



NSK

FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

May 17, 2011

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 Year Ended March 31, 2011**

2

**Key Strategies for the Year
Ending March 31, 2012**

3

Progress of Mid-Term Plan

(Supplementary Material)

1

Consolidated Business Results for the Year Ended March 31, 2011

Summary of Consolidated Business Results for the Year Ended March 31, 2011



Business Environment

- ✓ **Industrial Machinery** : Demand for machine tool and construction machinery in emerging countries was robust.
- ✓ **Automotive Products** : Sales in US and Germany showed a clear upward trend, although growth rate of sales in China slowed in the latter half of the year.
- ✓ **Semiconductors/Liquid Crystal Production equipment** :
Sales to semiconductor makers remained strong, while sales of liquid crystal production equipment were mixed.
- ✓ Although damage from the Great East Japan Earthquake was relatively limited, it will take some time to normalize the situation.

Summary of Business Results

- ✓ Both sales and operating income increased significantly YoY
Sales ¥710.4 billion(+20.9% YoY) / Operating Income ¥43.5 billion(+3.8 times)
Ordinary Income ¥38.6 billion(+5.1 times) / Net Income ¥26.1 billion (+5.5 times)
- ✓ **Results by Business Segment**
 - **Industrial Machinery Business** :
Industrial machinery bearings ⇒ Results are steadily trending toward recovery, QoQ.
Precision machinery and Parts ⇒ Returned to profitability
 - **Automotive Business** : Results had been progressing strongly until 3Q;
fell short of revised forecast in 4Q due to earthquake
- ✓ ROE recovered to 10% (FY2009 2.0% ⇒ FY2010 10.3%)
- ✓ Expected dividend increase: FY2009 ¥8.0/year ⇒ FY2010 ¥11.0/year
(Original forecast ¥10.0)

Summary of Consolidated Business Results for the Year Ended March 31, 2011

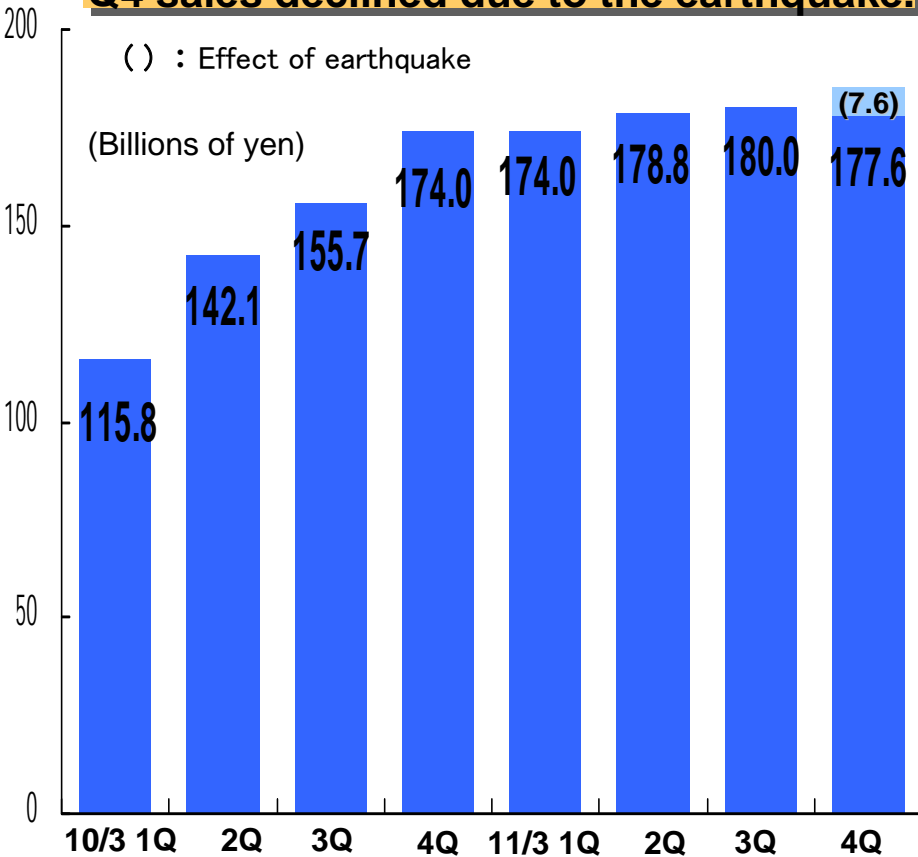


(Billions of yen)	'10/3 <Actual>	'11/3 <Actual>	Increase/ decrease YOY	Difference YOY
Sales	587.6	710.4	+122.8	+20.9%
Operating income <%>	11.3 <1.9%>	43.5 <6.1%>	+32.2	+285.0%
Ordinary income	7.6	38.6	+31.0	+407.6%
Income before tax	6.3	38.2	+31.9	+503.6%
Net income	4.8	26.1	+21.3	+447.9%
<Exchange rate>				
(1US\$=)	(¥92.83)	(¥85.63)		
(1EURO=)	(¥130.89)	(¥112.92)		
【Major Indexes】				
ROE	2.0%	10.3%		
Net D/E ratio (times)	0.73	0.60		
Inventory turnover (times)	5.5	6.5		

Quarterly Business Performance

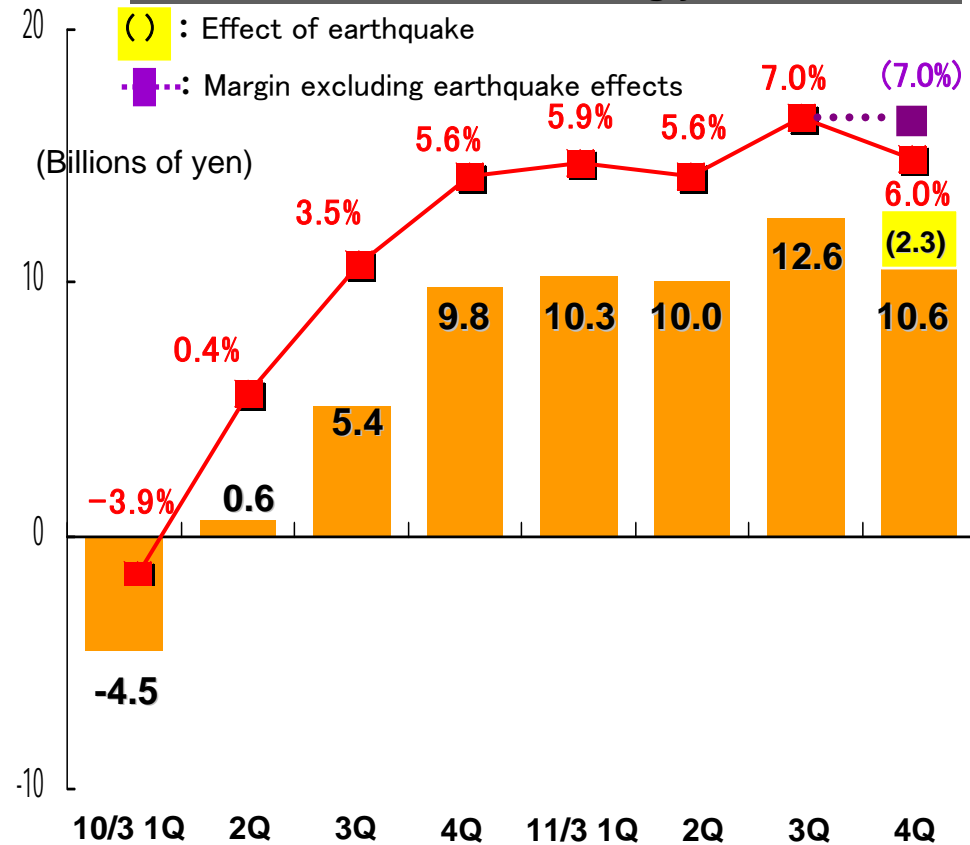
Sales

Sales have been on a recovery trend despite deceleration in growth rate. Q4 sales declined due to the earthquake.



Operating income/Margin

Profitability improved through to 3Q, despite the negative impact of raw material cost increases and the strong yen.



