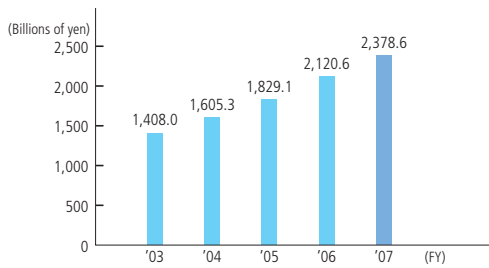




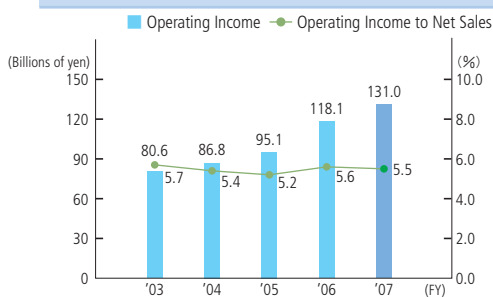
Firmly Forging a Solid Foundation to Become the Top Global Brand

President Yasuhito Yamauchi

Net Sales



Operating Income/Operating Income to Net Sales



Results of Operations for Fiscal 2007 and Forecast for Fiscal 2008

In the fiscal year ended March 31, 2007 (fiscal 2007), net sales amounted to ¥2,378,612 million, an increase of 12.2% from the previous fiscal year. We were able to double net sales in a five-year period as a result of the increased number of vehicles produced by our major customers, but I believe this was also due in large part to the excellent potential of AISIN.

Despite continuous high prices for raw materials, chiefly aluminum, Group-wide efforts to streamline enabled us to overcome this challenge to secure an increase in operating income.

Operating income to net sales remained flat due chiefly to an increase in forward-looking investments such as R&D and capital investments both in Japan and overseas over the past several years. Moving forward, however, we hope the seeds we have sown will start to bear fruit and eventually reap the harvest. Concurrently, quality and cost must be properly addressed in our efforts to construct a rock-solid earnings base.

Looking ahead to the fiscal year ending March 31, 2008, we forecast net sales of ¥2,500,000 million and operating income of ¥135,000 million. To ensure a continued increase in revenues for the mid- to long-term, we must undertake efforts to improve earnings. At the same time, we believe it is important to take strategic measures for the future, including investments in R&D and human resources development. This is why even amid difficult circumstances we should not put off forward-looking investments from a mid- to long-term perspective.

With the goal of substantially surpassing net sales of ¥3 trillion in the early 2010s, we will work to accelerate activities directed toward realizing new growth.

Solidifying Our Foundation for the Mid- to Long-term

In realizing further growth as a global company, we have to thoroughly solidify the foundation for corporate activities in the areas of quality, cost and human resources development. Without a firm foundation for corporate activities, it is difficult to build a secure future. Given this, the proper execution of duties is the basis of all business activities, and we will place top priority on improving unparalleled quality and cost and nurturing human resources.

Message from Top Management

We are working to attain unparalleled quality and cost from the dual perspectives of design quality and production quality. Regarding design quality, to raise the degree of completion from the blueprint stage, we established the PD (Perfect Design) Promotion Department in January 2007. As for production quality, in our drive to develop a “perfect manufacturing line” that produces only defect-free products, we are working on the development of self-conclusion (automatic completion) of the process that ensures quality is incorporated within the process.

As an organization, it is crucial to be on the alert for problems arising at work sites and thoroughly visualize the various aspects of such problems. To that end, we have restructured production plant and design organizations by reducing the number of members in a team that one manager or supervisor has to oversee, thereby enabling closely supervised management and sufficient daily communication.

AISIN has always placed a strong emphasis on nurturing human resources with world-class skills. To further accelerate activities in this area, we established the HR Development Center, which became operational in April 2007. In addition to offering training in the fundamental principles and rules of manufacturing, we aim to systematically nurture personnel who can take active roles in the global arena through education that includes respective areas of expertise and management skills. Operating as a common platform for the entire Group, this facility is also actively accepting trainees from overseas subsidiaries and Group companies in Japan.

