



# CONSOLIDATED BUSINESS RESULTS

FOR THE THIRD QUARTER  
ENDED DECEMBER 31, 2009

February, 3 2010

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.

# Summary of Consolidated Business Results for FY 2009:3Q



## Business Results for FY2009:Q3

### ✓ Consolidated Business Results for FY 2009:3Q (Oct.-Dec.)

Net Sales	¥155.7 billion	( From last 3Q: +2.5 billion /1.6% increase, From 2Q: +13.6 billion/9.6% increase)
Operating Income	¥5.4 billion	( From last 3Q: +0.8 billion /18.0% increase, From 2Q: +4.8 billion/793.1% increase)

- ◎ Business results have been recovering quarter by quarter since 1Q, Sales of automotive products contributed greatly to overall results.
- ◎ Results have been progressing steadily in line with the revised full year forecast announced on October 30.

### ✓ Business Environment

- ◎ Although demand for industrial machinery showed an upward trend, the speed of the recovery is still moderate.
- ◎ A recovery of automobile production continued from the first half of the year due to stimulus policies to promote car sales.
- ◎ Demand for semiconductor and liquid crystal-related capital investment remained low but was gradually improving.

## Expected Business Performance for FY 2009

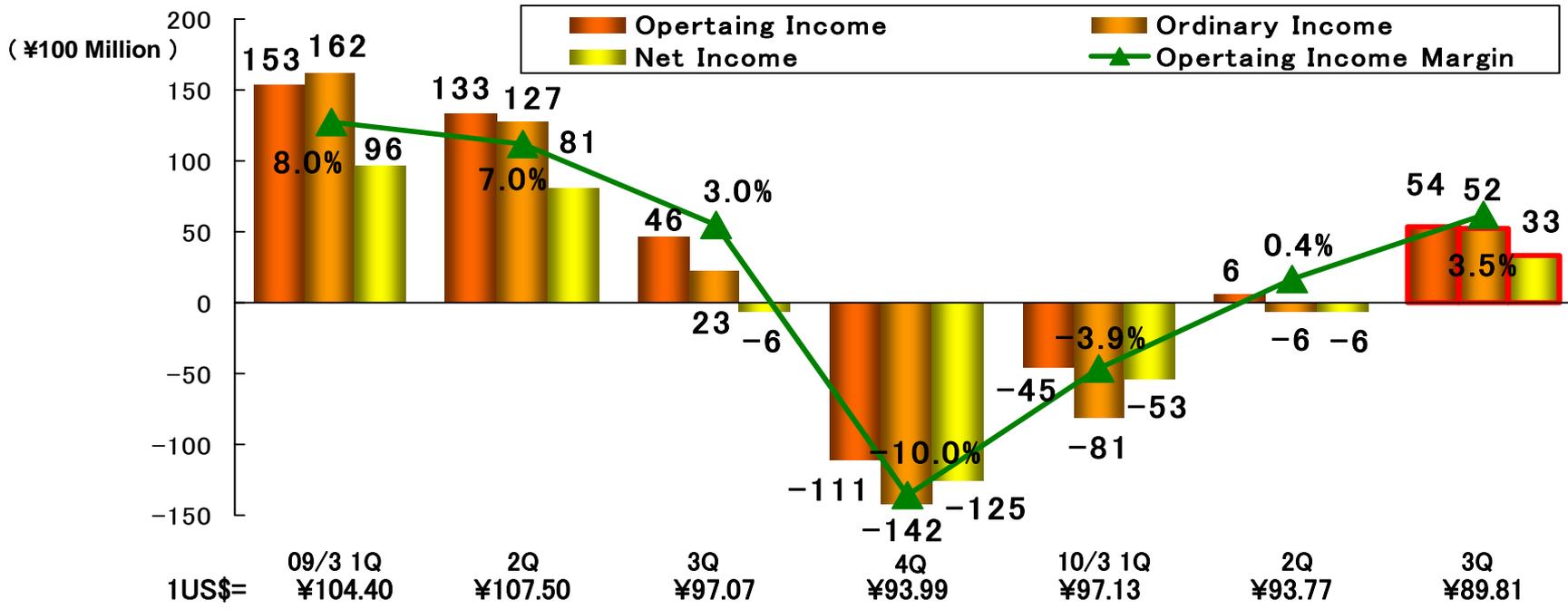
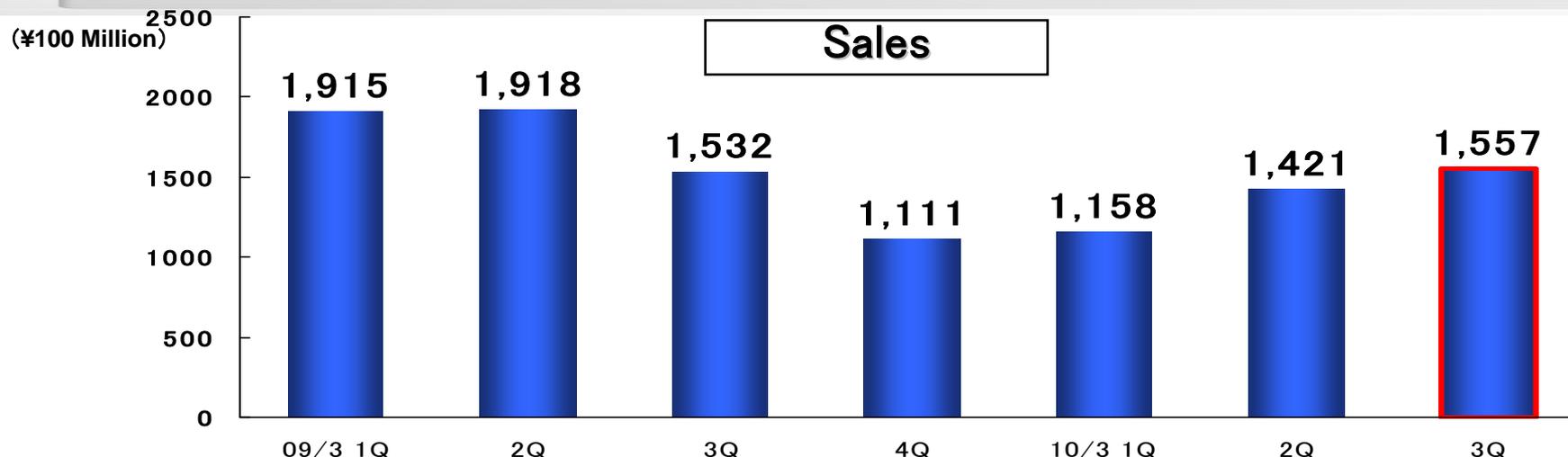
- ✓ Moderate demand recovery will continue in 4Q (Jan.-Mar.).
- ✓ We will achieve further profitability improvement, continuing to restrain labor costs and general expenses, and steadily increasing production volume corresponding with volume recovery.
- ✓ No revision has been made to the full year forecast for FY 2009 announced on October 30.

