearing units
- Large bearings
- Precision bearings
- Fluid dynamic bearings
- Sliding bearings
- Other bearings



Constant-velocity Joints

Net sales share

(07/3)



Major products

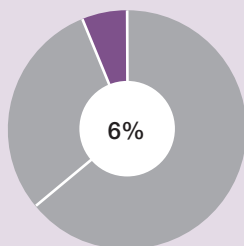
- Automotive CVJs (for halfshafts, propeller shafts and steering shafts)
- CVJs for industrial machinery



Precision Equipment and Other Products

Net sales share

(07/3)



Major products

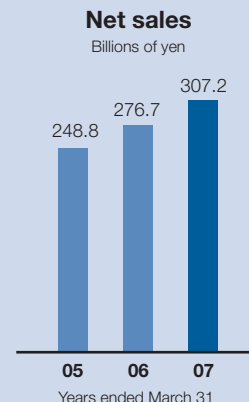
- LCD repair devices
- PDP rib barrier defect repair system
- Parts feeders
- XY tables
- Magnetic-bearing spindles
- Auto-tensioners
- Engineering plastics parts
- Machines, apparatus and others



Bearings are NTN's principal business, accounting for 64% of consolidated sales. Currently, NTN bearings have a 27%* share of Japan's market and 8%* of the global market.

NTN began international expansion of its sales offices in the 1960s and followed with the development of a global manufacturing network a decade later. Today, NTN is using its expertise as a leading bearing manufacturer to create new value-added products and services to meet the needs of customers in a wide range of industries. We supply bearings for the automotive industry and for industrial machinery including construction machinery, rolling stock and wind power systems. In addition we also serve the semiconductor and medical industries. In particular, demand is growing sharply for our fluid dynamic bearings, which are used in hard disk drives (HDDs). Manufactured from a sintered alloy developed by NTN using proprietary technology, these fluid dynamic bearings are currently regarded highly by the market.

* NTN Estimation



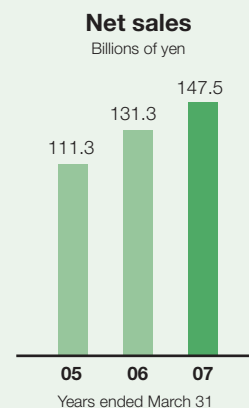
A strategic product with strong growth potential, constant-velocity joints (CVJs) generate 30% of consolidated sales. NTN currently commands 43%* of Japan's market and 24%* of the global market.

Having started CVJ production in Japan in 1963, the number of CVJs produced on a cumulative basis surpassed 400 million units in 2007. Following aggressive expansion of production worldwide in the 1990s, today NTN has a strong base of operations to respond to the global sourcing needs of the automotive industry, major customers for CVJs.

These operations are supported by a trilateral development system covering the three key regions of Japan, the Americas and Europe. A production and sales system encompassing these three regions as well as China and other parts of Asia has also been formed.

Based on technological expertise developed over the years, NTN has established a solid reputation as a leader in the CVJ sector.

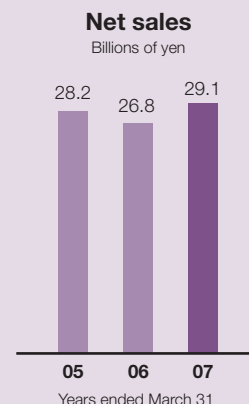
(*NTN Estimation)



Accounting for 6% of consolidated net sales, the precision equipment business segment combines leading-edge technology products and products for special fields. Using highly sophisticated mechatronic technologies developed over the years, NTN supplies products with special features to this market.

We provide the IT industry with a range of mechatronic products, including our liquid crystal display (LCD) repair devices, which efficiently repair defects in LCDs. Our parts feeders automatically align various components and feed them into production machinery. Of particular note is our surface mounted device (SMD) feeder, which enables high-speed alignment and feeding during the production process for microchips in mobile phones and other devices.

We supply the automobile industry with a variety of products, such as auto-tensioners, which automatically adjust the tension of the timing belt for engines. In addition, we offer a diverse lineup of clutch units, including mechanical clutch units (MCUs), which enable vehicles to be shifted easily and quickly between different drive-train systems.



Improve quality further and strengthen cost competitiveness



Bearings

During the fiscal year under review, sales of bearings rose ¥30.5 billion, or 11.0%, to ¥307.2 billion. Although the depreciation of the yen had a negative impact on yen-denominated sales, the contribution of new orders from the automobile industry and strong sales of axle bearings in Japan and North America, and of needle bearings in North America, Asia and other regions, supported robust sales overall.

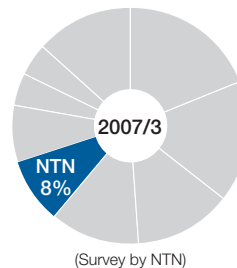
In Japan, sales increased of large bearings and precision bearings used in sectors such as construction machinery, machine tools, and rolling stock. In February 2007, the Company established NTN Hakui Corporation as a new production site for large bearings and other bearings used in industrial machinery to meet growing demand. Sales also rose for automotive bearings such as axle and needle bearings. As a result, domestic sales climbed ¥5.5 billion, or 4.3%, to ¥133.1 billion. From the current term, the Company will respond to further increases in demand for large bearings and precision bearings by realigning its production bases in Japan's Kuwana region.

In North America, in addition to favorable sales to the automotive industry, sales of bearings for general industrial machinery, such as construction machinery, increased. Consequently, sales of bearings in North America rose ¥5.6 billion, or 8.5%, to ¥70.1 billion. Looking ahead, the Company will implement measures to expand sales of bearings for general industrial machinery, such as construction machinery, and axle bearings for automobiles, while keeping an eye on trends in demand in these areas.

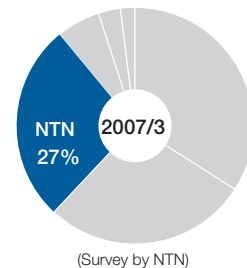
In Europe, sales growth was supported by strong sales of bearings to the automotive industry, and by growth in sales of large bearings to the wind power generation industry. Sales increased ¥7.3 billion, or 19.9%, to ¥44.2 billion. From the current term, we will move to quickly generate synergies with SNR Roulements, a prominent French bearings manufacturer and recent addition to the NTN Group.

In Asia and other areas, sales of fluid dynamic bearings for hard disk drive (HDD) motors and bearings for office equipment in China were favorable. As a result, Asian regional sales grew ¥12.3 billion, or 25.7%, to ¥59.9 billion. In response to higher demand for fluid dynamic bearings, NTN-Nidec (Zhejiang) Corp. in China and the newly established NTN Nidec (Thailand) Co., Ltd. will take steps to increase sales of these products.

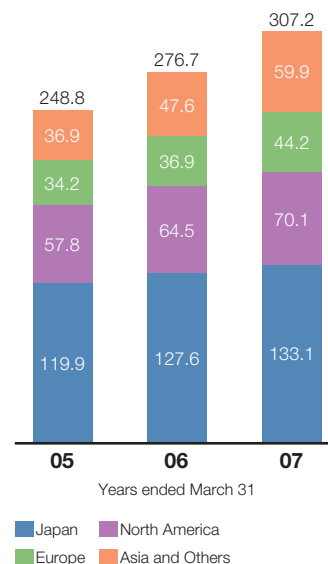
Our share of the global bearing market



Our share of the Japanese bearing market



Total bearing sales
Billions of yen

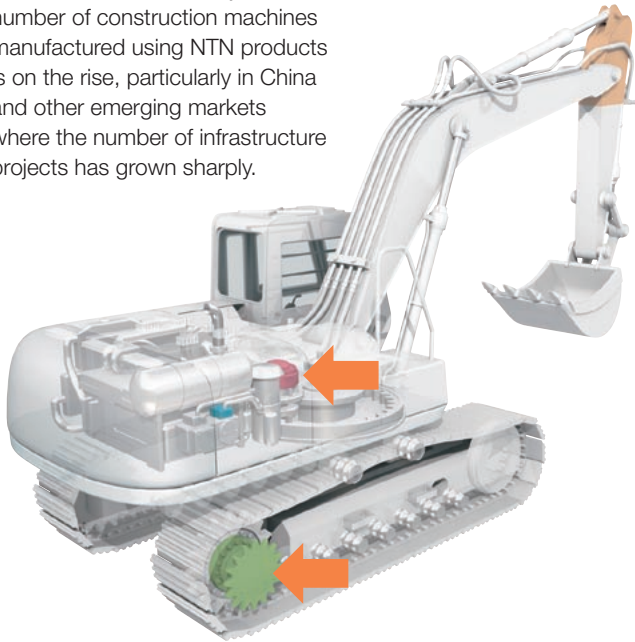


Hub bearings with high resolution rotational sensors, the first joint development project with SNR of France

Bearings for Industrial Machinery

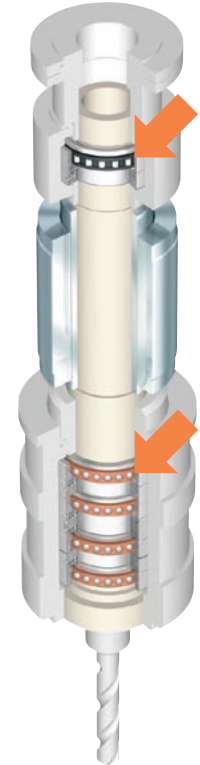
Construction Machinery

Construction machinery is critical to building vital infrastructure. Thanks to NTN's commitment to outstanding quality and active response to increased demand, a host of the Company's products can be found in the wheels and drive components of these machines. Today, the number of construction machines manufactured using NTN products is on the rise, particularly in China and other emerging markets where the number of infrastructure projects has grown sharply.



Machine Tools

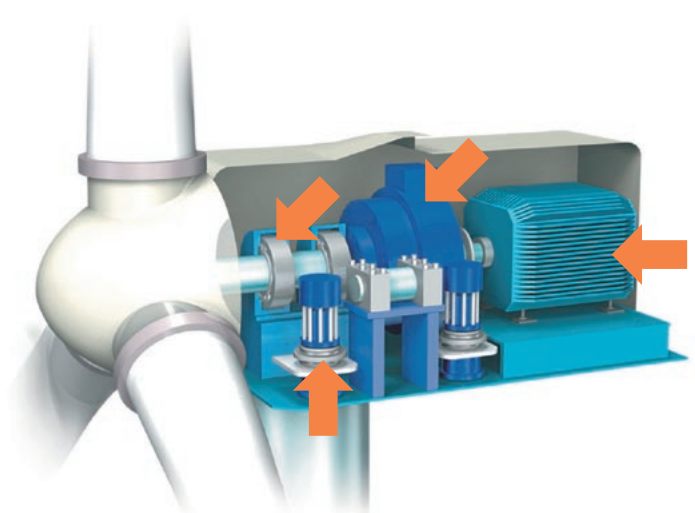
For machine tools, the bearings used in the primary spindle must have exceptionally high precision and rotation speeds. At NTN, we continue to supply products to our customers with the performance and quality they need by providing input to major manufacturers from the initial development stages. Our R&D activities are centered on the pursuit of the best bearings imaginable. The technologies generated in the process become the cornerstone of NTN's development of products for other industrial machinery and automobiles.



Wind Power Systems

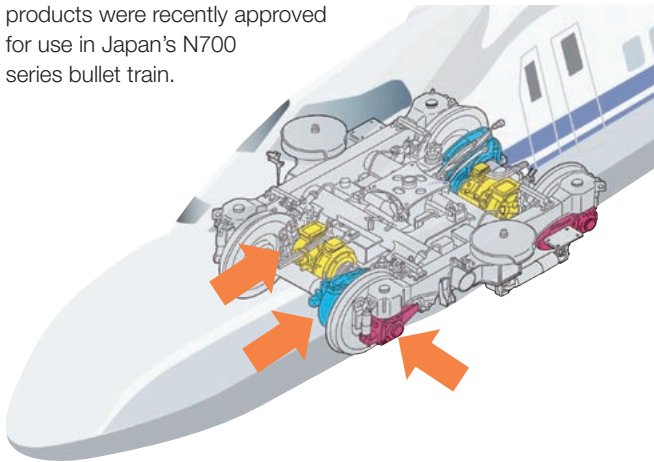
One response to environmental conservation in recent years has been the global spread of wind power systems, which supply clean energy free of CO₂ emissions. NTN manufactures and sells the full range of bearings used for the primary spindles, speed controls and generators found in wind power systems. The Company has earned

a reputation among wind power system producers for its role in ensuring the reliability and long-term stability of this technology.



Rolling Stock

Demand for railroad construction is climbing worldwide as efforts to protect the natural environment gain momentum. In turn, this trend is sparking growth in global sales of NTN products. Everywhere, special management systems are being developed to preserve and improve the quality of rolling stock, since even small defects in the rail cars used to transport people and large amounts of cargo can result in catastrophic damage. In an acknowledgement of NTN's technological skills, the Company's products were recently approved for use in Japan's N700 series bullet train.



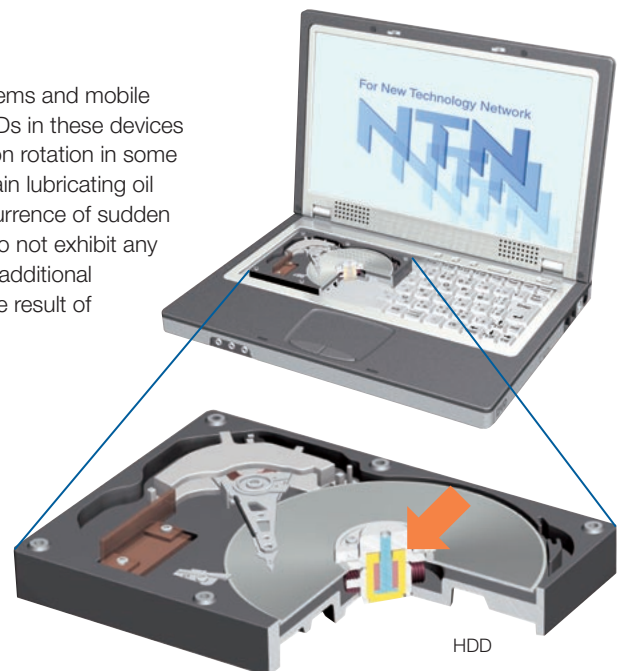
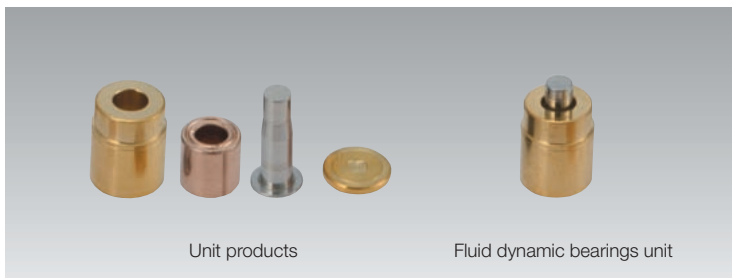
Medical Equipment

In today's medical field, where sophisticated diagnosis is a must, there is a demand for further advancement in CT scanner technology. Successive improvements in NTN's bearings for high-speed CT scanners have enabled these diagnostic devices to scan accurate images more quietly and faster. Shorter diagnosis times, in turn, make it easier to use CT scanners for diagnosing children and the elderly, for whom such tests can be particularly taxing. NTN's people-friendly bearing technology will continue to evolve and play an active role in the field of medicine as part of our commitment to safeguarding human life.



Fluid Dynamic Bearings

Personal computers, digital video cameras, mobile devices, car navigation systems and mobile phones are becoming convenient tools indispensable to our daily lives. The HDDs in these devices require not only an increased memory capacity, but also extremely high-precision rotation in some parts of their motors. The use of oil-impregnated sintered bearings (which contain lubricating oil within the actual bearing) in NTN fluid dynamic bearing units eliminates the occurrence of sudden failure in hard disk motors. Consequently, HDD systems using these bearings do not exhibit any loss of data, in contrast to systems using the solid bearings of competitors. An additional advantage of NTN fluid dynamic bearing units is their cost competitiveness—the result of volume production made possible by a superior press manufacturing system.



Bearings

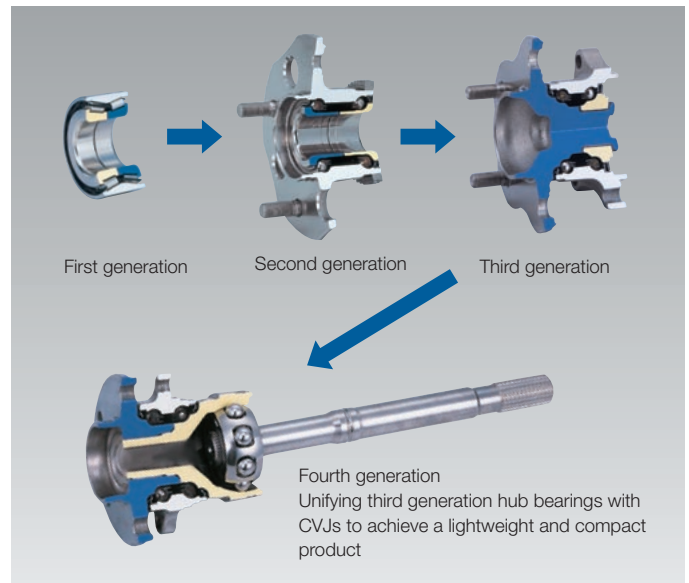
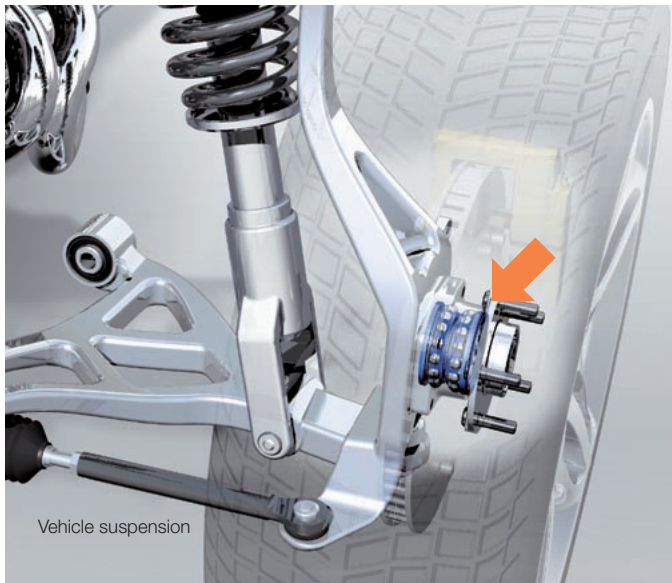
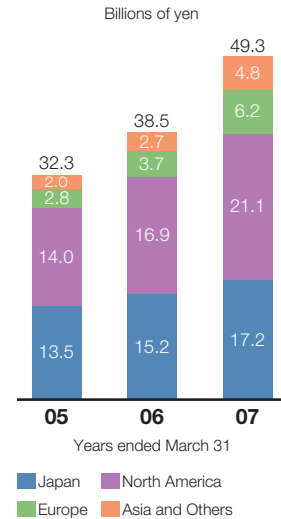
Axle Bearings

Attached to the wheels of automobiles, axle bearings enable the wheels to turn while also bearing the weight of the vehicle body. Although extremely basic, axle bearings play an essential role in vehicle movement.

In the pursuit of greater ease of assembly, NTN has witnessed the evolution of three generations of axle bearings. As the modularization of axle bearings progresses with each successive generation, we are achieving lighter and more compact products through reduction in the number of components.

