

NVE CORP /NEW/
Form 10-Q
October 17, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2007

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 000-12196

NVE Corporation

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or
organization)

41-1424202

(I.R.S. Employer Identification No.)

11409 Valley View Road, Eden Prairie, Minnesota

(Address of principal executive offices)

55344

(Zip Code)

(952) 829-9217

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock, \$0.01 Par Value - 4,635,183 shares outstanding as of October 12, 2007

**NVE CORPORATION
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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

NVE CORPORATION
BALANCE SHEETS
SEPTEMBER 30 AND MARCH 31, 2007

	(Unaudited)	
	Sept. 30, 2007	March 31, 2007*
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,159,314	\$ 397,423
Marketable securities, short term	1,482,194	982,415
Accounts receivable, net of allowance for uncollectible accounts of \$15,000	2,330,794	2,005,005
Inventories	2,145,163	2,016,858
Deferred tax assets	434,791	1,328,106
Prepaid expenses and other assets	1,035,310	333,587
	-----	-----
Total current assets	8,587,566	7,063,394
Fixed assets		
Machinery and equipment	4,937,848	4,458,948
Leasehold improvements	436,794	413,482
	-----	-----
	5,374,642	4,872,430
Less accumulated depreciation	4,047,854	3,834,683
	-----	-----
Net fixed assets	1,326,788	1,037,747
Marketable securities, long term	18,389,978	16,909,353
	-----	-----
Total assets	\$ 28,304,332	\$ 25,010,494
	=====	=====
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 406,795	\$ 502,595
Accrued payroll and other	422,966	590,287
Deferred revenue	110,448	29,357
	-----	-----
Total current liabilities	940,209	1,122,239
Shareholders equity		
Common stock	46,352	46,274
Additional paid-in capital	18,491,604	18,289,248
Accumulated other comprehensive loss	(42,957)	(84,282)
Retained earnings	8,869,124	5,637,015
	-----	-----
Total shareholders equity	27,364,123	23,888,255
	-----	-----
Total liabilities and shareholders equity	\$ 28,304,332	\$ 25,010,494
	=====	=====

*The March 31, 2007 Balance Sheet is derived from the audited financial statements contained in our Annual Report on Form 10-K for the year ended March 31, 2007.

See accompanying notes.

NVE CORPORATION
STATEMENTS OF INCOME
QUARTERS ENDED SEPTEMBER 30, 2007 AND 2006
(Unaudited)

	Quarter Ended	September 30
	2007	2006
	-----	-----
Revenue		
Product sales	\$ 4,311,862	\$ 3,777,060
Contract research and development	692,758	621,308
	-----	-----
Total revenue	5,004,620	4,398,368
Cost of sales	1,850,960	1,439,181
	-----	-----
Gross profit	3,153,660	2,959,187
Expenses		
Research and development	314,037	566,246
Selling, general, and administrative	575,422	535,213
	-----	-----
Total expenses	889,459	1,101,459
	-----	-----
Income from operations	2,264,201	1,857,728
Interest income	246,857	149,440
Other income	-	25,246
	-----	-----
Income before taxes	2,511,058	2,032,414
Provision for income taxes	866,284	748,943
	-----	-----
Net income	\$ 1,644,774	\$ 1,283,471
	=====	=====
Net income per share basic	\$ 0.35	\$ 0.28
	=====	=====
Net income per share diluted	\$ 0.34	\$ 0.27
	=====	=====
Weighted average shares outstanding		
Basic	4,634,442	4,616,819
Diluted	4,794,855	4,791,160

See accompanying notes.

NVE CORPORATION
STATEMENTS OF INCOME
SIX MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(Unaudited)

	Six Months Ended Sept. 30	2006
	2007	2006
Revenue		
Product sales	\$ 8,580,962	\$ 6,830,388
Contract research and development	1,132,941	1,203,175
	9,713,903	8,033,563
Total revenue		
Cost of sales	3,293,928	2,839,002
	6,419,975	5,194,561
Gross profit		
Expenses		
Research and development	821,674	1,096,858
Selling, general, and administrative	1,139,165	941,945
	1,960,839	2,038,803
Total expenses		
Income from operations	4,459,136	3,155,758
Interest income	471,378	261,346
Interest expense	-	(589)
Other income	-	25,246
	4,930,514	3,441,761
Income before taxes		
Provision for income taxes	1,698,405	1,266,484
	\$ 3,232,109	\$ 2,175,277
Net income		
Net income per share basic	\$ 0.70	\$ 0.47
Net income per share diluted	\$ 0.67	\$ 0.45
Weighted average shares outstanding		
Basic	4,632,506	4,616,704
Diluted	4,792,882	4,791,046

See accompanying notes.

