Annual Report 2008

Fiscal year ended March 31, 2008

Toward the Next Growth Stage

NGK SPARK PLUG CO., LTD.

Profile

NGK SPARK PLUG CO., LTD. is a leading manufacturer in the ceramic industry. The Company sells its products worldwide, chiefly to major manufacturers ranging from automobiles to electronics for use as components on their production lines.

The Company is the world's largest manufacturer of spark plugs for use in automobiles, motorcycles, aircraft, and other uses.

In the automotive field, oxygen sensors have become an increasingly important item, as well as IC packages for microprocessor units (MPUs) in the electronics industry.

These main products occupy an important market share worldwide.

To cope with the highly advanced information-oriented society, we will continue to focus on our original objective, to "contribute to industry through the development of ceramics." We remain committed to creating and promoting a global development and production system for the fulfillment of our objective.

Contents

Forward-Looking Statements
This Annual Report contains information about forward-looking statements related to such matters as the Company's plans, strategies, and business results. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks and uncertainties. The Company's actual activities and business results could differ significantly due to changes including, but not limited to, changes in the economic environment, business environment, exchange rates, laws, regulations, government policies, political circumstances, market demand for products, and price competition.

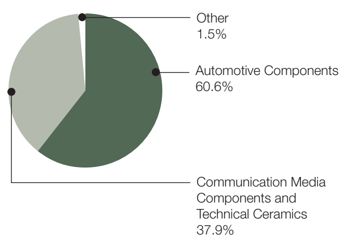
Financial Highlights

NGK SPARK PLUG CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

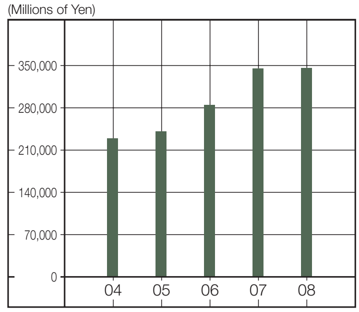
	Millions of Yen			Change (%)	Thousands of U.S. Dollars
	2008	2007	2006	2008/2007	**2008**
For the year:					
Net sales:	**¥345,584**	¥344,891	¥284,885	0.2%	**$3,455,840**
Automotive Components	**209,394**	185,601	165,280	12.8	**2,093,940**
Communication Media Components and Technical Ceramics	**130,946**	154,447	116,032	(15.2)	**1,309,460**
Other	**5,244**	4,843	3,573	8.3	**52,440**
Operating income	**35,040**	52,402	41,513	(33.1)	**350,400**
Net income	**22,144**	34,073	25,104	(35.0)	**221,440**
At year-end:					
Total assets	**¥412,151**	¥413,769	¥386,235	(0.4)%	**$4,121,510**
Net assets	**288,299**	288,977	260,766	(0.2)	**2,882,990**
	Yen			Change (%)	U.S. Dollars
Per share data:					
Net income:					
—Basic	**¥100.93**	¥154.24	¥112.82	(34.6)%	**$1.01**
—Diluted	**95.80**	146.44	106.91	(34.6)	**0.96**
				Change (Yen)	
Cash dividends	**27.00**	27.00	20.00	¥0.00	**0.27**

Note: U.S. dollar amounts above and elsewhere in this Annual Report are converted from yen, for convenience only, at the rate of ¥100=U.S.$1.

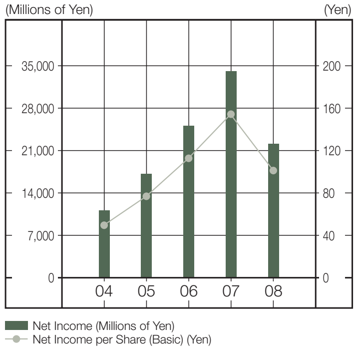
2008 Sales Composition by Industry Segment (%)



Net Sales



Net Income/ Net Income per Share (Basic)



A Message from the President

NGK SPARK PLUG CO., LTD. and its consolidated subsidiaries (the "NGK Spark Plug Group") reported record sales for the fourth consecutive fiscal year. However, profits declined markedly compared with the previous year's results. While net sales edged up 0.2% year on year to ¥345,584 million, operating income fell 33.1% to ¥35,040 million, and net income plunged 35.0% to ¥22,144 million. The Automotive Components Business maintained the momentum of the last several years led by expanding sales of spark plugs, but the Communication Media Components and Technical Ceramics Businesses were greatly affected by the change in the supply-demand balance.

(1) Enhanced Production Capabilities by Largest Ever Capital Investment

The medium-term management plan launched in fiscal year ended March 2006 calls for net sales of ¥350 billion and operating income of ¥50 billion for fiscal year ending March 2009, the final year of the plan. The target for net sales is within our reach. In fiscal year under review, the second year of the plan, we executed capital investment amounting to ¥63.2 billion, the largest amount of investment we have ever made in a single year, in order to expand the Automotive Components and the Communication Media Components Businesses. In addition to construction of an integrated factory for organic IC packages in Aichi prefecture (Komaki's 14th plant) and a factory for spark plug insulators in Kagoshima prefecture (Kagoshima-Miyanojo Factory), we started the operation of the subsidiaries in India and South Africa. Also, we acquired an additional stake in Ceramic Sensor Co., Ltd., repositioning it as a wholly owned subsidiary and expanding its manufacturing facilities for exhaust gas oxygen sensors.

The purpose of these investments is to enhance our cost competitiveness and optimize the global production structure. Although the current business environment from the macroeconomic perspective is a source of concern, considering foreign exchange trends and rising materials costs, we intend to adhere to the key strategies based on the long-term vision, in order to lay the foundation for our growth over the next decade.

(2) Pursuing Competitiveness

NGK Spark Plug Group operates globally with international business contributing 80% of net sales. While being sensitive to economic trends and technological innovation driven by social needs, it is imperative that we remain focused on enhancing customer satisfaction on a continuous basis. Our guiding principle is to "stay a step ahead in product creation" through "participation by all." To put this principle into practice, we intend to broaden and deepen communication with our customers, streamline production and reduce costs, and accelerate optimization of global production.

I am convinced that the automotive industry and the information and communication industry will continue to grow over the next decade. Although these two industries are characterized by fierce competition in which speed and technological excellence determine success, I believe competition provides rich opportunities for companies to strengthen their fundamentals and expand their business. We intend to seize these opportunities.

Automotive Components Business

Environmental regulations and fuel efficiency requirements for automobiles are becoming increasingly stringent. For example, in response to the Japanese government's policy designed to achieve a 30% improvement in fuel efficiency of automobiles by 2015 compared with the current level, automotive companies are accelerating

development of hybrid vehicles, low-emission diesel engines and other promising technologies, in order to comply with the regulations. In the motorcycle industry, development of environmentally friendly engines is being promoted around the world as indicated by the technological shift underway from the carburetors to fuel injection systems.
The pursuit of technological excellence and the satisfaction of these expectations evident in society constitute our raison d'être. Therefore, we are working to strengthen our competitiveness and overall capabilities based on the medium- to long-term development strategies, without hesitating to compete with the utmost vigor. Regarding spark plugs, which are products whose history goes back more than 70 years, we are developing thinner and stronger ceramic insulators. Also, we are expanding sales of new product lines for diesel engines, including glow plugs, universal A/F heated exhaust gas oxygen sensors, and NOx sensors. In terms of production, we are striving to enhance productivity and quality based on our conviction that every single item must be defect free.

Communication Media Components and Technical Ceramics Businesses

In the information and communication industry, demand for personal computers and mobile phones has greatly increased worldwide over the last 10 years. In 2007 global sales of PCs and mobile phones rose 13% and 14%, respectively, compared with 2006, with growth of demand in emerging economies in Asia and elsewhere being particularly rapid. Based on a comparison of the growth rates, the information and communication industry appears to offer a greater business opportunity than the automotive industry. On the other hand, because the pace of new-model introductions is faster for PCs and mobile phones than for automobiles, new product development and the ramp-up of mass production must be executed swiftly, and judging the right timing for the expansion of production capacity is difficult.

Completion of the construction of a large factory exclusively for organic IC packages, which involved our largest ever investment, has opened up a tremendous opportunity for us. The medium- to long-term mission of our Communication Media Components Business is to translate increased production capacity into business success. For this purpose, based on a realistic appraisal of our current circumstances, we are shifting our focus from the increase of production capacity to the establishment of highly efficient production systems with an emphasis on quality.

In the field of ceramic products for industrial applications, we intend to strengthen development of materials and promote quality improvement reflecting enhanced communication with our customers.

Norio Kato
President

(3) Implementing CSR Management

Evaluation of companies tends to be based on financial performance and competitiveness. However, since the support of various stakeholders is indispensable for the successful conduct of business activities, fulfillment of corporate social responsibility (CSR) in relationships with stakeholders is an important management issue. A focus on financial performance to the exclusion of other considerations would be inappropriate. We must ensure that NGK Spark Plug Group's business activities are sound, which means doing business in a spirit of fairness and integrity.

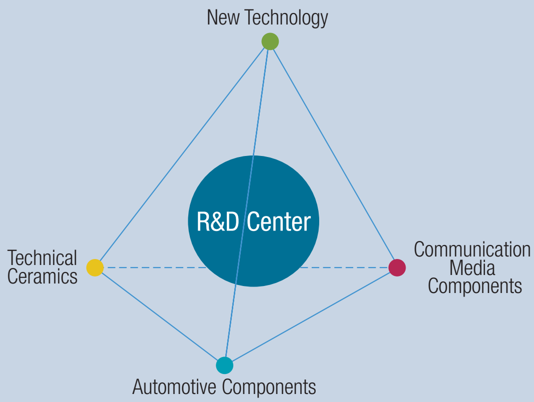
Accordingly, we are engaged in vigorous CSR activities to meet the expectations of our stakeholders, covering investor relations, environmental issues, labor-management relations, supply chain management, communication with local communities and so on. For example, in terms of our response to environmental issues, we are not only supplying eco-products, which are energy-saving and have other excellent environmental credentials, but also ensuring environmental protection in product development and production processes based on ISO 14001 certification for environmental management systems. Environmental initiatives during the year under review included the formulation of the Global Environmental Statement and Environmental Policies, installation of a solar power generator at Komaki's 14th plant, and strengthened management of chemical substances contained in products.

As part of our efforts to enrich communication with local communities, we have established the Nittoku Asia Foreign Student Scholarship Fund and started to provide support to foreign students from Asian countries who are studying at universities, including for higher degrees at graduate schools, in Aichi prefecture. Our operations in Asia, which began with the establishment of a factory in Malaysia in 1973, have grown to encompass operations in Thailand, Indonesia, Taiwan, South Korea, Singapore, the Philippines, Vietnam, China, and India. This scholarship program is one of the ways in which we are expressing our gratitude for the support and cooperation that people in communities throughout the region have been extending to us. It is our earnest desire that the young people benefiting from this scholarship program will contribute to the cultivation of fruitful relationships between Japan and our neighbors elsewhere in Asia.

In regard to our ongoing efforts to conduct flourishing business activities underpinned by fulfillment of CSR, I would be grateful for the understanding and support of our shareholders and the wider investor community.

Norio Kato
President

Research and Development



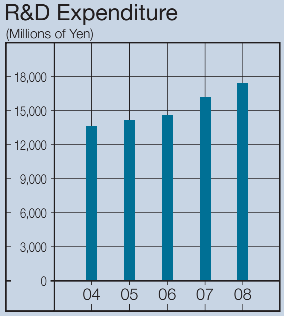
Based on its corporate philosophy, the NGK Spark Plug Group seeks to create value in its research and development work by using the best technology available and accumulated experience of the Group companies.

R&D activities in Japan are conducted mainly at the R&D Center and the engineering/development department of each business unit. The R&D Center specializes in research and development of materials and process, as well as analysis. It is also engaged in research and development of next generation technologies keyed to legal regulations and technical trends. The engineering/development department of each business unit is responsible for design, product development and areas related to manufacturing, and is an important point of contact with customers. To meet expanding and increasingly advanced technological requirements driven by various regulations and market trends, it is no longer desirable for a given department to undertake development projects on its own. The Company organically integrates the power of the R&D Center and each engineering/development department, benefiting from full use of its core technology, namely technology related to materials, processes, analysis, and assessment.

Overseas, the NGK Spark Plug Group operates technical centers, in locations close to major customers. Our strategy is simple but effective. In the automotive industry, it is important to conduct engine tests and road tests as part of the development and design process, anticipating the environmental conditions in which our products are to be used. These technical centers enable us to have direct communication and co-evaluation of products with our customers.

The Group's R&D expense was ¥17,445 million, up ¥1,192 million compared to the previous year.

R&D Expenditure



1kW SOFC (Solid Oxide Fuel Cells) stack attained a world record for highest power generation efficiency -- 60%

NGK SPARK PLUG CO., LTD. has been actively engaged in the research and development of solid oxide fuel cells (SOFC). Based on its proprietary materials and process technology for functional ceramics, the Company has succeeded in developing a 1kW SOFC stack of a low temperature operation type fuel cells (700ºC), achieving the world's highest power generation efficiency of 60% (using methane fuel as primary fuel and in terms of DC power generation end efficiency).

