

Risk Management

Basic approach to risk management

We have developed a Risk Management Policy that outlines our basic approach to prevention and handling of risks that may hamper the execution of the Group's business, and the Risk Management Regulations that set forth risk management organizations and their roles. Through these measures, we promote group-wide risk and crisis-management and BCP/BCM (Business Continuity Planning/Business Continuity Management).

We convene the Risk Management Committee as an advisory body for risk management twice a year, in principle. The committee regularly checks risk management process including identification, analysis, evaluation, and treatment with regard to risks that have a major impact on the management of the NTN Group in light of changes in the internal and external environment and other factors. We have classified risks into the following 12 categories from the perspective of ensuring completeness. After that, an administrative manager

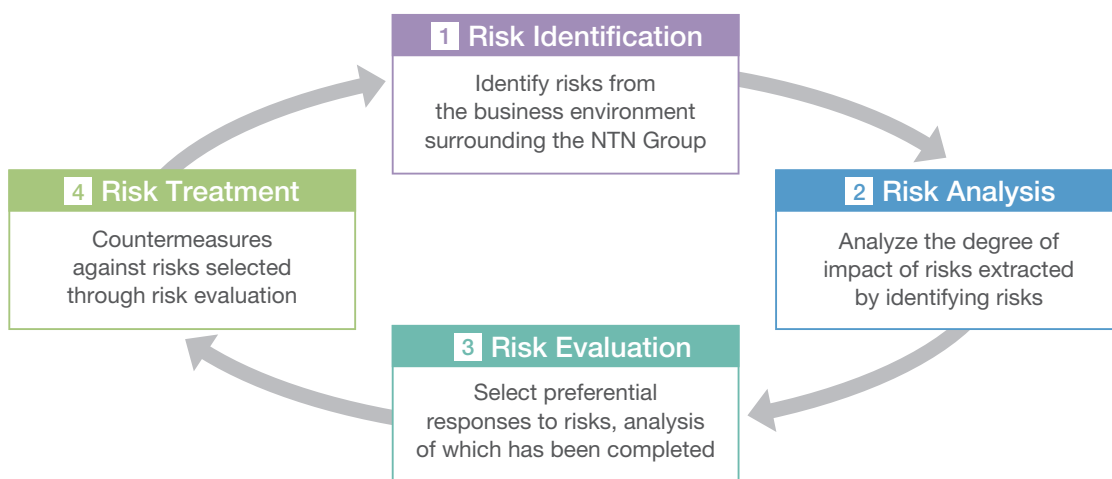
and a promotion department have been determined for each specific risk that will have a significant impact on the management of the NTN Group. Through these measures, we endeavor to reduce risks. The results of the discussion at the Risk Management Committee are reported to the Board of Directors.

Promotion of BCP/BCM

We have been developing a BCP/BCM structure designed to respond to major earthquakes in Japan and are working to strengthen our disaster response systems, including those of our group companies.

We have completed the formulation of BCP to enable early disaster recovery at all domestic production sites. Now we have also implemented BCP training to assess the effectiveness of the formulated action plans and have taken necessary advance measures. In doing so, we are moving ahead with development of BCM.

Risk management process



Risk Category

1 Risks related to technology and R&D	5 Risks related to sales and marketing	9 Risks related to finance and accounting
2 Risks related to procurement and logistics	6 Risks related to personnel and labor	10 Risks related to legal affairs and compliance
3 Risks related to production and inventory	7 Risks related to the environment and health & safety	11 Risks related to fire and disaster prevention, etc.
4 Risks related to quality	8 Risks related to information systems	12 Others

Structure

