



CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER
ENDED JUNE 30, 2009

JULY, 30 2009

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.

 **Consolidated Business Results
for FY 2009:Q1** **P2~P15**

 **Topics**

**Acceleration of Restructuring
Global Production Sites** **P18**

**Establishment of Precision Machinery
and Parts Subsidiary in China** **P19**

(Supplementary Information)

A small orange square is positioned to the left of the main text.

Consolidated Business Results for FY 2009:Q1

Summary of

Consolidated Business Results for FY 2009:Q1



Business Results for FY2009:Q1

- ✓ Demand from machine tool and industrial machinery manufacturers decreased compared to FY2008:4Q, due to delayed economic recovery and continued inventory adjustment.
- ✓ Inventory adjustment by automakers progressed. Signs of a recovery in production was seen due to the positive effects of stimulus policies implemented by governments around the world.
- ✓ Demand from liquid crystal display and semiconductor production manufacturers remained stagnant due to reduced capital investment.
- ✓ Net sales totaled ¥115.8 billion (39.5% decrease YOY) Operating loss ¥4.5 billion due to substantial volume reduction and the appreciation of the Japanese yen although profitability countermeasures and reduction of external procurement costs contributed positively to results.
⇒ Net sales increased and operating loss shrank compared to FY2008:Q4.

Expected Business Performance for FY 2009:Q2

- ✓ Although inventory adjustment by industrial machinery manufacturers is expected to be moderate, a delay in demand recovery is expected.
- ✓ Automobile production is expected to continue in a recovery phase from Q1.
- ✓ We will continue to implement comprehensive profitability improvement measures in this severe environment

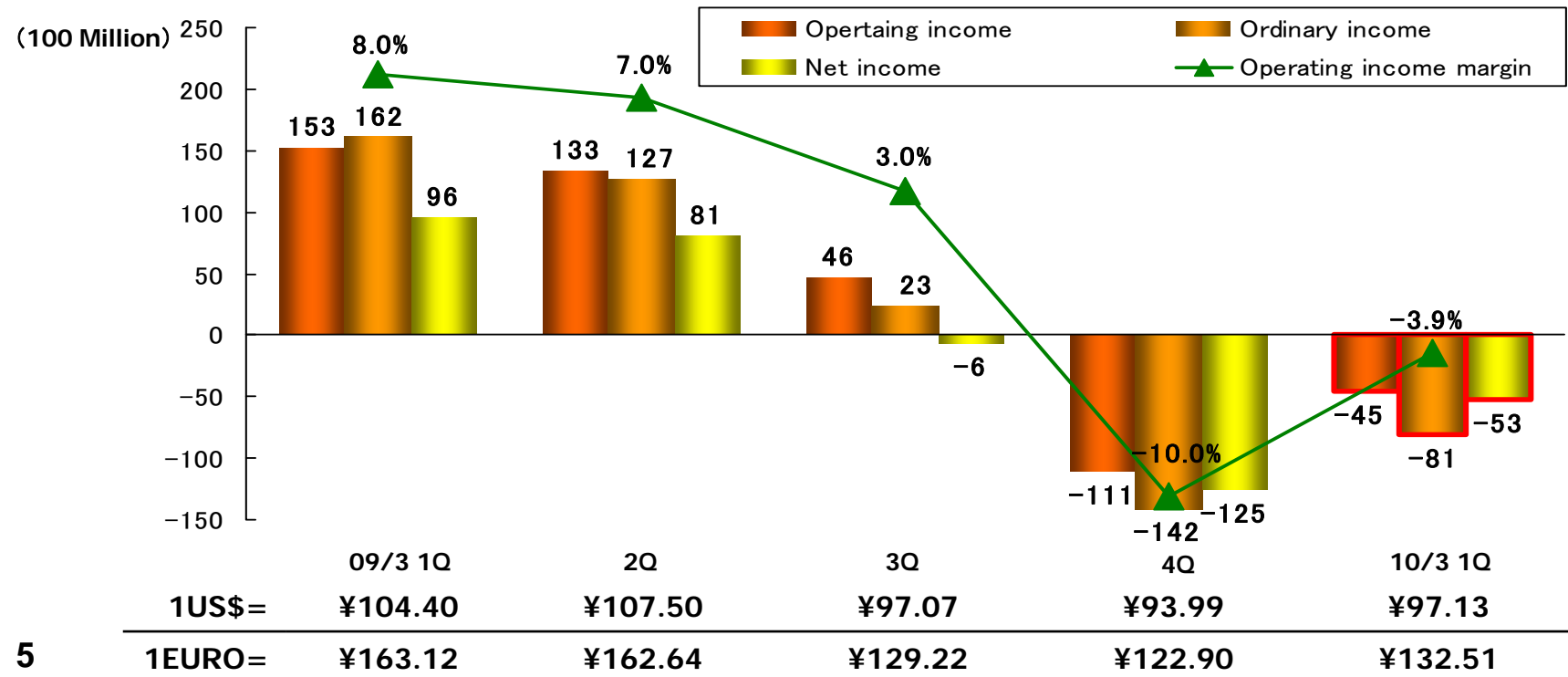
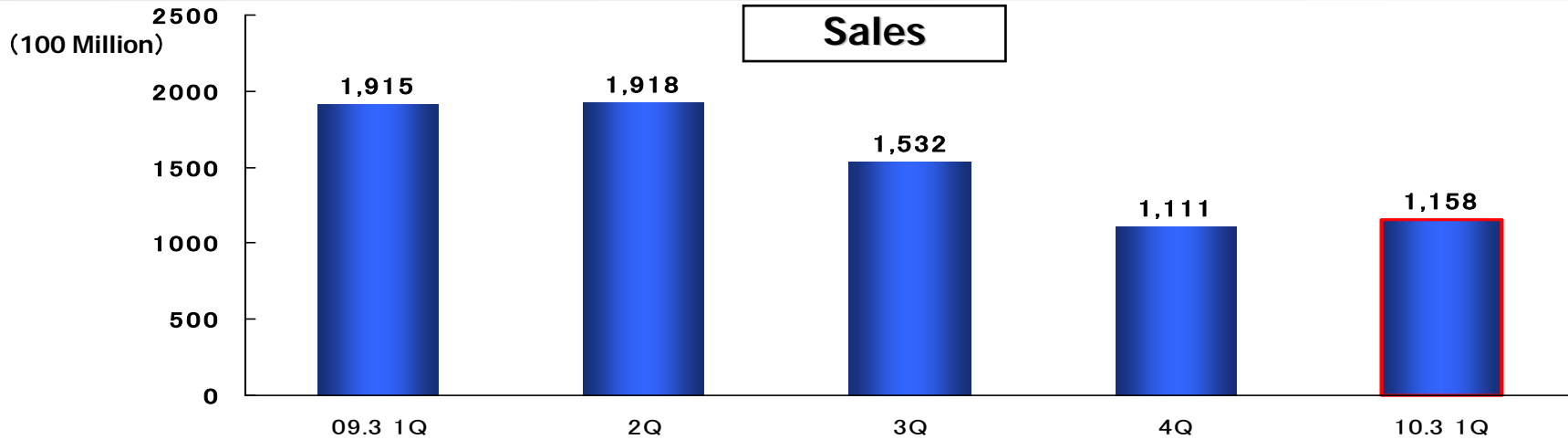
No revision has been made to the first half and full year forecast for FY 2009 announced on May 12, 2009

Summary of Consolidated Business Results for FY 2009:Q1



| (¥100 Million) | 09/3 | | | 10/3 | | | 1st half (Forecast) | Full year (Forecast) |
|--------------------------|---------------------|----------------------|-----------------------|----------------------|------------------------------|---------------|------------------------|-------------------------|
| | Q1 <Actual> | 1st half <Actual> | Full year <Actual> | Q1 <Actual> | Increase /decrease YOY | % | | |
| Sales | 1,915 | 3,833 | 6,476 | 1,158 | -757 | -39.5% | 2,500 | 5,500 |
| Operating income | 153 | 286 | 221 | -45 | -198 | - | -70 | 30 |
| <%> | <8.0%> | <7.5%> | <3.4%> | <-3.9%> | | | <-2.8%> | <0.5%> |
| Ordinary income | 162 | 289 | 170 | -81 | -243 | - | -120 | -50 |
| Profit before tax | 167 | 277 | 103 | -81 | -248 | - | -120 | -50 |
| Net income | 96 | 177 | 46 | -53 | -149 | - | -85 | -35 |
| (Rate: 1US\$=) | (¥104.40) | (¥105.95) | (¥100.74) | (¥97.13) | | | (¥95) | (¥95) |
| (" 1EURO=) | (¥163.12) | (¥162.88) | (¥144.47) | (¥132.51) | | | (¥125) | (¥125) |

