



NSK

FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

November 7, 2012

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.

1

**Consolidated Business Results
for the Six Months Ended September 30, 2012**

2

**Consolidated Business Forecast
for the Year Ending March 31, 2013**

3

**Emergency Countermeasures for the 2nd Half
of the Year Ending March 31, 2013, and
Countermeasures for the Next Mid-term Plan**

(Supplementary Information)

1

Consolidated Business Results for the Six Months Ended September 30, 2012

Business Environment

- ✓ **Industrial Machinery :**
Downturn in economy
due to European financial crisis and slower growth in emerging countries
- ✓ **Automotive Products:**
Japan : Increased car production supported by government subsidies for Eco-Cars
USA / ASEAN : Steady China : Slowing down Europe : Remained stagnant
- ✓ **Yen's appreciation continued against both US\$ and Euro**

Summary of Business Results

- ✓ **Sales ¥369.4 billion (YOY +5.0%), Operating income ¥18.4 billion (YOY -19.7%), Ordinary income ¥17.0 billion (YOY -22.4%), Net Income ¥11.9 billion (YOY -17.6%)**
-YOY results for the six months: increase in sales, but decrease in operating income
-YOY results for 2Q (Jul-Sep): decrease in both sales and operating income
(Sales -¥6.5 billion -3.5%, Operating income -¥6.6 billion -51.6%)
- ✓ **Results by Business Segment**
 - Industrial Machinery Business :
For the six months, sales and operating income decreased YOY
for both industrial machinery bearings and precision machinery and parts.
 - Automotive Business : both sales and operating income increased thanks to the effect
of government subsidies for Eco-Cars and expansion of the EPS business

Summary of Consolidated Business Results for the Six Months Ended September 30, 2012



(Billions of yen)	'12/3 1st half <Actual>	'13/3 1st half <Actual>	Increase/ decrease YOY	Difference YOY	'13/3 1st half <Original forecast>
Sales	351.9	369.4	+17.5	+5.0%	385.0
Operating income <%>	22.9 <6.5%>	18.4 <5.0%>	-4.5	-19.7%	22.0 <5.7%>
Ordinary income	21.8	17.0	-4.8	-22.4%	20.0
Income before tax	21.8	16.1	-5.7	-26.1%	20.0
Net income	14.4	11.9	-2.5	-17.6%	12.0
<Exchange rate>					
(1US\$=)	(¥79.70)	(¥79.41)			(¥80)
(1EURO=)	(¥114.64)	(¥100.64)			(¥105)
【Major Indexes】					
ROE	11.3%	8.6%			
Net D/E ratio (times)	0.69	0.58			
Inventory turnover (times)	6.2	6.4			

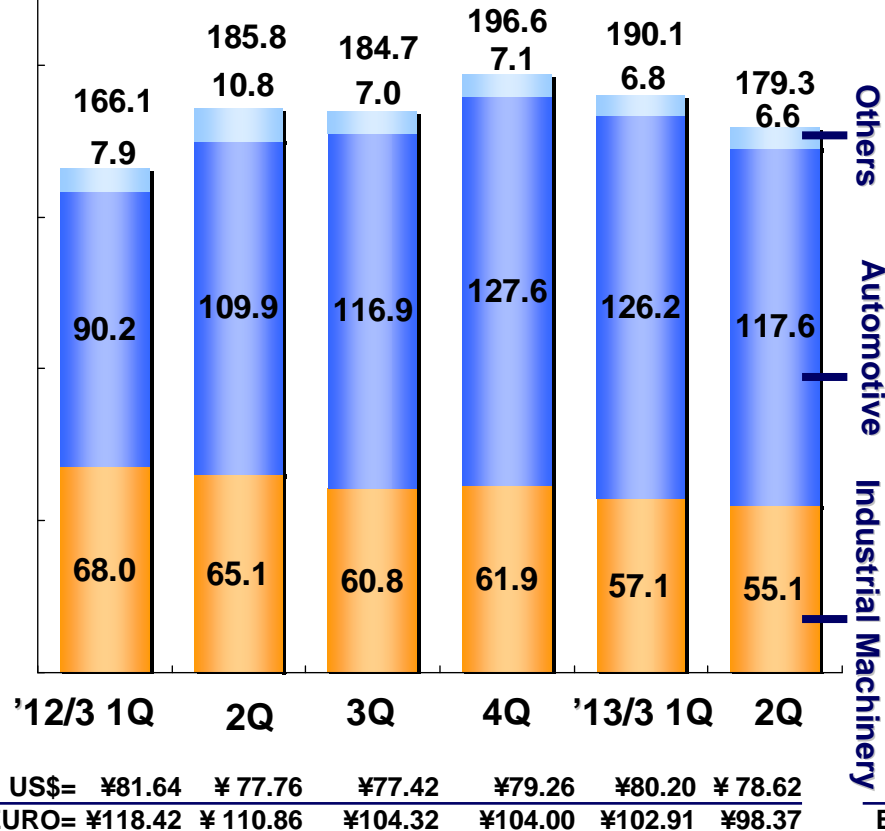
Quarterly Business Performance



Sales

Continued demand decrease in industrial machinery business. Sales in the automotive business rose YoY, but declined compared to 1Q.

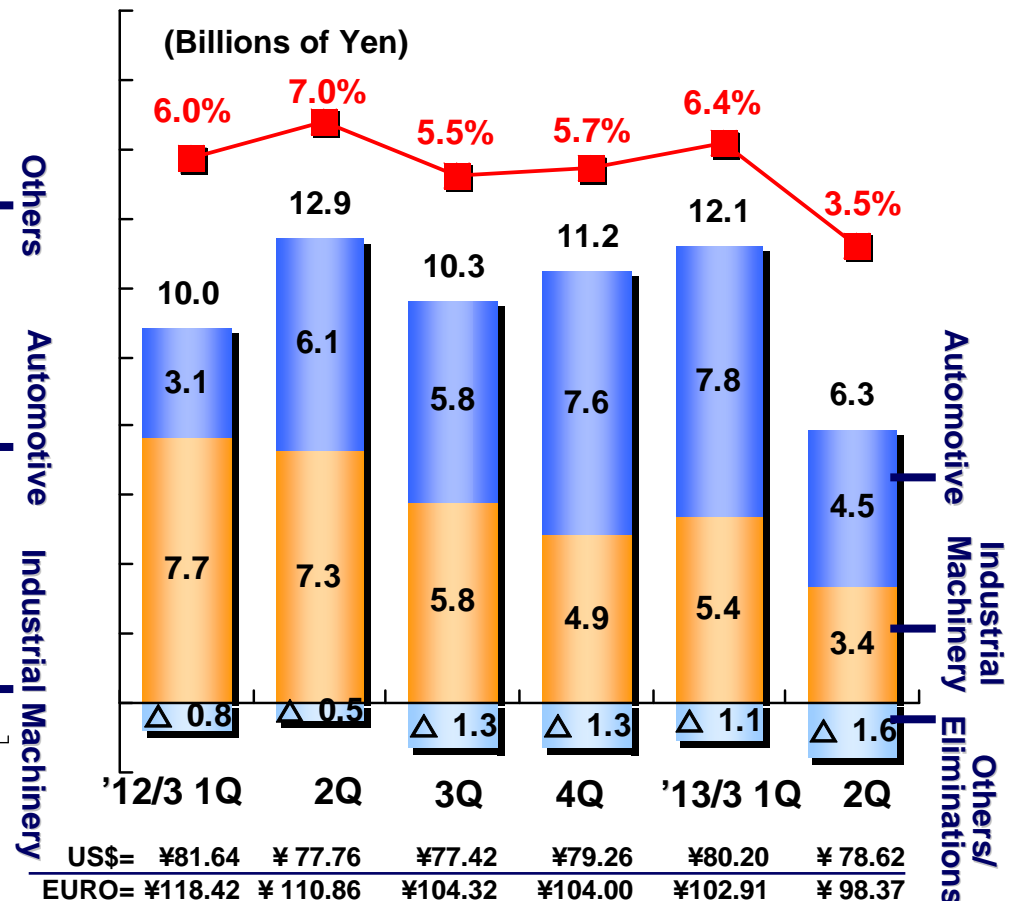
(Billions of Yen)



Operating income/Margin

2Q operating income decreased due to lower volume, appreciation of the Japanese yen, price reductions, etc.

