

Presentation of First-Half Results for Fiscal Year Ending March 2011

November 8, 2010

JTEKT Corporation

1. First-Half Results for Fiscal 2010

2. Forecasts for Fiscal 2010

3. Global Business Strategy

1-1) Financial Data (i)

JTEKT

(Billion yen)

	First Half FY 2009	First Half FY 2010	YoY Change	FY 2009
Net Sales	339.8	467.0	+37.4%	769.6
Operating Income	-14.2	16.8	—	0.4
Ordinary Income	-14.5	16.5	—	-0.2
Net Income	-16.5	8.9	—	-19.4

1-2) Financial Data (ii)

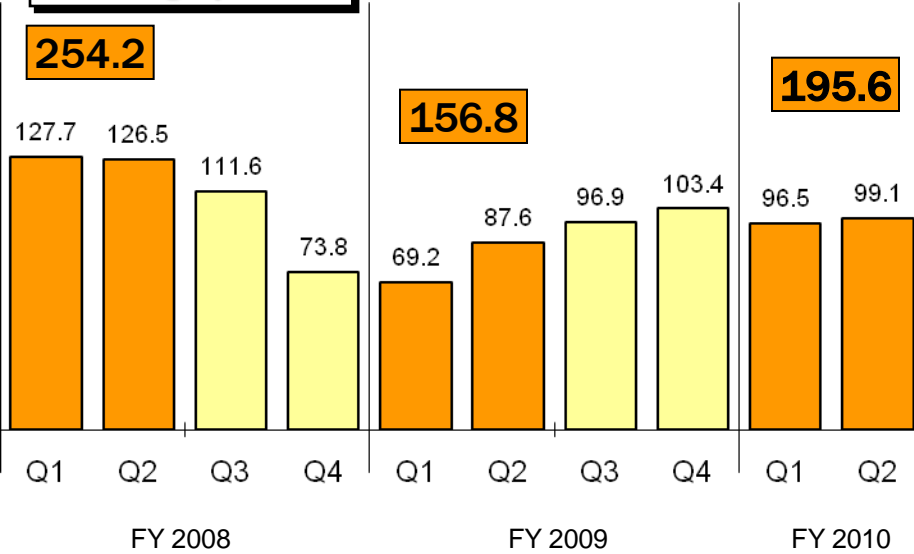
JTEKT

(Billion yen)

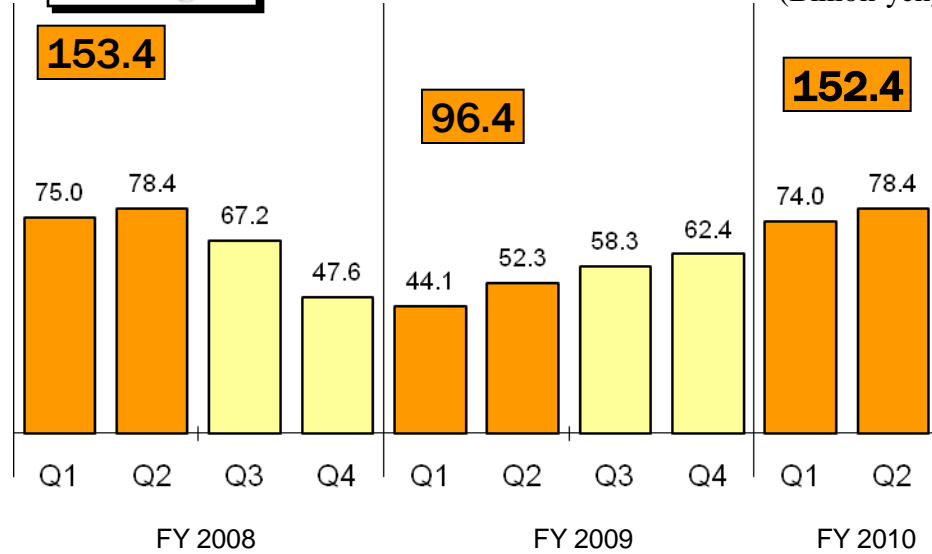
	First Half FY 2009	First Half FY 2010	YoY Change *A change in parentheses represents a change from the preceding fiscal year.	FY 2009 Results
Inventories	119.4	116.4	(-6.4%)	124.4
Interest- Bearing Debt	255.5	207.8	(-12.4%)	237.3
Capital Expenditures	14.8	10.5	-29.1%	25.2
Depreciation	24.4	23.9	-2.0%	50.0