Quarterly Business Performance



Results by Business Segment



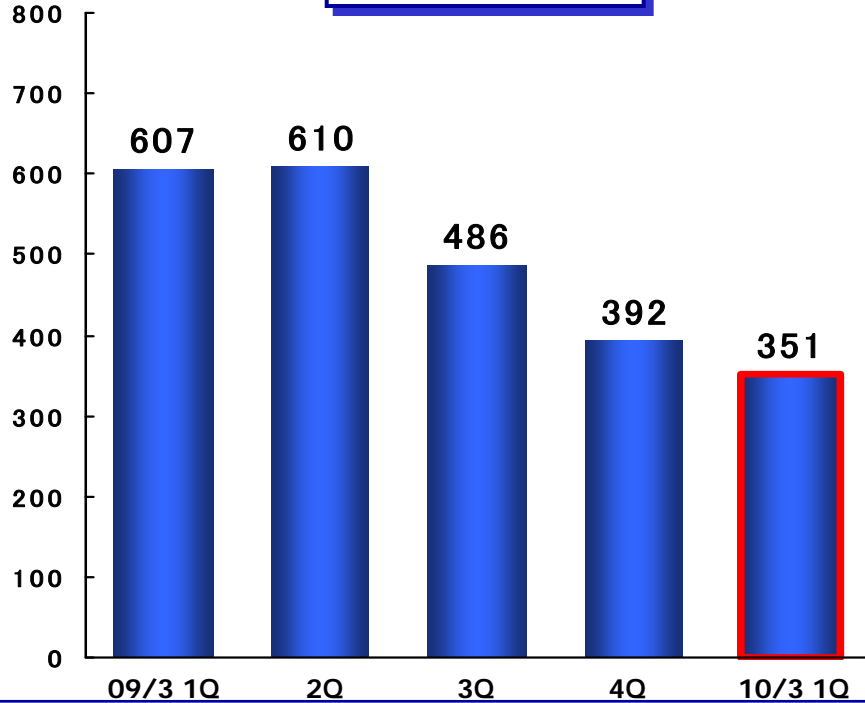
| (¥100 Million) | | 09/3 | | | 10/3 | | | | |
|--|------------------|----------------|----------------------|-----------------------|----------------|------------------------------|--------|------------------------|-------------------------|
| | | Q1 <Actual> | 1st half <Actual> | Full year <Actual> | Q1 <Actual> | Increase/ decrease YOY | % | 1st half (Forecast) | Full year (Forecast) |
| Total | | | | | | | | | |
| | Sales | 1,915 | 3,833 | 6,476 | 1,158 | -757 | -39.5% | 2,500 | 5,500 |
| | Operating income | 153 | 286 | 221 | -45 | -198 | - | -70 | 30 |
| | % | 8.0% | 7.5% | 3.4% | -3.9% | | | -2.8% | 0.5% |
| Industrial machinery bearings | | | | | | | | | |
| | Sales | 607 | 1,217 | 2,095 | 351 | -256 | -42.2% | 850 | 1,850 |
| | Operating income | 82 | 162 | 195 | -10 | -92 | - | 35 | 130 |
| | % | 13.5% | 13.3% | 9.3% | -3.0% | | | 4.1% | 7.0% |
| Automotive products | | | | | | | | | |
| | Sales | 1,080 | 2,141 | 3,525 | 708 | -372 | -34.5% | 1,400 | 3,100 |
| | Operating income | 61 | 108 | 68 | 0 | -61 | - | -20 | 35 |
| | % | 5.7% | 5.1% | 1.9% | 0.0% | | | -1.4% | 1.1% |
| Precision machinery & parts | | | | | | | | | |
| | Sales | 149 | 311 | 575 | 63 | -86 | -58.0% | 150 | 350 |
| | Operating income | 14 | 30 | 5 | -18 | -32 | - | -45 | -65 |
| | % | 9.4% | 9.6% | 0.9% | -29.0% | | | -30.0% | -18.6% |
| Others | | | | | | | | | |
| | Sales | 142 | 299 | 507 | 70 | -72 | -50.6% | 180 | 370 |
| | Operating income | 9 | 18 | 8 | -6 | -15 | - | -15 | -20 |
| | % | 6.7% | 5.9% | 1.6% | -9.3% | | | -8.3% | -5.4% |
| Eliminations (sales) | | -63 | -135 | -226 | -34 | +29 | | -80 | -170 |
| Eliminations/corporate | | -13 | -32 | -55 | -11 | +2 | | -25 | -50 |

Results by Business Segment – Industrial Machinery Bearings



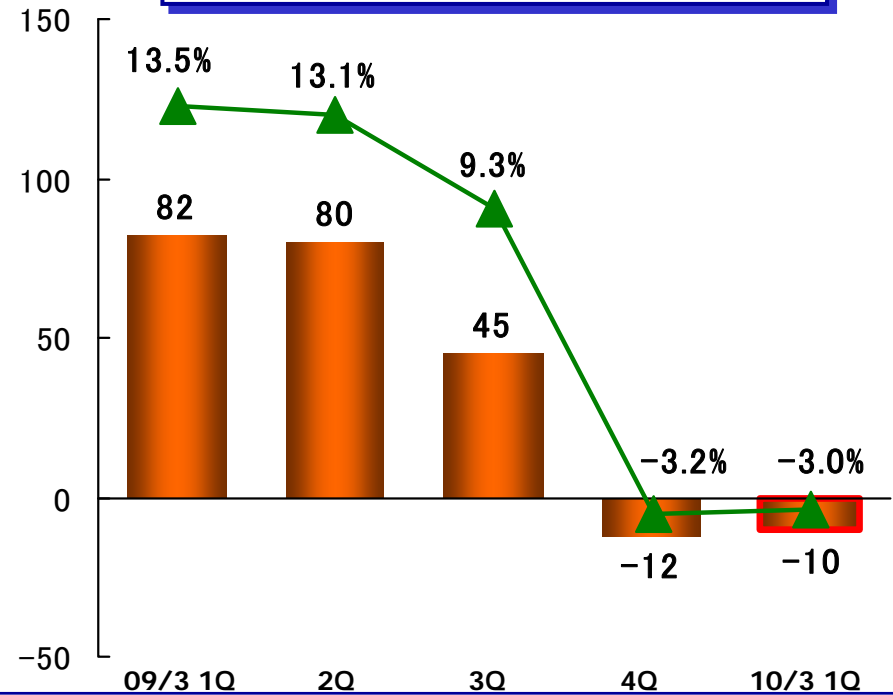
(¥100 Million)

Sales



(¥100 Million)

Operating income/Margin



■ Global demand from machine tool, industrial machinery and constructing machine manufacturers remained stagnant due to sluggish capital investment and continued inventory adjustment. In the aftermarket sector, sales for Q1 decreased by 42.2% YOY due to inventory adjustment by distribution networks, despite continued sales expansion measures including expansion of sales channels in emerging markets. Although net sales decreased due to a delay in demand recovery, operating loss shrank compared to FY2008:Q4.

