

NGK Insulators, Ltd.

May 2009

Today's Speakers

Name

Title

Shun Matsushita

President & Chief Executive Officer

Hiroshi Wada

Director & Senior Vice President

Susumu Sakabe

Vice President

Finance and Accounting Dept.

Consolidated Financial Results

for the Fiscal Year Ended March 2009

(¥Bil.)

	<i>03/'08</i>	<i>03/'09</i>	<i>Growth ratio</i>
<i>Net Sales</i>	<i>364.9</i>	<i>273.2</i>	<i>Δ25%</i>
<i>Operating Income</i>	<i>69.4</i>	<i>32.8</i>	<i>Δ53%</i>
<i>Ordinary Income</i>	<i>69.3</i>	<i>31.5</i>	<i>Δ55%</i>
<i>Net Income</i>	<i>46.0</i>	<i>24.5</i>	<i>Δ47%</i>
<i>Exchange Rate</i>	<i>118</i>	<i>104</i>	<i>¥/US\$</i>
	<i>162</i>	<i>153</i>	<i>¥/ER</i>

Highlights of Fiscal Year 2008

◆ *Sales & Income : Sharply decreased from previous fiscal year record-high.*

< *Advantages* >

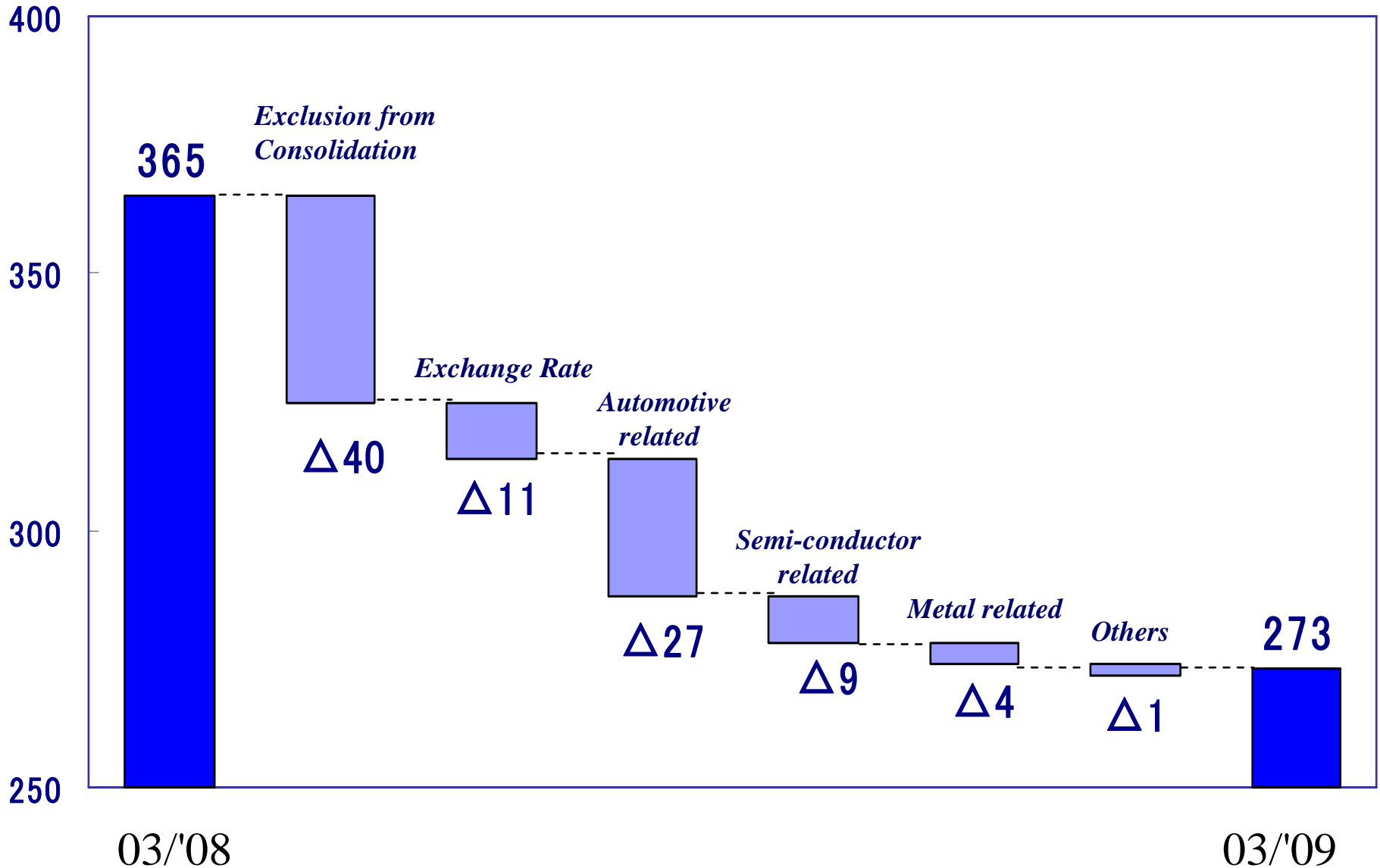
- *Demand for NAS batteries increased overseas and in domestic markets.*
- *Power demand in China increased.*
- *Deferred tax liabilities on retained profits in overseas subsidiaries are being taken off.*

