

For New Technology Network

NTN®

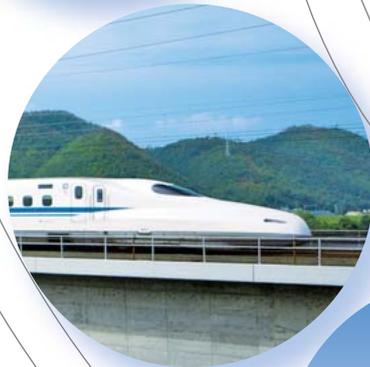


Contributing to
the Global Society
with
Cutting-edge Technologies
for the Future

NTN Report 2010

for the year ended March 31, 2010

NTN Corporation



For New Technology Network

“We shall contribute to international society through creating new technologies and developing new products.”

The directors and employees of NTN Group companies strictly adhere to Company rules of conduct and strive to be consistently fair and responsible in their business activities. Through these actions, NTN seeks to fulfill the NTN Group’s responsibility to its shareholders, as well as its customers, local communities, and other stakeholders.

Creating New Value in the Industrial Machinery Field

As one of the world’s foremost bearings manufacturers, NTN is creating new value in R&D of new products and elemental technologies in wide-ranging industrial machinery fields such as medicine and the environment, in addition to construction machinery, aircraft, railcars and wind power generation.



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Profile

NTN is a precision equipment manufacturer whose mainstay product is bearings. The Company ranks among the top in the world in bearing sales, and holds the largest share of the global market for axle bearings, automotive critical components in wheel application.

In fields other than bearings, NTN holds the second-largest global market share of constant-velocity joints (CVJs), a key component for automotive drivetrains. We are now aiming to capture the No. 1 spot in the world market.

NTN does business globally, with a five-sided sales and production network encompassing Japan, the Americas, Europe, Asia, and China. The NTN Group has approximately 18,000 employees, more than 60% of whom work overseas. Today, the ratio of overseas sales to consolidated net sales exceeds 60%.

“MONOZUKURI” (manufacturing) Starts With “HITOUZUKURI” (developing the individual)

The cornerstone of NTN as a manufacturing company is the sophisticated knowledge and skills accumulated over its 90-year history. In order to pass on this knowledge and skill to future generations as well as to refine it, NTN is strengthening personnel development globally through various programs such as its “Meister System” and “Skill Training,” thereby fostering the NTN Group’s strong competitiveness.



Since 2008, SNR Roulements (SNR), which is the No. 1 bearing manufacturer in France, has been a member of the NTN Group. This is generating further synergies and enhancing our presence in the European region.

NTN is aggressively developing business in newly emerging markets, which are achieving notable economic growth. In China, the Company has six production bases manufacturing bearings and CVJs. The Company also manufactures bearings and CVJs in India, Brazil, Romania and Thailand.

In order to respond speedily to changes in the global economic environment, NTN started a two-year medium-term-management plan, “NTN 2010 for The Next Step” in April 2009. Aiming to implement lean management that does not rely solely on business scale, NTN is strengthening its business following the fundamental principle of “technological leadership.”



Era-leading Automotive Components

NTN has its bases all around the world that develop technology to make automotive components, namely axle bearings and CVJs, for next-generation and other Electric Vehicles (EVs), to make the components more compact and lighter, and to reduce fuel consumption.

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Editorial Policy

NTN believes the active disclosure of management plans and business results, as well as its basic policy for corporate social responsibility (CSR), CSR activities, and environmental preservation initiatives, among other information, will help garner the understanding and support of all stakeholders. This inaugural “NTN Report,” which from this fiscal year combines the “Annual Report” and the “CSR Report” partly out of consideration for environmental resources, is part of this active approach to information disclosure.

Notice

This report contains forecasts and projections regarding NTN’s future plans, strategies, and business results. Please note that actual business results may vary from the projections made herein by the Company.

Financial Highlights

NTN Corporation and consolidated subsidiaries Years ended March 31

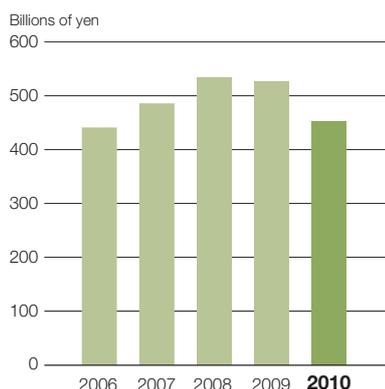
Millions of yen (except per share amounts)

	2010	2009	2008	2007	2006
FOR THE YEAR DATA					
Net sales	¥452,745	¥527,100	¥533,985	¥483,818	¥434,837
Operating income.....	1,399	9,479	49,612	46,793	37,645
Income (loss) before income taxes.....	(1,837)	(10,104)	44,313	45,170	30,370
Net income (loss).....	(2,014)	(8,985)	27,431	27,014	19,550
Capital expenditures.....	21,504	49,594	59,504	59,347	49,284
Depreciation.....	40,702	45,759	39,547	32,693	28,586
R&D costs.....	14,687	17,402	15,006	14,221	14,771
YEAR-END DATA					
Total assets.....	¥618,801	¥627,613	¥629,464	¥611,944	¥561,494
Net assets/Shareholders' equity	214,550	192,223	216,401	215,815	183,247
Number of employees	17,959	20,679	18,960	17,306	14,631
PER SHARE DATA					
Net assets.....	¥374.19	¥376.77	¥445.98	¥445.61	¥396.73
Net income (loss):					
- Basic	(4.00)	(19.14)	58.43	58.34	41.94
- Diluted	-	-	54.59	53.74	38.55
Cash dividends	8.00	13.00	19.00	16.00	11.00
OTHER INFORMATION					
Net income (loss)/Average total assets (ROA).....	(0.3%)	(1.3%)	4.4%	4.6%	3.6%
Net income (loss)/Average shareholders' equity (ROE)	(1.1%)	(4.3%)	13.1%	13.8%	11.5%
Shareholders' equity ratio.....	32.2%	28.2%	33.3%	34.2%	32.6%

U.S. dollar amounts have been converted from yen, for convenience only, using the approximate exchange rate on March 31, 2010, which was U.S.\$1 = ¥90.04.

Net sales

Billions of yen



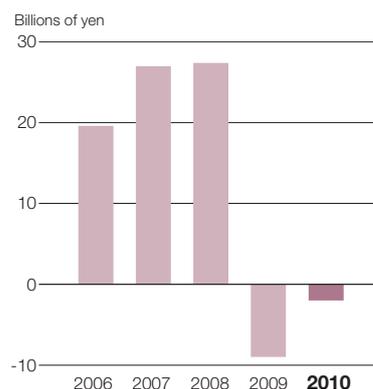
Operating income/Operating margin

Billions of yen/%



Net income (loss)

Billions of yen

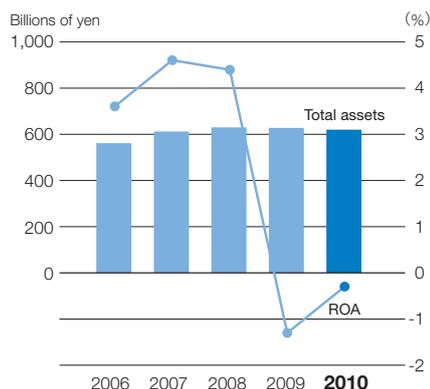


Years ended March 31

Millions of yen (except per share amounts)						Thousands of U.S. dollars (except per share amounts)
2005	2004	2003	2002	2001	2000	2010
¥388,349	¥357,394	¥342,745	¥324,339	¥340,551	¥326,474	\$4,866,144
33,201	24,709	20,785	8,140	14,335	9,675	15,037
26,586	18,181	6,198	(701)	6,888	(41,822)	(19,755)
16,740	11,032	2,657	(132)	4,289	(24,677)	(21,657)
49,670	38,092	25,264	21,088	24,123	26,013	231,127
24,870	23,979	23,838	24,400	23,402	24,122	437,468
14,952	13,543	12,255	11,706	10,618	9,779	157,857
¥516,578	¥460,341	¥467,198	¥462,895	¥478,945	¥494,677	\$6,650,924
157,952	142,487	134,928	138,532	138,625	143,874	2,306,008
12,788	11,885	11,810	11,989	12,619	12,770	
¥341.93	¥308.27	¥291.82	¥299.27	¥299.44	¥310.77	\$4.03
35.83	23.54	5.70	(0.29)	9.26	(53.30)	(0.05)
32.94	21.87	5.51	–	8.78	–	–
8.50	5.50	5.00	5.50	6.00	6.50	0.09
3.4%	2.4%	0.6%	(0.03%)	0.9%	(5.0%)	
11.1%	8.0%	1.9%	(0.1%)	3.0%	(15.6%)	
30.6%	31.0%	28.9%	29.9%	28.9%	29.1%	

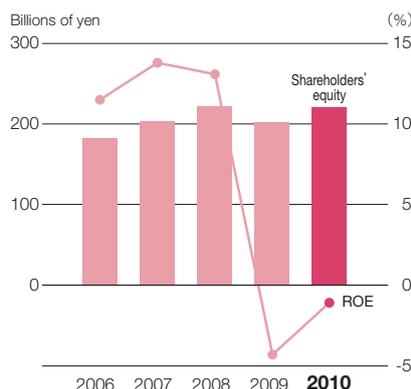
Total assets/ROA

Billions of yen/%



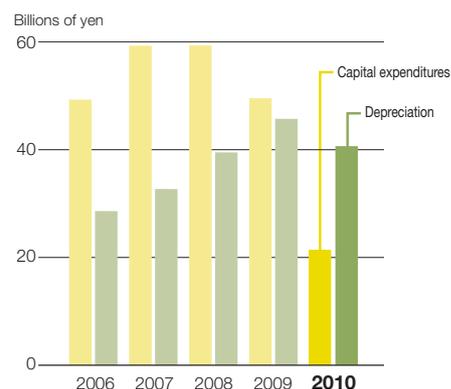
Shareholders' equity/ROE

Billions of yen/%



Capital expenditures/Depreciation

Billions of yen



Years ended March 31

To Our Stakeholders



Yasunobu Suzuki
Chairman and CEO

Hirotugu Mori
President

The Japanese economy in the business year ended March 2010 saw a steady recovery in the automotive industry thanks to the effects of economic stimulus measures, but the recovery was delayed in some areas of the manufacturing industry, with prolonged inventory adjustments, etc., and the unemployment rate was also high, demonstrating that conditions were severe overall. Among overseas economies, Asia is recovering, led by China, and while the Americas and Europe are also recovering gradually, unemployment rates remain high, as in Japan, and conditions are also severe overall.

In this environment, the NTN Group is promoting measures such as increasing sales to the industrial machinery sector and lowering costs, “aiming for operations that do not rely on business volume,” the objective of the new two-year medium-term management plan, “NTN 2010 for The Next Step,” which started in April 2009. We will strengthen our business following the fundamental principle of technological leadership, based on NTN’s corporate philosophy of “For New Technology Network”, and complete a V-shaped recovery in the business year ending March 2011, leading to new growth in the future.

NTN also positions Corporate Social Responsibility (CSR) as the foundation of its management, and will return to the roots of “MONOZUKURI” (manufacturing), re-affirming what it is that society and customers want from the perspective of society and customers, and working towards sustained development of society and the corporation as well as increased corporate value.

In our environmental protection activities as well, which the entire group is working on, we will accelerate development of eco-products based on the keywords of global environmental protection, energy conservation, and resource conservation, and speed up development of new products that respond to new needs, such as new energy sources.

We look forward to the continued support and understanding of our shareholders and stakeholders.

Yasunobu Suzuki
Chairman and CEO

Hirotugu Mori
President

Feature: Interview With the Top Management

NTN is eyeing a V-shaped recovery by reinforcing business targeting industrial machinery and other sectors.

Progress of initiatives for completing the “NTN 2010 for The Next Step” medium-term management plan and related growth strategies



Please give us a progress report on the “NTN 2010 for The Next Step” medium-term management plan, which covers the two years from April 2009.

Sales for the business year ended March 2010 were ¥452.7 billion, down 14% from the previous year.

Operating income was ¥1.4 billion, also down from the previous year. For the business year ending March 2011, we are forecasting a V-shaped recovery to sales of ¥510 billion and operating income of ¥20 billion due to a recovery in demand and the numerous measures we have taken to date, such as strengthening the industrial machinery business.

Please tell us the status of “NTN 2010 for The Next Step” measures.

We will strengthen our business following the fundamental principle of technological leadership, based on NTN’s corporate philosophy of “For New Technology Network”, taking the following steps.

Sales-related measures

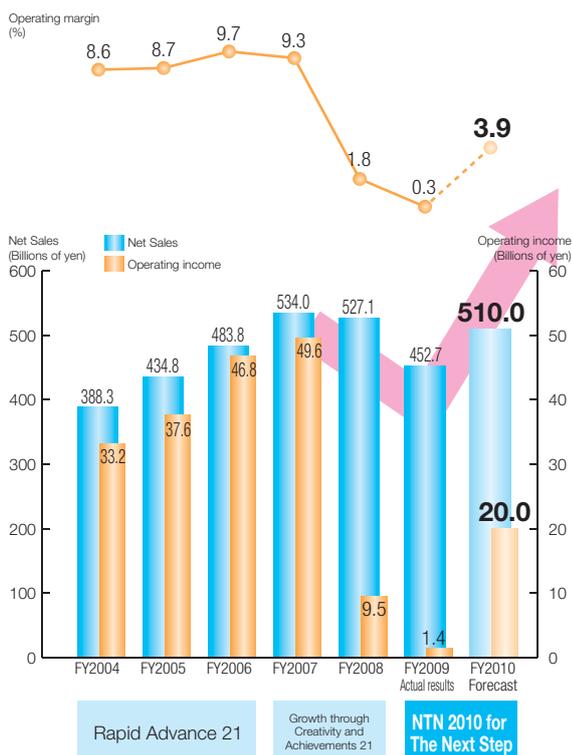
In terms of sales-related measures, we are setting up specialist teams by sector in order to increase sales to the industrial machinery and the aftermarket/distributor sectors, and strengthening sales to the wind power generation and rolling stock areas, which contribute to global environmental protection, as well as to the aircraft field. Meanwhile, in the automotive sector, we are emphasizing earnings while also conducting aggressive sales activities, especially in emerging countries.

Production-related measures

In terms of production-related measures, we are reducing inventories by shortening lead time and other measures, and lowering costs by producing at the optimal location from a global perspective, as well as boosting production capacity. With regards to large bearings for industrial machinery, we boosted production capacity in the Noto district of Ishikawa Prefecture, starting up NTN Houdatsushimizu Corporation (Ishikawa Prefecture) in October 2009 and NTN Shika Corporation (Ishikawa Prefecture) in January 2010. We also established in January 2010 a joint venture called Seohan-NTN Bearing Co., Ltd. (Gyeongju City) with Seohan Industries Co., Ltd., which has strong business ties with the Hyundai Group in South Korea, and we plan to manufacture and sell large bearings for wind turbines in South Korea for the first time from March 2011.



Signing ceremony with Seohan Industries Co., Ltd.



Feature: Interview With the Top Management



In the US, we are boosting production capacity for constant velocity joints and hub bearings in line with the recovery in demand for automotive.

R&D-related measures

In terms of R&D-related measures, we will utilize “High-Resolution Sensor Bearing” jointly developed with SNR and strengthen development of modular products for next-generation EVs, such as “Intelligent In-Wheels” to contribute to better safety, fuel economy, and reduced CO₂ emissions in automobiles. At our R&D Center for Elemental Technologies (Mie Prefecture) completed in 2009, we will delve deeper into elemental technologies and strengthen our R&D capacity for industrial machinery products.



Intelligent In-Wheel

Measures to enhance the earnings structure

As for measures to enhance the earnings structure, we are working to drastically improve asset efficiency in addition to reducing fixed costs. The Company seeks to minimize capital expenditures by enhancing the capacity utilization rate, while improving personnel cost efficiency by raising productivity through more efficient human work operations.

Q Please tell us your views on Corporate Social Responsibility (CSR).

Our declared corporate philosophy is “We shall contribute to international society through creating new technologies and developing new products” and we have positioned CSR as the foundation of our management. We will work to meet the expectations and trust of our customers, and shareholders and investors, as well as stakeholders such as suppliers, employees, and local communities.

In order to steadily fulfill our social responsibility amidst the global economic recession, we will return to the roots of “MONOZUKURI” (manufacturing), re-affirming what it is that society and customers want from their perspective, and working towards sustained development of society and the corporation as well as increased corporate value.

Q You are operating your business globally; please tell us your views on globalization.

NTN has an overseas sales ratio of 60%, but we do not look at regions overseas as merely markets to sell our products. Rather, NTN aims to become a global company with local roots ranging from manufacturing to distribution and sales.

There are various cultures, business practices, and value systems in the world, so we cannot force the “Japanese standard” onto the world, nor can we look at all countries as the same. It is becoming increasingly crucial to view the world not as one place, but with a multidimensional sense of global outlook. By respecting other cultures, we believe that mutual trust with local people will become stronger, contributing to NTN's growth.

Q Please tell us about NTN's environmental initiatives.

We have set our NTN Environmental Policy, and the entire group is working on environmental protection activities, such as reducing CO₂ emissions to prevent global warming and reducing waste products.

NTN's main products, bearings and constant velocity joints, are “Eco-products” that reduce energy loss from friction, and their use in wind power generators, which use natural energy, and rolling stock, which is a clean form of transportation, also contributes to the environment.

Meanwhile, at our manufacturing plants, we are conducting large-scale energy-conserving upgrades to utility facilities such as compressors, air conditioning, and lighting as a measure to prevent global warming, conserving energy at heat-treatment facilities by switching fuels, and introducing environmentally friendly processing methods that do not use oil, as well as compact production lines. We are also promoting effective use of natural energy when establishing new plants by introducing solar and wind power generators, and also reducing waste products through our “grinding swarf briquetting machine,” realizing plants that are friendly to the global environment.



Solar panels at NTN Mie Corp.

Please tell us about your relationships with suppliers and local communities on the environmental front.

As a measure to help our suppliers create environmental management systems, we are supporting the acquisition of "Eco-Stage," which is a simplified version of the ISO14001 standard. We also distributed "Household Eco-Account Books" to employees' families, continuing to promote energy conservation at home. We are also conducting "NTN Kigyo no mori" (NTN Corporate forest stewardship) activities as a community service, strengthening mutual exchanges with local communities while experiencing nature.



"NTN Kigyo no mori" at Iwata Works

Please tell us about NTN's policies towards new growth in the future.

We will be working on the following three important issues.

① Acceleration of business expansion in emerging countries

In emerging countries such as China, India, and Brazil, where demand for bearings is rapidly increasing in recent years, we will strengthen our business by using local materials and facilities, as well as local people, based on our philosophy of "On local ground with local materials by local personnel" and aim for significant growth. In China, we began construction of the NTN China Technical Center (Shanghai) in April 2010, and we intend to strengthen design and evaluation/testing functions to increase sales.

We will also greatly increase our local manufacturing company's capacity to produce bearings and constant velocity joints. In August 2010, we will establish a joint venture with Luoyang LYC Bearing Co., Ltd., a top-class Chinese bearing maker, to produce and sell automotive bearings as well as expand our sales network within China through a sales tie-up, and aim for sales of ¥100 billion in 2015.

Elsewhere, we began production of constant velocity joints in Romania from October 2009, and will bolster production capacity for hub bearings and begin production of constant velocity joints in Brazil in 2011. We will also increase production capacity for constant velocity joints in India in 2010.

② Strengthen business in environmental and new energy markets

In the automotive sector, next-generation EVs and environmental measures for existing automotive are awaited, and we believe that it will be important to respond to the "electrification" and "move to lower fuel consumption" for automobile. As for electrification, we are focusing on developing new technologies such as the Intelligent In-Wheel for next-generation EVs, and with regards to the move to lower fuel consumption, we will continue to focus going forward on research into making bearings used in engines, drivetrains, and suspensions smaller and lighter, with lower torque.

In the industrial machinery sector, we will focus on developing and providing sensor technology for monitoring bearing usage in response to the move to larger construction machinery and wind power generation, as well as to improve operation rates. As for rolling stock and aircraft, for which demand continues to increase due to environmental issues, we will utilize the technology and sales power of both NTN and SNR, and accelerate business activities around the world.



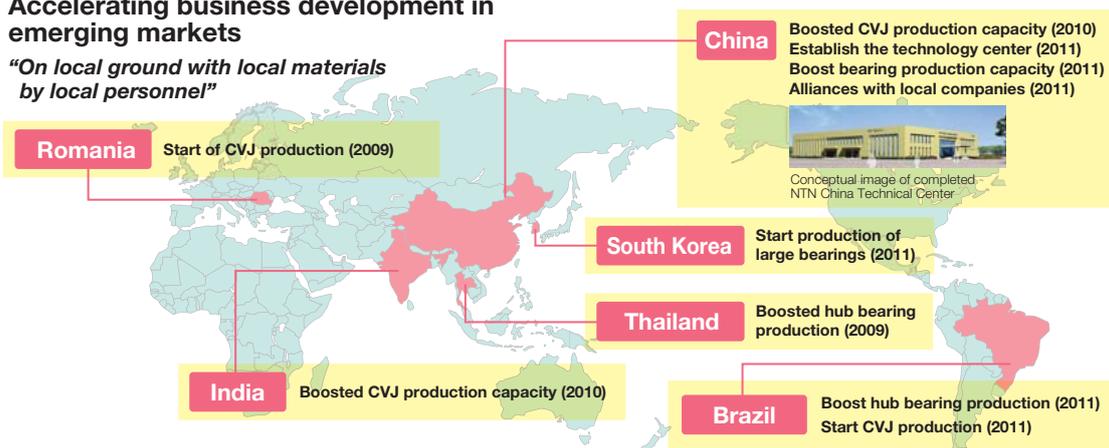
Automotive Engineering Exposition 2010 (Yokohama)

③ Strengthening response to the market through business headquarters system

We reorganized ourselves into the "Industrial Business Headquarters" and the "Automotive Business Headquarters" in February 2010. By adding the production division to the previous product headquarters organizational structure, we created a "unified sales," "technology" and "production structure," which will speed up our responses to market changes, through which we will realize expansion of sales and profits.

Accelerating business development in emerging markets

"On local ground with local materials by local personnel"



NTN is promoting the creation of mechanisms that enhance management transparency.

Basic Approach to Corporate Governance

Reinforcing and enhancing corporate governance is one of our top priorities. In addition to providing shareholders and investors with the most accurate information in a timely manner, we work to ensure greater management transparency through sound and efficient management practices.

Improving Our Corporate Governance Structure

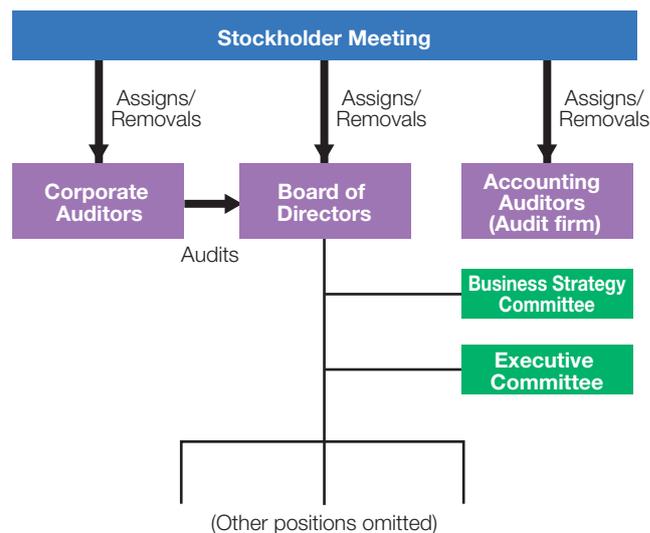
NTN employs a corporate auditor-based governance system. To reinforce its corporate governance organization, the Company is strengthening its Board of Directors and, through its corporate auditors, its management oversight organization.

Internal Control System Placement and Operation

NTN Corporation has put in place and operates internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Setting of the Standards and Practice Standards for Management Assessments and Audits Concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council in 2007. An assessment of internal control over financial reporting was conducted with

March 31, 2010, the end of the fiscal year under review, as the reference date and conformed to the assessment standards for internal control generally accepted in Japan.

Corporate Governance Structure



Board of Directors:

The role of the Board of Directors is to make decisions relating to fundamental business policies, statutory matters and important management issues, and to supervise the performance of duties by its members. The board holds regular meetings at least once per month, with extraordinary meetings also convened at any time when necessary.

Business Strategy Committee:

The Business Strategy Committee discusses fundamental business policies and important management strategies, with meetings held twice per month.

Executive Committee:

NTN introduced the Executive Officer System in fiscal 2004 to enable swift decision-making and business execution. Reviews of monthly performance are conducted by the Executive Committee, comprising Directors and Executive Officers.

Corporate Auditors:

NTN has four corporate auditors, two of whom are standing auditors (with three of the four being outside auditors). The auditors are responsible for auditing the performance of duties by members of the board. Auditors attend board meetings and express their opinions as part of their efforts to maintain and improve the transparency and fairness of the Company's management supervision system. The system is structured to enable standing auditors to participate and express their opinions during meetings of the Business Strategy and Executive committees. The corporate auditors also strive to increase the efficiency of the overall auditing process, meeting regularly to coordinate their own corporate audits, independent public auditing firm audits, and internal audits. There are no special business relationships or interests between the outside auditors and NTN.

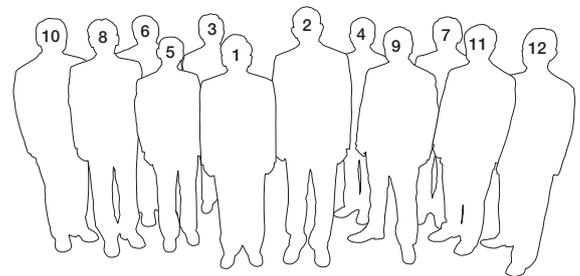
Internal Audit Department:

The Internal Audit Department is responsible for internal audits, and has been established as an independent auditing organization to audit business execution throughout the Company.

Purpose of Takeover Defense Measures

At a board meeting in 2008, the Board of Directors resolved to introduce the Policy toward Large-scale Purchases of the Company's Shares (the advance-warning type takeover defense measures). This resolution was later approved at the General Meeting held the same year. The purpose of this Policy is to preserve and enhance the corporate value and

the interests of shareholders. To this end, the Policy works to ensure that the shareholders could receive sufficient information regarding the proposed purchase, and that adequate period is secured for opportunities to sincerely negotiate the matter in good faith.



Directors

- | | | |
|---|--|---|
| 1. Chairman and CEO
Yasunobu Suzuki | 2. President
Hirotsugu Mori | |
| 3. Deputy President
Osamu Wakisaka | 4. Managing Director
Kenji Okada | 5. Managing Director
Yoshikazu Fukumura |
| 6. Director
Masashi Honma | 7. Director
Fukumatsu Kometani | 8. Director
Hitoshi Takai |
| 9. Director
Shigeyoshi Takagi | 10. Director
Yoshio Kato | 11. Director
Hironori Inoue |
| | | 12. Director
Hisaji Kawabata |

Statutory Auditors

Standing Statutory Auditors

Akio Imanishi
Mizuho Hikida

Statutory Auditors

Tadao Kagono
Norifumi Ishii

Executive Officers

Senior Executive Officer

Shoji Kido

Executive Officers

Yasunori Terada
Seiichi Konishi
Yoshinobu Yasuda
Didier SEPULCHRE DE CONDE
Toshiharu Kato
Yukiyoshi Hagimoto

Tetsuya Kondo
Takayuki Matsuo
Toru Tomiyama
Katsuhiko Iwamoto
Yoshihiro Inami
Takashi Hosoya

Tatsunobu Yasui
Hiroshi Ohkubo
Keiji Ohashi
Yoshinobu Akamatsu

CSR Promotion Structure

NTN conducts specific CSR activities based on its CSR Policy, Employee Code of Conduct, and Business Code of Conduct.

Basic Stance and Policy

In 2006, NTN formulated its “CSR Policy” based on “NTN’s Basic Policies” for implementing its corporate philosophy. NTN works to ensure that all officers and employees are familiar with this policy.

At NTN, CSR activities are designed to fulfill the Company’s accountability to stakeholders and incorporate consideration for environmental protection in corporate activities and measures to contribute fairly to society. At the same time, CSR activities aim to

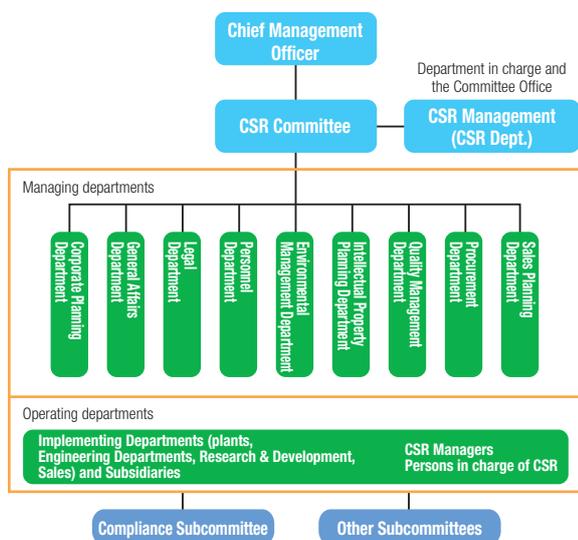
enhance not only corporate activities with an economic benefit, but those with environmental and social benefits, too.

The CSR Policy encapsulates corporate action policies toward stakeholders at the same time as corporate responsibilities to society. Officers and employees must practice corporate social responsibility in their daily activities in conformity with the CSR Policy.

NTN has also formulated the “Employee Code of Conduct” and the “Business Code of Conduct”. The Employee Code of Conduct sets out guidelines for all employees in implementing CSR activities, whereas the Business Code of Conduct sets out standards all officers and employees must adhere to in business activities.

In order to ensure CSR activities are seen as an integral element of everyday work, NTN has distributed a “CSR Guidebook” and “Response Card” to all officers and employees.

CSR Promotion Structure

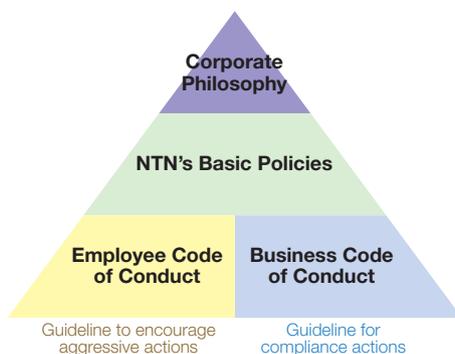


CSR Database

In January 2010, NTN built a CSR database called Everybody’s CSR, with the aim of enhancing understanding of CSR activities and raising compliance awareness. Besides containing the CSR Policy, the Employee Code of Conduct and the Business Code of Conduct, the database provides various information concerning CSR on a timely basis, including social contribution activities closely tied to regional communities at operating sites in Japan and overseas, examples of compliance violations at other companies, and a CSR glossary. In this way, NTN deepens understanding of and encourages participation in CSR activities.

CSR Policy

- 1 **Legal compliance/Policy for activities:** We shall comply with both the letter and the spirit of laws and regulations, and carry out our business activities in an open and honest manner.
- 2 **Customers:** We shall strive to develop new technologies and new products, as well as to provide safe and reliable products.
- 3 **Business partners:** We shall engage in fair and free competition, and at the same time establish excellent partnerships with our business partners.
- 4 **Stockholders/Disclosure of information:** We shall work to develop this corporation and increase stockholder return, while at the same time communicating broadly with society and actively disclosing information.
- 5 **Employees:** We shall value the individuality and diversity of our employees, work to create a safe and pleasant work place, and achieve comfort and prosperity.
- 6 **The environment:** With ample consideration to preserving the global environment and protecting the ecosystem, we shall work toward the creation of a sustainable, progressing society.
- 7 **Society:** We shall make every effort to interact meaningfully with society on a local level, and to engage in activities that contribute to society.
- 8 **International activities:** We shall, as a matter of course, obey all international rules as well as the laws of each country and each region that we operate in; we shall also respect local cultures and practices and contribute to local development.



Employee Code of Conduct

- 1 We respect social ethics and act as good members of society.
- 2 We have noble ambitions and always make efforts to brainstorm and achieve the set target.
- 3 We accept changes, have broad vision and act voluntarily.
- 4 We deepen mutual understanding and enhance the vitality of our work site.
- 5 Management and supervisors in particular, as faces of the corporation, improve their qualifications, make efforts to develop individuals, always take care of safety and show leadership.

