

NGK Insulators, Ltd.

May 2008

Today's Speakers

<i>Name</i>	<i>Title</i>
<i>Shun Matsushita</i>	<i>President & Chief Executive Officer</i>
<i>Hiroshi Wada</i>	<i>Director & Senior Vice President</i>
<i>Susumu Sakabe</i>	<i>Vice President</i> <i>Finance and Accounting Dept.</i>

Consolidated Financial Results

for the Fiscal Year Ended March 2008

(¥Bil.)

	03/'07	03/'08	Growth ratio
Net Sales	320.1	364.9	+14%
Operating Income	52.0	69.4	+33%
Ordinary Income	50.3	69.3	+38%
Net Income	29.4	46.0	+56%
Exchange Rate	116	118	¥/US\$
	147	162	¥/ER

Highlights of Fiscal Year 2007

◆ **Sales** : Fourth consecutive period of growth
(Record-High)

◆ **Income** : Third consecutive record-high

<Advantage >

- Growth of Diesel-related products (mainly Sic-DPF)
- Turning to profit and expanding demand for NAS batteries
- Recovery of Ceramic Actuators for Color Printer Heads
- Weaker Yen against US\$ and EUR

<Disadvantage >

- Decrease of demand for Ceramic Components for Semi-conductor production equipment

Forecast for Fiscal Year Ended March 2009

(¥Bil.)

	03/'08	03/'09	Growth ratio
<i>Net Sales</i>	364.9	315.0	-14%
<i>Operating Income</i>	69.4	58.0	-16%
<i>Ordinary Income</i>	69.3	58.0	-16%
<i>Net Income</i>	46.0	34.0	-26%
<i>Exchange Rate</i>	118	100	¥/US\$
	162	155	¥/ER

Highlights of Fiscal Year 2008

◆ *Sales & Income :*

Decrease in sales and profit from previous year's record-high

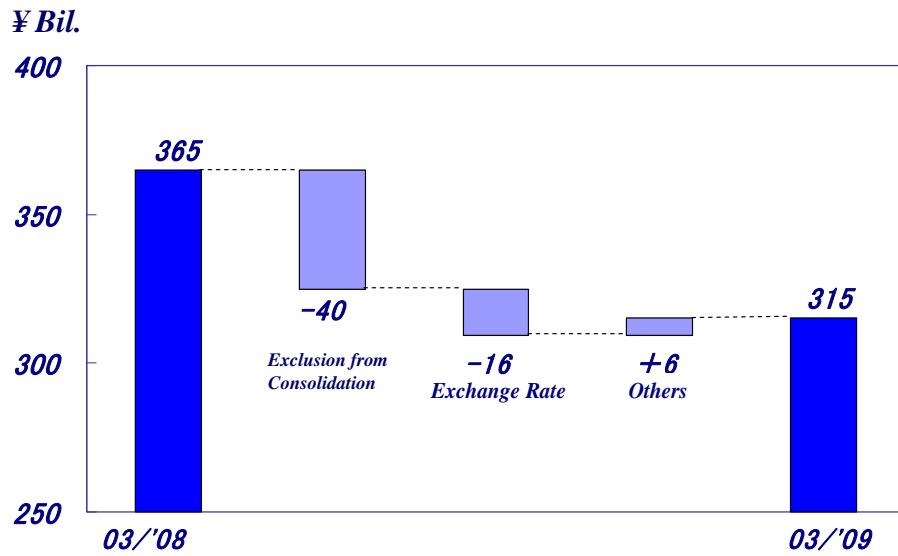
< *Advantage* >

- *Expansion of Chinese market for electrical insulators*

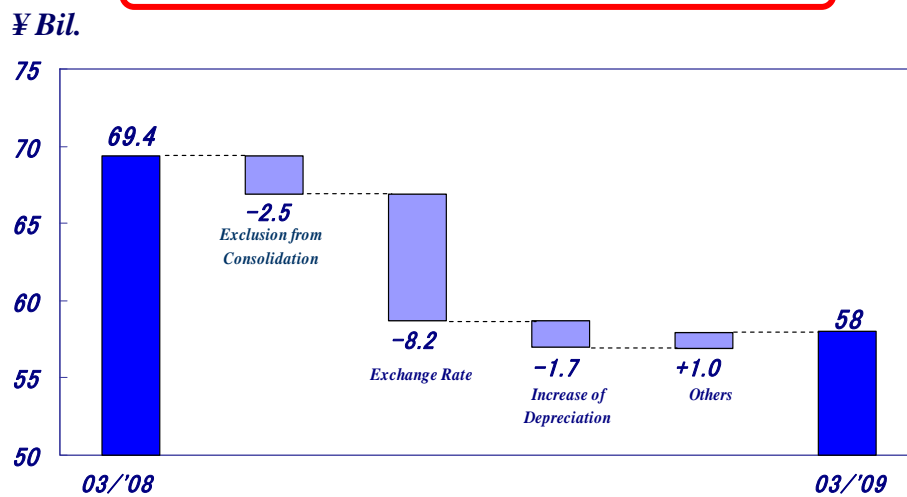
< *Disadvantage* >

- *Exclusion of Engineering business unit from consolidation*
- *Stronger Yen against US\$*
- *Decrease of automotive related ceramics products in US market*

