



FINANCIAL CONFERENCE

FOR THE RESULTS OF THE SIX MONTHS ENDED
SEPTEMBER 30, 2002 AND
FORECASTS FOR THE YEAR ENDING MARCH 31, 2003

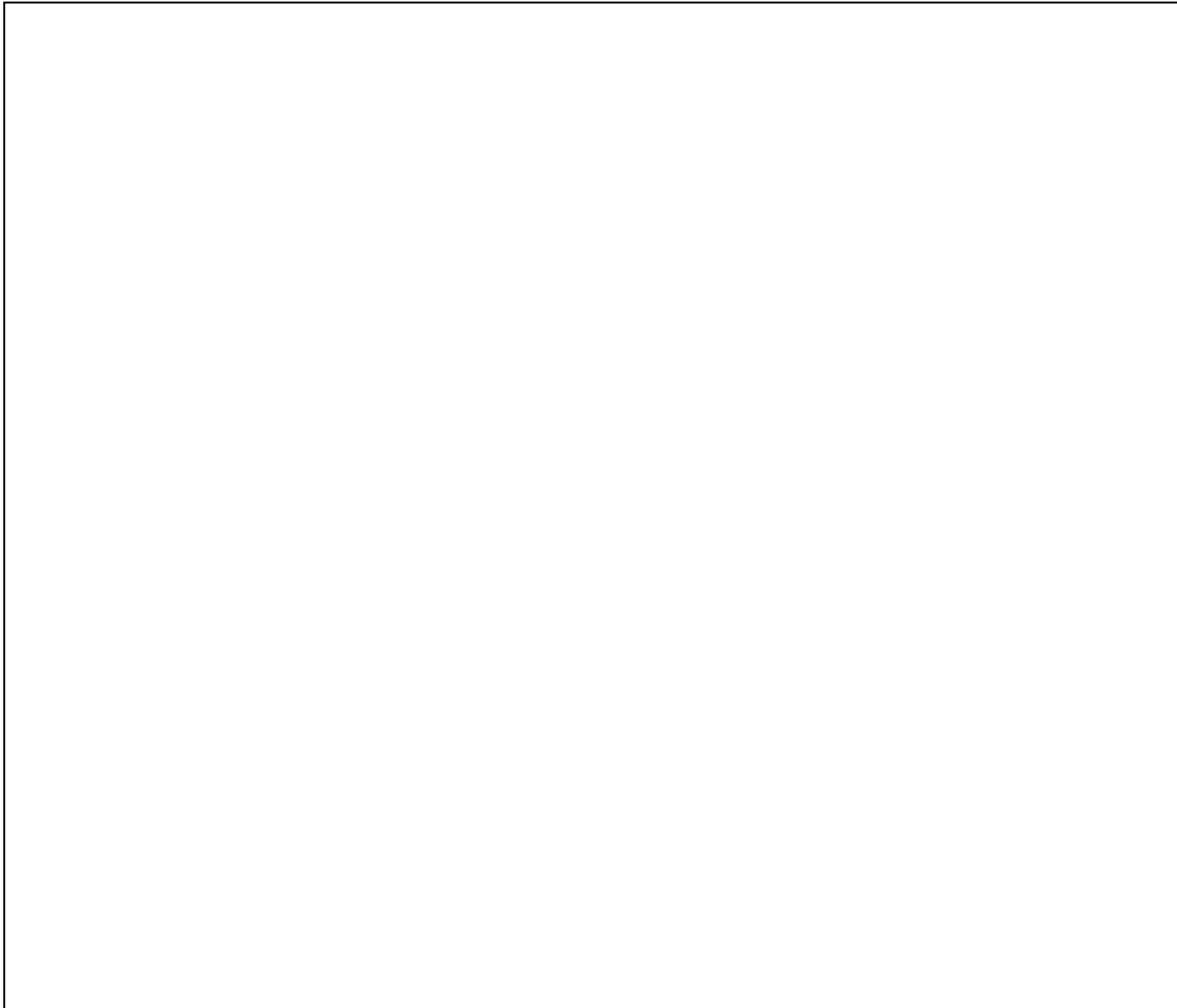
Seiichi Asaka
President & CEO

November 19, 2002
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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The following is an outline of our business results for the six months ended September 30, 2002 and the forecasts for the full-year ending March 31, 2003 (i.e. fiscal year 2002).



Business Results for the Six Months Ended September 30, 2002

Summary of the Interim 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)	(Six months ended Sep. 30, '01) (Six months ended Mar. 31, '02) (Six months ended Sep. 30, '02)			Difference (%)	
	FY '01:1 st half	FY '01:2 nd half	FY '02:1 st half		
Sales	2,524	2,285	2,607	+83	+3.3%
Operating income	49	-10	65	+16	+31.7%
Ordinary income	20	-52	32	+12	+61.6%
Profit before tax	97	-200	75	-22	-22.7%
Net income	37	-214	8	-29	-76.8%
(Rate: 1 US\$=)	(¥119.97)	(¥123.02)	(¥129.67)		
(Rate: 1 STG£=)	(¥172.92)	(¥177.63)	(¥187.30)		
(Rate: 1 EURO=)	(¥107.33)	(¥109.93)	(¥115.98)		
Free cash flow	-57	-40	118	+158	—
Interest bearing debt	2,499	2,724	2,558	-166	-6.1%
D/E ratio (times)	1.20	1.31	1.43		
Inventory	1,046	975	841	-134	-13.7%
Inventory turnover (turns)	4.8	4.9	6.2		

Sales for the six months ended September 30, 2002 totaled 260.7 billion yen, up 8.3 billion yen or 3.3% from the same period last year (i.e. 1st half of FY 2001).

Operating income and ordinary income improved 31.7% and 61.6%, respectively.

Foreign exchange rates for the period were all stronger against the yen.

In the 1st half of FY 2001, sales of precision machinery & parts and bearings for general industrial use fell sharply. Coupled with the lowered productivity at our production sites to reduce inventory, this brought about operating loss of 1.0 billion yen. Further negative factors, such as the realization of losses on devaluation of investment securities due to the weak stock markets, resulted in net loss amounting to 21.4 billion yen.

In comparison, the 1st half of FY 2002 saw a recovery in demand, combined with the positive effects of the 2nd phase of the “NSK Business Restructuring Program” in Japan and Europe, we were able to achieve a “V-shaped” recovery, although still not to sufficient levels.

(1) Changes in the scope of consolidated subsidiaries

(74 companies → 73 companies)

< Decrease >

- Aeroengine Bearings UK Ltd.
 - └ Transferred to the scope of affiliates accounted for under the equity method due to a change in equity.
(100% → 24.99%)

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

(20 companies → 22 companies)

< Increase >

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

- Aeroengine Bearings UK Ltd
 - └ Transferred from the scope of consolidated subsidiaries.

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The changes in the scope of consolidation are as shown.

Consolidated net sales –By customer location–



(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Increase/ (decrease)	Upper: Effect of FOREX Lower: Effect of exclusion of Aerospace Bearings UK	Net increase/ (decrease)
Japan	1,318	1,366	+47	—	+47 (+3.6%)
(Overseas sales ratio)	(47.8%)	(47.6%)			
Overseas	1,206	1,241	+35	+77	-29 (-2.4%)
The Americas	403	431	+28	+25	+3 (+0.7%)
Europe	430	418	-12	+32	-31 (-7.1%)
Asia	373	392	+19	-13	-1 (-0.3%)
Total	2,524	2,607	+83	+77	+19 (+0.7%)
				-13	

- **Japan:** Sales to the automotive industry increased, but decreased to the general industrial sector.
- **The Americas:** Sales to the automotive industry increased in the U.S. and Canada, but sales to the information technology industry and general industrial sectors 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, but weaker in Malaysia.

