

NSK

FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

November 06, 2008

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.

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for the Six Months Ended September 30, 2008

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for the Year Ending March 31, 2009

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1. Consolidated Business Results for the Six Months Ended September 30, 2008

Summary of Consolidated Business Results for the Six Months Ended September 30, 2008



Business Environment

Industrial Machinery:

Demand related to infrastructure, such as the steelmaking equipment and construction machinery sectors, continued to be favourable. Demand from the wind power generator sector also remained healthy. However, a slowdown in demand was partly seen in machine tool sector.

Automobile:

Production volume decreased in Japan and China during 2Q. Demand in North America slumped.

Semiconductors/liquid crystal:

Demand from the semiconductor sector remained in an adjustment phase, while demand from liquid crystal production equipment makers began a recovery trend.

Summary of Business Results

Sales increased 3.8% YOY, achieving the target announced in May, 2008.

However, operating income decreased 9.4% YOY and did not meet the target.

Segment Information

*Industrial machinery bearings:

Both sales and profits increased. Although expenses due to external factors increased, volume growth and an increase in sales price contributed to this result.

*Automotive Products:

Sales increased. However, profits decreased due to an increase in steel price and the appreciation of the Japanese yen.

*Precision machinery and parts

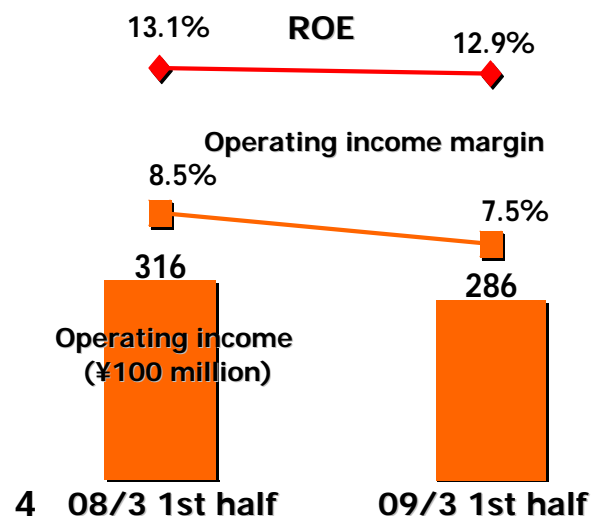
Continued adjustment in demand from semiconductor makers negatively affected business operation, and both sales and profits decreased.

Summary of Consolidated Business Results for the Six Months Ended September 30, 2008

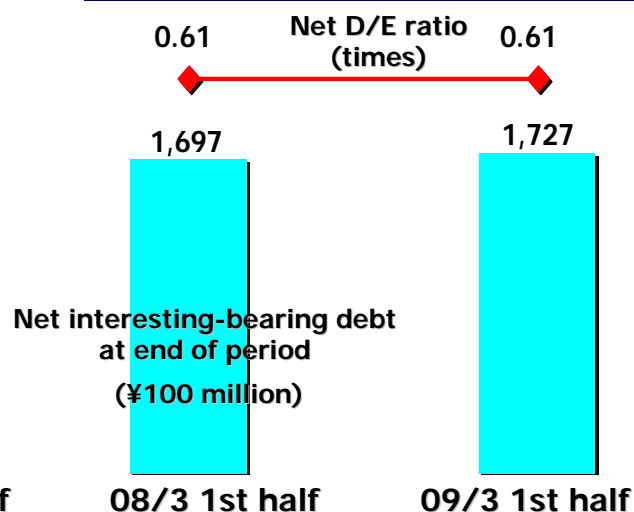


(¥100 Million)	08/3 1st half < Actual >	09/3 1st half < Actual >	Increase/ decrease	%	09/3 1st half < Original forecast >
Sales	3,693	3,833	+140	+3.8%	3,800
Operating income < % >	316 < 8.5% >	286 < 7.5% >	-30	-9.4%	315 < 8.3% >
Ordinary income	294	289	-5	-1.5%	295
Profit before tax	294	277	-17	-5.8%	295
Net income	177	177	-0	-0.2%	195
(Exchange rate: US\$=)	(¥119.42)	(¥105.95)			(¥100)
(" 1EURO=)	(¥162.33)	(¥162.88)			(¥155)

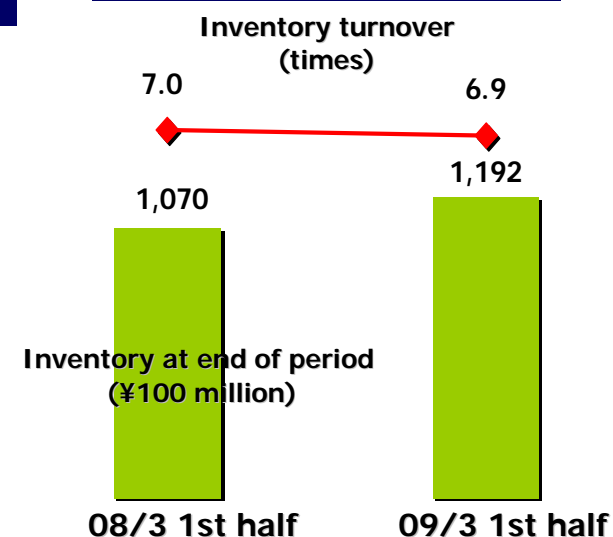
Operating income/ROE



Net interest-bearing debt/ Net D/E ratio



Inventory/Turnover



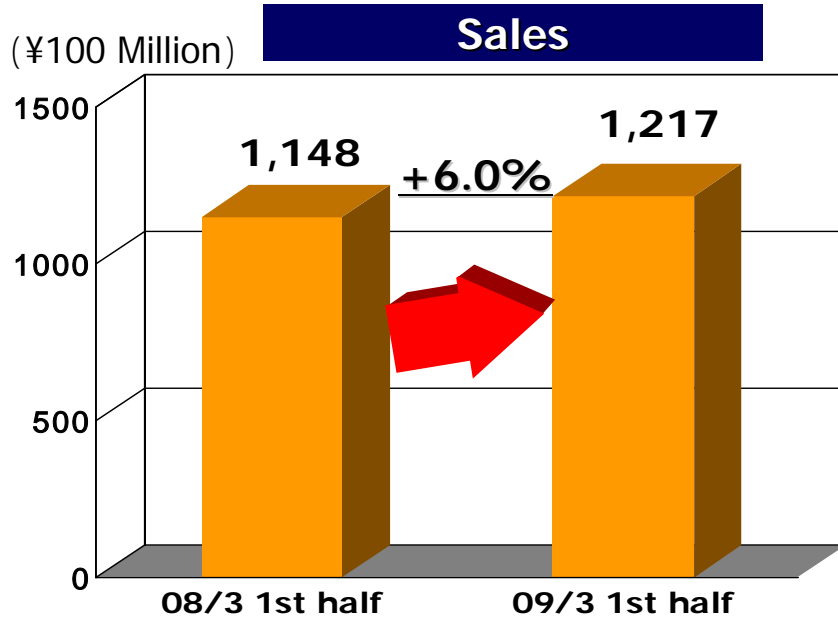
Results by Business Segment



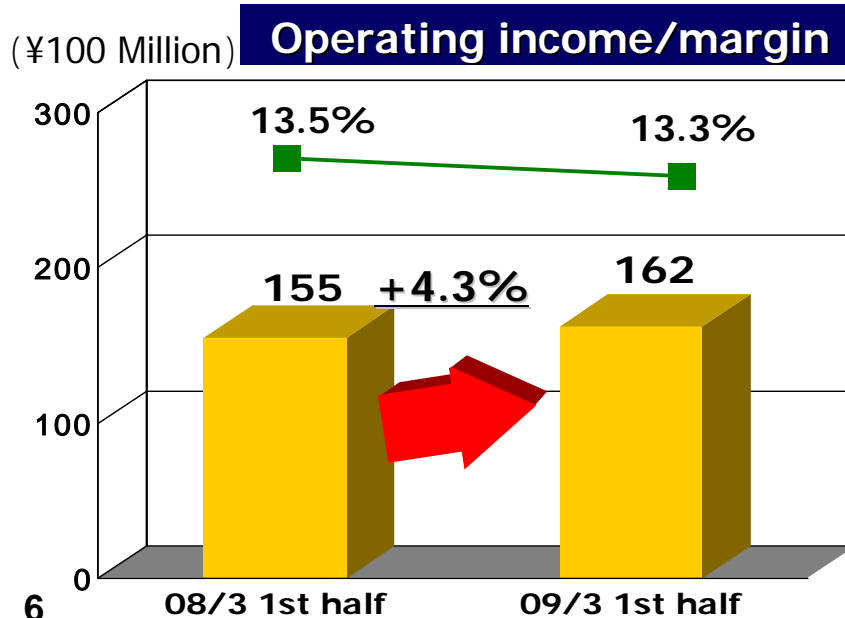
(¥100 Million)	08/3 1st half < Actual >	09/3 1st half < Actual >	Increase/ decrease	%	09/3 1st half < Original forecast >
Sales	3,693	3,833	+140	+3.8%	3,800
Industrial bearings	1,148	1,217	+69	+6.0%	1,220
Automotive products	2,091	2,141	+50	+2.4%	2,130
Precision machinery & parts	318	311	-7	-2.5%	315
Other	245	299	+54	+22.0%	270
Eliminations	-109	-135	-26	-	-135
Operating income	316 <8.5%>	286 <7.5%>	-30	-9.4%	315 <8.3%>
Industrial bearings	155 <13.5%>	162 <13.3%>	+7	+4.3%	165 <13.5%>
Automotive products	139 <6.7%>	108 <5.1%>	-31	-22.4%	130 <6.1%>
Precision machinery & parts	38 <12.0%>	30 <9.6%>	-8	-22.5%	40 <12.7%>
Other	10 <4.1%>	18 <5.9%>	+8	+74.5%	10 <3.7%>
Eliminations/Corporate	-26	-32	-6	-	-30

