

NSK

FINANCIAL CONFERENCE

FOR THE RESULTS OF THE YEAR ENDED MARCH 31, 2006

AND

FORECASTS FOR THE YEAR ENDING MARCH 31, 2007

**Seiichi Asaka
President & CEO**

May 17, 2006

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.



Business Results
for the Year Ended March 31, 2006

Summary of the Consolidated Business Results for the year ended Mar. 31, 2006

Summary

- ◆ Both sales and operating income posted records high for two consecutive years
- ◆ Sales and profits increased on a year-on-year basis
 - ⇒ Industrial machinery bearings : Operating income ratio increased to 11%
 - ⇒ Automotive products : Profitability improved in each successive quarter
 - ⇒ Precision machinery and parts : Profitability continued to improve steadily
- ◆ ROE exceeded 12%
- ◆ Business results of Amatsuji Steel Ball MFG Co., Ltd., which became NSK's consolidated subsidiary, affected financial statements
(Treated as a company accounted for under equity method on P/L)
- ◆ Dividend increased : ¥11.0 per share for the year ended Mar. 31, 2005
 - ⇒ ¥12.0 per share for the year ended Mar. 31, 2006

Summary of the Consolidated Business Results for the year ended Mar. 31, 2006

Business Environment and Strategy

◆ Demands remained strong overall

⇒ Global production of Japanese car manufacturers strengthened

⇒ Demands related to capital expenditures continued to increase

⇒ Sales to semiconductor and liquid crystal equipment recovered gradually in the second half of the year

⇒ Demands in overseas market remained strong; some adjustment in demand seen in China

◆ Key Strategies

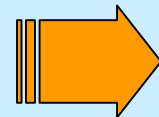
▪ Aggressive capital expenditure

▪ Measures for responding to increasing material prices

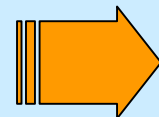
▪ Increase sales prices

▪ Stabilize material supply

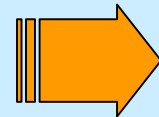
▪ Strengthen overseas profitability



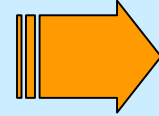
Proceeded ahead of plan



Proceeded as we planned



Almost achieved



Further improvement needed

Summary of the Consolidated Business Results for the year ended Mar. 31 2006

| (¥100 Million) | Year ended Mar.31, '05 <Actual> | Year ended Mar. 31, '06 <Forecast> | Year ended Mar. 31, '06 <Actual> | Increase /Decrease On a year-on-year basis | Difference On a year-on-year basis |
|--------------------------|---------------------------------------|--|--|--|---|
| Sales | 5,810 | 6,200 | 6,285 | +475 | +8.2% |
| Operating income | 383 | 410 | 426 | +43 | +11.2% |
| <margin> | <6.6%> | <6.6%> | <6.8%> | | |
| Ordinary income | 331 | 370 | 389 | +58 | +17.6% |
| Profit before tax | 350 | 382 | 431 | +81 | +22.9% |
| Net income | 223 | 225 | 256 | +33 | +14.5% |
| (Rate:1US\$=) | (¥108.20) | (¥107.14) | (¥110.37) | | |
| (" 1EURO=) | (¥134.08) | (¥136.55) | (¥137.39) | | |

| (¥100 Million) | Year ended Mar.31, '05 <Actual> | Year ended Mar.31, '06 <Actual> | Year ended Mar.31, '06 <Actual> (Without effect of Amatsuii) |
|--|---------------------------------------|---------------------------------------|---|
| ROE (%) | 11.9 | 12.1 | 12.1 |
| Interest-bearing debts | 2,072 | 2,229 | 1,853 |
| Shareholders' equity | 1,883 | 2,357 | 2,357 |
| D/E Ratio | 1.10 | 0.95 | 0.79 |
| Inventory | 817 | 1,013 | 965 |
| ⁴ Inventory turnover(times) | 7.4 | 6.9 | 7.1 |