1-3) Net Sales by Product

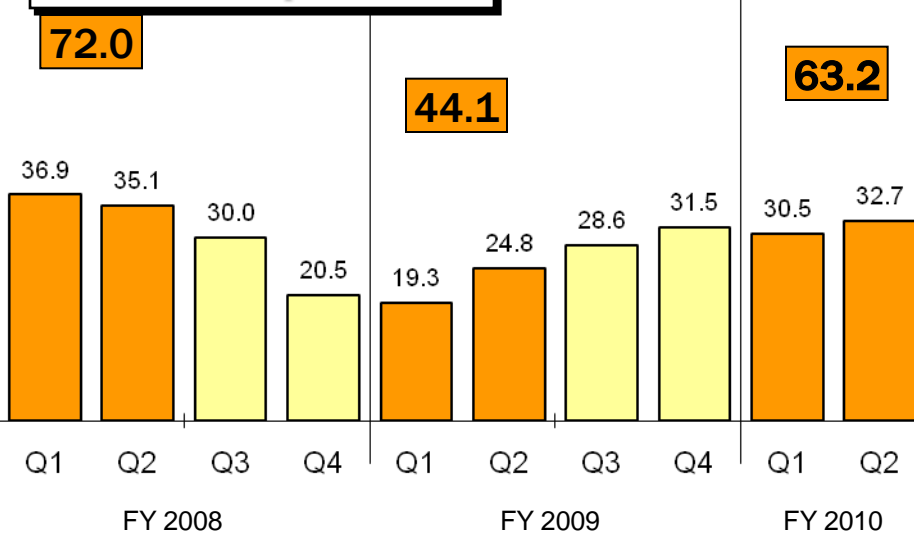
Steering Systems



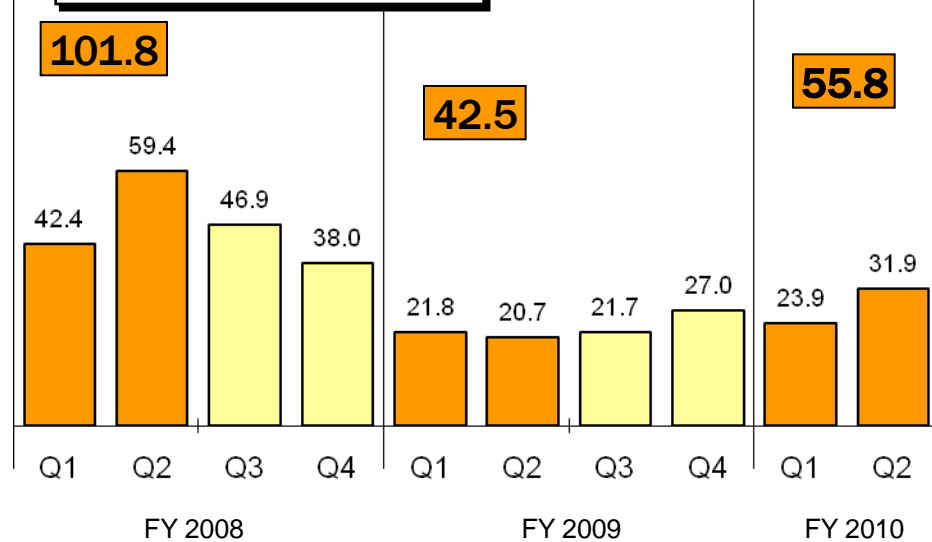
Bearings



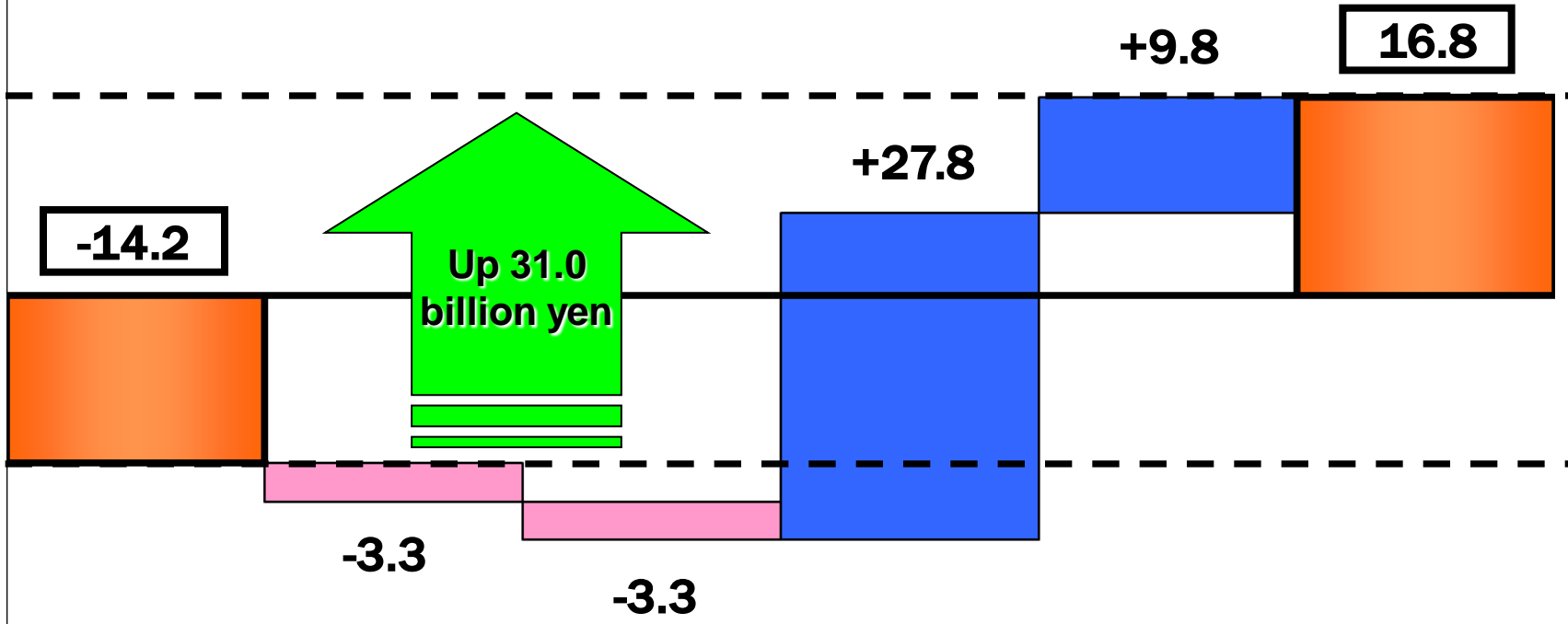
Driveline Components



Machine Tools & Others



1-4) Analysis of Operating Income Changes



