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# **CONSOLIDATED BUSINESS RESULTS**

## **FOR THE THIRD QUARTER ENDED DECEMBER 31, 2007**

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**February 05, 2008**

**NSK Ltd.**

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### **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.

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# Summary of the Consolidated Business Results for FY 2007:Q3



**Business performance for Q3 was favorable.  
The trend is expected to continue in the last quarter.**

- Sales and operating income for Q3 increased 9.6% and 8.4% respectively YOY**
- Overall sales to machine tools/industrial machinery and automotive manufacturers were robust**
- Demands from semiconductor and liquid crystal production remain in an adjustment phase**



**No revision was made to the full year forecasts for FY2007 announced on October 31, 2007.**

# Summary of the Consolidated Business Results for FY 2007:Q3

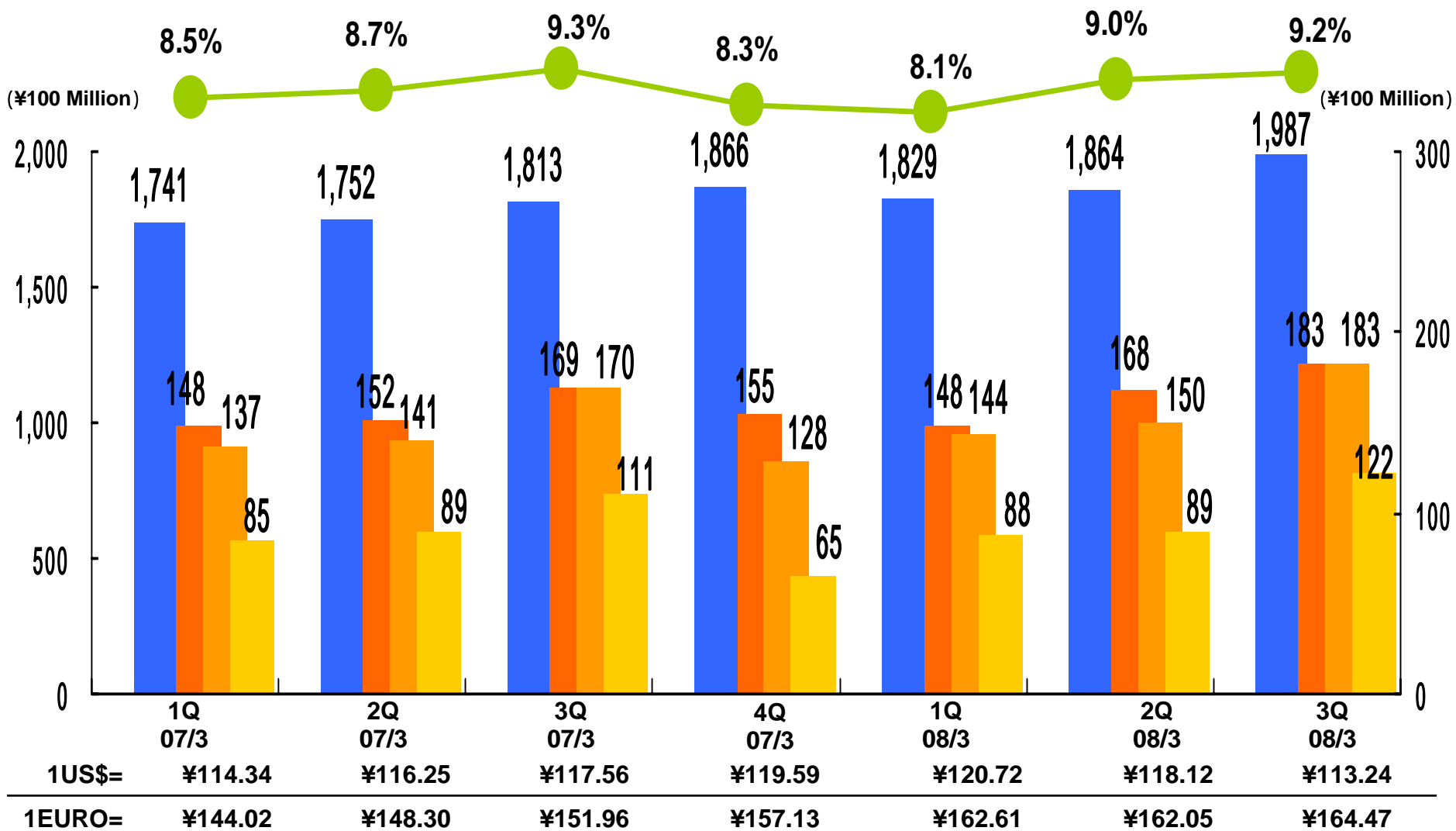


(¥100 million)	FY 2006			FY 2007			
	3 Q < Actual >	3 Q Total < Actual >	Full year < Actual >	3 Q < Actual >	Difference on a year-on-year basis	3 Q Total < Actual >	Full year < Forecast >
<b>Sales</b>	1,813	5,306	7,172	<b>1,987</b>	<b>+9.6%</b>	5,680	7,600
<b>Operating income</b>	169	469	624	<b>183</b>	<b>+8.4%</b>	499	690
<b>&lt; % &gt;</b>	<b>&lt; 9.3% &gt;</b>	<b>&lt; 8.8% &gt;</b>	<b>&lt; 8.7% &gt;</b>	<b>&lt; 9.2% &gt;</b>		<b>&lt; 8.8% &gt;</b>	<b>&lt; 9.1% &gt;</b>
<b>Ordinary income</b>	170	448	576	<b>183</b>	<b>+7.8%</b>	477	650
<b>Profit before tax</b>	173	453	570	<b>183</b>	<b>+5.8%</b>	477	650
<b>Net income</b>	111	284	349	<b>122</b>	<b>+9.6%</b>	299	410
<b>(Rate:1US\$=)</b>	(¥117.56)	(¥116.05)	(¥116.93)	<b>(¥113.24)</b>		(¥117.36)	(¥116.77)
<b>(Rate:1EURO=)</b>	(¥151.96)	(¥148.09)	(¥150.35)	<b>(¥164.47)</b>		(¥163.05)	(¥162.29)

# Quarterly Business Performance



■ Sales 
 ■ Operating income 
 ■ Ordinary income 
 ■ Net income 
 ● Operating income margin (%)