# Summary of Consolidated Business Results for FY 2009:3Q



(¥100 Million)	09/3			10/3				
	3Q <Actual>	Apr.-Dec. <Actual>	Full year <Actual>	3Q <Actual>	YOY %	Apr.-Dec. <Actual>	YOY %	Full year <small>&lt;Forecast announced on Oct. '09&gt;</small>
<b>Sales</b>	1,532	5,365	6,476	<b>1,557</b>	+1.6%	<b>4,136</b>	-22.9%	5,700
<b>Operating income</b>	46	332	221	<b>54</b>	+18.0%	<b>15</b>	-95.5%	80
<b>&lt;%&gt;</b>	<3.0%>	<6.2%>	<3.4%>	<3.5%>		<0.4%>		<1.4%>
<b>Ordinary income</b>	23	312	170	<b>52</b>	+125.0%	<b>-35</b>	—	0
<b>Profit before tax</b>	-4	273	103	<b>51</b>	—	<b>-47</b>	—	-11
<b>Net income</b>	-6	171	46	<b>33</b>	—	<b>-26</b>	—	0
<b>(Rate: 1 US\$= )</b>	(¥97.07)	(¥102.99)	(¥100.74)	<b>(¥89.81)</b>		<b>(¥93.57)</b>		(¥93)
<b>(Rate: 1 EURO= )</b>	(¥129.22)	(¥151.66)	(¥144.47)	<b>(¥132.55)</b>		<b>(¥132.89)</b>		(¥132)

# Quarterly Business Performance



1US\$=	09/3 1Q ¥104.40	2Q ¥107.50	3Q ¥97.07	4Q ¥93.99	10/3 1Q ¥97.13	2Q ¥93.77	3Q ¥89.81
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1EURO=	¥163.12	¥162.64	¥129.22	¥122.90	¥132.51	¥133.61	¥132.55
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# Results by Business Segment



(¥100 Million)	09/3			10/3				
	3Q <Actual>	Apr.-Dec. <Actual>	Full year <Actual>	3Q <Actual>	YOY %	Apr.-Dec. <Actual>	YOY %	Full year <Forecast announced on Oct. '09>
<b>Total</b>								
<b>Sales</b>	1,532	5,365	6,476	<b>1,557</b>	<b>+1.6%</b>	<b>4,136</b>	<b>-22.9%</b>	5,700
<b>Operating income</b>	46	332	221	<b>54</b>	<b>+18.0%</b>	<b>15</b>	<b>-95.5%</b>	80
<b>%</b>	3.0%	6.2%	3.4%	<b>3.5%</b>		<b>0.4%</b>		1.4%
<b>Industrial machinery bearings</b>								
<b>Sales</b>	486	1,703	2,095	<b>424</b>	<b>-12.8%</b>	<b>1,186</b>	<b>-30.4%</b>	1,650
<b>Operating income</b>	45	207	195	<b>20</b>	<b>-57.1%</b>	<b>23</b>	<b>-89.0%</b>	60
<b>%</b>	9.3%	12.2%	9.3%	<b>4.6%</b>		<b>1.9%</b>		3.6%
<b>Automotive products</b>								
<b>Sales</b>	816	2,957	3,525	<b>1,002</b>	<b>+23.0%</b>	<b>2,600</b>	<b>-12.1%</b>	3,550
<b>Operating income</b>	15	123	68	<b>68</b>	<b>+353.6%</b>	<b>105</b>	<b>-14.8%</b>	160
<b>%</b>	1.8%	4.2%	1.9%	<b>6.7%</b>		<b>4.0%</b>		4.5%
<b>Precision machinery &amp; parts</b>								
<b>Sales</b>	155	465	575	<b>79</b>	<b>-48.9%</b>	<b>215</b>	<b>-53.7%</b>	310
<b>Operating income</b>	-4	26	5	<b>-20</b>	<b>—</b>	<b>-65</b>	<b>—</b>	-75
<b>%</b>	-2.6%	5.5%	0.9%	<b>-25.2%</b>		<b>-30.0%</b>		-24.2%
<b>Others</b>								
<b>Sales</b>	142	441	507	<b>94</b>	<b>-33.9%</b>	<b>243</b>	<b>-44.9%</b>	350
<b>Operating income</b>	2	19	8	<b>-1</b>	<b>—</b>	<b>-10</b>	<b>—</b>	-15
<b>%</b>	1.2%	4.4%	1.6%	<b>-0.5%</b>		<b>-4.1%</b>		-4.3%
<b>Eliminations (sales)</b>	-67	-201	-226	<b>-42</b>		<b>-108</b>		-160
<b>Eliminations/corporate</b>	-12	-43	-55	<b>-13</b>		<b>-38</b>		-50

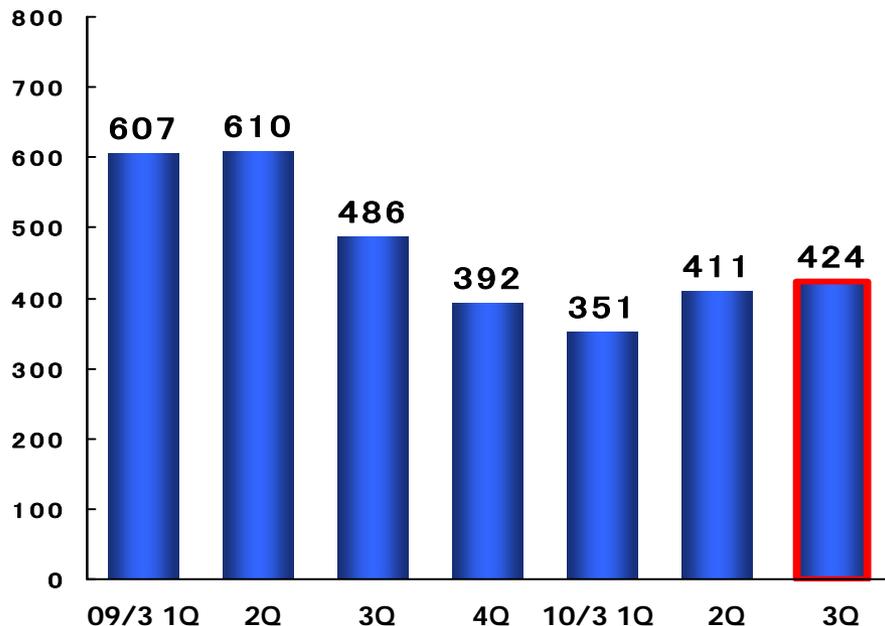
# Business Segment Information

## — Industrial Machinery Bearings



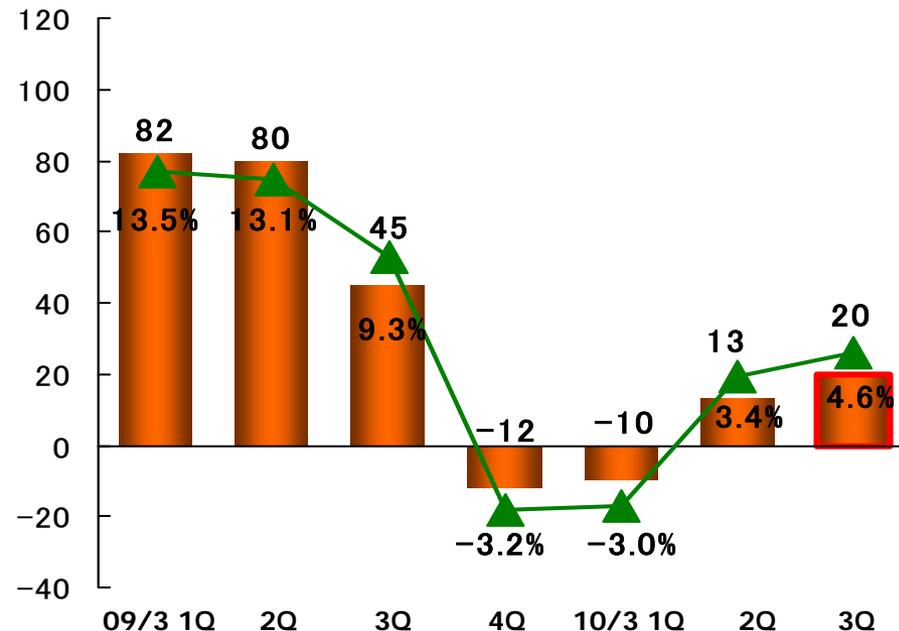
### Sales

(¥100 Million)



### Operating income/margin

(¥100 Million)



■ Sales in 3Q were ¥42.4 billion. (+¥1.3 billion (+3.2%) from 2Q). Sales have been gradually recovering from 1Q.