Business Segment Information

Industrial Machinery Bearings



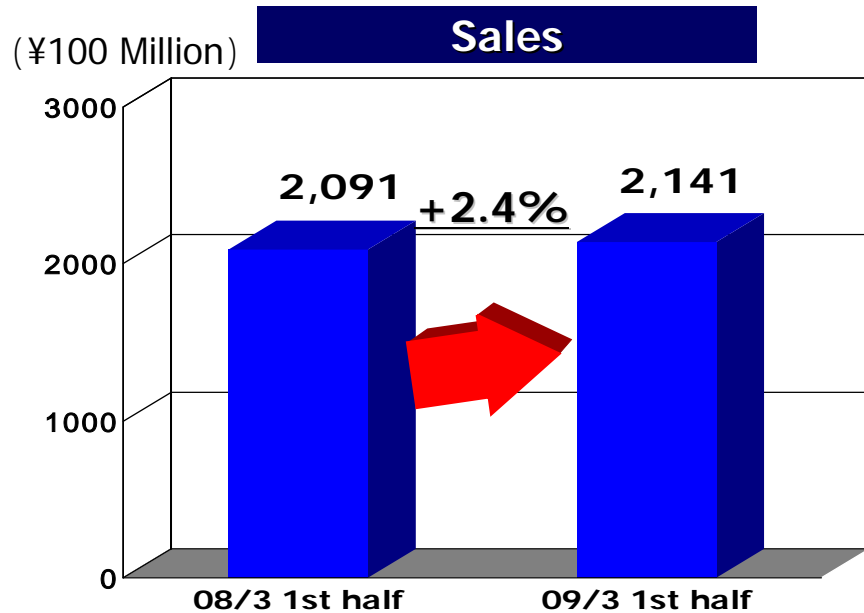
- Infrastructure and energy-related demand remained healthy.
- Sales for wind power generators expanded due to key business sector-oriented activities in Europe. Total sales also increased by aggressively capturing demand related to capital expenditure in Asia, particularly in China.
- Aggressively continued aftermarket business development, and sales increased particularly in Europe and Asia.



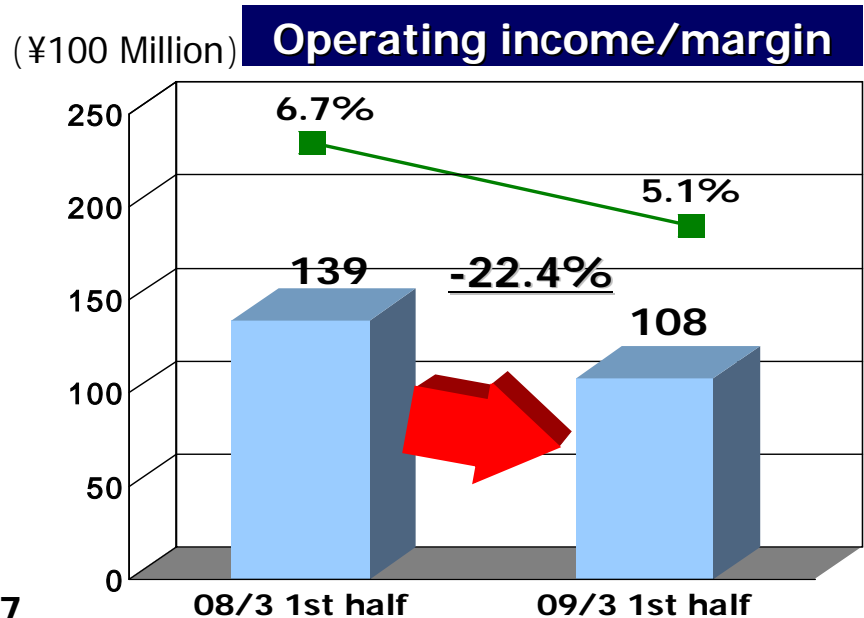
- We experienced negative external factors including an increase in steel price and the appreciation of the Japanese yen. Expenses increased due to an increase in depreciation and start-up costs at the Fujisawa second plant. However, profits increased backed by volume growth and an increase in sales price.
- Profitability maintained the same level as the first half of the previous fiscal year.

Business Segment Information

Automotive Products



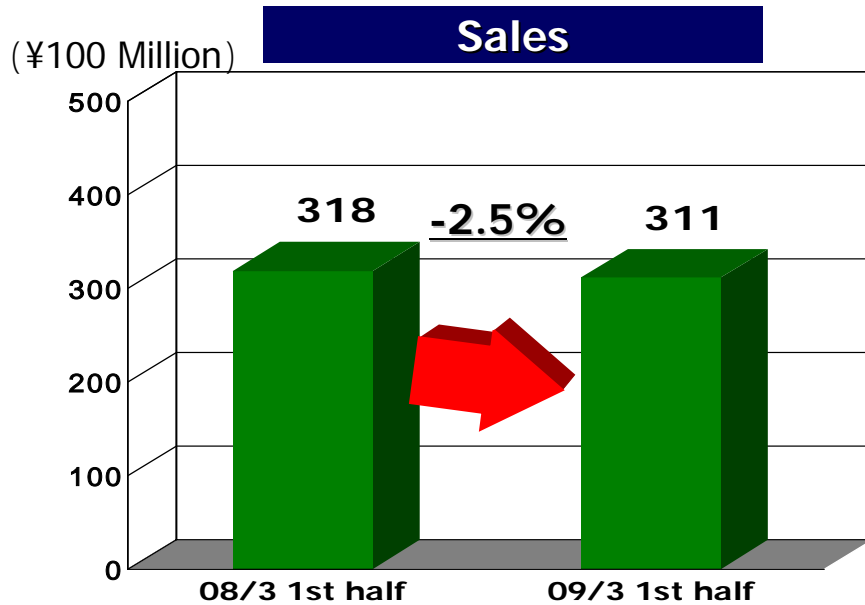
- Sales in Japan were negatively affected by production decrease by automotive manufacturers in the second quarter. However, sales expansion of EPS contributed to overall results, in addition to an increase in sales for exports.
- Sales in the Americas decreased due to a sales slump in the North American automobile business.
- Sales of hub unit bearings and EPS in Europe increased. Sales in China were strong and positively affected results in Asia.



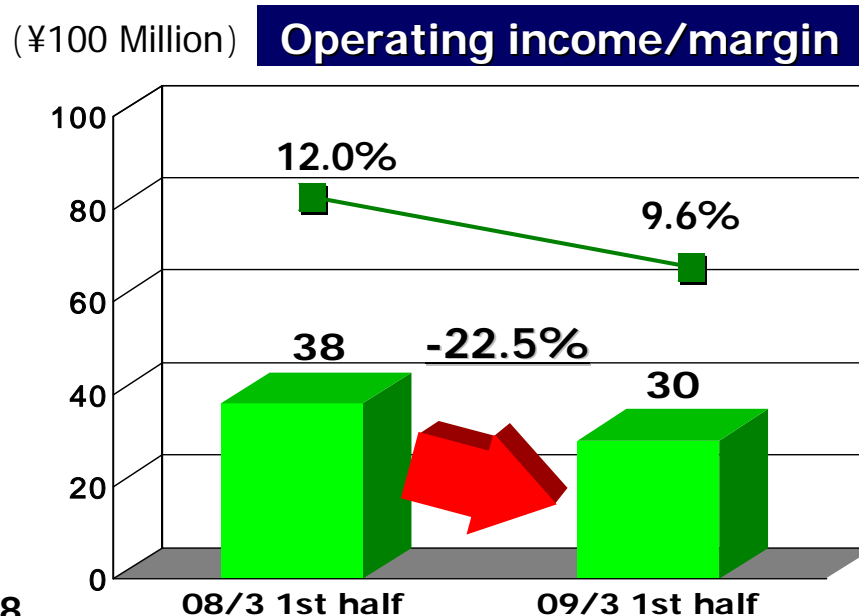
- Effect of volume growth and reduction in external procurement costs contributed positively to results. However, these factors were more than offset by an increase in steel price, the appreciation of the Japanese yen, and a decrease in sales price.
- Will continue to promote measures against an increase in steel price, and the effects are expected to contribute to business results in the second half of this fiscal year.

Business Segment Information

Precision Machinery and Parts



- Demand from large-sized machine tool manufacturers continued to be strong. However, overall demand entered a downturn trend.
- Demand from liquid crystal makers has recovered, while demand from semiconductor production manufacturers continues to be in a slowdown. Demand from the injection molding machine sector has been in an adjustment phase since 2Q.
- Sales of exposure equipment for LCD color panel production grew, backed by an increase in our customers' capital expenditure.