Incorporating the power generation stack, the Company has also developed a pilot unit of 1kW SOFC power generation system, the world's smallest in size and suitable for ordinary household (500 x 400 x 910mm). In the power generation test in which city gas was used as primary fuel, it was confirmed that at maximum the DC power generation end efficiency of 57% was achieved at the rated power output. Advancing to the next stage of development, the Company plans to develop a co-generation trial unit that contains a power conditioner, a desulfurizer, and an exhaust gas heat exchanger that heats water within the system unit. This is planned for 2008. Furthermore, the Company plans to establish the reliability of the power generation system in preparation for external verification tests from 2009 onward and to consider mass production.

The Company intends to achieve synergies in its areas of technological strength and aggressively proceed with research and development of fuel cells, which offer promise as a next-generation power source, and peripheral technologies, with the objective of achieving swift commercialization.

1kW power generation module

In the power generation module, a power generation stack, which operates at 700ºC, a start-up burner, an evaporator for evaporating water for steam-reforming, and a heat exchanger for pre-heating fuel gas and air are together housed in a heat-insulated container. The steam-reforming is intended to add steam to carbon hydrate gas, and reform it by use of a catalyst to form fuel gas that consists mainly of hydrogen.

A trial unit of 1kW SOFC power generation

The Company has developed a trial unit for 1kW SOFC power generation, the world's smallest in size, in which the power generation stack is embedded. In the power generation test of the trial unit in which city gas was used as primary fuel, it was confirmed that the DC power generation end efficiency was a maximum of 57% at the rated power output.

In the present model, a desulfurizer and an exhaust gas heat exchanger that heats water are attached to the unit. We plan to develop a system unit that contains a power conditioner with networking and linkage functions, a desulfurizer, and an exhaust gas heat exchanger, within this year .

Ceramic Sensor Co., Ltd. Was Made a Subsidiary.

NGK SPARK PLUG CO., LTD. purchased 50% of outstanding shares of Ceramic Sensor Co., Ltd., an affiliate engaged in manufacturing of automotive oxygen sensors, from NGK INSULATORS, LTD. and has made it a fully-owned subsidiary as of September 28th, 2007.

Ceramic Sensor was established in 1989 as a fifty-fifty joint venture of the Company and NGK INSULATORS, with the purpose of efficiently managing the NGK Spark Plug Group's automotive oxygen sensor business, which had been performed separately by both companies. In the current fiscal year, however, with the aim to enhance the sensor business, we bought the equity stake owned by NGK INSULATORS and made Ceramic Sensor our fully-owned subsidiary. This has enabled us to have an integrated operation from production to sales. We intend to further strengthen the sensor business in the future.

Profile of Ceramic Sensor Co., Ltd.


Ceramic Sensor


Automotive oxygen sensors

Location:
Komaki, Aichi Prefecture

Business activities:
Manufacturing of automotive sensors

Number of employees:
425 (as of August 31, 2007)

Capital:
2,500 million yen

Number of shares outstanding:
50,000 shares

Sales:
33,871 million yen (fiscal year ended March 2007)

Production Began at the Newly Constructed Komaki's 14th Plant.

Construction of the 14th plant at the Komaki Factory (Aichi Prefecture) was completed. It is an environmental-friendly plant with efforts made for energy-saving facilities and highly-efficient energy use. It has become the Company's largest plant building in size (80 X 160m).

At the 14th plant, organic IC packages for MPUs, one of our major products, will be manufactured in an integrated system. After installation of production equipment and accreditation by customers, full-scale operation began in the spring of 2008.


Komaki's 14th plant

Aiming at Improved Managerial Transparency

State of Corporate Governance

NGK SPARK PLUG CO., LTD. seeks to increase its corporate value by gaining the greater trust of all stakeholders and fulfilling its responsibility to society in a thoroughgoing manner. We believe that one of the most important managerial challenges to reach this goal is the development and maintenance of a fair and efficient managerial system while ensuring managerial soundness and transparency.

We also place great importance on the timely and appropriate disclosure of corporate information to our investors, which is essential to the healthy operation of the securities exchanges. We are making efforts to enhance mechanisms for information management and internal control by setting forth the timing and the parties accountable in the Internal Information Control Rules, among other measures.

In addition, the Company is redoubling efforts to raise awareness about compliance. The Code of Conduct was established with an aim to make each and every officer and employee fully aware of and to instill in them the Company's commitment, management policy and action guideline, which constitute the Corporate Philosophy, and to clarify the Company's basic attitude essential to translating the code into practical action.

The managerial structures for decision-making, execution and oversight, as well as information control and internal control mechanisms, are illustrated below.

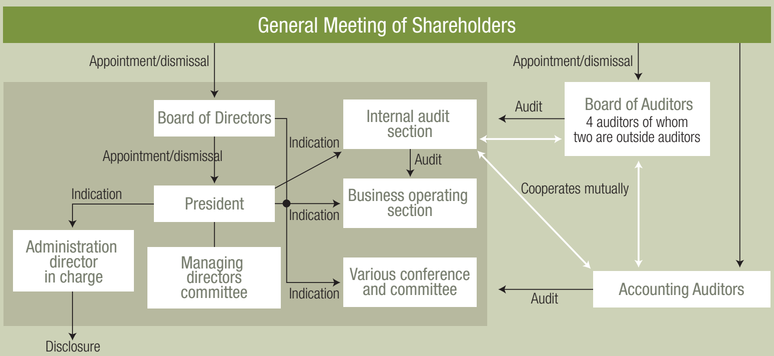
State of Key Internal Control Systems

(1) The Board of Auditors is composed of four auditors, including two outside auditors. The two outside auditors, who have no conflicts of interests with the Company such as business relationships and do not belong to any organization with conflicts of interests, keep informed on important affairs by attending the Board of Directors meetings and receiving business reports. Through periodic exchanges of opinions with the President in addition to audits of major business locations and subsidiaries, they also audit the execution of duties by the directors.

(2) The Company's five-member Internal Audit Section conducts business audits for the Company and its affiliates, and reports audit and inspection results to management and recommends corrective and improvement measures as needed. It keeps in close touch with the corporate directors, with whom it exchanges information regarding the audit policy, plans and the state of audit implementation during periodic and ad hoc conferences. In addition, the section and the auditors attempt to improve their auditing competency on a mutual basis. Examples of mutual involvements include corporate auditors accompanying the section staff to internal audits and the section preparing investigations and reports for auditors at the request of auditors, as needed.

(3) In the area of risk control, internal rules and guidelines were prepared under the leadership of the directors. They are designed, along with training and seminars, to prevent incidents of loss and damage. In the event of the occurrence of an actual risk, a cross-organizational structure encompassing the NGK Spark Plug Group will be mobilized to bring the matter under control.

Corporate Governance Structure



Reinforced control of hazardous materials and the Green Supplier System

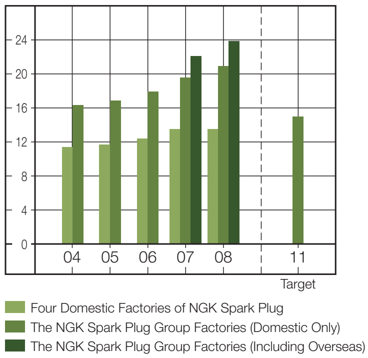
Regulations on hazardous materials are being tightened all over the world. Given its high export ratio, The NGK Spark Plug Group makes strong efforts to comply with the environmental regulations of many countries in the use of raw materials. In order to properly control the chemical contents of products, cooperation with vendors is indispensable. During the year under review, in order to improve "Green relationship" with our vendors, we upgraded the NGK Group's Green Supplier System and revised our Green Procurement Guidelines (for Partners and Suppliers). We have surveyed our suppliers of raw materials, parts, and packaging materials and certified 202 companies as Green Suppliers who have satisfied our Guidelines criteria.

Prevention of global warming

Global warming being recognized as a vital issue, the need to reduce greenhouse gas emissions has become acute. The NGK Spark Plug Group has adopted a target of reducing total emissions, as set forth in the NGK Spark Plug Group Eco Vision 2010, and has been making efforts to reduce energy consumption so as to succeed in this. In this fiscal year, as a consequence of the start-up of operations at new production facilities, our total emissions of CO_2 increased, but we have implemented a range of measures to lower CO_2 emissions by actions including the use of waste heat generated when firing the ceramic insulator in kilns, to thereby conserve the use of energy, and changes in the firing method.

Energy Used in Production

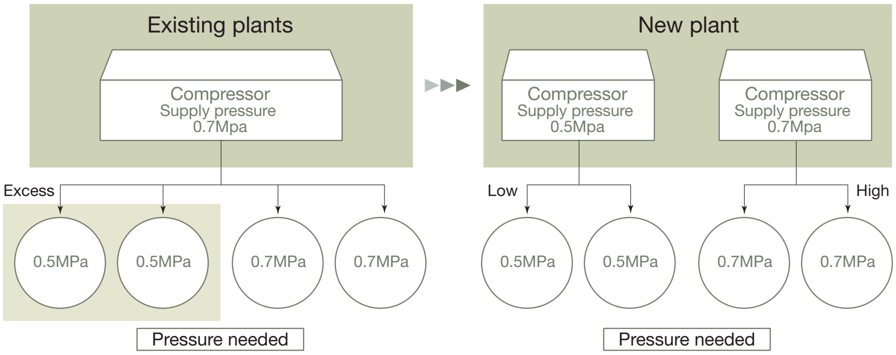
(CO_2 equivalent, 10,000 tons CO_2)



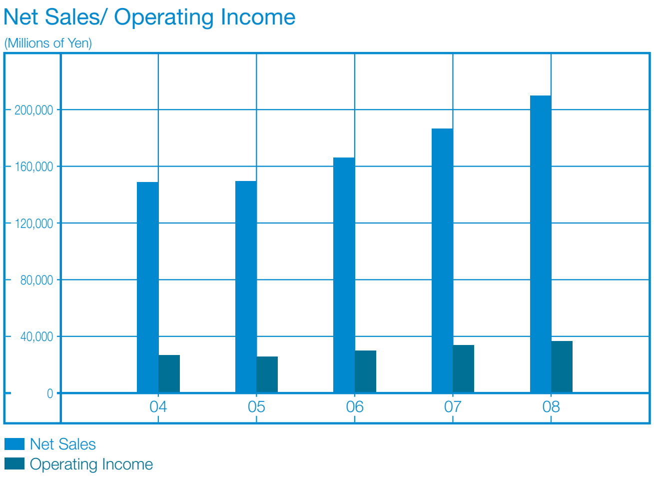
Example

Saving energy by converting to use of two supply systems of compressed air

In order to raise energy efficiency, the compressed air supply system has been revised at our new plant in Komaki. At each of our existing production facilities, there had been only one such supply system, in which the pressure level was set at the highest required level. This had resulted in generation of excess or waste energy when operations required lower pressure. The new factory has two supply systems of compressed air, high and low, that optimizes pressure generation. It is estimated that the new system reduces CO_2 generation by 300 tons per annum.



Automotive Components Business




Spark Plugs


NHTC (New High Temperature Ceramic) Glow Plugs


Zirconia Exhaust Gas Oxygen Sensors


Universal A/F Heated Exhaust Gas Oxygen Sensors


Wide Range Exhaust Gas Temperature Sensors

Outline of the Business

NGK SPARK PLUG CO., LTD. is a leading manufacturer of automotive components. The Company's history is closely associated with the history of spark plugs, our mainstay product. Indeed, the Company has the top share of the global market for spark plugs. Indispensable for ignition of gasoline combustion engines, spark plugs take advantage of the strong electrical insulation characteristics of ceramics. The Company is also a leading enterprise in the field of exhaust gas oxygen sensors for automotive applications with the top market share in the world. Exhaust gas oxygen sensors measure the proportion of oxygen in the exhaust gas and send data necessary for control of engine combustion. In addition to these world-leading products, the Automotive Components Business develops and manufactures glow plugs, NOx sensors, universal A/F heated exhaust gas oxygen sensors, and other automotive components that respond to environmental issues faced by vehicle manufacturers, namely, the need for higher fuel efficiency and cleaner exhaust gas.

Fully utilizing its network of subsidiaries around the world, the Company manufactures and sells automotive components worldwide. The Company is accelerating optimization of global production. For optimized global production, as well as manufacturing finished products at the factories in Japan for sales in Japan and local production by subsidiaries around the world, which are located adjacent to their customers, parts and semi-finished products are transferred between subsidiaries. Regarding sales, in addition to its worldwide aftermarket sales network, The Company has transactions with nearly all automotive and engine manufacturers in the world for factory installation in new vehicles and conducts development, sales and after-sales service.

