

For New Technology Network

NTN[®]

Annual Report 2009

Year ended March 31, 2009



NTN 2010 for The Next Step

NTN Corporation

Profile

NTN, a precision equipment manufacturer, ranks among the top three in the world in **bearing sales**. The Company holds the **largest share of the global market for axle bearings**, critical automotive components that enable wheel axles to turn.

In fields other than bearings, NTN holds the No. 2 global market share of **constant-velocity joints (CVJs)**, a key component for automobile drivetrains. We are now aiming to capture the **No. 1 spot in the world market**.

NTN is a global organization, with **more than 60% of its approximately 20,000 employees** working overseas. Since it began overseas sales, NTN has been building a **five-sided sales and production network** encompassing Japan, the Americas, Europe, Asia, and China. Today, **the ratio of overseas sales to consolidated net sales exceeds 60%**.

From April 2008, **SNR**, which is the France's No. 1 bearings manufacturer, has become a member of the NTN Group. This move 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 already has five production bases manufacturing bearings and CVJs. Production has also commenced at a dedicated CVJ site recently established in India.

In response to the recent drastic change in the global economic environment, NTN has now started a new medium-term management plan, **"NTN 2010 for The Next Step,"** covering the two years starting from April 2009. The first year of this new plan is the third and final year of "Growth through Creativity and Achievements 21," NTN's medium-term management plan which commenced in April 2007. Aiming to implement lean management that does not rely solely on business scale, NTN is strengthening its corporate structure following the fundamental principle of **technological leadership**.

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Corporate Philosophy

For **New Technology Network**

Our contribution to the global community lies in our creation of new technologies and development of 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.

Eleven-year Consolidated Financial Highlights

NTN Corporation and consolidated subsidiaries Years ended March 31

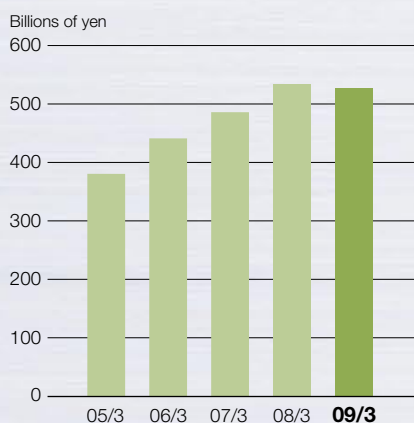
Millions of yen (except per share amounts)

	2009	2008	2007	2006	2005
FOR THE YEAR DATA					
Net sales.....	¥527,100	¥533,985	¥483,818	¥434,837	¥388,349
Operating income.....	9,479	49,612	46,793	37,645	33,201
Income (loss) before income taxes.....	(10,104)	44,313	45,170	30,370	26,586
Net income (loss).....	(8,985)	27,431	27,014	19,550	16,740
Capital expenditures.....	49,594	59,504	59,347	49,284	49,670
Depreciation.....	45,759	39,547	32,693	28,586	24,870
R&D costs.....	17,402	15,006	14,221	14,771	14,952
YEAR-END DATA					
Total assets.....	¥627,613	¥629,464	¥611,944	¥561,494	¥516,578
Net assets/Shareholders' equity.....	192,223	216,401	215,815	183,247	157,952
Number of employees.....	20,679	18,960	17,306	14,631	12,788
PER SHARE DATA					
Net assets.....	¥376.77	¥445.98	¥445.61	¥396.73	¥341.93
Net income (loss):					
- Basic.....	(19.14)	58.43	58.34	41.94	35.83
- Diluted.....	-	54.59	53.74	38.55	32.94
Cash dividends.....	13.00	19.00	16.00	11.00	8.50
OTHER INFORMATION					
Net income (loss)/Average total assets (ROA).....	(1.3%)	4.4%	4.6%	3.6%	3.4%
Net income (loss)/Average shareholders' equity (ROE).....	(4.3%)	13.1%	13.8%	11.5%	11.1%
Shareholders' equity ratio.....	28.2%	33.3%	34.2%	32.6%	30.6%

U.S. dollar amounts have been converted from yen, for convenience only, using the approximate exchange rate on March 31, 2009, which was U.S.\$1 = ¥98.23.

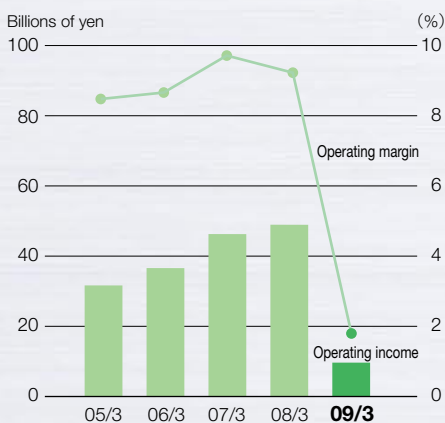
Net sales

Billions of yen



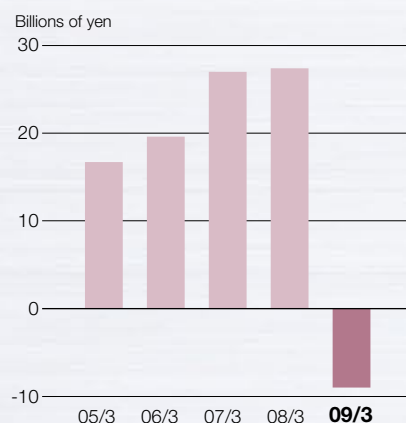
Operating income/Operating margin

Billions of yen/%



Net income (loss)

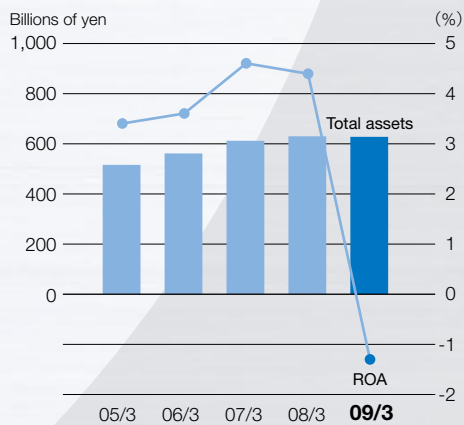
Billions of yen



Millions of yen (except per share amounts)						Thousands of U.S. dollars (except per share amounts)
2004	2003	2002	2001	2000	1999	2009
¥357,394	¥342,745	¥324,339	¥340,551	¥326,474	¥325,812	\$5,365,978
24,709	20,785	8,140	14,335	9,675	13,633	96,498
18,181	6,198	(701)	6,888	(41,822)	9,726	(102,861)
11,032	2,657	(132)	4,289	(24,677)	4,067	(91,469)
38,092	25,264	21,088	24,123	26,013	27,609	504,876
23,979	23,838	24,400	23,402	24,122	24,835	465,835
13,543	12,255	11,706	10,618	9,779	9,274	177,156
¥460,341	¥467,198	¥462,895	¥478,945	¥494,677	¥487,477	\$6,389,219
142,487	134,928	138,532	138,625	143,874	171,969	1,956,866
11,885	11,810	11,989	12,619	12,770	12,554	
¥308.27	¥291.82	¥299.27	¥299.44	¥310.77	¥371.39	\$3.83
23.54	5.70	(0.29)	9.26	(53.30)	8.78	(0.19)
21.87	5.51	—	8.78	—	8.31	—
5.50	5.00	5.50	6.00	6.50	8.00	0.13
2.4%	0.6%	(0.03%)	0.9%	(5.0%)	0.8%	
8.0%	1.9%	(0.1%)	3.0%	(15.6%)	2.4%	
31.0%	28.9%	29.9%	28.9%	29.1%	35.3%	

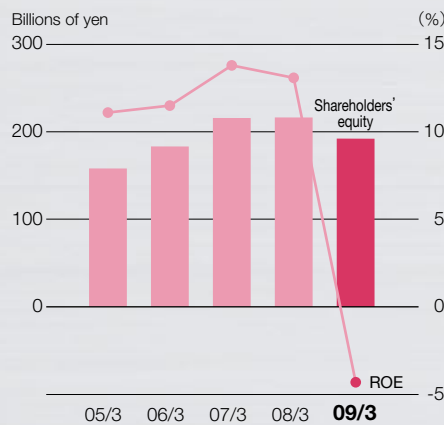
Total assets/ROA

Billions of yen/%



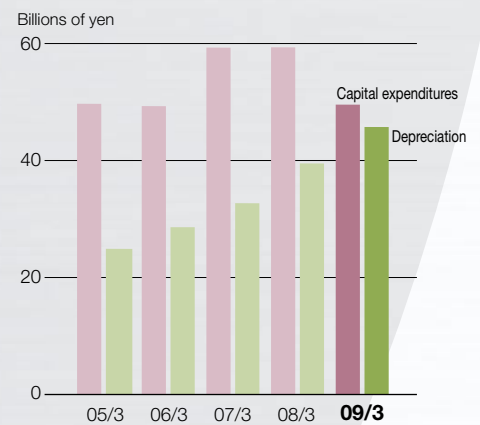
Shareholders' equity/ROE

Billions of yen/%



Capital expenditures/Depreciation

Billions of yen



To Our Shareholders

Strengthening the Corporate Framework Following the Fundamental Principle of Technological Leadership

During the business year ended March 2009, the economy in Japan moved from moderate growth in the first half of the year to an extremely difficult state in the second half of the year due to the global economic downturn triggered by the financial crisis, which started in the US. This downturn forced manufacturers including automakers to successively make production adjustments and reduce capital investments. Overseas, the economies in the US and Europe rapidly deteriorated, impacted by a vicious cycle of the financial crisis and the slowdown of the real economies. Emerging countries, such as China and India, also experienced further economic recession.

The NTN Group embraces the long-term vision of becoming a corporation that has unrivalled products and No. 1 businesses in the world, a corporation with a presence (name recognition) in five key regions: Japan, the Americas, Europe, China and the rest of Asia, and a global corporation that maximizes human resources and contributes to society. Under the medium-term management plans "Rapid Advance 21," which commenced in April 2004, and "Growth through Creativity and Achievements 21," which commenced in April 2007, NTN has been aggressively implementing growth strategies. During the business year ended March 2009, the economy was initially on a growth track, although growth was generally slow in the first half of the year. In contrast, the economy encountered very challenging circumstances in the second half of the year due to the global recession resulting from the US financial crisis. To respond to the drastic change in the global economic situation, NTN has prepared a new medium-term management plan, "NTN 2010 for The Next Step," covering the two years from April 2009, after reviewing the third and final year of "Growth through Creativity and Achievements 21," which ends March 2010.

In "NTN 2010 for The Next Step," NTN assumes that the recovery of demand in the automotive and industrial machinery sectors may take two or three more years. The plan calls for the implementation of various measures following the fundamental principle of technological leadership, based on NTN's corporate philosophy of "For New Technology Network." During the two-year period of the plan NTN will carry out operations that do not rely on business volume. NTN will realign structures in a new order while allowing some deviation from conventional ways of thinking and acting, thereby conducting decision-making based on speed and decisiveness. The overriding goal is to achieve favorable business results.

We look forward to the support and understanding of our shareholders as NTN takes the steps necessary to achieve its goal.

June 2009



Yasunobu Suzuki
Chairman and CEO



Hirotugu Mori
President



Yasunobu Suzuki
Chairman and CEO

Hirotugu Mori
President

New Medium-Term Management Plan “NTN 2010 for The Next Step”



Strengthening the Corporate Structure
Standing on the NTN’s Technology-driven
Fundamental Principle,
“For New Technology Network”

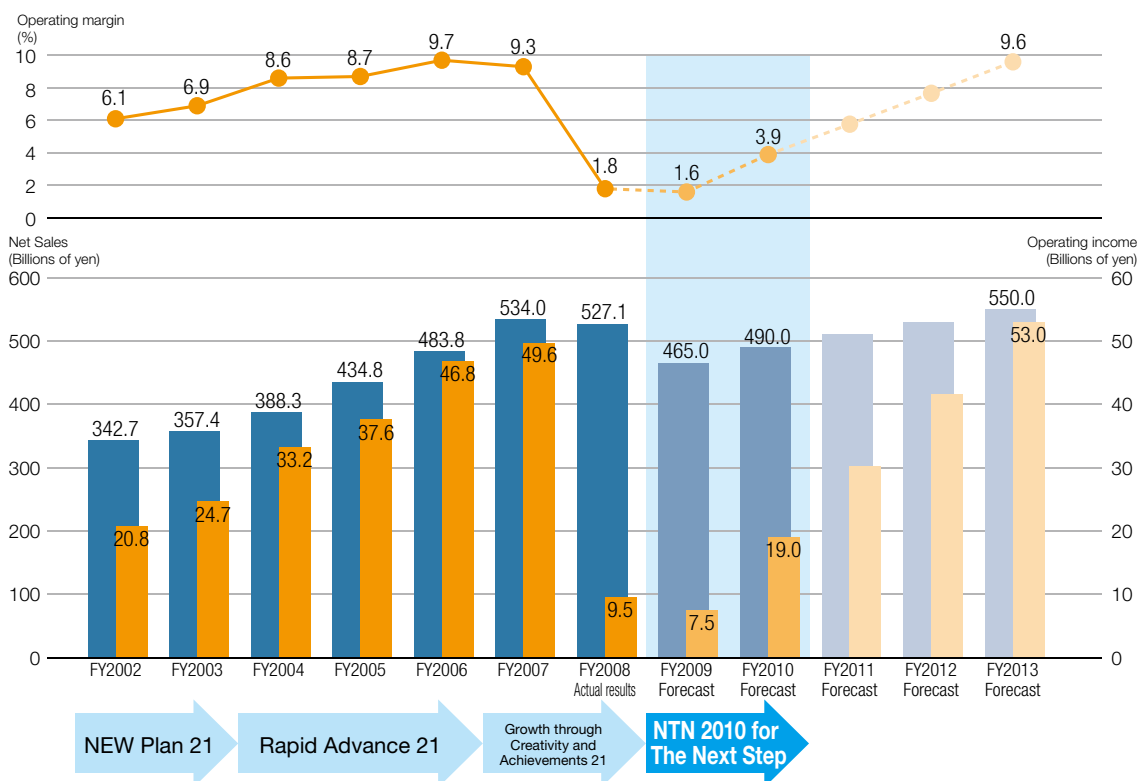
Driving New Growth to Realize Our Long-Term Vision

Hirotugu Mori
President

Q Could you please explain the backgrounds that led up to the preparation of the new medium-term management plan “NTN 2010 for The Next Step”?

Under the medium-term management plans “Rapid Advance 21,” which covered the three years from April 2004, and “Growth through Creativity and Achievements (GCA) 21,” which covers the three years from April 2007, the NTN Group has been aggressively implementing growth strategies. During

the fiscal year ended March 31, 2009, the economic environment saw gradual growth in the first half, but in the second half witnessed the onset of a sharp global economic downturn as a result of the U.S. financial crisis. Overall, we therefore faced extremely difficult conditions over the past fiscal year. To respond flexibly to this change, NTN has now prepared a new medium-term management plan, “NTN 2010 for The Next Step,” covering the two years from April 2009, after reviewing plans for the third and final year of “GCA 21,” which ends March 31, 2010.



Q What concrete measures are you taking under the new “NTN 2010 for The Next Step” medium-term management plan?

We are implementing the following four types of measures.

① R&D-related measures

First is R&D-related measures. Here, we are accelerating the development of high value-added products. In the industrial machinery sector, we are enhancing the development of unique products for applications that contribute to the global environment, such as wind power systems and rolling stock, and in such growth fields as cutting-edge aircraft and medical equipment. In June 2009, construction of the Elemental Technology R&D Center (Mie Prefecture) was completed. The center's role is to help the company delve deeper into elemental technologies, the source of NTN's competitive edge, and to reinforce R&D capabilities for products for industrial machinery applications such as large bearings. In the automotive sector, we are developing bearings and constant velocity joints (CVJs) that are smaller, lighter, and offer lower torque, and stepping up the development of modular products for electric vehicles. The goal is to address the concerns of the auto industry, such as the need for low-fuel consumption and CO₂ emissions reductions.



Elemental Technology R&D Center

② Sales-related measures

In terms of sales-related measures, we are expanding sales to the industrial machinery sector and the aftermarket and distribution sector. In the industrial machinery sector, our priorities are to establish a technological edge in growing fields such as wind power systems and rolling stock, while building a stronger corporate framework. In the aftermarket and distribution sector, we are working to boost sales by enhancing services in emerging nations and parts markets. Meanwhile, in the automotive sector, we are conducting sales activities with an emphasis on earnings, with the aim of increasing profitability.

③ Production-related measures

In terms of production-related measures, we are working to reduce inventories mainly by reviewing supply chains and shortening lead times. Efforts are focused on boosting quality and improving our responsiveness to small-lot production requests. This will be achieved by reforming production control, which is fundamental to MONOZUKURI (manufacturing) at NTN, and by raising the sophistication of production processes and equipment. In response to growing demand for bearings for industrial machinery applications, such as large bearings, we have expanded production capacity at the Kuwana Works and operations at NTN Mie Corporation. In addition, NTN Houdatsushimizu Corporation (Ishikawa Prefecture) will start production in October 2009. On

the other hand, Takarazuka Works ended production in March 2009, after the postponement of its closure due to strong demand. In this manner, we will continue to realign our production network in line with changes in global economic conditions, while strengthening the role of our plants in Japan as mother plants.



Ultra-large Factory No. 3 at the Kuwana Works NTN Mie Corp. Plant No. 3



NTN Houdatsushimizu Corporation Works

④ 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.

From the standpoint of corporate social responsibility (CSR), we will also maintain and continually enhance group-wide internal control systems and compliance (corporate ethics). In the area of risk management, countermeasures to risks associated with hazards such as natural disasters and the risk of the spread of infectious diseases are emphasized. In terms of assisting female employees, the Company has been steadily working on programs including the construction of an in-house day care center. Turning to environmental considerations, we are continuously implementing group-wide initiatives to reduce our CO₂ emissions and environmental impact. This includes developing people- and eco-friendly products (green products) and eliminating the use of environmentally hazardous materials. Other group-wide environmental measures include, at newly built plants, the proactive use of natural energy from wind and solar power generation and the installation of energy efficient devices and processing equipment.



New Medium-Term Management Plan “NTN 2010 for The Next Step”

Q From 2008, SNR of France has become a member of the NTN Group. Progress in “Generating synergies with SNR,” and overcoming any issues along the way, will be crucial factors to achieving the goals of the “NTN 2010 for The Next Step” plan. Could you please elaborate on this?