■ We steadily implemented programs to expand sales sites in emerging regions, as well as new distribution networks in the aftermarket sector.

■ Although inventory adjustment in the industrial machinery and aftermarket sectors appears to be nearly complete, the speed of sales recovery is still moderate.

■ As for electrical and IT-related sales, demand from PC, home appliances and motor manufacturers has been strong from the 1st half of the year.

■ Operating income in 3Q was ¥2.0 billion.

(+¥0.7 billion, (+41.2%) from 2Q )

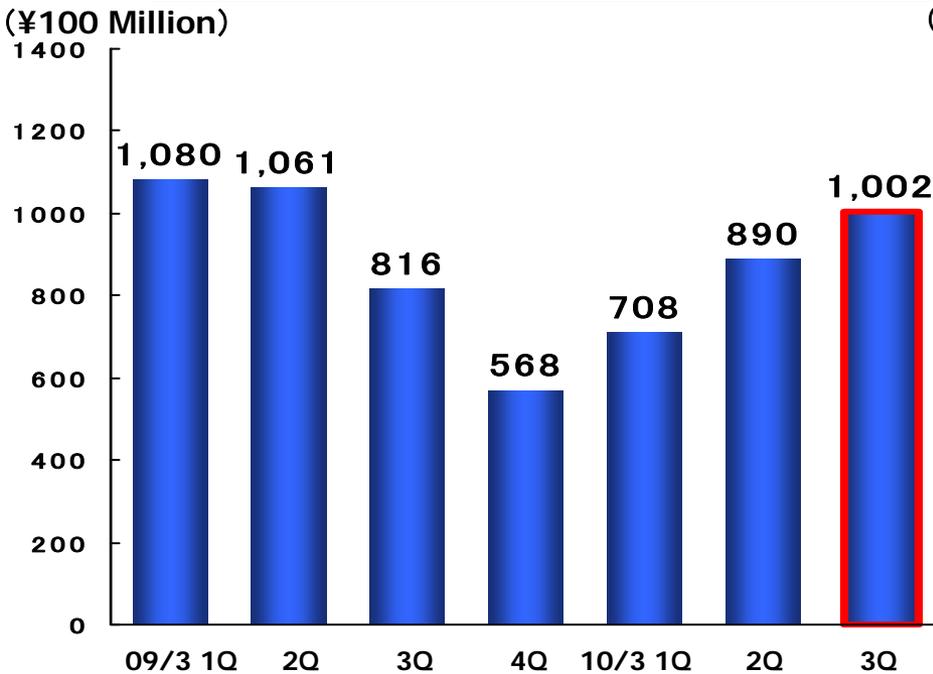
Operating income margin was 4.6%.

■ Profitability has been improving quarter by quarter. Volume increase and reduction of external procurement costs contributed to improved results.

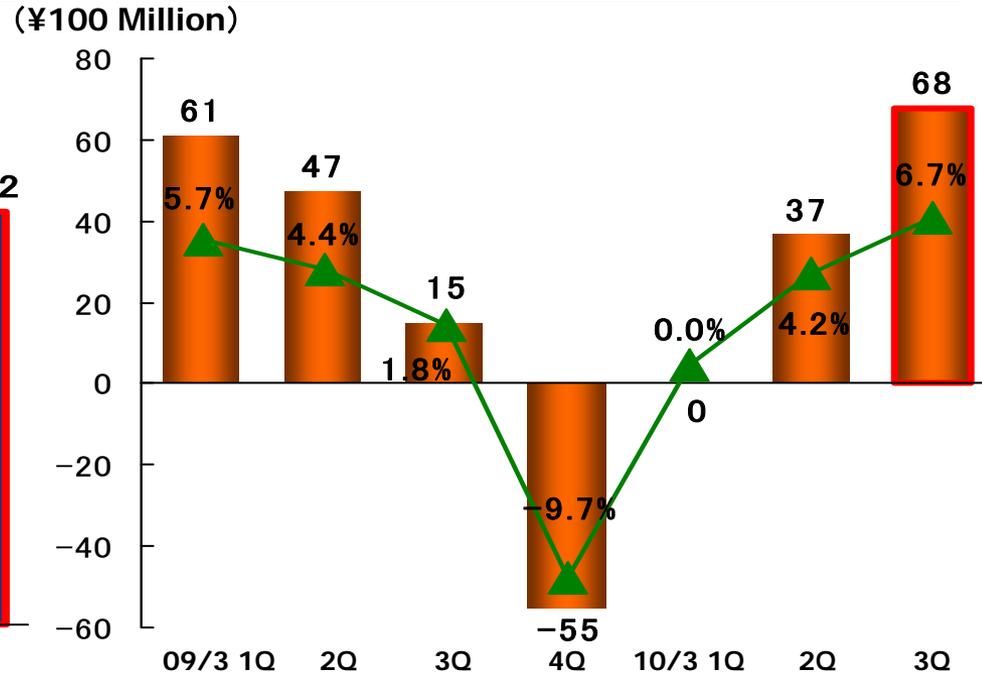
# Results by Business Segment – Automotive Products



## Sales



## Operating income/Margin



- Sales in 3Q were ¥100.2 billion. (+¥11.2 billion, +12.6%) from 2Q)  
Production volume has recovered to around the same level as the 1st half of last fiscal year.
- Global automotive production continued to recover in 3Q due to stimulus policies to promote automobile sales.
- From 2Q to 3Q, sales increases especially in Japan and Asia contributed to improved results. Sales of EPS increased due to the launch of new orders in the U.S. and Asia.

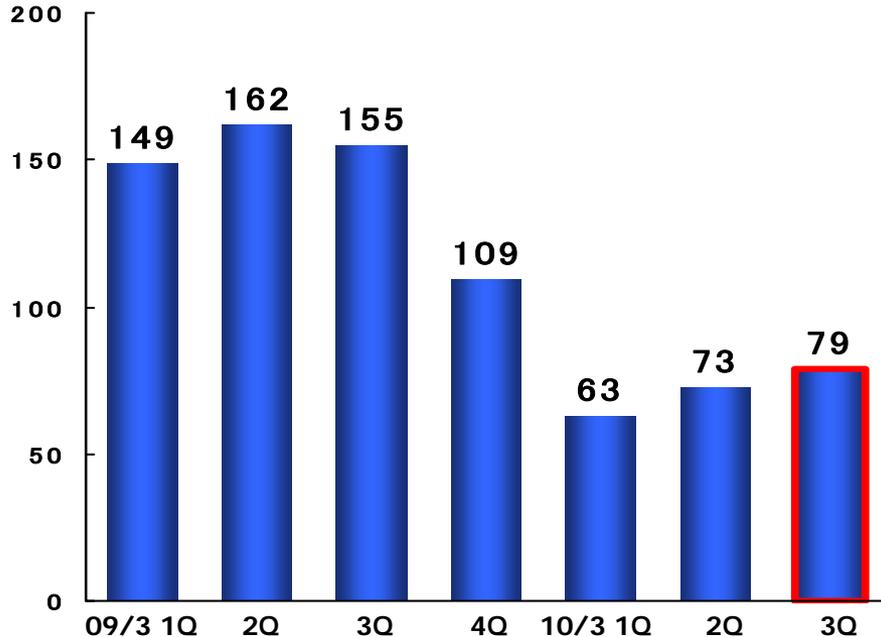
- Operating income in 3Q was ¥6.8 billion (+¥3.1 billion, +78.9%) from 2Q )  
Operating income margin was 6.7%.
- In addition to volume increase, profitability improved greatly due to reduced labor costs caused by productivity improvements and reduction of external procurement costs, contributing to overall corporate results in 3Q.

