

NSK Ltd.

(URL <http://www.nsk.com>)

For Immediate Release

May 14, 2004

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2004 (unaudited)

Financial highlights

	Year ended March 31		Change %
	2004	2003	
(Millions of yen)			
Net sales	¥ 522,217	¥ 522,820	-0.1
Operating income	25,972	17,847	45.5
Ordinary income	19,119	10,821	76.7
Net income (loss)	14,293	-2,670	—
(Yen)			
Net income (loss) per share			
Basic	¥ 26.12	¥ -5.22	
Diluted	25.83	—	

Financial position

	As of March 31, 2004	As of March 31, 2003
(Millions of yen)		
Total assets	¥ 621,877	¥ 593,098
Shareholders' equity	188,662	170,566
(%)		
Shareholders' equity to total assets	30.3%	28.8%
(Yen)		
Shareholders' equity per share	¥ 349.83	¥ 316.27

Cash Flow

	Year ended March 31	
	2004	2003
(Millions of yen)		
Net cash provided by operating activities	¥ 37,889	¥ 30,961
Net cash used in investing activities	-16,958	-16,223
Net cash used in financing activities	-20,730	-11,819
Cash and cash equivalents at end of the year	58,993	58,938

Consolidated balance sheets

(Millions of yen)	As of March 31,	As of March 31,	
	2004	2003	Increase Decrease
Assets			
Current assets	¥ 295,491	¥ 285,749	¥ 9,742
Cash and deposits	43,533	37,271	6,262
Notes and accounts receivable	121,208	113,513	7,695
Marketable securities	9,385	17,565	-8,180
Inventories	75,905	83,487	-7,582
Deferred tax assets	11,447	5,999	5,448
Other current assets	35,263	29,187	6,076
Less allowance for doubtful accounts	-1,252	-1,276	24
Non-current assets	326,386	307,349	19,037
Property, plant and equipment	196,810	198,635	-1,825
Buildings and structures	63,721	65,282	-1,561
Machinery and transportation equipment	90,493	95,517	-5,024
Land	26,426	22,915	3,511
Other property, plant and equipment	16,169	14,920	1,249
Intangible assets	8,368	2,732	5,636
Investments and other assets	121,207	105,981	15,226
Investment securities	88,483	79,697	8,786
Long-term loans	349	271	78
Deferred tax assets	3,619	5,325	-1,706
Prepaid pension costs	22,223	14,842	7,381
Other investments and other assets	8,246	7,306	940
Less allowance for doubtful accounts	-1,714	-1,461	-253
Total assets	¥ 621,877	¥ 593,098	¥ 28,779

Consolidated balance sheets (Continued)

(Millions of yen)	As of March 31,	As of March 31,	
	2004	2003	Increase Decrease
Liabilities			
Current liabilities	¥ 245,588	¥ 227,314	¥ 18,274
Notes and accounts payable	83,713	87,382	-3,669
Short-term loans	77,418	93,102	-15,684
Current portion of bonds payable	36,989	10,000	26,989
Income taxes payable	6,708	3,816	2,892
Other current liabilities	40,759	33,012	7,747
Long-term liabilities	175,548	183,481	-7,933
Bonds payable	70,000	106,989	-36,989
Long-term loans	62,141	57,688	4,453
Deferred tax liabilities	16,722	2,756	13,966
Accrued employees' retirement benefits	17,316	6,503	10,813
Accrued officers' retirement benefits	1,729	1,668	61
Other long-term liabilities	7,638	7,875	-237
Total liabilities	421,137	410,795	10,342
Minority interests	12,077	11,736	341
Shareholders' equity			
Common stock	67,176	67,176	—
Capital surplus	77,923	77,923	—
Retained earnings	58,856	48,366	10,490
Unrealized holding gains on securities	19,127	5,133	13,994
Translation adjustments	-30,061	-23,670	-6,391
NSK treasury stock	-4,361	-4,362	1
Total shareholders' equity	188,662	170,566	18,096
Total liabilities and shareholders' equity	¥ 621,877	¥ 593,098	¥ 28,779

