

FINANCIAL CONFERENCE

FOR THE RESULTS OF THE YEAR ENDED
MARCH 31, 2003 AND
FORECASTS FOR THE YEAR ENDING MARCH 31, 2004

Seiichi Asaka
President & CEO

May 15, 2003
NSK Ltd.

Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this report with respect to plans, strategies and future performance that are not historical fact are forward-looking statements. NSK cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Note : This document is an English translation of material written initially in Japanese.
The Japanese original should be considered the primary version.

NSK
MOTION & CONTROL

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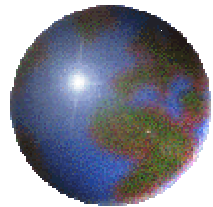
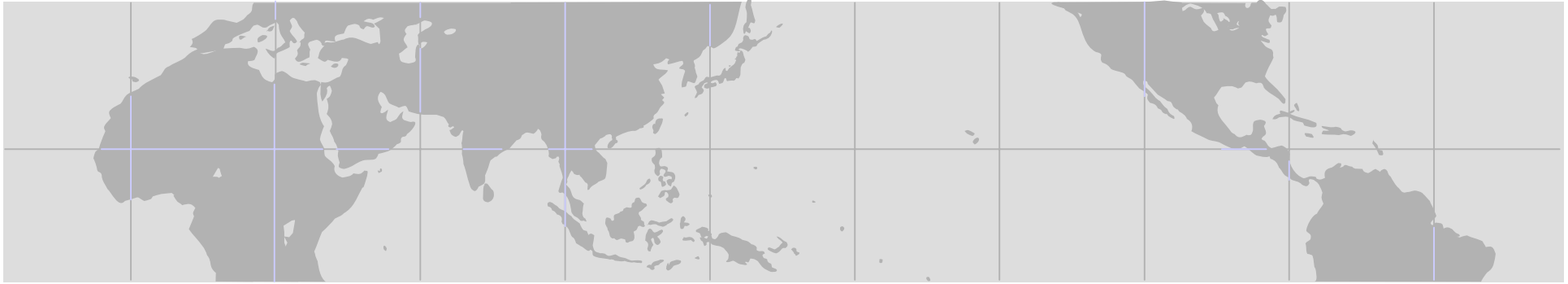


Consolidated Business Results for the
Year Ended March 31, 2003

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Forecasts For The Year Ending
March 31, 2004

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Consolidated Business Results for the Year Ended March 31, 2003

Summary of the Consolidated Business Results for FY 2002



*Profit and loss items are compared with the same period last year. Balance sheet items are compared with year-end data for FY 2001.

(¥100 million)	(Year ended Mar. 31, '01)	(Year ended Mar. 31, '02)	(Year ended Mar. 31, '03)	Difference (%)	
	FY 2000	FY 2001	FY 2002		
Sales	5,331	4,809	5,228	+419	+8.7%
Operating income	258	39	178	+139	+352.2%
Ordinary income	191	-32	108	+140	—
Profit before tax	233	-103	-21	+82	—
Net income	114	-177	-27	+150	—
(Rate: 1 US\$=)	(¥107.90)	(¥121.50)	(¥125.33)		
(Rate: 1 STG£=)	(¥164.03)	(¥175.27)	(¥187.99)		
(Rate: 1 EURO=)	(¥ 99.45)	(¥108.63)	(¥117.93)		
Free cash flow	47	-40	147		
Interest bearing debt	2,458	2,724	2,678	-46	-1.7%
D/E ratio (times)	1.08	1.31	1.57		
Inventories	1,023	975	835	-140	-14.3%
Inventory turnover (turns)	5.2	4.9	6.3		

Summary of Benefits from the 2nd Phase of the “NSK Business Restructuring Program”



(¥ 100 million)	(Year ended Mar. 31, '03)
	FY 2002
	Profit contributions
Restructuring of our domestic employment system	+27
Reduction of procurement costs	+45
Restructuring of our European business	+58
Total	+130

Changes in the Scope of Consolidation



(1) Changes in the scope of consolidated subsidiaries

(74 companies → 76 companies)

< Increase due to establishment of new corporate entities: 4 companies >

- NSK Precision Co., Ltd.
- NSK Steering Systems Dongguan Co., Ltd.
- Zhangjiagang NSK Precision Machinery Co., Ltd.
- PT. NSK Indonesia

< Decrease due to sale of the company: 1 company >

- Waelzlager Industrierwerke Bulle AG

< Decrease due to transfer to the scope of affiliates accounted for under the equity method : 1 company >

- Aeroengine Bearings UK Ltd.