To forge a solid foundation, it is also essential to strengthen our earnings base on a global level. In fiscal 2007, AISIN newly established or launched operations at nine locations, mainly in North America and China. In this way, we are aggressively working to strengthen our long-term overseas production capacity. The reality, however, is that our earnings are still a long way off from being in line with the huge burden of initial investments. Thus, to ensure a solid earnings base, it is essential to support the autonomy of overseas operations so that we can reap the benefits of prior investments as soon as possible. We intend to thoroughly globalize production and human resources to ensure swift realization of a balanced earnings structure.



Work site meeting



Training at the HR Development Center

Accelerating Activities Directed toward Realizing New Growth

Future prospects in the business environment clearly show that business opportunities are expanding on a global scale, and now is the time to decisively tackle issues facing the foundation of our business. At the same time, it is critical to accelerate activities directed toward realizing new growth. To achieve this, it is essential to envision our own path to growth by leveraging new products developed independently by AISIN. Together with accelerating the development of system products, we need to strengthen our core technologies and *mono-zukuri* capabilities that support these products.

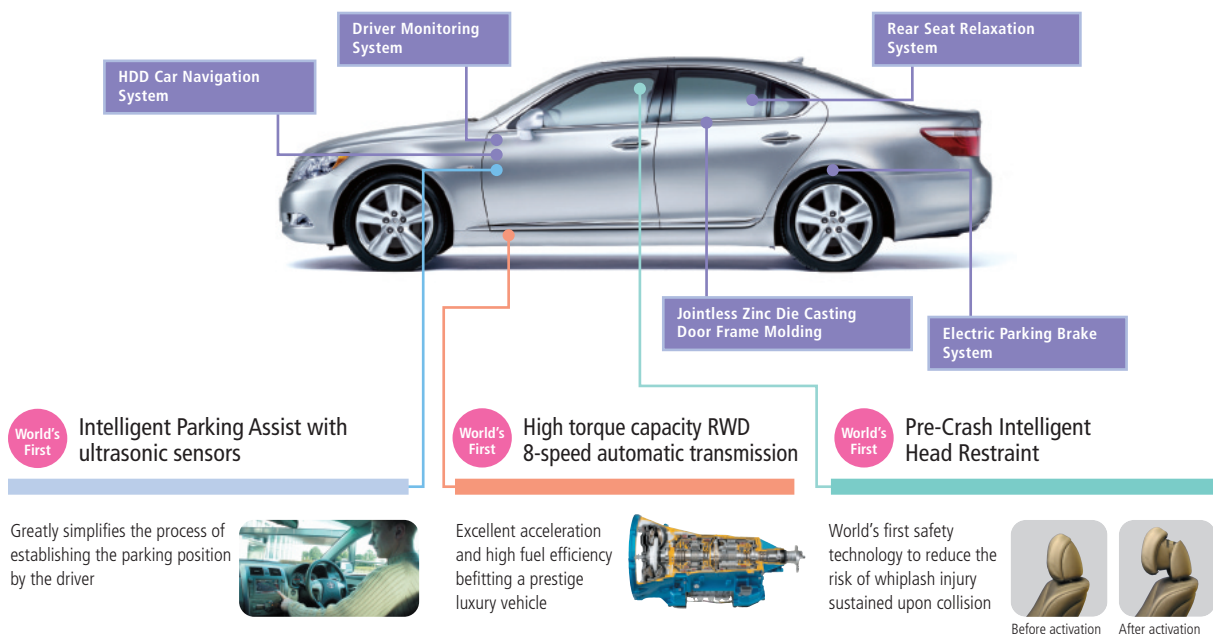
In the development of system products, AISIN's major strength lies in its extensive range of products, technologies and production processes. Whether a product is sold as a single item or as part of a system, AISIN's unmatched strength over competitors is its ability to respond flexibly to user requirements with all types of technologies and production processes regardless of the product. By combining these and developing high value-added system products that are not easily duplicated, we can become a truly strong company. In keeping with this approach, since 2006 we have been devoting significant efforts toward developing system products through Group collaboration. Specifically, we are pursuing the development of systems, including brake and chassis integration, driving support, body related systems, next-generation drivetrain and hybrid systems, all of which represent domains in which we are strongly positioned to utilize technologies cultivated to the present. Concurrently, we will mobilize the collective capabilities of the AISIN Group to ensure that we can be a leader possessing overwhelming strengths in these fields.

