Message from the Chairman and the President

It is our pleasure to report to you on the business performance of JTEKT Corporation for the fiscal year ended March 31, 2006.

JTEKT Corporation was created on January 1, 2006, as the result of a decision by Koyo Seiko Co., Ltd. and Toyoda Machine Works, Ltd. to combine their management resources along with extensive know-how and experience in numerous business fields. Particular attention since the merger has been given to the efficient blending of operations and early realization of synergistic benefit.

Consolidated sales for the term were 724,350 million yen, an increase of 154,106 million yen, or 27.0 percent, over the previous year’s result for Koyo Seiko (the legally surviving entity). Concerning profit, such unfavorable factors as rising steel prices were offset by increased sales, the effect of the merger and other positive factors, resulting in consolidated operating income of 44,625 million yen, an increase over last year of 15,035 million yen, or 47.3 percent. Consolidated net income rose 10,834 million yen, or 65.9 percent, from last year to reach 27,286 million yen.

The JTEKT Group, in order to meet the expectations of shareholders, will endeavor to strengthen profitability through the effective utilization of management resources, develop new products to meet future market needs, enhance quality control systems, and achieve synergistic benefit speedily through the effective merging of all functions.

We hope for the continued support and cooperation of our shareholders.

August 2006
On January 1, 2006, with the aim of achieving dramatic manufacturing innovation starting in Japan, Koyo Seiko and Toyoda Machine Works made a new start as JTEKT Corporation.

The “J” stands for “joy,” “joy,” and “Japan.”

The accent across the “E” represents the field of Electronic control technology, the Emotional mindset of pursuing new challenges worldwide with strong R&D capability, and seeking aggressively to contribute to Environmental conservation.

The bold characters express a sense of high quality and reliability, stable management, and industry-supporting core technology, and the sharp points at each character edge express a sense of precision and intelligence.

"TEK" comes from the ancient Greek word “tekan,” which meant one possessing superior technical skill.

The final “K” and “T” are the first initials of Koyo and Toyota.

Vision behind this name: Be a technology-oriented company able to move industries, the times, and people’s hearts. JTEKT Corporation. Through the merger of their knowledge and experience. Koyo Seiko and Toyoda Machine Works have formed a company with the technical capability to achieve dramatic manufacturing innovation in Japan and worldwide based on highly reliable and advanced technology. JTEKT’s commitment is to obtain the satisfaction of customers and contribute strongly to the advance of a sustainable society.

Corporate Message

— Value & Technology

Corporate Philosophy

Corporate Objective
Seek to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

Management Stance
1. Create new value and provide society with joy and inspiration on a broad scale.
2. Aim for growth in harmony with society through innovative operations on a global basis.
3. Create a bright, energetic corporate atmosphere based on respect for people.
4. Strive toward the realization of safer, more abundant living circumstances.

JTEKT Vision

- Be known and respected throughout the world as a company excelling in manufacturing innovation that has the trust and high expectations of society.
- Be among the world’s top 10 auto parts makers.
- In each division, manufacture products with leading quality and reliability.

Machine Parts & Systems

Steering systems

Main products
- Hydraulic power steering
- Electric power steering

Vision
- Solid leading position in the worldwide steering industry as the No. 1 global systems supplier

Strategic aims
1. Strengthen technology development capability and product lineup
2. Improve cost competitiveness
3. Improve global supply capability and strengthen management structure

Driveline components

Main products
- Driveshafts
- Intelligent torque controlled couplings (ITCC)

Vision
- Become a world-class original equipment supplier able to provide customers with attractive products on a single basis

Strategic aims
1. Strengthen technology development capability and product lineup
2. Improve product strength of driveshafts
3. Develop products to meet future market trends and quickly bring them to market
4. Construct global network able to supply products from optimally located bases

Bearsings

Main products
- Ball bearings
- Roller bearings

Vision
- Captin the top 1 share of the worldwide automobile bearing market
- Strengthen three industrial equipment bearing fields (precision bearings, worm geared power generation bearings, machine tool bearings) and be among the world’s top suppliers in each

Strategic aims
1. Implement product strategies focused on important fields
2. Strengthen product development structure
3. Strengthen implementation of optimally located manufacturing and procurement

Machine Tools, Etc.