(Billions of Yen)



Results by Business Segment

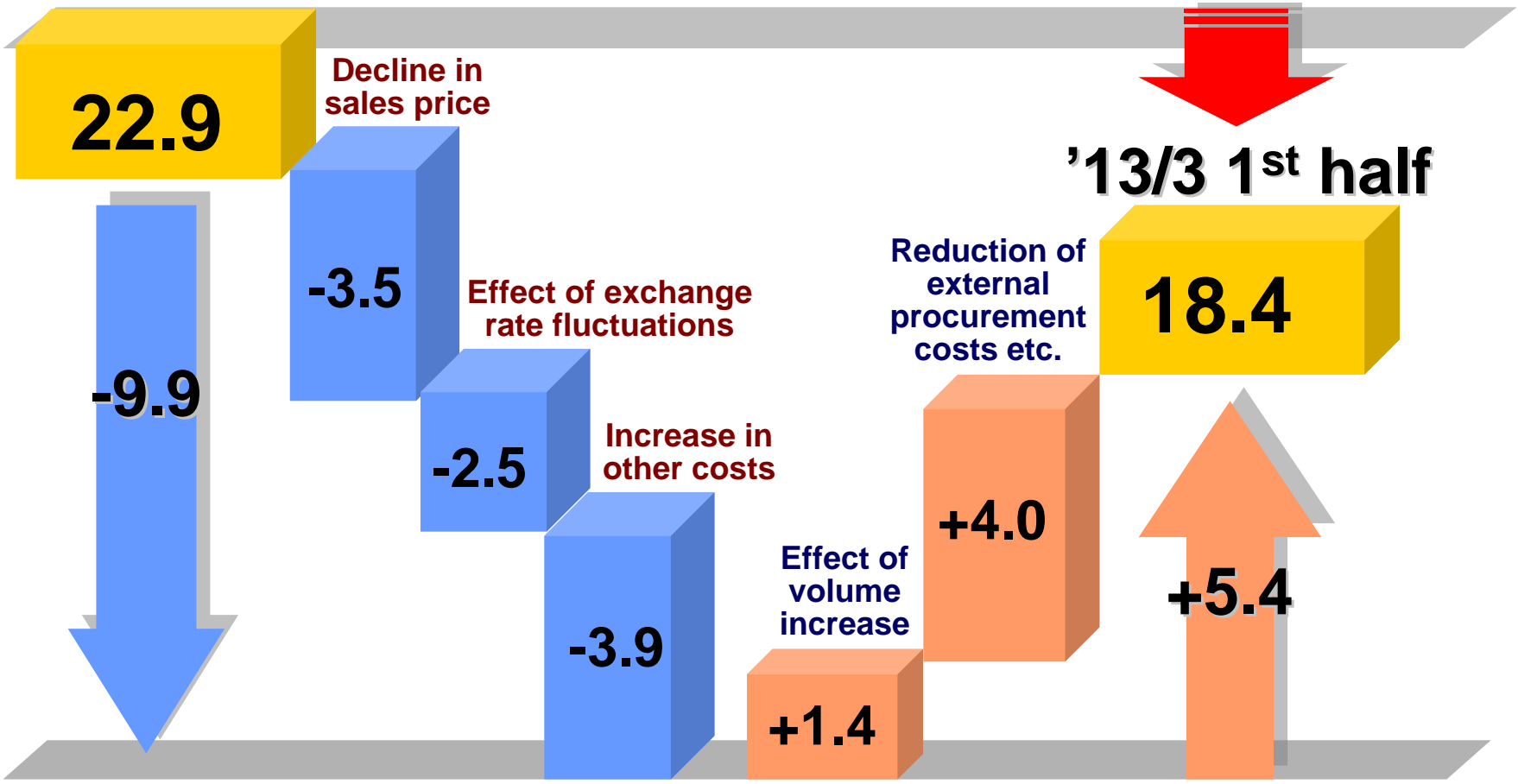
(Billions of yen)	'12/3 1 st half <Actual>	'13/3 1 st half <Actual>	Increase/ decrease YOY	Difference YOY	'13/3 1 st half <Original Forecast>
Sales	351.9	369.4	+17.5	+5.0%	385.0
Industrial machinery business	133.1	112.2	-20.9	-15.7%	125.5
Industrial machinery bearings	108.7	94.1	-14.6	-13.5%	104.0
Precision machinery and parts	24.4	18.1	-6.3	-25.6%	21.5
Automotive business	200.1	243.8	+43.7	+21.8%	245.0
Automotive bearings	103.3	117.2	+13.9	+13.5%	119.5
Automotive components	96.8	126.6	+29.8	+30.8%	125.5
Others	32.8	28.0	-4.8	-14.5%	27.5
Eliminations	-14.1	-14.6	-0.5	-	-13.0
Operating income	22.9 <6.5%>	18.4 <5.0%>	-4.5	-19.7%	22.0
Industrial machinery business	15.0 <11.3%>	8.8 <7.8%>	-6.2	-41.7%	11.0
Automotive business	9.2 <4.6%>	12.3 <5.1%>	+3.1	+34.4%	14.0
Others	2.0 <6.2%>	1.2 <4.4%>	-0.8	-38.8%	1.5
Eliminations/Corporate	-3.3	-3.9	-0.6	-	-4.5

Operating income : Factors Behind Increase ('12/3 1st half ⇒ '13/3 1st half)

(Billions of Yen)

'12/3 1st half

**YOY decrease of
-4.5**

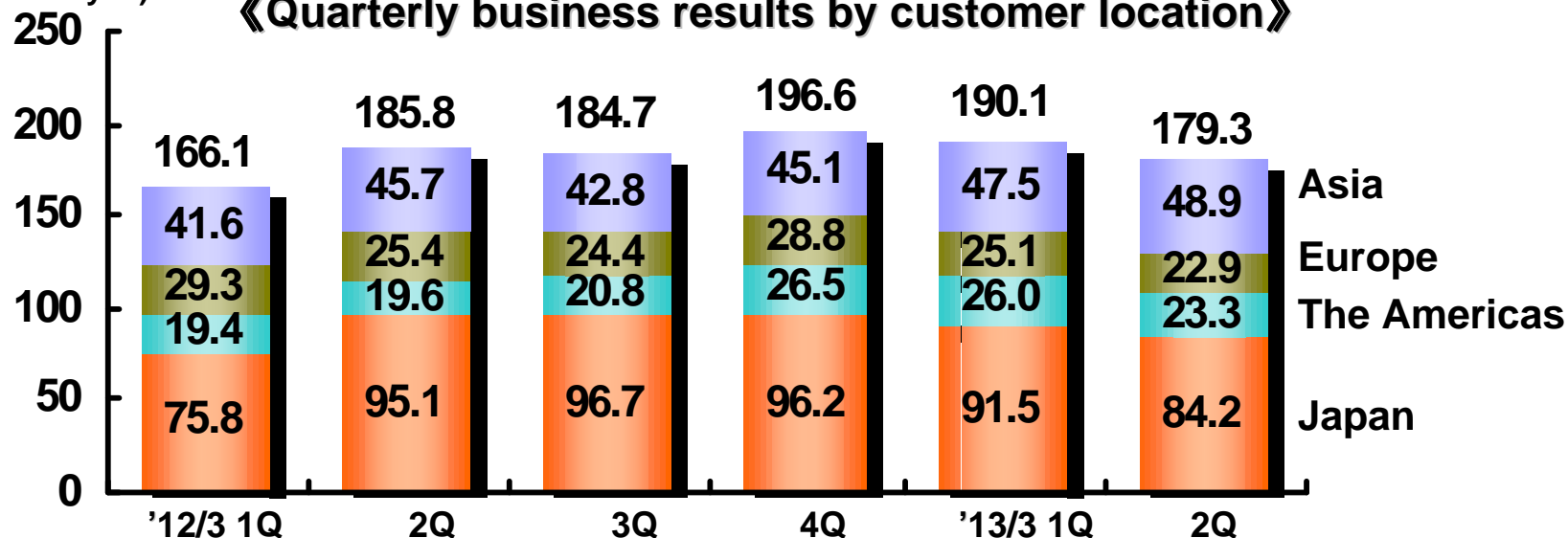


Business Results by Customer Location

(Billions of yen)	'12/3 1st half <Actual>	'13/3 1st half <Actual>	Increase/ decrease YOY	Difference YOY
Sales	351.9	369.4	+17.5	+5.0%
Japan	170.9	175.7	+4.8	+2.8%
Non-Japan	181.0	193.7	+12.7	+7.1%
(Non-Japan ratio)	(51.4%)	(52.4%)		
The Americas	39.0	49.3	+10.3	+26.4%
Europe	54.7	48.0	-6.7	-12.3%
Asia	87.3	96.4	+9.1	+10.6%
(Asia Ratio)	(24.8%)	(26.1%)		
China only	44.8	47.0	+2.2	+5.0%