US\$= ¥97.13 ¥93.78 ¥89.81 ¥90.61 ¥92.05 ¥85.81 ¥82.60 ¥82.06
 EURO= ¥132.51 ¥133.61 ¥132.55 ¥124.89 ¥117.68 ¥110.38 ¥111.45 ¥112.17

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 EURO= ¥132.51 ¥133.61 ¥132.55 ¥124.89 ¥117.68 ¥110.38 ¥111.45 ¥112.17

Results by Business Segment

(Billions of yen)	'10/3 <Actual>	'11/3 <Actual>	Increase/ decrease YOY	Difference YOY
Sales	587.6	710.4	+122.8	+20.9%
Industrial machinery business	202.0	259.1	+57.1	+28.3%
Industrial machinery bearings	166.9	199.9	+33.0	+19.8%
Precision machinery and parts	35.1	59.2	+24.1	+68.7%
Automotive business	366.4	424.2	+57.8	+15.7%
Automotive bearings	191.4	216.7	+25.3	+13.2%
Automotive components	175.0	207.5	+32.5	+18.5%
Other	34.9	53.1	+18.2	+52.2%
Eliminations	-15.7	-26.0	-10.3	-
Operating income	11.3 <1.9%>	43.5 <6.1%>	+32.2	+285.0%
Industrial machinery business	-1.7 <-0.8%>	20.4 <7.9%>	+22.1	-
Automotive business	18.3 <5.0%>	26.9 <6.3%>	+8.6	+47.1%
Other	-0.2 <-0.5%>	3.5 <6.6%>	+3.7	-
Eliminations/Corporate	-5.1	-7.3	-2.2	-

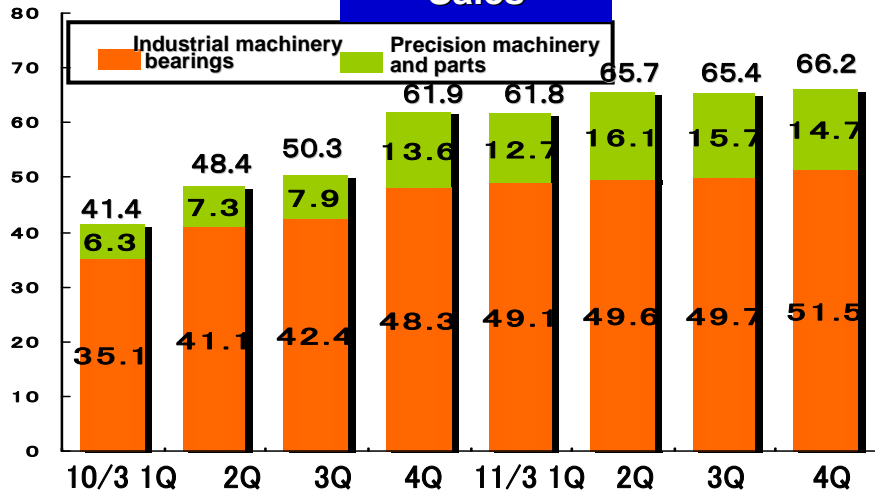
Quarterly Business Segment Performance



Industrial Machinery Business

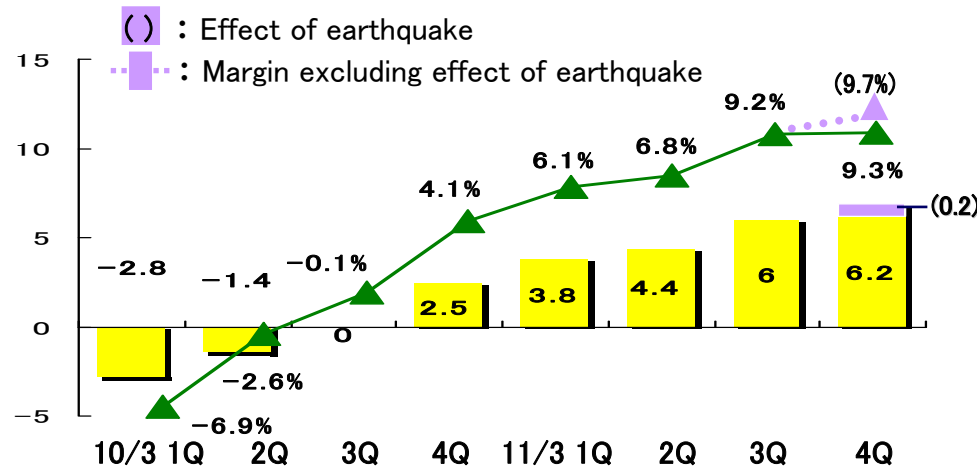
(Billions of yen)

Sales



(Billions of yen)

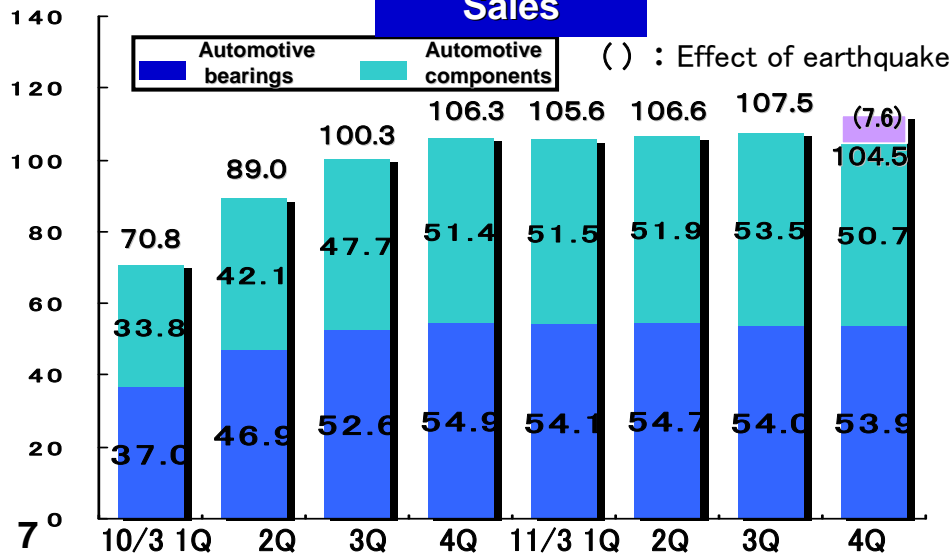
Operating income / Margin



Automotive Business

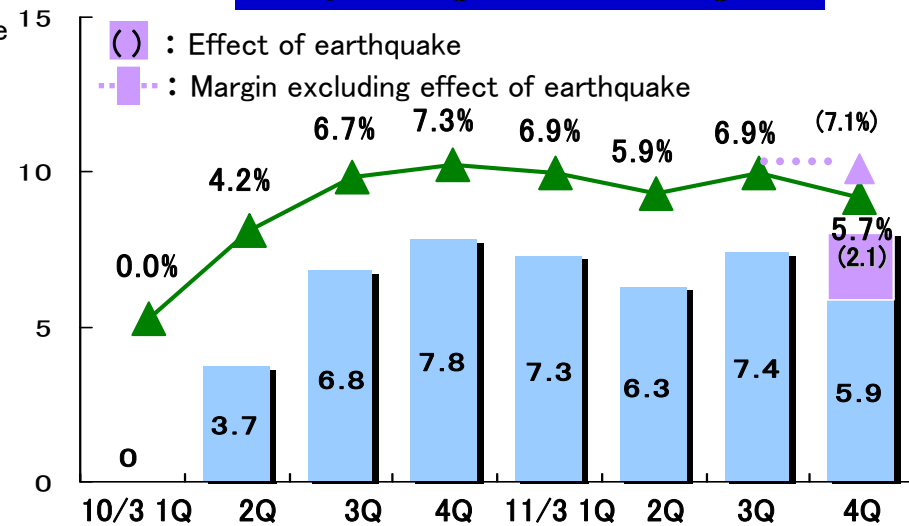
(Billions of yen)