SNR, which became a consolidated subsidiary of NTN in April 2008, is the France’s No. 1 bearing manufacturer. By welcoming SNR, which has strong brand power in Europe, into the NTN Group, we believe that we can strengthen our operating infrastructure, especially in Europe, and further enhance our presence in the market. This will be achieved by integrating the technological capabilities, production resources and market development skills of both companies.

Regarding synergies, we have bolstered sales capabilities by reorganizing the sales system along the lines of business sectors. Distribution centers have been integrated to improve services to customers. Through this new organizational structure, we are winning new orders from the automotive and industrial machinery sectors, and utilizing the sales and distribution channels of both companies to supply products to the aftermarket and distribution sector in a mutually complementary manner. In addition, we are fusing the technologies of both companies to promote the practical application of jointly developed products such as high-resolution rotational sensors. Going forward, the Company will strengthen its production, sales and technological capabilities to increase its presence in the European market.



① NTN Plant in Germany



⑤ SNR H.Q.



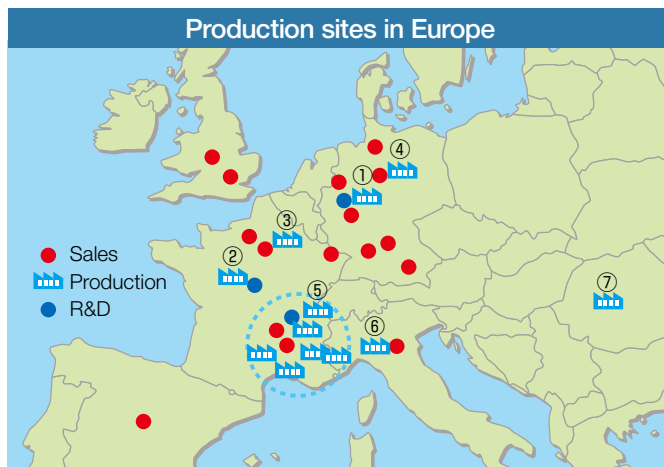
Anney plant



Meythet plant



② NTE



Argonay plant



③ NTE Crezancy



Seynod plant



④ IFA-AT



⑥ Plant in Italy



⑦ Plant in Romania



Ales plant

Q Could you describe NTN's approach to the emerging markets?

As one of the sales-related measures we are taking under "NTN 2010 for The Next Step", the new medium-term management plan, we have been expanding sales to the industrial machinery sector and to the aftermarket sector. In this context, NTN is working to strengthen its sales and production frameworks for China, India and other emerging markets. In these emerging markets, NTN has achieved a certain level of business transactions with Japanese customers, and is now actively developing sales activities directed toward local manufacturers. We will also work to expand sales in the parts market which handles automobile parts, aircraft, machine tools and other repair products, and make full use of SNR's bases to strengthen businesses in Romania and Brazil.



NTN MANUFACTURING INDIA PRIVATE LTD.



NTN (CHINA) INVESTMENT CORPORATION

Q Could you please explain NTN's long-term vision?

NTN's long-term vision calls for the following three concrete goals to be achieved by the fiscal year ending March 31, 2014, five years from now:

① Improving the business sector mix

Over the past few years, we have focused especially on businesses targeting the industrial machinery sector, and we intend to continue strengthening our hand in this sector going forward. Currently, sales to the automotive sector account for around 60% of total sales, while sales to non-automotive sectors account for the remaining 40% or so. Five years from now, we aim to raise the percentage of sales to non-automotive sectors to more than 50% of total sales.

② Ensuring that management does not rely solely on business scale

By crafting a lean cost structure, we are determined to build an earnings structure that can generate earnings even if there is a sharp drop in net sales. In five years from now, our goal is to develop an earnings structure that can keep the company profitable even if net sales fall below initial forecast by a sharp 20%.

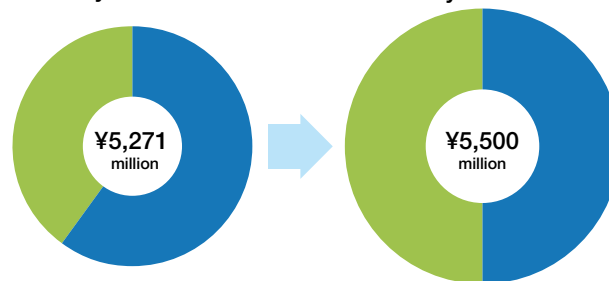
③ New business models based on the themes of "Eco, New Energy, and New Markets"

We will offer a full range of modular products for next-generation automobile markets, including electric vehicles. In

addition, we will expand the aftermarket and MRO* business (including not only auto parts but also aftermarket parts for industrial machinery and aircraft) in markets around the world. Furthermore, we will work to differentiate ourselves from competitors by speeding up development processes for new products, and developing a family of new products by establishing global standards with patents for next-generation technologies. We want to sharpen our distinctiveness and elemental technologies so as to make it absolutely essential for customers to use NTN products, with the view to creating products that are truly in a class of their own.

*Maintenance, repair and operation

Fiscal 2008 (result) Percentage to overall sales by sector **Fiscal 2013 (target) Percentage to overall sales by sector**



■ Automobiles
■ Industrial machinery, maintenance and repair

Basic Approach to Corporate Governance

Reinforcing and enhancing corporate governance is one of our top priorities. In addition to continuing to establish efficient, sound management practices, we make every effort to provide all of our shareholders and investors with the latest and most accurate information to ensure greater management transparency.

■ Board of Directors (meets at least once per month)

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. Extraordinary meetings can also be convened at any time when necessary.

■ Business Strategy Committee (meets twice per month)

The Business Strategy Committee discusses fundamental business policies and important management strategies.

■ Executive Officer System

We introduced the Executive Officer System in June 2004 to enable decisions to be made and action to be taken as quickly as possible. Reviews of monthly performance are conducted by the Executive Committee, comprising Directors and Executive Officers.

■ Corporate auditors and accounting audits

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

Regarding internal audits, the Internal Audit Department is established as an independent auditing organization to audit business execution throughout the Company.

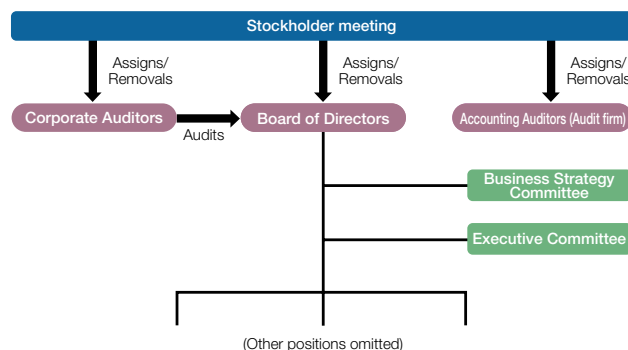
■ Basic Approach and Implementation of NTN's Internal Control System

NTN Corporation has put in place and operates internal control over financial reporting in accordance with the basic framework

Improving Our Corporate Governance Structure

NTN employs an auditing system. To reinforce its corporate governance organization, however, the Company is strengthening its Board of Directors and, through its corporate auditors, its management oversight organization.

Corporate Governance Structure



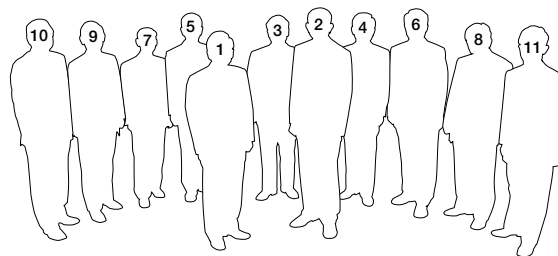
for internal control set forth in "On the Setting of the Standards and Practice Standards for Management Assessments and Audits Concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council on February 15, 2007.

The assessment of internal control over financial reporting was conducted taking March 31, 2009, which is the end of the fiscal year under review, as the reference date and conformed to the assessment standards for internal control which are generally accepted in Japan. In conducting this assessment, NTN evaluated internal controls that have an important impact on the Company's entire financial reporting on a consolidated basis ("company-wide internal controls"). Based on the result, NTN selected business processes to be evaluated, analyzed these selected business processes, identified key controls that have an important impact on the reliability of the financial reporting, and assessed the design and operation of these key controls. These actions enabled NTN to evaluate the effectiveness of the Company's internal controls.

As a result of the assessments described above, NTN judged that its internal control over financial reporting at the Company was effective as of the end of the fiscal year under review. NTN's external accounting auditors also evaluated the Company's internal control as appropriate.

Management

(As of June 25, 2009)



Directors

- | | | |
|---|--|---|
| 1. Chairman and CEO
Yasunobu Suzuki | 2. President
Hirotsugu Mori | |
| 3. Deputy President
Tadatoshi Kato | 4. Deputy President
Osamu Wakisaka | |
| 5. Managing Director
Kenji Okada | 6. Managing Director
Osamu Kato | 7. Managing Director
Yoshikazu Fukumura |
| 8. Director
Kazuhiro Shigeta | 9. Director
Masaharu Yoshikawa | 10. Director
Masashi Honma |
| | | 11. Director
Hisaji Kawabata |

Statutory Auditors

Standing Statutory Auditors

Akio Imanishi
Mizuho Hikida

Statutory Auditors

Tadao Kagono
Norifumi Ishii

Executive Officers

Executive Officers

Shouji Kido
Hidenori Nishikawa
Yasunori Terada
Kazuyoshi Wakabayashi
Seiichi Konishi
Yoshinobu Yasuda

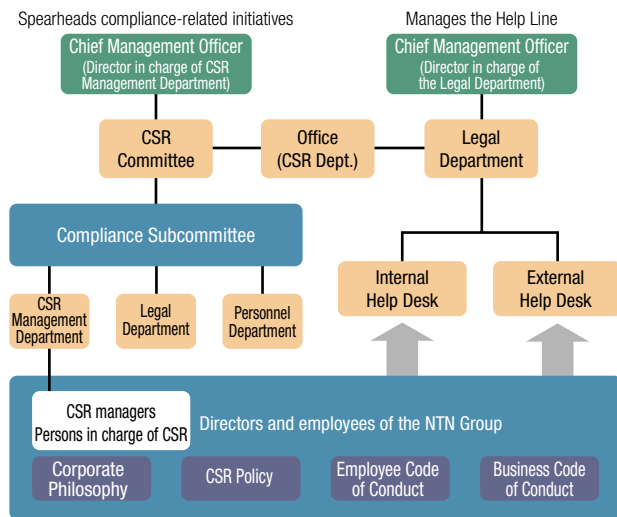
Haruhito Tanobe
Fukumatsu Kometani
Ken Horiuchi
Shigeyoshi Takagi
Didier Sepulchre de Conde
Toshiharu Kato

Hitoshi Takai
Yukiyoshi Hagimoto
Hironori Inoue
Tetsuya Kondo
Yoshio Kato

Compliance Management Framework

At NTN, the Compliance Sub-Committee established under the CSR Committee is charged with comprehensively promoting and managing compliance initiatives for the entire Group. This sub-committee is comprised of three different departments. The CSR Management Department investigates and analyzes compliance and risk and is in charge of education and awareness-raising activities related to compliance. The Legal Department judges issues based on the law and NTN's internal rules, and is in charge of our help line management. The Personnel Department is in charge of evaluating issues from the perspective of personnel measures and policies.

Compliance System



CSR Guidebook Revision and Rigorous Internal Education

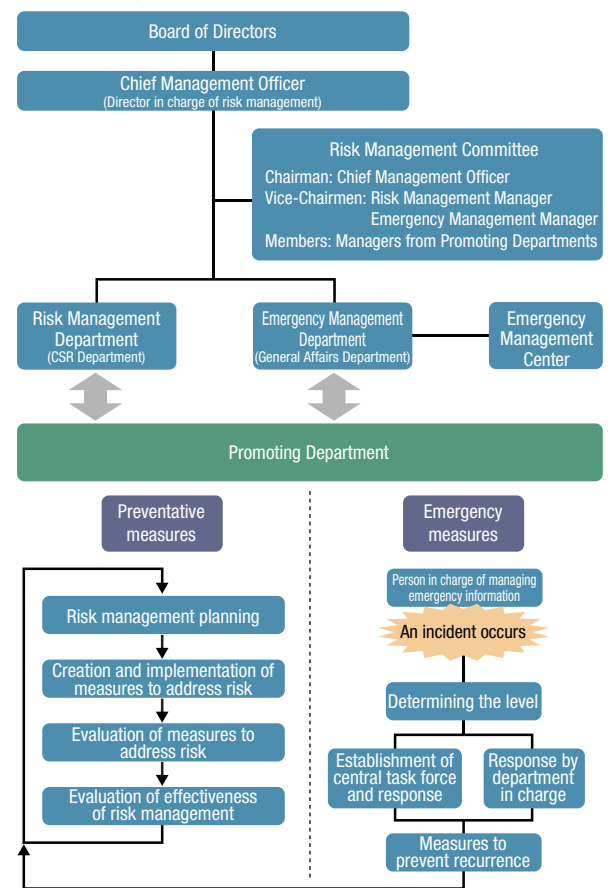
To strengthen compliance, in fiscal 2008 we revised the CSR Guidebook after conducting a review of compliance-related laws and instructive examples. Furthermore, we held briefings on compliance with CSR managers and business managers from every department. These meetings provided an opportunity to educate staff on compliance and the law, as well as for staff to reconfirm compliance knowledge through self-learning using instructional materials and tests of understanding. We plan to hold similar education and training for all employees in fiscal 2009.

Risk Management System

NTN is developing a comprehensive risk management system under the control of the Risk Management Committee, and is based on risk management rules that encompass everything from risk prevention measures to response measures after a crisis has materialized. The Risk Management Committee is responsible for identifying risk, as well as for the overall management of measures taken by the NTN Group to counter risk. Each business promotion department is charged with devising and implementing measures for the individual risks they face, while the Risk Management Committee confirms the progress of these efforts and calls for any needed corrections and improvements.

Furthermore, if a serious crisis does occur, we will set up a central task force department that will take measures to minimize any damage.

Risk Management System



Countering Risks from Infections Diseases

In December 2008, we drafted a "Measures to Combat New Influenza Strains Manual" and implemented risk countermeasures incorporating everything from advance prevention to crisis response measures. Accordingly, we began stockpiling masks, disinfectants and other supplies, and offered a prevention pocket guide and other information to employees and their families. In April 2009, we took swift action in response to the global H1N1 flu that started in Mexico, and made every effort to prevent infections within the NTN Group.



Discussion about how to respond to the new influenza virus

Strengthening Disaster Countermeasures

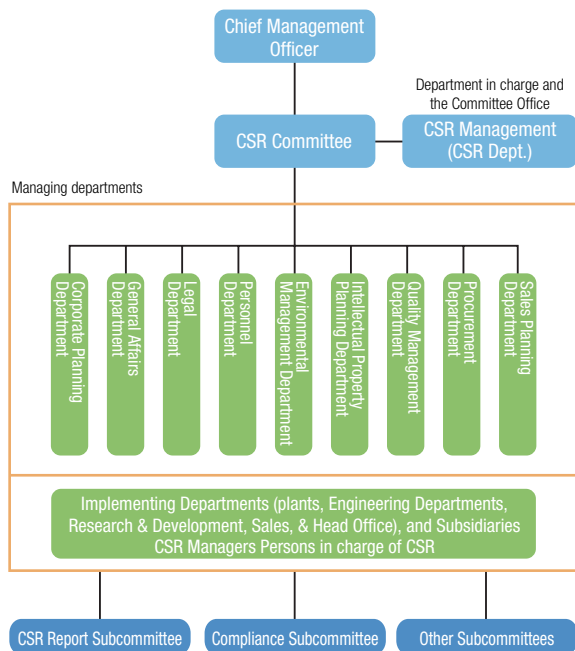
We completed construction to enhance earthquake resistance at the Iwata Works in fiscal 2008. Similar construction is being phased in at other domestic Group manufacturing divisions as part of our countermeasures regarding earthquakes. Moreover, major Group companies have adopted a system to confirm the safety and whereabouts of employees via the Internet or telephone in times of disaster. Each year, we also conduct drills to test the system based on simulations of potential disaster scenarios.

Corporate Social Responsibility (CSR) Activities

CSR Activities

Guided by a CSR Committee headed by a Chief Management Officer (the director in charge of the CSR Department), NTN has appointed CSR managers at every Group worksite in Japan to promote CSR activities. In so doing, we aim to respond to the expectations of all our stakeholders, including customers, shareholders and investors, suppliers, employees, and local communities.

CSR Promotion Structure



Addressing Work-Life Balance

Determined to create pleasant work environments, NTN has taken proactive steps to support the nurturing of the next generation of young people, and to develop an environment that promotes opportunities for women. As part of the measures to promote a proper balance between work and home life, we opened “Bear Kids Land,” NTN’s first in-house daycare center, on the grounds of the Iwata Works in April 2009. Along with temporary drop-off daycare, the center can also extend daycare services to assist employees that work after regular business hours. Meals are prepared at the center, and take into consideration children who have food allergies. The building itself, meanwhile, is a wooden, one-story structure made from natural wood. The center is equipped with an environmentally friendly rooftop solar power system and has a highly earthquake-resistant structure. From the latter feature, we are eyeing the dual use of the center as a shelter during times of disaster.



“Bear Kids Land”

Going forward, NTN has plans to steadily unveil similar facilities at its Kuwana and Okayama Works.

NTN Corporate Forest Stewardship

NTN, in close partnership with communities, is involved in a host of community contribution activities, one of which is our tree maintenance and upkeep activities in regions where NTN operates. At the Iwata Works in July 2008, NTN, together with the Iwata City Off-site Shigaji Property Ward and Shizuoka Prefecture, signed on as a member of the “Shizuoka Forests of the Future Supporter” system. In cooperation with prefectures and members of the community, today we are expanding the sphere of these activities as we develop “NTN Kigyo no mori” corporate stewardship activities that bring people into contact with nature.



“NTN Kigyo no mori” activities at the Okayama Works

Similarly, in August 2008 at the Okayama Works, NTN signed the “Corporate Cooperative Forest Development” agreement with the city of Mimasaka in Okayama Prefecture. Under the agreement, we will take part in forest development under the “NTN Kigyo no mori” banner on 3.5 hectares of municipal forest borrowed free of charge through March 2013.

Social Contribution Activities

Our commitment to make proactive contributions to society is enshrined in NTN’s corporate philosophy and CSR policy, as well as in the Employee Code of Conduct.

