



# NSK

# FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

and **Mid-term Plan**(FY'09~FY'12)

November 5, 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.

**1**

**Consolidated Business Results  
for the Six Months Ended September 30, 2009**

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**2**

**Consolidated Business Forecast  
for the Year Ending March 31, 2010**

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**3**

**Mid-term Plan(FY'09~FY'12)**

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**(Supplementary Material)**

**1**

# **Consolidated Business Results for the Six Months Ended September 30, 2009**

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## Business Environment

- ✓ **Industrial Machinery** :Although inventory adjustment by industrial machinery manufacturers progressed, a delay in demand recovery is expected.
- ✓ **Automotive Products**: Signs of a recovery in production were seen due to the positive effect of stimulus policies implemented by governments around the world.
- ✓ **Semiconductors/Liquid crystal production equipment**: Demand from liquid crystal display and semiconductor production manufacturers remained stagnant although demand in capital investment appeared to be recovering.

## Summary of Business Results

- ✓ **Sales ¥257.9 billion, Operating income -¥3.9 billion**
  - Returned to overall profitability in Q2 for the first time in 3 straight quarters.
  - Operating loss for 1st half of the year shrank compared to the original forecast.
- ✓ **Results by Business Segment**
  - **Industrial Machinery Bearings** : Sales increased with the bottom of 1Q, returned to profitability.
  - **Automotive Products** : Sales volume increase contributed to the turnaround of Q2, in addition to the effects from profitability improvement.
  - **Precision Machinery and Parts**: Continued slow sales of linear-motion products contributed to an operating loss.

# Summary of Consolidated Business Results for the Six Months Ended September 30, 2009



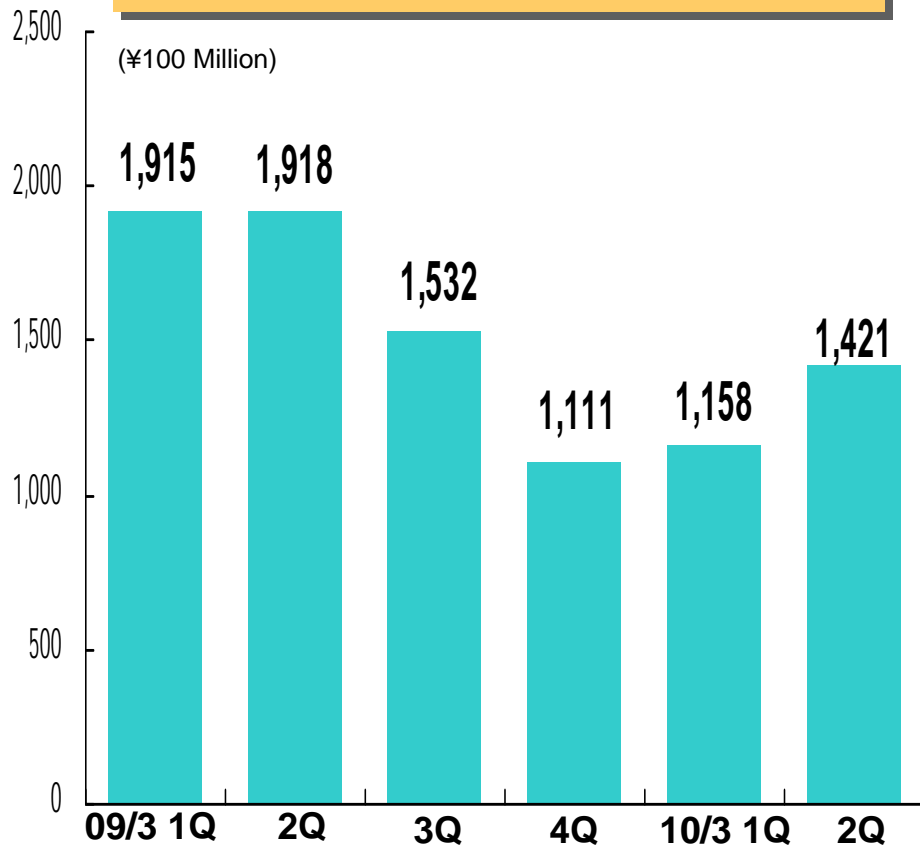
(100 Million)	09/3 1st half <Actual>	10/3 1st half <Actual>	Increase/ decrease YOY	Difference YOY	10/3 1st half <Original forecast>
Sales	3,833	2,579	-1,254	-32.7%	2,500
Operating income <%>	286 <7.5%>	-39 <-1.5%>	-325	-	-70 <-2.8%>
Ordinary income	289	-87	-376	-	-120
Extraordinary gains	5	-	-5	-	-
Extraordinary losses(※)	17	11	-6	-	-
Income before tax	277	-98	-375	-	-120
Net income	177	-59	-236	-	-85
(Exchange rate:1US\$=)	(¥105.95)	(¥95.45)			(¥95)
( " 1EURO=)	(¥162.88)	(¥133.06)			(¥125)
<b>【Major Indexes】</b>					
ROE	12.9%	-5.0%			
Net D/E ratio (times)	0.61	0.86			
Inventory turnover (times)	6.9	4.9			

# Quarterly Business Performance



## Sales

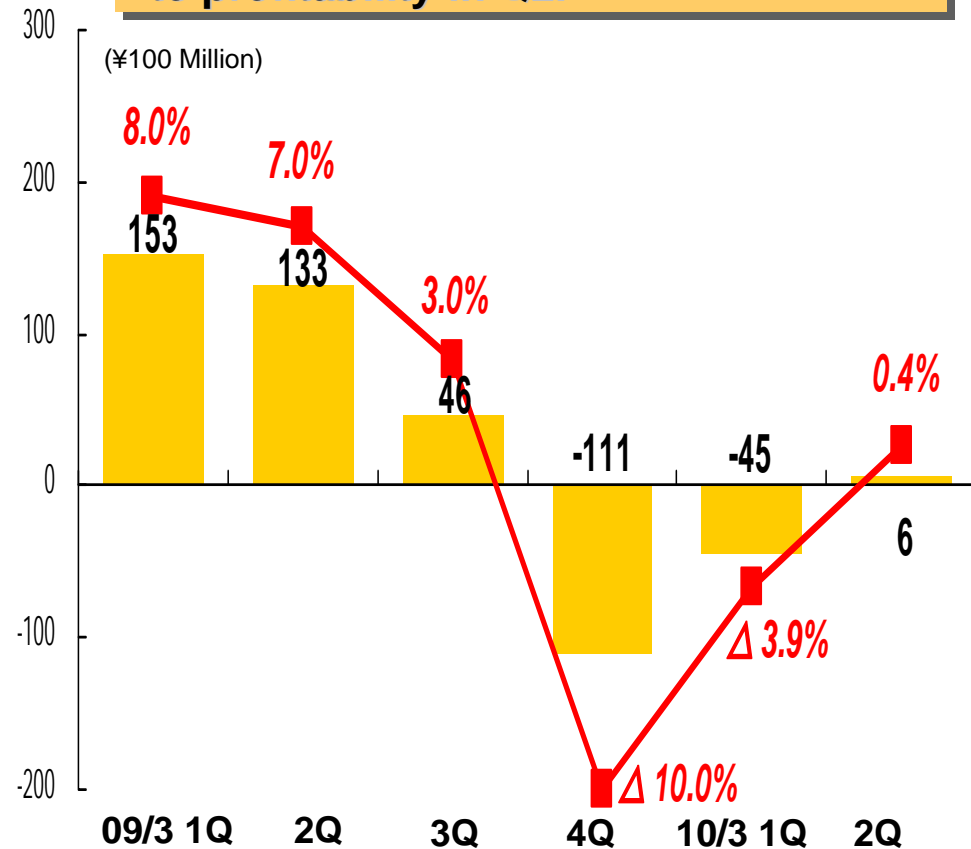
Sales increased from the Q4 low due to demand recovery in automotive production.



US\$= ¥104.40   ¥107.50   ¥97.07   ¥93.99   ¥97.13   ¥93.78  
 EURO= ¥163.12   ¥162.64   ¥129.22   ¥122.90   ¥132.51   ¥133.61

## Operating income/Margin

In addition to the positive effects of profitability improvement initiatives, increased sales contributed to a return to profitability in Q2.



US\$= ¥104.40   ¥107.50   ¥97.07   ¥93.99   ¥97.13   ¥93.78  
 EURO= ¥163.12   ¥162.64   ¥129.22   ¥122.90   ¥132.51   ¥133.61