# Results by Business Segment – Precision Machinery and Parts



## Sales

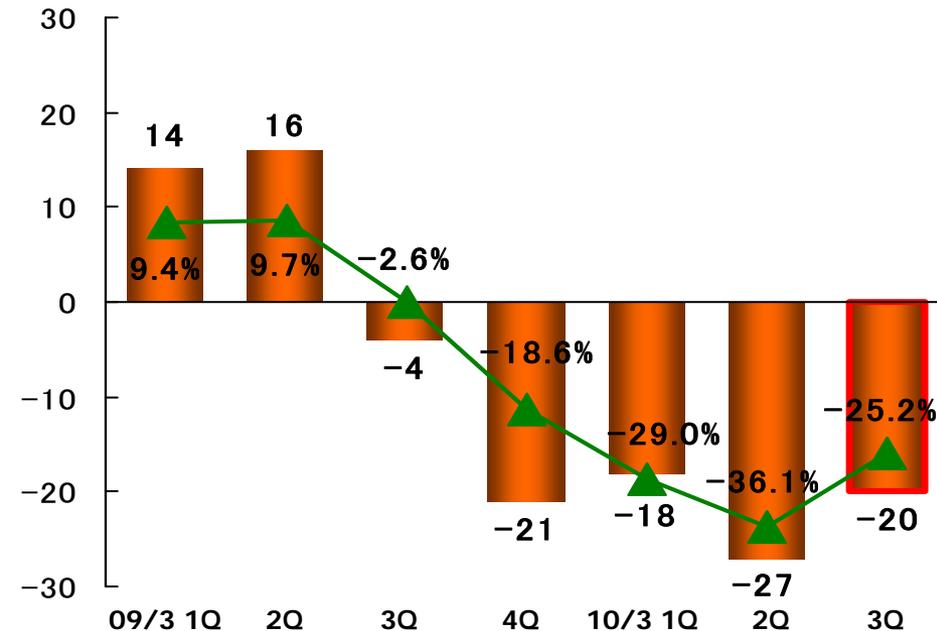
(¥100 Million)



- Sales in 3Q were ¥7.9 billion (+0.6 billion from 2Q: linear-motion products and mechatronics products +¥1.8 billion /exposure equipment for LCD panel production Δ¥1.2 billion, +7.3%)  
Sales have remained at a low level although slowly increasing from 1Q.
- Demand from general machinery manufacturers was stagnant while semiconductor and liquid crystal-related demand has been recovering.

## Operating income/Margin

(¥100 Million)



- Operating income in 3Q was Δ¥2.0 billion (+¥0.7 billion from 2Q)  
Operating income margin was Δ25.2%.
- The severe profitability environment has remained although operating loss narrowed from 2Q due to volume increase.
- We will achieve further profitability improvement by a partial transfer of Japan-produced products to a new factory in China (Shenyang) and by concentrating domestic ball-screw production to a site in Kyushu by the end of 2010.

# Results by Geographical Segment



(¥100 million)		09/3			10/3				
		Q3 <Actual>	Apr.-Dec. <Actual>	Full year <Actual>	Q3 <Actual>	YOY %	Apr.-Dec. <Actual>	YOY %	Full year <small>&lt;Forecast announced on Oct. '09&gt;</small>
<b>Total</b>	Sales	1,532	5,365	6,476	1,557	+1.6%	4,136	-22.9%	5,700
	Operating income	46	332	221	54	+18.0%	15	-95.5%	80
	%	3.0%	6.2%	3.4%	3.5%		0.4%		1.4%
<b>Japan</b>	Sales	1,218	4,033	4,794	1,145	-6.0%	3,020	-25.1%	4,140
	Operating income	12	176	66	26	+112.4%	-25	—	5
	%	1.0%	4.4%	1.4%	2.3%		-0.8%		0.1%
<b>Americas</b>	Sales	163	653	782	180	+10.5%	487	-25.5%	660
	Operating income	0	22	9	9	—	10	-55.9%	17
	%	0.2%	3.4%	1.2%	4.7%		2.0%		2.6%
<b>Europe</b>	Sales	221	938	1,146	257	+15.8%	721	-23.2%	940
	Operating income	18	79	94	9	-48.3%	31	-60.5%	47
	%	7.8%	8.4%	8.2%	3.5%		4.3%		5.0%
<b>Asia</b>	Sales	270	880	1,085	294	+8.9%	723	-17.8%	1,020
	Operating income	26	93	96	26	+4.0%	43	-53.5%	70
	%	9.5%	10.6%	8.8%	9.0%		6.0%		6.9%
<b>Eliminations (sales)</b>		-340	-1,139	-1,331	-319		-815		-1,060
<b>Eliminations/ corporate</b>		-10	-38	-44	-16		-44		-59

# Results by Geographical Segment



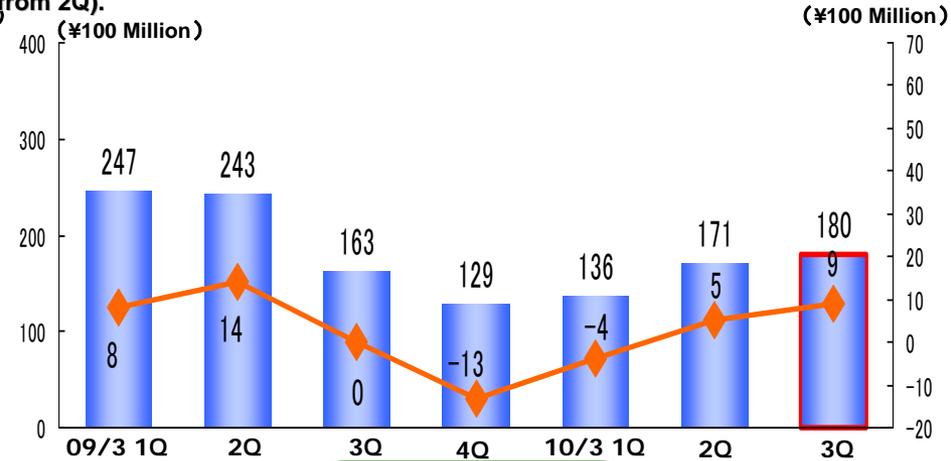
## Japan

Profitability improved greatly thanks to sales volume increase caused by demand recovery for automobiles and reduced external procurement costs. Operating income was ¥2.6 billion (+ ¥3.3 billion from 2Q).