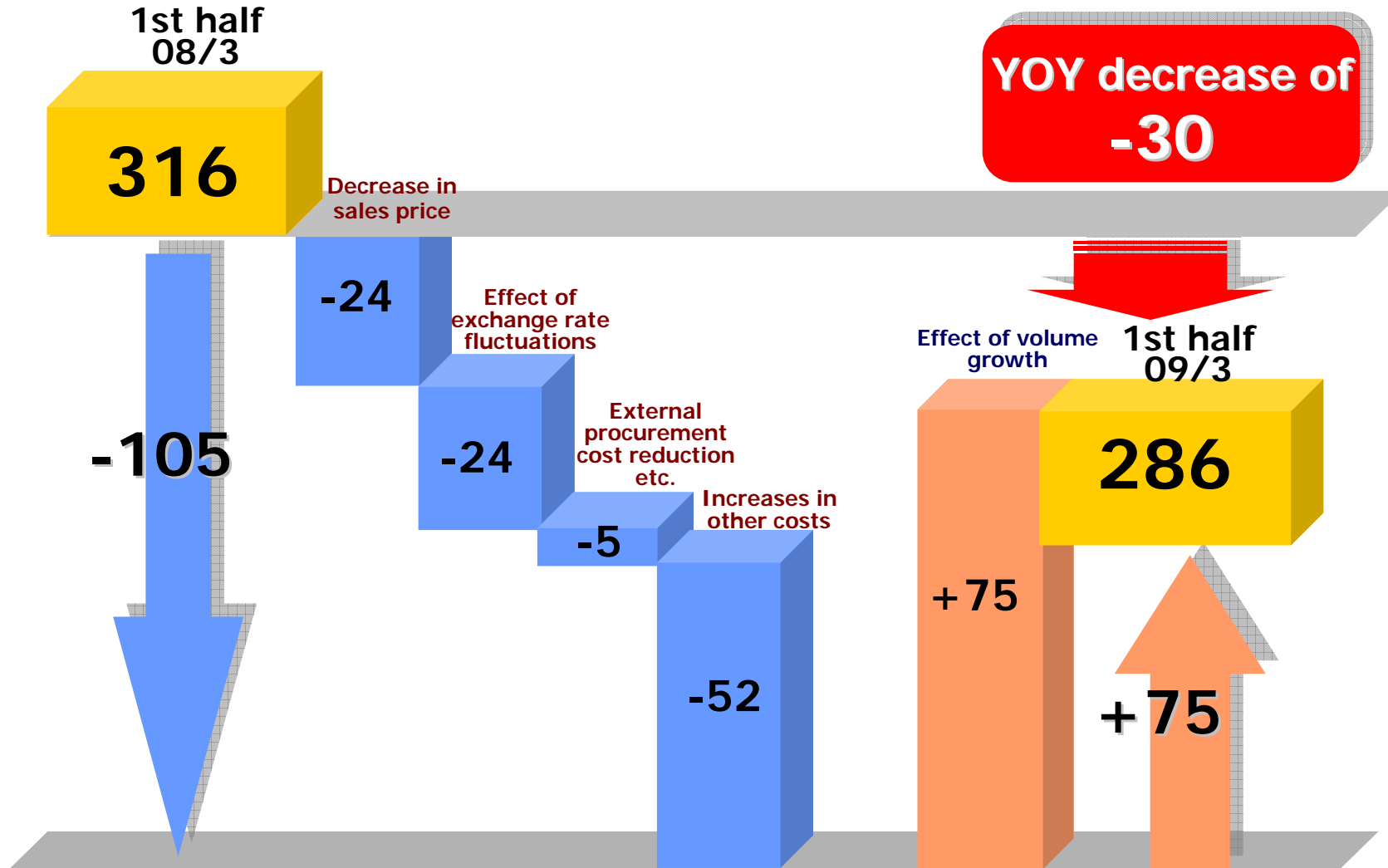
- Implemented plant production improvement measures against slowdown in demand for linear guides and mechatronic products. However, volume reduction negatively affected results.
- Continued productivity improvement in order to decrease negative effects from declining demand.

Operating Income: Decrease Factors

(08/3 1st half 09/3 1st half)



(¥100 Million)



Business Results by Geographical Segment



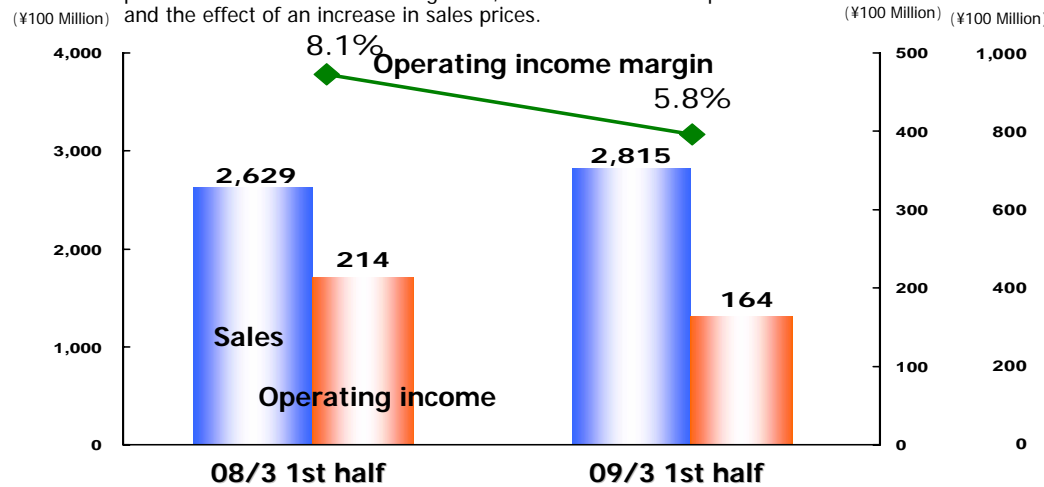
(¥100 Million)	08/3 1st half < Actual >	09/3 1st half < Actual >	Increase/ decrease	%	09/3 1st half < Original forecast >
Sales	3,693	3,833	+140	+3.8%	3,800
Japan	2,629	2,815	+186	+7.1%	2,735
The Americas	545	490	-55	-10.0%	477
Europe	662	717	+55	+8.4%	720
Asia	554	610	+56	+10.0%	611
Eliminations	-697	-799	-102	-	-743
Operating income	316 <8.5%>	286 <7.5%>	-30	-9.4%	315 <8.3%>
Japan	214 <8.1%>	164 <5.8%>	-50	-23.3%	198 <7.2%>
The Americas	25 <4.6%>	22 <4.4%>	-3	-13.8%	26 <5.5%>
Europe	41 <6.2%>	61 <8.5%>	+20	+50.0%	56 <7.8%>
Asia	63 <11.3%>	67 <11.0%>	+4	+7.2%	65 <10.6%>
Eliminations/ Corporate	-27	-28	-1	-	-30

Business Results by Geographical Segment



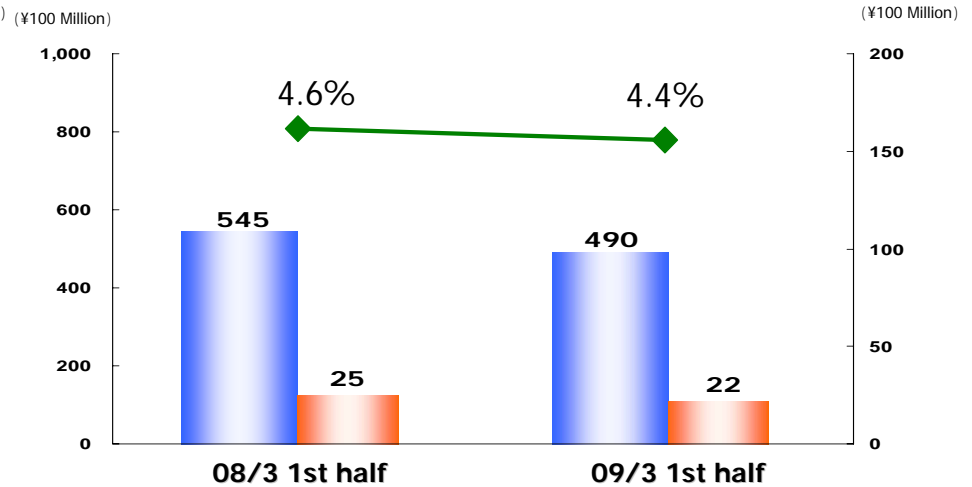
Japan

Operating income decreased 23.3% YOY due to an increase in steel price, the appreciation of the Japanese yen, a decline in sales price in the automotive products segment, and an increase in SG&A expenses, which more than offset the positive factors such as volume growth, reduction in external procurement costs and the effect of an increase in sales prices.



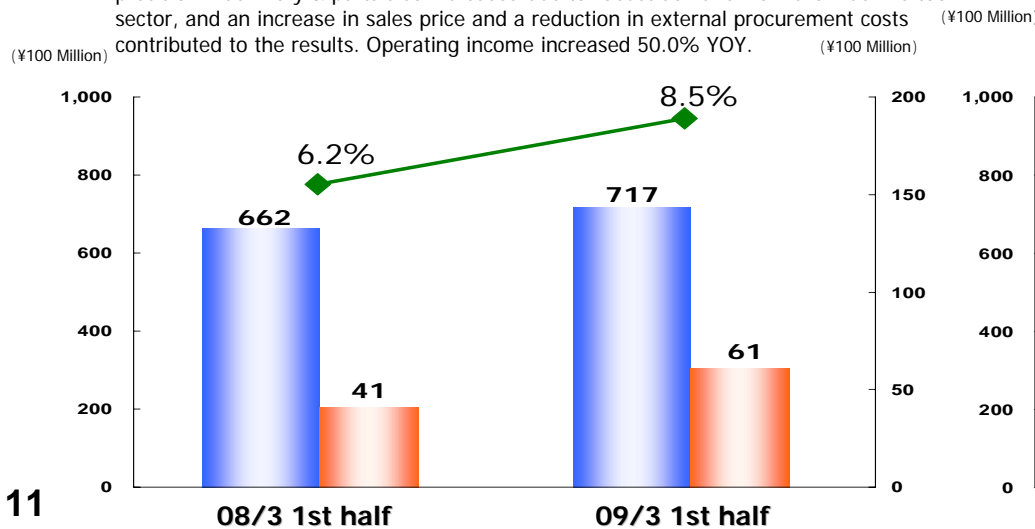
The Americas

Results were negatively affected by volume reduction due to a slowdown in demand for automotive products and precision machinery & parts in North America, and the effect of an increase in steel price. Operating income decreased 13.8% YOY.



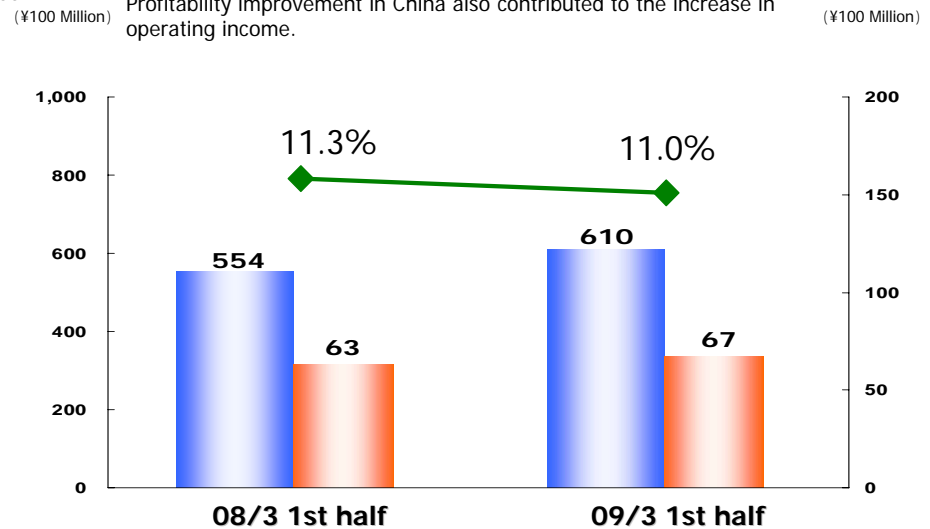
Europe

Profitability improved dramatically backed by effects of increases in sales of industrial machinery bearings due to sector-oriented activities and automotive products. Sales of precision machinery & parts also increased due to robust demand from the machine tool sector, and an increase in sales price and a reduction in external procurement costs contributed to the results. Operating income increased 50.0% YOY.