Q2 of
FY 2009

Q2 of
FY 2010

Foreign exchange	Fall in selling price level	Income rise following sales growth	Cost cutting and other factors
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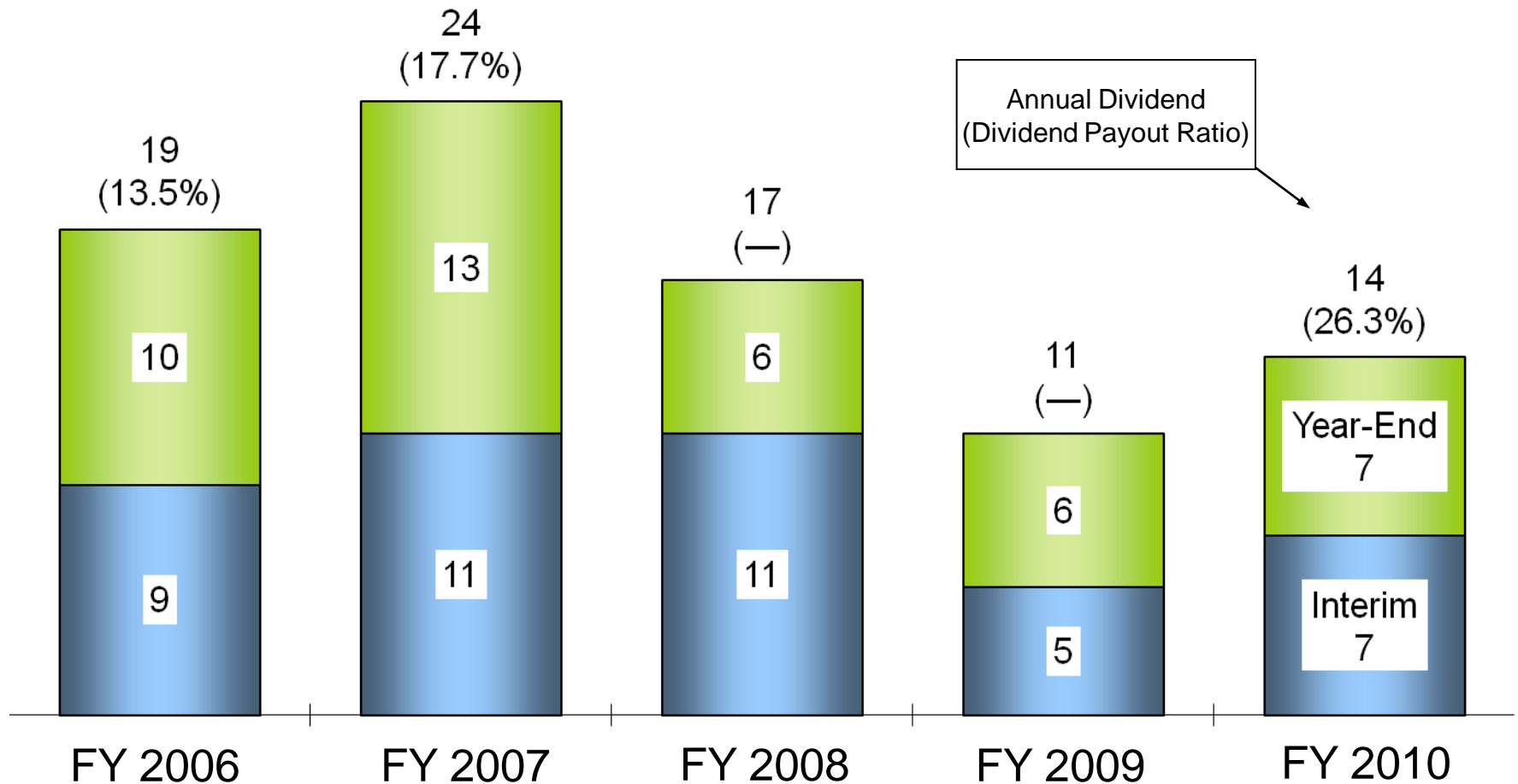
1-5) Dividends



(Yen per Share)