< *Disadvantages* >

- *Demand for automotive related products decreased from second half of the year.*
- *Demand for ceramic components for semi-conductor production equipment decreased.*
- *Exclusion of Engineering business from consolidation.*
- *Stronger Yen versus US\$ and EUR.*

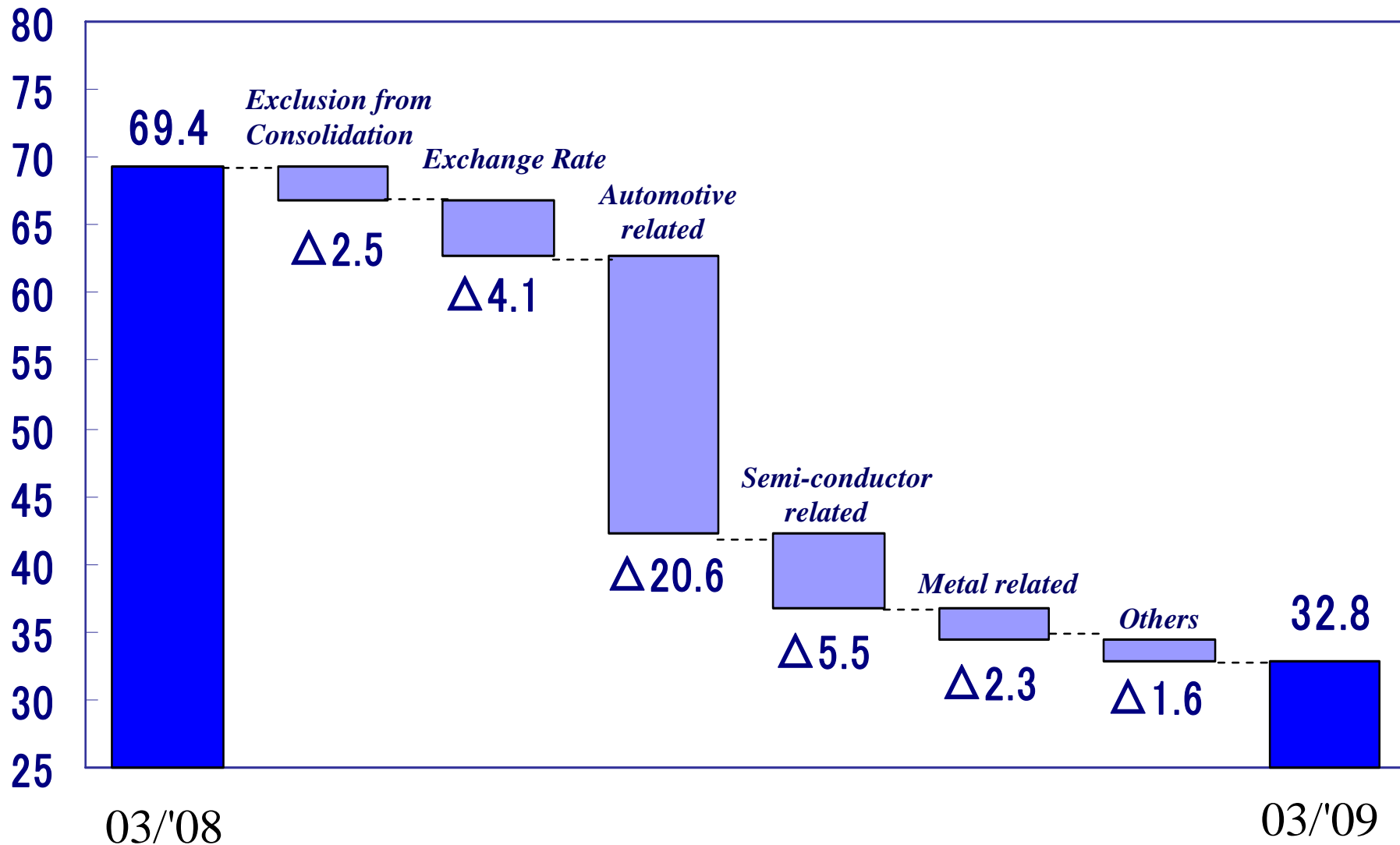
Factors of Sales Variation

¥ Bil.



Factors of Op. Income Variation

¥ Bil.



Forecast for Fiscal Year Ended March 2010

(¥Bil.)

	<i>03/'09</i>	<i>03/'10</i>	<i>Growth ratio</i>
<i>Net Sales</i>	<i>273.2</i>	<i>230.0</i>	<i>Δ16%</i>
<i>Operating Income</i>	<i>32.8</i>	<i>15.0</i>	<i>Δ54%</i>
<i>Ordinary Income</i>	<i>31.5</i>	<i>16.0</i>	<i>Δ49%</i>
<i>Net Income</i>	<i>24.5</i>	<i>11.0</i>	<i>Δ55%</i>
<i>Exchange Rate</i>	<i>104</i>	<i>90</i>	<i>¥/US\$</i>
	<i>153</i>	<i>120</i>	<i>¥/ER</i>

Highlights of Fiscal Year 2009

◆ *Sales & Income :*

Consecutive sharp decrease in sales and income.