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Although sales to the general machinery sector, excluding the automotive industry, fell 10% compared to the 1st half of FY 2001, we were able to increase overall sales in Japan, thanks to the 14% year-on-year increase in sales to the automotive industry,

Overseas, net sales were flat in the Americas and Asia, while sales decreased 7.1% in Europe. (Note that net sales does not include the effects of foreign exchange fluctuations and the sale of the aerospace bearings business in the U.K.)

Consolidated net sales –By business segment–



(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Increase/ (decrease)	Upper: Effect of FOREX Lower: Effect of exclusion of Aerospace Bearings UK	Net increase/ (decrease)
Bearings	1,555	1,604	+49	+53 -13	+9 (+0.5%)
Automotive components	654	751	+97	+19	+78 (+11.9%)
Precision machinery	209	165	-44	+5	-49 (-23.1%)
Others	106	87	-19	0	-19 (-18.2%)
Total	2,524	2,607	+83	+77 -13	+19 (+0.7%)

- **Bearings:** Sales of automotive bearings increased, while demand for bearings for general industrial use was weaker
- **Automotive components:** Sales of electric power assisted steering (EPS) systems and automatic transmission components increased.
- **Precision machinery:** Sales of systemized products increased, but overall sales did not recover to the same level of the 1st half of FY 2001.
- **Others:** Sale of machine tools decreased.

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Although sales of automotive bearings increased worldwide, the increase in net bearing sales was limited, as sales to the electrical appliance, information technology and general machinery sectors fell everywhere except China.

The increase in sales of automotive components was supported by strong demand for electric power assisted steering (EPS) systems in Japan and Europe, and for automatic transmission components.

Sales of precision machinery & parts increased as result of strong demand in Korea for our Step & Repeat Proximity Aligners, used to produce large-sized liquid crystal display color filters. Sales in Japan, the Americas and Europe recovered in comparison to the 2nd half of FY 2001, but not to the level of the 1st half of FY 2001.

Consolidated business results



—By geographical segment—

(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
《Sales》					
Japan	1,908	1,920	+12	—	+12 (+0.6%)
The Americas	386	411	+25	+25	0 (0.0%)
Europe	440	438	-2	+20	-22 (-5.0%)
Asia	282	291	+9	+26	-17 (-6.0%)
Elimination	-492	-453	+39	-7	+46 (—)
Total	2,524	2,607	+83	+64	+19 (+0.8%)
《Operating income》					
Japan	25	42	+17	—	+17 (+68.0%)
The Americas	17	10	-7	0	-7 (-41.2%)
Europe	-18	-10	+8	-2	+10 (-55.6%)
Asia	23	22	-1	+2	-3 (-13.0%)
Elimination	2	1	-1	—	-1 (—)
Total	49	65	+16	0	+16 (+32.7%)

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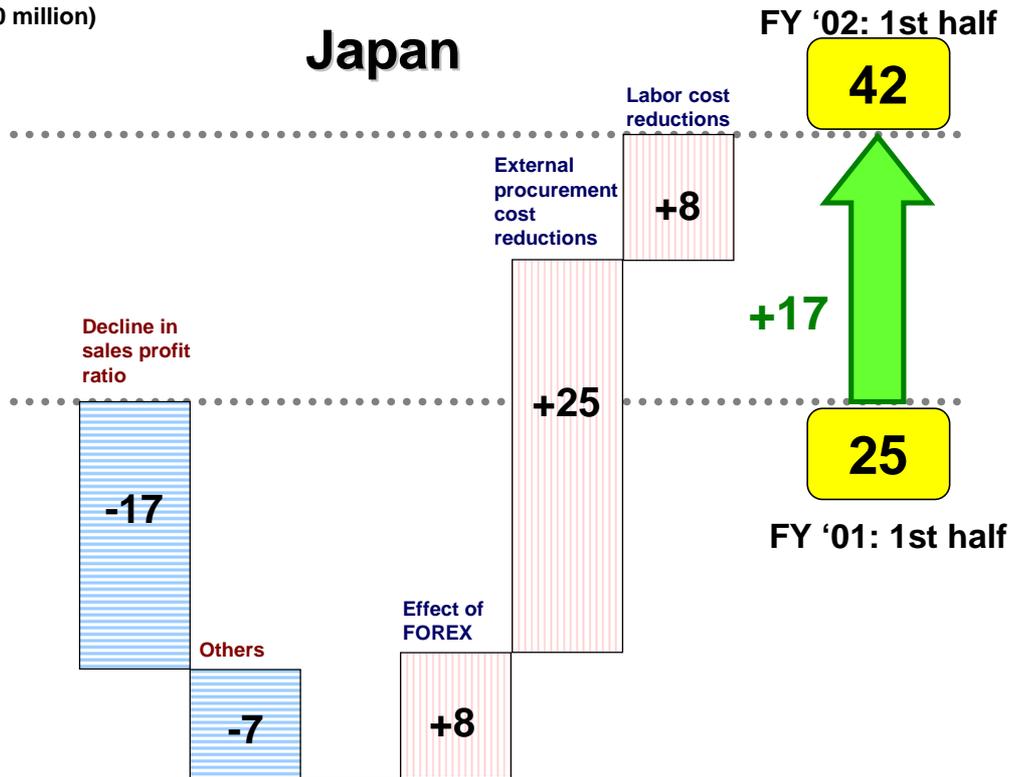
Next, we will look into operating income by geographical segment.

Operating income: Improvement factors



(FY '01:1st half VS FY '02:1st half)

(¥100 million)



9-1

In Japan, operating profits deteriorated 1.7 billion yen due to changes in product mix, and 0.7 billion yen due to inventory reduction activities. Favorable foreign exchange rates brought about a 0.8 billion yen improvement in profits. Business restructuring activities, which are explained in detail later in this presentation, provided a profit increase of 2.5 billion yen through reduction of external procurement costs and 0.8 billion yen from labor cost cutting activities such as the reduction of contract workers.

As a result, the overall improvement in operating income compared to the 1st half of FY 2001 totaled 1.7 billion yen.

Consolidated business results



–By company location–

(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
《Sales》					
Japan	1,908	1,920	+12	—	+12 (+0.6%)
The Americas	386	411	+25	+25	0 (0.0%)
Europe	440	438	-2	+20	-22 (-5.0%)
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Asia	23	22	-1	+2	-3 (-13.0%)
Elimination	2	1	-1	—	-1 (—)
Total	49	65	+16	0	+16 (+32.7%)

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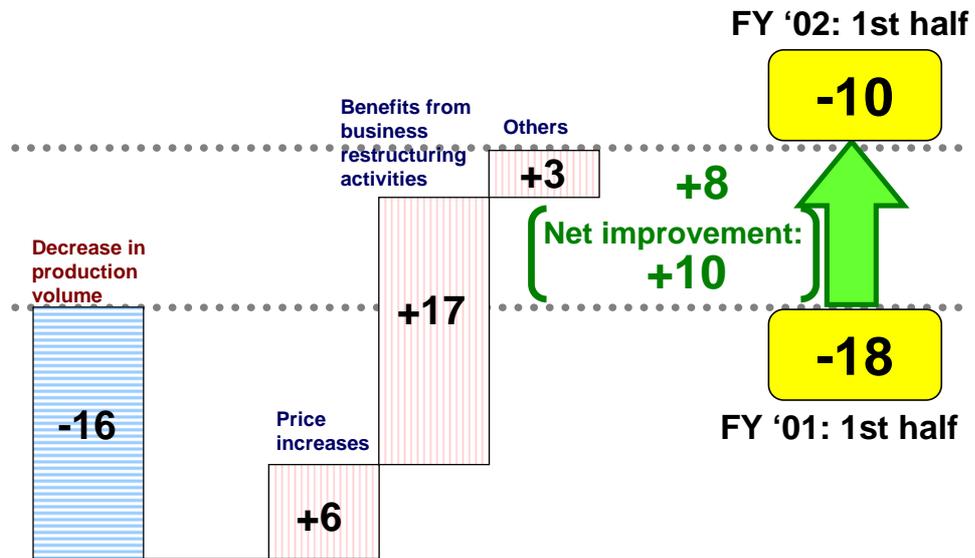
Lower profits in the Americas are the result sluggish sales due to delayed recovery in the information technology industry and lower productivity at our Suzano plant in Brazil.