Interim Dividend: 7 yen, Annual Dividend (expected): 14 yen

Dividend Trends



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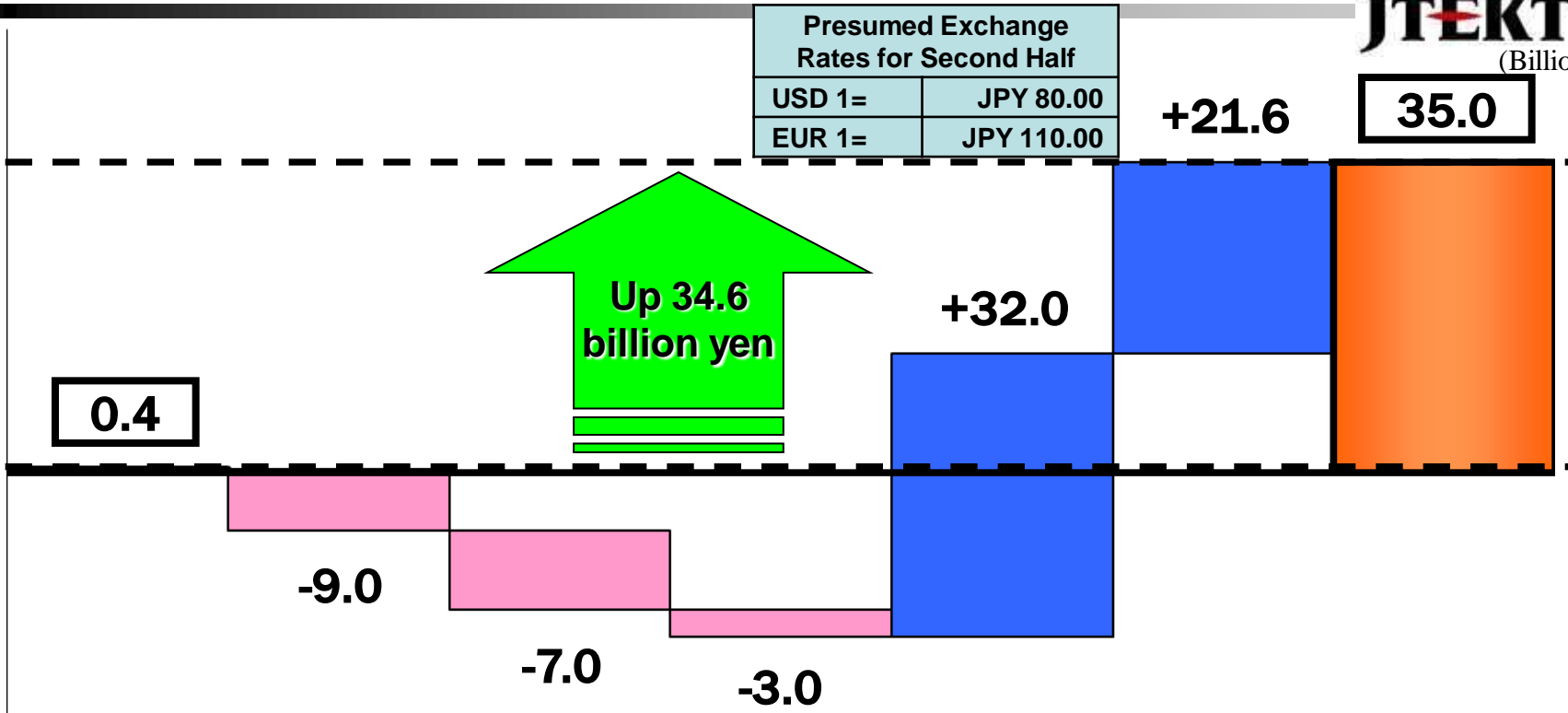
2-1) Financial Data

	FY 2009	Presumed Exchange Rates for Second Half		YoY Change
		USD 1=	JPY 80.00	
		EUR 1=	JPY 110.00	
		FY 2010		
Net Sales	769.6	920.0		+19.5%
Operating Income	0.4	35.0		—
Ordinary Income	- 0.2	34.0		—
Net Income	- 19.4	18.0		—
Capital Expenditures	25.2	28.0		+10.9%
Depreciation	50.0	48.0		-4.0%

2-2) Net Sales by Product

	First Half	Second Half	Full Year
Steering Systems	195.6	177.9	373.5
Bearings	152.4	154.1	306.5
Driveline Components	63.2	53.3	116.5
Machine Tools	21.0	30.5	51.5
Others	34.8	37.2	72.0
Total	467.0	453.0	920.0

2-3) Analysis of Operating Income Changes



Presumed Exchange Rates for Second Half	
USD 1=	JPY 80.00
EUR 1=	JPY 110.00

FY 2009

FY 2010

- Foreign exchange
- Fall in selling price level
- Fluctuations of raw material prices
- Income rise following sales growth
- Cost cutting and other factors

1. First-Half Results for Fiscal 2010

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External Environment

◇ Continued strength of the yen

◇ Rise of China and other emerging economies

◇ Economic growth in the environment and energy sectors
(1) Progress in shift to electric vehicles
(2) Trend towards non-fossil fuels

Global Business Strategies

Solidify our foundations in the industrial machinery market.
(1) Expand the large bearing business.
(2) Strengthen the machine tool business.

Solidifying our business foundations in the European market

Solidify our foundations in emerging markets.

Develop products in new areas.

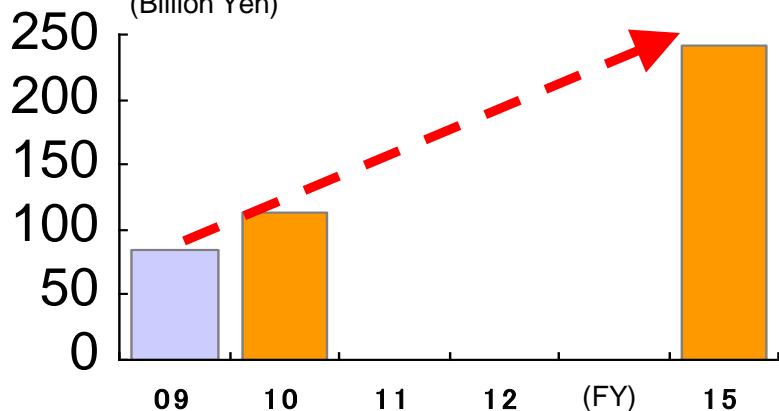
3-2) Expanding Large Bearing Business:

Solidifying our business foundation in the industrial machinery market

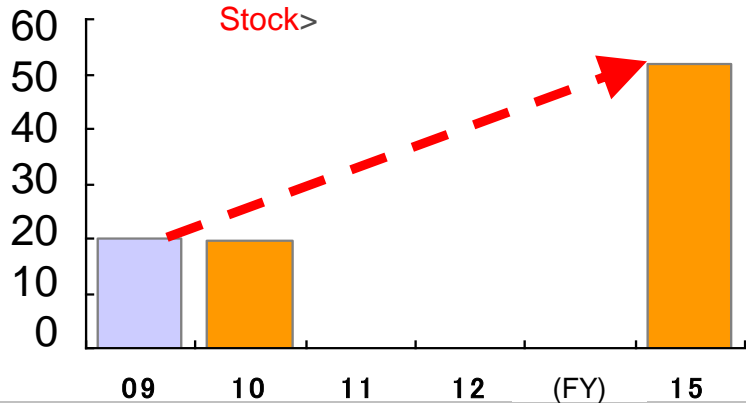


Sales Targets

<Bearing Sales Targets in Industrial Machinery Market>
(Billion Yen)



<Sales Targets on Large Bearings for Steel, Wind Power Generation, Construction Machinery and Rolling Stock>
(Billion Yen)



Improve the sales and technical structures

Reforms to create a business structure with earnings capacity: Construction of a new business model

Priority Areas

➤ Large Bearings

Steel

Wind Power Generation

Construction Machinery

Rolling Stock

➤ High Precision Bearings

Machine Tools

Aircraft

Bolster Sales and Technical Strength

- Set up a technical showroom for large bearings to enhance technical presentation capabilities.
- Set up a Sales and Technology Department to improve customer service and product planning.



For Steel



For Wind Power Generation



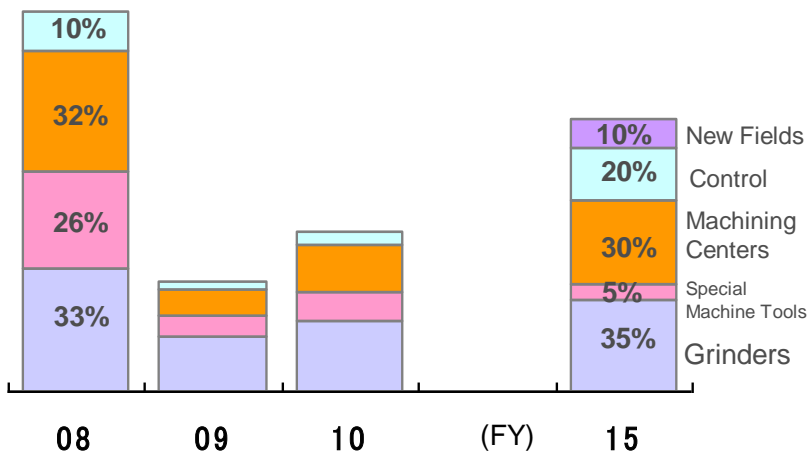
For Rolling Stock

3-3) Strengthening Machine Tool Business:

Solidifying Business Foundation in Industrial Machinery Market



Transition of Sales Composition



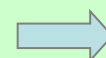
Enhance Basic Technologies to Boost Product Appeal

Concept: Going versatile for lines for volume production of different types of products

Lowering the costs of components for customers

◇ Minimize additional investment for changing the objects to be machined.

◇ Lower life-cycle costs.



Release the e-Series to the market.

<Grinders>

- Expand CBN grinders.
- Enrich the lineup of complex grinders.

<Machining Centers>

- Add our proprietary CNC with superior operability and maintainability.
- Upgrade the functions of engineering software.
- Enhance the lineup of five-axis and large models.

<Finishing Machines>

- Develop highly versatile processing methods and a standard machine.

<Control & New Fields>

- Expand the lineup of CNCs and small PLCs to expand markets.
- Step up basic development in mechatronics.
- Develop HV- and EV-related technologies such as batteries and semiconductors.

Shifting to Higher Profitability Products

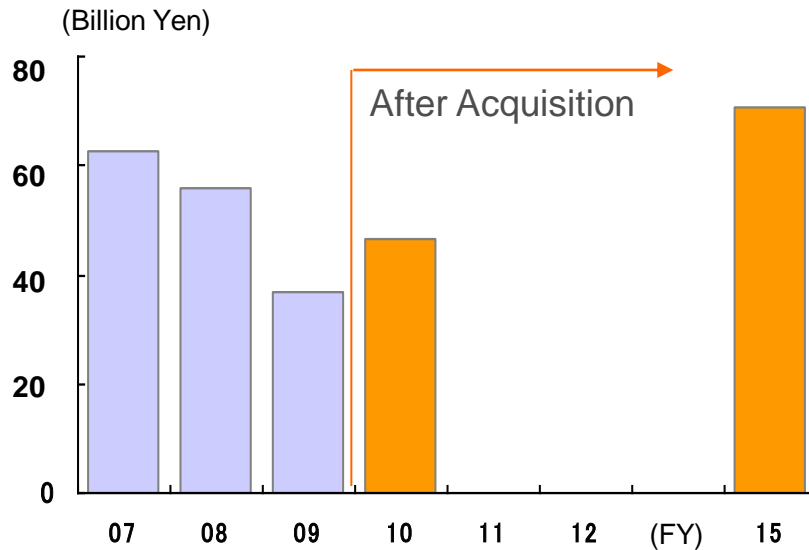
- Expand grinders and control products.
 - Special Machine Tools
- Focus on high value-added finishing machines.

Seeking Non-Dependence on Specific Markets

- Escape the dependence on special machine tools to expand the market.
- Propose machining centers instead of special machine tools.