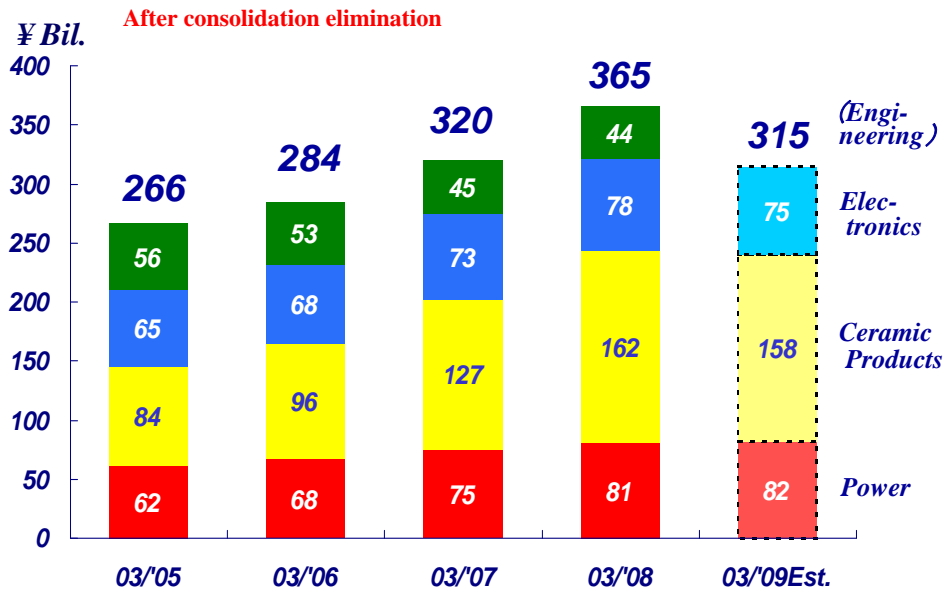
Factors of Sales Variation



Factors of Op. Income Variation

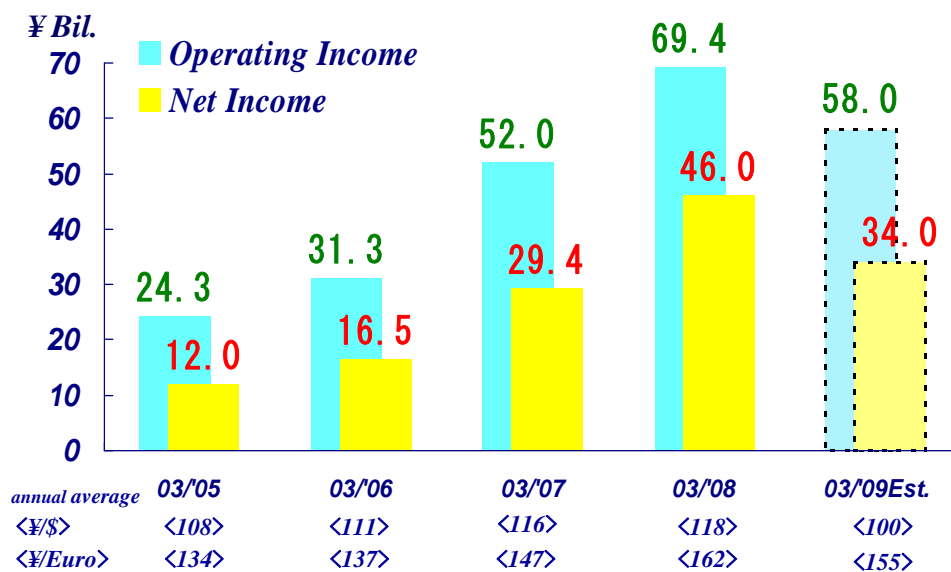


Net Sales of NGK

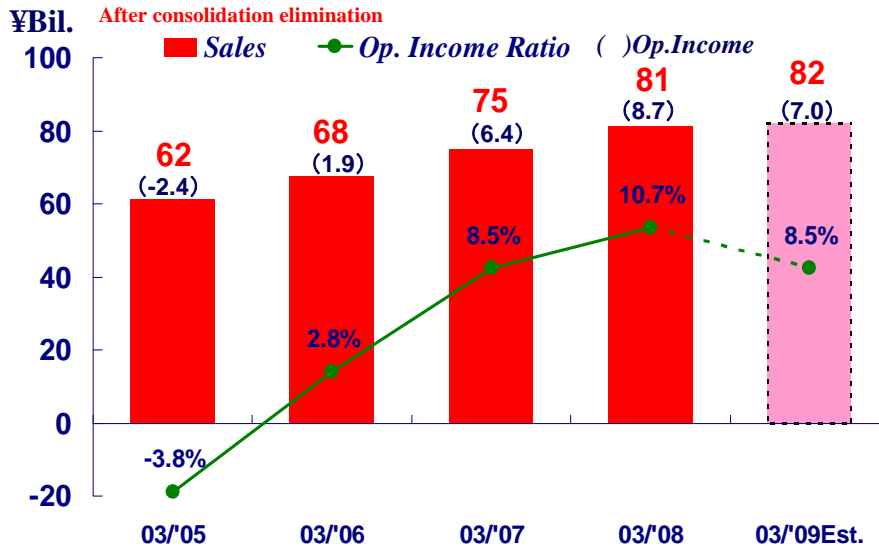


Income of NGK

◆ Major extraordinary items :
03/08 ¥10.1Bil. Gain on sales of securities



Power Business Sales & Operating Income



Overview

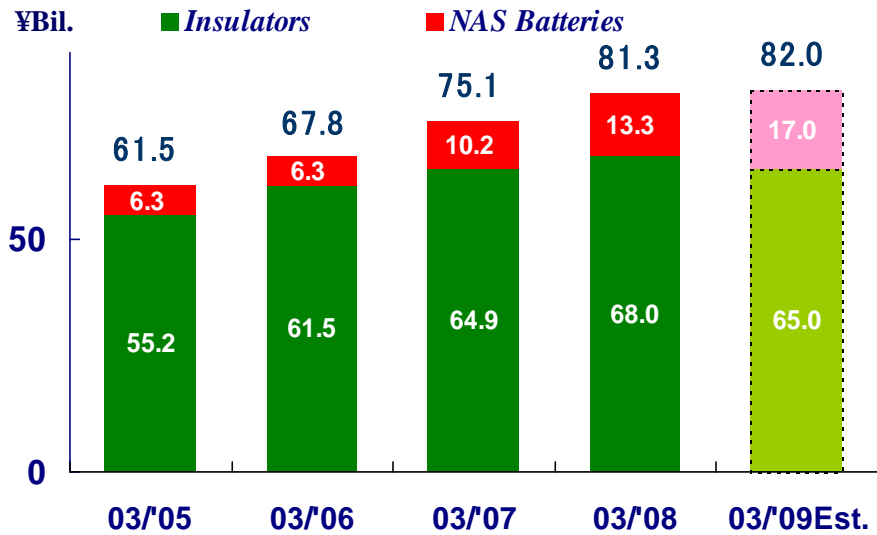
- ◆ Demand for 500KV new transmission line project is reappearing and demand for lightning arrester installation is gradually decreasing.
- ◆ Expanding Chinese market and market in Middle-East is active.
- ◆ Demand for NAS (sodium-sulfur) batteries is increasing for wind power generation.

Tasks

