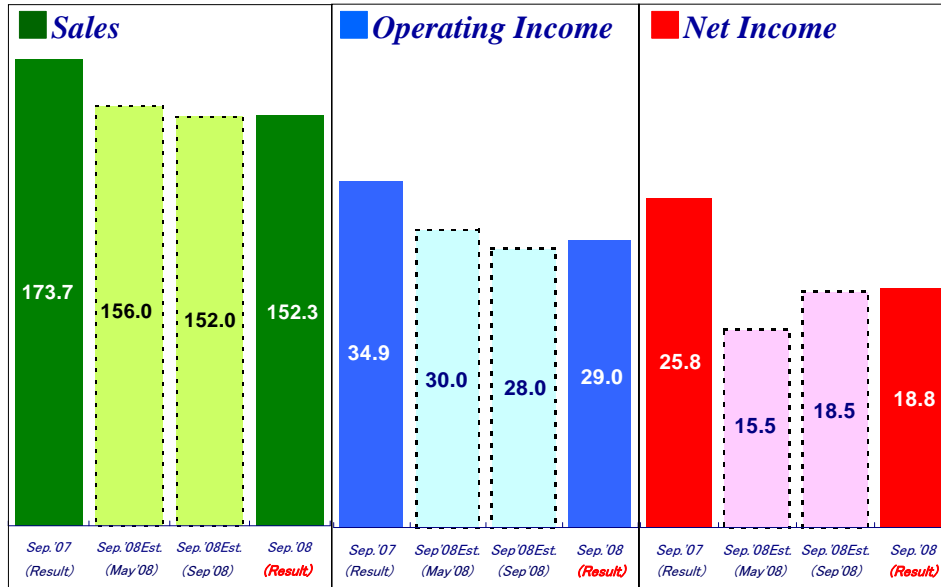


***NGK Insulators, Ltd.***

***Oct. 2008***

## 1stH Result

¥ Bil.



### ■ Points of 1stH Result (Unit: ¥ Bil.)

#### ✦ Sales & Income decreased from the 1stH of previous year

Due to U.S economic slow down and high crude oil prices, sales of automotive related products (Honeycomb & DPF) dropped off.

Weaker demand for ceramic components for Semi-conductor production equipment. Negative impact of higher prices of raw materials.

#### 【Change from the 1stH of previous year】

Sales  $\Delta 21$  (Power  $\Delta 1$ , Ceramic products  $\Delta 4$ , Electronics  $\Delta 4$ , Engineering  $\Delta 12$ )

Op. Income  $\Delta 6$  (Power  $\Delta 1$ , Ceramic products  $\Delta 4$ , Electronics  $\Delta 2$ , Engineering  $+1$ )

Impact of stronger yen (106¥/\$, 162¥/ER) Sales  $\Delta 3$  Op. Income  $\Delta 2$

#### ✦ 1stH Sales & Income increased from the September forecast

【Change】 Sales  $+0.3$  (Power  $+0.6$ , Ceramic products  $\Delta 0.3$ )

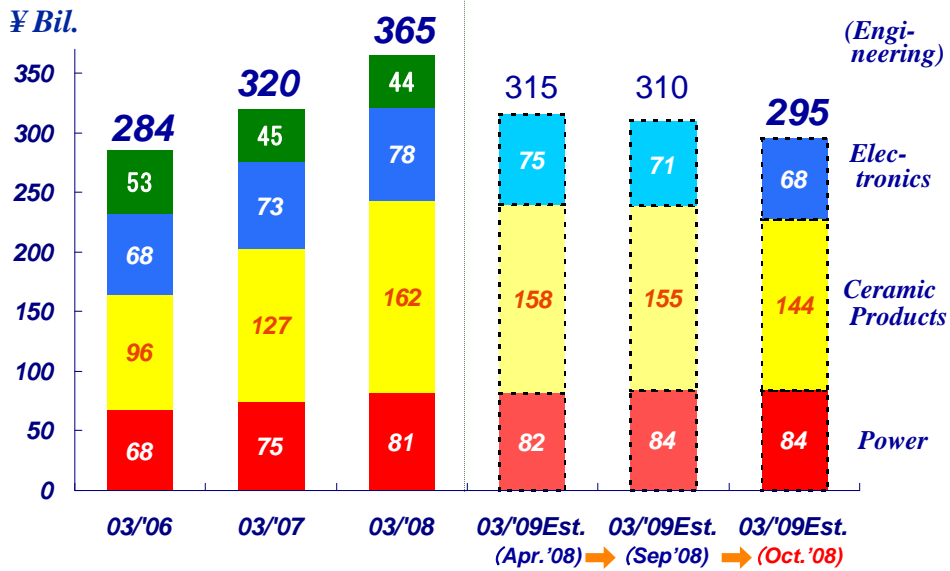
Op. Income  $+1.0$  (Power  $+0.6$ , Ceramic products  $\Delta 0.2$ , Electronics  $+0.6$ )