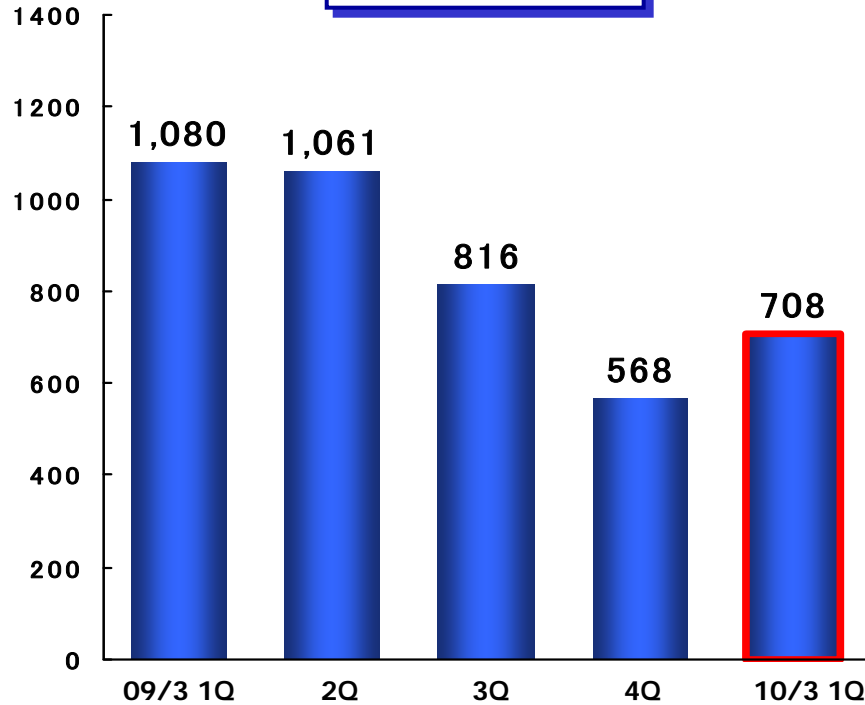
■ **Although reduction of external procurement costs, profitability improvement countermeasures and an increase in sales price contributed positively to results, operating income decreased by ¥9.2 billion YOY due to volume reduction and the appreciation of Japanese yen. Compared to FY2008:Q4, operating loss shrank due to cost reduction above and reduced depreciation and amortization by decreased capital investment and weaker Japanese yen.**

Results by Business Segment – Automotive Products



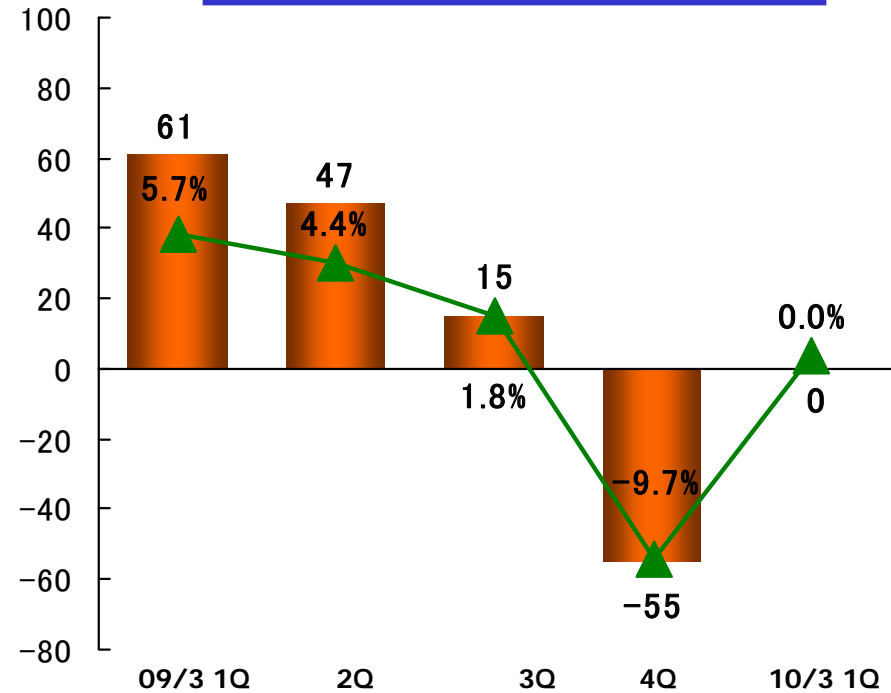
(¥100 Million)

Sales



(¥100 Million)

Operating income/Margin



■ Inventory adjustment by automakers has come almost full circle and stimulus policies implemented by governments around the world also contributed to increased automobile production compared to FY2008:4Q. However, global demand from automakers remained stagnant. As a result, operating income decreased by 34.5% YOY.

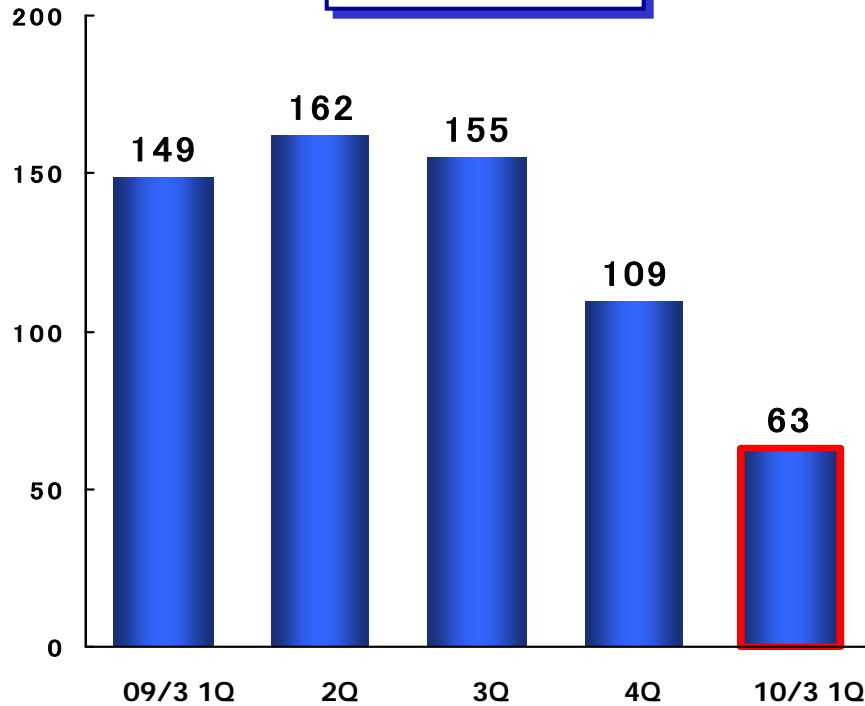
■ Although reduction of external procurement costs and profitability improvement countermeasures contributed positively to results, operating income decreased by ¥6.1 billion YOY due to volume reduction, the appreciation of Japanese yen and a decline in sales price. However, profitability improved substantially due to cost reduction above and reduced depreciation and amortization by shrunk capital investment.

Results by Business Segment – Precision Machinery and Parts



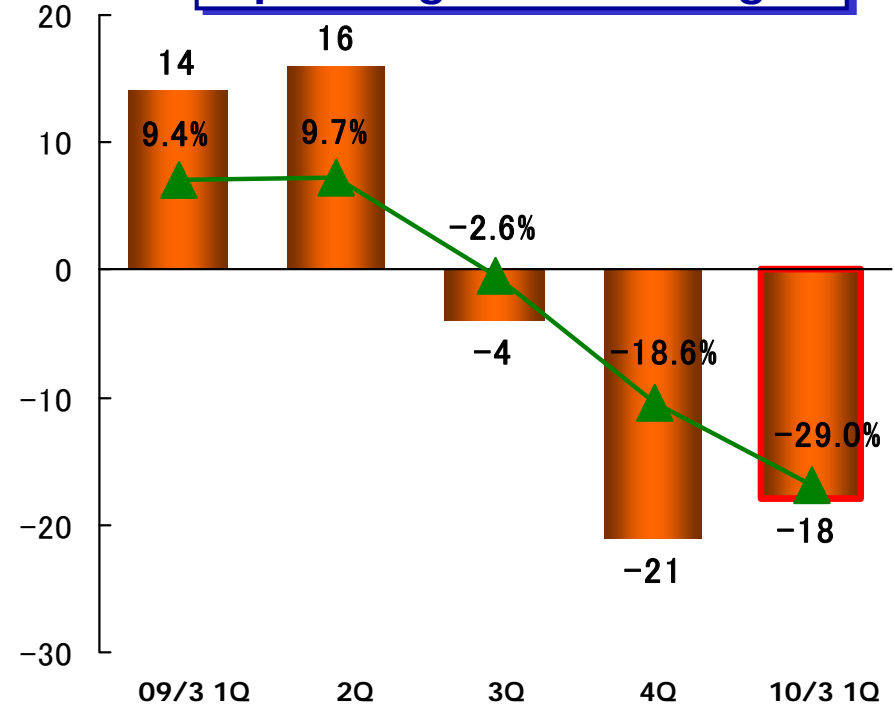
(¥100 Million)

Sales



(¥100 Million)

Operating income/Margin



■ Although increased capital investment in Japan contributed to an increase in sales of exposure equipment for LCD panel production, demand from machine tool, semiconductor production makers and liquid crystal production equipment and injection molding machine manufacturers remained sluggish. As a result, sales for Q1 decreased by 58.0% YOY. The effect of reduced sales of exposure equipment for LCD panel production was substantial compared to 4Q last year while orders of linear-motion and mechatronic products are increasing gradually.

