

Annual Report 2009

For the year ended March 31, 2009



JTEKT



JTEKT CORPORATION

Message from the Chairman and the President

It is our pleasure to report on JTEKT Corporation's business performance for the fiscal year through March 2009.

Japan's economy suffered a dramatic decline during this period as a result of sharp increases in raw material prices, the spreading of the financial crisis rooted in the U.S. subprime loan problem, and, particularly in the latter half, yen appreciation and falling stock prices.

Overseas as well, the economies of America and Europe receded, and even Asian economies enjoying strong growth in recent years experienced a slowdown, evidencing the global scale of the economic downturn this time.

Amidst such economic circumstances, the JTEKT Group during this period strove to offset the dramatic decline in production and sales volumes by energetically pursuing cost reductions, improving the efficiency of its manufacturing structures, and strengthening its quality control systems. Despite these efforts, however, consolidated sales fell 140,523 million yen, or 12.1 percent, from the previous period to 1,017,071 million yen.

In regard to profit, the decline in sales caused by significantly reduced demand along with yen appreciation, increases in raw material prices and other factors led to a consolidated ordinary profit of 11,109 million yen, a decrease of 61,786 million yen, or 84.8 percent, from the previous term, and consolidated net income of negative 11,954 million yen, a decrease of 55,400 million yen from the previous term.

An end-of-term dividend of 6 yen per share was issued, bringing the total dividend for the year to 17 yen per share (with an interim dividend of 11 yen per share).

The JTEKT Group will strive to restructure its operations, further analyze and reduce costs, develop new products based on a concept of environmental friendliness, compactness and light weight, and strengthen profitability in order to meet the expectations of shareholders, customers and others.