In addition to having a complete lineup of all types of first- through third-generation axle bearings, the Company has set up a global supply network by establishing production bases in Japan, the United States, Europe and Asia, including China. Through this network, NTN supplies axle bearings to automotive companies worldwide. The Company has also developed a fourth-generation hub joint (GEN 4 hub joint) that combines third-generation axle bearings with CVJs in one unit. This unique product has been made possible by NTN's prowess in bearing and CVJ manufacturing technologies. As this new product illustrates, NTN continues to stand at the forefront of modularization.

Axle bearing sales



New Products

Integrated Sealed Sensor Hub Bearing

NTN has developed an integrated sealed sensor hub bearing for driven wheels in which the revolution sensor is integrated with the outer ring of the hub bearing and is completely sealed.

In conventional hub bearings with revolution sensors for driven wheels, there have been cases in which sensor probes and/or magnetizing encoders were damaged due to exposure to muddy water or other foreign materials because the sensor was not sealed. To prevent such damage, shields were fitted to the outer rings of CVJs or labyrinth packing was used in the gap between the housing (knuckle) and CVJ outer ring. With this new product, the seal is fitted to the outside of the sensor probe and the magnetizing encoder ring. This configuration protects the sensor from foreign material, thus greatly enhancing reliability.



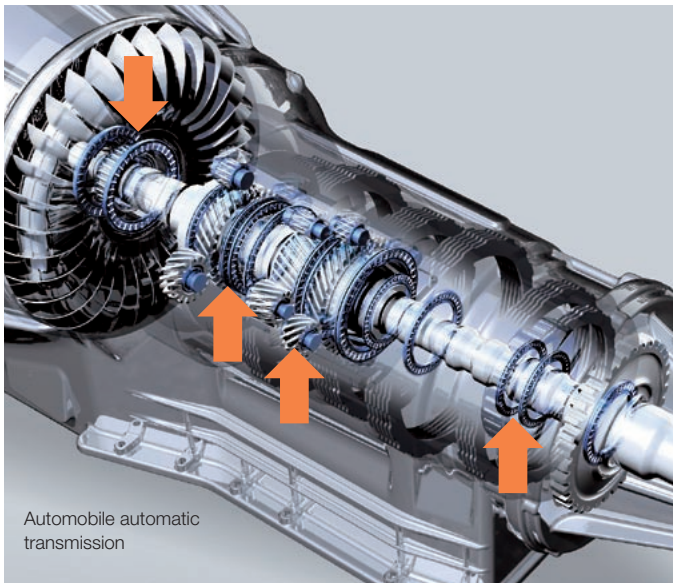
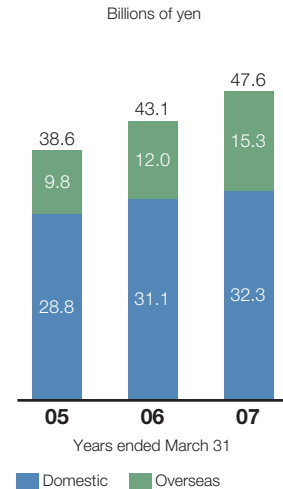
Hub bearings with built-in sealed sensors

Needle Bearings

Needle roller bearings have relatively small diameter, cylindrical, needle-like rolling elements. The outstanding feature of needle roller bearings is their high load-bearing capacity and rigidity relative to size. Needle roller bearings enable compact and lightweight designs for customers. Because of these special features, needle roller bearings are used in many applications for automobile transmissions and other parts where there are space conservation or high load-bearing capacity requirements.

NTN commenced production of needle roller bearings in Japan in 1962. Having operated as a compact unit encompassing production, sales and technology, these operations have the full trust of their customers. NTN manufactures its own needle rollers and specializes in press-processed cages. Against the backdrop of this cost competitiveness and its strong technology, NTN has been actively developing a network of overseas production bases, with production getting under way in Thailand in 1999, the United States in 2000, and China in 2005. In 2006, the Company moved to boost production of high-precision rollers and reduce costs with the start of full-scale operations at NTN Kamiina Corp.

Needle bearing sales

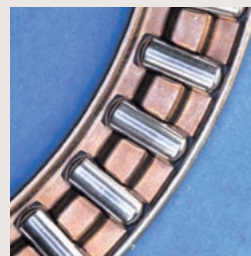


New Products

Development of the World's Highest Speed Thrust Needle Roller Bearing

NTN has developed a high-speed thrust needle roller bearing that realizes a 1.5 million dmn* value (the world's fastest), enabling it to meet the high speed requirements of high-powered electric motor units for hybrid cars and the multiple gear range of automatic transmissions.

*dmn = dm (i.e., bearing pitch diameter in millimeters) × n (i.e., rotational speed per minute)



High-speed thrust needles



Left: part
Right: all

Sales activities are being developed globally to achieve the world's top business.



Constant-velocity Joints

Sales of constant-velocity joints (CVJs) rose to ¥147.5 billion, up ¥16.1 billion or 12.3% from the previous term. Sales benefited from volume production for new clients in North America, particularly Japanese automobile manufacturers there.

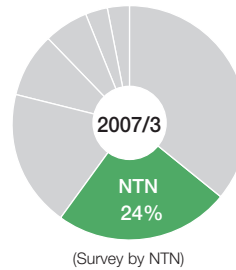
In Japan, although competition intensified and sales prices declined, the launch of new compact car models contributed to a growth in sales. As a result, sales grew by ¥3.2 billion, or 6.8% from the previous term, to ¥50.1 billion. With the commencement of operations at NTN Fukuroi Corp. in November 2006, we are continuing to expand business in a manner best suited to meeting local demand. Going forward, we will work to promote sales expansion to capture new orders around various vehicle models.

Sales in North America grew as a result of a surge in new orders from Japanese and U.S. automobile manufacturers, climbing ¥7.6 billion, or 16.2%, to ¥54.3 billion. In February 2007, NTN joined forces with the KOFCO Group, a supplier of CVJs to South Korean automaker Hyundai Motor Company, to form a joint venture in the U.S. state of Alabama. From the current term, we will focus on strengthening our ability to respond with flexibility to rapidly growing demand.

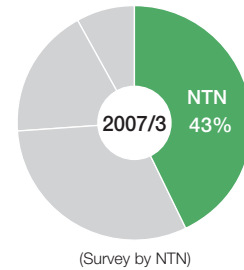
In Europe, sales rose ¥2.2 billion, or 7.9%, to ¥30.5 billion, lifted by increased sales to Japanese automobile manufacturers. Looking ahead, NTN will continue to plan even more detailed activities to gain orders in Europe through its global application manager (or GAM) program. In 2006, the Company took an equity stake in the CVJ manufacturing company of the IFA Group, which maintains a strong business relationship with the Volkswagen Group. From the current term, we will work to generate synergies with IFA and accelerate the expansion of our CVJ business activities in Europe.

Asian sales jumped ¥3.2 billion, or 33.5%, to ¥12.6 billion because of the start up of new production to fill orders from China, Malaysia and South Korea. From the current term, we are expanding production capacity at existing production bases, specifically NTN Manufacturing (Thailand) Co., Ltd. and Guangzhou NTN-Yulon Drivetrain Co., Ltd. Production at our new subsidiary in India, NTN Manufacturing India Private Limited, also got under way in April 2007. In this way, we are working to continuously respond to growing demand in Southeast Asia, China and South Korea.

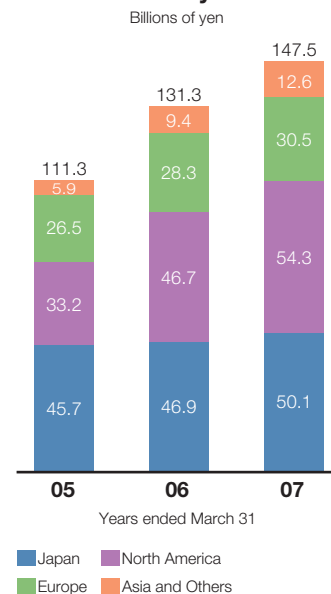
Our share of the global Constant-velocity Joints market



Our share of the Japanese Constant-velocity Joints market



Constant-velocity Joint Sales



NTN Fukuroi Corp.



NTN Manufacturing India Private Limited

CVJs

NTN was the first to bring fixed CVJs to the Japanese market in 1963, and followed up by adding the double offset joint (DOJ), tripod joint (TJ) and other plunging CVJs to its lineup. Attaching fixed and plunging CVJs to a drive shaft, the Company started supplying these products to automotive manufacturers that were making front-wheel drive vehicles.

Taking advantage of the oil shock in 1973, sales of front-wheel drive vehicles began to climb because of their fuel efficiency. Production of CVJs leaped. Furthermore, automotive manufacturers increased their use of CVJs in halfshafts for rear-wheel drive and in propeller shafts for 4WD vehicles to improve the ride. As CVJ demand expands, NTN is proceeding with global business development by setting up a network of production bases covering Japan, the United States, Europe and Asia, including China.

In recent years, there has been strong demand for developments

that will reduce environmental impact, lighten component weight (contributing to greater automobile design freedom), achieve greater compactness and reduce noise, vibration and harshness (NVH).

Because the function and quality of CVJs directly and indirectly affect the functioning of automobiles, we have stayed at the forefront of trends in automobile technology and have carried out a variety of specific improvements. NTN's E series or constant velocity steering joint (CSJ) (lightweight and compact type) and pillow journal tripod joint (PTJ) or efficiency pillow journal tripod joint (EPTJ) (ultra-low vibration type) products fully address these requirements. Their reputation for improved function is well-known among our customers.

2. CVJs for Steering Shafts

Meeting Diverse Automobile Needs with Compact, Large-angle CVJs/CSJs for Steering Systems

NTN has developed a new product in response to the special layout requirements for steering systems in sports utility vehicles (SUVs) and mini-vans that have limited space for steering systems due to their short noses. The Company has developed a large-angle, compact and lightweight ball-type CSJ for steering systems. Compared with a double cardan joint, the CSJ is 50% smaller and lighter. In addition, thanks to the optimal design of the ball rolling race, the CSJ can achieve a maximum operating angle of 48 degrees.



1. CVJs for Halfshafts

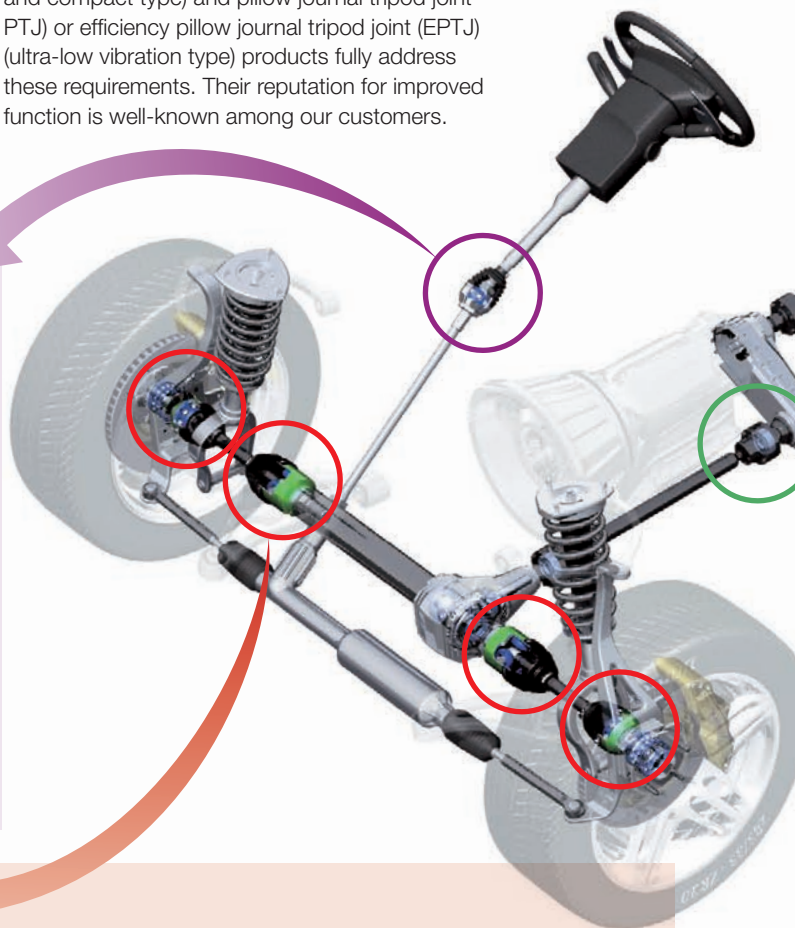
PTJ Offers Substantial Improvement in NVH (Noise, Vibration and Harshness)

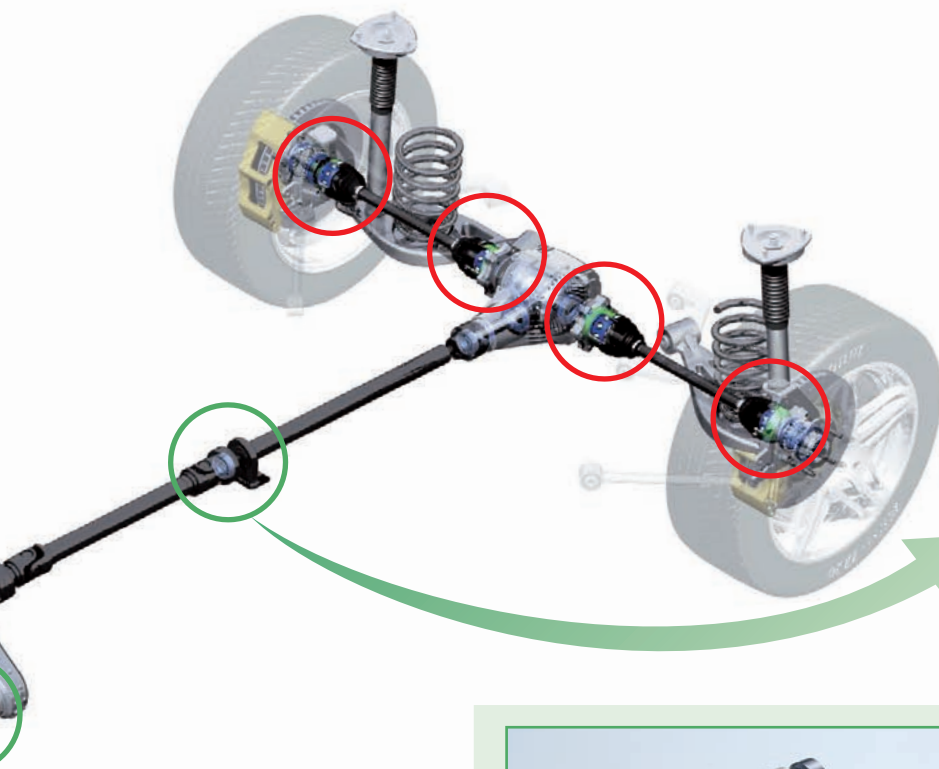
Many NVH problems, such as automobile idling vibration and the horizontal vibration that occurs when the car first moves forward result from slide resistance and the induced thrust of the plunging CVJ on the gearbox side. The pillow journal tripod joint (PTJ) improves on the conventional induced-thrust-resistant product, the double roller type SFJ, by enhancing the contact conditions of the inner parts and stabilizing the position of the roller cassette to achieve a significant reduction in friction. In addition, the PTJ is 15% to 20% lighter than the SFJ. Moreover, the high efficiency pillow journal tripod joint (EPTJ) further reduces the outer diameter of the outer race by about 4% and is approximately 8% lighter. These two new products have further expanded NTN's lightweight, compact, high-performance E series lineup



Lightweight and Compact E Series

The EBJ developed by NTN uses smaller balls, but has eight balls compared with the conventional six-ball BJ. This design enables the EBJ to maintain the same load-bearing capabilities as conventional products while being lighter and more compact. Compared with conventional BJs, it is 15% lighter, has a 7% smaller outer circumference, and a 30% higher torque transmission ratio.





3. CVJs for Propeller Shafts

CVJs for propeller shafts are components used in propeller shafts (front-to-rear axles, transmissions, etc.) for four-wheel drive and IRS (independent rear suspension) vehicles. They are increasingly being used instead of conventional non-constant velocity cross joints (CJs) to make vehicles quieter and more comfortable. The basic structure of the new CVJs is identical to that of halfshaft CVJs, consisting of an outer ring, inner ring, and balls and rollers. Depending on the application, the CVJs come in two types: fixed (BJ) or sliding (LJ, DOJ, TJ). However, in contrast to rotation speeds of 3,000 or less for halfshaft CVJs, propeller shaft CVJs must exhibit high-speed rotation performance, with rotational speeds of around 10,000.

At NTN, we have developed and are now mass producing a high-speed series of CVJs for propeller shafts (HEBJ/HLJ/HEDJ/HETJ) that are more efficient, lighter and more compact than conventional mass-produced CVJs and offer superior rotation performance at high speeds, all while maintaining the same load-bearing capabilities and durability.

We also use lead-free grease (designed especially for propeller shafts) on our CVJs and use hexavalent chromium-free materials on parts that require surface treatment, to help protect the environment.



New Products

NTN has developed a new compact, fixed-type CVJ, called CUJ (Coupled Ball Undercut-free Joint), for compact and mini cars. The CUJ is the world's smallest and best automotive driveshaft in its class, with a capable working angle of 50 degrees.

Demand for lightweight and compact CVJs is growing as a way to reduce a vehicle's unsprung weight and to improve fuel economy and drivability. In addition, the normal CVJ working angle is getting larger on compact and mini cars due to more efficient engine and transmission configurations. In the past several years, NTN has been manufacturing and marketing its E series CVJs that are lightweight, compact, and feature wide angle, fixed-type joints (Eight Ball Undercut-free Joints, or EUJs) capable of a 50-degree working angle.

NTN has taken this a step further by now developing the CUJ with an optimized internal cage pocket design. In comparison to NTN's EUJ, the CUJ provides more efficient assembly and better durability under a large working angle, while maintaining the same strength as our existing EUJ. NTN's CUJ is an even lighter and more compact CVJ than the EUJ, as shown by a 4% decrease in outer ring diameter and weight.



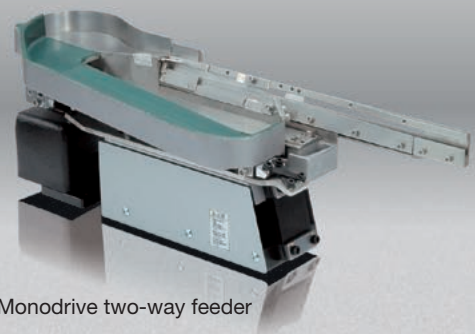
NTN continues to develop new products that match the needs of society.



Color filter repair system



Multi-repair system



Monodrive two-way feeder

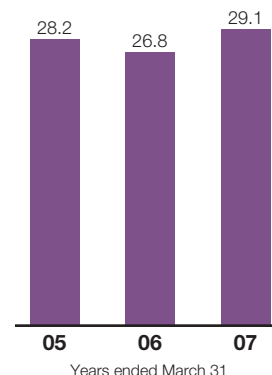
Review of Operations

Sales of precision equipment and other products climbed ¥2.3 billion, or 8.5%, to ¥29.1 billion. Sales of defect repair equipment for plasma display panels (PDPs), as well as spindles and other component products rose, offsetting a slump in color filter repair systems. The latter largely reflected efforts to rein in capital investments for LCD equipment.

NTN also boasts a wide lineup of clutch products for everything from office equipment to automobiles. Because of the Company's recent focus on developing clutch systems for automobiles, sales of clutches have grown steadily. For mechatronic products and other precision equipment supplied to the semiconductor, LCD, electronic devices and other industries, NTN set up separate divisions to adapt flexibly to the rapid technological innovation and fluctuating production levels of these major customers. In addition to all this, we have unveiled new products such as the world's first PDP rib barrier defect repair system, and a "multi-repair" system that combines the ability to repair three LCD color filter defects in a single unit. In this way, we will pursue the timely launch of products for the growing LCD and PDP sectors as part of steps to aggressively promote sales activities going forward.