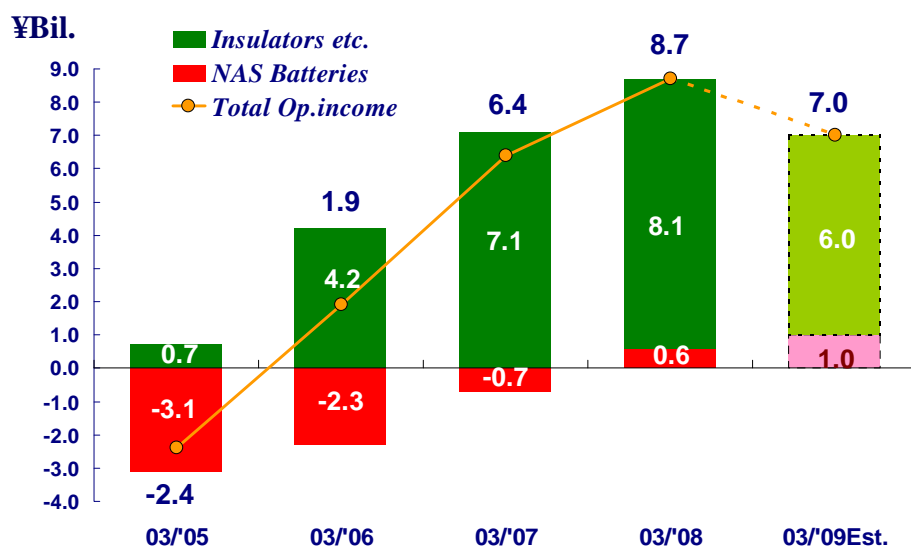
- ◆ Electrical Insulators : Expansion of production base and improvement of profitability
 - Keep up with expanding Chinese market
 - Promote replacement of insulators in Japan.
- ◆ NAS batteries : Enlargement of business and improvement of profitability
 - Expansion of sales for wind power generation and promotion of overseas business
 - Promoting cost reduction

Sales of Power Business

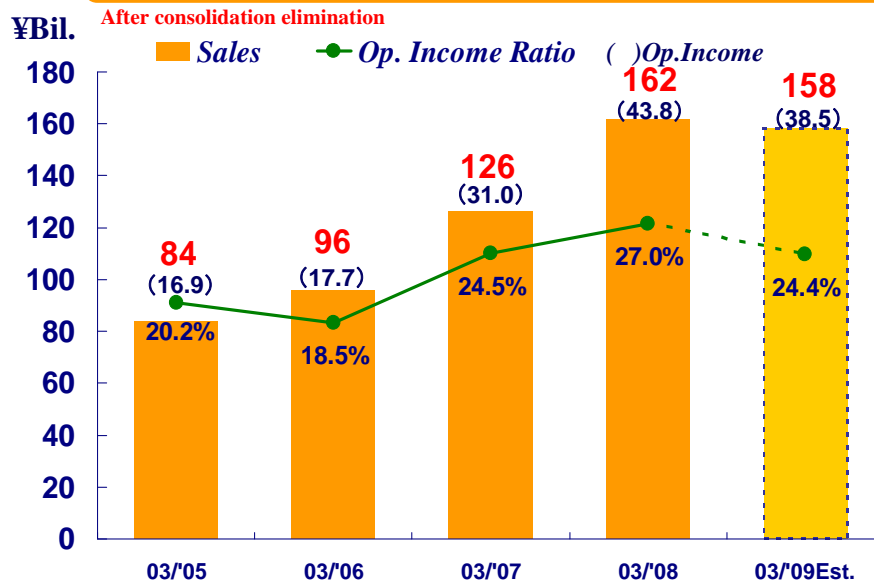
After consolidation elimination



Operating Income of Power Business



Ceramic Products Business Sales & Operating Income



Overview

- ◆ *Emission regulations being tightened worldwide*

Automotive catalytic converters (“Honeycomb Ceramics”):