(2) Changes in affiliates accounted for under the equity method

(20 companies → 22 companies)

< Increase due to establishment of a new corporate entity: 1 company >

- Timken-NSK Bearings (Suzhou) Co., Ltd. (Equity: 50%)

< Increase due to transfer from the scope of consolidated subsidiaries: 1 company >

- Aeroengine Bearings UK Ltd

Consolidated net sales –By customer location–



(¥100 million)	(Year ended March 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
Japan	2,576	2,793	+217	—	+217 (+8.4%)
(Overseas sales ratio)	(46.4%)	(46.6%)			
Overseas	2,233	2,435	+202	+68	+134 (+6.0%)
The Americas	765	818	+53	+7	+46 (+6.0%)
Europe	770	814	+44	+38	+6 (+0.9%)
Asia	698	803	+105	+23	+82 (+11.8%)
Total	4,809	5,228	+419	+68	+351 (+7.3%)

- **Japan:** Sales to both the automotive industry and general industrial sector increased.
- **The Americas:** Sales to the automotive industry increased in the U.S. and Canada, but sales to the information technology industry and general industrial sector were sluggish, as were sales in Brazil.
- **Europe:** Sales decreased to both the general industrial sector and the aftermarket.
- **Asia:** Sales in Indonesia and China were robust

Consolidated net sales –By business segment–



(¥100 million)	(Year ended March 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
Bearings	3,023	3,219	+196	+34	+162 (+5.4%)
Automotive components	1,282	1,507	+225	+27	+198 (+15.4%)
Precision machinery	340	349	+9	+6	+3 (+0.9%)
Others	164	153	-11	+1	-12 (-7.3%)
Total	4,809	5,228	+419	+68	+351 (+7.3%)

- **Bearings:** Sales increased, especially to the automotive industry
- **Automotive components:** Sales of electric power assisted steering (EPS) systems and automatic transmission components increased.
- **Precision machinery:** Sales of systemized products to Korea increased, offsetting the fall in sales in Europe and the Americas
- **Others:** Sale of general machinery decreased.

Consolidated net sales



–Automotive components–

(¥100 million)	(Year ended March 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	Increase/ (decrease)
Automotive components	1,282	1,507	+225 (+17.6%)
EPS	284	377	+93 (+32.7%)
Steering columns & joints	399	468	+69 (+17.3%)
Automatic transmission components	377	446	+69 (+18.3%)
Seatbelts	169	205	+36 (+21.3%)
Others	53	11	-42 (-79.2%)

Consolidated net sales



–Precision machinery and parts–

(¥100 million)	(Year ended March 31, 2002) FY 2001		(Year ended March 31, 2003) FY 2002	
	1st half	2nd half	1st half	2nd half
Precision machinery and parts	209	131	165	184
Linear products	127	89	102	106
(Increase/decrease)	-24.4%	-50.8%	-19.7%	19.1%
Mechatronics products, etc.	82	42	63	78
(Increase/decrease)	-28.7%	-63.8%	-23.2%	85.7%

Consolidated business results



–By geographical segment–

(¥100 million)	(Year ended March 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
《Sales》					
Japan	3,667	3,955	+288	—	+288 (+7.9%)
The Americas	733	774	+41	+7	+34 (+4.6%)
Europe	798	850	+52	+38	+14 (+1.8%)
Asia	538	575	+37	+23	+14 (+2.6%)
Elimination	-927	-926	+1	0	+1 (—)
Total	4,809	5,228	+419	+68	+351 (+7.3%)
《Operating income》					
Japan	31 (0.8%)	129 (3.3%)	+98	—	+98 (+316.1%)
The Americas	19 (2.6%)	20 (2.6%)	+1	-1	+2 (+10.5%)
Europe	-63 (-7.9%)	-19 (-2.2%)	+44	-5	+49 (+77.8%)
Asia	35 (6.5%)	46 (8.0%)	+11	+2	+9 (+25.7%)
Elimination	17 (—)	2 (—)	-15	—	-15 (—)
Total	39 (0.8%)	178 (3.4%)	+139	-4	+143 (+366.7%)