Business Code of Conduct

- 1 Compliance with laws and norms
- 2 Pursuit of quality and safety
- 3 Compliance with the Anti-Trust Law
- 4 Fair trade with suppliers
- 5 Honoring agreements
- 6 Refusal to engage in improper conduct with business partners
- 7 Proper labeling and specification
- 8 Respect for intellectual property rights
- 9 Proper control of confidential information
- 10 Ensuring security by strengthening export controls
- 11 Compliance with industrial laws
- 12 Compliance with corporate accounting principles
- 13 Compliance with international rules
- 14 Promotion of environmental preservation
- 15 Positive contribution to society
- 16 Compliance with labor-related laws and company work rules
- 17 Realization of a safe and positive work environment
- 18 Respect for human rights
- 19 Prohibition of sexual harassment
- 20 Proper control of information about individuals
- 21 Strict distinction between public and private matters
- 22 Confronting harmful social forces
- 23 Proper utilization of our information system
- 24 Prohibition of insider trading
- 25 Self-restraint regarding entertainment and gifts
- 26 Lawful donations/political donations

Compliance Management System

NTN has the Compliance Subcommittee as an advisory body under the CSR Committee. This subcommittee is charged with comprehensively promoting and managing compliance initiatives for the entire Group.

Promotion of Compliance Education

NTN has appointed CSR managers and persons in charge of CSR in each department. CSR managers implement compliance education programs in each department that are prepared with the support of the CSR Dept.

Furthermore, as part of personnel training and development, compliance training is given to new employees and people promoted to managerial positions.

In the fiscal year ended March 31, 2010, NTN worked to strengthen compliance by offering new managers textbook-based self-learning as well as testing compliance awareness through an online e-learning* course.

*e-learning: Learning using a personal computer.

Help Line Management

NTN has established help lines (internal reporting system) as part of its compliance framework. All officers and employees of the NTN Group can use the help lines to report, ask questions and get advice directly from help desks inside and outside the organization without going through organizational channels if they discover or foresee any actions that contravene or may contravene the law, the Business Code of Conduct, or our internal rules. We also take the utmost care to protect user confidentiality and to ensure that users are not penalized. These help lines have been opened to our suppliers.

Risk Management System

NTN has formulated a "Risk Management Policy" and "Risk Management rule" for proper management to prevent risks and to quickly deal with them should they materialize. Risk is managed in an integrated manner with coordination by the Risk Management Committee.

Dealing With a New Influenza Strain

NTN quickly established a central task force in May 2009 following the worldwide outbreak in April 2009 of a new strain of influenza.

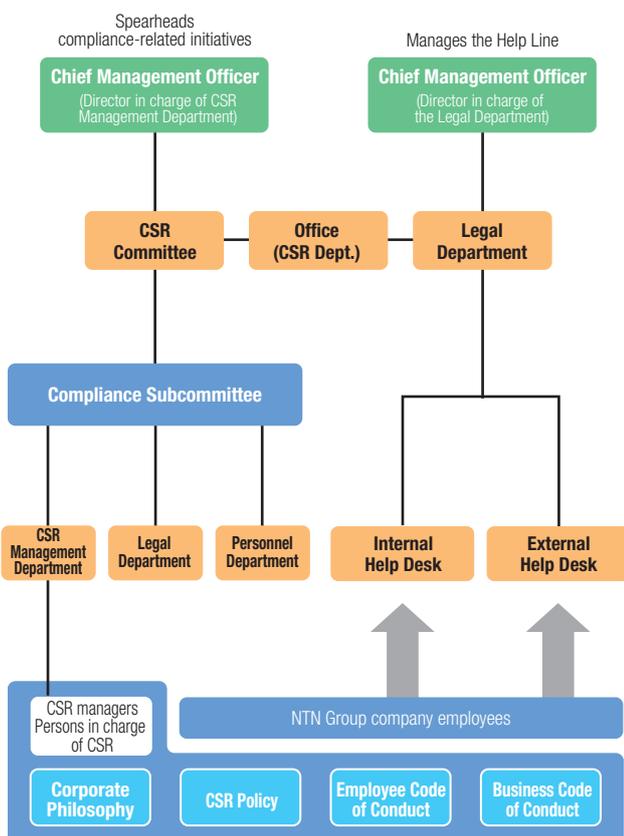
We also set up a database of measures to combat the new influenza strain on our intranet and integrated management of information about contagion at each of our bases. Other countermeasures we implemented in a timely manner included providing information on methods to prevent the spread of the disease and imposing restrictions of coming to work if infected. In addition, at 20 locations, including employees' entrances and reception areas, we installed thermographic equipment to detect visitors and employees with temperatures as a means of preventing the spread of the disease within the company.

In another initiative, we put in place a system to enable managers and other employees to work from home in the event that the spread of a virulent form of the disease made it difficult to come to the office.

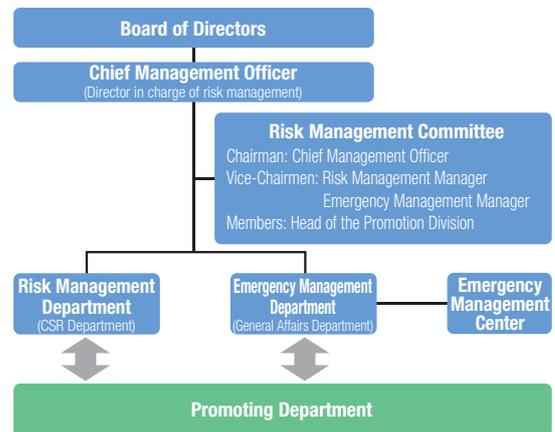


This thermographic measuring device was part of our efforts to combat the new strain of influenza.

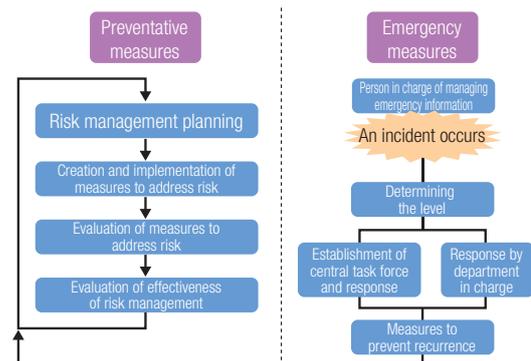
Compliance Management System



Risk Management System



Risk Management Approach



“In-depth Cultivation of Core Technologies” and “Mutually Complementary Collaboration”

The NTN Group is engaging in speedy development of new technology and product development by reinforcing efforts to create high value-added products and modules through in-depth cultivation of core technologies and collaboration with companies from other industries, academic and government organizations, and industrial clusters in Japan and abroad (open innovation). Above all, to contribute to environmental protection and energy conservation, we are devoting efforts to the pursuit of low friction and product modularization using sensors.

We will strengthen our unique products in growth fields such as aircraft, medical equipment, and wind power generation. In the aircraft sector, we are involved in projects to develop next-generation jet engines. In the medical equipment sector, we are developing leading-edge technologies in collaborations among industry, academia, and government, industry (medical engineering), including magnetically-suspended bearings for artificial hearts and a surgical support system for cerebral aneurysm coil embolization support apparatus. In the field of wind

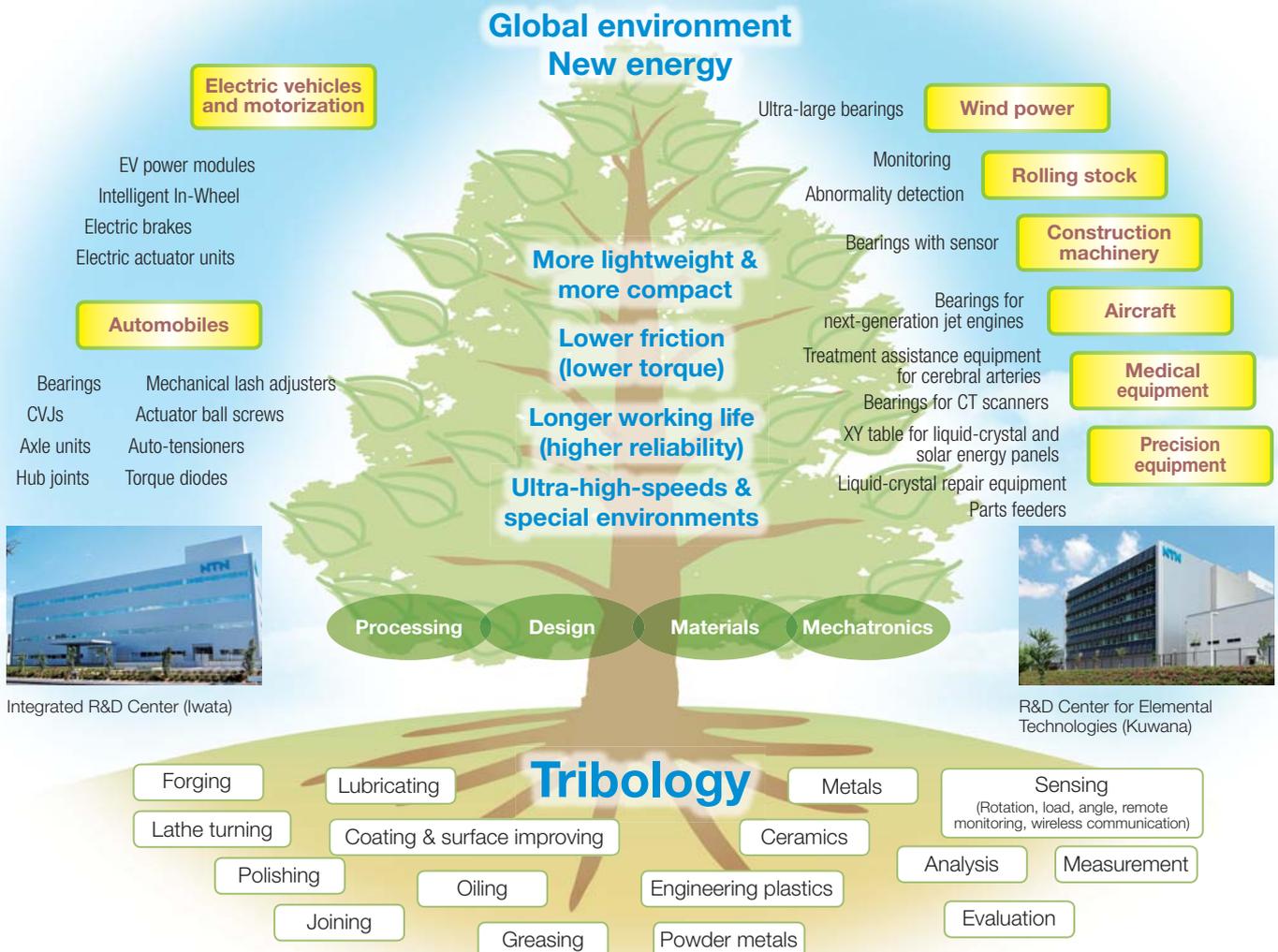
power generation, we are developing technologies to support ultra-large ocean-based wind power systems.

In the area of elemental technologies, NTN is involved in the research and development of new hybrid bearings and composite materials (tribological materials) that integrate our core technologies in powder-related fields including tribology*, metal materials, surface modification, sintered alloys, plastics, and ceramics.

In the automotive sector, we are reinforcing our response to needs for fuel economy and CO₂ emissions reduction and for next-generation HEVs (hybrid electric vehicles) as well as EVs (electric vehicles) and pursuing product development that takes into account increasing demand in developing countries. We will continue to pursue size and weight reductions and low torque in axle bearings and constant-velocity joints and carry on with development of modular products, such as Intelligent In-Wheel units for EVs and electric actuator units.

*Tribology: A science and technology that includes the study and application of mechanisms of friction, wear and lubrication.

Technology Tree for Tribology



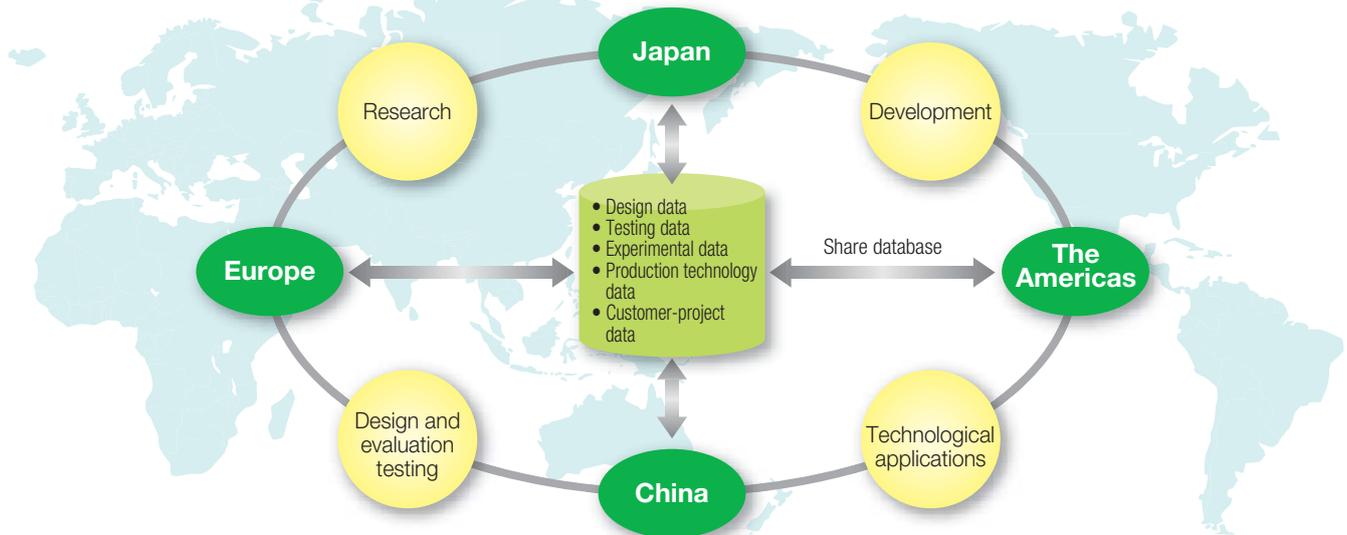
“Reinforcement of the Global Technical Development System (4 Worldwide Bases)”

In April 2010, we began construction of the “NTN China Technical Center” (in Shanghai). Completion of the new center will result in a

global technology development system centered on development bases in four locations: Japan, the Americas, Europe, and China. We will take full advantage of this system to strengthen the technical services we provide customers in growth markets, including locally based, self-contained services.

Global Technical Development System (4 Worldwide Bases)

Strengthen technical services for customers in growth markets, and strengthen local capabilities



Receipt of the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology

Mr. Chikara Ohki, a supervisor at the Elemental Technology R&D Center, received the 2010 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology for development of a high-performance bearing with enhanced crystal grain refinement, which is used mainly in automobile engines and dynamic valve mechanisms.



Receipt of the Gold Prize for Excellence in a Dissertation of the Japanese Society for NeuroEndovascular Therapy

Mr. Yoshitaka Nagano, a project manager in the Mechatronics Research Department of the New Product Development R&D Center, received the Gold Prize for Excellence in a Dissertation of the Japanese Society for NeuroEndovascular Therapy for a thesis on the development of a “Sensing system for cerebral aneurysm treatment” published jointly with representatives of the university that jointly developed the system.



Chairman Suzuki Awarded Honorary Doctorate by the Nagoya Institute of Technology

Chairman Yasunobu Suzuki has been awarded an “honorary doctorate” by the Nagoya Institute of Technology, his alma mater. Since joining NTN, Mr. Suzuki has worked to strengthen the development of products, equipment and marketing as well as significantly contributing to the expansion of overseas business through his experience in production, production technology and quality control. The Institute has recognized these achievements in their contribution to the development of human resources and educational research at the Institute. At the school’s recent entrance ceremony, Chairman Suzuki delivered a well-received address that touched on his broad range of experience.

Award ceremony: Mr. Takahashi, head of the Nagoya Institute of Technology (left) and Chairman Suzuki





First Japanese-made civilian aircraft



First Shinkansen

The history of NTN is the history of “MONOZUKURI” (manufacturing). Over the years we have constantly worked to develop new technologies and products to benefit society and support people’s way of life. Through this commitment, engrained in our DNA, we are blazing a path to the future.

NTN’s corporate philosophy is “We shall contribute to international society through creating new technologies and developing new products.” It is our goal and our duty to contribute to the realization of a more comfortable, safer, more efficient society and support and enrich people’s lives through our business activities.

Since its founding, the Company has maintained an uncompromising commitment to excellence in “MONOZUKURI.” This is because we believe that achievement of our corporate philosophy and business goals and fulfillment of our social responsibility hinges on the strong desire to create products and provide services that make the most of unique technologies and that the impetus for this is “MONOZUKURI.”

Bearings, NTN’s mainstay product, are used in wide-ranging industrial sectors, including aerospace, automobiles, industrial machinery, medical equipment, and precision equipment, and we support and enrich people’s lives with a diverse range of products. What makes this possible is the spirit of “MONOZUKURI” that has been handed down through the years as NTN’s corporate DNA. The source of NTN’s excellence in “MONOZUKURI” is a corporate culture of devising and pursuing solutions to meet the needs of society.

This spirit of “MONOZUKURI” has been passed on from generation to generation by means of original “MONOZUKURI” (personnel development) initiatives such as the Meister System and Skill Training programs. Through the “spirit of MONOZUKURI,” the unbroken tradition at the heart of our business activities, NTN is enhancing its growth potential as a company and increasing comfort, safety, and efficiency in society.

NTN Advances Hand in Hand with “MONOZUKURI”



Journal bearing for Shinkansen*

It all began with R&D to produce Japan's bearings

The history of NTN began with the pure and simple pursuit of "MONOZUKURI." In 1918, the founders began research into the production of ball bearings out of the strong desire to produce in Japan an important product that was only obtainable through import at the time. After purchasing three grinding machines and continuously engaging in test production of bearings, in 1923 they began the manufacture and sale of bearings under the NTN brand name.

A major contribution to Japan's industrial development

The bearings that the company developed and began to sell made a major contribution to Japan's industrial development, which resulted in their recommendation in 1930 as an excellent Japanese product selected by the Ministry of Industry and Commerce. In this way, the company won recognition for technologies and products worthy of government encouragement for their promotion and development of industry in Japan.

NTN bearings link Tokyo and London

In 1937, the first Japanese-made civilian aircraft flew some 15,000 kilometers between Tokyo and London. The plane's engines and fuselage were equipped with NTN bearings. The bearings that made possible the long flight were highly rated for reliability, and this accomplishment provided the momentum for the company to establish a solid position in the aircraft bearing market.

The first company to receive the Deming Prize

NTN continued to steadily evolve its "MONOZUKURI" during the post-war period of high economic growth and in 1954 became the first private-sector company to receive the Deming Prize. The Deming Prize is awarded to private-sector organizations and individuals that have made outstanding contributions to the advancement of total quality management. The prestigious award was evidence of the high reliability of the quality of NTN products.

Use in the Shinkansen, the world's fastest train

NTN bearings also played a major role in the success of the Shinkansen bullet trains that became a symbol of Japan's high economic growth. NTN participated from the very start in 1958 of development of the 0 series, the first Shinkansen trains, and our bearings contributed to the high degree of safety necessary to achieve the first-ever commercial operation at speeds exceeding 200 kilometers per hour. The proven reliability that resulted from that success has been acclaimed in Japan and overseas and has contributed to increased worldwide demand for NTN bearings for rolling stock.

Overcoming harsh conditions to blast off into space

NTN's "MONOZUKURI" extends even into the unforgiving realm of space. In response to the start of the National Space Development Agency-led project to develop the first all-Japanese rocket, in 1974 the Company began development of engine turbopump bearings. NTN boldly accepted and accomplished the incredibly difficult mission of developing bearings to enable approximately 42,000 revolutions per minute in the extreme cold of minus 253°C. As a result, a rocket equipped with NTN bearings thundered into space. Currently, NTN supplies all the bearings for the turbopump, an indispensable part of the Japanese rocket's engine.

"MONOZUKURI" continues to evolve in the medical equipment sector.

The medical equipment sector is another challenging arena in which NTN's "MONOZUKURI" continues to evolve. We developed bearings for the high-speed CT (computer tomography) scanners used in the CT scanning systems essential to the diagnosis of diseases. We have engaged in R&D of magnetically-suspended bearings for artificial hearts (a joint development with Kyoto University and Terumo Corporation) since the 1990s, and an artificial heart equipped with NTN bearings went on sale in Europe in 2007. Other NTN "MONOZUKURI" projects are the focus of attention and expectations on the frontlines of medical practice around the world, notably the development in 2010 of a surgical support system for cerebral aneurysm coil embolization support apparatus (a joint development with the Nagoya Institute of Technology and Nagoya University).



Rocket engine turbo-pump bearings*



High-speed bearing for CT scanners

*Photos are cross-sectional models of products.



SNR Headquarters

Not content with the advanced technological capabilities developed heretofore, NTN is creating products that will continue to benefit society into the future by pursuing the fusion and development of technologies that take maximum advantage of Group synergies.

NTN has continuously improved its friction and wear technologies, known as tribology technology, and engaged in research in areas including new materials, measurement technologies, and processing technologies. Our technological capabilities and research capabilities are highly regarded within Japan and beyond, and we are steadily expanding the scope of our business activities. However, to be a company that continuously creates products that will benefit society into the future, we must constantly move forward with technical development throughout the Group. This is NTN's obligation to society. In April 2008, a French bearing manufacturer that is a global leader in sensor technologies joined the NTN Group, and synergies are steadily being created as a result of the fusion of technologies.

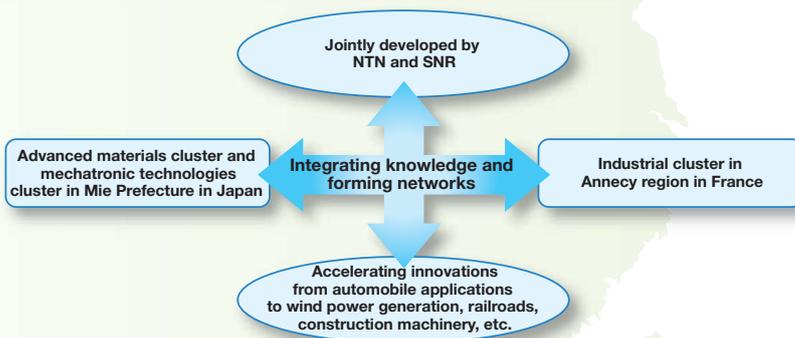
Uniqueness and high creativity are necessary for continued technological development, and we must constantly undertake new product development. To that end, our R&D centers must not only collaborate with other Group organizations, but also engage in R&D involving collaboration with external organizations in wide-ranging fields, including face-to-face discussions with customer R&D organizations and collaboration with universities and research institutes. Furthermore, we actively participate in our customers' new product development. In this way, we constantly take on new challenges in a variety of fields.

Challenges such as these provide impetus for technology development at NTN in various sectors, including automobiles, rolling stock, medical equipment, space, and industrial robots and have led to the development of technologies in the new energy sector, notably wind power generation.

By successfully fusing technologies in these various market sectors and business fields, NTN will seek further expansion of the scope of its business activities and further technology development.

Technology Fusion and Development

That Takes Maximum Advantage of Group Synergies



Mie Prefecture, Japan



A meeting at SNR



A French high-speed train (TGV)

Safer automobile society made possible by enhanced vehicle control

The “Wide-range high-resolution small sensor integrated hub bearing” with a developed jointly by NTN and SNR has attracted the attention of automakers from around the world as a product that contributes to the enhancement of vehicle safety control. NTN and SNR will continue to pioneer the development of products that contribute to the enhancement of vehicle control and expand the scope of joint research and development by engaging in projects in the areas of wind power generation and rolling stock.

New product development through collaboration between NTN and SNR

Automotive wheel bearings have built-in wheel rotary sensors for vehicle control. Enhancement of the rotational signals (making them more high resolution) makes possible more minute vehicle control. To accomplish this, in 2007 NTN developed jointly with SNR a “Hub bearings with high resolution rotational sensors.” However, the bearing entailed a problem of increased burden on data processing capacity at high speeds. A “Wide-range high-resolution small sensor integrated hub bearing,” again developed jointly with SNR, solved this problem.

This product outputs two types of signal: conventional ABS signals and high-resolution signals. This has made it possible to implement optimal control in the low and medium driving speed range by using high-resolution signals to detect very small movements of the vehicle and to reduce the burden on data processing capacity in the high driving speed range by using conventional ABS

signals. Also, we have secured flexibility in mounting the bearing on the automobile body by reducing the size of the integrated circuit in the sensor to permit compact mounting in small spaces.

From collaboration between companies to collaboration between regions

Collaboration between NTN and SNR has given rise not only to a fusion of the technologies of the two companies, but also cross-border industrial collaboration between regions. Annecy in France, where SNR has its headquarters, is the center of a mechatronics industry cluster. Mie Prefecture, where NTN’s Kuwana Works is located, is home to facilities of many companies in the advanced materials and mechatronics industries.

Collaboration between NTN and SNR has provided impetus for the governments of the two regions to conclude an industrial cooperation agreement for the purpose of strengthening their respective industries and pursuing full-scale activities for knowledge merging and network creation. In this way, the cooperation between NTN and SNR has developed into an international collaborative effort among industry, academia, and government involving not only the participation of regional and local governments, but also Mie University, Savoie University, and other interested parties.

Aspiring to construct a global research technology system

To further progress the fusion of technology, NTN aims to expand its technology development system beyond Japan, the U.S., and Europe and construct a global system for technology development rooted in the markets we serve. As part of this strategy, in 2011 we will start operation of the NTN China Technology Center in Shanghai.



Wide-range high-resolution small sensor integrated hub bearing



Signing of the cluster collaboration agreement:
From left to right, Ambassador to France Yasuo Saito, NTN Chairman Yasunobu Suzuki, Mayor of Annecy Jean-Luc Rigaut, Governor of Mie Prefecture Akihiko Noro, President of the French National Assembly Bernard Accoyer



Annecy
Haute-Savoie,
France



Joint work with SNR engineers has broadened the scope of technology.

Supervisor, Axle Unit Engineering Dept.
Automotive Business Headquarters

Takayuki Norimatsu

Combining the strengths of the two companies, SNR’s sensor technologies and NTN’s bearing mounting technologies, made possible the development of a new product that can contribute to the enhancement of automobile vehicle safety and control. As electric vehicles come into widespread use, expanded application of this product to more sophisticated vehicle control systems can be expected. We will continue to develop products to satisfy a variety of customer needs through collaboration between the two companies



We seek further growth through collaboration with NTN.

Application Engineer, Axle Unit Group
Automotive Engineering Dept.
SNR ROULEMENTS

Cedric Gavard

This new sensor technology was born of the joint development work conducted by NTN and SNR. This technology is not only contributing to existing businesses but also to vehicle control systems (such as low-speed detection and parking assistance). Going forward, this alliance between the two companies will enable us to develop products that provide new possibilities to our customers.



Wind power station at Rokkashomura in Aomori prefecture



Main shaft bearing for wind power turbines*

*Photo is cross-sectional model of product.

NTN considers coexistence with the global environment to be of the utmost importance and engages in the development of eco-products that take advantage of our unique advanced technological capabilities. The eco-friendly products developed as a result of this effort have further expanded our business activities into high-growth environmental businesses and are supporting progress toward a sustainable society.

NTN has established the NTN Environmental Policy, under which we engage in concrete activities in four areas: 1) Development and sales of environmentally friendly products, 2) Reduction of environmental impact, 3) Observance of laws and regulations and implementation of thorough environmental management systems, and 4) Activities to contribute to society and protect the natural environment. Above all, we have actively engaged in the development and sales of eco-products.

Bearings, NTN's mainstay product, support the rotating parts of all types of machinery. Rotation in machinery entails energy loss from friction. NTN is taking advantage of advanced technologies developed over the years to engage in the research and development of eco-products that reduce energy loss. The development of eco-products requires shape improvement in product design as well as the development of new materials. NTN actively pursues the development of leading-edge technologies to solve these problems and continues to make progress toward our goal of realizing a sustainable society.

The scope of application of NTN's eco-products is also expanding. Eco-products we have developed are used for wind power generators that make use of natural energy and for rolling stock, a form of clean transportation. NTN will continue to actively pursue the R&D of eco-products that benefit society and increase our presence in eco-friendly business fields.

The Development of Eco-Products



The automotive market is on the cusp of a sweeping transformation to be brought about by next-generation automobiles designed to reduce CO₂ emissions. Prior to the full-scale dissemination of Electric Vehicles (EVs), NTN is applying its unique mechatronics and tribology technologies to develop modular products for EVs and electro-motorization.

Pinning hopes for global warming alleviation on EVs

EVs are attracting attention as a means of mitigating global warming. Since EVs are powered only by electricity stored in batteries, they make it possible to sharply reduce CO₂ emissions from the level of conventional gasoline engine vehicles, even including emissions at the time of power generation.

Drive methods used for EVs can be broadly divided into two mechanisms: the “in-wheel motor method” and the “one-motor method.” The one-motor method involves installing a single motor in the vehicle body to replace the conventional engine, while the in-wheel motor method involves installing a motor inside each wheel. The in-wheel motor method offers two tremendous advantages over the one-motor method: 1) dramatically increased degrees of freedom in vehicle design owing to flexibility in securing passenger cabin space and 2) increased vehicle safety due to the possibility of individually controlling the driving force of each wheel. Accordingly, automobiles that use the in-wheel motor method are considered the ultimate in EVs.

NTN has engaged in the development of products for in-wheel motors since 2003, applying technologies developed in the hub bearings business. Major challenges involved in development were vehicle stability and comfort improvement and weight reduction to increase the travel distance per battery charge.

A solution made possible by unique NTN technologies

First, we developed a concept for weight reduction involving an original design for a combination of a motor, speed reducer, and hub bearing, an effort that culminated with the unveiling in 2005 of the “in-wheel motor axle unit” at the Tokyo Motor Show. We subsequently continued development and in 2010 succeeded in developing the world’s lightest weight unit, which has made it possible to power two wheels of a compact car and achieve a maximum speed of 150 km/h and endurance distance of 300,000 km.

The Intelligent In-Wheel will change the concept of automobiles

In 2010 NTN announced the “intelligent in-wheel”, which combines in a compact assembly the “in-wheel motor axle unit” and “electromechanical brakes and a multi-axis load sensor” developed in parallel with the motor axle unit. By optimally implementing regenerative control of the in-wheel motor and electromechanical brakes in accordance with the load applied to the wheels, the intelligent in-wheel dramatically increases fuel efficiency (electricity charges) and safety during vehicle operation.

The “intelligent in-wheel,” developed in keeping with NTN’s environmental mission through the fusion of core technologies, will dramatically change the concept of automobiles and mark an important new step toward coexistence with the environment.

Modular products for EVs



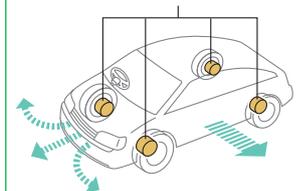
Planetary roller screw type electric brake actuator



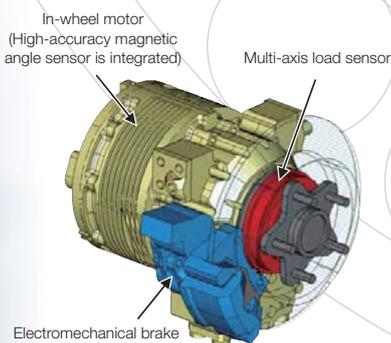
Electric actuator unit

In-Wheel Motor method

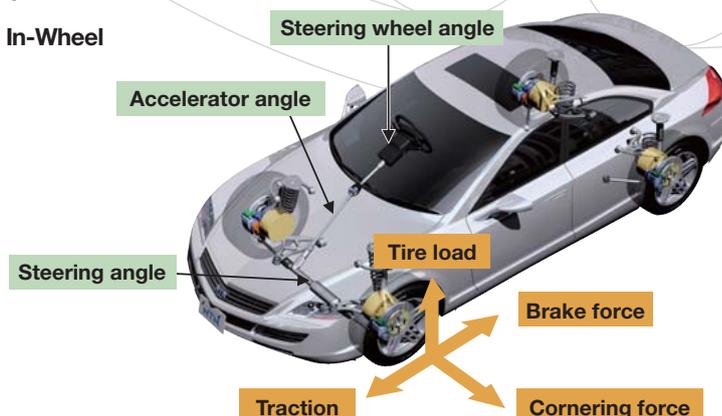
Internal drive motor in each wheel



Enables lateral and circular motion



Intelligent In-Wheel



Sensor data used for advanced vehicle control



At a Glance

Bearings

Major products

- Ball bearings
- Roller bearings
- Axle bearings
- Bearing units
- Large bearings
- Precision bearings
- Hydrodynamic bearings
- Sliding bearings
- Other bearings

Constant-Velocity Joints

Major products

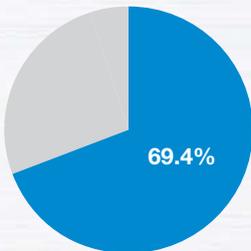
- Automotive CVJs
(for halfshafts, propeller shafts, and steering shafts)
- CVJs for industrial machinery

Precision Equipment and Other Products

Major products

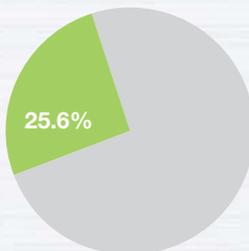
- LCD repair devices
- PDP rib barrier defect repair system
- Parts feeders
- XY tables
- Magnetic-bearing spindles
- Auto-tensioners
- Engineering plastics parts
- Machines, apparatus, and others

Net sales share



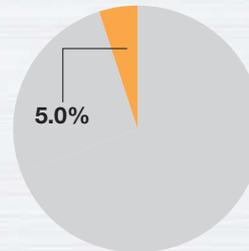
Year ended March 31, 2010

Net sales share



Year ended March 31, 2010

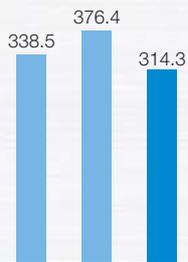
Net sales share



Year ended March 31, 2010

Net sales

(Billions of yen)



Years ended March 31

Net sales

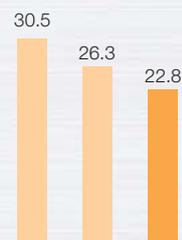
(Billions of yen)



Years ended March 31

Net sales

(Billions of yen)



Years ended March 31



Bearings

Bearings underpin the rotating parts of many types of machinery and are used in a wide range of industrial fields, ranging from aerospace applications to automobiles, industrial machinery and precision machinery. Bearings themselves are an environmentally friendly product in that they curtail energy consumption by reducing friction. In fact, they are contributing to the preservation of the global environment by their involvement, for example, in the expanding use of wind power systems, in the development of railways, which are environmentally friendly, and in progress in medical technology.