**Demand tends to increase gradually due to worldwide introduction of emissions regulations (China and etc).*

**Sales price is declining due to the change of products mix.*

SiC-DPF : The number of cars installed with DPF is increasing in Europe.

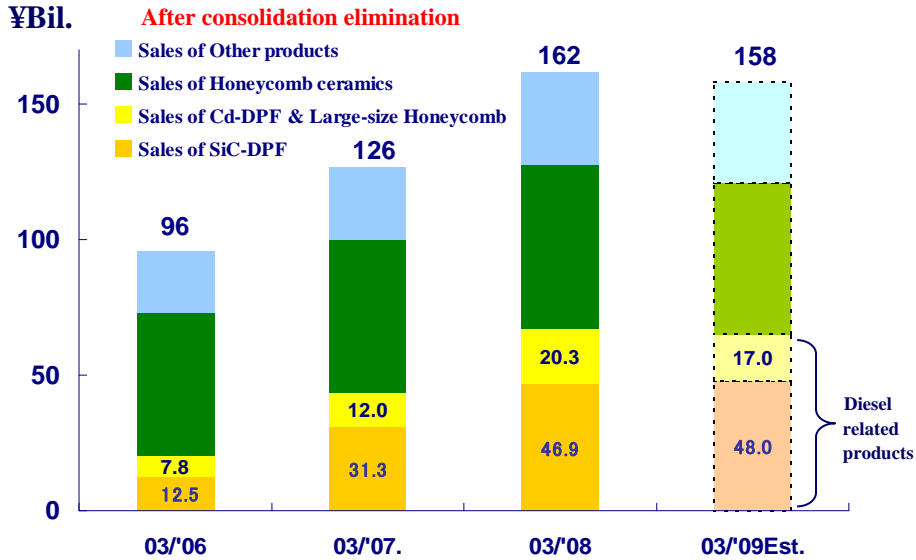
Cd-DPF & Large-size honeycombs : Expectation of sharp demand increase after 2010 due to the tighter emissions regulations.

- ◆ *The number of car sales in US market is forecasted to decrease temporarily due to business recession.*

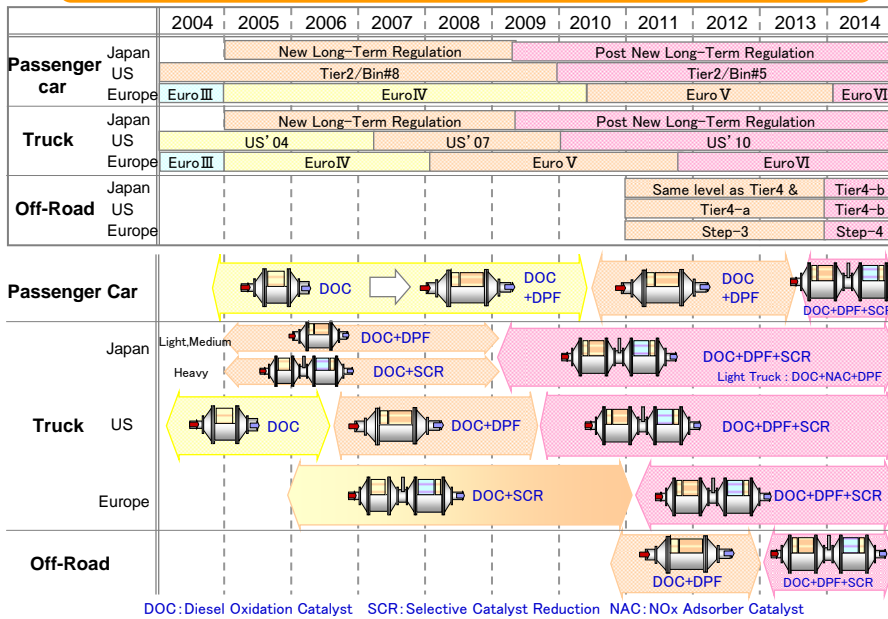
Tasks

- ◆ *Cd-DPF & Large-size honeycomb : Expansion of production facilities including the new plant in Mexico.*