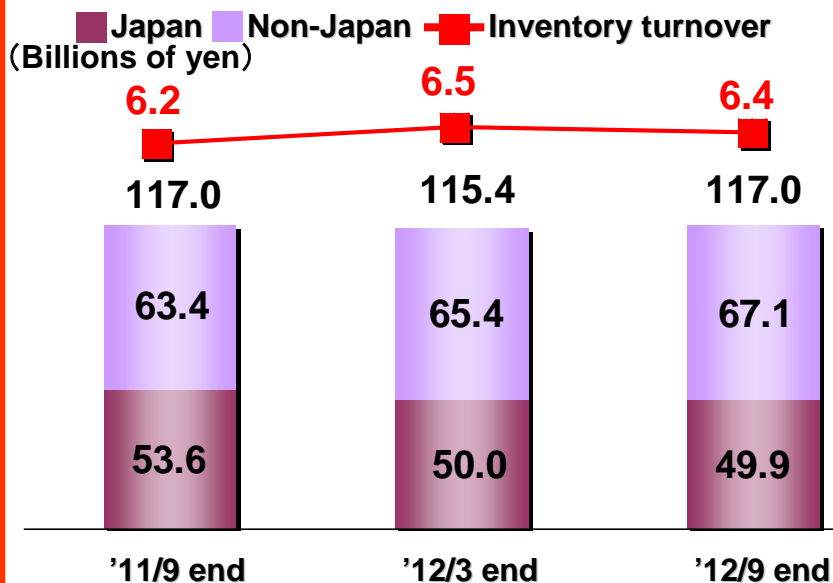
(Billions of yen)

《Quarterly business results by customer location》

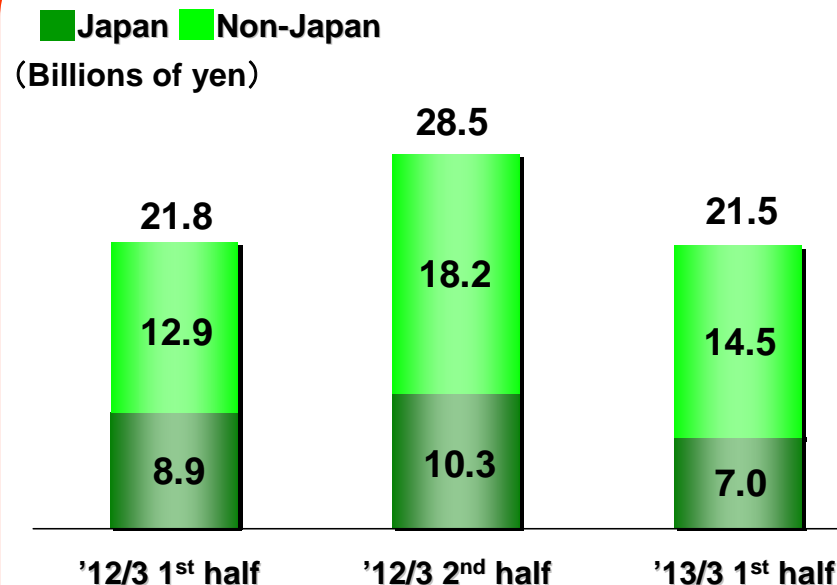


Inventory/ Interest-Bearing Debt, Capital Expenditure/ Depreciation

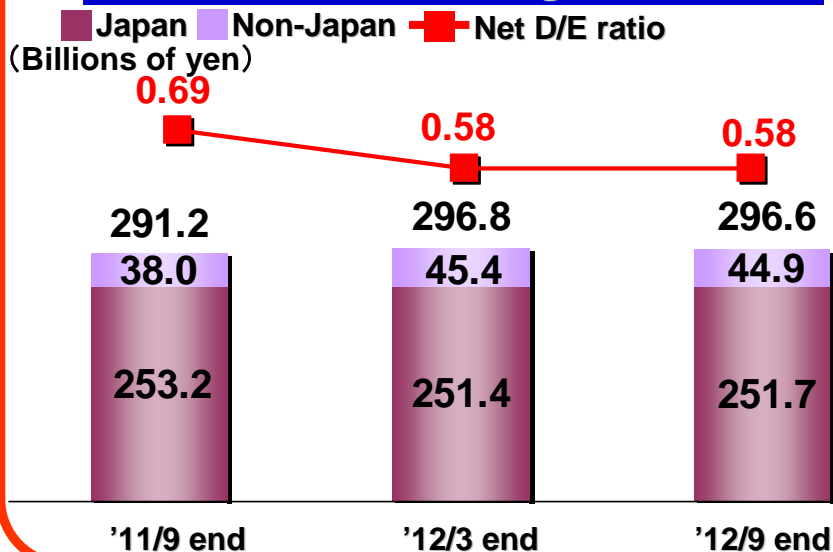
Inventories



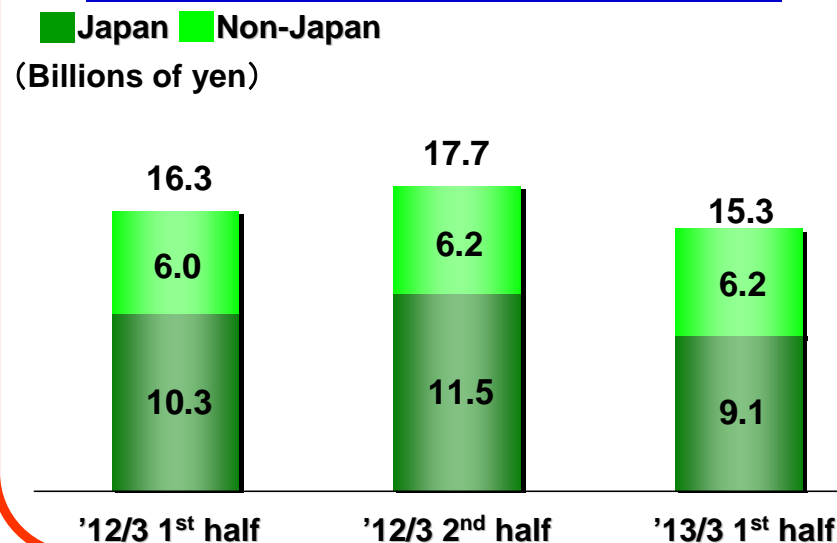
Capital Expenditure



Interest Bearing-Debt



Depreciation and Amortization



2

Consolidated Business Forecast for the Year Ending March 31, 2013

Revised Business Forecast

- ✓ Both sales and operating income were revised downward from the original forecast announced in May
- ✓ YOY decrease in both sales and operating income
(Sales -¥18.2 billion (-2.5%), Operating income -¥17.4 billion (-39.2%))
- ✓ Exchange rate assumption for the 2nd half: US\$=¥75.0, EURO=¥100.0

Forecasted Business Environment for the 2nd Half

- ✓ Rapid decline in demand caused by continued economic slowdown in emerging countries, prolonged European financial problems, and production decrease by Japanese makers in China
- ✓ Industrial Machinery Bearings:
 - Demand remains in a decline phase compared to the original forecast in May of demand recovery
- ✓ Automotive:
 - Japan : declining demand due to the ending of government subsidies for eco-cars
 - Overseas : despite steady demand in US, continued low demand in Europe and production slowdown by Japanese makers in China

⇒ Implement urgent countermeasures to improve profitability

Summary of Consolidated Business Forecast for the Year Ending March 31, 2013



(Billions of yen)	'12/3	'13/3					
	Full Year <Actual>	1 st half <Actual>	2 nd half <Revised Forecast>	Full Year <Revised Forecast>	Difference YOY	Change YOY	Full Year <Original Forecast>
Sales	733.2	369.4	345.6	715.0	-18.2	-2.5%	780.0
Operating income	44.4	18.4	8.6	27.0	-17.4	-39.2%	50.0
<%>	<6.1%>	<5.0%>	<2.5%>	<3.8%>			<6.4%>
Ordinary income	42.0	17.0	6.0	23.0	-19.0	-45.2%	46.0
Income before tax	41.3	16.1	6.0	22.1	-19.2	-46.5%	46.0
Net income	28.5	11.9	3.1	15.0	-13.5	-47.4%	30.0
<Exchange rate> (1US\$=)	(¥79.02)	(¥79.41)	(¥75)	(¥77.21)			(¥80)
(1EURO=)	(¥109.40)	(¥100.64)	(¥100)	(¥100.32)			(¥105)