Review of Operations

During the fiscal year under review the NTN Group's net sales of bearings declined ¥62.1 billion, or 16.5%, to ¥314.3 billion.

In applications for general industrial machinery, there were some signs of brightness, including increases in sales for rolling stock applications in Europe and China, for aircraft in Europe, and for construction machinery in China and the Asian region. However, worldwide demand dwindled, with demand declining especially for construction machinery, machine tools and agricultural machinery in Japan, the Americas and Europe. Together with the impact of unfavorable foreign exchange rates and other factors, net sales decreased. Moreover, aftermarket/distributor sales declined due to prolonged inventory adjustment in distributors.

In automotive applications, sales were increased by recovery of customer demand and the start of volume production of new products in China and the Asian region. However, overall sales fell mainly due to the impact of unfavorable foreign exchange rates and a decrease in demand in Japan.

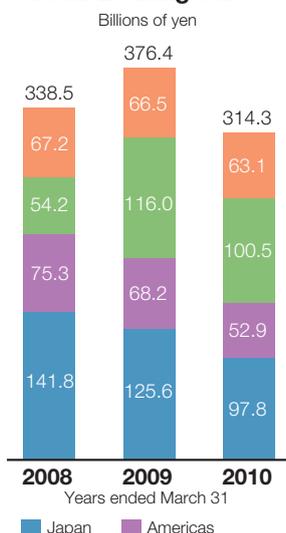
In Japan, sales in both general industrial machinery and automotive applications dropped mainly due to declines in overall demand and the export business, although sales of large bearings for repairs increased. As a result, net sales in the region decreased ¥27.7 billion, or 22.1%, from a year earlier to ¥97.8 billion.

In the Americas, sales in both general industrial machinery and automotive applications fell due to declines in demand especially for bearings for construction machinery, reduced production by automakers and unfavorable foreign exchange rates. As a result, net sales in the region decreased ¥15.3 billion, or 22.4%, from a year earlier to ¥52.9 billion.

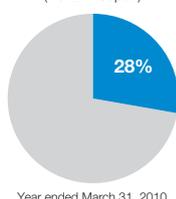
In Europe, sales in both general industrial machinery and automotive applications fell due to unfavorable foreign exchange rates and declines in demand especially for bearings for agricultural machinery, although sales of CVJs increased mainly due to recovery of customer demand and the start of volume production of new products for automobiles. Against this backdrop, net sales in the region decreased ¥15.6 billion, or 13.4%, year on year to ¥100.5 billion yen.

In Asia and other areas, sales in automotive applications increased in China and other areas of the Asian region mainly due to recovery of customer demand and the start of volume production of new products. However, sales in general industrial machinery applications fell in both China and other areas of the Asian region mainly due to decreased sales of fluid dynamic bearings resulting from the dissolution of a joint venture (NTN-NIDEC (THAILAND) CO., LTD. and NTN-NIDEC (ZHEJIANG) CORP.), and to the impact of unfavorable foreign exchange rates. As a result, sales in this region decreased ¥3.4 billion, or 5.1%, year on year to ¥63.1 billion.

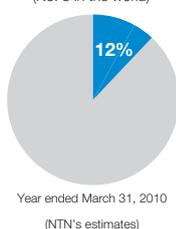
Total Bearing Sales



NTN's Share of Japanese Market



NTN's Share of Global Market



TOPICS

Integrated production of ultra-large bearings at NTN Houdatsushimizu

In response to growing demand worldwide for ultra-large bearings, in October 2009 we completed construction of NTN Houdatsushimizu Corporation in the Noto district of Ishikawa Prefecture, and started production of ultra-large bearings, the largest ever for the NTN Group. Our integrated production of high-precision high-quality ultra-large bearings centered on applications for wind power systems encompasses all the processes from lathe turning and heat treatment to polishing and assembly.



Bearings for Industrial Machinery



Aircraft

NTN provides the bearings used in the extremely high-precision, high-rotative-speed axial engines of aircraft on a global basis, and has earned the deep trust of major global aircraft engine manufacturers and other aircraft-related manufacturers in Japan and around the world. In response to environmental issues, recently there has been increasing demand from all aircraft manufacturers to update their aircraft to new models with better efficiency, and to reduce size. In tandem, demand for aircraft bearings is expected to increase significantly in the future.



Aircraft bearings



Rolling Stock

The NTN Group is manufacturing the primary spindle bearings used in Japan's N700 series Shinkansen and France's TGV train. Everywhere, special management systems are being developed to preserve and improve the quality of parts and components for rolling stock, since even small defects in the rail cars used to transport large amounts of people and cargo at high speeds could result in catastrophic damage. As regards global environmental issues, the railways are attracting attention as a means of mass transportation that consumes less energy. Demand for rolling stock is rising worldwide, especially in Europe and China.



Journal bearing for Shinkansen*



Journal bearing for France's TGV train*



Wind Power Systems

NTN manufactures and sells the full range of bearings used for the main shaft, speed controls, generators and other parts found in wind power systems. There has been a global spread of demand for wind power systems, because they can supply clean energy free of CO₂ emissions. In particular, the Company has established a strong reputation among wind power turbine manufacturers for its role in ensuring the reliability and long working lifetimes of our products.



Main shaft bearing for wind power turbine*



Machine Tools

NTN manufactures and sells the bearings used in the primary spindles of machine tools. Because of the advanced functionality of machine tools, these bearings used in the primary spindle must have higher precision and rotation speeds. To meet these requirements, we supply products to our customers with the performance and quality they need by providing input to major manufacturers from the initial development stages. Furthermore, our R&D activities are centered on the pursuit of the best bearings imaginable. The technologies built up in the process underpin the evolution of NTN's development of products for other industrial machinery and automobiles.



Bearings for machine tools*



Construction Machinery

NTN manufactures the large bearings used in large dump trucks and other construction machinery. At construction sites, including those associated with mining, which is especially active in emerging nations, and with urban development, large dump trucks and other construction machinery are indispensable for transporting large amounts of soil, sand and gravel, and work materials at a time. Many of NTN's large bearings are used in the wheels and drive components of these machines, where they support these transportation capabilities.



Construction machinery bearings

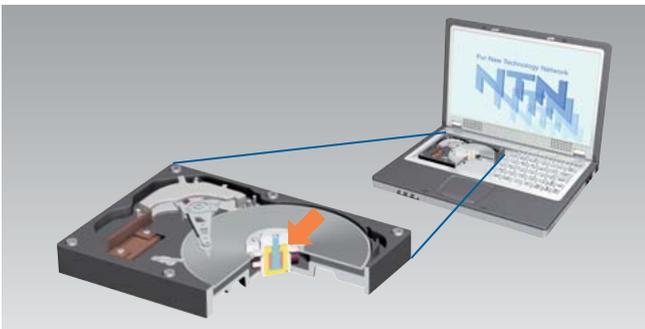


Medical Equipment

NTN manufactures bearings for medical equipment which safeguards human life. In today's medical field, where sophisticated diagnosis is a must, there is a demand for further advancement in CT scanners to enable them to accurately scan images of affected areas of patients. At the same time, there is a demand to improve QOL (Quality Of Life) to lighten patients' burdens. Our bearings for high-speed CT scanners have enabled these diagnostic devices to scan accurate images more quickly and quietly. Shorter diagnosis times, in turn, make it easier to use CT scanners for diagnosing children and the elderly, for whom such tests can be particularly taxing, thereby significantly improving their QOL.



Low-vibration bearing for CT Scanners



Hydrodynamic Bearings

NTN manufactures the hydrodynamic bearings used mainly in the spindle motor sections of hard disk drives (HDDs). HDDs are found inside personal computers, digital video cameras, car navigation systems and other devices, and their uses are increasing along with the spread of digitalization. In recent years, HDDs have high levels of storage capacity, and hydrodynamic bearings are being used in the HDD motor sections because they wobble less than ball bearings. Our hydrodynamic bearings use oil-impregnated sintered bearings inside, and so, compared with the metal sleeve-type bearings of other companies, they are able to avoid the accidental phenomena of etching. As a result, our bearings also offer real benefits from the perspective of quiet environmental characteristics, volume press production and good cost competitiveness.

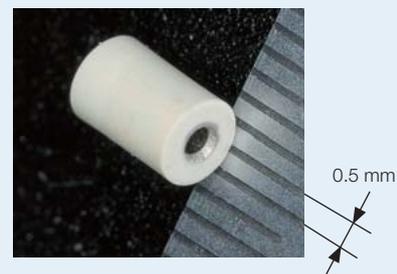


Component parts of fluid dynamic bearings

New Products

Commercialization of world's smallest bore hydrodynamic bearing

NTN has succeeded in commercializing the world's smallest bore hydrodynamic bearing with a shaft diameter of 0.6 mm by using the precise copying characteristics of electrocasting, a kind of electroplating, to form a dynamic groove in the bearing's surface and combining it with plastic injection molding technologies. NTN is currently manufacturing hydrodynamic Beaphites, which has won the trust of customers. As a result, sales have been growing, especially for applications in spindle motors and fan motors for HDDs. At the same time, the small fan motors built into mobile devices, for which demand is anticipated to expand, are increasingly required to be made smaller. To meet this demand, we have commercialized this 0.6 mm hydrodynamic bearing. The manufacturing method used for this bearing makes possible even smaller bearings: in the future we aim to commercialize a bearing of 0.3 mm shaft diameter.



0.5 mm

Automobile Bearings

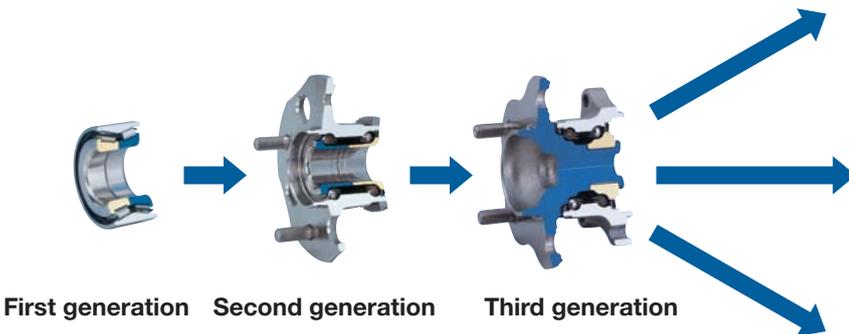
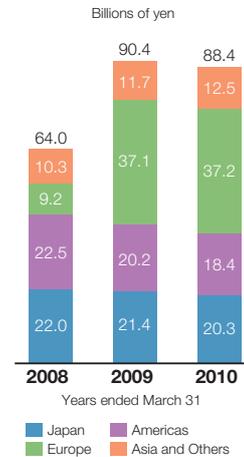
Axle Bearings

Fitted to the wheels of automobiles, axle bearings enable the wheels to turn while also bearing the weight of the vehicle body. Thus, axle bearings play an essential role in vehicle movement.

In the pursuit of greater ease of assembly at customer workplaces, NTN has witnessed the evolution of three generations of axle bearings. As the modularization of axle bearings progresses along with this evolution, we are achieving lighter and more compact products by reducing the number of components, thereby contributing to improved fuel efficiency.

Together with SNR, which possesses a globally high level of sensor technology, NTN has a complete lineup of all types of axle bearings, and has set up a global supply network in Japan, the United States, Europe, and Asia, including China. Furthermore, the Company has also developed a fourth generation hub joint (GEN 4 hub joint) as the next generation axle bearing. The GEN 4 hub joint combines third generation axle bearings with CVJs in one unit. This highly acclaimed product has been made possible by NTN's unique prowess in bearing and CVJ manufacturing technologies.

Axle Bearing Sales

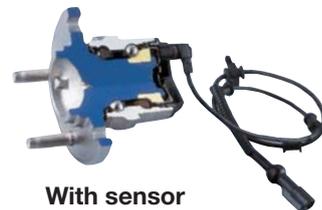


*Photos are cross-sectional models of products.



Fourth generation

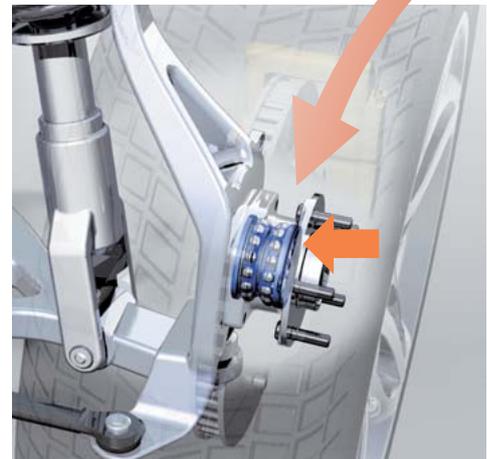
Unifying third-generation hub bearings with CVJs to achieve a lightweight and compact product
Picture="V Series"



With sensor



Ultra lightweight



Vehicle suspension

New Products

"Multi axis load sensor integrated hub bearing" with world's highest level of accuracy

NTN has commercialized a "multi axis load sensor integrated hub bearing" by incorporating a sensor that is capable of detecting a load in all three directions, thereby controlling vehicle handling with the world's highest level of accuracy. To improve vehicle control, it is necessary to detect friction force between the tire and road surface to accurately understand the contact condition. In addition, it is necessary to detect real time road surface signals. Therefore, in 2007 we commercialized the "load sensor integrated hub bearing" with the capability of detecting cornering force, the most important aspect of vehicle control. In addition to cornering force, the new "multi axis load sensor integrated hub bearing" detects driving and braking force, and vertical direction force, enabling advanced vehicle control to the world's highest level of accuracy. The operational software algorithm was developed jointly with SNR, and is one example of the synergies generated between NTN and SNR.

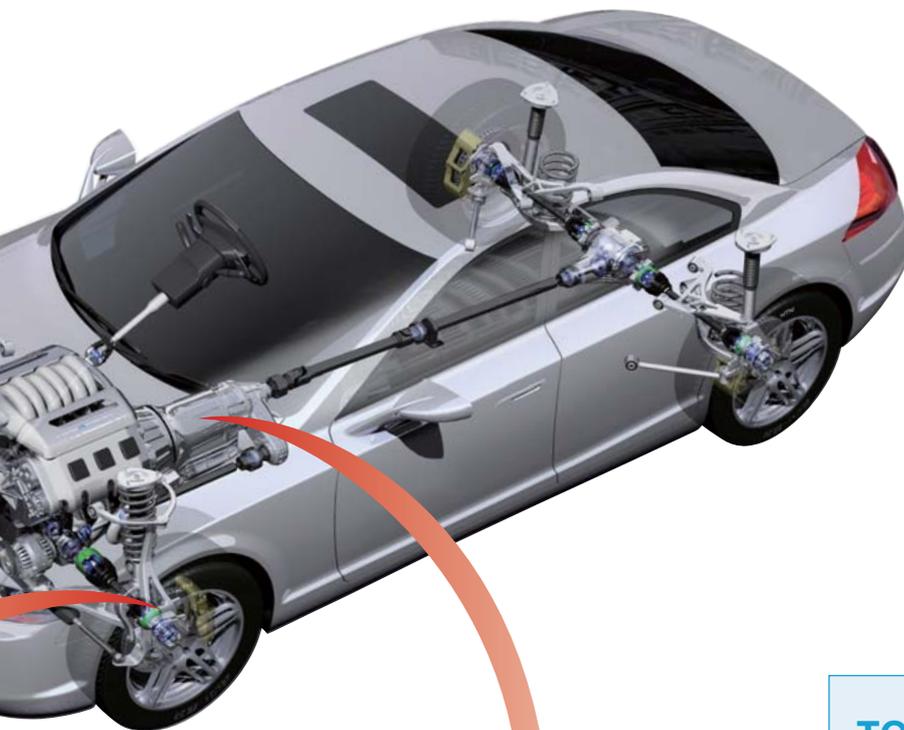
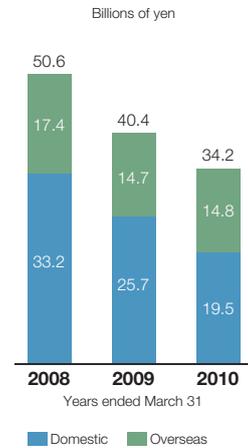


Needle Roller Bearings

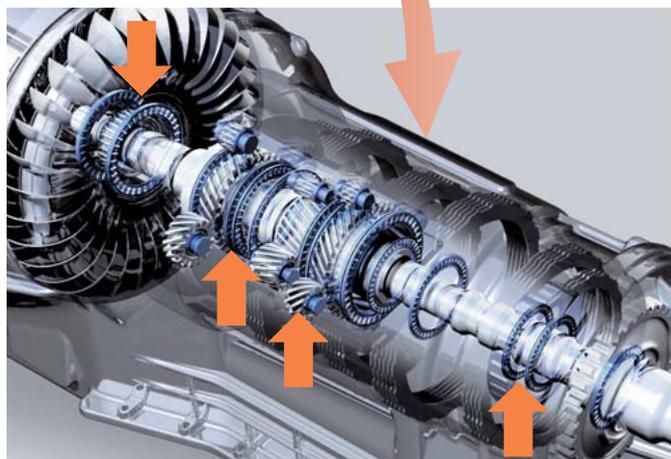
The transmission, which is an important part of an automobile, has space conservation or high load-bearing capacity requirements. Because of these requirements, needle roller bearings are used for automobile transmissions. Needle roller bearings are characterized by their relatively small-diameter, cylindrical, needle-like rolling elements, and their high load-bearing capacity and rigidity while at the same time saving space. Needle roller bearings allow compact and lightweight designs for machinery. Because of these special features, needle roller bearings are used in many applications for automobile transmissions.

NTN manufactures its own needle rollers and is strong in press-processed cages, and this underpins our cost competitiveness and technological prowess. Against this backdrop of excellence, NTN has been building a global supply network, beginning production in Thailand in 1999, in the United States in 2000, and in China in 2005.

Needle Roller Bearing Sales



Various needle roller bearings



Automobile automatic transmission

TOPICS

“Small cross-section thrust needle roller bearing”

The automatic transmissions of vehicles are becoming increasingly complex and compact, and the thrust needle roller bearings used in them are correspondingly required to have a small cross-section. Our well-designed product line-up includes bearings with cross-sections as small as 1 mm.



Cross-section height of 1 mm

Constant-Velocity Joints

Constant-velocity joints (CVJs) are parts that transmit the power of an automobile engine's rotation smoothly, efficiently and constantly to the vehicle's tires. CVJs enhance the compactness, lightness and high-efficiency characteristics of a vehicle, thereby contributing to the achievement of low fuel consumption and reduced CO₂ emissions, both of which are issues in the automobile industry.



Review of Operations

During the fiscal year under review, the NTN Group's net sales of CVJs declined ¥8.8 billion, or 7.1%, to ¥115.7 billion.

In Japan, sales declined by ¥7.5 billion, or 15.6%, year on year to ¥40.7 billion, mainly due to declines in overall demand by automakers and the export business.

In the Americas, sales fell mainly due to reduced production by automakers and unfavorable foreign exchange rates, despite recovery in demand by U.S. automakers in the second half of the fiscal year under review and the start of volume production of new products. As a result, net sales in the region decreased ¥4.1 billion, or 10.2%, from a year earlier to ¥36.1 billion. In the U.S., we are increasing our production capabilities in response to the recovery of automobile demand.

In Europe, net sales rose ¥1.2 billion, or 5.2%, year on year to ¥24.2 billion, due to the contribution of the start of volume production of new products as well as favorable sales for small vehicle applications in the second half of the fiscal year under review. In October 2009, production started at SNR's plant in Romania.

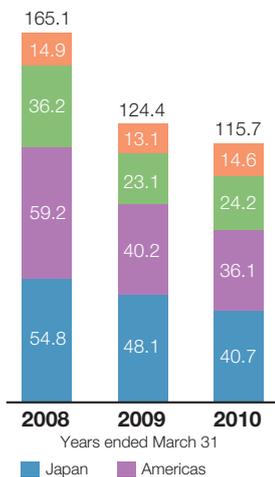
In China and other areas of the Asian region, demand in China increased throughout the year and also demand in other areas of the Asian region increased in the second half of the fiscal year under review. As a result, net sales increased ¥1.6 billion, or 12.2%, from a year earlier to ¥14.6 billion.

CVJs for Steering Shafts



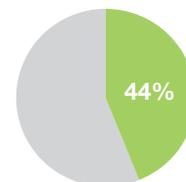
Constant-Velocity Joint Sales

Billions of yen



NTN's Share of Japanese Market

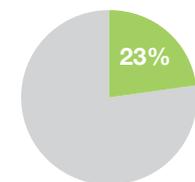
(No. 1 in Japan)



Year ended March 31, 2010

NTN's Share of Global Market

(No. 2 in the world)



Year ended March 31, 2010

(NTN's estimates)

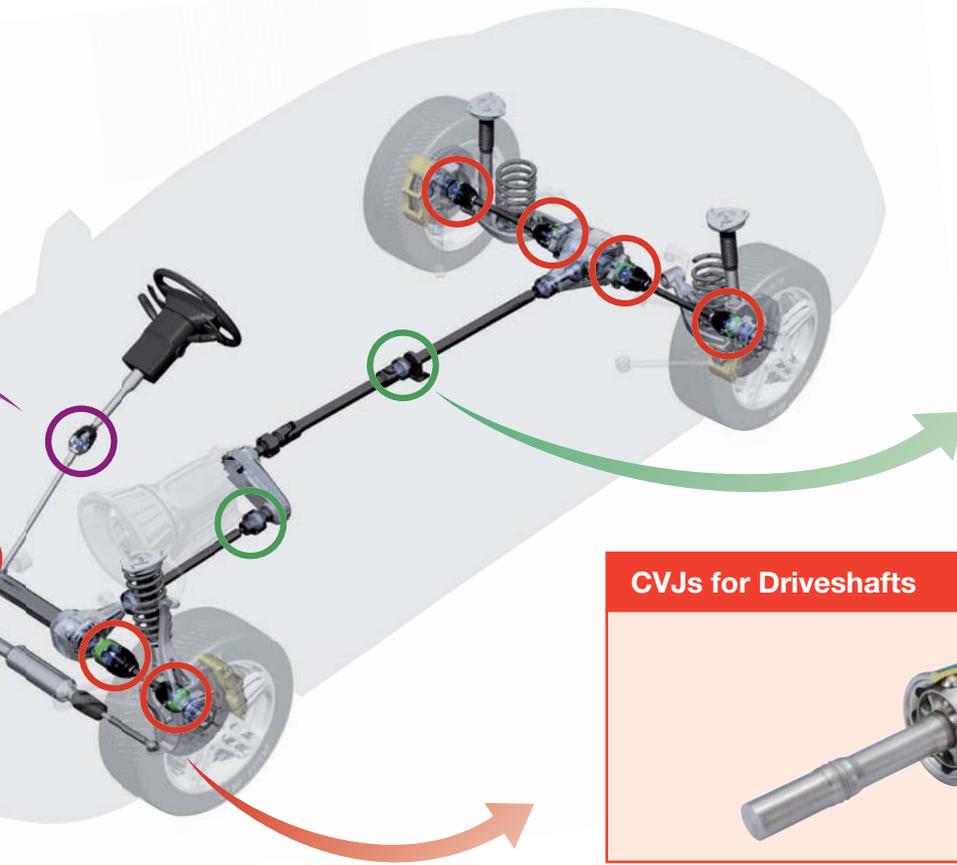
In 1963, NTN was the first company in Japan to start production of fixed-type constant-velocity joints. After that, we added other plunging CVJs to our product lineup. We also attached both fixed and plunging CVJs to a driveshaft and started supplying these products to automotive manufacturers.

Spurred by the oil shock in 1973, sales of front-wheel-drive vehicles began to increase as automakers adopted full-fledged initiatives to achieve fuel efficiency. At the same time, production of CVJs leaped. Furthermore, the business field of built-in CVJs is expanding because automotive manufacturers are using CVJs in drive shafts for rear-wheel-drive and in propeller shafts for four-wheel-drive vehicles, to improve the ride characteristics.

Amid this expanding demand for CVJs, NTN has been actively increasing its production bases worldwide since the 1990s, and is now engaged in business at 18 manufacturing bases, including in Brazil.

In recent years, automakers have been tackling the major development themes of reducing environmental impact and contributing to greater automobile design freedom, in order to develop more advanced vehicles. In this context, CVJs also are strongly required to achieve greater lightness and compactness, and to reduce noise, vibration, and harshness (NVH). Because the function and quality of CVJs improve on the performance of automobiles, we are required to stay at the forefront of trends in automobile technology and carry out a variety of specific improvements.

To meet these needs, we work to fully exhibit the technological capabilities that we have built up over many years, and are moving ahead with the development of new products and technologies.



CVJs for Propeller Shafts



CVJs for Driveshafts



New Products

“Lightweight, compact fixed-type CVJ” exclusively for propeller shafts

NTN has developed a “lightweight, compact fixed-type constant velocity joint” for the propeller shafts of rear-wheel-drive (FR) and four-wheel-drive (4WD) vehicles. Hitherto, CVJs with the design for the drive shaft changed to a design for the propeller shaft have been used for the fixed-type CVJs for the propeller shafts of FR and 4WD vehicles. However, recently a reduction in weight and an increase in compactness have been required for propeller shafts to improve fuel economy. As a result, all parts of the “lightweight, compact fixed-type CVJ” have been exclusively designed for propeller shafts, achieving smallness and compactness while maintaining the strength and durability of the CVJ.



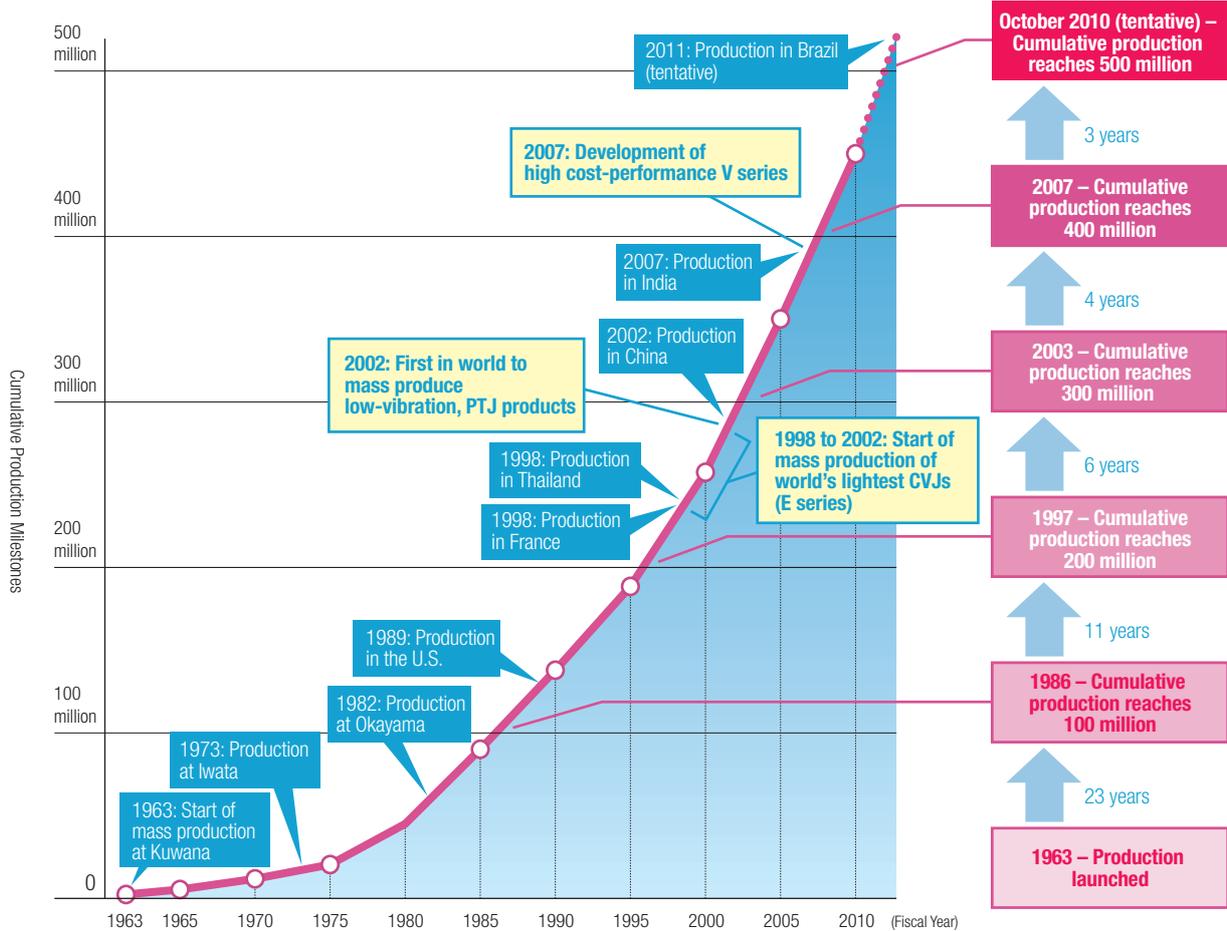
“Light and high-efficiency drive shaft” exclusively for rear-wheel-drive cars

NTN has developed a “light and high-efficiency drive shaft optimally designed for rear-wheel-drive cars”, which is the type of drive used in luxury cars. In recent years, there have been needs for lightness and high-efficiency in the drive parts for luxury cars with the aim of achieving low fuel consumption. Furthermore, to achieve smooth ride characteristics, there is a need to reduce the backlash in the rotational direction of the drive shaft. With this newly developed product, NTN has been able to make it lighter and more efficient (decreased torque loss) and reduce the backlash in the rotational direction by using a drive shaft composed of two pieces of newly developed slide type, cross-grooved, CVJs and a hollow shaft inter-connecting the two CVJs.



*Photos are cross-sectional models of products.

Accumulated Number of CVJs Manufactured



TOPICS

Establishment of production base for CVJs in Brazil

In June 2010, NTN established NTN de Brasil Producao de Semi-Eixos Ltda., a new company to manufacture and sell CVJs in Brazil. Amid the anticipated significant growth in demand for automobiles in Brazil, we have faced the increasing necessity of

implementing local production of CVJs. The establishment of this new company in Brazil will strengthen our manufacturing and sales organization in South America, with a focus on Brazil, and boost our competitiveness globally. This new location in Brazil will be NTN's 18th CVJ production base.

Accumulated Number of CVJs Manufactured



Precision Equipment and Other Products

The precision equipment business segment combines leading-edge technology products and products for special fields. Amid the ongoing evolution of successive leading-edge industries, NTN pursues further advances in the precision technology it has built up through the development of high-precision bearings, and applies it to state-of-the-art fields, including electronics, semiconductors and computers.

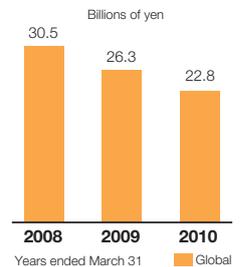


Review of Operations

Sales of precision equipment and other products during the fiscal year under review declined ¥3.5 billion, or 13.2%, to ¥22.8 billion mainly due to customers curbing capital investment because of dwindling worldwide demand.

NTN develops products with a variety of high-precision and high-functionality characteristics. These products include spindles and XY tables centered on semiconductor and electronic equipment applications, mechatronic products such as LCD repair equipment, and parts feeders used in a variety of industries such as automobiles and food.