### ■ Forecast for Fiscal year Ended March 2009

- ✦ Strong demand for insulators in China and NAS batteries.
- ✦ Weaker demand for automotive related products and ceramic components for Semi-conductor production equipment will continue for the full year.

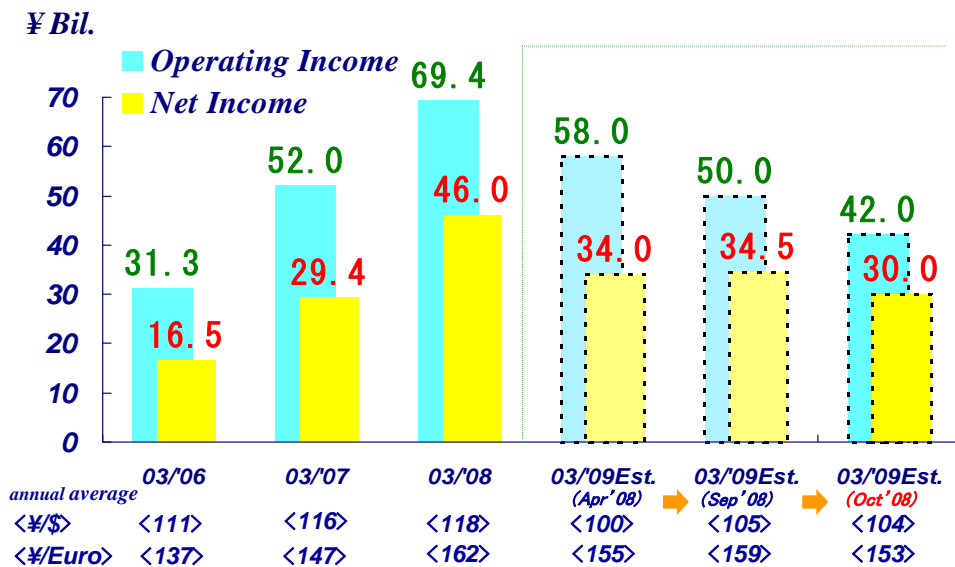
# Net Sales of NGK

After consolidation elimination



