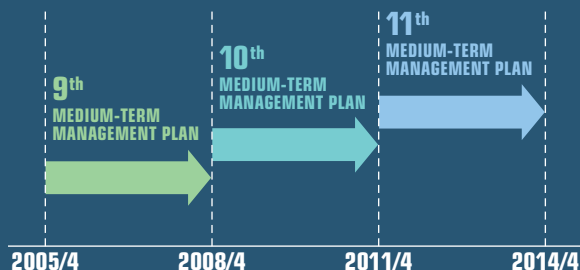


# MEDIUM AND LONG-TERM CORPORATE MANAGEMENT STRATEGIES

The basis of the Nissin Kogyo Group's management strategy is to strive in unison to contribute to the environment and safety, which are unchanging needs in society. We will achieve this by leveraging our strengths in aluminum casting and processing technologies as well as brake control technologies. Moreover, while working to further strengthen our development capabilities and manufacturing technologies, we will enhance quality and price competitiveness throughout the entire Group and thereby continue to provide attractive products to customers all over the world.

In 2005, we initiated our ninth medium-term management plan, which was aimed at bolstering the management foundation in order to realize and maintain growth into the future. During the three years of that plan, the number of shareholders increased approximately four fold, while sales and ordinary income both ended up exceeding initial targets. In terms of overseas expansion, this was a three-year period when we expanded capacity and launched products for new models while steadily developing the foundations for the next step in the Group's growth.



## THE NINTH MEDIUM-TERM REVIEW

INITIAL TARGETS			ACTUAL RESULTS		CHALLENGES	
NET SALES	200 billion yen	➔	202.5 billion yen	➔	Continue aiming to achieve the numerical targets of the tenth medium-term management plan	
ORDINARY INCOME	20 billion yen		22.4 billion yen		<b>MOTOR-CYCLE BUSINESS</b> Maintain No. 1 Global Position • Overwhelming product competitiveness • Intensifying competition in motorcycle ABS market • Capital participation in price-competitive parts manufacturers	
DEVELOPMENT EXPENSES	22 billion yen		20.6 billion yen			
INVESTMENT	34 billion yen		48.4 billion yen			
Bolster the growth foundations for the tenth and eleventh medium-term management plans		➔	Achieved	➔	<b>FOUR-WHEELED VEHICLE BUSINESS</b> Intensifying price competition • Mature markets (North America, Japan) North America: Maintain profitability Japan: Cost competitiveness of existing products • Growth markets (China, India, Brazil) Bolster price competitiveness Maintain volume	

The U.S. and Japanese markets have remained stagnant, but demand in emerging markets such as Asia and South America has continued to be robust. Moreover, the Company felt the impact of an increase in expenses related to the launch of new vehicle models in North America, but as production of new-model vehicles increased steadily and new sales promotion progressed favorably, we achieved our initial sales target. We also achieved our target for ordinary income, due partly to the impact of the yen's appreciation on exchange rates as well as the benefits of increased sales and cost-cutting activities.

The challenges remaining in the tenth medium-term management plan, which represents our next step, are to continue to differentiate ourselves from our competitors and provide high-value-added, attractive products by improving the quality and pricing of our products.

# MAKING FURTHER ADVANCES WITH THE NISSIN BRAND

# THE TENTH MEDIUM-TERM MANAGEMENT PLAN

## BUSINESS ENVIRONMENT

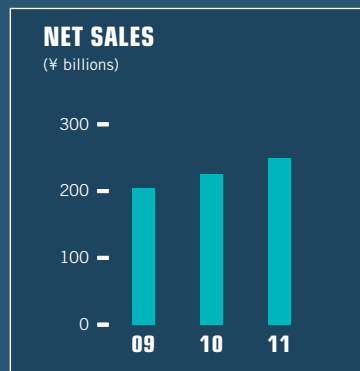
With the downturn in the global economy gradually intensifying, the Japanese economy is forecast to experience a substantial slowdown in its rate of growth, due to a decline in the momentum of exports and a slowdown in capital investment and consumer spending. Furthermore, the business environment in which the Nissin Kogyo Group operates is forecast to become increasingly challenging, due to such factors as further intensification of competition with rival companies, soaring raw materials prices, and the continuing appreciation of the yen in foreign exchange markets. However, we will strive to secure earnings by continuing to expand our global sales promotion activities and strengthen the development of attractive new products while thoroughly reducing costs.

## TARGETS

We aim to achieve net sales of ¥250.0 billion and operating income of ¥22.5 billion.

## INVESTMENT

Under the tenth medium-term management plan, we intend to invest a total of ¥36 billion. In 2008, we plan to invest ¥12 billion, with investment of ¥4.3 billion being directed toward Asia (excluding China) for the construction of a new factory in India and the reinforcement of motorcycle product supply capacity. We also intend to invest ¥3 billion in Japan aimed at optimizing production sites and bolstering development capabilities. In addition, we will invest in the construction of a new four-wheeled vehicle product plant in Brazil and the enhancement of local procurement ratios in China and North America.



**The 11th medium-term plan: takes a further leap...**

## DIRECTIONS

<b>MOTORCYCLE BUSINESS</b>	<p><b>BECOME BY FAR THE NO. 1 BRAND IN THE WORLD</b></p> <p>The Nissin Group, which even now boasts world-class technologies, will create even more solid brand power. Specifically, we will establish this by having works racing teams employ our products, selling highly functional, high-performance, high-value-added products, and selling low-priced hydraulic systems.</p>	<ul style="list-style-type: none"> <li>Respond to increased production by customers (Brazil, Vietnam, Indonesia)</li> <li>Expand high-performance, highly functional, high-value-added products</li> <li>Sales of knuckles</li> </ul>
<b>FOUR-WHEELED VEHICLE BUSINESS</b>	<p><b>CREATE ATTRACTIVE PRODUCTS</b></p> <p>We will develop and sell environmentally friendly products that contribute to fuel efficiency and highly functional, high-value-added products. We will also focus on ensuring cost competitiveness.</p>	<ul style="list-style-type: none"> <li>Respond to increased production by customers</li> <li>Start production at new sites (India, Brazil)</li> <li>Expand applications for knuckles and engine mounts</li> </ul>
<b>MECHATRONICS</b>	<p><b>STRENGTHEN PRODUCT DEVELOPMENT AND SALES</b></p> <p>In mechatronics, we will promote product development aimed at the evolution of integrated control systems for vehicles.</p>	<ul style="list-style-type: none"> <li>Expand applications for vehicle stability assist (VSA)</li> <li>Sales of new products</li> <li>Expand applications for motorcycle-use ABS systems</li> </ul>
<b>AFTER-MARKET</b>	<p><b>INCREASE PARTS SUPPLY VOLUME</b></p> <p>In the after-market business, we will expand the supply of parts for the North American market.</p>	<ul style="list-style-type: none"> <li>Expand supply of parts to North American market</li> </ul>