# Results by Business Segment



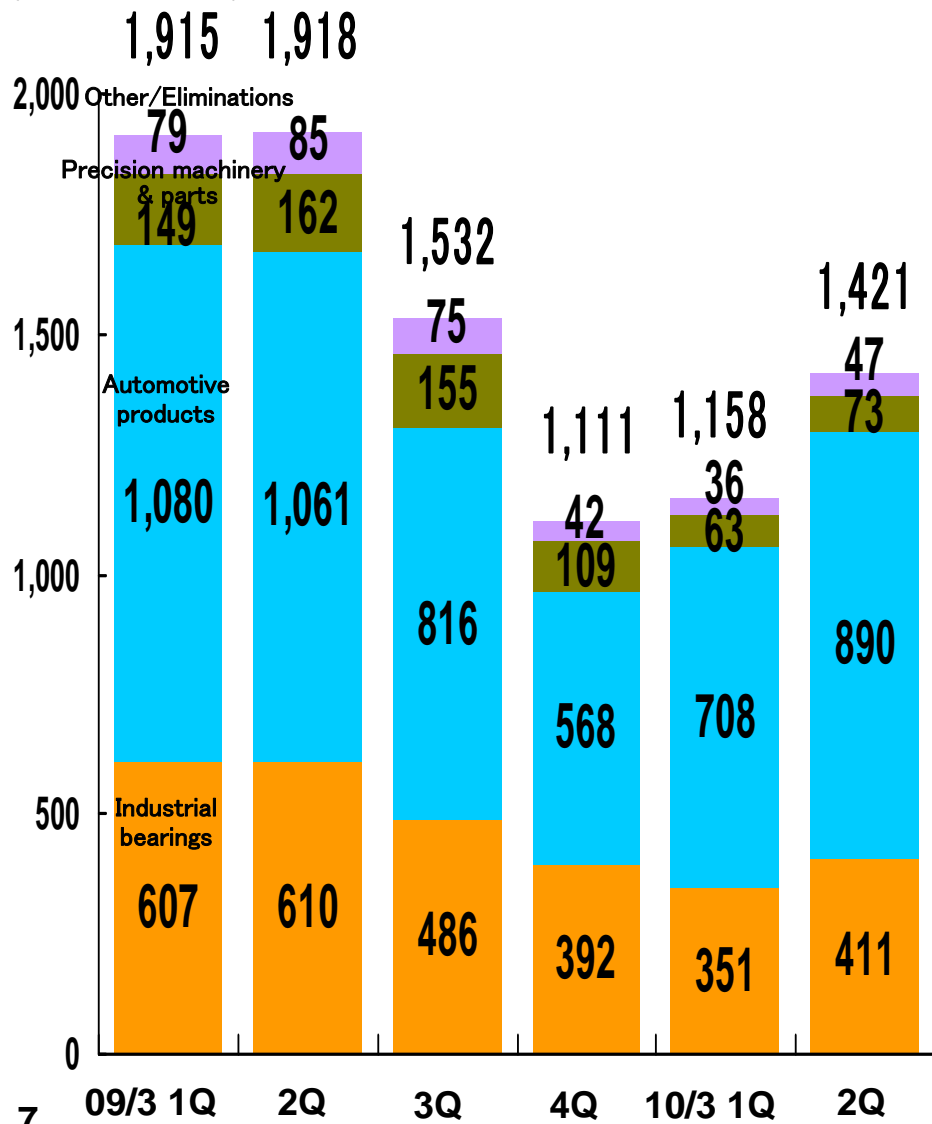
(¥100 Million)	09/3 1st half <Actual>		10/3 1st half <Actual>		Increase/ decrease YOY	Difference YOY	10/3 1st half <original forecast>
<b>Sales</b>	3,833		2,579		-1,254	-32.7%	2,500
Industrial bearings	1,217		762		-455	-37.4%	850
Automotive products	2,141		1,598		-543	-25.4%	1,400
Precision machinery & parts	311		136		-175	-56.1%	150
Other	299		149		-150	-50.1%	180
Eliminations	-135		-66		69	-	-80
<b>Operating income</b>	286	<7.5%>	-39	<-1.5%>	-325	-	-70
Industrial bearings	162	<13.3%>	3	<0.4%>	-159	-98.0%	35
Automotive products	108	<5.1%>	37	<2.3%>	-71	-65.4%	-20
Precision machinery & parts	30	<9.6%>	-45	<-32.8%>	-75	-	-45
Other	18	<5.9%>	-9	<-6.3%>	-27	-	-15
Eliminations/Corporate	-32		-25		7	-	-25

# Quarterly Business Segment Performance



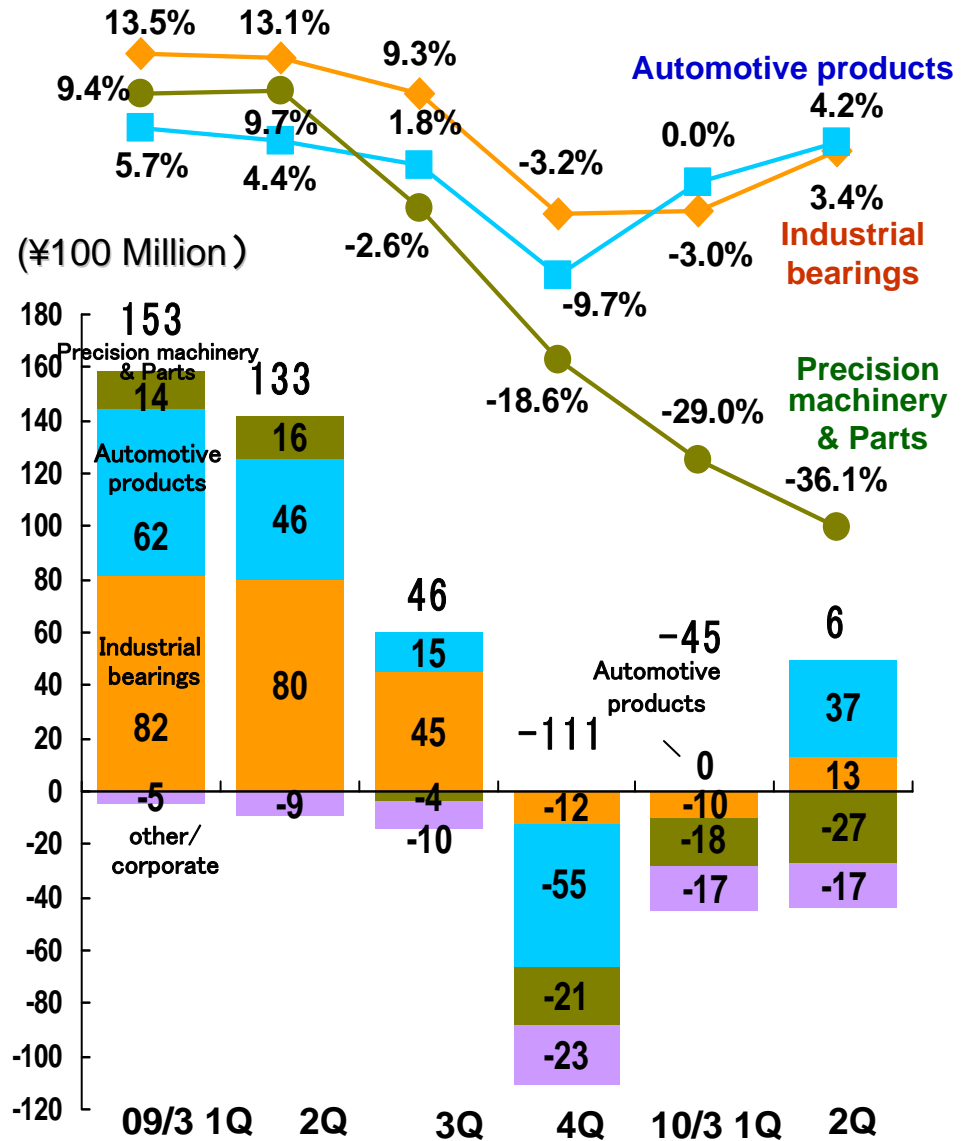
## Sales

(¥100 Million)



## Operating income / Margin

(¥100 Million)

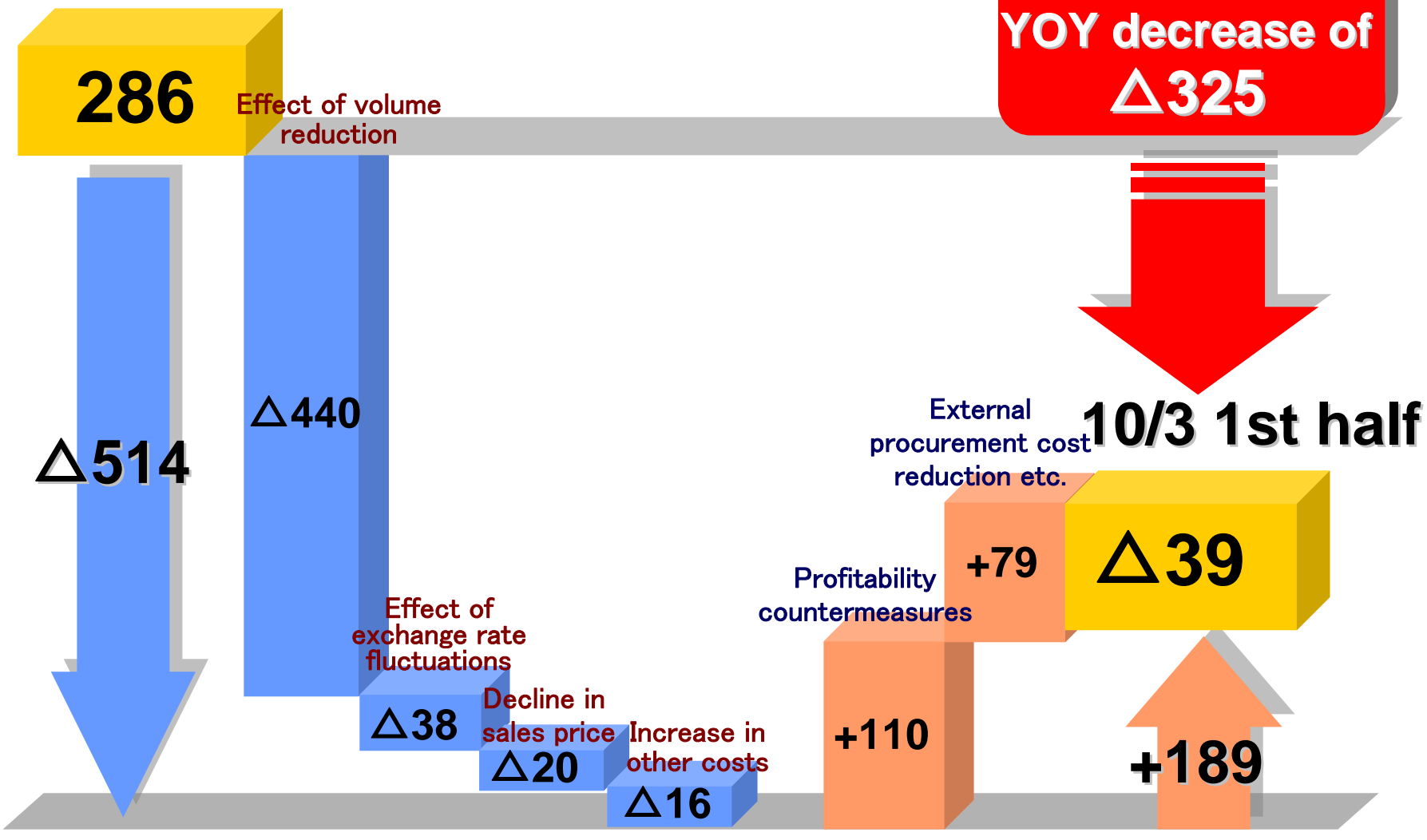




# Operating Income: Factors Behind Decline (09/3⇒10/3) **NSK**

(¥100 Million)