■ Although profitability improvement countermeasures contributed positively to results, operating income for Q1 decreased by ¥3.2 billion YOY due to a lower sales volume of linear-motion and mechatronic products. However, operating loss shrank compared to FY2008:Q4 by profitability improvement countermeasures and optimizing product mix.

Results by Geographical Segment



| (¥100 million) | | 09/3 | | | 10/3 | | | 1st half (Forecast) | Full year (Forecast) |
|------------------------------------|------------------|----------------|----------------------|-----------------------|----------------|------------------------------|---------------|------------------------|-------------------------|
| | | Q1 <Actual> | 1st half <Actual> | Full year <Actual> | Q1 <Actual> | Increase/ decrease YOY | % | | |
| Total | Sales | 1,915 | 3,833 | 6,476 | 1,158 | -757 | -39.5% | 2,500 | 5,500 |
| | Operating income | 153 | 286 | 221 | -45 | -198 | - | -70 | 30 |
| | % | 8.0% | 7.5% | 3.4% | -3.9% | | | -2.8% | 0.5% |
| Japan | Sales | 1,386 | 2,815 | 4,794 | 835 | -551 | -39.8% | 1,830 | 3,980 |
| | Operating income | 89 | 164 | 66 | -44 | -133 | - | -50 | 5 |
| | % | 6.4% | 5.8% | 1.4% | -5.2% | | | -2.7% | 0.1% |
| Americas | Sales | 247 | 490 | 782 | 136 | -111 | -44.8% | 300 | 690 |
| | Operating income | 8 | 22 | 9 | -4 | -12 | - | -10 | 5 |
| | % | 3.2% | 4.4% | 1.2% | -3.2% | | | -3.3% | 0.7% |
| Europe | Sales | 374 | 717 | 1,146 | 223 | -151 | -40.3% | 430 | 920 |
| | Operating income | 35 | 61 | 94 | 14 | -21 | -60.5% | 5 | 20 |
| | % | 9.4% | 8.5% | 8.2% | 6.2% | | | 1.1% | 2.2% |
| Asia | Sales | 297 | 610 | 1,085 | 184 | -113 | -38.1% | 420 | 930 |
| | Operating income | 32 | 67 | 96 | 3 | -29 | -90.1% | 15 | 60 |
| | % | 10.9% | 11.0% | 8.8% | 1.8% | | | 3.6% | 6.5% |
| Eliminations (sales) | | -389 | -799 | -1,331 | -220 | +169 | | -480 | -1,020 |
| Eliminations/ corporate | | -11 | -28 | -44 | -14 | -3 | | -30 | -60 |

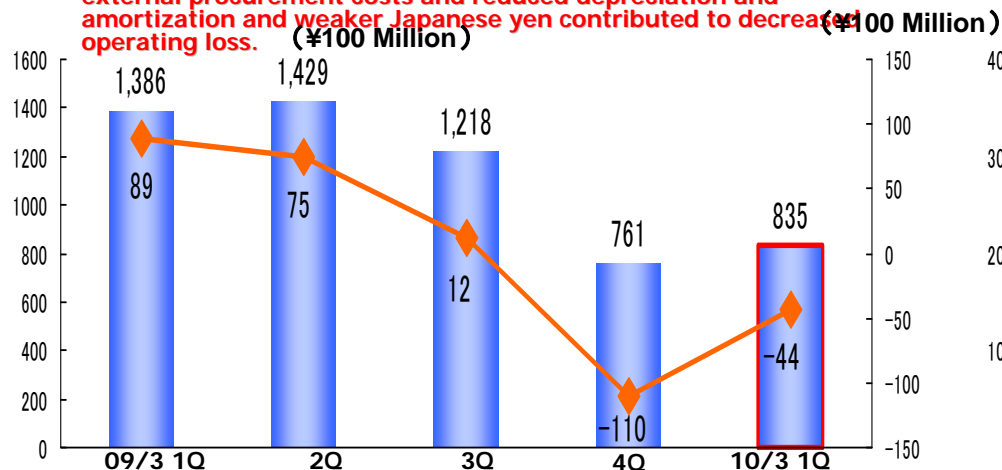
Results by Geographical Segment



Japan

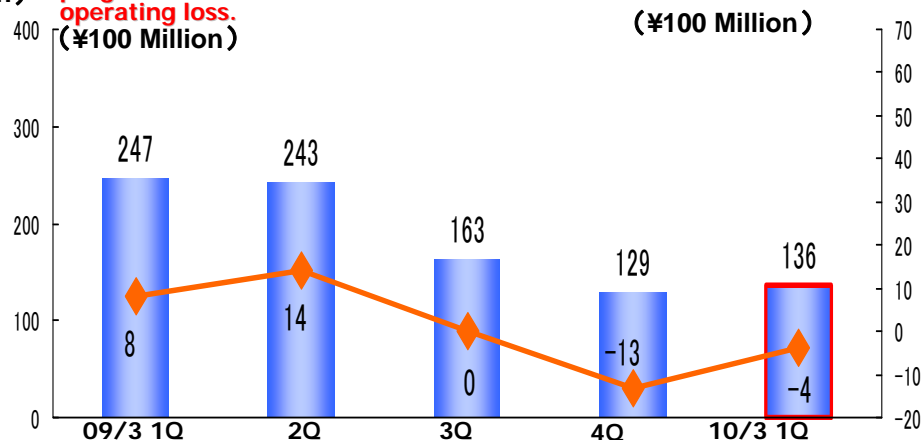
Left: Sales Right: Operating income ◆ : Margin

Operating income decreased YOY due to volume reduction and the appreciation of the Japanese yen, compared to FY2008:Q4, profitability improvement countermeasures, reduction of external procurement costs and reduced depreciation and amortization and weaker Japanese yen contributed to decrease operating loss.



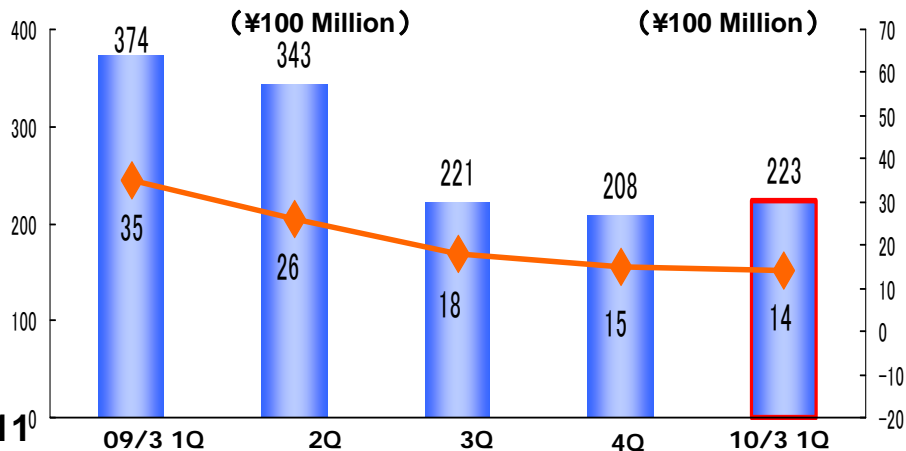
The Americas

Although operating income decreased by ¥1.3 billion YOY due to volume reduction caused by sluggish demand from automakers in North America and industrial machinery manufacturers, inventory adjustment by automakers progressed and increased sales contributed to shrink operating loss.