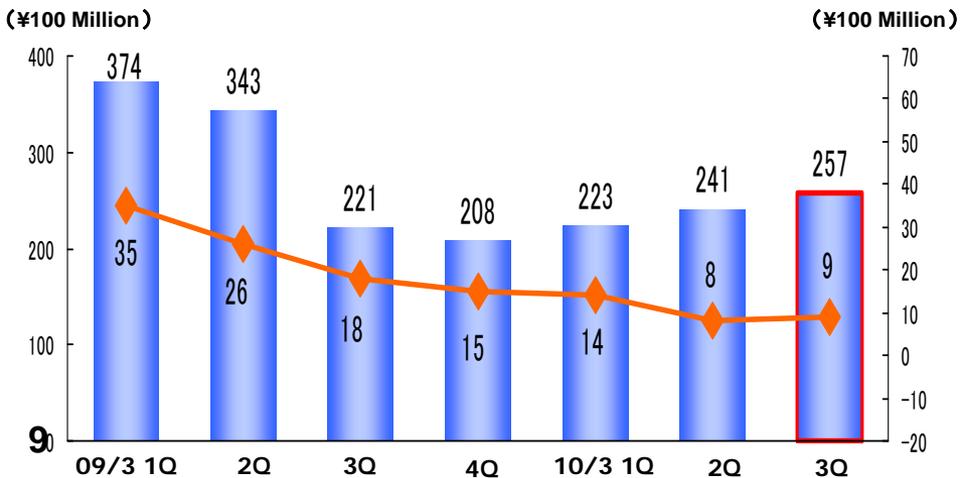
## The Americas

Although sales to industrial machinery manufacturers were stagnant, profitability improved due to increased sales to automakers due as production by North American car makers recovered. Operating income was ¥0.9 billion (+ ¥0.4 billion from 2Q).



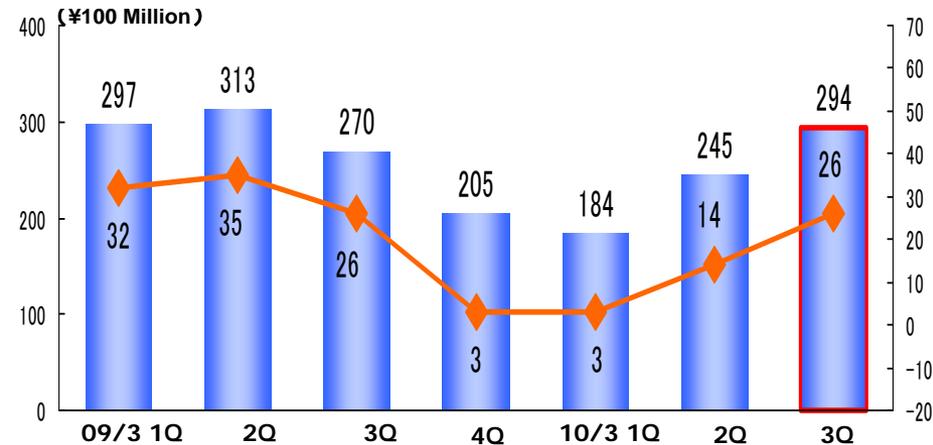
## Europe

Due to increased production by automobile manufacturers, electrical and IT-related sectors, operating income was ¥0.9 billion (+¥0.1 billion from 2Q).



## Asia

Due to increased sales to automobile and industrial machinery manufacturers in China, South Korea and ASEAN nations, operating income was ¥2.6 billion (+¥1.2 billion from 2Q). In particular, improved operations in China contributed to the results.



# Results by Customer Location



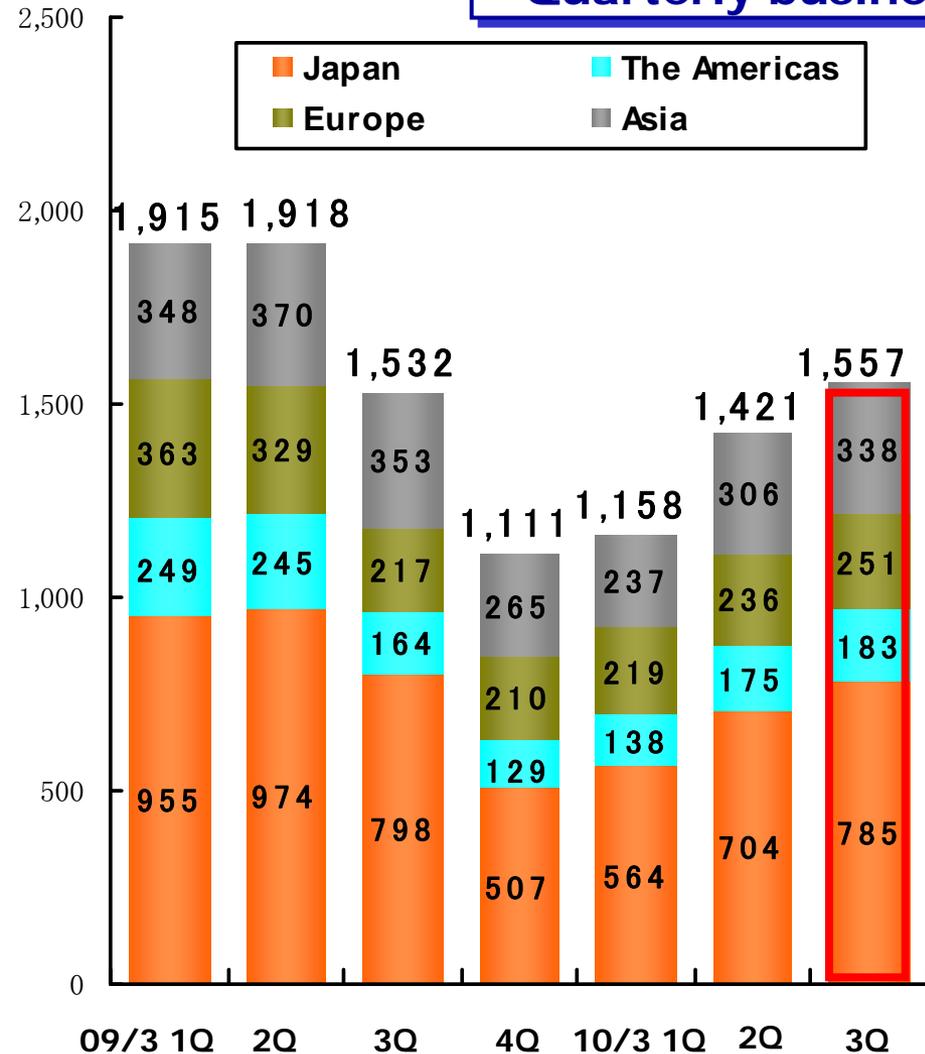
	09/3			10/3				
	3Q <Actual>	Apr.-Dec. <Actual>	Full year <Actual>	3Q <Actual>	YOY %	Apr.-Dec. <Actual>	YOY %	Full year <Forecast announced on Oct. '09>
<b>Sales</b>	1,532	5,365	6,476	<b>1,557</b>	+1.6%	<b>4,136</b>	-22.9%	<b>5,700</b>
<b>Japan</b>	798	2,726	3,234	<b>785</b>	-1.5%	<b>2,053</b>	-24.7%	<b>2,820</b>
<b>Non-Japan</b>	734	2,639	3,242	<b>772</b>	+5.1%	<b>2,083</b>	-21.1%	<b>2,880</b>
(Ratio of non-Japan sales to consolidated net sales)	(47.9%)	(49.2%)	(50.1%)	<b>(49.6%)</b>		<b>(50.4%)</b>		<b>(50.5%)</b>
<b>The Americas</b>	164	658	787	<b>183</b>	+11.6%	<b>496</b>	-24.6%	<b>660</b>
<b>Europe</b>	217	910	1,119	<b>251</b>	+15.2%	<b>706</b>	-22.5%	<b>940</b>
<b>Asia</b>	353	1,071	1,336	<b>338</b>	-4.1%	<b>881</b>	-17.7%	<b>1,280</b>

# Results by Customer Location



## Net sales by customer location Quarterly business performance

(¥100 million)



**Asia:** Demand from automobile makers (especially in China) and electrical and IT-related sectors was strong. Sales in 3Q increased 10.6 % from 2Q.