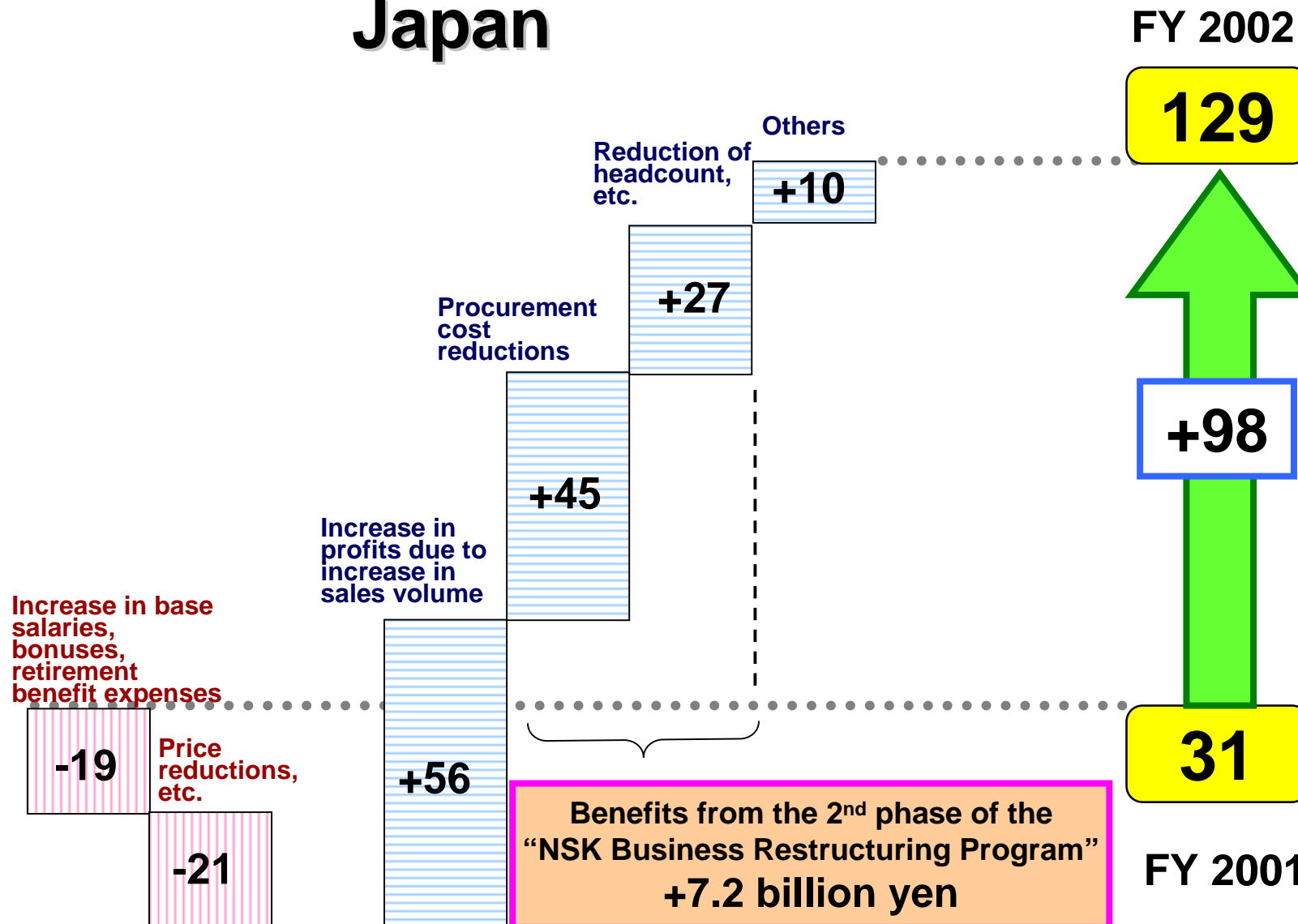
Operating income: Improvement factors

(FY 2001 VS FY 2002)



(¥100 million)