# Business Results by Business segment



(¥100 million)		FY 2006			FY 2007			
		3 Q < Actual >	3 Q Total < Actual >	Full year < Actual >	3 Q < Actual >	Difference on a year-on-year basis	3 Q Total < Actual >	Full year < Forecast >
<b>Total</b>	<b>Sales</b>	1,813	5,306	7,172	<b>1,987</b>	<b>+9.6%</b>	5,680	7,600
	Operating income	169	469	624	<b>183</b>	<b>+8.4%</b>	499	690
	Margin	9.3%	8.8%	8.7%	<b>9.2%</b>		8.8%	9.1%
<b>Industrial bearings</b>	<b>Sales</b>	543	1,599	2,163	<b>616</b>	<b>+13.4%</b>	1,764	2,360
	Operating income	79	215	296	<b>90</b>	<b>+12.9%</b>	245	335
	Margin	14.6%	13.4%	13.7%	<b>14.5%</b>		13.9%	14.2%
<b>Automotive</b>	<b>Sales</b>	1,012	2,933	3,979	<b>1,133</b>	<b>+12.1%</b>	3,224	4,290
	Operating income	60	168	227	<b>84</b>	<b>+39.5%</b>	223	295
	Margin	6.0%	5.7%	5.7%	<b>7.4%</b>		6.9%	6.9%
<b>Precision machinery &amp; parts</b>	<b>Sales</b>	195	584	777	<b>163</b>	<b>-16.8%</b>	481	680
	Operating income	32	92	115	<b>20</b>	<b>-40.4%</b>	58	90
	Margin	16.5%	15.8%	14.8%	<b>11.8%</b>		12.0%	13.2%
<b>Others</b>	<b>Sales</b>	113	339	451	<b>165</b>	<b>+45.3%</b>	410	490
	Operating income	7	20	24	<b>10</b>	<b>+39.7%</b>	20	22
	Margin	6.1%	5.9%	5.3%	<b>5.8%</b>		4.8%	4.5%
<b>Eliminations/Corporate</b>		-50	-149	-198	<b>-90</b>		-199	-220
		-9	-26	-38	<b>-21</b>		-47	-52

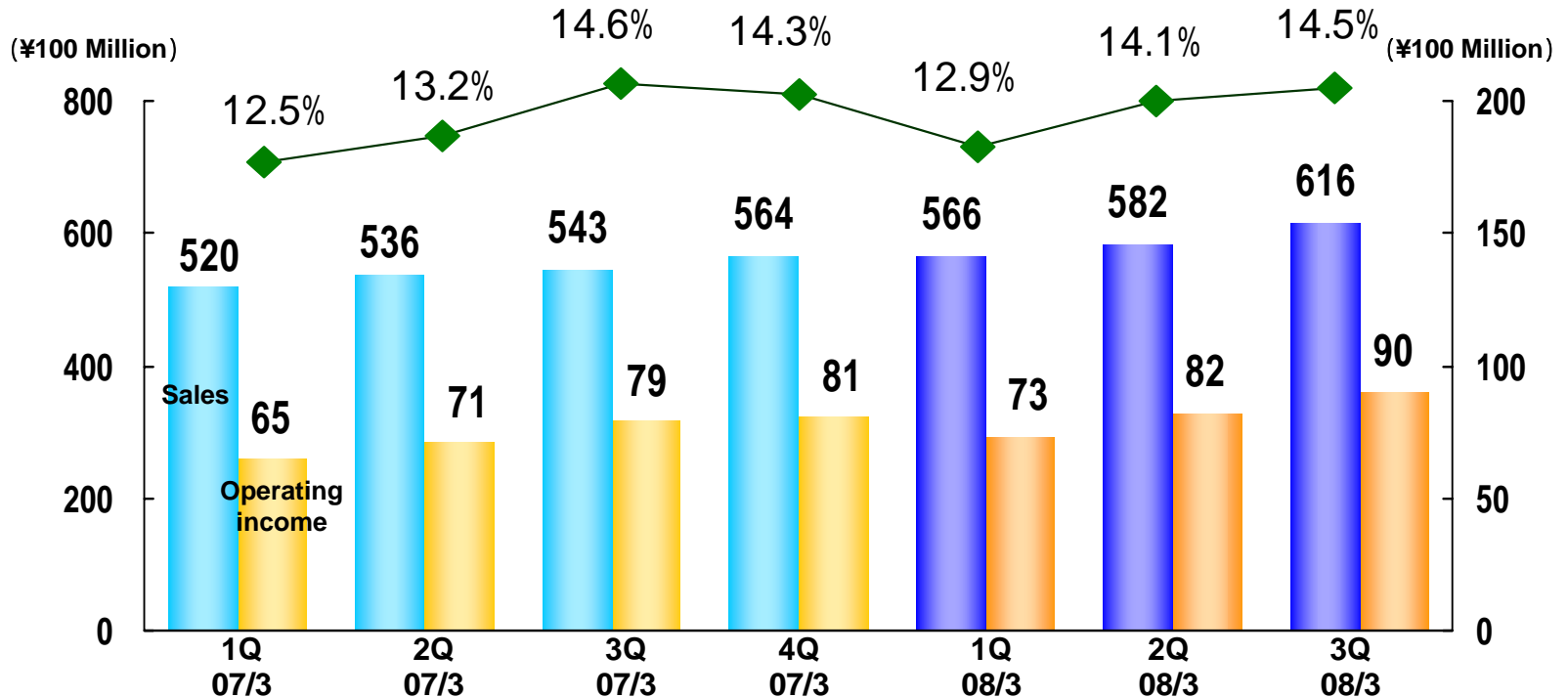
# Business Results by Business segment

## - Industrial Machinery Bearings -



Left : Sales  
 Right : Operating income  
 ◆ : Margin

**Industrial machinery bearings  
 Quarterly business performance**



**Strong demand continued especially from machine tools/general industrial machinery sectors. Increase in sales to aftermarket sector also pushed total sales 13.4% up YOY.**

**Operating income for Q3 increased 12.9% YOY, and operating income margin of over 14% has maintained from Q2 backed by the effects of volume growth and increase in sales price.**