Consolidated statements of income

(Millions of yen)	Year ended March 31		Change %
	2004	2003	
Net sales	¥ 522,217	¥ 522,820	-0.1
Cost of sales	409,900	420,104	-2.4
Selling, general and administrative expenses	86,345	84,867	1.7
Operating income	<u>25,972</u>	<u>17,847</u>	<u>45.5</u>
Non-operating income:	<u>7,673</u>	<u>8,100</u>	<u>-5.3</u>
Interest and dividend income	1,424	1,815	-21.5
Equity in earnings of affiliated companies	2,943	3,378	-12.9
Other	3,305	2,905	13.8
Non-operating expenses:	<u>14,526</u>	<u>15,126</u>	<u>-4.0</u>
Interest expenses	6,058	6,567	-7.7
Other	8,467	8,558	-1.1
Ordinary income	<u>19,119</u>	<u>10,821</u>	<u>76.7</u>
Extraordinary income:	<u>8,504</u>	<u>15,977</u>	<u>-46.8</u>
Gain on sales of investment securities	7,663	3,203	139.2
Gain on sales of investments in affiliated companies	840	—	—
Gain on contribution of securities to employees' retirement benefit trust	—	11,891	—
Gain on sales of property, plant and equipment	—	881	—
Extraordinary losses:	<u>1,172</u>	<u>28,925</u>	<u>-95.9</u>
Loss on sales of investments in affiliated companies	24	844	-97.0
Loss on disposal of property, plant and equipment	1,147	—	—
Costs related to business restructuring	—	15,030	—
Loss on devaluation of investment securities	—	12,899	—
Provision for accrued retirement benefits	—	151	—
Income before income taxes and minority interests	<u>26,451</u>	<u>-2,127</u>	<u>—</u>
Income taxes:			
Current taxes	9,461	5,380	75.9
Tax refunds	194	216	-10.0
Deferred taxes	2,206	-4,193	—
Minority income in earnings of consolidated subsidiaries	684	—	—
Minority losses in earnings of consolidated subsidiaries	—	426	—
Net income (loss)	<u>¥ 14,293</u>	<u>¥ -2,670</u>	<u>—</u>

Consolidated statement of surplus

(Millions of yen)	Year ended March 31		Increase Decrease
	2004	2003	
Capital surplus			
Capital surplus at the beginning of period	<u>¥ 77,923</u>	<u>¥ 77,923</u>	¥ —
Capital surplus at the end of period	<u>¥ 77,923</u>	<u>¥ 77,923</u>	¥ —
Retained earnings			
Retained earnings at the beginning of period	<u>¥ 48,366</u>	<u>¥ 53,921</u>	¥ -5,555
Decrease in retained earnings	<u>¥ 3,803</u>	<u>¥ 2,884</u>	¥ 919
Dividends	3,505	2,711	794
Directors' bonus	208	172	36
Decrease due to reduction of the number of affiliated companies	85	—	85
Loss on disposal of NSK treasury stock	2	—	2
Net income (loss)	¥ 14,293	¥ -2,670	¥ 16,963
Retained earnings at the end of period	<u>¥ 58,856</u>	<u>¥ 48,366</u>	¥ 10,490