Sales



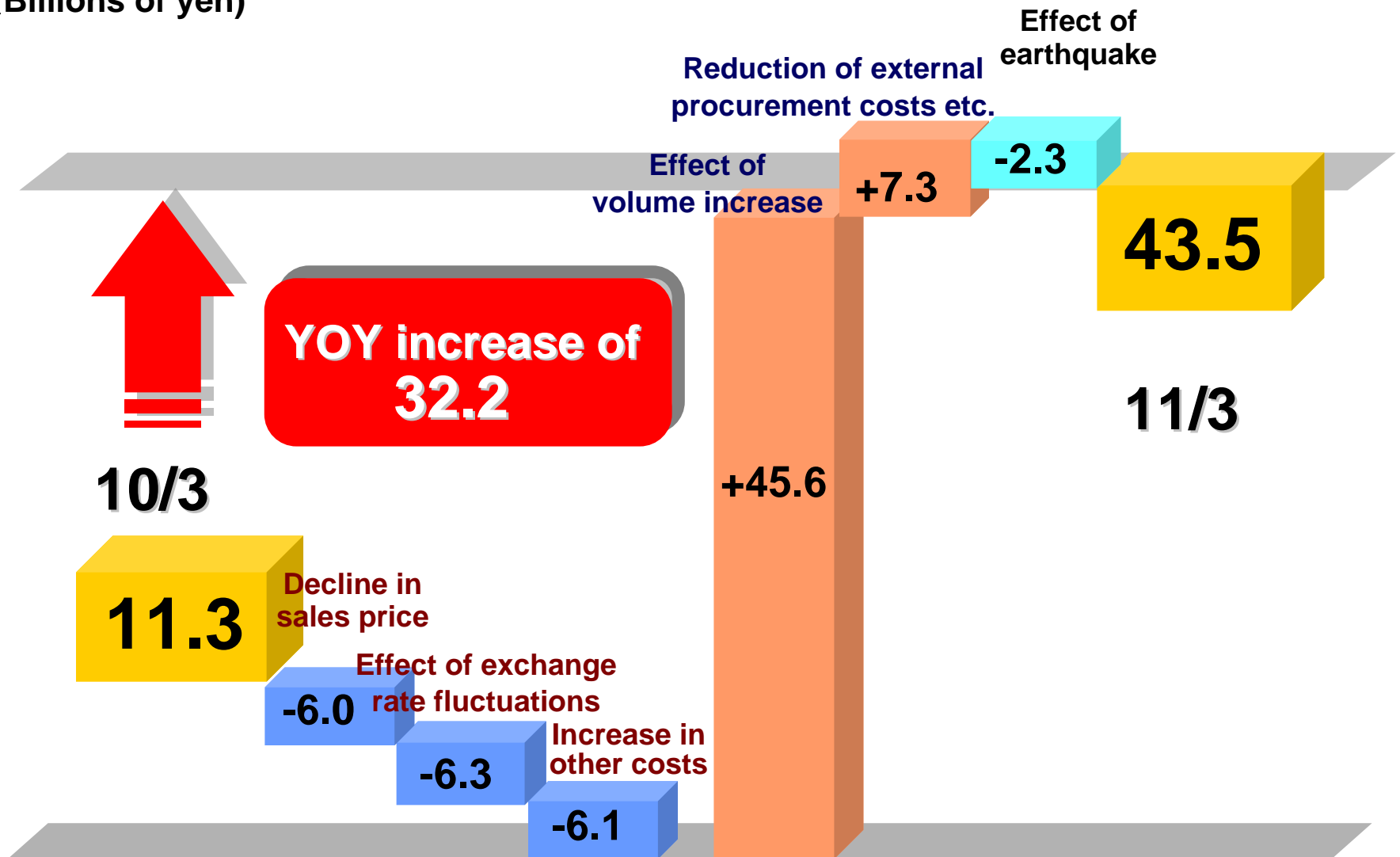
(Billions of yen)

Operating income / Margin



Operating income : Factors Behind Increase (10/3 ⇒ 11/3)

(Billions of yen)

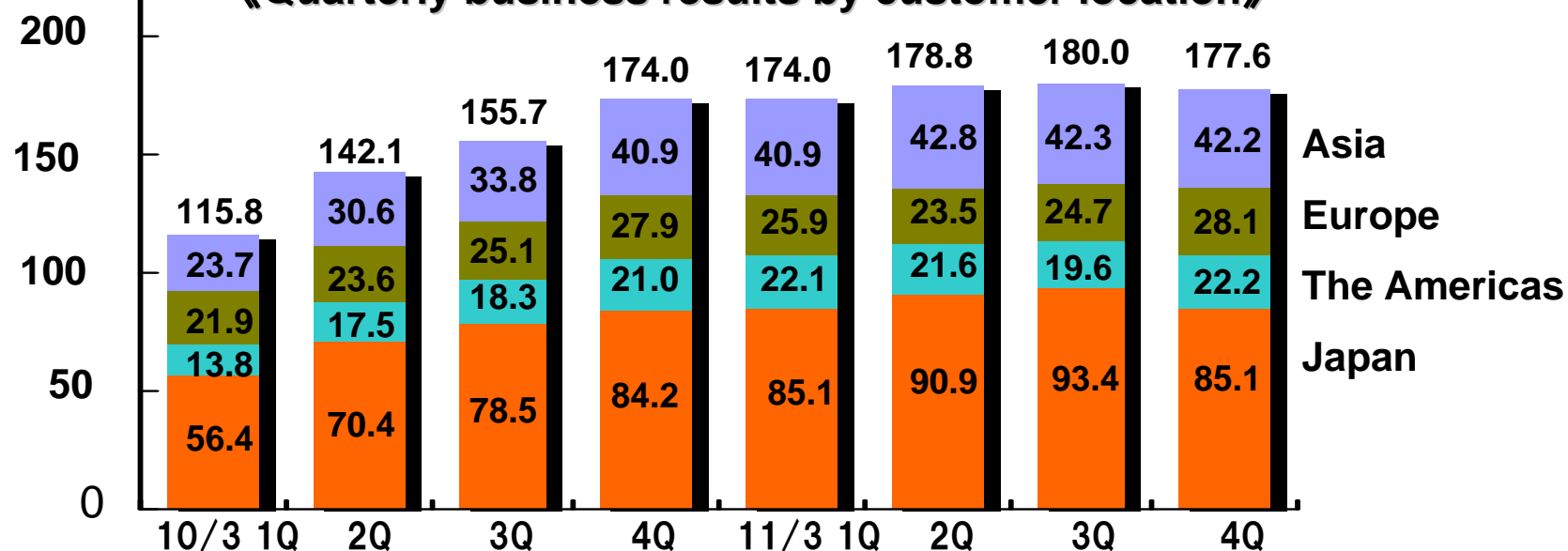


Business Results by Customer Location

(Billions of yen)	'10/3 <Actual>	'11/3 <Actual>	Increase/ decrease YOY	Difference YOY
Sales	587.6	710.4	+122.8	+20.9%
Japan	289.5	354.5	+65.0	+22.5%
Non-Japan (Non-Japan ratio)	298.1 (50.7%)	355.9 (50.1%)	+57.8	+19.4%
The Americas	70.6	85.5	+14.9	+21.0%
Europe	98.5	102.2	+3.7	+3.7%
Asia (Asia ratio)	129.0 (21.9%)	168.2 (23.7%)	+39.2	+30.5%
[China only	61.8	82.6	+20.8	+33.7%

(Billions of yen)

《Quarterly business results by customer location》

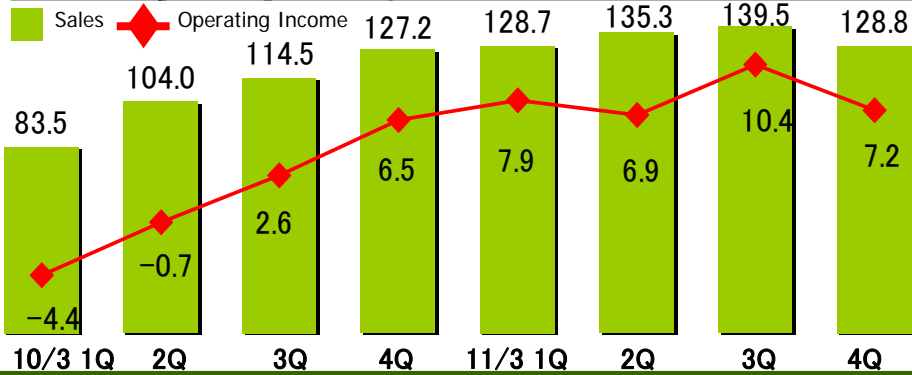


Business Results by Geographical Segment



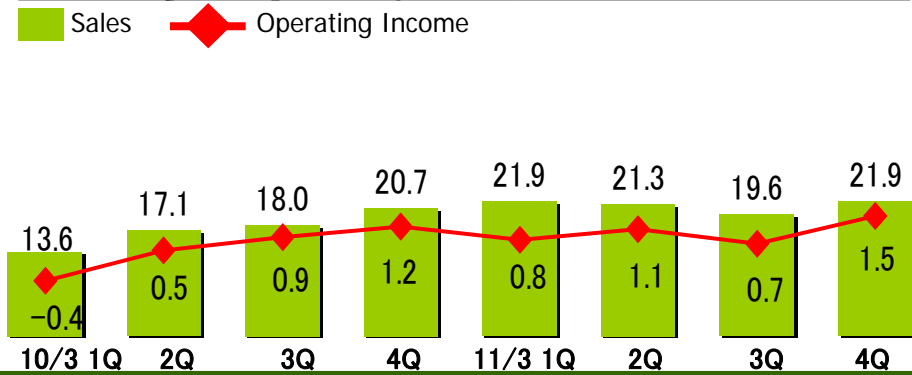
Japan

(Billions of yen)	'10/3 Actual	'11/3 Actual	Increase/decrease YOY	Difference YOY
Sales	429.2	532.3	+103.1	+24.0%
Operating income	4.0 <0.9%>	32.4 <6.1%>	+28.4	+718.3%



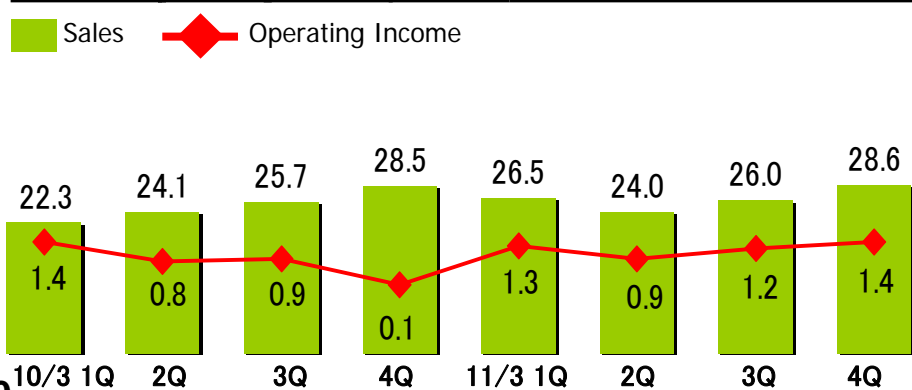
The Americas

(Billions of yen)	'10/3 Actual	'11/3 Actual	Increase/decrease YOY	Difference YOY
Sales	69.4	84.7	+15.3	+22.1%
Operating income	2.2 <3.2%>	4.1 <4.8%>	+1.9	+83.3%