Operating income: Improvement factors

(FY '01:1st half VS FY '02:1st half)

(¥100 million)

Europe



9-2

The net improvement in operating income in Europe, excluding the effects of foreign exchange rates and the sale of the U.K. aerospace bearings business, was 1.0 billion yen. Lower production volume brought about a negative effect of 1.6 billion yen, but this was countered by price increases worth 0.6 billion yen and results of business restructuring activities in Europe.

Consolidated business results

–By company location–



(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
《Sales》					
Japan	1,908	1,920	+12	—	+12 (+0.6%)
The Americas	386	411	+25	+25	0 (0.0%)
Europe	440	438	-2	+20	-22 (-5.0%)
Asia	282	291	+9	+26	-17 (-6.0%)
Elimination	-492	-453	+39	-7	+46 (—)
Total	2,524	2,607	+83	+64	+19 (+0.8%)
《Operating income》					
Japan	25	42	+17	—	+17 (+68.0%)
The Americas	17	10	-7	0	-7 (-41.2%)
Europe	-18	-10	+8	-2	+10 (-55.6%)
Asia	23	22	-1	+2	-3 (-13.0%)
Elimination	2	1	-1	—	-1 (—)
Total	49	65	+16	0	+16 (+32.7%)

8

In Asia, NSK Micro Precision Sdn. Bhd.(Malaysia), whose products are sold primarily to the information technology industry, experienced weak sales. This was offset by improved productivity at the Jakarta Plant (Indonesia) and strong demand from China, resulting in an overall improvement in profitability for the region.

Consolidated business results

–By business segment–



(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Mar. 31, 2002) FY '01:2 nd half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Increase/ (decrease)	Effect of FOREX, etc.	Net increase/ (decrease)
《Sales》						
Bearings	1,555	1,468	1,604	+49	+40	+9 (+0.5%)
Automotive components	654	628	751	+97	+19	+78 (+11.9%)
Precision machinery	209	132	165	-44	+5	-49 (-23.1%)
Others	106	57	87	-19	0	-19 (-18.2%)
Total	2,524	2,285	2,607	+83	+64	+19 (+0.7%)
《Operating income》						
Bearings	67	46	94	+27	0	+27 (+40.3%)
Automotive components	1	3	20	+19	—	+19 (+1900.0%)
Precision machinery	-6	-47	-34	-28	—	-28 —
Others	-13	-12	-15	-2	—	-2 —
Total	49	-10	65	+16	0	+16 (+32.7%)

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The profitability of bearings, our core products, and automotive components saw a major improvement as result of business restructuring activities implemented in Japan and Europe.

Sales of precision machinery & parts did not recover to the same level of 1st half of FY 2001, but have gradually started to pick up after hitting bottom during the 2nd half of FY 2001. Also, as a result of changes in the cost structure, we have managed to start improving the profitability of this business segment.

Consolidated non-operating income and losses



(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1 st half	(Six months ended Mar. 31, 2002) FY '01:2 nd half	(Six months ended Sep. 30, 2002) FY '02:1 st half	Y.O.Y
Operating income	49	-10	65	+16
Non-operating income	37	39	40	+3
Interest and dividend income	14	7	10	-4
Equity in earnings of affiliated companies	11	15	15	+4
Miscellaneous income	12	17	15	+3
Non-operating loss	66	81	73	+7
Interest expenses	40	37	34	-6
Miscellaneous expenses	26	44	39	+13
Ordinary income	20	-52	32	+12

Looking next to our non-operating income and losses;

Our financial balance improved 0.2 billion yen compared to the 1st half of FY 2001.

The increase in equity in earnings of affiliated companies reflects the robust business results of NSK-WARNER K. K. and NSK TORRINGTON Co., Ltd.

The increase in miscellaneous expenses includes a 0.8 billion yen foreign exchange loss incurred in Japan and Europe.

Consolidated extraordinary income and losses



(¥100 million)	(Six months ended Sep. 30, 2001)	(Six months ended Mar. 31, 2002)	(Six months ended Sep. 30, 2002)	Y.O.Y
	FY '01:1 st half	FY '01:2 nd half	FY '02:1 st half	
Ordinary income	20	-52	32	+12
Extraordinary income	95	1	150	+55
Gain on sales of investment securities	2	1	23	+21
Gain on sales of property, plant and equipment	93	—	8	-85
Gain on contribution of securities to employees' retirement benefit trust	—	—	119	+119
Extraordinary losses	18	149	107	+89
Costs related to business restructuring	3	35	95	+92
Loss on devaluation of investment securities	15	114	2	-13
Loss on sales of investments in affiliated companies	—	—	8	+8
Provision for employee' retirement benefit trust	—	—	2	+2
Income before tax	97	-200	75	-22

Moving on to extraordinary income and loss;

“Costs related to business restructuring” include 6.5 billion yen in expenses for the Early Retirement Program carried out at the parent company and NSK Fukushima Co., Ltd., 0.5 billion yen in business restructuring expenses at NSK Machinery Co., Ltd. and Nikkyo Corp., and 1.8 billion yen for business restructuring activities carried out in Europe.

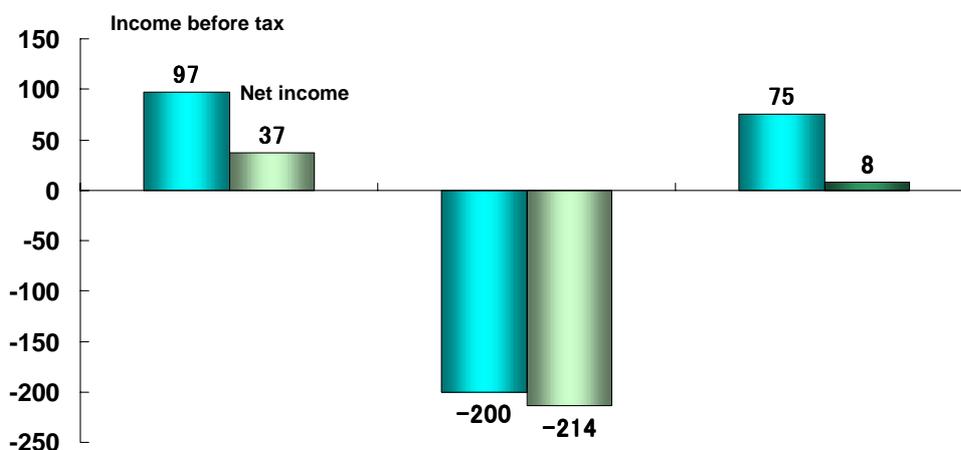
Loss on sale of equity in Aeroengine Bearings UK Ltd. was appropriated as “loss on sales of investments in affiliated companies.” Together with “loss on devaluation of investment securities” and “provisions for employees' retirement benefit trust,” a total of 10.7 billion yen was appropriated as extraordinary losses.