Business Results –By Business Segment –



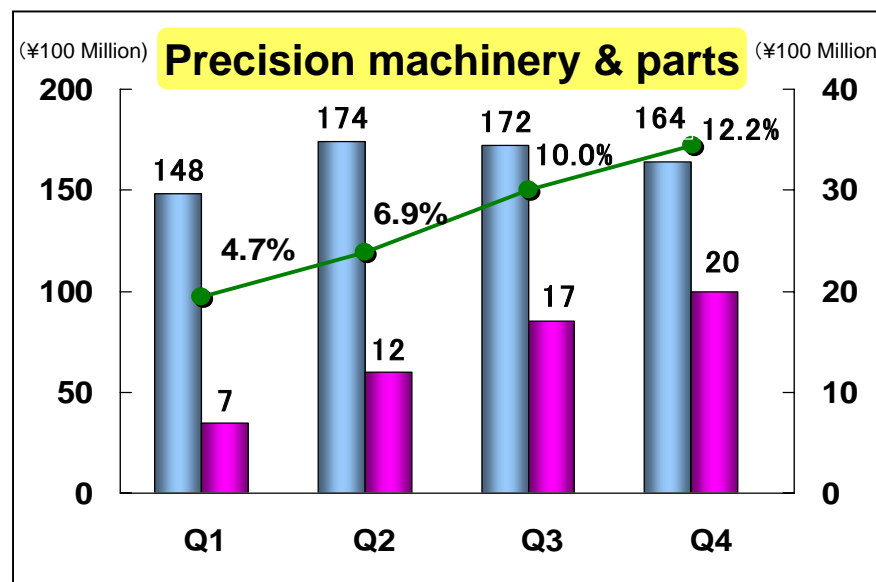
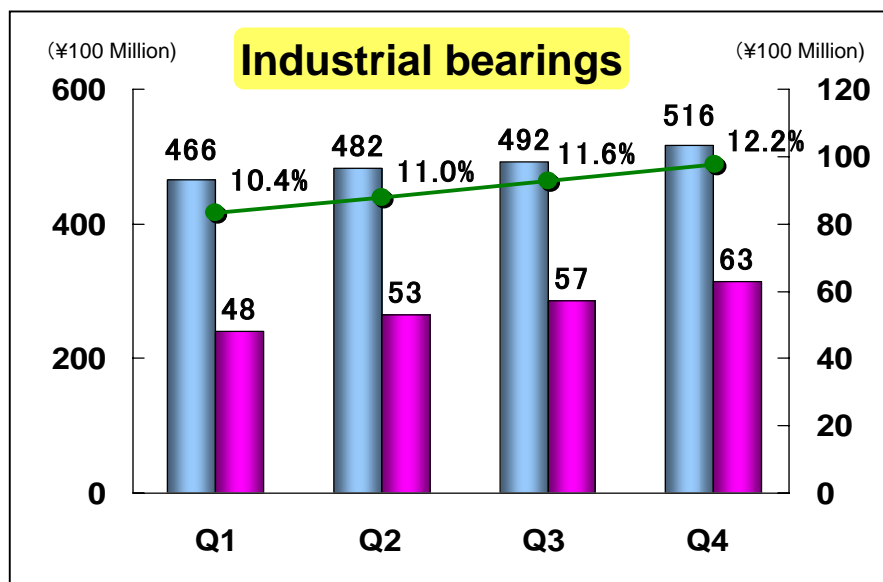
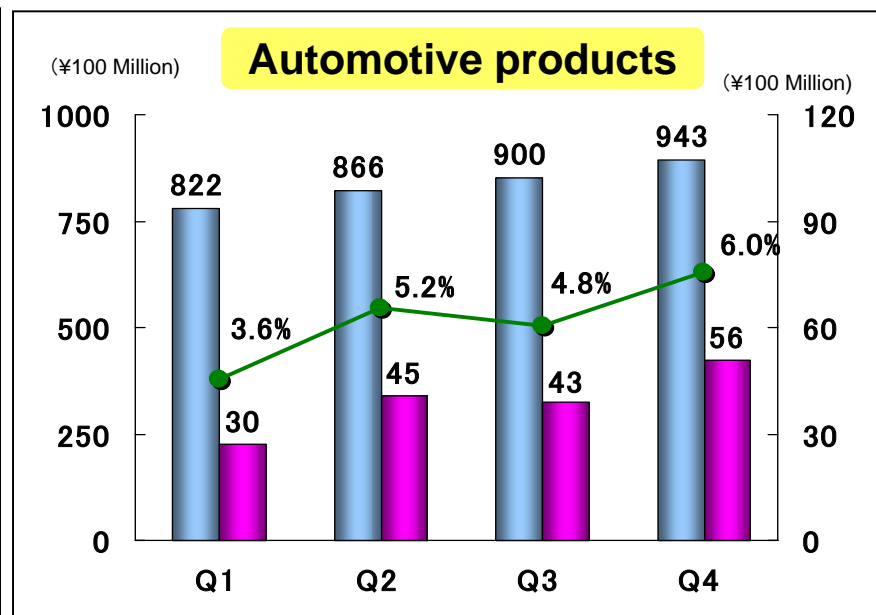
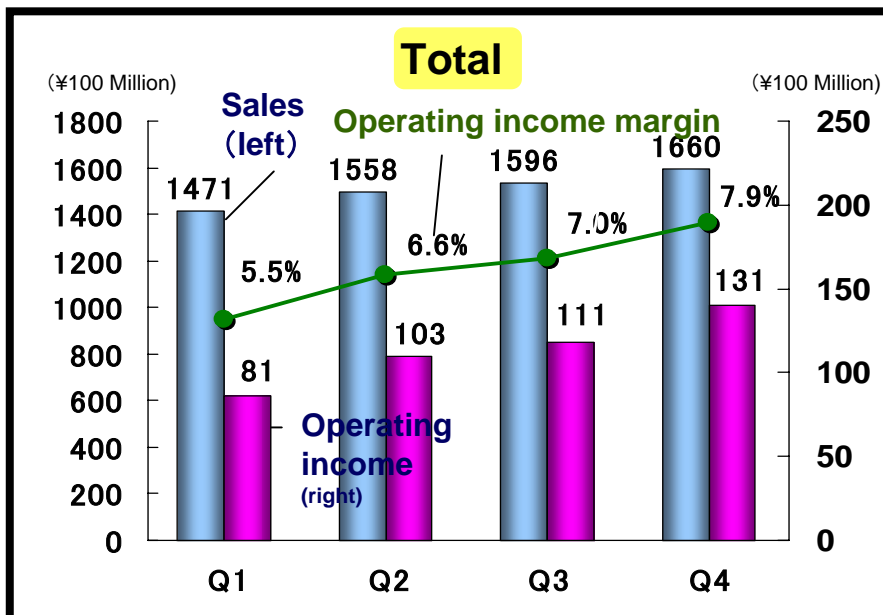
| (¥100 Million) | Year ended Mar.31, '05 <Actual> | Year ended Mar.31, '06 <Actual> | Increase /Decrease On a year-on- year basis | Difference On a year-on-year basis |
|-----------------------------|---------------------------------------|---------------------------------------|--|---------------------------------------|
| Sales | 5,810 | 6,285 | +475 | +8.2% |
| Industrial bearings | 1,855 | 1,956 | +101 | +5.4% |
| Automotive products | 3,162 | 3,531 | +369 | +11.7% |
| Precision machinery & parts | 642 | 658 | +16 | +2.6% |
| Others | 232 | 235 | +3 | +1.2% |
| Elimination | -81 | -95 | -14 | |
| Operating income | 383 <6.6%> | 426 <6.8%> | +43 | +11.2% |
| Industrial bearings | 199 <10.8%> | 221 <11.3%> | +22 | +10.6% |
| Automotive products | 158 <5.0%> | 174 <4.9%> | +16 | +10.4% |
| Precision machinery & parts | 48 <7.4%> | 56 <8.5%> | +8 | +16.8% |
| Others | 18 <7.9%> | 13 <5.5%> | -5 | -29.3% |
| Elimination | -40 | -38 | +3 | |

◆Industrial bearings : Demand remained strong. Profit increased due to increases in sales and sales prices.