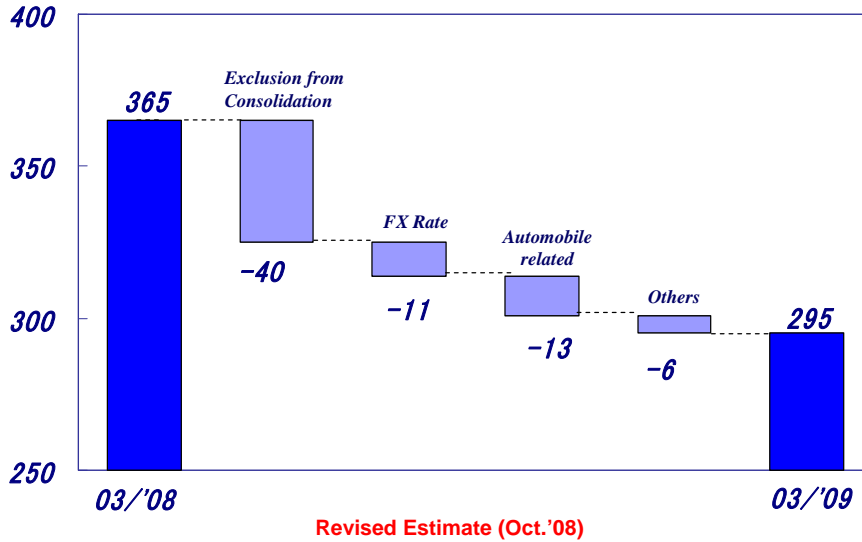
# Income of NGK

◆ Major extraordinary items ;  
03/08 ¥10.0Bil. Gain on sales of securities



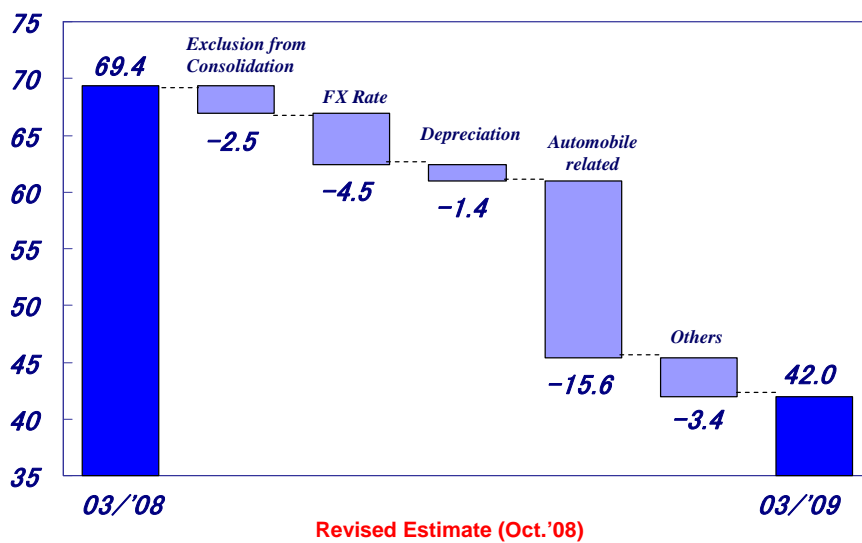
## Factors of Sales Variation

¥ Bil.

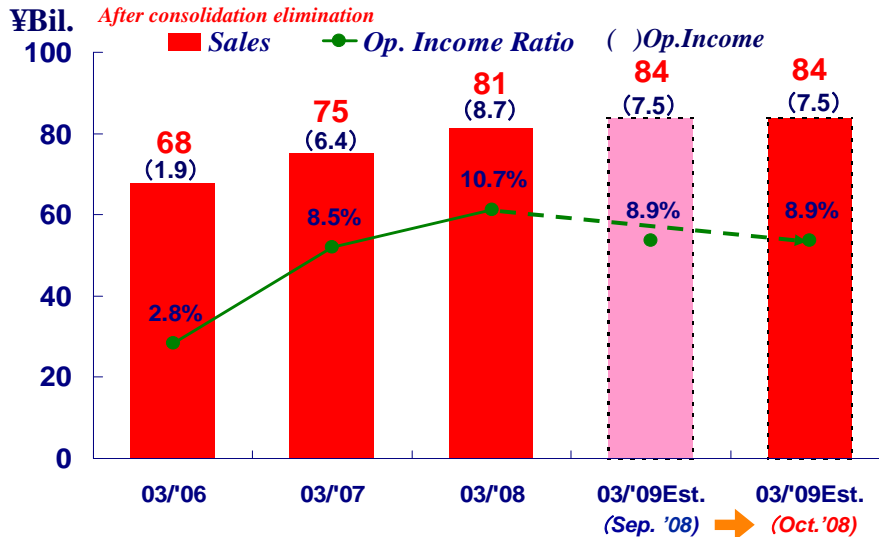


## Factors of Op. Income Variation

¥ Bil.