To offset this loss and to cover the business restructuring expenses that are expected to arise in Europe during the 2nd half of FY 2002, 15.0 billion yen was appropriated as extraordinary income. The breakdown is as follows:

- 11.9 billion yen from the contribution of Toyota Motor Corp. shares to the employees' retirement benefit trust.
- 2.3 billion yen from the sale of investment securities following the unwinding of cross-holdings by the parent company.
- 0.8 billion yen from the sale of property, plant and equipment (i.e. dormitories and company housing)

Consolidated net income

(¥100 million)



(¥100 million)	Six months ended Sep. 30, 2001 FY '01:1st half	Six months ended Mar. 31, 2002 FY '01:2nd half	Six months ended Sep. 30, 2002 FY '02:1st half
Net income	37	-214	8
Ratio (%)	1.4%	-9.3%	0.3%
ROE (%:Annual)	3.5%	—	0.9%

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As a result, net income before tax expenses ended at 7.5 billion yen. After deduction of 6.9 billion yen in tax expenses and addition of 0.2 billion yen in minority interests, net income totaled 0.8 billion yen.

Consolidated balance sheets



(¥100 million)	(Six months ended Sep. 30, 2001)	(Six months ended Mar. 31, 2002)	(Six months ended Sep. 30, 2002)	Difference from the half-year
	FY '01:1st half	FY '01:2nd half	FY '02:1st half	
Current assets	3,058	2,915	2,758	-157
Cash and deposits	214	245	298	+53
Notes and accounts receivable	1,362	1,127	1,192	+65
Marketable securities	222	307	124	-183
Inventories	1,046	975	841	-134
Other current assets	214	261	303	+42
Noncurrent assets	3,410	3,513	3,240	-273
Property, plant and equipment	2,137	2,202	2,077	-125
Investment in securities	1,177	1,228	939	-289
Prepaid pension expenses	—	—	139	+139
Deferred tax assets	17	16	16	0
Others	79	67	69	+2
* <Capital expenditure>	<209>	<153>	<132>	<-21>
Translation adjustments	0	0	0	
Total assets	6,468	6,428	5,998	-430
(Rate: 1 US\$=)	(¥124.60)	(¥131.95)	(¥119.50)	
(Rate: 1 STG £ =)	(¥175.39)	(¥191.53)	(¥182.75)	
(Rate: 1 EURO=)	(¥105.20)	(¥116.51)	(¥118.13)	

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Next, we will examine our balance sheet:

Looking into our assets,

- The decrease in “cash and deposits” is mainly the result of reimbursement of loans and corporate bonds.
- The increase in “notes and accounts receivable” is due to the increase in sales, both in Japan and overseas, in comparison to the 2nd half of FY 2001.
- Inventory shall be referred to later.
- Tangible fixed assets decreased as a result of capital expenditure (13.2 billion yen) ending below depreciation and amortization (14.0 billion yen), effects of foreign exchange rate fluctuations worth 8.8 billion yen and sale of property plant and equipment worth 1.7 billion yen.
- “Investment in securities” declined 28.9 billion yen, due to the devaluation of listed stock worth 23.2 billion yen due to the weak stock market, contribution of TOYOTA Motor Corp. shares to the employees’ retirement benefit trust, and sale of securities following the unwinding of cross-holdings.
- Of the 18.2 billion yen additional contribution to the parent company’s employee retirement benefit trust, 4.3 billion yen was appropriated as “provisions for retirement benefits” and the remaining 13.9 billion yen as “prepaid pension expenses.”

Consolidated inventories



(¥100 million)	(Six months ended Sep. 30, 2001 FY '01:1st half)	(Six months ended Mar. 31, 2002 FY '01:2nd half)	(Six months ended Sep. 30, 2002 FY '02:1st half)	Y.O.Y	Excluding effect of FOREX	Y.O.Y in local currencies
Japan	499	454	409	-45		-45
<Non- consolidated>	281	268	244	-24		-24
Overseas	547	521	432	-89	-24	-65
Americas	214	193	150	-43	-19	-24
Europe	212	215	179	-36	+1	-37
Asia	121	113	103	-10	-6	-4
Total	1,046	975	841	-134	-24	-110

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As a result of inventory reduction efforts both in Japan and overseas, inventory decreased by 11.0 billion yen. This does not include the 2.4 billion yen positive effect of foreign exchange rate fluctuations.

We believe this is the result of our “APS (Advanced Production System — production innovation)” activities taking effect throughout our plants.

We will continue these activities to further reduce inventories.

Consolidated capital expenditures



(¥100 million)	(Six months ended Sep. 30, 2001)	(Six months ended Mar. 31, 2002)	(Six months ended Sep. 30, 2002)	(Six months ending Mar. 31, 2002)
	FY '01:1st half	FY '01:2nd half	FY '02:1st half	FY '02:2nd half <Forecast>
Total capital expenditures	209	153	132	133
Japan	122	63	62	55
<Non- consolidated>	<83>	<51>	<44>	<44>
Overseas	87	90	70	78
Americas	25	41	25	20
Europe	33	22	21	26
Asia	29	27	24	32
Depreciation	131	151	140	140
Japan	81	87	77	75
<Non- consolidated>	<60>	<60>	<54>	<52>
Overseas	50	64	63	65

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As for capital expenditures, overseas investments have exceeded that of Japan. We will continue to clamp down on investments, carrying out only the necessary projects, with due consideration to cost effectiveness.

Consolidated balance sheets



(¥100 million)	(Six months ended Sep. 30, 2001) FY '01:1st half	(Six months ended Mar. 31, 2002) FY '01:2nd half	(Six months ended Sep. 30, 2002) FY '02:1st half	Difference from the previous half-year
Current liabilities	2,591	2,394	2,314	-80
Notes and accounts payables	916	863	854	-9
Short term bank loans, Bonds	1,190	1,185	1,011	-174
Others	485	346	449	+103
Long term liabilities	1,587	1,824	1,778	-46
Bonds, Long term debts, etc.	1,309	1,539	1,547	+8
Deferred tax liabilities	27	69	87	+18
Accrued retirement benefits	146	131	63	-68
Others	105	85	81	-4
Total liabilities	4,178	4,218	4,092	-126
* <Interest-bearing debts>	<2,499>	<2,724>	<2,558>	<-166>
Minority interests	125	128	121	-7
Common stock, capital surplus	1,495	1,451	1,451	-
Retained earnings	767	539	534	-5
Unrealized holding gains on securities	102	243	52	-191
Translation adjustments	-195	-147	-228	-81
Treasury stock	-4	-4	-24	-20
Total shareholder's equity	2,165	2,082	1,785	-297
Total liabilities and shareholder's equity	6,468	6,428	5,998	-430