Asia

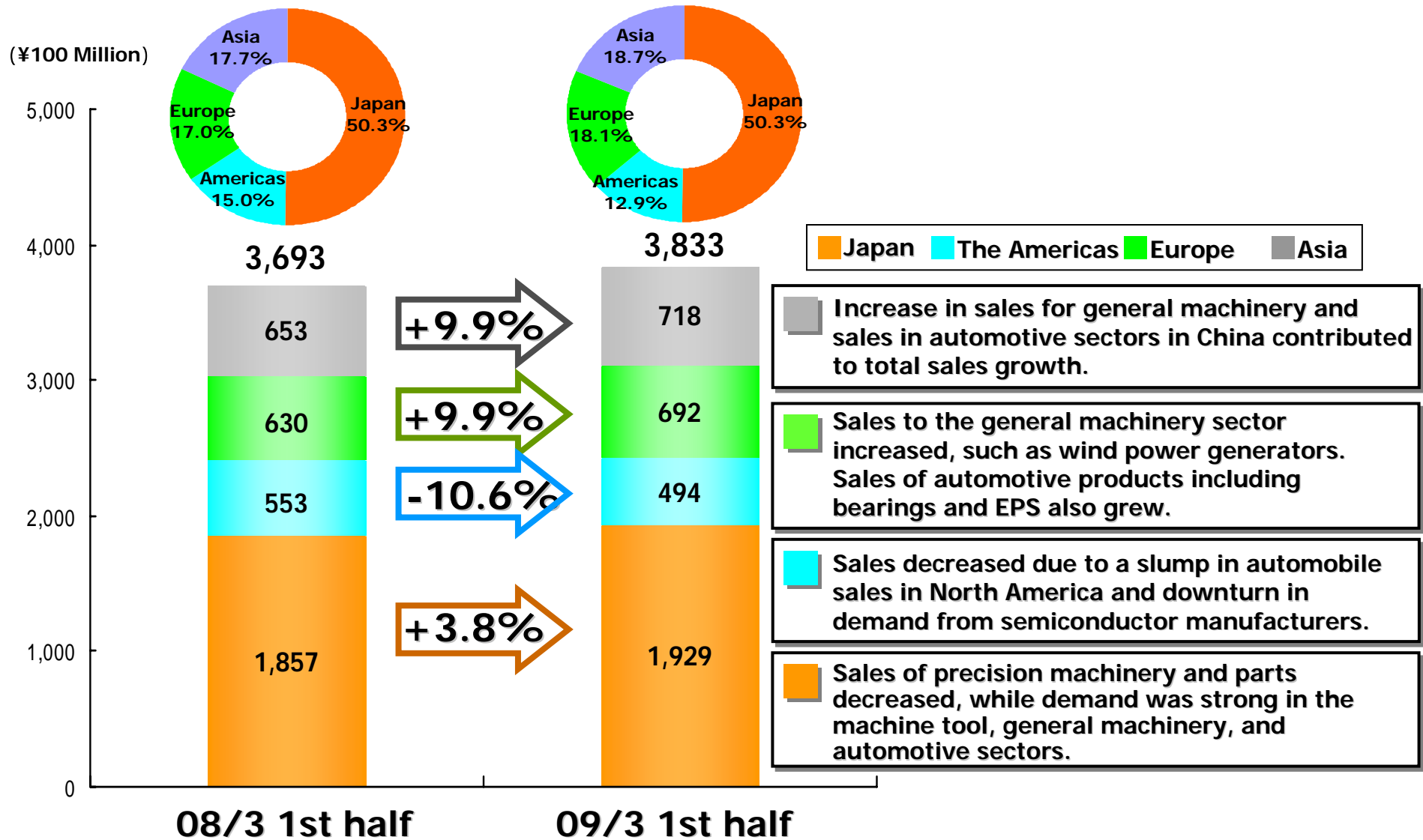
Operating income increased 7.2% YOY, backed by increased sales of automotive products in China and industrial machinery bearings. Profitability improvement in China also contributed to the increase in operating income.