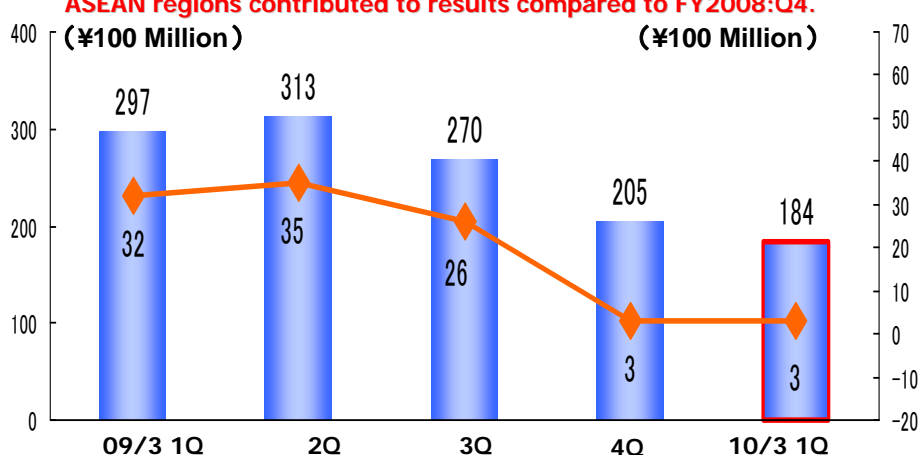
Europe

Due to volume reduction, operating income decreased by ¥2.1 billion YOY, although profitability improvement countermeasures and reduced depreciation and amortization positively impacted results compared to FY2008:Q4.



Asia

Operating income decreased by ¥2.9 billion YOY due to volume reduction in sales to automobile and industrial machinery manufacturers in China, South Korea and ASEAN regions. However, It-related sales and increased sales to automakers in ASEAN regions contributed to results compared to FY2008:Q4.



Results by Customer Location



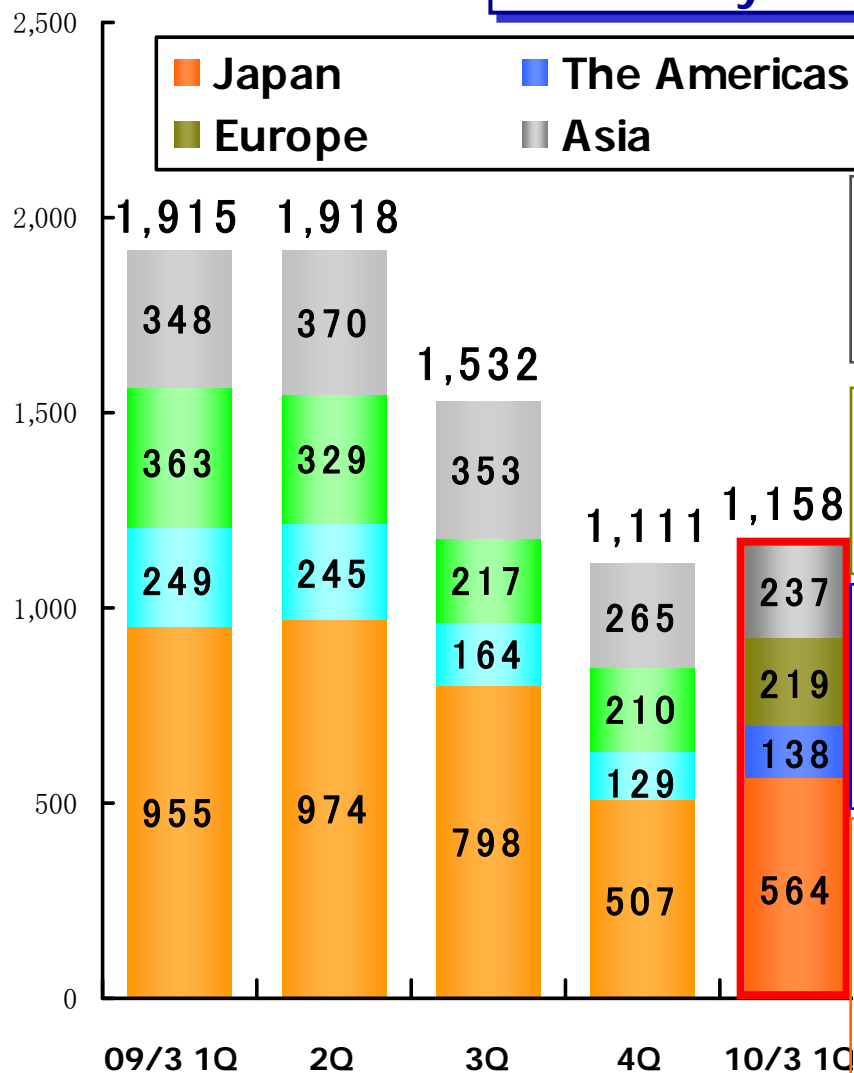
| (¥100 Million) | 09/3 | | | 10/3 | | | | |
|---|----------------|----------------------|-----------------------|----------------|------------------------------|---------------|------------------------|-------------------------|
| | Q1 <Actual> | 1st half <Actual> | Full year <Actual> | Q1 <Actual> | Increase/ decrease YOY | % | 1st half (Forecast) | Full year (Forecast) |
| Sales | 1,915 | 3,833 | 6,476 | 1,158 | -757 | -39.5% | 2,500 | 5,500 |
| Japan | 955 | 1,929 | 3,234 | 564 | -391 | -41.0% | 1,240 | 2,710 |
| Non-Japan | 960 | 1,904 | 3,242 | 594 | -366 | -38.0% | 1,260 | 2,790 |
| (Ratio of non-Japan sales to consolidated net sales) | (50.1%) | (49.7%) | (50.1%) | (51.3%) | | | (50.4%) | (50.7%) |
| The Americas | 249 | 494 | 787 | 138 | -111 | -44.4% | 300 | 690 |
| Europe | 363 | 692 | 1,119 | 219 | -144 | -39.6% | 430 | 930 |
| Asia | 348 | 718 | 1,336 | 237 | -111 | -31.9% | 530 | 1,170 |

Results by Customer Location



Net sales by customer location Quarterly business performance

(¥100 million)



Asia: Although sales to automobile and IT-related sectors entered a recovery phase compared to FY2008:Q4, reduced sales of exposure equipment for LCD panel production negatively affected the results.

Europe: Although sales for industrial machinery manufacturers decreased due to a delay in demand recovery, sales to automakers increased compared to FY2008:Q4, due to favorable stimulus policies.

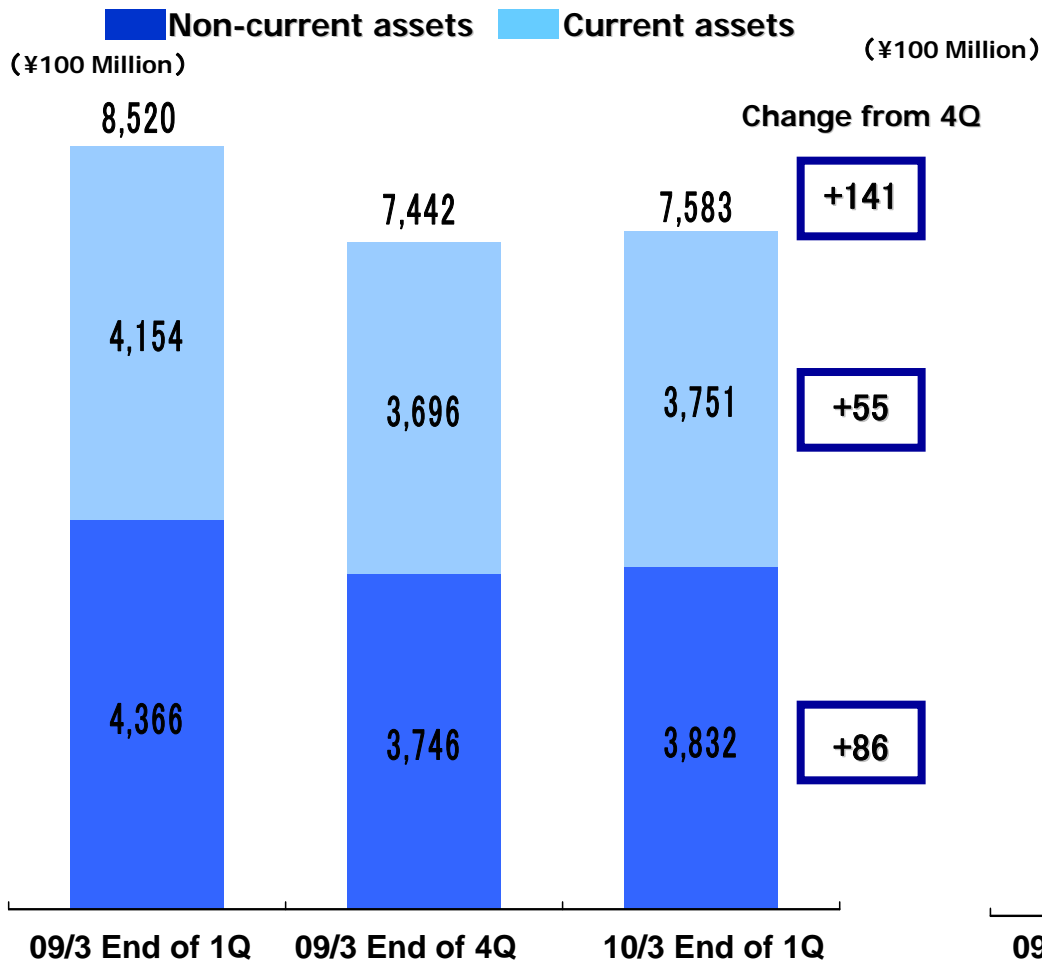
The Americas: Sales to industrial machinery manufacturers and the aftermarket sector in North and Latin America were stagnant. However, sales to automakers in North America increased compared to FY2008:Q4 due to progressed inventory adjustment.