## 09/3 1st half



**2**

## **Consolidated Business Forecast for the Year Ending March 31, 2010**

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## Revised Business Forecast

- ✓ Upward revisions were made to both sales and profit forecasts announced in May 12, 2009.
  - Recovery in the automotive products business will support overall results of 2nd half of the year continuously.
- ✓ Exchange rate forecast : US\$=¥90.0, EURO=¥130.0  
(Original Forecast US\$=¥95.0 EURO=¥125.0)

## Forecasted Business Environment for the 2nd Half

- ✖ Production appears to be gradually heading towards recovery despite uncertainty over future.
- ✖ Negative effects expected from end of government fiscal stimulus programs for automobile sales.
- ✓ Japan :
  - General/Industrial machinery— Overall demand will remain stagnant despite completion of inventory adjustment by manufacturers.
  - Automotive Production— Production will continue to recover.
  - Semiconductors and Liquid crystal Production Equipment
    - Sales level will remain low, although capital investment demand appears to head for recovery.
- ✓ Americas : The economy in Americas is still uncertain. Sales of automobiles in North America will remain stagnant.
- ✓ Europe : Economy will continue to adjust. Automobile sales appears to be decreasing from 4Q.
- ✓ Asia : The recovery trend will continue in China.

# Forecast for the Year Ending March 31, 2010



(¥100 Million)	09/3	10/3					
	Full year <Actual>	1st half <Actual>	2nd half <Revised Forecast>	Full year <Revised Forecast>	Increase/ decrease YOY	Difference YOY	Full year <Original forecast>
Sales	6,476	2,579	3,121	5,700	-776	-12.0%	5,500
Operating income	221	-39	119	80	-141	-63.8%	30
<%>	<3.4%>	<-1.5%>	<3.8%>	<1.4%>			<0.5%>
Ordinary income	170	-87	87	0	-170	-	-50
income before tax	103	-98	87	-11	-114	-	-50
Net income	46	-59	59	0	-46	-	-35
(Exchange rate:1US\$=)	(¥100.74)	(¥95.45)	(¥90)	(¥93)			(¥95)
( " 1EURO=)	(¥144.47)	(¥133.06)	(¥130)	(¥132)			(¥125)

# Key Strategies for 2nd half of the Year Ending March 31, 2010



## Enhance Response Capability to Change in Market Demand

- Industrial Machinery Bearings/Precision Machinery and Parts  
⇒ Promote thorough sales expansion
- Automotive products  
⇒ Respond steadily to production volume increase

## Continue Profitability Improvement Activities

- Reorganize global production structure
- Reduce external procurement costs
- Concentrate resources on VAVE activities
- Reduce SG&A, general and administrative costs

## Continue Capital Expenditure Reduction

- 10/3 Capital Expenditure will be ¥20.0 billion as original forecast

## Continue Inventory Reduction

- Continue to improve inventory turnover, paying attention to demand trends

# Forecast by Business Segment

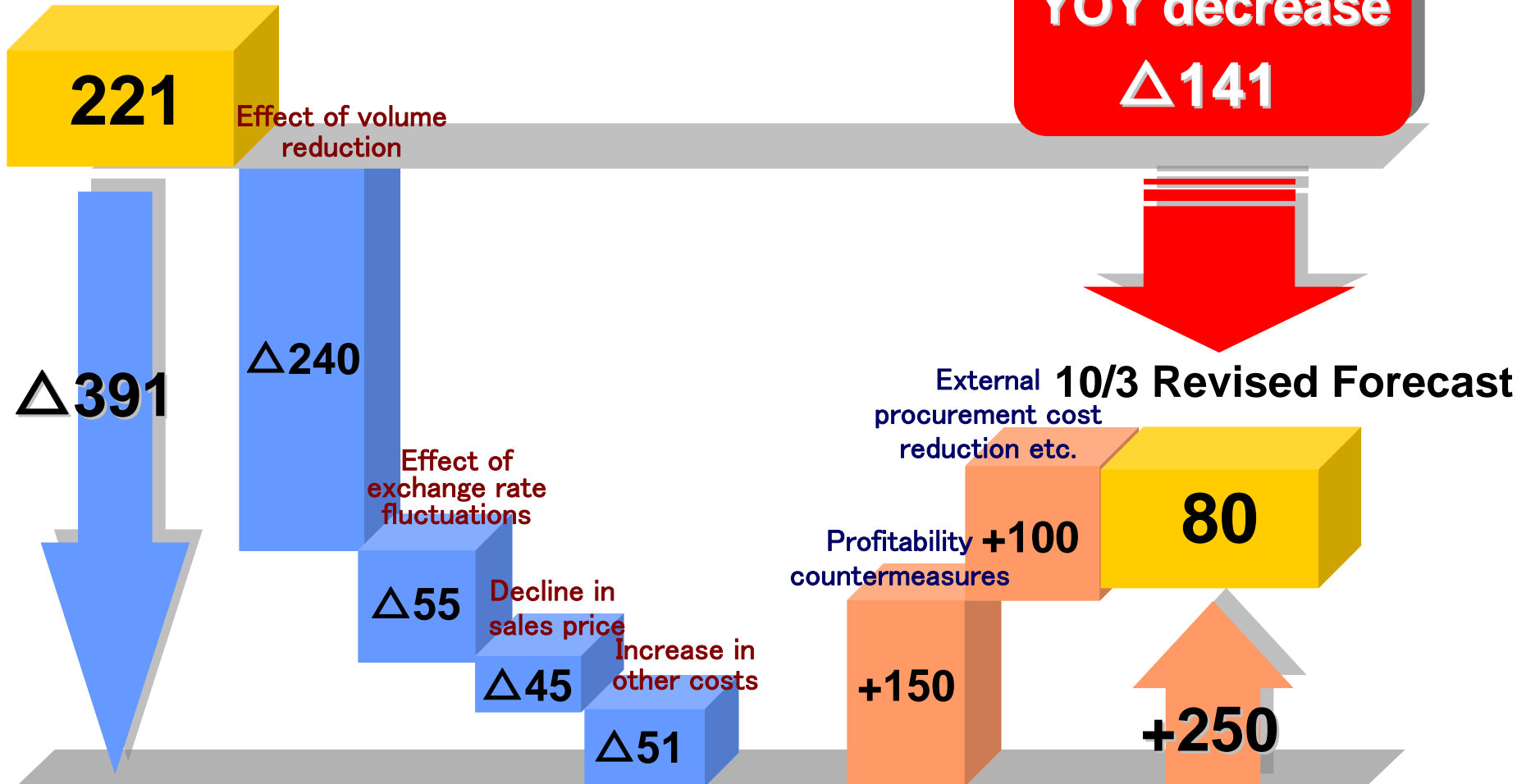


(¥100 Million)	09/3		10/3									
	Full year <Actual>		1st half <Actual>		2nd half <Revised Forecast>		Full year <Revised Forecast>		Increase/ decrease YOY	Difference YOY	Full year <original forecast>	
<b>Sales</b>	6,476		2,579		3,121		5,700		-776	-12.0%	5,500	
Industrial bearings	2,095		762		888		1,650		-445	-21.2%	1,850	
Automotive products	3,525		1,598		1,952		3,550		+25	+0.7%	3,100	
Precision machinery & parts	575		136		174		310		-265	-46.1%	350	
Other	507		149		201		350		-157	-31.0%	370	
Eliminations	-226		-66		-94		-160		+66	-	-170	
<b>Operating income</b>	221 <3.4%>		-39 <-1.5%>		119 <-3.8%>		80 <-1.4%>		-141	-63.8%	30 <0.5%>	
Industrial bearings	195 <-9.3%>		3 <0.4%>		57 <-6.4%>		60 <-3.6%>		-135	-69.0%	130 <-7.0%>	
Automotive products	68 <-1.9%>		37 <-2.3%>		123 <-6.3%>		160 <-4.5%>		+92	+135.3%	35 <-1.1%>	
Precision machinery & parts	5 <0.9%>		-45 <-32.8%>		-30 <-17.2%>		-75 <-24.2%>		-80	-	-65 <-18.6%>	
Other	8 <-1.6%>		-9 <-6.3%>		-6 <-3.0%>		-15 <-4.3%>		-23	-	-20 <-5.4%>	
Eliminations/ Corporate	-55		-25		-25		-50		+5	-	-50	

# Forecast for operating income: Factors Behind Decline (09/3⇒10/3)

(¥100 Million)

## 09/3 Actual



**3****Mid-term Plan(FY'09~FY'12)**

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# Review of the Mid-term Plan (FY'06~08)

(¥100 Million)

	Mid-term plan (FY'06~08)				
	06/3 Actual	07/3 Actual	08/3 Actual	09/3 Actual	09/3 original plan
Net sales	6,285	7,172	7,720	6,476	7,400
Operating Income	426	624	693	221	740
Ordinary Income	389	576	649	170	715
Net Income	256	349	426	46	445
Operating Income (margin)	6.8%	8.7%	9.0%	3.4%	10.0%
ROE	12.1%	14.0%	16.1%	1.8%	15.0%
Net D/E ratio	0.73	0.69	0.56	0.85	0.4
\$ =	110.37	116.93	114.55	100.74	108
¥=	137.39	150.35	162.22	144.47	136

◎Progress was steady through to the second year of the mid-term plan. However, declining demand and higher raw material costs caused by the sudden global recession prevented us achieving our final year targets.