Machine tools / mechatronics, etc.

Main products
- Grinding machines and special-purpose machines
- Machining centers
- Control units
- Industrial heat-treatment furnaces, etc.

Vision
- Be the industry leader in quality and technology and contribute to manufacturing innovation
- Continue providing high-quality manufacturing systems with advanced technology and to the systems supplier (be the No. 1 technology

Strategic aims
1. Improve product strength and implement advanced product strategy
2. Expand sales fields
3. Expand sales

Bearings

Main products
- All types of bearings
- Superlarge slewing rim bearing
- Camshaft grinders
- Horizontal spindle machining center
Global Network / Domestic Network

Global Network

Regional headquarters
R&D centers
Steering plants
Driveline component plants
Bearing plants
Sales/service centers

Sales for the region (unit: billions of yen)

Asia/Oceania, etc. (excluding Japan)
Sales for the region (unit: billions of yen)

Domestic Network

Osaka head office

Research & development centers
Technical centers
Sales & Marketing Headquarters

Nagoya head office

Sales for the region (unit: billions of yen)

North America

Regional headquarters
R&D centers
Steering plants
Driveline component plants
Bearing plants
Sales/service centers

Sales for the region (unit: billions of yen)

Major related companies

Fukuoka Sales Office
Gunma Sales Office
Saitama Sales Office
Hokuriku Sales Office

Tokyo Sales Office

Sales Sect. for Middle Japan

Kanto Distribution Center

Kawasaki Distribution Center

Kosaka Distribution Center

Fukuoka Sales Office

Major related companies

Fukuoka Sales Office

Gunma Sales Office

Saitama Sales Office

Hokuriku Sales Office

Tokyo Sales Office

Sales Sect. for Middle Japan

Kanto Distribution Center

Kawasaki Distribution Center

Kosaka Distribution Center

Fukuoka Sales Office

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Sales Sect. for Middle Japan

Kanto Distribution Center

Kawasaki...
The main ones of each type are shown below. As of March 31, 2006, JTEKT had 87 consolidated subsidiaries and 11 affiliates accounted for by the equity method.

### ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>¥ 49,517</td>
<td>$ 421,532</td>
</tr>
<tr>
<td>Time deposits</td>
<td>687</td>
<td>5,846</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>52</td>
<td>445</td>
</tr>
<tr>
<td>Notes and accounts receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>¥ 213,514</td>
<td>¥ 1,817,608</td>
</tr>
<tr>
<td>Unconsolidated subsidiaries and affiliates</td>
<td>8,113</td>
<td>69,062</td>
</tr>
<tr>
<td>Other</td>
<td>16,453</td>
<td>140,065</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>238,080</td>
<td>2,026,735</td>
</tr>
<tr>
<td>Inventories</td>
<td>115,040</td>
<td>983,262</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>14,657</td>
<td>124,770</td>
</tr>
<tr>
<td>Other current assets</td>
<td>7,266</td>
<td>61,852</td>
</tr>
<tr>
<td>Total current assets</td>
<td>424,226</td>
<td>3,611,355</td>
</tr>
<tr>
<td>Investments and advances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in securities</td>
<td>64,585</td>
<td>549,799</td>
</tr>
<tr>
<td>Investments in and advances to unconsolidated subsidiaries and affiliates</td>
<td>28,201</td>
<td>240,075</td>
</tr>
<tr>
<td>Property, plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>¥ 181,282</td>
<td>¥ 1,543,216</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>¥ 631,475</td>
<td>¥ 5,375,629</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>¥ (575,399)</td>
<td>¥ (4,488,420)</td>
</tr>
<tr>
<td>Land</td>
<td>237,358</td>
<td>2,020,585</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>51,456</td>
<td>438,036</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>20,317</td>
<td>172,954</td>
</tr>
<tr>
<td>Other assets</td>
<td>10,864</td>
<td>92,981</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥ 849,233</td>
<td>$ 7,229,365</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities and Shareholders' Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term loans</td>
<td>¥ 65,345</td>
<td>$ 556,269</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>11,388</td>
<td>96,940</td>
</tr>
<tr>
<td>Notes and accounts payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>¥ 166,370</td>
<td>¥ 1,416,272</td>
</tr>
<tr>
<td>Unconsolidated subsidiaries and affiliates</td>
<td>12,064</td>
<td>102,699</td>
</tr>
<tr>
<td>Construction</td>
<td>16,332</td>
<td>139,034</td>
</tr>
<tr>
<td>Other</td>
<td>16,230</td>
<td>138,163</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>¥ 210,996</td>
<td>¥ 1,796,168</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>15,095</td>
<td>128,502</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>34,417</td>
<td>292,948</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>8,961</td>
<td>76,287</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>¥ 546,202</td>
<td>¥ 2,947,150</td>
</tr>
<tr>
<td>Long-term debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued indemnities from retirement benefit plan</td>
<td>121,421</td>
<td>1,033,639</td>
</tr>
<tr>
<td>Accrued severance indemnities for members of the board of directors and corporate auditors</td>
<td>61,452</td>
<td>523,134</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>3,742</td>
<td>31,853</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,727</td>
<td>14,470</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>¥ 556,269</td>
<td>¥ 2,854,944</td>
</tr>
<tr>
<td>Minority interests in consolidated subsidiaries</td>
<td>13,325</td>
<td>113,432</td>
</tr>
<tr>
<td>Shareholders' equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized — 1,200,000 thousand shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued — 319,394 thousand shares</td>
<td>35,878</td>
<td>305,422</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>98,518</td>
<td>838,666</td>
</tr>
<tr>
<td>Consolidated retained earnings</td>
<td>144,244</td>
<td>1,227,926</td>
</tr>
<tr>
<td>Unrealized gain on other securities</td>
<td>27,681</td>
<td>235,644</td>
</tr>
<tr>
<td>Translation adjustments on foreign currency financial statements</td>
<td>(6,376)</td>
<td>(54,280)</td>
</tr>
<tr>
<td>Less: Treasury shares</td>
<td>(281)</td>
<td>(2,389)</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td>$ 299,664</td>
<td>$ 2,550,989</td>
</tr>
</tbody>
</table>

Conversion rate: ¥ 117.47 per U.S. dollar
## Consolidated Statement of Income and Retained Earnings

For the year ended March 31, 2006

<table>
<thead>
<tr>
<th>Item</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥724,350</td>
<td>$6,166,254</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>591,783</td>
<td>5,057,740</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>132,567</td>
<td>1,128,514</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>87,942</td>
<td>748,633</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>44,625</td>
<td>379,881</td>
</tr>
<tr>
<td><strong>Other income (expenses)</strong></td>
<td>1,133</td>
<td>9,649</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(2,485)</td>
<td>(21,152)</td>
</tr>
<tr>
<td><strong>Foreign currency exchange gain, net</strong></td>
<td>2,332</td>
<td>19,849</td>
</tr>
<tr>
<td><strong>Loss on sales or disposal of property, plant and equipment, net</strong></td>
<td>(2,771)</td>
<td>(23,590)</td>
</tr>
<tr>
<td><strong>Equity in earnings of unconsolidated subsidiaries and affiliates</strong></td>
<td>821</td>
<td>6,989</td>
</tr>
<tr>
<td><strong>Other, net</strong></td>
<td>1,150</td>
<td>9,789</td>
</tr>
<tr>
<td><strong>Income before income taxes and items listed below</strong></td>
<td>44,805</td>
<td>381,415</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>20,557</td>
<td>175,001</td>
</tr>
<tr>
<td><strong>Income taxes deferred</strong></td>
<td>(3,462)</td>
<td>(29,474)</td>
</tr>
<tr>
<td><strong>Minority interests in net income of consolidated subsidiaries</strong></td>
<td>(424)</td>
<td>(3,609)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>27,286</td>
<td>232,279</td>
</tr>
</tbody>
</table>