Japan

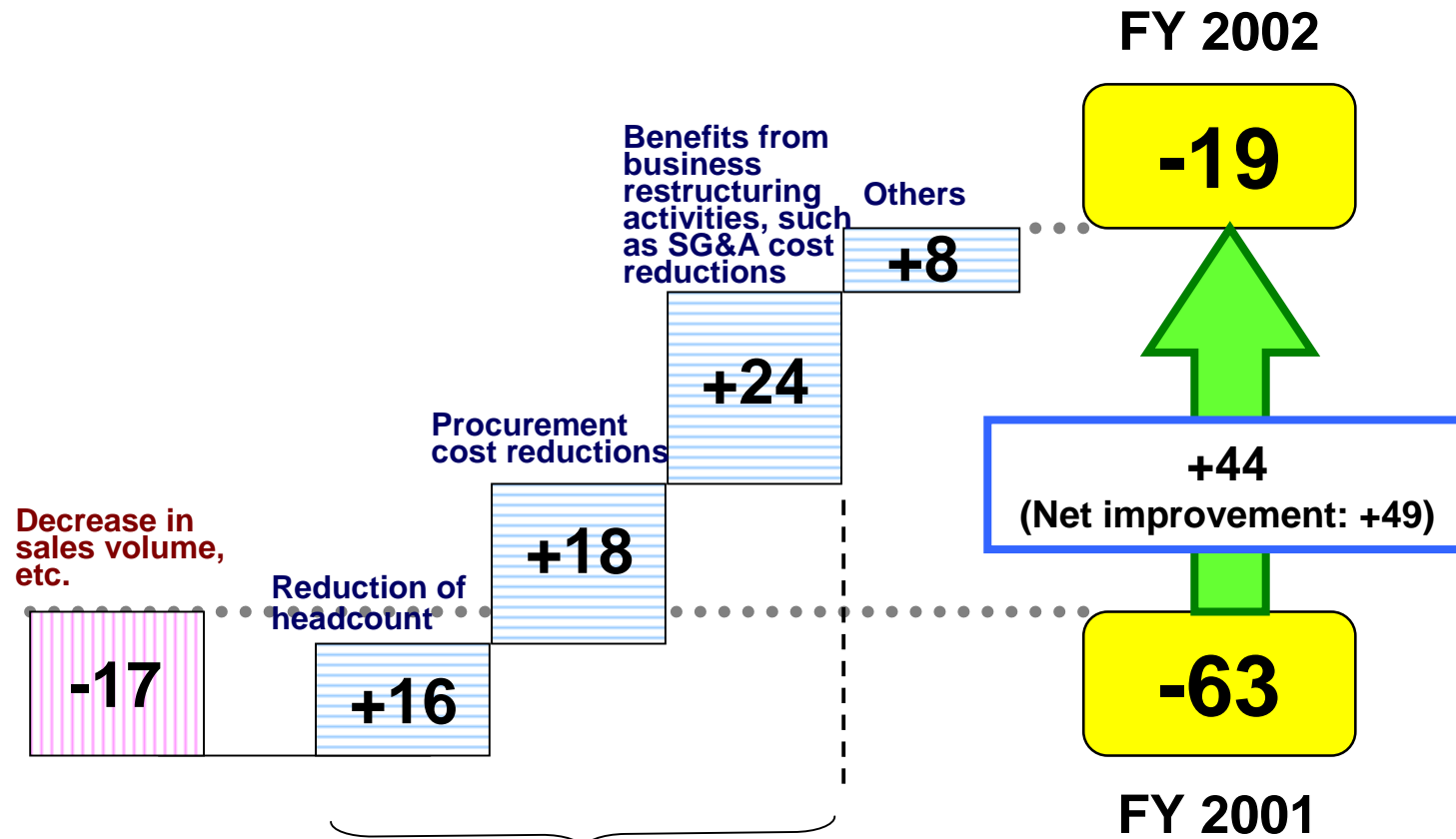


Operating income: Improvement factors

(FY 2001 VS FY 2002)

(¥100 million)

Europe



Benefits from the 2nd phase of the
 “NSK Business Restructuring Program”
+5.8 billion yen

Consolidated business results

–By business segment–



(¥100 million)	(Year ended March 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
《Sales》					
Bearings	3,023	3,219	+196	+34	+162 (+5.4%)
Automotive components	1,282	1,507	+225	+27	+198 (+15.4%)
Precision machinery	340	349	+9	+6	+3 (+0.9%)
Others	164	153	-11	+1	-12 (-7.3%)
Total	4,809	5,228	+419	+68	+351 (+7.3%)
《Operating income》					
Bearings	113 (+3.7%)	221 (+6.9%)	+108	-4	+112 (+99.1%)
Automotive components	4 (+0.3%)	43 (+2.8%)	+39	—	+39 (+975.0%)
Precision machinery	-53 (-15.7%)	-63 (-18.0%)	-10	—	-10 (-18.9%)
Others	-25	-23	+2	—	+2 (+8.0%)
Total	39 (+0.8%)	178 (+3.4%)	+139	-4	+143 (+366.7%)

Consolidated non-operating income and losses



(¥100 million)	(Year ended Mar. 31, 2001)	(Year ended Mar. 31, 2002)	(Year ended Mar. 31, 2003)	Y.O.Y
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	
Operating income	258	39	178	+139
Non-operating income	97	76	81	+5
Interest and dividend income	26	21	18	-3
Equity in earnings of affiliated companies	32	26	34	+8
Miscellaneous income	39	29	29	±0
Non-operating loss	164	147	151	+4
Interest expenses	94	78	66	-12
Miscellaneous expenses	70	69	85	+16
Ordinary income	191	-32	108	+140

Consolidated extraordinary income and losses



(¥100 million)	(Year ended Mar. 31, 2001) <u>FY 2000</u>	(Year ended Mar. 31, 2002) <u>FY 2001</u>	(Year ended Mar. 31, 2003) <u>FY 2002</u>	<u>Y.O.Y</u>
Ordinary income	191	-32	108	+140
Extraordinary income	247	96	160	+64
Gain on sales of property, plant and equipment	0	93	9	-84
Gain on sales of investment securities	36	3	32	+29
Gain on contribution of securities to employees' retirement benefit trust	202	—	119	+119
Gain on sales of investments in affiliated companies	9	—	—	—
Extraordinary losses	205	167	289	+122
Loss on sales of investments in affiliated companies	—	—	8	+8
Loss on devaluation of investment securities	0	129	129	±0
Costs related to business restructuring	26	38	150	+112
Provision for employee' retirement benefit trust	179	—	2	+2
15 Income before tax	233	-103	-21	+82

Consolidated balance sheets



(¥100 million)	(Year ended Mar. 31, 2001)	(Year ended Mar. 31, 2002)	(Year ended Mar. 31, 2003)	Difference from the previous fiscal year
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	
Current assets	3,216	2,915	2,858	-57
Cash and deposits	187	245	373	+128
Notes and accounts receivable	1,480	1,127	1,135	+8
Marketable securities	231	307	176	-131
Inventories	1,023	975	835	-140
Other current assets	295	261	339	+78
Non-current assets	3,589	3,513	3,073	-440
Property, plant and equipment	2,039	2,202	2,014	-188
Investment securities	1,462	1,228	797	-431
Prepaid pension expenses	—	—	148	+148
Deferred tax assets	10	16	53	+37
Others	78	67	61	-6
*<Capital expenditure>	<385>	<362>	<230>	<-132>
Total assets	6,805	6,428	5,931	-497
(Rate: 1 US\$=)	(¥114.75)	(¥131.95)	(¥119.90)	
(Rate: 1 STG £ =)	(¥171.10)	(¥191.53)	(¥192.44)	
(Rate: 1 EURO=)	(¥106.55)	(¥116.51)	(¥125.08)	

Consolidated inventories



(¥100 million)	(Year ended March 31, 2001) FY 2000	(Year ended March. 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	Y.O.Y	Excluding effect of FOREX, etc.	Y.O.Y in local currencies
Japan	523	454	380	-74		-74
<Non- consolidated>	313	268	184	-84		-84
Overseas	500	521	455	-66	-30	-36
Americas	184	193	152	-41	-24	-17
Europe	196	215	195	-20	0	-20
Asia	120	113	108	-5	-6	+1
Total	1,023	975	835	-140	-30	-110

