

Financial Results

for the Year Ended March 31, 2005

May 19, 2005

NTN Corporation

This presentation and comments made in this conference or during the Q&A session include forward-looking statements about our expectations for our future performance and our future business strategies. They represent the best judgment of the management of the company based on the information currently available. There can be no assurance that future results will meet any expectation, estimate or projection conveyed by these statements or comments. Actual results may differ materially from our projections depending on various factors such as changes in product demand, exchange rates and interest rates.

«Today's Agenda»

I. Progress in the First Year of “Rapid Advance 21” and Future Strategies

by Yasunobu Suzuki, President

II. Financial Results for the Year Ended March 31, 2005 and Forecast of Earnings for the Year Ending March 31, 2006 – Consolidated

by Tatsuo Kondo, Director

III. Q & A Session

Progress in the First Year of “Rapid Advance 21” and Future Strategies

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Yasunobu Suzuki, President

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- **Medium-term Business Plan “Rapid Advance 21”**
 1. Outline of the 3-year “Rapid Advance 21”
 2. Road Map and Strategic Map
- **Review of the First Year of “Rapid Advance 21” and Forecast of the Year Ending March 31, 2006 (FY2005)**
 1. Results of the Initial Year of “Rapid Advance 21”
 2. Forecast of FY 2005
- **Toward Corporate Value Enhancement and Sustainable Growth**
 1. Overall Strategy
 2. Business Segment Strategy: Bearings
 3. Business Segment Strategy: CVJs
 4. Business Segment Strategy: Precision Equipment
 5. Strategy for China
 6. Shareholder Value Enhancement

(Supplementary Information)

Forecast of Net Sales for Strategic Products (CVJs, Axle Bearings, Needle Bearings)

Medium-term Business Plan “Rapid Advance 21”

1. Outline of the 3-Year “Rapid Advance 21”

Enhance Corporate Value

“Rapid Advance 21” (April 2004 – March 2007)

**FY2003
Results**
(Consolidated)

Net Sales
¥357.4 bn

**Operating
Income**
¥24.7bn

ROE 8.0%
ROA 2.4%

Value Creation

Sales: Marketing Innovation

Development, Design &
Procurement:

Design as the Most Vital
Element

Production: “Monozukuri”
Ultimate Production Methods

Logistics:
Logistics Innovation

R&D:
Sensitivity to Market
Changes

Personnel Utilization:
Personnel Development

Enhance Operating Income

- Expand sales of strategic products
- Reduce variable costs
- Increase productivity

Improve Investment Returns

- Increase ROE & ROA
- Inventories -
Improve turnover

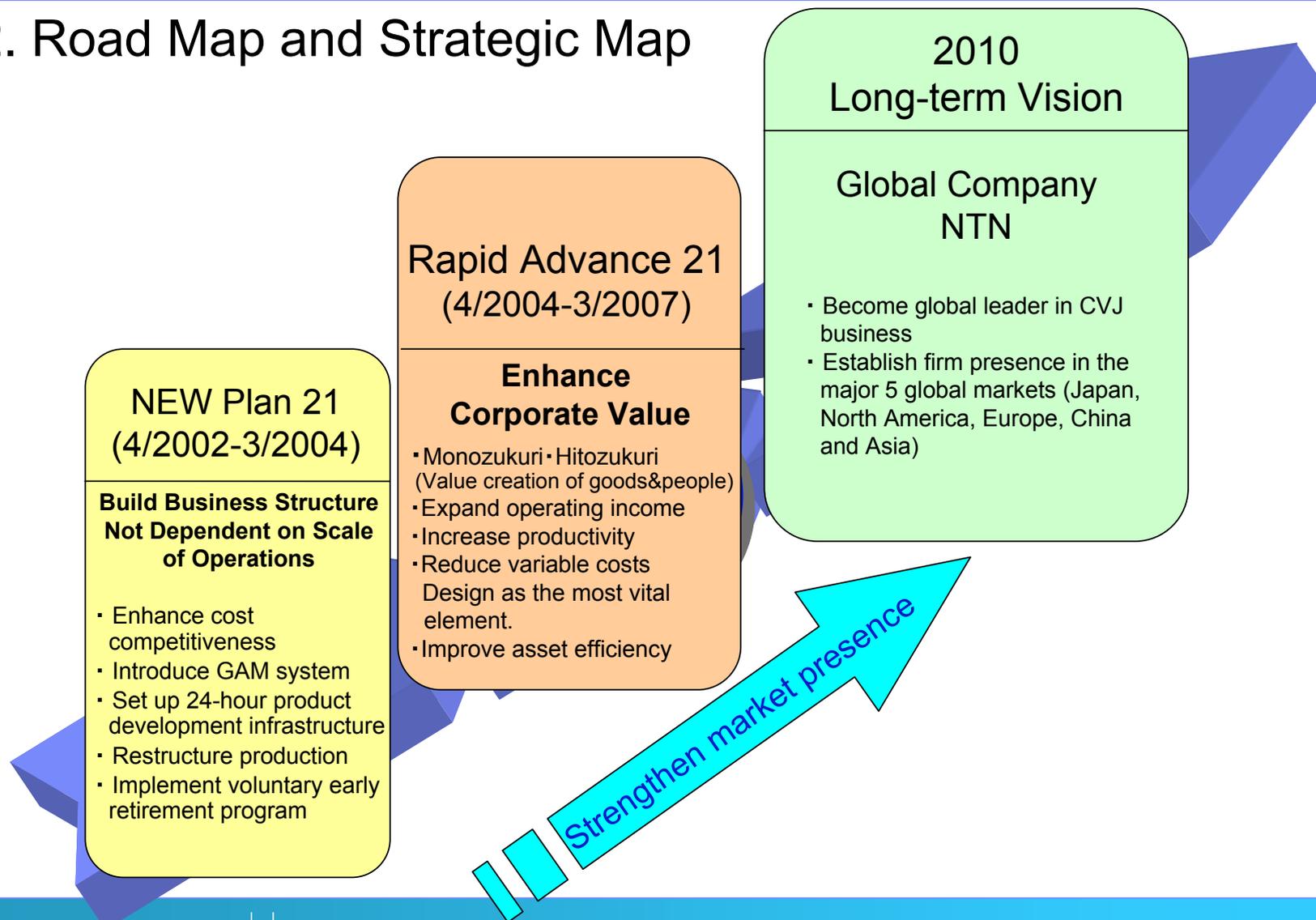
**FY2006
Target**
(Consolidated)