NVE CORPORATION
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(Unaudited)

	Six Months Ended Sept. 30 2007	2006
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 3,232,109	\$ 2,175,277
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	240,921	259,395
Gain on sale of fixed assets	-	(25,500)
Stock-based compensation	158,410	120,036
Excess tax benefits	-	(1,102,564)
Deferred income taxes	874,643	1,222,184
Changes in operating assets and liabilities:		
Accounts receivable	(325,789)	(474,385)
Inventories	(128,305)	(98,362)
Prepaid expenses and other assets	(701,723)	(6,931)
Accounts payable and accrued expenses	(263,121)	(178,648)
Deferred revenue	81,091	(38,266)
	-----	-----
Net cash provided by operating activities	3,168,236	1,877,736
INVESTING ACTIVITIES		
Purchases of fixed assets	(515,157)	(229,976)
Maturities of investment securities	422,947	1,019,681
Purchases of investment securities	(2,358,159)	(4,663,558)
	-----	-----
Net cash used in investing activities	(2,450,369)	(3,873,853)
FINANCING ACTIVITIES		
Net proceeds from sale of common stock	44,024	1,740
Excess tax benefits	-	1,102,564
Repayment of capital lease obligations	-	(32,992)
	-----	-----
Net cash provided by financing activities	44,024	1,071,023
	-----	-----
Increase (decrease) in cash and cash equivalents	761,891	(925,094)
Cash and cash equivalents at beginning of period	397,423	1,288,362
	-----	-----
Cash and cash equivalents at end of period	\$ 1,159,314	\$ 1,696,519
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ -	\$ 589
Income taxes	\$ 1,484,313	\$ 44,300

See accompanying notes.

NOTE 5. INVENTORIES

Inventories consisted of the following:

	September 30 2007	March 31 2007
	-----	-----
Raw materials	\$ 757,918	\$ 862,440
Work-in-process	1,075,254	811,261
Finished goods	561,991	583,157
	-----	-----
	2,395,163	2,256,858
Less obsolescence reserve	(250,000)	(240,000)
	-----	-----
	\$ 2,145,163	\$ 2,016,858
	=====	=====

NOTE 6. STOCK-BASED COMPENSATION

Share-based compensation recognized under SFAS No. 123 (revised 2004), *Share-Based Payment*, was \$151,118 for the second quarter of fiscal 2008; \$117,467 for the second quarter of fiscal 2007; \$158,410 for the first six months of fiscal 2008; and \$120,036 for the first six months of fiscal 2007. We calculate the share-based compensation expense on a straight-line basis over the vesting periods of the related share-based awards.

NOTE 7. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Under SFAS No. 109, *Accounting for Income Taxes*, our stock-based compensation deductions do not reduce the provision for income taxes reported for book purposes but are credited to Additional paid-in capital. Tax provisions of nil for the six months ended September 30, 2007 and \$1,261,249 for the six months ended September 30, 2006 were credited to Additional paid-in capital.

In July 2006 the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. We adopted the provisions of FIN 48 on April 1, 2007. We recognized no material adjustment in the liability for unrecognized income tax benefits as a result of the adoption, and at the adoption date of April 1, 2007 we had no unrecognized tax benefits that would affect our effective tax rate if recognized. At September 30, 2007 we had no unrecognized tax benefits. We do not believe unrecognized tax benefits will significantly change within twelve months of the reporting date. We recognize interest and penalties related to income tax matters in income tax expense. As of April 1, 2007 we had no accrued interest related to uncertain tax positions. The tax years 2003 through 2006 remain open to examination by the major taxing jurisdictions to which we are subject.