Consolidated capital expenditures



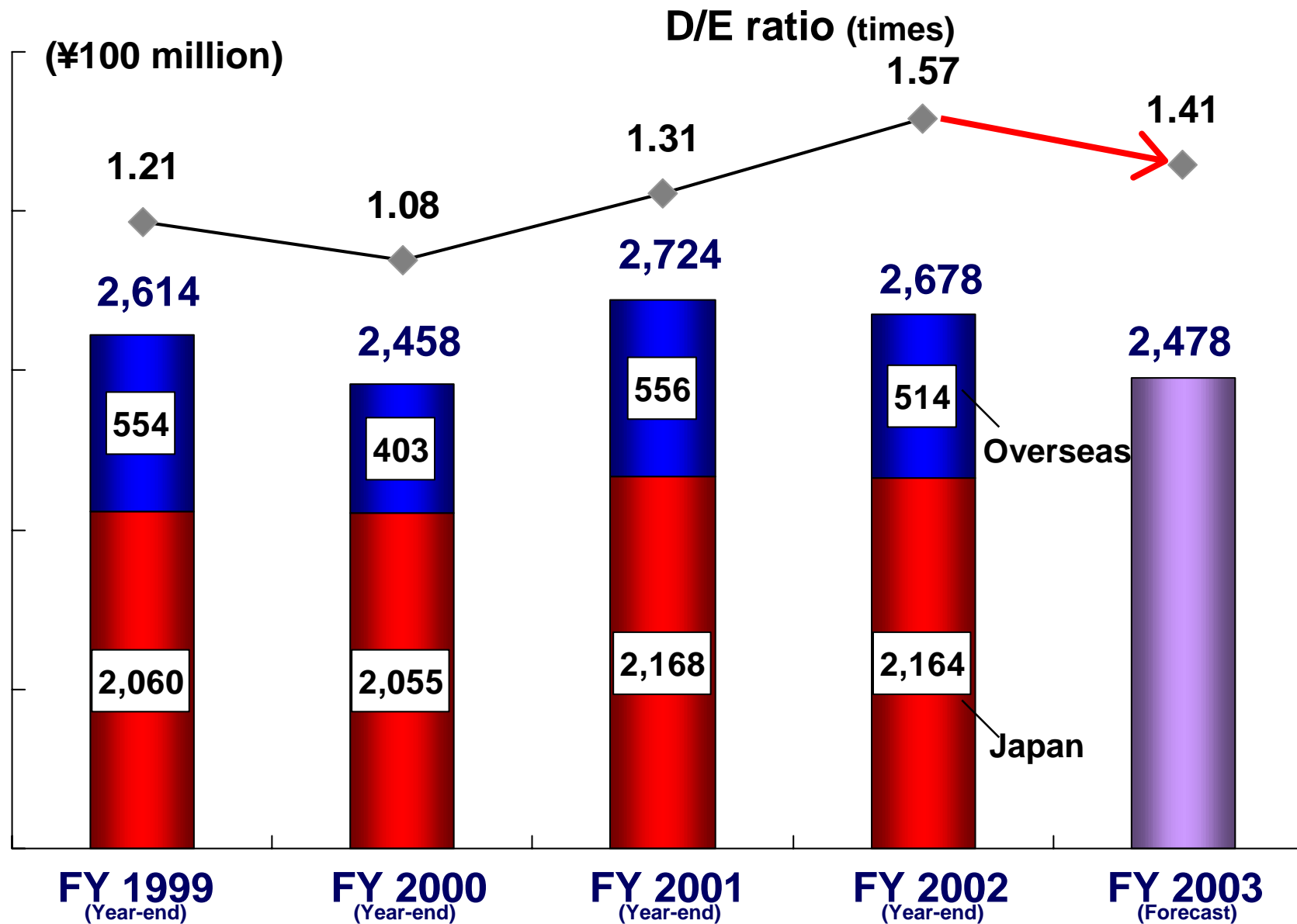
	(Year ended March 31, 2001) FY 2000	(Year ended March. 31, 2002) FY 2001	(Year ended March 31, 2003) FY 2002	(Year ending Mar. 31, 2004) FY 2003 <Forecast>
(¥100 million)				
Total capital expenditures	385	362	230	240
Japan	247	185	120	120
<Non- consolidated>	<221>	<134>	<77>	<75>
Overseas	138	177	110	120
Americas	34	66	37	37
Europe	52	55	37	22
Asia	52	56	36	61
Depreciation	257	282	288	288
Japan	163	168	162	153
<Non- consolidated>	<134>	<122>	<99>	<71>
Overseas	94	114	126	135