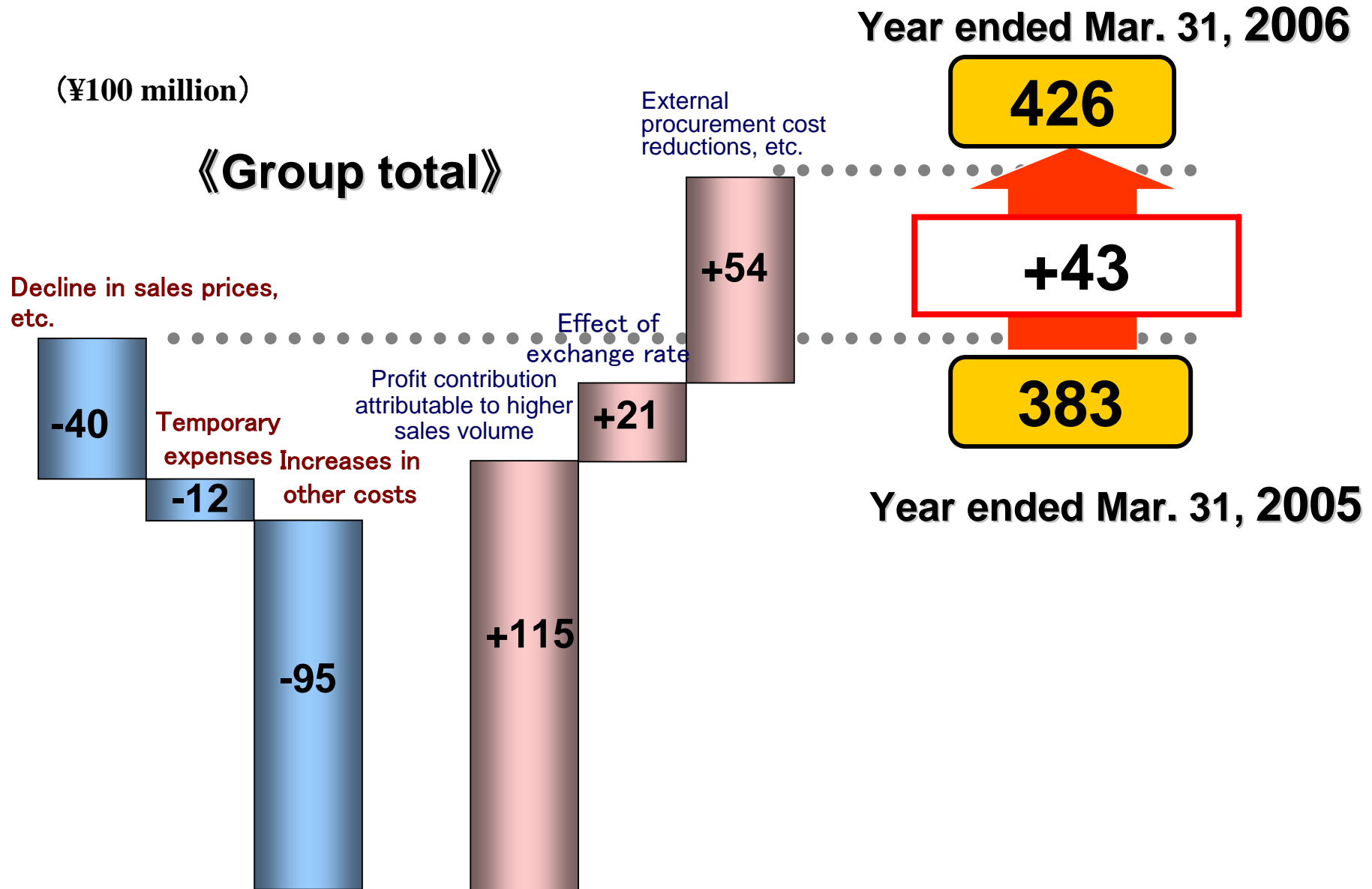
◆Automotive products : With healthy global demands, sales and profit increased due to increases in sales, shifting material price to sales prices, and cost reduction. Profitability improved.

5 ◆Precision machinery & parts : Sales to semiconductor and liquid crystal equipment recovered gradually

Business Results by quarter



Operating Income: Improvement Factors



Business Results – By Geographical Segment –

| (¥100 million) | Year ended Mar.31, '05 <Actual> | | Year ended Mar.31, '06 <Actual> | | Increase /Decrease On a year-on-year basis | Difference On a year-on-year basis |
|-------------------------|---------------------------------------|--------|---------------------------------------|--------|---|--|
| Sales | 5,810 | | 6,285 | | +475 | +8.2% |
| Japan | 4,395 | | 4,762 | | +367 | +8.4% |
| Americas | 805 | | 904 | | +99 | +12.2% |
| Europe | 1,002 | | 1,049 | | +47 | +4.8% |
| Asia | 642 | | 758 | | +116 | +18.0% |
| Elimination | -1,034 | | -1,188 | | -154 | |
| Operating income | 383 | <6.6%> | 426 | <6.8%> | +43 | +11.2% |
| Japan | 273 | <6.2%> | 316 | <6.6%> | +43 | +15.8% |
| Americas | 25 | <3.2%> | 24 | <2.7%> | -1 | -5.3% |
| Europe | 48 | <4.8%> | 42 | <4.0%> | -6 | -11.6% |
| Asia | 33 | <5.1%> | 51 | <6.7%> | +18 | +57.7% |
| Elimination | 4 | | -7 | | -11 | |

- ◆**Japan**: Increases in material prices, cost for production expansion and depreciation were offset by better operating efficiency with increases in sales and sales prices, and reduction of external procurement cost
- ◆**Americas**: Although sales to automotive and aftermarket increased, sales to precision machinery and parts decreased and cost for business restructuring in North America affected negatively
- ◆**Europe**: Sales expansion and increase in sales prices were offset by increases of less allowance for doubtful account, expenses for launching new plants, effects of exchange rate
- ◆**Asia**: Healthy demands in Asean nations (ex. strong demands from automotive in Thailand) pushed up total sales in Asia.