Sales Forecast of Ceramic Products Business

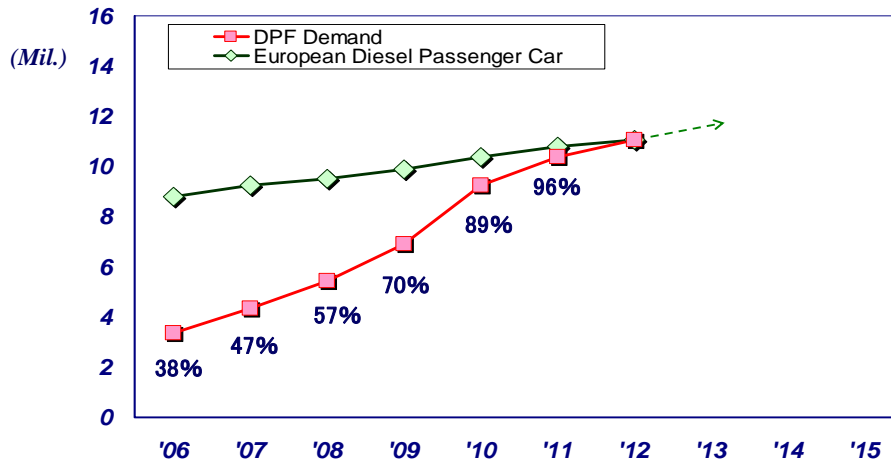


Emissions Regulations for Diesel & Technical Trend



DPF Demand Forecast for European Passenger cars

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Japan	New Long-Term Regulation				Post New Long-Term Regulation					
Passenger Car	Tier2/Bin#8				Tier2/Bin#5					
Europe	EuroIV				Euro V				EuroVI	



Establishment of New Plant in Mexico

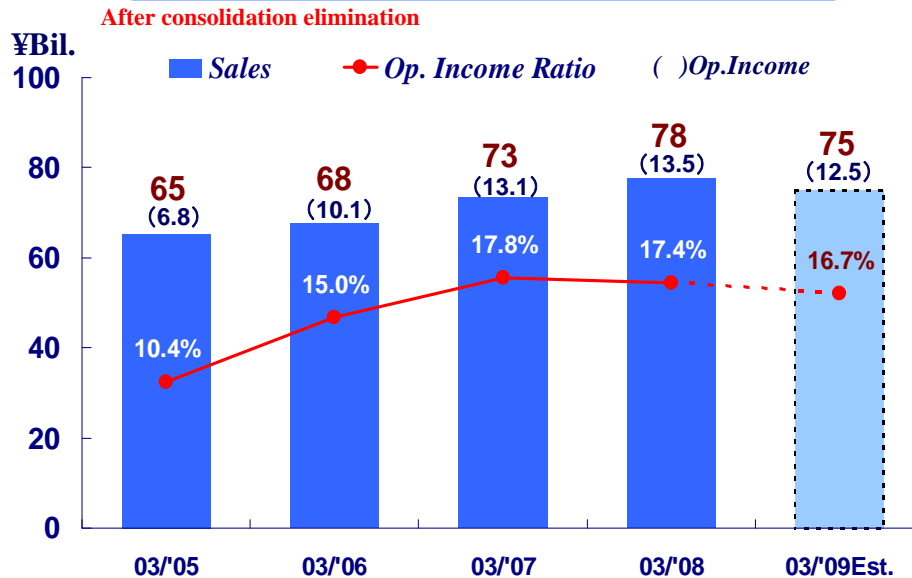
Preparation for increasing demand in **U.S.** as of 2010



Production for Large-size Honeycombs and Cd-DPF

Start of Production : September, 2009
 Capital Expenditures for 1st Stage : Approx. 15 Billion Yen
 Production Capacity for 1st Stage : From 1mil. to 1.2mil. units

Electronics Business Sales & Operating Income



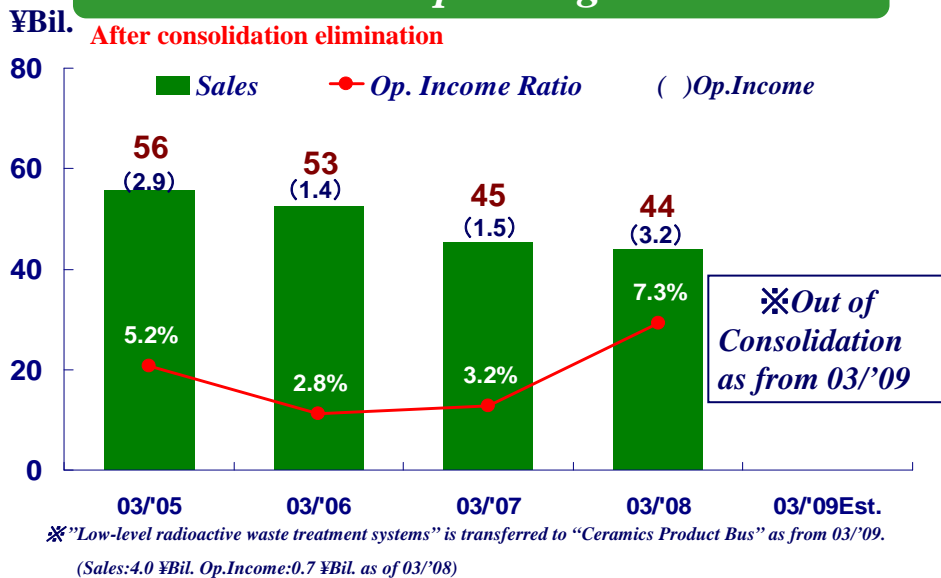
Overview

- ◆ **“Beryllium Copper”**: Demand in Chinese market has peaked.
- ◆ **“Ceramic Components for Semi-conductor Production Equipment”**: Demand decreases due to sharp decline of investments of SPE makers.
- ◆ **“Ceramic Actuators for Color Printer Heads”**: Demand increases due to recovery of sales volume of the printers of our customer (Seiko Epson).
- ◆ **“Soshin Electric Products”**: Demand for digital electrical appliance and data & communication related products tends to stay.