Consolidated statements of cash flows

(Millions of yen)	As of March 31	
	2004	2003
Operating activities		
Income (Loss) before income taxes and minority interests	¥ 26,451	¥ -2,127
Depreciation and amortization	26,909	28,812
Amortization of excess of cost over net assets acquired	427	—
Increase (Decrease) in allowance for doubtful accounts	208	-1,060
Increase (Decrease) in provision for retirement benefits	1,375	-15,076
Interest and dividend income	-1,424	-1,815
Interest expense	6,058	6,567
Equity in earnings of affiliated companies	-2,943	-3,378
Gain on sales of property, plant and equipment	—	-881
Loss on disposal of property, plant and equipment	1,147	—
Gain on sales of investment securities	-7,663	-3,203
Loss on devaluation of investment securities	—	12,899
Gain on sales of investments in affiliated companies	-840	—
Loss on sales of investments in affiliated companies	24	844
Business restructuring expenses	—	2,087
Decrease (increase) in notes and accounts receivable	-12,863	-2,354
Decrease (increase) in inventories	5,658	10,577
Increase (Decrease) in notes and accounts payable	1,216	1,316
Other	3,993	3,252
Subtotal	47,735	36,459
Interest and dividends received	2,912	3,367
Interest paid	-6,185	-7,475
Income taxes paid	-6,573	-1,389
Net cash provided by operating activities	37,889	30,961
Investing activities		
Additions to property, plant and equipment	-21,646	-24,734
Proceeds from sales of property, plant and equipment	3,376	3,065
Acquisition of investment securities	-34	-1,088
Proceeds from sales of investment securities	12,415	7,227
Acquisition of subsidiaries' stock resulting in changes in the scope of consolidation	-9,339	—
Payments arising from sales of subsidiaries' stock resulting in changes in the scope of consolidation	-355	—
Proceeds from sales of subsidiaries' stock resulting in changes in consolidation	—	1,046
Investments in affiliated companies	-589	-565
Proceeds from sales of investments in affiliated companies	133	—
Payments for advances	-459	-178
Proceeds from collection of advances	204	198
Other	-663	-1,194
Net cash used in investing activities	-16,958	-16,223
Financing activities		
Net increase (decrease) in short-term bank loans	-8,878	-7,025
Long-term debt – borrowing	8,745	13,014
Long-term debt – repayments	-7,749	-11,148
Proceeds from issuance of bonds	—	20,000
Payments for redemption of bonds	-10,000	-20,000
Payments for acquisition of treasury stock	-17	-3,665
Dividends paid	-2,698	-2,721
Dividends paid to minority stockholders	-126	-140
Other	-6	-132
Net cash provided by financing activities	-20,730	-11,819
Effect of exchange rate changes on cash and cash equivalents	-145	-539
Net increase (decrease) in cash and cash equivalents	54	2,380
Cash and cash equivalents at beginning of the year	58,938	56,558
Cash and cash equivalents at end of the year	¥ 58,993	¥ 58,938

Sales by product segment

Year ended March 31, 2004

(Millions of yen)	Bearings	Automotive components	Precision machinery and parts	Other	Total	Eliminations and other	Consolidated
Sales to third parties	¥ 332,826	¥ 129,303	¥ 47,072	¥ 13,015	¥ 522,217	¥ —	¥ 522,217
Inter-segment sales and transfers	—	—	—	6,463	6,463	-6,463	—
Total	332,826	129,303	47,072	19,479	528,681	-6,463	522,217
Operating expenses	309,255	125,003	47,111	18,300	499,670	-3,425	496,245
Operating income (loss)	23,571	4,299	-39	1,178	29,010	-3,038	25,972
Assets	367,660	91,010	57,160	15,722	531,554	90,322	621,877
Depreciation expenses	20,768	3,756	3,208	320	28,053	-1,144	26,909
Capital expenditure	¥ 18,060	¥ 4,781	¥ 3,870	¥ 76	¥ 26,789	¥ -475	¥ 26,313

Year ended March 31, 2003

(Millions of yen)	Bearings	Automotive components	Precision machinery and parts	Other	Total	Eliminations and other	Consolidated
Sales to third parties	¥ 321,960	¥ 150,663	¥ 34,898	¥ 15,297	¥ 522,820	¥ —	¥ 522,820
Inter-segment sales and transfers	—	—	—	4,682	4,682	-4,682	—
Total	321,960	150,663	34,898	19,980	527,502	-4,682	522,820
Operating expenses	299,817	146,402	41,189	18,854	506,264	-1,291	504,972
Operating income (loss)	22,142	4,260	-6,290	1,126	21,238	-3,391	17,847
Assets	344,101	108,052	53,465	18,457	524,077	69,021	593,098
Depreciation expenses	21,245	4,618	3,561	462	29,886	-1,074	28,812
Capital expenditure	¥ 18,560	¥ 4,243	¥ 1,018	¥ 267	¥ 24,089	¥ -710	¥ 23,378