**Consolidated retained earnings:**

- **Balance at beginning of the year**: 45,929 (¥390,988)
- **Net increase due to the change in scope of consolidation**: 98 (833)
- **Cash dividends**: (2,389) (20,338)
- **Bonuses to directors and statutory auditors**: (325) (2,765)

**Balance at end of the year**

- **¥144,244** (¥1,227,926)
  - **Per share:**
    - **yen**: ¥109.64
    - **U.S. dollars**: $0.93
  - **Cash dividends**: 15.00
    - **yen**: $0.13

**Weighted average number of common shares outstanding (thousands):**

- 319,394

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## Consolidated Statement of Cash Flows

For the year ended March 31, 2006

<table>
<thead>
<tr>
<th>Item</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>¥44,805</td>
<td>$381,415</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>28,903</td>
<td>246,048</td>
</tr>
<tr>
<td><strong>Equity in earnings of unconsolidated subsidiaries and affiliates</strong></td>
<td>(821)</td>
<td>(6,989)</td>
</tr>
<tr>
<td><strong>Notes and accounts receivable</strong></td>
<td>(658)</td>
<td>(5,607)</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>(5,363)</td>
<td>(45,654)</td>
</tr>
<tr>
<td><strong>Notes and accounts payable</strong></td>
<td>8,297</td>
<td>70,632</td>
</tr>
<tr>
<td><strong>Bonuses to directors and statutory auditors</strong></td>
<td>(365)</td>
<td>(3,105)</td>
</tr>
<tr>
<td><strong>Payment of income taxes</strong></td>
<td>(15,165)</td>
<td>(129,097)</td>
</tr>
<tr>
<td><strong>Other, net</strong></td>
<td>(7,738)</td>
<td>(65,869)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>51,895</td>
<td>441,774</td>
</tr>
</tbody>
</table>

**Cash flows from investing activities**

- **Decrease in time deposits**: 7 (61)
- **Increase in marketable securities**: (9) (76)
- **Purchases of property, plant and equipment**: (39,407) (335,460)
- **Proceeds from sale of property, plant and equipment**: 457 (3,892)
- **Decrease in investments in securities**: 2,725 (23,196)
- **Increase in loans receivable**: (552) (4,698)
- **Other, net**: (953) (6,118)

**Net cash used in investing activities**

- (37,732) (322,203)

**Cash flows from financing activities**

- **Decrease in short-term loans**: (3,680) (31,326)
- **Decrease in long-term debt**: (7,738) (27,584)
- **Cash dividends**: (2,483) (21,140)
- **Other, net**: (88) (746)

**Net cash used in financing activities**

- (9,491) (80,796)

**Exchange difference of cash and cash equivalents**

- 1,154 (9,822)

**Net increase in cash and cash equivalents**

- 5,826 (49,597)

**Cash and cash equivalents at beginning of the year**

- 35,425 (301,566)

**Increase in merger**

- 7,738 (65,872)

**Net increase due to the change in scope of consolidation**

- 559 (4,759)