In fiscal 2008, NTN was awarded the Konju Service Medal of Honor for the donation of a full concert grand piano by the Kuwana Works, as well as the gift of a gazebo and other facilities given by the Iwata Works. Viewing social contribution activities as an investment in society, our fundamental policy is to take the initiative in addressing some of the many problems that society faces.

Independent assessment

NTN has been selected for inclusion in the following Socially Responsible Investment (SRI) funds and SRI indices, reflecting the evaluation by the stock market of NTN as a company that makes active efforts toward environmental preservation and social contribution.

NTN has been continuously selected in Japan by Morningstar since 2003, and overseas by FTSE4Good since 2002, and Ethibel Pioneer and Ethibel Excellence since 2005 (as of June 2009).



MS-SRI



FTSE4Good

FTSE4Good



Ethibel

R&D to Accelerate Development of New Products

Deepening Core Technologies and Open Innovation

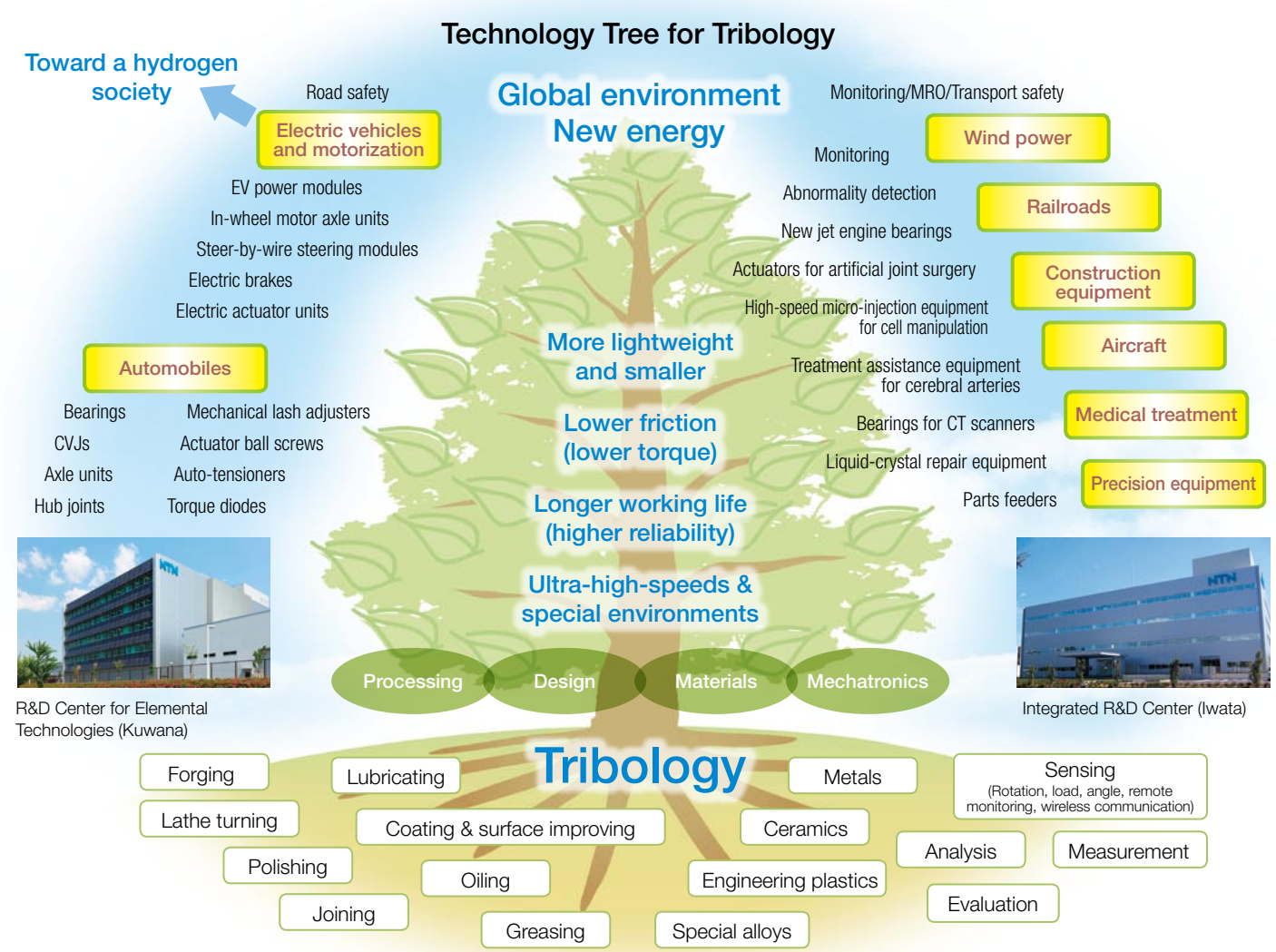
In industrial machinery, and repair agent and distributor markets, NTN will particularly focus on fields which contribute to the global environment, such as wind power systems and railways. We are making use primarily of the collaboration between Mie Prefecture in Japan and the town of Annecy in France concerning industrial clusters to speedily develop applications of the high-performance sensors, as regards loads and rotational frequency, jointly developed by NTN and SNR for industrial machinery in such fields as wind power systems and railways.

NTN is strengthening its unique products in such growth fields as aircraft and medical equipment. With aircraft, the number of projects for axial engines for various next-generation aircraft has increased. With medical equipment, NTN has been collaborating with industry, academia and the government in medical and engineering areas regarding the further development of high-speed CT scanners, magnetically-levitated bearings for artificial hearts and other state-of-the-art technologies. With wind power systems, we are responding to the development of monitoring systems that ensure the wind-power bearings remain in their normal state, and of ultra-large ocean-based wind power systems. We have been further exploring elemental technologies and in June 2009 NTN completed

construction of the R&D Center for Elemental Technologies, which is involved with solar panels and wind power generation. With powder technology, NTN is pursuing the research into and development of next-generation bearings, including the development of new hybrid bearings and composite materials (tribological materials) that fuse NTN's core technologies in such powder-related fields as sintered alloys, plastics and ceramics. In automobiles, NTN is strengthening products for applications that enable low fuel consumption and reduced CO₂ emissions by making the products smaller and lighter, or lowering the torque, or by making them electrical or modular. We will accelerate the development of modular products, including intelligent in-wheel units not only for HVs (hybrid vehicles) but also for EVs (electric vehicles). Moreover, we will speed up the development process by collaborating with automakers, parts manufacturers and manufacturers from other industries.

Establishment of New Products & Intellectual Property Strategy Department

In July 2009, NTN established the New Products & Intellectual Property Strategy Department to accurately understand market trends and formulate long-term business strategies in relation to the key ideas of supporting the global environment and saving energy and resources. The department will take the lead in NTN's development of activities that give even greater importance to R&D.



Making Use of Japan/France Industrial Clusters and Industry/Academia/Government Collaborations

Hub bearing with High-Resolution Rotational Sensor— jointly developed by NTN and SNR

Aiming to establish global standards by the NTN Family

SNR owns global-standard patents for ABS sensor technology for automobiles—the world’s foremost technology in this field. NTN possesses world-class technology for hub bearings for automobiles. The two companies have jointly developed a hub bearing with a High-Resolution Rotational Sensor that has an accuracy 40 times better than conventional sensors, and are already marketing it. Going forward, we will develop products that apply this sensor technology to industrial machinery. These applications include those for wind power systems (France and the rest of Europe will focus on new energy, especially wind power) and for railways (fusing SNR and NTN technologies used in the TGV and Shinkansen trains, respectively). The NTN Group aims to establish the global standards in these fields.



Hub bearing with High-Resolution Rotational Sensor

Regional mechatronic technologies clusters in Japan and France

The Anney region in France where the head office of SNR is located is at the center of an industrial cluster engaged in mechatronic technologies and materials processing. In 2005, France promoted and strengthened support for the universities,

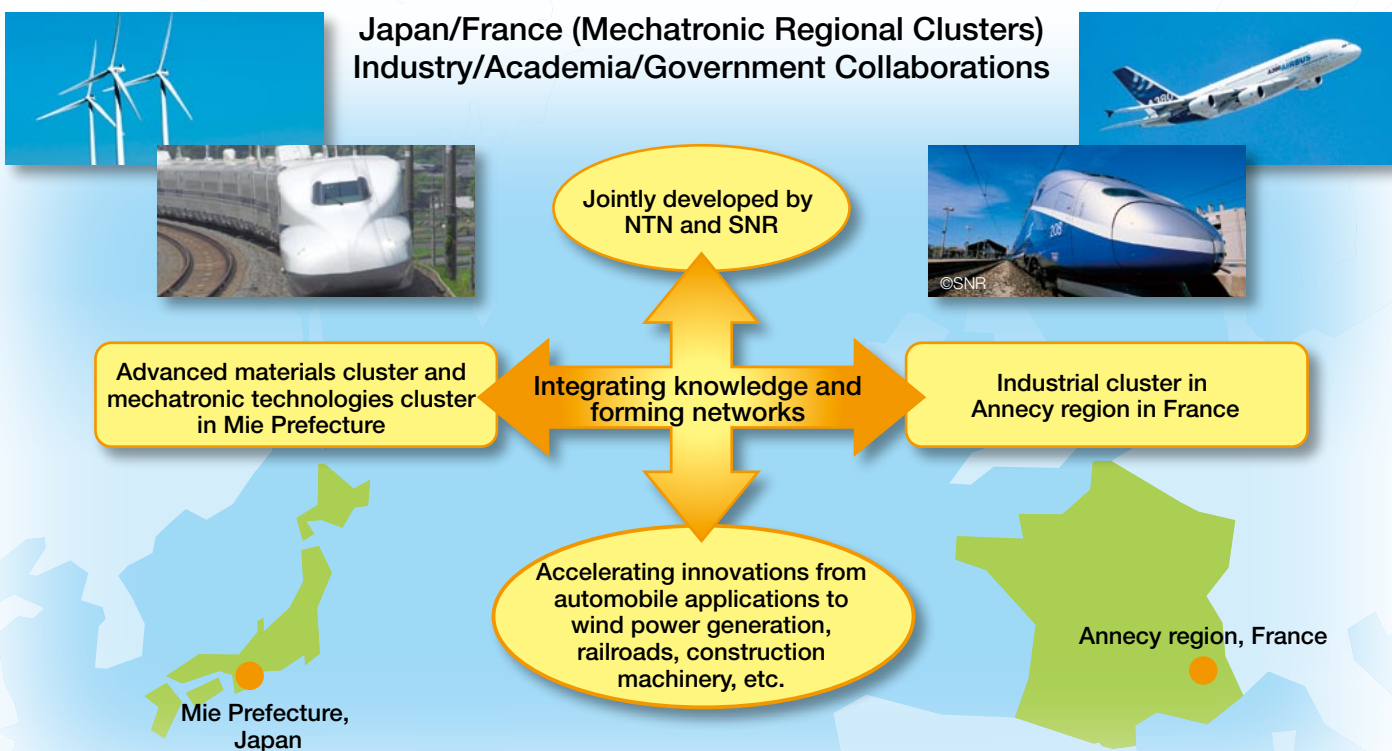
research institutions and companies gathered together in Anney to cooperate to boost technological innovations. In Mie Prefecture, where NTN’s Kuwana Works is located, the Advanced Materials Innovation Center and a mechatronic technologies cluster have gathered together in Yokkaichi-shi. NTN recognizes the importance of accelerating Open Innovation, including by further extending the collaboration of NTN and SNR to the network of Japanese/French cooperation concerning industrial clusters.



Mr. Bernard Accoyer, the President of the National Assembly of France, visits NTN’s facilities, including the Kuwana R&D Center

Applications for growth fields of the global environment and saving resources

NTN and SNR are both companies that were founded over 90 years ago. With the current integration of NTN and SNR, the two companies will use their combined technologies to develop modular products by applying the technologies they have built up over the years—for advance components, machinery and materials applications—to the accelerating growth fields of the global environment and saving resources, while collaborating with industry, academia and the government in the regions belonging to each company.



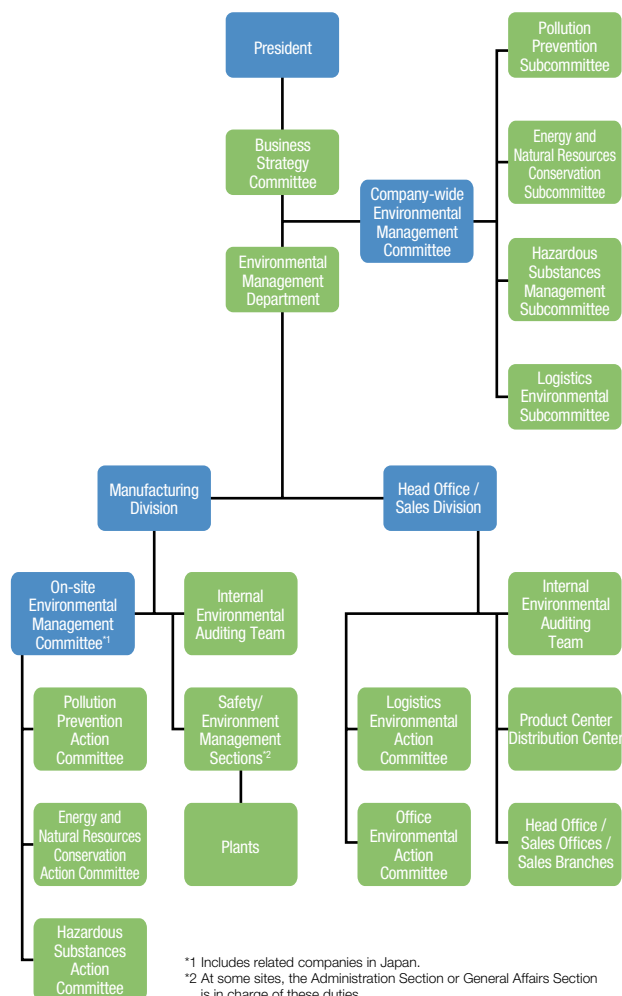
Environmental Policy

NTN is developing an environmental management structure, spearheaded by the companywide Environmental Management Committee, which includes Group companies in Japan, to promote actions to protect the environment.

At a meeting convened in April 2008, the Environmental Management Committee offered up companywide and site-specific environmental targets for CO₂ reduction, industrial waste reduction and other goals, and decided the content of initiatives for achieving these targets.

In March 2009, we opted to completely revise our fundamental policy with respect to environmental preservation. While retaining our basic philosophy of advocating harmony with the global environment as our most important issue, we have arranged our action policies into four categories and clarified the respective content of each. At the same time, we have added new content to the Environmental Policy, including the dissemination of information on action status, and the strict management of substances used in our products and manufacturing processes that carry an environmental load.

Environmental management structure



NTN Environmental Policy

The NTN Group considers coexistence with the global environment to be of utmost importance. We will make constant efforts to reduce the impact of our activities on the environment, and to contribute to the sustainable development of our society.

1. Development and sales of environmentally friendly products.

- NTN will contribute to world-wide energy conservation by developing and providing eco-conscious 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
 Corporate Environmental Control Officer
 NTN Corporation

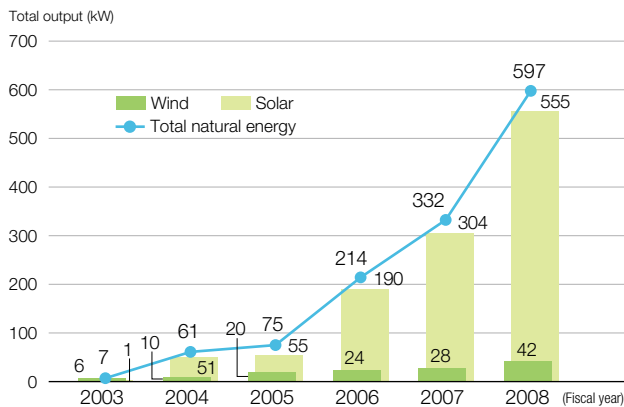
Preventing Global Warming

NTN is striving to do its part to prevent global warming by actively utilizing natural energy sources and performing energy-saving upgrades to reduce CO₂ emissions. In fiscal 2008, we installed new solar power generators at the Kuwana and Mie Works, and to date have introduced 14 wind power generators, 10 solar power generators, and 13 hybrid generators that produce both wind and solar power. Moreover, NTN has chosen to take part in the Japanese government's call for participants in the domestic voluntary emissions trading scheme announced at the close of fiscal 2008, and is taking vigorous steps to reduce CO₂ emissions. Among other actions, at the Okayama Works, we replaced the conventional air conditioning system with a state-of-the-art thermal



Thermal storage tank for hydrate-slurry air conditioning system (Okayama Works)

Natural energy output



Total CO₂ emissions



*Based on the yearly CO₂ emissions factor from the local power company

storage system, adopted an advanced high-efficiency compressor at the Iwata Works, and are upgrading the air conditioning and oil cooling systems at NTN Kongo Corporation.



Turbo cooler for air conditioning system (NTN Kongo Corporation)

Promoting Energy Conservation in Employee Households

Since fiscal 2007, NTN has issued and distributed to employees an "NTN Household Eco-Account Book," a program in which a large number of employees continue to take part. By recording monthly data, employees gain an understanding of their



NTN Eco-Account Book

actual energy consumption in daily life, thereby raising awareness of energy conservation in the home. Approximately 2,500 people took part in this program in fiscal 2008.

Environmental Communications

At its business sites, NTN is deepening interaction with local residents with the environment as a central theme. For example, NTN Casting Corporation holds social gatherings with community members each year, using these get-togethers to share its environmental activities for the years and to exchange viewpoints with voices in the community. The opinions and requests gathered are then used in its environmental improvement activities.

From April to September, we held workplace excursions at our major plants specifically for the families of our employees. In addition to plant tours, these events included an introduction to our environmental initiatives. Through a power generation demonstration using a full-scale solar panel and a quiz about the environment,

participants learned the importance of performing eco-conscious activities in their own households. At NTN Kongo Corporation, meanwhile, we conducted a similar excursion event centered on manufacturing arts for local schoolchildren and promoted environmental learning.