Net Sales –By Customer Location–

| (¥100 Million) | Year ended Mar.31, '05 <Actual> | Year ended Mar.31, '06 <Actual> | Increase /Decrease On a year-on-year basis | Difference On a year-on-year basis |
|-----------------|---------------------------------------|---------------------------------------|--|---------------------------------------|
| Sales | 5,810 | 6,285 | +475 | +8.2% |
| Japan | 3,103 | 3,301 | +198 | +6.4% |
| Americas | 823 | 923 | +100 | +12.3% |
| Europe | 936 | 982 | +46 | +4.8% |
| Asia | 948 | 1,079 | +131 | +13.8% |

- ◆ **Japan** : Sales to automotive remains healthy, sales to machine tools and general industries continued to be strong, semiconductor and liquid crystal equipment recovered gradually
- ◆ **Americas** : Demands from automotive manufacturers, especially Japanese ones, increased
- ◆ **Europe** : Sales of industrial bearings to automotive and aftermarket increased
- ◆ **Asia** : Sales to automotive remains healthy especially in Thailand, sales to photofabrication equipment for LCD production increased

Non-operating Income and Losses Extraordinary Income and Losses

Non-operating income and losses

- Improved as reductions in interest-bearing debts brought about an improvement in our financial position.
- Increased in earnings of companies accounted for under equity method

| (¥100 Million) | Year ended Mar. 31, 2005 | Year ended Mar. 31, 2006 | Increase/ decrease on a year-on- year basis |
|---|-----------------------------|-----------------------------|--|
| Operating income | 383 | 426 | +43 |
| Non-operating income | 70 | 88 | +18 |
| Interest and dividend income | 14 | 18 | +4 |
| Equity in earnings of affiliated companies | 31 | 37 | +6 |
| Miscellaneous income | 25 | 33 | +8 |
| Non-operating losses | 122 | 125 | +3 |
| Interest expenses | 50 | 46 | -4 |
| Miscellaneous expenses | 72 | 79 | +7 |

Extraordinary income and losses

- Profits in sales of investment securities
- Expenses related to business restructuring in North America and Europe

| (¥100 Million) | Year ended Mar. 31, 2005 | Year ended Mar. 31, 2006 | Increase/decrease on a year-on-year basis |
|--|-----------------------------|-----------------------------|---|
| Ordinary income | 331 | 389 | +58 |
| Extraordinary income | 24 | 76 | +52 |
| Gain on sales of investment securities | 13 | 59 | +46 |
| Gain on sales of property, plant and equipment | — | 17 | +17 |
| Gain on transfer to defined contribution pension plan | 11 | — | -11 |
| Gain on sales of investments in affiliated companies | — | — | — |
| Extraordinary losses | 5 | 34 | +29 |
| Costs related to business restructuring | — | 25 | +25 |
| Cost related to reserves for environmental safety measures expenses | — | 9 | +9 |
| Gain on sales of investments in affiliated companies | 2 | — | -2 |
| Loss on devaluation of investment securities | 1 | — | -1 |
| Loss on disposal of property, plant and equipment | 2 | — | -2 |
| Income before tax | 350 | 431 | +81 |