Review of Results

Spurred by growing demand for vehicles in emerging markets, which has offset sluggishness in Japan and the U.S., shipments of automotive components were buoyant both for factory installation in new vehicles and for the aftermarket. In particular, shipments for aftermarket in Eastern Europe, Russia, and Asia continued to increase. Also, shipments of glow plugs, highly ignitable spark plugs, and various exhaust gas control sensors were brisk in line with the worldwide trend toward the implementation of stricter environmental measures and the need for higher fuel efficiency, including the growth in production of diesel-powered vehicles in Europe.

As a result, sales of the automotive components business increased 12.8% year on year to ¥209,394 million and operating income rose 8.8% to ¥36,110 million.

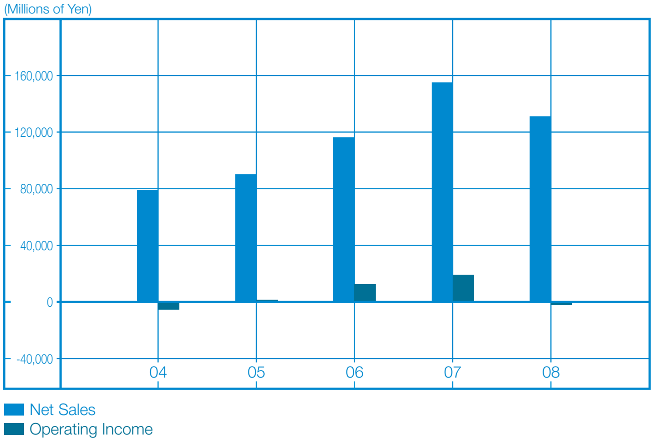
Outlook

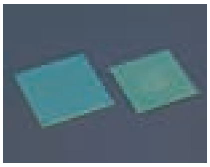
In the Automotive Components Business field, the demand for high-performance plugs and sensors, including those for diesel engines, is soaring in light of increasingly stringent environmental regulations and measures to improve fuel efficiency. Rapid expansion of the demand for transport in emerging economies led by the BRICs is spreading to Vietnam, Indonesia, South Africa, Turkey, and Argentina (VISTA) and to other countries. On the other hand, sharp increases in prices of resources are pushing up costs of the Company's products. In these circumstances, the Company intends to broaden and deepen communication with customers and put in place a structure enabling a swift and thorough response to anticipated customer needs. At the same time, the Company will emphasize the development and improvement of the performance of new sensors and glow plugs, demand for which is expected to increase, and will do its utmost to reduce costs.

Communication Media Components and Technical Ceramics Businesses

Net Sales/ Operating Income

(Millions of Yen)




Organic IC Packages


Electronic Components


Cutting Tools


Fine Ceramics


Oxygen Concentrators

Outline of the Business

In the Communication Media Components and Technical Ceramics Businesses, NGK SPARK PLUG CO., LTD. manufactures and sells IC packages and other semiconductor components, electronic components, cutting tools and ceramics products. IC packages, the mainstay products in this segment, are ultra-precision components whose mission is to ensure fast and accurate transmission of signals between IC chips and peripheral components. MPU manufacturers around the world use the Company's IC packages, which are incorporated in many personal computers. The Company is also a leading supplier of cutting tools, which capitalize on properties of ceramics, and of other ceramics products for industrial applications.

The Company manufactures and sells communication media components and technical ceramics worldwide. In Japan, the Company and five subsidiaries and affiliates manufacture communication media components and technical ceramics. Overseas, Ceramica e Velas de Ignicao NGK do Brasil Ltda., a subsidiary in Brazil, is engaged in integrated manufacturing and sales of ceramics products and NTK Technical Ceramics Korea Co., Ltd. and NTK Technical Ceramics Polska Sp.zo.o., subsidiaries in South Korea and Poland, procure of cutting tools from the Company as semi-products and produce finished products. Sales offices in Japan and nine overseas sales subsidiaries are engaged in sales to customers in their respective regions.

Review of Results

Sales of organic IC packages for MPUs, the mainstay products in this segment, were lackluster. In addition to inventory adjustment on the part of customers in the second quarter of the year under review and rapid depreciation of the U.S. dollar in the second half of the year, initial costs incurred associated with the ramp-up of a large new factory that started operation in the fourth quarter and a decline in sales prices owing to intensifying competition resulted in rather poor results for organic IC packages for MPUs. Regarding technical ceramics for industrial applications, although sales of oxygen concentrators for medical use decreased because the special demand at the time of market introduction in the first half of the previous year faded away, sales of cutting tools and ceramics products for automotive, aircraft and IT industries were robust.

As a result, sales of the Communication Media Components and Technical Ceramics Businesses decreased 15.2% year on year to ¥130,946 million and the operating loss amounted to ¥1,161 million compared with the operating income of ¥19,163 million for the previous year.

Outlook

In the field of communication media components and technical ceramics, the demand for IT-related products, such as PCs and mobile phones, is expected to increase, led by the emerging economies, which is similar to the situation of motor vehicles. On the other hand, fluctuation of the U.S. dollar exchange rate has a large impact on earnings of the Communication Media Components and Technical Ceramics Businesses because U.S. companies figure prominently among the customers for their products. In these circumstances, the Company's new large-scale organic IC package factory shifted to full-scale production. In the Communication Media Components Business, while striving to translate increased production capacity into business success, the Company intends to cultivate and expand sales of organic IC packages not only for MPUs but also for new applications in order to realize a broad, stable base for the business. In the field of technical ceramics for industrial applications, the Company will promote strengthening of development of materials, quality improvement, and cycle time reduction in order to reinforce systems capable of swiftly responding to market needs.

Global Network


NGK Spark Plugs (U.S.A.), Inc.


NGK Spark Plugs Malaysia Berhad.


Siam NGK Spark Plug Co., Ltd.


P.T. NGK Busi Indonesia

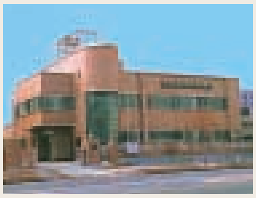

Ceramica e Velas de Ignicao NGK do Brasil Ltda.


Taiwan NGK Spark Plug Co., Ltd.


Woo Jin Industry Co., Ltd.


NGK Spark Plug Industries Europe S.A.S.


NGK Spark Plugs SA (Pty) Ltd.


NTK Technical Ceramics Korea Co., Ltd.


NGK Spark Plug (Shanghai) Co., Ltd.


NTK Technical Ceramics Polska Sp. zo. o.

Major Subsidiaries and Affiliates

Domestic Subsidiaries

Nittoku Seisakusho Co., Ltd.
Production of spark plug parts and automotive sensor parts

Nichiwa Kiki Co., Ltd.
Production of spark plug resistor covers and cables, and automotive sensor parts

Kamioka Ceramic Co., Ltd.
Production of glow plugs and cutting tools

Kani Ceramic Co., Ltd.
Production of IC packages and automotive sensor parts

Iijima Ceramic Co., Ltd.
Production of IC packages

Nakatsugawa Ceramic Co., Ltd.
Production of IC packages and automotive sensor parts

Tono Ceramic Co., Ltd.
Production of spark plug parts

Nansei Ceramic Co., Ltd.
Production of electronic components

Nittoku Unyu Co., Ltd.
Transportation of the Company products

Nittoku Alpha Service Co., Ltd.
Welfare services for Company employees

Ceramic Sensor Co., Ltd.
Production of automotive sensors

Overseas Subsidiaries

NGK Spark Plugs (U.S.A.) Holding, Inc.
Holding company for U.S. subsidiaries

NGK Spark Plugs (U.S.A.), Inc.
Production and sale of spark plugs and automotive sensors, sale of cutting tools

NTK Technologies, Inc.
Sale of communication media components and technical ceramics

NGK Spark Plugs Canada Limited
Sale of automotive components

NGK Spark Plug Europe GmbH
Sale of automotive components, communication media components and technical ceramics

NGK Spark Plugs (U.K.), Ltd.
Sale of automotive components, communication media components and technical ceramics

NGK Spark Plug Industries Europe S.A.S.
Production of spark plugs

NGK Spark Plugs (France) S.A.S.
Sale of automotive components and communication media components

NTK Technical Ceramics Polska Sp.zo.o.
Production of cutting tools

Taiwan NGK Spark Plug Co.,Ltd.
Production and sale of spark plugs, sale of automotive sensors

NTK Technical Ceramics (Taiwan) Ltd.
Sale of communication media components and technical ceramics

NTK Technical Ceramics Korea Co.,Ltd.
Production and sale of cutting tools, sale of ceramic products for industrial applications

P.T. NGK Busi Indonesia
Production and sale of spark plugs

NGK Spark Plugs Singapore Pte Ltd
Sale of communication media components

NGK Spark Plug (Shanghai) Co., Ltd.
Production and sale of spark plugs and automotive sensors

NGK Spark Plugs Malaysia Berhad.
Production and sale of spark plugs, sale of automotive sensors

Siam NGK Spark Plug Co., Ltd.
Production and sale of spark plugs and glow plugs, sale of automotive sensors

NGK Spark Plugs (India) Pvt.Ltd.
Production and sale of spark plugs

Ceramica e Velas de Ignicao NGK do Brasil Ltda.
Production and sale of automotive components and technical ceramics

Bujias NGK de Mexico S.A. de C.V.
Sale of automotive components

NGK Spark Plug Middle East FZE
Sale of spark plugs

NGK Spark Plugs SA (Pty) Ltd.
Production and sale of spark plugs

NGK Spark Plug (Australia) Pty.Ltd.
Sale of automotive components, communication media components and technical ceramics

Affiliates

Woo Jin Industry Co., Ltd.
Production and sale of automotive components

Tokai Taima Kogu Co., Ltd.
Production and sale of mold tools

Six-Year Summary

NGK SPARK PLUG CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007, 2006, 2005, 2004 and 2003

	Millions of Yen						Thousands of U.S. Dollars
	2008	2007	2006	2005	2004	2003	**2008**
For the year:							
Net sales	**¥345,584**	¥344,891	¥284,885	¥241,186	¥228,776	¥228,929	**$3,455,840**
Costs of goods sold	**262,243**	248,565	203,338	177,786	171,481	177,857	**2,622,430**
Selling, general and administrative expenses	**48,301**	43,924	40,034	37,310	36,550	35,249	**483,010**
Operating income	**35,040**	52,402	41,513	26,090	20,745	15,823	**350,400**
Net income	**22,144**	34,073	25,104	17,147	11,117	7,347	**221,440**
Cash flows from operating activities	**37,728**	36,481	34,750	36,092	24,259	34,534	**377,280**
Cash flows from investing activities	**(43,821)**	(22,924)	(30,692)	(41,782)	14,784	(28,718)	**(438,210)**
Cash flows from financing activities	**(2,930)**	(14,042)	(2,458)	(1,888)	(21,792)	(13,787)	**(29,300)**
Depreciation	**25,474**	18,861	15,269	14,528	15,943	18,478	**254,740**
Capital expenditures	**63,231**	29,271	26,919	13,956	10,414	10,811	**632,310**
At year-end:							
Total assets	**¥412,151**	¥413,769	¥386,235	¥323,109	¥297,995	¥298,787	**$4,121,510**
Net assets	**288,299**	288,977	260,766	222,011	206,633	190,351	**2,882,990**
Sales by Industry Segment:							
Automotive components	**209,394**	185,601	165,280	148,726	147,696	142,432	**2,093,940**
Communication media components and technical ceramics	**130,946**	154,447	116,032	89,805	78,487	83,437	**1,309,460**
Other	**5,244**	4,843	3,573	2,655	2,593	3,060	**52,440**
Sales by geographic area:							
Japan	**149,200**	149,433	127,127	101,448	99,058	88,744	**1,492,000**
North America	**85,267**	105,955	83,584	73,700	69,922	87,342	**852,670**
Europe	**67,560**	57,683	47,490	44,961	42,314	38,198	**675,600**
Other	**43,557**	31,820	26,684	21,077	17,482	14,645	**435,570**

	2008	2007	2006	2005	2004	2003
Other Data:						
Number of Shareholders	**12,681**	13,033	11,169	12,702	14,921	15,678
Number of Employees (Consolidated)	**11,599**	10,407	9,815	9,406	9,284	9,306

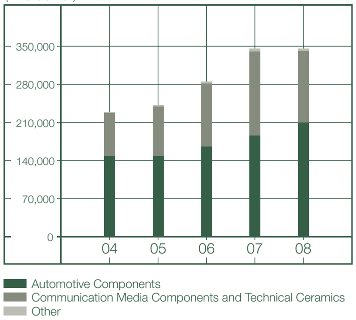
	Yen						U.S. Dollars
Per share data:							
Net income							
— Basic	**¥100.93**	¥154.24	¥112.82	¥ 77.01	¥ 49.84	¥ 32.36	**$1.01**
— Diluted	**95.80**	146.44	106.91	72.92	47.45	31.06	**0.96**
Cash dividends	**27.00**	27.00	20.00	16.00	11.00	11.00	**0.27**
Equity	**1,312.72**	1,302.52	1,166.97	997.13	929.23	854.89	**13.13**
	Percent						
Ratios:							
Operating profit ratio	**10.1%**	15.2%	14.6%	10.8%	9.1%	6.9%	
Equity ratio	**69.4**	69.4	67.1	68.4	69.1	63.4	
Return on net sales	**6.4**	9.9	8.8	7.1	4.9	3.2	
Return on assets	**5.4**	8.5	7.1	5.5	3.7	2.4	
Return on equity	**7.7**	12.5	10.5	8.0	5.6	3.8	

Note:U.S. dollar amounts above and elsewhere in this Annual Report are converted from yen, for convenience only, at the rate of ¥100=U.S.$1.