Tasks

- ◆ **Expansion of Sales for new products** (Translucent alumina ceramics for ceramic metal halide lamps, Ceramics Actuators with higher performance, Electrostatic chuck etc.)

Engineering Business Sales & Operating Income



Overview

- ◆ *Tough competition is continuing due to reduction of public investment related to **Sewage Treatment Systems** in Japan.*
- ◆ *Increase the demand for renewal & reconstruction in medium and long term.*

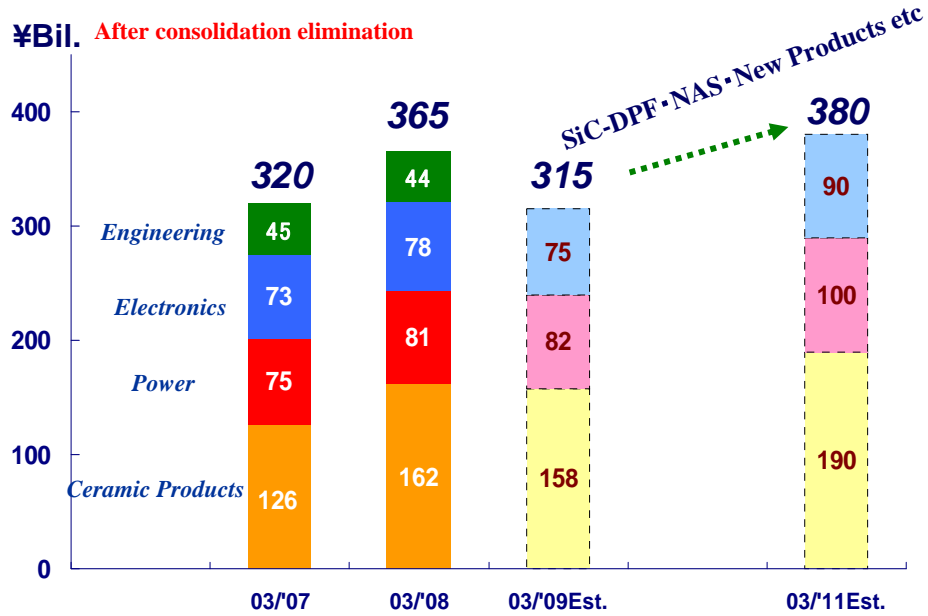
Tasks

*"Meta Water" was set up as the new **consolidated** company with **Fuji Electric Group** for the water environmental business operations in Apr.'08.*

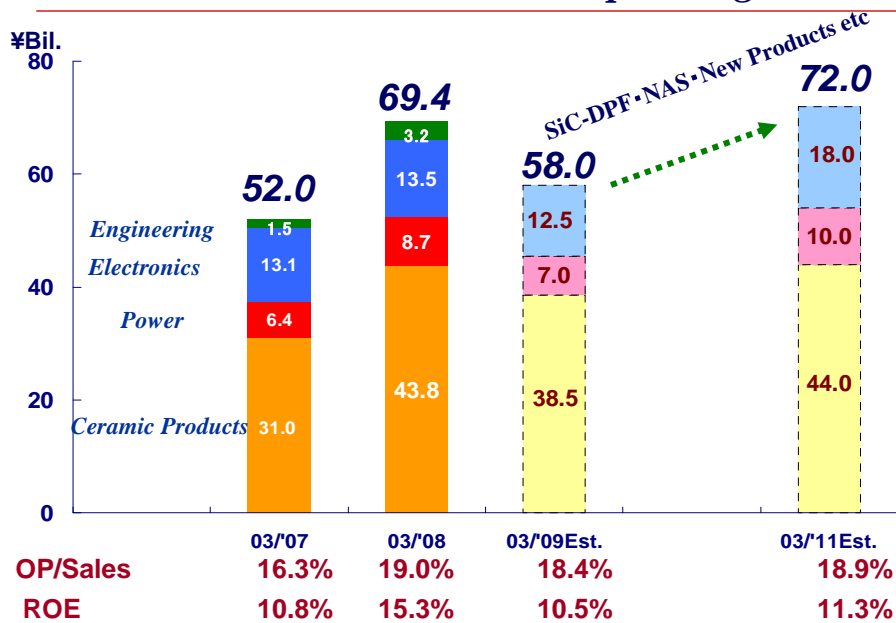
(Sales for Water environmental business is excluded from the consolidated financial statements as of 03/'09.)