## Achievements

- ◎Enhanced industrial machinery bearing business (improved roller-bearing supply capacity/Enhanced distribution sales network for the aftermarket sector)
- ◎Expanded global sales of automotive products
- ◎Improved profitability in Europe and Asia
- ◎Reinforced business organization in China and India

## Unfinished Tasks

- ◎Overall delayed response to changes in business environment (especially in Japan), despite emergency profitability improvement programs enacted from 2nd half of FY2008
- ◎Insufficient profitability improvement measures in Precision Machinery & Parts business
- ◎Lack of profitability in Americas, despite implementing profitability improvement programs, such as the closure of our Ann Arbor plant

# Transition of Our Mid-term Plans

**FY'03-FY'05**  
**Mid-term Plan**

**FY'06-FY'08**  
**Mid-term Plan**

**FY'09-FY'12**  
**Mid-term Plan**

**FY'13-FY'15**  
**Mid-term Plan**

Select & Focus  
strategy  
Business restructuring

Growth strategy  
Improve profitability

Respond to paradigm shifts  
Reorganize business structure,  
aiming towards a 1 trillion yen company

100th Anniversary

## Change of Business Environment

- Although we have emerged from the worst period of downturn, the direction of recovery is still uncertain. A full recovery from the market bottom is expected to occur in the 2nd half of FY2010.
- Market demand in emerging countries will support overall sales.
- Demand from environment and infrastructure-related business remains strong.
- Change in demand structure due to innovations in automotive technology.
- The strong yen expected to continue.  
(Forecasted exchange rate US\$=¥90/Euro=¥120)

**Net Sales ¥780.0 billion**  
**Operating Income Margin 8.5%**

**Industrial Machinery Business**

**Automotive Business**

**Growth Strategy**

Expand sales for emerging countries

Expand Environment/  
Infrastructure/Resources-  
related business

Technology Renovation

**Enhance Business-based Management**

Enhance Marketing

Reorganize global production sites

Accelerate new product development

**Profitability Improvement**

**Pursuit of No.1 in Total Quality**

**Enhancement**

**Marketing Capability**

**Product Development Capability**

**Production capability**

**Global Management**

**Human Resource Development**

**Further accelerate business-based management, under one umbrella of sales, production, technology departments**

## 《Mid-term policy by business segment》

### **Industrial Machinery Business**

**Comprehensively expand sales to emerging and growing market**

**Reorganize sales and production structure in the precision Machinery and Parts business**

### **Automotive Business**

**Capture sales in growing markets and respond to technological innovations**

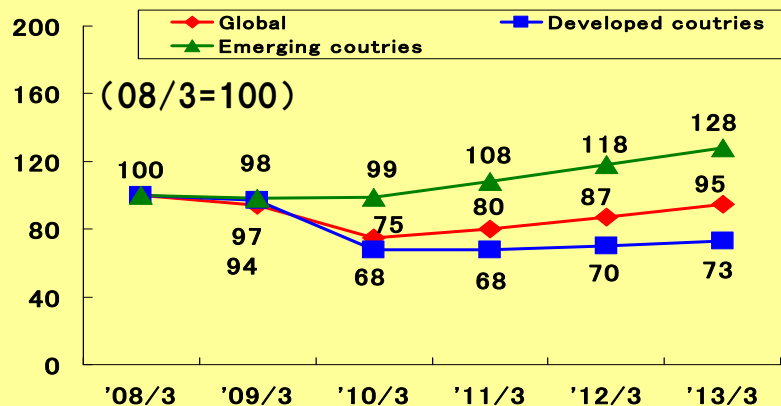
# <Strategy by business segment> Industrial Machinery Business ①

## Expand sales for emerging Countries

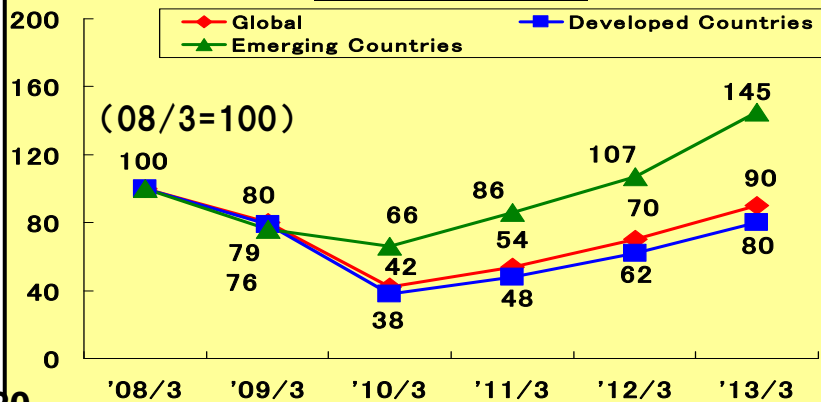
### Estimated Demand Environment

Growth in emerging markets expected to support overall demand

Demand forecast of industrial bearings  
(NSK Estimate)



Demand forecast of linear motion products  
(NSK Estimate)



Enhance sales in emerging countries and Technology structure

- Adjust and enhance sales structure in emerging countries (BRICs, Latin America, Middle East)
  - \* Expand sales sites and workforce (Particularly in China/India)
  - \* Enhance frontline (field) technology support structure (Enhance overseas technology centers)
  - \* Increase application engineers

Expand sales for the aftermarket sector

- Continue and expand channel development
  - \* Expand sales distribution networks in emerging countries
- Enhance total service capability (Technology/Supply/Training)
- Enhance sales through full line-up of products (Bearings + Precision Machinery and Parts)

# <Strategy by business segment> Industrial Machinery Business ②

## Expand growing field

## Reorganize global production Sites

Industrial Machinery Bearings

### Enhance sector activities

- \*Focus on environment, infrastructure resource-related fields
- \*Expand important target sectors
- \*Strengthen technology marketing structure
- \*OEM⇒ grow in aftermarket sector by focusing on sector activities

### Enhance productivity of roller bearings

- \*Make use of reorganized production sites in Japan
- \*Consider local production in China
- ⇒Capture expanding market demand in China

### Cost reduction through integration of ball bearing production sites

- \*Effective integration by manufacturing in most appropriate global location

Precision Machinery and Parts

### Further activities through sales expansion teams

- \*Break away from machine-tool, semiconductor-dependent business model
- <Key fields>
- Solar energy /LED/lithium battery /fuel cells/nuclear energy
  - Medical equipment/food/biotechnology

### Maximize a production site in China (Shenyang NSK)

- \*Utilize as a global production site as well as supplier for local demand in China

### Reorganize global production sites

- \*Cost reduction through integration of production sites in Japan

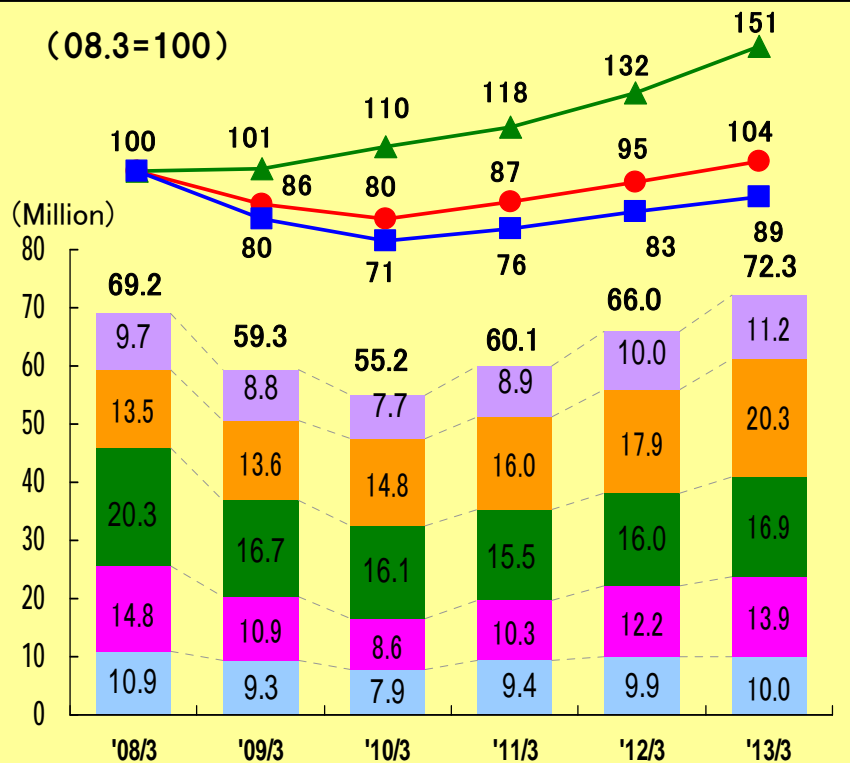
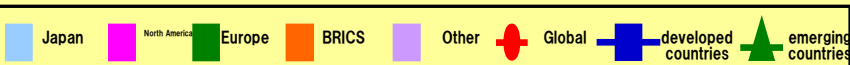
## Automotive Business ①

### Expand Sales in emerging countries

#### Estimated Demand Environment

Sales in emerging countries continue to expand  
Expanding demand for smaller cars  
Increase demand for low-cost products

#### Expected Global automotive production (NSK Estimate)



#### Deal with downsizing and severe environment

##### Product Strategy

- \* Expand product lineup to emerging markets
- \* Accelerate new product development

##### Customer Strategy

- \* Actively seek out business with local manufacturers as well as Japanese and European makers
- \* Enhance business with Tier one suppliers
- \* Establish a headquarters in India
- \* Improve regional technology centers (Particularly in China/Thailand/Brazil/India)