Net Sales
¥ 450 bn

**Operating
Income**
¥ 42 bn

ROE 12%
ROA 4.2%

2. Road Map and Strategic Map

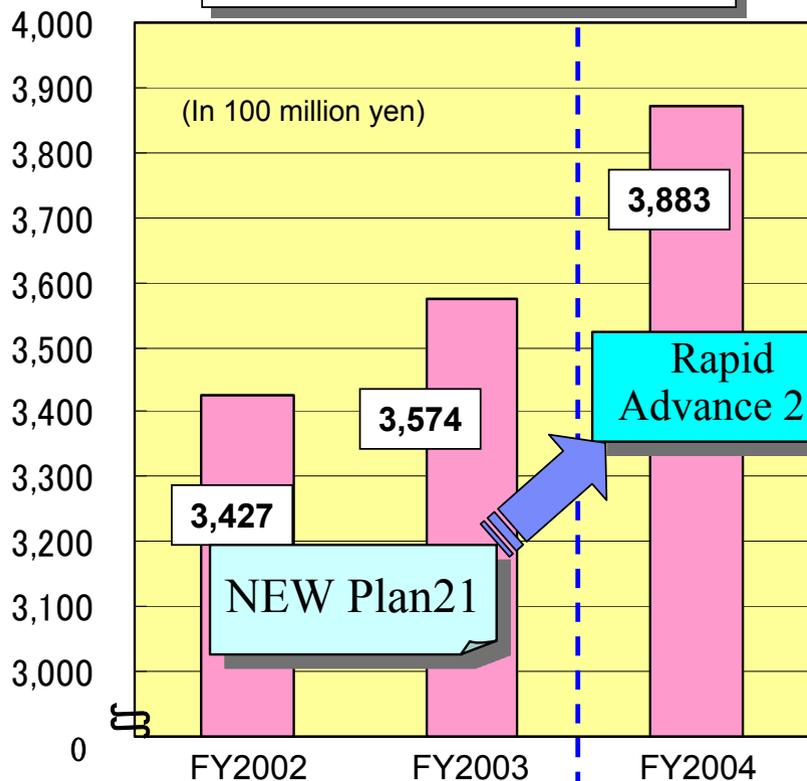


Review of the First Year of “Rapid Advance 21” and Forecast of FY2005

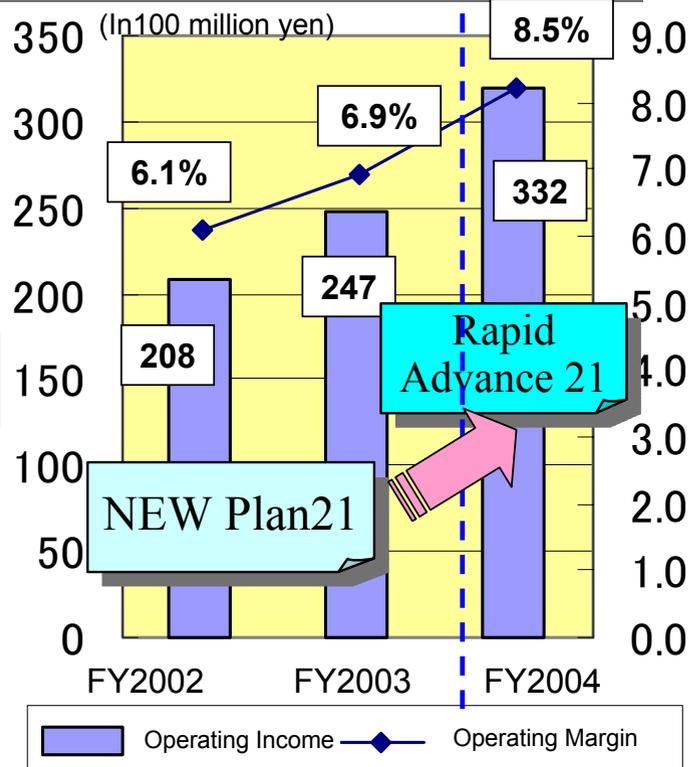
1. Review of the First Year of “Rapid Advance 21”

- Three consecutive years of profit growth
- Record high earnings in FY2004
- Dividend up to ¥8.5/share (FY2003 ¥5.5/share)

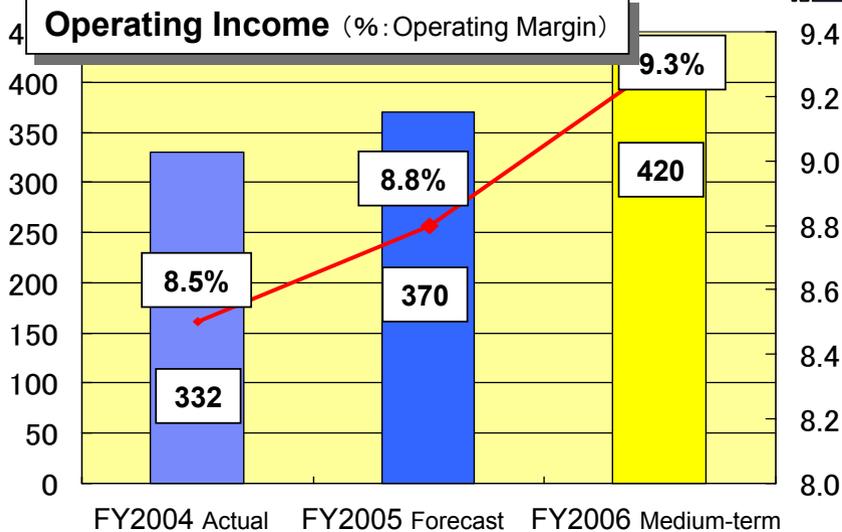
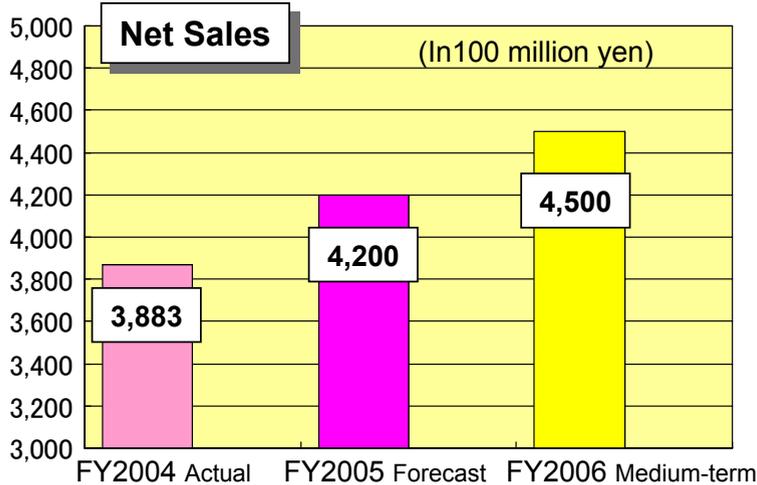
Net Sales Actual exchange rate



Operating Income Actual exchange rate



2. Forecast of FY2005



<Economic Environment Change>

1) Soaring Steel Price

- Pass on to sales price
- Increase productivity
- Reduce variable costs

2) FOREX Risk

- Increase local procurement
- Establish optimal local production in user markets
- Procure formed and fabricated materials in local markets