3-4) Actions for the Needle Bearing Business

Sales Targets



Improve the Sales Structure

<Enhance the global sales network.>

- Increase overseas sales staff to four folds.
- Bolster sales force in emerging countries.
 - Increase sales personnel in China.
 - Make active use of the JTEKT Group's sales network.

Improve the Technical and Production Structures

<Boost cost competitiveness.>

- Implement the JTEKT Production System (JPS) at the initiative of the dedicated team to increase productivity and to reduce inventories.
 - Deploy optimal designs and methods in Japan, the United States and Europe.
- ### <Upgrade production systems in emerging countries.>
- Establish a local integrated production system in China.

Prior to Acquisition

<Overemphasis on the West>

- A delayed start in emerging markets

<High cost structure>

- A decline in market share after fall in cost competitiveness
- => Plunge into a downward spiral

**Aim to run the world's largest
needle bearing business
with a global market share of 30%.**

3-5) Bolstering the steering systems business:

Solidifying business foundations in the European market



Increasing earnings capabilities in the European market

Shift to internal production to increase extra value

- Internal production and local production of mechanical electric integrated MCUs



Internal production of core components

- Integrate ECUs into motors.
- Miniaturize motors.



- Expand internal production of aluminum components.
- Introduce high-output electric power steering systems to the market, specifically the DP-EPS to Europe.

Boost productivity through line mergers

Raise awareness of the three pillars of the JTEKT Production System and put them to regular use:
Higher operation rates, higher yields and earlier completion of the day's work

STEP 1

Increase production capacity without increasing the number of lines from the present level.



STEP 2

Carry out line mergers in plants.



STEP 3

Carry out line mergers between plants.



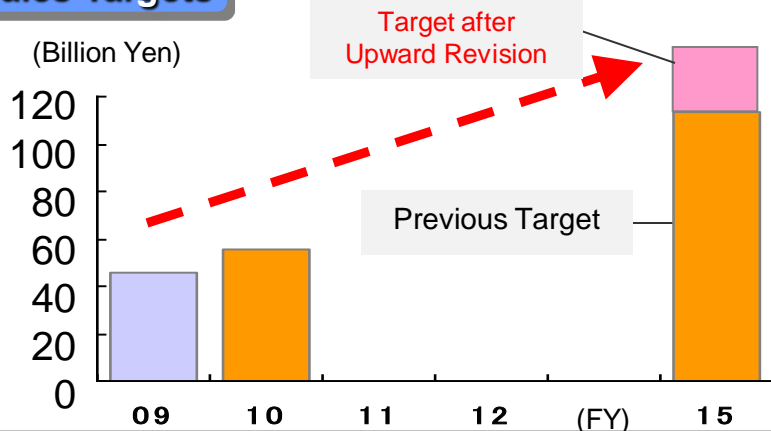
STEP 4

Reorganize production bases in North America and Europe (plant closedowns).

(1) China Business



Sales Targets



Improve the Sales Structure

<Increase sales bases.>

- Set up sales bases in Zhengzhou, Wuhan, Changchun and elsewhere in addition to the five existing ones in Shanghai, Tianjin, Beijing, Guangzhou and Chongqing.

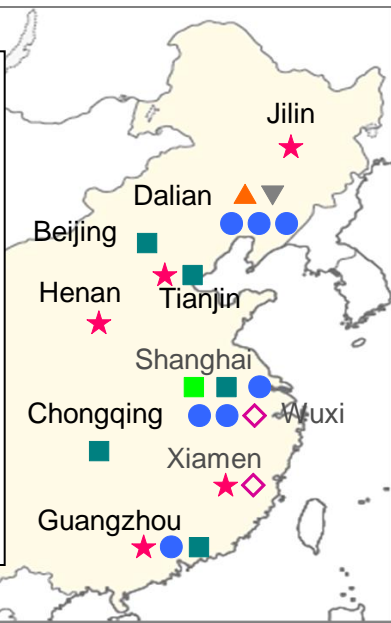
<Expand the distributor network.>

- Take a stake in local-capital distributors.
- Make mutual use of the network of affiliated companies.

Take a positive approach to local-capital manufacturers.

Formation

- ★ 5 bases for production of steering systems
- 7 bases for production of bearings and driveline components
- ▲ 1 base for production of machine tools
- 1 base for regional control
- 5 sales branches
- ◇ 2 technical centers
- ▼ 1 base for software development



Improve the Technical and Production Structures

<Shift to local production and boost local procurement to cut costs.>

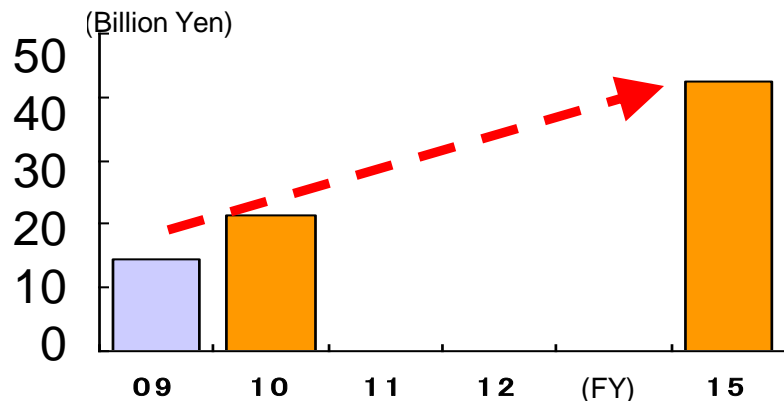
- Put technical centers into operation to establish local models.
- Increase the capacity of KAW, a facility in Wuxi for production of automotive bearings.
- Expand the joint venture with the Wafangdian Bearing Group.
 - Expand production and sales of automotive bearings.
 - Collaborate in the industrial machinery sector, including wind power generation and railways.
- Set up a joint research laboratory on automotive prevention and safety with Tongji University.