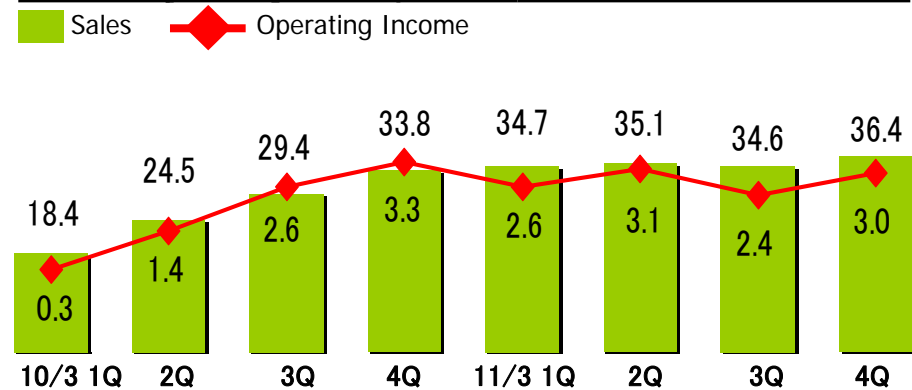
Europe

(Billions of yen)	'10/3 Actual	'11/3 Actual	Increase/decrease YOY	Difference YOY
Sales	100.6	105.1	+4.5	+4.5%
Operating income	3.2 <3.2%>	4.8 <4.5%>	+1.6	+48.9%



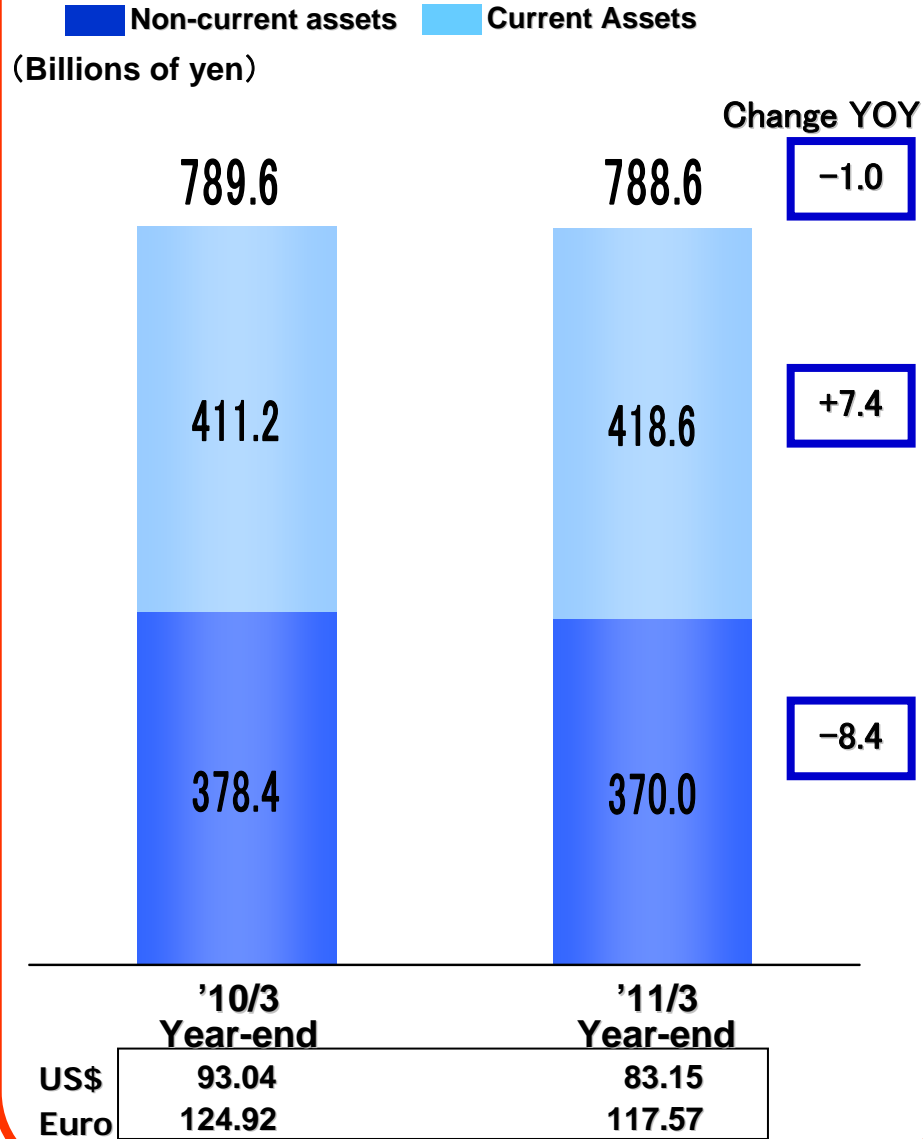
Asia

(Billions of yen)	'10/3 Actual	'11/3 Actual	Increase/decrease YOY	Difference YOY
Sales	106.1	140.8	+34.7	+32.7%
Operating income	7.6 <7.1%>	11.1 <7.9%>	+3.5	+46.6%