#### Enhance cost reduction countermeasures

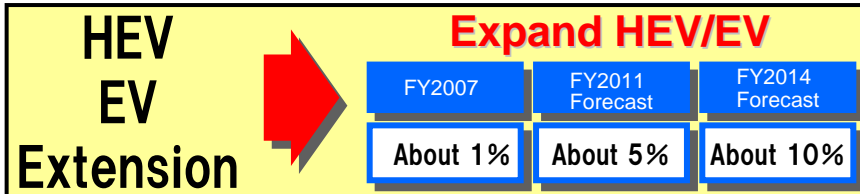
##### Expand local production

- \* Use local raw materials, procure locally and expand in-house manufacturing

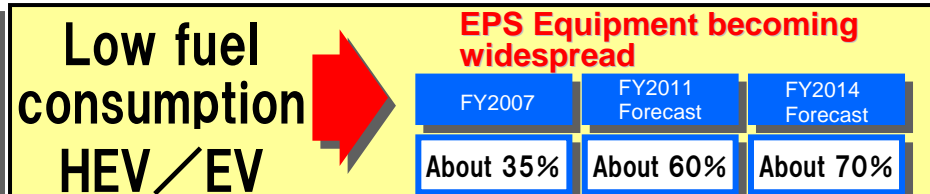
##### Supply components globally by manufacturing in ideal location

### Respond to Technological Innovations

#### Respond to HEV/EV



#### Expand Electric Power Steering (EPS)

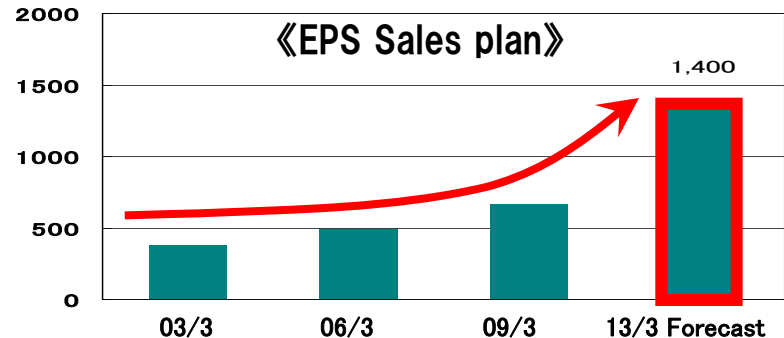


■ Create new technologies/products, in response to technological innovations

- \* Launch new bearing for hybrid cars
  - ⇒ Upgraded downsized/lightweight/low torque technology
- \* Capture new demand by electricalization
  - ⇒ Capture increasing demand for motors
  - ⇒ Develop new markets for actuators (Ball screws/utilize bearing technology)

■ Proactively expand sales of new application

■ Proactively capture increasing EPS demand



- \* Expand lineup of products
  - ⇒ Respond to downsizing trend with Integrated Gearbox and ECU Column type EPS
  - ⇒ Speed up development of product lineup by output type

■ Enhance global production base

- \* Trouble-free production launch at new plants (China/India)
- \* Adjust production structure in response to an increase in market demand



## Further expand business, strengthen business structure in China

### Production

April, 2010:, start production of Precision Machinery and Parts

⇒ Consider production of large-type bearings  
Build supply structure for local demand in all business segments

### Sales

Increase number of sales people, sales sites

⇒ Strengthen marketing by increasing sales force and number of sites in North-East and inland regions

### Technology

Start practical operations at new site, NSK China Technology Center

⇒ Build autonomous structure in China (Spanning R&D to technological support for customers)

### Management

Further enhance management capability by moving headquarter office for Chinese business to technology development center

⇒ Develop throughout growth strategy, managing overall China business and cooperating with each department

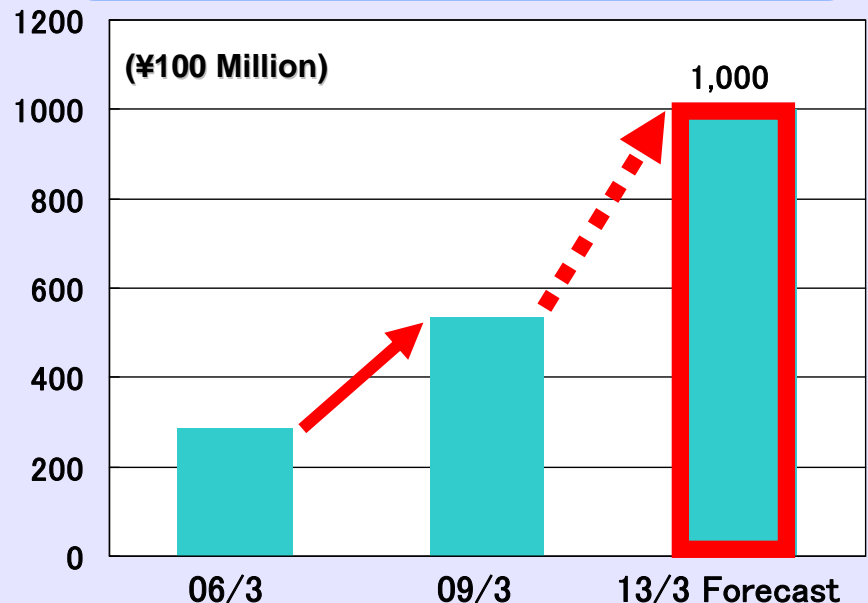
### <Industrial Machinery>

- Key Field : Wind turbine/railways/infrastructure-related/machine tool/aftermarket sector etc.
- Key Region: Inland /North-East region

### <Automobiles>

- Order-winning activities from Japanese manufacturers
- Expand sales to local and European manufacturers

### Sales Forecast in China



# Numerical Target of Mid-term Plan (FY'09~FY'12) **NSK**

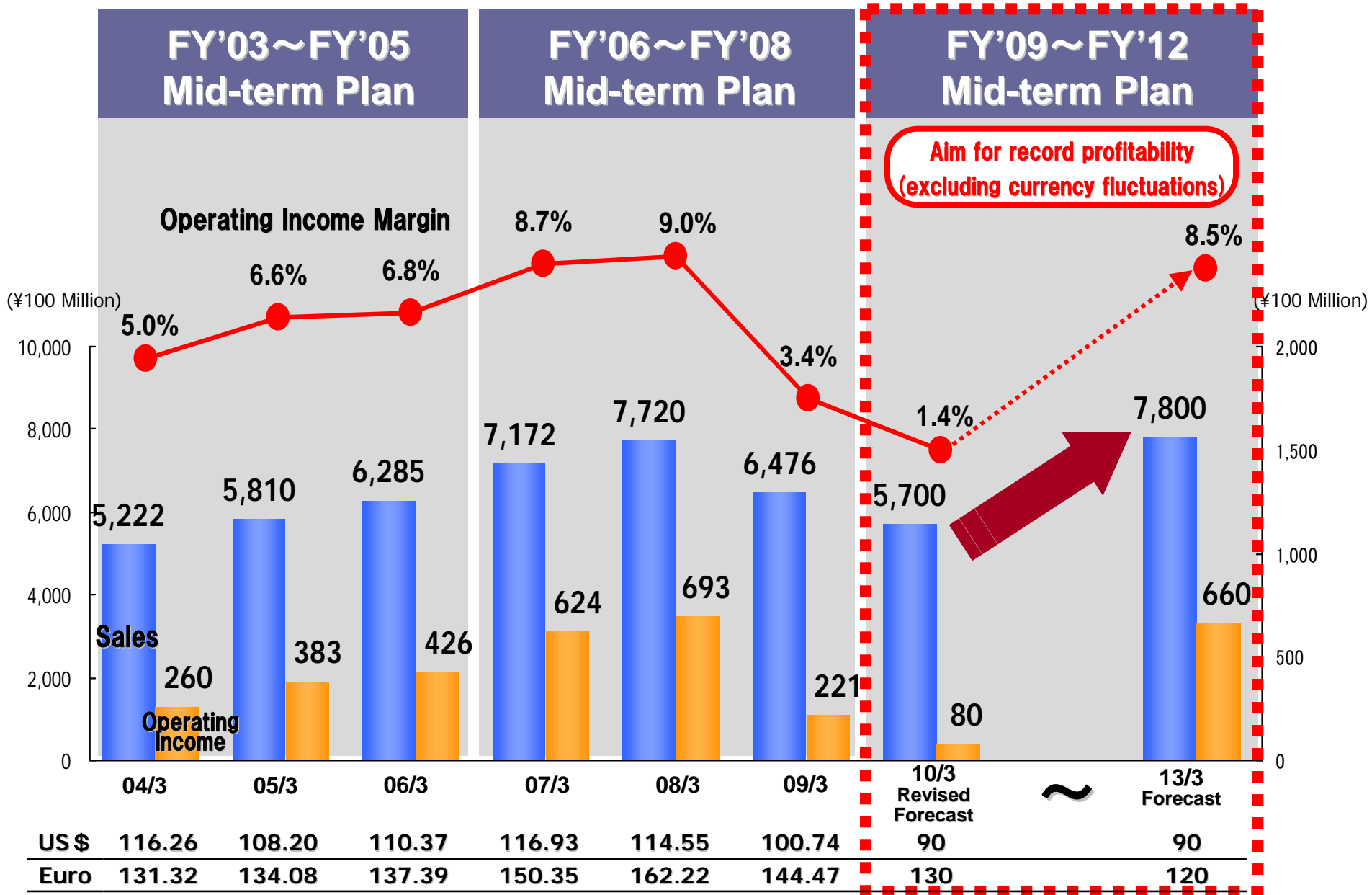
	09/3 Actual	13/3 Forecast
<b>Net Sales</b>	<b>¥647.6 billion</b>	<b>¥780.0 billion</b>
<b>Operating Income</b>	<b>¥22.1 billion</b>	<b>¥66.0 billion</b>
<b>Ordinary Income</b>	<b>¥17.0 billion</b>	<b>¥62.0 billion</b>
<b>Net Income</b>	<b>¥4.6 billion</b>	<b>¥37.0 billion</b>
<b>Operating income (margin)</b>	<b>3.4%</b>	<b>8.5%</b>
<b>ROE</b>	<b>1.8%</b>	<b>14.0%</b>
<b>Net D/E ratio (Times)</b>	<b>0.85</b>	<b>0.5</b>