Precision Equipment and Other Products Sales



New Products

Large-type precision positioning drive unit

Commercialization of "high performance large-type gantry XY table"

NTN Corporation has commercialized a "high performance large type gantry XY table." This product is a gantry type high precision positioning XY table for large-type work targeted towards manufacturing solar energy panels, and producing and inspecting flat panel displays. Panel manufacturers have been using increased work sizes, such as liquid crystal glass substrates, and also requiring light weight, high rigidity and high precision. With this "high performance large-type gantry XY table," NTN has achieved light weight, high rigidity and high precision by changing the steel tubing used and by optimizing the design.



Commercialization of "food feeding high speed linear feeder"

NTN has developed a "food feeding high speed linear feeder." This product enables the feeding of a variety of kinds of foods and vibration-absorbable parts. A conventional linear feeder is a machine designed to feed and supply foods and parts by vibrating the equipment. However, the feeding of vibration absorbable foods, such as konnyaku jelly, is not possible. For these foods, increased vibration amplitude of approximately double size is needed. This new feeder uses an "amplification spring mechanism" which provides an increased vibration amplitude in comparison to the conventional linear feeder. In addition, by using this amplification spring mechanism, the new product maintains the same power consumption as that of the conventional feeder, thereby contributing to saving energy.



Commercialization of "2 way sorting feeder (bowl type)"

NTN has commercialized a "2 way sorting feeder (bowl type)." This new product enables various kinds of part feedings by means of the integration of the basic technology of parts feeders and a new part feeding mechanism. A parts feeder is a piece of equipment designed to line up and supply parts by vibrating the equipment (bowl). For part feeding, a wide variety of parts feeders has been needed. In response, NTN has already commercialized the Mono-drive 2 Way Feeder which not only lines up and supplies two kinds of parts as a one-bowl feeder, but is able to offer variable speed feeding and also to feed parts in the other direction. The newly developed "2 way sorting feeder (bowl type)" combines this basic technology with a new feed function to improve our customers' production efficiency and contribute to saving energy.



Taking diverse steps to improve quality management and customer satisfaction

Enhancing customer satisfaction

Action policy: Further improve customer satisfaction in terms of QCDDS, which stands for quality, cost, delivery, development, and service.

Related departments collaborating to boost customer satisfaction

Our “CSR Policy” pledges that we will strive to develop new technologies and new products, as well as to provide safe and reliable products. We seek to fulfill this policy by ensuring that all related departments collaborate in all stages to boost customer satisfaction. These endeavors encompass everything from identifying customer needs to developing, designing, manufacturing, and delivering.

Building a customer-driven structure

Customers will trust us only if we strive to identify their requirements. Thus at each of our sales offices we assign dedicated sales staff and sales engineers to customers and sales agents so that we can respond directly to customer requests and questions and resolve issues speedily.

Continuing to hold “traveling product exhibitions” and “technical seminars”

We continue to send engineers to customers to hold “travelling product exhibitions” and “technical seminars” to rigorously augment information about our products and technologies.

The traveling exhibitions showcase our products and publicize our technologies and offerings to boost sales and ascertain customer needs. In fiscal 2009, we held product exhibitions for customers in the automotive and industrial machinery sectors at a total of about 60 companies. The number of product exhibitions for industrial machinery companies was triple that in fiscal 2008, reflecting our strengthening of business in the “ecological and new energy” markets such as wind power generation.

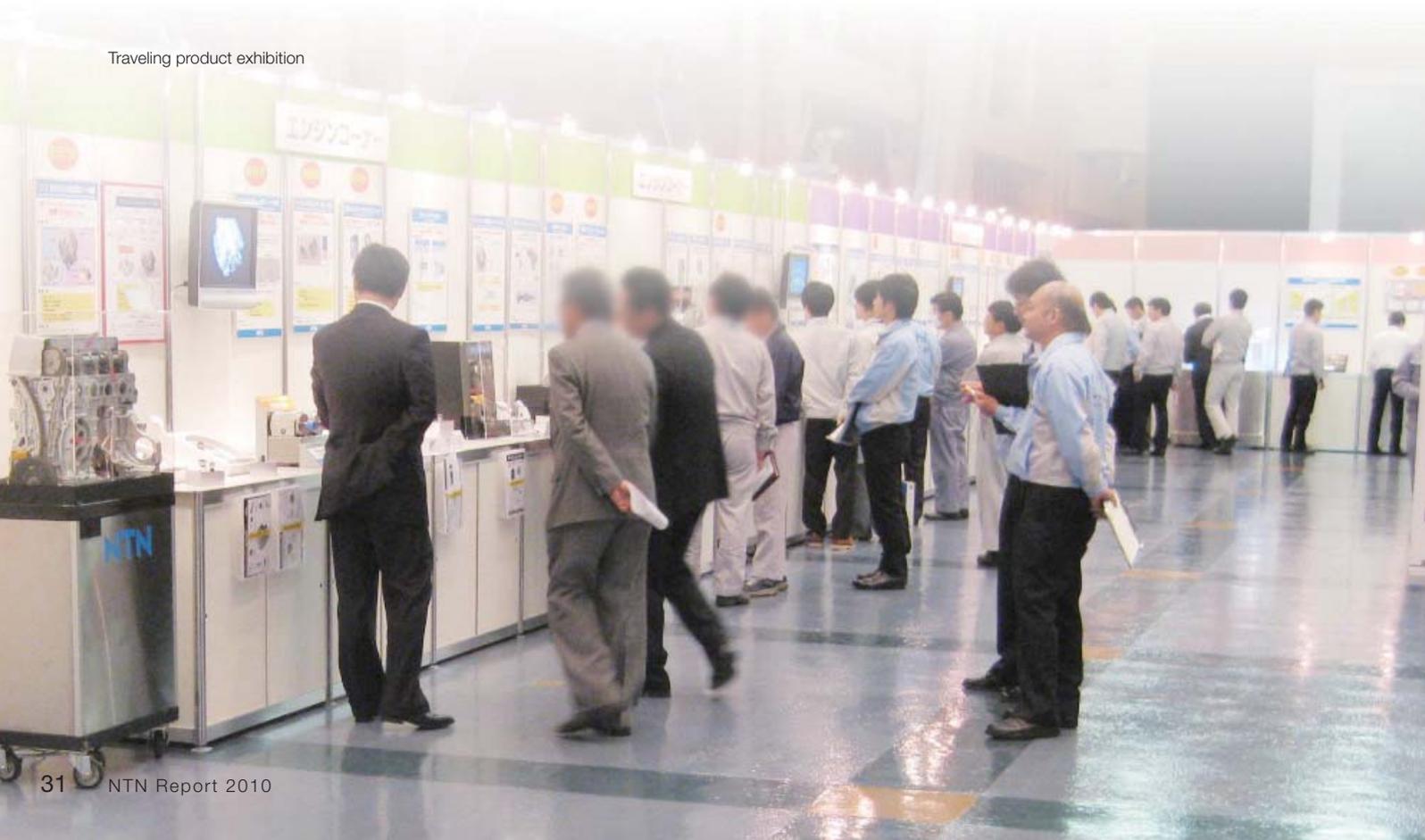
Technical seminars showcase our product technologies, product handling, and other areas. These events deepen understanding of our technologies and offerings, fostering technical exchanges with customers and contributing to product development. In fiscal 2009, we held technical seminars for customers in the automotive and industrial machinery sectors at about 30 companies in total.

Continuing to conduct “customer satisfaction surveys”

It is important to properly understand customer satisfaction levels and act accordingly so we can further improve customer satisfaction. We thus often carry out “customer satisfaction surveys” related to our products and services.

In fiscal 2009, we conducted a survey of our customers in Japan and overseas. The total number of respondents saying that our overall performance was “Very good” or “Good” was five percentage points higher than in fiscal 2008. While average assessments of our overall performance were basically unchanged in fiscal 2009, respondents noted that we need

Traveling product exhibition



substantial improvements in four areas, up from one a year earlier. We therefore formed a special project team to boost quality and set about analyzing root causes to foster tangible and intangible enhancements to increase customer satisfaction.

The results of this survey, including customer opinions and requests, are given to the departments affected and are used to create even better products and to improve service.

Quality management

Formulating and strictly implementing annual quality management policies

Quality management is fundamental to “MONOZUKURI” at NTN. We thus formulated a Basic policy of quality as a “basic concept” for “MONOZUKURI”, and create annual quality management policies that prioritize focuses, comprehensively pursuing quality management.

Basic policy of quality

Pursuit of appropriate quality which can suffice the functions and specifications required by customers.

- Quality that meets diversified needs in markets (Conformable quality)
- Superior quality to competitors' (Competitive quality)
- Quality that benefits producer (Economic quality)

FY2009 Period Quality Management Policy

1. Engineering:

“Design Determines All”

Initiate the practice of “easy-to-understand design, easy-to-manufacture, and mistake-proof products”

- (1) Integrate parts variation
- (2) Verify drawings and production process by the engineers (Collaboration between Quality Assurance Department and Production Department)
- (3) Extensive design verification — Verification of global and scientific viewpoints—

2. Production:

Eradication of defects goes and watches on the floor and the starting point.

- (1) Correspondence to production organization
Quality checks involving persons, equipment, systems, and continuance of measures
- (2) Preventative action
Measure irregularities on the floor as the customer complains
- (3) Prevent recurrence
Implementing countermeasures and improvement of the process assurance level
- (4) Change control
— Observe internal and customer rules—
- (5) Control of special process
— Ending serious customer complaints—
- (6) Reduce defective product disposal cost rate
- (7) Improved quality at subcontractors

3. Sales:

Improve customer satisfaction and problem solution from customer's viewpoint

Communicating and understanding customer requirements immediately

4. Logistics:

Perform exhaustive actual activities

Improvement of Logistic Quality (Packing in Plant — Warehouse— Customer)

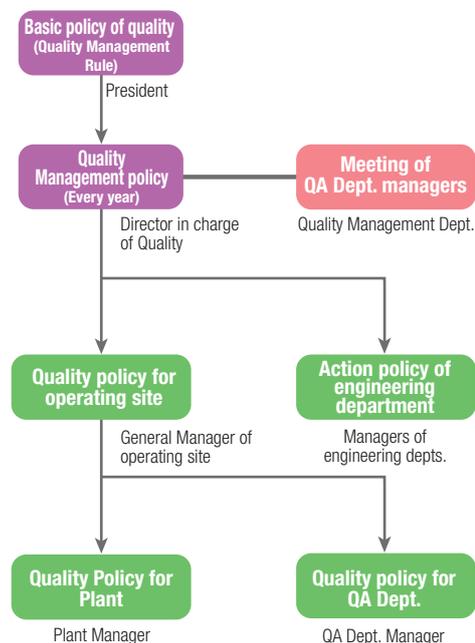
Quality management system

Effectively deploying and continuously improving our quality management system

We built, effectively deploy, and continuously improve our quality management system to manufacture reliable products and improve customer satisfaction.

We have an ISO 9001 certification for quality management. Our operating sites in Japan and around the world that produce automotive products have ISO/ TS16949 certification for quality management.

Quality Policy Management System



We aim to build greater trust by boosting customer satisfaction.

Electric and Office Equipment Project Team
Industrial Business Headquarters

Sim Weisin

We set up business-specific project teams to directly determine customers' desires, swiftly conveying this information to the relevant in-house businesses and creating an integrated system to follow up on everything from design and development to quality, delivery, and sales. We aim to carry out such activities both in Japan and around the globe.

Responsibility to Customers

Obtaining IRIS (International Railroad Industry Standard) certification

In February 2010, NTN became Japan's first bearing manufacturer to obtain certification under the International Railroad Industry Standard (IRIS), the quality standard for the European railway industry. This achievement complements the quality management system certification of the Association of American Railroads that we received in 2003, underscoring our high quality as a supplier to the rail industry. IRIS certification has been a prerequisite for railroad-related transactions since April 2010, and should help us increase sales.

Railroad bearings must satisfy extraordinarily high safety requirements, so we maintain quality management systems and even more stringent quality management levels in this area.



IRIS registration certificate

Helping suppliers improve quality

We work with suppliers to improve quality through our "Supplier quality improvement meeting," quality audit, and other activities. At this annual quality improvement meeting, each supplier presents examples of improvements and attends presentations by external speakers, thus sharing knowledge and know-how to raise awareness of quality improvement issues.

The quality audit checks the quality assurance systems of suppliers. Based on our proprietary check sheet, we conduct ongoing assessments of quality systems, confirm process management and progress with measures to prevent recurrences of defective deliveries, and take other steps to help suppliers enhance quality.

Communicating with customers

Rapidly responding to questions

When there is a question from a customer, we respond through our sales offices or website.

When there is a question from a customer to any of our sales offices, the people in charge respond and are able to visit the customer immediately if needed. Questions received via our website are all reviewed by the Head Office, and are then handled by a member of our sales staff or a sales engineer at one of our sales offices.

Depending on the nature of the request or matter, the person in charge then gives the customer a phone call, sends information, or visits the customer if necessary. The information obtained through further communication with the customer is passed to the relevant department and is then used later in product R&D.

Efforts related to sales agents

Collaborating with sales agents to improve customer satisfaction

We collaborate with agents selling our products in efforts to improve customer satisfaction.

Every year, we deepen ties by holding an annual meeting of our Domestic Sales Agent Association, sales agent and sales engineering seminars, plant tours, and joint seminars and product exhibitions with sales agents at customer locations.

Whenever we put a new product on the market, we hold a meeting to explain our technologies and products to the sales agents that sell our products. Also, we periodically hold training sessions for new and mid-level employees of our agents.

We will continue to reinforce our sales engineers at NTN and to help our sales agents expand sales and gain new orders.



Meeting of our Domestic Sales Agent Association

Number of seminars for sales agents in fiscal 2009

Initiative	Number of gatherings
Sales agent and sales engineering seminars	35
Technical seminars	17
Training sessions for new employees of agents	9



Meeting weekly with related parties to secure IRIS certification in one year.

Manager, Quality Control Section,
Quality Assurance Dept., Kuwana Works

Kazuo Nishio

The process of obtaining IRIS certification was very challenging. We had to interpret a requirements specifications document that contained complex English-language phrases. Right after we completed our IRIS quality manual, there were major additions to the requirements specifications, so we had to rush to make amendments before the assessment. Meeting this tough challenge made our joy at obtaining certification all the more satisfying. We plan to further improve our quality assurance system for IRIS certification renewals.

Strengthening our system of cooperative progress with strategic partners

Procurement Policy

Procuring from strategic partners

Suppliers who (1) have strengths in technology and quality, (2) who want to expand overseas, and (3) who are able to jointly spearhead efforts to increase corporate value are considered to be strategic partners.

Basic procurement policy

1. To pursue stable procurement for best quality/cost and prepare for market fluctuations.
2. To improve corporate value for both sides through mutual cooperation.
3. To create trust with affiliated companies by observing rules, regulations and social precepts.
4. To comply with social duties such as preservation of the global environment through procurement activity.

Fair Dealings

Fair and responsible dealings with suppliers

Our "CSR Policy" states that we shall establish excellent partnerships with our suppliers and engage in appropriate dealings with them.

Supporting Suppliers in Acting Responsibly

Helping responsible suppliers obtain environmental management system certification

We help suppliers to become certified under the "EcoStage,"*1 the "EcoStage entry version,"**2 and other environmental management systems. We visit responsible suppliers that do not plan to obtain certification to tell them about "EcoStage" and the "EcoStage entry version" to them. We even have a system in which some of our ex-employees act as consultants to help companies to obtain certification.

By fiscal 2009, 33 suppliers had received "EcoStage" certification, with another 15 qualifying under the "EcoStage entry version."

*1 EcoStage: The environmental management system of EcoStage Institute.
 **2 EcoStage entry version: NTN proposed this EMS to EcoStage Institute for small companies with up to 15 employees. It was adopted as a trial certification level in 2004.

Helping prevent infections from new strains of influenza

In 2009, we set up a crisis management center to prevent infection from new strains of influenza under the World Health Organization's issuance of its phase 5 pandemic alert. We also asked suppliers to cooperate with precautionary measures. After infections were confirmed in Japan, we provided seven suppliers lacking sufficient masks with 2,900 of these items at no charge.

Maintaining fair and appropriate relationships

Ensuring fair subcontractor dealings

We take thorough steps to ensure fair subcontractor dealings. The Subcontractor Act applies to approximately 80% (by count) of our suppliers, and we consider it essential that suppliers fulfill their responsibility for dealing fairly with their subcontractors.

We therefore established our "voluntary audit manual for subcontractors" in 1997, and carry out periodic internal audits at each operating site to check that dealings are appropriate and are fair according to the Subcontract Act. The Procurement Dept. gets involved to provide audits and guidance as needed.

We require all of our procurement staff to attend external seminars about dealing with subcontractors fairly.

Communication with Suppliers

Explaining procurement policy and other requirements to suppliers

NTN holds "Responsibility to Suppliers" meetings twice a year. We explain our procurement policy and trends in production volume at each of our operating sites. But we also request the support of responsible suppliers for our production activities and ask them to obtain various types of certification.

Commemorative tree plantings share joys of mutual growth

Since celebrating our 88th anniversary in fiscal 2006, we have held annual commemorative cherry tree plantings with suppliers to share the joys of mutual growth with those companies. In fiscal 2009, 45 suppliers planted trees.



Supporting suppliers in obtaining "EcoStage" certification

Manager,
NTN Technical Service Corporation

Kiyoshi Nakanishi

The suppliers that the NTN Group supports in acquiring environmental certification include many comparatively small-scale suppliers. Our endeavors go beyond merely environmental improvements at these suppliers, they also encompass advising and guiding about reducing the percentage of defective products and fundamentally enhancing production workplace standards. We aim to both expand the sphere of the NTN Group's opening environment and also contribute to improving our suppliers' management.

We actively disclose information to increase corporate value

Streamlined procedures for shareholders to exercise their voting rights

Striving to optimize shareholder value

We have taken the following steps to streamline procedures for shareholders to exercise their voting rights:

- Swiftly mailing our general shareholder meeting notice: We send these notices six days earlier than the statutory deadline based on the meeting date.
- Scheduling meetings that avoid the dates that most companies set for such gatherings: We do this because we want as many shareholders as possible to attend, taking into account such factors as settlement and audit schedules and the time needed to prepare internally for these meetings.
- Broadly notifying of our general shareholders meeting and other information: We disclose our general shareholders meeting notice and other information through the Tokyo Stock Exchange and through our website to reach as many shareholders and investors as possible.
- Using electronic voting: We accept shareholder votes through the 5:25 p.m. close of business up to the day before the general shareholder meeting. If a shareholder votes both by post and through the Internet, we treat the online vote as valid. If a shareholder votes several times through the Internet, the last vote is valid.
- Other efforts: We present some of the business report and settlement data as graphs, photos, and other visuals to complement the meeting chairperson's explanations and make information in shareholder meetings easier to understand.

Shareholder returns

Making ongoing, stable returns a top priority

Shareholder returns are an important part of NTN's management policies. It is standard practice to pay steady dividends to shareholders based on a medium-to-long-term perspective. Dividends are determined considering such factors as our performance, dividend trends, and the business climate.

The annual cash dividend for the fiscal year ended March 2010 was ¥8 per share.

Active disclosure of information

Pursuing swift and accurate disclosure

We satisfy timely disclosure requirements under Securities Listing Regulations by presenting information through the Tokyo Stock Exchange's Company Announcements Disclosure Service. We also strive to ensure swift, accurate, and fair disclosure from the perspectives of all shareholders and investors.

We are quick to broadly disclose financial materials on website, including our securities, semiannual, and quarterly report, business results, annual and business reports, and materials from our results meetings.

Recognition from outside agencies

Recommended as a socially responsible investment in the stock market

NTN has been selected by socially responsible investment funds in the stock market. Such choices attest to our efforts to preserve the environment and contribute to society.

In Japan, we have been chosen for the "Morningstar CSR Investment Register" every year since 2003. Outside of Japan, NTN has been chosen since 2002 by the "FTSE4Good Global Index" and since 2005 by "The Ethibel Pioneer Investment Register" and "The Ethibel Excellence Investment Register" (as of July 2010).



Morningstar CSR
Investment Register



FTSE4Good
FTSE4Good Global
Index



The Ethibel Pioneer
Investment Register
The Ethibel Excellence
Investment Register

Reinforcing our investor relations activities

Top management actively engaging in investor relations

Top management leads proactive company-wide investor relations efforts. We regularly brief individual investors through individual investor seminars that large brokerages arrange. We convene results meetings, teleconferences, one-on-one gatherings, and other regular briefings for analysts and institutional investors. We make timely visits to institutional investors in the Americas, Europe, the Middle East, and Asia for presentations and other activities.

Establishing Investor Relations and Public Relations Department to specialize in investor relations

We set up our Investor Relations and Public Relations Department in February 2010. The Management Planning Department previously oversaw our investor relations activities. We created the specialized new department to strengthen these efforts. We thus aim to deepen communication with our shareholders and investors and more proactively disclose information.



Financial results presentation

We respect the individuality and diversity of employees while striving to create a safe, comfortable workplace.

Work-life balance

Emphasizing work-life balance

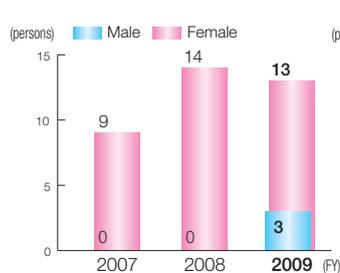
NTN is creating systems that underpin its focus on “work-life balance.” We help employees balance professional and childcare obligations through our “Child-raising Support Declaration system,” our “Mom-back system,” and our “Babysitter Support system.” These setups support employees from pregnancy and prenatal care stages through to their return to work.

“Child-raising Support Declaration system” for sharing parenting plans throughout workplaces

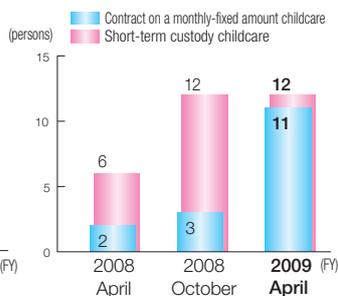
We have been promoting the “Child-raising Support Declaration system” to share parenting plans throughout workplaces of employees thinking of exploring work-life balance steps. These people start by recording their plans for the next year in their declarations. Workplace managers follow up by helping those employees improve their work practices to materialize their plans. The managers also share these plans throughout workplaces to obtain the understanding and cooperation of other workers.

We offer the “Babysitter Support system” to help parents balance postnatal infant care and work.

Number of employees taking leave to raise children



Number of “Bear Kids Land” users at Iwata Works



“Mom-back system” for helping employees find re-employment after giving birth

The “Mom-back system” is a framework for people seeking re-employment, where jobs are available, after temporarily resigning to raise children.

Employees qualifying for this system can be in one of four categories. These are people who 1) have resigned because of pregnancy or childbirth, 2) have resigned to raise their children, 3) have resigned to get married and have become pregnant, given birth, and raised their children, and 4) are regular employees whom the Company deems fulfilling the requirements of any of the above categories. Male employees resigning because of spouse pregnancy or birth or to help raise children can also qualify for this system.

Providing employee peace of mind through intra-company daycare

We established an intra-company daycare called “Bear Kids Land” at Iwata Works in April 2009 to give employees peace of mind. This was our first such facility. It accepts children on a monthly basis, a temporary basis and for extended hours in case parents have to work overtime.

The facility looks after small numbers of children to provide the equivalent of family care. It can handle children with allergies, and all meals are cooked on site. The single-story facility is made of natural wood and uses environmentally friendly solar power.



“Bear Kids Land” building with installed solar panels

The cooperation of everyone at work enabled me to take paternity leave.



Supervisor, Legal Dept.

Kenji Shibahara

I took childcare leave for five months from December 2009. I was admittedly somewhat unsure about whether I should take leave, but being able to focus on looking after my child was a valuable use of time and a wonderful experience. The support of my boss and colleagues enabled me to balance my professional and private obligations, and I am deeply grateful to them.

“Bear Kids Land”



Responsibility to Employees

Emphasizing employee diversity

Maintaining an organization that encourages the individuality of all employees

Maintaining an organization that encourages the individuality of all employees and enables them to fully realize their potential is key to improving our competitiveness as a corporation. We thus undertake an array of initiatives to support female employees, re-employ retirees, and provide work assistance for disabled employees.

Giving opportunities for people to use their abilities after retirement

In 2006, we revised our system for re-employing highly skilled retirees in their early 60s to provide opportunities for continuous employment.

This system is for employees who satisfy all employment standards such as willingness and desire to work, attitude, health, and strength. They can choose from the Skill Transfer or Full Excellence options in this program. The Skill Transfer allows participants to pass on their technical skills, abilities, and professional knowledge to young employees. The Full Excellence option allows participants to utilize the skills they have developed through the years to work. In 2009, we re-employed 73 individuals.

Helping the disabled to become independent through work

We have set aside workplaces that allow us to help disabled people excel and become independent, and we work to employ disabled people.

As part of this commitment, we created "Dream Workshops" at Iwata Works, Kuwana Works, and Okayama Works in 2004. In these workshops, disabled persons take responsibility and have a sense of purpose in their work as they carry out their duties with experienced employees. As of March 2010, nine disabled persons worked in these workshops under instructions from experienced employees. Disabled persons represented more than Japan's legal requirement of 1.80% from fiscal 2003 through 2008, but in fiscal 2009 the proportion was below that requirement, at 1.77%, partly because of resignations and other factors. We will strive to attain the legal requirement, largely by hiring disabled persons for sites with lower percentages of them.



Work in progress at the "Dream Workshops"

Respecting the rights of workers

Respecting labor agreement based on mutual trust and equality

Our company has concluded a labor agreement with the NTN Labor Union based on a spirit of mutual trust and equality between labor and management. We have pledged to uphold this agreement based on common goodwill.

Labor and management communicate through informal talks and various labor-management meetings to work on accomplishing various measures. Labor-management meetings will be held regarding any changes to labor conditions and personnel management and any changes will be carried out upon mutual agreement.

Respecting human rights

Creating a discrimination-free workplace that respects human rights

Based on our "CSR Management rule" and our "Business Code of Conduct," we strive to create a fair and equitable workplace environment, respecting human rights and ending discriminatory acts in the workplace.

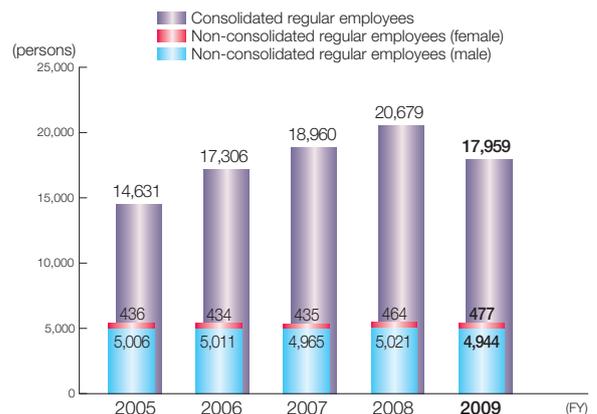
We strengthen respect for human rights in many ways. For example, we hold classes on the subject in training for new employees, supervisors, and managers. We participate in the activities of regional human rights organizations, run educational initiatives, and take part in human rights exhibitions. We prevent sexual and power harassment by maintaining an ongoing workshop program and distributing pamphlets to all employees.

We set up internal and external help desks to make it easy for employees to seek advice on any concerns.



Pamphlet about how to prevent sexual harassment

Number of employees



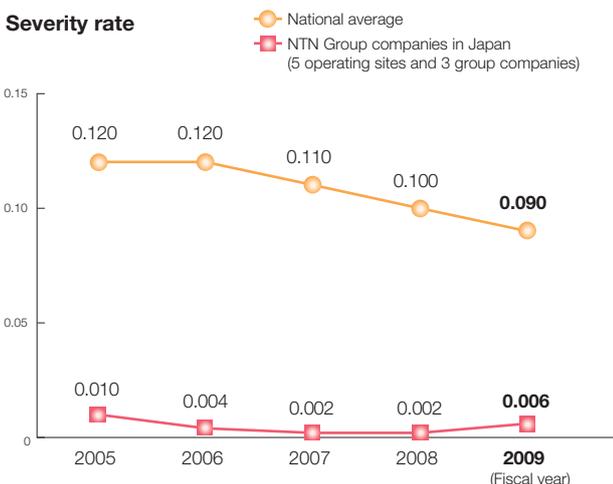
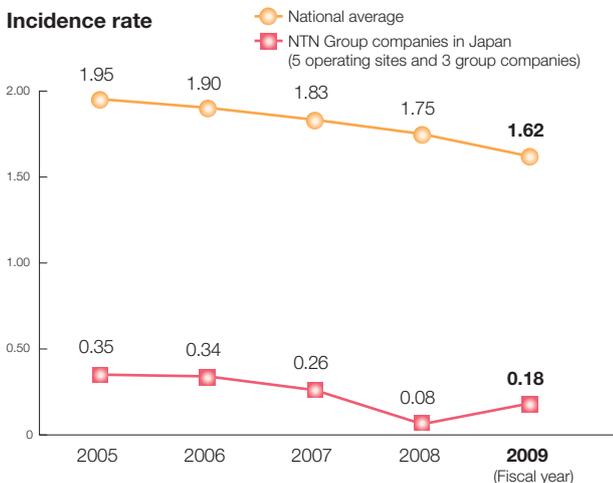
Improving Levels of Occupational Safety and Health

Building an administrative structure based on our Occupational Safety and Health Management System

We work to create safe work environments based on a “safety first” spirit that respects people. We have therefore created a safety and health management system based on Occupational Safety and Health Management System (OSHMS). As of fiscal 2009, all seven operating sites of the NTN Group in Japan had been certified by the Japan Industrial Safety and Health Association.

Our workplace accident “incidence rate”, which indicates the frequency of workplace accidents, and “severity rate”, which describes the seriousness of such mishaps, are below the national averages. We had 11 workplace accidents in fiscal 2009, however, and responded by strengthening safety and health management to achieve zero workplace accidents.

We are acting to create more comfortable workplaces and thereby prevent mental illnesses among employees. For example, we conduct mini-interviews during health checkups. Employees can make appointments to speak with counselors in the biweekly “Oasis NTN program”. Other initiatives include the telephone-based Mental and Physical Health Counseling Service (also accessible through our website), for which both the assistance and phone calls are free. Specialists provide mental health training for managers and supervisors and help sufferers to return to work.



Supporting self-improvement

Helping employees to improve themselves to realize their potential

We assist employees with self-improvement so they can all fully apply their talents.

We assist employees taking the Test of English for International Communication to reinforce their capabilities as befitting a global enterprise. Employees can choose from 271 correspondence courses matching their abilities to increase their business and specialist skills. We offer these courses twice annually. We offer English correspondence courses to new employees, starting from when we provisionally hire them.

Rewards for employee inventions

Rewarding employees' inventions

To reward our employees' inventions and to improve our technical competitiveness, we have established a “Patent Management rule” and a “Patent Reward rule” and we have clarified how patent rights are attributed and how the value of the award is calculated. Rewards are also made for foreign patents and for know-how and inventions considered to be trade secrets. There is no upper limit to actual awards.

In fiscal 2009, there were 68 separate patent rewards made to 93 individuals.

Holding family tours

Conducting plant tours for employees' families

We conduct “family tours” as part of initiatives to deepen understanding of our business activities. We showed families around seven domestic sites in fiscal 2009.

The Kuwana Works tour started with a DVD presentation profiling the company. Other activities included a visit to a new ultralarge plant, a demonstration of a machine that simulates some of the dangers of factory work, and a quiz on bearings. The visitors, ranging from two-year-olds to senior citizens, enthusiastically listened to explanations about bearings and were particularly interested in the Kuwana Works' wind power generator and new solar generator.

NTN Mikumo Co., Ltd., held a tour in November 2009 in response to requests to hold such tours outside of the summer season. There were 22 participants, with children in the group learning how to exchange business cards followed by a product presentation that doubled as a game. Afterwards, the visitors toured the facility and lunched in the dining hall.



“Family tours” at NTN Mikumo Company Ltd.

Undertaking social contribution activities with communities as a good corporate citizen

Planting forests

Continuing forest planting activities in various locations

In fiscal 2002, the Group responded to a rising national awareness of such environmental protection issues as preventing global warming and preserving biodiversity by undertaking “NTN Kigyo no mori” (NTN corporate forest stewardship) activities to protect and plant trees in forests.

In fiscal 2009, the Okayama Works planted trees in an “NTN Kigyo no mori” in Mimasaka City, Okayama Prefecture. The Okayama Works is borrowing the approximately 3.5-hectare forest under a “Kigyo to kyodo tonno mori zukuri” agreement (Public corporate forest-planting) that it signed with Mimasaka City in August 2008. For activities on the day of the event, 65 employees and their families from Okayama Works and NTN Bizen Corporation planted and thinned trees under the instructions of officials from the Forestry Policy Division of Okayama Prefecture. A local television program highlighted their efforts.

Also in fiscal 2009, Nagano Works thinned trees at an “NTN Kigyo no mori” in Komagane City, Nagano Prefecture. These activities were based on a “Mori-no-satooya” program (Adopt-a-

Forest) maintenance agreement concluded with Komagane City in 2006 as a part of the prefecture’s forest adoption program. A total of 42 NTN employees and their families participated in the two forest activities for the year. From 2006 through 2008, Nagano Works people thinned trees and removed underbrush over around 14 hectares. Komagane City rewarded these efforts by issuing a certificate stating that these endeavors had contributed to absorbing about 191 tons of CO₂.