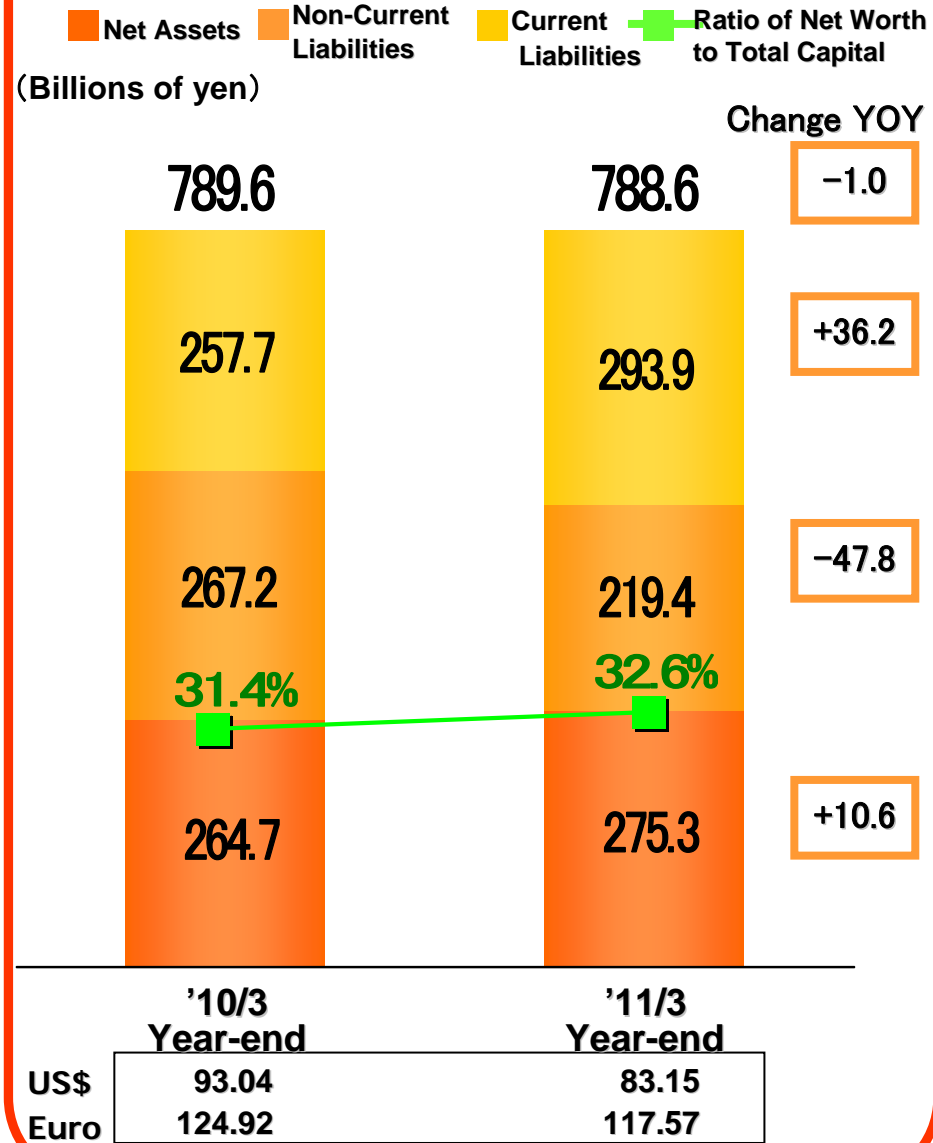


Consolidated Balance Sheets

Assets



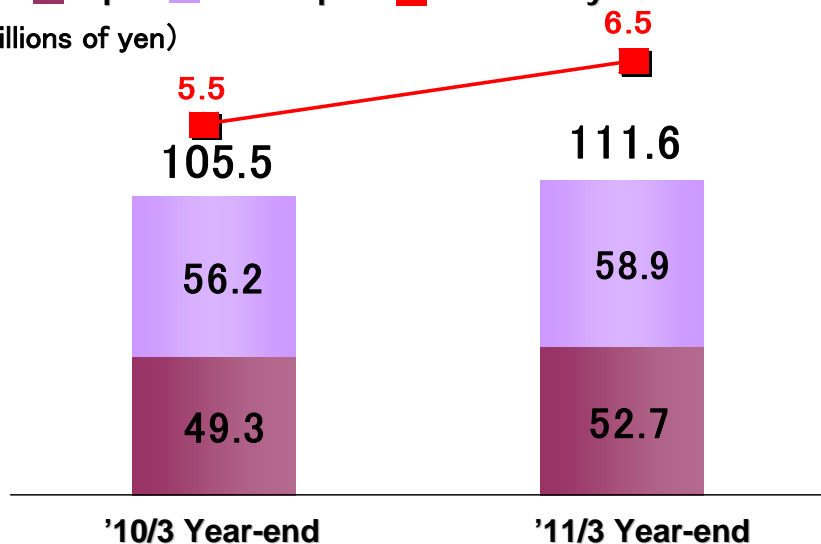
Liabilities and Net Assets



Inventory/ Interest-Bearing Debt, Capital Expenditure/ Depreciation

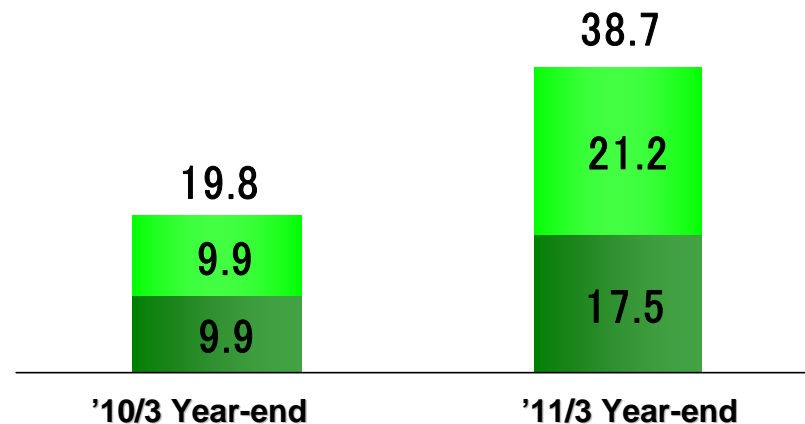
Inventories

Japan Non-Japan Inventory turnover
(Billions of yen)



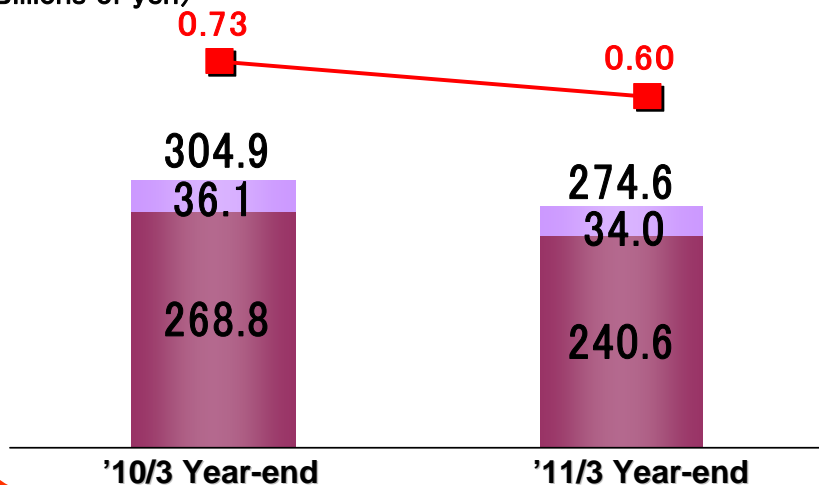
Capital Expenditure

Japan Non-Japan
(Billions of yen)



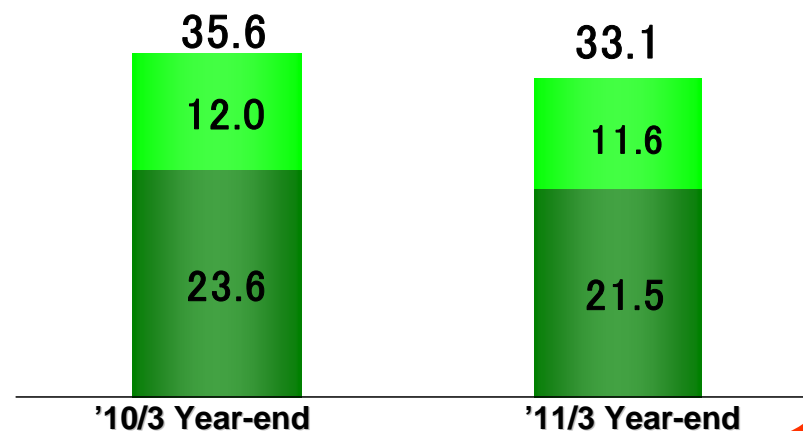
Interest Bearing-Debt

Japan Non-Japan Net D/E ratio
(Billions of yen)



Depreciation and Amortization

Japan Non-Japan
(Billions of yen)



2

Key Strategies for the Year Ending March 31, 2012

Effect of the Great East Japan Earthquake

Business Forecast for FY 2011

- Due to uncertainties surrounding the operational status of our customers, we are not announcing a business forecast for FY 2011 at this time.
- We plan to disclose the forecast when we can reasonably assess the situation.

Effects of the Earthquake (during the first month)

Status of Damage



Fukushima Plant (Tohoku area) & Saitama Plant (Kanto area)
No damage to buildings or machinery, although several machines were moved

Restoration Status



Fukushima : Partial production resumed from March 15,
fully restored from March 22
Saitama : Partial production resumed from March 14,
fully restored from March 18

Status of Damage to Suppliers



Raw materials: Accelerated procurement of alternative materials and secured volume needed at an early stage
Parts: Although it took time to recover and secure alternative parts, we are close to securing fully supply. However, we must pay close attention to certain parts

Operational Status



Production was normalized within 10 days
Affected by rolling blackouts
Responded flexibly to customer order changes;
operational status of customers is mixed.

Business Environment for FY2011

Business Environment

- Constraints on customers' operations due to limited supply of materials, parts and electricity ⇒ Stagnation of economic activities
(Effects are expected to remain until Q2, recover from Q3)
- Overseas demand is steady due to growth in emerging countries and economic recovery in USA/Europe
- Full recovery in demand expected to begin from 2H
- Raw material prices are expected to remain on an upward trend

Environment by Business Segment

Industrial Machinery Business

Japan

- Comparatively smaller decline despite the effect of economic recession
- Sales to construction machinery and machine tool sectors remained stagnant.

Overseas

- Overall demand is expected to remain on an upward trend

⇒ Cover for decline in automotive business as much as possible

Automotive Business

Japan

- It will take some time for supply chains to recover completely

Overseas

- Demand is expected to grow mainly in emerging countries although some parts supply issues exist

⇒ Flexible response to customer orders and operational status

Key strategies for FY 2011 ①

Maintain Original Business Policy of FY2011

Accelerate mid-term strategies, considering growing overseas markets and competitive environment

Growth Strategy

- Expand business base in emerging countries (Production capacity • Sales bases)
- Capture overseas Industrial Machinery projects
- Expand Electric Power Steering Business (Start of new mass-production • Achieve next-generation orders)

Profitability Improvement

- Continue production shift overseas
- Upgrade of local procurement and global supply chain
- Control labor costs by plant automation

Achieve Mid-Term Plan Targets

- Maintain mid-term plan and numerical targets
- Carry out priority tasks to achieve final year goals (FY2012)

Key strategies for FY 2011②

Emergency Countermeasures for FY 2011

The latest tasks after the Great East Japan earthquake

Carry out First Priority Principles

- Ensure employee safety
- Carry out quality control as first priority
(Enhance management of turning points)

Fulfill Supply Responsibilities

- Respond swiftly and appropriately to volume changes
- Thoroughly manage procurement
- Establish countermeasures responding to limited power supply

Flexible Business Operation

- Detailed production management in response to order changes
- Control inventory, pay attention to demand trends
- Maximize overseas production and sales
- Carry out flexible shift system of production

Thorough Cost and Cash Control

- Control fixed costs
- Strict capital expenditure control
- Control SG&A costs
- Pay attention to supplier and distributor cash management