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

June 2009



Chairman
Kohshi Yoshida

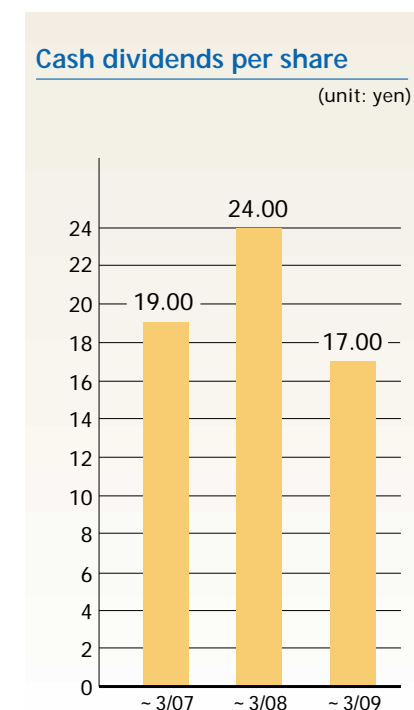
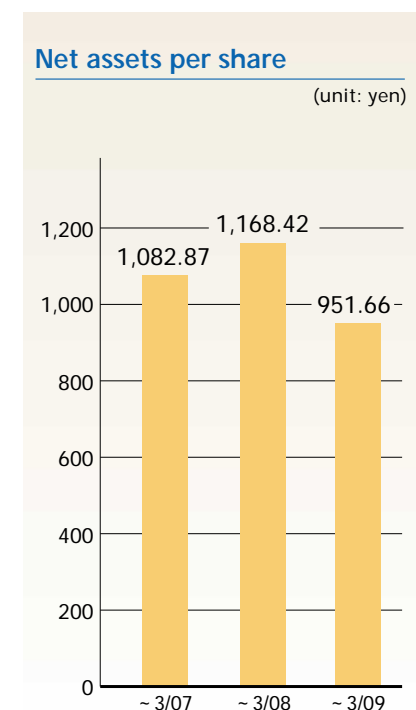
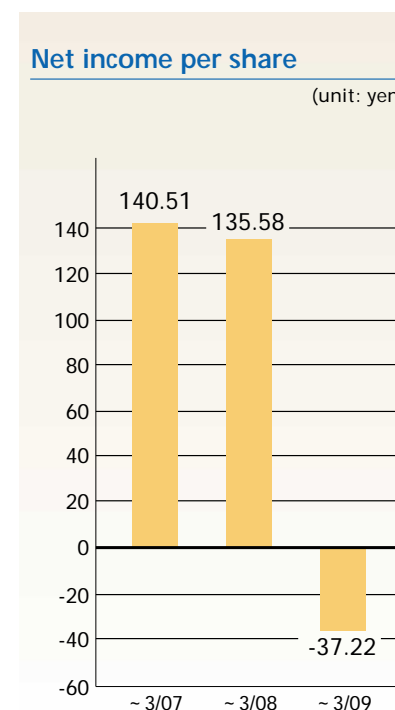
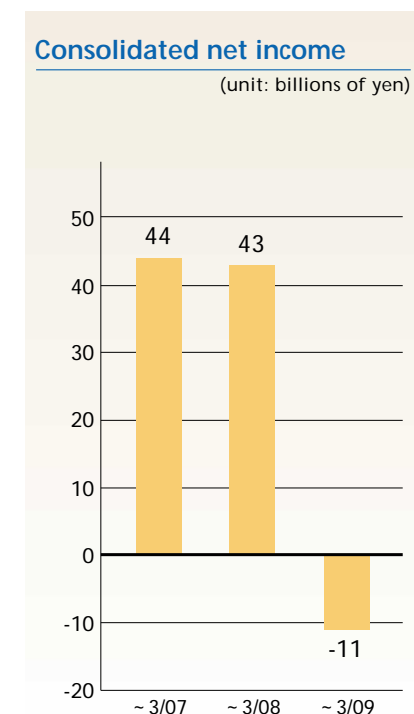
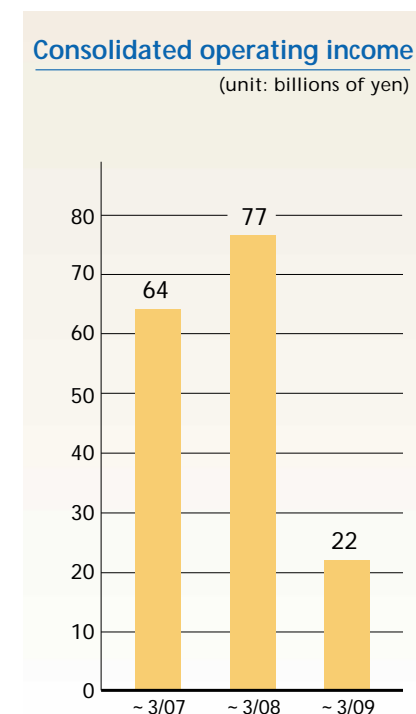
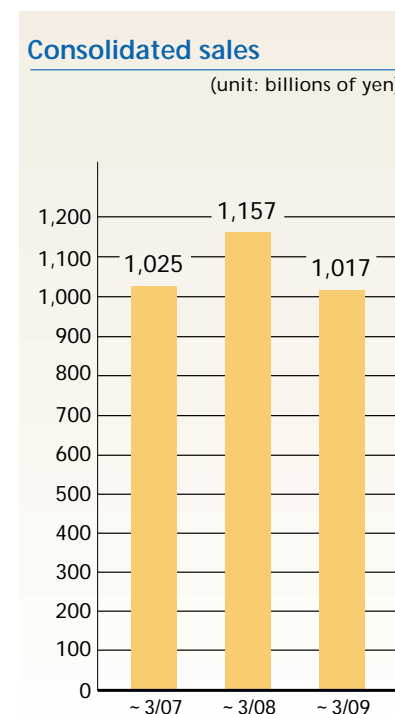


President
Motohiko Yokoyama

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Consolidated Financial Highlights