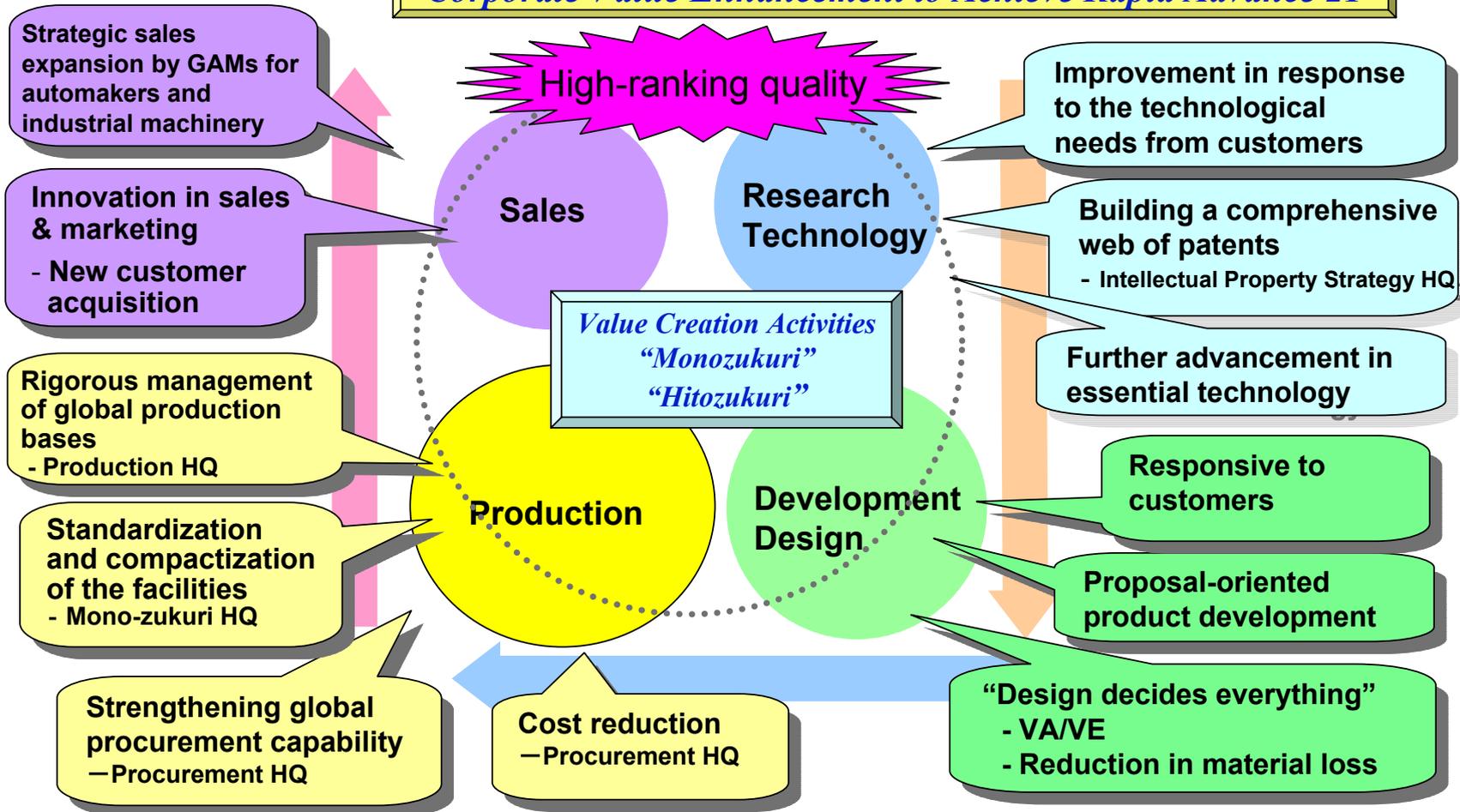
3) US Economy's Slowdown

- Expand industrial machinery business
- Obtain new orders from automakers

Towards Corporate Value Enhancement and Sustainable Growth

1. Overall Strategy

Corporate Value Enhancement to Achieve Rapid Advance 21



2. Business Segment Strategy: Bearings

Further advancement in essential technology and development of modularization

“Design as the Most Vital Element”

Proactive product development

Enhance concentration and selectivity

Vehicles (Axel, Needle)

<Axel>

- Accelerating further overseas development of GEN3
- Launching GEN4 to market

<Needle>

- Accelerating overseas development of rocker arm bearings
- Expanding development and sales of press-processed products

Industrial Machinery (large-size, Precision)

Core of bearing technology

<New Products>

- Precision bearings for environmentally friendly machine tools
- Corrosion resistant bearings for steel mill machinery

<Other Products>

- Bearings for Rolling stock, wind-power generator, and medical equipment, large-size bearings

IT

(Fluid dynamic bearings)

Sales target: ¥10bn (FY2006)

- Market expansion for smaller than 1-inch unit (Music player, cell-phone)

Rocker arm bearings



GEN4 hubjoint



Large-scale bearings

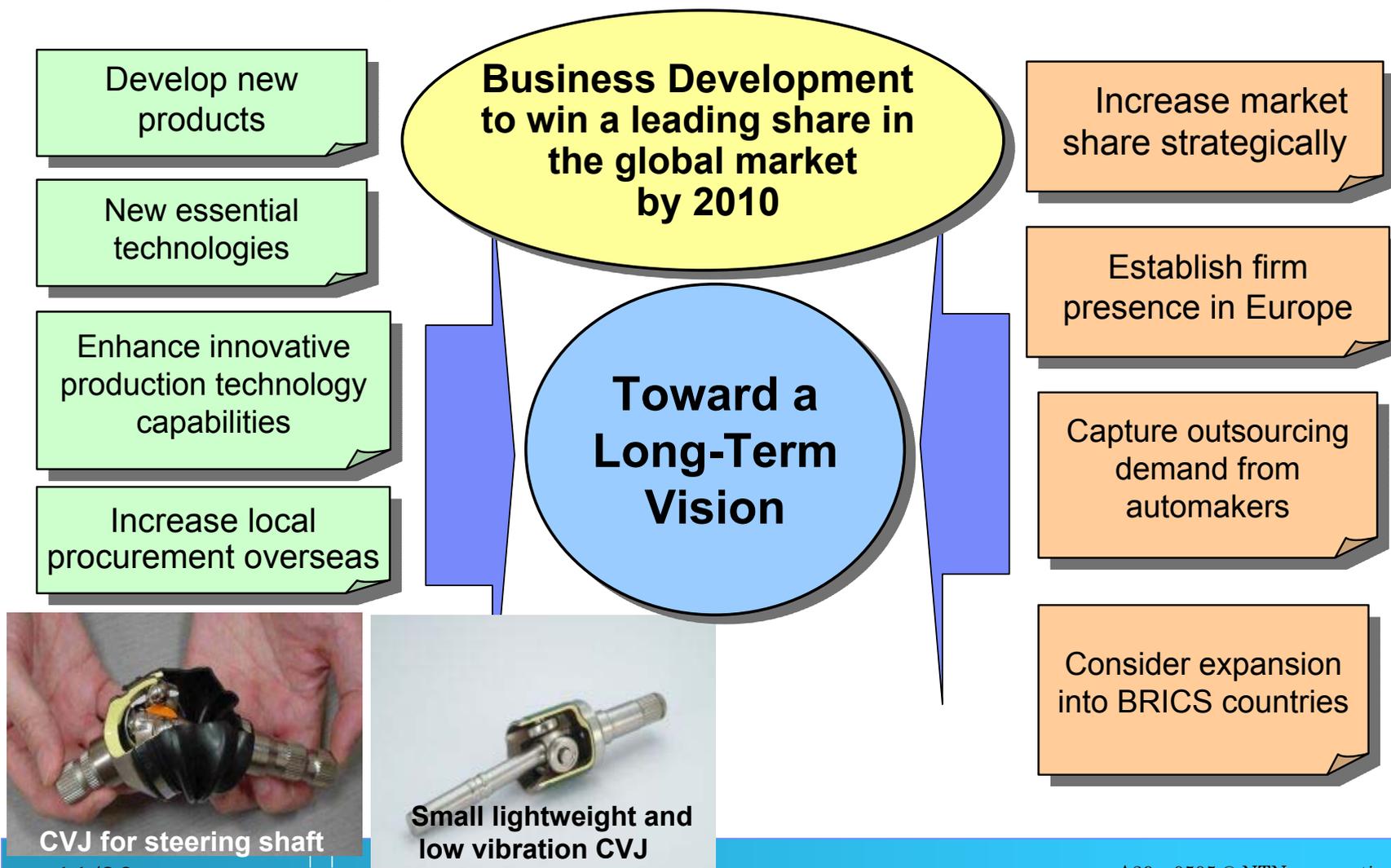


Precision bearing for industrial machinery



1-inch fluid dynamic bearing

3. Business Segment Strategy: CVJs



4. Business Segment Strategy: Precision Equipment

Precision Equipment Business

Expansion of leading-edge technology business

Global expansion
of LCD television
market

- Concentration on LCDs and PDPs
- Strong growth potential in repair devices

- Rapid product development
- Expansion of sales to manufacturers in Taiwan, Korea, etc.