**Europe:** Although delayed demand recovery from the economic downturn negatively affected sales to industrial machinery sector, overall sales in 3Q increased 6.2% from 2Q due to increased sales of automotive bearings and EPS caused by favorable stimulus policies to promote car sales.

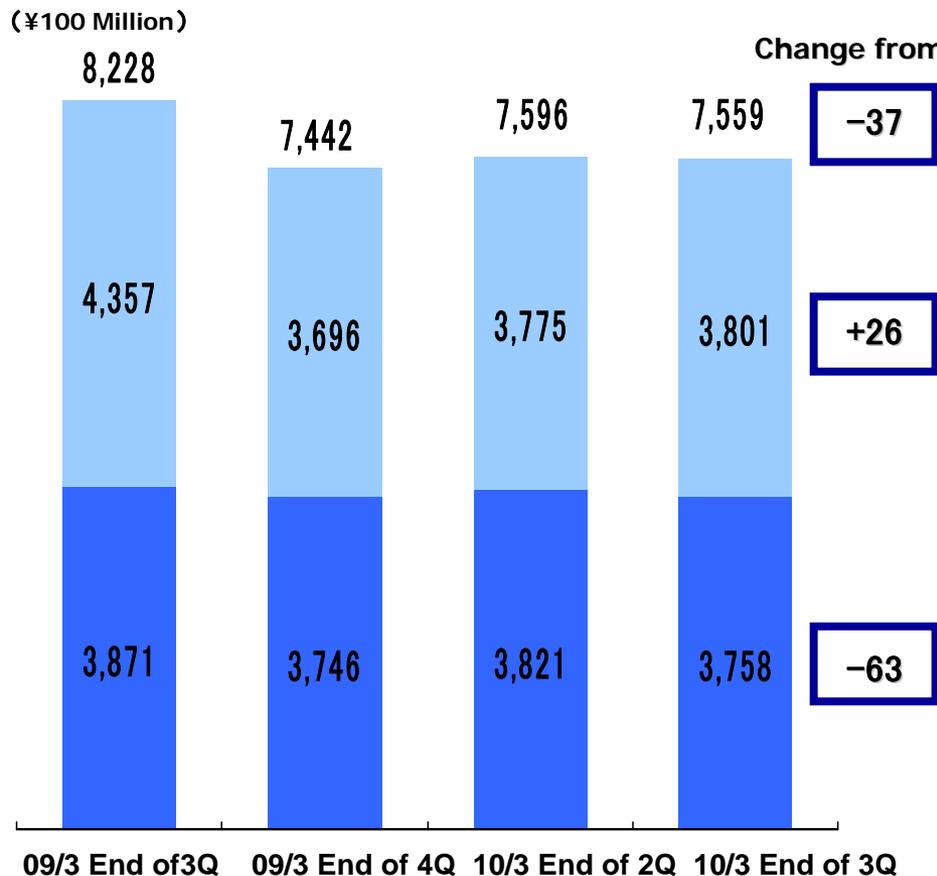
**The Americas:** Although demand from the industrial machinery and aftermarket sector was stagnant, sales in 3Q increased 4.7% from 2Q, thanks to increased sales to automakers in North America due to the launch of new EPS orders, in a moderate recovery trend.

**Japan:** Sales to automakers have increased since the 1st half of the year due to favorable stimulus policies. Sales to the general machinery sector are in a recovery trend, and sales to semiconductor and injection-molding machine manufacturers have also improved. As a result, sales in 3Q increased 11.6% from 2Q.

# Consolidated Balance Sheet

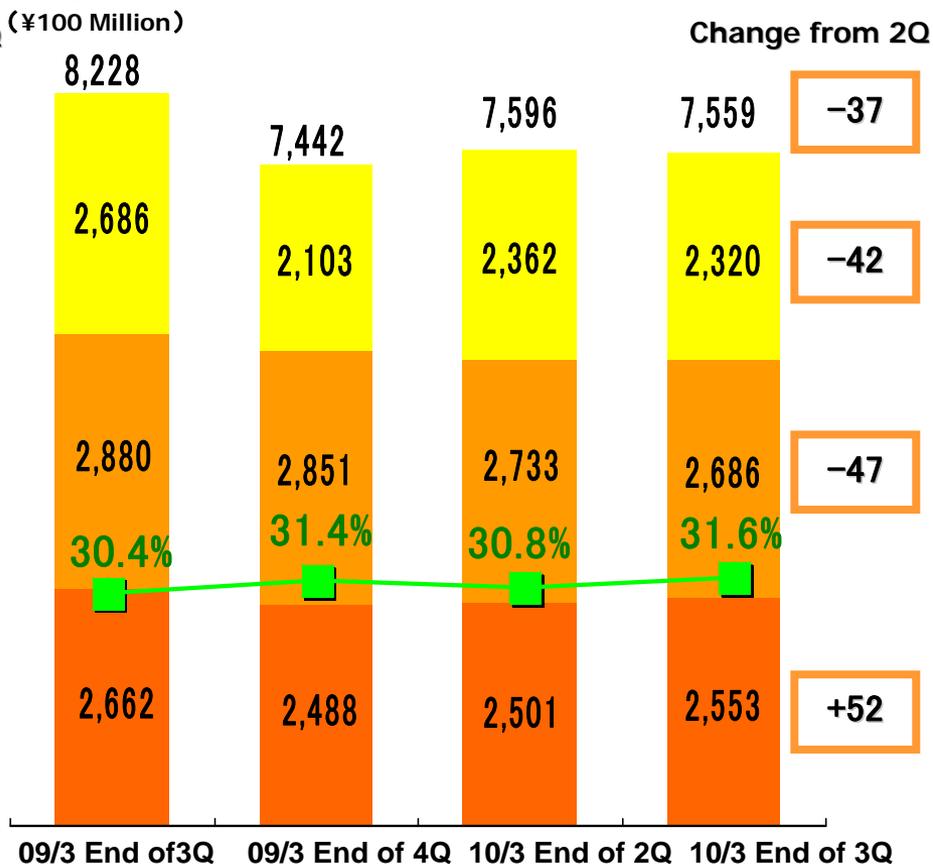
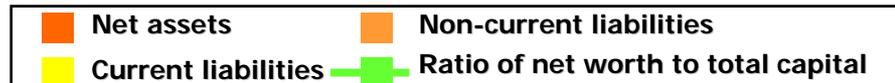