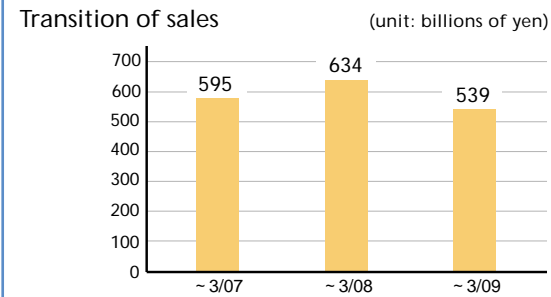


Global Network

Japan

Bases: 44

Head office	2
R&D centers	3
Sales & Marketing headquarters	1
Operations headquarters	3
Technical centers	5
Steering plants	3
Bearing plants	5
Driveline component plants	2
Machine tool plants	2
Sales bases / service centers	18



Torsen units: Domestic production level of 4M units reached

JTEKT in Dec 1989 manufactured its first Torsen unit, a part that appropriately distributes engine drive force to the wheels, and now has reached a production level of 4M units in Japan. This unique, highly regarded product provides superior driving stability and performance and has been widely adopted among carmakers worldwide mainly on 4WD sports cars and SUVs.

Nikkan Kogyo Shimbun award received

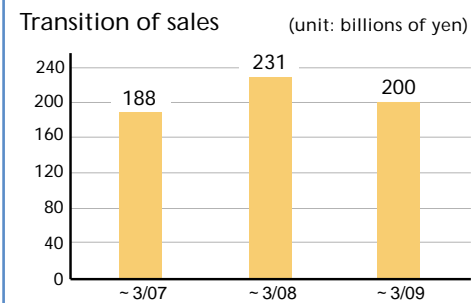
JTEKT's FH1250SX large horizontal machining center received an award at the Nikkan Kogyo Shimbun's 51st new product awards.



Europe

Bases: 22

Regional headquarters	3
R&D centers	2
Steering plants	5
Bearing plants	2
Driveline component plants	2
Sales bases / service centers	8



Start of steering die-cast parts production

A line-off ceremony was held to commemorate the start of steering die-cast parts production at Czech affiliate JTEKT Automotive Czech Pardubice S.R.O., which will provide such parts to numerous JTEKT European affiliates. Attending were numerous officials from CzechInvest and the city of Pardubice.



Award received from PSA Peugeot Citroen

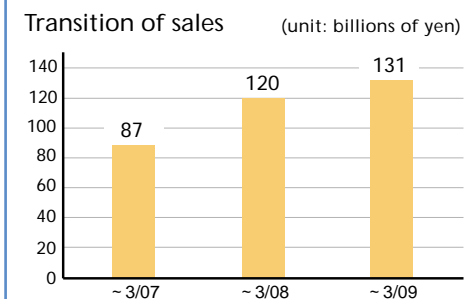
JTEKT was one of only 14 out of 800 suppliers to receive an award from PSA Peugeot Citroen at this customer's award ceremony. The award was for superior quality in afterservice.



Asia, Oceania, other (excluding Japan)

Bases: 36

Regional headquarters	2
R&D centers	2
Steering plants	10
Bearing plants	8
Driveline component plants	1
Machine tool plants	2
Sales bases / service centers	11



New company established in India

Toyoda Micromatic Machinery India Limited was established in Gurgaon, Haryana, India jointly with a large-scale local maker of grinders as a machine tool sales and service company with the aim of expanding sales in the Indian market.



Opening ceremony held for new plant in India

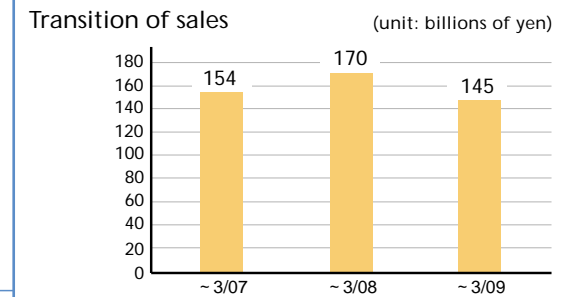
A ceremony was held to commemorate the opening of JTEKT Sona Automotive India Ltd.'s new plant in Haryana, India. Production of electric power steering at the plant is scheduled to start in November.