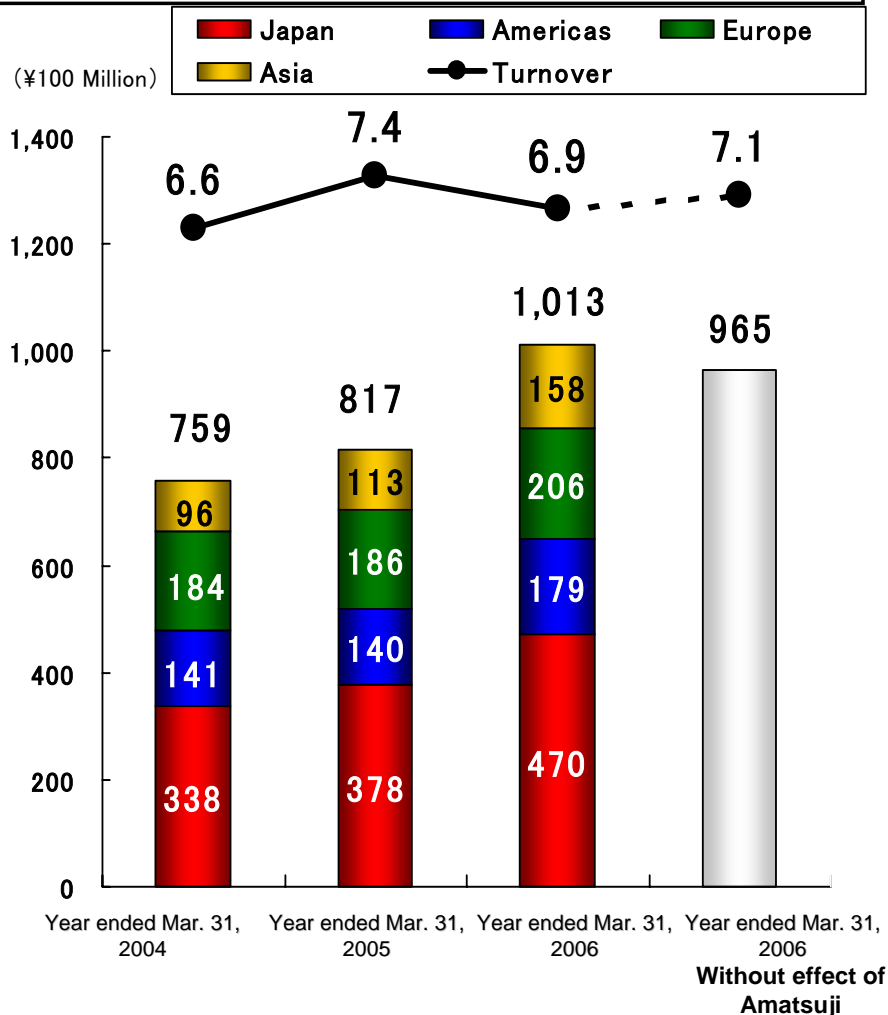
Consolidated Balance Sheets

| (¥100 Million) | Year end of Mar. 31, 2004 | Year end of Mar. 31, 2005 | Year end of Mar. 31, 2006 | Increase/decrease on a year-on-year basis | Increase/decrease on a year-on-year basis (Without effect of Amatsuji) |
|---|------------------------------|------------------------------|------------------------------|---|---|
| Assets | | | | | |
| Current assets | 2,955 | 2,787 | 3,136 | +349 | +113 |
| Non-current assets | 3,264 | 3,499 | 4,294 | +795 | +545 |
| Total assets | 6,219 | 6,286 | 7,430 | +1,144 | +658 |
| Liabilities and Shareholder's equity | | | | | |
| Current liabilities | 2,456 | 2,343 | 2,668 | +325 | +246 |
| Long-term liabilities | 1,755 | 1,944 | 2,284 | +340 | -67 |
| Total liabilities | 4,211 | 4,287 | 4,952 | +665 | +179 |
| Minority interests | 121 | 116 | 121 | +5 | +5 |
| Total shareholder's equity | 1,887 | 1,883 | 2,357 | +474 | +474 |
| Total liabilities and shareholder's equity | 6,219 | 6,286 | 7,430 | +1,144 | +658 |
| (Rate:1US\$=) | (¥107.13) | (¥104.21) | (¥118.07) | | |
| (" :1EURO=) | (¥133.74) | (¥141.61) | (¥139.83) | | |