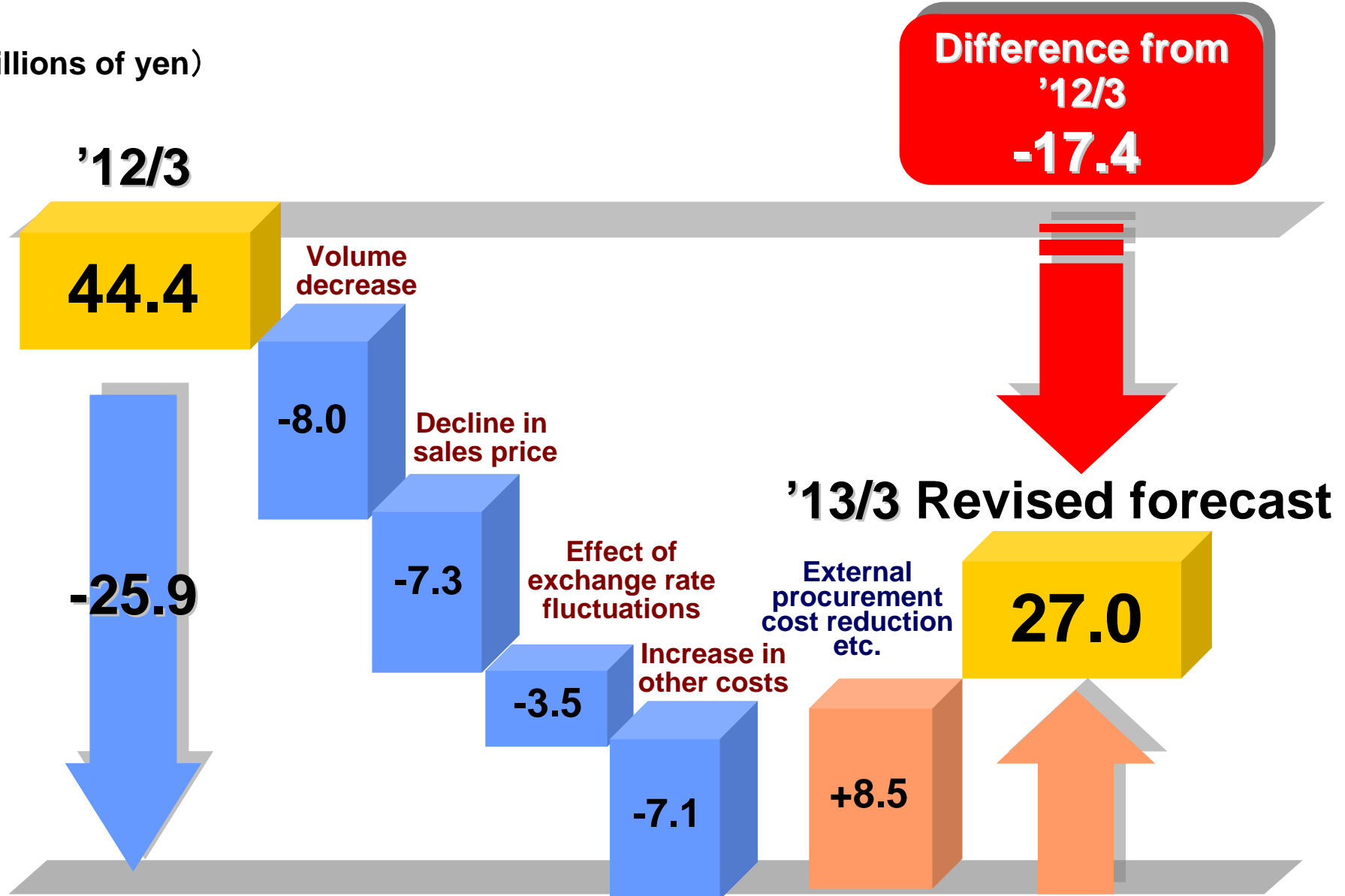
Forecast by Business Segment



(Billions of yen)	'12/3		'13/3									
	Full year <Actual>		1st half <Actual>	2nd half <Revised forecast>	Full year <Revised forecast>	Increase/ decrease YOY	Change YOY	Full year <Original forecast>				
Sales	733.2		369.4	345.6	715.0	-18.2	-2.5%	780.0				
Industrial machinery business	255.8		112.2	98.8	211.0	-44.8	-17.5%	257.0				
Industrial machinery bearings	210.8		94.1	84.9	179.0	-31.8	-15.1%	212.0				
Precision machinery and parts	45.0		18.1	13.9	32.0	-13.0	-28.9%	45.0				
Automotive business	444.6		243.8	232.2	476.0	+31.4	+7.1%	492.5				
Automotive bearings	220.9		117.2	112.3	229.5	+8.6	+3.9%	240.0				
Automotive components	223.7		126.6	119.9	246.5	+22.8	+10.2%	252.5				
Other	61.0		28.0	26.0	54.0	-7.0	-11.5%	56.5				
Eliminations	-28.2		-14.6	-11.4	-26.0	-2.2	-	-26.0				
Operating income	44.4	<6.1%>	18.4	<5.0%>	8.6	<2.5%>	27.0	<3.8%>	-17.4	-39.2%	50.0	<6.4%>
Industrial machinery business	25.7	<10.0%>	8.8	<7.8%>	1.7	<1.7%>	10.5	<5.0%>	-15.2	-59.1%	26.5	<10.3%>
Automotive business	22.6	<5.1%>	12.3	<5.1%>	9.7	<4.2%>	22.0	<4.6%>	-0.6	-2.7%	29.5	<6.0%>
Other	3.3	<5.3%>	1.2	<4.4%>	1.3	<5.0%>	2.5	<4.6%>	-0.8	-24.2%	3.0	<5.3%>
Eliminations/ Corporate	-7.2		-3.9	-4.1	-8.0		-0.8		-		-9.0	

Operating income : Factors Behind Increase ('12/3 ⇒ '13/3 Revised forecast)

(Billions of yen)



Forecast by Customer Location

(Billions of yen)	'12/3			'13/3					
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Actual>	2nd half <Revised forecast>	Full year <Revised forecast>	Increase/ decrease YOY	Change YOY	Full year <Original forecast>
Sales	351.9	381.3	733.2	369.4	345.6	715.0	-18.2	-2.5%	780.0
Japan	170.9	192.9	363.8	175.7	158.3	334.0	-29.8	-8.2%	376.0
Non-Japan	181.0	188.4	369.4	193.7	187.3	381.0	+11.6	+3.1%	404.0
(Non-Japan ratio)	(51.4%)	(49.4%)	(50.4%)	(52.4%)	(54.2%)	(53.3%)			(51.8%)
The Americas	39.0	47.3	86.3	49.3	47.2	96.5	+10.2	+11.8%	101.5
Europe	54.7	53.2	107.9	48.0	47.5	95.5	-12.4	-11.5%	108.0
Asia	87.3	87.9	175.2	96.4	92.6	189.0	+13.8	+7.9%	194.5
(Asia Ratio)	(24.8%)	(23.1%)	(23.9%)	(26.1%)	(26.8%)	(26.4%)			(24.9%)
China Only	44.8	44.3	89.1	47.0	45.0	92.0	+2.9	+3.2%	100.0

3

Emergency Countermeasures for the 2nd Half of the Year Ending March 31, 2013 and Countermeasures for the Next Mid-term Plan

