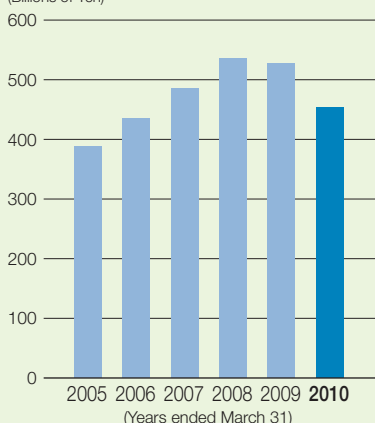


Financial Review

Net Sales

(Billions of Yen)



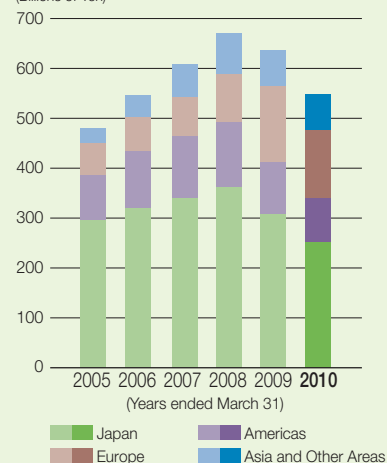
Sales by Business Segment

(Billions of Yen)



Net Sales by Region

(Billions of Yen)



Scope of Consolidation

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

◆ Consolidation

(2 companies removed)

NTN-NIDEC (THAILAND) Co., Ltd.

NTN-NIDEC (Zhejiang) Corporation

Summary of Fiscal 2009

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

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

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

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

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

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

Sales and Earnings

• Sales Performance

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

Sales by Business Segment

Bearings

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

Constant-Velocity Joints (CVJs)

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

Precision equipment and other products

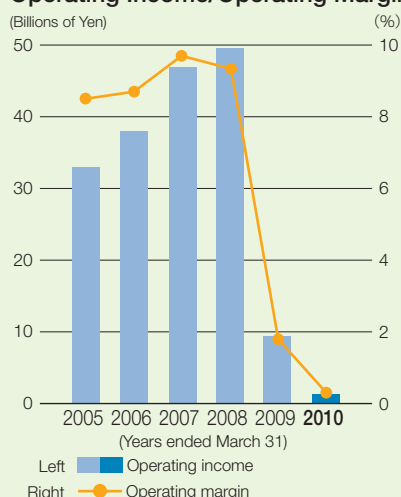
In the precision equipment and other products segment, sales were impacted by customers' curbs on capital investment. For this and other reasons, segment net sales for the fiscal year under review decreased 13.2% from a year earlier to ¥22,807 million.

Sales by Region

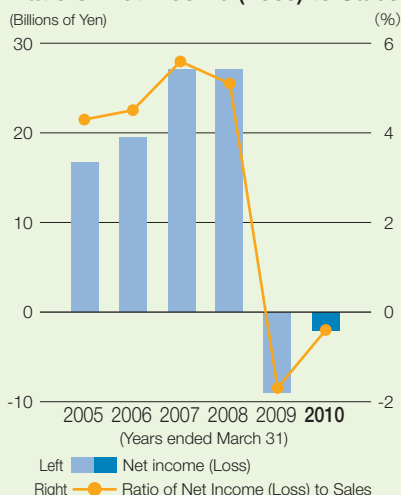
Japan

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

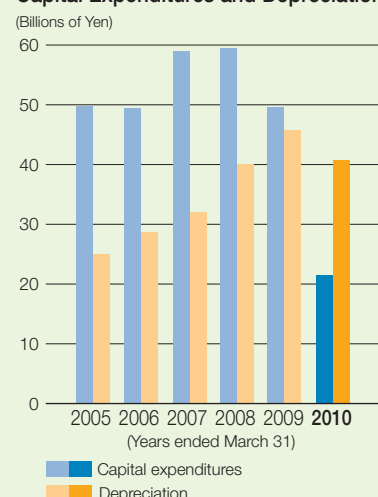
Operating Income/Operating Margin



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



Capital Expenditures and Depreciation



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

Americas

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

Europe

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

Asia and other areas

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

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

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

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

• Earnings

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

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

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

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

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

■ R&D and Capital Expenditures

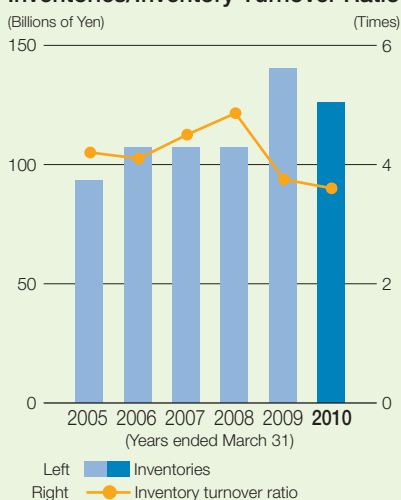
• R&D Costs

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

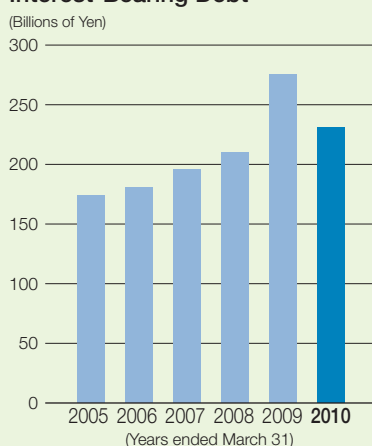
• Capital Expenditures

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

Inventories/Inventory Turnover Ratio



Interest-Bearing Debt



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

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

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

Financial Position and Cash Flows

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

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

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

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

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

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

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

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

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

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

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

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

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

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