Event for schoolchildren on manufacturing arts held at NTN Kongo Corporation

At a Glance

Bearings

Major products

- Ball bearings
- Roller bearings
- Axle bearings
- Bearing units
- Large bearings
- Precision bearings
- Fluid dynamic bearings
- Sliding bearings
- Other bearings

Constant-Velocity Joints

Major products

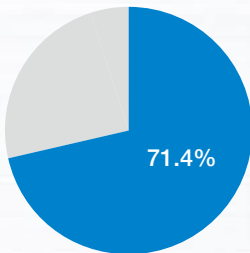
- Automotive CVJs (for halfshafts, propeller shafts, and steering shafts)
- CVJs for industrial machinery

Precision Equipment and Other Products

Major products

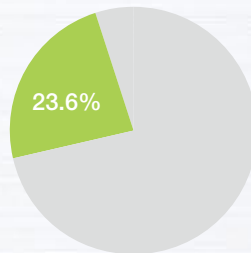
- LCD repair devices
- PDP rib barrier defect repair system
- Parts feeders
- XY tables
- Magnetic-bearing spindles
- Auto-tensioners
- Engineering plastics parts
- Machines, apparatus, and others

Net sales share



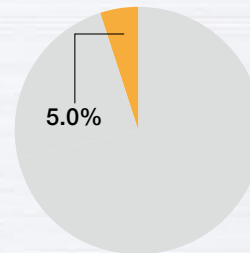
(09/3)

Net sales share



(09/3)

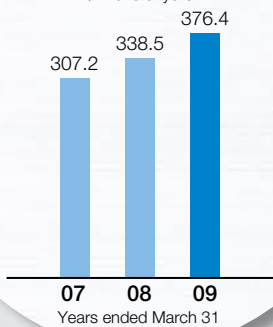
Net sales share



(09/3)

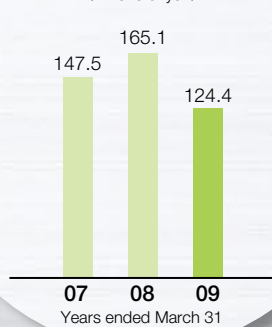
Net sales

(Billions of yen)



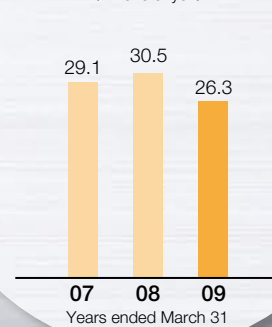
Net sales

(Billions of yen)



Net sales

(Billions of yen)



Bearings



NTN began international expansion of its sales in the 1960s and followed with the development of a global manufacturing network a decade later. Today, NTN is using its expertise as a leading bearing manufacturer to create new value-added products and services to meet the needs of customers in a wide range of industries. We supply bearings for the automotive industry and for industrial machinery including construction machinery, rolling stock, and wind power systems. In addition, we also serve the semiconductor and medical industries. In particular, demand is growing sharply for our fluid dynamic bearings, which are used in hard disk drives (HDDs). Manufactured from a sintered alloy developed by NTN using proprietary technology, these fluid dynamic bearings are currently regarded highly by the market.

Review of Operations

In applications for general industrial machinery, sales were strong for large bearings used for wind power generation in Japan, the European region and China, and for construction and mining machinery in the Americas region. However, sales of bearings decreased due to a sudden decline in demand in the Asian region for fluid dynamic bearings for hard disk drive (HDD) motors, a decrease in demand worldwide for bearings and the impact of unfavorable foreign exchange rates. In automotive applications, sales of axle bearings and needle roller bearings were robust in China, assisted by the start of volume production of new products mainly for Japanese automakers. In other areas, sales fell due to a decrease in demand and the impact of unfavorable foreign exchange rates, but SNR, which became a consolidated subsidiary of the Group, contributed to sales growth. As a result, during the fiscal year under review the Group's net sales of bearings rose ¥37.9 billion, or 11.0%, to ¥376.4 billion. NTN decided to postpone the start of construction of the NTN Akaiwa Corporation in December 2008, and production was terminated at the Takarazuka Works in March 2009. In the current fiscal year and beyond, NTN will continue to realign its production framework both in Japan and overseas in response to changes in the global economic environment.

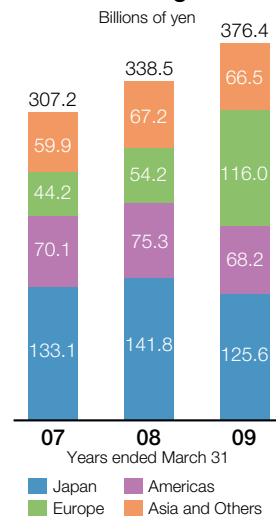
In Japan, sales in both general industrial machinery and automotive applications dropped due to declines in overall demand and the export business, although sales of large bearings for wind power generation increased. As a result, net sales in the region decreased ¥16.2 billion, or 11.0 %, from a year earlier to ¥125.6 billion.

In the Americas, sales in both general industrial machinery and automotive applications fell due to declines in overall demand and unfavorable foreign exchange rates, although sales of large bearings for construction machinery and bearings for agricultural machinery increased. As a result, net sales in the region decreased ¥11.8 billion, or 16.0 %, from a year earlier to ¥63.5 billion.

In Europe, sales in both general industrial machinery and automotive applications fell due to declines in overall demand and unfavorable foreign exchange rates, although sales of large bearings for wind power generation increased. Against this backdrop, net sales in the region increased ¥61.8 billion, or 114%, year on year to ¥116.0 billion yen, reflecting the contribution to increased sales from SNR, which became a consolidated subsidiary of the Group.

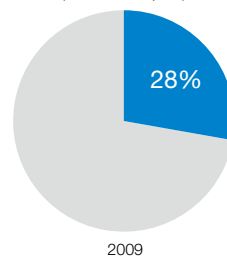
In Asia and other areas, sales were strong in China of large bearings for wind power generation, and axle bearings and needle roller bearings for automotive applications. However, in other areas in Asia sales in both general industrial machinery and automotive applications fell due to rapid declines in demand for fluid dynamic bearings and decreased demand for automotive bearings, and to the impact of unfavorable foreign exchange rates. As a result, sales in this region decreased ¥0.7 billion, or 1%, year on year to ¥66.5 billion.

Total Bearing Sales



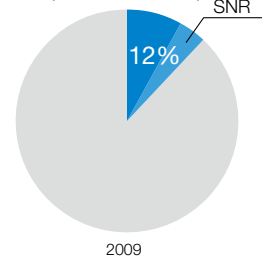
NTN's Share of Japanese Market

(No. 2 in Japan)



NTN's Share of Overseas Market

(No. 3 in the world)



Bearings for Industrial Machinery



Aircraft

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. These demands are expected to increase significantly in the future. 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 trust of General Electric and other aircraft-related manufacturers in Japan and around the world. Together with SNR which has a plentiful track record in Europe, the NTN Group is contributing to safe air travel.

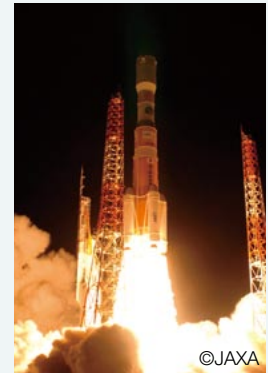


Aircraft bearings

TOPICS

In September 2009, the H-IIB rocket was successfully launched. This large Japanese rocket was newly developed using the technology employed in the earlier H-IIA rocket, resulting in higher performance levels.

The H-IIA rocket had used one first-stage engine. To improve the H-IIB rocket's launch performance, two first-stage engines were used. In the H-IIB rocket's engines, the roller bearings used in the liquefied hydrogen/oxygen turbopump and the fuel valve, and the sliding bearings used in the direction-control mechanism, are all products made by NTN or NTN Engineering Plastics Corp. In Japan, the NTN Group is the only supplier of bearings for the H-IIB rocket, and the NTN Group's technology is significantly contributing to space development worldwide.



Rocket engine turbo-pump bearings



Rolling Stock

The railways are attracting attention as a means of mass transportation that consumes little energy. Sales of rolling stock are rising worldwide, especially in Europe and China. Everywhere, special management systems are being developed to preserve and improve the quality of rolling stock, since even small defects in the rail cars used to transport people and large amounts of cargo can result in catastrophic damage. The NTN Group is delivering the primary spindle bearings used in Japan's N700 series bullet train and France's TGV train, and is establishing a supply framework for the high-speed railway networks in Japan and Europe.



Primary spindle bearings for Japan's bullet train



Primary spindle bearings for France's TGV train



Wind Power Systems

One response to environmental conservation has been the global spread of wind power systems, which supply clean energy free of CO₂ emissions. NTN manufactures and sells the full range of bearings used for the primary spindles, speed controls, and generators found in wind power systems. The Company has established a strong reputation among wind power system producers for its role in ensuring the reliability and long-term stability (long working lifetimes) of this technology. NTN has been expanding its production capacity, starting with the ultra-large third plant at the Company's Kuwana Works which started production in October 2008 and NTN HOUDATSUSHIMIZU CORPORATION which started operations in October 2009, in preparation of increasing demand going forward.



Primary spindles for wind power systems



Construction Machinery

NTN's large bearings are used in the large dump trucks that typically transport large amounts of work materials, soil, sand and gravel at a time around mines and construction sites, thereby contributing to the power provided by these large sturdy trucks. Construction machinery is critical to building vital infrastructure, and many of NTN's products can be found in the wheels and drive components of these machines, where they support the development of resources and energy.



Construction machinery bearings



Machine Tools

For machine tools, the bearings used in the primary spindle must have exceptionally high precision and rotation speeds. At NTN, we continue to supply products to our customers with the performance and quality they need by providing input to major manufacturers from the initial development stages. Our R&D activities are centered on the pursuit of the best bearings imaginable. The technologies generated in the process become the cornerstone of NTN's development of products for other industrial machinery and automobiles.



Bearings for machine tools

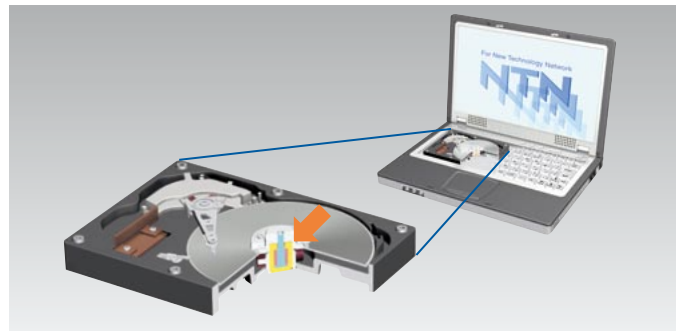


Medical Equipment

In today's medical field, where sophisticated diagnosis is a must, there is a demand for further advancement in CT scanner technology. Successive improvements in NTN's 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. NTN's people-friendly bearing technology will continue to evolve and play an active role in the field of medicine as part of our commitment to safeguarding human life.



Low-vibration bearing for CT scanners



Fluid Dynamic Bearings

The fluid dynamic bearings, used in the motor sections of the hard disk drives (HDDs) found inside electronic devices of all kinds, from computers and digital video cameras to mobile devices, car navigation systems and mobile phones, use oil-impregnated sintered bearings that allow the inclusion of lubricating oil in the bearings themselves. As a result, these bearings have the notable characteristics of eliminating accidental etching phenomena and, compared with the solid bearings of other companies, not causing any defects which render the data stored on the disk unreadable. The bearings also offer real benefits from the perspective of volume press production and cost competitiveness.



Fluid dynamic bearings

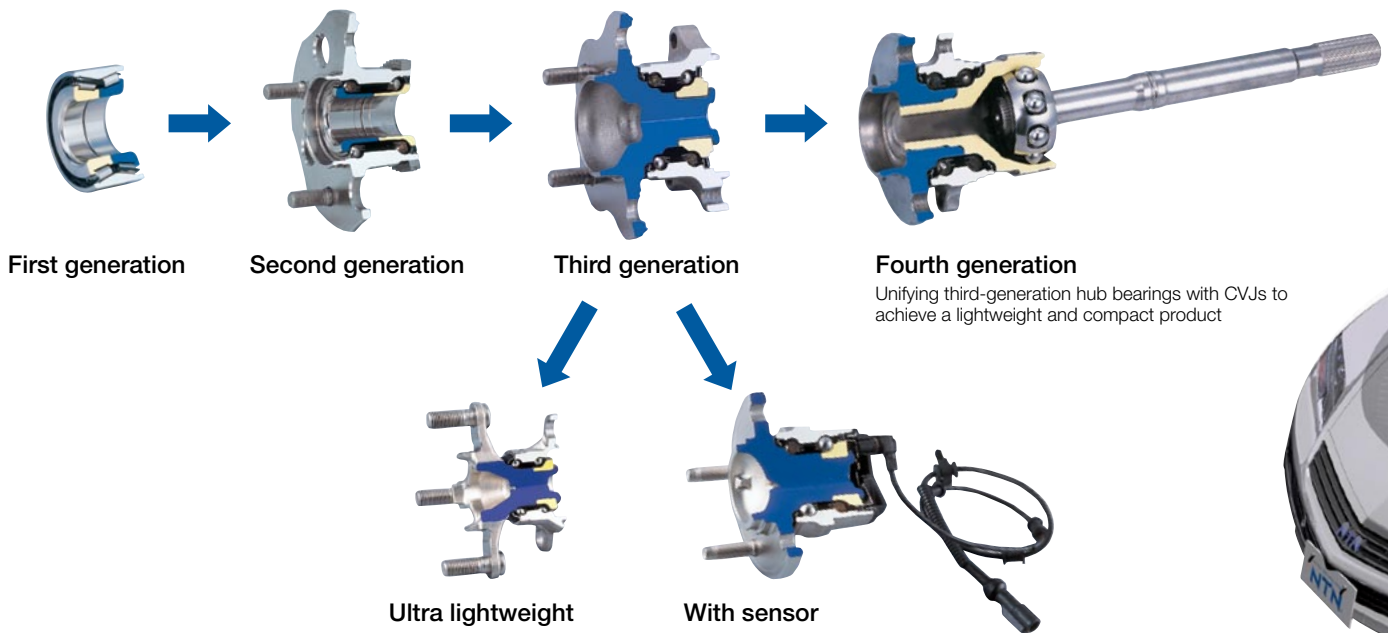
Axle Bearings

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

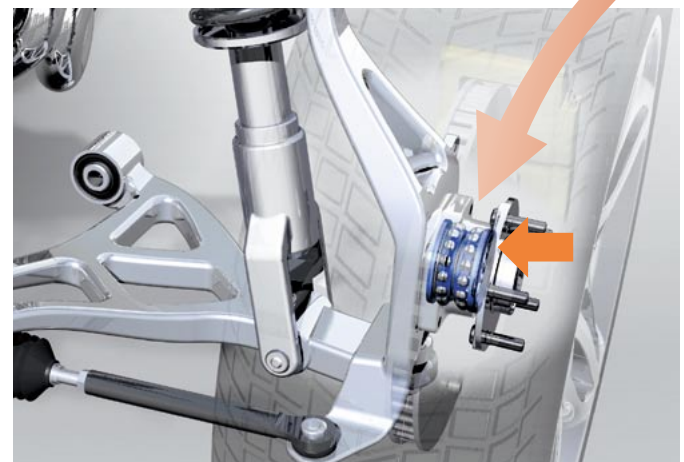
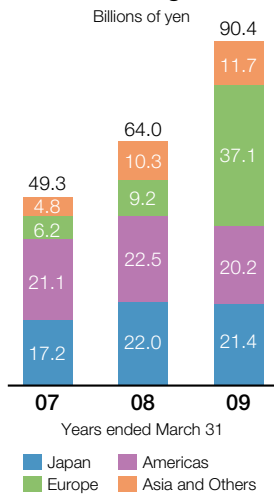
In the pursuit of greater ease of assembly, NTN has witnessed the evolution of three generations of axle bearings. As the modularization of axle bearings progresses with each successive generation, we are achieving lighter and more compact products by reducing the number of components.

In addition to having a complete lineup of all types of first-through third-generation axle bearings, the Company has set up a global supply network by establishing production bases in Japan,

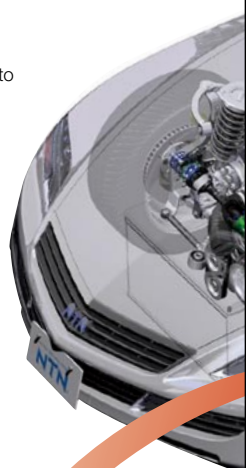
the United States, Europe, and Asia, including China. Together with SNR, which is strong in axles with built-in sensors, NTN supplies axle bearings to automobile manufacturers worldwide. The Company has also developed a fourth-generation hub joint (GEN 4 hub joint) that combines third-generation axle bearings with CVJs in one unit. This unique product has been made possible by NTN's prowess in bearing and CVJ manufacturing technologies. As this new product illustrates, NTN continues to stand at the forefront of modularization.



Axle Bearing Sales



Vehicle suspension

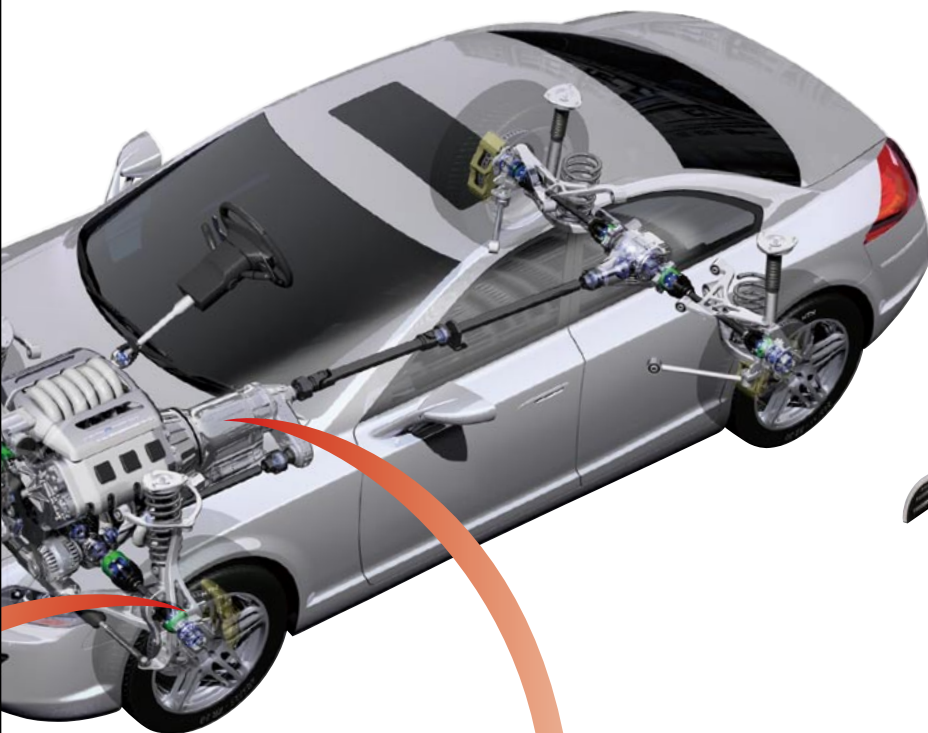


Needle Roller Bearings

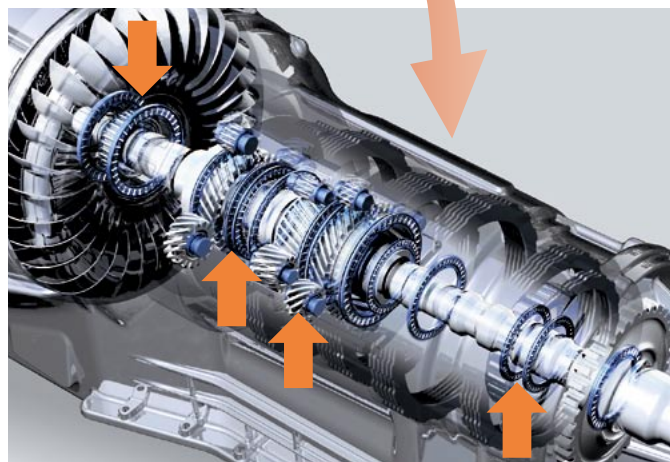
Needle roller bearings have relatively small-diameter, cylindrical, needle-like rolling elements. The outstanding feature of needle roller bearings is their high load-bearing capacity and rigidity relative to size. Needle roller bearings allow compact and lightweight designs for machinery. Because of these special features, needle roller bearings are used in many applications for automobile transmissions and other parts where there are space conservation or high load-bearing capacity requirements.