As a tangible example of our success to date, fiscal 2007 saw the introduction of the Lexus LS460 equipped with a variety of world's first system products representing the accumulated technologies of the AISIN Group, including the high torque capacity RWD 8-speed automatic transmission*1, Intelligent Parking Assist with ultrasonic sensors*1 and Pre-Crash Intelligent Head Restraint*2.

*1: Developed jointly with Toyota Motor Corporation

*2: Developed jointly with Toyota Motor Corporation, Toyota Boshoku Corporation and Yazaki Corporation

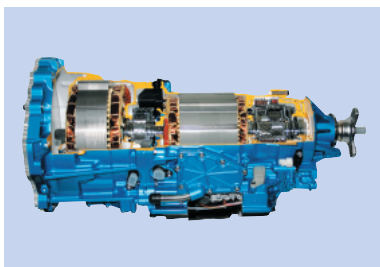
Major AISIN Products Installed on the Lexus LS460



Bolstering Cooperation to Build a Strong Corporate Group

AISIN is currently promoting Value Innovation (VI) activities to accelerate closer cooperation among all Group companies in line with its aim to become a preeminent corporate group. These activities emphasize respective areas of the “environment,” “safety” and “comfort,” and will promote the creation of new system products by mobilizing the technology and know-how of all Group companies through establishing task forces for requisite strengthening of system domains. In tandem with these efforts, we are taking innovative *mono-zukuri* measures to integrate functions such as development, production and procurement in order to dramatically reduce the cost of our core products.

It is not an exaggeration to say that the success or failure of these efforts will determine the fate of AISIN five to ten years from now. We will commit the collective strengths of the Group to VI activities so that such efforts will lead to tangible results as quickly as possible.



RWD 2-motor hybrid transmission



Tree planting in Thailand



Tree planting on Mt. Fuji

Aiming to Become a Top Environmental Player

As a company involved in the automobile industry, we are aggressively tackling problems in environmental preservation to pursue thorough environmental management in all business activities.

In terms of specific activities, AISIN is working to contribute to environmental preservation via our products by proactively pursuing not only technological development geared toward improved automobile fuel efficiency, lower weight and reduced environmental load in products but also by aggressively undertaking R&D in such eco-friendly products as residential fuel cells and solar cells.

As a means of reducing environmental load on the factory floor, we will work to eradicate the use of hazardous materials in products, while also devoting our full energies toward activities that cut down the amount of CO₂ emissions as well as realize the challenging goal of reducing waste to zero including for incinerated waste.

In addition, we are encouraging all Group employees to sustain a high level of environmental awareness, while offering a platform to actively participate in nature and environmental preservation activities.

The entire Group is united in the aim to become a top environmental player through continued and dedicated environmental activities.



Thoroughly Implementing Responsible Corporate Activities

AISIN's fundamental management stance is to actively fulfill its social responsibilities in order to contribute to the development of a sustainable society. Amid a business environment undergoing sweeping change, we, as a company trusted by the international community, are working to undertake a variety of ongoing measures, including promoting thorough compliance, strengthening corporate governance and augmenting prompt and proper disclosure.

Based on the resolution on the "Basic Policy Regarding Improvement of Internal Control System" made at the Board of Directors meeting in May 2006, we are establishing and maintaining a sound and transparent system. Accordingly, we are fully committed to improving the effectiveness and efficiency of business activities, presenting accurate financial summaries and strictly adhering to related regulations.

Moreover, so that each employee can fulfill his or her social responsibility as a respected corporate citizen, AISIN is also actively promoting a wide range of volunteer activities closely tied to local communities, chiefly through the "Sawayaka Fureai Center" (Volunteer Promoting & Health Service Center).

We will continue to listen sincerely to the comments of stakeholders and engage in discussions as a means of achieving harmony with society as a respected corporate citizen.

Striving to Become the World's Top Brand

For AISIN to become the world's top brand, each AISIN employee must behave in a responsible manner to gain the trust of society. At the same time, we must make diligent efforts in *mono-zukuri* to earn the necessary trust of society, customers and business partners. The first true demonstration of brand power is when customers believe that "AISIN products are reliable" or "if it's AISIN, you can rest assured." By solidifying our foundation, we will continue to wholeheartedly engage in *mono-zukuri*, thereby enabling us to contribute to the prosperity of society.