## Power Business Sales & Operating Income



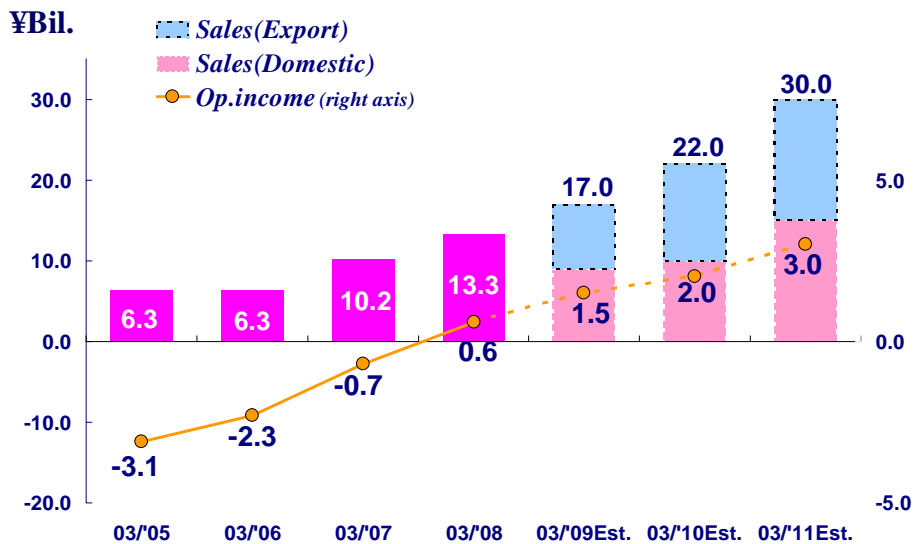
### Overview

- ✦ *Insulators - Overseas demand in China and domestic demand for 500KV are active.*
- ✦ *Demand for NAS (sodium-sulfur) batteries is expected to increase in overseas and domestic market. NGK decided to increase the production capacity from 90MW to 150MW.*

### Tasks

- ✦ *Insulators : Reinforce production base and improve profitability*
  - *Keep up with expanding Chinese market*  
(Need for investment in substation plant in China.)
  - *Promote replacement of insulators in Japan.*
- ✦ *NAS batteries : Enlarge business & Improve profitability*
  - *Capture domestic demand for wind power generation and reinforce overseas business.*
  - *Promote cost reduction*

## Sales & Income of NAS batteries business



### **Overview / Tasks in Power Business - NAS batteries**

★ **NAS (sodium-sulfur) batteries - Demand is increasing**

➤ **Domestic market**

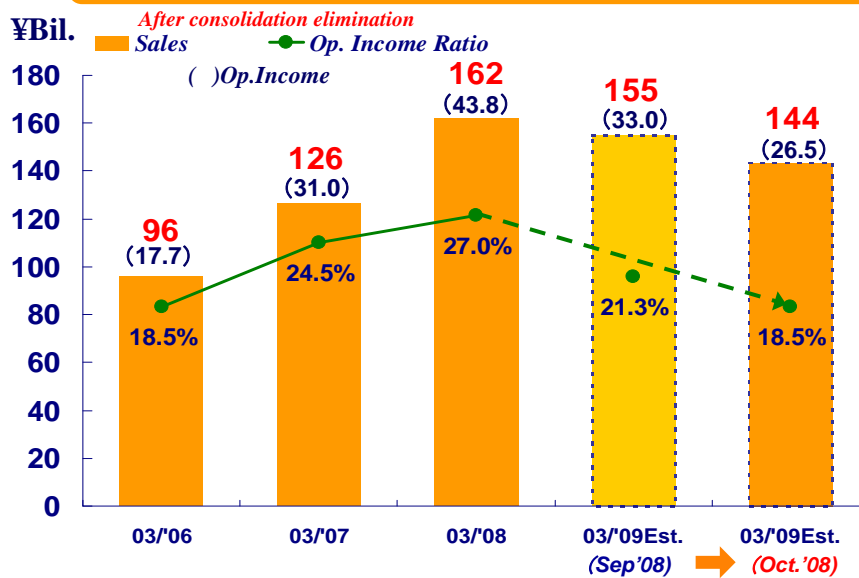
*Capture demand for application of renewable energy.*

➤ **Overseas market**

*Various demand, not only for renewable energy but also for Load leveling and for Peak saving, has been appearing.*

*To correspond to growing demand, NGK has decided to expand its production capacity from 90MW to 150MW with investment of 11.3 billion yen.*