3

Progress of Mid-Term Plan

Outline of the FY'09~FY'12 Mid-Term Plan



Outline of the Mid-term Plan

Net Sales ¥780.0 billion
Operating Income Margin 8.5%

Industrial Machinery Business

Automotive business

Growth Strategy

- Expand sales for emerging countries
- Expand Environment/Infrastructure/Resource-related business
- Technology Renovation

Enhance Business-based Management

Profitability Improvement

- Enhance Marketing
- Reorganize global production sites
- Accelerate new product development

Pursuit of No.1 in Total Quality Enhancement

Marketing Capability

Product Development Capability

Production capability

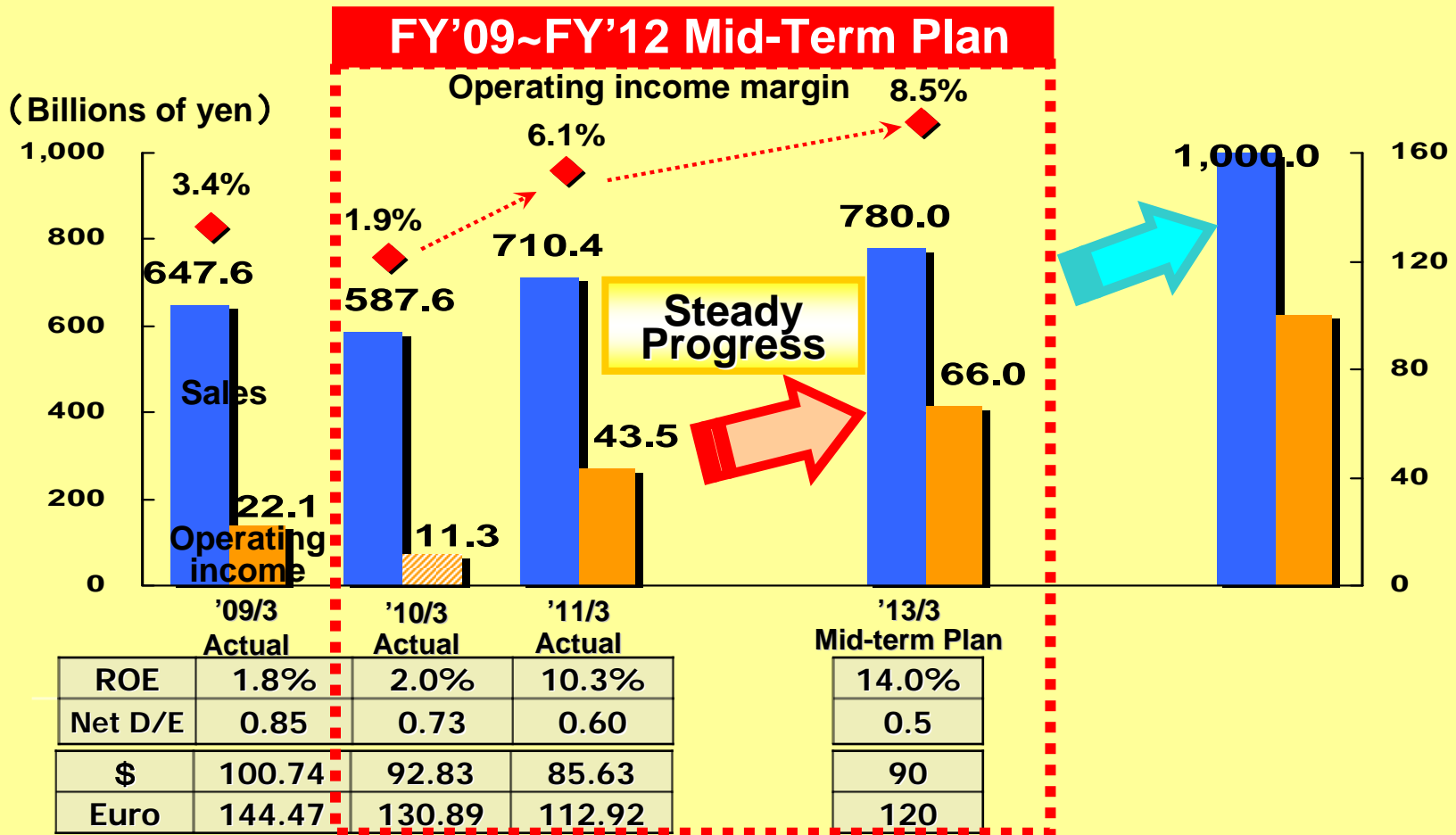
Global Management

Human Resource Development

Numerical targets

	'13/3 Forecast
Net Sales	¥780.0 billion
Operating Income	¥66.0 billion
Ordinary Income	¥62.0 billion
Net Income	¥37.0 billion
Operating Income (margin)	8.5%
ROE	14.0%
Net D/E ratio (times)	0.5

Progress of the Mid-Term Plan

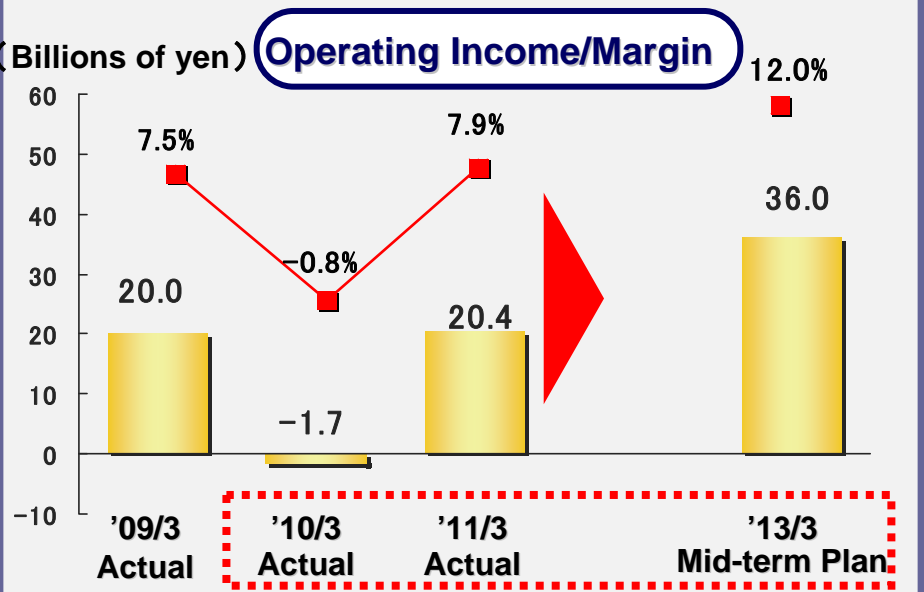
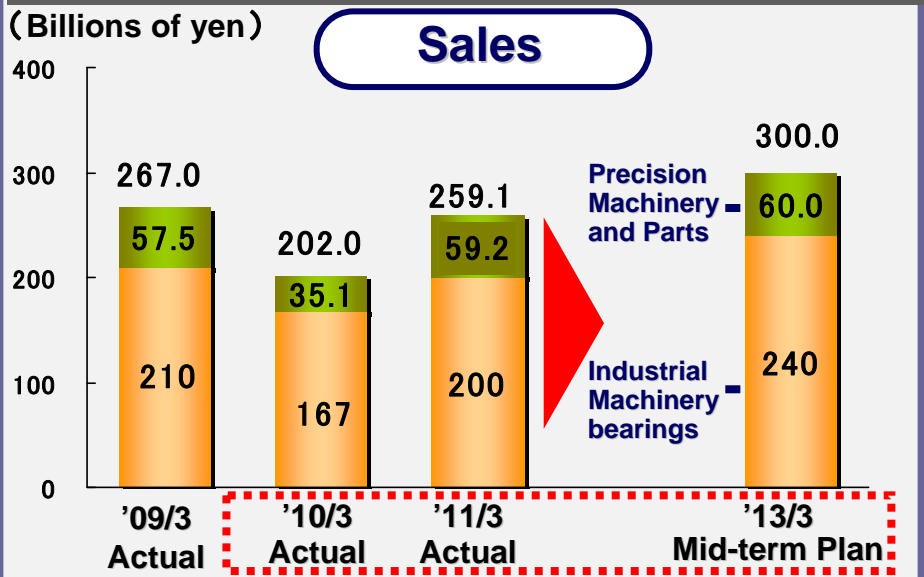


◎Ongoing Mid-Term Plan Themes

- * Respond to paradigm shifts
- * Organize business structure, aiming towards a 1 trillion yen company
 - : Accomplish measures such as business expansion in emerging countries and response to technology renovation.
 - : Improve business structure
 - Industrial machinery business · Automotive business ratio(40:60→45:55→50:50)
 - Non-Japan production ratio(35%→45%→50%)