**Cash and cash equivalents at end of the year**

- 319,394 (421,794)
## Nonconsolidated Balance Sheet

**March 31, 2006**

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>24,021</td>
<td>204,486</td>
</tr>
<tr>
<td>Notes and accounts payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>87,793</td>
<td>747,361</td>
</tr>
<tr>
<td>Subsidiaries and affiliates</td>
<td>95,856</td>
<td>816,005</td>
</tr>
<tr>
<td>Other</td>
<td>9,846</td>
<td>83,821</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(59)</td>
<td>(502)</td>
</tr>
<tr>
<td></td>
<td>193,436</td>
<td>1,646,685</td>
</tr>
<tr>
<td>Inventories</td>
<td>44,298</td>
<td>377,096</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>7,526</td>
<td>64,071</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,192</td>
<td>18,662</td>
</tr>
<tr>
<td>Total current assets</td>
<td>271,473</td>
<td>2,311,000</td>
</tr>
<tr>
<td>Investments and advances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in securities</td>
<td>42,451</td>
<td>361,377</td>
</tr>
<tr>
<td>Investments in and advances to subsidiaries and affiliates</td>
<td>162,523</td>
<td>1,383,531</td>
</tr>
<tr>
<td></td>
<td>204,974</td>
<td>1,744,908</td>
</tr>
<tr>
<td>Property, plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>107,001</td>
<td>910,883</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>569,035</td>
<td>3,141,524</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(361,351)</td>
<td>(3,076,119)</td>
</tr>
<tr>
<td>Land</td>
<td>38,502</td>
<td>327,766</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>8,331</td>
<td>70,920</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>2,516</td>
<td>21,419</td>
</tr>
<tr>
<td>Other assets</td>
<td>6,311</td>
<td>53,719</td>
</tr>
<tr>
<td></td>
<td>646,792</td>
<td>5,506,020</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND SHAREHOLDERS’ EQUITY** |                 |                           |
| Current liabilities: |                 |                           |
| Short-term loans       | 28,750          | 244,743                   |
| Current portion of long-term debt | 10,000       | 85,128                    |
| Notes and accounts payable: |           |                           |
| Trade                   | 91,418          | 778,226                   |
| Subsidiaries and affiliates | 40,585        | 345,493                   |
| Construction            | 17,465          | 148,677                   |
| Other                   | 6,322           | 53,815                    |
| Total current liabilities | 155,790        | 1,326,211                 |
| Income tax payable      | 9,640           | 82,064                    |
| Accrued expenses        | 17,098          | 145,552                   |
| Other current liabilities | 5,574          | 47,452                    |
| Total current liabilities | 226,852        | 1,931,150                 |
| Long-term debt          | 98,024          | 834,460                   |
| Accrued indemnities from retirement benefit plan | 42,557 | 362,280                   |
| Accrued severance indemnities for members of the board of directors and corporate auditors | 301  | 2,561                      |
| Total liabilities       | 367,734         | 3,130,451                 |

| Shareholders' equity |                 |                           |
| Common stock:        |                 |                           |
| Authorized — 1,000,000 thousand shares | |                      |
| Issued — 319,394 thousand shares | 35,878 | 305,422 |
| Capital surplus      | 98,518          | 838,666                   |
| Legal reserve        | 12,067          | 102,725                   |
| Voluntary reserve    | 79,400          | 675,920                   |
| Retained earnings    | 27,423          | 233,446                   |
| Unrealized gain on other securities | 26,019 | 221,494 |
| Less: Treasury shares | (2,104)       | (2,104)                   |
| Total shareholders’ equity | 279,058 | 2,375,569 |