**Forecasted exchange rate**

US\$=¥100.74  
Euro=¥144.47

US\$=¥90  
Euro=¥120

# Transition of Sales and Operating Income



# Numerical Target by Business Segments



## Industrial machinery business

### Industrial machinery bearings

### Precision machinery and Parts

## Automotive business

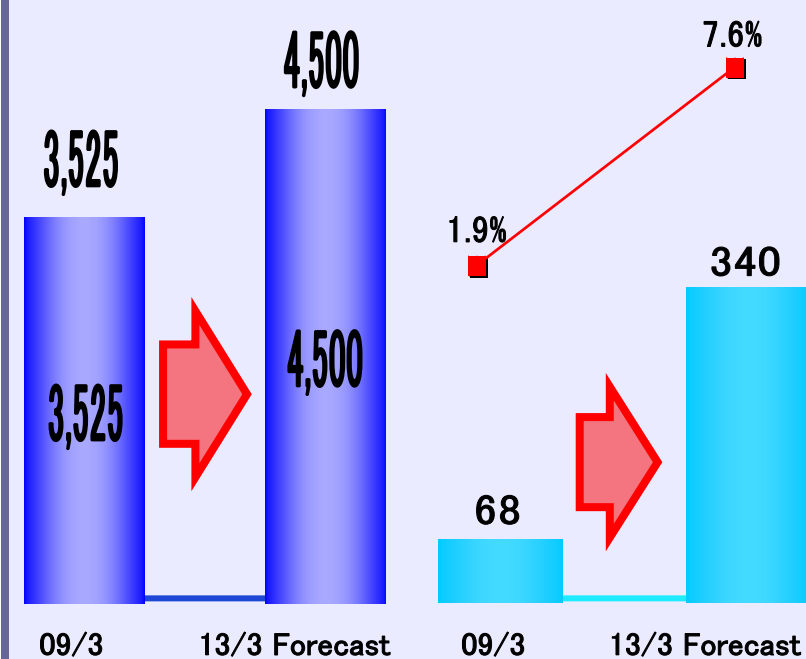
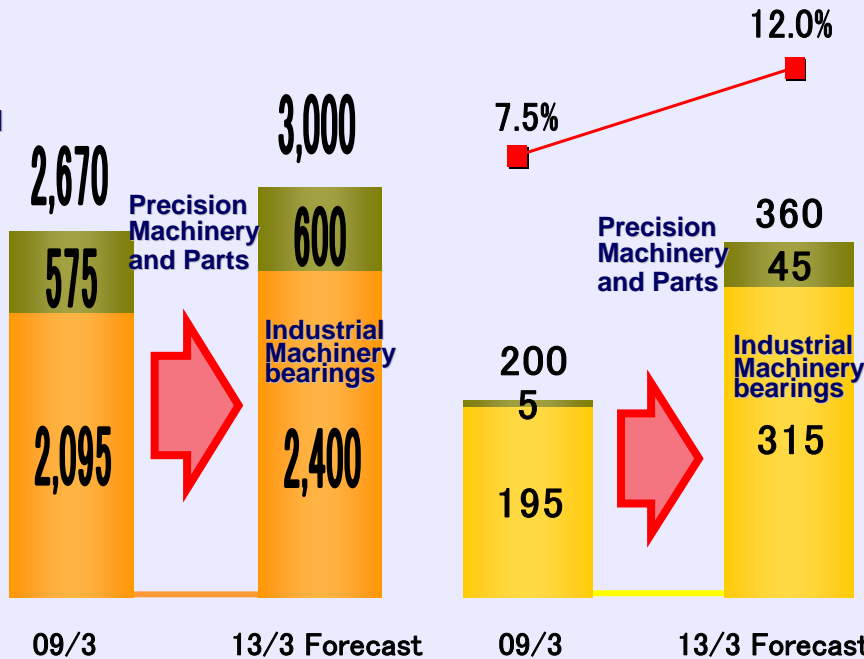
Sales

Operating Income/Margin

Sales

Operating Income/Margin

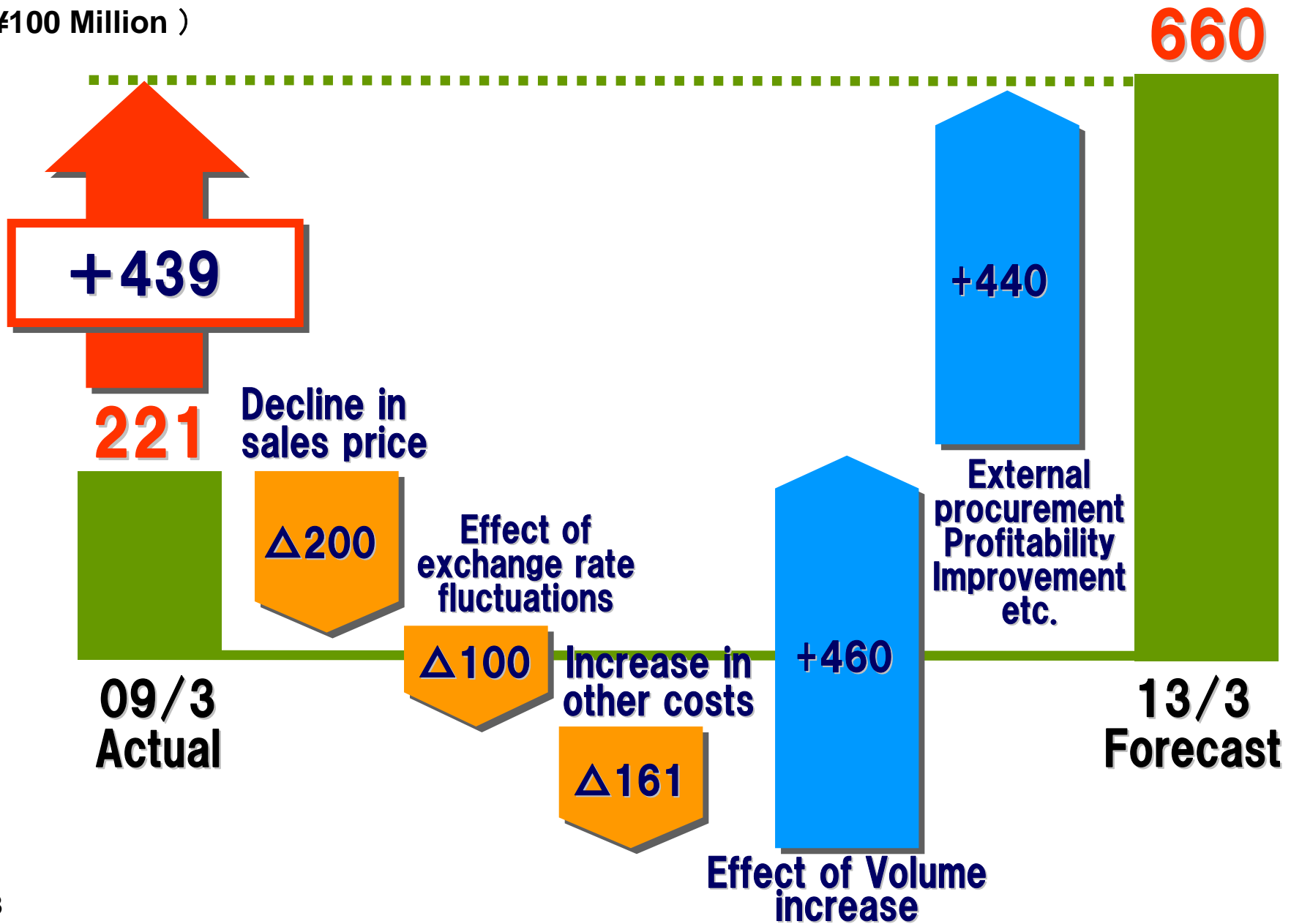
Numerical Target



# Forecast for operating income: Improvement Factors (09/3⇒13/3)



(¥100 Million )



# Capital Expenditure / Depreciation and Amortization

## FY'09~FY'12 Capital Expenditure and Depreciation and amortization

FY' 09~FY' 12

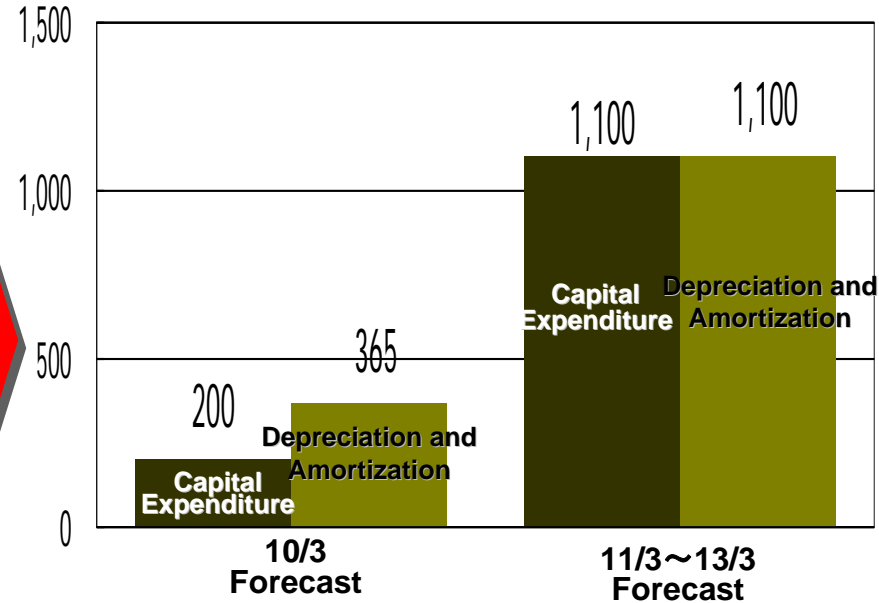
Capital Expenditure

¥130.0 billion

Depreciation & Amortization

¥146.5 billion

(¥100 Million)



■ **Total Capital Expenditure ¥130.0 billion (FY'09~FY'12)**  
 (as far as depreciation and amortization level)

■ **In addition to ordinary expenditure, strategy expenditure (China/EPS etc.), system and infrastructure-related expenditure are planned.**

# Summary

## 《Mid-term Plan FY'09~FY'12 Policy》

Although the business environment is still challenging, we will proactively tackle paradigm shifts in the industry. We consider the Mid-term plan (FY'09~12) as the strategic building period in preparation for the next growth phase (sales target ¥1 trillion)

## 《Basic Strategies》

- ◎Profitability enhancement : Enhance and restructure sales and production foundation/accelerate development of new products
- ◎Growth Strategy : Proactively expand sales in emerging countries and key fields (environment, infrastructure and resource-related) as well as responding to new innovations in automotive technology.