Inventories and Interest-Bearing Debts

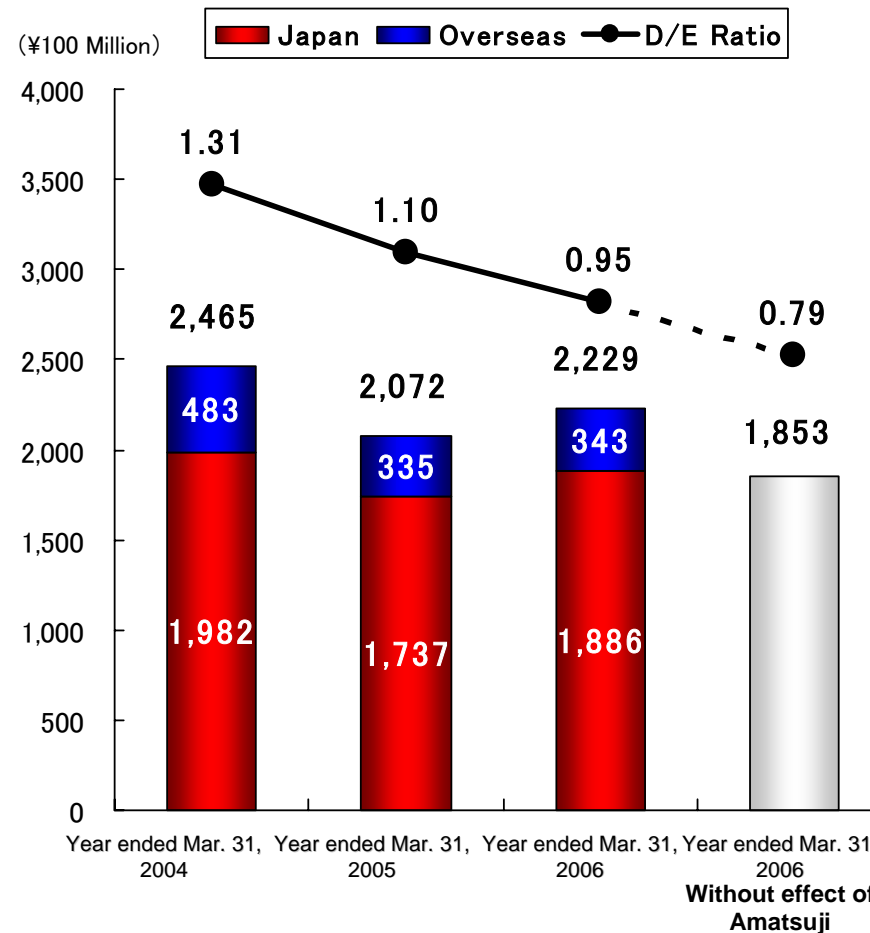
Inventories

Inventory increased due to increase in sales



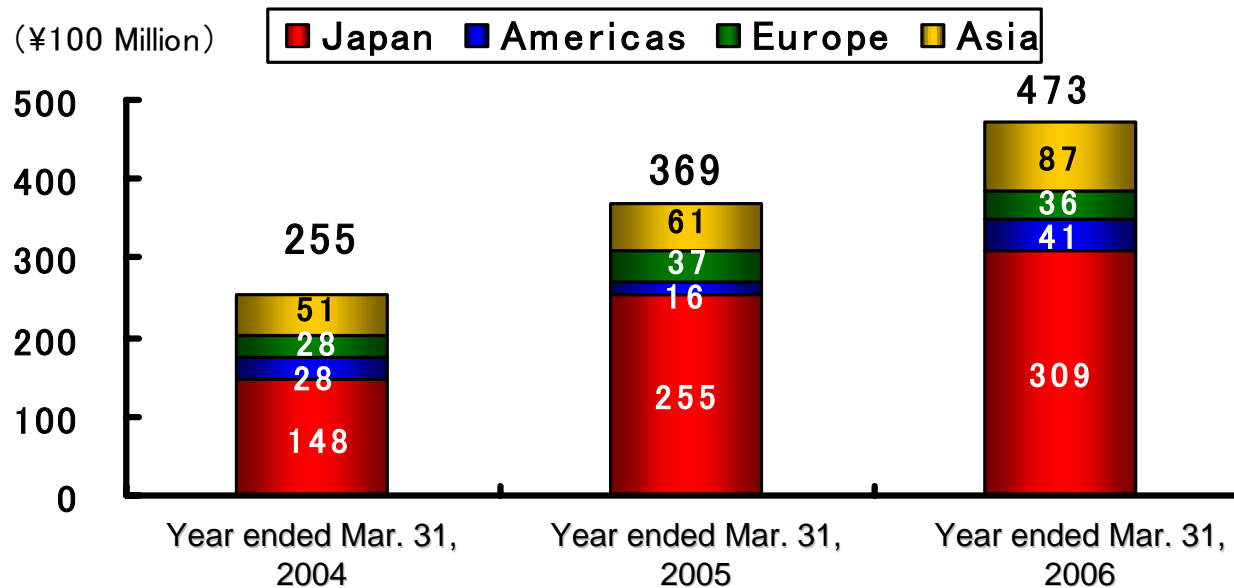
Interest-bearing debts

Debt increased as a result of Amatsuji acquisition

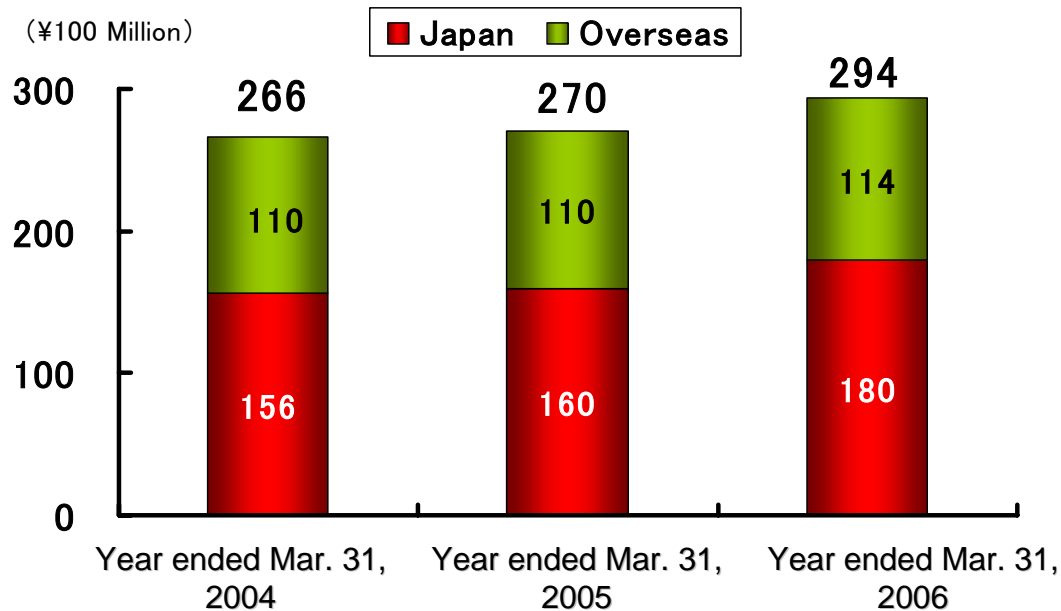


Capital Expenditures, Depreciation & Amortization

Capital expenditure



Depreciation



Consolidated Cash Flow

| (¥100 Million) | Year ended Mar. 31, 2004 | Year ended Mar. 31, 2005 | Year ended Mar. 31, 2006 | Effect of Amatsuji | Year ended Mar. 31, 2006 (Without effect of Amatsuji) |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------|--|
| | | | A | B | A-B |
| Cash flow provided by Operating activities | 379 | 579 | 663 | — | 663 |
| Cash flow used in Investing activities | -170 | -316 | -624 | (-278) | -346 |
| (Free cash flow) | (209) | (263) | (39) | (-278) | (317) |
| Cash flow provided in Financing activities | -207 | -461 | 76 | (370) | -294 |
| Effect of foreign exchange rate fluctuations | -1 | 2 | 9 | — | 9 |
| Total cash flow | 1 | -196 | 124 | (92) | 32 |
| Cash and cash equivalents at the end of the year | 590 | 394 | 518 | (92) | 426 |



**Forecasts
for the Year Ending March 31, 2007**

Forecasts for the Year Ending Mar. 31, 2007



Full year forecast

- ◆ Sales: ¥680 billion, Operating income: ¥52 billion, Ordinary income: ¥47 billion, Net income: ¥28 billion
⇒ **Record sales and profit levels expected for three consecutive years**
- ◆ Match fiscal year in Americas/Europe to that of Japan (April to March)
(Fiscal year in Asia expected to be match Japan's from the year ended Mar. 31, 2008)
- ◆ Exchange rate forecast
US \$ = ¥108, Euro = ¥136

Forecasted business environment for the year ending Mar. 31, 2007

【Japan】

- ◆ Machinery tools, industrial machinery : Demands expected to remain strong, especially in Japan
- ◆ Number of automobile sales : Increase on a year-on-year basis
- ◆ Semiconductor and liquid crystal equipment : Continue to recover

【Overseas】

- ◆ Americas : Although demand remains healthy, instability remains in Automotive products
- ◆ Europe : Continue to recover gradually
- ◆ Asia : Uncertainty of productivity remains in China and Thailand

⇒ Increasing oil prices may cause negative repercussions to economies in these regions