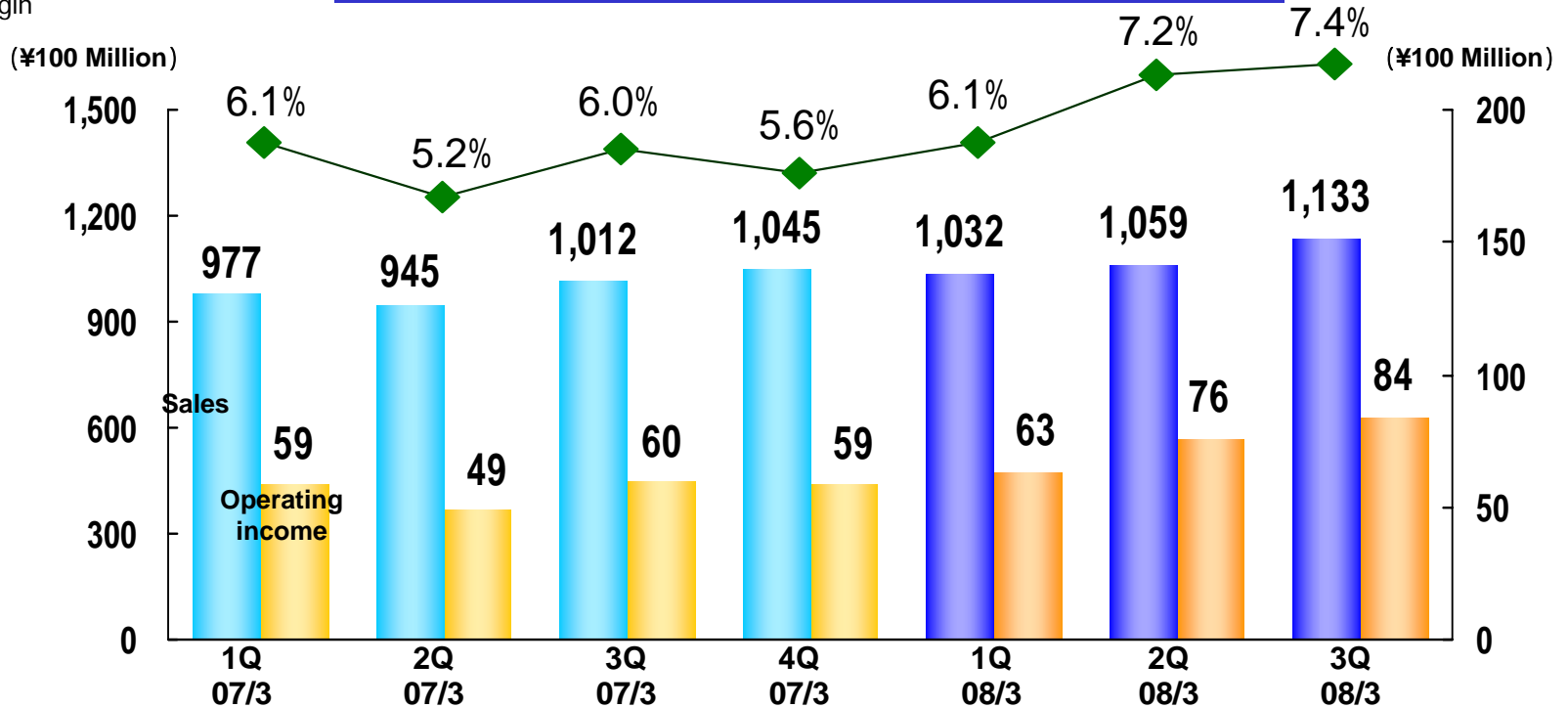
# Business Results by Business segment

## - Automotive Products -



### Automotive products Quarterly business performance

Left : Sales  
Right : Operating income  
◆ : Margin



**Demand environment were robust overall. Total sales for Q3 increased 12.1% YOY backed by increase in sales of hub unit bearings/needle roller bearings/AT components/electrical power steering systems.**

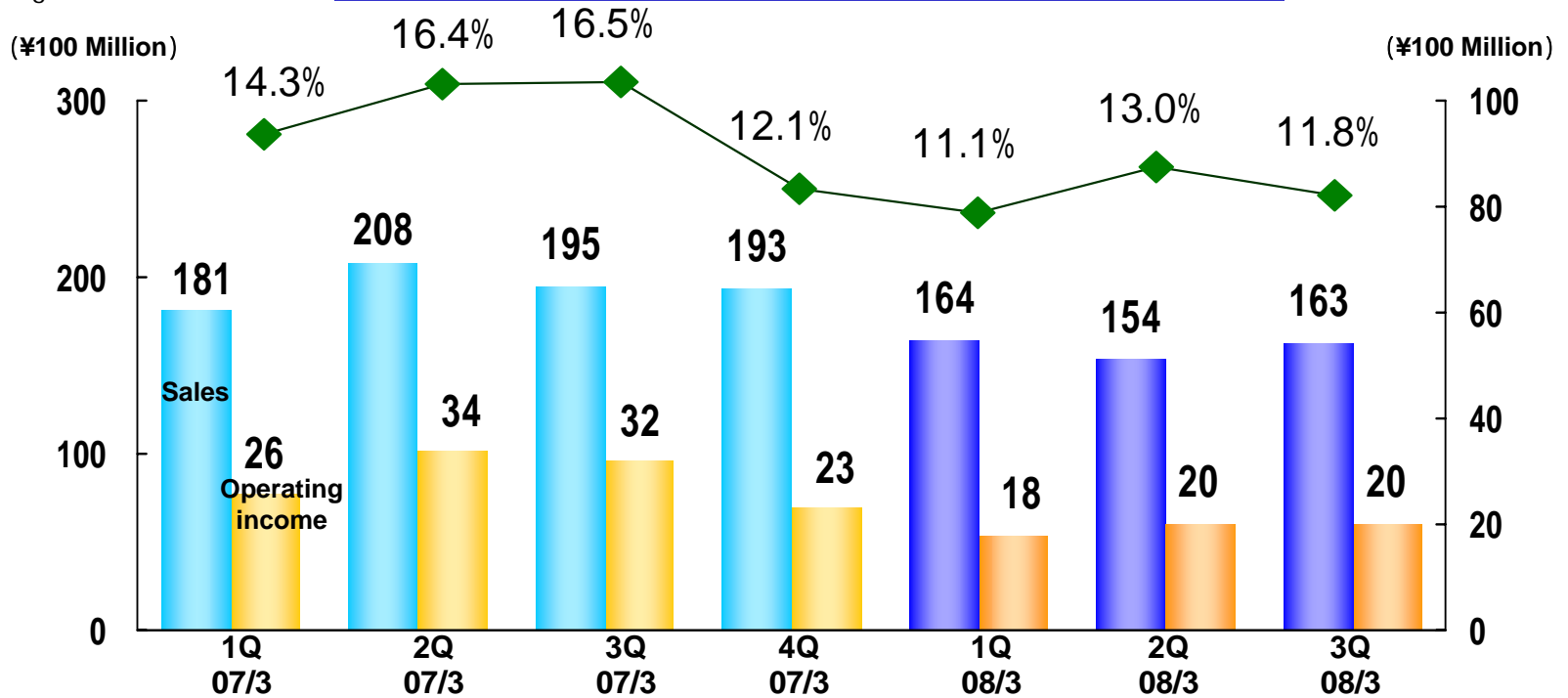
**Volume growth, reduction of external procurement costs, and the effect of productivity improvement activities contributed to increase in operating income of 39.5% YOY. Profitability improvement proceeded steadily.**