- ◆ *Enlarge its business scale.*
- ◆ *Expansion of share for new products brought by consolidation.*
- ◆ *Promote and develop overseas market and private sector.*

'08 Medium-Term Estimates / Sales



'08 Medium-Term Estimates / Operating Income



Consolidated Statements of Income(1)

(¥Bil.)	03/'07	03/'08	Increase/ Decrease
Net sales	320.1	364.9	+44.8
<i>Cost of sales</i>	<i>217.5</i>	<i>241.7</i>	
<i>Selling, general and administrative expenses</i>	<i>50.6</i>	<i>53.8</i>	
Operating income	52.0	69.4	+17.4
<i>(Ratio of Operating income to sales)</i>	<i>(16.2)</i>	<i>(19.0)</i>	

Consolidated Statements of Income(2)

(¥Bil.)	03/'07	03/'08	Increase/ Decrease
Operating income	52.0	69.4	+17.4
<i>Non-operating income</i>	<i>2.9</i>	<i>6.2</i>	
<i>Non-operating expenses</i>	<i>4.6</i>	<i>6.3</i>	
Ordinary income	50.3	69.3	+19.0
<i>(Ratio of Ordinary income to sales)</i>	<i>(15.7)</i>	<i>(19.0)</i>	

Consolidated Statements of Income(3)

(¥Bil.)	03/'07	03/'08	Increase/ Decrease
Ordinary income	50.3	69.3	+19.0
Extraordinary income	2.0	11.0	
Gain on sales of stocks of an associated company	0.7	10.1	
Gain on sales of investment securities	0.4	-	
Gain on sales of business	-	0.5	
Other	0.9	0.4	
Extraordinary loss	1.0	2.1	
Loss on sales & disposals of fixed assets	0.8	0.8	
Restructuring cost	-	0.9	
Other	0.2	0.4	
Income before income taxes and minority interests	51.3	78.2	+26.9

Consolidated Statements of Income(4)

(¥Bil.)	03/'07	03/'08	Increase/ Decrease
Income before income taxes and minority interests	51.3	78.2	+26.9
Income taxes -current	18.2	26.3	
Income taxes -deferred	2.6	5.1	
Minority interests	1.1	0.8	
Net income	29.4	46.0	+16.6
(Ratio of Net income to sales)	(9.2)	(12.6)	

Semi-annual Sales and Operating Income by Segment

(¥ Bil.)

Total	<i>03/'08 Actual</i>			<i>03/'09 Est.</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>173.7</i>	<i>191.2</i>	<i>364.9</i>	<i>156.0</i>	<i>159.0</i>	<i>315.0</i>
<i>Operating Income</i>	<i>34.9</i>	<i>34.5</i>	<i>69.4</i>	<i>30.0</i>	<i>28.0</i>	<i>58.0</i>
<i>OI Margin</i>	<i>20%</i>	<i>18%</i>	<i>19%</i>	<i>19%</i>	<i>18%</i>	<i>18%</i>

Power Business

<i>Sales</i>	<i>37.5</i>	<i>43.8</i>	<i>81.3</i>	<i>36.0</i>	<i>46.0</i>	<i>82.0</i>
<i>Operating Income</i>	<i>4.0</i>	<i>4.7</i>	<i>8.7</i>	<i>2.0</i>	<i>5.0</i>	<i>7.0</i>
<i>OI Margin</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>	<i>6%</i>	<i>11%</i>	<i>9%</i>

Ceramic Products Business

	<i>03/'08 Actual</i>			<i>03/'09 Est.</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>83.9</i>	<i>78.1</i>	<i>162.0</i>	<i>82.5</i>	<i>75.5</i>	<i>158.0</i>
<i>Operating Income</i>	<i>23.6</i>	<i>20.2</i>	<i>43.8</i>	<i>21.6</i>	<i>16.9</i>	<i>38.5</i>
<i>OI Margin</i>	<i>28%</i>	<i>26%</i>	<i>27%</i>	<i>26%</i>	<i>22%</i>	<i>24%</i>

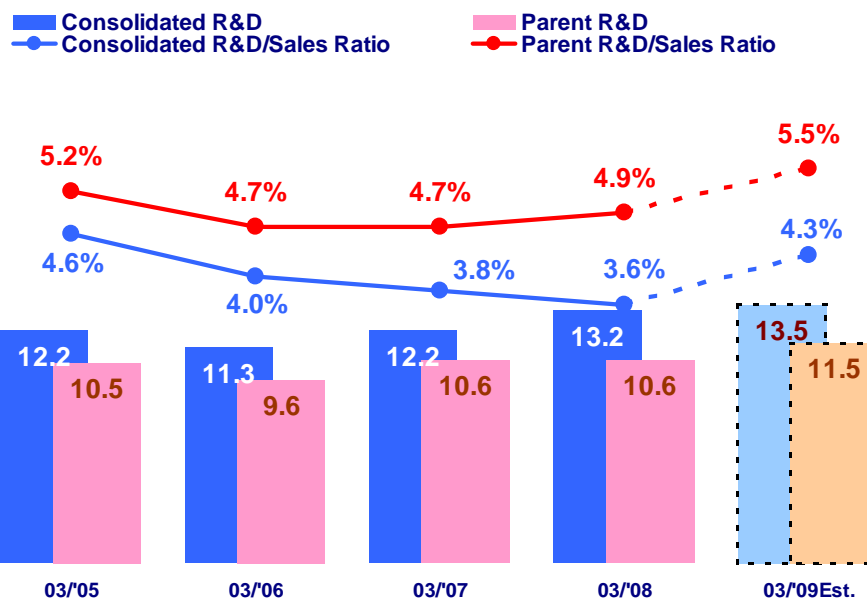
Electronics Business

<i>Sales</i>	<i>40.5</i>	<i>37.0</i>	<i>77.5</i>	<i>37.5</i>	<i>37.5</i>	<i>75.0</i>
<i>Operating Income</i>	<i>8.1</i>	<i>5.4</i>	<i>13.5</i>	<i>6.4</i>	<i>6.1</i>	<i>12.5</i>
<i>OI Margin</i>	<i>20%</i>	<i>15%</i>	<i>17%</i>	<i>17%</i>	<i>16%</i>	<i>17%</i>