## Ceramic Products Business Sales & Operating Income



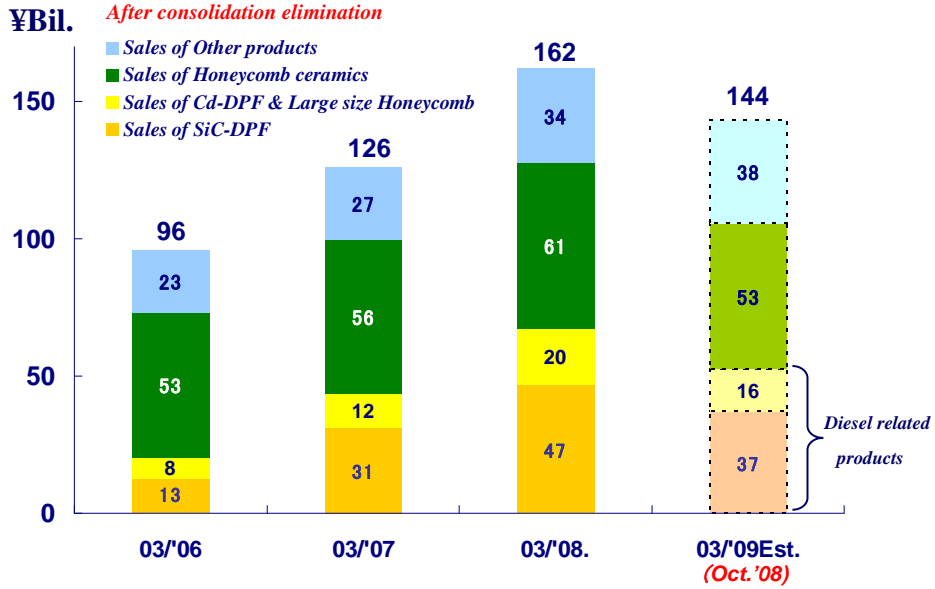
### Overview

- ✦ *Lower automobile sales due to economic slowdown in US*  
*SiC-DPF, Automotive catalytic converters (“Honeycomb Ceramics”), Cd-DPF and Large-size honeycombs (LSH)*  
*Demand in US substantially decreased.*
- ✦ *Emission regulations being tightened worldwide*  
*Automotive catalytic converters (“Honeycomb Ceramics”)*  
*Demand is expanding due to an increase in automotive sales in emerging countries.*  
*Cd-DPF & Large-size honeycombs (LSH)*  
*Greater demand is expected in 2010 and after to meet tighter regulations for truck and construction equipment.*

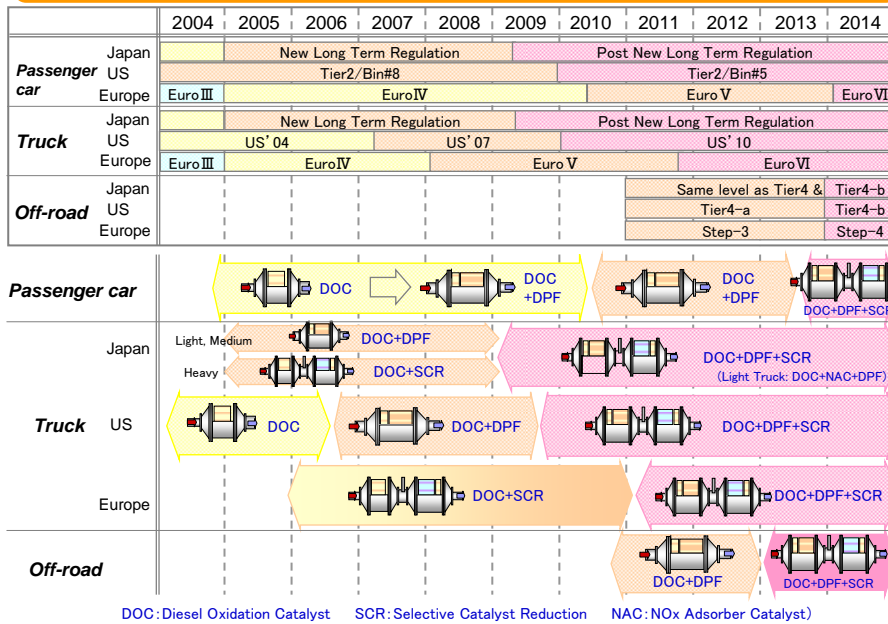
### Tasks

- ✦ *Cd-DPF & LSH Establish worldwide production framework.*
- ✦ *SiC-DPF Discrimination from other materials*  
*in terms of performance & price.*