Japan: Sales to the railway sector were robust, while sales to machine tool, construction machinery and general industrial machinery manufacturers remained stagnant. Although sales of linear-motion and mechatronic products were sluggish, the orders are increasing gradually. Sales of automakers increased compared to FY2008:Q4, due to favorable stimulus policies and inventory adjustment.

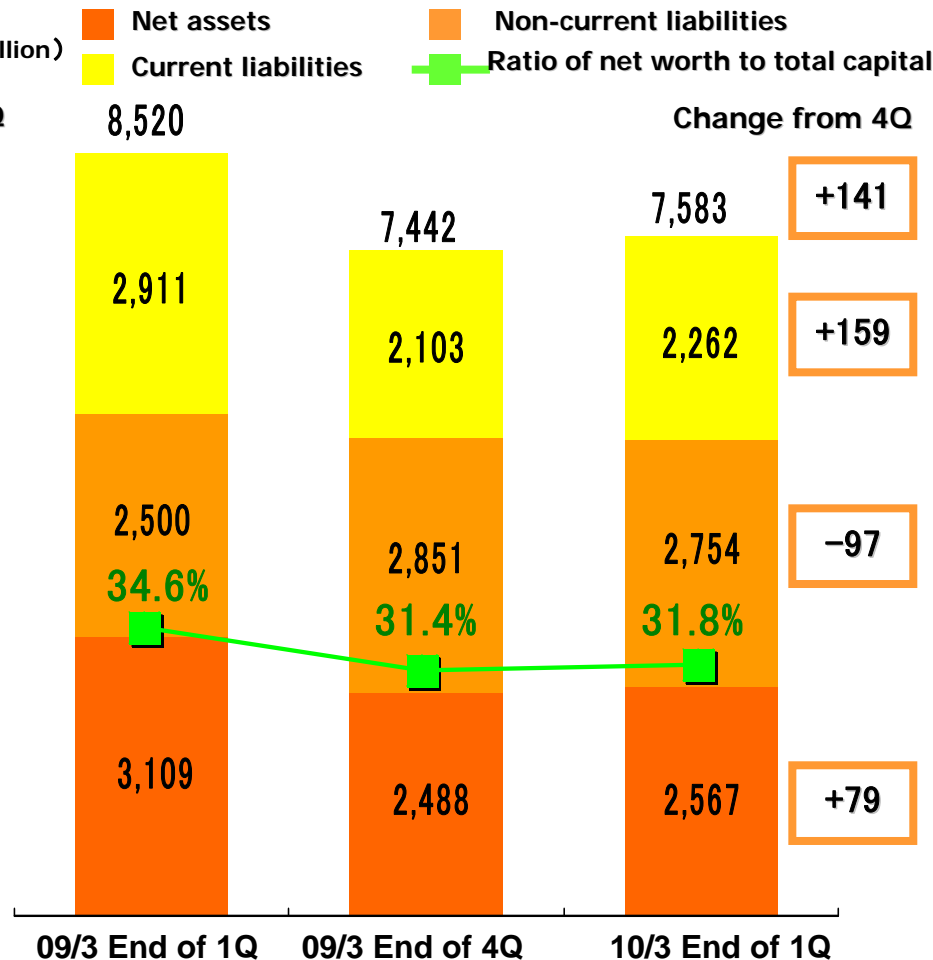
Consolidated Balance Sheet



Assets



Liabilities and net assets



| | | |
|--------|--------|--------|
| 106.42 | 98.23 | 96.01 |
| 168.07 | 129.84 | 135.53 |

| | | |
|--------|--------|--------|
| 106.42 | 98.23 | 96.01 |
| 168.07 | 129.84 | 135.53 |