<Advantage >

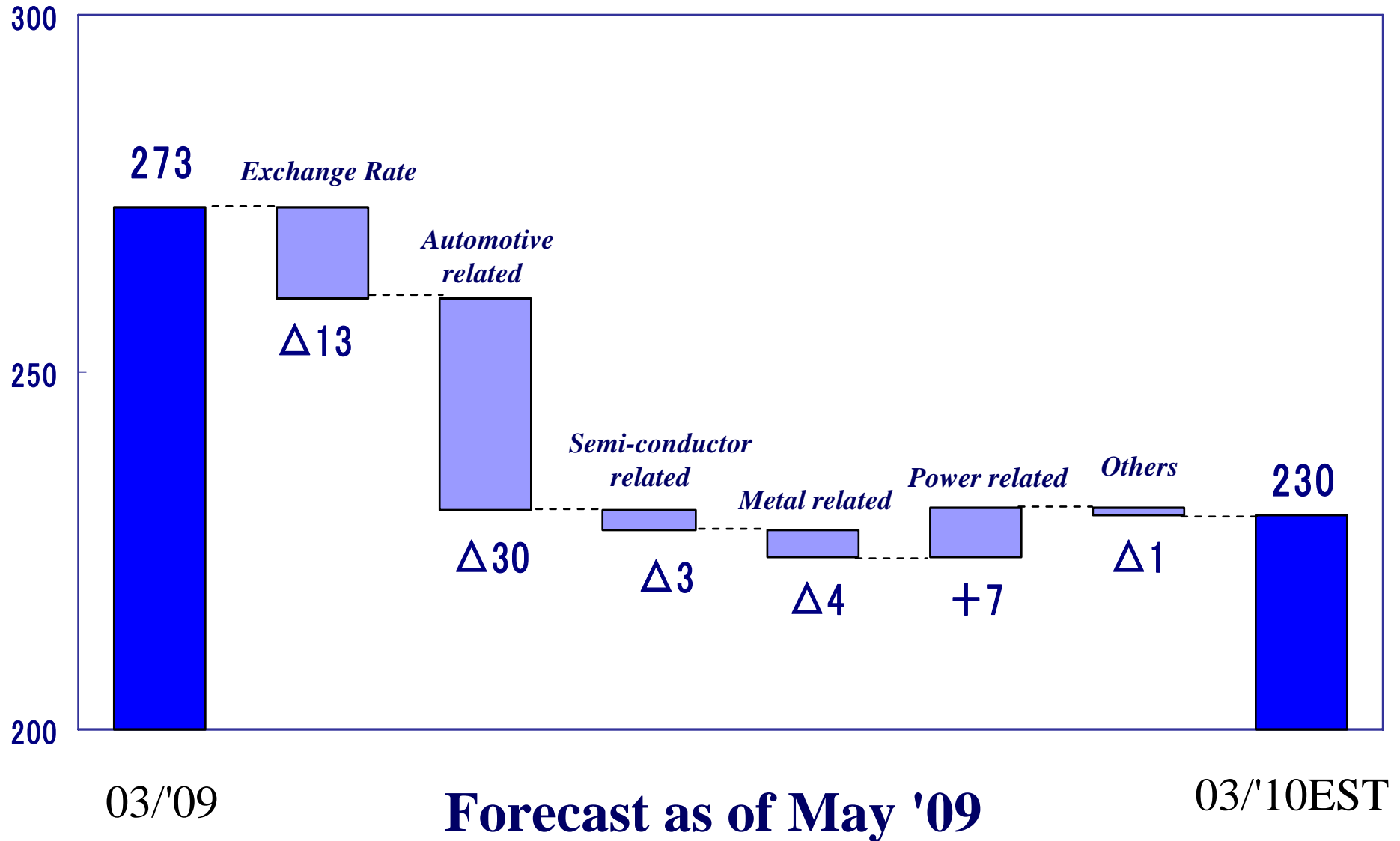
- *Demand for NAS batteries increase in overseas and domestic market.*
- *Expansion of Chinese market for electrical insulators.*

<Disadvantage >

- *Decrease of automotive related ceramics products.*
- *Demand for ceramic components for semi-conductor production equipment continues to decrease.*
- *Stronger Yen versus US\$ and EUR.*