Sales by geographic segment

Year ended March 31, 2004

(Millions of yen)	Japan	Americas	Europe	Asia	Total	Eliminations and other	Consolidated
Sales to third parties	¥ 316,028	¥ 73,290	¥ 85,390	¥ 47,508	¥ 522,217	¥ —	¥ 522,217
Inter-area sales and transfers	75,792	463	4,454	10,103	90,813	-90,813	—
Total	391,820	73,753	89,845	57,611	613,031	-90,813	522,217
Operating expenses	368,883	73,169	87,226	53,833	583,113	-86,868	496,245
Operating income (loss)	¥ 22,937	¥ 584	¥ 2,618	¥ 3,778	¥ 29,918	¥ -3,945	¥ 25,972
Total assets	¥ 536,203	¥ 55,171	¥ 78,394	¥ 59,157	¥ 728,926	¥ -107,049	¥ 621,877

Year ended March 31, 2003

(Millions of yen)	Japan	Americas	Europe	Asia	Total	Eliminations and other	Consolidated
Sales to third parties	¥ 319,465	¥ 77,083	¥ 81,483	¥ 44,786	¥ 522,820	¥ —	¥ 522,820
Inter-area sales and transfers	76,069	302	3,517	12,715	92,605	-92,605	—
Total	395,535	77,386	85,001	57,502	615,425	-92,605	522,820
Operating expenses	378,368	75,387	87,352	52,960	594,068	-89,095	504,972
Operating income (loss)	¥ 17,167	¥ 1,999	¥ -2,351	¥ 4,541	¥ 21,357	¥ -3,510	¥ 17,847
Total assets	¥ 517,116	¥ 59,500	¥ 76,131	¥ 58,971	¥ 711,719	¥ -118,620	¥ 593,098

Sales by customer location

	Year ended March 31, 2004			
(Millions of yen)	Americas	Europe	Asia	Total
Overseas sales	¥ 74,885	¥ 85,391	¥ 83,295	¥ 243,572
Consolidated sales				522,217
Ratio of overseas sales to consolidated sales	% 14.3	% 16.4	% 15.9	% 46.6

	Year ended March 31, 2003			
(Millions of yen)	Americas	Europe	Asia	Total
Overseas sales	¥ 81,785	¥ 81,418	¥ 80,356	¥ 243,560
Consolidated sales				522,820
Ratio of overseas sales to consolidated sales	% 15.6	% 15.6	% 15.4	% 46.6

Management Policy Statement

1. Basic Policy

NSK Ltd.'s goal is to establish itself as a world-class company by improving management's capabilities to stay ahead of the rapid changes in the business environment and by further increasing the value of our corporate brand. Consistent with our corporate philosophy of "Contributing to the World through our Motion & Control technology," our goals are:

- (1) To improve the QCDS (i.e. Quality, Cost, Delivery and Service) capabilities of our engineering, manufacturing and sales operations so that we will be able to meet the increasingly diverse needs of our customers and become the No.1 company in terms of customer satisfaction.
- (2) To continue to reduce negative environmental impact by effectively using our expertise in tribology, the science of anti-friction and lubrication technologies, which is our core technology and forms the basis of our entire business.
- (3) To be the outstanding corporate citizen in all the locations where we operate, including all international manufacturing locations.

2. Dividends

NSK places great importance on shareholder returns and will maintain our basic policy of issuing consistent dividends. However, in the future, greater emphasis will be placed on our dividend payout ratio and to ensuring that dividends better reflect our consolidated business results.

3. Key Indicators

NSK aims to increase return on equity (ROE) and recognizes operating income margin as a key indicator of profit stability and the importance of asset efficiency and cash flow.

4. Mid- and Long-Term Strategies

In order to achieve the mid-term targets that were set in fiscal 2003 and to sustain growth of operations, NSK is constantly striving to become No. 1 in customer satisfaction, utilizing the Group's comprehensive business capabilities and restructuring its business foundations. NSK endeavors to become a company capable of producing profits consistently, regardless of the volatile changes of the surrounding business environment, by aggressively pursuing the completion of the 2nd phase of the "NSK Business Restructuring Program." The 2nd phase of the "NSK Business Restructuring Program" includes the following activities:

- (1) Production innovation activities to strengthen our production system.
- (2) Quality improvement activities to increase the reliability of the "NSK" brand.
- (3) Salary and employment, and preprocessing and procurement system reforms to strengthen our profit structure.
- (4) Balance sheet reforms to strengthen our financial position.