Consolidated balance sheets

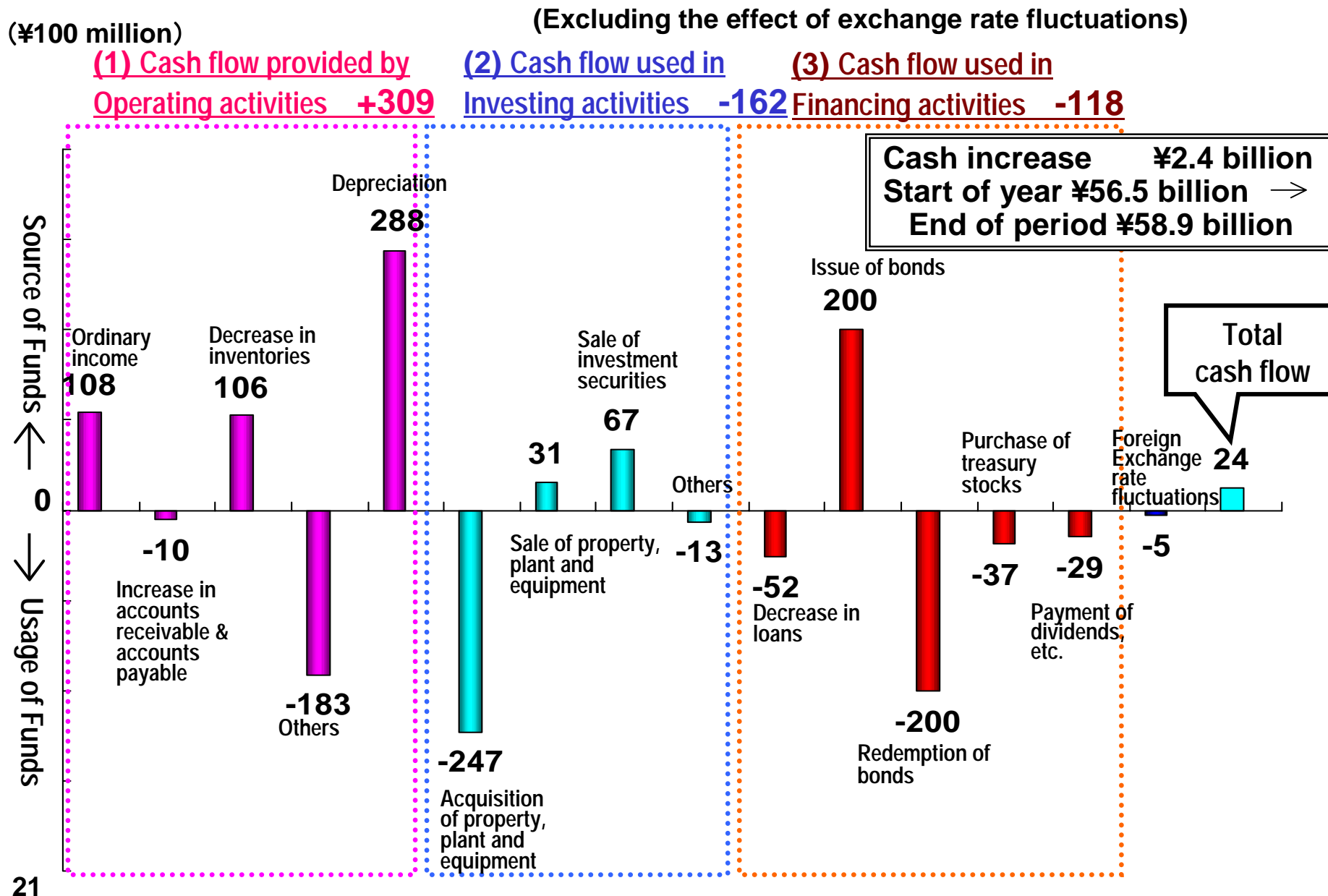


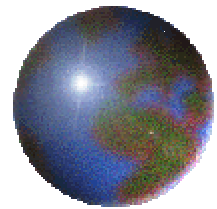
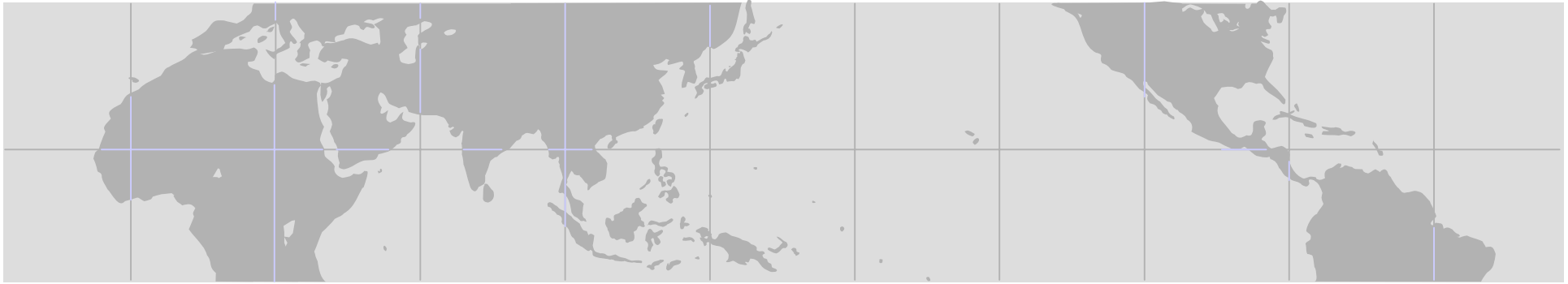
(¥100 million)	(Year ended Mar. 31, 2001) FY 2000	(Year ended Mar. 31, 2002) FY 2001	(Year ended Mar. 31, 2003) FY 2002	Difference from the previous fiscal year
Current liabilities	2,620	2,394	2,274	-120
Notes and accounts payables	1,050	863	874	+11
Short term loans, Bonds	1,055	1,185	1,031	-154
Others	515	346	369	+23
Long term liabilities	1,797	1,824	1,834	+10
Bonds, Long term loans, etc.	1,403	1,539	1,647	+108
Deferred tax liabilities	139	69	27	-42
Accrued retirement benefits	165	131	65	-66
Others	90	85	95	+10
Total liabilities	4,417	4,218	4,108	-110
* <Interest-bearing debts>	<2,458>	<2,724>	<2,678>	<-46>
Minority interests	114	128	117	-11
Common stock, capital surplus	1,495	1,451	1,451	—
Retained earnings	767	539	484	-55
Unrealized holding gains on securities	271	243	51	-192
Translation adjustments	-233	-147	-236	-89
Treasury stock	-4	-4	-44	-40
Total shareholder's equity	2,274	2,082	1,706	-376
Total liabilities and shareholder's equity	6,805	6,428	5,931	-497