# Business Results by Business segment - Precision Machinery and Parts -



## Precision machinery & parts Quarterly business performance

Left : Sales  
Right : Operating income  
◆ : Margin



**Demand from machine tool makers was robust, while demand from semiconductor and liquid crystal equipment production remains in an adjustment phase. Decrease in sales of photofabrication equipment for LCD panel production was negatively affected, and total sales for Q3 decreased 16.8% YOY.**

**Although productivity improvement activities continued, operating income decreased 40.4% YOY due to lower production volume.**



# Business Results by Geographical Segment



(¥100 million)		FY 2006			FY 2007			
		3 Q < Actual >	3 Q Total < Actual >	Full year < Actual >	3 Q < Actual >	Difference on a year-on-year basis	3 Q Total < Actual >	Full year < Forecast >
<b>Total</b>	<b>Sales</b>	1,813	5,306	7,172	<b>1,987</b>	<b>+9.6%</b>	5,680	7,600
	Operating income	169	469	624	<b>183</b>	<b>+8.4%</b>	499	690
	Margin	9.3%	8.8%	8.7%	<b>9.2%</b>		8.8%	9.1%
<b>Japan</b>	<b>Sales</b>	1,339	3,877	5,223	<b>1,478</b>	<b>+10.4%</b>	4,107	5,405
	Operating income	136	358	475	<b>135</b>	<b>-1.0%</b>	349	465
	Margin	10.2%	9.2%	9.1%	<b>9.1%</b>		8.5%	8.6%
<b>The Americas</b>	<b>Sales</b>	251	752	1,029	<b>258</b>	<b>+3.1%</b>	803	1,075
	Operating income	5	25	38	<b>11</b>	<b>+138.5%</b>	36	54
	Margin	1.8%	3.3%	3.7%	<b>4.1%</b>		4.4%	5.0%
<b>Europe</b>	<b>Sales</b>	316	934	1,276	<b>354</b>	<b>+12.2%</b>	1,016	1,365
	Operating income	16	48	67	<b>26</b>	<b>+55.6%</b>	67	92
	Margin	5.2%	5.2%	5.2%	<b>7.2%</b>		6.5%	6.7%
<b>Asia</b>	<b>Sales</b>	244	740	987	<b>305</b>	<b>+24.7%</b>	859	1,204
	Operating income	27	73	95	<b>32</b>	<b>+20.0%</b>	95	133
	Margin	11.1%	9.8%	9.6%	<b>10.7%</b>		11.1%	11.0%
<b>Eliminations (sales)</b>		-337	-997	-1,343	<b>-408</b>		-1,105	-1,449
	<b>(operating income)</b>	-15	-35	-49	<b>-21</b>		-48	-54

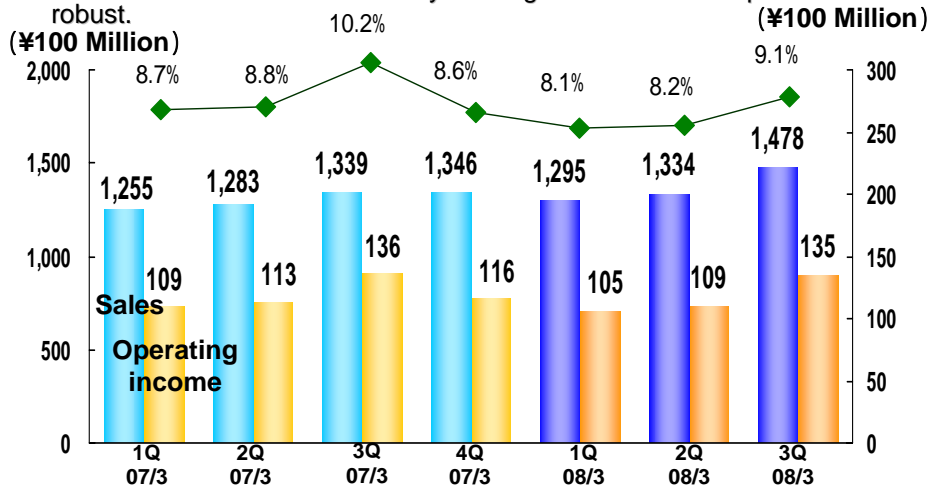
# Business Results by Geographical Segment



## Japan

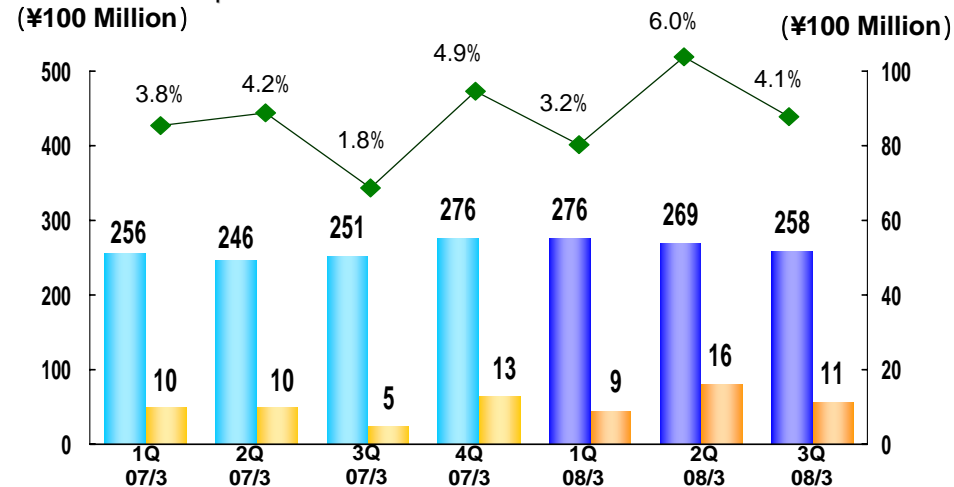
Left: Sales Right: Operating income ◆ : Margin

Operating income were flat YOY due to decrease in demand for precision machinery & parts and increase in depreciation and SGA expenses although demands for industrial machinery bearings and automotive products were robust.