## 《For Achieving Our Goal》

- ◎Enhance quality of our business, by aiming to be “No.1 in Total Quality.”
- ◎Focus on business-based management, clarifying responsibility structure.
- ◎Enhance global management and frontline capabilities.

# **(Supplementary Material)**



# (Supplementary Material) Forecast by Geographical Segment

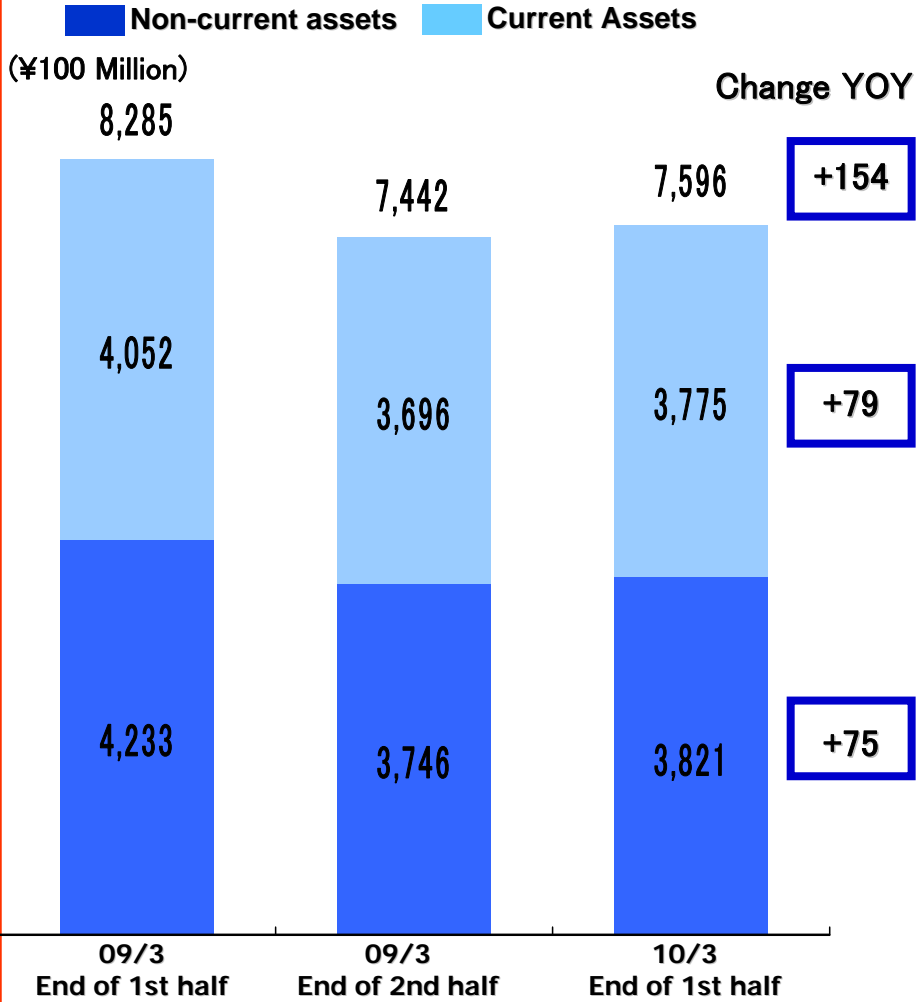
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Japan	2,815	1,979	4,794	<b>1,875</b>	<b>2,265</b>	<b>4,140</b>	-654	-13.6%	3,980
Americas	490	292	782	<b>307</b>	<b>353</b>	<b>660</b>	-122	-15.7%	690
Europe	717	429	1,146	<b>464</b>	<b>476</b>	<b>940</b>	-206	-18.0%	920
Asia	610	475	1,085	<b>429</b>	<b>591</b>	<b>1,020</b>	-65	-6.0%	930
Eliminations	-799	-532	-1,331	<b>-496</b>	<b>-564</b>	<b>-1,060</b>	271	-	-1,020
<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	-63.8%	30 <0.5%>
Japan	164 <5.8%>	-98 <-5.0%>	66 <1.4%>	<b>-51 &lt;-2.7%&gt;</b>	<b>55 &lt;2.5%&gt;</b>	<b>5 &lt;0.1%&gt;</b>	-61	-92.4%	5 <0.1%>
Americas	22 <4.4%>	-13 <-4.2%>	9 <1.2%>	<b>1 &lt;0.4%&gt;</b>	<b>16 &lt;4.5%&gt;</b>	<b>17 &lt;2.6%&gt;</b>	8	+88.9%	5 <0.7%>
Europe	61 <8.5%>	33 <7.7%>	94 <8.2%>	<b>22 &lt;4.8%&gt;</b>	<b>25 &lt;5.3%&gt;</b>	<b>47 &lt;5.0%&gt;</b>	-47	-50.0%	20 <2.2%>
Asia	67 <11.0%>	29 <6.0%>	96 <8.8%>	<b>17 &lt;3.9%&gt;</b>	<b>53 &lt;9.0%&gt;</b>	<b>70 &lt;6.9%&gt;</b>	-26	-27.1%	60 <6.5%>
Eliminations/ Corporate	-28	-16	-44	<b>-28</b>	<b>-31</b>	<b>-59</b>	-15	-	-60

# (Supplementary Material) Forecast by Customer Location

(¥100 Million)	09/3			10/3					Full year <original forecast>
	1st half <Actual>	2nd half <Actual>	Full year <Actual>	1st half <Actual>	2nd half <Revised Forecast>	Full year <Revised Forecast>	Increase/ decrease YOY	Difference YOY	
<b>Sales</b>	3,833	2,643	6,476	<b>2,579</b>	<b>3,121</b>	<b>5,700</b>	-776	-12.0%	5,500
<b>Japan</b>	1,929	1,305	3,234	<b>1,268</b>	<b>1,552</b>	<b>2,820</b>	-414	-12.8%	2,710
<b>Non-Japan</b>	1,904	1,338	3,242	<b>1,311</b>	<b>1,569</b>	<b>2,880</b>	-362	-11.2%	2,790
(Non-Japan ratio)	(49.7%)	(50.6%)	(50.1%)	<b>(50.8%)</b>	<b>(50.3%)</b>	<b>(50.5%)</b>			(50.7%)
<b>Americas</b>	494	293	787	<b>313</b>	<b>347</b>	<b>660</b>	-127	-16.1%	690
<b>Europe</b>	692	427	1,119	<b>455</b>	<b>485</b>	<b>940</b>	-179	-16.0%	930
<b>Asia</b>	718	618	1,336	<b>543</b>	<b>737</b>	<b>1,280</b>	-56	-4.2%	1,170

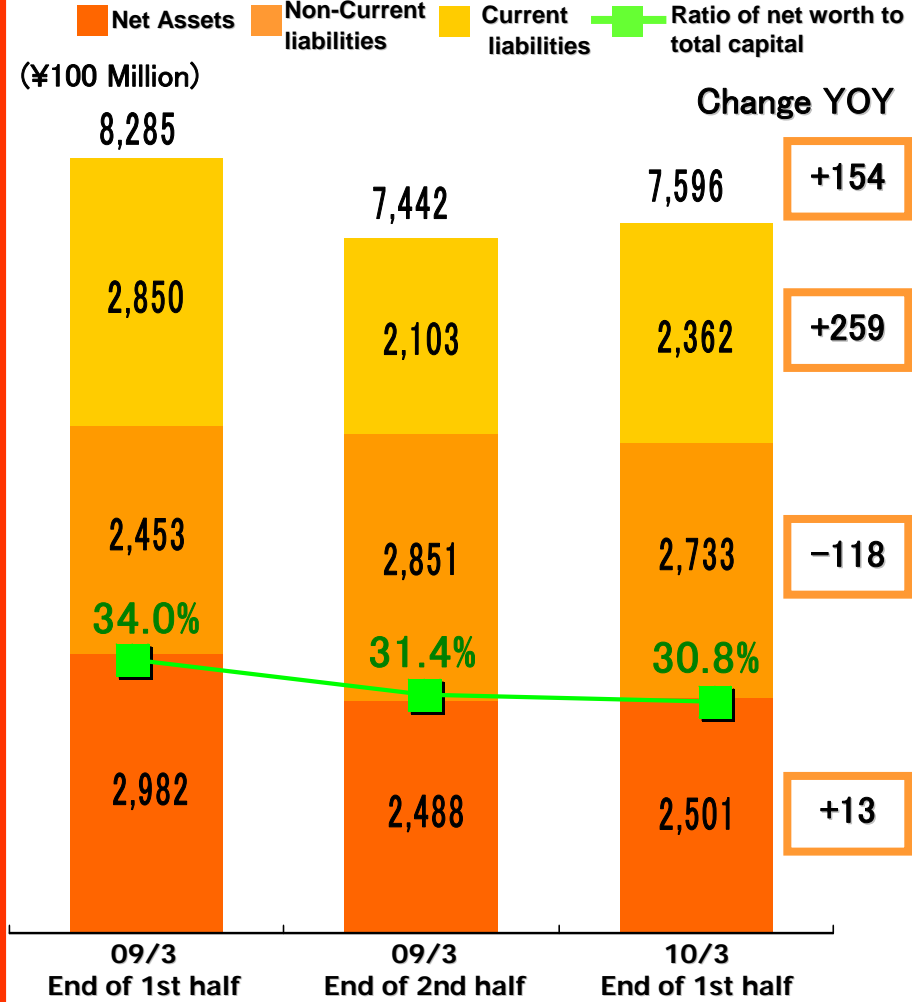
# (Supplementary Material) Consolidated Balance Sheets