NSK will continue to strategically focus its global management resources. We will also actively seek global alliances without limiting ourselves to past practices.

5. Key Management Tasks

To further promote the restructuring of our business operations, NSK is expanding the scope of its Advanced Production Systems activities, to use it as a means to restructure the management system of the entire NSK Group. The APS activities now cover not only production but also R&D, sales and administrative operations.

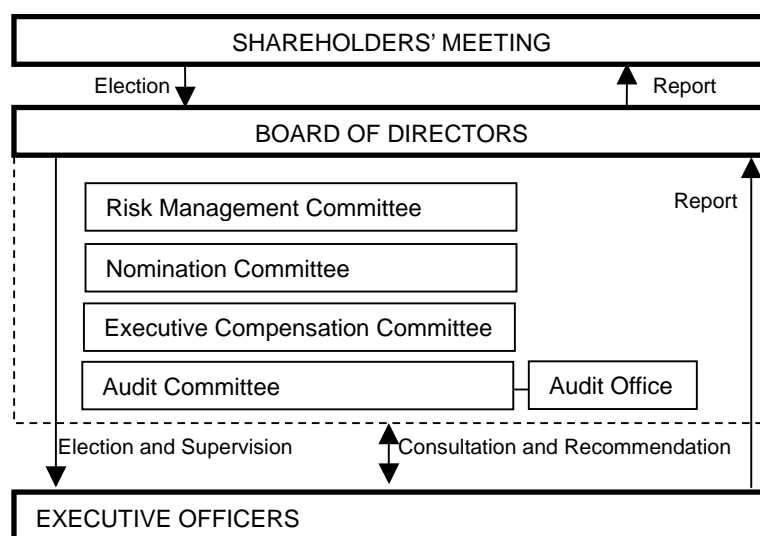
The focus of our overseas operations is currently China. To establish a lead over our competitors, we are in the process of reinforcing our business foundations by strengthening our sales and technical support networks, and through expansion of production at four sites (i.e. Kunshan, Zhangjiagang, Suzhou, and Dongguan.)

Also, to contribute to our profit targets and expedite our transition to a more profitable company, we will execute capital expenditures if it supports our growth strategies on a global basis, while at the same time focus on developing human resources. While we have achieved “zero-emissions” at all our domestic production facilities in the previous year, we will continue with our environmental conservation efforts.

6. Corporate Governance Policy and Structure

NSK recognizes the importance of reinforcing and improving its corporate governance system. Efforts were started this year to create a new corporate governance system that will further speed up management decisions as well as separate monitoring functions from management’s execution of corporate policy as a means of enhancing transparency.

NSK’s Corporate Governance Structure



<Executive Compensation Committee>

Following the introduction of an executive officer system in 1999, NSK established an Executive Compensation Committee in June of the same year for the purpose of ensuring fairness and transparency in determining executive compensation. The Committee is made up of three members from the board of directors, including an independent director who chairs the Committee. Thus far, the Committee has decided on and implemented a structure of fixed salaries based on position and responsibility as well as performance-linked compensation and a “management by objectives” system, stock options, and executive officer tenures.

<Risk Management Committee>

NSK’s Risk Management Committee, formed in 2002, is currently made up of 13 individuals including six directors and seven executive officers, and handles all aspects of risk management. The Committee enacted “NSK’s Business Ethics Regulations” in June 2002, and this year, responded to issues that resulted from the war in Iraq and the SARS outbreak.

<Audit Committee and Audit Office>

In June 2003, NSK established an Audit Committee under the board of directors and an audit office to strengthen monitoring throughout the NSK Group and in preparation for the transition to the “Company with Committees System”. The Audit Committee is composed of an independent director who heads the committee, two members from the board of directors and a statutory auditor.

<Nomination Committee>

NSK established a Nomination Committee in February 2004 in preparation for the transition to the “Company with Committees System”. This non-compulsory advisory committee, composed of two members from the board of directors and an independent director, will be in charge of nominating candidates to the board of directors.