North America

Bases: 13

Regional headquarters	1
R&D centers	2
Steering plants	4
Bearing plants	1
Driveline component plants	1
Sales bases / service centers	4



Participation in IMTS

JTEKT participated in the large-scale U.S. trade show IMTS and displayed mainly machine tools for the aerospace and energy-related industries. The JTEKT booth received more visitors this time than at the last show, who showed particular interest in the large machines.



New bearing plant opened in America

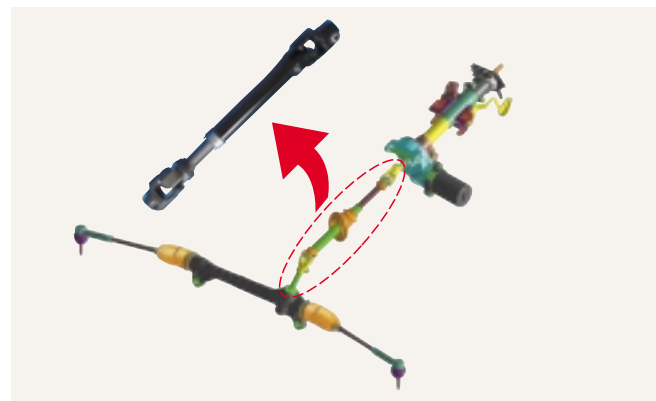
A joint ceremony was held to commemorate the opening of Koyo Corporation of U.S.A.'s Washington Plant, its third, and Nakatetsu Machining Technologies (NMT), a joint venture between JTEKT and group company Nakatetsu Co., Ltd.



Introduction of New Technology and Products

Development of high-rigidity ball slide type intermediate shaft

The intermediate shaft is the part linking the steering column and gearbox. This new type has been developed for high-power column type electric power steering systems, which contribute to improved vehicle fuel efficiency, and enhances driving stability. It utilizes a linear type ball slide mechanism based on a bearing design to eliminate play and achieve high rigidity, which enables stability during high-speed straight driving and improves steering stability by smoothly absorbing vertical vibrations caused by road conditions.



Development of lightweight, low-torque hub unit bearing for small cars

The hub unit bearing is a unit comprising the wheel bearing and peripheral parts. This new type, which has been developed for small cars, has low torque and is lightweight and compact, making it environmentally friendly. Measures such as reducing the bearing flange thickness and modifying the dust cover shape enabled weight to be reduced 20% and torque 30% in comparison with the conventional product.



Development of electronically controlled coupling (ITCC) for large SUVs

4WD electronically controlled couplings (ITCC) are products installed in the differentials of 4WD vehicles that instantaneously and optimally control distribution of drive force to the front and rear wheels in accordance with road conditions. They enable both the superior fuel efficiency of 2WD vehicles and such desirable performance features of 4WD vehicles as smooth starting and acceleration on slippery roads.

Measures to improve durability and enable this newly developed product's application on large-displacement vehicles included the adoption of a specially developed high-performance oil and increasing the number of clutch plates.



Development of two new machine tool types

JTEKT has developed two new types of machine tools: the horizontal machining center* FH800SXL, and the complex grinder TG5 Grinding Center. The former was developed in response to strong market demand for a horizontal machining center capable of machining large parts for use in such products as large engines, aircraft, and energy-related products. It can machine parts up to 1.8 meters in diameter, 1.6 meters in height, and 3 tons in weight, considerably larger than those conventional machining centers can handle. In addition, its reduced machining time improves productivity, and it can machine a wide variety of materials. The TG5 Grinding Center is a complex grinder** possessing multiple grinding wheels that are changed automatically, making it possible to grind the outer diameters, ends, and inner diameters of cylindrical parts on a single machine. The world-class grinding precision and quick grinding wheel changeover capability of this machine make it a high-precision, highly efficient complex grinder.