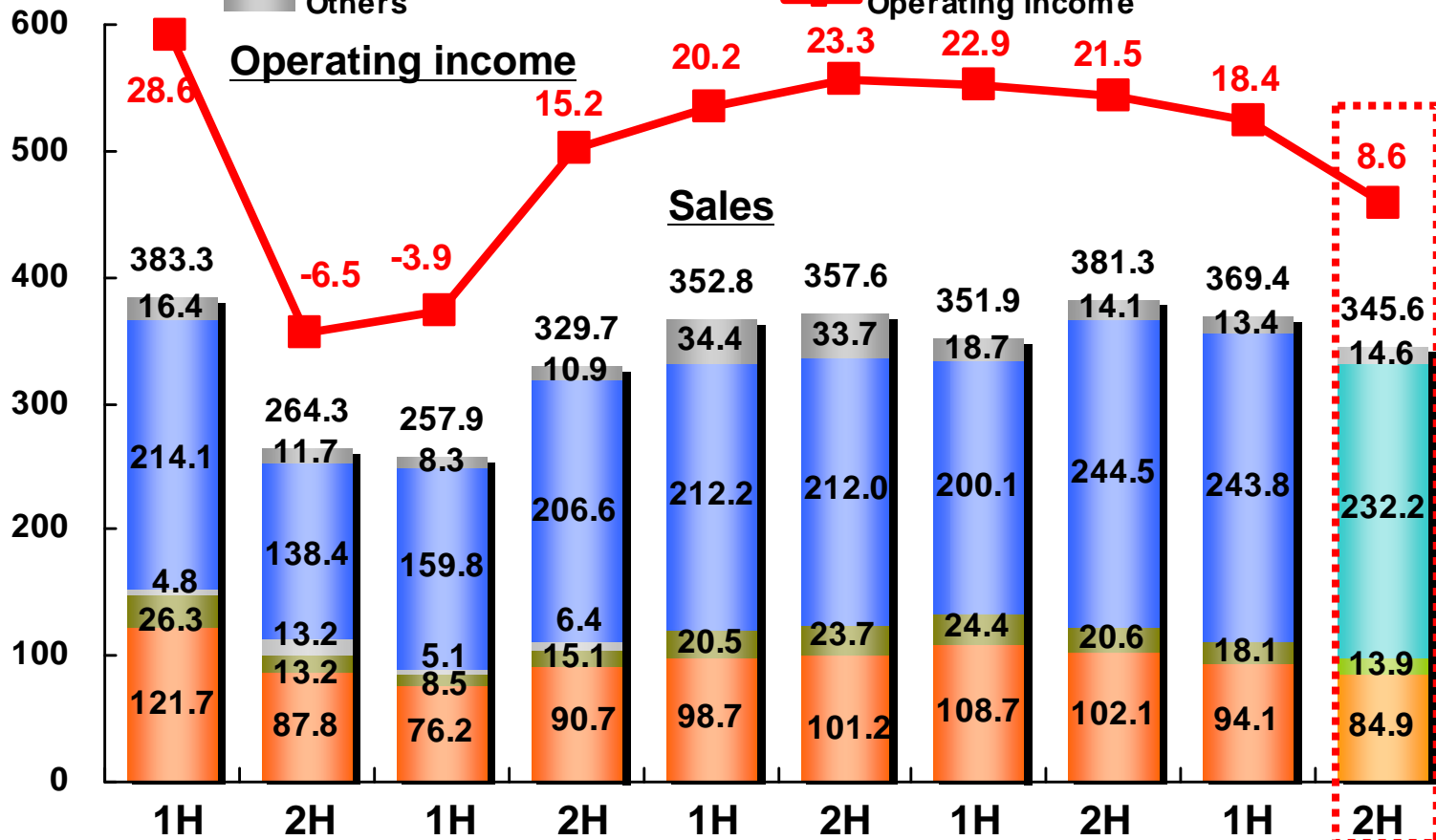
Semiannual Business Performance

Drastic change in demand environment

Implement emergency countermeasures to improve profitability

(Billions of yen)

- Industrial machinery bearings
- Systemized products
- Others
- Precision machinery and parts
- Automotive
- Operating income



'09/3

'10/3

'11/3

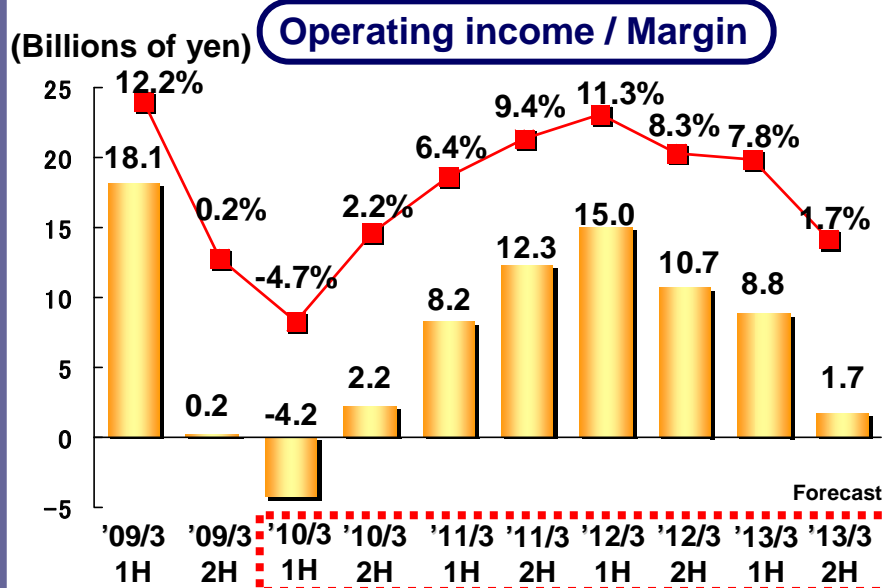
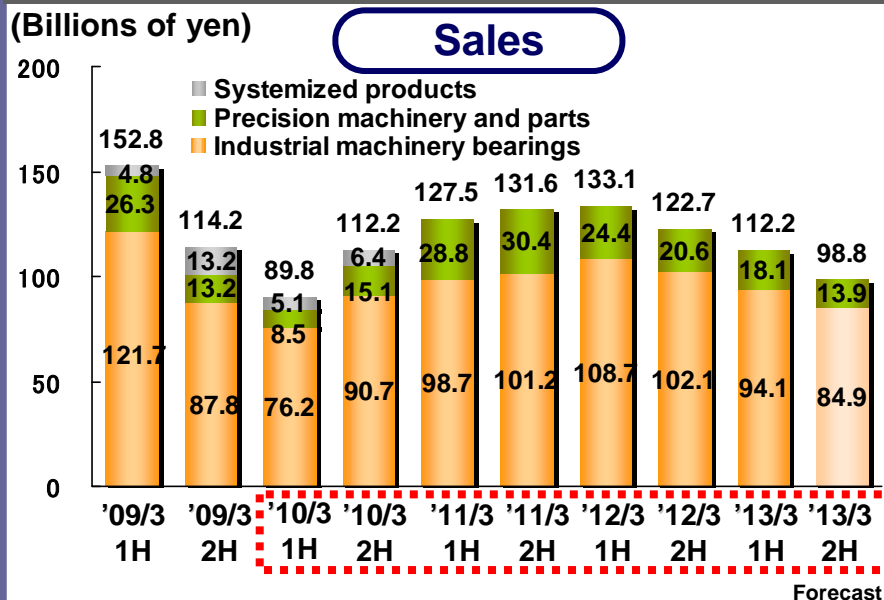
'12/3