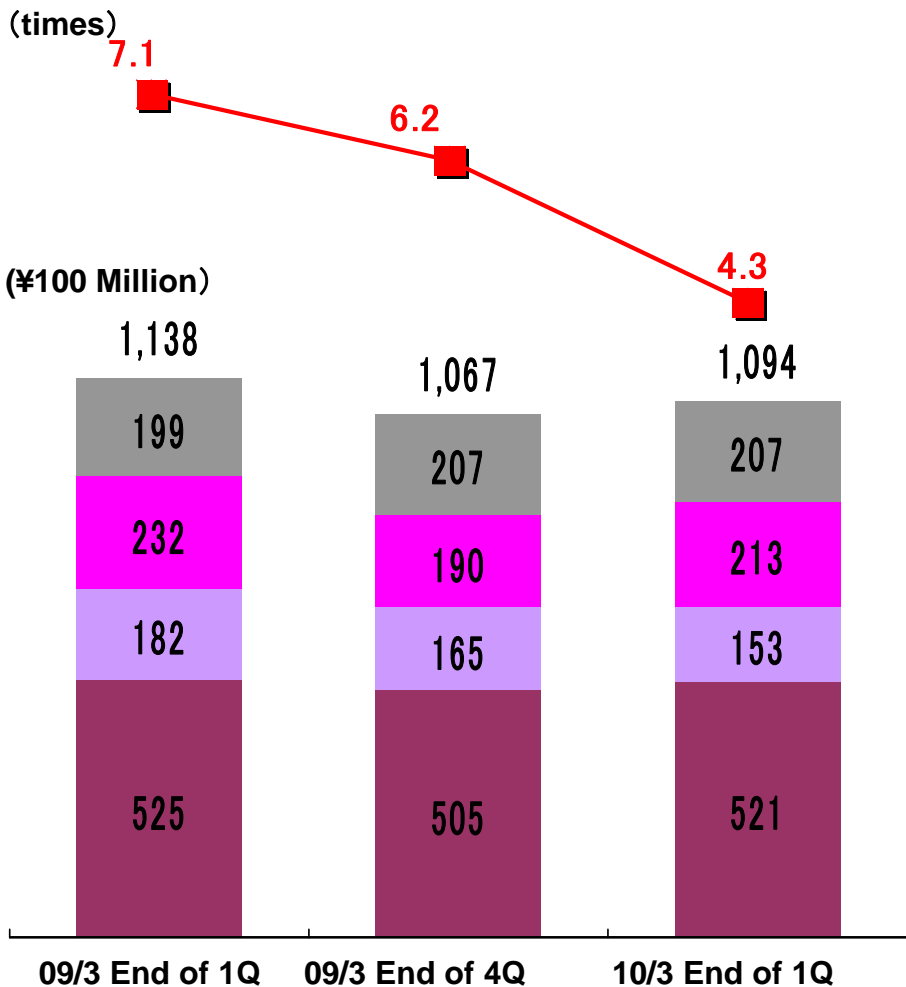
Inventories

Interest-bearing Debt



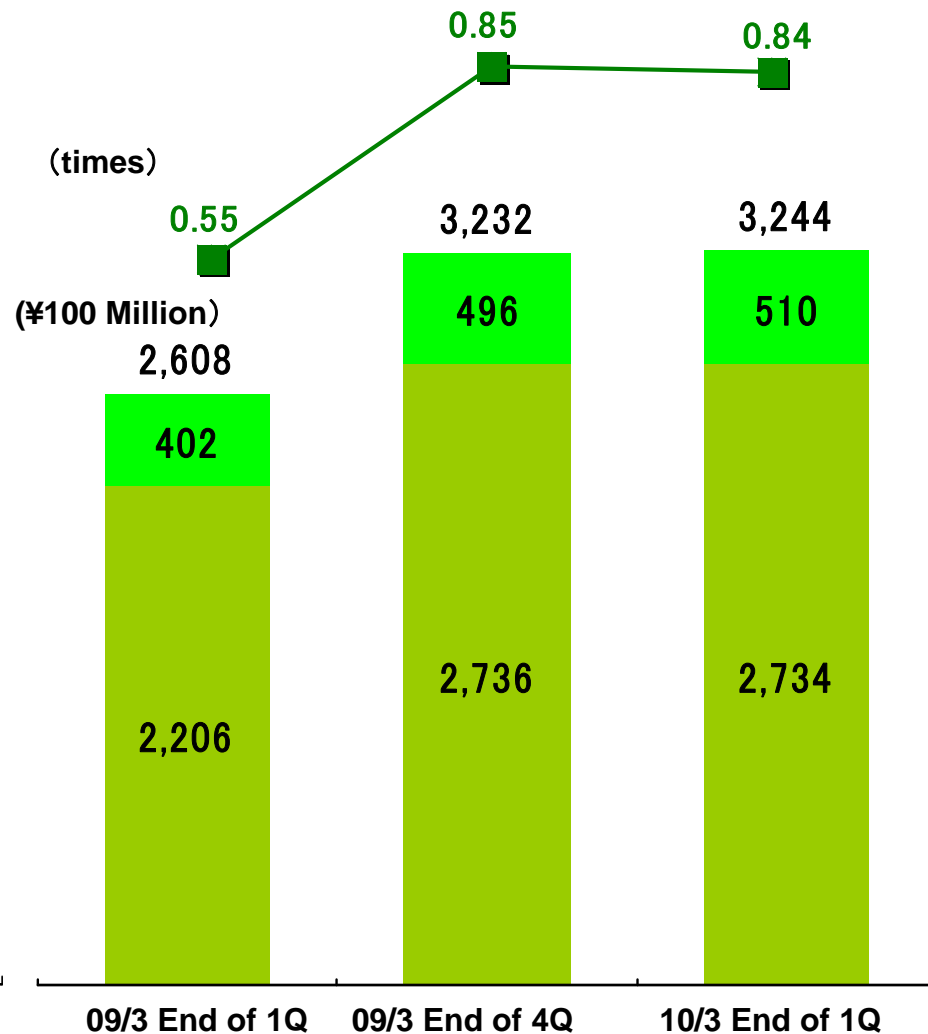
Inventories

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



Interest-bearing debt

■ Japan
 ■ Non-Japan
 ■ Net D/E ratio

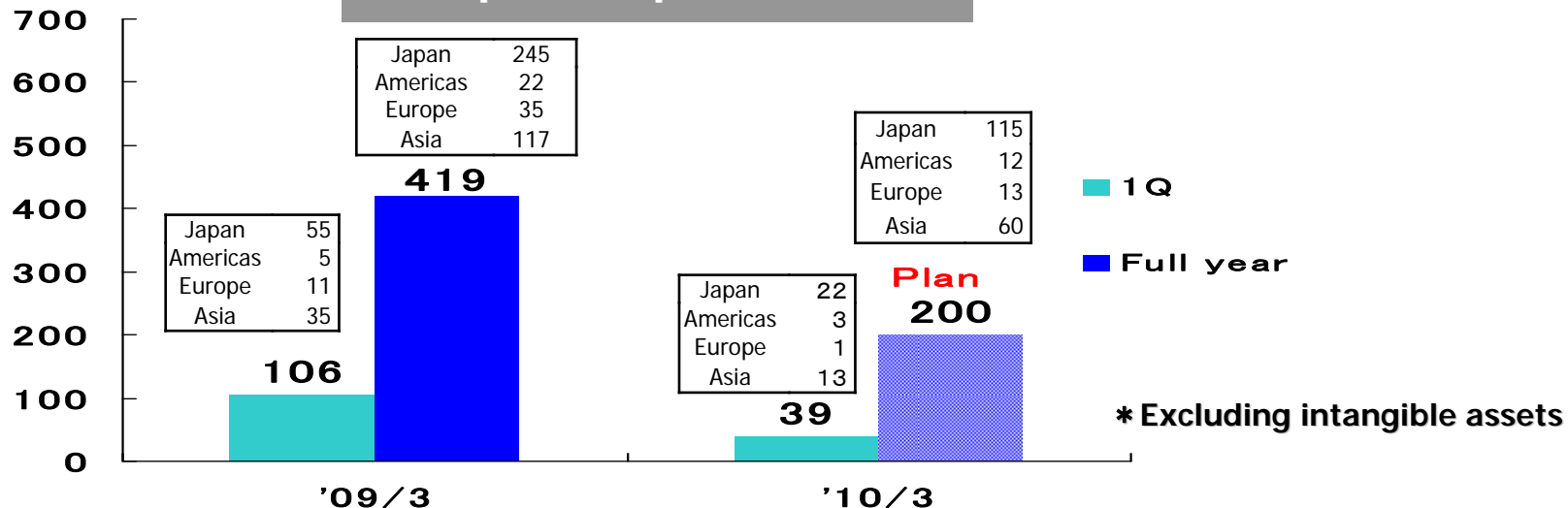


Capital Expenditure, Depreciation



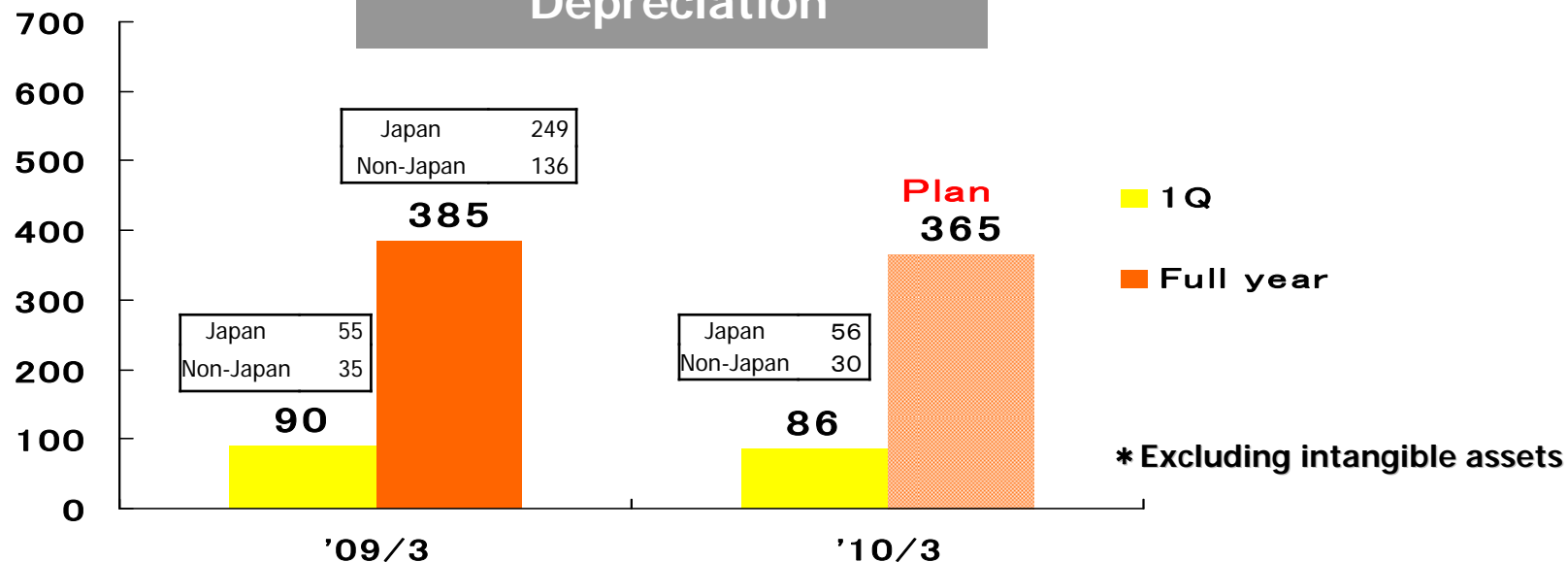
(¥100 Million)

Capital Expenditure



(¥100 Million)