* Machining center: A machine tool with numerous cutting tools that are changed automatically to enable multiple machining types by a single machine.

** Grinder: A machine tool that performs grinding using rotating grinding wheels. Precision is superior to that of general cutting by lathes.



FH800SXL



TG5 Grinding Center

Financial data

Consolidated Balance Sheet

March 31, 2009

ASSETS	Thousands of U.S. dollars		LIABILITIES AND NET ASSETS	Thousands of U.S. dollars	
	Millions of yen	2009		Millions of yen	2009
Current assets:			Current liabilities:		
Cash	¥ 52,074	\$ 530,124	Short-term loans	¥ 83,979	\$ 854,927
Time deposits	1,133	11,533	Current portion of long-term debt	24,044	244,772
Short-term investments	23,731	241,584	Notes and accounts payable:		
Notes and accounts receivable:			Trade	120,894	1,230,728
Trade	151,238	1,539,634	Unconsolidated subsidiaries and affiliates	7,638	77,754
Unconsolidated subsidiaries and affiliates	7,583	77,194	Construction	13,681	139,274
Other	10,299	104,843	Other	11,302	115,051
	169,120	1,721,671		153,515	1,562,807
Allowance for doubtful accounts	(959)	(9,756)	Income tax payable	2,454	24,978
	168,161	1,711,915	Accrued expenses	31,612	321,816
Inventories	127,708	1,300,091	Other current liabilities	17,819	181,404
Deferred tax assets	12,165	123,839	Total current liabilities	313,423	3,190,704
Other current assets	12,318	125,395	Long-term debt	107,969	1,099,143
Total current assets	397,290	4,044,481	Accrued indemnities from retirement benefit plan	60,435	615,240
			Accrued severance indemnities for members of the board of directors and corporate auditors	3,081	31,360
Investments and advances:			Deferred tax liabilities	2,696	27,448
Investments in securities	29,377	299,062	Other liabilities	2,234	22,744
Investments in and advances to unconsolidated subsidiaries and affiliates	14,394	146,537	Total liabilities	489,838	4,986,639
	43,771	445,599	Net assets:		
Property, plant and equipment:			Shareholders' equity:		
Buildings and structures	199,808	2,034,079	Common stock:		
Machinery and equipment	667,116	6,791,369	Authorized - 1,200,000 thousand shares		
Lease assets	5,565	56,657	Issued - 321,406 thousand shares	36,879	375,437
	872,489	8,882,105	Capital surplus	99,526	1,013,190
Accumulated depreciation	(620,383)	(6,315,624)	Retained earnings	197,807	2,013,713
	252,106	2,566,481	Less: Treasury shares	(371)	(3,782)
Land	54,801	557,885	Evaluation and conversion difference:		
Construction in progress	18,854	191,938	Unrealized gain on other securities	5,962	60,693
	325,761	3,316,304	Translation adjustments on foreign currency financial statements	(34,181)	(347,968)
Deferred tax assets	29,369	298,987	Minority interests in consolidated subsidiaries	18,002	183,271
Other assets	17,271	175,822	Total net assets	323,624	3,294,554
Total assets	¥813,462	\$8,281,193	Total liabilities and net assets	¥813,462	\$8,281,193

Conversion rate: ¥98.23 per U.S. dollar

As of March 31, 2009, JTEKT had 97 consolidated subsidiaries and 11 affiliates accounted for by the equity method. The main ones of each type are shown below.