Industrial Machinery Business①

Industrial Machinery Business



Sales expansion in growth areas

◎Key Targets

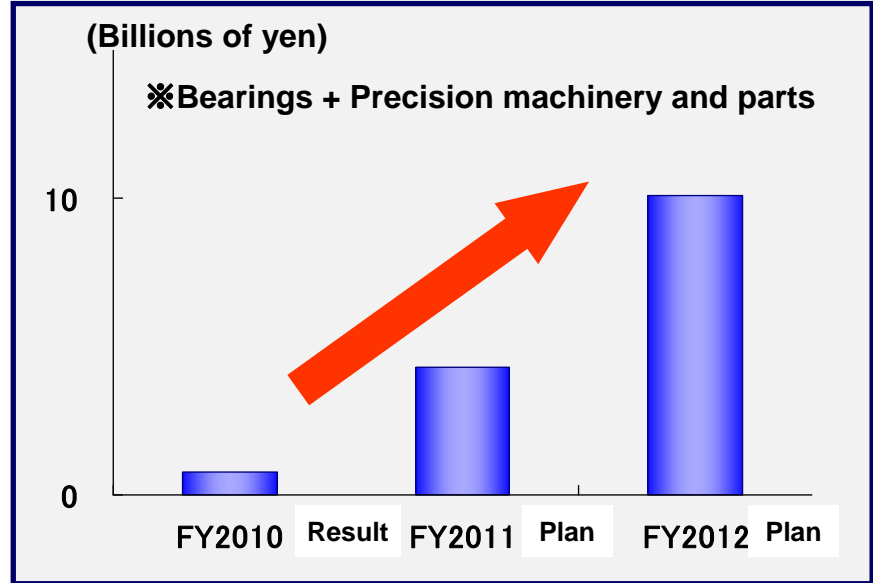
<Expand sales in growth markets/sectors>

- Enhance marketing power, foreseeing market
- Timely capital expenditure
- Enhance sales power, sell full production capacity

- **Sales expansion in steady sector**
 - * Machine tools/Construction machines /Railways in emerging countries /Clean energy industry
- **Maintain expansion of sales offices•**
 - distribution networks
 - * China, India, Latin Americas, Eastern Europe
- **Enhance global production base**
 - * Maximize production volume of Precision Machinery and Parts (B/S, at Shenyang)
 - * Promote local procurement
- **Enhance production in growth areas**
 - * Japan: Precision Bearings
 - * Overseas: Large Size Bearings
Normal Size Ball Bearings
- **Effective use of existing production facilities**
 - * Improve productivity, plant automation

Industrial Machinery Business②

Expand Production Sites in Growth Areas (Shenyang, China)



◆ Production Schedule (Progress)

		FY10	FY11
Ball Screw plant	Building	● 10/12 Completion	
	Start of Production	● 10/4 Temporary plant ● 10/12 Main plant→
Bearing plant	Building		11/12 Completion●
	Start of Production		12/Beg. Main plant● ● 11/3 at B/S plant→

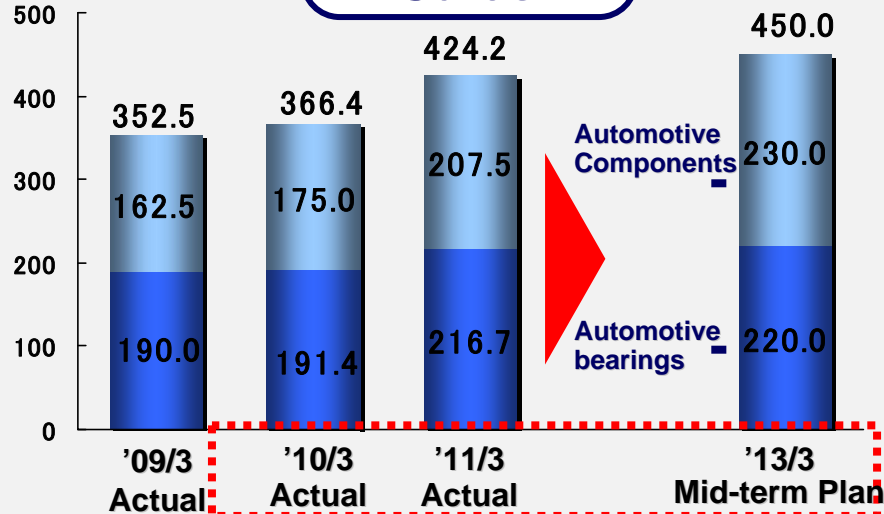
- NSK's 10th & 11th plants in China
- Establish full production lineup
- Expand business in north-east area
- Proactively expand sales to local customers

Capture growing demand in China

Automotive Business

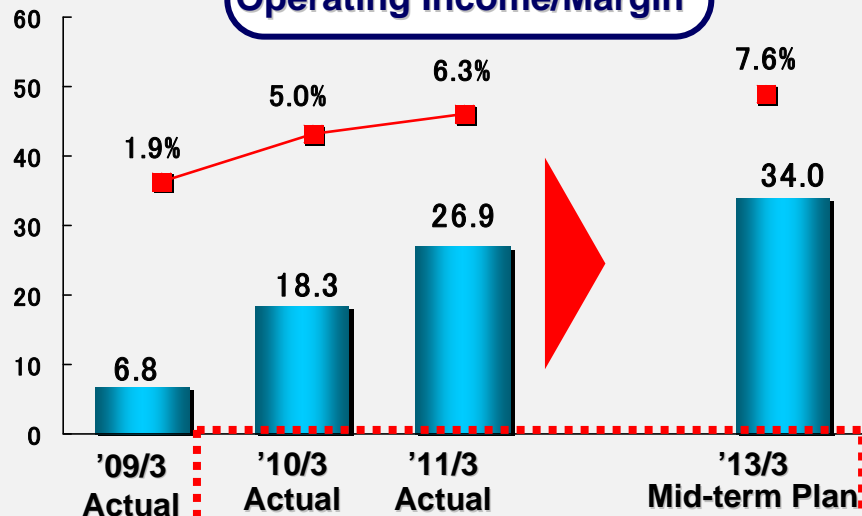
(Billions of yen)

Sales



(Billions of yen)

Operating Income/Margin



Approach to Growing Market

◎Key Targets

<Enhance sales in emerging countries>

- : Expand product line-up to suit market
(Compact type • Extreme environment)
- : Expand to non-Japanese customers
(USA/Europe • Local)

<Improve profitability of local products>

- : Promote local procurement / pre-processing
- : Factory automation • Improve productivity

■ Chassis related products (HUB)

- Expand sales of compact products & products for use in extreme environment
- * Expand production at demand location
China, India, Brazil

■ Drive-train products (Needle Roller, AT)

- Manual transmission ⇒ AT, DCT, CVT
- * Expand production in China

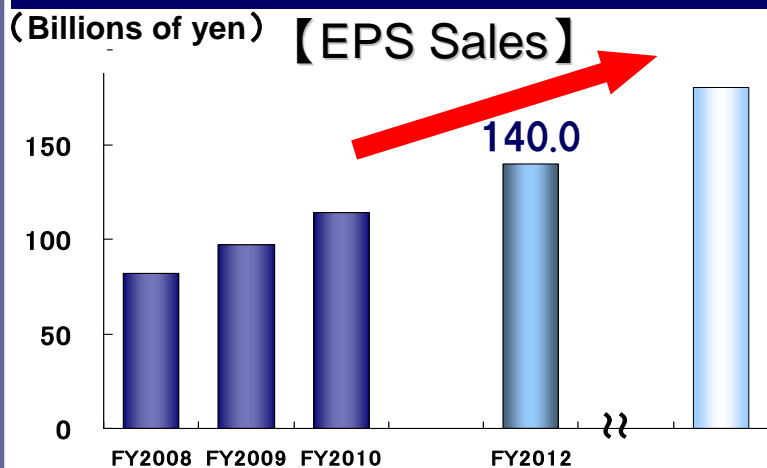
■ Engine & Accessory products

- (Needle Roller, Normal size Bearing)
- Catch-up with mega-tier 1 customers' expansion in growing market
- * Expand production in Asia

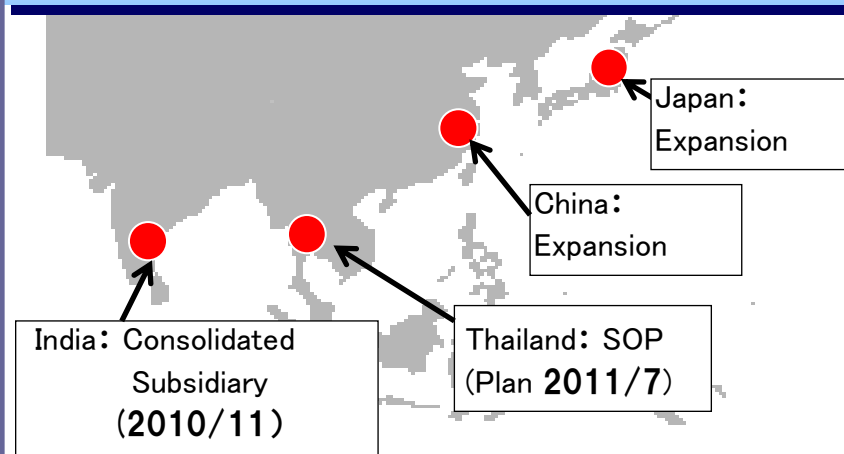
Automotive Business② 《Electric Power Steering (EPS)》