Management's Discussion and Analysis

Net Sales by Business Segment

(Millions of Yen)



Overview of Results

The Japanese economy continued to expand at a moderate pace during the first half of the fiscal year ended March 31, 2008. However, growth of the U.S. economy and major European economies slowed as a result of turmoil in financial markets triggered by the subprime mortgage crisis in the U.S. and further increases in prices of energy, precious metals and other resources. The U.S. dollar depreciated sharply during the second half of the year under review. Meanwhile, economies elsewhere in Asia and emerging economies recorded high growth led by the BRICs.

In the automotive industry, the NGK Spark Plug Group's principal business field, worldwide automobile production was steady despite depressed sales of new vehicles in the Japanese market. Regarding the information and communications industry, another important business field for the Group, following inventory adjustment for semiconductors and other devices in the first half of the year under review, there was only a modest recovery in the second half. In these circumstances, in accordance with the medium- to long-term growth strategy, the Group conducted large-scale capital investment, including construction of new production facilities for the Automotive Components Business and the Communication Media Components and Technical Ceramics Businesses.

Consolidated net sales amounted to ¥345,584 million, having edged up 0.2% year on year. The Group reported record sales for the fourth consecutive year. Operating income, however, fell 33.1% to ¥35,040 million, and net income was 35.0% lower at ¥22,144 million.

Results of Operations

Net Sales

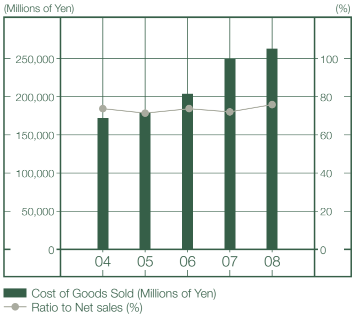
Net sales increased ¥693 million or 0.2% from the previous fiscal year to ¥345,584 million. Sales of the Automotive Components Business grew by 12.8% to ¥209,394 million thanks to sales expansion in emerging markets and an increase in sales of products that contribute to environmental protection or fuel efficiency. The Communication Media Components and Technical Ceramics Businesses recorded sales of ¥130,946 million, down 15.2% from the previous fiscal year. This decrease was attributable to the negative impact of major customers' inventory adjustments on shipments, the depreciation of the dollar in the second half of the year under review, and falling sales prices associated with intensified competition.

	Millions of yen		
	2007	**2008**	Increase(+)/Decrease(–)
Automotive Components Business	185,601	**209,394**	+23,793
Communication Media Components and Technical Ceramics Businesses	154,447	**130,946**	–23,501
Other businesses	4,937	**5,353**	+416
Elimination	(94)	**(109)**	
Net sales	344,891	**345,584**	+693

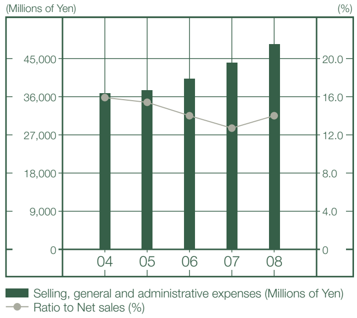
Costs of goods sold

Costs of goods sold increased ¥13,678 million or 5.5% from the previous fiscal year to ¥262,243 million. The ratio of costs of goods sold to net sales rose 3.8 percentage points from 72.1% for the previous fiscal year to 75.9% for the year under review. This increase was mainly attributable to lower sales prices, higher raw material costs, and increased depreciation expenses.

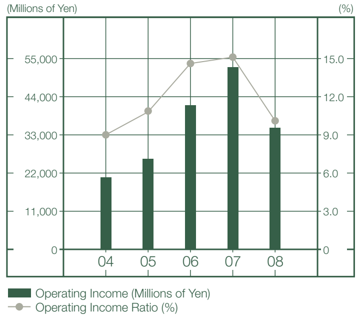
Costs of Goods Sold and Ratio to Net Sales



Selling, General and Administrative Expenses and Ratio to Net Sales



Operating Income and Operating Income Ratio



In the Automotive Components Business, a surge in prices of precious metals and other raw materials and increased depreciation expenses led to an increase of 0.7 percentage points in the ratio of costs of goods sold to segment sales compared with the previous fiscal year.

In the Communication Media Components and Technical Ceramics Business, the ratio of costs of goods sold to segment sales increased 11.6 percentage points owing to sluggish sales associated with inventory adjustments by customers, falling sales prices, and depreciation expenses for the new plant.

Selling, general and administrative expenses

Selling, general and administrative expenses increased ¥4,377 million or 10.0% to ¥48,301 million. The principal reasons for the increase were increased labor costs in line with a rise in the number of employees, higher advertising expenses for sales promotion, and amortization of consolidated goodwill associated with repositioning Ceramic Sensor Co., Ltd. as a subsidiary of the Company.

Operating income

Operating income decreased ¥17,362 million or 33.1% compared with the previous fiscal year to ¥35,040 million. The operating income ratio decreased 5.1 percentage points from 15.2% for the previous fiscal year to 10.1%.

Net income

In addition to the slipped operating income, the Company recorded loss from valuation of assets in foreign currency due to rapid appreciation of Yen in the last quarter.

As a result of the foregoing, net income fell ¥11,929 million or 35.0% from the previous fiscal year and amounted to ¥22,144 million. The return on equity declined 4.8 percentage points from 12.5% at the previous fiscal year-end to 7.7%, and net income per share decreased ¥53.31 from ¥154.24 at the previous fiscal year-end to ¥100.93.

Geographical Segment Information

Japan

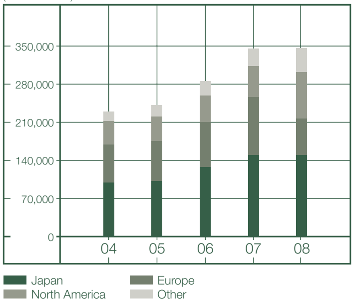
In the Automotive Components Business, shipments of finished goods and knock-down parts for subsidiaries overseas were firm. However, in the Communication Media Components and Technical Ceramics Businesses, orders for organic IC packages for MPUs and oxygen concentrators for medical applications were sluggish and sales prices fell. As a result, sales in Japan decreased 3.8% year on year to ¥295,046 million and operating income dropped 51.6% to ¥21,562 million.

North America

Reflecting a decline in shipments of organic IC packages for MPUs in the Communication Media Components Business, sales in North America decreased 19.3% from the previous fiscal year to ¥86,250 million and operating income declined 9.7% to ¥2,301 million.

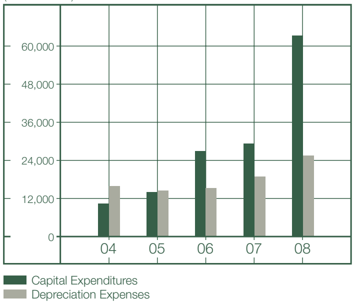
Net Sales by Region

(Millions of Yen)



Capital Expenditures and Depreciation Expenses

(Millions of Yen)



Europe

Products related to diesel engines and the aftermarket in Eastern Europe and Russia continued to grow during the year under review. In addition, the appreciation of the Euro inflated financial results in Europe. Sales in Europe grew 16.0% year-on-year to ¥68,424 million, and operating income increased 19.7% to ¥3,798 million.

Other Regions

Sales in other regions soared 37.4% to ¥45,142 million and operating income surged 63.3% to ¥5,799 million. The strong growth was attributable to the expansion of the aftermarket in line with the rise in automobile ownership in Asia and Latin America as well as the appreciation of currencies of countries in Latin America and Oceania.

Capital Expenditures

Capital expenditures increased ¥33,960 million from the previous fiscal year to ¥63,231 million, the highest annual figure for the Company, centering on the expansion of production capacity in growth fields.

Capital expenditures for the Automotive Components Business amounted to ¥24,840 million, ¥7,172 million higher than for the previous fiscal year. The main item was the construction of a new ceramics production facility for spark plugs at Miyanojo Factory in Kagoshima Prefecture.

Capital expenditures for the Communication Media Components and Technical Ceramics Businesses amounted to ¥38,267 million, ¥26,856 million higher than for the previous fiscal year. Construction of a large production facility for organic IC packages at Komaki Factory in Aichi Prefecture was the principal item.

Financial Policy

The NGK Spark Plug Group's financial policy is to secure working capital to underpin smooth business operations and to systematically prepare for medium- to long-term funding needs to enable flexible capital expenditures in the future so as to support stable management and the ability to respond to changing circumstances. To this end, as well as retention and management of current funds according to financial planning, we are implementing ongoing measures to enhance efficiency of receivables, payables and inventories. At the same time, the Group is improving internal rules such as the Fund Management Regulations and operating the Investment Committee and other organizations for the purpose of reducing investment risks.

To satisfy short-term funding requirements, the Group uses internal reserves, in addition to financing from financial institutions by means of discounting of notes. For medium- to long-term funding needs, the Group engages in direct financing from financial markets by means of the issuance of corporate bonds, etc.

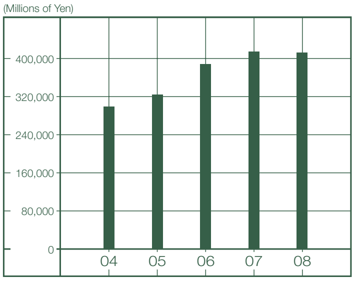
Financial Condition

Total assets

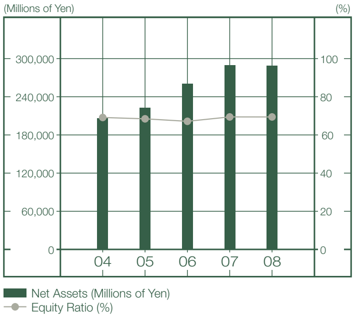
Total assets were ¥412,151 million, having decreased ¥1,618 million or 0.4% from the end of the previous fiscal year.

- Short-term investments decreased ¥19,757 million to ¥15,220 million due to liquidation of bonds and other marketable securities to meet funding needs for aggressive investment in the fiscal year under review.

Total Assets



Net Assets and Equity Ratio



- Inventories increased ¥11,021 million to ¥76,454 million partly because work-in-process of Ceramic Sensor Co., Ltd., which became a consolidated subsidiary of the Company during the year under review, was included in the inventories on the consolidated balance sheet. The increase in inventories was also attributable to the Group's strategy of strengthening manufacturing operations with the aim of expanding market share.
- A decline in share prices of investment securities held by the Company resulted in a decrease of ¥16,487 million in investment securities.
- Goodwill increased to ¥9,236 million due to acquisition of Ceramic Sensor Co., Ltd.
- Property, plant and equipment increased ¥30,929 million as a result of capital expenditures aimed at boosting production capacity for IC packages for MPUs and spark plug insulators in response to rising demand for the Group's principal products.

Total liabilities

Total liabilities amounted to ¥123,852 million, having decreased ¥940 million or 0.8% from the end of the previous fiscal year.

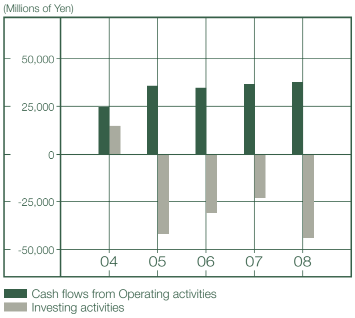
- Short-term borrowing and long-term debt increased ¥9,087 million.
  The Company raised ¥20.0 billion by issuing the third and fourth series of unsecured bonds in July 2007 in order to prepare for funding needs for capital expenditures. At the same time, the Company reduced the amount of short-term borrowings.
- Income taxes payable decreased ¥7,323 million reflecting the decline in earnings caused by the sharp appreciation of the yen in the second half of the year and increased depreciation expenses.
- Deferred tax liabilities in fixed liabilities decreased ¥7,462 million, due mainly to devaluation of available-for-sale securities.

Net assets

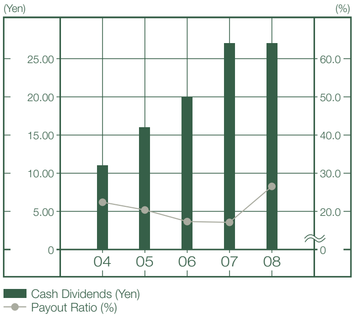
Net assets amounted to ¥288,299 million, having decreased ¥678 million or 0.2% from the end of the previous fiscal year. The main items were a ¥22,144 million increase attributable to net income, a ¥5,842 million decrease attributable to payment of dividends, a ¥4,905 million (net) and a ¥10,942 million decrease attributable to net unrealized gains on available-for-sale securities.