Conversion rate: ¥ 117.47 per U.S. dollar
For the year ended March 31, 2006

<table>
<thead>
<tr>
<th>Financial data</th>
<th>( \text{Millions of yen} )</th>
<th>( \text{Thousands of U.S. dollars} )</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>427,254</td>
<td>3,637,136</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>364,305</td>
<td>3,101,265</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>62,949</td>
<td>535,871</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>37,333</td>
<td>317,809</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>25,616</td>
<td>218,062</td>
</tr>
<tr>
<td><strong>Other income (expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>1,375</td>
<td>11,708</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(704)</td>
<td>(5,991)</td>
</tr>
<tr>
<td>Foreign currency exchange gain, net</td>
<td>1,042</td>
<td>8,873</td>
</tr>
<tr>
<td>Loss on sales or disposal of property, plant and equipment, net</td>
<td>(1,139)</td>
<td>(9,694)</td>
</tr>
<tr>
<td>Other, net</td>
<td>2,419</td>
<td>20,587</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>2,993</td>
<td>25,483</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>28,609</td>
<td>243,545</td>
</tr>
<tr>
<td><strong>Income taxes-deferred</strong></td>
<td>12,450</td>
<td>105,985</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>18,602</td>
<td>128,554</td>
</tr>
</tbody>
</table>

| Retained earnings: | | |
| Balance at beginning of the year | 14,136 | 120,338 |
| Cash dividends | 6,786 | 57,772 |
| Transfer to voluntary reserves | (2,389) | (20,339) |
| Bonuses to directors and statutory auditors | (969) | (81,902) |
| Balance at end of the year | 27,423 | 233,446 |

| Per share: | | |
| Net income | ¥ 75.87 | $ 0.65 |
| Cash dividends | 15.00 | 0.13 |

Weighted average number of common shares outstanding (thousands) | 319,394 |

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**Company Profile**

**Profile**

**Company name**: JTEKT CORPORATION

**Head office locations**: Nagoya head office (move to Midland Square at Meieki 4-chome, Nakamura-ku, Nagoya, is planned for Dec. 2006), Osaka head office (No.5-8, Minamiemba 3-chome, Chuo-ku, Osaka, 542-8502, Japan)

**Main business**: Manufacture and sale of steering systems, driveline components, bearings, machine tools, etc.

**Capital**: 35,877 million yen

**Sales**: Consolidated: 941,498 million yen
Nonconsolidated: 587,689 million yen

**Number of employees**: Consolidated: 30,029
Nonconsolidated: 9,882

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**Members of the Board and Officers**

**Directors**

- Takaya Yamada
- Koshiro Yoshida
- Toshikatsu Tamiguchi
- Teisuke Seno
- Masakazu Nagai
- Nobuyoshi Hidaka
- Tetsuo Inai
- Takasaki Suzuki
- Kenjiro Kajiwara
- Hiroyuki Akahane
- Hiroki Ishihara
- Takeshi Uchiyamada

**Corporate auditors**

- Takao Sugiyama
- Kanno Takanori
- Akio Toyota
- Koichi Fukaya
- Managing officers

**Managing officers**

- Kazumi Nakamura
- Takeshi Yoneda
- Ryutaro Abe
- Toshikazu Daido
- Tetsuo Nomo
- Kenji Suzuki
- Jieki Sato
- Manabu Nakano

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**Shareholder Information as of March 2006**

1. Number of authorized shares: 1,200,000
2. Number of issued shares: 319,394
3. Number of shareholders: 18,068
4. Breakdown of shareholders (100% = total issued shares)

- **Japanese companies**: 1,200,000 (100%)
  - Toyota Motor Corporation: 72,435
  - The Master Trust Bank of Japan, Ltd.: 23,410
  - Japan Trustee Services Bank, Ltd.: 20,850
  - Denso Corporation: 17,611
  - Nippon Life Insurance Company: 13,731
  - Toyota Industries Corporation: 7,498
  - Resona Bank, Ltd.: 6,749
  - The Sumitomo Trust and Banking Co., Ltd.: 6,129
  - Sumitomo Mitsui Banking Corporation: 6,366
  - Toyota Tsusho Corporation: 5,202

- **Foreign companies**: 77,205 (6.3%)
  - Financial organizations: 117,708 (9.6%)

- **Seurities companies**: 2,764 (0.2%)
  - Individual: 25,200 (2.0%)
  - Foreign companies: 120,391 (96.7%)

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