Steady achievement of Mid-term Plan and enhancement of technology to win orders of next-generation models

Achieve Next Growth Strategies



Establish Production base in Asia



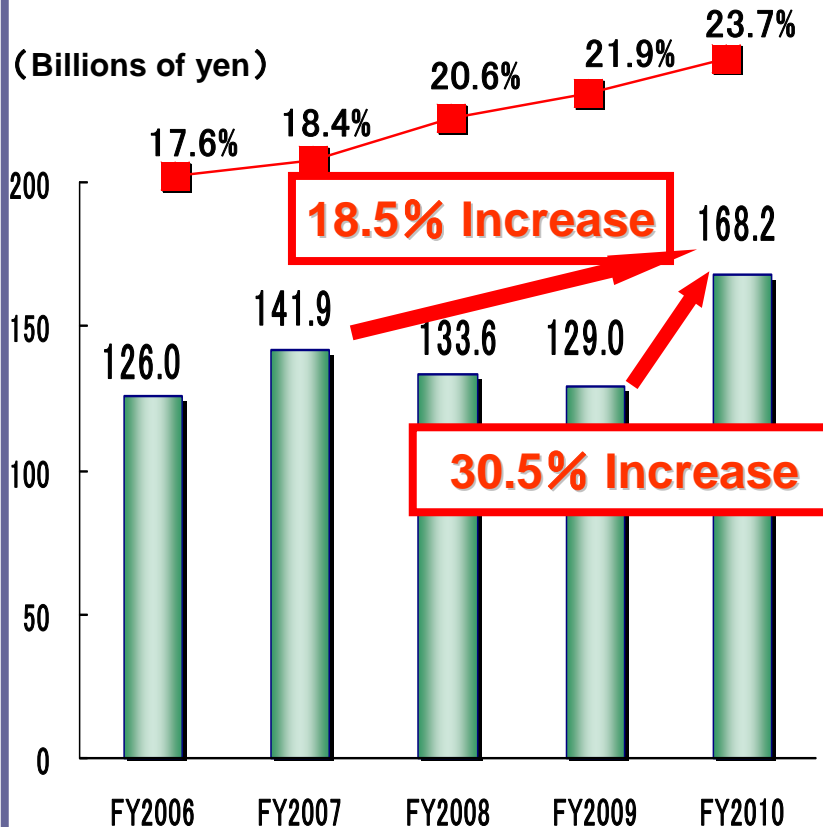
Respond to Key Measures

- Steady start-up of production for orders received in accordance with mid-term plan
 - * Establish production increase in Asia
 - * Respond to global vehicle projects
- Enhance technology to win orders of next-generation models
 - * Utilize ADTech (JV with Toshiba)
 - * Concentrate steering technology and design functions to Maebashi region and expand
- Enhance profitability
 - * Factory automation / Reduction of workforce
 - * Enhance pre-processing / Production at demand location
 - * Optimal parts supply routes

Consider further expansion of overseas production

Asia Sales Ratio

※Sales by customer location



China

Further raise NSK's presence

- Autonomous management by China HQ (Production/ Sales/ Technology/ Administration)
 - Reinvest China earnings in China operations
- Enhance design functions by utilization of NSK China R&D Center
- Expand sales sites (inland area)
- Enhance production sites
 - Expand existing plants / Investment in plant automation
 - Consider new plant : Ball Bearings

India

Build growth platform

- Expand sales sites
- Enhance production capacity in line with growth of automotive industry
- Promote local procurement

ASEAN

Strengthen growth sectors

- Expand production for growth markets (Automobiles/ Motorcycles/ Home Appliances)

Promotion of Local Procurement

Continuous increase of non - Japan production ratio

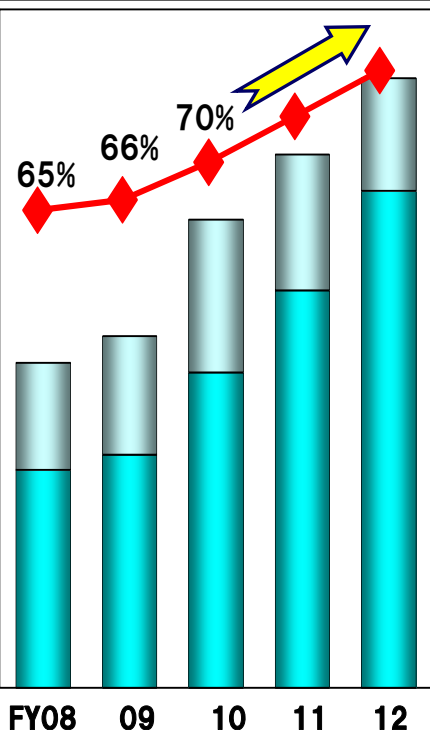
Enhance non-Japan production base

Improve local added value

Improve resilience against exchange rate fluctuations

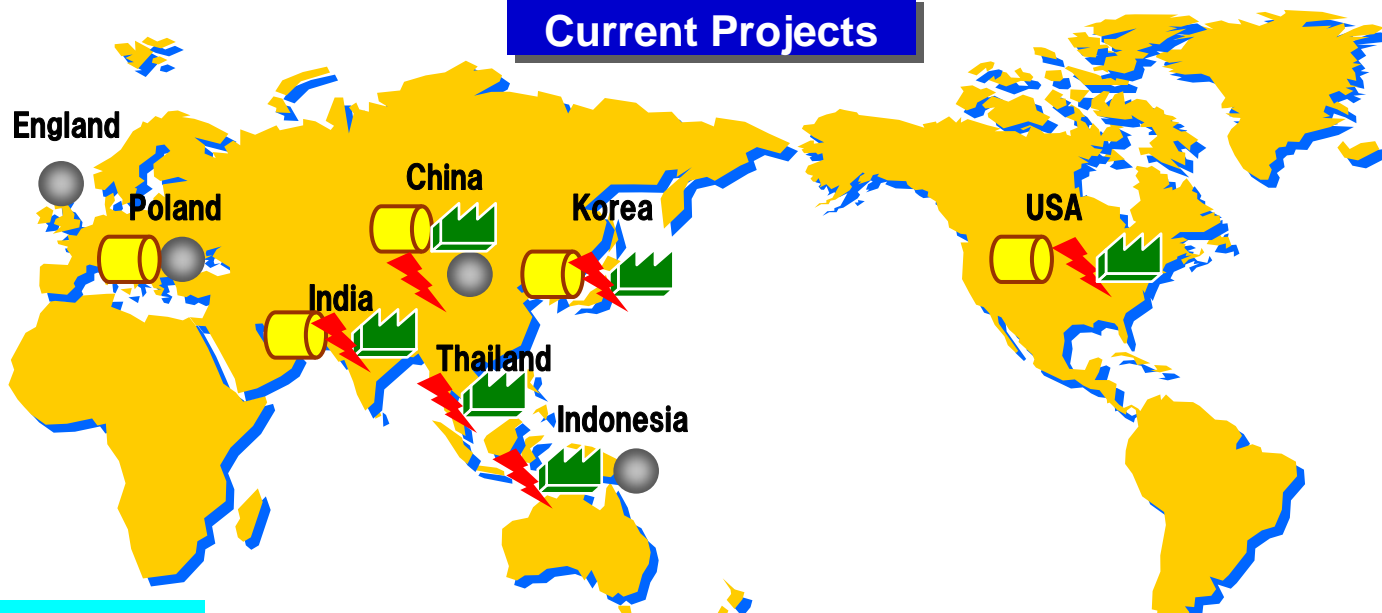
Organize supply chain within the same region

Local procurement ratio of materials and parts



◆ : %
 ■ : Local procurement ■ : KD

Current Projects



Number of Plants :	Europe 9	Asia 23	Japan 22	Americas 8	Total 62	(as of 11/3)
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Material	Increase use of Chinese & Korean materials, Approve India material
Parts	Utilize more Japanese (located overseas) & local suppliers, LCC parts
Pre-process	In-house production (China), Increase pre-processing (ASEAN)
Steel Balls	Expand production capacity / sales to the 3 rd parties

Promote global steel ball strategy

(Supplementary Material)

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

(Billions of yen)	10/3 Actual	11/3 Actual
Capital expenditure (*)	19.8	38.7
Japan	9.9	17.5
Non-Japan	9.9	21.2
The Americas	1.0	3.0
Europe	1.1	3.3
Asia	7.8	14.9

* Excluding intangible assets

(Billions of yen)	10/3 Actual	11/3 Actual
Depreciation and Amortization (*)	35.6	33.1

* Excluding intangible assets

(Billions of yen)	10/3 Actual	11/3 Actual
R&D Expenses	8.8	10.5