The equity ratio stood at 69.4%, the same level as at the end of the previous fiscal year. Net assets per share based on the number of shares issued and outstanding at the end of the fiscal year amounted to ¥1,312.72 compared with ¥1,302.52 at the end of the previous fiscal year.

Cash Flows from Operating Activities and Investing Activities



Cash Dividends and Payout Ratio



Cash Flows

Net cash and cash equivalents at March 31, 2008, were ¥31,703 million, having decreased ¥9,555 million compared with the figure at the previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operating activities increased ¥1,247 million from the previous fiscal year to ¥37,728 million. Although income before income taxes and minority interests decreased ¥18,833 million, depreciation increased ¥6,613 million and trade receivables decreased.

Cash flows from investing activities

Net cash used in investing activities increased ¥20,897 million from the previous fiscal year to ¥43,821 million. Purchases of property, plant and equipment increased ¥14,765 million to ¥51,186 million as a result of capital expenditures for construction of an integrated manufacturing plant for organic IC packages at Komaki Factory in Aichi Prefecture and a spark plug insulator plant at Kagoshima-Miyanojo Factory in Kagoshima Prefecture. In addition, the Company invested approximately ¥11,300 million (¥10,878 million on a cash flow basis) to increase its stake in a manufacturer of automobile sensors, which consequently became a subsidiary of the Company. The Company liquidated bonds and other marketable securities to satisfy funding needs for such investments.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,930 million, having decreased ¥11,112 million from ¥14,042 million for the previous fiscal year. The Company raised ¥20.0 billion (net proceeds of ¥19,894 million) through the issuance of unsecured bonds in July 2007 to satisfy funding needs for capital expenditures and reduced short-term borrowings by ¥12,006 million. Continuing from the previous fiscal year, the Company implemented a share buyback of 2.5 million shares at a cost of ¥4.8 billion, in accordance with a resolution of the Board of Directors.

Dividend Policy

The Company regards returning profits to shareholders as one of its most important management policies and will continue to meet the expectations of shareholders under the basic policy of continuing to pay stable dividends. The Company also thinks it is important to provide shareholders with returns in line with earnings. While maintaining a target dividend payout ratio of at least 20% of consolidated net income for the time being, the Company decides the amount of dividends by comprehensively taking into consideration the basic policy of paying stable dividends and of maintaining sufficient internal reserves for capital investment in research and development business expansion, rationalization of operations, and investment in other companies, which are essential to future growth. The Company recognizes the effectiveness of share buybacks for enhancing capital efficiency and intends to repurchase its shares, as necessary.

In accordance with the above policy, the Company paid dividends per share of ¥27.0 for the fiscal year ended March 2008, consisting of an interim dividend of ¥13.5 and a year-end dividend of ¥13.5. The amount of annual dividends was the same as for the previous fiscal year. In addition, the Company bought back 2.5 million shares in the market during the fiscal year under review.

Consolidated Balance Sheets

March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current assets:			
Cash and cash equivalents	**¥ 31,703**	¥ 41,258	**$ 317,030**
Short-term investments (Note 5)	**15,220**	34,977	**152,200**
Notes and accounts receivable, net of allowance for doubtful accounts (Note 3)	**61,992**	69,616	**619,920**
Inventories (Note 4)	**76,454**	65,433	**764,540**
Deferred tax assets (Note 14)	**11,347**	9,961	**113,470**
Other current assets	**2,788**	2,084	**27,880**
Total current assets	**199,504**	223,329	**1,995,040**
Investments and other assets:			
Investment securities (Note 5)	**42,974**	59,461	**429,740**
Investments in unconsolidated subsidiaries and affiliates	**3,761**	5,810	**37,610**
Goodwill	**9,236**	754	**92,360**
Deferred tax assets (Note 14)	**1,463**	1,263	**14,630**
Other assets	**5,113**	3,992	**51,130**
Allowance for doubtful accounts	**(97)**	(108)	**(970)**
Total investments and other assets	**62,450**	71,172	**624,500**
Property, plant and equipment:			
Land	**18,718**	16,847	**187,180**
Buildings and structures	**137,672**	105,898	**1,376,720**
Machinery and equipment	**240,351**	209,291	**2,403,510**
Construction in progress	**5,362**	12,639	**53,620**
Total property, plant and equipment	**402,103**	344,675	**4,021,030**
Less, accumulated depreciation	**(251,906)**	(225,407)	**(2,519,060)**
Net property, plant and equipment	**150,197**	119,268	**1,501,970**
Total assets	**¥412,151**	¥413,769	**$4,121,510**

See accompanying Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current liabilities:			
Short-term borrowings (Note 8)	**¥ 4,400**	¥ 15,468	**$ 44,000**
Current portion of long-term debt (Note 8)	**33**	39	**330**
Accounts payable (Note 7)	**45,139**	42,636	**451,390**
Accrued expenses	**15,996**	14,146	**159,960**
Income taxes payable	**3,865**	11,188	**38,650**
Deferred tax liabilities (Note 14)	**191**	199	**1,910**
Other current liabilities	**1,240**	981	**12,400**
Total current liabilities	**70,864**	84,657	**708,640**
Long-term debt (Note 8)	**36,333**	16,178	363,330
Employee retirement benefit liability (Note 9)	**14,307**	14,166	143,070
Deferred tax liabilities (Note 14)	**439**	7,901	4,390
Other long-term liabilities	**1,909**	1,890	19,090
Total liabilities	**123,852**	124,792	**1,238,520**
Commitments and contingent liabilities (Note 10 and 11)			
Net Assets (Note 13)**:**			
Shareholders' equity:			
Common stock: authorized 390,000,000 shares; issued 229,544,820 shares	**47,869**	47,869	**478,690**
Capital surplus	**55,174**	55,171	**551,740**
Retained earnings	**182,947**	166,643	**1,829,470**
Less, treasury stock at cost: 11,624,045 shares in 2008 and 9,071,938 shares in 2007	**(14,961)**	(10,053)	**(149,610)**
Total shareholders' equity	**271,029**	259,630	**2,710,290**
Accumulated gains from valuation and translation adjustments	**15,039**	27,541	**150,390**
Minority interests	**2,231**	1,806	**22,310**
Total net assets	**288,299**	288,977	**2,882,990**
Total liabilities and net assets	**¥412,151**	¥413,769	**$4,121,510**

Consolidated Statements of Income

For the Years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Operating revenue:			
Net sales (Note 15)	**¥345,584**	¥344,891	**$3,455,840**
Operating costs and expenses (Note 15)**:**			
Costs of goods sold	**262,243**	248,565	**2,622,430**
Selling, general and administrative expenses	**48,301**	43,924	**483,010**
	310,544	292,489	**3,105,440**
Operating income	**35,040**	52,402	**350,400**
Other income (expenses):			
Interest and dividend income	**2,708**	2,204	**27,080**
Interest expenses	**(610)**	(906)	**(6,100)**
Loss on sale or disposal of property, plant and equipment	**(395)**	(555)	**(3,950)**
Equity in net earnings of affiliates	**351**	482	**3,510**
Foreign exchange (loss) gain	**(2,392)**	187	**(23,920)**
Other, net	**(150)**	(429)	**(1,500)**
	(488)	983	**(4,880)**
Income before income taxes and minority interests	**34,552**	53,385	**345,520**
Income taxes:			
Current	**13,444**	21,080	**134,440**
Deferred	**(1,497)**	(2,012)	**(14,970)**
Total income taxes	**11,947**	19,068	**119,470**
Income before minority interests	**22,605**	34,317	**226,050**
Less, minority interests in net income of consolidated subsidiaries	**461**	244	**4,610**
Net income	**¥ 22,144**	¥ 34,073	**$ 221,440**

	Yen		U.S. Dollars
Per share:			
Net income:			
-Basic	**¥ 100.93**	¥ 154.24	**$ 1.01**
-Diluted	**95.80**	146.44	**0.96**
Cash dividends (Note 13)	**27.00**	27.00	**0.27**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

For the Years ended March 31, 2008 and 2007

		Shareholders' equity					Accumulated gains from valuation and translation adjustment				
	Number of common shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total Accumulated gains from valuation and translation adjustments	Minority interests	Total net assets
					Millions of Yen						
Balance at March 31, 2006	229,544,820	¥47,869	¥55,167	¥138,203	¥ (6,454)	¥234,785	¥27,832	¥(3,404)	¥ 24,428	¥1,553	¥260,766
Net income for the year	—	—	—	34,073	—	34,073	—	—	—	—	34,073
Cash dividends	—	—	—	(5,530)	—	(5,530)	—	—	—	—	(5,530)
Bonuses to directors and corporate auditors	—	—	—	(103)	—	(103)	—	—	—	—	(103)
Purchases of treasury stock and fractional shares, net of sales	—	—	4	—	(3,599)	(3,595)	—	—	—	—	(3,595)
Net changes other than shareholders' equity for the year	—	—	—	—	—	—	(994)	4,107	3,113	253	3,366
Balance at March 31, 2007	229,544,820	47,869	55,171	166,643	(10,053)	259,630	26,838	703	27,541	1,806	288,977
Net income for the year	—	—	—	22,144	—	22,144	—	—	—	—	22,144
Cash dividends	—	—	—	(5,842)	—	(5,842)	—	—	—	—	(5,842)
Increase in retained earnings through changes in scope of consolidation	—	—	—	2	—	2	—	—	—	—	2
Purchases of treasury stock and fractional shares, net of sales	—	—	3	—	(4,908)	(4,905)	—	—	—	—	(4,905)
Net changes other than shareholders' equity for the year	—	—	—	—	—	—	(10,942)	(1,560)	(12,502)	425	(12,077)
Balance at March 31, 2008	**229,544,820**	**¥47,869**	**¥55,174**	**¥182,947**	**¥(14,961)**	**¥271,029**	**¥15,896**	**¥ (857)**	**¥15,039**	**¥2,231**	**¥288,299**
					Thousands of U.S. Dollars						
Balance at March 31, 2007		$478,690	$551,710	$1,666,430	$(100,530)	$2,596,300	$268,380	$7,030	$275,410	$18,060	$2,889,770
Net income for the year		—	—	221,440	—	221,440	—	—	—	—	221,440
Cash dividends		—	—	(58,420)	—	(58,420)	—	—	—	—	(58,420)
Increase in retained earnings through changes in scope of consolidation		—	—	20	—	20	—	—	—	—	20
Purchases of treasury stock and fractional shares, net of sales		—	30	—	(49,080)	(49,050)	—	—	—	—	(49,050)
Net changes other than shareholders' equity for the year		—	—	—	—	—	(109,420)	(15,600)	(125,020)	4,250	(120,770)
Balance at March 31, 2008		**$478,690**	**$551,740**	**$1,829,470**	**$(149,610)**	**$2,710,290**	**$158,960**	**$(8,570)**	**$150,390**	**$22,310**	**$2,882,990**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the Years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥34,552**	¥53,385	**$345,520**
Adjustments for:			
Depreciation	**25,474**	18,861	**254,740**
Loss on sale or disposal of property, plant and equipment	**395**	555	**3,950**
Equity in net earnings of affiliates	**(351)**	(482)	**(3,510)**
Decrease (increase) in trade receivables	**4,250**	(5,920)	**42,500**
Increase in inventories	**(11,051)**	(11,929)	**(110,510)**
Increase in trade payables	**3,964**	2,433	**39,640**
Other, net	**(1,134)**	(1,008)	**(11,340)**
Sub-total	**56,099**	55,895	**560,990**
Interest and dividend received	**2,790**	2,171	**27,900**
Interest paid	**(544)**	(909)	**(5,440)**
Income taxes paid	**(20,617)**	(20,676)	**(206,170)**
Net cash provided by operating activities	**37,728**	36,481	**377,280**
Cash flows from investing activities:			
Increase in property, plant and equipment	**(51,186)**	(36,421)	**(511,860)**
Increase in investments in subsidiaries (Note 6)	**(10,878)**	(563)	**(108,780)**
Increase in long-term investments	**(4,008)**	(845)	**(40,080)**
Decrease in long-term investments	**57**	3,101	**570**
Net decrease in short-term investments	**23,379**	12,426	**233,790**
Other, net	**(1,185)**	(622)	**(11,850)**
Net cash used in investing activities	**(43,821)**	(22,924)	**(438,210)**
Cash flows from financing activities:			
Issuance of long-term debt	**19,894**	—	**198,940**
Repayment of long-term debt	**(5)**	(10,000)	**(50)**
Net (decrease) increase in short-term borrowings	**(12,006)**	4,943	**(120,060)**
Dividends paid	**(5,828)**	(5,527)	**(58,280)**
Purchase of treasury stock and fractional shares, net of sales	**(4,904)**	(3,595)	**(49,040)**
Other, net	**(81)**	137	**(810)**
Net cash used in financing activities	**(2,930)**	(14,042)	**(29,300)**
Effect of exchange rate changes on cash and cash equivalents	**(628)**	(1,561)	**(6,280)**
Net decrease in cash and cash equivalents	**(9,651)**	(2,046)	**(96,510)**
Cash and cash equivalents at beginning of year	**41,258**	43,304	**412,580**
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	**96**	—	**960**
Cash and cash equivalents at end of year	**¥31,703**	¥41,258	**$317,030**

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of NGK SPARK PLUG CO., LTD. (the "Company") and its consolidated subsidiaries (together with the Company, the "NGK Spark Plug Group") have been prepared in accordance with the provisions set forth in the Financial Instrument and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instrument and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at March 31, 2008, which was ¥100 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in significant unconsolidated subsidiaries and affiliates are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost. All inter-company transactions and accounts have been eliminated. The differences between the cost of investments in subsidiaries and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition are principally deferred as goodwill or negative goodwill and amortized over the estimated useful life on a straight-line basis. The goodwill or negative goodwill is generally amortized over 5 years. However, the goodwill resulting from the acquisition of Ceramic Sensor Co., Ltd. ("Ceramic Sensor"), measured by the excess of the acquisition cost over the underlying equity in the net assets, is being amortized over 10 years.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2008 and 2007 was as follows:

	2008	2007
Consolidated subsidiaries:		
Domestic	**11**	10
Overseas	**25**	23
Unconsolidated subsidiaries, stated at cost	**1**	3
Affiliates, accounted for by the equity method	**2**	3
Affiliates, stated at cost	**5**	5

The Company's overseas consolidated subsidiaries close their books at December 31 every year, three months earlier than the Company and the domestic consolidated subsidiaries. The Company has consolidated such subsidiaries' financial statements as of their year-end. Significant transactions for the period between the overseas consolidated subsidiaries' year-ends and the Company's year-end are adjusted on consolidation.