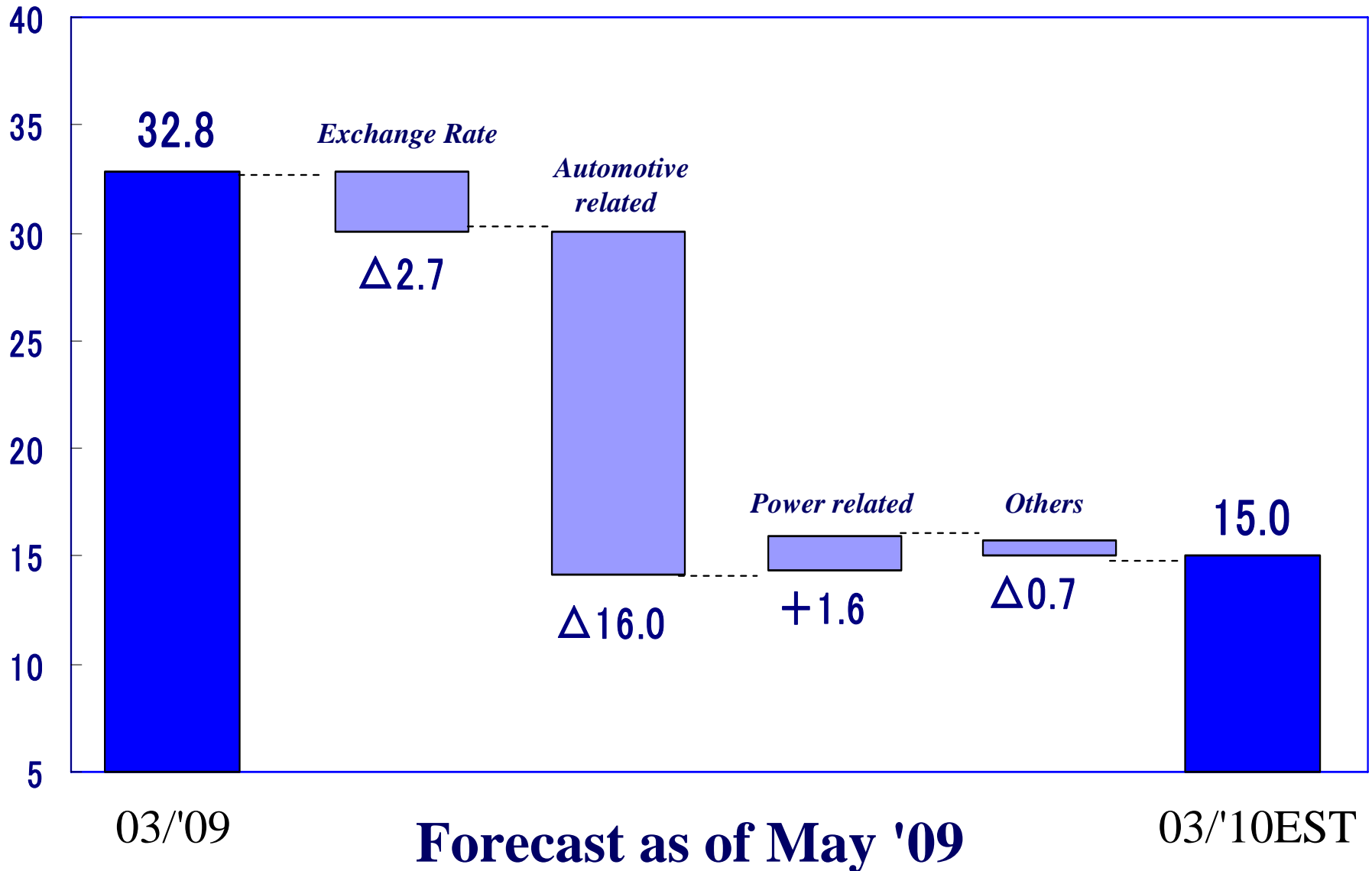
Factors of Sales Variation

¥ Bil.