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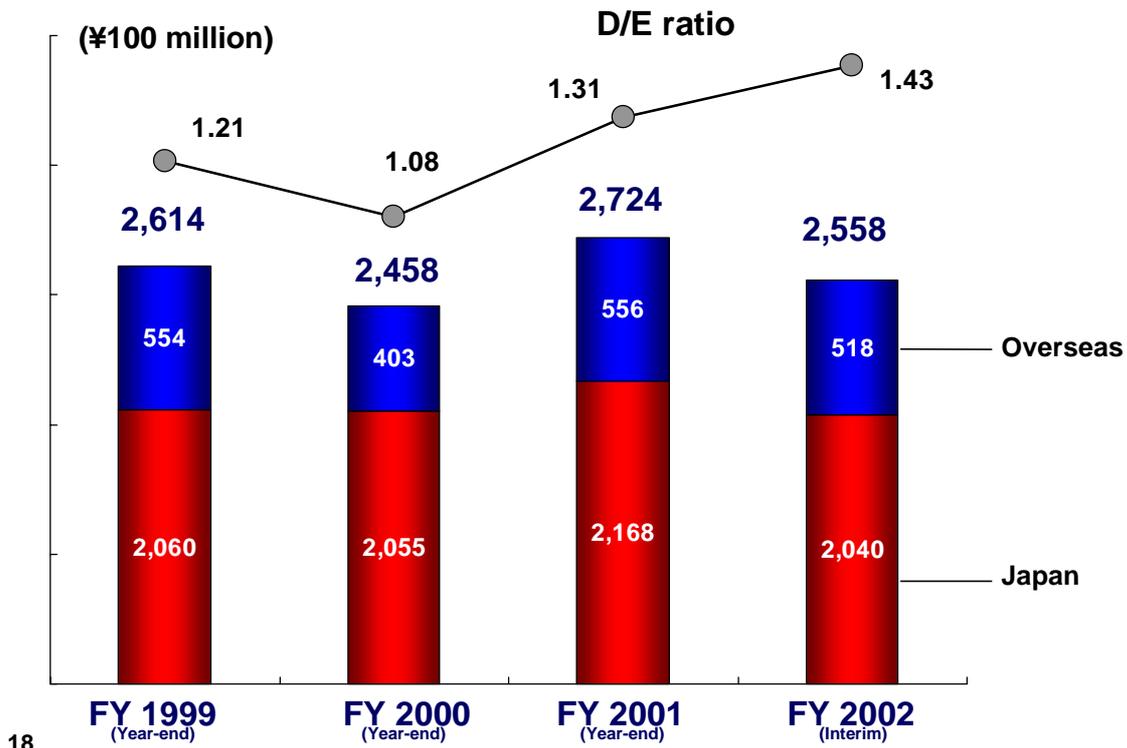
Next we will examine our liabilities and equity:

The 10.3 billion yen increase in “other current liabilities” is comprised of a 8.5 billion yen increase in accrued severance payments resulting from the Early Retirement Program implemented at the parent company and NSK Fukushima Co., Ltd., and an increase in accrued bonuses of 1.5 billion yen.

Interest-bearing debts decreased by 16.6 billion yen. This shall be explained in detail later in this presentation.

Looking at our equity, “unrealized holding gains on securities” decreased 19.1 billion yen, while “translation adjustments” decreased 8.1 billion yen due to the strong yen. The purchase of 1.7 billion yen worth of treasury stock decreased “total shareholders’ equity” by 2.0 billion yen. As a result, our equity-asset ratio ended at 29.8%.

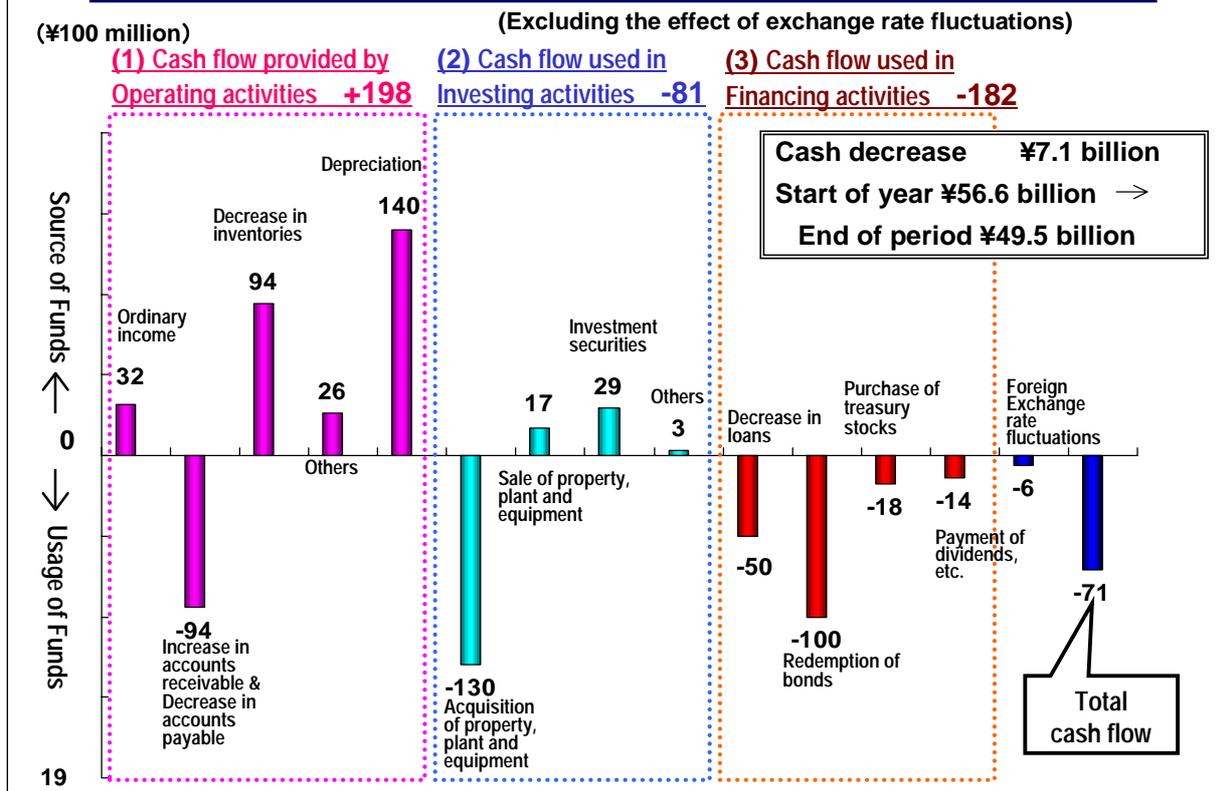
Consolidated interest bearing debts



Interest-bearing debts decreased 16.6 billion yen from 272.4 billion yen at the end of FY 2001 to 255.8 billion yen.

Interest bearing debts in Japan decreased by 12.8 billion yen as result of a 10.0 billion yen reimbursement of corporate bonds and repayment of loans.

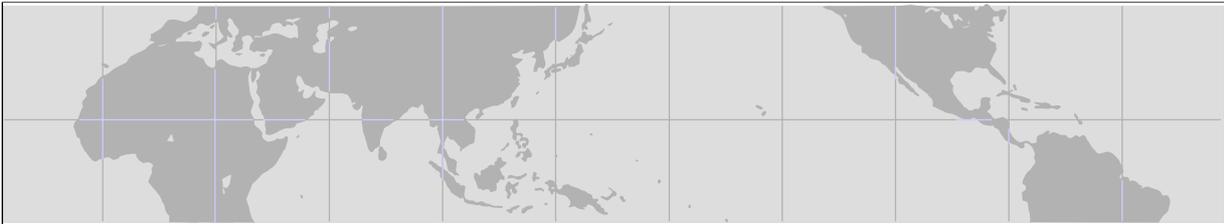
Consolidated cash flow (FY 2002: 1st half)



Free cash flow totaled 11.7 billion yen as result of inventory reduction.