NOTE 8. CONTINGENCIES

On February 10, 2006 a lawsuit was filed against NVE and certain of its current and former executive officers and directors in the U.S. District Court for the District of Minnesota by an individual shareholder seeking to represent a class of purchasers of our common stock during the period from May 22, 2003 through February 11, 2005. On March 6 and March 7, 2006, two additional lawsuits were filed in the same court by two additional NVE shareholders, with the same proposed class period, purporting to represent the same class. These lawsuits were subsequently consolidated into a single case and a consolidated complaint was filed. The consolidated complaint generally alleged that the defendants violated the Securities Exchange Act of 1934 by issuing material misrepresentations concerning NVE's projected revenues and product technology, which artificially inflated the market price of our common stock. On July 3, 2007 the U.S. District Court granted our motion to dismiss these consolidated lawsuits, with prejudice, after finding that the consolidated complaint failed to adequately plead the plaintiffs claims. Two related actions brought by individual shareholders who seek to represent NVE derivatively were filed in Hennepin County District Court. These related actions were subsequently consolidated into a single case and an amended derivative complaint was filed. The amended derivative complaint generally alleges that certain officers and directors violated their fiduciary duties to the company.

Because there is a possibility of a successful appeal by the plaintiffs and the court has yet to rule on the derivative actions, we are unable to determine the ultimate disposition of these lawsuits and have therefore not recorded a liability on our balance sheet related to these actions. We have incurred and expect to continue to incur legal expenses related to these lawsuits.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Forward-looking statements

Some of the statements made in this Report or in the documents incorporated by reference in this Report and in other materials filed or to be filed by us with the Securities and Exchange Commission (SEC) as well as information included in verbal or written statements made by us constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to the safe harbor provisions of the reform act. Forward-looking statements may be identified by the use of the terminology such as may, will, expect, anticipate, intend, believe, estimate, should, or continue, or the negatives of these terms or other variations on these words or comparable terminology. To the extent that this Report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of NVE, you should be aware that our actual financial condition, operating results and business performance may differ materially from that projected or estimated by us in the forward-looking statements. We have attempted to identify, in context, some of the factors that we currently believe may cause actual future experience and results to differ from their current expectations. These differences may be caused by a variety of factors, including but not limited to adverse economic conditions, competition including entry of new competitors, progress in research and development activities by us and others, variations in costs that are beyond our control, adverse legal proceedings, lower sales, failure of suppliers to meet our requirements, failure to obtain new customers, inability to carry out marketing and sales plans, inability to meet customer technical requirements, inability to consummate license agreements, ineligibility for SBIR awards, loss of key executives, and other specific risks that may be alluded to in this Report. Further information regarding our risks and uncertainties are contained in Part I Item 1A Risk Factors of our Annual Report on Form 10-K for the year ended March 31, 2007 as updated in Part II Item 1A of this Report.

General

NVE Corporation, referred to as NVE, we, us, or our, develops and sells devices that use spintronics, a nanotechnology that relies on electron spin rather than electron charge to acquire, store and transmit information. We manufacture high-performance spintronic products including sensors and couplers that are used to acquire and transmit data. We have also licensed our spintronic magnetoresistive random access memory technology, commonly known as MRAM.

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Quarter ended September 30, 2007 compared to quarter ended September 30, 2006

The table shown below summarizes the percentage of revenue and quarter-to-quarter changes for various items:

	Percentage of Revenue Quarter Ended Sept. 30 2007	Quarter Ended Sept. 30 2006	Quarter- to-Quarter Change
	-----	-----	-----
Revenue			
Product sales	86.2 %	85.9 %	14.2 %
Contract research and development	13.8 %	14.1 %	11.5 %
	-----	-----	
Total revenue	100.0 %	100.0 %	13.8 %
Cost of sales	37.0 %	32.7 %	28.6 %
	-----	-----	
Gross profit	63.0 %	67.3 %	6.6 %
Total expenses	17.8 %	25.1 %	(19.2) %
	-----	-----	
Income from operations	45.2 %	42.2 %	21.9 %
Net interest and other income	5.0 %	4.0 %	41.3 %
	-----	-----	
Income before taxes	50.2 %	46.2 %	23.6 %
Provision for income taxes	17.3 %	17.0 %	15.7 %
	-----	-----	
Net income	32.9 %	29.2 %	28.2 %
	=====	=====	

Total revenue for the quarter ended September 30, 2007 (the second quarter of fiscal 2008) increased 14% to \$5,004,620 compared to \$4,398,368 for the quarter ended September 30, 2006 (the second quarter of fiscal 2007). The increase was due to a 14% increase in product sales and a 12% increase in research and development revenue.

Gross profit margin decreased to 63% of revenue for the second quarter of fiscal 2008 compared to 67% for the second quarter of fiscal 2007. The decrease was primarily due to a less profitable product mix.

Research and development expense decreased 45% to \$314,037 for the second quarter of fiscal 2008 compared to \$566,246 for the second quarter of fiscal 2007. The decrease was due to the completion of certain research and development projects.