(Consolidated subsidiaries)

KOYO MACHINE INDUSTRIES CO., LTD.
TOYOOKI KOGYO CO., LTD.
KOYO SEALING TECHNO CO., LTD.
CNK CO., LTD.
KOYO THERMO SYSTEMS CO., LTD.
KOYO ELECTRONICS INDUSTRIES CO., LTD.
KOYO SALES, LTD.
DAIBEI CO., LTD.
UTSUNOMIYA KIKI CO., LTD.
HOUKO CO., LTD.
TOYODA VAN MOPPE LTD.

JTEKT (THAILAND) CO., LTD.
JTEKT AUTOMOTIVE TENNESSEE-MORRISTOWN, INC.
JTEKT AUTOMOTIVE TENNESSEE-VONORE CO.
JTEKT AUTOMOTIVE LYON S.A.S.
JTEKT AUTOMOTIVE DIJON SAINT-ETIENNE S.A.S.
JTEKT AUTOMOTIVE VIRGINIA, INC.
JTEKT AUTOMOTIVE (THAILAND) CO., LTD.
KOYO CORPORATION OF U.S.A.
KOYO ROMANIA S.A.
KOYO BEARINGS (EUROPE) LTD.
TOYODA MACHINERY USA CORP.

(Affiliates accounted for by the equity method)

FUJIKIKO CO., LTD.
MITSUI SEIKI KOGYO CO., LTD.

Financial data
**Consolidated Statement of
Income and Retained Earnings**

For the year ended March 31, 2009

	Millions of yen 2009	Thousands of U.S. dollars 2009
Net sales	¥ 1,017,071	\$ 10,353,981
Cost of sales	887,564	9,035,569
Gross profit	129,507	1,318,412
Selling, general and administrative expenses	107,137	1,090,679
Operating income	22,370	227,733
Other income (expenses):		
Interest and dividend income	2,790	28,406
Interest expense	(3,654)	(37,202)
Foreign currency exchange loss, net	(8,057)	(82,018)
Loss on sales or disposal of property, plant and equipment, net	(6,215)	(63,272)
Equity in loss of unconsolidated subsidiaries and affiliates	(2,205)	(22,445)
Other, net	(4,369)	(44,482)
	(21,710)	(221,013)
Income before income taxes and items listed below	660	6,720
Income taxes:		
Current	6,165	62,761
Deferred	5,733	58,360
Minority interests in net income of consolidated subsidiaries	716	7,293
Net loss	(11,954)	(121,694)
Consolidated retained earnings:		
Balance at beginning of the year	217,333	2,212,489
Net increase due to the change in scope of consolidation	783	7,970
Net decrease due to the change of accounting standard	(647)	(6,586)
Cash dividends	(7,708)	(78,466)
Balance at end of the year	¥ 197,807	\$ 2,013,713
Per share:	Yen	U.S. dollars
Net loss	¥ (37.22)	\$ (0.38)
Cash dividends	17.00	0.17

 Weighted average number of common shares
outstanding (thousands) **321,146** **321,146**
**Consolidated Statement of
Cash Flows**

For the year ended March 31, 2009

	Millions of yen 2009	Thousands of U.S. dollars 2009
Cash flows from operating activities:		
Income before income taxes	¥ 660	\$ 6,720
Depreciation and amortization	55,824	568,301
Equity in loss of unconsolidated subsidiaries and affiliates	2,205	22,445
Notes and accounts receivable	71,457	727,445
Inventories	(13,318)	(135,584)
Notes and accounts payable	(70,043)	(713,046)
Bonuses to directors and corporate auditors	(671)	(6,827)
Payment of income taxes	(20,427)	(207,952)
Other, net	8,221	83,693
Net cash provided by operating activities	33,908	345,195
Cash flows from investing activities:		
Increase in time deposits	(241)	(2,450)
Decrease in marketable securities	6	65
Purchases of property, plant and equipment	(59,043)	(601,070)
Proceeds from sales of property, plant and equipment	1,361	13,851
Increase in investments in securities	(2,562)	(26,078)
Decrease in loans receivable	302	3,071
Other, net	1,200	12,212
Net cash used in investing activities	(58,977)	(600,399)
Cash flows from financing activities:		
Increase in short-term loans	32,654	332,425
Increase in long-term debt	4,249	43,250
Cash dividends	(8,318)	(84,681)
Other, net	(1,438)	(14,635)
Net cash provided by financing activities	27,147	276,359
Exchange difference of cash and cash equivalents	(12,556)	(127,818)
Net increase in cash and cash equivalents	(10,478)	(106,663)
Cash and cash equivalents at beginning of the year	83,563	850,686
Net increase due to the change in scope of consolidation	1,989	20,245
Cash and cash equivalents at end of the year	¥ 75,074	\$ 764,268