In addition, NSK established a Preparation Committee in June 2003 to prepare for the transition to the "Company with Committees System" and to support the functions of the aforementioned committees. This Committee is composed of four directors including an independent director, four executive officers, and outside consultants, and is studying the corporate governance structure that best suits NSK, as well as reviewing the Company's decision-making system.

Based on the deliberations of the Preparations Committee, NSK plans to adopt the "Company with Committees System" this June to further increase shareholder value and to improve the transparency of our management, upon approval by our shareholders' at our General Shareholders' Meeting.

Overview of the year ended March 31, 2004

The recovery of Japan's job market remained sluggish, but the overall economy has started to recover, with increased demand from the U.S. and China pushing up exports to these regions and leading to an increase in domestic capital expenditures.

In the U.S., the economy grew stronger than the previous year, backed by robust consumer demand and IT related investments. In Europe, the U.K. economy recovered strongly, production in Germany started to pick up in the second half of the year, and the economy in France has also started to show signs of a gradual recovery. The overall Asian economy is also on the path to recovery, especially with the continued strong expansion of the Chinese economy, supported by the robust increase in consumer spending and local production.

Under these conditions, our consolidated net sales for the year ended March 31, 2004, was ¥522,217 million, a decrease of 0.1% (¥603 million) from the previous term. Excluding the effect of business restructuring, such as the withdrawal from the seatbelt business, sales increased 5.0% compared to the previous year. Operating income was ¥25,972 million, up ¥8,125 million (45.5%) from last year, while ordinary income was ¥ 19,119 million, an increase of ¥8,298 million (76.7%) from last year.

Extraordinary income, including a ¥7,663 million gain on sales of investment securities and a ¥840 million gain on sales of affiliated companies' stocks, was offset by extraordinary losses including ¥1,147 million in losses on the disposal of property, plant and equipment.

Consequently, after deducting for income taxes and minority interests, and including provisions for deferred income taxes based on the tax effect accounting method, net income totaled ¥14,293 million.

In order to reflect our consolidated business results on our dividends, the Company will pay a year-end dividend of ¥4.0 per share, an increase of ¥1.5 compared to the interim dividend. Dividend payment for the full-year will total ¥6.5 per share.

Net sales by product category

Bearings

Domestic sales exceeded previous year's levels with continued strong demand from the automotive industry, the machine tool industry, general industrial sector, and increased sales to the aftermarket. Sales to the general industrial sector in the Americas and Europe were weak, but saw a strong increase in Asia. Together with the robust demand from the automotive industry in Asia and Europe, overseas bearing sales also exceeded the previous year's results, resulting in overall bearings sales of ¥332,826 million, up 3.4% (¥10,866 million) from the previous term. Operating income was ¥23,571 million.

Automotive components

Sales of automatic transmission components grew strongly in Japan, but due to business structural changes such as the withdrawal from the seatbelt business, domestic sales decreased as compared to the same period last year. Sales in the Americas and Asia increased steadily, but were sluggish in Europe, and combined with the effect of the withdrawal from the seatbelt business in the Americas and Asia, overseas sales also recorded a year-on-year decrease. Overall sales totaled ¥129,303 million, down 14.2% (¥21,360 million) from the previous year. Operating income was ¥4,299 million.

Precision machinery and parts, mechatronic products

Domestic sales, especially to the machine tool, LCD, and semiconductor production equipment sectors, recovered sharply compared to the same period last year. Overseas, sales increased in Asia and the Americas. The increase in Asia was especially strong. Overall, sales increased 34.9% (¥12,174 million) from the previous year to ¥47,072 million. Operating income ended just under break-even with a loss of ¥39 million, a sharp improvement of ¥6,251 million compared to the previous year.

Other

Sales to other sectors totaled ¥13,015 million, down 14.9% (¥2,282 million) from the previous term. This includes the effects of discontinued operations. Operating income was ¥1,178 million.

Net sales by region

Japan

In Japan, sales to the automotive industry continued to be strong, as were sales to the machine tool and general industrial sectors. Sales of precision machinery and parts saw a sharp increase, but due to the effect of the withdrawal from operations such as the seatbelt business, overall sales decreased by 1.1% (¥3,437 million) from the previous term to ¥316,028 million, with an operating income of ¥22,937 million.