Overseas consolidated subsidiaries adopt accounting principles generally accepted in their respective countries, and no adjustments to conform to accounting principles generally accepted in Japan have been made to their financial statements on consolidation as allowed under accounting principles and practices generally accepted in Japan.

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

Effective from the year ended March 31, 2007, the NGK Spark Plug Group adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan ("ASBJ")), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (ASBJ Guidance No. 8).

The consolidated balance sheets prepared in accordance with the new standards comprise three sections, which are the assets, liabilities and net assets sections. The consolidated balance sheet reported pursuant to the previous presentation rules comprises the assets, liabilities, minority interests and shareholders' equity sections. Under the new standards, the following items are presented differently from the previous reporting. Under the previous presentation rules, companies were required to present minority interests between the non-current liabilities and the shareholders' equity sections. If the previous accounting method had been applied for the consolidated balance sheet at March 31, 2007, shareholders' equity would have amounted to ¥287,171 million.

(c) Cash equivalents

The NGK Spark Plug Group considers cash equivalents to be highly liquid debt instruments purchased with an original maturity of three months or less.

(d) Investments and marketable securities

The NGK Spark Plug Group classifies certain investments in debt and equity securities as "held-to-maturity", "trading" or "available-for-sale", whose classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Marketable securities with market quotations for available-for-sale securities are stated at fair value and net unrealized gains or losses on these securities are reported as a component of net assets, net of applicable income taxes. Gains and losses on disposal of marketable securities are computed by the moving average method. Non-marketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving average method. Adjustments in carrying values of individual investment securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(e) Accounting for derivatives

Derivative instruments are valued at fair value, if hedge accounting is not appropriate or where there is no hedging designation, and the gains or losses on derivatives are recognized in the current earnings.

(f) Inventories

ASBJ issued "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9), which is effective for the fiscal year beginning on or after April 1, 2008, with earlier adoption permitted. The Company and its domestic consolidated subsidiaries have adopted this new standard effective from the current year ended March 31, 2008. Until the year ended March 31, 2007, inventories were principally stated at moving average cost, and the loss on disposal of inventories were recorded as other expenses in the accompanying consolidated statements of income. From the year ended March 31, 2008, inventories are stated at acquisition cost modified by recognizing write-downs below cost to net selling value of inventories, regarded as the decreased profitability of assets, whose write-downs are included in cost of sales. Inventories are principally valued using the moving average method. As a result of this accounting change, operating income and income before income taxes and minority interests for the year ended March 31, 2008 decreased by ¥3,109 million ($31,090 thousand) and ¥2,830 million ($28,300 thousand), respectively, as compared with the previous accounting method.

(g) Allowance for doubtful accounts

Allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit losses based on the individual review of doubtful or troubled receivables and a general reserve for other receivables calculated based on the historical loss experience for a certain past period.

(h) Property, plant and equipment and depreciation

Property, plant and equipment, including significant renewals and additions, are stated at cost. Until the year ended March 31, 2007, property and equipment were depreciated principally by the straight-line method for the overseas consolidated subsidiaries and by the declining balance method for the Company and its domestic consolidated subsidiaries at rates based on the estimated useful life of the asset. Effective April 1, 2007, the Company and its domestic consolidated subsidiaries changed the depreciation method for buildings to the straight-line method. This accounting change resulted from seeking better cost allocation over the long-term and the stable utilization of property. In addition, in accordance with the amendment of the Corporation Tax Law of Japan, effective for the fiscal year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on and after April 1, 2007, except for buildings, to the declining balance method pursuant to the amended Corporation Tax Law of Japan. The Company also revised the estimated useful life of equipment for IC-package production to shorten one-year estimate in order to catch up with the innovation in semiconductor technology. As a result of these changes, operating income and income before income tax and minority interests for the year ended March 31, 2008 decreased by ¥1,040 million ($10,400 thousand) and ¥1,041 million ($10,410 thousand), respectively, as compared with the previous accounting method.

(i) Leases

Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property of the Company and its domestic consolidated subsidiaries is not capitalized and the related rental and lease expenses are charged to income as incurred as accepted by the "Opinion Concerning Accounting Standard for Leases" issued by the Business Accounting Council of Japan ("BACJ") and the related practical guidelines issued by the Japanese Institute of Certified Public Accountants ("JICPA").

(j) Accounting standard for impairment of fixed assets

The Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Impairment of Fixed Assets" issued by BACJ and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment loss shall be recognized in the income statement by reducing the carrying amount of the impaired assets or a group of assets to the recoverable amount measured as the higher of the asset's net selling price or value in use. Fixed assets include land, plants, buildings and other forms of property, as well as intangible assets, and are to be grouped at the lowest level for which there are identifiable cash flows from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets of the NGK Spark Plug Group are grouped into cash generating units based on the managerial accounting classification other than idle or unused property.

(k) Employee retirement benefits

Employees who terminate their service with the NGK Spark Plug Group are entitled to retirement benefits generally determined by basic rates of pay at the time of retirement, length of service and conditions under which the termination occurs.

In accordance with the accounting standard for employee retirement benefits, the NGK Spark Plug Group has principally recognized the retirement benefits including pension cost and the related liability based on actuarial present value of projected benefit obligation using actuarial appraisal approach and the pension plan assets available for benefits at the respective fiscal year-ends. Unrecognized actuarial differences as changes in the projected benefit obligation or pension plan assets resulting from the experience different from that assumed and from changes in assumptions are amortized on a straight-line basis over ten years that represents a specific period not exceeding the average remaining service period of employees from the next year in which they arise.

During the year ended March 31, 2008, the Company shifted from a non-contributory pension plan to a defined benefit corporate pension fund plan and recorded past service cost resulting from this shift. Past service cost is amortized on a straight-line basis over ten years, a period within the average remaining service period of the employees.

(l) Accrued severance indemnities for directors and corporate auditors

The NGK Spark Plug Group had a severance indemnities benefit plan for directors and corporate auditors, which is subject to the approval of the shareholders. At the annual general meeting of shareholders held on June 27, 2008, the shareholders of the Company approved the termination of the severance indemnities benefit plan. The Company planned to pay severance indemnities benefits granted prior to the current shareholders' meeting date to directors and corporate auditors who were reelected at the shareholders' meeting on their future retirement dates. Until the year ended March 31, 2008, the NGK Spark Plug Group provided for the full amount of the liabilities for directors' and corporate auditors' severance indemnities at the respective balance sheet dates. At March 31, 2008 and 2007, other long-term liabilities in the accompanying consolidated balance sheets included these accruals for directors and corporate auditors in the amounts of ¥789 million ($7,890 thousand) and ¥741 million, respectively.

(m) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at exchange rates at the fiscal year-ends. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains or losses are included in current earnings.

For financial statement items of overseas consolidated subsidiaries, all asset and liability accounts are translated into Japanese yen by applying the exchange rates in effect at the respective fiscal year-ends. All income and expense accounts are translated at the average rates of exchange prevailing during each year. Translation differences, after allocating portions attributable to minority interests, are reported in foreign currency translation adjustments as a component of net assets in the accompanying consolidated balance sheets.

(n) Research and development expenses

Expenses related to research and development activities are charged to income as incurred. Research and development expenses relate to a wide range of NGK Spark Plug Group's activities, including basic and applied research for material development and other themes, the plan or design of new products or processes, activities to significantly improve existing products or processes, and the daily improvement of existing products. For the years ended March 31, 2008 and 2007, research and development expenses aggregated ¥17,445 million ($174,450 thousand) and ¥16,253 million, respectively. These amounts included research and development activities for basic or applied research and the development of new products or processes in the amounts of ¥2,973 million ($29,730 thousand) and ¥2,842 million at March 31, 2008 and 2007, respectively, which were recorded as general and administrative expenses. The remaining expenses were recorded as manufacturing costs for the respective years in the accompanying consolidated statements of income.

(o) Bond issue costs

Bond issue costs are charged to income when incurred.

(p) Income taxes

Income taxes are accounted for by the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes enactment date.

(q) Enterprise taxes
The NGK Spark Plug Group records enterprise taxes calculated based on the "added value" and "capital" amounts when levied as size-based corporate taxes for local government enterprise taxes, which are included in selling, general and administrative expenses.

(r) Accounting standard for directors' bonus
From the year ended March 31, 2007, the NGK Spark Plug Group has adopted "Accounting Standard for Directors' Bonus (ASBJ Statement No. 4)" issued by ASBJ on November 29, 2005. The standard requires that directors' bonuses, including those for corporate auditors, be accounted for as an expense in the accounting period in which such bonuses accrued. Until the year ended March 31, 2006, bonuses to directors and corporate auditors were recorded as a part of the appropriation of retained earnings in the fiscal year when a proposed appropriation of retained earnings for directors and corporate auditors' bonuses was approved by the Board of Directors and shareholders. As a result, as the NGK Spark Plug Group has accrued such bonus, operating income and income before income taxes and minority interests decreased by ¥113 million for the year ended March 31, 2007, respectively, as compared with the previous accounting method.

(s) Appropriation of retained earnings
Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders. See Note 2(r) for the accounting for bonuses to directors and corporate auditors.

(t) Accounting standard for business combinations
BACJ issued "Accounting Standard for Business Combinations" on October 31, 2003, and ASBJ issued "Accounting Standard for Business Divestitures (ASBJ Statement No.7)" and implementation guidance "Guidance on Accounting Standard for Business Combinations and Accounting Standard on Business Divestitures (ASBJ Guidance No. 10)" on December 27, 2005, which are applied for the year beginning on April 1, 2006. The NGK Spark Plug Group has adopted these standards from the year ended March 31, 2007. As a result, although operating income decreased by ¥21 million, there was no effect on income before income taxes and minority interests for the year ended March 31, 2007, as compared with the previous accounting method. The difference between the cost of investments and the fair value of acquired net assets is shown as goodwill or negative goodwill in the consolidated financial statements for the year ended March 31, 2007 in accordance with the revised disclosure regulations. At March 31, 2008 and 2007, respectively, goodwill of ¥9,236 million ($92,360 thousand) and ¥754 million, and negative goodwill of ¥32 million ($320 thousand) and ¥53 million were recorded in the accompanying consolidated balance sheets.

(u) Per share data
Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the year. Diluted net income per share is computed assuming convertible bonds were converted at the time of issue unless having anti-dilutive effects. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared by the Company as applicable to the respective year.