PDP rib repair system



LCD multi-repair system

5. Strategy for China

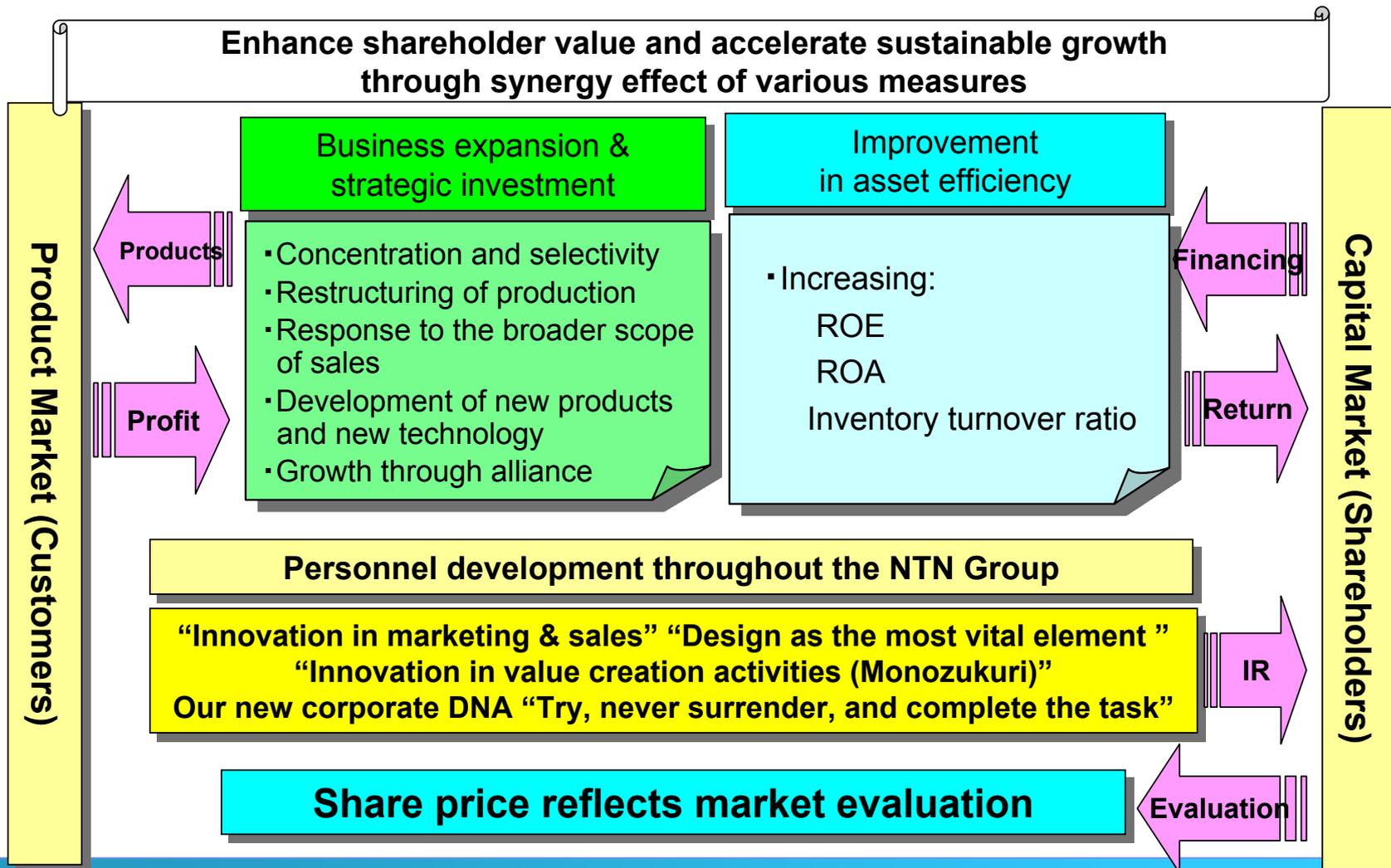
Improve market presence in China, the world's largest market



		Wholly owned subsidiaries	Joint venture
Bearings	For cars	Shanghai NTN	Changzhou NTN
	For industrial machinery	Shanghai NTN	Luoyang Bearing
	For IT (Fluid dynamic)		NTN-NIDEC
CVJs		Shanghai NTN	Guangzhou NTN Beijing NTN



6. Shareholder Value Enhancement



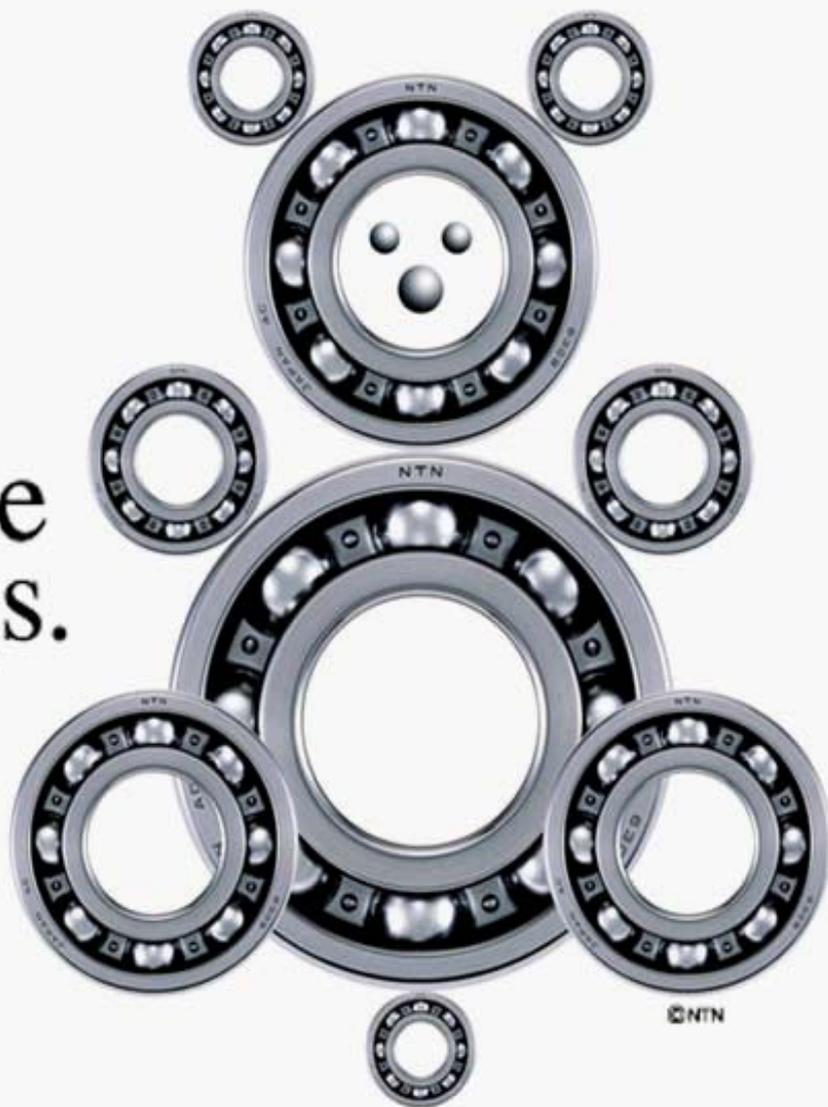
Forecast of Net Sales for Strategic Products

(CVJs, Axle Bearings, Needle Bearings)

	Region	FY2003 Actual	FY2004 Actual	FY2005 Forecast	FY2006 Forecast
CVJs	Japan	451	457	473	475
	North America	291	332	440	520
	Europe	247	265	272	295
	Asia and other	41(6)	59(19)	75(28)	75(30)
	Total	1,030	1,113	1,260	1,365
() represents sales in China					
Axle Bearings	Japan	111	135	152	160
	North America	142	140	153	175
	Europe	19	28	34	35
	Asia and other	14(3)	20(8)	21(12)	40(17)
	Total	286	323	361	410
() represents sales in China					
Needle Bearings	Japan	284	288	315	315
	Overseas	62	98	103	125
	Total	346	386	418	440

Exchange Rates FY2003: US\$=¥113, EURO=¥133 FY2004: US\$=¥108, EURO=¥135 Forecast: US\$=¥105, EURO=¥130

We make
Bearings.