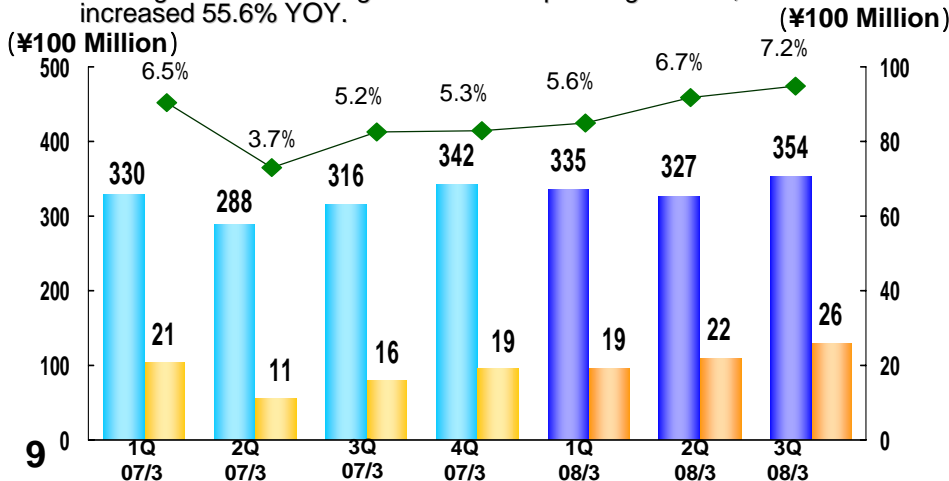
## The Americas

Operating income doubled YOY backed by increase in sales of industrial machinery bearings and decrease in expenses for transfer of plant in North America.



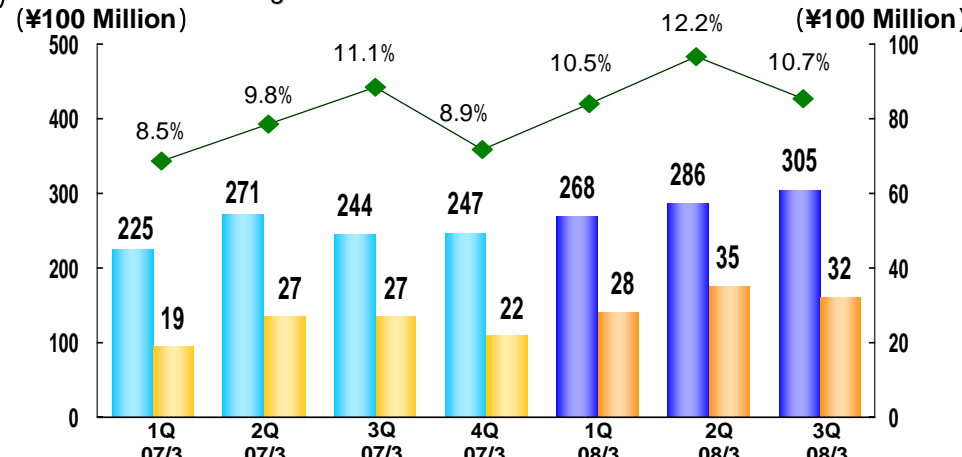
## Europe

Volume growth of industrial machinery bearings and automotive bearings contributed to growth in total operating income, which increased 55.6% YOY.



## Asia

Operating income increased 20.0% YOY backed by favorable demand in China and volume growth in the ASEAN region.