Consolidated interest bearing debts



Consolidated cash flow (FY 2002)





Forecasts for the Year Ending March 31, 2004

Consolidated business forecasts for the year ending March 31, 2004



(¥100 million)	Year ended March 31, 2003			Year ending March 31, 2004			Y.O.Y
	<u>FY 2002</u>			<u>FY 2003</u>			
	<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Forecast> 1st half	<Forecast> 2nd half	<Forecast> Total	
Net sales	2,607	2,621	5,228	2,470	2,450	4,920	-5.9%
Operating income	65	113	178	90	130	220	+23.6%
Ordinary income	32	76	108	65	100	165	+52.8%
Income before tax	75	-96	-21	70	100	170	—
Net income	8	-35	-27	20	60	80	—
(Rate: 1 US\$=)	(¥129.67)	(¥120.99)	(¥125.33)	(¥118)	←	←	
(Rate: 1 STG£=)	(¥187.30)	(¥188.69)	(¥187.99)	(¥192)	←	←	
(Rate: 1 EURO=)	(¥115.98)	(¥119.88)	(¥117.93)	(¥120)	←	←	

Summary of Benefits from the 2nd Phase of the "NSK Business Restructuring Program"



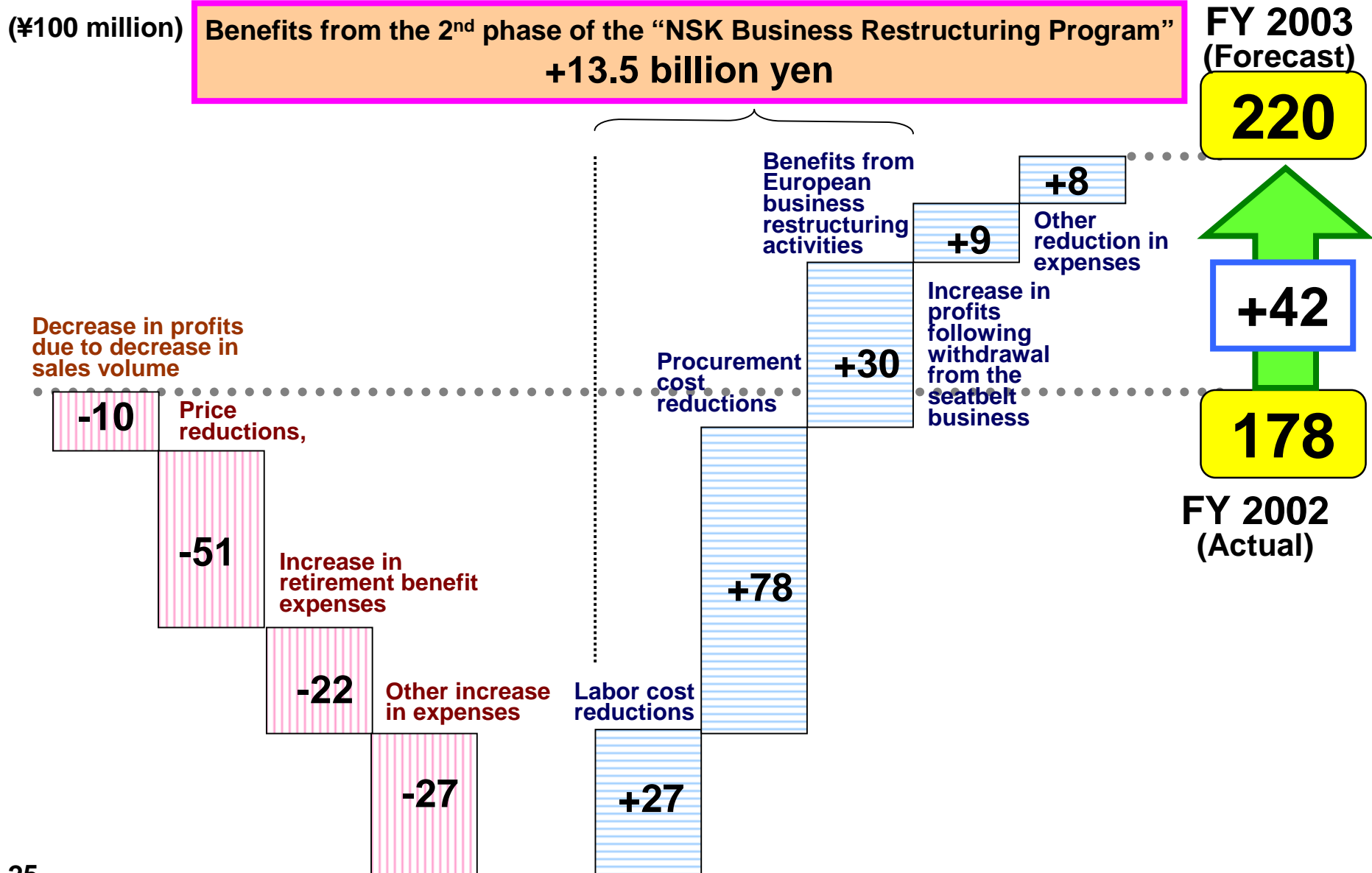
(¥ 100 million)	(Year ended Mar. 31, '03)	(Year ending Mar. 31, '04)		
	FY 2002	FY 2003		
	Profit contributions	Contributions from activities implemented in FY 2002	Contributions from activities to be implemented in FY 2003	Profit contributions <small>(Total contributions from activities implemented in FY 2002 and FY 2003)</small>
Restructuring of our domestic employment system	+27	+54	0	+54
Reduction of procurement costs	+45	+45	+78	+123
Restructuring of our European business	+58	+76	+12	+88
Total	+130	+175	+90	+265