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Financial Results for the Year Ended March 31, 2005 and Forecast of Earnings for the Year Ending March 31, 2006 - Consolidated -

May 19, 2005
NTN Corporation
by Tatsuo Kondo, Director

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II . Financial Results for FY2004 and Forecast of the Earnings for FY2005 – Consolidated -

1. Operating Results
 - (1) Major Achievements and Challenges
 - (2) Consolidated Statements of Operations
2. Net Sales
 - By Region and Business Segment
3. Analysis of Operating Income
 - (1) Year Ended March 31, 2005 (FY2004)
 - (2) Year Ending March 31, 2006 (FY2005)
4. Net Sales and Operating Income (Margin) by Region
5. Inventories
6. Interest Bearing Debt
7. Capital Expenditure and Depreciation
8. Cash Flows

1. Operating Results

(1) Major Achievements and Challenges

☆ Highlights for the Year Ended March 31, 2005 (FY2004)

- Improvement in Consolidated Operating Margin

⇒ Enhanced Profitability Achieved 8.5% (FY2003 : 6.9%)

- Improvement in ROA ROA 3.4% (FY2003 : 2.4%)

- Improvement in ROE ROE 11.1% (FY2003 : 8.0%)

⇒ Improved Asset Efficiency

☆ Challenges for the Year Ending March 31, 2006 (FY2005)

- Implementation of Measures to Increase Corporate Value
Sustainable Increase in Revenue and Earnings

1. Operating Results

(2) Consolidated Statements of Operations

(In 100 million yen)

	FY2003 Actual ①	FY2004 Actual ②	FY2005 Forecast ③	Year-on-Year	
				FY2004	FY2005
				②-①	③-②
Net Sales	3,574	3,883	4,200	310	317
Operating Income	247	332	370	85	38
(Operating Margin)	(6.9%)	(8.5%)	(8.8%)	(1.6%)	(0.3%)
Ordinary Income	208	284	305	76	21
Extraordinary Income/Loss	-26	-18	-8	8	10
Net Income	110	167	190	57	23
Exchange Rate					
US\$	113.2	107.6	105.0	-5.6	-2.6
EURO	132.7	135.2	130.0	2.5	-5.2
ROE	8.0%	11.1%	12.3%	3.1%	1.2%
ROA	2.4%	3.4%	3.8%	1.0%	0.4%
Inventory Turnover Ratio (Times)	4.3	4.2	4.8	-0.1	0.6

2. Net Sales

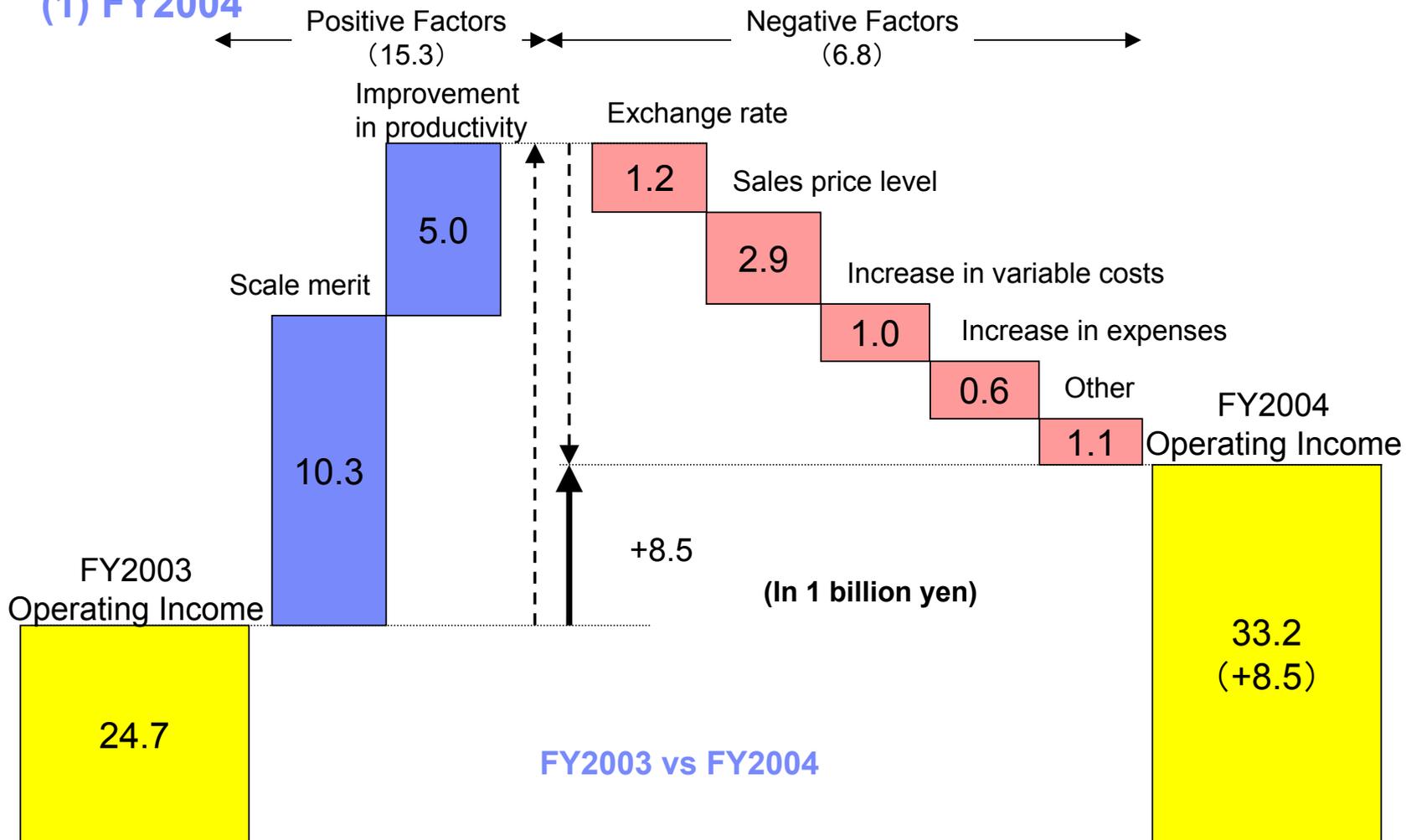
By Geographic and Business Segment

(In 100 million yen)

		FY2003 Actual ①	FY2004 Actual ②	FY2005 Forecast ③	Year-on-Year			
					FY2004 ②-①		FY2005 ③-②	
					Amount	Exchange Rate	Amount	Exchange Rate
Japan	Bearings	1,091	1,199	1,283	108	0	84	0
	CVJs	451	457	473	6	0	16	0
	Precision Equipment	221	244	239	24	0	-5	0
	Total	1,762	1,900	1,995	138	0	95	0
North America	Bearings	563	578	600	41	-26	40	-18
	CVJs	291	332	440	58	-17	119	-11
	Precision Equipment	6	10	10	4	-1	1	-1
	Total	861	920	1,050	103	-44	160	-30
Europe	Bearings	312	342	376	23	7	51	-17
	CVJs	247	265	272	14	5	18	-11
	Precision Equipment	24	18	17	-6	0	-1	0
	Total	582	626	665	31	12	67	-28
Asia and other areas	Bearings	320	369	401	59	-11	55	-23
	CVJs	41	59	75	19	-2	20	-4
	Precision Equipment	8	10	14	3	0	5	-1
	Total	369	437	490	81	-13	81	-28
Total	Bearings	2,286	2,488	2,660	231	-29	230	-58
	CVJs	1,030	1,113	1,260	98	-14	173	-26
	Precision Equipment	258	282	280	25	-1	0	-2
	Total	3,574	3,883	4,200	353	-44	403	-86