Financial data
Nonconsolidated Balance Sheet

March 31, 2009

ASSETS	Millions of yen 2009	Thousands of U.S. dollars 2009
Current assets:		
Cash	¥ 5,341	\$ 54,369
Short-term investments	23,000	234,144
Notes and accounts receivable:		
Trade	58,542	595,972
Subsidiaries and affiliates	70,665	719,277
Other	5,584	56,851
	134,781	1,372,100
Allowance for doubtful accounts	(39)	(397)
	134,742	1,371,703
Inventories	40,980	417,185
Deferred tax assets	6,905	70,289
Other current assets	5,716	58,195
Total current assets	216,684	2,205,885
Investments and advances:		
Investments in securities	19,296	196,435
Investments in and advances to subsidiaries and affiliates	160,289	1,631,771
	179,585	3,833,704
Property, plant and equipment:		
Buildings and structures	115,663	1,177,470
Machinery and equipment	376,585	3,833,704
Lease assets	1,441	14,669
	493,689	5,025,843
Accumulated depreciation	(375,392)	(3,821,563)
	118,297	1,204,280
Land	39,001	397,043
Construction in progress	8,167	83,139
	165,465	1,684,462
Deferred tax assets	17,673	179,913
Other assets	12,157	123,765
Total assets	¥ 591,564	\$ 6,022,231

Conversion rate: ¥98.23 per U.S. dollar

LIABILITIES AND NET ASSETS	Millions of yen 2009	Thousands of U.S. dollars 2009
Current liabilities:		
Short-term loans	¥ 48,750	\$ 496,284
Current portion of long-term debt	20,000	203,604
Notes and accounts payable:		
Trade	57,478	585,134
Subsidiaries and affiliates	26,108	265,785
Construction	10,115	102,969
Other	4,535	46,169
	98,236	1,000,057
Accrued expenses	12,210	124,295
Other current liabilities	10,627	108,189
Total current liabilities	189,823	1,932,429
Long-term debt	89,000	906,037
Accrued indemnities from retirement benefit plan	41,981	427,376
Accrued severance indemnities for members of the board of directors and corporate auditors	1,608	16,369
Other liabilities	759	7,735
Total liabilities	323,171	3,289,946
Net assets:		
Shareholders' equity:		
Common stock:		
Authorized - 1,200,000 thousand shares		
Issued - 321,406 thousand shares	36,879	375,437
Capital surplus	99,519	1,013,117
Retained earnings	126,865	1,291,509
Less: Treasury shares	(333)	(3,393)
Evaluation and conversion difference:		
Unrealized gain on other securities	5,463	55,615
Total net assets	268,393	2,732,285
Total liabilities and net assets	¥ 591,564	\$ 6,022,231

Financial data

Nonconsolidated Statement of Income

For the year ended March 31, 2009

	Millions of yen 2009	Thousands of U.S. dollars 2009
Net sales	¥ 588,462	\$ 5,990,654
Cost of sales	541,905	5,516,690
Gross profit	46,557	473,964
Selling, general and administrative expenses	46,798	476,415
Operating loss	(241)	(2,451)
Other income (expenses):		
Interest and dividend income	9,907	100,853
Interest expense	(1,379)	(14,033)
Foreign currency exchange loss, net	(3,381)	(34,421)
Loss on sales or disposal of property, plant and equipment, net	(4,098)	(41,723)
Other, net	(12,149)	(123,675)
	(11,100)	(112,999)
Loss before income taxes and items listed below	(11,341)	(115,450)
Income taxes:		
Current	50	509
Deferred	296	3,021
Net loss	¥ (11,341)	\$ (118,980)