## Sales Forecast of Ceramic Products Business

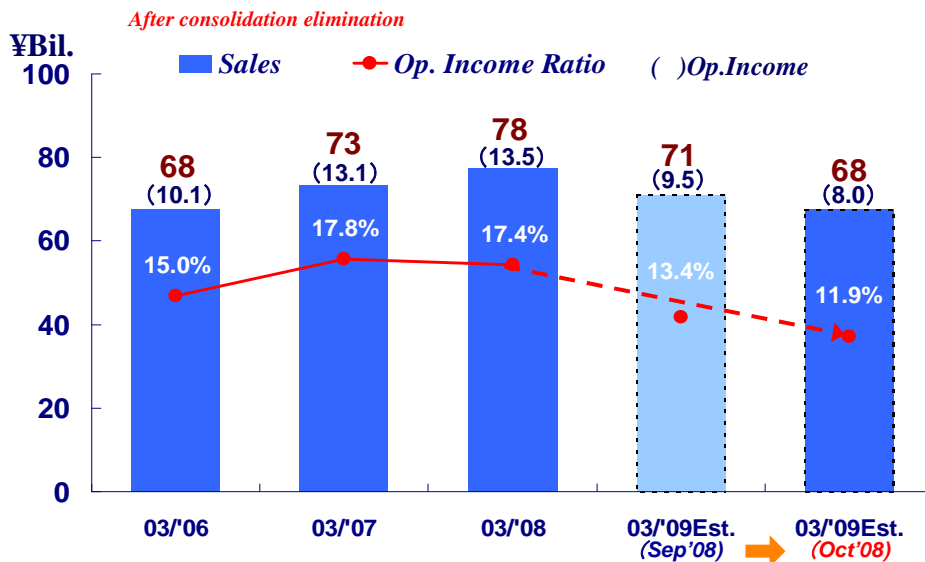


## Emission Regulations for Diesel & Technical Trends





## Electronics Business Sales & Operating Income



### Overview

- ✦ **“Beryllium Copper”**: Cellular phone market shows signs of slowdown.
- ✦ **“Ceramic Components for Semi-conductor Production Equipment”**: Semi-conductor maker reduces investment for semi-conductor production.
- ✦ **“Ceramic Actuators for Color Printer Heads”**: Overview of demand is not clear due to U.S economic slowdown although sales of ink-jet printers by SEIKO EPSON increased.
- ✦ **“Soshin Electric Products”**: Market for Electronic Components is shrinking.

### Tasks

- ✦ Promote creation of new products and expand sales.  
(High-performance ceramics actuators, Electrostatic Chuck and Lighting products etc.)

## Semi-annual Sales and Operating Income by Segment

*After consolidation elimination*

( ¥ Bil.)

<b>Total</b>	<i>03/'08 Actual</i>			<i>03/'09 Est. (Oct. '08)</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>152.3</i>	<i>142.7</i>	<i>295.0</i>
<i>Operating Income</i>	<i>34.9</i>	<i>34.5</i>	<i>69.4</i>	<i>29.0</i>	<i>13.0</i>	<i>42.0</i>
<i>OI Margin</i>	<i>20%</i>	<i>18%</i>	<i>19%</i>	<i>19%</i>	<i>9%</i>	<i>14%</i>

### *Power Business*

<i>Sales</i>	<i>37.5</i>	<i>43.8</i>	<i>81.3</i>	<i>36.1</i>	<i>47.9</i>	<i>84.0</i>
<i>Operating Income</i>	<i>4.0</i>	<i>4.7</i>	<i>8.7</i>	<i>3.1</i>	<i>4.4</i>	<i>7.5</i>
<i>OI Margin</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>	<i>9%</i>	<i>9%</i>	<i>9%</i>

### *Ceramic Products Business*

	<i>03/'08 Actual</i>			<i>03/'09 Est. (Oct. '08)</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>79.7</i>	<i>63.8</i>	<i>143.5</i>
<i>Operating Income</i>	<i>23.6</i>	<i>20.2</i>	<i>43.8</i>	<i>19.8</i>	<i>6.7</i>	<i>26.5</i>
<i>OI Margin</i>	<i>28%</i>	<i>26%</i>	<i>27%</i>	<i>25%</i>	<i>11%</i>	<i>18%</i>

### *Electronics Business*

<i>Sales</i>	<i>40.5</i>	<i>37.0</i>	<i>77.5</i>	<i>36.5</i>	<i>31.0</i>	<i>67.5</i>
<i>Operating Income</i>	<i>8.1</i>	<i>5.4</i>	<i>13.5</i>	<i>6.1</i>	<i>1.9</i>	<i>8.0</i>
<i>OI Margin</i>	<i>20%</i>	<i>15%</i>	<i>17%</i>	<i>17%</i>	<i>6%</i>	<i>12%</i>