Increase in profit contributions arising from business restructuring activities

+13.5 billion yen

Operating income: Improvement factors

(FY 2002 VS FY 2003 Forecast)



Consolidated net sales forecast

–By customer location–



(¥100 million)	Year ended March 31, 2003			Year ending March 31, 2004			Y.O.Y (%)
	<u>FY 2002</u>			<u>FY 2003</u>			
	<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Forecast> 1st half	<Forecast> 2nd half	<Forecast> Total	
Total	2,607	2,621	5,228	2,470	2,450	4,920	-5.9%
Japan	1,366	1,427	2,793	1,272	1,308	2,580	-7.6%
Overseas	1,241	1,194	2,435	1,198	1,142	2,340	-3.9%
Americas	431	387	818	398	368	766	-6.4%
Europe	418	396	814	416	393	809	-0.6%
Asia	392	411	803	384	381	765	-4.7%

Consolidated net sales forecast

–By business segment–



(¥100 million)	Year ended March 31, 2003			Year ending March 31, 2004			Y.O.Y (%)
	<u>FY 2002</u>			<u>FY 2003</u>			
	<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Forecast> 1st half	<Forecast> 2nd half	<Forecast> Total	
Total	2,607	2,621	5,228	2,470	2,450	4,920	-5.9%
Bearings	1,604	1,615	3,219	1,600	1,570	3,170	-1.5%
Automotive Components	751	756	1,507	610	610	1,220	-19.0%
Precision Products	165	184	349	200	220	420	+20.3%
Others	87	66	153	60	50	110	-28.1%

Consolidated net sales forecast



–By geographical segment–

Year ended March 31, 2003

Year ending March 31, 2004

FY 2002

FY 2003

(¥100 million)		<Actual>	<Actual>	<Actual>	<Forecast>	<Forecast>	<Forecast>
		1st half	2nd half	Total	1st half	2nd half	Total
Japan	Sales	1,920	2,035	3,955	1,830	1,877	3,707
	Operating income	42	87	129	68	93	161
	<%>	<2.2>	<4.3>	<3.3>	<3.7>	<5.0>	<4.3>
Americas	Sales	411	363	774	377	348	725
	Operating income	10	10	20	7	8	15
	<%>	<2.4>	<2.8>	<2.6>	<1.9>	<2.3>	<2.1>
Europe	Sales	438	412	850	431	409	840
	Operating income	-10	-9	-19	-1	11	10
	<%>	<-2.3>	<-2.2>	<-2.2>	<-0.2>	<2.7>	<1.2>
Asia	Sales	291	284	575	275	273	548
	Operating income	22	24	46	20	20	40
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Elimination	Sales	-453	-473	-926	-443	-457	-900
	Operating income	1	1	2	-4	-2	-6
Total	Sales	2,607	2,621	5,228	2,470	2,450	4,920
	Operating income	65	113	178	90	130	220
	<%>	<2.5>	<4.3>	<3.4>	<3.6>	<5.3>	<4.5>

* The above sales and operating income breakdown are calculated based on the location of the distributor (i.e. shipping division) and includes interarea sales and transfers. Therefore, the figures do not match the sales breakdown by customer location.

Comparison of the FY 2003 forecast and the "NSK Mid-term Business Plan"



(¥100 million)		Mid-term Plan	Forecast	1st half	2nd half
Total	Sales	4,920	4,920	2,470	2,450
	Operating income	230	220	90	130
Bearings	Sales	3,256	3,170	1,600	1,570
	Operating income	220	200	90	110
Automotive components	Sales	1,216	1,220	610	610
	Operating income	40	40	18	22
Precision machinery	Sales	344	420	200	220
	Operating income	1	15	0	15
Others	Sales	151	110	60	50
	Operating income	5	5	2	3
General expenses		-36	-40	-20	-20