'13/3

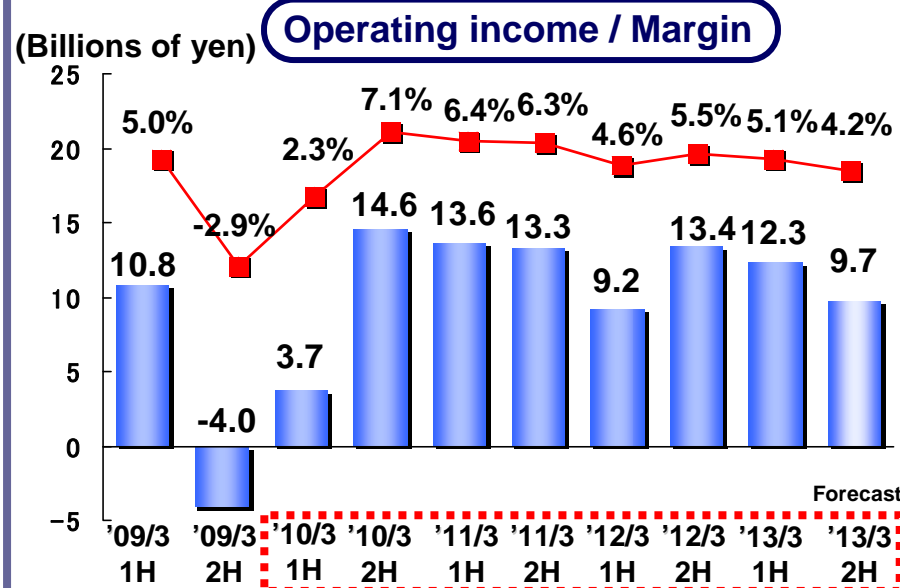
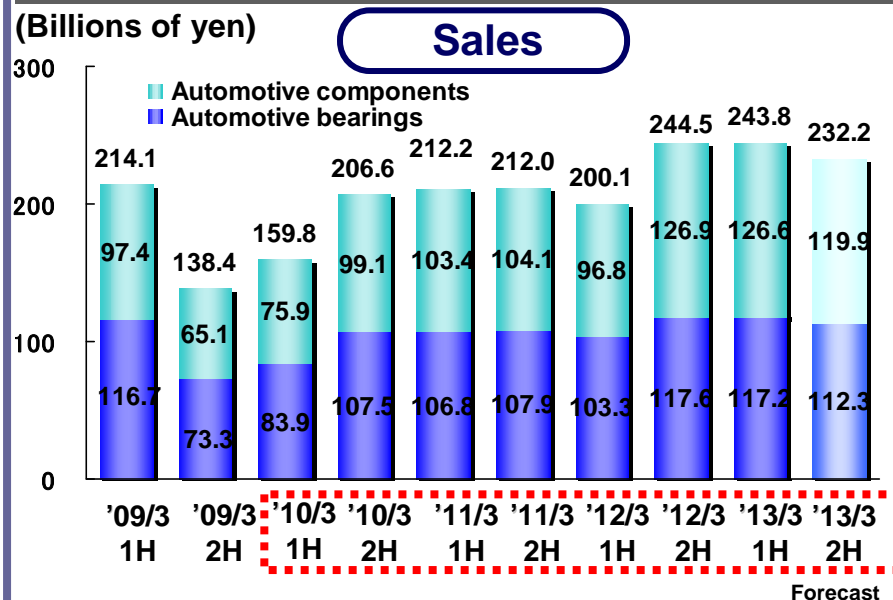
US\$=	¥105.95	¥95.54	¥95.45	¥90.20	¥88.93	¥82.33	¥79.70	¥78.34	¥79.41	¥75.00
EURO=	¥162.88	¥126.05	¥133.06	¥128.73	¥114.03	¥111.81	¥114.64	¥104.16	¥100.64	¥100.00

Quarterly Business Segment Performance

Industrial Machinery Business



Automotive Business

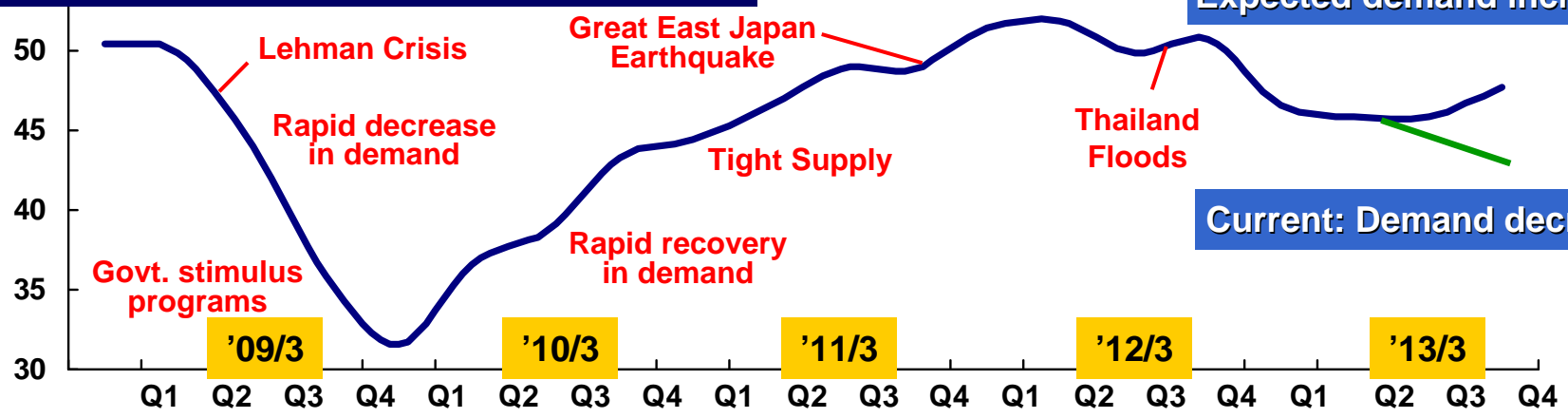


Demand Forecast and Countermeasures for the 2nd Half of the Year Ending March 31, 2013 -Industrial Machinery Business-

Sales of Industrial Machinery bearings

(Billions of Yen)

Beginning of FY2012: Expected demand increase



Demand Trends by Sector

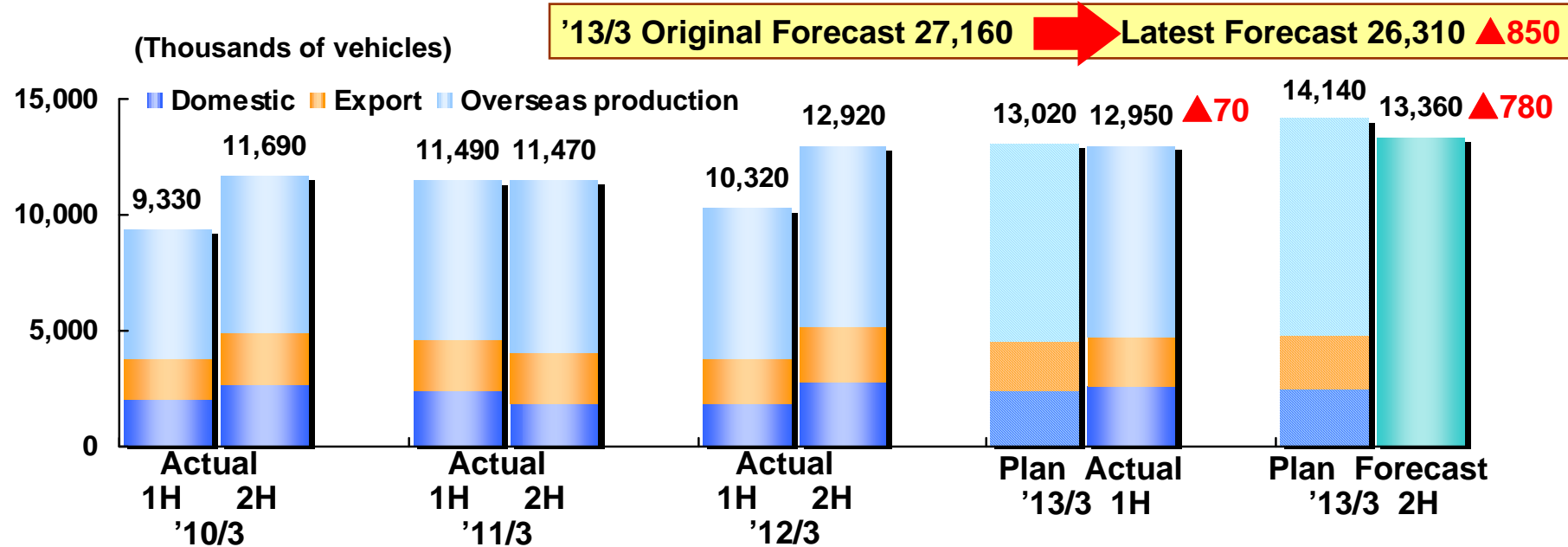
Sectors	As of Mar. 2012	As of Oct. 2012
IT/Electrical	→	↘
Steel (Replacement)	→	→
Mining / Construction	→	↘
Pumps / Compressors	→	↘
Wind Turbines	→	↘
Railways	↘	↘
Machine Tools	→	↘
Injection Molding Machines	→	↘
Semiconductors / LCD	↘	↘
AM	→	↘

-Continued demand decrease against forecast at the beginning of FY2012
 -Forecast in each sector shows downturn

Countermeasures for demand decrease in industrial machinery business

- Accumulate urgent sales expansion projects
- Strengthen credit control
- Reduce inventory more than sales level
- Accelerate new product development