### *Engineering Business*

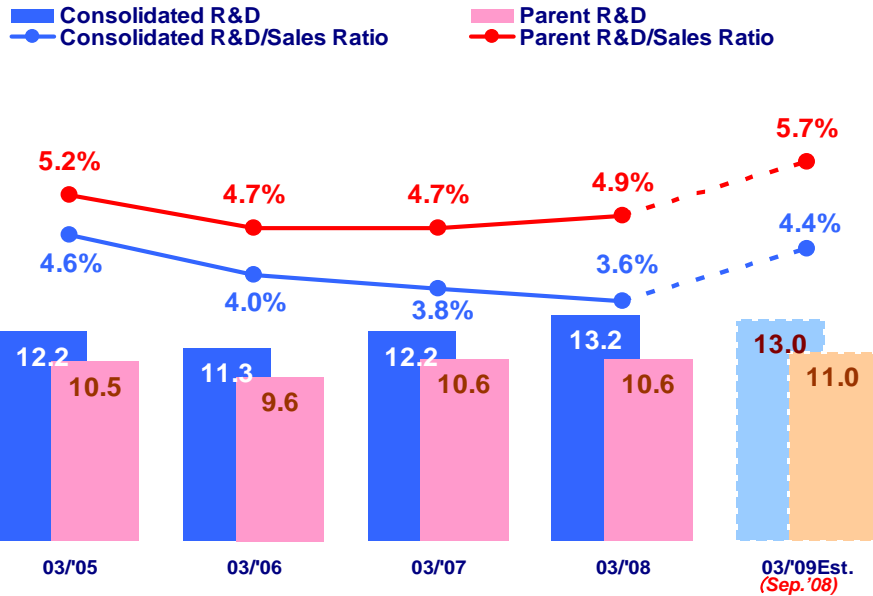
<i>Sales</i>	<i>11.8</i>	<i>32.3</i>	<i>44.1</i>
<i>Operating Income</i>	<i>-0.9</i>	<i>4.1</i>	<i>3.2</i>
<i>OI Margin</i>	<i>-</i>	<i>13%</i>	<i>7%</i>

## Summary of Cash Flow (¥ Bil.)

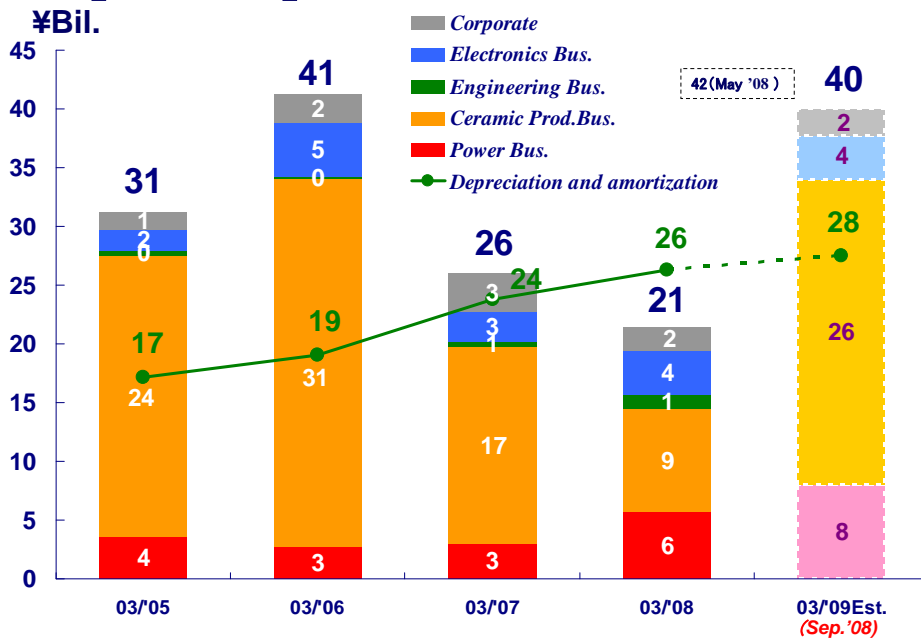
	03/'07	03/'08	03/'09Est.
<i>Income before taxes</i>	51.3	78.2	41.0
<i>Income taxes paid</i>	-17.0	-21.6	-24.6
<i>Depreciation</i>	23.8	26.3	27.5
<i>Increase in Acct. Rec.</i>	-3.8	3.4	0.2
<i>Increase / Decrease in inventories</i>	-4.1	-7.1	-0.3
<i>Other changes</i>	-11.9	-12.5	-9.8
<b><i>Operating Activities</i></b>	<b>38.3</b>	<b>66.7</b>	<b>34.0</b>
<i>Property, plant &amp; equip.</i>	-24.2	-21.0	-40.0
<i>Disposal, investment securities</i>	4.7	1.1	0.0
<i>Other investments</i>	-1.8	3.2	-0.5
<b><i>Investing Activities</i></b>	<b>-21.3</b>	<b>-16.7</b>	<b>-40.5</b>