The Group considers it necessary to undertake ongoing activities to protect and foster forests around Japan, and plans to expand these efforts.



“NTN Kigyo no mori” of Nagano Works

Chart of “NTN Kigyo no mori” activities

Iwata Works	“Shizuoka mirai-no mori supporter” system (Supporters of Shizuoka’s future forest) Activity period: Five years from 2008	
	Initiatives: Participating in Shizuoka Prefecture’s “Shizuoka mirai-no mori supporter” system (Supporters of Shizuoka’s future forest), cutting underbrush, maintaining a wild bird preserve, and improving mountain trails	Fiscal 2009 efforts <ul style="list-style-type: none"> • Activities held on February 7, April 11, July 4, August 22, September 26, and November 21 • Received prefectural contribution label and CO₂ absorption certificate from Shizuoka Prefecture in September 2009
Okayama Works	“Kigyo tonno kyodo no mori zukuri” agreement (Public corporate forest-planting) Activity period: Five years from 2008	
	Initiatives: Borrowing Mimasaka City-owned land to plant trees, maintain the forest, and participate in mushroom growing and nature observation walks	Fiscal 2009 efforts <ul style="list-style-type: none"> • Activities held on April 18 and October 31
Nagano Works	“Mori-no-satooya” program (Adopt-a-Forest) Activity period: Five years from 2006	
	Initiatives: Support Komagane City and implement forest maintenance such as tree planting, tree thinning and underbrush cutting in cooperation with the city.	Fiscal 2009 efforts <ul style="list-style-type: none"> • Activities held on June 6 and July 4 • Received CO₂ absorption certificate from city in June 2009 for activities
	“Kayano Heights plateau tree planting and maintenance” project Activity period: Three years from 2007	
	Initiatives: Providing financial support for cultivating cherry trees and improving a nature trail as part of Minowa Town’s tree planting and maintenance project in the Kayano Heights plateau	Fiscal 2009 efforts <ul style="list-style-type: none"> • Participated in April 2009 ceremony to mark the beginning of mountain leisure season for Kayano Heights plateau
NTN Kinan Corporation	“NTN Kinan Muro nagomi-no mori” (Forest of Relaxation) Activity period: 10 years from 2007	
	Initiatives: Participate in “Kigyo no mori” program of Wakayama Prefecture and grow around 2,000 board-leaf trees in a 1-hectare forest	Fiscal 2009 efforts <ul style="list-style-type: none"> • Activities held on June 10 (with forestry cooperative undertaking regular maintenance)
Kuwana Works	Planning to start activities from the second half of fiscal 2010	

Promoting local traffic safety

Acting to prevent traffic accidents

The NTN Group is active in accident prevention efforts to help create a safe and secure society. In December 2009, the Nagano Works' "Young Drivers Club" participated for the second straight year in the traffic accident prevention contest of the Nagano Prefectural Safe Driving Administrators Association, winning the Nagano Prefectural Police Headquarters Excellence Award. Nagano Prefecture has organized "Young Drivers Clubs" within companies to prevent traffic accidents among young people. Nagano Works employees up to 26 years of age voluntarily run its club, submitting essays and posters to the traffic accident prevention contest as part of their proactive involvement in traffic safety patrols.

The Nagano Works Young Drivers Club was selected from around 330 similar clubs in the prefecture for this award in recognition of such activities.

Participating with community members in traffic safety activities

The Group participates with community members in daily traffic safety activities.

In fiscal 2009, six business sites in Japan and abroad participated in traffic safety patrols.



Shanghai NTN Corporation traffic safety patrols

Helping to create a gender-equal society

Receiving award from Shizuoka Prefecture for contributing to a gender-equal society

The Group promotes the creation of a gender-equal society by improving the working environment.

In July 2009, Shizuoka Prefecture awarded the Iwata Works a Prefectural Governor's Merit Award for Activities to Help Create a Gender-Equal Society. This program recognizes businesses within the prefecture that are striving to contribute to gender-equality. Iwata Works was lauded for establishing "Bear Kids Land," an in-house nursery, for promoting work-life balance, and for other initiatives to enable women to demonstrate their abilities and become more active in the workplace.



Certificate of merit

Accepting internships

Accepting foreign student internships

The Group actively accepts interns. An internship program enables students to work in a company for a certain period to gain work experience.

In fiscal 2009, eight business sites in Japan and abroad accepted interns. The Iwata Works accepted NTN's first foreign interns.

Engaging with communities

Introducing Japanese culture to American children

NTN DRIVESHAFT, INC. (NDI) participated in the Bartholomew County Public Library Literacy Festival in Indiana. The event promotes reading among children, and the library introduces books and presents plays.

Various businesses and organizations had booths at the library on festival day. The NDI booth introduced Japanese culture by writing children's names in Japanese and Chinese characters and teaching them origami.



NDI booth at Literacy Festival

Community clean-ups

Community clean-ups Actively participating in local community clean-ups

The Group is also active in helping beautify communities. In fiscal 2009, 16 Japanese and overseas offices engaged in such efforts.

At NTN Kongo Corporation, 20 employees collected about 35kg of garbage outside its site. Elsewhere, 28 employees of NTN Casting Corporation cleaned up around Lake Shinji, which is registered under the Ramsar Convention.

Employees of NTN MANUFACTURING (THAILAND) CO., LTD., voluntarily participated in a clean-up at Sukapaap Park, while about 300 employees from Shanghai NTN Corporation performed clean-up activities.



I would like to harness my NTN training experiences in France

Institut National des Sciences Appliquées de Lyon

Vincent Samy

The NTN Iwata Works looked after me as a factory intern from France's Institut National des Sciences Appliquées de Lyon. A plant tour and internship gave me first-hand exposure to the importance of Kaizen. The zeal and curiosity of NTN's people was somewhat of a culture shock, but I made several friends at work and at the dormitory. I am grateful from the bottom of my heart for the kindness of everyone, and found my internship extremely meaningful.

Building a group-wide environmental management structure to reduce environmental impact

Environmental Policy

Formulation of Environmental Policy and promoting activities across the Group

The NTN group, in working to reduce its environmental impact and contribute to the sustainable development of society, has formulated a group-wide “Environmental Policy.”

To enact this policy, we established the Company-wide Environmental Management Committee, which includes group companies in Japan. The committee has set environmental targets for the entire company and for individual operating sites for reducing CO₂ and waste. Also, the Energy and Natural Resources Conservation Action Committee at our Manufacturing Division and the Office Environmental Action Committee at our Head Office and Sales Department have been established to enhance our environmental management structure.

Environmental Policy

Harmony with the global environment is our most important issue and we will continuously strive to contribute to the harmonious development of society and work to reduce the impact of our corporate activities on the environment.

1. Development and sales of environmentally-friendly products

- NTN will contribute to world-wide energy conservation by developing and providing eco-products using tribological technologies and high precision processing technologies.

2. Reduction of environmental impact

- NTN will work to prevent global warming by improving energy efficiency activities throughout the business process, from procurement of materials and parts, through to manufacture, distribution and sales.
- NTN will strive to reduce waste by paying heed to efficient use of raw materials, and thorough application of the 3Rs (reduce, reuse, recycle).
- NTN will avert environmental pollution by rigorous management of substances having an environmental impact that are used in products or processes, and by active substitution of chemical substances suspected of having harmful effects.

3. Observance of laws and regulations and implementation of thorough environmental management systems

- In addition to observing laws, regulations and ordinances, NTN will actively seek to comply with requests from regional communities and customers by imposing tighter self-determined standards and internal rules, and keeping to them.
- NTN will establish an environmental management organization and operational methods, and will conduct environmental audits to maintain and improve corporate environmental management systems. We will also advance communication with society at large by publishing information about our environmental initiatives.
- NTN will conduct environmental education. NTN will promote improved awareness of this Environmental Policy and environmental protection to all persons working on behalf of the NTN group.

4. Activities to contribute to society and protect the natural environment

- By actively participating in regional social contribution activities and natural environmental protection activities, NTN will interact with the immediate community, aiming to develop together with the local region.

March 1, 2009
Person responsible for
company-wide environmental controlling
NTN Corporation

Environmental Management System

Aiming to develop a comprehensive environmental management system

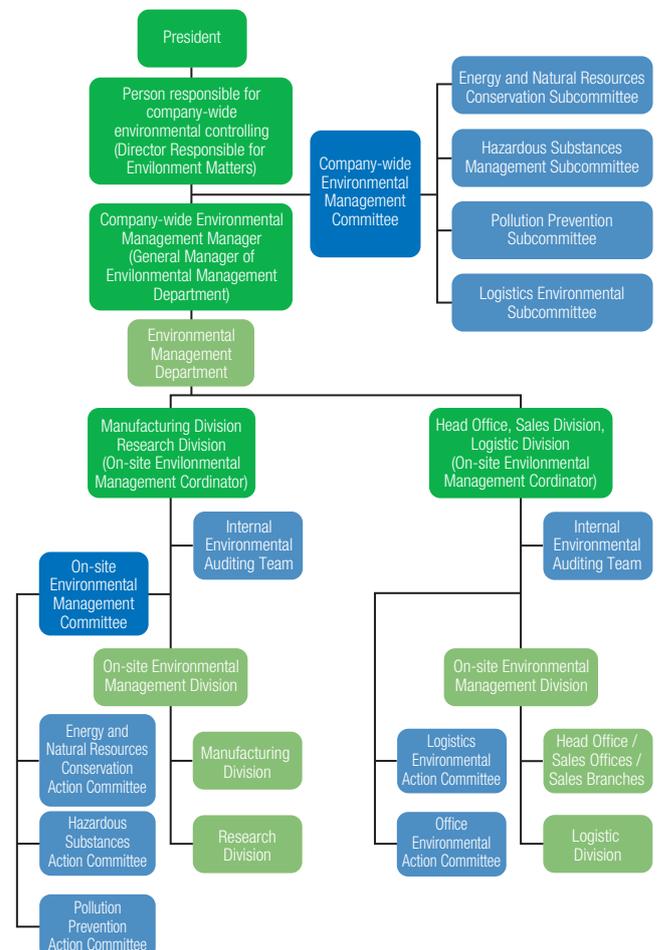
In a bid to enhance its environmental management structure, the NTN group is adopting a comprehensive environmental management system applicable to the entire group. Specifically, the NTN group has obtained a multi-site* ISO 14001 certification for some operating sites and is preparing its other sites to join the multi-site certification.

16 out of 21 operating sites in Japan have obtained ISO 14001 certification and 15 of those are in the multi-site certification. A total of 14 out of 15 overseas operating sites have also obtained ISO 14001 certification.

In fiscal 2010, NTN Kamiina Corp., NTN Bizen Corp., and Elemental Technology R&D Center also began taking part in multi-site certification, as the NTN group made progress in developing this system.

*Multi-site certification: Certification obtained for multiple sites operating under a single system.

Environmental Management Structure



Performing Environmental Audits

Multifaceted approach to environmental audits that includes external audits

The NTN group not only obtains ISO 14001 certification, but also emphasizes the audit of actions it takes to this end. For this reason, the group is developing a multifaceted structure for environmental audits that, in addition to external audits, includes "internal audits" and "cross-audits," which are done between operating sites.

In fiscal 2009, internal audits were performed at all operating sites, with cross-audits conducted between eight sites. Cross-audits in particular can lead to improved environmental management, since these audits provide opportunities for mutual learning of best practices, not simply detection of observable issues.

For external audits, the NTN group receives periodic, ongoing audits from Japanese Standards Association. Audit results showed four observations, including issues pertaining to document management. However, the group was able to maintain its environmental management registration since all corrective measures put forth were deemed effective for preventing any recurrence.



ISO 14001 Ongoing audit

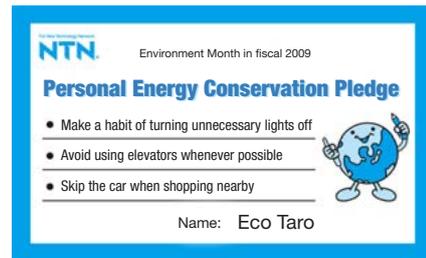
Continued Enactment of Environmental Education

Environmental education for employees to raise environmental awareness

In an effort to increase environmental awareness, the NTN group puts management, new managers, and new employees through the necessary environmental education programs.

During Environment Month in June of fiscal 2009, all employees were given a "personal energy conservation pledge card" to fill out and carry at all times. The NTN group also instituted "Car Free Day" from being driven to work one day a week.

On the other hand, since households generate some 15% of Japan's carbon emissions, reducing levels of CO₂ emitted not only by industry but from the household is another important task. For this reason, in fiscal 2007, the NTN group started distributing "Household Eco-Account Books" to employees to make households more aware of the importance of reducing energy consumption. In fiscal 2009, approximately 2,500 households participated.



Energy conservation pledge card

Operating sites with ISO 14001 certification

Region	Operating site		Date of certification		Registration	
	Company	Plant	Year	Month	Registration No.	Registration body
Japan	Multi-site certification		1999	11	JSAE176	JSA
	(Operating sites included) Head Office, Kuwana Works, Iwata Works, Okayama Works, Nagano Works, NTN Kongo Corp., NTN Mikumo Corp., NTN Engineering Plastics Corp., NTN Powder Metal Corp., Hikari Seiki Industry Co., Ltd., NTN Casting Corp., NTN Omaezaki Corp., NTN Mie Corp., NTN Fukuroi Corp., NTN Kinan Corp.					
	NTN Tado Corp.		2005	3	JSAE1058	JSA
U.S.A.	AMERICAN NTN BEARING MFG. CORP.	Elgin Plant	2000	6	111994	LRQA
		Schiller Park Plant	2000	9	112115	LRQA
	NTN-BOWER CORP.	Macomb Plant	2000	6	111998	LRQA
		Hamilton Plant	2000	6	111999	LRQA
NTN DRIVESHAFT, INC.		1999	12	A8478	UL	

Region	Operating site		Date of certification		Registration	
	Company		Year	Month	Registration No.	Registration body
U.S.A.	NTN USA CORP. Head Office		2000	4	0112005	LRQA
	NTK PRECISION AXLE CORP.		2008	4	4000717	LRQA
Canada	NTN BEARING CORP. OF CANADA LTD.		1999	7	287	KPMG
Germany	NTN Kugellagerfabrik (Deutschland) G.m.b.H.		1999	6	201167-2	LRQA
	NTN TRANSMISSIONS EUROPE			2003	1	19479
France	SNR ROULEMENTS*		2009	1	0448-4	UTAC
	NTN MANUFACTURING (THAILAND) CO., LTD.		2003	3	31634	TÜV
Thailand	Guangzhou NTN-Yulon Drivetrain co., Ltd.		2005	4	104043247	TÜV
	Shanghai NTN Corp.		2005	7	CH05/0489	SGS

*Multi-site certification

Operating sites expected to be ISO 14001 certified

Region	Operating site	Expected year/month of certification	
		Year	Month
Japan	NTN Kamiina Corp.	2010	11
	NTN Bizen Corp.	2010	11
	Elemental Technology R&D Center	2010	11

Region	Operating site	Expected year/month of certification	
		Year	Month
Japan	NTN Hakui Corp.	2011	11
	NTN Houdatsushimizu Corp.	2011	11
India	NTN NEI Manufacturing India Private LTD.	2010	12

Environmental Policy and Management Structure

Environmental Accounting

Contraction in environmental preservation costs from the recession

The NTN group has introduced environmental accounting as a quantitative tool for evaluating environmental preservation measures by group companies and other entities.

Due to the economic recession, in fiscal 2009 we invested 761 million yen in environment-related equipment, and spent 2,001 million yen in related costs. Both figures were less than the respective 1,035 million yen and 2,900 million yen recorded in fiscal 2008. The economic benefit was 484 million yen, a decline of 419 million yen from a year earlier. Moreover, the NTN group posted recycling-related costs associated with PCB* equipment.

In terms of our environmental impact, lower production volume led to reduced CO₂ emissions and reduced waste, resulting in an improved recycle rate. The amount of paper and styrofoam that we purchased also declined.

*PCB (Polychlorinated Biphenyl): An insulating oil once frequently used in transformers, capacitors and other electrical equipment due to its superior insulating and incombustible properties. Later revealed to be highly toxic, production of PCB was halted in Japan in 1972.

two teachers from Fukuroi Junior High School in Shizuoka Prefecture, who toured the facility to observe its environmental management activities as part of a hands-on social welfare and environmental learning program. During the tour, the visitors learned how NTN group products are inherently eco-conscious, and gained an appreciation for how wastewater treatment plants deal with polluted water and how trash is separated at waste storage facilities. Through real-world environmental learning opportunities of this kind, we intend to promote more environmental activities in partnership with communities in the future.

NTN Casting Corp. holds a meeting every year to strengthen ties with local residents. In fiscal 2009, the meeting for the first time included a plant tour, and featured an explanation of the company's annual environmental plan, as well as opportunities for input from members of the community. Any opinions and requests received from residents are then reflected in future environmental improvement activities.



Hands-on environmental learning program at the Iwata Works

Environmental Communication

Support for hands-on environmental learning programs for local teens

Each operating site works to enhance interaction with local residents, with the environment as a major theme.

The Iwata Works was visited by 29 third-year students and

Environmental Preservation Costs

At operating site in Japan
(Millions of yen/year)

Classification	Equipment Investment		Costs		
	Amount	Details	Amount	Details	
Work areas internal costs	0	Environmental equipment (dust collectors, particulate smoke removal devices, and wastewater treatment equipment)	100	Inspection and management of environmental equipment (dust collectors and wastewater treatment equipment)	
	124	Energy-conserving equipment (compressors, lighting, air conditioning, etc.)	172	Costs of switching to energy-saving equipment, from halon fire extinguishers to CO ₂ extinguishers, etc.	
	0.01		420	Cost of waste recycling/processing of PCB equipment, cost of processing regular and industrial waste	
Upstream / downstream costs	0		0.8	Analysis related to green procurement	
Costs of management activities	0		298	Labor costs related to the EMS and information disclosure (advertising and CSR reports) and the greening and beautification of company grounds	
R&D costs	637	R&D equipment related to environmental preservation	905	R&D costs related to environmental preservation	
Costs of social activities	0		16	Greening and beautification outside the company	
Environmental remediation expenses	0		89	Cost of soil sampling	
Total	761		2,001		Grand total
(For reference) Total from last fiscal year	1,035		2,900		2,762
					3,935

Impact on environmental preservation

Indicator	Result for Fiscal 2009	Result for Fiscal 2008
Total CO ₂ emissions	250,000 tons	310,000 tons
Reduction of waste	Recycle rate 99.9%	99.6%
Reduction in paper purchases	Compared to fiscal 1998 (46.8%)	(43.4%)
Reduction in styrofoam purchases	Compared to fiscal 1999 (98.7%)	(90.1%)

Financial effect of environmental preservation activities

(Millions of yen/year)

Item	Amount	Details
Profit from recycling saleable materials	228	Profit from saleable materials such as metallic sludge
Reduced costs from energy conservation	129	Reduced costs from energy conservation (air conditioning and illumination)
Reduced waste treatment costs through resource conservation and recycling	128	Benefit of installing grinding swarf briquetting machine
Total	484	
(For reference) Total from last fiscal year	903	

Environmental Impact of Business Activities

Environmental Impact of Business Activities

Reducing the environmental impact over a product's entire lifecycle

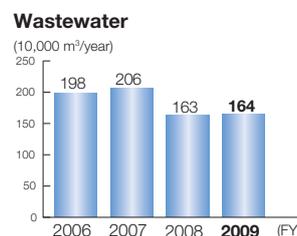
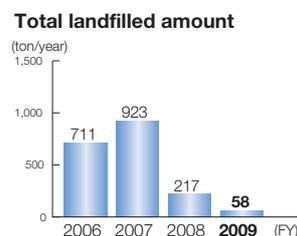
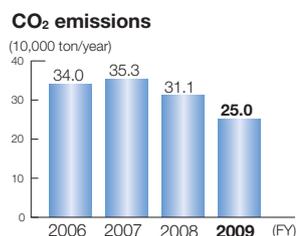
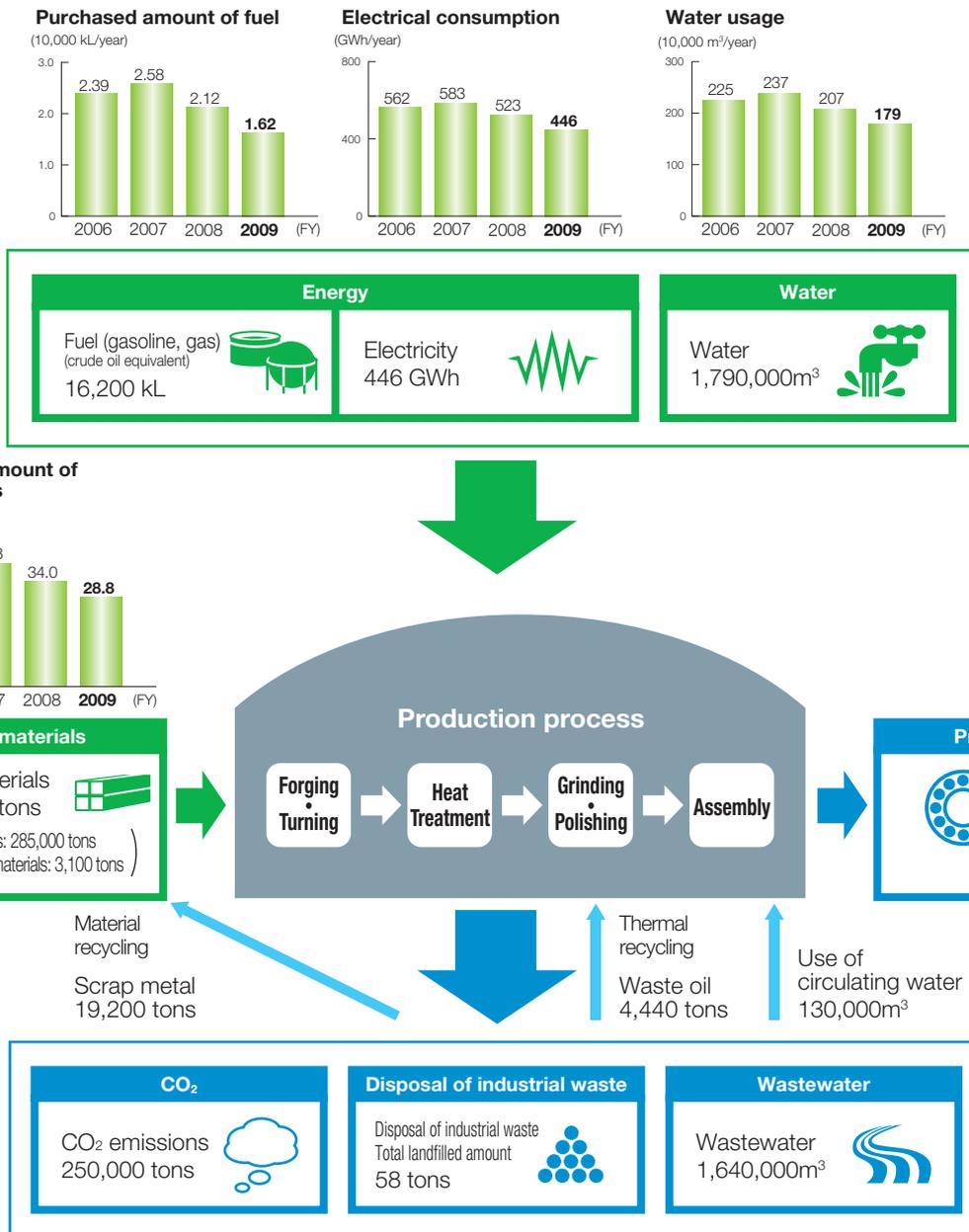
The NTN group emphasizes the importance of grasping environmental impact over the entire lifecycle of our products. To this end, we strive to understand the amount of raw materials, energy, and water we use (the input) for our products and their total environmental impact (the output), and take steps to reduce these levels.

Due to decreased production volume, the input of raw

materials (steel and non-ferrous material) by our domestic sites in fiscal 2009 was 288,000 tons, a decrease of about 15% over the previous fiscal year. Also, the amounts of energy and water used were less than the previous fiscal year.

The amount of industrial waste that was landfilled was reduced by roughly 159 tons over the previous fiscal year to 58 tons partly because of the complete recycling of the brick waste generated by the casting process. As a result of decreased production and the energy conservation improvements carried out at each operating site, CO₂ emissions were reduced by around 20% versus the previous fiscal year to 250,000 tons.

At operating site in Japan



Pursuing methodical environmental activities in three priority fields

Making CO₂ reduction our most important issue and taking fundamental steps

The NTN group has environmental targets to achieve by fiscal 2010 in three fields: preservation of the global environment, creating a recycling society, and maintaining and improving the environmental management system. These targets were set in fiscal 1998 to enable more methodical environmental activities, and we have taken concrete action along these lines ever since.

In fiscal 2009, we notably set “promoting energy conservation and reducing CO₂ emissions,” “participating in local environmental activities,” and “promoting green procurement” as priority goals, and launched full-scale initiatives in these areas.

Our total CO₂ emissions in fiscal 2009 decreased to 250,000 tons, due to both reduced production in Japan and energy conservation improvements.

Our zero emissions efforts in fiscal 2009 resulted in a recycling

Results of Environmental Management Activities in Fiscal 2009

Purpose		Fiscal 2009 Targets		Fiscal 2009 Results	Evaluation
Preservation of the global environment	Reduce CO ₂ emissions	Domestic	Achieve total CO ₂ emissions of 250,000 tons/year or less Achieve an 8% improvement in CO ₂ emissions rate over fiscal 1997	Achieved total CO ₂ emissions of 250,000 tons/year or less Achieved a 14% improvement in CO ₂ emissions rate over fiscal 1997	😊
		Overseas	Achieve a 3% increase in CO ₂ emissions rate over fiscal 2006	Achieved a 7% improvement in CO ₂ emissions rate over fiscal 2006	😊
	Reduce air, water, and ground pollution	Domestic	Replace halon fire extinguishers with CO ₂ fire extinguishers 47 halon units remaining at the end of fiscal 2009	Replace halon fire extinguishers with CO ₂ fire extinguishers 23 halon units remained at the end of fiscal 2009	😊
			Reduce the use of substances designated by PRTR Law* ¹ by 38% over fiscal 2006	Reduced the use of substances designated by PRTR Law by 55% over fiscal 2006	😊
	Participate in local environmental activities	Domestic	Promote local greening activities (e.g., “NTN Kigyo no mori activities (NTN corporate forest stewardship))	Conducted Kigyo no mori activities in Iwata, Okayama, Nagano and Kinan	😊
Creating a recycling society	Reduce waste materials	Domestic	Work toward achieving zero emissions with a recycle rate of 99.5%	Worked toward achieving zero emissions and achieved a recycle rate of 99.9%	😊
			Reduce landfill waste to 25 tons/month or less	Reduced landfill waste to 4.9 tons/month	😊
		Overseas	Achieve zero emissions with a recycle rate of 96.3%	Worked toward achieving zero emissions and achieved a recycle rate of 95.6%	😞
	Preserve resources	Domestic	Reduce paper consumption by 46.2% over fiscal 1998	Reduced paper consumption by 46.8% over fiscal 1998	😊
Reduce Styrofoam usage by 92.4% over fiscal 1999			Reduced Styrofoam usage by 98.7% over fiscal 1999	😊	
Maintaining and improving the environmental management system	Internal systems	Domestic	Prepare systems to obtain ISO 14001 certification at new sites (Joining multi-site certification in fiscal 2010)	Promoting certification for NTN Kamiina Corporation, NTN Bizen Corporation, and Elemental Technology R&D Center	😐
		Overseas			
	Promote green procurement	Domestic	Respond robustly to investigations of environmentally hazardous substances	Replied to survey requests from customers (1,169/year)	😊
			Implement hazardous substance audits (Internal audits, supplier audits)	We have not implemented hazardous substance audits at partial sites.	😞
			Conducted ongoing incoming inspections	Continuously conducted at each operating site	😐
Encourage suppliers and vendors to implement environmental management systems	Domestic	Support key suppliers in obtaining certification such as ISO 14001, achieving 90% certification or more	Supported key suppliers in obtaining certification such as ISO 14001, achieving 92% certification	😊	
Comply with new regulations	Domestic	Comply with amended Act on the Rational Use of Energy and amended PRTR Law	Comply with amended Act on the Rational Use of Energy: determine energy use in offices Comply with amended PRTR Law: Acquired new MSDS* ²	😐	

*1 PRTR Law: Pollutant Release and Transfer Register

*2 MSDS: Material Safety Data Sheet

rate in Japan of 99.9%, exceeding our target of 99.5%. However, our overseas recycling rate was 0.7 of a percentage point lower than our target of 96.3%.

Ongoing acceptance of incoming inspections of environmentally hazardous substances

The NTN group continued to conduct incoming inspections of environmentally hazardous substances in response to the

European Union's RoHS Directive*¹ and ELV Directive*². However, since audits have not implemented for hazardous substances at partial sites, we intend to correct this oversight in fiscal 2010.

*1 RoHS Directive: This directive prohibits the use of designated hazardous substances in electrical and electronic devices.

*2 ELV Directive: This directive aims to limit hazardous substances from vehicles by mandating recyclable materials.

Fiscal 2010 Environmental Targets

Purpose		Fiscal 2010 Targets	
Preservation of the global environment	Reduce CO ₂ emissions	Domestic	Achieve total CO ₂ emissions of 290,000 tons/year or less (Target emissions coefficient for power suppliers) Achieve a 20% improvement in CO ₂ emissions rate over fiscal 1997
		Overseas	Achieve a 10% improvement in CO ₂ emissions rate over fiscal 2006
	Reduce air, water, and ground pollution	Domestic	Completely phase out halon fire extinguishers by fiscal year-end
Reduce the use of substances designated by PRTR Law by 45% over fiscal 2006			
Participate in local environmental activities	Domestic	Promote local greening activities Establish Kigyo no mori plan for the surrounding Kuwana area (Commence activities from second half of fiscal 2010)	
Creating a recycling society	Reduce waste materials	Domestic	Work toward achieving zero emissions with a recycle rate of 99.7% Reduce landfill waste to 10 tons/month or less
		Overseas	Achieve zero emissions with a recycle rate of 98%
	Preserve resources	Domestic	Reduce paper consumption by 48% over fiscal 1998
Reduced Styrofoam usage by 98.8% over fiscal 1999			
Maintaining and improving the environmental management system	Internal systems	Domestic	Establish system for obtaining global (all operating sites) ISO 14001 certification (NTN Houdatsushimizu, NTN Hakui, NNMI)
		Overseas	
	Promote green procurement	Domestic	Formulate and promote plan for alternatives to phthalate esters
			Implement hazardous substance audits at all sites
			Continue conducting incoming inspections Zero complaints of environmentally hazardous substances
Encourage suppliers and vendors to implement environmental management systems	Domestic	Support key suppliers in obtaining certification such as ISO 14001, achieving 95% certification or more	
Comply with new regulations	Domestic	Track usage of substances designated by the amended PRTR Law Respond robustly to the amended Soil Contamination Countermeasures Act	



Turbo chiller for air conditioning system (NTN Kongo Corp.)



Solar power generator (Elemental Technology R&D Center)

We took advantage of geographic features to refurbish plants in ways that better conserve energy

Promoting large-scale energy conservation improvements at our plants

Leveraging regional features to promote energy conservation improvements

Most energy consumed in NTN group plants is by facility requirements such as compressors, air conditioning, and lighting. As such, reducing CO₂ emissions at our plants requires large-scale energy conservation improvements. For this reason, the NTN group utilized various national-level subsidies and other sources to carry out this major refurbishment work on its plants.

In fiscal 2009, the Nagano Works performed construction work to improve energy conservation through a grant from the New Energy and Industrial Technology Development Organization (NEDO). Specific improvements included the introduction of a high-efficiency turbo chiller, optimal cooling water pump flow controls, and optimal free-cooling controls.

Of these innovations, free cooling takes advantage of the cool climate characteristic of Nagano Prefecture, using the cool air for air conditioning. With this change, we can expect to reduce CO₂ emissions by 600 tons annually, and save some 22 million yen in annual energy costs.