Forecasts for the Year Ending Mar. 31, 2007



| (¥100 million) | Year ended Mar. 31, 2006 | | | Year ending Mar. 31, 2007 | | | |
|-------------------|--------------------------|----------------------|-----------------------|---------------------------|------------------------|-------------------------|--|
| | 1st half <Actual> | 2nd half <Actual> | Full year <Actual> | 1st half <Forecast> | 2nd half <Forecast> | Full year <Forecast> | Increase /Decrease On a year-on-year basis |
| Sales | 3,029 | 3,256 | 6,285 | 3,350 | 3,450 | 6,800 | +515 |
| Operating income | 184 | 242 | 426 | 245 | 275 | 520 | +94 |
| <Margin> | <6.1%> | <7.4%> | <6.8%> | <7.3%> | <8.0%> | <7.6%> | |
| Ordinary income | 169 | 220 | 389 | 220 | 250 | 470 | +81 |
| Profit before tax | 190 | 241 | 431 | 220 | 250 | 470 | +41 |
| Net income | 100 | 156 | 256 | 130 | 150 | 280 | +24 |
| (Rate:1US\$=) | (¥106.27) | (¥114.48) | (¥110.37) | (¥108) | → | → | |
| (" :1EURO=) | (¥137.10) | (¥137.67) | (¥137.39) | (¥136) | → | → | |

【Expected results from consolidation of Amatsuji Steel Ball MFG., Ltd.】

| (¥100 million) | Year ending Mar. 31, 2007 | | |
|------------------|---------------------------|---------------------|----------------------|
| | 1st half <Forecast> | 2nd half <Forecast> | Full year <Forecast> |
| Sales | 50 | 50 | 100 |
| Operating income | 5 | 10 | 15 |

Key Strategies for the Year Ending Mar. 31, 2007

Establish foundation for 10% operating profit margin
: Mid-term target for the year ending Mar. 31, 2009

- ▶ Industrial bearings: Expand sales with improvement and expansion of each sector/region activities
⇒ Secure steady order for sustained growth
- ▶ Automotive products: Enforce profitability by productivity improvement
⇒ Establish 6% of operating income margin
- ▶ Precision machinery & parts: Strengthen linear motion products
⇒ Aim to achieve record profit due to increasing demand
- ▶ Strengthen overseas profitability
(Execute restructuring activities in North America, Contribute to profitability in plants in Poland / China)

Forecasts –By Business Segment–



| (¥100 million) | Year ended Mar. 31, 2006 | | | Year ending Mar. 31, 2007 | | | |
|-----------------------------|--------------------------|----------------------|-----------------------|---------------------------|--------------------------|--------------------------|--|
| | 1st half <Actual> | 2nd half <Actual> | Full year <Actual> | 1st half <Forecast> | 2nd half <Forecast> | Full year <Forecast> | Increase /Decrease On a year-on- year basis |
| Sales | 3,029 | 3,256 | 6,285 | 3,350 | 3,450 | 6,800 | +515 |
| Industrial bearings | 948 | 1,008 | 1,956 | 1,000 | 1,050 | 2,050 | +94 |
| Automotive products | 1,688 | 1,843 | 3,531 | 1,870 | 1,920 | 3,790 | +259 |
| Precision machinery & parts | 322 | 336 | 658 | 360 | 360 | 720 | +62 |
| Others | 118 | 117 | 235 | 160 | 160 | 320 | +85 |
| Elimination | -47 | -48 | -95 | -40 | -40 | -80 | +15 |
| Operating income | 184 <6.1%> | 242 <7.4%> | 426 <6.8%> | 245 <7.3%> | 275 <8.0%> | 520 <7.6%> | +94 |
| Industrial bearings | 101 <10.6%> | 120 <11.9%> | 221 <11.3%> | 113 <11.3%> | 124 <11.8%> | 237 <11.6%> | +16 |
| Automotive products | 75 <4.4%> | 99 <5.4%> | 174 <4.9%> | 105 <5.6%> | 117 <6.1%> | 222 <5.9%> | +48 |
| Precision machinery & parts | 19 <5.8%> | 37 <11.0%> | 56 <8.5%> | 42 <11.7%> | 42 <11.7%> | 84 <11.7%> | +28 |
| Others | 8 <7.0%> | 5 <4.3%> | 13 <5.5%> | 10 <6.3%> | 17 <10.6%> | 27 <8.4%> | +14 |
| Elimination | -19 | -19 | -38 | -25 | -25 | -50 | -12 |