3. Notes and Accounts Receivable

At March 31, 2008 and 2007, notes and accounts receivable consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Trade receivables	**¥53,522**	¥59,609	**$535,220**
Unconsolidated subsidiaries and affiliates	**2,611**	5,239	**26,110**
Other	**6,347**	5,071	**63,470**
Less, allowance for doubtful accounts	**(488)**	(303)	**(4,880)**
	¥61,992	¥69,616	**$619,920**

4. Inventories

At March 31, 2008 and 2007, inventories consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Finished goods	**¥44,614**	¥41,083	**$446,140**
Work-in-process	**23,186**	17,493	**231,860**
Raw materials	**8,654**	6,857	**86,540**
	¥76,454	¥65,433	**$764,540**

5. Investments

At March 31, 2008 and 2007, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Marketable securities:			
Bonds	**¥ 5,996**	¥11,744	**$ 59,960**
Other	**200**	3,000	**2,000**
	6,196	14,744	**61,960**
Other non-marketable securities	**468**	39	**4,680**
Time deposits and certificates of deposits with an original maturity of more than three months	**8,556**	20,194	**85,560**
	¥15,220	¥34,977	**$152,200**

At March 31, 2008 and 2007, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Marketable securities:			
Equity securities	**¥39,657**	¥56,075	**$396,570**
Bonds	**2,496**	2,502	**24,960**
	42,153	58,577	**421,530**
Other non-marketable securities	**821**	884	**8,210**
	¥42,974	¥59,461	**$429,740**

Marketable securities are classified as available-for-sale and are stated at fair value with unrealized gains and losses excluded from current earnings and reported as a net amount within the net assets account until realized. At March 31, 2008 and 2007, gross unrealized gains and losses for marketable securities were summarized as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Millions of Yen			
At March 31, 2008:				
Marketable securities:				
Equity securities	**¥12,855**	**¥27,341**	**¥(539)**	**¥39,657**
Bonds	**8,509**	**—**	**(17)**	**8,492**
Other	**200**	**—**	**—**	**200**
	¥21,564	**¥27,341**	**¥(556)**	**¥48,349**
At March 31, 2007:				
Marketable securities:				
Equity securities	¥10,870	¥45,205	¥ —	¥56,075
Bonds	14,285	3	(42)	14,246
Other	2,999	1	—	3,000
	¥28,154	¥45,209	¥(42)	¥73,321

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
	Thousands of U.S. Dollars			
At March 31, 2008:				
Marketable securities:				
Equity securities	**$128,550**	**$273,410**	**$(5,390)**	**$396,570**
Bonds	**85,090**	**—**	**(170)**	**84,920**
Other	**2,000**	**—**	**—**	**2,000**
	$215,640	**$273,410**	**$(5,560)**	**$483,490**

Expected maturities of available-for-sale debt securities at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥6,234	$62,340
Due after one year through five years	45	450
Due after five years through ten years	1,500	15,000
Due after ten years	—	—
	¥7,779	$77,790

6. New Consolidated Subsidiary

During the year ended March 31, 2008, the Company acquired an additional 50% interest in the issued and outstanding shares of common stock of Ceramic Sensor, which was a 50% owned affiliate previously accounted for by the equity method. The Company has consolidated its accounts since September 30, 2007. A summary of the assets and liabilities of Ceramic Sensor was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 6,578	$ 65,780
Non-current assets	2,762	27,620
Goodwill	9,166	91,660
Current liabilities	(4,839)	(48,390)
Non-current liabilities	(233)	(2,330)
Investments previously accounted for by the equity method	(2,134)	(21,340)
Acquisition cost newly acquired for the period	11,300	113,000
Cash and cash equivalents held by Ceramic Sensor	(422)	(4,220)
Increase in investments in subsidiaries presented on the accompanying consolidated statements of cash flows	¥10,878	$108,780

7. Accounts Payable

At March 31, 2008 and 2007, accounts payable consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Trade payables	**¥31,343**	¥29,209	**$313,430**
Unconsolidated subsidiaries and affiliates	**141**	3,610	**1,410**
Other	**13,655**	9,817	**136,550**
	¥45,139	¥42,636	**$451,390**

8. Short-term Borrowings and Long-term Debt

At March 31, 2008 and 2007, short-term borrowings consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Unsecured bank loans with interest at rates ranging from 1.145% to 13.0% per annum at March 31, 2008	¥ 967	¥ 787	$ 9,670
Export bills accepted by overseas consolidated subsidiaries and discounted with banks by the Company with interest at rates ranging from 1.88% to 5.75% per annum at March 31, 2008	3,433	14,681	34,330
	¥4,400	¥15,468	$44,000

At March 31, 2008 and 2007, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Zero coupon convertible bonds with stock acquisition rights due March 2011	¥16,099	¥16,099	$160,990
1.65% unsecured bonds due July 2012	10,000	—	100,000
1.85% unsecured bonds due July 2014	10,000	—	100,000
Unsecured bank loans due through 2010 with interest at rate 1.52% per annum at March 31, 2008	200	—	2,000
Capital lease obligations for overseas consolidated subsidiaries	67	118	670
	36,366	16,217	363,660
Less, current portion	(33)	(39)	(330)
	¥36,333	¥16,178	$363,330

The current conversion price of zero coupon convertible bonds due March 2011 is ¥1,369 per share and is subject to adjustment in certain circumstances, including in the event of a stock split. At March 31, 2008, the number of shares of common stock necessary for conversion of all convertible bonds outstanding was approximately 12 million.

As is customary in Japan, substantially all bank borrowings are subject to general agreements which provide, among other things, that the banks may, under certain circumstances, request additional security for these loans and may treat any security so furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness. The banks have never requested the Company or its subsidiaries to submit such additional security. Also, as is customary in Japan, the Company and certain of its subsidiaries may have time deposits with the banks from which they have short-term and long-term borrowings. However, there are no agreements with any banks, which would require maintaining such deposits.

The aggregate annual maturities of long-term debt at March 31, 2008 were as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 33	$ 330
2010	234	2,340
2011	16,099	160,990
2012	—	—
2013	10,000	100,000
Thereafter	10,000	100,000
	¥36,366	$363,660

9. Employee Retirement Benefits

The Company has a lump-sum retirement benefit plan and has also established a defined benefit pension plan, which covers 80% of retirement benefits for employees of the Company who retire at the compulsory retirement age after ten years or more of service. Some of the Company's domestic consolidated subsidiaries have similar retirement benefit plans. Some of the overseas consolidated subsidiaries have defined contribution plans.

The following table reconciles the benefit liability and net periodic retirement benefit expense as at or for the years ended March 31, 2008 and 2007:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Reconciliation of benefit liability:			
Projected benefit obligation	¥46,799	¥44,454	$467,990
Less, fair value of pension plan assets at end of year	(26,664)	(30,530)	(266,640)
Projected benefit obligation in excess of pension plan assets	20,135	13,924	201,350
Unrecognized actuarial differences	(5,717)	242	(57,170)
Unrecognized past service cost	(111)	—	(1,110)
Net amounts of employee retirement benefit liability recognized on the consolidated balance sheets	¥14,307	¥14,166	$143,070

Note: Projected benefit obligation of the domestic consolidated subsidiaries was calculated using the simplified calculation method as permitted by the accounting standard for employee retirement benefits.

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Components of net periodic retirement benefit expense:			
Service cost	¥2,404	¥2,164	$24,040
Interest cost	834	807	8,340
Expected return on pension plan assets	(652)	(479)	(6,520)
Recognized actuarial differences	230	68	2,300
Amortization of past service cost	10	—	100
Net periodic retirement benefit expense	¥2,826	¥2,560	$28,260

Major assumptions used in the calculation of the above information for the years ended March 31, 2008 and 2007 were as follows:

	2008	2007
Method attributing the projected benefits to periods of services	**Straight-line method**	Straight-line method
Discount rate	**2.0%**	2.0%
Expected rate of return on pension plan assets	**2.5%**	2.0%
Amortization of actuarial differences	**10 years**	10 years
Amortization of past service cost	**10 years**	—

10. Lease Commitments

The Company and its domestic consolidated subsidiaries have entered into various rental and lease agreements as lessee. Lease agreements for buildings are generally cancelable with a few months advance notice. Lease agreement for computer equipment, other office machines and vehicles are not usually cancelable for 12 months to 84 months from the original contract date. As disclosed in Note 2(i), the leased property of the Company and its domestic consolidated subsidiaries under such non-cancelable lease agreements categorized as financing leases is not capitalized, and the related rental and lease expenses are charged to income as incurred as accepted by the current accounting standard for leases.

Total rental and lease expenses including cancelable and non-cancelable leases for the years ended March 31, 2008 and 2007 were ¥3,605 million ($36,050 thousand) and ¥3,248 million, respectively. For the years ended March 31, 2008 and 2007, lease expenses for non-cancelable lease agreements categorized as financing leases amounted to ¥897 million ($8,970 thousand) and ¥981 million, respectively.

The aggregate future minimum payments for non-cancelable operating leases and financing leases, including the imputed interest portion, at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Financing leases:			
Due within one year	**¥ 813**	¥ 736	**$ 8,130**
Due after one year	**1,301**	1,170	**13,010**
	¥2,114	¥1,906	**$21,140**

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Operating leases:			
Due within one year	**¥101**	¥—	**$1,010**
Due after one year	**566**	—	**5,660**
	¥667	¥—	**$6,670**

11. Contingent Liabilities

At March 31, 2008 and 2007, contingent liabilities in respect of trade notes discounted with banks with recourse in the ordinary course of business and guarantees of indebtedness principally of employees aggregated ¥505 million ($5,050 thousand) and ¥664 million, respectively.

12. Derivative Instruments

The NGK Spark Plug Group is a party to derivative instruments such as foreign currency forward exchange contracts in the normal course of business to reduce its own exposure to fluctuation in exchange rates principally for hedge purposes. These exposures include certain anticipated export sales or import purchases. The NGK Spark Plug Group is exposed to credit loss in the event of non-performance by the other parties. However, the NGK Spark Plug Group does not expect non-performance by the counterparties, as the counterparties of the derivative transactions are limited to major banks with a relatively high credit rating.

At March 31, 2008 and 2007, derivative instruments which were stated at fair value and recognized for valuation gains and losses as current earnings, other than those to which hedge accounting was applied, were summarized as follows:

	Notional principal or contract amounts	Fair value	Valuation gains/(losses)
	Millions of Yen		
At March 31, 2008:			
Foreign exchange contracts:			
Forward	**¥14,204**	**¥13,597**	**¥607**
Currency option written to buy	**626**	**9**	**(1)**
Currency option purchased to sell	**316**	**4**	**(4)**
At March 31, 2007:			
Foreign exchange contracts:			
Forward	¥24,993	¥24,886	¥107
	Thousands of U.S. Dollars		
At March 31, 2008:			
Foreign exchange contracts:			
Forward	**$142,040**	**$135,970**	**$6,070**
Currency option written to buy	**6,260**	**90**	**(10)**
Currency option purchased to sell	**3,160**	**40**	**(40)**

13. Net Assets

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the former Japanese Commercial Code. The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

At March 31, 2008 and 2007, respectively, capital surplus principally consisted of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥5,838 million ($58,380 thousand) at March 31, 2008 and 2007, respectively.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

During the year ended March 31, 2008, the Company paid interim dividends of ¥13.50 per share. In addition, on May 9, 2008, the cash dividends for appropriations of retained earnings amounting to ¥2,942 million ($29,420 thousand), ¥13.50 per share, were resolved by the Board of Directors of the Company. Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2008 but are recognized in the period in which they are paid.

During the year ended March 31, 2008 and 2007, respectively, the Company purchased 2,500,000 shares and 1,500,000 shares of treasury stock of the Company based on the resolution of the Board of Directors under the Law (formerly the Japanese Commercial Code) in the amounts of ¥4,800 million ($48,000 thousand) and ¥3,446 million, respectively.

14. Income Taxes

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred tax assets:			
Inter-company profits	**¥ 3,766**	¥ 3,681	**$ 37,660**
Depreciation	**5,460**	5,162	**54,600**
Employee retirement benefit liability	**6,039**	5,950	**60,390**
Accrued expenses	**4,466**	3,933	**44,660**
Inventories	**2,821**	1,178	**28,210**
Enterprise tax accruals	**343**	874	**3,430**
Other	**1,661**	1,716	**16,610**
Less, valuation allowance	**(393)**	(233)	**(3,930)**
	24,163	22,261	**241,630**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**10,865**	18,332	**108,650**
Accelerated depreciation	**518**	382	**5,180**
Other	**600**	423	**6,000**
	11,983	19,137	**119,830**
Net deferred tax assets	**¥12,180**	¥ 3,124	**$121,800**

At March 31, 2008 and 2007, deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred tax assets:			
Current	**¥11,347**	¥9,961	**$113,470**
Non-current	**1,463**	1,263	**14,630**
Deferred tax liabilities:			
Current	**191**	199	**1,910**
Non-current	**439**	7,901	**4,390**

In assessing the realizability of deferred tax assets, management of the NGK Spark Plug Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2008 and 2007, a valuation allowance was provided to reduce deferred tax assets to the extent that management believes the deferred tax assets to be realizable.

Reconciliation of the differences between the Japanese statutory effective tax rate and the actual effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 was as follows:

	Percentage of pre-tax income 2008	2007
Japanese statutory effective tax rate	**40.5%**	40.5%
Increase (decrease) due to:		
Permanently non-deductible expenses	**0.8**	0.7
Tax exempt income	**(0.9)**	(0.5)
Tax credit for research and development expenses	**(4.5)**	(3.0)
Differences between Japanese and foreign tax rates	**(2.1)**	(1.5)
Other	**0.8**	(0.5)
Actual effective income tax rate	**34.6%**	35.7%

15. Segment Information

The NGK Spark Plug Group's operations are classified into three segments, automotive components segment, communication media components and technical ceramics segment and other segment. Automotive components segment is composed of those operations involved in the manufacture and sale of spark plugs, glow plugs, automotive sensors and other products for automobiles. Communication media components and technical ceramics segment is principally involved in the manufacture and sale of IC-Packages, electronic components, cutting tools and ceramic products for industrial applications.