NTN commenced production of needle roller bearings in Japan in 1962. Having operated as a compact unit encompassing production, sales, and technology, these operations have the full trust of their customers. NTN

manufactures its own needle rollers and specializes in press-processed cages. Against the backdrop of this cost competitiveness and its strong technology, NTN has been actively developing a network of overseas production bases, beginning production in Thailand in 1999, the United States in 2000, and China in 2005. In 2006, the Company moved to boost production of high-precision rollers and reduce costs with the start of full-scale operations at NTN Kamiina Corp.

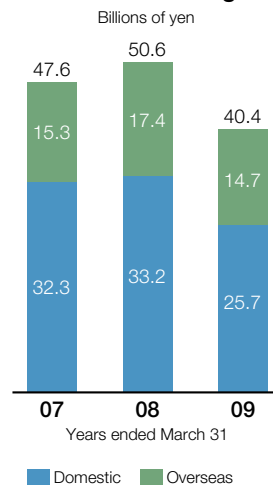


Various needle roller bearings



Automobile automatic transmission

Needle Roller Bearing Sales



Constant-Velocity Joints



NTN started CVJ production in Japan in 1963, and in 2007 the number of CVJs produced on a cumulative basis surpassed 400 million units. Following aggressive expansion of production worldwide in the 1990s, today the Company has a strong base of operations to respond to the global sourcing needs of the automotive industry, major customers for CVJs. These operations are supported by a trilateral development system covering the three key regions of Japan, the Americas, and Europe. A production and sales system encompassing these three regions as well as China and other parts of Asia has also been formed.

Based on technological expertise developed over the years, NTN has established a solid reputation as a leader in the CVJ sector.

Review of Operations

During the fiscal year under review, sales of constant-velocity joints (CVJs) were impacted by the rapidly intensifying economic recession caused by the vicious cycle of the strong yen, the financial crisis and the worsening real economy, and sluggish automobile production caused by the economic slowdown. In China, sales increased, mainly due to the contribution from the start of volume production of new products. In other regions however, sales decreased due to a decline in demand from automakers and the impact of unfavorable foreign exchange rates. As a result, net sales decreased 25.0% from a year earlier to ¥124.4 billion. From the current fiscal year onwards, NTN is working to increase earnings, and expand production and

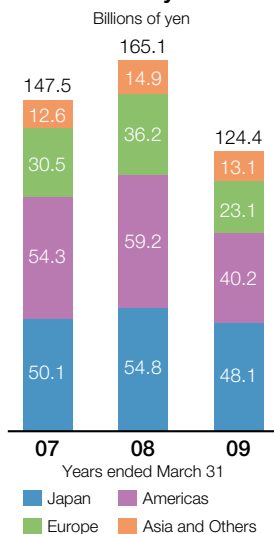
sales in emerging markets, as a top supplier possessing advanced technological capabilities, by proposing products that are smaller and lighter, or are made available in cassette or modular forms.

In Japan, sales declined by ¥6.7 billion, or 12%, year on year to ¥48.1 billion, mainly due to declines in overall demand and the export business.

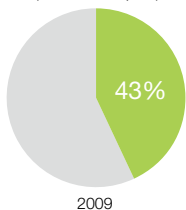
Overseas, sales decreased in the Americas and Europe due to declines in demand and unfavorable exchange rates. In the Americas, net sales fell ¥19.0 billion, or 32.0%, year on year to ¥40.2 billion. In Europe, net sales dropped ¥13.1 billion, or 36.0%, year on year to ¥23.1 billion. Seohan-NTN Driveshaft USA CORP., a joint venture with the KOFCO Group who are delivering CVJs to modern cars in the Americas, started full-fledged operations.

In Asia and other regions, net sales fell ¥1.8 billion, or 12.0%, year on year to ¥13.1 billion, largely due to new orders from China and Thailand. Going forward, NTN will expand production of CVJs in India and strengthen our response to the automobile business in emerging markets by making full use of SNR's plants in Romania and Brazil and other actions.

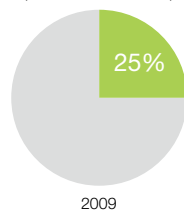
Constant-Velocity Joint Sales



NTN's Share of Japanese Market (No. 1 in Japan)



NTN's Share of Overseas Market (No. 2 in the world)



(NTN's estimates)

TOPICS

Automotive Component Award Winner at the "2008 CHO MONOZUKURI Innovative Component Awards"

NTN's constant-velocity steering joint "CSJ" developed for automobiles, which features a compact, light-weight design and enhanced functionality, was awarded the Automotive Component Award at the "2008 'CHO (Super)' MONOZUKURI Innovative Component Awards" held by the Conference for the Promotion of MONOZUKURI and Nikkan Kogyo Shimibun Ltd. The CSJ is the world's first ball-type constant-velocity steering joint, and NTN was recognized as having succeeded in making this product approximately 50% lighter and smaller than conventional constant-velocity steering joints for steering systems.

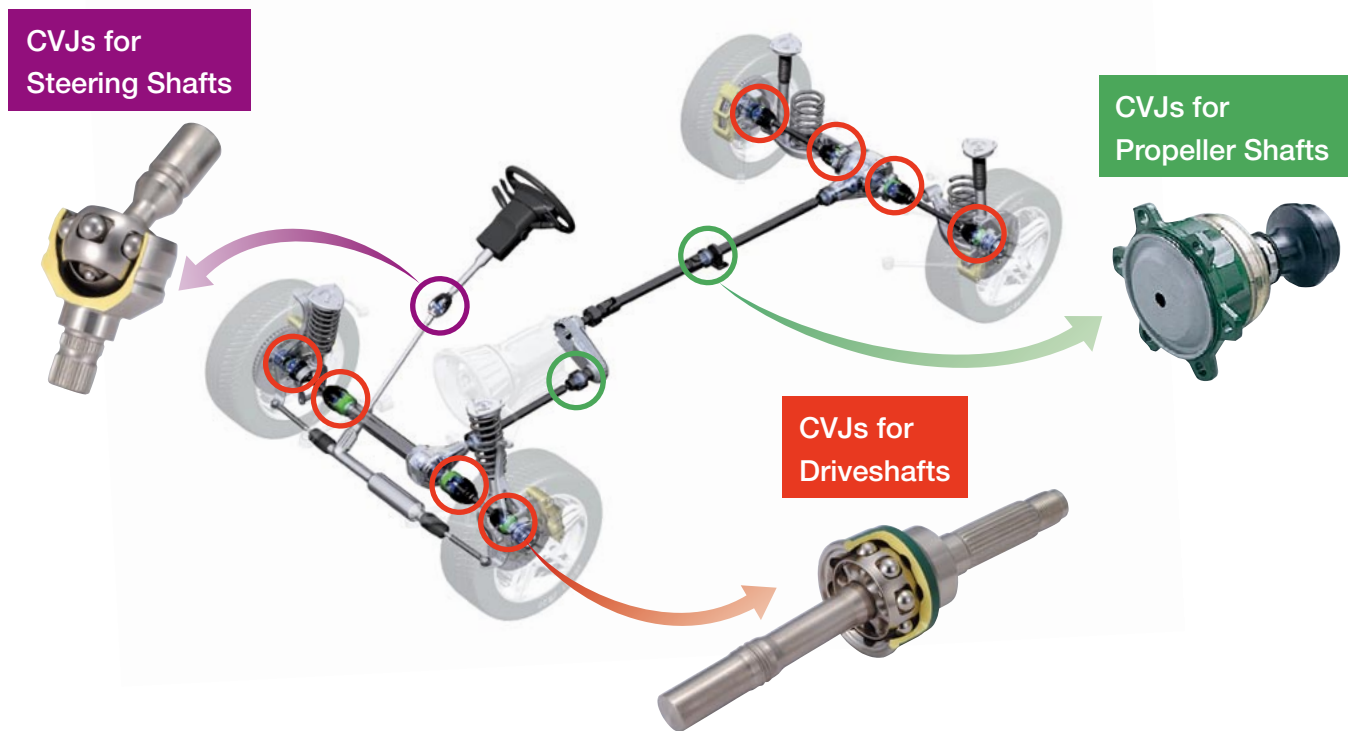


NTN was the first to bring fixed CVJs to the Japanese market in 1963, and followed by adding the double offset joint (DOJ), tripod joint (TJ) and other plunging CVJs to its lineup. Attaching fixed and plunging CVJs to a driveshaft, the Company started supplying these products to automotive manufacturers that were making front-wheel-drive vehicles.

Spurred by the oil shock in 1973, sales of front-wheel-drive vehicles began to climb because of their fuel efficiency. Production of CVJs leaped. Furthermore, automotive manufacturers increased their use of CVJs in halfshafts for rear-wheel-drive and in propeller shafts for 4WD vehicles to improve the ride. As CVJ demand expands, NTN is proceeding with global business development by setting up a network of production bases covering Japan, the United States, Europe, and Asia, including China.

In recent years, there has been strong demand for developments that will reduce environmental impact, lighten component weight (contributing to greater automobile design freedom), achieve greater compactness, and reduce noise, vibration, and harshness (NVH).

Because the function and quality of CVJs directly and indirectly affect the functioning of automobiles, we have stayed at the forefront of trends in automobile technology and have carried out a variety of specific improvements. These requirements are fully addressed by NTN's products: NTN's E series, and the V series of high cost-performance products for emerging markets. These products' improved functionality is well recognized by our customers.



New Products



EUJ-S—A High-efficiency Fixed-type CVJ

A small lightweight CVJ with a high running-angle (50°) that reduces torque transmission loss by about 30%

At NTN, we offer a lineup of the small, lightweight and high transmission efficiency E series of CVJs, and we have already reduced the torque transmission loss of our mass-produced EUJ CVJs by about 40% compared to the conventional UJ CVJs. Based on the EUJ, the recently developed EUJ-S has achieved high efficiency by reducing frictional loss by such measures as optimizing the joint's internal design, improving the surface and employing a newly developed grease. As a result, the EUJ-S' torque transmission loss has been cut by about a further 30% (an approximate 60% reduction compared to the UJ).

Precision Equipment and Other Products



The precision equipment business segment combines leading-edge technology products and products for special fields. Using highly sophisticated mechatronic technologies developed over the years, NTN supplies this market with products having special characteristics.

Review of Operations

As regards sales of precision equipment and other products during the fiscal year under review, sales were robust of defect repair equipment for flat panel displays due to new orders, but sales fell for parts feeders used in plants, and of clutch units and auto-tensioners found inside automobiles. As a result, net sales decreased ¥4.2 billion, or 14.0%, from a year earlier to ¥26.3 billion.

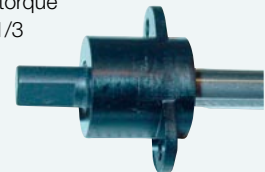
NTN also offers a wide lineup of clutch products for everything from office equipment to automobiles. For mechatronic products and other precision equipment supplied to the semiconductor, LCD, electronic devices and other industries, NTN has set up separate divisions to adapt flexibly to the rapid technological innovation and fluctuating production levels required by these major customers. Going forward, as a step to aggressively promote sales activities we will continue to pursue the timely launches conducted in recent years of new products such as the extra-large precision XY table, designed for manufacture and inspection of tenth-generation liquid crystal glass substrates.

New Products

Development of World's Smallest, Ultra-Small Ultra-Lightweight 'Compact Free-Type Torque Diode'

Realizing an automatic electric/manual changeover unit for small-type precision equipment

The free-type torque diode (TDF) developed in 2002 is a reverse-input prevention unit; it functions so that when an input shaft is driven, an output shaft rotates, but when the output shaft is driven, only the output shaft rotates freely and the driving force is not transmitted to the input shaft. The primary applications for this product have been for automatic changeover systems between electric and manual for electric motor protection and rotational equipment. Targeting applications in small-type precision equipment such as cameras that require lighter weight, NTN has developed this 'compact free-type torque diode,' which is ultra small in size (1/3 of conventional products), ultra light in weight (2/5 of conventional products) and low torque (1/25 of conventional products), and has started supplying samples to customers.



Compact free-type torque diode

Development of the Model NCT New-Type One-Way Clutch for Office Equipment

Highly reliable clutch that can be embedded in plastic parts

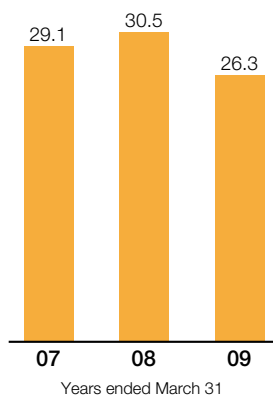
NTN has developed and commercialized the model NCT new-type one-way clutch. The separation of various clutch parts improves its ease of handling in office equipment, and the NCT can be easily embedded in plastic. It is highly reliable and achieves the same clutch functions as conventional products. In recent years, there has been a trend for customers to mold products with plastic external parts. In response to the needs of these customers, NTN decided to commercialize a one-way clutch with good handling ability that can be embedded in plastic. Thus the model NCT was developed: a new one-way clutch with highly reliable functions that employs the existing model NCZ technology with its substantial track record in the market and that the customer can easily embed in plastic parts.



Model NCT new one-way clutch for office equipment

Precision Equipment and Other Products Sales

Billions of yen



Technological Development Anticipating the Full-Scale Adoption of Electric Vehicles

In recent years, the automobile industry has accelerated the development of fuel-cell vehicles and electric vehicles in response to environmental issues.

Leveraging its core mechatronics (motor and control) and tribology (friction and lubrication) technologies, NTN is developing modular products for use in electric vehicles, and that mesh with the growing use of electronics in conventional gasoline vehicles.

Developing Products for In-Wheel Motor Electric Vehicles

In October 2005, NTN introduced a compact, lightweight in-wheel motor type axle unit made up of a reduction gear, motor, and hubbearing as a drive unit for electric vehicles. This time, NTN has developed the world's lightest in-wheel motor type axle unit which can drive a small passenger car and an intelligent in-wheel motor type axle unit, which is an in-wheel motor type axle unit added with a NTN-developed electric brake and built-in sensors. The product will change the concept of the conventional motorvehicle as it improves fuel consumption and driving stability as well as flexibility in designing vehicle, and as it offers motion performance that users require.

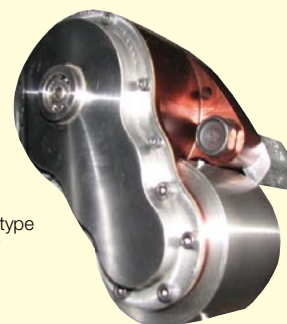


In-wheel motor-type axle unit

Electric Brake Unit

In October 2007, NTN developed a lightweight, compact and highly durable planetary roller-screw type electric brake actuator, as a next-generation brake system for automobiles.

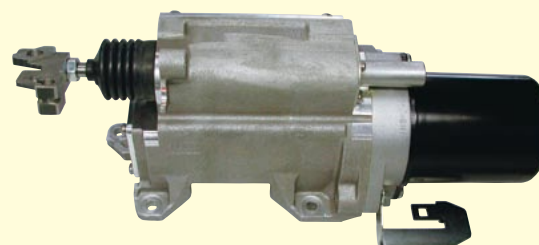
*Planetary roller: This component fulfills the same role as a planetary gear in a planetary reduction gear mechanism. Screw shafts are mounted on the periphery of component, instead of gears.



Planetary roller-screw-type electric brake actuator

Electric Actuator Unit

In May 2009, NTN developed an electric actuator unit employing a highly efficient, compact ball screw, which the Company mass produces for use in electric actuators for mechanical automatic transmissions and continuous variable valve systems. The new electric actuator unit uses a linear ball bearing for the sliding position, resulting in high power output with outstanding efficiency and response.



Electric actuator unit

Article

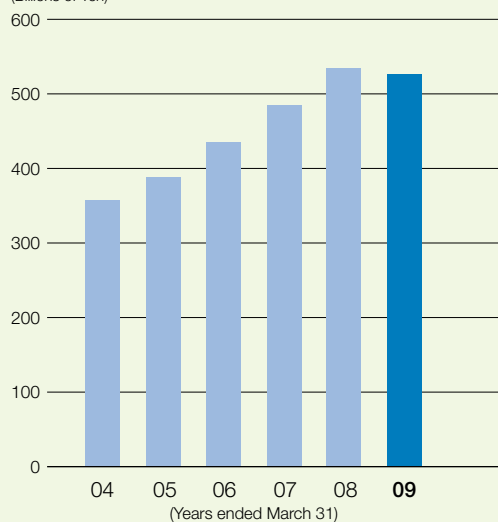
NTN has steadily phased in the use of electric vehicles that run on no gasoline whatsoever. These electric vehicles are being put to good use by NTN as a symbol of its commitment to developing innovative technologies and eco-friendly products.