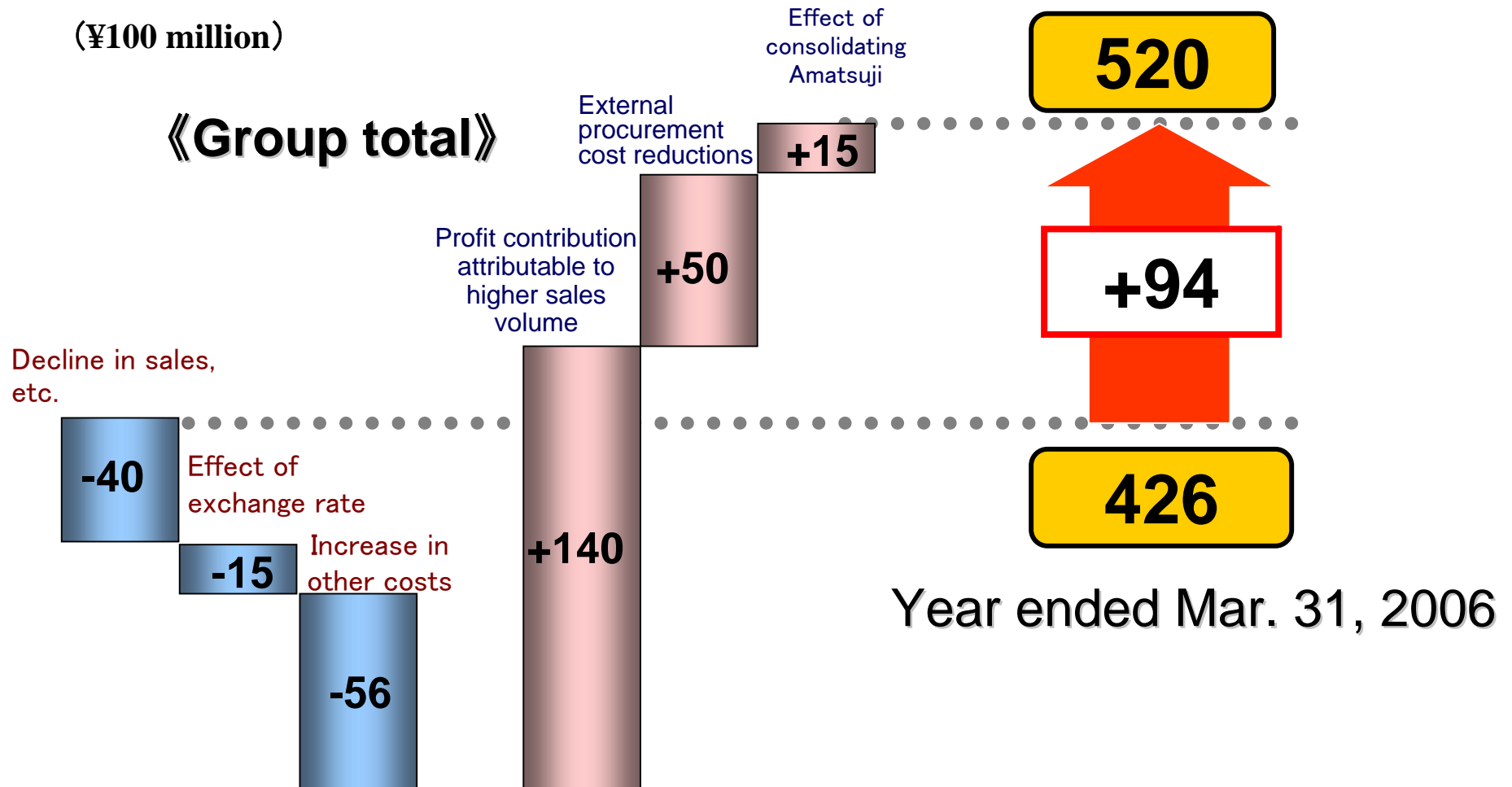
Operating Income: Improvement Factors



Year ending Mar. 31, 2007

(¥100 million)

《Group total》



Business Results – By Geographical Segment –

| (¥100 million) | Year ended Mar. 31, 2006 | | | Year ending Mar. 31, 2007 | | | |
|-------------------------|--------------------------|-----------------------|------------------------|---------------------------|-------------------------|--------------------------|---|
| | 1st half <Actual> | 2nd half <Actual > | Full year <Actual > | 1st half <Forecast> | 2nd half <Forecast > | Full year <Forecast > | Increase /Decrease On a year- on-year basis |
| Sales | 3,029 | 3,256 | 6,285 | 3,350 | 3,450 | 6,800 | +515 |
| Japan | 2,274 | 2,488 | 4,762 | 2,490 | 2,590 | 5,080 | +318 |
| Americas | 435 | 469 | 904 | 480 | 490 | 970 | +66 |
| Europe | 534 | 515 | 1,049 | 560 | 550 | 1,110 | +61 |
| Asia | 350 | 408 | 758 | 420 | 450 | 870 | +112 |
| Elimination | -564 | -624 | -1,188 | -600 | -630 | -1,230 | -42 |
| Operating income | 184 <6.1%> | 242 <7.4%> | 426 <6.8%> | 245 <7.3%> | 275 <8.0%> | 520 <7.6%> | +94 |
| Japan | 137 <6.0%> | 179 <7.2%> | 316 <6.6%> | 177 <7.1%> | 200 <7.7%> | 377 <7.4%> | +61 |
| Americas | 13 <3.1%> | 11 <2.4%> | 24 <2.7%> | 18 <3.8%> | 18 <3.7%> | 36 <3.7%> | +12 |
| Europe | 16 <3.0%> | 26 <5.1%> | 42 <4.0%> | 22 <3.9%> | 25 <4.5%> | 47 <4.2%> | +5 |
| Asia | 22 <6.4%> | 29 <7.1%> | 51 <6.7%> | 32 <7.6%> | 37 <8.2%> | 69 <7.9%> | +18 |
| Elimination | -4 | -3 | -7 | -4 | -5 | -9 | -2 |

Net Sales –By Customer Location–

| (¥100 million) | Year ended Mar. 31, 2006 | | | Year ending Mar. 31, 2007 | | | |
|-----------------|--------------------------|------------------------|-------------------------|---------------------------|--------------------------|---------------------------|--|
| | 1st half < Actual > | 2nd half < Actual > | Full year < Actual > | 1st half < Forecast > | 2nd half < Forecast > | Full year < Forecast > | Increase /Decrease On a year-on- year basis |
| Sales | 3,029 | 3,256 | 6,285 | 3,350 | 3,450 | 6,800 | +515 |
| Japan | 1,563 | 1,738 | 3,301 | 1,749 | 1,838 | 3,587 | +286 |
| Americas | 446 | 477 | 923 | 483 | 491 | 974 | +51 |
| Europe | 497 | 485 | 982 | 533 | 516 | 1,049 | +67 |
| Asia | 523 | 556 | 1,079 | 585 | 605 | 1,190 | +111 |

(¥100 million)

Year ending Mar. 31, 2007
<Forecast>

Capital expenditure

355

Japan

231

Overseas

124

Americas

32

Europe

22

Asia

70

(¥100 million)

Year ending Mar. 31, 2007
<Forecast>

Depreciation

320

(¥100 million)

Year ending Mar. 31, 2007
<Forecast>

R&D

100