	03/'07	03/'08	03/'09Est.
<i>Acquisition of treasury stock</i>	-0.3	-0.6	-13.7
<i>Cash dividends</i>	-4.7	-6.7	-7.4
<i>Redemption of bonds</i>	-	-	-10.0
<i>Proceeds from new borrowings</i>	6.4	-	-
<i>Other</i>	-0.5	-2.8	-2.9
<b><i>Financing Activities</i></b>	<b>0.9</b>	<b>-10.1</b>	<b>-34.0</b>
<i>Effect of exchange rate change</i>	1.3	1.6	-
<b><i>Net Changes in Cash &amp; eq.</i></b>	<b>19.2</b>	<b>41.5</b>	<b>-40.5</b>
<i>Change in consolidated subsidiaries</i>	-	-	-4.3
<b><i>Cash &amp; eq. at End of Year</i></b>	<b>78.3</b>	<b>119.8</b>	<b>75.0</b>

# R&D Input (¥ Bil.)



# Capital Expenditures



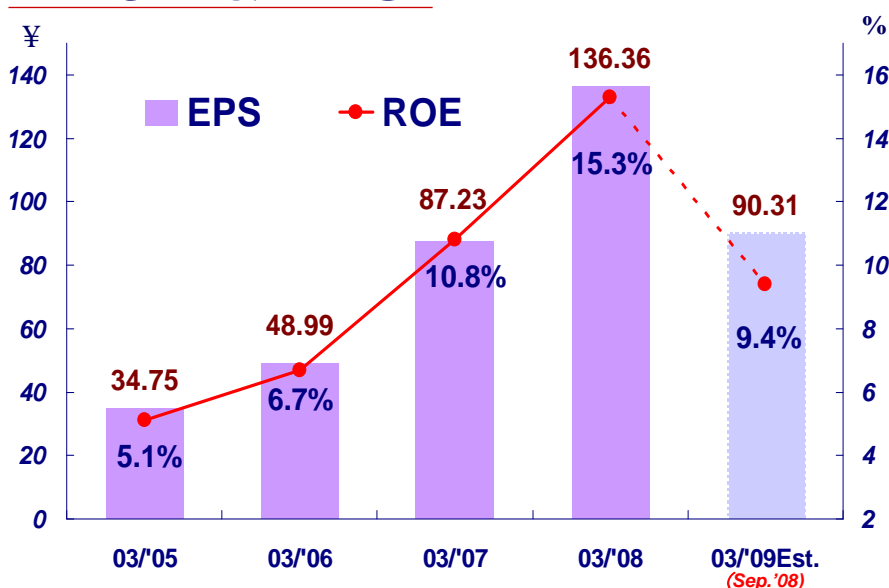
## Number of Outstanding Shares

Mar.'96	355 Mil. Shares		
Mar.'97	345	-10	Buyback of Stocks
Mar.'98	364	+29	Exercise of Warrants
Mar.'99	354	-10	Buyback of Stocks
Mar.'00	339	-15	Buyback of Stocks
Mar.'01	367	+37	Conversion of CBs
Mar.'02	357	-10	Buyback of Stocks
Mar.'03	346	-10	Buyback of Stocks
Mar.'07	337	-8.4	Buyback of Stocks
Mar.'08	337	-0.2	Buyback of Stocks from subsidiary
Sep.'08	332	-5	Buyback of Stocks

*Accumulated Buyback*  
88.6Mil. Shares  
¥99.0Bil.

*NGK decided to buyback stock in 2nd half with 5 million shares or 6 billion yen as ceiling. (from end of 08'/10)*

## ROE & EPS



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