Achieve 100% local production of components by 2015

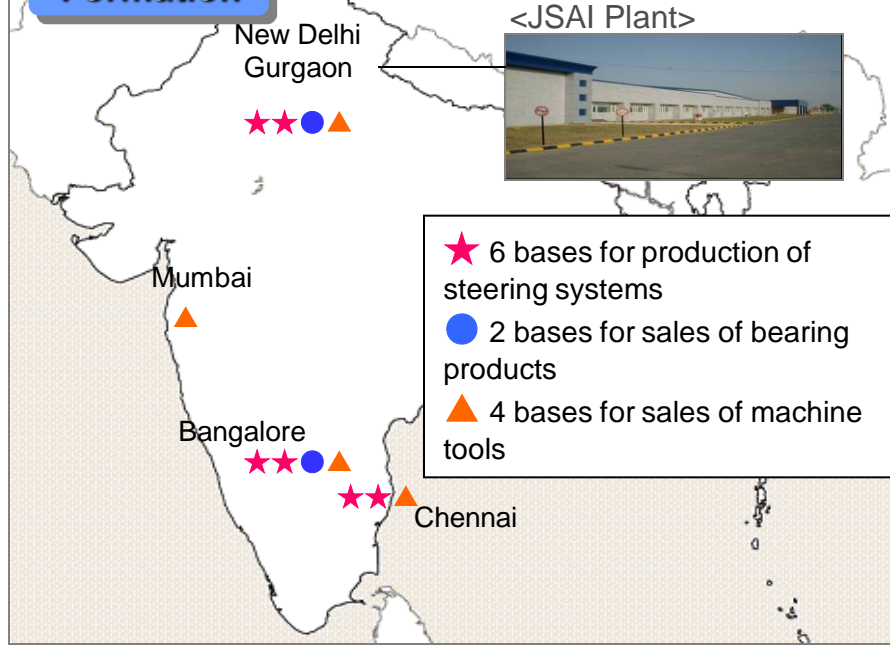
(2) India Business



Sales Targets



Formation



Improve the Sales Structure (for bearings and machine tools)

<Add and increase sales bases in the north and south of the country.>

- North (Gurgaon)
 - Set up the Gurgaon branch office of KBIN, which deals in bearings
 - TMI, dealing in machine tools, to move to the Gurgaon branch office for mutual use of sales channels (matrix activities)
- South (Chennai & Bangalore)
 - TMI to set up a showroom for machine tools in Bangalore

<Start rupee-denominated import and sales of bearings.>

Accelerate Actions towards Local Production & Procurement

<Shift to local production and boost local procurement to cut costs.>

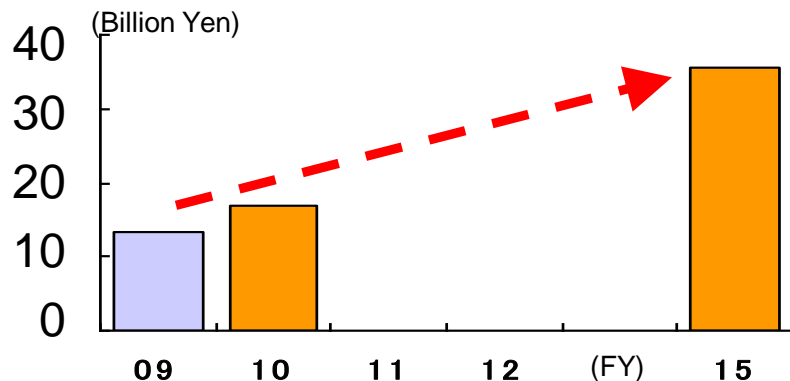
- Strengthen the system for supplying electric power steering systems
 - JSAI to operate three bases in North and South
 - Gurgaon head office (opened in Jan. 2010)
 - Chennai Plant (opened in April 2010)
 - Bangalore Plant (to open in Nov. 2010)
- Start consideration of local production of bearings.
- Develop a supply chain.
 - Consider upstream process procurement from ASEAN.