Precision equipment and other products sales

Billions of yen



New Products

Development of Small Clutch Integrated Pulley for Passenger Cars

NTN has developed a compact and lightweight "small clutch integrated pulley" with the same torque capacity as its conventional pulley product.

Growing calls for vehicle weight reduction, and the downsizing of engine space in recent years, have also triggered a stronger need to downsize and reduce the weight of engine auxiliaries. Accordingly, this situation is requiring clutch integrated pulleys that feature higher torque capacity, smaller size and lighter weight. With the new small clutch integrated pulley, NTN reexamined the configurations of the bore and outer diameters of the shaft and optimized the design of the sprag for its sprag-type clutch. These improvements decreased the pulley diameter by 7mm and reduced its weight by 120g, while still maintaining the same torque capacity as the conventional product.

NTN intends to globally promote this new product for diesel and gasoline engines with low fuel consumption.



Small clutch integrated pulleys

Development of Short Type Auto-tensioner for Auxiliary Belts in Passenger Cars

NTN has developed a short type auto-tensioner for the auxiliary belts used in passenger cars. In addition to being shorter than conventional products, this new auto-tensioner will contribute to greater design freedom for automotive auxiliary peripherals.

In creating this product, NTN developed a check valve mechanism* based on a novel concept replacing the steel balls typically used with an elastic ring. This innovation enabled the Company to shorten the total auto-tensioner length and reduce the number of components, all while maintaining the performance of its conventional products. At the same time, the placement of a return spring, which gives the belt initial tension, inside of the cylinder, together with the adoption of plastic materials for constituent parts, enabled NTN to achieve a lighter weight product.

Going forward, NTN will work to expand global sales of this newly developed product by proposing it as a way to help clients meet greater demand in recent years for smaller and lighter engines.

*Check valve mechanism: A configuration that produces force from a hydraulic damper to adjust auxiliary belt tension.



Short type auto-tensioners for auxiliary belts

MONOZUKURI Innovations and Intellectual Property Strategies



NTN Fukuroi Corporation was established in July 2007 as the third manufacturing base for CVJs in Japan. This plant makes full use of NTN's MONOZUKURI innovations, based on the introduction of new processing technologies and as a clean plant that does not use oil.

NTN's Technological Assets

Medium- to Long-term Research and Development

Development of Force Sensing System for Cerebral Aneurysm Treatment

NTN, in cooperation with a research team led by Prof. Hideo Fujimoto from the graduate school of the Nagoya Institute of Technology, has developed a force sensing system for the treatment of brain aneurysms. The system measures and displays any minute force from the fingertips of a surgeon (operator) manipulating an ultra-thin wire roughly 0.3mm in diameter. The wire is guided through a specialized catheter for cerebral blood vessels used during minimally invasive treatment of aneurysms.

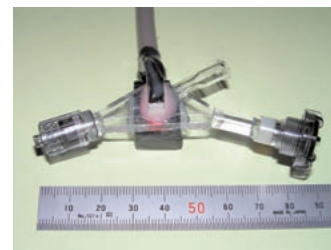
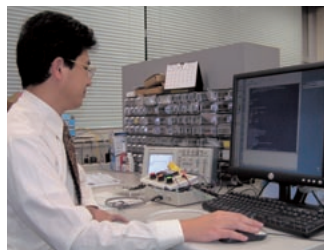
Minimally invasive operations are becoming more prevalent in the medical field because they use much smaller incisions, thus reducing patient trauma. Such operations can be used to treat aneurysms, which are a thinning and bulging of the arterial wall in a blood vessel, normally occurring near the brain. If left untreated, these aneurysms can burst, causing subarachnoid hemorrhaging. Coil Embolization* is one such procedure used to occlude a cerebral aneurysm, preventing its rupture. In this operation, it is necessary for the surgical operator to work a very thin wire through a catheter with minute force in order not to rupture the aneurysm by mistake. Perfecting this extremely delicate procedure requires a great deal of practice.

The product developed by NTN is the world's first system that can measure and display the minute forces of the surgeon's fingertips being applied to the very thin wire. The system does this by optically detecting the displacement of the wire. This sensor has been integrated into the Y-connector that connects the catheter and the wire to make it compatible with conventional devices.

This system enables surgeons to operate more safely by monitoring wire manipulation during the operation. Moreover, by visually displaying the manipulation techniques of experienced operators, the system is also expected to make it easier and faster to train less practiced surgeons learning to perform the operation.

This sensing system was presented at the IEEE International Conference on Sensors held in October 2006 in South Korea.

* A type of cerebral aneurysm occlusion surgery in which a plastic guide tube called a catheter is inserted into the femoral artery and guided up to the cerebral aneurysm. An ultra-thin wire is then inserted into the catheter tube. A special coil made of platinum attached to the tip of the wire is packed into the aneurysm. Doing so occludes the inside of the aneurysm, preventing it from rupturing.



Intellectual Property Strategy

NTN launches a constant stream of new and improved products to meet customer needs. As part of our efforts, we consistently apply for patents to cover the valuable intellectual property created as a result of this development process. During the fiscal year under review, we applied for more than 2,100 patents. In particular, for proprietary products and technologies that have the potential to be a source of earnings, we seek to build a comprehensive web of patents around the main patent, including peripheral and essential technologies, to achieve a dominant and proprietary position in the field that competitors cannot match.

At March 31, 2007, NTN's total portfolio of patents, including utility models, comprised approximately 850 patents in Japan and about 1,100 patents in other countries. In the future, we plan to continue applying for patents on strategic products and to effectively use them as business resources.

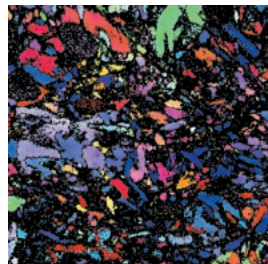
Examples of Proprietary NTN Product and Technology Patents

1. Fine Austenite Strengthening Treatment Technology

NTN was the first in the world to develop a special heat treatment technology for its roller bearings called Fine Austenite Strengthening (FA) treatment. The heat treatment reduces the grain size of the steel used in the bearing to less than half that of conventional bearings, strengthening its resistance to rolling fatigue and increasing service life. NTN has in excess of 200 outstanding patent applications for FA treatment technologies, including the composition for roller bearings, the heat treatment method, the production equipment and system, as well as application technologies for each type of automotive and industrial machine bearing, in Japan and around the world.



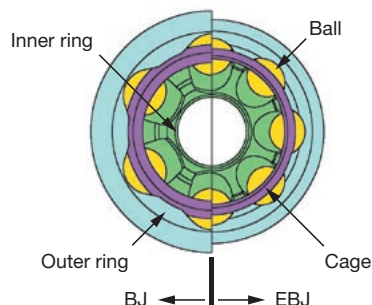
Grain size after nitrocarburizing treatment



Grain size after FA treatment

2. CVJ E Series

In our E series CVJs, the EBJ and EDJ use smaller balls, but have eight balls compared with the conventional six-ball types, maintaining the same capabilities and functions as the conventional types. The ETJ, meanwhile, is an improved tripod joint. The E series CVJs are lighter and two sizes smaller than the



conventional design. For these joints, we have filed for about 250 patents in Japan and other countries, covering the basic structure, proportions, materials, manufacturing methods and other aspects of these products.

3. Fluid Dynamic Bearings

Having been developed for HDD motors applying oil-impregnated sinter technology, fluid dynamic bearings offer long service life and high quality, can be manufactured in volume and are highly reliable thanks to their herringbone-shaped grooves formed by press processing. On the other hand, in the electrical machinery industry, where new product launches are frequent, we try to maintain our originality and dominance in the market by patenting new ideas ahead of competitors. We have applied for over 800 patents in Japan and abroad to acquire the rights to the herring bone-shaped groove structure, the lubricating mechanism and lubricant, the manufacturing method and other essential aspects of these bearings. For the future, we are committed to achieving even higher rotation speeds and targeting technological challenges and trends, such as low-cost components, thereby aggressively driving innovation.



The Shin Kuwana R&D Center (provisional name) is scheduled to be completed in December 2008.

Corporate Governance

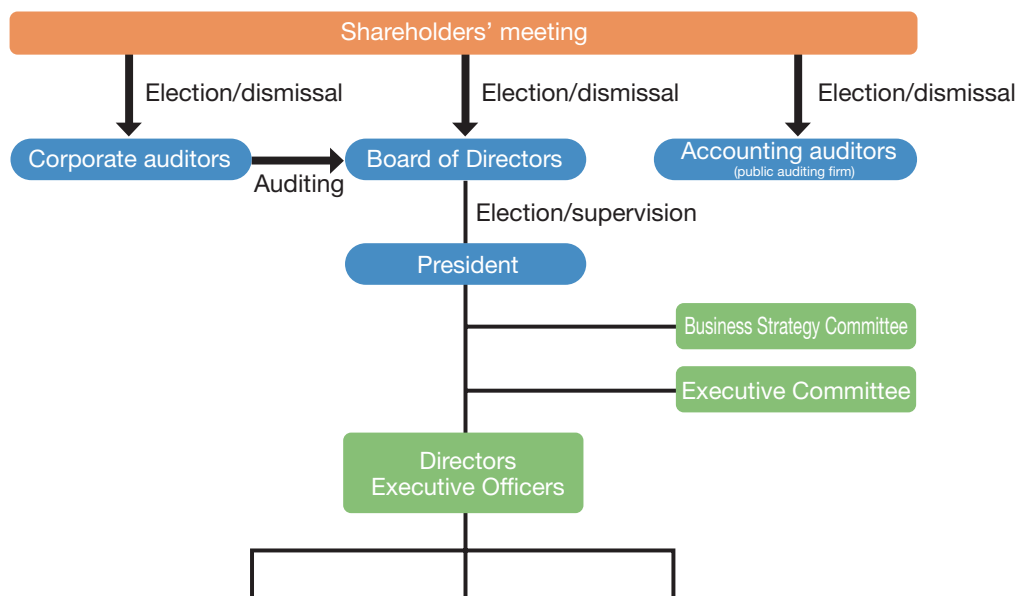
Basic Approach to Corporate Governance

Reinforcing and enhancing corporate governance is one of our top priorities. In addition to continuing to establish efficient, sound management practices, we make every effort to provide all of our shareholders and investors with the latest accurate information to ensure greater management transparency.

Our Existing Corporate Governance Structure and Progress with Improvement Measures

NTN does employ an auditing system. However, to reinforce its corporate governance organization, the Company is strengthening its Board of Directors and, through its corporate auditors, its management oversight organization.

Organizational chart of corporate governance



Board of Directors (meets at least once a month)

The role of the Board of Directors is to make decisions relating to fundamental business policies, legal matters and important management issues and to supervise the performance of duties by its members. Extraordinary meetings can also be convened at any time as and when necessary.

Business Strategy Committee (meets twice a month)

The Business Strategy Committee discusses fundamental business policies and important management strategies.

Executive Officer System

We introduced the Executive Officer System in June 2004 to enable decisions to be made and action taken as quickly as possible.

Corporate auditors and accounting audits

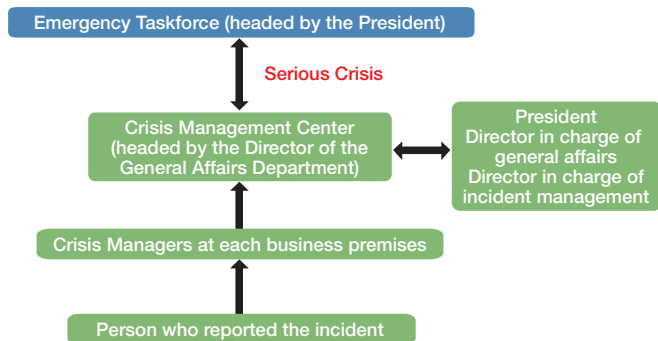
NTN has four corporate auditors, two of whom are standing auditors (with three of the four being outside auditors). The auditors are responsible for auditing the performance of duties by members of the board. Auditors attend board meetings and express their opinions as part of their efforts to maintain and improve the transparency and fairness of the Company's management supervision system. The system is structured to enable standing auditors to participate in and express their opinions during meetings of the Business Strategy and Operating Committees. The corporate auditors also strive to increase the efficiency of the overall auditing process, meeting regularly to coordinate their own corporate audits, independent public auditing firm audits and internal audits. There are no special business relationships or interests between the outside auditors and NTN.

Risk Management

Every company is inevitably faced with a wide range of risks as part of its business activities. The most important thing is how effectively it can minimize the impact of these risks when they become a reality. We therefore established an in-house Crisis Management Center in 2001 to preempt the occurrence of any such risks and take appropriate action. In addition to monitoring risks as part of everyday operations, the center examines the root causes and severity-level of risk-related incidents, deals with such incidents, and conducts training and other measures to raise employees' awareness of risk. In the event of a serious incident, accident or other problem that could potentially have a major impact on business, the center quickly gathers and communicates a comprehensive range of information, as well as planning and issuing instructions for countermeasures. In this way, the Center takes whatever action is necessary to limit damage to a bare minimum and maintain confidence in the NTN Group as a whole.

In a measure to reinforce our ability to manage risk preemptively, in March 2007 we revised our CSR management regulations to establish a risk management sub-committee within the CSR Committee.

Outline of NTN's crisis management system



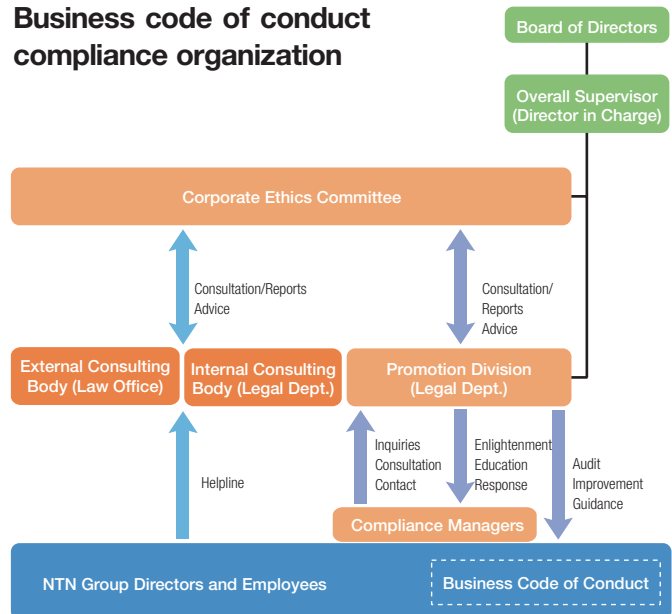
An emergency taskforce is set up in the event of a serious managerial crisis, with all other crises handled by the relevant department. All information relating to crisis management goes through the Crisis Management Center.

Compliance

In view of growing levels of public interest in corporate social responsibility, we established a Corporate Ethics Committee in accordance with our corporate ethics (compliance) management regulations, which were set out in May 2003, in an effort to reinforce NTN's compliance systems.

In 2006, we put in place a framework to promote CSR-related initiatives, taking the opportunity to restructure our compliance management system under the newly established CSR Committee. The result was a system that can comprehensively assess compliance status across the NTN Group as a whole: the CSR Department researches and analyzes compliance-related risk, conducting training and awareness-raising initiatives; the Legal Department trains employees on laws and regulations and manages the compliance help lines; and the Personnel Department is responsible for formulating and implementing personnel-related policies and measures.

Business code of conduct compliance organization



Corporate Social Responsibility (CSR) Activities

NTN's Approach to CSR

The business environment surrounding a company changes on a continual basis. In this context, recent economic development and the advance of globalization have created a worldwide trend toward relaxation of regulations and expanded the scope of corporate activity. However, these changes have also started to exert a massive impact on the natural environment and societies across the globe. It is no longer sufficient for companies to merely abide by the law and provide good quality products. It is now essential to also take on board corporate social responsibility, namely corporate activities that contribute to society and help make the world a better place.

In an effort to establish a framework for NTN Group CSR activities, and to further promote those activities, we set up a CSR Department at our Head Office. The department formulated a set of basic CSR policies and established committees to reinforce our CSR implementation structure. In addition, it revised the business code of conduct and formulated the employee conduct guidelines, which together comprise the guiding principles for NTN's CSR-related activities.

Basic CSR Policies

Our basic CSR policies were formulated to clearly map out the Company's social responsibilities and ensure that they are fulfilled. Each and every employee working for the NTN Group abides by the same eight basic policies and fulfills the requirements of CSR in the workplace as part of their everyday duties.

The employee conduct guidelines formulated in line with our basic CSR policies ensure that all employees, management and supervisory personnel have the right attitude. Whereas our previously formulated business code of conduct sets out items with which directors and employees must comply, the employee conduct guidelines are designed to actively encourage employees, management and supervisory personnel to think and act in line with CSR in practice.

Establishing the CSR Promotion Framework and Taking Action

We established a CSR Department in April 2006 and commenced full-scale CSR activities. In addition to overseeing the NTN Group's CSR activities, the CSR Department is tasked with reinforcing and promoting additional CSR initiatives.

Basic CSR Policies

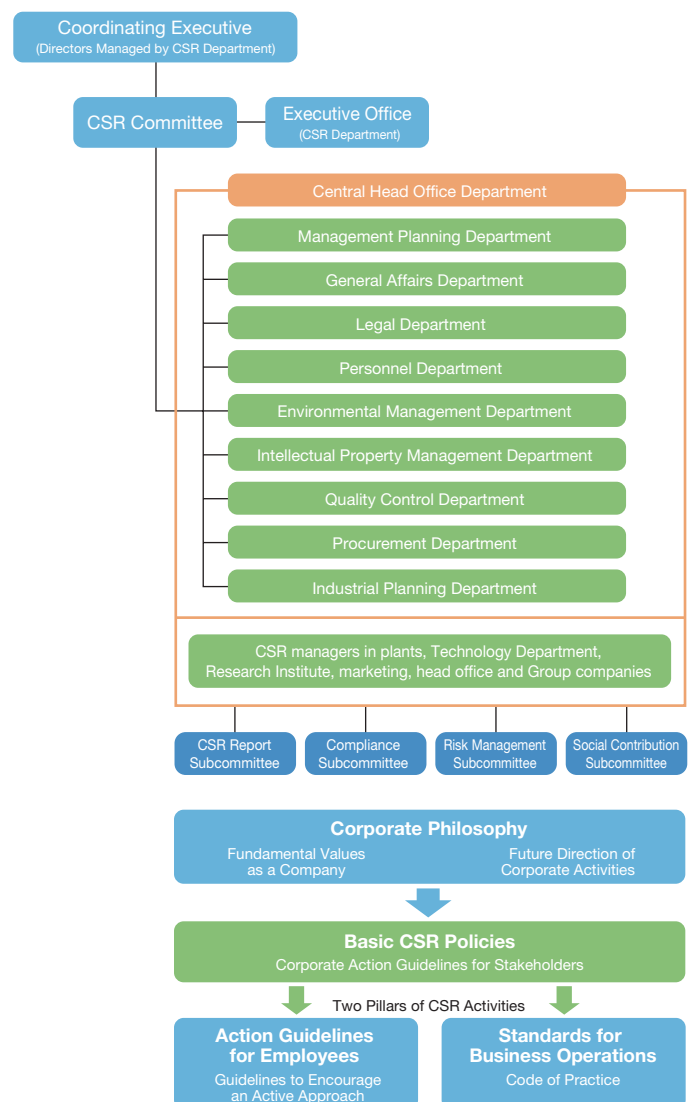
- 1. Compliance and activity policy** In addition to complying with and acting in the spirit of laws and regulations, we will carry out our business activities fairly and in good faith.
- 2. Customers** We will strive to develop new technology and products and provide our customers with safe, highly reliable products.
- 3. Suppliers** In addition to engaging in fair and free competition, we will build up strong relationships with our suppliers and handle all transactions in an appropriate manner.
- 4. Shareholders and Disclosure** In addition to working to develop the Company to ensure that profits are returned to our shareholders, we will maintain wide-ranging communication with the general public and will actively disclose information.
- 5. Employees** We will make every effort to respect employee individuality and diversity and create safe, pleasant work places to enable more relaxed working environments.
- 6. The environment** We will take environmental preservation and the protection of natural habitats into full consideration as part of our efforts to help create a sustainable society.
- 7. Society** We will get involved in exchange with local communities and actively participate in social contribution activities as a good corporate citizen.
- 8. International activities** In addition to complying with international rules and local laws the world over, we will make every effort to respect local cultures and customs and contribute to the development of local areas.