Selling, general, and administrative expense for the second quarter of fiscal 2008 increased 8% to \$575,422 compared to \$535,213 for the second quarter of fiscal 2007. The increase in selling, general, and administrative expense for the second quarter of fiscal 2008 was primarily due to a \$33,651 increase in the effect of SFAS No. 123(R) compared to the second quarter of fiscal 2007. Expense under SFAS No. 123(R) for the second quarter of fiscal 2008 was entirely due to the issuance of automatic stock options to our non-employee directors on their reelection to our Board. The increase in the effect of SFAS No. 123(R) compared to the prior-year quarter was primarily due to a higher stock price at the date of grant compared to the prior-year date of grant.

Interest income increased 65% to \$246,857 for the second quarter of fiscal 2008 compared to \$149,440 for the second quarter of fiscal 2007. The increase was primarily due to an increase in interest-bearing marketable securities.

The 28% increase in net income in the second quarter of fiscal 2008 compared to the second quarter of fiscal 2007 was due to increases in revenue, gross profit, and interest income, and a decrease in total expenses.

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Six months ended September 30, 2007 compared to six months ended September 30, 2006

The table shown below summarizes the percentage of revenue and period-to-period changes for various items:

	Percentage of Revenue		Period-
	Six Months Ended	Sept. 30	to-Period
	2007	2006	Change
	-----	-----	-----
Revenue			
Product sales	88.3 %	85.0 %	25.6 %
Contract research and development	11.7 %	15.0 %	(5.8) %
	-----	-----	
Total revenue	100.0 %	100.0 %	20.9 %
Cost of sales	33.9 %	35.3 %	16.0 %
	-----	-----	
Gross profit	66.1 %	64.7 %	23.6 %
Total expenses	20.2 %	25.4 %	(3.8) %
	-----	-----	
Income from operations	45.9 %	39.3 %	41.3 %
Net interest and other income	4.9 %	3.5 %	64.8 %
	-----	-----	
Income before taxes	50.8 %	42.8 %	43.3 %
Provision for income taxes	17.5 %	15.8 %	34.1 %
	-----	-----	
Net income	33.3 %	27.0 %	48.6 %
	=====	=====	

Total revenue for the six months ended September 30, 2007 increased 21% to \$9,713,903 compared to \$8,033,563 for the six months ended September 30, 2006. The increase was due to a 26% increase in product sales partially offset by a 6% decrease in research and development revenue.

Gross profit margin increased to 66% of revenue for the first six months of fiscal 2008 compared to 65% for the first six months of fiscal 2007. The increase was primarily due to a more favorable revenue mix consisting of a higher percentage of product sales.

Research and development expense decreased 25% to \$821,674 for the first six months of fiscal 2008 compared to \$1,096,858 for the first six months of fiscal 2007. The decrease was due to the completion of certain research and development projects.

Selling, general, and administrative expense for the first six months of fiscal 2008 increased 21% to \$1,139,165 compared to \$941,945 for the first six months of fiscal 2007. The increase was primarily due to increased expenses relating to our fiscal year-end audit including Sarbanes-Oxley Act Section 404 compliance costs, and a \$38,374 increase in the effect of SFAS No. 123(R).

Interest income increased 80% to \$471,378 for the first six months of fiscal 2008 compared to \$261,346 for the first six months of fiscal 2007. The increase was primarily due to an increase in interest-bearing marketable securities.

The 49% increase in net income in the first six months of fiscal 2008 compared to the first six months of fiscal 2007 was due to increases in revenue, gross profit, and interest income.

Liquidity and capital resources

At September 30, 2007 we had \$21,031,486 in cash plus short-term and long-term marketable securities compared to \$18,289,191 at March 31, 2007. Our entire portfolio of short-term and long-term marketable securities is classified as available for sale. The increase in cash plus marketable securities in the first six months of fiscal 2008 was primarily due to cash generated from operations partially offset by \$515,157 in purchases of fixed assets, and payments of \$1,484,313 for income taxes.

Purchases of fixed assets were \$515,157 for the first six months of fiscal 2008 compared to \$229,976 for the first six months of fiscal 2007. The purchases were primarily for capital equipment to increase our production capacity. Purchases of fixed assets were financed with cash provided by operating activities.