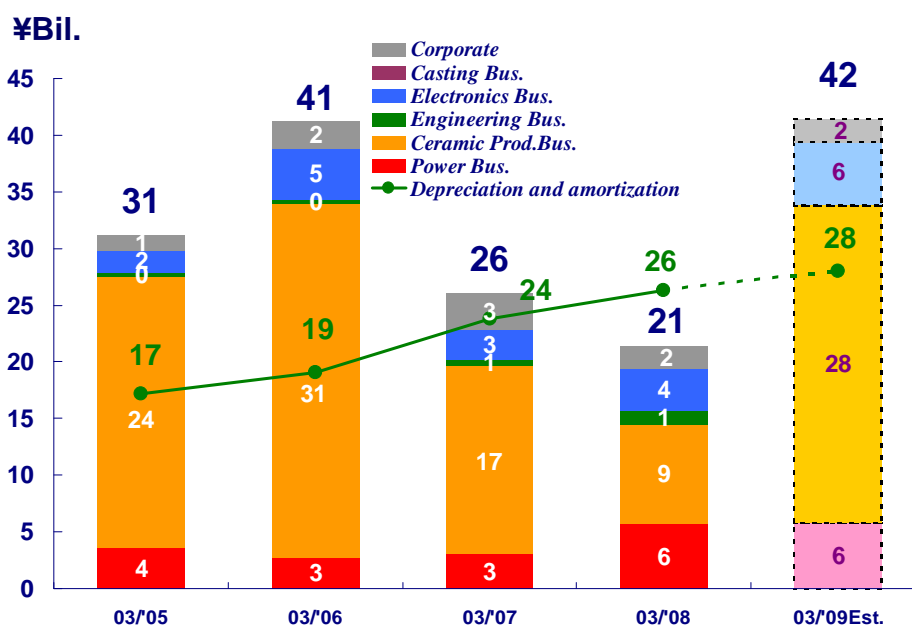
Engineering Business

<i>Sales</i>	<i>11.8</i>	<i>32.3</i>	<i>44.1</i>
<i>Operating Income</i>	<i>△0.9</i>	<i>4.1</i>	<i>3.2</i>
<i>OI Margin</i>	<i>-</i>	<i>13%</i>	<i>7%</i>

R&D Input (¥ Bil.)



Capital Expenditures



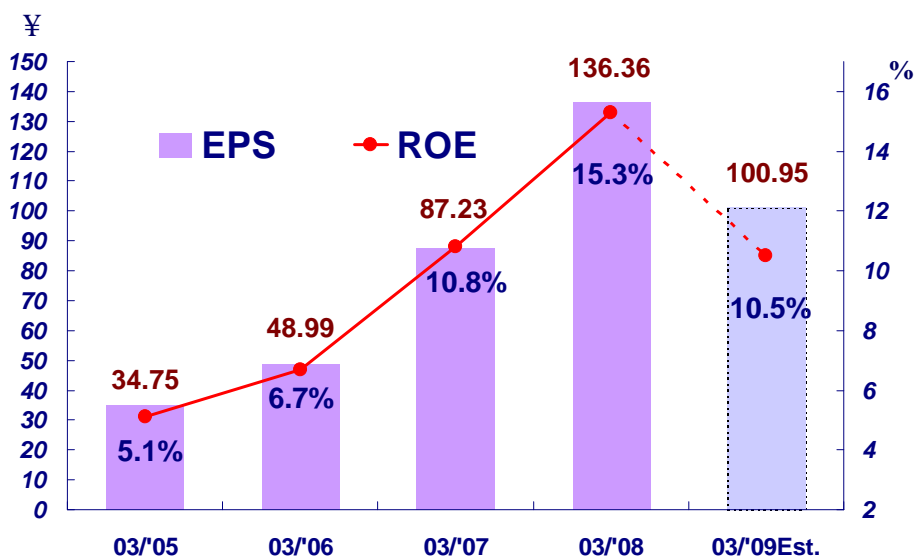
Number of Outstanding Shares

Mar.'96	355 Mil. Shares	
	-10	Buyback of Stocks
Mar.'97	345	
	+29	Exercise of Warrants
	-10	Buyback of Stocks
Mar.'98	364	
	-10	Buyback of Stocks
Mar.'99	354	
	-15	Buyback of Stocks
Mar.'00	339	
	+37	Conversion of CBs
	-10	Buyback of Stocks
Mar.'01	367	
	-10	Buyback of Stocks
Mar.'02	357	
	-10	Buyback of Stocks
Mar.'03	346	
	-8.4	Buyback of Stocks
Mar.'07	337	
	-0.2	Buyback of Stocks from subsidiary
Mar.'08	337	

Accumulated
Buyback
83.6Mil. Shares
¥91.3Bil.

19Mil. Shares
were retired in
March '08.

ROE & EPS



NGK Insulators, Ltd.
2-56, Suda-cho, Mizuho-ku, Nagoya
467-8530, Japan

Finance & Accounting Department
E-mail : ir-office@ngk.co.jp

NGK Website (English Version) :
<http://www.ngk.co.jp/english/index.html>