High-efficiency turbo chiller (Nagano Works)

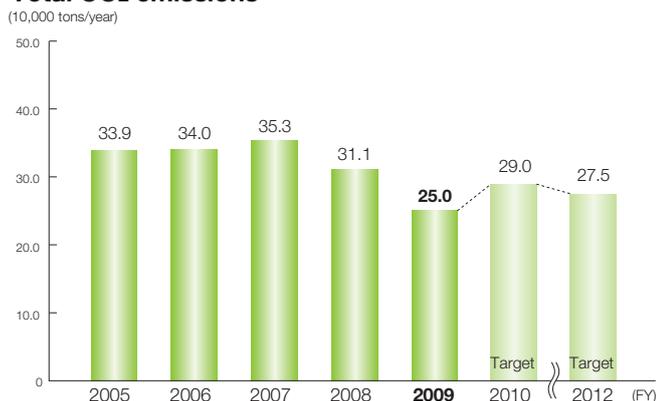
CO₂ Reduction Targets

New CO₂ reduction targets set for fiscal 2010

In 2008, the NTN group set a company-wide target to limit total CO₂ emissions from all domestic sites to 317,000 tons in 2010 (a 10% reduction from fiscal 2007).

In fiscal 2009, we met our target of 250,000 tons, reflecting lower production volume and CO₂ reduction of roughly 11,000 tons due to large-scale energy conservation improvements conducted at major works through the preceding fiscal year.

Total CO₂ emissions



With production volume now expected to rise, we set a target of 290,000 tons for fiscal 2010. This figure represents an even stricter target than the 317,000 tons originally targeted for the year back in 2008.

From a medium-term viewpoint, we have also set a target of 275,000 tons for fiscal 2012, the final commitment year for countries under the "Kyoto Protocol."

Utilization of Natural Energy

Active utilization of natural energy

As part of efforts to lower its CO₂ emissions, the NTN group actively utilizes generated power from wind, solar and other renewable forms of energy. In fiscal 2009, we introduced a wind turbine at NTN Houdatsushimizu Corp. that began operating in October. Meanwhile, the solar and wind generators installed at Elemental Technology R&D Center in fiscal 2008 are being used to recharge electric vehicles.

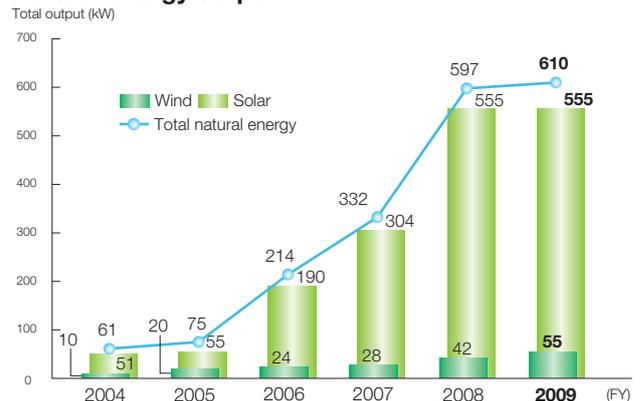


Wind power generator (NTN Houdatsushimizu Corporation)

CO₂ emission rate (original 10 operating sites)



Natural energy output



Reducing the impact of logistics on the environment

Encouraging a modal shift and fewer containers to reduce CO₂ emissions

99.8% of the NTN group's product output is shipped by truck, and all of this is left to logistics companies. Our yearly volume of product transport for fiscal 2009 was approximately 72 million ton-km*¹, which means that we are a "Designated Consigner" (shipping 30 million ton-km or more of cargo a year) under the amended Act on the Rational Use of Energy of 2006. In the medium- to long-term, we are required to improve our average annual energy use rate by 1%.

Prior to the legal amendment, the NTN group had set a target: Reduce CO₂ emissions from logistics (per distance driven) by 12% over fiscal 1998 levels by fiscal 2010. To this end, NTN has worked to raise awareness of eco-driving at logistics companies, encouraging them to adopt the use of digital tachographs*² and to switch to low-pollution vehicles.

In addition to these efforts, in fiscal 2009, the target that we set was a 1% reduction over fiscal 2008 (12,300 tons), and we worked to make a modal shift to rail and marine shipments and to modify the way that containers for export are stacked to reduce the amount of cargo. The downturn in the economy also reduced shipments, resulting in a total reduction of 10,600 tons, which was a 14% reduction from fiscal 2008.

*1 ton-km: Cargo weight (in tons) multiplied by the distance transported (in kilometers).
*2 Digital tachograph: A measuring device that records driving information, enabling users to assess vehicle operating status, improvements in fuel economy and other data.

Shifting port usage to Yokkaichi Port to reduce CO₂ emissions

In a bid to reduce CO₂ emitted from the transport of containers from the Kuwana Export Distribution Center, NTN has shifted the port it uses from Nagoya Port to Yokkaichi Port. This shift has shortened the transport distance in Japan (from 20 kilometers to 12 kilometers), and reduced CO₂ emissions from cargo transport by 14.1 tons in fiscal 2009.

For this initiative, NTN has been recognized by Yokkaichi Port Authority as eligible for the authority's "Yokkaichi Port Green Logistics Promotion Assistance Program." This program provides

support to private-sector entities seeking to use the port to reduce carbon emissions associated with the transport of container freight. Assistance funds are then supplied to companies that qualify based on their CO₂ reduction rate.



Utilizing Green Power

Using green power for the "NTN Report"

In addition to the sale of wind power, Japan Wind Development Co., Ltd., an NTN customer, sells renewable energy certificates. These certificates serve as guarantees of environmental added value, such as energy savings and reductions in CO₂ enabled by renewable energy, and can be traded (sold) for this value. Japan Wind Development holds conferences on how to effectively utilize these renewable energy certificates in which NTN has been participating.

For the publication of our fiscal 2009 CSR Report, we purchased green power to cover the electricity consumed in the printing and binding process, for which Japan Wind Development issued renewable energy certificates. Green power is also being used for the fiscal 2010 NTN Report.



Rokkashomura in Aomori Prefecture

CO₂ emissions from truck transport



Green power certificate

Promoting zero emissions to realize a recycling society

Zero Emissions

Achieved zero emissions with a domestic recycle rate of 99.9%

The NTN group defines zero emissions as 1% or less of total waste going to landfill, and works steadily to improve its recycling rate. In fiscal 2009, we worked towards the goal of zero emissions by targeting a recycle rate of 99.5% for our domestic group companies and 96.3% for our overseas group companies.

Our domestic group companies were able to reach the target, achieving a 99.9% recycle rate, but our overseas group companies achieved a recycle rate of 95.6%.

Domestically, we worked not only to increase our recycle rate but also to reduce the amount of landfill waste, working to decrease this waste to 25 tons/month or less. We ultimately achieved a level of 4.9 tons/month, far below the target.

Achieving recycling of discarded brick waste

In fiscal 2009, NTN Casting Corp. achieved a 100% recycle rate for its brick waste, which it had previously discarded. While the company has for years promoted the recycling of waste sand and slag generated from the casting process, the recycling of the heat-resistant bricks used in the smelting furnaces for casting had emerged as an issue. With the skill now developed to separate brick waste, thus enabling collection by waste specialists, the waste can now be put through stone crushers and pulverized for use as road paving materials.



Stone crusher

Proper Processing of PCB Devices

Properly discarding of PCB devices

Japanese law calls for the proper storage and management of equipment and devices containing polychlorinated biphenol (PCB), and the completion of any processing for the disposal of these products by the end of 2016. For its part, the NTN group properly disposed of 59 such units in fiscal 2009. PCB was frequently used as an insulating oil in capacitors and transformers.

Devices stored at the former Takarazuka Works, NTN Kongo Corp., and the NTN Head Office were targeted in this latest disposal and processing. In the future, we intend to work with other operating sites to systematically process and dispose of devices containing PCB.



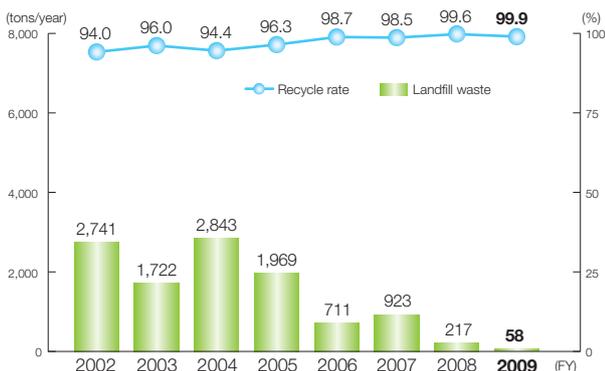
Hauling of PCB devices (former Takarazuka Works)

Initiatives to Prevent Air Pollution

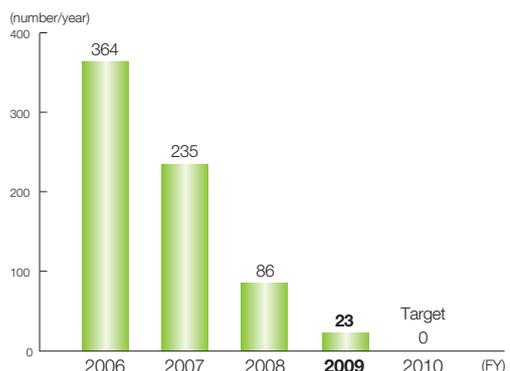
Elimination of halon fire extinguishers

The NTN group is planning for the complete elimination of halon-based fire extinguishers by the end of 2010. Halon fire extinguishers are most frequently used at electrical facilities but contain CFCs, which can destroy the ozone layer. For this reason, we have been executing plans drawn up in 1998 to completely abolish the use of halon fire extinguishers, to be replaced with CO₂ extinguishers. Only 23 halon fire extinguishers remained at the end of fiscal 2009.

Recycle rate and Landfill waste



Number of remaining halon fire extinguishers



Ensuring thorough and proper management by working with suppliers to strengthen reporting and inspections

Green Procurement and Customer Audits

Developing internal auditing systems and accepting customer audits

The NTN group has established a "Green Procurement Standard" and is working with suppliers to preserve the environment and improve the environmental performance of products.

Promoting green procurement was a priority for our environmental activities policy in fiscal 2009. Particularly to comply with restrictions, laws, and regulations related to environmentally hazardous substances such as the European Union's (EU) RoHS Directive, ELV Directive, and REACH*, we have created analytical systems for incoming parts and materials, and specialized internal auditing systems for environmentally hazardous substances.

On the other hand, we also respond positively to requests for customer audits. In fiscal 2009, eight operating sites received such audits related to the management of environmentally hazardous substances. Every site passed.

One of the customers, Canon Inc., in a follow-up from two years ago, again conducted what it calls "Canon Green Procurement Activity Certification." Canon performs environmental audits of all suppliers every two years, granting certification to those suppliers with systems for managing environmentally hazardous substances that meet its desired criteria. Canon, as a rule, conducts business only with those suppliers that receive this certification. The audit included both verification of substance management status companywide and audits of specific sites, and resulted in NTN having its certification renewed for another two years.

*REACH: This regulation deals with the Registration, Evaluation, Authorization, and registration of Chemicals.

Our Response to REACH

Sharing data on substances of very high concern with suppliers

REACH is an EU regulation that came into effect in June 2007 that requires manufacturers and importers to register and evaluate the safety of chemicals in any product used in the EU.



Customer audits

In a follow up to 2008, in December 2009 the European Chemicals Agency announced more additions to a list of 15 substances of very high concern (SVHCs) that are carcinogenic and tend to bioaccumulate.

NTN investigated the documentation related to these substances at companies that supply us with materials and components. This investigation confirmed the presence of phthalate esters, a substance announced as SVHCs in 2008, in rubber components. Suppliers have also responded that their products currently contain none of the SVHCs additions announced in December 2009 (as of June 2010). Regarding the rubber components containing phthalate esters, we intend to promote the use of substitutes from the standpoint of proper risk management.

NTN's customers are found across a wide range of industries. For this reason, NTN is a member of the Joint Article Management Promotion-consortium (JAMP), an organization that promotes a uniform investigation format applicable across industries. Membership in JAMP has allowed NTN to develop a framework for responding smoothly to investigations by customers of our possible use of any hazardous substances.

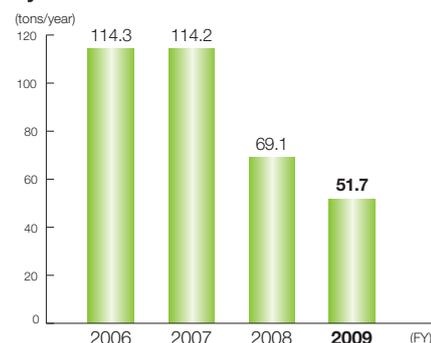
Reducing Substances Designated by the PRTR Law

Fulfillment beyond the targets

The NTN group works to reduce the amount of designated chemicals that we emit and transfer into the environment—substances that we are required by the PRTR Law to track and report. Specifically, our fiscal 2009 goal was to achieve a 38% reduction over the fiscal 2006 level in the use of these substances, and our fiscal 2010 target is a 45% reduction. In fiscal 2009, we were able to meet our target with a robust 55% reduction.

Due to November 2008 amendments to the PRTR Law, the number of substances that we must track and manage will increase from fiscal 2010. Because of this impending change, in fiscal 2009 we took steps to clarify the volume of such substances that we use.

Usage of substances designated by the PRTR Law



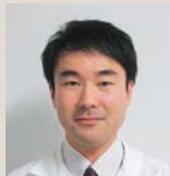
Promoting R&D into products that contribute to lower environmental impact

Reducing environmental impact from the development stages

NTN places high priority in product R&D on reducing environmental impact, and strives to research and develop products driven by environmentally friendly technologies. The major themes of our R&D are to increase product life, and reduce weight and torque in our primary products, particularly bearings and constant velocity joints.

NTN high-load capacity tapered roller bearings win Encouragement Award

“High-load capacity tapered roller bearings” developed by NTN received the Encouragement Award presented at the “2009 CHO MONODZUKURI Innovative Components Awards” sponsored by the Conference for the Promotion of MONODZUKURI and the Nikkan Kogyo Shimbun Ltd. These awards focus on parts and materials that are a source of competitiveness in the field of “Monozukuri” (“manufacturing”). High-load capacity tapered roller bearings are products in which we increased the number of rollers to their utmost by adopting a special cage, thus boosting the bearing’s load carrying capacity. The result of this more compact size is a product that contributes to better fuel economy in vehicles, making it viable in a wide range of global markets.



Product development through meticulous adjustments made together with on-site crew

Automotive Engineering Department,
Automotive Business Headquarters

Takashi Ueno

The key development point was to create a specialized retainer that would allow us to increase the number of roller bearings while maintaining strength. This required us at the design stage to devise a number of ways to achieve post-assembly precision. When it came to mass production, we took great pains to be on the ground at operating sites to check the manufacturing process, management methods and inspections for the retainer. This was truly a product developed through meticulous adjustments made in close cooperation with our on-site crew.

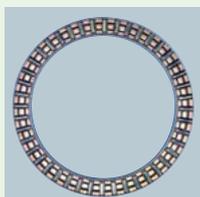
Low friction hub bearings for realizing energy savings

NTN has developed “low friction hub bearings”, products that can considerably reduce the axle friction of a car when it is moving in a straight line. The new product is designed to have two different radii or curvatures for the inner and outer races along which the balls roll. This allows the axle unit not only to offer reduced friction during straight-line vehicle operation, but also helps to assure durability. This innovation, coupled with unit assembly improvements in combination with a low-torque seal, has contributed to lowering straight-driving friction by a maximum 40% from conventional products. Also, this invention is expected to improve fuel efficiency by up to 1.5%, thus making it specifically environment friendly.



Low-torque thrust needle roller bearings reduce torque by half

NTN has developed “low-torque thrust bearings” for automotive transmissions that reduce rotational torque by 50% compared to conventional products. In thrust needle roller bearings, the rolling distance of the rolling elements differ for the inner and outer circumference of the bearing. Reducing this gap helps to control slippage loss from the rolling elements and the raceway. The result is a reduction in both rotational torque and loss within the transmission process, contributing to better fuel efficiency for automobiles.



Highly greased ball bearings with ability to prevent grease leakage

NTN has developed “highly greased ball bearings” with enhanced greasing and sealing properties. After analyzing the behavior of grease as bearings rotate, we adopted a specially shaped bearing cage that better controls grease flow. This innovation has made possible an approximately 30% increase in the volume of grease that can be sealed into bearings, effectively doubling the life of the grease. Furthermore, when the load on the bearing is light, these bearings, which are smaller than conventional bearing types, enable longer-lasting lubricated bearing life, leading to the downsizing and weight reduction of equipment.



Third-Party Opinions

NTN Report 2010 Third-Party Opinions

Katsuhiko Kokubu

Integration of the Annual Report and CSR Report

The most important characteristic of this year's report is that it combines the previously separate CSR Report and Annual Report. President Mori starts off the report with an explanation of NTN's policies on business activities and CSR activities, which facilitates understanding of the NTN Group's activities. Unified disclosure of financial performance and social and environmental performance is a worldwide trend, and more integrated disclosure of this information is likely to become important in the coming years.

Reinforcement of CSR Activities

NTN has declared that CSR is the foundation that underpins corporate management and is steadily developing its CSR mechanisms and activities. A new topic in this year's report is the development of a CSR database. Since it is necessary to adopt a group-wide approach to CSR activities, a database is likely to be an effective platform for information sharing. Reflecting CSR performance information in a database should also further enhance CSR management at NTN.

Identification of Key Areas

NTN's report contains feature articles that disclose a number of social and environmental activities in detail. Individual activities are highly important, since these can add up to produce tremendous results. A key concept in CSR is materiality, and one CSR approach involves identifying material issues and deepening activities to address those issues each year. Since each of the activity fields covered in the feature articles is material, I hope that NTN will treat them as continuing activities included in the scope of information disclosure, rather than only as subject matter for feature articles.

Proactive Environmental Response

NTN vigorously engages in environmental activities and produces remarkable results. For instance, the company establishes and strives to achieve challenging targets for total CO₂ emissions reduction. Environmental problems are simultaneously an opportunity and a risk for NTN, which numbers companies in the automotive industry among its important customers. I believe that the question of how to assess the environment as a risk will become an important perspective in environmental assessment in annual reports. Also, it may be useful to adopt resource productivity or environmental efficiency indicators to express the environmental direction NTN should pursue.

Involvement in Stakeholder Dialogue

One important aspect of CSR activities is listening to the views of stakeholders. Since NTN vigorously engages in activities that affect various stakeholders, as indicated in this report, it will likely be necessary to engage in stakeholder dialogue to further strengthen these activities. In particular, it may be possible to discover new issues simply by discussing how the employees feel about NTN's CSR activities and what they hope to accomplish. I expect NTN to increase its corporate capabilities and further contribute to society through its business activities by enhancing CSR activities.



Katsuhiko Kokubu

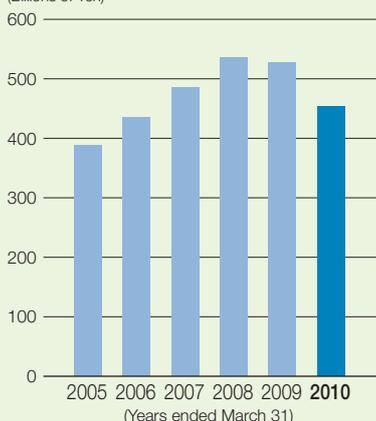
Biographical Information

Katsuhiko Kokubu is a professor at the Graduate School of Business Administration, Kobe University. He specializes in environmental management, environmental accounting, and CSR management and serves as chairman of Material Flow Cost Accounting (MFCA) Forum Japan, chairman of ISO/TC 207 Working Group 8, and a director of the Institute for Environmental Management Accounting, and a member of the executive board of the Society for Environmental Economics and Policy Studies, the Sustainable Management Forum of Japan, the Japan Corporate Social Accounting and Reporting Association, and the Japan Cost Accounting Association. His published books include Material Flow Cost Accounting (Nikkei Publishing Inc.) and Environmental Management and Accounting (Yuhikaku Publishing Co., Ltd.).

Financial Review

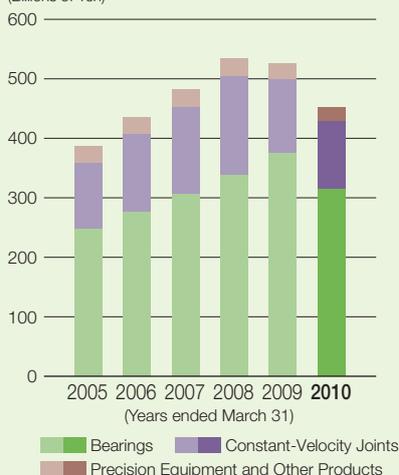
Net Sales

(Billions of Yen)



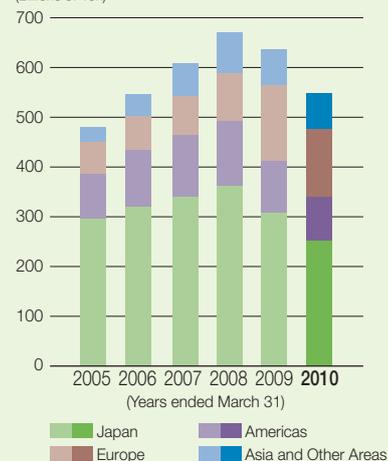
Sales by Business Segment

(Billions of Yen)



Net Sales by Region

(Billions of Yen)



Scope of Consolidation

The scope of consolidation as of March 31, 2010, consisted of NTN Corporation and 48 consolidated subsidiaries (12 domestic and 36 overseas subsidiaries). A total of 10 affiliates (all overseas affiliates) were accounted for by the equity method. The following changes to the scope of consolidation and application of the equity method were made during the fiscal year under review.

◆ Consolidation

(2 companies removed)

NTN-NIDEC (THAILAND) Co., Ltd.

NTN-NIDEC (Zhejiang) Corporation

Summary of Fiscal 2009

NTN's operating environment in fiscal 2009, the year ended March 31, 2010, was severe overall. Although the domestic automobile industry appeared to be steadily picking up, recovery was delayed in some areas of the manufacturing industry mainly due to prolonged inventory adjustments, and the unemployment rate was also high. Overseas, signs of recovery began to appear centered on emerging markets such as China and India, and the Americas and European markets gradually recovered, partly due to the benefits of economic stimulus measures. Nevertheless, unemployment rates remained high, as in Japan, and for this and other reasons conditions continued to remain severe. In this environment, the NTN Group is promoting measures that include increasing sales to the industrial machinery sector and reducing costs, aiming to achieve business operations that do not rely on business scale, which is an objective of the new two-year medium-term management plan, "NTN 2010 for The Next Step," which started in April 2009.

Net sales: ¥452.7 billion, a year-on-year decrease of ¥74.4 billion (-14.0%)

Operating income: ¥1.4 billion (operating margin of 0.3%), in the black over the full year

Interest-bearing debt: ¥231.6 billion, a decrease of ¥44.4 billion from March 31, 2009

Capital expenditures: ¥21.5 billion, a year-on-year decrease of ¥28.1 billion (-57.0%)

Dividend: Full-year dividend of ¥8 per share (interim dividend of ¥4 per share and year-end dividend of ¥4 per share)

Sales and Earnings

• Sales Performance

Consolidated net sales for the fiscal year ended March 31, 2010, amounted to ¥452,746 million, a decrease of ¥74,354 million (14.1%) from the previous fiscal year. Overseas sales totaled ¥296,382 million, a decrease of ¥35,870 million (10.8%) year on year. Overseas sales accounted for 65.5% of net sales overall (the Americas 19.9%; Europe 28.1%; and Asia and other areas 17.5%), an increase of 2.5 percentage points from the previous fiscal year.

Sales by Business Segment

Bearings

In applications for general industrial machinery, sales decreased in each region year on year despite some signs of brightness, especially increases in sales of bearings used for rolling stock and aircraft machinery, and for construction machinery in China and the Asia region. These decreases were mainly due to a drop in worldwide demand for bearings, and the impact of unfavorable foreign exchange rates. In automotive applications, sales increased in China and the Asia region, assisted by the recovery of demand at customers and the start of volume production of new products. However, overall sales declined mainly due to the impact of unfavorable foreign exchange rates and a decrease in demand in Japan. As a result, segment sales for the fiscal year under review fell 16.5% year on year to ¥314,283 million.

Constant-Velocity Joints (CVJs)

Sales of CVJs in Europe and China increased, mainly due to the contributions from recovery of customer demand and the start of volume production of new products. Overall sales, however, decreased due to the impact of unfavorable foreign exchange rates and a decline in demand in other regions. As a result, net sales decreased 7.1% from a year earlier to ¥115,656 million.

Precision equipment and other products

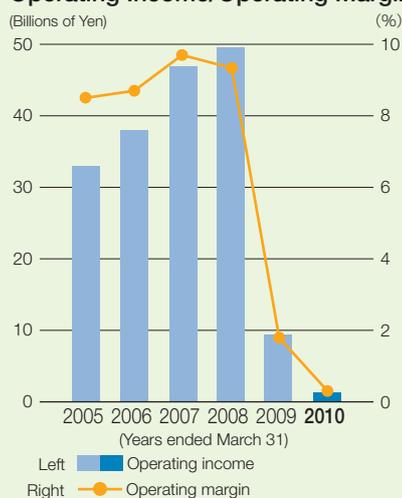
In the precision equipment and other products segment, sales were impacted by customers' curbs on capital investment. For this and other reasons, segment net sales for the fiscal year under review decreased 13.2% from a year earlier to ¥22,807 million.

Sales by Region

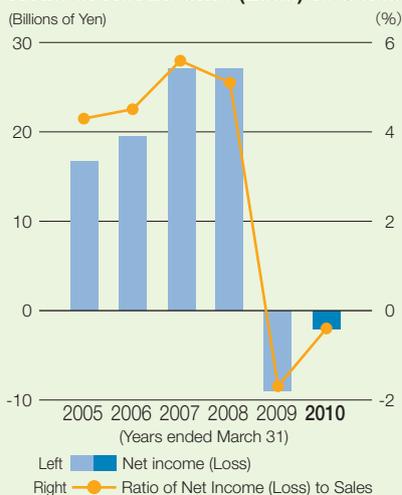
Japan

Sales in both general industrial machinery and automotive applications dropped mainly due to declines in overall demand, although sales of large bearings for maintenance and repair

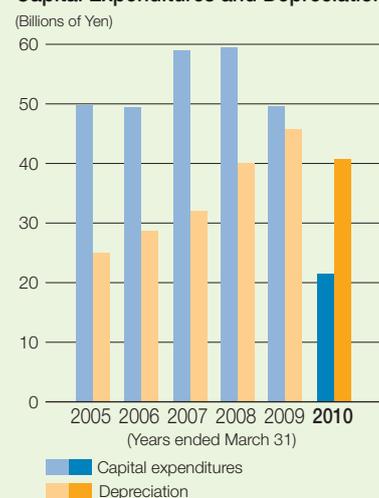
Operating Income/Operating Margin



Net Income (Loss)/ Ratio of Net Income (Loss) to Sales



Capital Expenditures and Depreciation



increased. As a result, net sales in the region decreased 19.8% from a year earlier to ¥156,364 million.

Americas

Sales in both general industrial machinery and automotive applications fell due to declines in overall demand, including for bearings for construction machinery, reduced production by automakers, and unfavorable foreign exchange rates. As a result, net sales in the region decreased 17.6% from a year earlier to ¥90,017 million.

Europe

Sales in both general industrial machinery and automotive applications fell due to unfavorable foreign exchange rates and declines in overall demand, especially for bearings for agricultural machinery, although sales of CVJs increased mainly due to the contributions from recovery of customer demand for automotive applications and the start of volume production of new products. As a result, net sales in the region decreased 10.3% year on year to ¥127,068 million.

Asia and other areas

Sales in automotive applications increased in both China and other areas in Asia, mainly due to the contributions from recovery of customer demand and the start of volume production of new products. However, sales in general industrial machinery applications decreased in both China and other areas in Asia mainly due to a decline in sales for fluid dynamic bearings caused by the dissolution of a joint venture and to the impact of unfavorable foreign exchange rates. As a result, sales in this region decreased 2.5% year on year to ¥79,297 million.

• Cost of Sales and Selling, General and Administrative (SG&A) Expenses

Cost of sales amounted to ¥387,743 million, with the percentage of cost to overall sales rising 1.1 percentage points to 85.6%. This was mainly due to decreased sales and unfavorable foreign exchange rates.

Selling, general and administrative (SG&A) expenses amounted to ¥63,604 million, with the percentage of cost to overall sales rising 0.3 percentage points to 14.0%.

• Earnings

With earnings for the fiscal year under review, the main decrease factors were cost levels, losses on exchange rate changes and decreased business scale, offset by the increase factors of decreased business expenses, reduced labor costs, and decreased proportional costs. As a result, operating income amounted to

¥1,399 million, a decrease of ¥8,080 million (85.2%) compared with the previous fiscal year. The operating margin declined 1.5 percentage points to 0.3%.

Other expenses amounted to a net expense of ¥3,237 million. Major contributors to other income included ¥591 million in interest and dividend income, ¥1,132 million in amortization of negative goodwill and ¥723 million in gain on sales of subsidiaries' shares, which were offset by ¥3,965 million in interest expense, ¥120 million in losses in equity in earnings of affiliates, ¥142 million in business reorganization expenses, ¥350 million in loss on impairment of fixed assets, ¥1,183 million in loss on liquidation of affiliates, and ¥238 million in loss on devaluation of shares in affiliates.

As a result, the Company reported a loss before income taxes and minority interests of ¥1,838 million, down ¥8,266 million from the previous year, with a consolidated net loss of ¥2,015 million, down ¥6,970 million. Net loss per share was ¥4.00 for the fiscal year under review.

The year-end dividend for the fiscal year under review totaled ¥4 per share. Together with the interim dividend of ¥4 per share, the dividend for the full fiscal year amounted to ¥8 per share.

■ R&D and Capital Expenditures

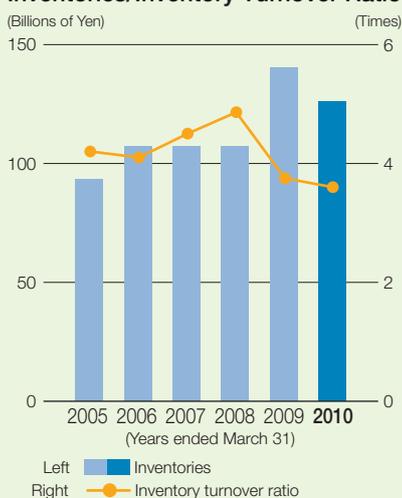
• R&D Costs

In the fiscal year under review, NTN concentrated business resources in product development in the fields of intelligent in-wheels in response to structural changes (electrification) of vehicles, modular products for electric vehicles, products for the environmental market (wind power systems and rolling stock), where demand is expected to steadily increase, and the fields of construction machinery, aircraft and industrial machinery such as machine tools. As a result, R&D costs for the fiscal year under review totaled ¥14,688 million (down ¥2,714 million from the previous fiscal year), representing 3.2% of consolidated net sales. By segment, R&D costs for bearings were ¥10,410 million (down ¥1,600 million year on year); CVJ costs were ¥3,538 million (down ¥963 million); and precision equipment and other products came to ¥740 million (down ¥151 million).

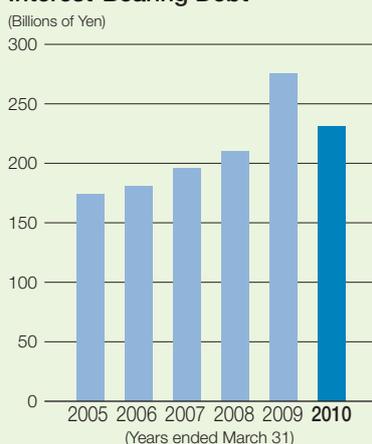
• Capital Expenditures

Capital expenditures for the fiscal year under review amounted to ¥21,504 million (down ¥28,090 million from the previous fiscal year). The main focus of expenditures was on increasing production capacity, labor savings and rationalization, maintenance and upgrading of existing facilities, improving safety, and R&D for new products.

Inventories/Inventory Turnover Ratio



Interest-Bearing Debt



In the bearings segment, capital expenditures totaled ¥17,872 million (down ¥21,454 million from the previous fiscal year). Expenditures included new facilities and production equipment at NTN HOUDATSUSHIMIZU CORP., increases in production equipment and expansion of facilities at the Company's Kuwana Works and at AMERICAN NTN BEARING MFG. Corporation, and increases in production equipment at S.N.R. ROULEMENTS.

In the CVJ segment, capital expenditures totaled ¥3,247 million (down ¥6,369 million from the previous fiscal year). In the precision equipment and other products segment, capital expenditures totaled ¥385 million (down ¥267 million from the previous fiscal year).

All expenditures were funded from internal funds and short-term loans. Depreciation for the fiscal year under review amounted to ¥40,703 million (down ¥5,056 million from the previous fiscal year).

Financial Position and Cash Flows

Inventories decreased ¥13.8 billion year on year. Interest-bearing debt decreased ¥44.4 billion year on year.

Total current assets at the fiscal year-end amounted to ¥288,726 million, an increase of ¥10,572 million, or 3.8%, from the end of the previous fiscal year. Major factors included a ¥20,552 million increase in trade receivables and a ¥13,803 million decrease in inventories. Property, plant and equipment, net amounted to ¥260,566 million, a decrease of ¥27,852 million, or 9.7%, from the end of the previous fiscal year. Investments and others assets amounted to ¥69,510 million, an increase of ¥8,469 million, or 13.9%, from the end of the previous fiscal year. This mainly reflected an increase of ¥8,284 million in investment securities.