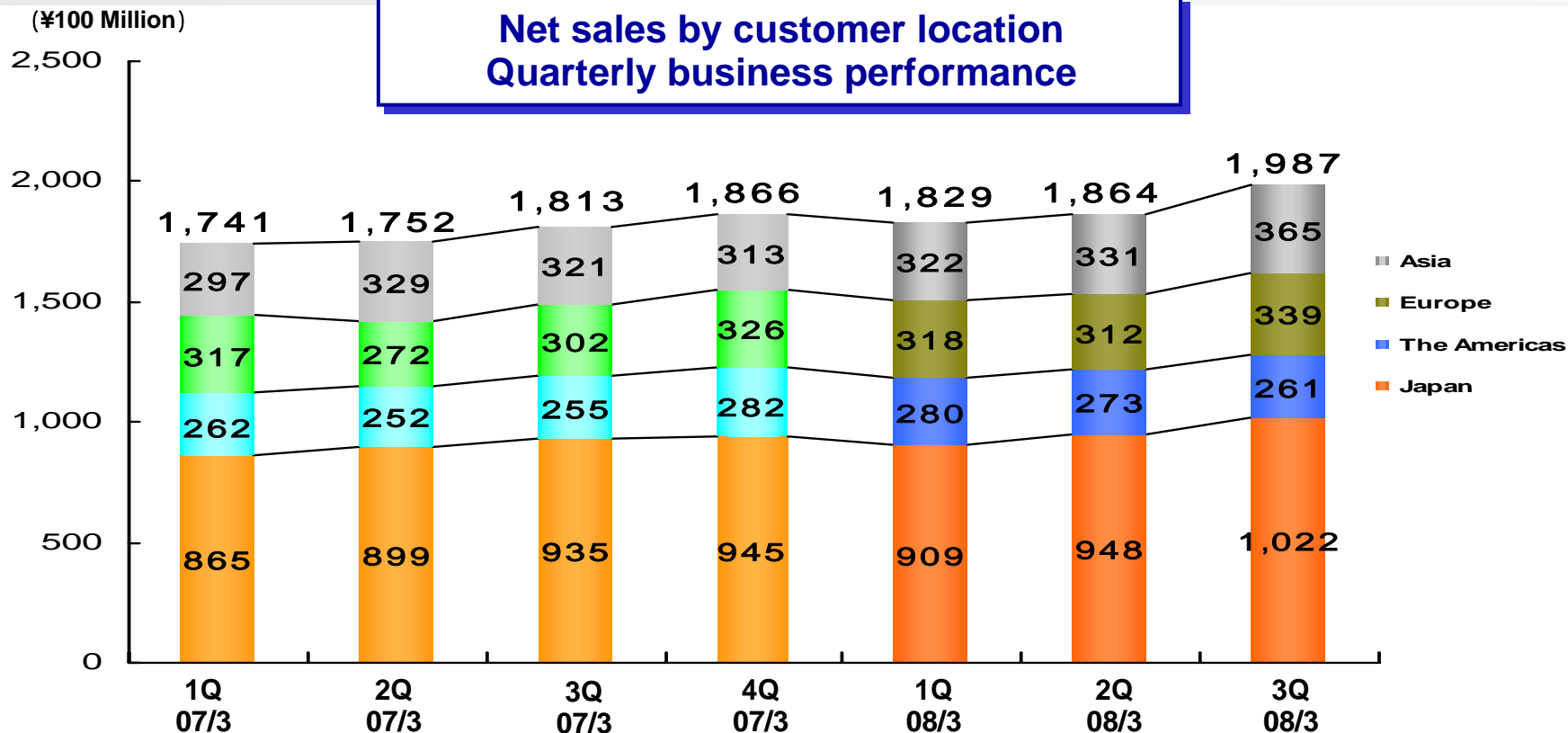


# Business Results by Customer Location



(¥100 million)	FY 2006			FY 2007			
	3 Q < Actual >	3 Q Total < Actual >	Full year < Actual >	3 Q < Actual >	Difference on a year-on-year basis	3 Q Total < Actual >	Full year < Forecast >
<b>Sales</b>	1,813	5,306	7,172	<b>1,987</b>	<b>+9.6%</b>	5,680	7,600
<b>Japan</b>	935	2,699	3,644	<b>1,022</b>	<b>+9.4%</b>	2,880	3,820
<b>Non-Japan</b>	878	2,607	3,528	<b>965</b>	<b>+9.8%</b>	2,800	3,780
(Ratio of non-Japan sales to consolidated net sales)	(48.4%)	(49.1%)	(49.2%)	<b>(48.5%)</b>		(49.3%)	(49.7%)
<b>The Americas</b>	255	769	1,051	<b>261</b>	<b>+2.2%</b>	814	1,090
<b>Europe</b>	302	891	1,217	<b>339</b>	<b>+12.1%</b>	969	1,284
<b>Asia</b>	321	947	1,260	<b>365</b>	<b>+13.8%</b>	1,017	1,406

# Business Results by Customer Location



Japan: Sales to machine tools/general industrial machinery sectors increased. Sales of automotive products such as EPS also grew.

The Americas: Sales of automotive products and precision machinery and parts decreased due to stagnant demand environment.

Europe: Sales to automotive manufacturers and machine tool/general industrial machinery sectors increased.

Asia: Demand from automotive manufacturers in Thailand and demand from automotive manufacturers and industrial machinery in China was strong. Sales of precision machinery and parts, particularly photofabrication equipment, declined.

# Consolidated Balance Sheets

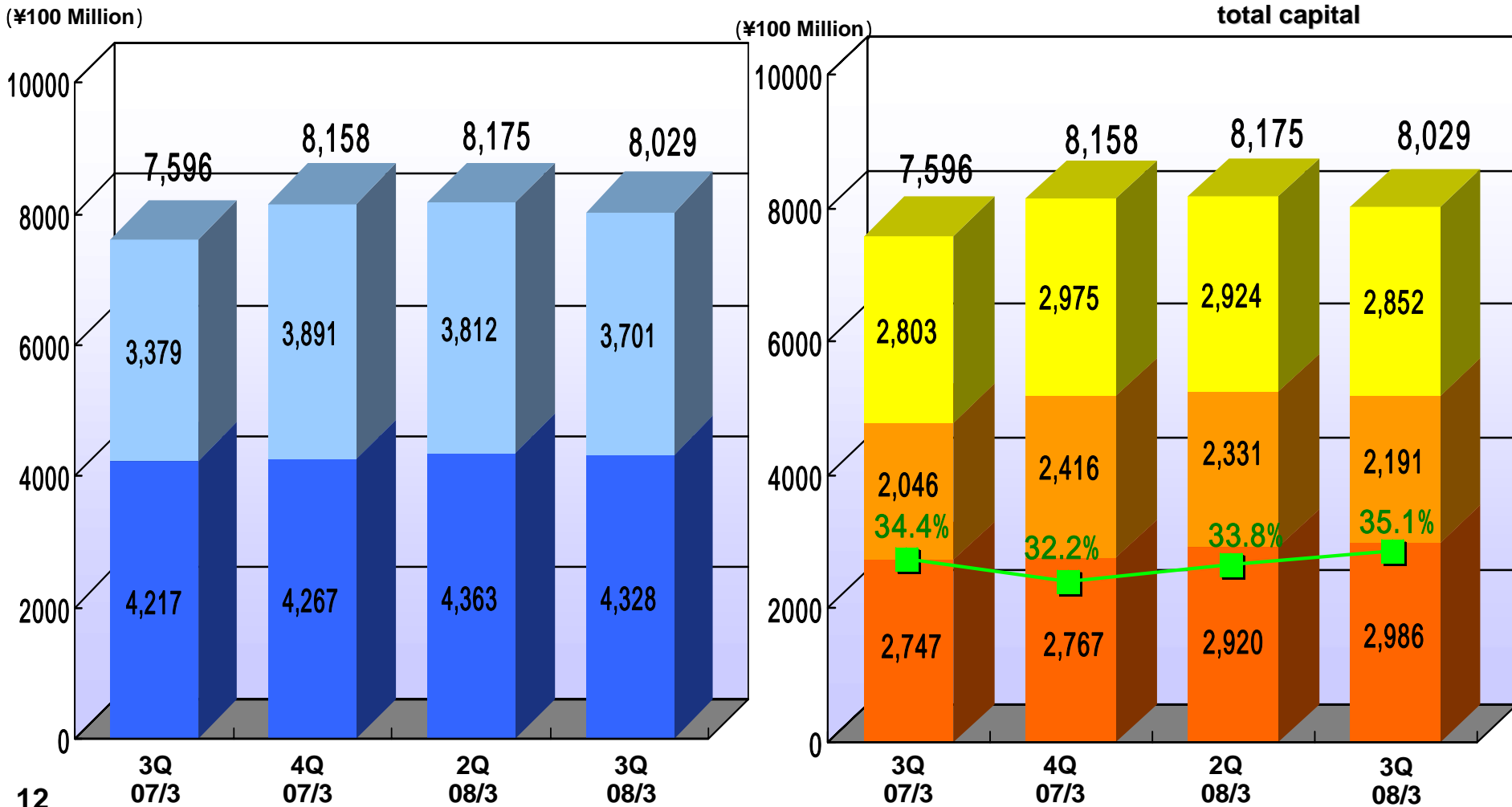


## Assets

## Liabilities and net assets

■ Current assets ■ Non-current assets

■ Net assets ■ Current liabilities  
 ■ Non-current liabilities ■ Ration of net worth to total capital