Business Results by Customer Location



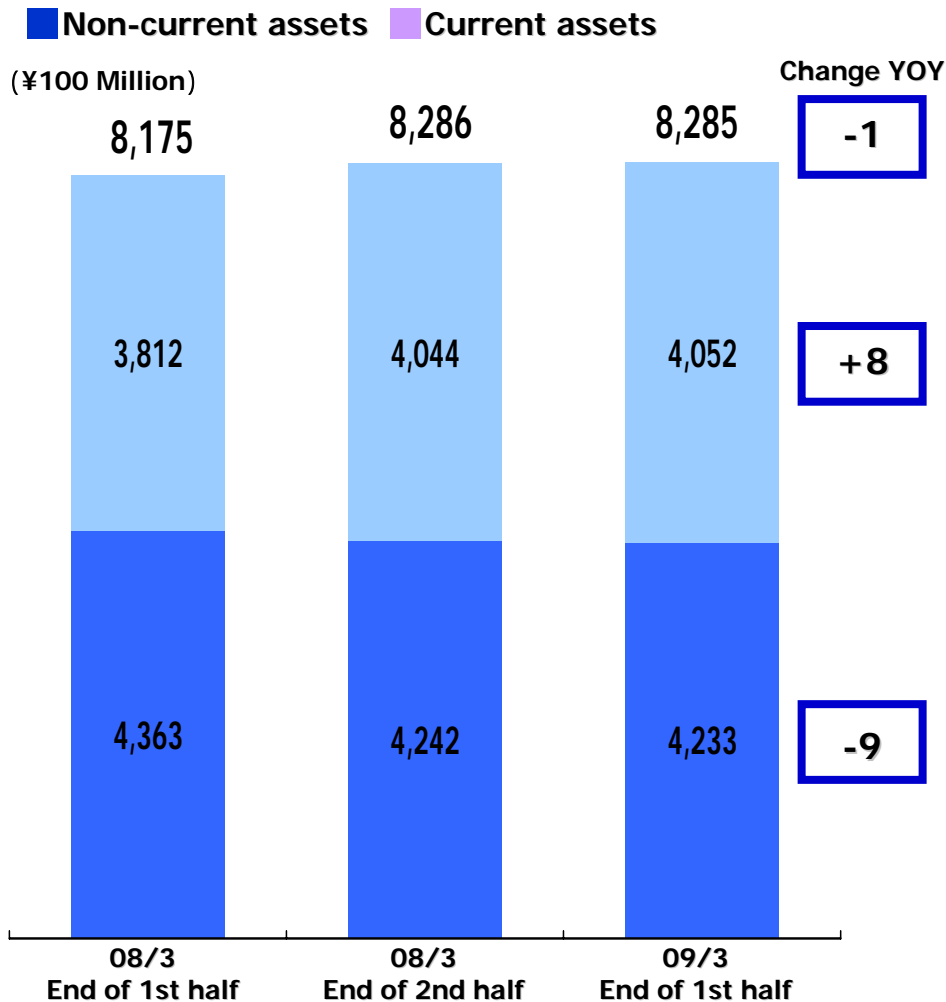
Sales breakdown by customer location



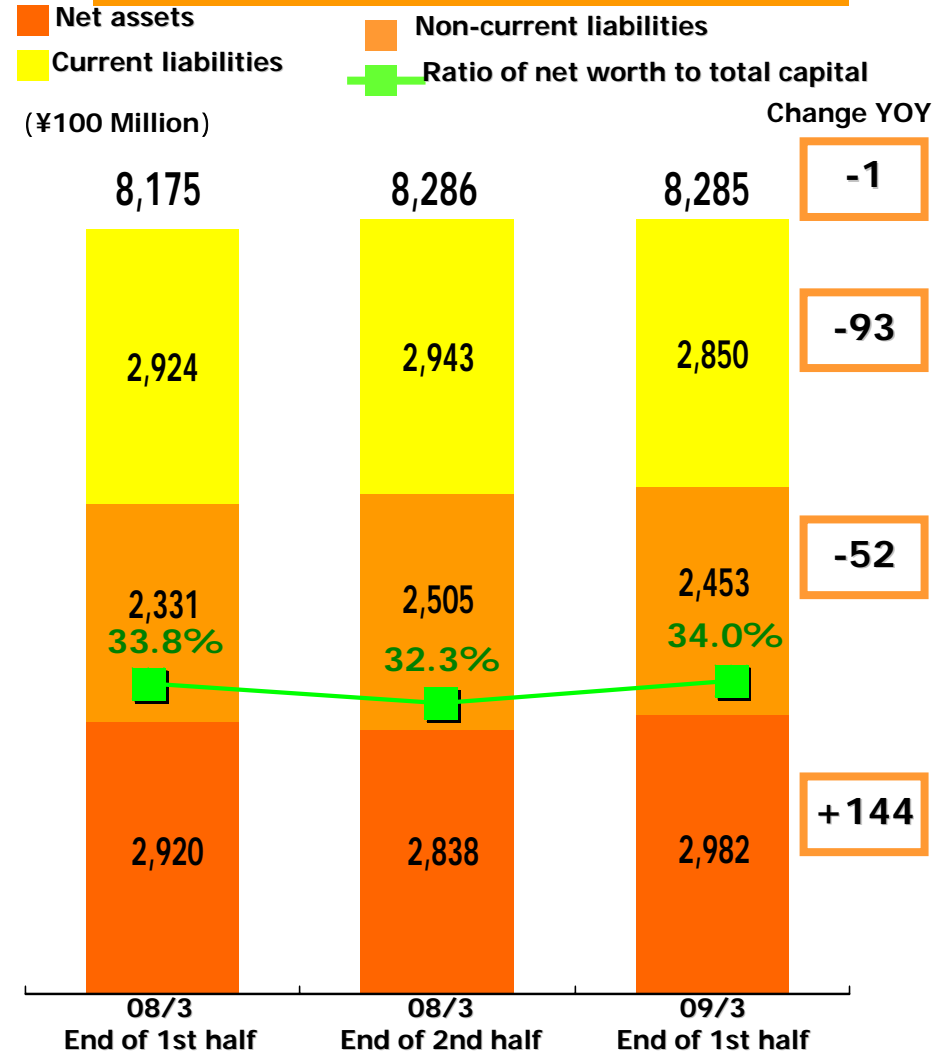
Consolidated Balance Sheets



Assets



Liabilities and Net Assets

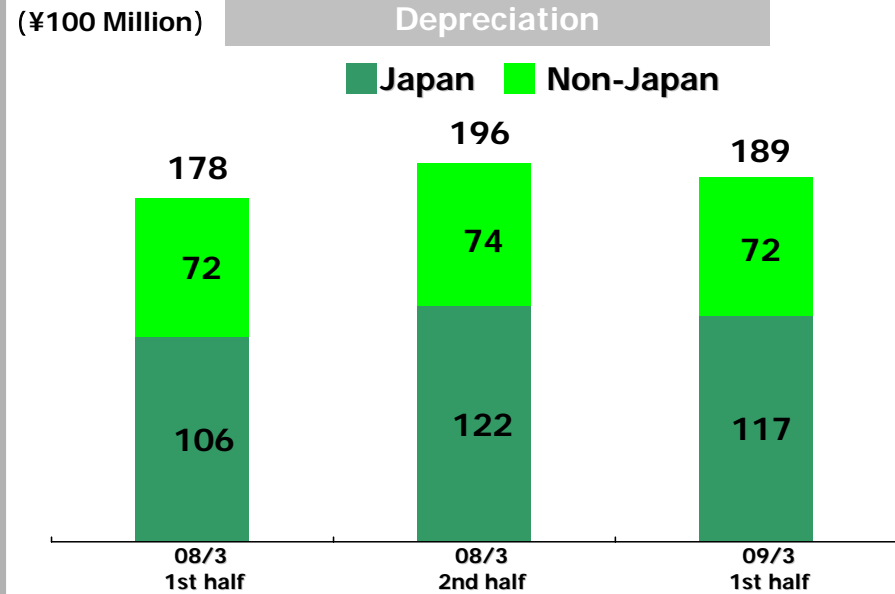
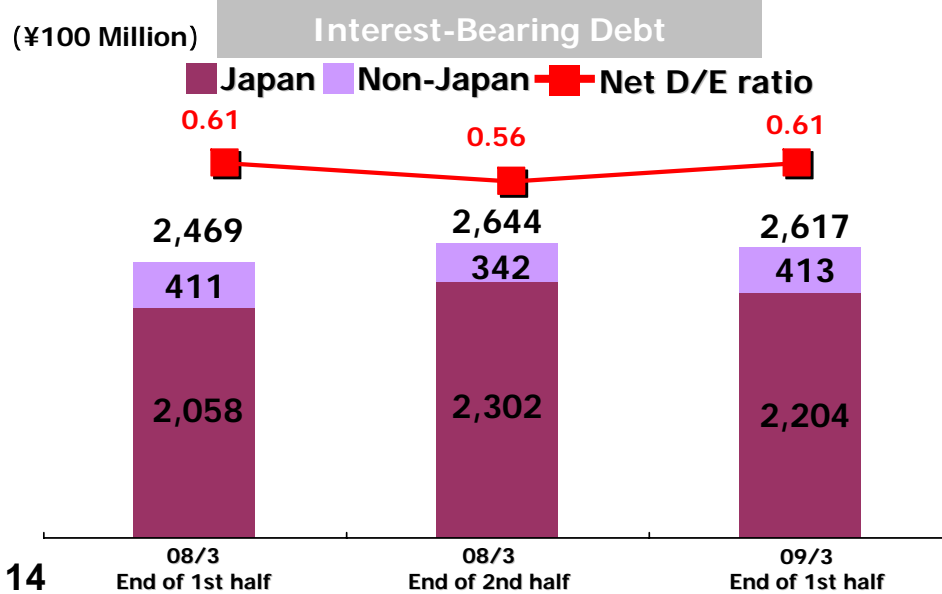
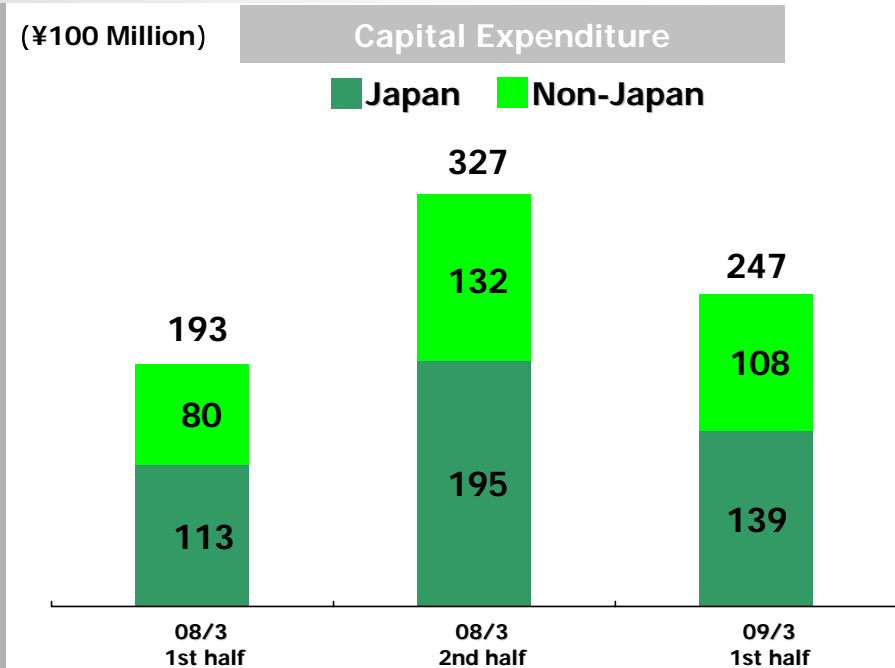
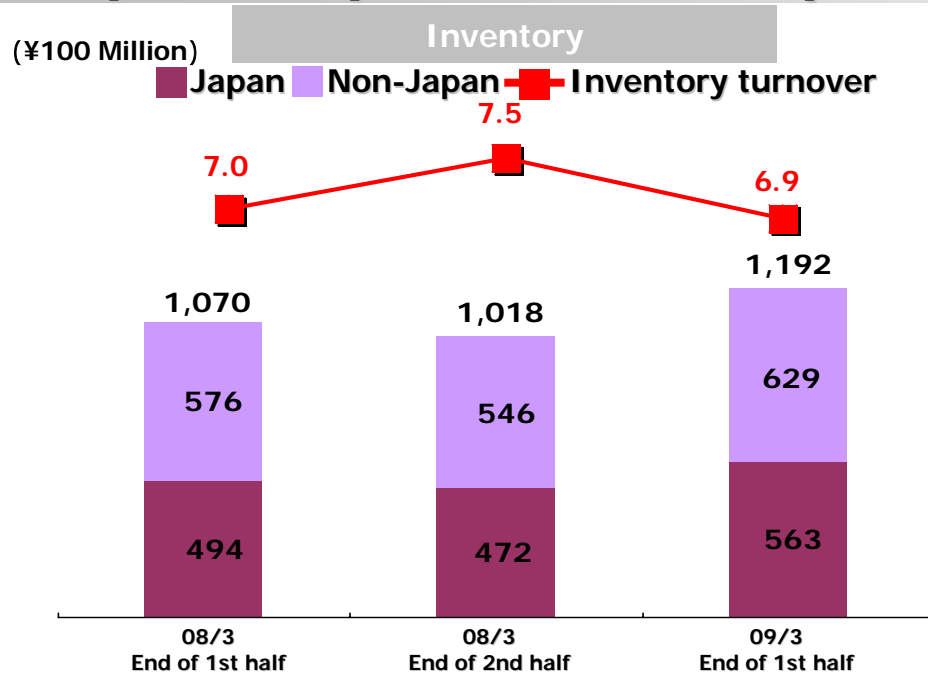


Exchange rate:

US\$	115.43	100.19	103.57
Euro	163.38	158.19	149.05

US\$	115.43	100.19	103.57
Euro	163.38	158.19	149.05

Inventory/ Interest-Bearing Debt, Capital Expenditure/ Depreciation



2. Consolidated Business Forecast for the Year Ending March 31, 2009

Revised Business Forecast

- Sales ¥750.0 billion, Operating income ¥53.0 billion, Ordinary income ¥51.0 billion, Net income ¥34.0 billion
Downward revisions were made to both sales and profit forecast announced in May 2008.
- Against the original forecast, demand slowdown in automotive and precision machinery and parts segment/ increase in steel price/ appreciation of the Japanese yen will negatively affect financial results.
- Exchange rate forecast
US\$=¥100.00 Euro=¥125.00 (Original forecast US\$=¥100.00 Euro=¥155.00)

Forecasted Business Environment for the 2nd Half

- **Japan:**
 - * Machine tools/Industrial machinery
Overall demand is expected to remain in an adjustment phase, although demand for large-sized machinery will remain robust.
 - * Automotive production
Number of cars produced by automotive manufacturers expected to decrease YOY
 - * Semiconductors/liquid crystal production equipment
Demand from semiconductor makers expected to continue to be in an adjustment phase, and uncertainty remains over demand from liquid crystal production equipment makers.
- **The Americas:** Economic downturn in the US and stagnant demand in the North American automotive market expected to continue.
- **Europe:** Economy expected to enter a slowdown phase.
- **Asia:** Economic growth in China and India will slow.