Japanese Automakers' Production Volume



Japanese Automakers' Trend in China

(Thousands of vehicles)	Total
Impact of volume down in China	▲680
Economic downturn, other factors	▲170
Total	▲850

Minimizing the impact of volume decrease in China and continuing profitability improvement

- Swiftly reflect changing volume in production plans
- Reduce direct costs
- Improve plant productivity
- Improve costs by VAVE

● Countermeasures to Improve Profitability and Cash Flow

Rapid Reflection of Volume Decrease in Operating Plans

- Timely understanding of demand trends
- Scale back production plans (reduce operation level and shifts)

CAPEX Reduction

- Postpone CAPEX based on demand trends
- Enhance efficiency of current facilities
- Prioritize rationalization, labor saving and quality improvement

Inventory Reduction

- Thorough management of production, sales and inventory, Reduce inventory through flexible operation
- Improve inventory turnover

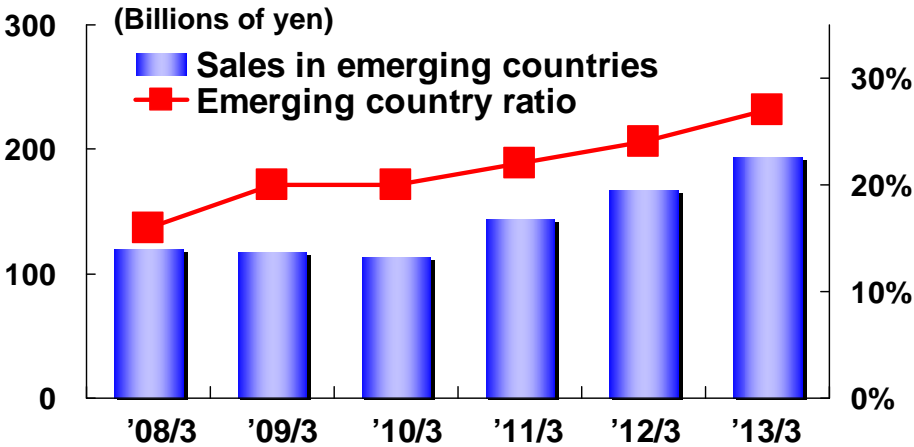
Thorough Cost Reduction

- Reduce sales and general administrative expenditure
- Reduce external expenditure

For Developing the Next Mid-term Plan

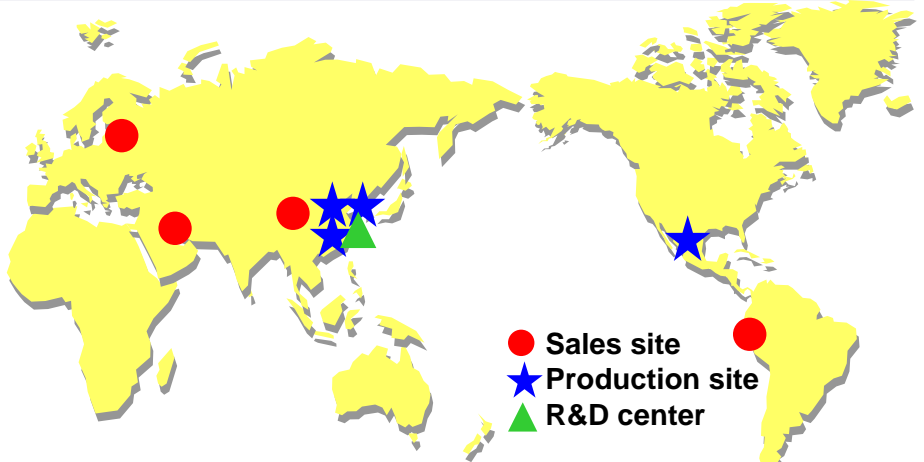
-Continue Strengthening Base in Emerging Countries-

Sales Expansion in Emerging Countries



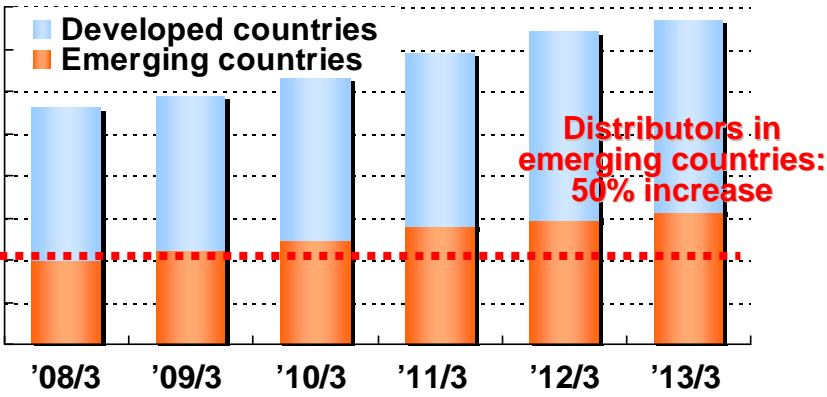
- Sales in emerging countries to increase, particularly in Asia
- Driven by automotive sales

Strengthening Growth Platform



- <Europe Perimeter Regions>
 - Open sales site in Dubai
 - Open sales site in Russia (planned)
- <Central / Southern America>
 - Establish production site in Mexico (planned)
 - Penetrate market through new sales site in Peru
- <China>
 - Continue strengthening production network (Shenyang, Hefei, existing sites)
 - Expand sales network
 - Enhance R&D functions
- <Korea>
 - 3rd building at Changwon plant

Distributor Network Development in Emerging Countries



For Developing the Next Mid-term Plan

-Countermeasures for Challenging Business Environment-

Prolonged appreciation of the yen

Domestic Demand Shift
Declining Profitability of Exports

- Accelerate shift to overseas production
- Strengthen local procurement
 - *Expand local procurement of raw materials, enhance pre-processing
 - *Develop local suppliers

Environmental Change in Automotive Business

Electric Vehicles
Hybrid Electric Vehicles

- Expand EPS business
 - *Profitability improvement
 - *Promote development for next-generation technology
- Expand bearings for HEV
- New product lineup

Escalation of Competition among Automakers

- Customer strategy, regional strategy, product strategy
- Enhance global supply capability
- Product line-up focused on emerging countries

Escalation of Global Competition

Escalation of Competition against Competitors in Developed Countries
Competitors in Emerging Countries catching up

- Strengthen global accounts and key accounts
- Secure advantage based on technology
- Strengthen business infrastructure through M&A and partnerships

4th Mid-term Plan Basic Policy

<Term: FY2013-FY2015>

- Prepare foundation to become 1 trillion yen company
- Improve company quality
 - Profitability / growth capability / transparency / accountability
- Industrial machinery Business
 - : Reset overseas growth strategy
 - : Optimize production capability both in Japan and overseas
 - Strengthen resistance to exchange rate fluctuations
- Automotive Business
 - : Countermeasures for environmental change & intense competition, despite industry growth
 - : Well balanced increase in both volume and profitability
- China: Conduct operations cautiously for present time, although still regarded as a key region
- Enhance corporate governance and compliance
- Enhance global management structure