Electric vehicle delivered to the Elemental Technology R&D Center

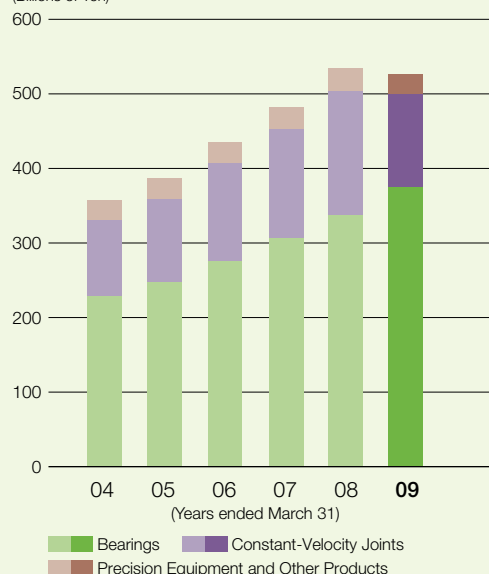
Net Sales

(Billions of Yen)



Sales by Business Segment

(Billions of Yen)



Scope of Consolidation

The scope of consolidation as of March 31, 2009, consisted of NTN Corporation and 50 consolidated subsidiaries (12 domestic and 38 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

(12 companies added)

- NTN Houdatsushimizu Corporation
- NTE Gardelegen G.m.b.H
- NTN TRANSMISSIONS EUROPE CREZANCY
- S.N.R. ROULEMENTS and its 8 subsidiaries

(1 company removed)

- KYOEI NTN CORP.

◆ Equity method affiliation

(1 company added)

- ICSA Industria Cuscinetti S.p.A.

(1 company removed)

- S.N.R. ROULEMENTS

Sales and Earnings

• Sales Performance

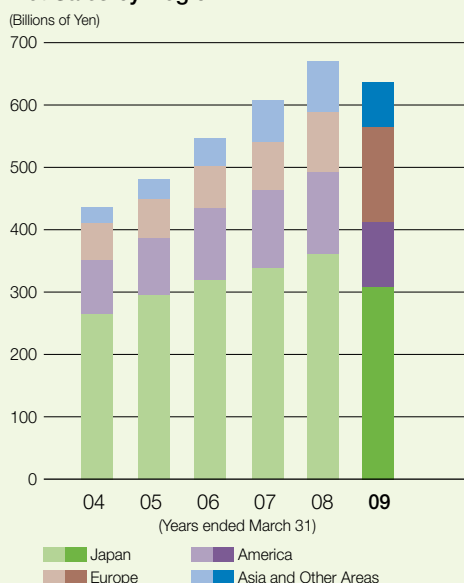
Consolidated net sales for the fiscal year ended March 31, 2009, amounted to ¥527,100 million, a decrease of ¥6,885 million (1.3%) from the previous fiscal year. Excluding the ¥43,657 million decrease from currency exchange, there was an actual increase in net sales of ¥36,772 million. Excluding the ¥85,325 million increase in sales from the consolidation of S.N.R. ROULEMENTS and its subsidiaries and the ¥33,280 million decrease from currency exchange, there was an actual decrease in net sales of ¥58,930 million. Overseas sales totaled ¥332,252 million, an increase of ¥18,401 million (5.9%) year on year. Overseas sales accounted for 63.0% of net sales overall (the Americas 20.7%; Europe 26.9%; and Asia and other areas 15.4%), an increase of 4.3 percentage points from the previous fiscal year.

Sales by Business Segment

Bearings

In applications for general industrial machinery, overall sales decreased year on year despite strong sales of large bearings used for wind power systems in Japan, the European region and China, and for construction machinery in the Americas region. This decrease was mainly due to a drop in worldwide demand for bearings, including a sudden decline in demand for fluid dynamic bearings for hard disk drive (HDD) motors in the Asian region, and the impact of unfavorable foreign exchange rates. In automotive applications, in China sales of axle bearings and needle roller bearings were robust, assisted by the start of volume production of

Net Sales by Region



new products mainly for Japanese automakers. In other areas, sales fell due to a decrease in demand and the impact of unfavorable foreign exchange rates. Nevertheless, S.N.R. ROULEMENTS and its subsidiaries became consolidated subsidiaries of the Group, and consequently contributed ¥85,325 million to sales growth. As a result, segment sales for the fiscal year under review rose 11.2% year on year to ¥376,381 million.

Constant-Velocity Joints (CVJs)

Sales of CVJs in China increased, mainly due to the contribution from the start of volume production of new products. In other regions, however, sales decreased due to a decline in demand from automakers and the impact of unfavorable foreign exchange rates. As a result, net sales decreased 24.6% from a year earlier to ¥124,445 million.

Precision equipment and other products

In the precision equipment and other products segment, sales were robust of defect repair equipment for flat panel displays due to new orders, but sales fell of parts feeders, clutch units and auto-tensioners. As a result, segment net sales for the fiscal year under review decreased 13.8% from a year earlier to ¥26,271 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 wind power systems increased. As a result, net sales in the region decreased 11.5% from a year earlier to ¥194,848 million.

Americas

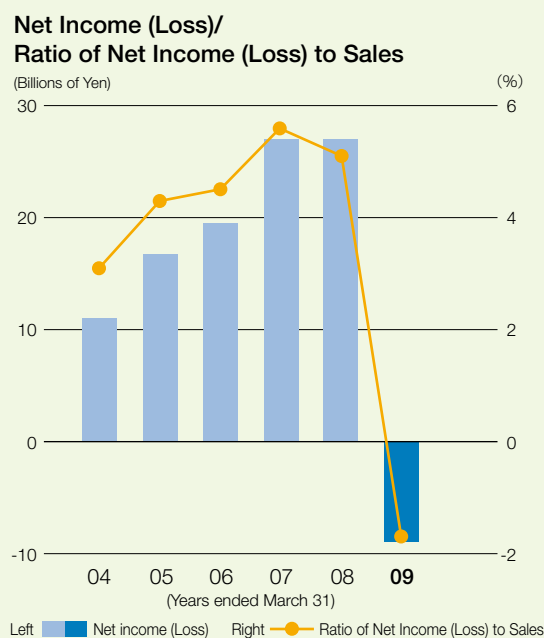
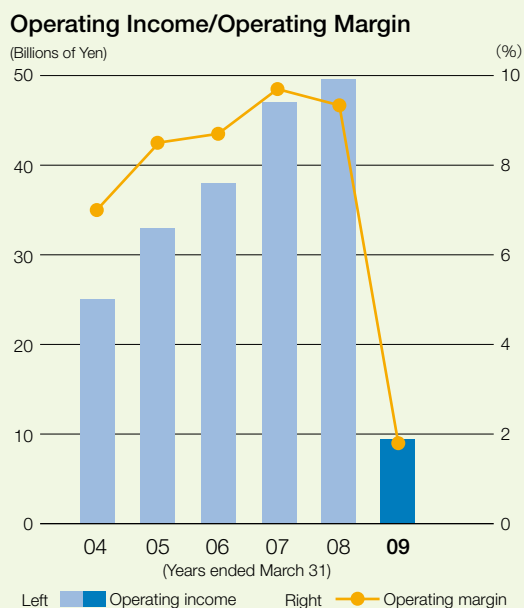
Sales in both general industrial machinery and automotive applications fell due to declines in overall demand and unfavorable foreign exchange rates, although sales of large bearings for construction machinery and bearings for agricultural machinery increased. As a result, net sales in the region decreased 19.5% from a year earlier to ¥109,289 million.

Europe

Sales in both general industrial machinery and automotive applications fell due to declines in overall demand and unfavorable foreign exchange rates, although sales of large bearings for wind power systems increased. Against this backdrop, S.N.R. ROULEMENTS and its subsidiaries became consolidated subsidiaries of the Group, and consequently contributed to sales growth. As a result, net sales in the region increased 51.3% year on year to ¥141,674 million.

Asia and other areas

In China, sales were strong of large bearings for wind power systems, and of axle bearings, needle roller bearings and CVJs for automotive applications. In other areas in Asia however, sales in both general industrial machinery and automotive applications decreased



due to rapid declines in demand for fluid dynamic bearings and decreased demand for automotive applications, and to the impact of unfavorable foreign exchange rates. As a result, sales in this region decreased 3.7% year on year to ¥81,289 million.

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

Cost of sales amounted to ¥445,253 million, with the percentage of cost to overall sales rising 5.5 percentage points to 84.5%. This was mainly due to surging steel prices and unfavorable foreign exchange rates.

Selling, general and administrative (SG&A) expenses amounted to ¥72,368 million, with the percentage of cost to overall sales rising 2.0 percentage points to 13.7%.

• Earnings

Operating income amounted to ¥9,479 million, a decrease of ¥40,133 million (80.9%) compared with the previous fiscal year. The operating margin declined 7.5 percentage points to 1.8%.

Other expenses amounted to a net expense of ¥19,583 million. Major contributors to other income included ¥1,059 million in interest and dividend income, ¥1,239 million in amortization of negative goodwill, ¥564 million in equity in earnings of affiliates, and ¥360 million in gain on customs duties for prior periods, which were offset by ¥5,310 million in interest expense, ¥1,112 million in business reorganization expenses, ¥3,064 million in loss on impairment of fixed assets, ¥13,921 million in loss on devaluation of investment

securities, ¥498 million in loss on liquidation of affiliates, and ¥600 million in provision of reserve for product defect compensation.

As a result, the Company reported a loss before income taxes and minority interests of ¥10,104 million, down ¥54,417 million from the previous year, with a consolidated net loss of ¥8,985 million, down ¥36,416 million. Net loss per share was ¥19.14 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 ¥9 per share, the dividend for the full fiscal year amounted to ¥13 per share.

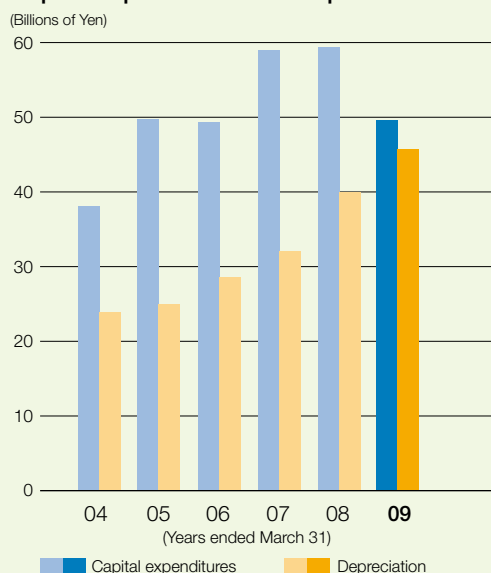
■ R&D and Capital Expenditures

• R&D Costs

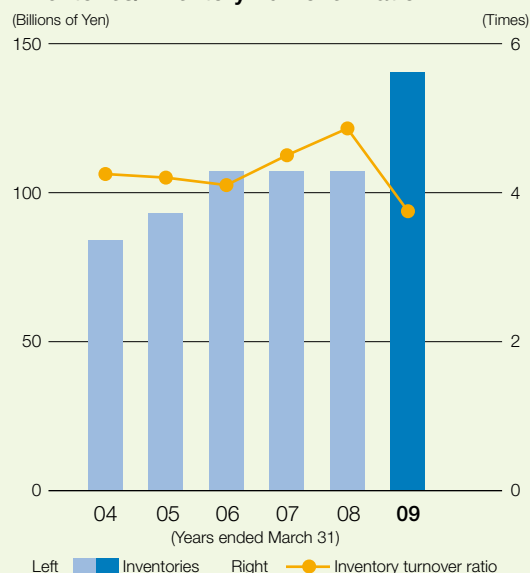
In response to the current business environment, NTN concentrated business resources in product development in the fields of wind power systems and rolling stock, where demand is increasing in response to environmental issues, and the fields of construction machinery, aircraft and industrial machinery such as machine tools, which have growth markets. As a result, R&D costs for the fiscal year under review totaled ¥17,402 million (up ¥2,397 million from the previous fiscal year), representing 3.3% of consolidated net sales.

By segment, R&D costs for bearings were ¥12,010 million (up ¥2,925 million year on year); CVJ costs were ¥4,501 million (down ¥539 million); and precision equipment and other products came to ¥891 million (up ¥11 million).

Capital Expenditures and Depreciation



Inventories/Inventory Turnover Ratio



• Capital Expenditures

Capital expenditures for the fiscal year under review amounted to ¥49,594 million (down ¥9,910 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.

In the bearings segment, capital expenditures totaled ¥39,326 million (down ¥3,947 million from the previous fiscal year). Expenditures included increases in production equipment and expansion of facilities at the Company's Kuwana Works and NTN Mie Corporation in line with a production realignment, increases in production equipment and expansion of facilities at AMERICAN NTN BEARING MFG. Corporation, and increases in production equipment at S.N.R. ROULEMENTS, NTN-BOWER CORP. and the Company's Okayama Works.

In the CVJ segment, capital expenditures totaled ¥9,616 million (down ¥6,095 million from the previous fiscal year). Expenditures included increases in production equipment at NTN Driveshaft, Inc. In the precision equipment and other products segment, capital expenditures totaled ¥652 million (up ¥132 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 ¥45,759 million (up ¥6,212 million from the previous fiscal year).

■ Financial Position and Cash Flows

• Financial Position

Total current assets at the fiscal year-end amounted to ¥278,154 million, a decrease of ¥2,982 million, or 1.1%, from the end of the previous fiscal year. Major factors included a ¥25,325 million decrease in trade receivables, a ¥3,886 million decrease in deferred income taxes, and a ¥30,497 million increase in inventories. Property, plant and equipment, net amounted to ¥288,418 million, an increase of ¥15,016 million, or 5.5%, from the end of the previous fiscal year. Investments and other assets amounted to ¥61,041 million, a decrease of ¥13,885 million, or 18.5%, from the end of the previous fiscal year. Major factors included a ¥5,983 million increase in deferred income taxes, a ¥9,581 million decrease in investment securities, and a decrease of ¥11,764 million in investments in unconsolidated subsidiaries and affiliates.

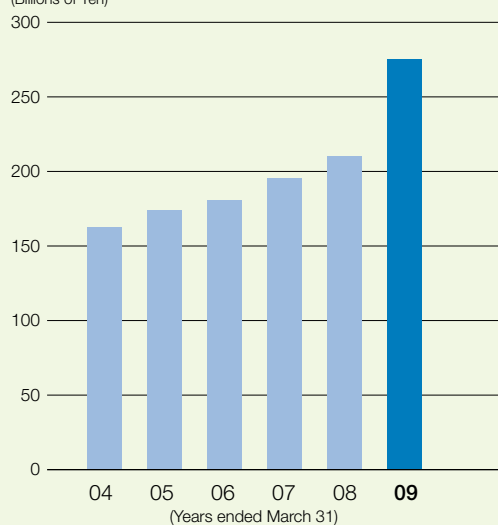
As a result, total assets at March 31, 2009, amounted to ¥627,613 million, a decrease of ¥1,851 million, or 0.3%, from the end of the previous fiscal year.

Current liabilities at the fiscal year-end were ¥284,346 million, a decrease of ¥15,963 million, or 5.3%, year on year. Major factors included a ¥34,895 million decrease in trade payables, a ¥24,930 million decrease in the current portion of long-term debt, and a ¥55,723 million increase in short-term bank loans. Long-term liabilities increased 34.0% or ¥38,290 million from the end of the previous fiscal year, to ¥151,044 million, due primarily to an increase in long-term debt of ¥32,329 million.

Total net assets at the end of the fiscal year amounted to ¥192,223

Interest-Bearing Debt

(Billions of Yen)



million, a decrease of ¥24,178 million, or 11.2%, from the previous fiscal year-end. The primary reasons were a ¥19,524 million decrease in retained earnings, a decrease of ¥14,373 million in translation adjustments, and an increase of ¥8,190 million in minority interests.

The shareholders' equity ratio was 28.2% (declining 5.1 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 ¥376.77 per share (a decrease of ¥69.21 per share from a year ago). Interest-bearing debt amounted to ¥275,996 million, an increase of ¥63,122 million, or 29.7%, from the end of the previous fiscal year. Taking into account the ¥6,472 million decrease from currency adjustments, interest-bearing debt expanded ¥69,594 million. The ratio of interest-bearing debt to total assets was 44.0% (up 10.2 percentage points).

Net working capital was -¥6,192 million, an increase of ¥12,981 million from the end of the previous fiscal year. The current ratio was 97.8% (an improvement of 4.2 percentage points from a year earlier). This is a temporary situation resulting from the current portion of long-term debt of ¥11,927 million.

The inventory turnover ratio for the fiscal year under review was 3.75 times (down 1.11 times year on year), while the turnover ratio of total assets was 0.84 (down 0.01 from the end of the previous fiscal year).

• Cash Flows

Net cash provided by operating activities was ¥21,375 million, a year-on-year decrease of ¥44,888 million, or 67.7%. This mainly

reflected outflows of ¥10,104 million in a loss before income taxes and minority interests; a ¥49,891 million decrease in trade payables; a ¥14,338 million increase in inventories; and ¥8,540 million in income taxes paid; outweighed mainly by inflows of ¥45,759 million in depreciation and amortization; a ¥45,255 million decrease in trade receivables; and a ¥13,921 loss on devaluation of investment securities.

Net cash used in investing activities decreased ¥20,633 million, or 24.7% year on year, to ¥62,916 million. This was due mainly to outlays of ¥54,273 million for purchases of property, plant and equipment.

Net cash provided by financing activities was ¥44,551 million, a year-on-year increase of ¥28,945 million, or 185.5%. This was due mainly to a net increase of ¥53,979 million in long- and short-term loans, which offset ¥8,917 million in cash dividends paid.

Factoring in the ¥4,704 million decrease due to the effect of exchange rate changes and the ¥154 million increase due to the merging of unconsolidated subsidiaries, cash and cash equivalents at the end of the fiscal year under review amounted to ¥30,996 million, a decrease of ¥1,540 million, or 4.7%, 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 -¥41,541 million. The proportion of net cash provided by operating activities to net sales was 4.1%.

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 26, 2009.