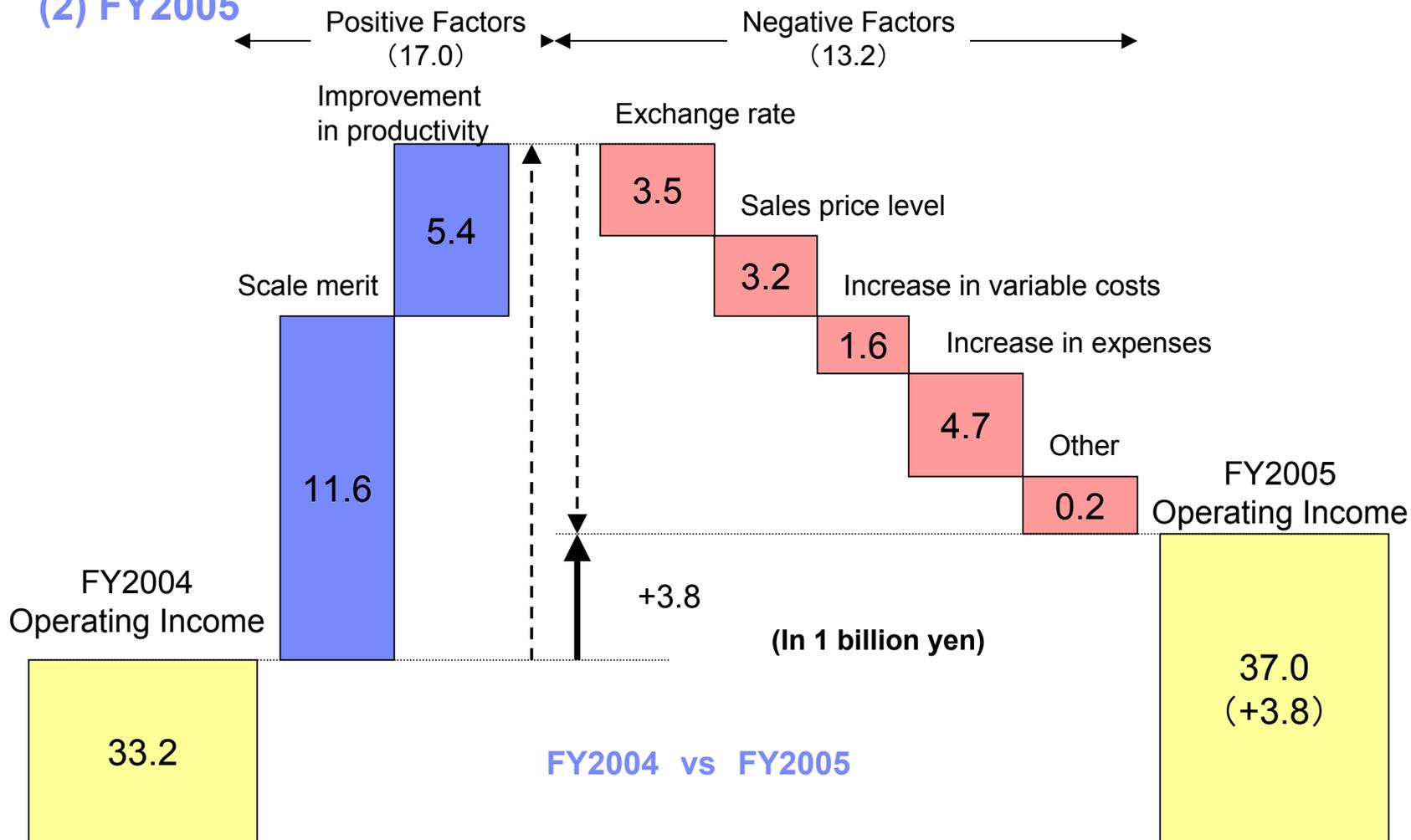
3. Analysis of Operating Income

(1) FY2004



3. Analysis of Operating Income

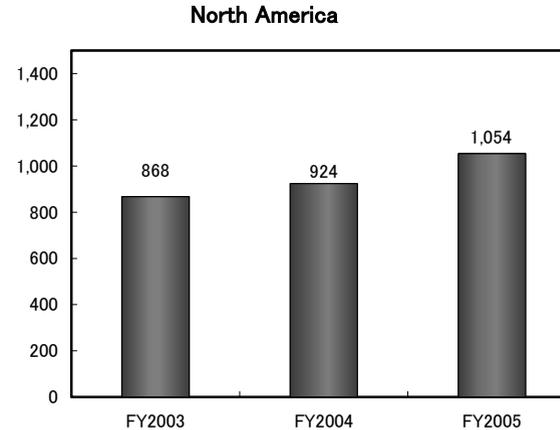
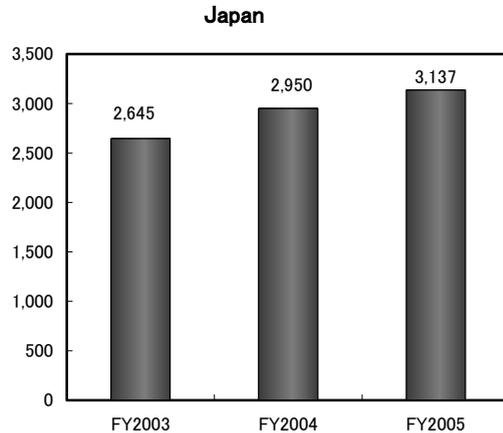
(2) FY2005



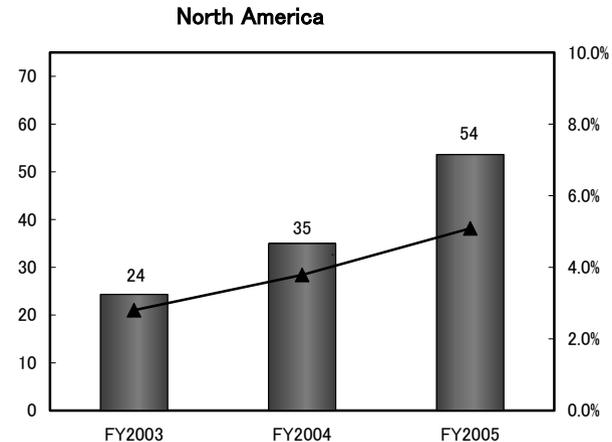
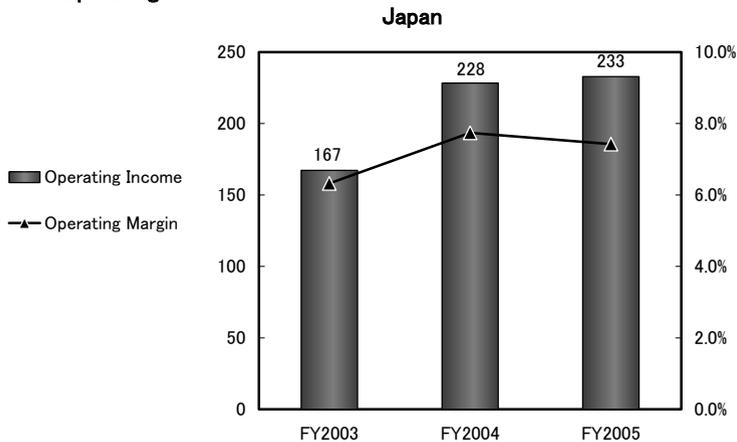
4. Net Sales and Operating Income (Margin) by Region