Forecast for the Year Ending March 31, 2009



(¥100 Million)	08/3	09/3					Full year < Original forecast >
	Full year < Actual >	1st half < Actual >	2nd half < Revised forecast >	Full year < Revised forecast >	Increase/ decrease	%	
Sales	7,720	3,833	3,667	7,500	-220	-2.8%	8,000
Operating income	693	286	244	530	-163	-23.5%	710
< % >	<9.0%>	<7.5%>	<6.7%>	<7.1%>			<8.9%>
Ordinary income	649	289	221	510	-139	-21.4%	670
Profit before tax	636	277	221	498	-138	-21.6%	670
Net income	426	177	163	340	-86	-20.2%	440
(Exchange rate:1US\$=)	(¥114.55)	(¥105.95)	(¥100)	(¥102.98)			(¥100)
(" 1EURO=)	(¥162.22)	(¥162.88)	(¥125)	(¥143.94)			(¥155)

Forecast By Business Segment



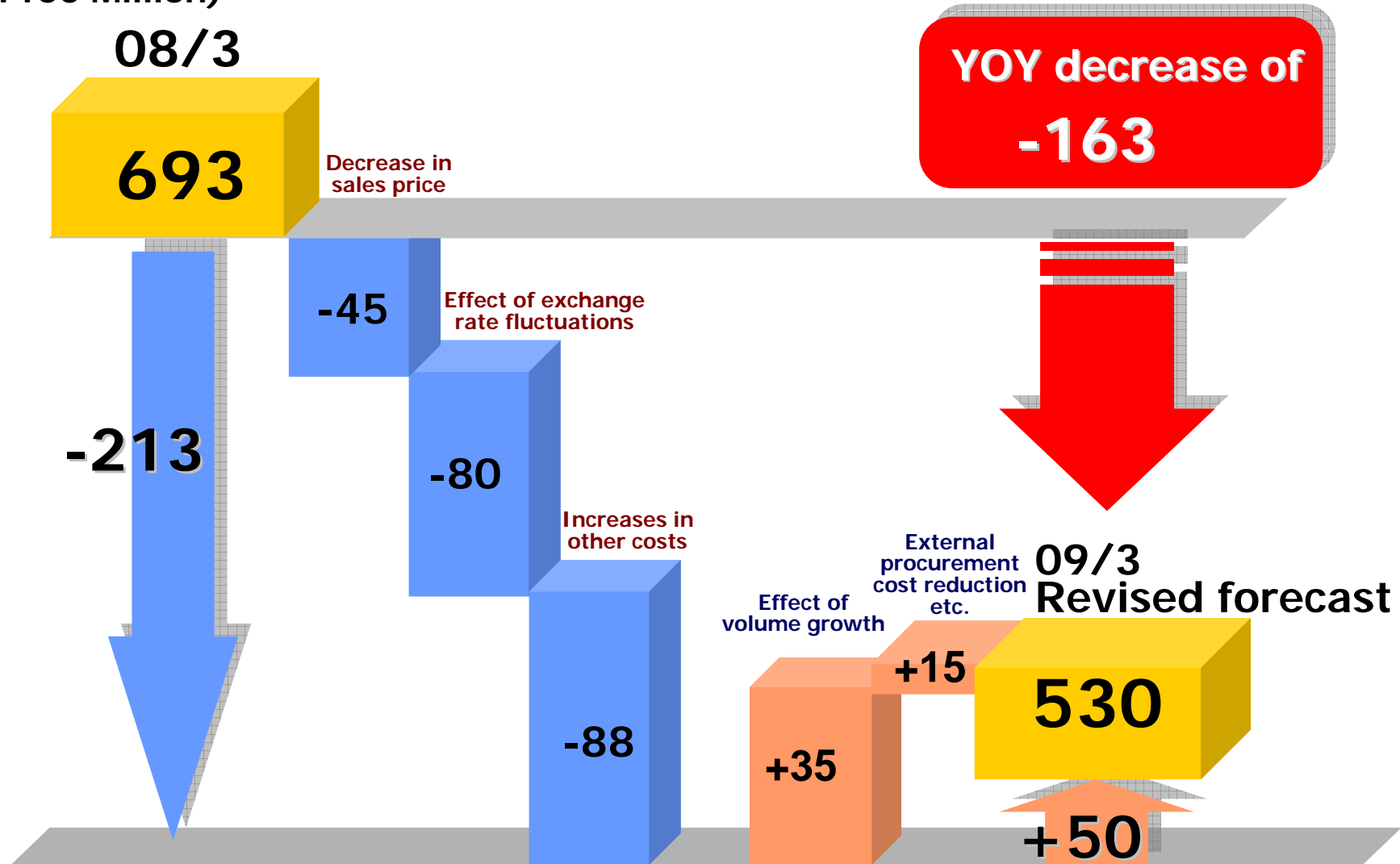
(¥100 Million)	08/3		09/3				Full year <Original forecast >
	Full year < Actual >	1st half < Actual >	2nd half < Revised forecast >	Full year < Revised forecast >	Increase/ decrease	%	
Sales	7,720	3,833	3,667	7,500	-220	-2.8%	8,000
Industrial bearings	2,391	1,217	1,193	2,410	+19	+0.8%	2,550
Automotive products	4,357	2,141	1,959	4,100	-257	-5.9%	4,430
Precision machinery & parts	682	311	369	680	-2	-0.3%	740
Other	562	299	281	580	+18	+3.2%	550
Eliminations	-272	-135	-135	-270	+2	-	-270
Operating income	693 <9.0%>	286 <7.5%>	244 <6.7%>	530 <7.1%>	-163	-23.5%	710 <8.9%>
Industrial bearings	335 <14.0%>	162 <13.3%>	173 <14.5%>	335 <13.9%>	0	-	360 <14.1%>
Automotive products	307 <7.0%>	108 <5.1%>	72 <3.7%>	180 <4.4%>	-127	-41.4%	285 <6.4%>
Precision machinery & parts	86 <12.6%>	30 <9.6%>	15 <4.1%>	45 <6.6%>	-41	-47.7%	100 <13.5%>
Other	28 <5.1%>	18 <5.9%>	12 <4.3%>	30 <5.2%>	+2	+7.1%	25 <4.5%>
Eliminations/ Corporate	-63	-32	-28	-60	+3	-	-60

Forecast for Operating Income: Decrease Factors

(08/3 09/3 Revised Forecast)



(¥100 Million)



Forecast By Geographical Segment



(¥100 Million)	08/3		09/3					
	Full year < Actual >		1st half < Actual >	2nd half < Revised forecast >	Full year < Revised forecast >	Increase/ decrease	%	Full year < Original forecast >
Sales	7,720		3,833	3,667	7,500	-220	-2.8%	8,000
Japan	5,580		2,815	2,705	5,520	-60	-1.1%	5,805
The Americas	1,060		490	420	910	-150	-14.2%	956
Europe	1,400		717	573	1,290	-110	-7.9%	1,497
Asia	1,180		610	620	1,230	+50	+4.2%	1,290
Eliminations	-1,500		-799	-651	-1,450	+50	-	-1,548
Operating income	693 <9.0%>		286 <7.5%>	244 <6.7%>	530 <7.1%>	-163	-23.5%	710 <8.9%>
Japan	468 <8.4%>		164 <5.8%>	126 <4.7%>	290 <5.3%>	-178	-38.0%	452 <7.8%>
The Americas	49 <4.6%>		22 <4.4%>	13 <3.1%>	35 <3.8%>	-14	-28.6%	51 <5.3%>
Europe	101 <7.2%>		61 <8.5%>	49 <8.6%>	110 <8.5%>	+9	+8.9%	121 <8.1%>
Asia	132 <11.2%>		67 <11.0%>	78 <12.6%>	145 <11.8%>	+13	+9.8%	142 <11.0%>
Eliminations/ Corporate	-57		-28	-22	-50	+7	-	-56

Forecast By Customer Location



(¥100 Million)	08/3	09/3					Full year < Original forecast >
	Full year < Actual >	1st half < Actual >	2nd half < Revised forecast >	Full year < Revised forecast >	Increase/ decrease	%	
Sales	7,720	3,833	3,667	7,500	-220	-2.8%	8,000
Japan	3,889	1,929	1,824	3,753	-136	-3.5%	3,962
Non-Japan	3,831	1,904	1,843	3,747	-84	-2.2%	4,038
(%)	(49.6%)	(49.7%)	(50.3%)	(50.0%)			(50.5%)
The Americas	1,073	494	425	919	-154	-14.4%	980
Europe	1,339	692	575	1,267	-72	-5.4%	1,445
Asia	1,419	718	843	1,561	+142	+10.0%	1,613

3. Progress of Key Strategies

Key Strategies for the Year Ending March 31, 2009

Mid-term Plan
(FY'03-FY'05)

Mid-term Plan
(FY'06-FY'08)

Growth Strategies
Profitability Improvement

Changes in Business Environment

- Slowdown in world economy
- Increase in steel price
- Appreciation of the Japanese Yen