Depreciation



 **Topics**

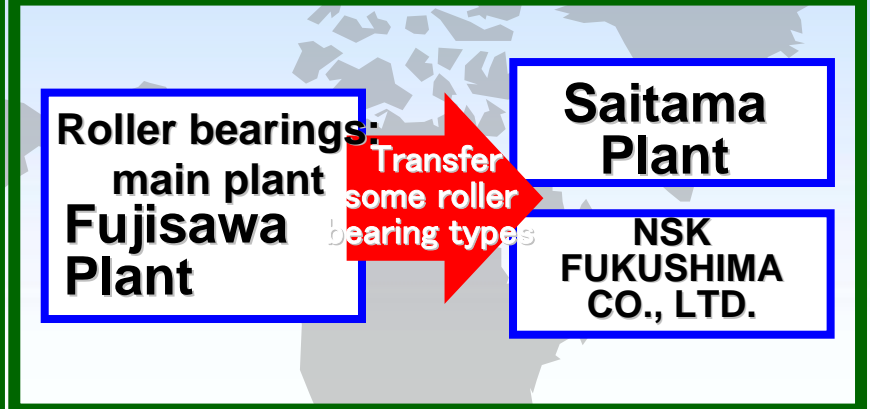
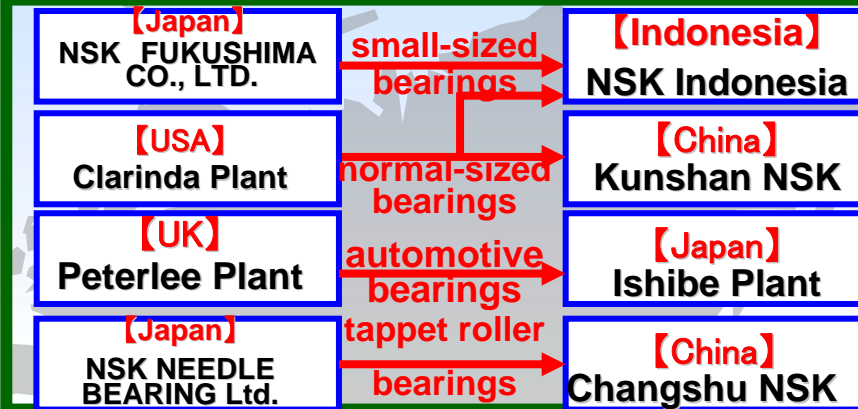
Acceleration of Restructuring Global Production Sites



Bearings

Global: Reduce costs by manufacturing in best location

Japan: Enhance manufacturing capability for roller bearings

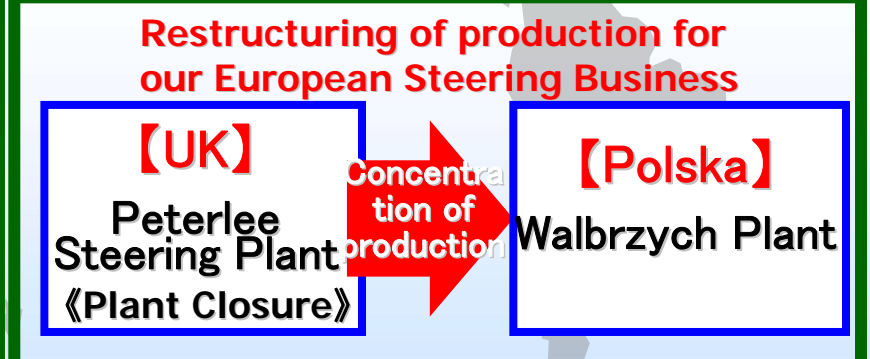
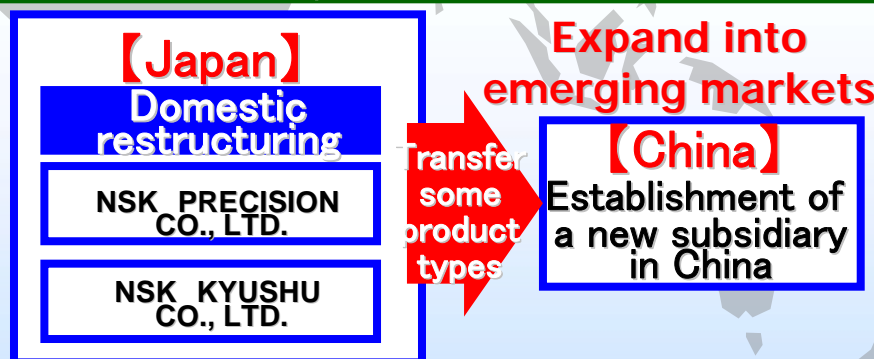


Precision Machinery and Parts

Automotive Components

Improve productivity through restructuring global production sites

Enhance productivity by restructuring European production sites



Improve productivity through organization and concentration of global production sites

Establishment of Precision Machinery and Parts Subsidiary in China



Company Profile

- **Company Name** : Shenyang NSK Precision Co., Ltd.
- **Location** : Shenyang City, Liaoning Province, China
- **Capital** : \$35 million
(approximately ¥3.5 billion)
- **Equity investment ratio** : NSK(100%)
- **Outline of Business** : sales and manufacture of precision machinery and parts
- **Start of Operations** : April 2010(provisional)
- **Objective** :
 - Expand sales expansion activities in China, emerging markets
 - Build foundation of global supply chain
 - Improve competitiveness and profitability

《Rendering of new factory in China》

Supplementary Information

—Research & Development, Employees



| (¥100 Million) | 09/3 | | | | 10/3 | |
|-----------------------------------|------|----|----|----|------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Full year (Plan) |
| Research & development | 25 | 29 | 26 | 27 | 21 | 100 |

| (No. of employees) | 09/3 | | | | 10/3 |
|---------------------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Employees | 25,836 | 26,024 | 25,406 | 24,050 | 23,823 |
| Japan | 11,270 | 11,234 | 11,242 | 11,155 | 11,491 |
| The Americas | 3,044 | 3,004 | 2,707 | 2,308 | 2,326 |
| Europe | 4,277 | 4,372 | 3,954 | 3,542 | 3,235 |
| Asia | 7,245 | 7,414 | 7,503 | 7,045 | 6,771 |

Supplementary Information

—Forecasts by Business Segment



| (¥100 Million) | 09/3 | | | 10/3 | | | |
|-------------------------------|----------------------|----------------------|-----------------------|---------------------------|---------------------------|---------------------------|------------------------------|
| | 1st half <Actual> | 2nd half <Actual> | Full year <Actual> | 1st half <Forecast> | 2nd half <Forecast> | Full year <Forecast> | Increase/ decrease YOY |
| Sales | 3,833 | 2,643 | 6,476 | 2,500 | 3,000 | 5,500 | -976 |
| Industrial machinery bearings | 1,217 | 878 | 2,095 | 850 | 1,000 | 1,850 | -245 |
| Automotive products | 2,141 | 1,384 | 3,525 | 1,400 | 1,700 | 3,100 | -425 |
| Automotive bearings | 1,167 | 733 | 1,900 | 770 | 940 | 1,710 | -190 |
| Automotive components | 974 | 651 | 1,625 | 630 | 760 | 1,390 | -235 |
| Precision machinery & parts | 311 | 264 | 575 | 150 | 200 | 350 | -225 |
| Others | 299 | 208 | 507 | 180 | 190 | 370 | -137 |
| Eliminations | -135 | -91 | -226 | -80 | -90 | -170 | +56 |
| Operating income | 286 <7.5%> | -65 <-2.5%> | 221 <-3.4%> | -70 <-2.8%> | 100 <-3.3%> | 30 <-0.5%> | -191 |
| Industrial machinery bearings | 162 <13.3%> | 33 <-3.7%> | 195 <-9.3%> | 35 <-4.1%> | 95 <-9.5%> | 130 <-7.0%> | -65 |
| Automotive products | 108 <5.1%> | -40 <-2.9%> | 68 <-1.9%> | -20 <-1.4%> | 55 <-3.2%> | 35 <-1.1%> | -33 |
| Precision machinery & parts | 30 <-9.6%> | -25 <-9.5%> | 5 <-0.9%> | -45 <-30.0%> | -20 <-10.0%> | -65 <-18.6%> | -70 |
| Others | 18 <5.9%> | -10 <-4.5%> | 8 <-1.6%> | -15 <-8.3%> | -5 <-2.6%> | -20 <-5.4%> | -28 |
| Eliminations/ Corporation | -32 | -23 | -55 | -25 | -25 | -50 | +5 |