Total cash flow was a negative 7.1 billion yen due to the reimbursement of loans and corporate bonds.

This concludes the explanation of our consolidated financial results for the six months ended September 30, 2002.



Forecasts for the Year Ending March 31, 2003

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NSK
MOTION & CONTROL

Now, we will move onto the forecasts for the full year ending March 31, 2003.

Consolidated business forecasts for the year ending March 31, 2003



(¥100 million)	Year ended March 31, 2002			Year ending March 31, 2003			Y.O.Y
	<u>FY 2001</u>			<u>FY 2002</u>			
	<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Actual> 1st half	<Forecast> 2nd half	<Forecast> Total	
Net sales	2,524	2,285	4,809	2,607	2,443	5,050	+5.0%
Operating income	49	-10	39	65	75	140	+259.0%
Ordinary income	20	-52	-32	32	38	70	—
Income before tax	97	-200	-103	75	8	83	—
Net income	37	-214	-177	8	2	10	—
(Rate: 1 US\$=)	(¥119.97)	(¥123.02)	(¥121.50)	(¥129.67)	(¥120.00)	(¥125)	
(Rate: 1 STG£=)	(¥172.92)	(¥177.63)	(¥175.27)	(¥187.30)	(¥185.00)	(¥185)	
(Rate: 1 EURO=)	(¥107.33)	(¥109.93)	(¥108.63)	(¥115.98)	(¥120.00)	(¥112)	

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The economic environment for the 2nd half of FY 2002 remains unclear. The outlook for the U.S. economy is uncertain. The weak stock market and high unemployment rates in Japan is expected to weigh down consumer demand.

Under these circumstances, we have abandoned our initial outlook which assumed further recovery in the 2nd half of the year, and have revised our forecast to include only firm figures.

As will be explained later, the 2nd phase of our “Business Restructuring Program” is proceeding as scheduled, and the positive effects expected on our profits centering in Japan and Europe, have been included in the new forecast.

Consolidated net sales forecast

–By customer location–



(¥100 million)	Year ended March 31, 2002			Year ending March 31, 2003			Y.O.Y (%)
	FY 2001			FY 2002			
	<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Actual> 1st half	<Forecast> 2nd half	<Forecast> Total	
Total	2,524	2,285	4,809	2,607	2,443	5,050	+5.0%
Japan	1,318	1,258	2,576	1,366	1,320	2,686	+4.3%
Overseas	1,206	1,027	2,233	1,241	1,123	2,364	+5.9%
Americas	403	362	765	431	369	800	+4.6%
Europe	430	340	770	418	389	807	+4.8%
Asia	373	325	698	392	365	757	+8.5%

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Looking first at our sales forecast by customer location;

All regions are forecast to have weaker sales in the 2nd half of FY 2002 compared to the 1st half. However, on an annual basis, sales in all regions are expected to be higher than in FY 2001.

Consolidated net sales forecast

–By business segment–



(¥100 million)	Year ended March 31, 2002			Year ending March 31, 2003			Y.O.Y (%)
	FY 2001			FY 2002			
	<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Actual> 1st half	<Forecast> 2nd half	<Forecast> Total	
Total	2,524	2,285	4,809	2,607	2,443	5,050	+5.0%
Bearings	1,555	1,468	3,023	1,604	1,514	3,118	+3.1%
Automotive Components	654	628	1,282	751	715	1,466	+14.4%
Precision Products	209	131	340	165	150	315	-7.4%
Others	106	58	164	87	64	151	-7.9%

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Now, looking at our sales forecast by business segment:

We expect demand for automotive bearings and automotive components to remain strong.

As you can see, our forecast for our precision machinery & parts is 15.0 billion yen. This is a relatively conservative figure, as we already have several accounts that may potentially boost sales.

Consolidated net sales forecast



-By geographical segment-

		Year ended March 31, 2002			Year ending March 31, 2003		
		FY 2001			FY 2002		
(¥100 million)		<Actual> 1st half	<Actual> 2nd half	<Actual> Total	<Actual> 1st half	<Forecast> 2nd half	<Forecast> Total
Japan	Sales	1,908	1,759	3,667	1,920	1,891	3,811
	Operating income	25	6	31	42	59	101
	<%>	<1.3>	<0.3>	<0.8>	<2.2>	<3.1>	<2.7>
Americas	Sales	386	347	733	411	361	772
	Operating income	17	2	19	10	5	15
	<%>	<4.4>	<0.6>	<2.6>	<2.4>	<1.4>	<1.9>
Europe	Sales	440	358	798	438	405	843
	Operating income	-18	-45	-63	-10	-6	-16
	<%>	<-4.1>	<-12.6>	<-7.9>	<-2.3>	<-1.2>	<-1.8>
Asia	Sales	282	256	538	291	270	561
	Operating income	23	12	35	22	22	44
	<%>	<8.2>	<4.7>	<6.5>	<7.6>	<8.1>	<7.8>
Elimination	Sales	-492	-435	-927	-453	-484	-937
	Operating income	2	15	17	1	-5	-4
Total	Sales	2,524	2,285	4,809	2,607	2,443	5,050
	Operating income	49	-10	39	65	75	140
	<%>	<2.0>	<-0.4>	<0.8>	<2.5>	<3.0>	<2.8>

* 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.

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Finally, this slide shows our forecasted operating income by geographical segment.

In Japan, sales are forecasted to decrease in the 2nd half of the year, but as a result of business restructuring activities, which will be mentioned later, we expect to improve profitability.

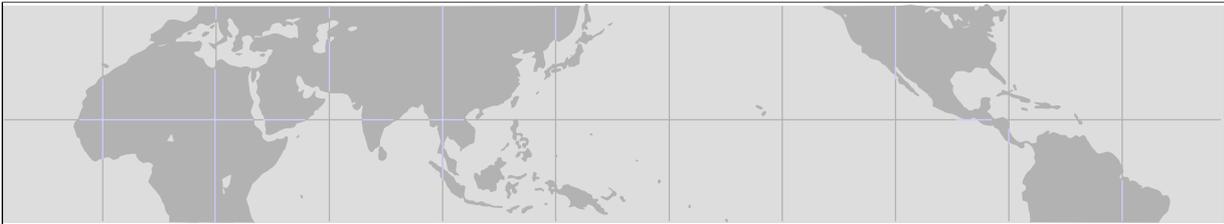
The decrease in sales in the Americas is mainly due to seasonal factors as well as an expected decline in sales of bearings for general industrial use.

In Europe, we were able to achieve our business targets for the 1st half of the year, and we expect a greater improvement in profits in the 2nd half that will exceed our initial plan.

In Asia, we forecast profits to remain flat even though we expect a decline in sales.

Overall, operating income is expected to recover to 3.0% in the 2nd half of FY 2002 after hitting a low of -0.4% in the 2nd half of FY 2001. This is just the start of the results of our "Business Restructuring Program" taking effect on our profits.

This concludes the presentation of our financial results for the 1st half and the forecast for the full year of FY 2002.



Progress report on the 2nd Phase of the “NSK Business Restructuring Program”

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NSK
MOTION & CONTROL

The next few slides will explain the current status of the 2nd phase of the “NSK Business Restructuring Program,” the major topic faced by the company today.