Paradigm Shift

Key Strategies

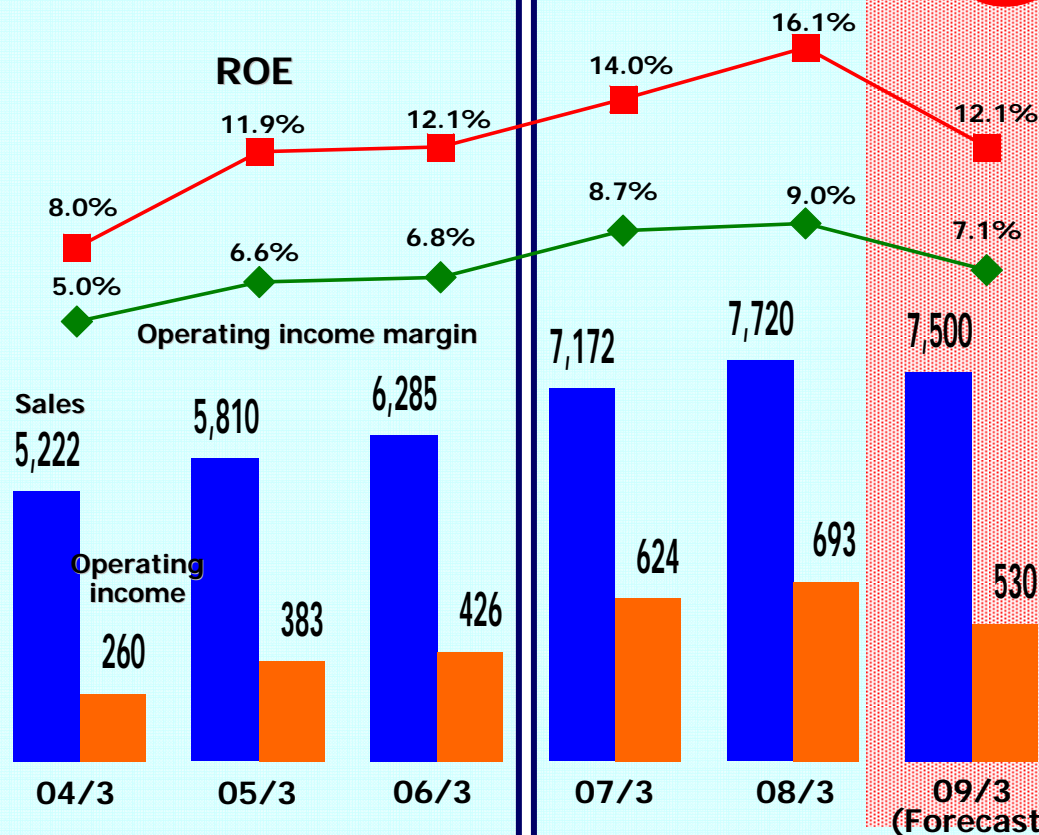
Profitability enhancement

Respond quickly to changes in business environment

Steadily implement profitability improvement

Improve profitability keeping in mind next mid-term plan

Aggressively promote growth strategies



Progress of Key Strategies

Profitability Enhancement

1

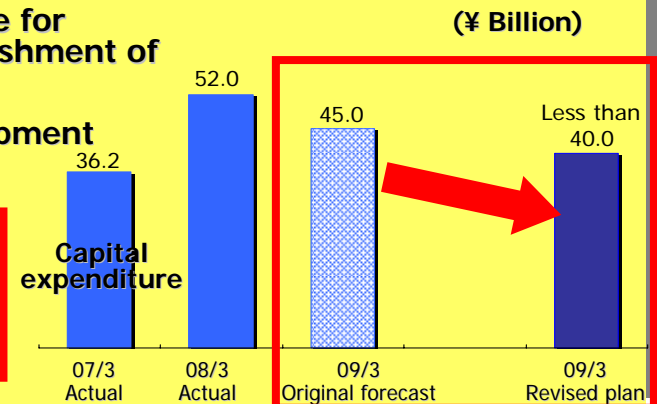
Respond to Changes in Business Environment

Build business structure urgently in order to deal with steep decrease in demand

Revise capital expenditure

- Revise capital expenditure for reinforcement and establishment of equipment
- Make use of existing equipment effectively

Revise capital expenditure for FY'08 to less than ¥40 billion



Adjust plant operation and consider downsizing in order to respond to steep volume reduction

- Adjust production of automotive products, precision machinery & parts, and partly in industrial machinery bearings. (Reduce plant operation and shift labor)
- Take urgent action to reduce labor costs (Downsizing)
- Transfer workforce and production capability among plants and production lines flexibly, in order to avoid concentration of heavy loads in particular plants or lines.

Take additional actions

- Further reduce SG&A expenses
- Expand sales to business fields and regions where we can earn profits quickly.

Progress of Key Strategies

Profitability Enhancement



2

Measures against an increase in steel price

Implement cost reduction policies

- Promote steel VA/VE activities
- Reduce steel cost in order to respond quickly to changes in demand environment

Take actions to increase sales price

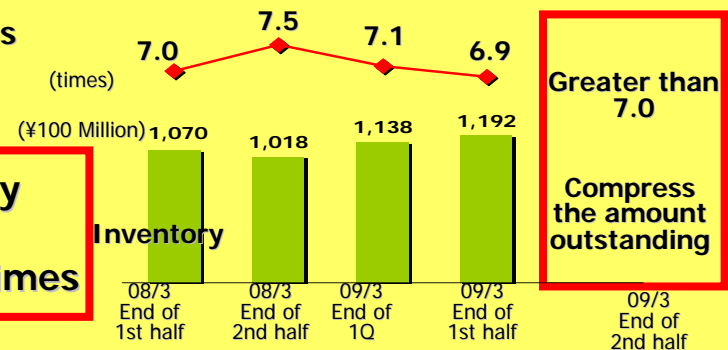
- Continue to increase sales price in order to absorb steel price rises
- Implement additional increase in sales price to aftermarket

3

Steadily improve profitability

Diffuse sales & production information within the company quickly and adjust our production plan

- Compress inventories



Minimum inventory turnover target
Greater than 7.0 times

Greater than 7.0
Compress the amount outstanding

Business restructure in line with changes in North American industrial structure

- Implement additional measures for business restructuring in North America
- Expand business in industrial machinery and precision machinery and parts segments

Improve tolerance for exchange rate fluctuations

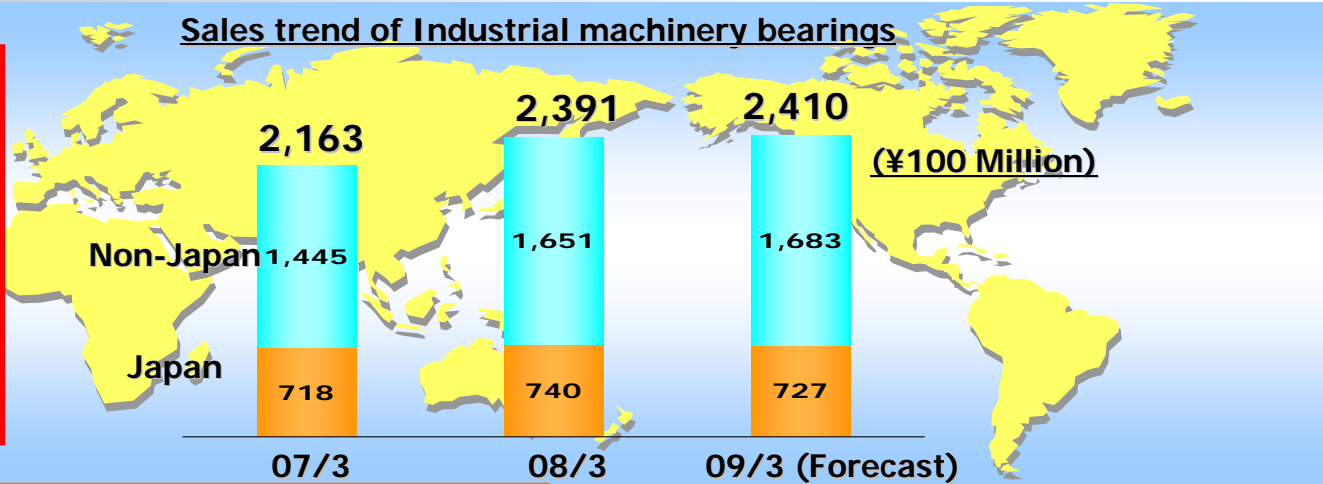
- Increase local supply rate
- Build production structure in which workforce and production capability are shared worldwide in an appropriate manner.

Progress of Key Strategies



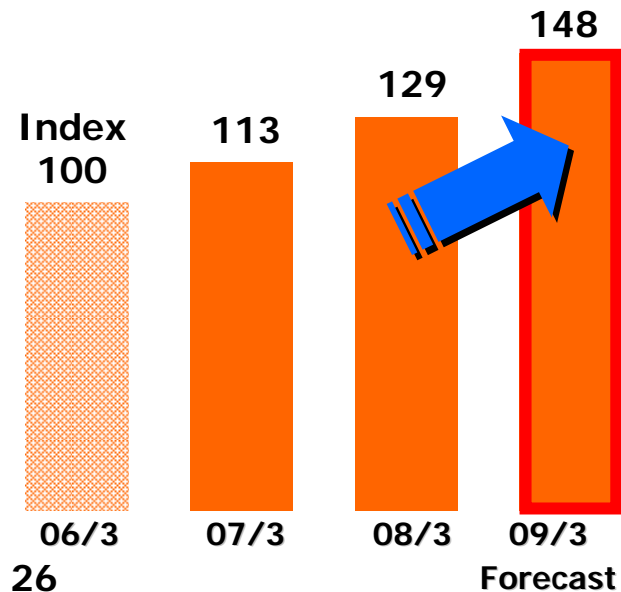
Growth Strategies (Industrial machinery bearings)

- Robust demand
- Infrastructure-related demand in emerging countries
- Energy-related demand
- Resource-related demand



1 Expand sales of roller bearings

Sales trend of roller bearings
(Index: 06/3=100)



Key business sector-oriented activities

Steel equipment	Secure new orders in emerging markets in Asia
Machine tools	Demand from small-sized machine makers decreased. Enhance activities to capture demand from large-sized machine makers and specialized exclusive machines manufacturers.
Wind power generators	Expand production in order to respond to increasing demand from European makers. Reinforce activities to win orders in emerging markets.
Rail cars	Accelerate response to capture demand for new rail cars in Japan and demand related to railway development in East Asia.
Mining/Construction machinery	Capture demand related to large-sized machinery in emerging countries
Paper production/Fluid	Fluid: Aggressively implement activities to win new orders Paper: Capture newly arising demand from emerging countries

Progress of Key Strategies



Growth Strategies (Industrial machinery bearings)

2

Expand sales in aftermarket

Channel development

Accelerate cultivation of new distribution network overseas

Expand channels in emerging markets

Improve and develop core distribution network in current markets.

Global channel expanded, and the target for this fiscal year will be achieved.

Number of distribution networks:

07/3 → 09/3 (Plan)

+10%

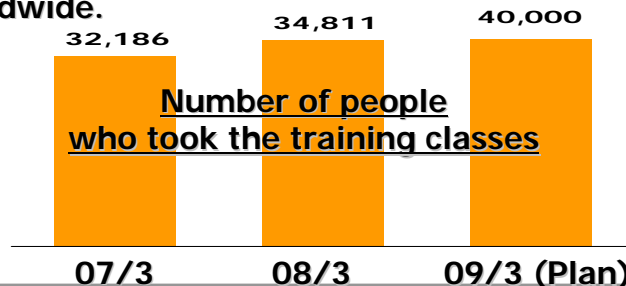
Strengthen technical services

Improve services to end-users through technical support

Opened Brazil technology center in Feb. '08.