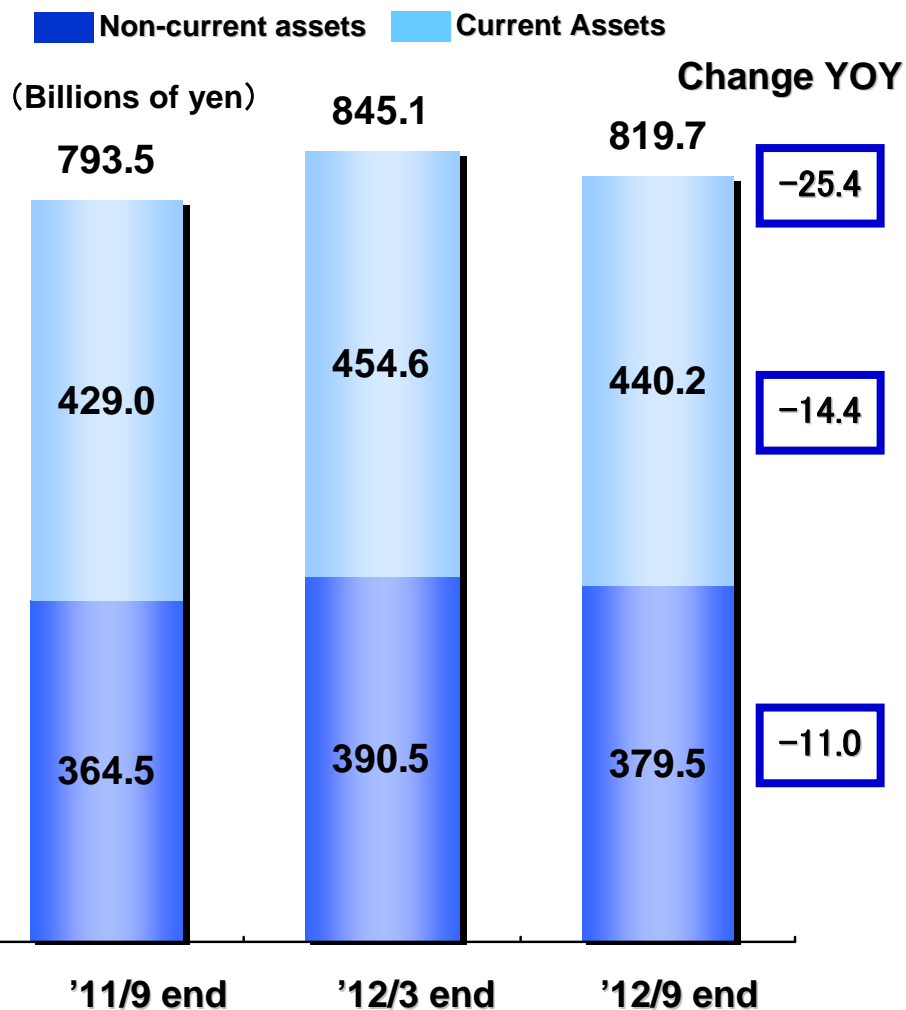
(Supplementary Information)

(Supplementary Information) Forecast by Geographical Segment

(Billions of yen)	'12/3			'13/3					
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Actual>	2nd half <Actual>	Full year <Actual>	Increase/ Decrease YOY	Change YOY	Full year <Original forecast>
Sales	351.9	381.3	733.2	369.4	345.6	715.0	-18.2	-2.6%	780.0
Japan	262.7	275.7	538.4	259.7	236.8	496.5	-41.9	-7.8%	547.0
The Americas	38.9	47.2	86.1	48.7	46.3	95.0	+8.9	+10.3%	101.5
Europe	55.7	53.5	109.2	49.0	48.0	97.0	-12.2	-11.2%	109.5
Asia	78.4	83.8	162.2	95.4	91.6	187.0	+24.8	+15.3%	204.5
Eliminations	-83.8	-78.9	-162.7	-83.4	-77.1	-160.5	+2.2	-	-182.5
Operating income	22.9 <6.5%>	21.5 <5.6%>	44.4 <6.1%>	18.4 <5.0%>	8.6 <2.5%>	27.0 <3.8%>	-17.4	-40.0%	50.0 <6.4%>
Japan	17.5 <6.7%>	16.1 <5.8%>	33.6 <6.2%>	13.6 <5.3%>	4.4 <1.9%>	18.0 <3.6%>	-15.6	-46.4%	34.0 <6.2%>
The Americas	1.8 <4.6%>	2.3 <5.0%>	4.1 <4.8%>	1.2 <2.5%>	1.0 <2.2%>	2.2 <2.3%>	-1.9	-46.3%	4.5 <4.4%>
Europe	1.6 <2.8%>	2.3 <4.4%>	3.9 <3.6%>	1.0 <1.9%>	1.0 <2.1%>	2.0 <2.1%>	-1.9	-48.7%	3.5 <3.2%>
Asia	5.8 <7.4%>	4.7 <5.6%>	10.5 <6.5%>	6.0 <6.3%>	5.5 <6.0%>	11.5 <6.2%>	+1.0	+9.5%	17.0 <8.3%>
Eliminations/ Corporate	-3.8	-3.9	-7.7	-3.4	-3.3	-6.7	+1.0	-	-9.0

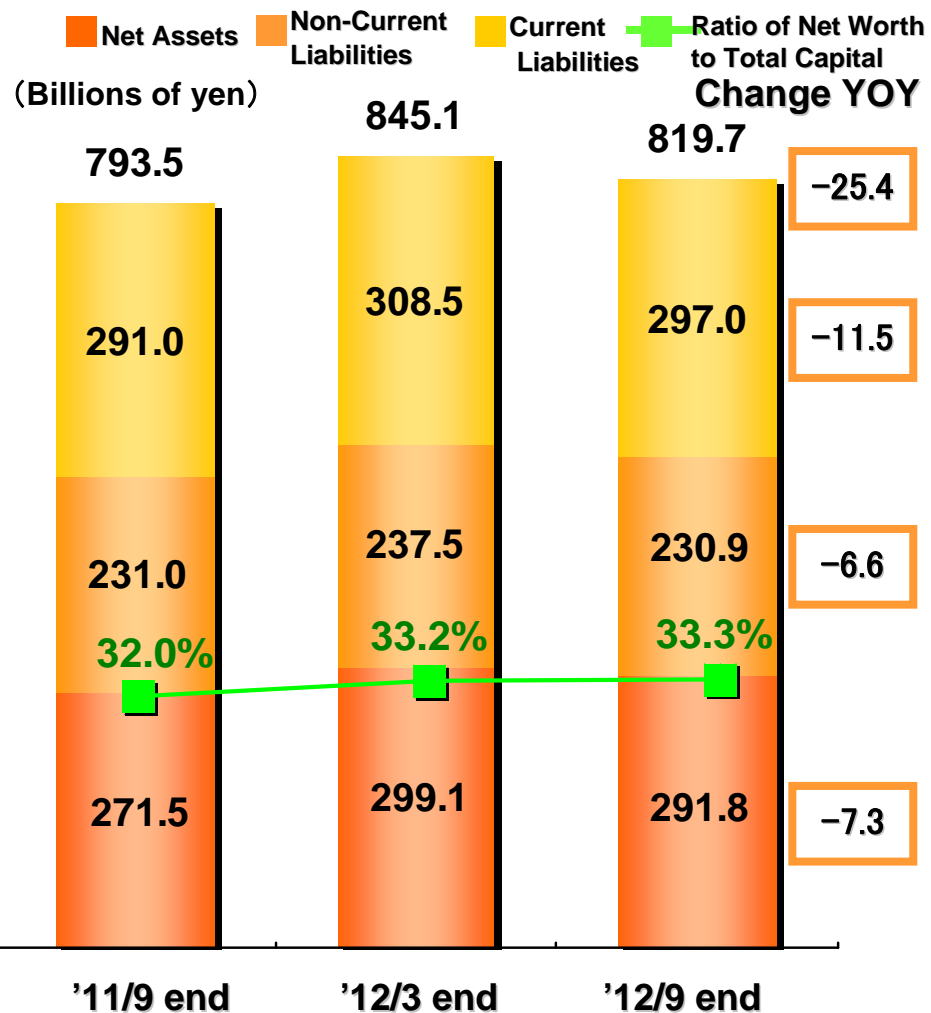
(Supplementary Information) Consolidated Balance Sheets

Assets



US\$: 76.65	82.19	77.60
Euro: 104.11	109.80	100.24

Liabilities and Net Assets



US\$: 76.65	82.19	77.60
Euro: 104.11	109.80	100.24

(Supplementary Information) Capital expenditure, Depreciation and Amortization, R&D expenses

(Billions of yen)	'12/3 Actual	'13/3 1 st half Actual	'13/3 Revised Forecast	'13/3 Original Forecast
Capital expenditure(*)	50.3	21.5	41.0	45.0
Japan	19.2	7.0	13.5	15.5
Non-Japan	31.1	14.5	27.5	29.5
The Americas	3.3	1.6	2.5	2.7
Europe	5.3	1.7	4.3	4.4
Asia	22.5	11.2	20.7	22.4

*Excluding intangible assets

(Billions of yen)	'12/3 Actual	'13/3 1 st half Actual	'13/3 Revised Forecast	'13/3 Original Forecast
Depreciation and Amortization(*)	34.0	15.3	35.0	36.0

*Excluding intangible assets

(Billions of yen)	'12/3 Actual	'13/3 1 st half Actual	'13/3 Revised Forecast	'13/3 Original Forecast
R&D Expenses	10.4	5.4	10.5	11.0