Progress summary of the 2nd phase of the “NSK Business Restructuring Program”



	Current status	Future developments
1. Domestic wage and employment reforms	<ul style="list-style-type: none"> • End of Sep. '02: ¥ -6.9 billion • End of Mar. '03: ¥ -7.6 billion <p style="text-align: center;">Achieve the targeted 10% reduction</p>	<ul style="list-style-type: none"> • Review current wage and employment structure <p style="text-align: center;">Reduce ¥10.0 billion in labor costs</p>
2. Reduce external procurement costs	<ul style="list-style-type: none"> • End of Sep. '02: ¥ -1.5 billion → End of Mar. '03: ¥ -4.6 billion (forecast) • End of Mar. '05: ¥15.0 billion (Initial plan) → Reduce further to ¥18.0 billion 	<p style="text-align: center;">Expand cost reduction activities to overseas affiliates and further reduce procurement costs</p>
3. Restructure of European business	<ul style="list-style-type: none"> • Streamline production bases Closure of the Blackburn plant and consolidation of the steering column plants • Personnel reduction End of Jun. '02: Reduction of 830 employees End of Dec. '02: Reduction of 1,380 employees) 	<p style="text-align: center;">Return to profits in FY 2003 through the further reduction of personnel.</p>
4. Reinforcement of business management and profit responsibilities	<ul style="list-style-type: none"> • Spin off of the steering column and precision machinery and parts business (Oct. '02) 	<p>Transfer of personnel from the parent company to subsidiaries and further reduction of personnel</p>
5. Reorganize domestic production systems	<ul style="list-style-type: none"> • Withdrawal from the CVJ business (Mar. '03) • Reorganization of bearings production plants NSK Fukushima → Jakarta (final phase) Ohtsu, Ishibe and Fujisawa plants → NSK Fukushima (Complete, except for machining processes) 	

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702 individuals participated in the NSK Early Retirement Program, a program implemented in September. On an annual basis, this reduction in personnel will mean a reduction in labor expense equivalent to ¥5.4 billion. Natural attrition during the 1st half of FY 2001 will account for an additional reduction of ¥1.5 billion for a total savings of ¥6.9 billion.

An additional labor expense reduction of ¥0.7 billion is expected by the end of March 2003, mostly from natural attrition. Therefore, labor reduction for the full year is expected to total ¥7.6 billion, enabling us to achieve the targeted 10% reduction in labor costs.

Furthermore, review of the present wage and employment policies following the spin-offs of various entities, coupled with the transfer of employees from the parent company to subsidiaries and additional personnel reductions, should enable us to reduce overall labor expense by the targeted ¥10.0 billion.

NSK, including the spin-off companies, was able to reduce external procurement costs by ¥1.5 billion as of the end of September 2002. An additional reduction of ¥1.6 billion is expected in the bottom half of this fiscal term which should bring total external procurement savings of ¥4.6 billion. NSK's targeted reduction in external procurement costs was set at ¥15.0 billion by the end of March 2005. However, at the current pace, we have revised this figure upward to ¥18.0 by the end of March 2005.

Reduction of External Procurement Costs



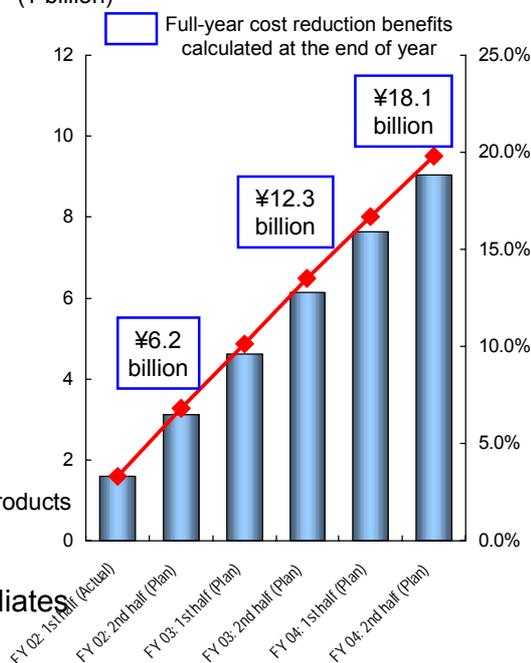
(1) Reduction of external procurement costs by 15% +α over 3 years (Japan)

- Reduction of suppliers from 900 companies to 801 (End of Sep. '02)
- Establishment of the Chinese Procurement Center (Jul. '02)
Beginning the supply of bearing rings to the Ohtsu Plant (Japan) and Changwon Plant (Korea)
- Beginning preparation of a lathe plant in China to be launched in Jinagsu in 2003

(2) Promotion of SACC (Strategic Approach for Cost Competitiveness) activities

- The target for HUB||| bearing units is expected to be achieved
- SACC activities currently being expanded to other products

(3) Promote implementation at overseas affiliates



NSK's current objective is to reduce the number of its suppliers by half. As of the end of September, the number of suppliers was reduced by nearly 100, from 900 to the present 801 suppliers.

In an effort to reinforce global procurement efforts, NSK established a procurement center in China which began operations in July. This procurement center has already started supplying Ohtsu Plant and Changwon Plant pre-processed rings. In the future, we are expecting this procurement center to supply our plants in the United States and Thailand, and will gain further importance as a major procurement center.

In addition, NSK has decided to establish a production company to pre-process lathe rings in China's Zhangjiagang Economic Zone in Jinagsu Province. This company, is expected to begin operations in 2003. By competing with both domestic as well as other Japanese suppliers operating in China, we will be able to obtain the best procurement price for these pre-processed rings.

NSK has focused on the SACC activities in the midst of the carmakers's cost-cutting demands. The program implemented at our HUB ||| production lines represents one major achievement of these activities and we are expecting to reach targeted objectives. Using momentum gained from the success at our HUB ||| production lines, we will be looking to expand the program to other products.

Our future objective will be to take the SACC concept and deploy it overseas to a level equal or above that of Japan, starting with the global procurement for HUB ||| production. By doing so, we will contribute to the further reduction of procurement costs on a world-wide level.

Progress summary of the 2nd phase of the “NSK Business Restructuring Program”



	Current status	Future developments
1. Domestic wage and employment reforms	<ul style="list-style-type: none"> • End of Sep. '02: ¥ -6.9 billion • End of Mar. '03: ¥ -7.6 billion <p style="text-align: center;">Achieve the targeted 10% reduction</p>	<ul style="list-style-type: none"> • Review current wage and employment structure <p style="text-align: center;">Reduce ¥10.0 billion in labor costs</p>
2.Reduce external procurement costs	<ul style="list-style-type: none"> • End of Sep. '02: ¥-1.5 billion → End of Mar. '03: ¥ -4.6 billion (forecast) • End of Mar. '05: ¥15.0 billion (Initial plan) → Reduce further to ¥18.0 billion 	<p style="text-align: center;">Expand cost reduction activities to overseas affiliates and further reduce procurement costs</p>
3.Restricture of European business	<ul style="list-style-type: none"> • Streamline production bases Closure of the Blackburn plant and consolidation of the steering column plants • Personnel reduction End of Jun. '02: Reduction of 830 employees End of Dec. '02: Reduction of 1,380 employees) 	<p style="text-align: center;">Return to profits in FY 2003 through the further reduction of personnel.</p>
4.Reinforcement of business management and profit responsibilities	<ul style="list-style-type: none"> • Spin off of the steering column and precision machinery and parts business (Oct. '02) 	<p>Transfer of personnel from the parent company to subsidiaries and further reduction of personnel</p>
5.Reorganize domestic production systems	<ul style="list-style-type: none"> • Withdrawal from the CVJ business (Mar. '03) • Reorganization of bearings production plants NSK Fukushima →Jakarta (final phase) Ohtsu, Ishibe and Fujisawa plants →NSK Fukushima (Complete, except for machining processes) 	