# Inventories/Interest-Bearing Debts



## Inventories

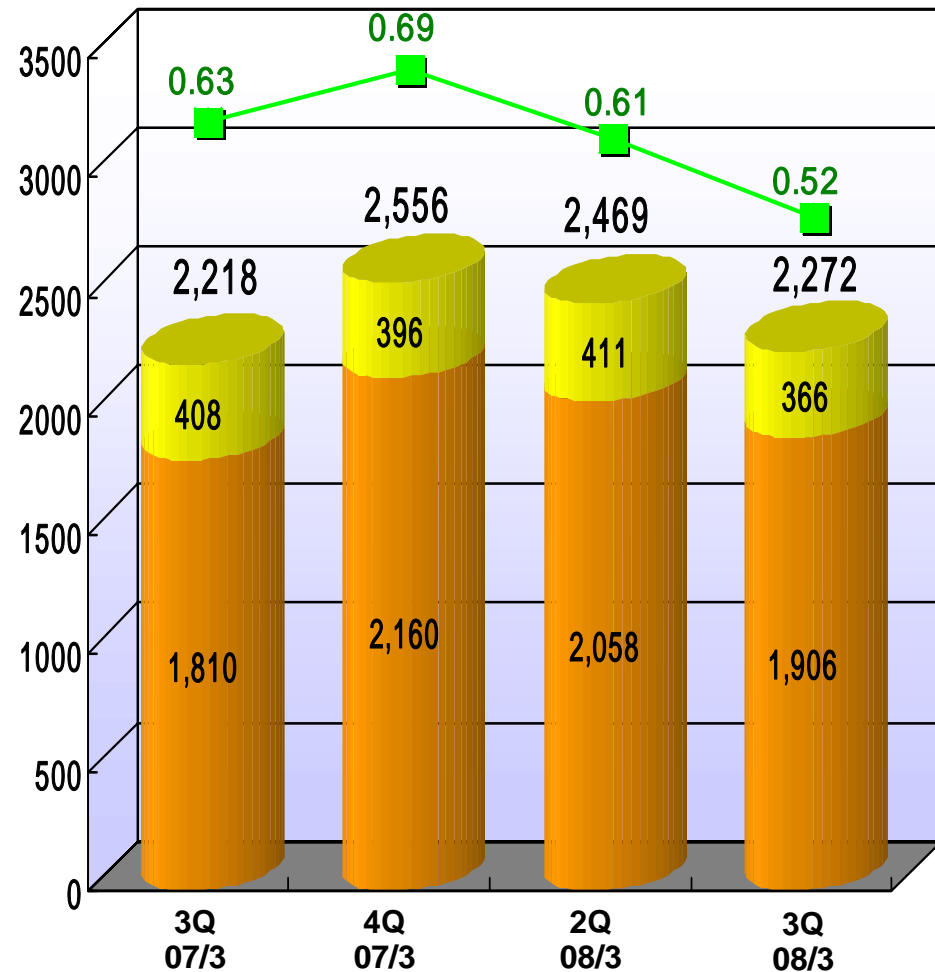
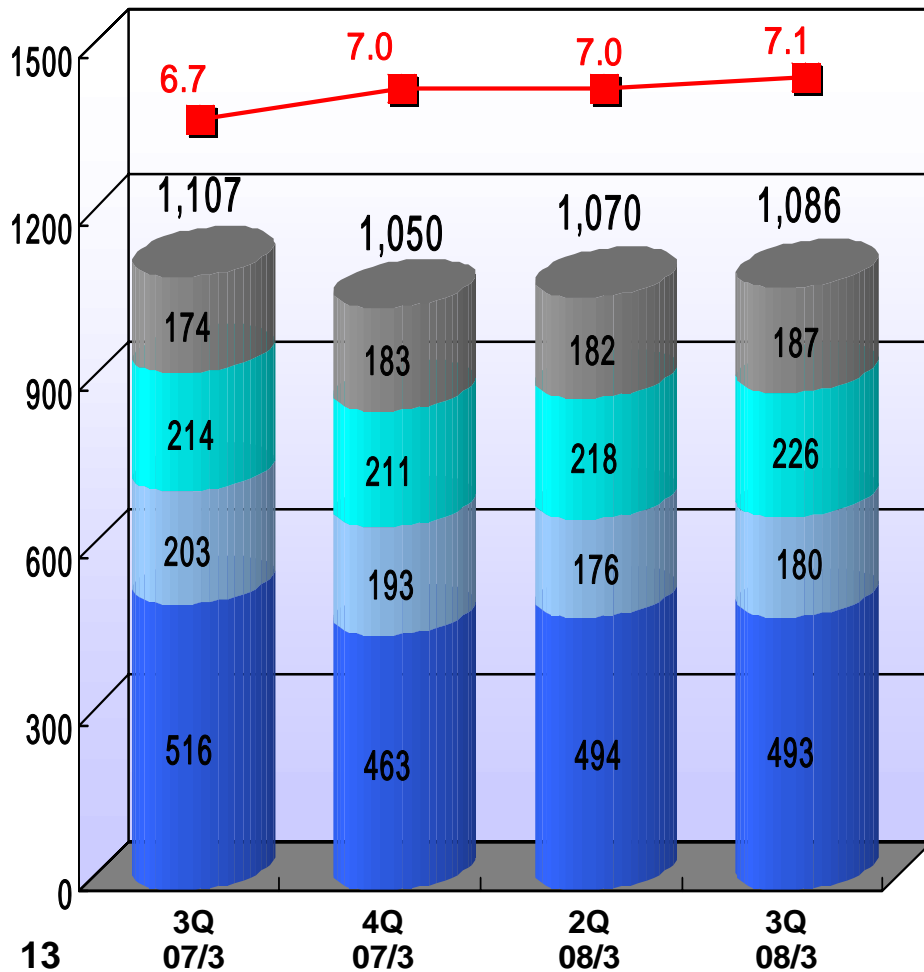
## Interest-bearing debts