Furthermore, to ensure that the Company performs its social responsibilities, we have also established a CSR Committee consisting of members of the relevant departments. The CSR Committee is responsible for activities such as setting out our corporate philosophy, actively implementing CSR-related training programs and achieving aims regarding specific issues.

In a complementary measure, we moved to deepen employees' understanding of CSR and ensure a consistently CSR-oriented approach in the course of day-to-day business activities by compiling a CSR Guidebook and printing the key precepts on cards, which were distributed to corporate officers and employees of all NTN Group companies in December 2006. We followed this up by conducting presentations explaining the CSR Guidebook for managers in NTN and domestic Group companies.

By establishing a framework to powerfully promote CSR activities as outlined below, we aim to reflect the opinions of our stakeholders in future activities, in individual departments and premises and on a companywide scale, and to establish ourselves as a company on which the public can depend.

CSR Committee and Organization



Social Contribution Activities

As a good corporate citizen, we support social contribution, cultural, educational and sports activities. The offices and plants of the NTN Group throughout the world actively participate in activities that contribute to society in accordance with the needs of their particular locality. Efforts include making donations to charitable organizations, dispatching staff to assist with disaster relief or other community activities and supporting educational, cultural and sports events. Among other initiatives, we have systems that allow employees to take time off work to contribute to volunteer activities in their own communities or participate in the new bone marrow transplant volunteer program in Japan.



Cross-cultural event supported by NTN (NDI, U.S.)



Junior high school lesson about bearings (NTN, Japan)



Donation of classroom supplies and other items to elementary school (NTN, Thailand)



Planting Shiba cherry trees (NTN, Japan)

Motor Sports

Third Year of Partnership With the Honda Racing F1 Team

The Honda Racing F1 Team is continuing its strong showing in the F1 World Championships, and NTN has renewed its partnership agreement with the team for a third year. This time the cars feature specially-designed paintwork representing the threat posed to the earth by environmental problems. Consequently, no sponsor logos will appear on the cars themselves, but the front of the drivers' and mechanics' uniforms will feature the NTN logo.

As a major supplier of automobile-related components to Honda in Japan, NTN intends to share in and actively support Honda's competitive spirit. Through our involvement, we hope to spread recognition of the NTN brand name around the world as we continue to provide the highest standard of products and services.



Recognition From External Bodies

In recent years, there has been growing interest among investment trust fund managers in Socially Responsible Investment (SRI). SRI offers a set of comprehensive criteria relating to investment decisions that take into account issues such as environmental preservation and social contribution in addition to fund profitability and growth. As of the end of June 2007, NTN is listed on the following SRI indices.



MS-SRI



FTSE4Good



Ethibel

Environmental Activities

The NTN Group first established environmental committees in 1993, marking the start of companywide environmental activities. In 1998, we formulated a basic environmental policy, and we conduct a range of Group activities today in the effort to protect our planet's irreplaceable environment.

Environmental Policy

In 1998, we set out a basic concept for the NTN Group and formulated a set of conduct guidelines to be observed by all employees. As part of the manufacture and sale of NTN products, we strive to continually minimize the impact of our business activities, products and services on the environment. We also work to preserve the natural surroundings to maintain a clean, healthy environment in the future.

Basic Concept

We consider coexistence with the global environment to be the most important task we face. We will make constant efforts to contribute to the harmonious development of society, while aiming to reduce environmental impact and contribute to a recycling-oriented society.

NTN's Environmental Framework and Activities

It is one of our most important social responsibilities to establish a comprehensive environmental framework. In 1993 it was with this in mind that we established environmental committees (now called environmental management committees) in every division—from our Head Office, to technical, manufacturing, sales and distribution divisions—and commenced environmental activities on a companywide scale.

Environmental Achievements in Fiscal 2006

As in the previous year, environmental activities in fiscal 2006 were concentrated in three areas: preserving the environment, creating a recycling-oriented society, and maintaining and improving NTN's environmental management framework.

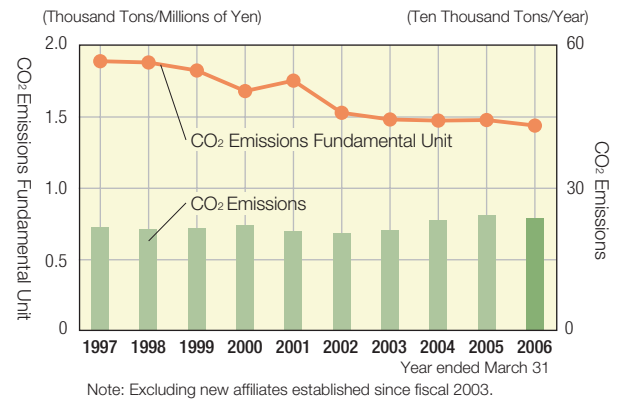
•Preserving the Environment

Since the Kyoto Protocol came into effect there has been a growing need for more active initiatives to reduce CO₂ emissions. At NTN, we are promoting effective energy-saving activities at all of our premises the world over. We also plan to actively implement forestation and greening activities on a companywide scale, alongside measures to combat soil pollution.

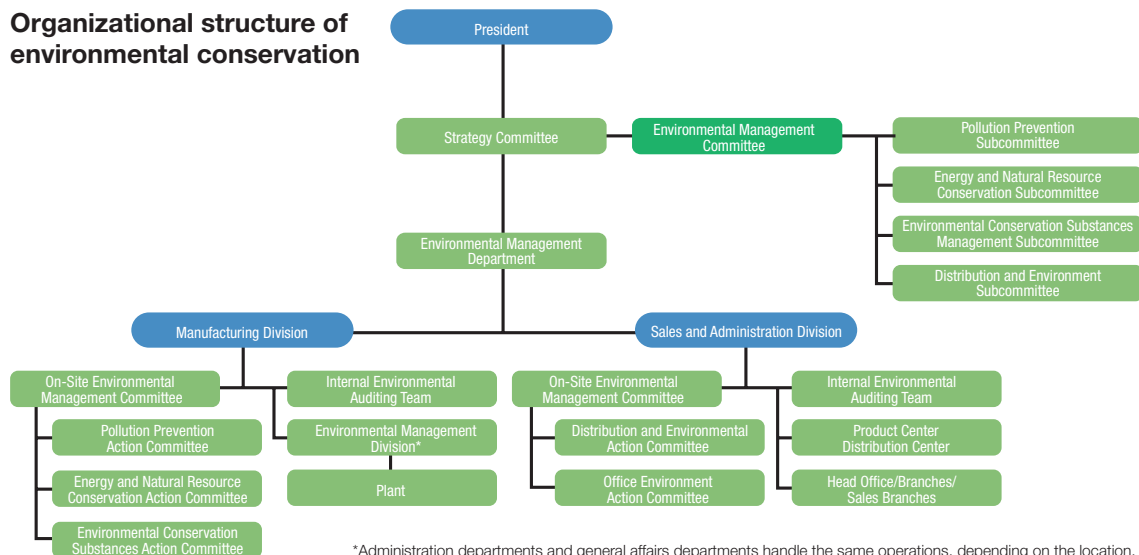
•Creating a Recycling-oriented Society

In our domestic operations, we increased the reuse of waste sand and slag at NTN Casting, which had been one of our key

Trends in CO₂ Emissions



Organizational structure of environmental conservation



issues. In fiscal 2006, these efforts enabled the Group to achieve zero emissions (except for NTN Casting), with a recycling rate of 98.7%. For fiscal 2007, we have raised our recycling target to 99% in the drive to increase our level of recycling even further. We are also developing and promoting the uptake within and outside the Group of grinding swarf solidification systems, in a bid to reuse grinding swarf and grinding fluid generated in the course of bearing production. Other efforts include ongoing initiatives to reduce usage of paper and polystyrene.

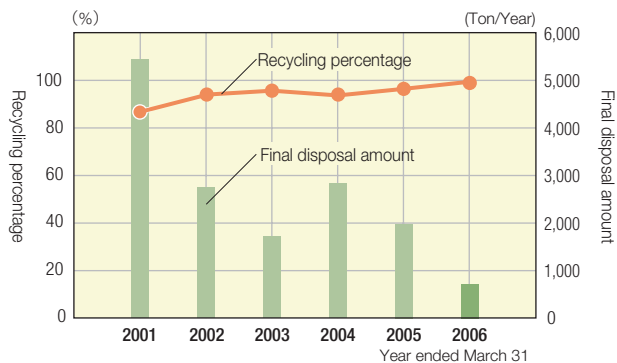
•Maintaining and Improving NTN's Environmental Management Framework

To expand the scope of environmental management activities to encompass NTN suppliers, we request that major suppliers obtain environmental management system (EMS) certification such as ISO 14001 certification, or "Eco Stage" certification for medium-sized companies. We offer support to help suppliers obtain these

certifications. As part of this effort, we also plan and propose preparatory versions of "Eco Stage" certification for small enterprises, and have offered related certification support since 2005. As of March 31, 2007, 13 companies had obtained this preparatory "Eco Stage" certification.

We also strive to create products that have a minimal environmental impact through green procurement with respect to all of the components and materials we procure for use in production. The cooperation of each of our suppliers is critical to ensuring green procurement. We consider our supply chain to comprise all suppliers from those supplying us directly to the original manufacturers of the materials they use. We hold presentations for all these companies to explain how to deal with regulations such as the European environmental regulations, and we request them all to reduce their environmental footprint, providing guidance in this area as needed.

Recycling percentages and final disposal amounts for entire NTN Group



Note: Includes NTN metal casting data from fiscal 2004 (due to multiple-site incorporation of ISO 14001).



Support for acquisition of Eco Stage beginners' certification



Wind-power electricity generation (Mie)



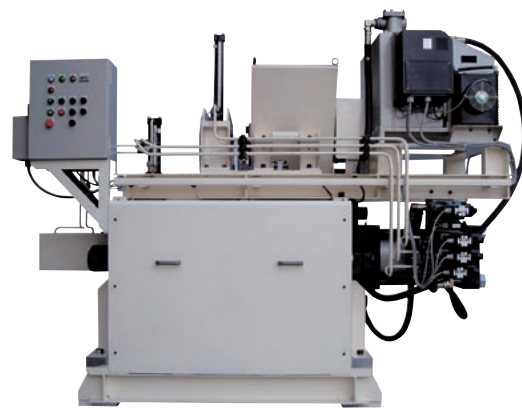
Photovoltaic power generation (Mie)



Warm-water discharge pipeline and heat exchanger at Iwata Works (Shizuoka)



Promoting the Satoyama Restoration Project and other forestation and greening activities (Iwata).

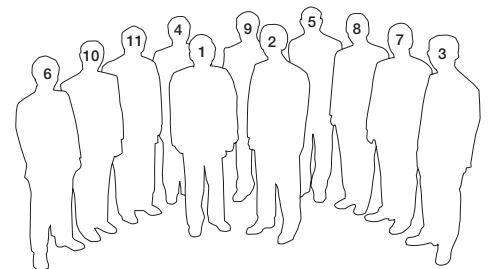


New solidification system for grinding swarf



Directors

- | | | |
|--|--|--|
| 1. Chairman and CEO
Yasunobu Suzuki | 2. President
Tatsuo Kondo | |
| 3. Senior Managing Director
Tadatoshi Kato | 4. Senior Managing Director
Osamu Wakisaka | 5. Senior Managing Director
Hirotsugu Mori |
| 6. Managing Director
Naohiko Fujimura | 7. Managing Director
Kenji Okada | 8. Managing Director
Takeshi Yoshimura |
| 9. Director
Osamu Kato | 10. Director
Yoshikazu Fukumura | 11. Director
Kazuhiro Shigeta |



Statutory Auditors

Standing Statutory Auditors

Akio Imanishi
Noboru Kondo

Statutory Auditors

Tadao Kagono
Norifumi Ishii

Executive Officers

Managing Executive Officer

Yasuo Fujioka

Executive Officers

Hitoshi Inoue
Tetsuji Goto
Martin Creydt
Shouji Kido
Shigetoshi Tsujibayashi

Yasunori Terada
Hidenori Nishikawa
Kazuyoshi Wakabayashi
Seiichi Konishi
Yoshinobu Yasuda

Masaharu Yoshikawa
Haruhito Tanobe
Masashi Honma
Shigeharu Hashimoto

Financial Section

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Ten-Year Summary of Selected Consolidated Financial Data

Years ended March 31

	Millions of yen (except per share amount)			
	2007	2006	2005	2004
FOR THE YEAR DATA				
Net sales	¥483,818	¥434,837	¥388,349	¥357,394
Operating income.....	46,793	37,645	33,201	24,709
Income (loss) before income taxes (Note 1)	45,170	30,370	26,586	18,181
Net income (loss).....	27,014	19,550	16,740	11,032
Capital expenditures.....	59,347	49,284	49,670	38,092
Depreciation.....	32,693	28,586	24,870	23,979
R&D expenditures	14,221	14,771	14,952	13,543
YEAR-END DATA				
Total assets	¥611,944	¥561,494	¥516,578	¥460,341
Shareholders' equity.....	215,815	183,247	157,952	142,487
Number of employees	17,306	14,631	12,788	11,885
PER SHARE DATA				
Shareholders' equity.....	¥445.61	¥396.73	¥341.93	¥308.27
Net income (loss):				
- Basic.....	58.34	41.94	35.83	23.54
- Diluted.....	54.54	38.55	32.94	21.87
Cash dividends	16.00	11.00	8.5	5.50
OTHER INFORMATION				
Net income (loss)/Total assets (ROA)	4.6%	3.6%	3.4%	2.4%
Net income (loss)/Shareholders' equity (ROE).....	13.8%	11.5%	11.1%	8.0%
Shareholders' equity ratio.....	34.2%	32.6%	30.6%	31.0%
SEGMENT INFORMATION				
	2007	2006	2005	2004
Sales by business				
Bearings.....	¥307,249	¥276,694	¥248,811	¥228,615
CVJs.....	147,463	131,327	111,307	102,959
Precision equipment and other products.....	29,104	26,815	28,231	25,820
Sales by region				
Japan.....	¥206,925	¥197,697	¥189,990	¥176,202
North America.....	125,426	112,001	92,046	86,084
Europe.....	77,193	66,893	62,593	58,243
Asia and other areas	74,274	58,246	43,720	36,865

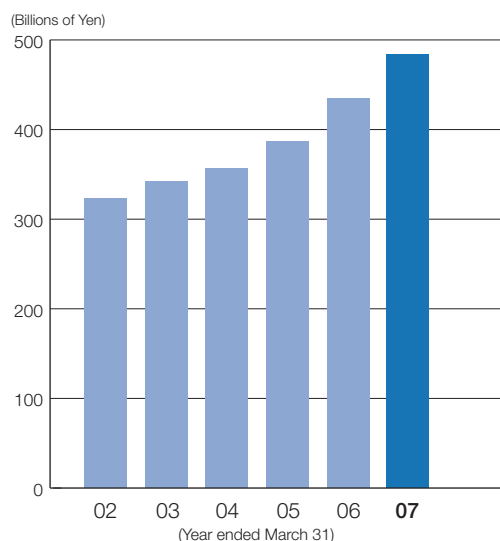
Notes: 1) Income (loss) before income taxes and minority interests

2) U.S. dollar amounts have been converted from yen, for convenience only, using the approximate exchange rate at March 31, 2007, which was U.S.\$1=¥118.05.

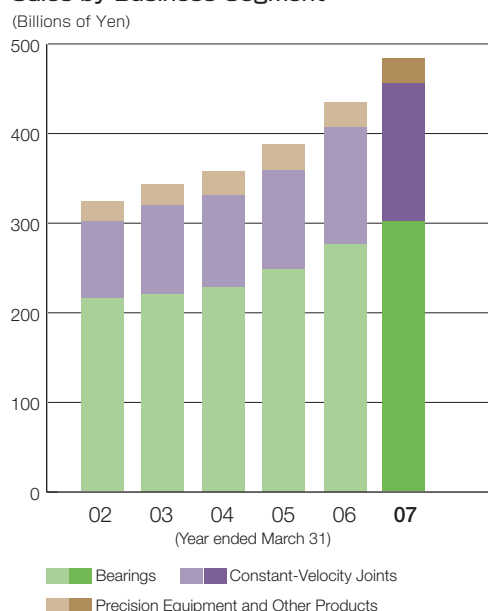
Millions of yen (except per share amount)						Thousands of U.S. dollars (except per share amount)
2003	2002	2001	2000	1999	1998	2007
¥342,745	¥324,339	¥340,551	¥326,474	¥325,812	¥347,919	\$4,098,416
20,785	8,140	14,335	9,675	13,633	20,816	396,323
6,198	(701)	6,888	(41,822)	9,726	14,144	382,635
2,657	(132)	4,289	(24,677)	4,067	7,690	228,836
25,264	21,088	24,123	26,013	27,609	26,265	502,728
23,838	24,400	23,402	24,122	24,835	24,411	276,942
12,255	11,706	10,618	9,779	9,274	9,015	120,466
¥467,198	¥462,895	¥478,945	¥494,677	¥487,477	¥473,320	\$5,183,770
134,928	138,532	138,625	143,874	171,969	172,046	1,828,166
11,810	11,989	12,619	12,770	12,554	12,675	
¥291.82	¥299.27	¥299.44	¥310.77	¥371.39	¥371.55	\$3.78
5.70	(0.29)9.26	(53.30)	8.7816.61	0.50		
5.51	-8.78	-	8.3115.44	0.47		
5.00	5.50	6.00	6.50	8.00	9.00	0.14
0.6%	(0.03%)	0.9%	(5.0%)	0.8%	1.6%	
1.9%	(0.1%)	3.0%	(15.6%)	2.4%	4.5%	
28.9%	29.9%	28.9%	29.1%	35.3%	35.3%	
2003	2002	2001	2000	1999	1998	2007
¥220,685	¥215,558	¥230,017	¥224,819	-	-	\$2,602,703
98,875	86,785	86,318	81,382	-	-	1,249,158
23,185	21,996	24,21	20,273	-	-	246,540
¥170,010	¥169,080	¥195,134	¥183,936	-	-	\$1,752,859
92,696	87,774	85,925	86,399	-	-	1,062,482
47,871	38,748	30,449	27,602	-	-	653,901
32,168	28,737	29,043	28,537	-	-	629,175

Financial Review

Net Sales



Sales by Business Segment



Scope of Consolidation

The scope of consolidation as of March 31, 2007, consisted of NTN Corporation and 39 consolidated subsidiaries (12 domestic and 27 overseas subsidiaries). A total of eight affiliates (all overseas affiliates) were accounted for by the equity method. The following changes to the scope of consolidation and application of the equity method were made during the fiscal year under review.