Factors of Op. Income Variation

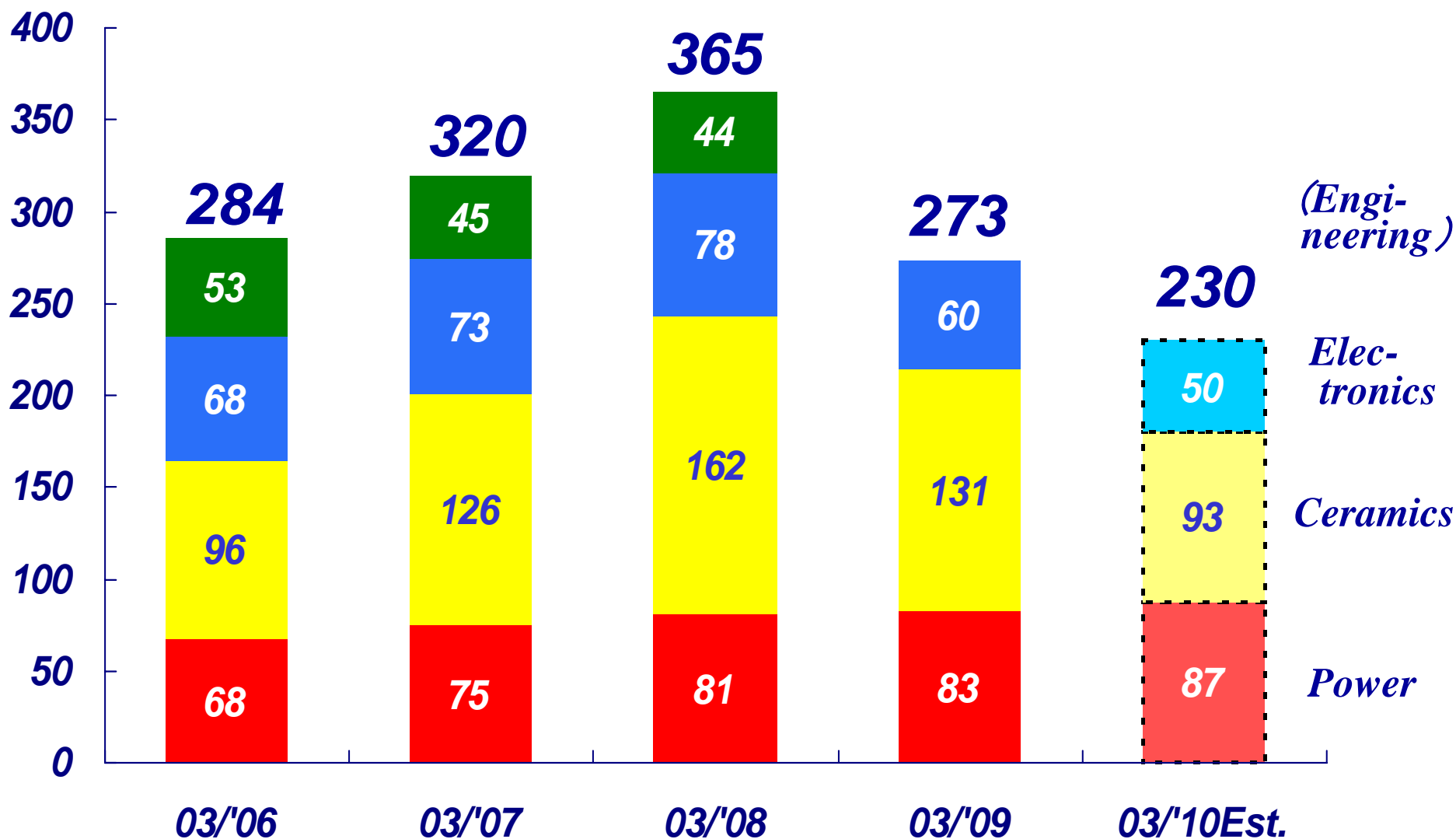
¥ Bil.



Net Sales of NGK

¥ Bil.