## Assets



91.03	98.23	90.21	92.10
127.96	129.84	131.72	132.00

## Liabilities and Net assets



91.03	98.23	90.21	92.10
127.96	129.84	131.72	132.00

Exchange rate: upper=US\$ lower= EURO

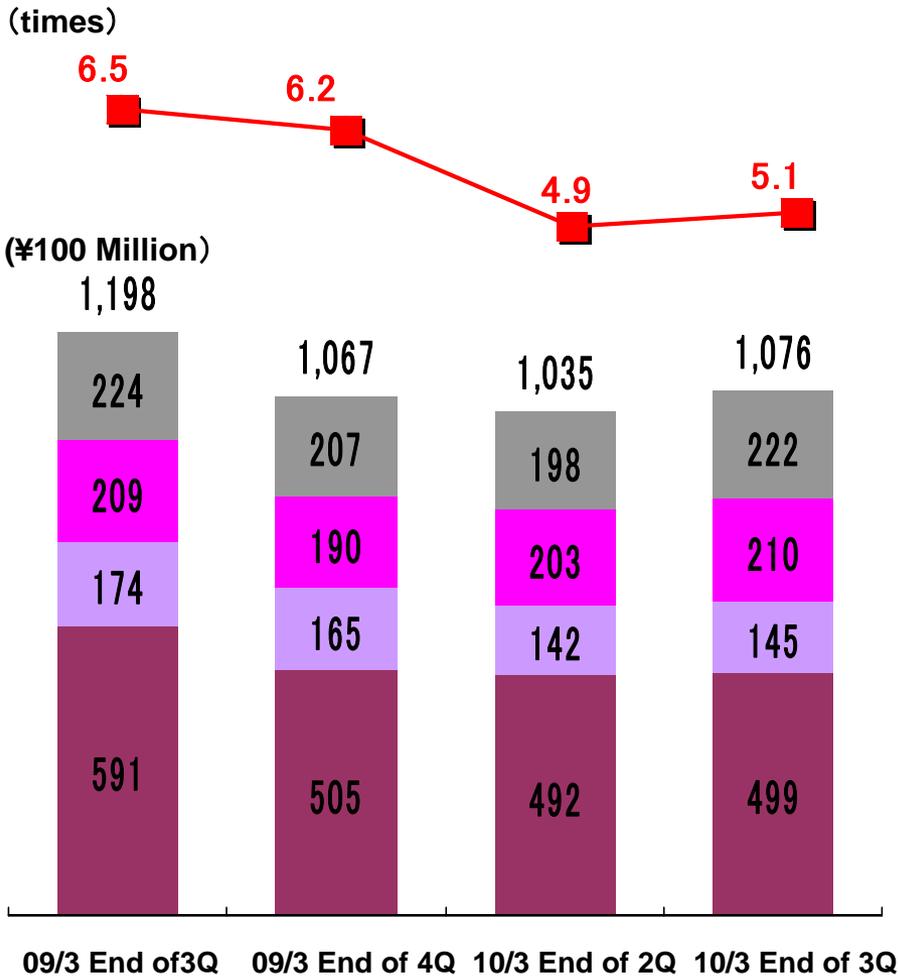
# Inventories

## Interest-bearing Debt



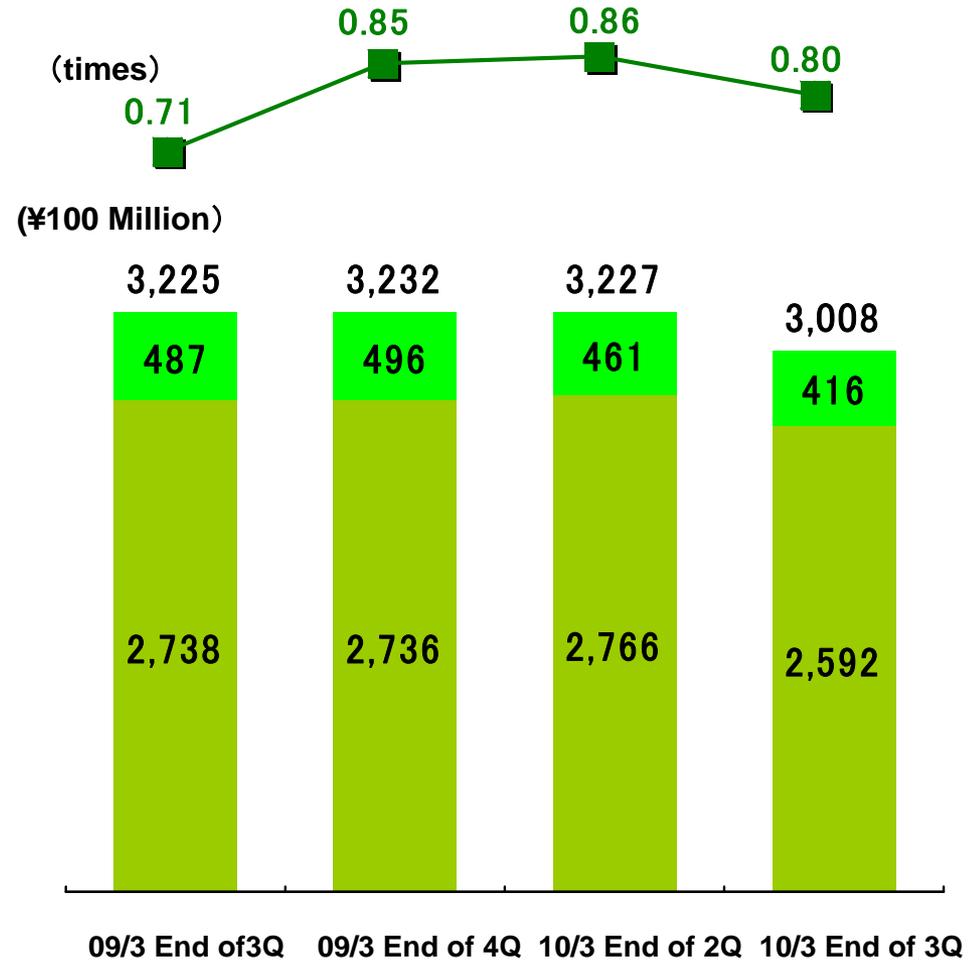
### Inventories

Japan The Americas Asia Europe  
Inventory turnover



### Interest-bearing debt

Japan Non-Japan Net D/E ratio

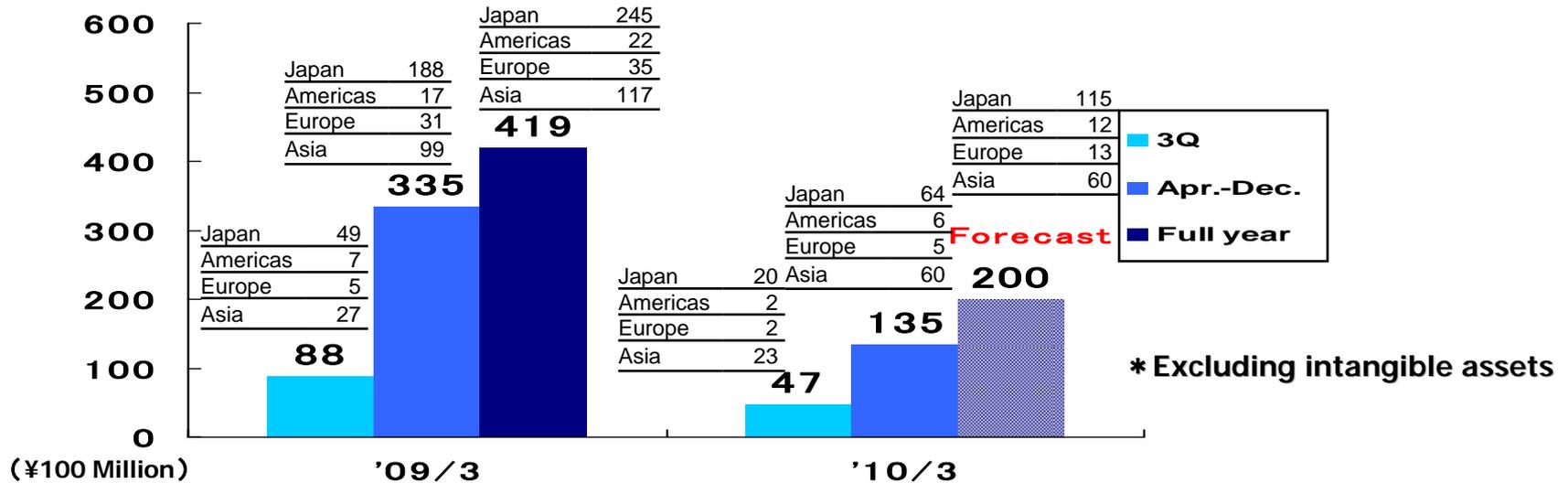


# Capital Expenditure, Depreciation



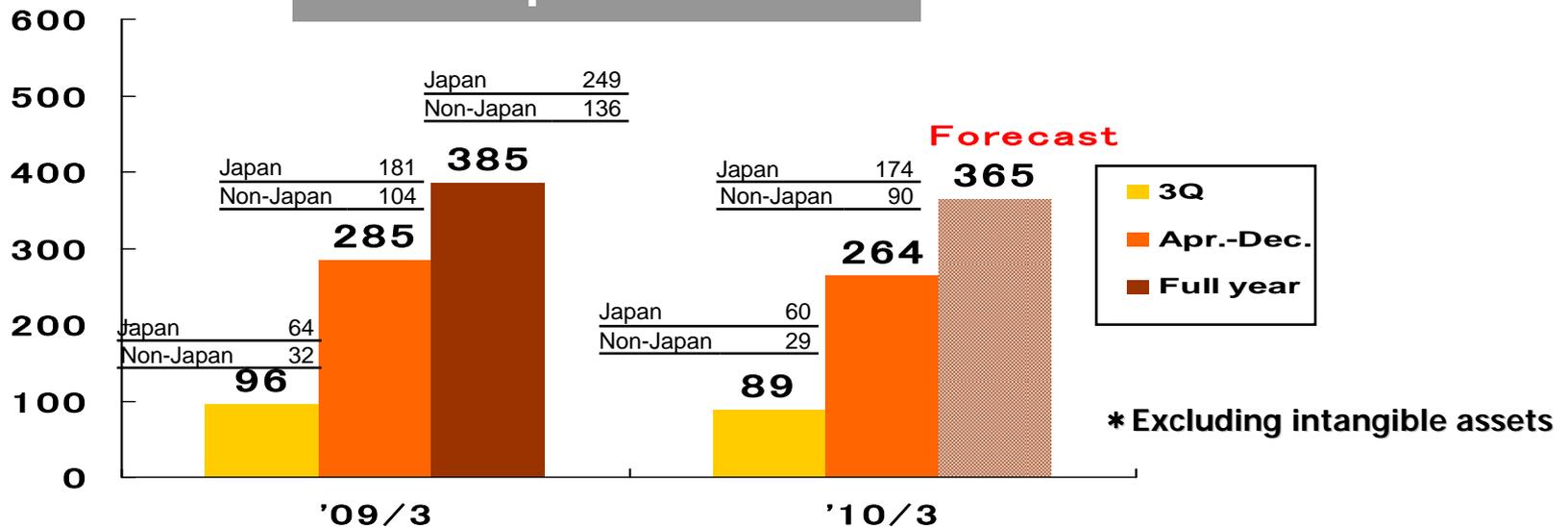
(¥100 Million)

## Capital Expenditure



(¥100 Million)

## Depreciation



# Supplementary Information

## —Research & Development, Employees



(¥100 Million)	09/3				10/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Full year
<b>R&amp;D</b>	25	29	26	27	<b>21</b>	<b>22</b>	<b>22</b>	<b>100</b>

(No. of employees)	09/3				10/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Employees</b>	25,836	26,024	25,406	24,050	<b>23,823</b>	<b>24,253</b>	<b>24,373</b>
<b>Japan</b>	11,270	11,234	11,242	11,155	<b>11,491</b>	<b>11,597</b>	<b>11,518</b>
<b>The Americas</b>	3,044	3,004	2,707	2,308	<b>2,326</b>	<b>2,363</b>	<b>2,338</b>
<b>Europe</b>	4,277	4,372	3,954	3,542	<b>3,235</b>	<b>3,121</b>	<b>3,024</b>
<b>Asia</b>	7,245	7,414	7,503	7,045	<b>6,771</b>	<b>7,172</b>	<b>7,493</b>