◆ Consolidation

(2 companies added)

NTN Fukuroi Corporation (newly established)

NTN-RAB (Changzhou) (newly established)

(1 company removed)

Changzhou NTN-Guangyang Corporation (changed from consolidated subsidiary to equity-method affiliate following decrease in ratio of shares held)

◆ Equity-method Affiliation

(3 companies added)

IFA-Antriebstechnik G.m.b.H.

Changzhou NTN-Guangyang Corporation (changed from consolidated subsidiary to equity-method affiliate following decrease in ratio of shares held)

SNR Roulements

Sales and Earnings

● Sales Performance

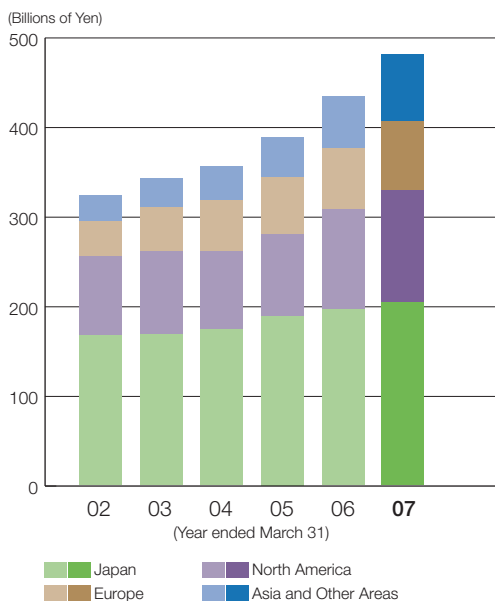
Consolidated net sales for the fiscal year ended March 31, 2007, amounted to ¥483,818 million, an increase of ¥48,981 million (11.3%) from the previous fiscal year. Excluding the ¥15,245 million increase from currency exchange, the actual increase in net sales was ¥33,736 million. Overseas sales totaled ¥276,893 million, an increase of ¥39,752 million (16.8%) year on year. Overseas sales accounted for 57.2% of net sales overall (North America 25.9%; Europe 16.0%; and Asia and other areas 15.3%), an increase of 2.7 percentage points from the previous fiscal year.

[Sales by Business Segment]

Bearings

In automotive applications, axle bearings and needle roller bearings showed solid performance in North America and Europe, while sales of axle bearings also grew in Japan, China, and other areas of Asia. In applications for general industrial machinery, large bearings for construction machinery and for wind power systems enjoyed strong growth in Japan and Europe, respectively. Fluid dynamic bearings, primarily for hard disk drive (HDD) motors, and bearings for office equipment posted strong sales in China, while large bearings for construction machinery grew in South Korea. Deliveries to distributors also increased in Japan, China, and Europe. As a result, segment net sales for the fiscal year under review increased 11.0% from a year earlier to ¥307,249 million.

Sales by Region



Constant-velocity Joints (CVJs)

Sales of CVJs in North America grew, boosted by the start of volume production on new projects mainly by U.S. automakers. In Asia, the start of volume production in South Korea and Thailand contributed to favorable performance, and in Malaysia, rising demand for compact cars and other factors helped sales of CVJs to increase. In Japan, too, sales of CVJs mainly for compact cars grew strongly. As a result, segment net sales for the fiscal year under review increased 12.3% from a year earlier to ¥147,463 million.

Precision equipment and other products

Sales of color filter repair equipment and other system products were unfavorable due to the effects of restrained LCD capital investment and other factors. However, sales grew for plasma display panel (PDP) defect repair equipment, spindles and other component products. As a result, segment net sales for the fiscal year under review increased 8.5% from a year earlier to ¥29,104 million.

[Sales by Region]

Japan

Sales were solid for automotive applications including CVJs and axle bearings. In general industrial machinery applications, large bearings for construction machinery and rolling stock, as well as needle roller bearings for construction machinery and other applications showed healthy performance. Shipments to distributors also increased. As a result, regional net sales for the fiscal year under review increased 6.0% from a year earlier to ¥339,645 million.

North America

Automotive applications such as CVJs, axle bearings and needle roller bearings showed solid performance. In general industrial machinery applications, performance was subdued for bearings for agricultural machinery, but shipments of bearings for construction machinery increased. As a result, regional net sales for the fiscal year under review increased 8.5% from a year earlier to ¥124,254 million.

Europe

In automotive applications, axle bearings exhibited strong growth. In industrial machinery applications, shipments of large bearings mainly for wind power systems were solid, and shipments to distributors increased. As a result, regional net sales for the fiscal year under review increased 15.6% from a year earlier to ¥77,969 million.

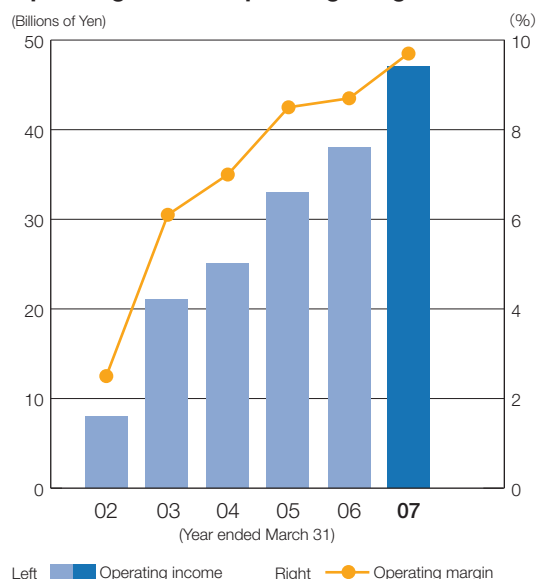
Asia and other areas

In China, fluid dynamic bearings, bearings for office equipment, and large bearings for rolling stock showed solid performance, while shipments of axle bearings for automotive applications also grew strongly. In South Korea, sales of CVJs grew significantly and large bearings for construction machinery also enjoyed growth. In Thailand, strong sales were posted for axle bearings and CVJs. As a result, regional net sales for the fiscal year under review increased 47.6% from a year earlier to ¥65,888 million.

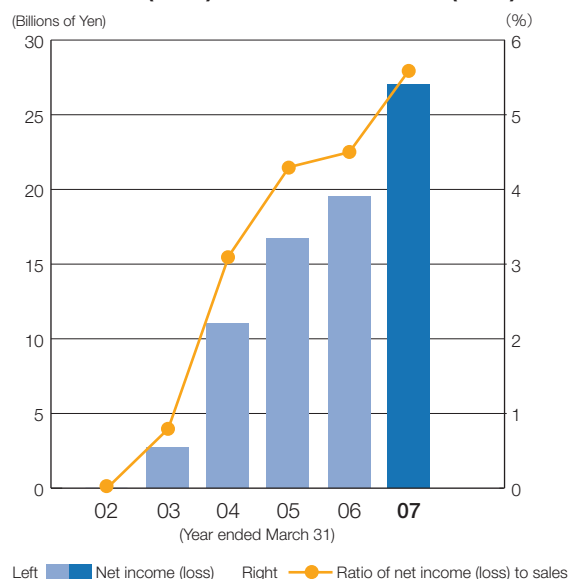
• Cost of Sales and Selling, General and Administrative (SG&A) Expenses

Cost of sales amounted to ¥378,261 million, with the percentage of cost to overall sales improving 0.1 of a percentage point to 78.2%.

Operating Income/Operating Margin



Net Income (Loss)/Ratio of Net Income (Loss) to Sales



This was mainly due to cost-cutting measures.

Selling, general and administrative (SG&A) expenses amounted to ¥58,764 million, with the percentage of cost to overall sales improving 0.9 of a percentage point to 12.1%.

• Earnings

Operating income amounted to ¥46,793 million, an increase of ¥9,148 million (24.3%) compared with the previous fiscal year. The operating margin rose 1.0 percentage point to 9.7% following improvement in the ratio of selling, general, and administrative expenses to net sales.

Other expenses amounted to a net expense of ¥4,582 million. Other income totaled ¥4,351 million, an increase of ¥530 million from the previous fiscal year, consisting mainly of ¥883 million in patent litigation settlements, ¥484 million in gains on equity in earnings of affiliates, and ¥449 million in interest income. Other expenses totaled ¥8,933 million, an increase of ¥283 million from the previous fiscal year, consisting mainly of ¥5,462 million in interest expense, and ¥527 million in foreign exchange losses.

As a result, the Company reported income before income taxes and minority interests of ¥45,170 million, up ¥14,800 million from the previous year, with consolidated net income of ¥27,014 million, up ¥7,464 million. Net income per share was ¥58.34 for the fiscal year under review.

The year-end dividend for the fiscal year under review was ¥2 per share higher than the interim dividend, totaling ¥9 per share (including a memorial dividend of ¥1 per share commemorating the

Company's 88th year since its founding). The dividend for the full fiscal year amounted to ¥16 per share.

■ R&D and Capital Expenditures

• R&D Expenditures

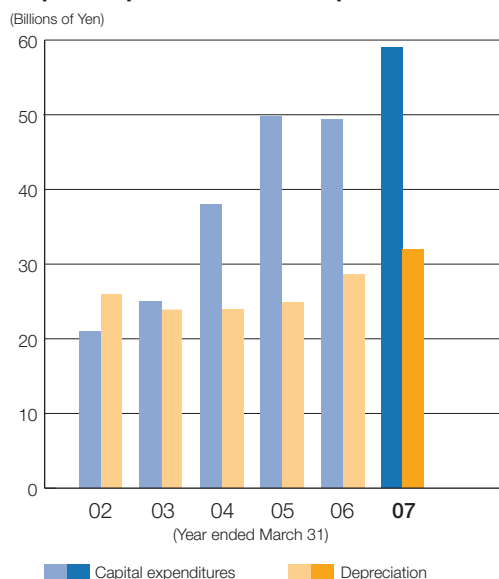
NTN concentrated business resources in R&D for strategic products (such as CV joints, axle bearings, needle roller bearings) in order to achieve the targets set for the final year of its medium-term business plan Rapid Advance 21. As a result, R&D expenditures for the fiscal year under review totaled ¥14,221 million (down ¥550 million from the previous fiscal year), representing 2.9% of consolidated net sales. By segment, R&D expenditure for bearings was ¥8,551 million (down ¥62 million year on year); CVJ expenditure was ¥4,893 million (down ¥355 million); and precision equipment and other products came to ¥775 million (down ¥134 million).

• Capital Expenditures

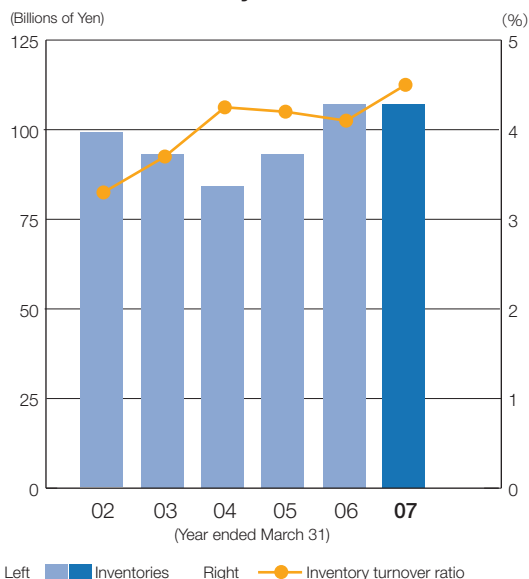
Capital expenditures for the fiscal year under review amounted to ¥59,347 million (up ¥10,063 million from the previous fiscal year). The main focus of expenditures was on increasing production capacity, labor savings and rationalization, along with maintaining and upgrading existing facilities, improving safety, and R&D for new products.

In the bearings segment, capital expenditures totaled ¥39,176 million (up ¥10,369 million from the previous fiscal year). Expenditures included increases in production equipment at NTN

Capital Expenditures and Depreciation



Inventories/Inventory Turnover Ratio



Mie Corporation and the Company's Okayama Works, an increase in production equipment and expansion of facilities at the Company's Kuwana Works, and an increase in production equipment at NTN Manufacturing (Thailand) Co., Ltd.

In the CVJ segment, capital expenditures totaled ¥19,574 million (down ¥159 million from the previous fiscal year). Expenditures included increases in production equipment at NTN Driveshaft Inc. and at the Company's Okayama Works.

In the precision equipment and other products segment, capital expenditures totaled ¥595 million (down ¥147 million from the previous fiscal year). Expenditures included increases in production equipment at NTN Mikumo Company Ltd.

All expenditures were funded from internal funds and short-term loans. Depreciation for the fiscal year under review amounted to ¥32,693 million (up ¥4,107 million from the previous fiscal year).

Financial Position and Cash Flows

Financial Position

Total assets at March 31, 2007, amounted to ¥611,944 million, an increase of ¥50,450 million from the end of the previous fiscal year. The turnover ratio of total assets was 0.79 (up 0.02 from the end of the previous fiscal year).

Total current assets at the fiscal year-end amounted to ¥280,048 million, an increase of ¥13,242 million from the end of the previous fiscal year. Major factors included a ¥15,839 million increase in notes and accounts receivable-trade that reflected the increase in sales.

The inventory turnover ratio for the fiscal year under review was 4.52 times (up 0.46 times year on year).

Current liabilities at the fiscal year-end were ¥250,625 million, an increase of ¥15,868 million year on year. Major factors included a ¥11,259 million increase in short-term loans, and an ¥8,653 million increase in notes and accounts payable-trade.

As a result, net working capital was ¥29,423 million, a decrease of ¥2,625 million from the end of the previous fiscal year. The liquidity ratio was 111.7% (down 2.0 percentage points year on year).

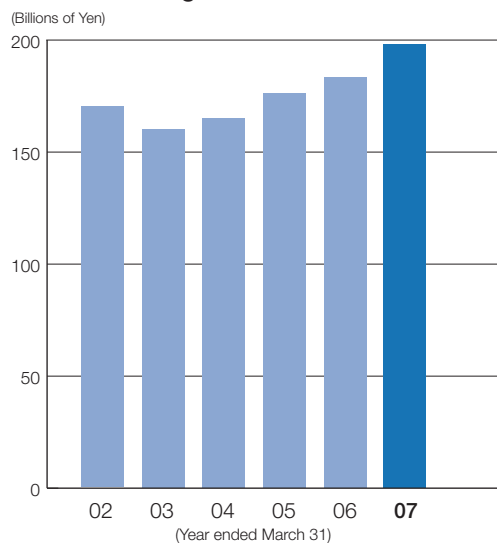
Interest-bearing debt amounted to ¥197,911 million, an increase of ¥14,713 million from the end of the previous fiscal year. Excluding the ¥4,686 million increase in currency adjustments, interest-bearing debt expanded ¥10,027 million. The ratio of interest-bearing debt to total assets was 32.3% (down 0.3 of a percentage point).

Shareholders' equity amounted to ¥209,237 million, an increase of ¥25,990 million from the previous fiscal year. Major factors included a ¥19,136 million increase in retained earnings. The Shareholders' equity ratio was 34.2% (improving 1.6 percentage points year on year). Total net assets per share, based on the number of shares outstanding at the end of the fiscal year, was ¥445.61 per share (an increase of ¥48.88 per share year on year).

Cash Flows

Net cash provided by operating activities was ¥58,486 million, a year-on-year increase of ¥19,579 million, or 50.3%. This mainly reflected ¥45,170 million in net income before income taxes and minority interests; ¥32,694 million in depreciation and amortization;

Interest-bearing Debt



¥11,641 million in increase in accrued payments due to a change in the retirement benefit plan; and a ¥7,847 million increase in trade payables; partly offset by a ¥14,215 million decrease in accrued retirement benefits for employees, a ¥12,382 million increase in trade receivables; and ¥11,133 million in income taxes paid.

Cash used in investing activities increased ¥20,666 million, or 40.1% year on year, to ¥72,185 million. This was due mainly to outlays of ¥58,099 million for the purchase of property, plant and equipment, and ¥10,487 million for the acquisition of stock in equity-method affiliates.

Net cash provided by financing activities was ¥10,922 million, a year-on-year increase of ¥14,200 million. This was due mainly to a net increase of ¥26,100 million in long- and short-term loans, which more than offset ¥10,000 million outlaid for the redemption of corporate bonds and ¥6,007 million in dividend payments.

Free cash flow, the difference between net cash provided by operating activities and net cash used in investing activities-amounted to minus ¥13,700 million. The proportion of net cash provided by operating activities to net sales was 12.1%.

Risk Factors

Business results and the financial position of the NTN Group are subject to the following risks. It should be noted that forward-looking statements contained in the following reflect judgments of the NTN Group as of June 30, 2007.

1. Economy

The NTN Group operates global production and sales networks, and supplies to customers in various industrial sectors. Business results and the financial position of the NTN Group operations may be affected by the economic conditions in specific countries and business conditions in industries to which our customers belong.

2. Foreign Exchange Fluctuations

Overseas sales of the NTN Group account for over 50% of consolidated sales. This percentage is expected to increase further due to continued acceleration in the global business development of the NTN Group.

Overseas subsidiaries' foreign currency-denominated business results and financial positions are converted to yen for the preparation of consolidated financial statements. Moreover, many export transactions with overseas customers of the Company are conducted in foreign currencies. Although the NTN Group hedges risks through forward foreign exchange contracts and expansion of local procurement, effects of exchange rate fluctuations on business results and financial positions cannot be fully eliminated.

3. Declines in Market Prices

The competitive environment surrounding production and sales activities of the NTN Group is becoming harsher worldwide. As products from China and Eastern Europe are gaining ground, bearings have been affected by falling market prices. At the same time, against a backdrop of global price competition, calls for price reductions are mounting in the automotive industry, which accounts for over half of the NTN Group sales. Although the NTN Group works continuously to reduce costs while developing new products of high quality and high added value, business results and the NTN Group's financial position may be affected by downward pressure on market prices.

4. Rise in Raw Materials Prices

The NTN Group procures a wide range of raw materials from outside sources. To deal with cost increases, especially of steel materials, which pose a high weighting in materials costs, measures have been taken such as mark-ups on selling prices to reflect higher materials cost. In addition, the Group is targeting cost reductions through enhanced production yields and VAVE methods. Nevertheless, business results and the NTN Group's financial position may be affected by stronger than expected increases in raw materials costs.

5. Disasters and Accidents

Production plants and facilities of the NTN Group and its transaction counterparts are exposed to the risk of damage from natural

disasters such as earthquakes, floods, and fires. Although the NTN Group has put into place crisis management systems and stands ready to engage in measures to contain damage as much as possible, risks cannot be completely eliminated. Business performance and the financial status of the NTN Group may be affected by a natural disaster or by accidents.

6. Dependence on Specific Industries

The NTN Group's Bearings Division derives approximately half of its sales revenues from the automotive industry, which also buys more than half of the components that the Constant-Velocity Joints Division produces for automotive power transmission to the drive axle. Dependence on the automotive industry is therefore high. Although the NTN Group works to increase sales of bearings and precision equipment products to the industrial machinery sector and implements policies to achieve a balanced sales structure, a rapid shift in demand in the automotive industry could potentially affect the NTN Group's business results and financial position.

7. Product Defects

To ensure product quality, the NTN Group works to satisfy customers' requirements concerning product functions and specifications, and strives to provide appropriate quality and product safety by enforcing quality assurance globally. However, a substantial product defect leading to a serious accident, claim for damages, or product recall could entail huge product warranty costs and potentially affect business performance and the financial position of the NTN Group. Although the NTN Group has taken out global product liability insurance, complete coverage for loss is not possible.