(In 100 million yen)

• Net Sales



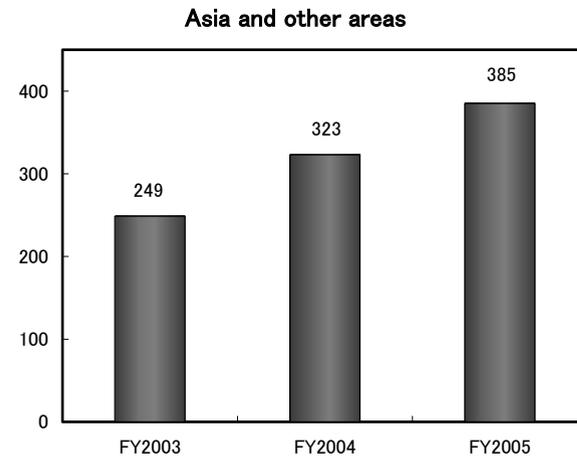
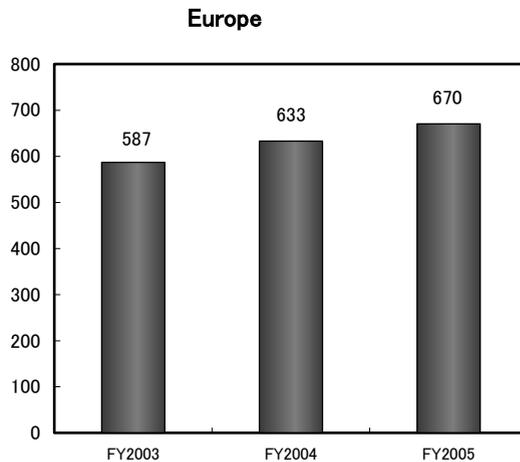
• Operating Income



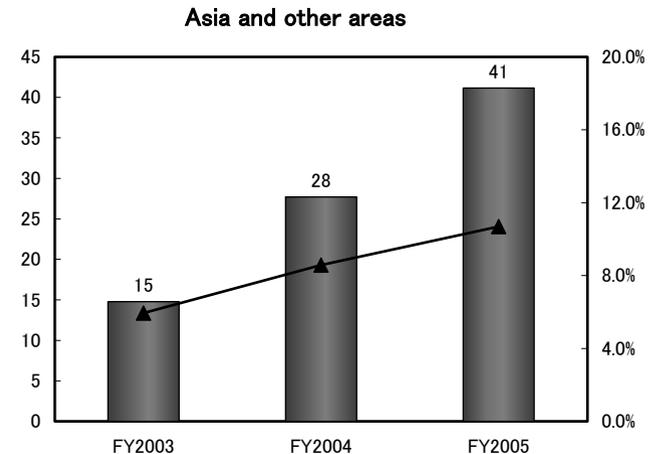
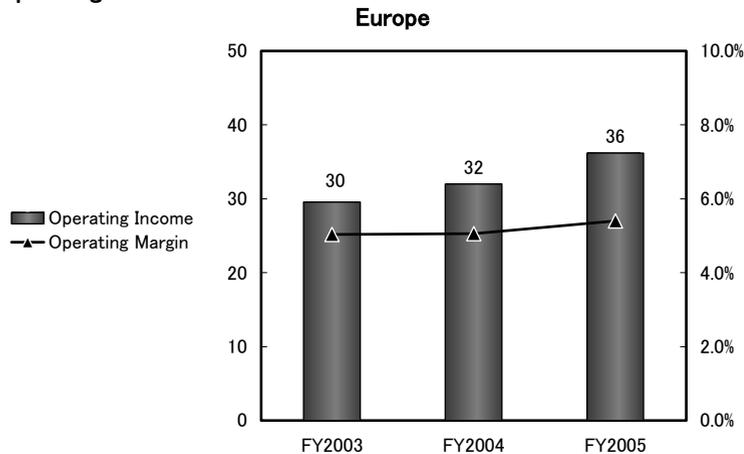
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(In 100 million yen)