The Americas

Demand from the automotive sector was strong, with sales of both automotive components and bearings exceeding previous year's levels. Together with the recovery of sales to the semiconductor production equipment industry, overall sales recorded a year-on-year increase, but due to the negative foreign exchange rate impact and the effect of discontinued operations, net sales for the Americas decreased to ¥73,290 million, down 4.9% (¥3,793 million) from the previous term, with an operating income of ¥584 million.

Europe

Sales of automotive bearings were healthy, but demand for general industrial bearings and precision machinery and parts were sluggish due to the slow recovery of the European economy. However, a positive foreign exchange rate contributed to a sales increase of 4.8% (¥3,907 million) to ¥85,390 million, and as result of profitability improvement activities such as the reorganization of production facilities and administrative cost reductions, operating income ended in profits of ¥2,618 million.

Asia and Oceania

In China, consumer spending and capital expenditures pushed up domestic demand, and the increase of exports to countries such as the U.S. supported the continued expansion of the economy. Also, the increase of local production of automotive components and bearings led to a rise in sales of all product segments. Although there were negative impacts from discontinued operations and foreign exchange translations, overall sales increased 6.1% (¥2,722 million) from the previous year to ¥47,508 million. Operating income totaled ¥3,778 million.

Cash Flow

Income before income taxes and minority interests, and depreciation and amortization, contributed cash of ¥26,451 million and ¥26,909 million respectively, a decrease in inventories provided cash of ¥5,658 million, while an increase in notes and accounts receivable used ¥12,863 million. Net cash flow provided by operating activities amounted to ¥37,889 million.

Investments for future growth areas and the acquisition of property, plant and equipment offset revenue provided by sale of investment securities. As a result, net cash flow used in investing activities was ¥16,958 million.

Cash used for redemption of bonds and repayment of loans exceeded cash provided by loans. As a result, net cash used in financing activities was ¥20,730 million.

In aggregate, the net increase in cash and cash equivalents was ¥54 million, resulting in cash and cash equivalents at end of the term to total ¥58,993 million.

The following is the trend of our consolidated cash flow:

	As of March 31, 2001	As of March 31, 2002	As of March 31, 2003	As of March 31, 2004
Ratio of net worth to total capital (%)	33.4	32.4	28.8	30.3
Ratio of net worth to total capital at market value (%)	46.7	47.1	29.3	44.5
Debt redemption period (Years)	10.1	9.0	8.6	6.5
Interest coverage ratio	2.5	4.2	4.1	6.1

- Ratio of net worth to total capital (%): Net worth/Total capital
- Ratio of net worth to total capital at market value (%): Market capital/Total capital
- Debt redemption period (Years): Interest bearing debts/ Net cash provided by operating activities
- Interest coverage ratio: Net cash provided by operating activities/Interest paid

(Notes) 1. All indices have been calculated based on consolidated data.

2. Market capital has been calculated as:

“Closing share price at the end of the term” × “Common shares outstanding at the end of term”

3. Interest-bearing debts refer to the total amount of bonds, loans and commercial paper appropriated on the balance sheet.

Forecast for the year ending March 31, 2005

	(Millions of yen)
Net sales	¥ 555,000
Operating income	35,000
Ordinary income	27,000
Net income	15,500

The Japanese economy is expected to continue recovering at a sustainable pace, and operations at our production facilities throughout the NSK Group are currently at extremely high levels. However, several risk factors that have the potential of affecting profitability, such as rising material prices, geopolitical risks, the sharp appreciation of the yen and depreciation of the U.S. dollar, still remain.

Under these economic conditions, NSK expects net sales for fiscal 2004 to total ¥555,000 million, with operating income, ordinary income and net income of ¥35,000 million, ¥27,000 million and ¥15,500 million, respectively.

Please note that these estimate figures have been calculated using an estimated foreign exchange rate of U.S. \$1=¥110.

Notes

All forecasts are based on a number of assumptions and are subject to change. Actual financial results may differ materially and NSK Ltd. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.