8. Intellectual Property

The NTN Group generates a wealth of innovative technologies and know-how in the process of new product development, representing valuable intellectual property for which the NTN Group files patent applications to protect its rights. However, business performance and the financial position of the NTN Group may be affected if a legal challenge is initiated against its intellectual property or if its intellectual property is infringed by a third party.

9. Risks Associated with Global Operations

The NTN Group develops its business operations worldwide with overseas sales exceeding 50% of consolidated sales. Overseas business development is associated with the following risks:

- a. Risks from unforeseen change in tax systems of or between individual countries
- b. Risks from unforeseen change in laws of individual countries
- c. Difficulty in hiring and retaining appropriate staff
- d. Evolving technology levels and unstable labor relations in emerging economies
- e. Political instability in emerging economies

Consolidated Balance Sheets

March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Assets			
Current assets:			
Cash and cash equivalents (Notes 3 and 4).....	¥ 32,084	¥ 35,891	\$ 271,783
Short-term investments	2	566	17
Trade receivables:			
Notes.....	14,973	11,944	126,836
Accounts	99,315	86,506	841,296
Allowance for doubtful accounts	(130)	(16)	(1,101)
	114,158	98,434	967,031
Inventories (Note 5)	107,131	107,048	907,505
Deferred income taxes (Note 15)	9,578	8,106	81,135
Other current assets.....	17,095	16,761	144,812
Total current assets	280,048	266,806	2,372,283
Property, plant and equipment (Notes 6 and 7):			
Land	24,337	24,246	206,158
Buildings and structures.....	141,207	131,740	1,196,163
Machinery, equipment and vehicles	552,472	509,531	4,679,983
Construction in progress	15,548	11,613	131,707
	733,564	677,130	6,214,011
Less accumulated depreciation	(466,123)	(440,698)	(3,948,522)
Property, plant and equipment, net.....	267,441	236,432	2,265,489
Investments and other assets:			
Investment securities (Note 4).....	25,074	23,928	212,402
Investments in unconsolidated subsidiaries and affiliates	20,474	9,602	173,435
Deferred income taxes (Note 15)	13,491	18,376	114,282
Other assets.....	5,416	6,350	45,879
Total investments and other assets.....	64,455	58,256	545,998
Total assets	¥ 611,944	¥ 561,494	\$ 5,183,770

See accompanying notes to the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 7)	¥100,377	¥ 90,180	\$ 850,292
Current portion of long-term debt (Note 7)	2,644	11,583	22,397
Trade payables:			
Notes.....	11,866	17,936	100,517
Accounts	85,154	70,430	721,338
	97,020	88,366	821,855
Accrued income taxes (Note 15)	9,774	8,496	82,795
Deferred income taxes (Note 15)	562	425	4,761
Other current liabilities (Note 8)	40,248	35,708	340,941
Total current liabilities	250,625	234,758	2,123,041
Long-term liabilities:			
Long-term debt (Note 7).....	94,890	81,436	803,812
Accrued retirement benefits for employees (Note 8).....	34,375	48,441	291,190
Reserve for product defect compensation.....	701	2,054	5,938
Deferred income taxes (Note 15)	1,960	2,711	16,603
Other long-term liabilities (Note 8).....	13,578	3,517	115,019
Total long-term liabilities.....	145,504	138,159	1,232,562
Minority interests (Note 2(o))	-	5,330	-
Contingent liabilities (Note 10)			
Net assets (Notes 2(o), and 9):			
Shareholders' equity:			
Common stock:			
Authorized – 800,000,000 shares			
Issued – 470,463,527 shares in 2007 and			
463,056,775 shares in 2006.....			
	42,340	39,599	358,662
Capital surplus.....	55,411	52,639	469,386
Retained earnings (Note 18).....	106,068	86,932	898,501
Treasury stock, at cost: 910,194 shares in 2007 and			
1,157,425 shares in 2006.....			
	(569)	(586)	(4,820)
Total shareholders' equity	203,250	178,584	1,721,729
Valuation and translation adjustments:			
Net unrealized holding gain on securities (Note 4)	7,862	10,740	66,599
Translation adjustments	(1,875)	(6,077)	(15,883)
Total valuation and translation adjustments.....	5,987	4,663	50,716
Minority interests (Note 2(o))	6,578	-	55,722
Total net assets	215,815	183,247	1,828,167
Total liabilities and net assets	¥611,944	¥561,494	\$5,183,770

Consolidated Statements of Income

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Net sales	¥483,818	¥434,837	\$4,098,416
Cost of sales (Notes 8 and 14).....	378,261	340,571	3,204,244
Gross profit.....	105,557	94,266	894,172
Selling, general and administrative expenses (Notes 8 and 14)	58,764	56,621	497,789
Operating income	46,793	37,645	396,383
Other income (expenses):			
Interest and dividend income	822	459	6,963
Interest expense.....	(5,462)	(3,949)	(46,269)
Equity in earnings of affiliates.....	484	1,111	4,100
Gain on amendment of pension plans (Notes 2(h) and 8).....	2,851	–	24,151
Gain on sales of investment securities	1,663	461	14,087
Provision of reserve for product defect compensation (Note 2(i)).....	–	(2,100)	–
Loss on Impairment of fixed assets (Notes 2(q) and 6).....	(1,220)	(346)	(10,335)
Reorganization expenses	(318)	–	(2,693)
Other, net	(443)	(2,911)	(3,752)
	(1,623)	(7,275)	(13,748)
Income before income taxes and minority interests	45,170	30,370	382,635
Income taxes (Note 15):			
Current.....	11,901	13,187	100,814
Deferred.....	6,073	(2,784)	51,444
	17,974	10,403	152,258
Income before minority interests.....	27,196	19,967	230,377
Minority interests in subsidiaries.....	(182)	(417)	(1,542)
Net income	¥ 27,014	¥ 19,550	\$ 228,835

See accompanying notes to the consolidated financial statements

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2007 and 2006

	Millions of yen								
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2005	463,056,775	¥39,599	¥52,623	¥72,918	¥(508)	¥5,231	¥(11,911)	¥-	¥157,952
Cash dividends paid	-	-	-	(4,619)	-	-	-	-	(4,619)
Bonuses to directors and corporate auditors	-	-	-	(181)	-	-	-	-	(181)
Net income.....	-	-	-	19,550	-	-	-	-	19,550
Gain on sales of treasury stock.....	-	-	16	-	-	-	-	-	16
Purchases of treasury stock	-	-	-	-	(159)	-	-	-	(159)
Sales of treasury stock	-	-	-	-	81	-	-	-	81
Adjustments relating to post-retirement benefits at overseas consolidated subsidiaries	-	-	-	(736)	-	-	-	-	(736)
Other changes.....	-	-	-	-	-	5,509	5,834	-	11,343
Balance at March 31, 2006	463,056,775	39,599	52,639	86,932	(586)	10,740	(6,077)	-	183,247
Reclassified balance at March 31, 2006 (Note 2(o))....	-	-	-	-	-	-	-	5,330	5,330
Issuance of new stock due to conversion of convertible bonds.....	7,406,752	2,741	2,741	-	-	-	-	-	5,482
Cash dividends paid	-	-	-	(6,007)	-	-	-	-	(6,007)
Bonuses to directors and corporate auditors.....	-	-	-	(178)	-	-	-	-	(178)
Net income.....	-	-	-	27,014	-	-	-	-	27,014
Gain on sales of treasury stock..	-	-	31	-	-	-	-	-	31
Purchases of treasury stock	-	-	-	-	(250)	-	-	-	(250)
Sales of treasury stock	-	-	-	-	267	-	-	-	267
Adjustments relating to post-retirement benefits at overseas consolidated subsidiaries	-	-	-	(1,693)	-	-	-	-	(1,693)
Other changes.....	-	-	-	-	-	(2,878)	4,202	1,248	2,572
Balance at March 31, 2007	470,463,527	¥42,340	¥55,411	¥106,068	¥(569)	¥7,862	¥(1,875)	¥6,578	¥215,815

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Translation adjustments	Minority interests	Total net assets	
Balance at March 31, 2006	\$335,443	\$445,904	\$736,400	\$(4,964)	\$90,978	\$(51,478)	\$-	\$1,597,434	
Reclassified balance at March 31, 2006 (Note 2(o))....	-	-	-	-	-	-	45,150	45,150	
Issuance of new stock due to conversion of convertible bonds.....	23,219	23,219	-	-	-	-	-	46,438	
Cash dividends paid	-	-	(50,885)	-	-	-	-	(50,885)	
Bonuses to directors and corporate auditors	-	-	(1,508)	-	-	-	-	(1,508)	
Net income.....	-	-	228,835	-	-	-	-	228,835	
Gain on sales of treasury stock.....	-	263	-	-	-	-	-	263	
Purchases of treasury stock	-	-	-	(2,118)	-	-	-	(2,118)	
Sales of treasury stock	-	-	-	2,262	-	-	-	2,262	
Adjustments relating to post-retirement benefits at overseas consolidated subsidiaries.....	-	-	(14,341)	-	-	-	-	(14,341)	
Other changes	-	-	-	-	(24,379)	35,595	10,572	21,787	
Balance at March 31, 2007	\$358,662	\$469,386	\$898,501	\$(4,820)	\$66,599	\$(15,883)	\$55,722	\$1,828,167	

Consolidated Statements of Cash Flows

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests.....	¥ 45,170	¥ 30,370	\$ 382,635
Adjustments for:			
Depreciation and amortization	32,694	28,586	276,950
Amortization of goodwill	2	45	17
(Decrease) increase in allowance for doubtful accounts	(190)	74	(1,609)
(Decrease) increase in accrued retirement benefits for employees	(14,215)	929	(120,415)
Decrease in accrued retirement benefits for directors and corporate auditors	-	(329)	-
(Decrease) increase in reserve for product defect compensation	(1,353)	136	(11,461)
Increase in other current and long-term liabilities resulting from amendment of pension plans	11,641	-	98,611
Interest and dividend income.....	(822)	(459)	(6,963)
Interest expense.....	5,462	3,949	46,269
Translation adjustments and foreign exchange loss (gain), net	219	(1,155)	1,855
Equity in earnings of affiliates	(484)	(1,111)	(4,100)
(Increase) decrease in trade receivables	(12,382)	4,939	(104,888)
Decrease (increase) in inventories	1,427	(11,457)	12,088
Increase in trade payables.....	7,847	3,083	66,472
Payments of bonuses to directors and corporate auditors.....	(180)	(185)	(1,525)
Other.....	(1,702)	(3,156)	(14,419)
Subtotal	73,134	54,259	619,517
Interest and dividend income received.....	1,530	1,124	12,961
Interest paid	(5,044)	(3,693)	(42,728)
Income taxes paid	(11,134)	(12,783)	(94,316)
Net cash provided by operating activities	58,486	38,907	495,434
Cash flows from investing activities:			
Decrease (increase) in short-term investments	561	(431)	4,752
Purchases of property, plant and equipment.....	(58,099)	(49,690)	(492,156)
Purchases of other assets	(510)	(1,020)	(4,320)
Proceeds from sales of property, plant and equipment.....	447	675	3,787
Purchases of investment securities	(7,863)	-	(66,607)
Proceeds from sales of investment securities	3,302	524	27,971
Investments in affiliates accounted for by the equity method.....	(10,487)	-	(88,835)
Other	464	(1,577)	3,930
Net cash used in investing activities	(72,185)	(51,519)	(611,478)
Cash flows from financing activities:			
Increase in short-term bank loans, net	6,404	3,160	54,248
Proceeds from long-term debt.....	22,103	5,590	187,234
Repayment of long-term debt, including current portion	(12,407)	(8,117)	(105,100)
Issuance of common stock assigned to minority shareholders of consolidated subsidiaries	865	818	7,327
Cash dividends paid	(6,007)	(4,619)	(50,885)
Other	(36)	(110)	(303)
Net cash provided by (used in) financing activities.....	10,922	(3,278)	92,521
Effect of exchange rate changes on cash and cash equivalents.....	(1,030)	479	(8,726)
Net decrease in cash and cash equivalents	(3,807)	(15,411)	(32,249)
Cash and cash equivalents at beginning of the year.....	35,891	51,302	304,032
Cash and cash equivalents at end of the year	¥ 32,084	¥ 35,891	\$ 271,783

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

March 31, 2007

1. Basis of Preparation

The accompanying consolidated financial statements of NTN Corporation (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The translation of yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan and has been made at ¥118.05 = U.S.\$1.00, the exchange rate prevailing on March 31, 2007. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of their respective dates of acquisition.

The financial statements of certain consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

The differences between the cost and the underlying net equity in net assets at the dates of acquisition of the consolidated subsidiaries and companies accounted for by the equity method, which were incurred during the year ended March 31, 2007 and 2006, were changed to income for the respective years.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at the rates of exchange prevailing when the transactions were made.

Assets and liabilities of overseas consolidated subsidiaries and affiliates are translated into yen at the exchange rates in effect on the respective balance sheet dates, except for the components of net assets excluding minority interests which are translated at the respective historical rates. Revenue and expenses are translated at the average rates of exchange for the respective years. Differences arising from translation are reflected in "Translation adjustments" and "minority interests" in the accompanying consolidated balance sheets.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the actual historical ratio of bad debts and an estimate of uncollectible amounts determined after an analysis of specific individual receivables.

(e) Short-term investments and investment securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost based on the moving average method.

(f) Inventories

Inventories are principally stated at cost determined by the average method.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed at rates based on the estimated useful lives of the respective assets by the declining-balance method, except for the buildings and assets of overseas consolidated subsidiaries to which the straight-line method is principally applied.

The principal estimated useful lives are as follows:

Buildings and structures	10 to 50 years
Machinery, equipment and vehicles	5 to 12 years

(h) Accrued retirement benefits for employees

Accrued retirement benefits for employees have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for net unrecognized actuarial gain or loss and unrecognized prior service cost. The estimated benefit is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Prior service cost is amortized in the year in which the gain or loss is recognized primarily by the straight-line method over the estimated average remaining years of service of the eligible employees (principally 15 years).

Net unrecognized actuarial gain or loss is amortized commencing the year following the year in which the gain or loss was recognized primarily by the straight-line method over the estimated average remaining years of service of the eligible employees (principally 15 years).

Effective April 2, 2006, the Company and certain domestic consolidated subsidiaries transferred a portion of their corporate pension fund plans (defined benefit pension plans) to a defined contribution pension plan and a retirement allowance prepayment plan. As a result of this transfer, a gain on amendment of pension plans of ¥2,851 million (\$24,151 thousand) was recognized as a component of other income in the accompanying consolidated statement of income for the year ended March 31, 2007.

(i) Reserve for product defect compensation

In prior years, the Company encountered serious problems involving significant deficiencies in the quality of certain of its products. The Company provided a reserve for product defect compensation at an estimated amount in order to cover the anticipated compensation.

The Company has updated its estimate of the required compensation and has provided an additional reserve of ¥2,100 million for the year ended March 31, 2006, which is presented as a component of other expenses in the accompanying consolidated statement of income for the year ended March 31, 2006.

(j) Leases

Finance leases other than those which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

(k) Research and development costs and computer software

Research and development costs are charged to income when incurred.

Expenditures relating to computer software developed for internal use are charged to income when incurred, except if the software is expected to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as assets and are amortized by the straight-line method over their estimated useful lives, generally a 5-year period.

(l) Income taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities reported for financial purposes and the corresponding balances for tax reporting purposes.

(m) Derivative financial instruments and hedging activities

All derivatives are stated at fair value with any changes in fair value included in net income for the period in which they arise, except for derivatives which meet the criteria for deferral hedge accounting under which realized gain or loss, net applicable income taxes, is deferred as a component of net assets. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

(n) Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for the period do not reflect such appropriations. (Refer to Note 18.)

(o) Accounting standard for presentation of net assets in the balance sheet

Effective April 1, 2006, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for the presentation of net assets in the balance sheet entitled "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5 issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8 issued on December 9, 2005). Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of net assets. Such items include minority interests.

Total shareholders' equity under the previous method of presentation amounted to ¥209,237 million (\$1,772,444 thousand) at March 31, 2007.

(p) Accounting standard for bonuses to directors and corporate auditors

Effective April 1, 2006, the Company and its consolidated subsidiaries have adopted a new accounting standard for bonuses to directors and corporate auditors entitled "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005).

The effect of the adoption of this standard was to decrease operating income, income before income taxes and minority interests by ¥199 million (\$1,686 thousand) from the amounts which would have been recorded under the previous method.

(q) Loss on impairment of fixed assets

Effective April 1, 2005, the Company and its consolidated subsidiaries adopted an accounting standard for the impairment of fixed assets. The effect of the adoption of this standard was to decrease income before income taxes and minority interests by ¥1,220 million (\$10,335 thousand) and ¥346 million for the years ended March 31, 2007 and 2006, respectively from the amount which would have been recorded under the previous method. The accumulated impairment loss on the related assets has been directly deducted from the carrying amounts of the respective assets in the consolidated balance sheets at March 31, 2007 and 2006.

3. Cash and cash equivalents

Significant non-cash transactions for the year ended March 31, 2007 are as follows:

	Millions of yen	Thousands of U.S. dollars
	2007	2007
Increase in common stock resulting from exercise of stock acquisition rights.....	¥2,741	\$23,219
Increase in capital surplus resulting from exercise of stock acquisition rights.....	2,741	23,219
Decrease in convertible bonds with stock acquisition rights resulting from exercise of stock acquisition rights	¥5,482	\$46,438

4. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2007 and 2006 is summarized as follows:

	Millions of yen					
	2007			2006		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities.....	¥8,806	¥21,925	¥13,119	¥5,444	¥23,356	¥17,912
Subtotal	8,806	21,925	13,119	5,444	23,356	17,912
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities.....	102	99	(3)	53	52	(1)
Other	42	29	(13)	42	29	(13)
Subtotal	144	128	(16)	95	81	(14)
Total.....	¥8,950	¥22,053	¥13,103	¥5,539	¥23,437	¥17,898

	Thousands of U.S. dollars		
	2007		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities.....	\$74,596	\$185,726	\$111,131
Subtotal	74,596	185,726	111,131
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities.....	865	839	(26)
Other	355	246	(110)
Subtotal	1,220	1,085	(136)
Total.....	\$75,816	\$186,811	\$110,995

(b) The carrying value of non-marketable other securities at March 31, 2007 and 2006 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash and cash equivalents:			
Money management funds	¥ -	¥4,398	\$ -
Investment securities:			
Unlisted equity securities	503	491	4,261
Unlisted foreign bond.....	2,516	-	21,313
	¥3,019	¥4,889	\$25,574

(c) Sales of investments in securities for the years ended March 31, 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Sales	¥3,302	¥487	\$27,971
Aggregate gain	1,663	461	14,087

5. Inventories

Inventories at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Finished goods	¥ 55,781	¥ 55,000	\$472,520
Work in process and raw materials	51,350	52,048	434,985
	¥107,131	¥107,048	\$907,505

6. Impairment of Fixed Assets

The Company and its consolidated subsidiaries group fixed assets used for manufacturing by management segment into each minimum unit generating identifiable cash flows, for example, a factory. They also group fixed assets used at the head office or used for sales activities as shared assets.

Consequently, the Company and its consolidated subsidiaries have written down the following assets to their respective net recoverable value and recorded a related loss on impairment of fixed assets of ¥1,220 million (\$10,335 thousand) and ¥346 million in the consolidated statements of income for the years ended March 31, 2007 and 2006, respectively.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets to be sold or disposed of:			
Idle land located in Wakayama Prefecture:			
Land	¥ 661	¥ -	\$ 5,599
Production equipment located in Hyogo Prefecture and other locations:			
Machinery and equipment	559	-	4,736
Property used for employees' welfare and located in Mie Prefecture and other locations:			
Land, buildings and other	-	245	-
Laboratories located in Shizuoka Prefecture:			
Buildings	-	101	-
	¥1,220	¥346	\$10,335

The recoverable value of the fixed assets presented in the above table has been measured primarily at net realizable value based on appraisals conducted by real estate appraisers or similar applicable estimates. If a fixed asset can not be sold or diverted to other usage, such asset is valued at zero.

7. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans principally represent short-term notes with average annual interest rates of 4.40% and 3.86% at March 31, 2007 and 2006, respectively.

Long-term debt at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Loans from banks and other financial institutions, due through 2013, at an average annual interest rate of 3.0%	¥33,015	¥13,019	\$279,669
2.14% unsecured bonds due 2006	-	10,000	-
0.48% unsecured bonds due 2008	10,000	10,000	84,710
2.70% unsecured bonds due 2009	10,000	10,000	84,710
0.76% unsecured bonds due 2010	20,000	20,000	169,420
Zero coupon unsecured convertible bonds with stock acquisition rights due 2009	24,519	30,000	207,700
	97,534	93,019	826,209
Less current portion	(2,644)	(11,583)	(22,397)
	¥94,890	¥81,436	\$803,812

The zero coupon unsecured convertible bonds are convertible at any time up to and including March 4, 2009 into shares of common stock of the Company at a conversion price of ¥740 (\$6.27) per share.

Assets pledged as collateral for short-term bank loans of ¥1,351 million (\$11,444 thousand) at March 31, 2007 were as follows:

	Millions of yen	Thousands of U.S. dollars
Land.....	¥ 555	\$ 4,701
Buildings and structures	713	6,040
	¥1,268	\$10,741

The aggregate annual maturities of long-term debt subsequent to March 31, 2007 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008.....	¥ 2,644	\$ 22,397
2009.....	37,004	313,460
2010.....	12,115	102,626
2011.....	25,111	212,715
2012.....	10,660	90,301
2013.....	—	—
2014.....	10,000	84,710
	¥97,534	\$826,209

8. Accrued Retirement Benefits for Employees

The Company and certain domestic consolidated subsidiaries have defined benefit plans, i.e., corporate pension fund plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain overseas consolidated subsidiaries also have defined benefit plans.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at March 31, 2007 and 2006 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Retirement benefit obligation	¥(100,590)	¥(114,282)	\$(852,097)
Plan assets at fair value	64,431	66,392	545,794
Unfunded retirement benefit obligation.....	(36,159)	(47,890)	(306,303)
Unrecognized actuarial loss	3,186	4,873	26,989
Unrecognized prior service cost.....	(1,392)	(5,424)	(11,791)
Net retirement benefit obligation	(34,365)	(48,441)	(291,105)
Prepaid pension cost.....	10	—	85
Accrued retirement benefits for employees	¥ (34,375)	¥ (48,441)	\$(291,190)

The components of retirement benefit expenses for the years ended March 31, 2007 and 2006 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Service cost.....	¥3,079	¥3,579	\$26,082
Interest cost	3,082	3,294	26,108
Expected return on plan assets	(1,828)	(1,604)	(15,485)
Amortization:			
Actuarial loss	480	1,285	4,066
Prior service cost.....	(116)	(428)	(983)
Retirement benefit expenses.....	4,697	6,126	39,788
Gain on amendment of pension plans.....	(2,851)	—	(24,151)
Contribution to defined contribution pension plans	744	—	6,303
Retirement benefit expenses.....	¥2,590	¥6,126	\$21,940

The assumptions used in accounting for the defined benefit plans for the years ended March 31, 2007 and 2006 are a discount rate principally of 2.6% and expected rates of return on plan assets principally of 2.5%.

As described in Note 2(h), the Company and certain domestic consolidated subsidiaries transferred a portion of their corporate pension fund plans to a defined contribution pension plan and a retirement allowance prepayment plan effective April 2, 2006. The effect of this transfer is as follows:

	Millions of yen	Thousands of U.S. dollars
Decrease in retirement benefit obligation.....	¥16,934	\$143,448
Unrecognized actuarial loss	(1,248)	(10,572)
Unrecognized prior service cost.....	1,036	8,776
Decrease in retirement benefit expenses.....	¥16,722	\$141,652

Plan assets of ¥13,871 million (\$117,501 thousand) are to be transferred to the defined contribution pension plan and a retirement allowance prepayment plan over eight years. Plan assets of ¥11,641 million (\$98,611 thousand) which has not been transferred at March 31, 2007 is included in "other current liabilities" and "other long-term liabilities" in the accompanying consolidated balance sheet at March 31, 2007.

9. Shareholders' Equity

(a) The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan (the "Code"), went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the provisions of the Law. The legal reserve of the Company included in retained earnings amounted to ¥8,639 million (\$73,542 thousand) at March 31, 2007 and 2006.

(b) Movements in issued common stock and treasury stock during the year ended March 31, 2007 are summarized as follows:

	Number of shares (Thousands)			March 31, 2007
	March 31, 2006	Increase	Decrease	
Common stock.....	463,057	7,406	–	470,464
Treasury stock	1,157	257	504	910

(c) Under the Company's stock option plan, certain directors and employees were granted options to purchase shares of common stock at an exercise price.

The particulars of this stock option plan are outlined as follows:

Type of shares	Common stock
Number of shares	751,000
Exercise period.....	From September 1, 2003 to August 31, 2006

Stock option activities during the year ended March 31, 2007 were as follows:

Number of shares:	
Outstanding at beginning of year	593,000
Granted	–
Exercised.....	493,000
Expired	100,000
Outstanding at end of year.....	–
Exercisable at end of year	–

Price information:

Exercise price.....	¥584
Weighted average price of shares when exercised.....	¥892

10. Contingent Liabilities

The contingent liabilities of the Company and its consolidated subsidiaries at March 31, 2007 were as follows:

	Millions of yen	Thousands of U.S. dollars
Trade notes receivable discounted with banks	¥272	\$2,304
Keep-well agreement with an affiliate.....	195	1,652
Guarantee of loans made by an affiliate	74	627
	¥541	\$4,583

11. Finance Leases without Covenants Transferring Ownership of Properties to Lessees

(a) Lessees' accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2007 and 2006, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen					
	2007			2006		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥2,652	¥1,797	¥ 855	¥2,645	¥1,676	¥ 969
Machinery, equipment and vehicles	421	260	161	401	225	176
Other assets	49	28	21	67	37	30
	¥3,122	¥2,085	¥1,037	¥3,113	¥1,938	¥1,175

	Thousands of U.S. dollars		
	2007		
	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	\$22,465	\$15,222	\$7,243
Machinery, equipment and vehicles	3,566	2,203	1,363
Other assets	415	237	178
	\$26,446	\$17,662	\$8,784

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥195 million (\$1,652 thousand) and ¥212 million for the years ended March 31, 2007 and 2006, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms amounted to ¥195 million (\$1,652 thousand) and ¥212 million for the years ended March 31, 2007 and 2006, respectively.

Future minimum lease payments subsequent to March 31, 2007 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008.....	¥ 190	\$1,609
2009 and thereafter	847	7,175
Total.....	¥1,037	\$8,784

The acquisition costs and future minimum lease payments under finance leases presented in the above tables include the imputed interest expense.

No loss on impairment was allocated to any leased assets for the year ended March 31, 2007.

(b) Lessors' accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2007 and 2006:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Machinery, equipment and vehicles:			
Acquisition costs	¥ 69	¥ 69	\$ 584
Accumulated depreciation	(65)	(64)	(550)
Net book value	¥ 4	¥ 5	\$ 34

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥3 million (\$25 thousand) and ¥6 million for the years ended March 31, 2007 and 2006, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥1 million (\$8 thousand) for the years ended March 31, 2007 and 2006.

Future minimum lease receipts subsequent to March 31, 2007 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008.....	¥2	\$17
2009 and thereafter	0	0
Total.....	¥2	\$17

The imputed interest income is included in the above amounts.

12. Operating Leases

Future minimum lease payments subsequent to March 31, 2007 for noncancelable operating leases were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008.....	¥ 244	\$ 2,067
2009 and thereafter.....	1,180	9,996
Total.....	¥1,424	\$12,063

13. Derivative Financial Instruments

The Company and certain consolidated subsidiaries utilized forward foreign exchange contracts during the years ended March 31, 2007 and 2006 principally to reduce foreign exchange rate risk. The Company and its consolidated subsidiaries do not hold or issue derivative financial instruments for trading or speculative purposes. They are exposed to certain risk arising from their forward foreign exchange contracts.

The Company and its consolidated subsidiaries have established policies which include maximum upper limits and reporting obligations for derivative transactions and comply fully with these guidelines. Derivative transactions are entered into by the Company's Finance Department and its subsidiaries. The Company carries out mutual supervision and monitoring of the derivative transactions in accordance with management policies and its consolidated subsidiaries apply the same approach. Each derivative transaction of the Company is reported to the director responsible when entered into. The consolidated subsidiaries are required to report the status of their derivatives positions to the Company on a monthly basis and are also required to consult with the Company when they enter into derivative transactions other than forward foreign exchange contracts.

Disclosure of fair value information on derivatives has been omitted because all open derivatives positions qualified for hedge accounting.

14. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥14,221 million (\$120,466 thousand) and ¥14,771 million for the years ended March 31, 2007 and 2006, respectively.

15. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.0% for the years ended March 31, 2007 and 2006. Overseas subsidiaries are subject to the income taxes of the respective countries in which they operate.

The effective tax rates for the years ended March 31, 2007 and 2006 differ from the Company's statutory tax rate for the following reasons:

	2007	2006
Statutory tax rate.....	40.0%	40.0%
Permanent non-deductible expenses.....	0.2	0.3
Permanent non-taxable income.....	(1.4)	(2.2)
Elimination of dividend income.....	4.6	5.3
Equity in earnings of affiliates.....	(0.4)	(1.5)
Tax credit for research and development costs.....	(1.9)	(3.8)
Difference in overseas consolidated subsidiaries' applicable tax rate.....	(4.5)	(4.3)
Increase in valuation allowance.....	1.4	-
Other.....	1.8	0.5
Effective tax rates.....	39.8%	34.3%

The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2007 and 2006 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Deferred tax assets:			
Accrued retirement benefits for employees.....	¥ 14,399	¥ 20,275	\$121,974
Inventories.....	3,962	3,638	33,562
Tax loss carryforwards.....	2,284	5,943	19,348
Reserve for product defect compensation.....	280	823	2,372
Accrued expenses.....	3,715	3,485	31,470
Loss on devaluation of investment securities.....	323	324	2,736
Depreciation and amortization.....	-	62	-
Accrued expenses for a defined contribution pension plan.....	4,659	-	39,466
Other.....	3,083	1,940	26,116
Gross deferred tax assets.....	32,705	36,490	277,044
Less: valuation allowance.....	(965)	(107)	(8,175)
Total deferred tax assets.....	31,740	36,383	268,869
Deferred tax liabilities:			
Depreciation and amortization.....	(4,924)	(4,769)	(41,711)
Unrealized holding gain on securities.....	(5,245)	(7,164)	(44,430)
Reserve for deferred gain on property included in retained earnings.....	(407)	(427)	(3,448)
Retained earnings of consolidated overseas subsidiaries.....	(527)	(401)	(4,464)
Other.....	(90)	(276)	(763)
Total deferred tax liabilities.....	(11,193)	(13,037)	(94,816)
Net deferred tax assets.....	¥ 20,547	¥ 23,346	\$174,053

16. Amounts per Share

Amounts per share at March 31, 2007 and 2006 and for the years then ended were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Net assets	¥445.61	¥396.73	\$3.78
Net income:			
Basic	58.34	41.94	0.50
Diluted	54.54	38.55	0.47
Cash dividends	16.00	11.00	0.14

The amount per share of net assets is computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year, and diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of stock acquisition rights.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

17. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of bearings, constant-velocity joints and precision equipment. As more than 90% of the consolidated net sales and operating income for the years ended March 31, 2007 and 2006 were made in the machinery and equipment part segment, the disclosure of business segment information has been omitted.

(1) Geographic segment information

Segment information by geographic area for the years ended March 31, 2007 and 2006 is summarized as follows:

	Millions of yen						Consolidated
	2007	2006	2007	2006	2007	2006	
	Japan	North America	Europe	Asia and other areas	Total	Eliminations or corporate	
External sales	¥223,653	¥123,263	¥77,681	¥59,221	¥483,818	¥ -	¥483,818
Intersegment sales	115,992	991	288	6,667	123,938	(123,938)	-
Net sales	339,645	124,254	77,969	65,888	607,756	(123,938)	483,818
Operating expenses	311,366	119,723	73,651	59,438	564,178	(127,153)	437,025
Operating income	¥ 28,279	¥ 4,531	¥ 4,318	¥ 6,450	¥ 43,578	¥ 3,215	¥ 46,793
Total assets	¥414,231	¥123,690	¥67,049	¥82,030	¥687,000	¥ (75,056)	¥611,944

	Millions of yen						Consolidated
	2006	2006	2006	2006	2006	2006	
	Japan	North America	Europe	Asia and other areas	Total	Eliminations or corporate	
External sales	¥211,502	¥113,512	¥67,112	¥42,711	¥434,837	¥ -	¥434,837
Intersegment sales	108,820	1,017	312	1,944	112,093	(112,093)	-
Net sales	320,322	114,529	67,424	44,655	546,930	(112,093)	434,837
Operating expenses	295,245	110,069	64,228	40,736	510,278	(113,086)	397,192
Operating income	¥ 25,077	¥ 4,460	¥ 3,196	¥ 3,919	¥ 36,652	¥ 993	¥ 37,645
Total assets	¥380,587	¥125,937	¥58,899	¥54,102	¥619,525	¥ (58,031)	¥561,494

	Thousands of U.S. dollars						Consolidated
	2007	2006	2007	2006	2007	2006	
	Japan	North America	Europe	Asia and other areas	Total	Eliminations or corporate	
External sales	\$1,894,562	\$1,044,159	\$658,035	\$501,660	\$4,098,416	\$ -	\$4,098,416
Intersegment sales	982,566	8,395	2,440	56,476	1,049,877	(1,049,877)	-
Net sales	2,877,128	1,052,554	660,475	558,136	5,148,293	(1,049,877)	4,098,416
Operating expenses	2,637,577	1,014,172	623,897	503,498	4,779,144	(1,077,111)	3,702,033
Operating income	\$ 239,551	\$ 38,382	\$ 36,578	\$ 54,638	\$ 369,149	\$ 27,234	\$ 396,383
Total assets	\$3,508,945	\$1,047,777	\$567,971	\$694,875	\$5,819,568	\$ (635,798)	\$5,183,770

Effective April 1, 2006, the Company and its consolidated subsidiaries have adopted a new accounting standard for directors' bonuses entitled "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No. 4) issued on November 29, 2005).

The effect of the adoption of this standard was to decrease operating income, income before income taxes and minority interests in the "Japan" segment for the year ended March 31, 2007 by ¥199 million (\$1,686 thousand) from the amounts which would have been recorded under the previous method.

(2) Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiaries, for the years ended March 31, 2007 and 2006 are summarized as follows:

	Millions of yen			
	2007			
	North America	Europe	Asia and other areas	Total
Overseas sales	¥125,426	¥77,193	¥74,274	¥276,893
Consolidated net sales	–	–	–	483,818
Overseas sales as a percentage of consolidated net sales.....	25.9%	16.0%	15.3%	57.2%

	Millions of yen			
	2006			
	North America	Europe	Asia and other areas	Total
Overseas sales	¥112,001	¥66,893	¥58,246	¥237,140
Consolidated net sales	–	–	–	434,837
Overseas sales as a percentage of consolidated net sales.....	25.7%	15.4%	13.4%	54.5%

	Thousands of U.S. dollars			
	2007			
	North America	Europe	Asia and other areas	Total
Overseas sales	\$1,062,482	\$653,901	\$629,174	\$2,345,557
Consolidated net sales	–	–	–	4,098,416

18. Subsequent Event

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2007, was approved at a shareholders' meeting held on June 28, 2007:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥9.0 = U.S.\$0.08 per share).....	¥4,226	\$35,798



Report of Independent Auditors

The Board of Directors
NTN Corporation

We have audited the accompanying consolidated balance sheets of NTN Corporation and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NTN Corporation and consolidated subsidiaries at March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 2, effective April 1, 2006, the Company and its domestic consolidated subsidiaries have adopted new accounting standards for the presentation of net assets in the balance sheet and for bonuses to directors and corporate auditors.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Osaka, Japan
June 29, 2007

A handwritten signature in cursive script that reads 'Ernst & Young Shin Nihon'.

NTN Group Investment Holdings

Year ended March 31, 2007

Consolidated Subsidiaries		Paid-in capital	Holding in percent (%)	
(Consolidated Subsidiaries)				
NTN BEARING SERVICE CO., LTD.		¥ 450,000,000	100	
KYOEI NTN CORP.		¥ 20,000,000	100	
NTN KONGO CORP.		¥ 1,000,000,000	100	
NTN ENGINEERING PLASTICS CORP.		¥ 100,000,000	100	
NTN POWDER METAL CORP.		¥ 400,000,000	70	[30]
NTN MIKUMO COMPANY LTD.		¥ 450,000,000	100	
NTN CASTING CORP.		¥ 450,000,000	100	
NTN KINAN CORP.		¥ 450,000,000	100	
NTN MIE CORP.		¥ 3,000,000,000	100	
NTN OMAEZAKI CORP.		¥ 266,000,000	97.4	
NTN KAMIINA CORP.		¥ 725,000,000	80	
NTN FUKUROI CORP.		¥ 1,000,000,000	100	
NTN USA CORP.	US.	\$ 108,220,000	100	
NTN BEARING CORP. OF AMERICA	US.	\$ 24,700,000	100	(100)
NTN DRIVESHAFT, INC.	US.	\$ 46,580,000	100	(100)
AMERICAN NTN BEARING MFG. CORP.	US.	\$ 24,330,000	100	(100)
NTN-BOWER CORP.	US.	\$ 67,000,000	100	(100)
NTN-BCA CORP.	US.	\$ 16,000,000	100	(100)
NTK PRECISION AXLE CORP.	US.	\$ 10,000,000	60	(60)
NTN BEARING CORP. OF CANADA LTD.	CAN.	\$ 20,100,000	100	
NTN SUDAMERICANA, S.A.	US.	\$ 700,000	100	
NTN WÄLZLAGER (EUROPA) G.m.b.H.	EURO	14,500,000	100	
NTN KUGELLAGERFABRIK (DEUTSCHLAND) G.m.b.H.	EURO	18,500,000	100	
NTN BEARINGS (UK) LTD.	STG. £	2,600,000	100	(0.04)
NTN FRANCE S.A.	EURO	3,700,000	99.999	(0.006)
NTN TRANSMISSIONS EUROPE	EURO	71,727,792	85	
NTN BEARING-SINGAPORE (PTE) LTD.	S. \$	36,000,000	100	(0.969)
NTN CHINA LTD.	HK. \$	2,500,000	100	
NTN BEARING-THAILAND CO., LTD.	BAHT	600,000,000	100	(99.999)
NTN MANUFACTURING (THAILAND) CO., LTD.	BAHT	611,000,000	99.999	(99.999)
NTN-NIDEC (THAILAND) CO., LTD.	BAHT	600,000,000	60	(0.001)
NTN Manufacturing India Private Limited	INR	531,250,000	94.12	(0.01)
NTN BEARING-MALAYSIA SDN.BHD	M. \$	10,000,000	60	(60)
NTN KOREA CO., LTD.	WON	500,000,000	100	
NTN (CHINA) INVESTMENT CORPORATION	US. \$	32,400,000	100	
SHANGHAI NTN CORP.	US. \$	54,300,000	95	(48.20)
NTN-NIDEC (ZHEJIANG) CORP.	US. \$	21,000,000	60	
GUANGZHOU NTN-YULON DRIVETRAIN CO., LTD.	US. \$	10,000,000	60	
CHANGZHOU NTN-GUANGYANG CORP.	US. \$	10,000,000	100	
(Affiliated Companies Accounted for by the Equity Method)				
TUNG PEI INDUSTRIAL CO., LTD.	NT. \$	1,257,232,620	27.35	
TAIWAY LTD.	NT. \$	160,000,000	36.25	
UNIDRIVE PTY. LTD.	A. \$	5,000,000	40	
BEIJING NTN-SEOHAN DRIVESHAFT CO., LTD.	US. \$	5,000,000	40	
CHANGZHOU NTN-GUANGYANG CORP.	US. \$	2,000,000	30	
ASAHI FORGE OF AMERICA CORP.	US. \$	6,100,000	32.8	(32.8)
IFA-Antriebstechnik G.m.b.H.	EURO \$	50,000	25	
SNR ROULEMENTS	EURO \$	10,065,000	35	

(Note)

1. Of the above consolidated subsidiaries, NTN USA CORP., NTN DRIVESHAFT INC., NTN Transmissions Europe and SHANGHAI NTN CORP. are specified subsidiaries.
2. Figures in curved brackets under "Holding as percentage" indicate the percentage of indirectly owned holdings, and are included in the total holding. Figures in square brackets indicate the percentage of holdings owned by parties having close ties with NTN, and are not included in the total holding.