Cash paid for income taxes increased \$1,440,013 in the first six months of fiscal 2008 compared to the first six months of fiscal 2007 as we began paying regular income taxes in the second quarter of fiscal 2008 because our stock-based compensation deductions and tax credits were fully utilized. We did not pay cash taxes, other than Alternative Minimum Taxes, for the first six months of fiscal 2007 because of stock-based compensation deductions. Payment of cash taxes does not affect our reported net income compared to prior-year periods because we provided provisions for income taxes in prior years.

We currently believe our working capital is adequate for our needs at least for the next 12 months.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and marketable securities in a variety of securities including government and corporate obligations and money market funds. Short-term and long-term marketable securities are generally classified as available-for-sale and consequently are recorded on the balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income (loss), net of estimated tax. Marketable securities as of September 30, 2007 had remaining maturities between two weeks and 57 months. Our marketable securities had a fair market value of \$19,872,172 at September 30, 2007, representing approximately 70% of our total assets. We have not used derivative financial instruments in our investment portfolio.

Item 4. Controls and Procedures.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has performed an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act) as of the end of the period covered by this report. This evaluation included consideration of the controls, processes and procedures that are designed to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

PART II--OTHER INFORMATION

Item 1A. Risk Factors.

Other than with respect to the risk factor updated below, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007 as updated in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007. The risk factor below was disclosed on the Form 10-K, and is being updated in light of amendments to agreements with Agilent Technologies, Inc. and St. Jude Medical Inc.

We may lose revenue if we are unable to renew agreements with large customers.

A Supplier Partnering Agreement with St. Jude Medical, as amended, expires December 31, 2009 and an agreement between Agilent Technologies, Inc. and us and subsequently assigned to Avago Technologies, Inc., as amended, expires June 27, 2010. Although both agreements were amended and extended in September 2007, we cannot predict if either agreement will be renewed again, or if renewed, under what terms. Furthermore, neither agreement obligates the customer to purchase from us, and the loss of either Avago (which purchases components under the Agilent agreement) or St. Jude as customers could have a significant adverse impact on our revenue and our profitability.

Item 4. Submission of Matters to a Vote of Security Holders.

Our Annual Meeting of Shareholders was held on September 6, 2007. Proxies for the meeting were solicited pursuant to Regulation 14 under the Exchange Act. All of our directors attended the meeting. The Annual Meeting was held for the following purposes: (1) to elect five directors to serve until the next Annual Meeting of Shareholders; and (2) to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2008. There were 4,632,383 shares of common stock entitled to vote at the meeting with a majority represented at the meeting. The Board of Directors recommended a vote for election of the director nominees as listed in our proxy statement and for ratification of the selection of our independent registered public accounting firm. There was no solicitation in opposition.

Each director nominee was reelected to serve as a director until our next Annual Meeting of Shareholders. Each director nominee, Terrence W. Glarner, Daniel A. Baker, James D. Hartman, Patricia M. Hollister, and Robert H. Irish, received more than 97% of the shares voted in their favor. The selection of our independent registered public accounting firm was ratified with more than 97% of the shares voted in favor.

Item 6. Exhibits.

<u>Exhibit #</u>	<u>Description</u>
10.1+	Amendment Number 1 to Supplier Partnering Agreement dated September 6, 2007 between Pacesetter, Inc., a St. Jude Medical Company, d.b.a. St. Jude Medical Cardiac Rhythm Management Division, and the company (incorporated by reference to our Current Report on Form 8-K/A filed September 10, 2007).
10.2+	Amendment Number 2 to OEM Purchase Agreement dated September 10, 2007 to Agreement between Agilent Technologies, Inc. (and subsequently assigned to Avago Technologies, Inc.) and the company (incorporated by reference to our Exhibit 10.5 filed with our Current Report on Form 8-K/A filed September 11, 2007).
31.1	Certification by Daniel A. Baker pursuant to Rule 13a-14(a)/15d-14(a).
31.2	Certification by Curt A. Reynders pursuant to Rule 13a-14(a)/15d-14(a).
32	Certification by Daniel A. Baker and Curt A. Reynders pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

+Confidential portions of this exhibit have been deleted and filed separately with the SEC under a request for confidential treatment pursuant to Rule 24b-2 or Rule 406.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NVE CORPORATION

(Registrant)

October 17, 2007

Date

/s/ DANIEL A. BAKER

(Signature)

Daniel A. Baker

President and Chief Executive Officer

October 17, 2007

Date

/s/ CURT A. REYNDERS

(Signature)

Curt A. Reynders

Chief Financial Officer