Target Market Share: Over 50% in steering systems

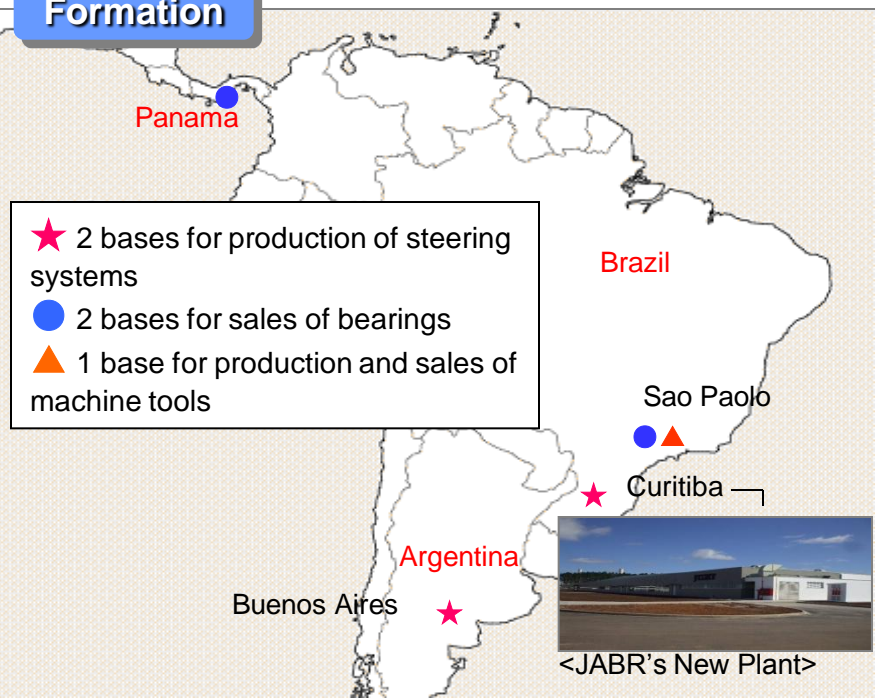
(3) South America Business



Sales Targets



Formation



Improve the Sales Structure

(for bearings and machine tools)

<Brazil>

- Strengthen sales activities by expanding KBR's warehouse for bearings with the use of the former site of JABR's plant.
- TKB, which deals in machine tools, to set up a showroom in Sao Paulo
- Integrate KBR's office with TKB's to implement matrix activities.

<Panama>

- Expand KLA's warehouse for bearings.
- Expand sales through e-commerce.

Improve the Technical and Production Structures

<Shift to local production and boost local procurement to cut costs.>

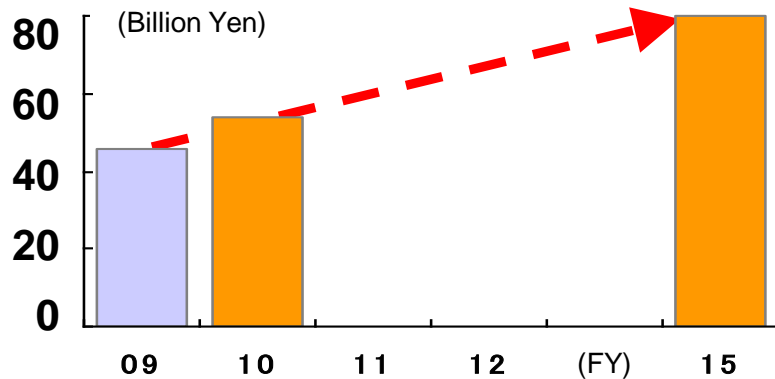
- Transfer JABR's steering systems production in Brazil to a new plant and commence operation.
 - ➔ Lay the foundation for future local production of electric power steering systems.
 - ➔ Boost internal production of hydraulic power steering systems.
- Strengthen the functions of the steering technical center. (Expand evaluation facilities and boost analytic capabilities.)
- Start consideration of local production of bearings.

Target Market Share: Over 40% in steering systems

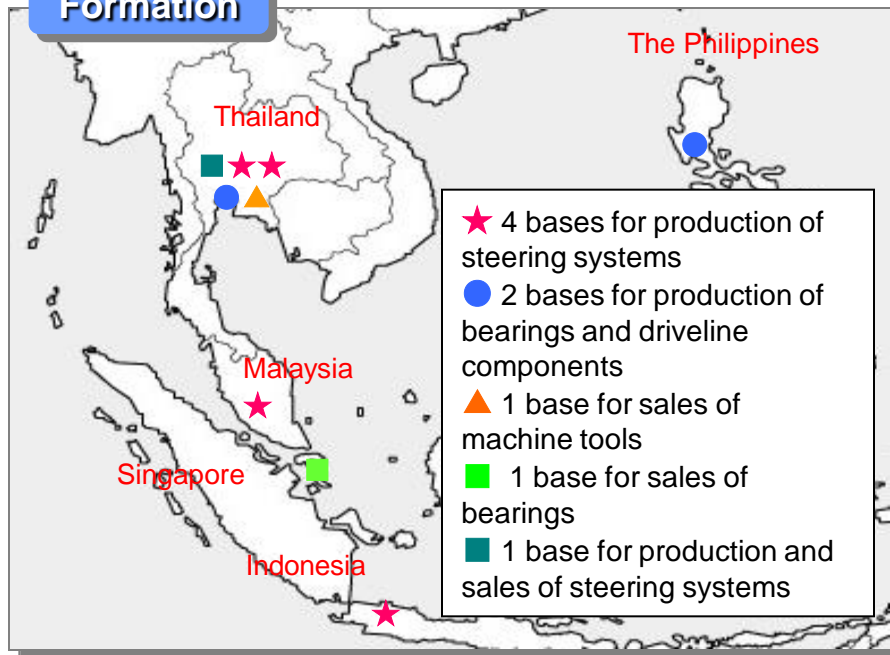
(4) ASEAN Business



Sales Targets



Formation



Improve the Sales Structure

<Thailand>

- Create synergy between businesses.
- ➔ Integrate sales activities for steering systems, bearings and machine tools to implement matrix activities.

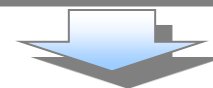
<Vietnam>

- Set up a branch office in Vietnam for sales of bearings.

Improve the Technical and Production Structures

<Indonesia>

- Start local production of electric power steering systems and starter clutches (scheduled in Oct. 2011).
- Consider local production of bearings in an integrated line that covers all processes.



Target Market Shares in ASEAN

- ◇ 70% in steering systems
- ◇ 40% in starter clutches