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 VAVE 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, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 30,996	¥ 32,536	\$ 315,545
Short-term investments	2,053	723	20,900
Trade receivables:			
Notes.....	6,899	9,942	70,233
Accounts	73,043	95,281	743,592
Allowance for doubtful accounts	(186)	(142)	(1,894)
	79,756	105,081	811,931
Inventories (Note 4)	140,467	109,970	1,429,981
Deferred income taxes (Note 16)	4,454	8,340	45,343
Other current assets.....	20,428	24,486	207,961
Total current assets	278,154	281,136	2,831,661
Property, plant and equipment, at cost (Notes 5 and 6):			
Land	29,119	27,123	296,437
Buildings and structures	147,371	142,524	1,500,265
Machinery, equipment and vehicles	621,582	563,865	6,327,822
Construction in progress	18,197	15,223	185,249
	816,269	748,735	8,309,773
Less accumulated depreciation	(527,851)	(475,333)	(5,373,623)
Property, plant and equipment, net	288,418	273,402	2,936,150
Investments and other assets:			
Investment securities (Note 3).....	21,646	31,227	220,360
Investments in unconsolidated subsidiaries and affiliates	10,527	22,291	107,167
Deferred income taxes (Note 16)	22,600	16,617	230,072
Other assets.....	6,268	4,791	63,809
Total investments and other assets	61,041	74,926	621,408
Total assets	¥627,613	¥629,464	\$6,389,219

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 6)	¥161,393	¥105,670	\$1,643,011
Current portion of long-term debt (Note 6)	11,927	36,857	121,419
Trade payables:			
Notes	10,007	13,265	101,873
Accounts	62,598	94,235	637,259
	72,605	107,500	739,132
Accrued income taxes (Note 16)	2,389	6,727	24,320
Deferred income taxes (Note 16)	254	742	2,586
Other current liabilities	35,778	42,813	364,228
Total current liabilities	284,346	300,309	2,894,696
Long-term liabilities:			
Long-term debt (Note 6)	102,676	70,347	1,045,262
Accrued retirement benefits for employees (Note 7)	32,278	27,668	328,596
Reserve for product defect compensation	1,540	1,379	15,677
Negative goodwill	1,157	–	11,779
Deferred income taxes (Note 16)	3,867	2,311	39,367
Other long-term liabilities	9,526	11,049	96,976
Total long-term liabilities	151,044	112,754	1,537,657
Contingent liabilities (Note 9)			
Net assets:			
Shareholders' equity (Note 8):			
Common stock:			
Authorized–1,800,000,000 shares			
Issued–470,463,527 shares in 2009 and 2008	42,340	42,340	431,029
Capital surplus	55,411	55,411	564,095
Retained earnings (Note 20)	105,525	125,049	1,074,264
Treasury stock, at cost: 750,862 shares in 2009 and 1,059,883 shares in 2008	(728)	(723)	(7,411)
Total shareholders' equity	202,548	222,077	2,061,977
Valuation and translation adjustments:			
Net unrealized holding loss on securities (Note 3)	(405)	(1,939)	(4,123)
Translation adjustments	(25,167)	(10,794)	(256,205)
Total valuation and translation adjustments	(25,572)	(12,733)	(260,328)
Minority interests	15,247	7,057	155,217
Total net assets	192,223	216,401	1,956,866
Total liabilities and net assets	¥627,613	¥629,464	\$6,389,219

Consolidated Statements of Operations

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Net sales (Note 19)	¥527,100	¥533,985	\$5,365,978
Cost of sales (Note 13)	445,253	421,990	4,532,760
Gross profit	81,847	111,995	833,218
Selling, general and administrative expenses (Note 13)	72,368	62,383	736,720
Operating income (Note 19)	9,479	49,612	96,498
Other income (expenses):			
Interest and dividend income	1,059	989	10,781
Interest expense	(5,310)	(5,761)	(54,057)
Equity in earnings of affiliates	564	1,523	5,742
Gain (loss) on sales of investment securities (Note 3)	122	(5)	1,242
Amortization of negative goodwill	1,239	–	12,613
Gain on contribution of securities to employees' retirement benefits trust	–	4,073	–
Refund (payment) of prior year customs duties	360	(762)	3,665
Provision of reserve for product defect compensation (Note 14)	(600)	(1,700)	(6,108)
Reorganization expenses (Note 15)	(1,112)	(530)	(11,320)
Loss on liquidation of a subsidiary	(498)	–	(5,070)
Loss on devaluation of investment securities (Note 3)	(13,921)	–	(141,718)
Loss on impairment of fixed assets (Note 5)	(3,064)	–	(31,192)
Other, net	1,578	(3,126)	16,063
	(19,583)	(5,299)	(199,359)
(Loss) income before income taxes and minority interests	(10,104)	44,313	(102,861)
Income taxes (Note 16):			
Current	3,241	12,259	32,993
Deferred	(4,663)	4,210	(47,470)
	(1,422)	16,469	(14,477)
(Loss) income before minority interests	(8,682)	27,844	(88,384)
Minority interests	(303)	(413)	(3,085)
Net (loss) income	¥ (8,985)	¥ 27,431	\$ (91,469)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2009 and 2008

	Millions of yen								
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding loss on securities	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	470,463,527	¥42,340	¥55,411	¥106,068	¥(569)	¥7,862	¥ (1,875)	¥ 6,578	¥215,815
Cash dividends paid	-	-	-	(8,450)	-	-	-	-	(8,450)
Net income	-	-	-	27,431	-	-	-	-	27,431
Purchases of treasury stock	-	-	-	-	(171)	-	-	-	(171)
Sales of treasury stock	-	-	-	-	17	-	-	-	17
Other changes	-	-	-	-	-	(9,801)	(8,919)	479	(18,241)
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

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding loss on securities	Translation adjustments	Minority interests	Total net assets	
Balance at March 31, 2008	\$431,029	\$564,095	\$1,273,022	\$(7,360)	\$(19,739)	\$(109,885)	\$ 71,842	\$2,203,004	
Effect of changes in accounting policies applied to foreign subsidiaries	-	-	4,907	-	-	-	-	4,907	
Cash dividends paid	-	-	(90,777)	-	-	-	-	(90,777)	
Net loss	-	-	(91,469)	-	-	-	-	(91,469)	
Effect resulting from changes of fiscal year end of consolidated subsidiaries	-	-	(366)	-	-	-	-	(366)	
Increase due to merger of an unconsolidated subsidiary	-	-	2,107	-	-	-	-	2,107	
Actuarial differences of overseas subsidiaries	-	-	(23,160)	-	-	-	-	(23,160)	
Purchases of treasury stock	-	-	-	(2,861)	-	-	-	(2,861)	
Sales of treasury stock	-	-	-	2,810	-	-	-	2,810	
Other changes	-	-	-	-	15,616	(146,320)	83,375	(47,329)	
Balance at March 31, 2009	\$431,029	\$564,095	\$1,074,264	\$(7,411)	\$ (4,123)	\$(256,205)	\$155,217	\$1,956,866	

Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
(Loss) income before income taxes and minority interests.....	¥(10,104)	¥44,313	\$(102,861)
Adjustments for:			
Depreciation and amortization.....	45,759	39,547	465,835
Amortization of goodwill.....	-	0	-
Amortization of negative goodwill.....	(1,239)	-	(12,613)
Decrease in allowance for doubtful accounts.....	(201)	(50)	(2,046)
Decrease in accrued retirement benefits for directors.....	(164)	(9)	(1,670)
Increase (decrease) in accrued retirement benefits for employees.....	74	(5,993)	753
Increase in reserve for product defect compensation.....	161	678	1,639
Decrease in other current and long-term liabilities resulting from amendment of pension plans.....	(2,184)	(2,287)	(22,234)
Interest and dividend income.....	(1,059)	(989)	(10,781)
Interest expense.....	5,310	5,761	54,057
Translation adjustments and foreign exchange loss (gain), net.....	758	(967)	7,717
Equity in earnings of affiliates.....	(564)	(1,523)	(5,742)
Loss on impairment of fixed assets.....	3,064	-	31,192
Loss on devaluation of investment securities.....	13,921	-	141,718
Gain on contribution of securities to employees' retirement benefits trust.....	-	(4,073)	-
Contribution to employees' retirement benefits trust.....	-	5,626	-
Decrease in trade receivables.....	45,255	2,702	460,705
Increase in inventories.....	(14,338)	(6,734)	(145,963)
(Decrease) increase in trade payables.....	(49,891)	11,130	(507,899)
Other.....	(767)	(1,833)	(7,808)
Subtotal.....	33,791	85,299	343,999
Interest and dividend income received.....	1,823	1,817	18,558
Interest paid.....	(5,699)	(5,749)	(58,017)
Income taxes paid.....	(8,540)	(15,104)	(86,938)
Net cash provided by operating activities.....	21,375	66,263	217,602
Cash flows from investing activities:			
Increase in short-term investments.....	(1,393)	(820)	(14,181)
Purchases of property, plant and equipment.....	(54,273)	(57,515)	(552,510)
Purchases of other assets.....	(609)	(659)	(6,200)
Proceeds from sales of property, plant and equipment.....	117	131	1,191
Purchases of investment securities.....	(2,304)	(24,254)	(23,455)
Proceeds from sales of investment securities.....	192	73	1,955
Increase in investments in affiliates accounted for by the equity method.....	-	(702)	-
Purchase of investments in subsidiaries.....	(1,751)	-	(17,826)
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 18).....	(2,988)	-	(30,418)
Other.....	93	197	947
Net cash used in investing activities.....	(62,916)	(83,549)	(640,497)
Cash flows from financing activities:			
Increase in short-term bank loans, net.....	45,292	11,863	461,081
Proceeds from long-term debt.....	45,545	17,218	463,657
Repayment of long-term debt, including current portion.....	(12,339)	(5,491)	(125,613)
Redemption of convertible bonds with subscription rights to shares.....	(24,519)	-	(249,608)
Proceeds from issuance of common stock assigned to minority shareholders of consolidated subsidiaries.....	25	916	255
Cash dividends paid.....	(8,917)	(8,450)	(90,777)
Other.....	(536)	(450)	(5,457)
Net cash provided by financing activities.....	44,551	15,606	453,538
Effect of exchange rate changes on cash and cash equivalents.....	(4,704)	2,132	(47,888)
Net (decrease) increase in cash and cash equivalents.....	(1,694)	452	(17,245)
Cash and cash equivalents at beginning of the year.....	32,536	32,084	331,223
Increase due to merger of a non-consolidated subsidiary.....	154	-	1,567
Cash and cash equivalents at end of the year.....	¥ 30,996	¥32,536	\$ 315,545

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

March 31, 2009

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.

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 ¥98.23 = U.S.\$1.00, the exchange rate prevailing on March 31, 2009. 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 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

Notes to Consolidated Financial Statements

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, 2009 and 2008 were reduced by the following amounts:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Land.....	¥721	¥694	\$7,340
Buildings and structures.....	175	28	1,782
Machinery, equipment and vehicles.....	439	39	4,469

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 (\$8,663 thousand) 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.

Effective April 1, 2007, the Company and its domestic consolidated subsidiaries adopted a method of depreciation for property, plant and equipment acquired on or after April 1, 2007 based on the revised Corporation Tax Law. The effect of the adoption of this method was to decrease operating income and income before income taxes and minority interests by ¥811 million from the corresponding amounts which would have been recorded under the previous method.

Pursuant to the revision of the Corporation Tax Law, effective April 1, 2007, the Company and its domestic consolidated subsidiaries adopted a method which depreciates the residual book value of property, plant and equipment acquired on or before March 31, 2007 that have been fully depreciated to their respective limits as prescribed in the Corporation Tax Law prior to the revision. Under this method, the residual book value of these assets is depreciated in equal amounts over a five-year period. The effect of the adoption of this method was to decrease operating income and income before income taxes and minority interests by ¥1,274 million 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 the estimated average remaining years of service of the eligible employees (principally 15 years).

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 the estimated average remaining years of service of the eligible employees (principally 15 years).

(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 not involving the transfer of ownership, leased assets are depreciated over their useful lives 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" (Accounting Standards Board of Japan 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" (Accounting Standards Board of Japan 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.

(k) Goodwill and negative goodwill

Goodwill and negative goodwill are amortized over a period of 3 years by the straight-line method. Immaterial amounts, however, are charged to income as incurred.

(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) Bond issuance costs

Bond 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, 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 accounts for the period do not reflect such distributions. (Refer to Note 20.)

(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" (Accounting Standards Board of Japan Practical Issues Task Force No. 18 issued on May 17, 2006) and have made necessary adjustments in the consolidation process. The effect of this change was immaterial for the year ended March 31, 2009.

3. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen					
	2009			2008		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥ 2,160	¥ 4,601	¥2,441	¥ 2,542	¥ 6,847	¥ 4,305
Subtotal	2,160	4,601	2,441	2,542	6,847	4,305
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	16,859	13,762	(3,097)	28,814	21,294	(7,520)
Other	42	23	(19)	42	26	(16)
Subtotal	16,901	13,785	(3,116)	28,856	21,320	(7,536)
Total	¥19,061	¥18,386	¥ (675)	¥31,398	¥28,167	¥(3,231)

	Thousands of U.S. dollars		
	2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	\$ 21,989	\$ 46,839	\$24,850
Subtotal	21,989	46,839	24,850
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	171,628	140,100	(31,528)
Other	427	234	(193)
Subtotal	172,055	140,334	(31,721)
Total	\$194,044	\$187,173	\$ (6,871)

The Company has recognized an impairment loss on devaluation of investment securities of ¥13,921 million (\$141,718 thousand) for the year ended March 31, 2009. Impairment losses are recorded for securities whose fair value has declined by 50% or more or for those which have declined within a range of 30% or more, but less than 50% if the decline is deemed to be irrecoverable. No impairment losses were recognized for all 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, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Investment securities:			
Unlisted equity securities	¥ 742	¥ 542	\$ 7,554
Unlisted foreign bonds	2,516	2,516	25,613
	¥3,258	¥3,058	\$33,167

Notes to Consolidated Financial Statements

(c) Sales of investments in securities for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Sales	¥192	¥73	\$1,955
Aggregate gain (loss)	122	(5)	1,242

4. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Finished goods	¥ 76,419	¥ 57,621	\$ 777,960
Work in process	41,185	31,990	419,271
Raw materials and supplies	22,863	20,359	232,750
	¥140,467	¥109,970	\$1,429,981

5. 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.

Consequently, the Company and its consolidated subsidiaries have written down the following assets to their respective net recoverable value and recorded a related loss on impairment of fixed assets of ¥3,064 million (\$31,192 thousand) in the accompanying consolidated statement of operations for the year ended March 31, 2009:

Usage	Classification	Location	Millions of yen	Thousands of U.S. dollars
			2009	
Production building and structures	Buildings and structures	Hyogo Prefecture	¥ 847	\$ 8,623
Production equipment	Machinery	Hyogo Prefecture and others.....	1,212	12,338
Production equipment	Machinery	France.....	521	5,304
Production equipment	Machinery	India	462	4,703
Vehicles and other	Equipment and vehicles	Hyogo Prefecture	22	224
			¥3,064	\$31,192

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 for the year ended March 31, 2009 has included the loss resulting from the close of TAKARAZUKA Works in Hyogo Prefecture in the amount of ¥1,033 million (\$10,516 thousand).

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

Short-term bank loans principally represent short-term notes with average annual interest rates of 1.57% and 2.80% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans from banks and other financial institutions, due through 2017, at an average annual interest rate of 2.5%	¥ 74,603	¥ 42,685	\$ 759,473
0.48% unsecured bonds due 2008	–	10,000	–
2.70% unsecured bonds due 2009	10,000	10,000	101,802
0.76% unsecured bonds due 2010	20,000	20,000	203,604
1.66% unsecured bonds due 2013	10,000	–	101,802
Zero coupon unsecured convertible bonds with stock acquisition rights due 2009	–	24,519	–
	114,603	107,204	1,166,681
Less current portion.....	(11,927)	(36,857)	(121,419)
	¥102,676	¥ 70,347	\$1,045,262

Assets pledged as collateral for short-term bank loans of ¥628 million (\$6,393 thousand) and long-term bank loans of ¥10 million (\$102 thousand) at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	
Land.....	¥298	\$3,034
Buildings and structures	353	3,593
Machinery, equipment and vehicles	23	234
	¥674	\$6,861

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010.....	¥ 11,927	\$ 121,419
2011.....	23,595	240,202
2012.....	16,111	164,013
2013.....	8,520	86,735
2014.....	53,079	540,355
2015 and thereafter	1,371	13,957
	¥114,603	\$1,166,681

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, 2009 and 2008 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Retirement benefit obligation	¥(102,168)	¥(101,485)	\$(1,040,090)
Plan assets at fair value	49,514	62,946	504,062
Unfunded retirement benefit obligation.....	(52,654)	(38,539)	(536,028)
Unrecognized actuarial loss	21,499	12,228	218,864
Unrecognized prior service cost.....	(1,100)	(1,300)	(11,198)
Net retirement benefit obligation	(32,255)	(27,611)	(328,362)
Prepaid pension cost.....	23	57	234
Accrued retirement benefits for employees	¥ (32,278)	¥ (27,668)	\$ (328,596)

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost.....	¥3,186	¥3,152	\$32,434
Interest cost	3,128	3,154	31,844
Expected return on plan assets	(1,817)	(1,934)	(18,498)
Amortization:			
Actuarial loss	1,287	569	13,102
Prior service cost	(162)	(117)	(1,649)
Retirement benefit expenses	5,622	4,824	57,233
Contributions to defined contribution pension plans.....	806	809	8,205
Retirement benefit expenses.....	¥6,428	¥5,633	\$65,438

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2009 and 2008 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 (\$87,947 thousand) at March 31, 2009 and 2008.

(b) Movements in issued treasury stock during the years ended March 31, 2009 and 2008 are summarized as follows:

	Number of shares			
	Thousands			
	2009			
March 31, 2008	Increase	Decrease	March 31, 2009	
Treasury stock	1,059	604	912	751

	Thousands			
	2008			
	March 31, 2007	Increase	Decrease	March 31, 2008
Treasury stock	910	169	20	1,059

9. Contingent Liabilities

The contingent liabilities of the Company and its consolidated subsidiaries at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	
Keep-well agreement with an affiliate	¥162	\$1,649

10. Finance Leases without Covenants Transferring Ownership of Properties to Lessees**(a) 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, 2009 and 2008, 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					
	2009			2008		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥2,647	¥2,032	¥615	¥2,647	¥1,912	¥735
Machinery, equipment and vehicles	291	170	121	379	190	189
Other assets	19	14	5	34	23	11
	¥2,957	¥2,216	¥741	¥3,060	¥2,125	¥935

	Thousands of U.S. dollars		
	2009		
	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	\$26,947	\$20,686	\$6,261
Machinery, equipment and vehicles	2,963	1,731	1,232
Other assets	193	142	51
	\$30,103	\$22,559	\$7,544

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥184 million (\$1,873 thousand) and ¥205 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms amounted to ¥184 million (\$1,873 thousand) and ¥205 million for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease payments subsequent to March 31, 2009 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥172	\$1,751
2011 and thereafter	569	5,793
Total	¥741	\$7,544

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, 2009 and 2008.