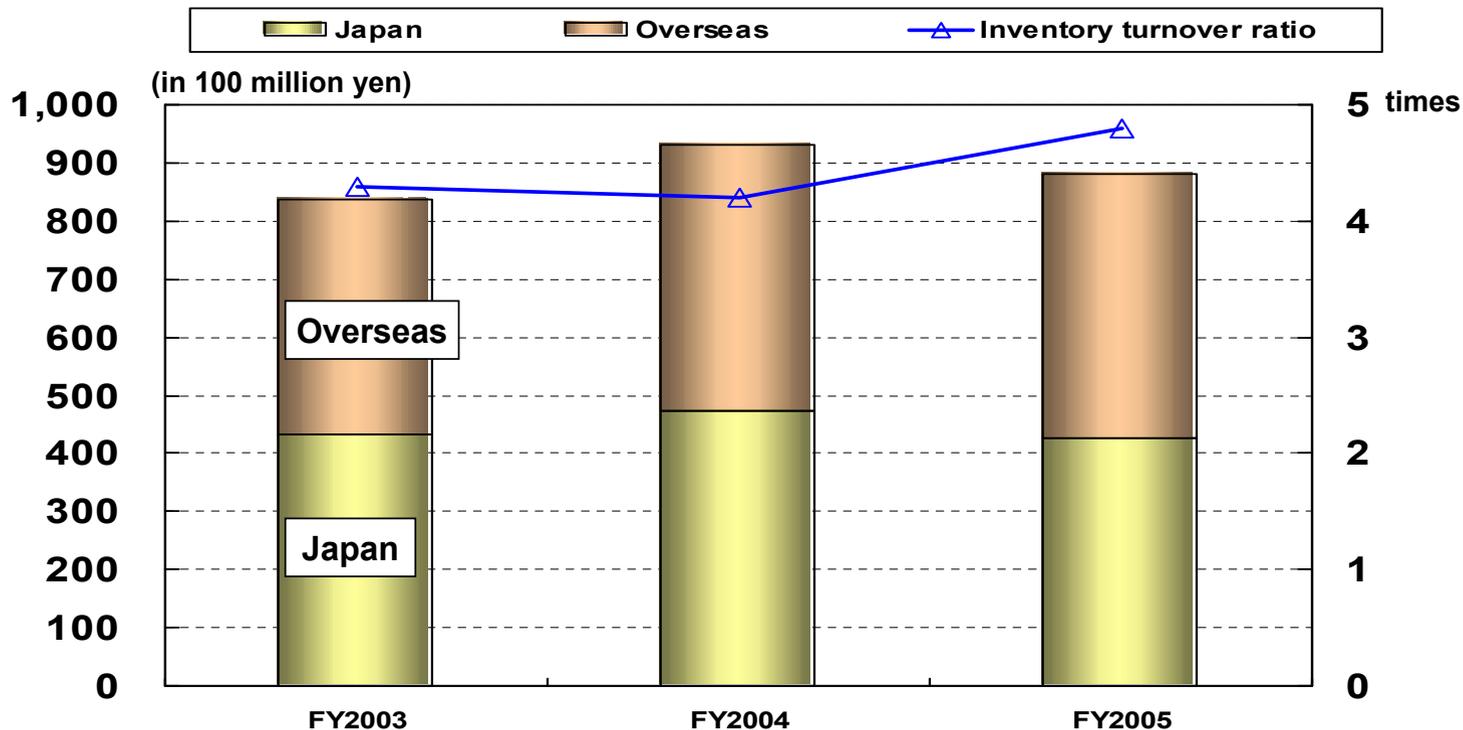
•Net Sales



•Operating Income



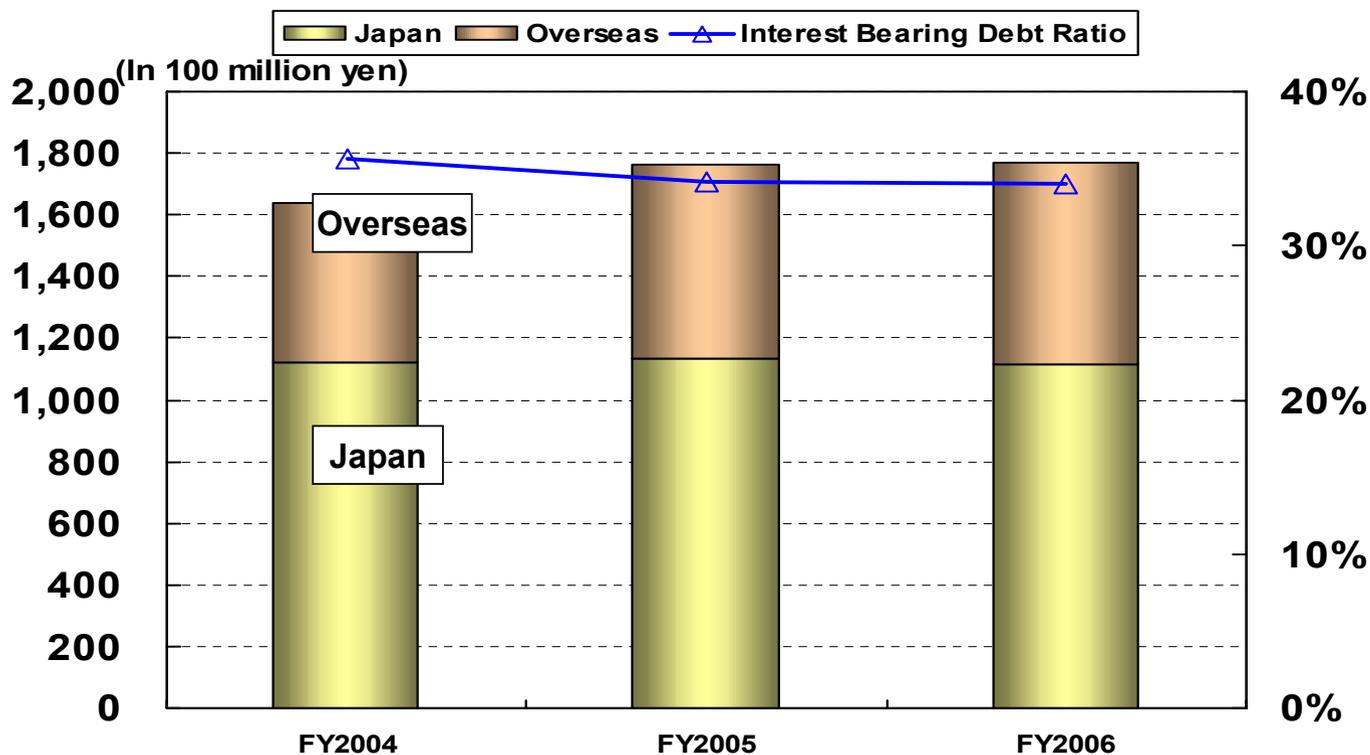
5. Inventories



(In 100 million yen)

	FY2003 Actual	FY2004 Actual	FY2005 Forecast
Inventories (Japan)	836 (434)	932 (474)	880 (425)
(Overseas)	(402)	(458)	(455)
Inventory turnover ratio	4.3 times	4.2 times	4.8 times

6. Interest Bearing Debt



	FY2003 Actual	FY2004 Actual	FY2005 Forecast
Interest Bearing Debt	1,641	1,762	1,770
(Japan)	(1,123)	(1,131)	(1,116)
(Overseas)	(518)	(631)	(654)
Interest Bearing Debt Ratio	35.6%	34.1%	34.0%

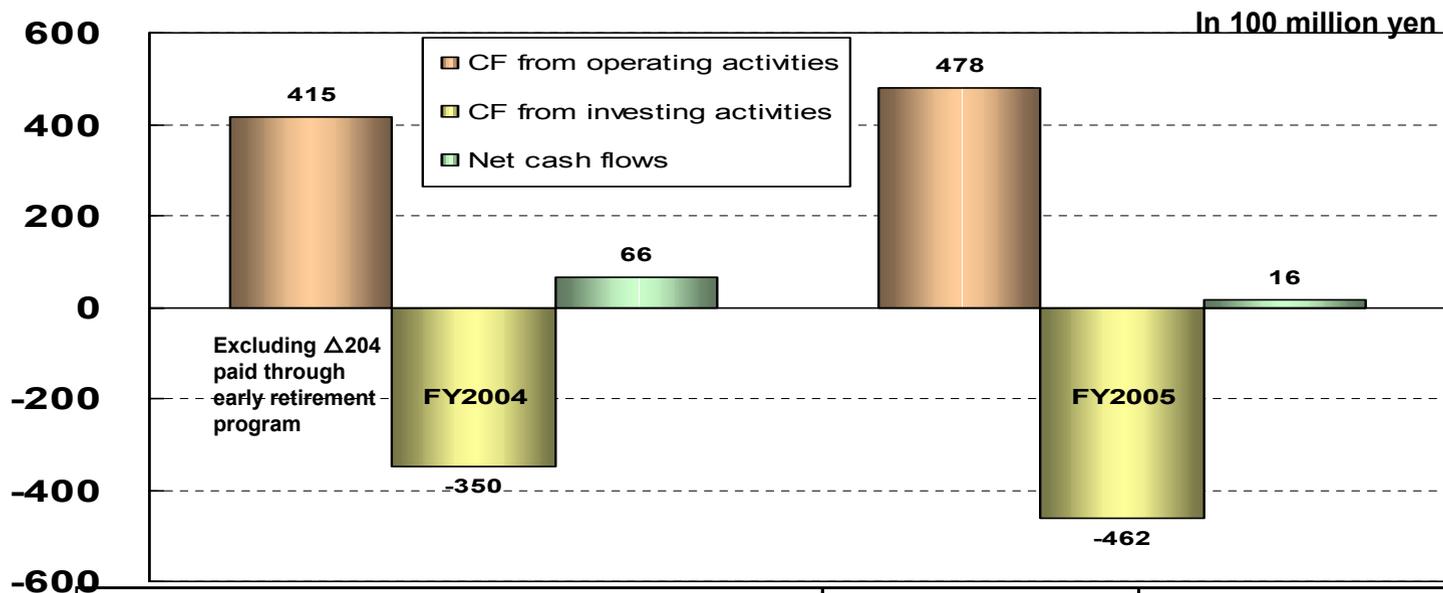
7. Capital Expenditure and Depreciation

(In 100 million yen)

	FY2003 Actual	FY2004 Actual ①	FY2005 Forecast ②	Year-on-Year ②-①
Capital Expenditure	381	497	420	-77
(Japan)	(176)	(262)	(241)	(-21)
(Overseas)	(205)	(235)	(179)	(-56)

	FY2003 Actual	FY2004 Actual ①	FY2005 Forecast ②	Year-on-Year ②-①
Depreciation	240	249	289	40
(Japan)	(148)	(155)	(177)	(22)
(Overseas)	(92)	(94)	(112)	(18)

8. Cash Flows



	FY2003 Actual	FY2004 Actual
I. Cash flows from operating activities	211	478
Amount paid through early retirement program	-204	0
Excluding the impact of the above	415	478
II. Cash flows from investing activities	-350	-462
III. Cash flows from financing activities	60	67
IV. Effect of exchange rate changes on cash and cash equivalents	-3	6
V. Increase in cash and cash equivalents	-81	89