NTN's Global Network

As of March 31, 2007

JAPAN

• Sales

Automotive Sales Headquarters

Industrial Sales Headquarters 6th Floor,
TOC Bldg., 22-17 Nishi-Gotanda 7-chome,
Shinagawa-ku, Tokyo 141-0031, Japan
Phone : +81-3-5487-2826
Fax : +81-3-5487-2940

Precision Equipment Division

6th Floor, TOC Bldg., 22-17
Nishi-Gotanda 7-chome, Shinagawa-ku,
Tokyo 141-0031, Japan
Phone : +81-3-5487-2867
Fax : +81-3-5487-2713

Fluid Dynamic Bearing Division

101 Katsutaba, Kanie-cho, Ama-gun,
Aichi 497-8541, Japan
Phone : +81-567-95-5005
Fax : 81-567-95-5939

NTN BEARING SERVICE CO., LTD.

1-13, 3-chome, Shibakoen, Minato-ku,
Tokyo 108-0074, Japan
Phone : +81-3-5776-6001
Fax : +81-3-5776-6002

KYOEI NTN CORP.

26-4, Hikawa-cho, Itabashi-ku, Tokyo 173-0013,
Japan
Phone : +81-3-3963-2755
Fax : +81-3-3963-2760

• Manufacturing

Kuwana Works

2454 Aza-Tsuchijima, Oaza-Higashikata,
Kuwana, Mie 511-8678, Japan
Phone : +81-594-24-1811
Fax : +81-594-21-0840

Iwata Works

1578 Higashi-Kaizuka, Iwata,
Shizuoka 438-8510, Japan
Phone : +81-538-37-8000
Fax : +81-538-37-8009

Okayama Works

500-1 Hatakeda, Bizen, Okayama 705-8510,
Japan
Phone : +81-869-66-6701
Fax : +81-869-66-8101

Takarazuka Works

2-1 Toyo-cho, Takarazuka, Hyogo 665-0032,
Japan
Phone : +81-797-71-1131
Fax : +81-797-71-1818

Nagano Works

14017-11 Oaza-Nakaminowa, Minowa-machi,
Kamiina-gun, Nagano 399-4601, Japan
Phone : +81-265-79-8888
Fax : +81-265-79-8881

NTN KONGO CORP.

3-13, 1-chome, Kidonishi-cho, Kawachinagano,
Osaka 586-0009, Japan
Phone : +81-721-53-1317
Fax : +81-721-54-6981

NTN ENGINEERING PLASTICS CORP.

970 Oaza Ano, Toin-cho, Inabe-gun,
Mie 511-0243, Japan
Phone : +81-594-76-7221
Fax : +81-594-76-7244

NTN POWDER METAL CORP.

101 Katsutaba, Kanie-cho, Ama-gun,
Aichi 497-8541, Japan
Phone : +81-567-95-3913
Fax : +81-567-95-6160

NTN MIKUMO COMPANY LTD.

750-1 Onoe, Matsusaka, Mie 515-2109, Japan
Phone : +81-598-56-3311
Fax : +81-598-56-7151

NTN CASTING CORP.

475-1, Nadabun-cho, Hirata, Shimane 691-0003,
Japan
Phone : +81-853-63-3108
Fax : +81-853-63-3463

NTN KINAN CORP.

2504-1 Ikuma, Kamitonda-cho, Nishimuro-gun,
Wakayama 649-2103, Japan
Phone : +81-739-47-1801
Fax : +81-739-47-1829

HIKARI SEIKI INDUSTRY CO., LTD.

8 Motohigashikata, Sanmaiden-cho, Tenri,
Nara 632-0046, Japan
Phone : +81-743-66-0285
Fax : +81-743-67-1512

NTN MIE CORP.

3601-25 Mizono, Tado-cho, Kuwana, Mie
511-0118, Japan
Phone : +81-594-48-6711
Fax : +81-594-48-7130

NTN OMAEZAKI CORP.

4681-3, Sakura, Omaezaki, Shizuoka 437-1604,
Japan
Phone : +81-537-86-2480
Fax : +81-537-86-2227

NTN KAMIINA CORP.

522-2 Oaza-Nakasone, Minowa-machi,
Kamiina-gun, Nagano
399-4605, Japan
Phone : +81-265-79-7877
Fax : +81-265-79-7366

NTN FUKUROI CORP.

1959 Midori, Fukuroi-shi,
Shizuoka 437-0005, Japan
Phone : +81-538-30-1800
Fax : +81-538-30-1814

THE AMERICAS

• Holding Company

NTN USA CORP.

1600 E. Bishop Court, P.O. Box 7604,
Mount Prospect, IL 60056-7604, U.S.A.
Phone : +1-847-298-7500
Fax : +1-847-294-1209

• Sales

NTN BEARING CORP. OF AMERICA

1600 E. Bishop Court, P.O. Box 7604,
Mount Prospect, IL 60056-7604, U.S.A.
Phone : +1-847-298-7500
Fax : +1-847-699-9744

NTN BEARING CORP. OF CANADA LTD.

305 Courtneypark Drive West, Mississauga,
Ontario, L5W 1Y4, Canada
Phone : +1-905-564-2700
Fax : +1-905-564-7749

NTN SUDAMERICANA, S.A.

World Trade Center Panama Calle 53 Este,
Urbanización Marbella Piso NO.16, Oficina 1601
Apartado Postal 832-0487, Panamá, Rep. de
Panamá
Phone : +507-269-4777
Fax : +507-264-5592

NTN DE MEXICO, S.A.

Calle 22 No. 2465, Esq. Calle 3, Zona Industrial,
C.P. 44940 Guadalajara, Jalisco, México
Phone : +52-33-3145-1490
Fax : +52-33-3145-1594

NTN DO BRASIL LTDA.

Av. Moema, 94-9º Andar, Conj. 92 a 94 Cep
04077-020, Indianópolis, São Paulo, SP, Brasil
Phone : +55-11-5051-0600
Fax : +55-11-5051-2807

• Manufacturing

AMERICAN NTN BEARING MFG. CORP.

Elgin Plant

1500 Holmes Road, Elgin, IL 60123, U.S.A.
Phone : +1-847-741-4545
Fax : +1-847-888-1226

Schiller Park Plant

9515 Winona Avenue, Schiller Park, IL 60176,
U.S.A.
Phone : +1-847-671-5450
Fax : +1-708-681-5298

NTN-BOWER CORP.

Macomb Plant

711 North Bower Road, Macomb, IL 61455,
U.S.A.
Phone : +1-309-833-4541
Fax : +1-309-837-7373

Hamilton Plant

2086 Military Street South, Hamilton, AL 35570,
U.S.A.
Phone : +1-205-921-2173
Fax : +1-205-921-2059

ASIA AND OTHER AREAS

NTN DRIVESHAFT, INC.

8251 South International Drive Columbus,
IN 47201 U.S.A.
Phone : +1-812-342-7000
Fax : +1-812-342-1155

NTN-BCA CORP.

401 West Lincoln Avenue, Lititz, PA 17543-7020,
U.S.A.
Phone : +1-717-627-3623
Fax : +1-717-627-2581

NTK PRECISION AXLE CORP.

741 South County Rd 200 Wests Frankfort,
IN 46041, U.S.A.
Phone : +1-765-656-1000
Fax : +1-765-656-1001

ASAHI FORGE OF AMERICA CORP.

5030 Corporate Way Richmond, KY 40475,
U.S.A.
Phone : +1-859-626-4100
Fax : +1-859-626-5611

NTN BEARING MFG. CANADA

A DIV. OF NTN BEARING CORP. OF
CANADA LTD.
6740 Kitimat Road, Mississauga, Ontario, L5N
1M6, Canada
Phone : +1-905-826-5500
Fax : +1-905-821-3486

EUROPE

• Sales

NTN WÄLZLAGER(EUROPA)G.m.b.H

Max-Planck-Strasse 23, 40699 Erkrath, F.R.
Germany
Phone : +49-211-2508-0
Fax : +49-211-2508400

NTN BEARINGS (UK) LTD.

Wellington Crescent, Fradley Park, Lichfield,
Staffordshire, WS13 8RZ, U.K.
Phone : +44-1543-445000
Fax : +44-1543-445035

NTN FRANCE S.A.

Z.I.Sabl re BP 338 Schweighouse Sur Moder
67507 Haguenau Cedex, France
Phone : +33-3-88-53-2222
Fax : +33-3-88-73-4695

• Manufacturing

NTN KUGELLAGERFABRIK (DEUTSCHLAND) G.m.b.H

NTN Strasse 1-3, 40822 Mettmann, F.R. Germany
Phone : +49-2104-1409-0
Fax : +49-2104-13138

NTN TRANSMISSIONS EUROPE

Z.A. des Tr meli res Communaut  Urbaine du
Mans 72704 Allonnes Cedex, France
Phone : +33-2-43-83-9000
Fax : +33-2-43-83-9030

• Sales

NTN BEARING-SINGAPORE (PTE) LTD.

No. 9 Clementi Loop, Singapore 129812
Phone : +65-64698066
Fax : +65-64695400

NTN CHINA LTD.

Rm. 1914-1915, Park-in Commercial Centre,
56 Dundas Street, Mongkok, Kowloon, Hong Kong
Phone : +852-2385-5097
Fax : +852-2385-2138

NTN BEARING-THAILAND CO., LTD.

12th Floor, Panjathani Tower, 127/15
Nonsee Road, Chongnonsee Yannawa,
Bangkok 10120, Thailand
Phone : +66-2-681-0401
Fax : +66-2-681-0408

NTN BEARING-MALAYSIA SDN. BHD.

Lot No. 764C, 4 1/2 Miles Jalan Kelang Lama,
58000 Kuala Lumpur, Malaysia
Phone : +60-3-79817931
Fax : +60-3-79814678

NTN KOREA CO., LTD.

10th Floor, Press Center, 25, Taepyeong-ro
1-GA, Jung-Gu, Seoul 100-745, Korea
Phone : +82-2-757-9005
Fax : +82-2-779-4150

NTN-CBC (AUSTRALIA) PTY. LTD.

3, The Crescent, Kingsgrove, NSW 2208,
LOCKED BAG 1800, Kingsgrove 1480. NSW
Australia
Phone : +61-2-9502-1833
Fax : +62-2-9502-4013

NTN (CHINA) INVESTMENT CORPORATION

Unit 2201A, Shanghai Maxdo Centre 8 Xing Yi
Road, Shanghai District Shanghai 200336, China

• Manufacturing

NTN MANUFACTURING (THAILAND) CO., LTD.

111/2 Moo 4, Tambol Pluakdaeng, Amphur
Pluakdaeng, Rayong 21140, Thailand
Phone : +66-38-955-185
Fax : +66-38-955-191

SHANGHAI NTN CORP.

No.666, Nanle Road, Songjiang Industrial Zone,
Songjiang, Shanghai, China
Phone : +86-21-5774-8666
Fax : +86-21-5774-8555

NTN-NIDEC (ZHEJIANG) CORP.

No.600, Changsheng Road, Pinghu Economic
Development Zone, Pinghu City, Zhejiang
Province, China
Phone : +86-573-5096688
Fax : +86-573-5096767

GUANGZHOU NTN-YULON DRIVETRAIN CO., LTD.

No. 11 Jun Da Road, East District of Guangzhou
Economic and Technological Development Zone,
Guangzhou, Guangdong Province, China
Phone : +86-20-8226-6458
Fax : +86-20-8226-6937

CHANGZHOU NTN-GUANGYANG CORP.

52 Hanjiang Road, New District, Changzhou,
Jiangsu, China 213022
Phone : +86-519-5158888
Fax : +86-519-5150888

BEIJING NTN-SEOHAN DRIVESHAFT CO., LTD.

Beijing Opto-mechatronics Industrial Park
(101111), China
Phone : +86-10-69507492
Fax : +86-10-69507492

TUNG PEI INDUSTRIAL CO., LTD.

10th Floor No.142, Chung Hsiao E. Rd., Sec. 4,
Taipei, Taiwan, R.O.C.
Phone : +886-2-2741-7321
Fax : +886-2-2741-6623

TAOYUAN PLANT

600 Sec. 1, Chieh-Shou Road, Pa-te City,
Taoyuan Hsien, Taiwan, R.O.C.
Phone : +886-3-361-3151
Fax : +886-3-362-8039

CHUNGLI PLANT

7 Sung-Chiang N. Road, Chung-Li Ind. Zone,
Chung-Li City, Taiwan, R.O.C.
Phone : +886-3-452-6801
Fax : +886-3-451-3046

TAIWAY LTD.

No.14, Kwang Fu Road, Hukou 303, Hsinchu,
Taiwan, R.O.C.
Phone : +886-3-5983601
Fax : +886-3-5982787

UNIDRIVE PTY. LTD.

45-49 McNaughton Road, Clayton, Victoria 3168
Australia
Phone : +61-3-9542-4100
Fax : +61-3-9544-8117

NTN-NIDEC (THAILAND) CO., LTD.

300 Moo4, Tambol Pluakdaeng, Amphur
Pluakdaeng, Rayong Province, 21140, Thailand
Phone : +66-38-959-108
Fax : +66-38-955-891

NTN MANUFACTURING INDIA PRIVATE LIMITED

805, International Trade Tower, Nehru Place,
New Delhi 110019 India
Phone : +91-11-41513235
Fax : +91-11-41513236

Investor Information

As of March 31, 2007

Head Office

NTN Corporation
3-17, 1-chome, Kyomachibori, Nishi-ku,
Osaka, 550-0003 Japan

Investor Relations

Phone: +81-6-6449-3528
Fax: +81-6-6443-3226
E-mail: irmanager@ntn.co.jp

NTN on the Internet

NTN's Website offers a variety of corporate and product information, including the latest annual report and financial results.
<http://www.ntn.co.jp>

Common Stock (As of March 31, 2007)

Authorized 800,000,000 shares
Issued and outstanding 470,463,527 shares

Number of Shareholders (As of March 31, 2007)

26,119

Transfer Agent for Common Stock

Mitsubishi UFJ Trust Banking Corporation
4-5, 1-chome, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

Stock Exchange Listings

First Sections of Tokyo, Osaka (#6472)

Independent Accountants

Ernst & Young ShinNihon

General Meeting of Shareholders

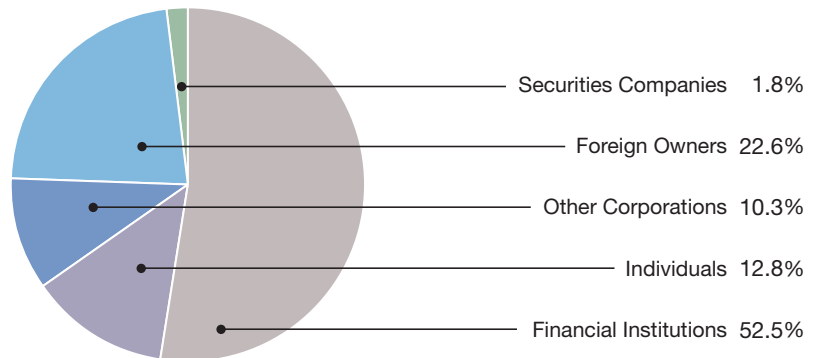
The General Meeting of Shareholders was held on June 28, 2007 in Osaka

Stock Price Range in Fiscal 2006

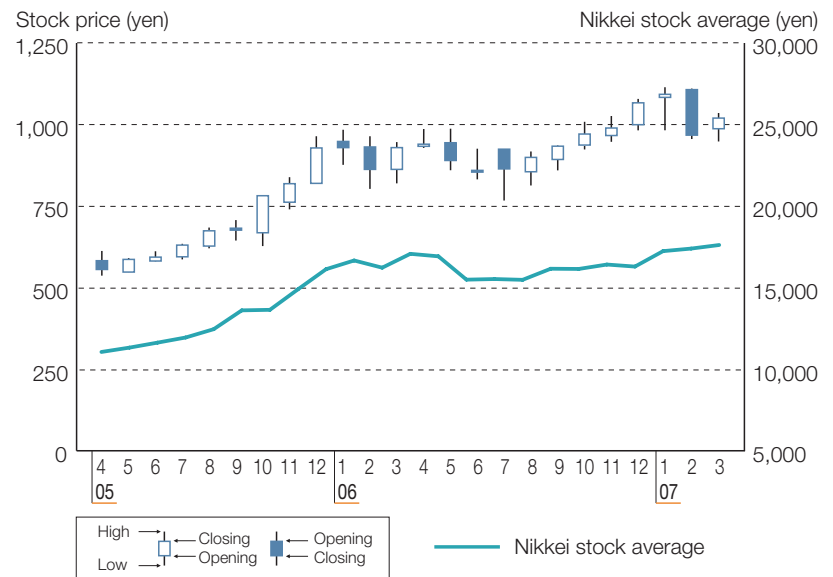
High: ¥1,114
Low: ¥ 768

Notice: This annual report contains forecasts and projections regarding NTN's future plans, strategies, and business results. Please note that actual business results may vary from the projections made herein by the Company.

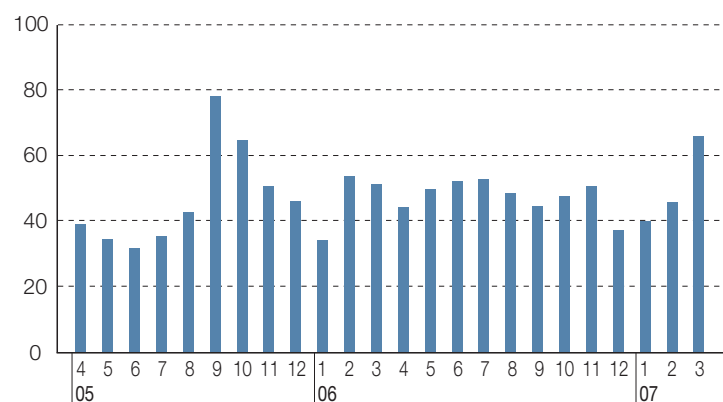
Shareholders by Category



Tokyo Stock Price Range



Monthly volume traded (Million shares)





For New Technology Network

NTN®



NTN Corporation

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