As a result, total assets at March 31, 2010, amounted to ¥618,802 million, a decrease of ¥8,811 million, or 1.4%, from the end of the previous fiscal year.

Current liabilities at the fiscal year-end were ¥265,873 million, a decrease of ¥18,473 million, or 6.5%, year on year. Major factors included a ¥50,986 million decrease in short-term bank loans, a ¥17,602 million increase in trade payables, and a ¥14,978 million increase in the current portion of long-term debt. Long-term liabilities decreased 8.4% or ¥12,666 million from the end of the previous fiscal year, to ¥138,378 million, due primarily to a decrease in long-term debt of ¥7,007 million.

Total net assets at the end of the fiscal year amounted to ¥214,551 million, an increase of ¥22,328 million, or 11.6%, from the previous fiscal year-end. The primary reasons were a ¥12,007 million increase in funds

due to an issue of shares (62 million shares) and an increase of ¥12,007 million in capital surplus.

The shareholders' equity ratio was 32.2% (rising 4.0 percentage points from a year earlier). Total net assets per share, based on the number of shares outstanding at the end of the fiscal year, were ¥374.19 per share (a decrease of ¥2.58 per share from a year ago). Interest-bearing debt amounted to ¥231,639 million, a decrease of ¥44,357 million, or 16.1%, from the end of the previous fiscal year. Taking into account the ¥3,051 million decrease from currency adjustments, interest-bearing debt declined ¥41,306 million. The ratio of interest-bearing debt to total assets was 37.4% (down 6.6 percentage points).

Net working capital was ¥22,853 million, an increase of ¥29,045 million from the end of the previous fiscal year. The current ratio was 108.6% (an improvement of 10.8 percentage points from a year earlier).

The inventory turnover ratio for the fiscal year under review was 3.57 times (down 0.18 times year on year), while the turnover ratio of total assets was 0.73 (down 0.11 from the end of the previous fiscal year).

Net cash provided by operating activities was ¥43,970 million, a year-on-year increase of ¥22,595 million, or 105.7%. This mainly reflected inflows of ¥40,703 million in depreciation and amortization; a ¥18,566 million increase in trade receivables; and a ¥11,165 million decrease in inventories; which outweighed a ¥23,391 million increase in trade receivables.

Net cash used in investing activities decreased ¥37,357 million, or 59.4% year on year, to ¥25,559 million. This was due mainly to outlays of ¥25,401 million for purchases of property, plant and equipment.

Net cash used by financing activities was ¥18,562 million, in contrast to ¥44,551 million provided by financing activities in the previous year. This was due mainly to inflows of ¥23,884 million from issue of shares and ¥7,303 million from a net increase in long-term loans, which were outweighed by outflows of ¥45,447 million from a net decrease in short-term loans.

Factoring in the ¥1,914 million increase due to the effect of exchange rate changes, cash and cash equivalents at the end of the fiscal year under review amounted to ¥32,759 million, an increase of ¥1,763 million, or 5.7%, from the end of the previous fiscal year.

Free cash flow, the difference between net cash provided by operating activities and net cash used in investing activities, amounted to ¥18,411 million. The proportion of net cash provided by operating activities to net sales was 9.7%.

Risk Factors

Business results and the financial position of the NTN Group are subject to the following risks. It should be noted that forward-looking statements contained in the following reflect judgments of the NTN Group as of June 28, 2010.

1) Economy

The NTN Group operates global production and sales networks, and supplies customers in various industrial sectors. Business results and the financial position of the NTN Group operations may be affected by the economic conditions in specific countries and business conditions in industries to which our customers belong.

2) Foreign Exchange Fluctuations

Overseas sales of the NTN Group account for over 50% of consolidated sales. This percentage is expected to increase further due to continued acceleration in the global business development of the NTN Group.

Overseas subsidiaries' foreign currency-denominated business results and financial positions are converted to yen for the preparation of consolidated financial statements. Moreover, many export transactions with overseas customers of the Company are conducted in foreign currencies. Although the NTN Group hedges risks through forward foreign exchange contracts and expansion of local procurement, effects of exchange rate fluctuations on business results and financial positions cannot be fully eliminated.

3) Declines in Market Prices

The competitive environment surrounding production and sales activities of the NTN Group is becoming harsher worldwide. As products from China and Eastern Europe are gaining ground, bearings have been affected by falling market prices. At the same time, against a backdrop of global price competition, calls for price reductions are mounting in the automotive industry, which accounts for over half of the NTN Group sales. Although the NTN Group works continuously to reduce costs while developing new products of high quality and high added value, business results and the NTN Group's financial position may be affected by downward pressure on market prices.

4) Rise in Raw Materials Prices

The NTN Group procures a wide range of raw materials from outside sources. To deal with cost increases, especially of steel materials, which pose a high weighting in materials costs, measures have been taken such as mark-ups on selling prices to reflect higher materials cost. In addition, the Group is targeting cost reductions through enhanced production yields and VA/VE methods. Nevertheless, business results and the NTN Group's financial position may be affected by stronger than expected increases in raw materials costs.

5) Disasters and Accidents

Production plants and facilities of the NTN Group and its transaction counterparts are exposed to the risk of damage from natural disasters such as earthquakes, floods, and fires. Although the NTN Group has put into place crisis management systems and stands

ready to engage in measures to contain damage as much as possible, risks cannot be completely eliminated. Business performance and the financial status of the NTN Group may be affected by a natural disaster or by accidents.

6) Dependence on Specific Industries

The NTN Group's Bearings Division derives approximately half of its sales revenues from the automotive industry, which also accounts for more than half of sales of components that the Constant-velocity Joints Division produces for automotive power transmission to the drive axle. Dependence on the automotive industry is therefore high.

Although the NTN Group works to increase sales of bearings and precision equipment products to the industrial machinery sector and implements policies to achieve a balanced sales structure, a rapid shift in demand in the automotive industry could potentially affect the NTN Group's business results and financial position.

7) Product Defects

To ensure product quality, the NTN Group works to satisfy customers' requirements concerning product functions and specifications, and strives to provide appropriate quality and product safety by enforcing quality assurance globally. However, a substantial product defect leading to a serious accident, claim for damages, or product recall could entail huge product warranty costs and potentially affect business performance and the financial position of the NTN Group. Although the NTN Group has taken out global product liability insurance, complete coverage for loss is not possible.

8) Intellectual Property

The NTN Group generates a wealth of innovative technologies and know-how in the process of new product development, representing valuable intellectual property for which the NTN Group files patent applications to protect its rights. However, business performance and the financial position of the NTN Group may be affected if a legal challenge is initiated against its intellectual property or if its intellectual property is infringed by a third party.

9) Risks Associated with Global Operations

The NTN Group develops its business operations worldwide with overseas sales exceeding 50% of consolidated sales. Overseas business development is associated with the following risks:

- a. Risks from unforeseen change in tax systems of or between individual countries
- b. Risks from unforeseen change in laws of individual countries
- c. Difficulty in hiring and retaining appropriate staff
- d. Evolving technology levels and unstable labor relations in emerging economies
- e. Political instability in emerging economies

Consolidated Balance Sheets

March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Assets			
Current assets:			
Cash and cash equivalents (Note 12)	¥ 32,759	¥ 30,996	\$ 352,096
Short-term investments (Note 12).....	1,874	2,053	20,142
Trade receivables (Note 12):			
Notes.....	6,668	6,899	71,668
Accounts	93,999	73,043	1,010,307
Allowance for doubtful accounts	(359)	(186)	(3,858)
	100,308	79,756	1,078,117
Inventories (Note 3)	126,664	140,467	1,361,393
Deferred income taxes (Note 19)	6,226	4,454	66,917
Other current assets (Note 12).....	20,895	20,428	224,581
Total current assets	288,726	278,154	3,103,246
Property, plant and equipment, at cost (Notes 4, 6 and 18):			
Land	29,995	29,119	322,388
Buildings and structures	154,511	147,371	1,660,694
Machinery, equipment and vehicles	620,212	621,582	6,666,079
Construction in progress	6,583	18,197	70,755
	811,301	816,269	8,719,916
Less accumulated depreciation	(550,735)	(527,851)	(5,919,336)
Property, plant and equipment, net	260,566	288,418	2,800,580
Investments and other assets:			
Investment securities (Notes 5 and 12).....	29,930	21,646	321,690
Investments in unconsolidated subsidiaries and affiliates (Note 12).....	10,976	10,527	117,971
Deferred income taxes (Note 19)	23,129	22,600	248,592
Other assets.....	5,475	6,268	58,845
Total investments and other assets	69,510	61,041	747,098
Total assets (Note 22)	¥ 618,802	¥ 627,613	\$ 6,650,924

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Notes 6 and 12).....	¥ 110,407	¥ 161,393	\$ 1,186,662
Current portion of long-term debt (Notes 6 and 12).....	26,914	11,936	289,273
Trade payables (Note 12):			
Notes.....	10,476	10,007	112,597
Accounts	79,731	62,598	856,954
	90,207	72,605	969,551
Accrued income taxes (Notes 12 and 19).....	2,637	2,389	28,343
Deferred income taxes (Note 19)	300	254	3,224
Other current liabilities	35,408	35,769	380,567
Total current liabilities.....	265,873	284,346	2,857,620
Long-term liabilities:			
Long-term debt (Notes 6 and 12).....	95,701	102,708	1,028,601
Accrued retirement benefits for employees (Note 7).....	30,258	32,278	325,215
Reserve for product defect compensation.....	1,339	1,540	14,392
Negative goodwill.....	37	1,157	398
Deferred income taxes (Note 19)	3,968	3,867	42,648
Other long-term liabilities.....	7,075	9,494	76,042
Total long-term liabilities	138,378	151,044	1,487,296
Contingent liabilities (Note 9)			
Net assets:			
Shareholders' equity (Note 8):			
Common stock:			
Authorized–1,800,000,000 shares			
Issued –532,463,527 shares in 2010 and			
470,463,527 shares in 2009.....			
	54,347	42,340	584,125
Capital surplus.....	67,418	55,411	724,613
Retained earnings (Note 23).....	100,247	105,525	1,077,461
Treasury stock, at cost: 773,007 shares in 2010 and 750,862 shares in 2009....	(737)	(728)	(7,921)
Total shareholders' equity.....	221,275	202,548	2,378,278
Valuation and translation adjustments:			
Net unrealized holding gain (loss) on securities (Note 5).....	3,629	(405)	39,005
Unrealized loss from hedging instruments (Note 13).....	(66)	–	(709)
Translation adjustments	(25,886)	(25,167)	(278,225)
Total valuation and translation adjustments.....	(22,323)	(25,572)	(239,929)
Minority interests	15,599	15,247	167,659
Total net assets	214,551	192,223	2,306,008
Total liabilities and net assets	¥ 618,802	¥ 627,613	\$ 6,650,924

Consolidated Statements of Operations

Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Net sales (Note 22)	¥ 452,746	¥ 527,100	\$ 4,866,144
Cost of sales (Note 14)	387,743	445,253	4,167,488
Gross profit	65,003	81,847	698,656
Selling, general and administrative expenses (Note 14)	63,604	72,368	683,619
Operating income (Note 22)	1,399	9,479	15,037
Other income (expenses):			
Interest and dividend income	591	1,059	6,352
Interest expense	(3,965)	(5,310)	(42,616)
Equity in (losses) earnings of affiliates	(120)	564	(1,290)
Gain on sales of investment securities (Note 5)	-	122	-
Amortization of negative goodwill	1,132	1,239	12,167
Gain on sales of investments in subsidiaries	723	-	7,771
Refund of prior year customs duties	-	360	-
Reorganization expenses (Note 16)	(142)	(1,112)	(1,526)
Loss on impairment of fixed assets (Note 4)	(350)	(3,064)	(3,762)
Loss on liquidation of subsidiaries (Note 17)	(1,183)	(498)	(12,715)
Loss on valuation of investments in subsidiaries and affiliates	(238)	-	(2,558)
Loss on valuation of investment securities (Note 5)	-	(13,921)	-
Provision of reserve for product defect compensation (Note 15)	-	(600)	-
Other, net	315	1,578	3,385
	(3,237)	(19,583)	(34,792)
Loss before income taxes and minority interests	(1,838)	(10,104)	(19,755)
Income taxes (Note 19):			
Current	3,677	3,241	39,520
Deferred	(5,763)	(4,663)	(61,941)
	(2,086)	(1,422)	(22,421)
Income (loss) before minority interests	248	(8,682)	2,666
Minority interests	(2,263)	(303)	(24,323)
Net loss	¥ (2,015)	¥ (8,985)	\$ (21,657)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2010 and 2009

	Millions of yen									
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding (loss) gain on securities	Unrealized loss from hedging instruments	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008 ..	470,463,527	¥42,340	¥55,411	¥125,049	¥(723)	¥(1,939)	¥ -	¥(10,794)	¥7,057	¥216,401
Effect of changes in										
accounting policies applied to										
foreign subsidiaries	-	-	-	482	-	-	-	-	-	482
Cash dividends paid	-	-	-	(8,917)	-	-	-	-	-	(8,917)
Net loss	-	-	-	(8,985)	-	-	-	-	-	(8,985)
Effect resulting from										
changes of fiscal year end of										
consolidated subsidiaries...	-	-	-	(36)	-	-	-	-	-	(36)
Increase due to merger of										
an unconsolidated										
subsidiary	-	-	-	207	-	-	-	-	-	207
Actuarial differences of										
overseas subsidiaries	-	-	-	(2,275)	-	-	-	-	-	(2,275)
Purchases of										
treasury stock	-	-	-	-	(281)	-	-	-	-	(281)
Sales of treasury stock	-	-	-	-	276	-	-	-	-	276
Other changes	-	-	-	-	-	1,534	-	(14,373)	8,190	(4,649)
Balance at March 31, 2009 ..	470,463,527	42,340	55,411	105,525	(728)	(405)	-	(25,167)	15,247	192,223
Issuance of new shares	62,000,000	12,007	12,007	-	-	-	-	-	-	24,014
Cash dividends paid	-	-	-	(4,006)	-	-	-	-	-	(4,006)
Net loss	-	-	-	(2,015)	-	-	-	-	-	(2,015)
Actuarial differences of										
overseas subsidiaries	-	-	-	743	-	-	-	-	-	743
Purchases of treasury stock..	-	-	-	-	(14)	-	-	-	-	(14)
Sales of treasury stock	-	-	-	-	5	-	-	-	-	5
Other changes	-	-	-	-	-	4,034	(66)	(719)	352	3,601
Balance at March 31, 2010...	532,463,527	¥54,347	¥67,418	¥100,247	¥(737)	¥3,629	¥(66)	¥(25,886)	¥15,599	¥214,551

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding (loss) gain on securities	Unrealized loss from hedging instruments	Translation adjustments	Minority interests	Total net assets	
Balance at March 31, 2009 ..	\$455,073	\$595,561	\$1,134,189	\$(7,825)	\$(4,353)	\$ -	\$(270,497)	\$163,876	\$2,066,024	
Issuance of new shares	129,052	129,052	-	-	-	-	-	-	258,104	
Cash dividends paid	-	-	(43,057)	-	-	-	-	-	(43,057)	
Net loss	-	-	(21,657)	-	-	-	-	-	(21,657)	
Actuarial differences of										
overseas subsidiaries	-	-	7,986	-	-	-	-	-	7,986	
Purchases of treasury stock .	-	-	-	(150)	-	-	-	-	(150)	
Sales of treasury stock	-	-	-	54	-	-	-	-	54	
Other changes	-	-	-	-	43,358	(709)	(7,728)	3,783	38,704	
Balance at March 31, 2010...	\$584,125	\$724,613	\$1,077,461	\$(7,921)	\$39,005	\$(709)	\$(278,225)	\$167,659	\$2,306,008	

Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Loss before income taxes and minority interests.....	¥ (1,838)	¥ (10,104)	\$ (19,755)
Adjustments for:			
Depreciation and amortization	40,703	45,759	437,479
Amortization of negative goodwill.....	(1,132)	(1,239)	(12,167)
Increase (decrease) in allowance for doubtful accounts	26	(201)	279
Decrease in allowance for directors' bonuses	(11)	(164)	(118)
(Decrease) increase in accrued retirement benefits for employees.....	(1,620)	74	(17,412)
(Decrease) increase in reserve for product defect compensation.....	(200)	161	(2,150)
Decrease in other current and long-term liabilities resulting from amendment of pension plans	(1,978)	(2,184)	(21,260)
Interest and dividend income.....	(591)	(1,059)	(6,352)
Interest expense	3,965	5,310	42,616
Translation adjustments and foreign exchange loss, net.....	229	758	2,461
Equity in losses (earnings) of affiliates	120	(564)	1,290
Gain on sales of investments in subsidiaries (Note 21)	(723)	-	(7,771)
Loss on impairment of fixed assets.....	350	3,064	3,762
Loss on valuation of investments in subsidiaries and affiliates	238	-	2,558
Loss on valuation of investment securities	-	13,921	-
(Increase) decrease in trade receivables.....	(23,391)	45,255	(251,408)
Decrease (increase) in inventories	11,165	(14,338)	120,002
Increase (decrease) in trade payables	18,566	(49,891)	199,549
Other	6,942	(767)	74,614
Subtotal.....	50,820	33,791	546,217
Interest and dividend income received	1,136	1,823	12,210
Interest paid	(4,303)	(5,699)	(46,249)
Income taxes paid	(3,683)	(8,540)	(39,586)
Net cash provided by operating activities.....	¥ 43,970	¥ 21,375	\$ 472,592
Cash flows from investing activities:			
Decrease (increase) in short-term investments.....	¥ 85	¥ (1,393)	\$ 914
Purchases of property, plant and equipment.....	(25,401)	(54,273)	(273,012)
Purchases of other assets	(541)	(609)	(5,815)
Proceeds from sales of property, plant and equipment.....	25	117	269
Purchases of investment securities	(1,900)	(2,304)	(20,421)
Proceeds from sales of investment securities	-	192	-
Purchase of investments in subsidiaries.....	-	(1,751)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 21).....	-	(2,988)	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation (Note 21).....	2,421	-	26,021
Other	(248)	93	(2,666)
Net cash used in investing activities.....	(25,559)	(62,916)	(274,710)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans, net.....	(45,447)	45,292	(488,467)
Proceeds from long-term debt.....	19,527	45,545	209,877
Repayment of long-term debt, including current portion	(12,224)	(12,339)	(131,384)
Redemption of convertible bonds with subscription rights to shares	-	(24,519)	-
Proceeds from issuance of common stock assigned to minority shareholders of consolidated subsidiaries	-	25	-
Proceeds from issuance of common stock	23,884	-	256,707
Cash dividends paid	(4,006)	(8,917)	(43,057)
Repayments of lease obligations.....	(150)	-	(1,612)
Other	(146)	(536)	(1,570)
Net cash (used in) provided by financing activities.....	(18,562)	44,551	(199,506)
Effect of exchange rate changes on cash and cash equivalents.....	1,914	(4,704)	20,573
Net increase (decrease) in cash and cash equivalents.....	1,763	(1,694)	18,949
Cash and cash equivalents at beginning of the year.....	30,996	32,536	333,147
Increase due to merger of a unconsolidated subsidiary.....	-	154	-
Cash and cash equivalents at end of the year.....	¥ 32,759	¥ 30,996	\$ 352,096

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

March 31, 2010

1. Basis of Preparation

The accompanying consolidated financial statements of NTN Corporation (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain notes included herein are not required under accounting principles generally accepted in Japan but are presented as additional information.

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements for the year ended March 31, 2009 to conform them to the 2010 presentation. Such reclassifications had no effect on consolidated net assets and net loss.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥93.04 = U.S.\$1.00, the exchange rate prevailing on March 31, 2010. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis. The assets and liabilities of the initially consolidated subsidiaries are valued at fair value as of their respective dates of acquisition.

The financial statements of certain consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

(b) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at the rates of exchange prevailing when the transactions were made.

Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the exchange rates in effect at the respective balance sheet dates, except for the components of net assets excluding minority interests which are translated at the respective historical rates. Revenue and expenses are translated at the average rates of exchange for the respective years. Differences arising from translation are reflected in "Translation adjustments" and "Minority interests" in the accompanying consolidated balance sheets and statements of changes in net assets.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined after an analysis of specific individual receivables.

(e) Short-term investments and investment securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost based on the moving average method.

(f) Inventories

Inventories are principally stated at lower of cost, determined by the average method, or net selling value.

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9 issued on July 5, 2006). This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The effect of the adoption of this standard was immaterial to operating income and loss before income taxes and minority interests for the year ended March 31, 2009.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed at rates based on the estimated useful lives of the respective assets by the declining-balance method, except for the buildings and assets of overseas consolidated subsidiaries to which the straight-line method is principally applied.

The principal estimated useful lives are as follows:

Buildings and structures	10 to 50 years
Machinery, equipment and vehicles	5 to 12 years

Contributions granted by national and municipal governments are deducted directly from the acquisition costs of the related fixed assets as stipulated in the Corporation Tax Law of Japan. The property, plant and equipment accounts on the consolidated balance sheets at March 31, 2010 and 2009 were reduced by the following amounts:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Land.....	¥ 721	¥ 721	\$ 7,749
Buildings and structures...	501	175	5,385
Machinery, equipment and vehicles.....	561	439	6,030

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery from 10 to 12 years. Effective April 1, 2008, the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery from 10 to 12 years to 9 to 12 years as allowed under the revisions of the Corporation Tax Law. The effect of this change was to increase operating income by ¥851 million and to decrease loss before income taxes and minority interests by the same amount for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method.

(h) Accrued retirement benefits for employees

Accrued retirement benefits for employees have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for net unrecognized actuarial gain or loss and unrecognized prior service cost. The estimated benefit is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Prior service cost is amortized in the year in which the gain or loss is recognized primarily by the straight-line method over a period of principally 15 years, which is within the estimated average remaining years of service of the eligible employees.

Net unrecognized actuarial gain or loss is amortized commencing the year following the year in which the gain or loss was recognized primarily by the straight-line method over a period of principally 15 years, which is within the estimated average remaining years of service of the eligible employees.

Effective the year ended March 31, 2010, the Company and its domestic consolidated subsidiaries have adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19 issued on July 31, 2008). The effect of the adoption of this standard was nil to the unrecognized portion of unfunded retirement benefit obligation at March 31, 2010 and consolidated operating income and loss before income taxes and minority interests for the year then ended.

(i) Reserve for product defect compensation

Reserve for product defect compensation is provided at an estimated amount in order to cover the anticipated compensation.

(j) Leases

For lease transactions involving the transfer of ownership, the leased assets are depreciated by the same methods used for owned fixed assets.

For lease transactions not involving the transfer of ownership, leased assets are depreciated over the lease period using the straight-line method with a residual value of zero.

Formerly, finance lease transactions not involving the transfer of ownership were accounted for as operating leases. However, effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007). Such transactions are accounted for as ordinary sale and purchase transactions. The effect of the adoption of these standards was nil to operating income and loss before income taxes and minority interests for the year ended March 31, 2009.

The Company and its domestic consolidated subsidiaries continue to account for finance lease transactions not involving the transfer of ownership that commenced prior to April 1, 2008 as operating leases.

3. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Finished goods.....	¥68,923	¥76,419	\$740,789
Work in process	36,668	41,185	394,110
Raw materials and supplies	21,073	22,863	226,494
	¥126,664	¥140,467	\$1,361,393

(k) Goodwill and negative goodwill

Goodwill and negative goodwill are amortized over a period of 3 years by the straight-line method.

(l) Research and development costs and computer software

Research and development costs are charged to income as incurred.

Expenditures relating to computer software developed for internal use are charged to income when incurred, except if the software is expected to contribute to the generation of income or to future cost savings. Such expenditures are capitalized as assets and are amortized by the straight-line method over their respective estimated useful lives, generally a 5-year period.

(m) New shares issuance costs

New shares issuance costs are charged to income as incurred.

(n) Deferred income taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities reported for financial reporting purposes and the corresponding balances for tax reporting purposes.

(o) Derivative financial instruments and hedging activities

All derivatives are stated at fair value with any changes in fair value included in net income for the period in which they arise, except for derivatives which meet the criteria for deferral hedge accounting under which realized gain or loss, net of the applicable income taxes, is deferred as a component of net assets. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates. An interest-rate swap which meets certain conditions is accounted for as if the interest rates applied to the interest-rate swap had originally applied to the underlying debt.

(p) Distribution of retained earnings

Under the Corporation Law of Japan and the Company's Articles of Incorporation, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The distribution of retained earnings with respect to the interim financial period is made by resolution of the Board of Directors. The accounts for the period do not reflect such distributions. (Refer to Note 23.)

(q) Accounting standard for overseas subsidiaries

Effective the year ended March 31, 2009, the Company and its overseas consolidated subsidiaries have adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006) and have made necessary adjustments in the consolidation process. The effect of the adoption of this standard was immaterial to operating income and loss before income taxes and minority interest for the year ended March 31, 2009.

4. Impairment of Fixed Assets

The Company and its consolidated subsidiaries group fixed assets used for manufacturing by management segment into minimum units which generate identifiable cash flows (e.g., a factory.) They also group fixed assets used at the head office or used for sales activities as shared assets.

The Company and its consolidated subsidiaries have written down the following assets to their respective net recoverable values because the Company and its consolidated subsidiaries do not expect any future use for them and do not expect them to be recoverable. Consequently, the Company and its consolidated subsidiaries recorded a related loss on impairment of fixed assets of ¥350 million (\$3,762 thousand) and ¥3,064 million in the accompanying consolidated statements of operations for the years ended March 31, 2010 and 2009, respectively:

Usage	Classification	Location	Millions of yen		Thousands of U.S. dollars
			2010	2009	2010
Production equipment	Machinery and equipment	China.....	¥160	¥ –	\$1,720
Production equipment	Machinery and equipment	Shizuoka Prefecture.....	96	–	1,032
Production equipment	Machinery and equipment	France	94	521	1,010
Production equipment	Machinery and equipment	Hyogo Prefecture and others	–	1,212	–
Production equipment	Machinery and equipment	India	–	462	–
Production buildings and structures	Buildings and structures	Hyogo Prefecture.....	–	847	–
Production equipment and other	Equipment and vehicles	Hyogo Prefecture.....	–	22	–
			¥350	¥3,064	\$3,762

The recoverable value of the fixed assets presented in the above table has been measured primarily at net realizable value based on appraisals conducted by real estate appraisers or value in use. If a fixed asset cannot be sold or diverted to other usage, such asset is valued at nil.

Loss on impairment of fixed assets in the amount of ¥1,033 million for the year ended March 31, 2009 which was included in the above table was related to the loss resulting from the closure of TAKARAZUKA Works in Hyogo Prefecture.

5. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2010 and 2009 is summarized as follows:

	Millions of yen					
	2010			2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities.....	¥13,099	¥21,388	¥8,289	¥2,160	¥4,601	¥2,441
Subtotal.....	13,099	21,388	8,289	2,160	4,601	2,441
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities.....	6,547	4,324	(2,223)	16,859	13,762	(3,097)
Other	7,044	7,025	(19)	42	23	(19)
Subtotal.....	13,591	11,349	(2,242)	16,901	13,785	(3,116)
Total.....	¥26,690	¥32,737	¥6,047	¥19,061	¥18,386	¥(675)
	Thousands of U.S. dollars					
	2010					
	Acquisition costs	Carrying value	Unrealized gain (loss)			
Securities whose carrying value exceeds their acquisition costs:						
Equity securities.....	\$140,789	\$229,880	\$89,091			
Subtotal.....	140,789	229,880	89,091			
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities.....	70,367	46,474	(23,893)			
Other	75,709	75,505	(204)			
Subtotal.....	146,076	121,979	(24,097)			
Total.....	\$286,865	\$351,859	\$64,994			

Impairment losses are recorded for securities whose fair value has declined by 50% or more, or whose fair value has declined by 30% or more, but less than 50%, if the decline is deemed to be irrecoverable.

The Company has recognized an impairment loss on devaluation of investment securities of ¥13,921 million for the year ended March 31, 2009. In addition, no impairment losses were recognized for those investment securities whose fair values had declined by 30% or more, but less than 50% as of March 31, 2009 because they were determined to be recoverable.

(b) The carrying value of non-marketable securities classified as other securities at March 31, 2010 and 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Investment securities:			
Unlisted equity securities	¥677	¥742	\$7,276
Unlisted foreign bonds	2,516	2,516	27,043
Unlisted domestic bonds	1,000	–	10,748
	¥4,193	¥3,258	\$45,067

(c) Sales of investment securities for the year ended March 31, 2009 are summarized as follows:

	Millions of yen
Sales	¥ 192
Aggregate gain	122

6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans principally represent short-term notes with average annual interest rates of 0.86% and 1.57% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Loans from banks and other financial institutions, due through 2018, at an average annual interest rate of 2.3%	¥91,232	¥74,603	\$980,567
2.70% unsecured bonds due 2009	–	10,000	–
0.76% unsecured bonds due 2010	20,000	20,000	214,961
1.66% unsecured bonds due 2013	10,000	10,000	107,481
Lease obligations due through 2018	1,383	41	14,865
	122,615	114,644	1,317,874
Less current portion	(26,914)	(11,936)	(289,273)
	¥95,701	¥102,708	\$1,028,601

Assets pledged as collateral for short-term bank loans of ¥600 million (\$6,449 thousand) at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	
Land	¥298	\$3,203
Buildings and structures	328	3,525
	¥626	\$6,728

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥26,914	\$289,273
2012	19,693	211,662
2013	13,619	146,378
2014	47,943	515,294
2015	11,707	125,828
2016 and thereafter	2,739	29,439
	¥122,615	\$1,317,874

7. Accrued Retirement Benefits for Employees

The Company and certain domestic consolidated subsidiaries have defined benefit pension plans, i.e., corporate pension fund plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. They also have defined contribution pension plans and advance payment plan. Certain overseas consolidated subsidiaries also have defined benefit pension plans.

The following table sets forth the funded and accrued status and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2010 and 2009 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Retirement benefit obligation	¥(99,147)	¥(102,168)	\$(1,065,638)
Plan assets at fair value	55,695	49,514	598,613
Unfunded retirement benefit obligation	(43,452)	(52,654)	(467,025)
Unrecognized actuarial loss	14,204	21,499	152,666
Unrecognized prior service cost	(985)	(1,100)	(10,587)
Net retirement benefit obligation	(30,233)	(32,255)	(324,946)
Prepaid pension cost	25	23	269
Accrued retirement benefits for employees	¥(30,258)	¥(32,278)	\$(325,215)

The components of retirement benefit expenses for the years ended March 31, 2010 and 2009 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥2,832	¥3,186	\$30,439
Interest cost	2,949	3,128	31,696
Expected return on plan assets	(1,402)	(1,817)	(15,069)
Amortization:			
Actuarial loss	2,070	1,287	22,248
Prior service cost	(169)	(162)	(1,816)
Retirement benefit expenses	6,280	5,622	67,498
Contributions to defined contribution pension plans	777	806	8,351
Retirement benefit expenses	¥7,057	¥6,428	\$75,849

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2010 and 2009 are a discount rate principally of 2.6% and an expected rate of return on plan assets principally of 2.5%.

8. Shareholders' Equity

(a) The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the provisions of the Law. The legal reserve of the Company included in retained earnings amounted to ¥8,639 million (\$92,853 thousand) at March 31, 2010 and 2009.

(b) Movements in issued treasury stock during the years ended March 31, 2010 and 2009 are summarized as follows:

	Number of shares			
	Thousands			
	2010			
	March 31, 2009	Increase	Decrease	March 31, 2010
Treasury stock	750,862	35,089	12,944	773,007
2009				
	March 31, 2008	Increase	Decrease	March 31, 2009
Treasury stock	1,059,883	603,901	912,922	750,862

9. Contingent Liabilities

The contingent liabilities of the Company at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	
Keep-well agreement with an affiliate, NTN de Mexico, S.A. for its loans from financial institutions	¥ 154	\$ 1,655

10. Finance Leases without Covenants Transferring Ownership of Properties to Lessees

Lessees' accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of property leased to the Company and its consolidated subsidiaries at March 31, 2010 and 2009, which would have been reflected in the accompanying consolidated balance sheets if finance leases other than those which transfer the ownership of the leased property to the Company and its consolidated subsidiaries (which are currently accounted for as operating leases) had been capitalized:

	Millions of yen					
	2010			2009		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥2,639	¥2,144	¥495	¥2,647	¥2,032	¥615
Machinery, equipment and vehicles	250	178	72	291	170	121
Other assets	14	11	3	19	14	5
	¥2,903	¥2,333	¥570	¥2,957	¥2,216	¥741
	Thousands of U.S. dollars					
	2010					
	Acquisition costs	Accumulated depreciation	Net book value			
Buildings and structures	\$28,364	\$23,044	\$5,320			
Machinery, equipment and vehicles	2,687	1,913	774			
Other assets	150	118	32			
	\$31,201	\$25,075	\$6,126			

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥171 million (\$1,838 thousand) and ¥184 million for the years ended March 31, 2010 and 2009, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms amounted to ¥171 million (\$1,838 thousand) and ¥184 million for the years ended March 31, 2010 and 2009, respectively.