■ Japan ■ The Americas ■ Europe ■ Asia ■ Inventory turnover

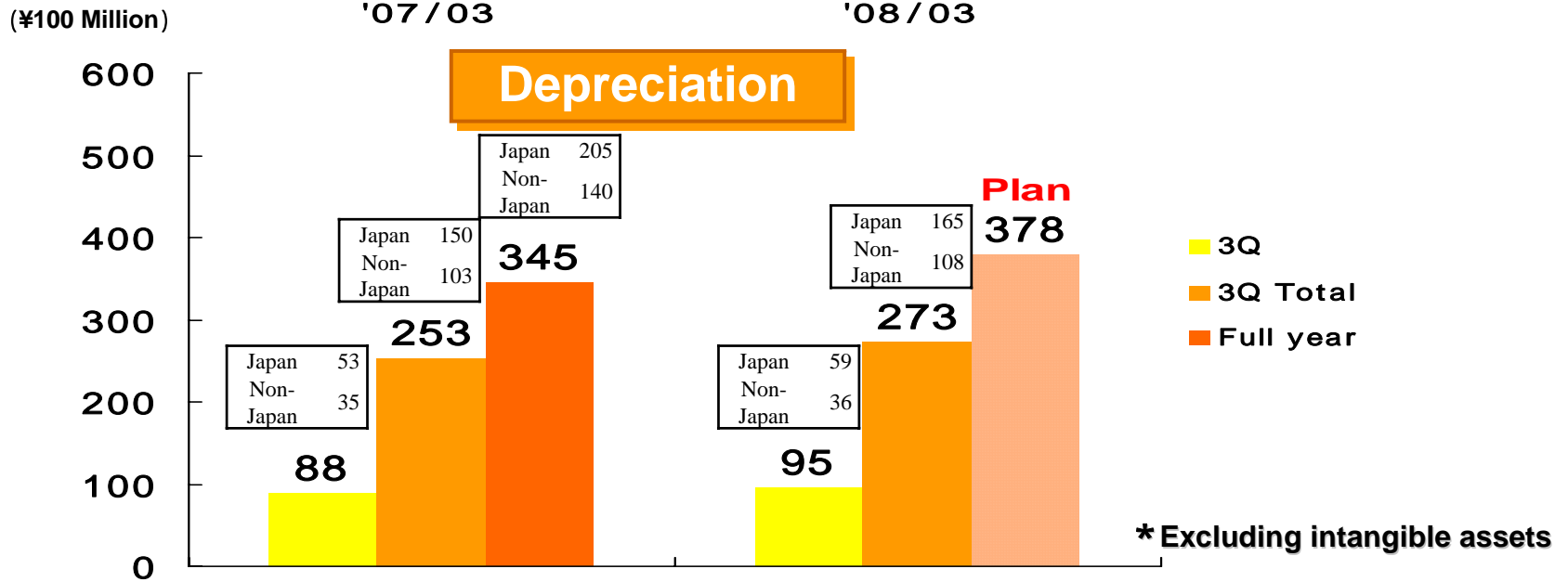
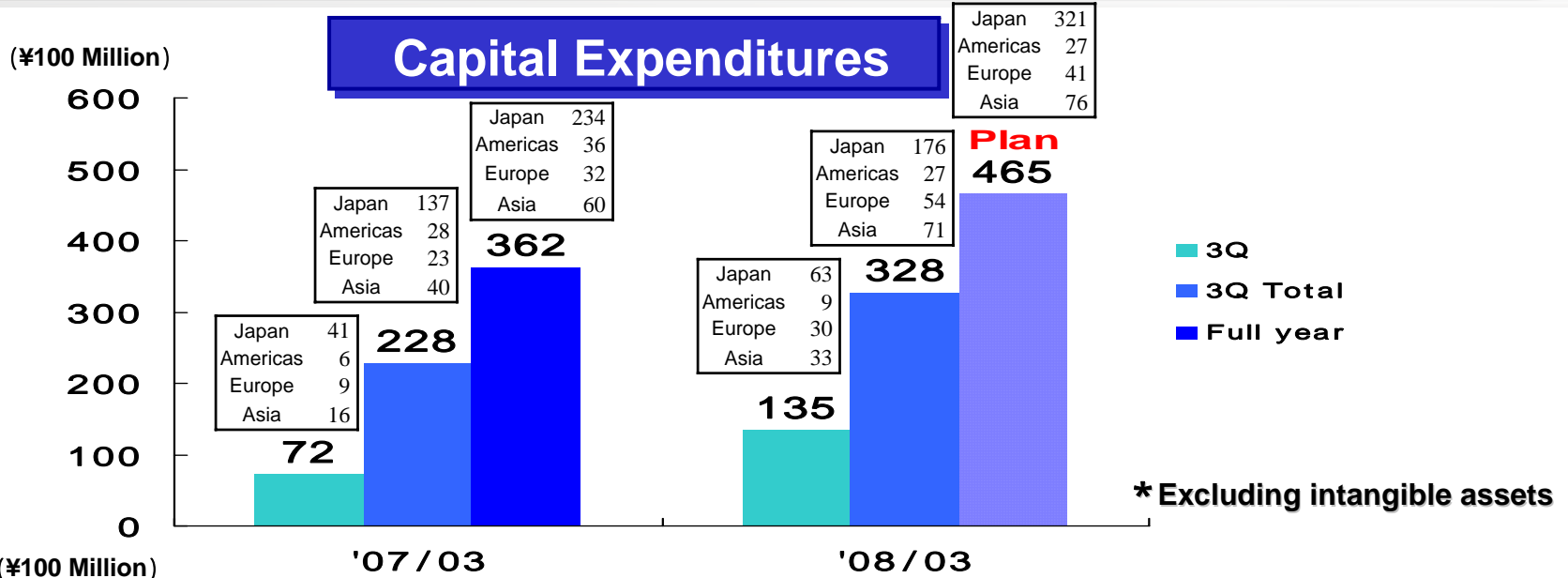
■ Japan ■ Non-Japan ■ Net D/E ratio

(¥100 Million)

(¥100 Million)



# Capital Expenditures/Depreciation



# Supplementary Information

## - Research & Development, Employees -



(¥100 million)	FY 2006				FY 2007			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Full year (Plan)
<b>Research &amp; development</b>	23	25	25	28	23	27	25	105

(No. of employees)	FY 2006				FY 2007			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
<b>Employees</b>	23,140	23,259	23,371	23,413	23,661	24,211	24,587	
<b>Japan</b>	10,108	10,129	10,074	10,128	10,623	10,533	10,609	
Parent company (Non-consolidated)	4,490	4,490	4,521	4,519	4,840	4,786	4,873	
<b>The Americas</b>	3,197	3,120	3,136	3,115	2,989	3,003	3,028	
<b>Europe</b>	4,187	4,188	4,202	4,120	4,082	4,120	4,205	
<b>Asia</b>	5,648	5,822	5,959	6,050	5,967	6,555	6,745	