Per share:	Yen	U.S. dollars
Net loss	¥ (36.39)	\$ (0.37)
Cash dividends	17.00	(0.17)

Weighted average number of common shares outstanding (thousands)	321,162	321,162
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Company Profile

Profile

Company name	JTEKT CORPORATION
Head office locations	Nagoya head office No.7-1, Meieki 4-chome, Nakamura-ku, Nagoya, Aichi Pref., 450-8515, Japan Osaka head office No.5-8, Minamisemba 3-chome, Chuo-ku, Osaka, 542-8502, Japan
Main business	Manufacture and sale of steering systems, bearings, driveline components, machine tools, etc.
Capital	36 billion yen
Sales	Consolidated: 1,017 billion yen Nonconsolidated: 588 billion yen
Number of employees	Consolidated: 33,029 Nonconsolidated: 10,091

Members of the Board and Officers

Directors

Chairman	Kohshi Yoshida
President	Motohiko Yokoyama
Executive Vice President	Shoji Ikawa
Executive Vice President	Masakazu Nagai
Senior Executive Director	Nobuyoshi Hisada
Senior Executive Director	Tetsuo Inui
Senior Executive Director	Takaaki Suzuki
Senior Executive Director	Hiroshi Itoh
Senior Executive Director	Takao Yoneda
Executive Director	Hitoshi Shimatani
Executive Director	Toshihiko Daido
Director	Takeshi Uchiyamada

Corporate auditors

Corporate Auditor	Masatake Enomoto
Corporate Auditor	Hiroshi Fujii
Corporate Auditor	Koichi Fukaya
Corporate Auditor	Atsushi Niimi
Corporate Auditor	Masaaki Kobayashi

Managing officers

Executive Managing Officer	Masakazu Isaka
Executive Managing Officer	Hideo Kuwabara
Managing Officer	Toshio Hirokawa
Managing Officer	Hiroyuki Kaijima
Managing Officer	Ryuichi Kakui
Managing Officer	Yoshio Sakai
Managing Officer	Tomizou Nakaya
Managing Officer	Masayuki Kitamura

Managing Officer	Hisashi Matsumoto
Managing Officer	Kiyohiro Iritani
Managing Officer	Noriya Murase
Managing Officer	Motoyasu Nakamura
Managing Officer	Shiro Nakano
Managing Officer	Yusuke Horiuchi
Managing Officer	Azuma Arai
Managing Officer	Tomokazu Takahashi
Managing Officer	Hirokazu Takii
Managing Officer	Masaki Kamikawa
Managing Officer	Shinji Uetake
Managing Officer	Hiroyuki Miyazaki
Managing Officer	Yoshio Tsuji
Managing Officer	Keiji Araki

Shareholder Information as of March 2009 (share quantities in units of 1,000)

- Number of authorized shares: 1,200,000
Number of issued shares: 321,406
- Number of shareholders: 21,535
- Major (top 10) shareholders

Shareholder	No. of shares
Toyota Motor Corporation	72,435
The Master Trust Bank of Japan, Ltd.	20,416
Denso Corporation	17,611
Japan Trustee Services Bank, Ltd.	16,555
Japan Trustee Services Bank, Ltd. (4G)	12,839
Nippon Life Insurance Company	12,361
Toyota Industries Corporation	7,493
Resona Bank, Ltd.	6,749
The Sumitomo Trust and Banking Co., Ltd.	6,729
Sumitomo Mitsui Banking Corporation	6,366

- Breakdown of shareholders (100% = total issued shares)