Information by industry segment for the years ended March 31, 2008 and 2007 was as follows:

	Automotive components	Communication media components and technical ceramics	Other	Total	Elimination	Consolidated
			Millions of Yen			
For the year 2008:						
Operating revenue - net sales:						
External customers	**¥209,394**	**¥130,946**	**¥5,244**	**¥345,584**	**¥ —**	**¥345,584**
Intersegment sales	**—**	**—**	**109**	**109**	**(109)**	**—**
Total net sales	**209,394**	**130,946**	**5,353**	**345,693**	**(109)**	**345,584**
Operating costs and expenses	**173,284**	**132,107**	**5,262**	**310,653**	**(109)**	**310,544**
Operating income (loss)	**¥36,110**	**¥(1,161)**	**¥91**	**¥35,040**	**¥ —**	**¥35,040**
Identifiable assets	**¥264,699**	**¥146,107**	**¥1,345**	**¥412,151**	**¥ —**	**¥412,151**
Depreciation	**13,037**	**12,422**	**15**	**25,474**	**—**	**25,474**
Capital expenditures	**24,840**	**38,268**	**123**	**63,231**	**—**	**63,231**
For the year 2007:						
Operating revenue - net sales:						
External customers	¥185,601	¥154,447	¥4,843	¥344,891	¥ —	¥344,891
Intersegment sales	—	—	94	94	(94)	—
Total net sales	185,601	154,447	4,937	344,985	(94)	344,891
Operating costs and expenses	152,401	135,284	4,898	292,583	(94)	292,489
Operating income	¥ 33,200	¥ 19,163	¥ 39	¥ 52,402	¥ —	¥ 52,402
Identifiable assets	¥244,769	¥167,301	¥1,699	¥413,769	¥ —	¥413,769
Depreciation	10,587	8,259	15	18,861	—	18,861
Capital expenditures	17,668	11,411	192	29,271	—	29,271
			Thousands of U.S. Dollars			
For the year 2008:						
Operating revenue - net sales:						
External customers	**$2,093,940**	**$1,309,460**	**$52,440**	**$3,455,840**	**$ —**	**$3,455,840**
Intersegment sales	**—**	**—**	**1,090**	**1,090**	**(1,090)**	**—**
Total net sales	**2,093,940**	**1,309,460**	**53,530**	**3,456,930**	**(1,090)**	**3,455,840**
Operating costs and expenses	**1,732,840**	**1,321,070**	**52,620**	**3,106,530**	**(1,090)**	**3,105,440**
Operating income (loss)	**$ 361,100**	**$ (11,610)**	**$ 910**	**$ 350,400**	**$ —**	**$ 350,400**
Identifiable assets	**$2,646,990**	**$1,461,070**	**$13,450**	**$4,121,510**	**$ —**	**$4,121,510**
Depreciation	**130,370**	**124,220**	**150**	**254,740**	**—**	**254,740**
Capital expenditures	**248,400**	**382,680**	**1,230**	**632,310**	**—**	**632,310**

Note: 1. As disclosed in Note 2(f), from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for measurement of inventories. As a result, operating income for the year ended March 31, 2008 decreased by ¥881 million ($8,810 thousand) in automotive components segment and ¥2,228 million ($22,280 thousand) in communication media components and technical ceramics segment, as compared with the previous accounting method.

2. As disclosed in Note 2(h), from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the depreciation method and revised the estimated useful life for equipment for IC-package production. As a result, operating income for the year ended March 31, 2008 decreased by ¥158 million ($1,580 thousand) in automotive components segment, decreased by ¥883 million ($8,830 thousand) in communication media components and technical ceramics segment and increased by ¥1 million yen ($10 thousand) in other segment, as compared with the previous accounting method.

Information summarized by geographic area for the years ended March 31, 2008 and 2007 was as follows:

	Japan	North America	Europe	Other	Total	Elimination	Consolidated
	Millions of Yen						
For the year 2008:							
Operating revenue - net sales:							
External customers	**¥149,200**	**¥85,267**	**¥67,560**	**¥43,557**	**¥345,584**	**¥ —**	**¥345,584**
Intersegment sales	**145,846**	**983**	**864**	**1,585**	**149,278**	**(149,278)**	**—**
Total net sales	**295,046**	**86,250**	**68,424**	**45,142**	**494,862**	**(149,278)**	**345,584**
Operating costs and expenses	**273,484**	**83,949**	**64,626**	**39,343**	**461,402**	**(150,858)**	**310,544**
Operating income	**¥ 21,562**	**¥ 2,301**	**¥ 3,798**	**¥ 5,799**	**¥ 33,460**	**¥ 1,580**	**¥ 35,040**
Identifiable assets	**¥335,862**	**¥32,794**	**¥33,712**	**¥41,141**	**¥443,509**	**¥ (31,358)**	**¥412,151**
For the year 2007:							
Operating revenue - net sales:							
External customers	¥149,433	¥105,955	¥57,683	¥31,820	¥344,891	¥ —	¥344,891
Intersegment sales	157,260	863	1,323	1,045	160,491	(160,491)	—
Total net sales	306,693	106,818	59,006	32,865	505,382	(160,491)	344,891
Operating costs and expenses	262,173	104,270	55,835	29,314	451,592	(159,103)	292,489
Operating income	¥ 44,520	¥ 2,548	¥ 3,171	¥ 3,551	¥ 53,790	¥ (1,388)	¥ 52,402
Identifiable assets	¥334,789	¥ 44,364	¥33,665	¥32,040	¥444,858	¥ (31,089)	¥413,769
	Thousands of U.S. Dollars						
For the year 2008:							
Operating revenue - net sales:							
External customers	**$1,492,000**	**$852,670**	**$675,600**	**$435,570**	**$3,455,840**	**$ —**	**$3,455,840**
Intersegment sales	**1,458,460**	**9,830**	**8,640**	**15,850**	**1,492,780**	**(1,492,780)**	**—**
Total net sales	**2,950,460**	**862,500**	**684,240**	**451,420**	**4,948,620**	**(1,492,780)**	**3,455,840**
Operating costs and expenses	**2,734,840**	**839,490**	**646,260**	**393,430**	**4,614,020**	**(1,508,580)**	**3,105,440**
Operating income	**$ 215,620**	**$ 23,010**	**$ 37,980**	**$ 57,990**	**$ 334,600**	**$ 15,800**	**$ 350,400**
Identifiable assets	**$3,358,620**	**$327,940**	**$337,120**	**$411,410**	**$4,435,090**	**$ (313,580)**	**$4,121,510**

Note: 1. As disclosed in Note 2(f), from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for measurement of inventories. As a result, operating income for the year ended March 31, 2008 decreased by ¥3,109 million ($31,090 thousand) in Japan segment, as compared with the previous accounting method.

2. As disclosed in Note 2(h), from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the depreciation method and revised the estimated useful lives of equipment for IC-package production. As a result, operating income for the year ended March 31, 2008 decreased by ¥1,040 million ($10,400 thousand) in Japan segment, as compared with the previous accounting method.

For the years ended March 31, 2008 and 2007, overseas sales which included export sales from Japan and net sales of overseas consolidated subsidiaries other than Japan were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
North America	**¥138,792**	¥156,160	**$1,387,920**
Europe	**68,186**	59,177	**681,860**
Asia	**39,537**	34,775	**395,370**
Other area	**35,054**	28,447	**350,540**
	¥281,569	¥278,559	**$2,815,690**
Percentage of overseas sales to total consolidated net sales	**81.5%**	80.8%	

Independent Auditors' Report

To the Board of Directors of
NGK SPARK PLUG CO., LTD.

We have audited the accompanying consolidated balance sheet of NGK SPARK PLUG CO., LTD. (the "Company") and its consolidated subsidiaries (the "NGK Spark Plug Group") as of March 31, 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the NGK Spark Plug Group's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of the NGK Spark Plug Group as of March 31, 2007, were audited by other auditors who have ceased operations and whose report dated June 28, 2007, expressed an unqualified opinion on those statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the NGK Spark Plug Group as of March 31, 2008, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
(1) As discussed in Note 2(f) to the consolidated financial statements, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for measurement of inventories effective from the year ended March 31, 2008.
(2) As discussed in Note 2(h) to the consolidated financial statements, the Company and its domestic consolidated subsidiaries changed the depreciation method for buildings effective from the year ended March 31, 2008.

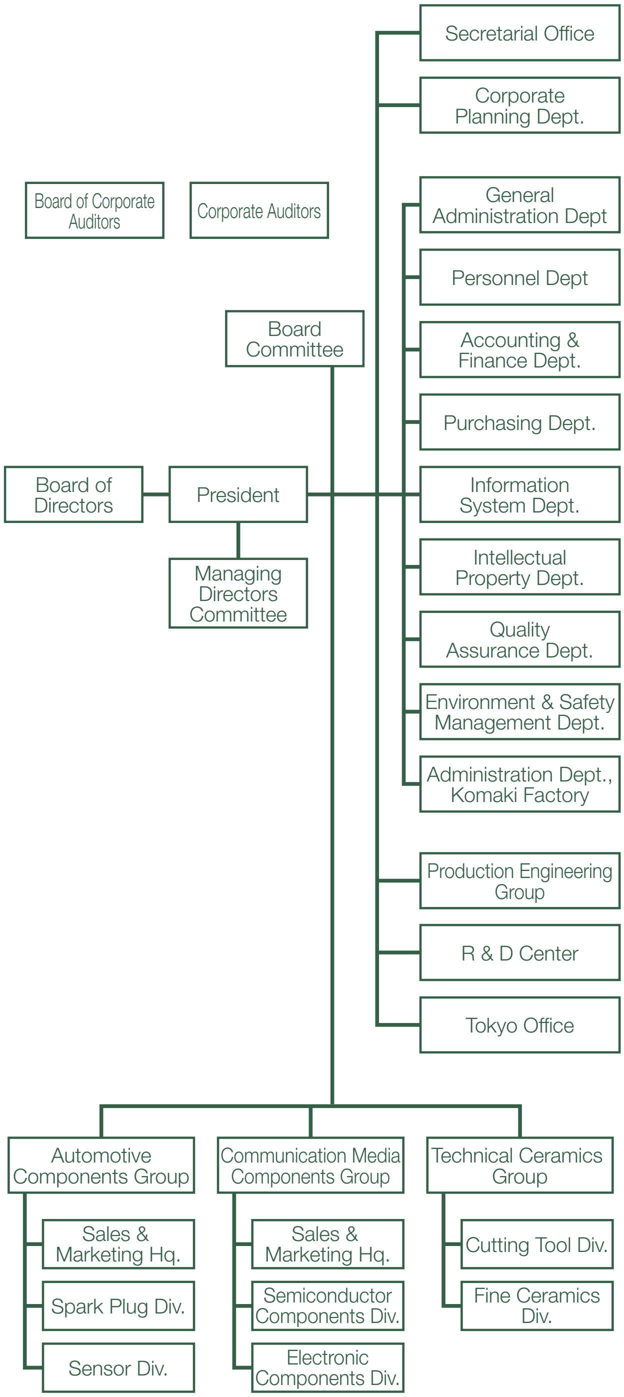
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

KPMG AZSA & Co.
Nagoya, Japan
June 27, 2008

Organization

(As of June 27, 2008)



Board of Directors

(As of June 27, 2008)

President,
Chief Executive Officer

Norio Kato*

Executive Vice President

Genjiro Hashimoto*
Naomiki Kato*

Senior Managing Directors

Kazuo Kawahara
Michio Obara

Managing Directors

Hideaki Yagi
Junichi Kagawa
Yasuhiro Iwata
Masami Kawashita

Directors

Tsuneo Ito
Tessho Yamada
Katsuhiko Sumida
Seiji Nimura
Yo Tajima
Masahiko Yamada
Norio Teranishi
Shinji Shibagaki
Takafumi Oshima
Shinichi Odo
Shogo Kawajiri
Junichiro Suzuki
Takeshi Nakagawa

Standing Corporate Auditors

Tsutomu Kawamitsu
Masami Asai

Corporate Auditors

Kunihiro Inoue
Shigehisa Sao

*Representative Director

Corporate Data

(As of March 31, 2008)

NGK SPARK PLUG CO., LTD.

Head Office
14-18 Takatsuji-cho, Mizuho-ku, Nagoya, 467-8525, Japan
http://www.ngkntk.co.jp

Established
October 1936

Common Shares
Authorized: 390,000,000
Issued: 229,544,820

Paid-in-Capital
¥47,869 million

Stock Listings
Tokyo Stock Exchange, 1st Section
Nagoya Stock Exchange, 1st Section

Number of Employees
Consolidated: 11,599
Non-Consolidated: 5,882

Number of Shareholders
12,681

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation

Independent Auditors
KPMG AZSA & Co.

Common Stock Price Range

	FY2008	
	High	Low
April-June 2007	¥2,290	¥1,824
July-September 2007	2,235	1,612
October-December 2007	2,030	1,728
January-March 2008	1,956	1,255

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS

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Printed in Japan