(b) Lessors' accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Machinery, equipment and vehicles:			
Acquisition costs	¥25	¥25	\$255
Accumulated depreciation	(25)	(24)	(255)
Net book value	¥ -	¥ 1	\$ -

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥0 million (\$0 thousand) and ¥1 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥0 million (\$0 thousand) for the years ended March 31, 2009 and 2008.

Future minimum lease receipts subsequent to March 31, 2009 for finance leases accounted for as operating leases are nil.

The imputed interest income is included in the above amounts.

11. Operating Leases

Future minimum lease payments subsequent to March 31, 2009 for noncancelable operating leases were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010.....	¥ 138	\$ 1,405
2011 and thereafter	1,048	10,669
Total.....	¥1,186	\$12,074

12. Derivative Financial Instruments

The Company and certain consolidated subsidiaries utilize forward foreign exchange contracts and interest-rate swap agreements principally to reduce foreign exchange rate risk and interest rate risk. The Company and its consolidated subsidiaries do not hold or issue derivative financial instruments for trading or speculative purposes. They are exposed to certain risk arising from their forward foreign exchange contracts and interest-rate swap agreements. However, they do not anticipate nonperformance by any of the counter parties, all of which are financial institutions with high credit ratings.

The Company and its consolidated subsidiaries have 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 exchange contracts.

Disclosure of fair value information on derivatives has been omitted because all open derivatives positions qualified for hedge accounting.

13. Research and Development Costs

Research and development costs included in cost of sales and selling, general and administrative expenses totaled ¥17,402 million (\$177,156 thousand) and ¥15,006 million for the years ended March 31, 2009 and 2008, respectively.

14. Provision of Reserve for Product Defect Compensation

The Company encountered some quality-control issues related to certain products and has provided a reserve of ¥600 million (\$6,108 thousand) and ¥1,700 million for the years ended March 31, 2009 and 2008, respectively, which were presented as a component of other expenses in the accompanying consolidated statements of operations.

15. Reorganization Expenses

Reorganization expenses for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loss on disposal of fixed assets	¥ 364	¥248	\$ 3,705
Relocation expenses of equipment	162	282	1,649
Other	586	—	5,966
	¥1,112	¥530	\$11,320

Reorganization expenses for the year ended March 31, 2009 have included certain losses of ¥925 million (\$9,417 thousand) in the aggregate resulting from the close of TAKARAZUKA Works.

16. 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, 2009 and 2008. 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 as of March 31, 2009 are omitted because the Company and consolidated subsidiaries recorded loss before income taxes and minority interests for the year.

The effective tax rate for the year ended March 31, 2008 differs from the statutory tax rate for the following reasons:

	2008
Statutory tax rate.....	40.0%
Permanent non-deductible expenses	0.2
Permanent non-taxable income	(1.5)
Elimination of dividend income	5.1
Equity in earnings of affiliates	(1.4)
Tax credit for research and development costs	(1.9)
Differences in overseas consolidated subsidiaries' applicable tax rates	(5.7)
Change in valuation allowance.....	1.1
Other	1.3
Effective tax rates	37.2%

Notes to Consolidated Financial Statements

The tax effects of temporary differences which gave rise to significant portions of the deferred tax assets and liabilities at March 31, 2009 and 2008 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Accrued retirement benefits for employees	¥14,605	¥12,601	\$148,681
Inventories	2,117	2,538	21,551
Tax loss carryforwards	10,518	2,574	107,075
Reserve for product defect compensation	616	552	6,271
Accrued expenses	2,539	3,517	25,848
Unrealized holding loss on securities	265	1,300	2,698
Accrued expenses for a defined contribution pension plan.....	2,862	3,741	29,136
Other	4,685	2,441	47,693
Gross deferred tax assets	38,207	29,264	388,953
Less: valuation allowance	(5,892)	(1,473)	(59,981)
Total deferred tax assets	32,315	27,791	328,972
Deferred tax liabilities:			
Depreciation and amortization.....	(8,144)	(4,587)	(82,907)
Reserve for deferred gain on property included in retained earnings.....	(400)	(408)	(4,072)
Retained earnings of overseas consolidated subsidiaries	(227)	(715)	(2,311)
Other	(611)	(177)	(6,220)
Total deferred tax liabilities.....	(9,382)	(5,887)	(95,510)
Net deferred tax assets.....	¥22,933	¥21,904	\$233,462

17. Amounts per Share

Amounts per share at March 31, 2009 and 2008 and for the years then ended were as follows:

	yen		U.S. dollars
	2009	2008	2009
Net assets	¥376.77	¥445.98	\$3.84
Net income (loss):			
Basic	(19.14)	58.43	(0.19)
Diluted	-	54.59	-
Cash dividends.....	13.00	19.00	0.13

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 is computed based on the net income attributable to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of stock acquisition rights. However, diluted net income per share for the year ended March 31, 2009 has not been presented because the Company and consolidated subsidiaries recorded a net loss.

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.

18. Supplementary Cash Flow Information

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	Thousands of U.S. dollars
	2009	
Current assets	¥53,119	\$540,762
Fixed assets	31,755	323,272
Current liabilities	(49,648)	(505,426)
Long-term liabilities.....	(8,512)	(86,654)
Negative goodwill	(111)	(1,130)
Minority interests	(13,056)	(132,913)
Total acquisition cost of investments in subsidiaries	13,547	137,911
Previous years' acquisition cost of investments in subsidiaries.....	(9,437)	(96,070)
Acquisition cost of investments in subsidiaries during the year.....	4,110	41,841
Cash and cash equivalents of the acquired companies.....	1,122	11,423
Cost of investments in subsidiaries	¥ 2,988	\$ 30,418

19. 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, 2009 and 2008 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.

(1) Geographic segment information

Segment information by geographic area for the years ended March 31, 2009 and 2008 is summarized as follows:

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

Millions of yen							
2008							
	Japan	America	Europe	Asia and other areas	Total	Eliminations or corporate	Consolidated
External sales	¥236,916	¥131,503	¥94,181	¥71,385	¥533,985	¥ -	¥533,985
Intersegment sales	125,428	937	420	9,837	136,622	(136,622)	-
Net sales	362,344	132,440	94,601	81,222	670,607	(136,622)	533,985
Operating expenses	336,218	126,640	87,727	74,090	624,675	(140,302)	484,373
Operating income	¥ 26,126	¥ 5,800	¥ 6,874	¥ 7,132	¥ 45,932	¥ 3,680	¥ 49,612
Total assets	¥456,878	¥113,150	¥66,279	¥74,904	¥711,211	¥ (81,747)	¥629,464

Thousands of U.S. dollars							
2009							
	Japan	America	Europe	Asia and other areas	Total	Eliminations or corporate	Consolidated
External sales	\$2,140,548	\$1,051,023	\$1,519,037	\$655,370	\$5,365,978	\$ -	\$5,365,978
Intersegment sales	1,034,490	17,082	26,550	63,331	1,141,453	(1,141,453)	-
Net sales	3,175,038	1,068,105	1,545,587	718,701	6,507,431	(1,141,453)	5,365,978
Operating expenses	3,191,907	1,069,612	1,519,353	664,145	6,445,017	(1,175,537)	5,269,480
Operating (loss) income	\$ (16,869)	\$ (1,507)	\$ 26,234	\$ 54,556	\$ 62,414	\$ 34,084	\$ 96,498
Total assets	\$4,377,950	\$1,110,893	\$1,227,527	\$670,345	\$7,386,715	\$ (997,496)	\$6,389,219

As described in Note 2 (g), effective April 1, 2007, the Company and its domestic consolidated subsidiaries adopted a method of depreciation for property, plant and equipment acquired on or after April 1, 2007 based on the revised Corporation Tax Law.

The effect of the adoption of this method was to increase operating expenses in the "Japan" segment for the year ended March 31, 2008 by ¥811 million and to decrease operating income by the same amount accordingly from the corresponding amounts which would have been recorded under the previous method.

As described in Note 2 (g), pursuant to the revision of the Corporation Tax Law, effective April 1, 2007, the Company and its domestic consolidated subsidiaries adopted a method which depreciates the residual book value of property, plant and equipment acquired on or before March 31, 2007 that have been fully depreciated to their respective limits as prescribed in the Corporation Tax Law prior to the revision. Under this method, the residual book value of these assets is depreciated in equal amounts over a five-year period.

The effect of the adoption of this method was to increase operating expenses in the "Japan" segment for the year ended March 31, 2008 by ¥1,274 million and to decrease operating income by the same amount accordingly from the corresponding amounts which would have been recorded under the previous method.

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 in the "Japan" segment by ¥851 million (\$8,663 thousand) and to increase operating income by the same amount for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method.

(2) 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, 2009 and 2008 are summarized as follows:

	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%

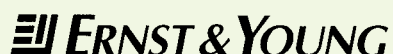
	Millions of yen			
	2008			
	America	Europe	Asia and other areas	Total
Overseas sales	¥135,808	¥93,624	¥84,419	¥313,851
Consolidated net sales				533,985
Overseas sales as a percentage of consolidated net sales.....	25.4%	17.5%	15.8%	58.7%

	Thousands of U.S. dollars			
	2009			
	America	Europe	Asia and other areas	Total
Overseas sales	\$1,112,583	\$1,442,268	\$827,537	\$3,382,388
Consolidated net sales				5,365,978

20. Subsequent Event

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, 2009, was approved at the annual general meeting of the shareholders held on June 25, 2009:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥4.0 (U.S.\$0.04) per share).....	¥1,879	\$19,129



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, 2009 and 2008, 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, 2009 and 2008, 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, 2009 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 26, 2009

NTN Group Investment Holdings

Year ended March 31, 2009

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 [30]
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.	¥350,000,000	100
NTN USA CORP.	US.\$118,220,000	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.\$10,000,000	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 S.A.	EURO3,700,000	99.999 (0.006)
NTN TRANSMISSIONS EUROPE	EURO71,727,792	100
NTN TRANSMISSIONS 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.	BAHT80,000,000	100 (99.999)
NTN MANUFACTURING (THAILAND) CO., LTD.	BAHT1,311,000,000	99.999 (99.999)
NTN-NIDEC (THAILAND) CO., LTD.	BAHT600,000,000	60 (0.001)
NTN Manufacturing India Private Limited	INR925,250,000	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 (41.61)
NTN-NIDEC (ZHEJIANG) CORP.	US.\$21,000,000	60
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)
CHANGZHOU NTN-GUANGYANG CORP.	US.\$2,000,000	30
ASAHI FORGE OF AMERICA CORP.	US.\$7,100,000	28.2 (28.2)
IFA-Antriebstechnik G.m.b.H.	EURO50,000	25
Seohen-NTN Driveshaft USA CORP.	US.\$6,000,000	49
Nanjing Puzhen NTN Railway Bearing Co., Ltd.	US.\$6,600,000	40 (40)

1. Of the above consolidated subsidiaries, NTN USA CORP., NTN DRIVESHAFT, INC., NTN-BOWER CORP., NTN TRANSMISSIONS EUROPE, NTN MANUFACTURING (THAILAND) CO., LTD., NTN (CHINA) INVESTMENT CORPORATION, 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. Figures in square brackets indicate the percentage of holdings owned by parties having close ties with NTN, and are not included in the total holdings.

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Precision Equipment Division

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Ama-gun, Aichi 497-8541, Japan
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Fluid Dynamic Bearing Division

101 Katsutaba, Kanie-cho, Ama-gun,
Aichi 497-8541, Japan
Phone: +81-567-95-5005

NTN BEARING SERVICE CO., LTD.

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Kuwana, Mie 511-8678, Japan
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Iwata Works

1578 Higashi-Kaizuka, Iwata,
Shizuoka 438-8510, Japan
Phone: +81-538-37-8000

Okayama Works

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Phone: +81-869-66-6701

Nagano Works

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Osaka 586-0009, Japan
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NTN ENGINEERING PLASTICS CORP.

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Mie 511-0243, Japan
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Japan
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Manufacturing

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Schiller Park Plant

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Phone: +1-847-671-5450

NTN-BOWER CORP.

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U.S.A.
Phone: +1-309-833-4541

Hamilton Plant

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U.S.A.
Phone: +1-205-921-2173

NTN DRIVESHAFT, INC.

8251 South International Drive Columbus,
IN 47201 U.S.A.
Phone: +1-812-342-7000

NTN-BCA CORP.

401 West Lincoln Avenue Lititz, PA 17543-7020,
U.S.A.
Phone: +1-717-627-3623

NTK PRECISION AXLE CORP.

741 South County Rd 200 West Frankfort
IN 46041, U.S.A.
Phone: +1-765-656-1000

THE AMERICAS

ASAHI FORGE OF AMERICA CORP.

5030 Corporate Way Richmond, Kentucky 40475
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Phone: +1-859-626-4100

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(A DIV. OF NTN BEARING CORP. OF CANADA LTD.)
6740 Kitimat Road, Mississauga, Ontario, L5N 1M6, Canada
Phone: +1-905-826-5500

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Max-Planck-Strasse 23, 40699 Erkrath, F.R.
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Phone: +44-1543-445000

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67507 Haguenau Cedex, France
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France
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Düsseldorf Postfach 33 04 10
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SNR RODAMIENTOS IBERICA S.A.

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Phone: +49-2104-1409-0

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NTN TRANSMISSIONS EUROPE CRÉZANCY

Route de Paris, 02650 Crézancy, France
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IFA-ANTRIEBSTECHNIK GMBH

Buschstückenstr. 6 39638 Gardelegen, Germany
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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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Phone: +60-3-55696088

NTN KOREA CO., LTD.

10th Floor, Press Center, 25, Taepyeong-Ro
1-GA, Jung-Gu, Seoul 100-745, Korea
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NTN-CBC (AUSTRALIA) PTY. LTD.

3, The Crescent, Kingsgrove, NSW 2208,
LOCKED BAG 1800, Kingsgrove 1480. NSW
Australia
Phone: +61-2-99479200

Manufacturing

NTN MANUFACTURING (THAILAND) CO., LTD.

111/2 Moo 4, Tambol Pluakdaeng, Amphur
Pluakdaeng, Rayong 21140, Thailand
Phone: +66-38-955-185

TUNG PEI INDUSTRIAL CO., LTD.

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Taoyuan Hsien, Taiwan, R.O.C.
Phone: +886-3-361-3151

CHUNG-LI PLANT

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Chung-Li City, Taiwan, R.O.C.
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GUANGZHOU NTN-YULON DRIVETRAIN CO., LTD.

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As of March 31, 2009

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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, 2008)

Authorized 1,800,000,000 shares
Issued and outstanding 470,463,527 shares

Number of Shareholders (As of March 31, 2008)

27,344

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

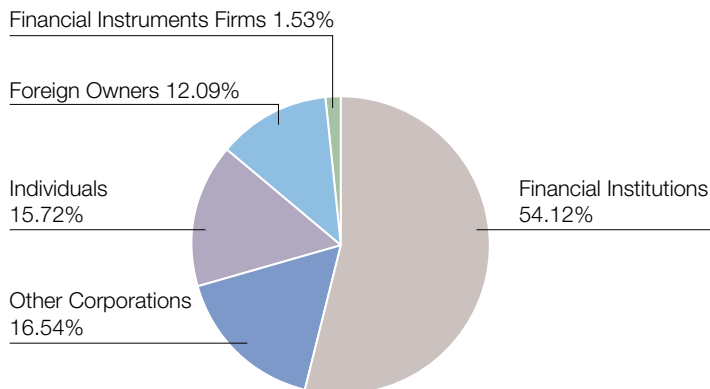
General Meeting of Shareholders

The General Meeting of Shareholders was held on June 26, 2009 in Osaka

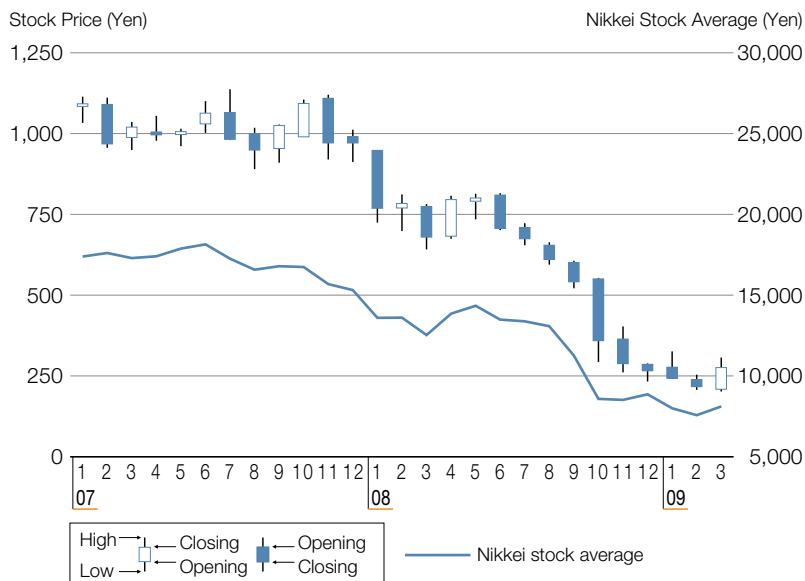
Stock Price Range in Fiscal 2008

High: ¥816
Low: ¥203

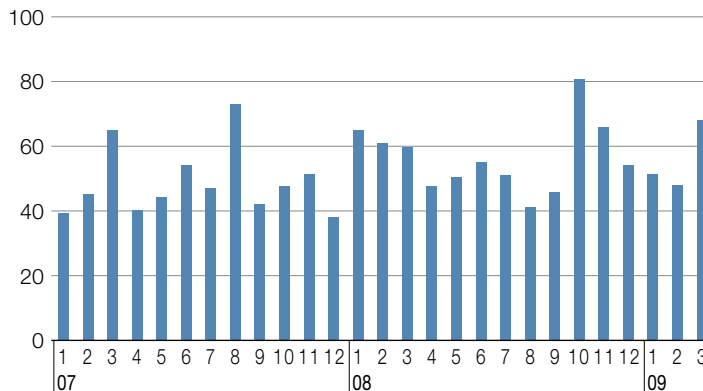
Shareholders by Category



Tokyo Stock Price Range



Monthly Volume Traded (Million Shares)



For New Technology Network

NTN®



NTN Corporation

Head Office

3-17, 1-chome, Kyomachibori, Nishi-ku,
Osaka, 550-0003 Japan

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Printed in Japan