Make use of the center to further improve NSK's presence in South America

Regularly provide technological training classes worldwide.

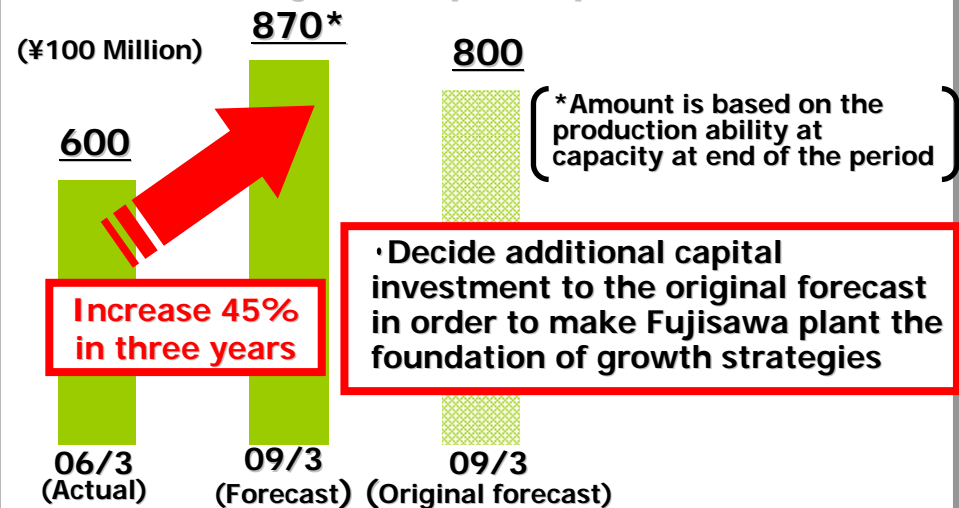


3

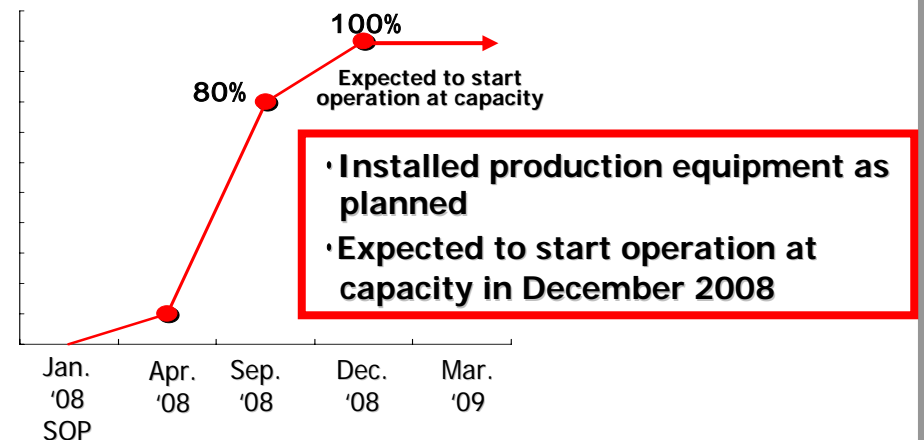
Reinforce production capability

Maximize Fujisawa Plant output

Sales of Fujisawa plant products



Fujisawa No.2 Plant Operation Rate

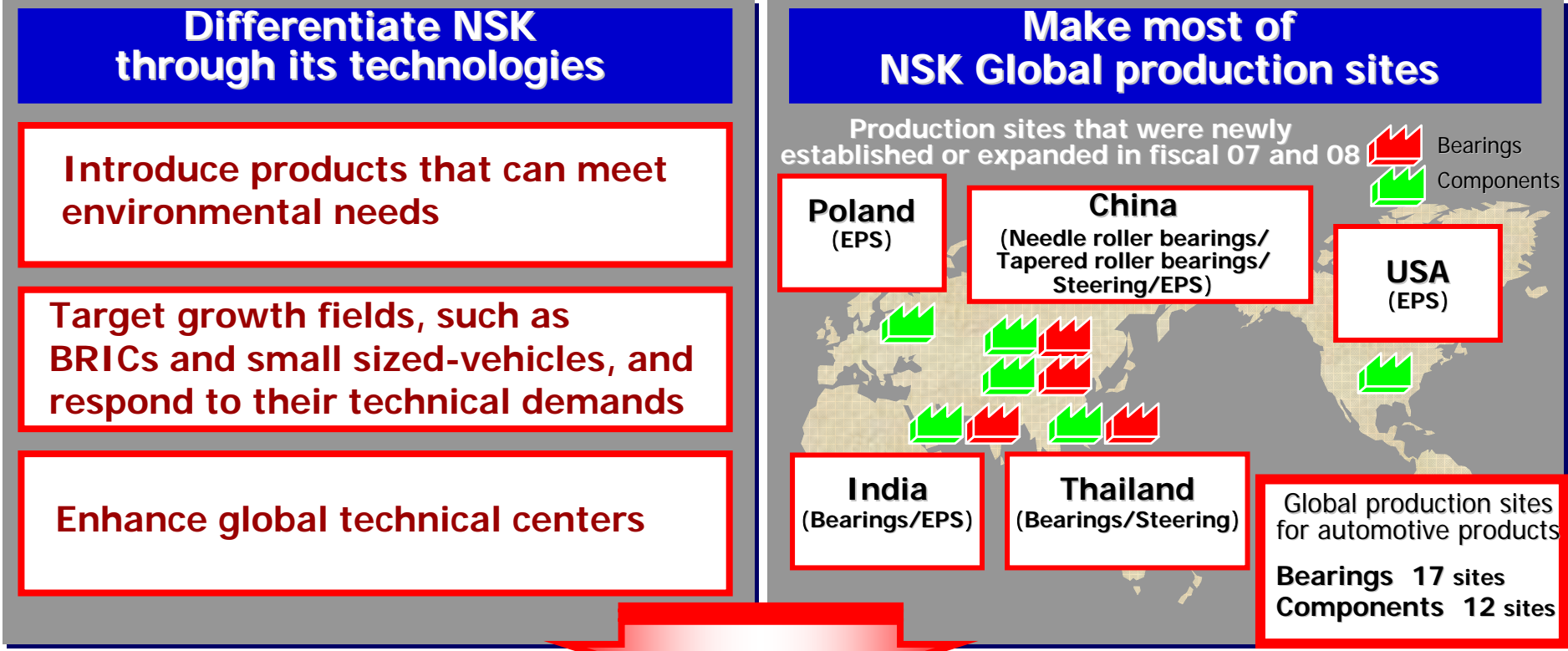


Progress of Key Strategies



Growth Strategies (Automotive Products)

Strengthen Order-winning Activities Leading to Next Mid-term Plan



Expand business foundation leading to next Mid-term Plan

Expand and develop new growing business fields

- Solar energy generation (Solar panels)
- Lithium batteries, Fuel cells
- Nuclear power
- Medical equipment and biotechnology

Increase business with distribution network

- Aftermarket
- Improve overseas distribution network
- Strive to capture small and medium manufacturer demand volume

Reinforce sales activities in emerging markets

- China: machine tool, liquid crystal and semiconductor sectors
- India: machine tools

(Supplementary Information)
For the Year Ending March 31, 2009



(¥100 Million)	08/3 Actual (Full year)	09/3 Actual (1st half)	09/3 Revised forecast (Full year)	09/3 Original forecast announced in May, 2008
Capital expenditure (*)	520	247	400	450
Japan	308	139	250	293
Non-Japan	212	108	150	157
The Americas	38	10	20	27
Europe	77	26	30	37
Asia	97	72	100	93

* Excluding intangible assets

(¥100 Million)	08/3 Actual (Full year)	09/3 Actual (1st half)	09/3 Revised forecast (Full year)	09/3 Original forecast announced in May, 2008
Depreciation (*)	374	189	390	400

* Excluding intangible assets

(¥100 Million)	08/3 Actual (Full year)	09/3 Actual (1st half)	09/3 Revised forecast (Full year)	09/3 Original forecast announced in May, 2008
R&D	102	54	105	105

(Supplementary Information) Mid-term Target by Business Segment

← Mid-term Plan FY'06-FY'08 →

Target announced
in Feb. 2006

(¥100 Million)	06/3 Actual	07/3 Actual	08/3 Actual	09/3 Revised forecast	09/3 Mid-term target
Industrial bearings					
Sales	1,956	2,163	2,391	2,410	2,300
Operating income < % >	221 <11.3%>	296 <13.7%>	335 <14.0%>	335 <13.9%>	335 <14.6%>
Automotive products					
Sales	3,531	3,979	4,357	4,100	4,220
Operating income < % >	174 <4.9%>	227 <5.7%>	307 <7.0%>	180 <4.4%>	330 <7.8%>
Precision machinery & parts					
Sales	658	777	682	680	750
Operating income < % >	56 <8.5%>	115 <14.8%>	86 <12.6%>	45 <6.6%>	105 <14.0%>
Others					
Sales	235	451	562	580	220
Operating income < % >	13 <5.5%>	24 <5.3%>	28 <5.1%>	30 <5.2%>	15 <6.8%>
Eliminations/Corporate					
Sales	-95	-198	-272	-270	-90
Operating income	-38	-38	-63	-60	-45
Total					
Sales	6,285	7,172	7,720	7,500	7,400
Operating income < % >	426 <6.8%>	624 <8.7%>	693 <9.0%>	530 <7.1%>	740 <10.0%>

(Supplementary Information) Mid-term Target for Profitability Enhancement



← Mid-term Plan FY'06-FY'08 →

Target announced
in Feb. 2006

(¥100 Million)	06/3 Actual	07/3 Actual	08/3 Actual	09/3 Revised forecast	09/3 Plan
Operating income margin	6.8%	8.7%	9.0%	7.1%	10%
ROE	12.1%	14.0%	16.1%	12.1%	15%
Capital Expenditure	473	3 year total:1,282			3 year total 1,000
		362	520	400	
Depreciation	294	3 year total:1,109			3 year total 990
		345	374	390	
Net interesting-bearing debt	1,711	1,822	1,512	1,750	1,090
Shareholders' equity	2,357	2,624	2,679	2,930	3,100
Net D/E ratio (times)	0.73	0.69	0.56	0.60	0.4