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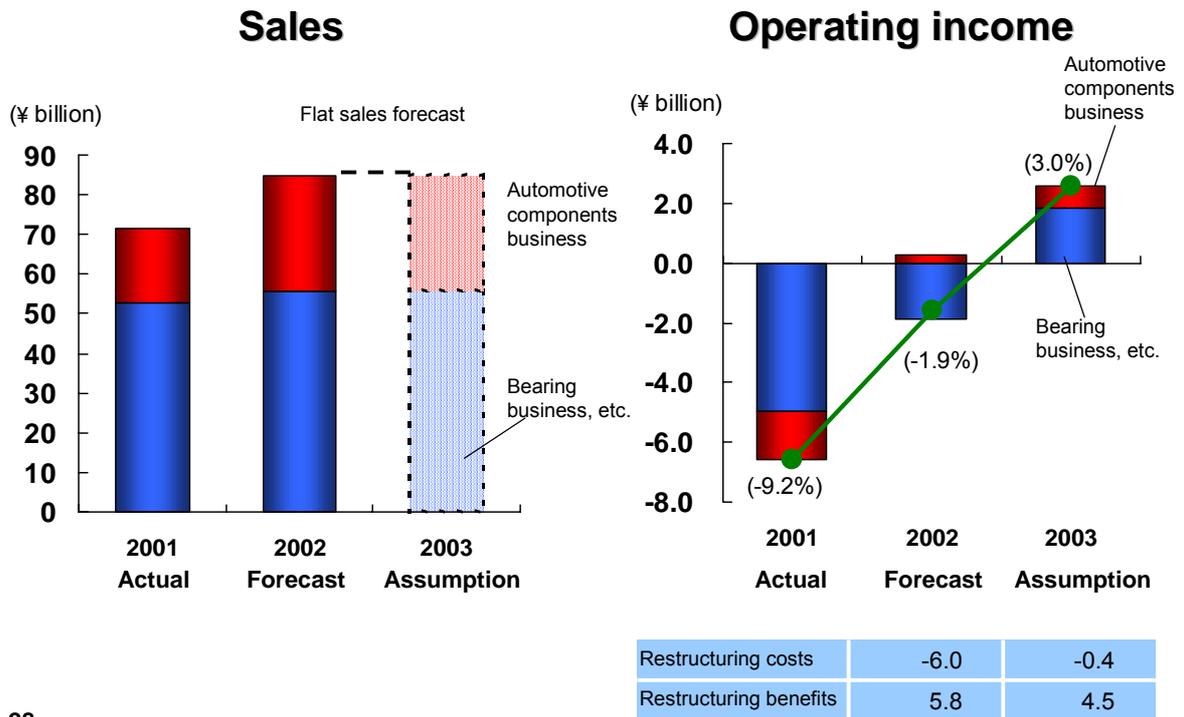
I would like to go into the current status of the European structural reforms.

The structural reforms in Europe are proceeding according to plan. These includes streamlining of production bases, such as the closure of the Blackburn plant, consolidation of the steering column plants, and downsizing of the European Technology Center. We have also stopped manufacture of non-core products, while the production transfer from the Peterlee plant (U.K.) to Iskra plant (Poland) is proceeding according to schedule.

As of the end of June, our European workforce was reduced by 830 individuals, with an additional 550 expected to leave by the end of December bringing expected total personnel reductions to 1,380 individuals.

(Reference)

Reorganization of the European Business



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The restructuring efforts should continue into the next term. Assuming flat sales, the European operations should return to profitability of approximately ¥2.6 billion in the next term.

Progress summary of the 2nd phase of the “NSK Business Restructuring Program”



	Current status	Future developments
1. Domestic wage and employment reforms	<ul style="list-style-type: none"> • End of Sep. '02: ¥ -6.9 billion • End of Mar. '03: ¥ -7.6 billion <p style="text-align: center;">Achieve the targeted 10% reduction</p>	<ul style="list-style-type: none"> • Review current wage and employment structure <p style="text-align: center;">Reduce ¥10.0 billion in labor costs</p>
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In order to speed up the decision making process and increase profitability, NSK Ltd. decided effective October 1, to spin off its precision machinery and steering column businesses into separate corporate entities, allowing each business to make the necessary changes to increase cost competitiveness and thus increase profitability.

The restructuring of the domestic plants as well as our withdrawal from the CVJ business is proceeding as scheduled. The reorganization of the domestic plants includes transfer of medium-sized ball bearing production from the Fujisawa and Shiga Plants to NSK Fukushima Co. Ltd., transfer of miniature and small-sized bearing production from NSK Fukushima to the Jakarta plant, and production shift of standard ball bearings from Japan to China.

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

— Improvement in profits in comparison to the results of FY 2001 —

(¥100 million)	FY 2002		FY 2003	
	Contribution to FY 2002 profits	Contribution to FY 2003 profits	Additional contributions	Total contribution to FY 2003 profits
Domestic wage and employment reform	+40	(+76)	+24	+100
Reduction of external procurement costs	+46	(+62)	+46	+108
European restructure	+58	(+76)	+27	+103
Total	+144	(+214)	+97	+311

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The slide above provides a summary of the results we have and are expecting from the 2nd phase of our “Business Restructuring Program.”

The contribution of these activities to our profitability for FY 2002 should total ¥14.4 billion. The additional contribution for FY 2003 should total ¥9.7 billion. Therefore, the total improvement in profitability resulting from the restructuring efforts in FY 2003 is expected to total ¥31.1 billion.

Other activities

(1) Expansion of business in China

- Establishment of a holding company in China ('02)
- Establishment of a steering column production base in China (Start of production: Apr. '04)

(2) Strengthen strategic alliances

- Establishment of joint venture company with The Timken Company to manufacture tapered roller bearings (Production expected to commence early '04)
- Comprehensive business tie-up of NSK and NTN's large-size bearing business (June '02)

<EA series>



(Expanding sales since '98)

<EM series>



(Expanding sales since '01)

<EW series>



(Expanding sales since '01)

(3) Strengthen development of new products

- New Fujisawa Research and Development Center (April '02)
- Commercialization of electric linear actuators and vacuum tables for ion implantation systems.

<Electric linear actuator>



<Fujisawa R&D Center>



The details of our so-called "offensive strategies" will be explained at our "Mid-term Business Strategy Meeting" next February, but before we close, I would like to touch on this briefly at this time.

First of all, NSK Ltd. will establish by the end of 2002, a holding company in China as a means of further expanding and developing our business there. In addition, we will be establishing a steering column production company that will become the foothold of our automotive components business in China. Preparations for this plant are being made and operations are expected to commence April 2004.

Secondly, in April 2002, NSK and The Timken Company agreed to establish a joint venture in Suzhou, China to manufacture tapered roller bearings. Production is expected to begin 2004. NSK and NTN also signed an agreement in June to a comprehensive business tie-up of their large-sized bearing businesses. This strategic alliance will enable us to reinforce our marketing efforts to the aftermarket on a worldwide level.

Finally, in order to enhance our R&D capabilities, we built the new Fujisawa R&D Center. We have also implemented a new personnel evaluation system as well as implementing organizational changes. A concrete result of these activities is the increased collaboration of technologies from the bearings, automotive components and precision machinery & parts divisions. Electronic linear actuators, that have the potential to be used in a wide variety of next generation "by-wire" systems, are currently under development. Development of vacuum tables for ion implantation systems to be used in next-generation semiconductor production equipment is also underway.

This concludes my presentation. Thank you for your attention.