## Assets



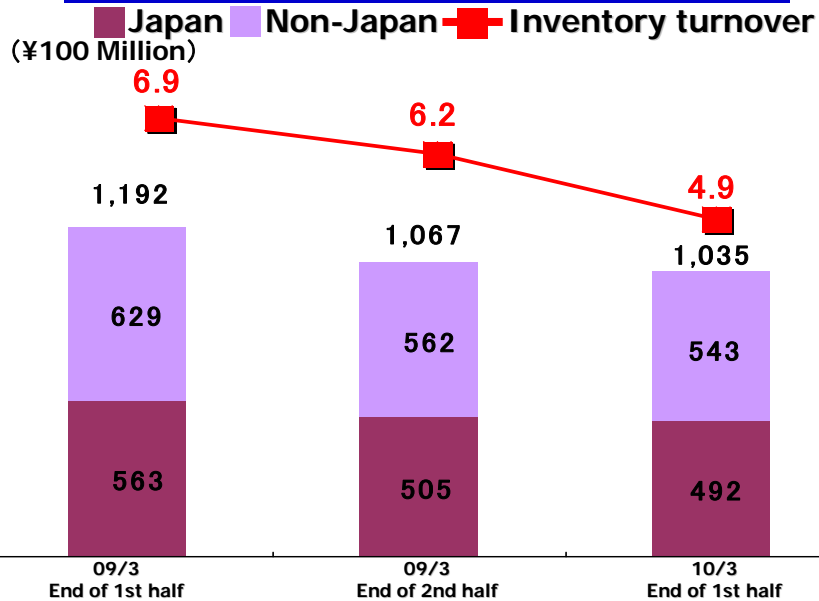
US\$	103.57	98.23	90.21
Euro	149.05	129.84	131.72

## Liabilities and Net Assets

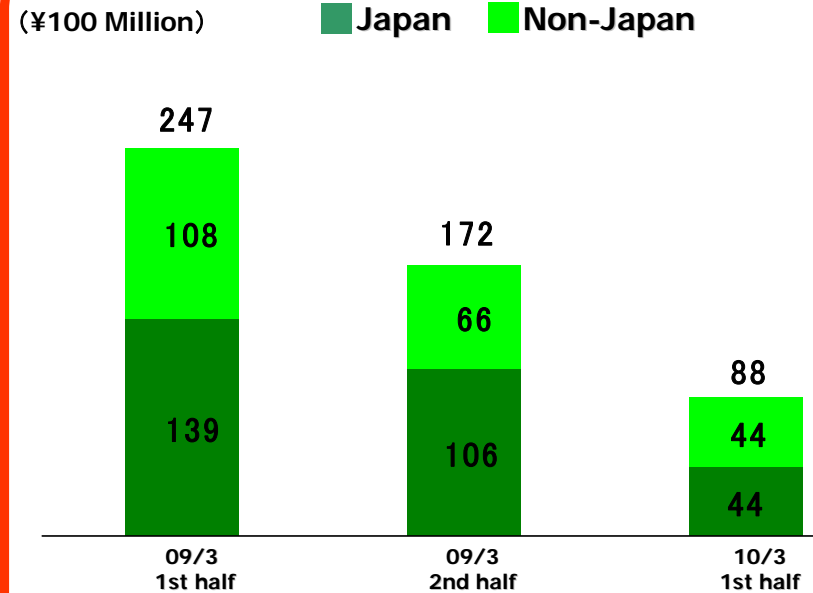


US\$	103.57	98.23	90.21
Euro	149.05	129.84	131.72

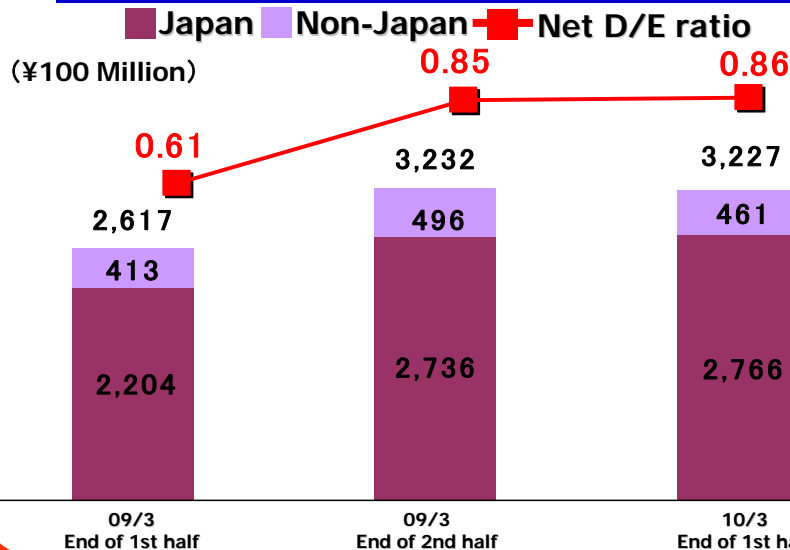
## Inventories



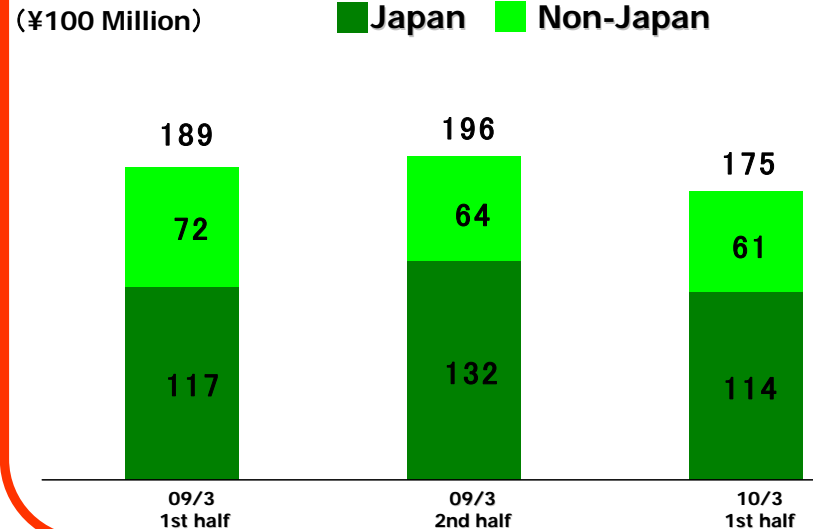
## Capital Expenditure



## Interest Bearing-Debt



## Depreciation and Amortization



**(Supplementary Information)**  
**For the Year Ending March 31, 2010**

<b>(¥100 Million)</b>	<b>09/3 Actual</b>	<b>10/3 1st half Actual</b>	<b>10/3 Forecast</b>
<b>Capital expenditure ( * )</b>	<b>419</b>	<b>88</b>	<b>200</b>
<b>Japan</b>	<b>243</b>	<b>44</b>	<b>115</b>
<b>Non-Japan</b>	<b>174</b>	<b>44</b>	<b>85</b>
<b>The Americas</b>	<b>22</b>	<b>4</b>	<b>12</b>
<b>Europe</b>	<b>35</b>	<b>3</b>	<b>13</b>
<b>Asia</b>	<b>117</b>	<b>37</b>	<b>60</b>

\* Excluding intangible assets

<b>(¥100 Million)</b>	<b>09/3 Actual</b>	<b>10/3 1st half Actual</b>	<b>10/3 Forecast</b>
<b>Depreciation ( * )</b>	<b>385</b>	<b>175</b>	<b>365</b>

\* Excluding intangible assets

<b>(¥100 Million)</b>	<b>09/3 Actual</b>	<b>10/3 1st half Actual</b>	<b>10/3 Forecast</b>
<b>R&amp;D</b>	<b>107</b>	<b>43</b>	<b>100</b>

## Forecast for Mid-term Plan by business segment

(¥100 Million)		09/3 Actual		10/3 Forecast		13/3 Forecast	
Industrial machinery business							
Sales		2,670		1,960		3,000	
Operating Income<%>		200 <7.5%>		-15 <-0.8%>		360 <12.0%>	
Industrial machinery bearings							
Sales		2,095		1,650		2,400	
Operating income<%>		195 <9.3%>		60 <3.6%>		315 <13.1%>	
Precision machinery & parts							
Sales		575		310		600	
Operating income<%>		5 <0.9%>		-75 <-24.2%>		45 <7.5%>	
Automotive business							
Sales		3,525		3,550		4,500	
Operating income<%>		68 <1.9%>		160 <4.5%>		340 <7.6%>	
Other							
Sales		507		350		600	
Operating Income<%>		8 <1.6%>		-15 <-4.3%>		20 <3.3%>	
Eliminations/Corporate							
Sales		-226		-160		-300	
Operating income		-55		-50		-60	
Total							
Sales		6,476		5,700		7,800	
Operating income<%>		221 <3.4%>		80 <1.4%>		660 <8.5%>	