

**NTN aims for long-lasting, stable, and sustainable growth to fulfill its responsibilities to shareholders, customers, suppliers, regional communities, and all other stakeholders in the Company. To that end, the Company is committed to addressing environmental issues, complying with laws and regulations, and contributing to society, as well as providing technology and services.**

## Corporate Governance

Against the backdrop of intensifying competition between companies based on global market principles, it has become increasingly important to develop and execute business strategies in a timely manner. On the other hand, amid the succession of corporate scandals, it has become important to increase the transparency of business management through the quick and accurate disclosure of information to all stakeholders.

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. The board of directors discusses and makes decisions related to fundamental business policies and to legal and important business issues. Including extraordinary meetings, the board meets at least once a month. On the other hand, the Business Strategy Committee, which considers fundamental business policies and important business strategies, generally meets at least two times a month. Furthermore, NTN introduced an executive officer system last year to separate the role of business decision-making, and auditing, and that of business execution. Based on this organization, NTN accomplishes full discussion of important business issues and achieves rapid decision-making.

NTN has four corporate auditors, two of whom are standing auditors, and three of the four auditors are outside auditors. The auditors audit the board's execution of business operations by attending board meetings and expressing their opinions, working to maintain and improve the transparency and fairness of the management oversight system. Standing auditors also participate in the meetings of the Business Strategy and Operating committees and can express their opinions on the matters of those committees. Furthermore, the corporate auditors work to increase the efficiency of the overall auditor process, meeting regularly and cooperating with others regarding their own audit, the independent public audit firm's audit, and internal audits.

## Compliance

In December 1997, NTN first established a Corporate Ethical Behavior Committee to formulate its own code of ethics and encourage thorough compliance with these principles. In May, 2003, the NTN Group reorganized the Corporate Ethical Behavior Committee into the Corporate Ethics Committee and reformed the compliance organization as the compliance system of NTN Group.

## Compliance Organization

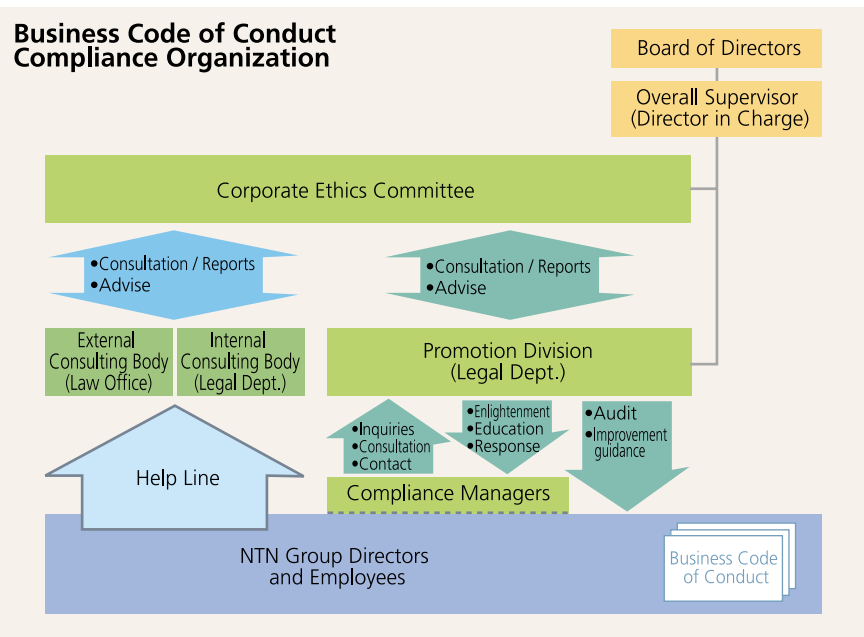
The Company has appointed the director in charge of the Legal Department as the coordinating executive for compliance activities and given the Legal Department the responsibility of promoting corporate compliance. To ensure thorough compliance with business behavior standards, NTN has appointed compliance managers at each management unit, establishing a systematic supervisory organization.

## Help Line Established

The Company introduced a Help Line for NTN's employees and officers to provide a route for direct inquiries, consultations, reports, and other contact with the Corporate Ethics Committee.

## Activities

The Company is practicing compliance activities by ensuring that employees and officers of the Company share the same values based on a strong sense of ethics. Activities include the distribution of a Business Code of Conduct Card to all employees, training courses, and activities to teach and raise awareness of compliance issues.



## Human Resource Training and Safety and Health in the Workplace

NTN implements a variety of programs to promote human resource training and to provide an environment conducive to work.

In achieving the MONOZUKURI reforms of our medium-term business plan Rapid Advance 21, the highest priority for our human resource training is HITOZUKURI (development of personnel). Recognizing that it was essential to create a group of people who would put their heads together and realize such a program, we are strongly promoting human resource development. We recently also set up a "Meister" system, which provides an organized way for highly accomplished engineers to transfer their technology and skills to the next generation of engineers. In addition, we have established a "Fellow" system, certifying certain technicians as the top person in their field at NTN, and enabling them to represent the Company in that capacity inside and outside NTN.

For development of personnel outside our manufacturing divisions, we have established various training programs that include a studying abroad scholarship system and an overseas trainee system which gives trainees on-the-job training in overseas offices. Starting with the fiscal year under review, we have introduced an overseas study program that sends employees overseas to take masters of business administration (MBA) courses. Through these programs we develop future candidates for top executive positions, employees with advanced expertise in technology or other knowledge, and employees who are globally minded.

To provide an environment conducive to work, we strive to maintain the safety and health of employees in the workplace as well as creating an easy to work in environment. Aiming for zero accidents, we have introduced a policy to avoid recurrence of accidents and a preventative-type safety policy

based on newly introduced risk assessment methods practiced in each workplace. At the same time, to prevent psychological illness, we have appointed counselors and set up mental health activities centered on education for managers and supervisors.

## Social Contribution Activities

One of the resolutions in our business code of conduct is to make a positive contribution to society and exist in harmony with it.

In addition to contributing to society through our corporate 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, in accordance with the regional situations, actively participate in activities that contribute to society by making donations to charitable organizations, dispatching staff to assist with disaster relief or other community activities, and supporting educational, cultural, and sports events. Through such programs as providing our products free to a university motor sports club participating in the Student Formula SAE Competition of Japan, we also help young engineers achieve their dreams. Among other activities, we have systems that allow employees to take time off work to partake in volunteer activities in their own communities, or participate in the new bone marrow transplant volunteer program in Japan.

### NTN has been included in the following SRI indices.

- \* FTSE4 Good Global Benchmark Index
- \* Morning Star SRI Price Index of Stocks



NTN provides its products free to a team participating in the 1st Student Formula SAE Competition of Japan (NTN, Japan)



NTN donates to reforestation and greening organization (NTN, Japan)



Official sponsor of the Lu Mans (France) professional basketball team MSB in the Europe Cup League (NTN Transmission Europe, France)



Participation in Day of Economy held by teenagers (NTN Kugellagerfabrik, Germany)