# Supplementary Information

## —Forecast by Business Segment



(¥100 Million)	09/3			10/3 (Revised Forecast announced on Oct. '09)			
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Actual>	2nd half <Forecast>	Full year <Forecast>	YOY
<b>Sales</b>	3,833	2,643	6,476	<b>2,579</b>	<b>3,121</b>	<b>5,700</b>	-776
Industrial bearings	1,217	878	2,095	<b>762</b>	<b>888</b>	<b>1,650</b>	-445
Automotive products	2,141	1,384	3,525	<b>1,598</b>	<b>1,952</b>	<b>3,550</b>	+25
Precision machinery and parts	311	264	575	<b>136</b>	<b>174</b>	<b>310</b>	-265
Other	299	208	507	<b>149</b>	<b>201</b>	<b>350</b>	-157
Eliminations	-135	-91	-226	<b>-66</b>	<b>-94</b>	<b>-160</b>	+66
<b>Operating income</b>	286 <7.5%>	-65 <-2.5%>	221 <3.4%>	<b>-39 &lt;-1.5%&gt;</b>	<b>119 &lt;3.8%&gt;</b>	<b>80 &lt;1.4%&gt;</b>	-141
Industrial bearings	162 <13.3%>	33 <3.7%>	195 <9.3%>	<b>3 &lt;0.4%&gt;</b>	<b>57 &lt;6.4%&gt;</b>	<b>60 &lt;3.6%&gt;</b>	-135
Automotive products	108 <5.1%>	-40 <-2.9%>	68 <1.9%>	<b>37 &lt;2.3%&gt;</b>	<b>123 &lt;6.3%&gt;</b>	<b>160 &lt;4.5%&gt;</b>	+92
Precision machinery and parts	30 <9.6%>	-25 <-9.5%>	5 <0.9%>	<b>-45 &lt;-32.8%&gt;</b>	<b>-30 &lt;-17.2%&gt;</b>	<b>-75 &lt;-24.2%&gt;</b>	-80
Other	18 <5.9%>	-10 <-4.5%>	8 <1.6%>	<b>-9 &lt;-6.3%&gt;</b>	<b>-6 &lt;-3.0%&gt;</b>	<b>-15 &lt;-4.3%&gt;</b>	-23
Eliminations/ Corporate	-32	-23	-55	<b>-25</b>	<b>-25</b>	<b>-50</b>	+5