Future minimum lease payments subsequent to March 31, 2010 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥146	\$1,569
2012 and thereafter	424	4,557
Total	¥570	\$6,126

The acquisition costs and future minimum lease payments under finance leases presented in the above tables include the imputed interest expense.

No loss on impairment was allocated to any leased assets for the years ended March 31, 2010 and 2009.

11. Operating Leases

Future minimum lease payments subsequent to March 31, 2010 for non-cancelable operating leases were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥134	\$1,440
2012 and thereafter	1,746	18,766
Total	¥1,880	\$20,206

12. Financial Instruments – Fair Value

Effective the year ended March 31, 2010, the Company adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10 originally issued on January 11, 1999 and revised on March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 issued on March 10, 2008). These accounting standards require the Company to disclose the fair values of all financial instruments.

Overview

(a) Policy for financial instruments

The Company and its subsidiaries (collectively, the "Group") raise necessary funds in accordance with management plans mainly by bank borrowings and corporate bonds in support of operations related to the manufacture and sale bearings, constant-velocity joints and precision mechanical equipment. The Group utilizes bank borrowings for short-term operating funds, and bank borrowings and corporate bonds for long-term capital investments and finances. Temporary surplus funds are managed by low-risk financial assets. The Group utilizes derivatives to avoid or mitigate risks as described in the later part of this note and does not hold them for speculative purposes.

(b) Types of financial instruments and related risks

Trade receivables, notes and accounts receivable, are exposed to credit risk of customers. In addition, as a result of the business of the Group, which operates globally, foreign currency trade receivables are exposed to currency rate fluctuation risk, which is mitigated by utilizing forward foreign currency exchange contracts.

Securities are mainly composed of stocks of the companies with which the Group has business relationships and they are exposed to fluctuation risk of market prices.

Trade payables, notes and accounts payable, are due within one year. Certain trade payables resulting from the import of raw materials is denominated in foreign currencies. These are exposed to fluctuation risk of foreign currencies. However, the risk is mitigated because the trade payables, notes and accounts payable denominated in foreign currencies are within the range of accounts receivable which are denominated in the same currencies.

Loans and corporate bonds are mainly utilized for business operations of the Group. Short-term loans are mainly utilized for financing of operating activities. Long-term loans and corporate bonds are mainly utilized for capital investments and financing. These have maturity dates of less than 8 years, at the longest, subsequent to March 31, 2010. Certain loans are exposed to fluctuation risk of interest rates due to floating rates and this risk is hedged by interest rate swap agreements.

The Group has a policy to utilize derivative transactions involving forward foreign currency exchange contracts, currency option agreements, currency swap agreements, interest swap agreements and interest option agreements for the purpose of avoiding future fluctuation risk of foreign currencies trade receivables and payables and mitigating future fluctuation risk of interest rate of loans and corporate bonds. The Group utilized forward foreign currency exchange contracts and interest rate swap agreements for the year ended March 31, 2010. Refer to "(o) Derivative financial instruments and hedging activities" in Note 2. "Summary of Significant Accounting Policies."

(c) Risk management for financial instruments

(i) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with internal rules and manual, the credit management section periodically monitors financial conditions of major customers, manages collection due dates and balances of each customer and tries to identify credit risk of customers with worsening financial conditions at the early stage and mitigate the risk.

Credit risk of securities is quite low because the Group utilizes convertible deposits with high credit ratings, up to a limited amount, which is approved by the Group.

The Group believes credit risk of derivative transactions is almost nil because counter parties are financial institutions with high credit ratings.

(ii) Monitoring of market risks (the risks arising from fluctuations in foreign currency exchange rates, interest rates and others)

The Group mainly utilizes forward foreign currency exchange contracts for hedging of fluctuation risk which is identified by each currency. Depending on the market conditions of foreign currencies, the Group utilizes forward foreign currency exchange contracts for forecasted export transactions with a maximum period of 6 months.

The Group utilizes interest rate swap agreements to mitigate fluctuation risk of interest rates.

The Group continuously reviews securities holdings by monitoring periodically the market value and financial condition of securities' issuers (companies with business relationships with the Group) and by evaluating those relationships.

The Group has established policies which include maximum upper limits and reporting obligations for derivative transactions and comply fully with these guidelines. Derivative transactions are entered into by the Company's Financial HQ. and certain consolidated subsidiaries. The Company carries out mutual supervision and monitoring of the derivative transactions in accordance with management policies and its consolidated subsidiaries apply the same approach. Each derivative transaction of the Company is reported to the director responsible when entered into. The consolidated subsidiaries are required to report the status of their open derivatives positions to the Company on a monthly basis and are also required to consult with the Company when they enter into derivative transactions other than forward foreign currency exchange contracts.

(iii) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk with the responsible section preparing and updating cash flow plans and keeping necessary funds based on reports of each section.

Syndicated loans have certain financial covenants that represent a liquidity risk from an early repayment request by financial institutions.

(vi) Supplementary explanation of the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 13 "Derivative Financial Instruments and Hedging Activities" are not necessarily indicative of the actual market risk involved in the derivative transactions.

Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains (losses) are shown in the following table. The table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below).

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
				2010		
(1) Cash and cash equivalents.....	¥32,759	¥32,759	¥ -	\$352,096	\$352,096	\$ -
(2) Short-term investments.....	1,874	1,874	-	20,142	20,142	-
(3) Trade receivables	100,667	100,667	-	1,081,975	1,081,975	-
(4) Investment securities.....	25,737	25,740	3	276,623	276,655	32
(5) Short-term loans receivable included in other current assets.....	304	304	-	3,268	3,268	-
Total Assets.....	¥161,341	¥161,344	¥3	\$1,734,104	\$1,734,136	\$32
(6) Trade payables.....	90,207	90,207	-	969,551	969,551	-
(7) Short-term bank loans.....	110,407	110,407	-	1,186,662	1,186,662	-
(8) Current portion of long-term debt.....	26,732	26,744	12	287,317	287,446	129
(9) Accrued income taxes.....	2,637	2,637	-	28,343	28,343	-
(10) Long-term debt.....	94,500	95,851	1,351	1,015,692	1,030,213	14,521
Total Liabilities	¥324,483	¥325,846	¥1,363	\$3,487,565	\$3,502,215	\$14,650
Derivatives(*).....	¥(269)	¥(269)	¥ -	\$(2,891)	\$(2,891)	\$ -

* Assets and liabilities arising from derivatives are shown at net value with the amount in parentheses representing net liability position.

Note 1: Methods to determine the fair value of financial instruments and other matters related to securities and derivative transactions

(1) Cash and cash equivalents, (2) Short-term investments, (3) Trade receivables and (5) Short-term loans receivable included in other current assets
Since these items are settled in a short time period, their carrying value approximates fair value.

(4) Investment securities

The fair value of stocks is based on quoted market prices.

(6) Trade payables, (7) Short-term bank loans and (9) Accrued income taxes
Since these items are settled in a short time period, their carrying value approximates fair value.

(8) Current portion of long-term debts and (10) Long-term debts

Long-term debts are composed of long-term loans and corporate bonds. The fair market value of corporate bonds is based on quoted market prices. The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied assuming new loans under the similar conditions to existing loans are made.

Floating interest rates for certain long-term loans were hedged by interest rate swap agreements and accounted for as loans with fixed interest rates. The fair value of those long-term loans is based on the present value of the total of principals, interests and net cash flows of swap agreements discounted by the interest rates to be applied assuming new loans under similar conditions are made.

Derivatives Transactions

Please refer to Note 13 "Derivative Financial Instruments and Hedging Activities" section of Notes to Consolidated Financial Statements.

Note 2: Financial instruments for which it is extremely difficult to determine the fair value were as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	
Unlisted stocks Stocks of subsidiaries and affiliates	¥10,976	\$117,971
Other	677	7,276
Unlisted foreign bonds.....	2,516	27,042
Unlisted domestic bonds.....	1,000	10,748
Total	¥15,169	\$163,037

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

Note 3: Redemption schedule for receivables and marketable securities with maturities at March 31, 2010 is as follows:

	Millions of yen			
	2010			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents.....	¥32,759	¥ -	¥ -	¥ -
Short-term investments	1,874	-	-	-
Trade receivables.....	100,667	-	-	-
Short-term loans receivable included in other current assets.....	304	-	-	-
Total	¥135,604	¥ -	¥ -	¥ -

	Thousands of U.S. dollars			
	2010			
	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and cash equivalents.....	\$352,096	\$ -	\$ -	\$ -
Short-term investments	20,142	-	-	-
Trade receivables.....	1,081,975	-	-	-
Short-term loans receivable included in other current assets.....	3,268	-	-	-
Total	\$1,457,481	\$ -	\$ -	\$ -

Note 4: The redemption schedule for long-term debt is disclosed in Note 6 "Short-Term Bank Loans and Long-Term Debt" section of Notes to Consolidated Financial Statements.

13. Derivative Financial Instruments and Hedging Activities

(a) Derivative transactions to which hedge accounting is not applied

The estimated fair value of the derivatives positions outstanding which do not qualify for deferral hedge accounting at March 31, 2010 is summarized as follows:

Currency-related transactions

		Millions of yen		
		2010		
Classification	Transaction	Notional amount	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts Selling:			
	U.S. Dollars.....	¥10,963	¥(230)	¥(230)
	EURO	5,586	166	166
Over-the-counter transactions	Thai Baht	1,763	(81)	(81)
	Canadian Dollars.....	378	(14)	(14)
	Great Britain Pounds.....	154	0	0
	Total	¥18,844	¥(159)	¥(159)

		Thousands of U.S. dollars		
		2010		
Classification	Transaction	Notional amount	Fair value	Valuation gain (loss)
	Forward foreign currency exchange contracts Selling:			
	U.S. Dollars.....	\$117,831	\$(2,472)	\$(2,472)
	EURO	60,039	1,784	1,784
Over-the-counter transactions	Thai Baht	18,949	(871)	(871)
	Canadian Dollars.....	4,063	(150)	(150)
	Great Britain Pounds.....	1,655	0	0
	Total	\$202,537	\$(1,709)	\$(1,709)

The fair value of forward foreign currency exchange contracts are computed using prices provided by counter party financial institutions. The amount of contract more than one year has not been presented because it is nil.

(b) Derivative transactions to which hedge accounting is applied

The estimated fair value of the derivatives positions outstanding which qualify for deferral hedge accounting at March 31, 2010 is summarized as follows:

Currency-related transactions

Method of hedge accounting	Transaction	Major hedged item	Millions of yen		Thousands of U.S. dollars		
			Notional amount	Fair value	Notional amount	Fair value	
2010							
Deferral hedge	Forward foreign currency exchange contracts	Investment in affiliates					
	Buy:EURO		¥ 5,909	¥ (110)	\$ 63,510	\$ (1,182)	
	Total		¥ 5,909	¥ (110)	\$ 63,510	\$ (1,182)	

The fair value of forward foreign currency exchange contracts are computed using prices provided by counter party financial institutions. The amount of contract more than one year has not been presented because it is nil.

Interest-rate related transactions

Method of hedge accounting	Transaction	Millions of yen		
		Notional amount	More than one year	Fair value
2010				
Contract value				
Swap rates applied to underlying debt	Interest rate swaps			
	Receive / floating and pay / fixed.....	¥ 20,000	¥ 20,000	(*)
	Total	¥ 20,000	¥ 20,000	(*)

Method of hedge accounting	Transaction	Thousands of U.S. dollars		
		Notional amount	More than one year	Fair value
2010				
Contract value				
Swap rates applied to underlying debt	Interest rate swaps			
	Receive / floating and pay / fixed.....	\$ 214,961	\$ 214,961	(*)
	Total	\$ 214,961	\$ 214,961	(*)

* Because interest rate swap agreements are accounted applying swap rates to underlying long-term debt, their fair value is included in that of long-term debt disclosed in Note 12.

14. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totalled ¥14,688 million (\$157,868 thousand) and ¥17,402 million for the years ended March 31, 2010 and 2009, respectively.

15. Provision of Reserve for Product Defect Compensation

The Company encountered some quality-control issues related to certain products and provided a reserve of ¥600 million for the year ended March 31, 2009, which was presented as a component of other expenses in the accompanying consolidated statement of operations for the year.

16. Reorganization Expenses

Reorganization expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Loss on disposal of fixed assets	¥ 131	¥ 364	\$ 1,408
Relocation expenses of equipment.....	11	162	118
Other.....	—	586	—
	¥ 142	¥ 1,112	\$ 1,526

Reorganization expenses for the year ended March 31, 2009 have included certain losses of ¥925 million in the aggregate resulting from the closure of TAKARAZUKA Works.

17. Loss on Liquidation of Subsidiaries

On December 25, 2009, the Company's Board of Directors' meeting approved the liquidation of a consolidated subsidiary, NTN-BCA CORP. The Company has recorded related losses as loss on liquidation of a subsidiary of ¥1,183 million (\$12,715 thousand) in the consolidated statement of operations for the year ended March 31, 2010.

18. Closure of TAKARAZUKA Works

Upon the completion of the transfer of manufacturing activities at TAKARAZUKA Works to other factories, the Company ceased the operation of the TAKARAZUKA Works at the end of March 2009 and closed it in July 2009. Although the Company had planned to sell the site after soil improvement work, the Company did not recognize any gain or loss on this land for the year ended March 31, 2010, because the Company could not estimate them reasonably.

19. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporate tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.0% for the years ended March 31, 2010 and 2009. Overseas subsidiaries are subject to the income taxes of the respective countries in which they operate.

The details of the differences between the statutory tax rate and effective tax rate for the years ended March 31, 2010 and 2009 are omitted because the Company and consolidated subsidiaries recorded loss before income taxes and minority interests for the years.

The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2010 and 2009 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Accrued retirement benefits for employees	¥ 13,829	¥ 14,605	\$ 148,635
Inventories	1,009	2,117	10,845
Tax loss carryforwards	16,785	10,518	180,406
Reserve for product defect compensation	536	616	5,761
Accrued expenses	3,027	2,539	32,534
Unrealized holding loss on securities.....	–	265	–
Foreign tax credit.....	1,892	–	20,335
Accrued expenses for a defined contribution pension plan.....	2,080	2,862	22,356
Other	6,245	4,685	67,123
Gross deferred tax assets	45,403	38,207	487,995
Less: valuation allowance	(8,253)	(5,892)	(88,704)
Total deferred tax assets	37,150	32,315	399,291
Deferred tax liabilities:			
Depreciation and amortization.....	(8,423)	(8,144)	(90,531)
Unrealized holding gain on securities	(2,414)	–	(25,946)
Reserve for deferred gain on property included in retained earnings	(393)	(400)	(4,224)
Retained earnings of overseas consolidated subsidiaries	(117)	(227)	(1,258)
Other	(716)	(611)	(7,695)
Total deferred tax liabilities.....	(12,063)	(9,382)	(129,654)
Net deferred tax assets	¥ 25,087	¥ 22,933	\$ 269,637

20. Amounts per Share

Amounts per share at March 31, 2010 and 2009 and for the years then ended were as follows:

	yen		U.S. dollars
	2010	2009	2010
Net assets	¥ 374.19	¥ 376.77	\$ 4.02
Net loss:			
Basic	4.00	19.14	0.04
Cash dividends.....	8.00	13.00	0.09

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at the year end.

Basic net income or loss per share is computed based on the net income or loss attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share has not been presented because there are no dilutive potential of shares of common stock for the year ended March 31, 2010, and the Company and consolidated subsidiaries recorded a net loss for the years ended March 31, 2010 and 2009.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

21. Supplementary Cash Flow Information

The assets and liabilities of NTN-NIDEC (THAILAND) CO.,LTD. and NTN-NIDEC (ZHEJIANG) CORPORATION at the time they were excluded from the scope of consolidation during the year ended March 31, 2010 because of the Company's sales of investments in these subsidiaries, related sales value and proceeds from sales of investments are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2010	
Current assets	¥ 4,157	\$ 44,680
Fixed assets	4,288	46,088
Current liabilities	(4,923)	(52,913)
Long-term liabilities.....	(2)	(22)
Minority interests	(1,408)	(15,133)
Gain on sales of investments in subsidiaries	723	7,771
Sales value of investments in subsidiaries	2,835	30,471
Cash and cash equivalents of sold subsidiaries	(414)	(4,450)
Proceeds from sales of investments in subsidiaries.....	¥ 2,421	\$ 26,021

The assets and liabilities of S.N.R. ROULEMENTS and its eight subsidiaries (which were initially consolidated during the year ended March 31, 2009) and the relationship between the acquisition costs and the net cash flow from such acquisition are summarized as follows:

	Millions of yen
	2009
Current assets	¥ 53,119
Fixed assets	31,755
Current liabilities	(49,648)
Long-term liabilities.....	(8,512)
Negative goodwill	(111)
Minority interests	(13,056)
Total acquisition cost of investments in subsidiaries	13,547
Previous years' acquisition cost of investments in subsidiaries.....	(9,437)
Acquisition cost of investments in subsidiaries during the year.....	4,110
Cash and cash equivalents of acquired subsidiaries	(1,122)
Expenditure for acquisition of investments in subsidiaries	¥ 2,988

22. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of bearings, constant-velocity joints and precision equipment. As more than 90% of the consolidated net sales and operating income for the years ended March 31, 2010 and 2009 were made and more than 90% of the consolidated total assets were held in the machinery and equipment parts segment, the disclosure of business segment information has been omitted.

(a) Geographic segment information

Segment information by geographic area for the years ended March 31, 2010 and 2009 is summarized as follows:

	Millions of yen						
	2010						
	Japan	America	Europe	Asia and other areas	Total	Eliminations or corporate	Consolidated
External sales	¥ 166,818	¥ 86,819	¥ 134,247	¥ 64,862	¥ 452,746	¥ -	¥ 452,746
Intersegment sales	84,736	2,187	2,749	5,104	94,776	(94,776)	-
Net sales	251,554	89,006	136,996	69,966	547,522	(94,776)	452,746
Operating expenses	263,213	88,299	132,889	62,800	547,201	(95,854)	451,347
Operating (loss) income	¥ (11,659)	¥ 707	¥ 4,107	¥ 7,166	¥ 321	¥ 1,078	¥ 1,399
Total assets	¥ 430,145	¥ 107,569	¥ 115,776	¥ 63,325	¥ 716,815	¥ (98,013)	¥ 618,802

	Millions of yen						
	2009						
	Japan	America	Europe	Asia and other areas	Total	Eliminations or corporate	Consolidated
External sales	¥ 210,266	¥ 103,242	¥ 149,215	¥ 64,377	¥ 527,100	¥ -	¥ 527,100
Intersegment sales	101,618	1,678	2,608	6,221	112,125	(112,125)	-
Net sales	311,884	104,920	151,823	70,598	639,225	(112,125)	527,100
Operating expenses	313,541	105,068	149,246	65,239	633,094	(115,473)	517,621
Operating (loss) income	¥ (1,657)	¥ (148)	¥ 2,577	¥ 5,359	¥ 6,131	¥ 3,348	¥ 9,479
Total assets	¥ 430,046	¥ 109,123	¥ 120,580	¥ 65,848	¥ 725,597	¥ (97,984)	¥ 627,613

Thousands of U.S. dollars

	2010						Consolidated
	Japan	America	Europe	Asia and other areas	Total	Eliminations or corporate	
External sales	\$ 1,792,971	\$ 933,136	\$ 1,442,896	\$ 697,141	\$ 4,866,144	\$ -	\$ 4,866,144
Intersegment sales	910,748	23,506	29,546	54,858	1,018,658	(1,018,658)	-
Net sales	2,703,719	956,642	1,472,442	751,999	5,884,802	(1,018,658)	4,866,144
Operating expenses	2,829,031	949,043	1,428,300	674,978	5,881,352	(1,030,245)	4,851,107
Operating (loss) income	\$ (125,312)	\$ 7,599	\$ 44,142	\$ 77,021	\$ 3,450	\$ 11,587	\$ 15,037
Total assets	\$ 4,623,226	\$ 1,156,159	\$ 1,244,368	\$ 680,621	\$ 7,704,374	\$ (1,053,450)	\$ 6,650,924

As described in Note 2(g), effective April 1, 2008, the Company and its domestic consolidated subsidiaries have changed the useful lives of machinery from 10 to 12 years to 9 to 12 years as allowed under the revisions of the Corporation Tax Law.

The effect of this change was to decrease operating expenses and operating loss in the "Japan" segment by ¥851 million for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method.

(b) Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiaries, for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen			
	2010			
	America	Europe	Asia and other areas	Total
Overseas sales	¥ 90,017	¥ 127,068	¥ 79,297	¥ 296,382
Consolidated net sales				452,746
Overseas sales as a percentage of consolidated net sales	19.9%	28.1%	17.5%	65.5%

	Millions of yen			
	2009			
	America	Europe	Asia and other areas	Total
Overseas sales	¥ 109,289	¥ 141,674	¥ 81,289	¥ 332,252
Consolidated net sales				527,100
Overseas sales as a percentage of consolidated net sales	20.7%	26.9%	15.4%	63.0%

	Thousands of U.S. dollars			
	2010			
	America	Europe	Asia and other areas	Total
Overseas sales	\$ 967,509	\$ 1,365,735	\$ 852,289	\$ 3,185,533
Consolidated net sales				4,866,144

23. Subsequent Events

(a) Cash dividends

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2010, was approved at the annual general meeting of the shareholders held on June 25, 2010:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥4.0 (U.S.\$0.04) per share)	¥ 2,127	\$ 22,861

(b) Establishment of a significant subsidiary

On May 11, 2010, the Board of Directors' meeting of the Company approved the establishment of a subsidiary, NTN do Brasil Produção de Semi-Eixos Ltda., in São Paulo, Brazil to respond to growing demand for automotive products in developing countries. It will manufacture and sell products related to constant-velocity joints. Its establishment date was on May 21, 2010. The investment amount for the Company and its overseas consolidated subsidiary, NTN TRANSMISSIONS EUROPE was 35,420 thousand Brazilian real in aggregate. It is jointly owned by the Company and NTN TRANSMISSIONS EUROPE and ownership ratios are 70% and 30%, respectively.

(c) Sales of Investments in Securities

At the Board of Directors' meeting of the Company held on June 23, 2010, it was resolved that the Company would sell certain investments in securities during the two year period from August 2010. The Company expects a gain on these sales of investments in securities of approximately ¥3,000 million (\$32,244 thousand).



Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
NTN Corporation

We have audited the accompanying consolidated balance sheets of NTN Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of NTN Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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.

Ernst & Young ShinNihon LLC

Osaka, Japan
June 28, 2010

NTN Group Investment Holdings

As of March 31, 2010

Consolidated Subsidiaries	Paid-in Capital	Holding as percentage (%)	
Consolidated Subsidiaries			
NTN BEARING SERVICE CO., LTD.	¥480,000,000	100	
NTN KONGO CORP.	¥1,000,000,000	100	
NTN ENGINEERING PLASTICS CORP.	¥100,000,000	100	
NTN POWDER METAL CORP.	¥400,000,000	100	
NTN MIKUMO COMPANY LTD.	¥450,000,000	100	
NTN CASTING CORP.	¥450,000,000	100	
NTN KINAN CORP.	¥450,000,000	100	
NTN MIE CORP.	¥3,000,000,000	100	
NTN OMAEZAKI CORP.	¥266,000,000	97.4	
NTN KAMIINA CORP.	¥725,000,000	80	
NTN FUKUROI CORP.	¥1,500,000,000	100	
NTN HOUDATSUSHIMIZU CORP.	¥1,250,000,000	100	
NTN USA CORP.	US.\$118,620,000	100	
NTN BEARING CORP.OF AMERICA	US.\$24,700,000	100	(100)
NTN DRIVESHAFT, INC.	US.\$54,580,000	100	(100)
AMERICAN NTN BEARING MFG.CORP.	US.\$24,330,000	100	(100)
NTN-BOWER CORP.	US.\$67,000,000	100	(100)
NTN-BCA CORP.	US.\$16,000,000	100	(100)
NTK PRECISION AXLE CORP.	US.\$15,000,000	60	(60)
NTN BEARING CORP.OF CANADA LTD.	CAN.\$20,100,000	100	
NTN SUDAMERICANA, S.A.	US.\$700,000	100	
NTN WÄLZLAGER (EUROPA) G.m.b.H.	EURO14,500,000	100	
NTN KUGELLAGERFABRIK (DEUTSCHLAND) G.m.b.H.	EURO18,500,000	100	
NTE Gardelegen G.m.b.H.	EURO1,500,000	100	
NTN BEARINGS (UK) LTD.	STG.£2,600,000	100	(0.04)
NTN FRANCE	EURO3,700,000	99.999	(0.006)
NTN Transmissions Europe	EURO71,727,792	100	
NTN TRANSMISSINONS EUROPE CREZANCY	EURO2,537,000	100	(100)
S.N.R. ROULEMENTS	EURO10,065,000	51	
NTN BEARING-SINGAPORE (PTE) LTD.	S.\$36,000,000	100	(0.969)
NTN CHINA LTD.	HK.\$2,500,000	100	
NTN BEARING-THAILAND CO., LTD.	BAHT780,000,000	100	(99.999)
NTN MANUFACTURING (THAILAND) CO., LTD.	BAHT1,311,000,000	99.999	(99.999)
NTN Manufacturing India Private LTD.	INR925,000,000	86.49	(0.01)
NTN BEARING-MALAYSIA SDN.BHD.	M.\$10,000,000	60	(60)
NTN KOREA CO., LTD.	WON500,000,000	100	
NTN (CHINA) INVESTMENT CORPORATION	US.\$40,000,000	100	
SHANGHAI NTN CORP.	US.\$67,900,000	95	(38.55)
GUANGZHOU NTN-YULON DRIVETRAIN CO., LTD.	US.\$12,500,000	60	(12)
CHANGZHOU NTN-GUANGYANG CORP.	US.\$28,440,000	100	
Affiliated Companies Accounted for by the Equity Method			
TUNG PEI INDUSTRIAL CO., LTD.	NT.\$1,257,232,620	27.35	
TAIWAY LTD.	NT.\$160,000,000	36.25	
UNIDRIVE PTY. LTD.	A.\$5,000,000	40	
BEIJING NTN-SEOHAN DRIVESHAFT CO., LTD.	US.\$6,000,000	40	(6.67)
ASAHI FORGE OF AMERICA CORP.	US.\$7,100,000	28.2	(28.2)
IFA-Antriebstechnik G.m.b.H.	EURO50,000	25	
Seohan-NTN Driveshaft USA CORP.	US.\$6,000,000	49	
Nanjing Puzhen NTN Railway Bearing Co., Ltd.	US.\$6,600,000	40	(40)
Seohan-NTN Bearing CO., LTD.	WON10,000,000,000	49	

1. Of the above consolidated subsidiaries, NTN USA CORP., NTN DRIVESHAFT, INC., NTN-BOWER CORP., NTN TRANSMISSIONS EUROPE, and SHANGHAI NTN CORP. are specified subsidiaries.

2. Figures in curved brackets under "Holding as percentage" indicate the percentage of indirectly owned holdings, and are included in the total holding.

NTN's Global Network

As of March 31, 2010

JAPAN

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Sales

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Industrial Business Headquarters
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Precision Equipment Division

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Fluid Dynamic Bearing Division

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Manufacturing

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Okayama Works

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NTN Powder Metal Corp.

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Schiller Park Plant

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THE AMERICAS

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 Phone: +39-02-47-99-86-00

SNR Rodamientos Iberica S.A.
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Manufacturing

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 NTN Strasse 1-3, 40822 Mettmann,
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NTN Transmissions Europe
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NTN Transmissions Europe Crézancy
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 Phone: +65-6469-8066

NTN Bearing Thailand Co., Ltd.
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 Bangkok 10120, Thailand
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NTN Bearing-Malaysia Sdn. Bhd.
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 Glenmarie Industrial Park,40150 Shah Alam,
 Selangor Darul Ehsan, Malaysia
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NTN Korea Co., Ltd.
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 China
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 5 Longhu Alley, Puzhen Town, Pukou District,
 Nanjing City, Jiangsu, China 210031
 Phone: +86-25-8584-7197

Investor Information

As of March 31, 2010

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Investor Relations

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NTN on the Internet

NTN's Website offers a variety of corporate and product information, including the latest annual report and financial results.
<http://www.ntn.co.jp>

Common Stock (As of March 31, 2010)

Authorized 1,800,000,000 shares
Issued and outstanding 532,463,527 shares

Number of Shareholders (As of March 31, 2010)

29,431

Transfer Agent for Common Stock

Mitsubishi UFJ Trust Banking Corporation
4-5, 1-chome, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

Stock Exchange Listings

First Section of Tokyo Stock Exchange (#6472)
First Section of Osaka Securities Exchange (#6472)

Independent Accountants

Ernst & Young ShinNihon LLC

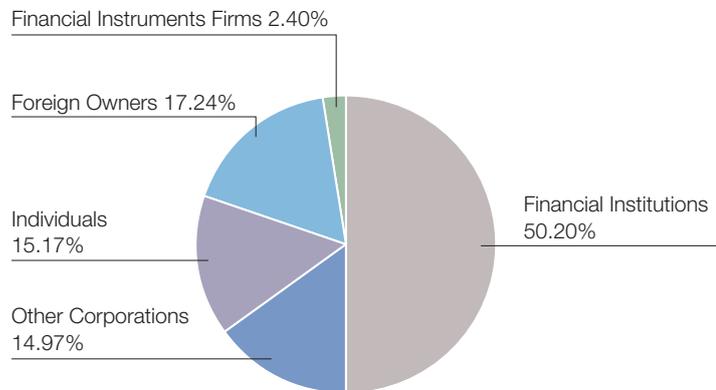
General Meeting of Shareholders

The General Meeting of Shareholders was held on June 25, 2010 in Osaka

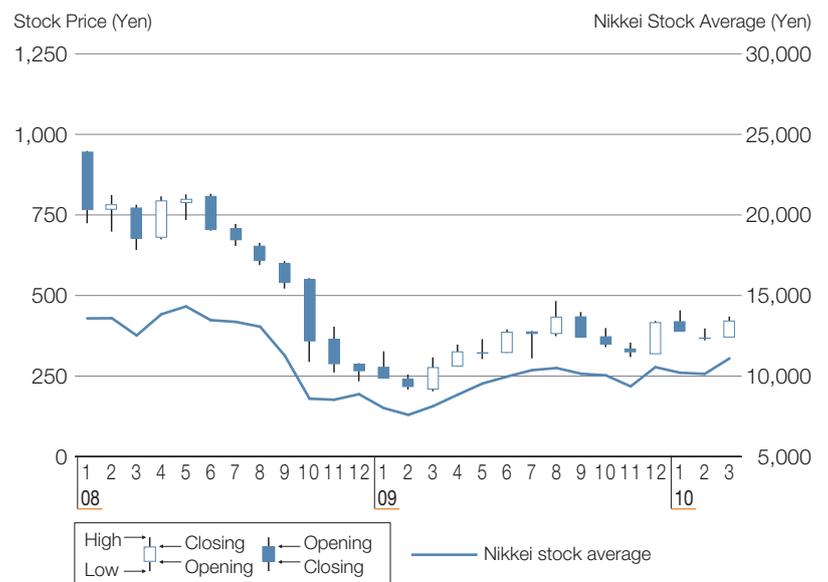
Stock Price Range in Fiscal 2009

High: ¥408
Low: ¥337

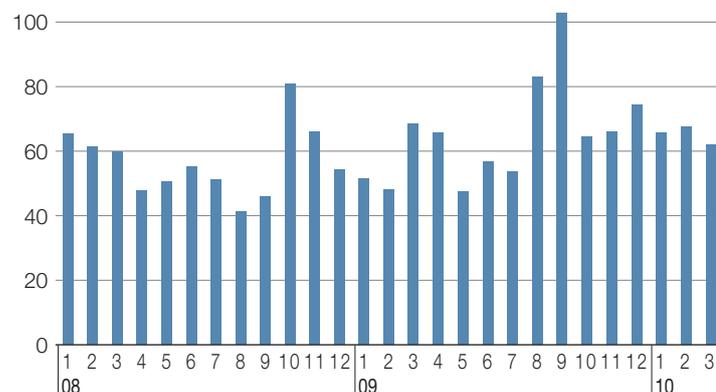
Shareholders by Category



Tokyo Stock Price Range



Monthly Volume Traded (Million Shares)



For New Technology Network



NTN Corporation

3-17, 1-chome, Kyomachibori,
Nishi-ku, Osaka 550-0003, Japan
<http://www.ntn.co.jp>

Printed in Japan



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This report was printed with an environment-friendly printing method using soy inks. Soy inks have excellent biodegradability, and printed matter printed with soy inks is easy to recycle. FSC-certified paper was used for this report.