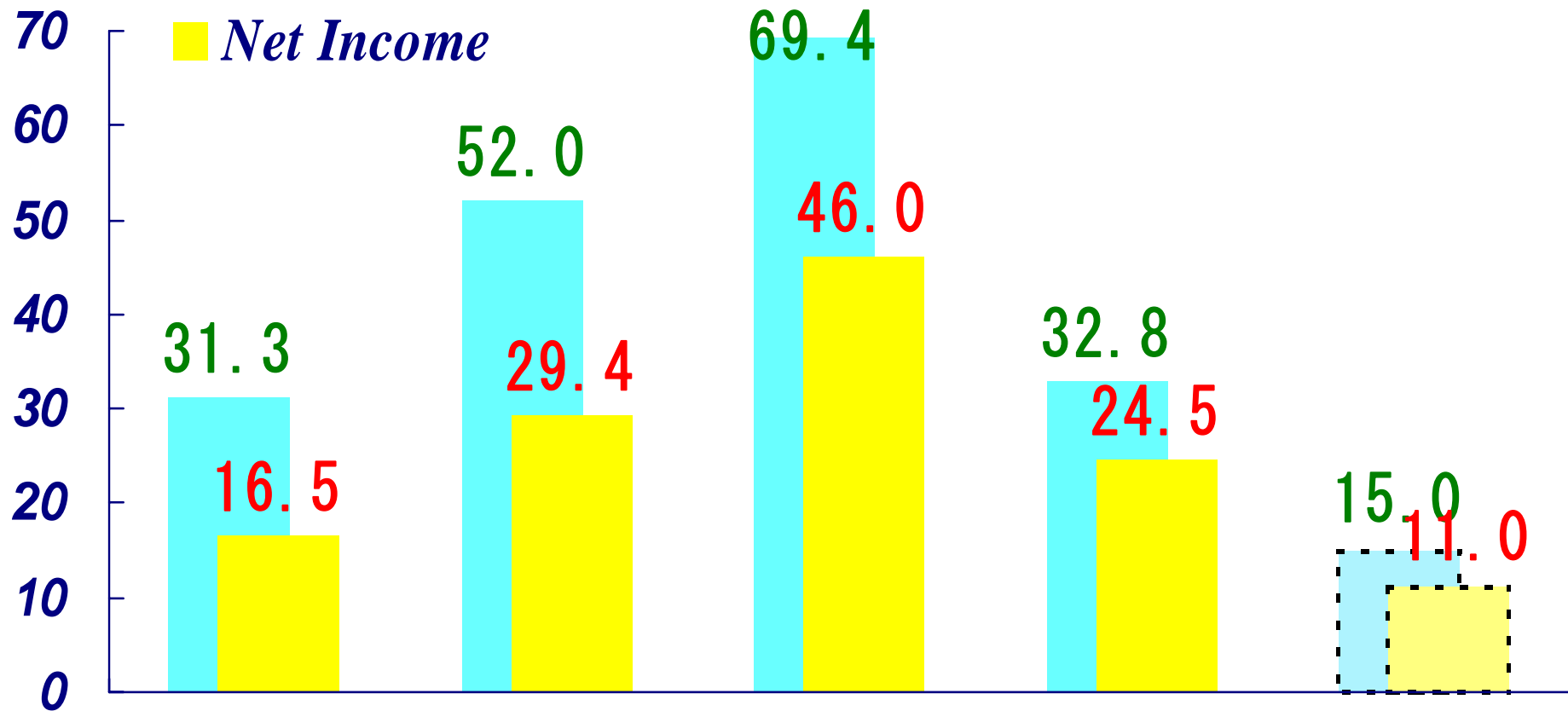
After consolidation elimination



Income of NGK

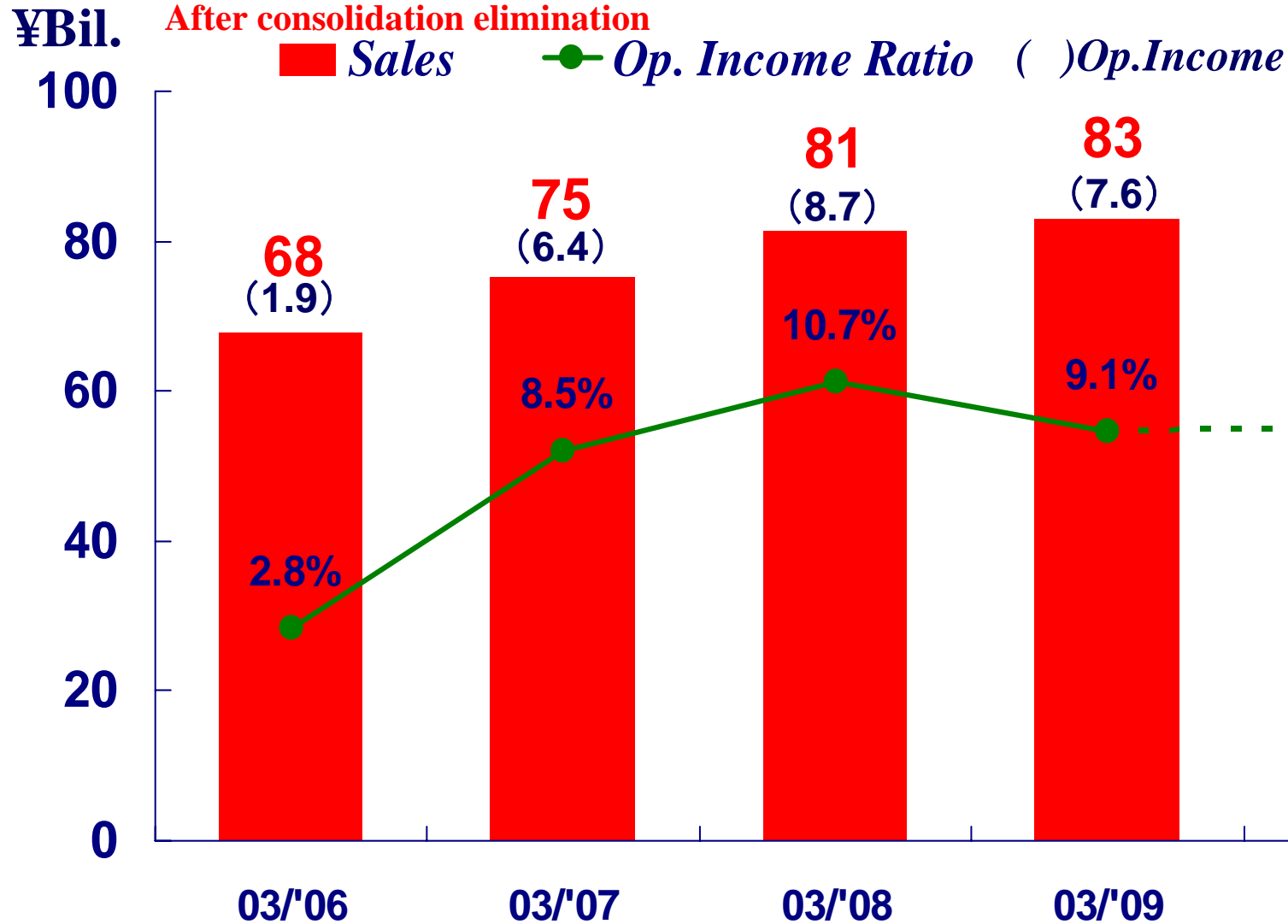
◆ Major extraordinary items :
 03/'09 $\Delta 8.9$ ¥Bil. Restructuring cost including inventory evaluation loss and writing off fixed assets etc.
 10.4¥Bil. Taking off deferred tax liabilities in overseas subsidiaries.

¥ Bil. ■ Operating Income
■ Net Income



annual average	03/'06	03/'07	03/'08	03/'09	03/'10Est.
<¥/\$>	<111>	<116>	<118>	<104>	<90>
<¥/Euro>	<137>	<147>	<162>	<153>	<120>

Power Business Sales & Operating Income



Overview

◆ *Electrical Insulators :*

- Domestic Demand for 500KV transmission line project is at peak.*
- Promote replacement of insulators in Japan.*
- Demand for UHV and direct current in China is expanding.*
- Construction of transmission lines in the Middle East and Far East becomes active.*

◆ *NAS batteries :*

- Domestic demand is increasing for renewal energy.*
- Embody demands for load stabilization and renewal energy in the Middle East.*

Tasks

◆ *Electrical Insulators :*

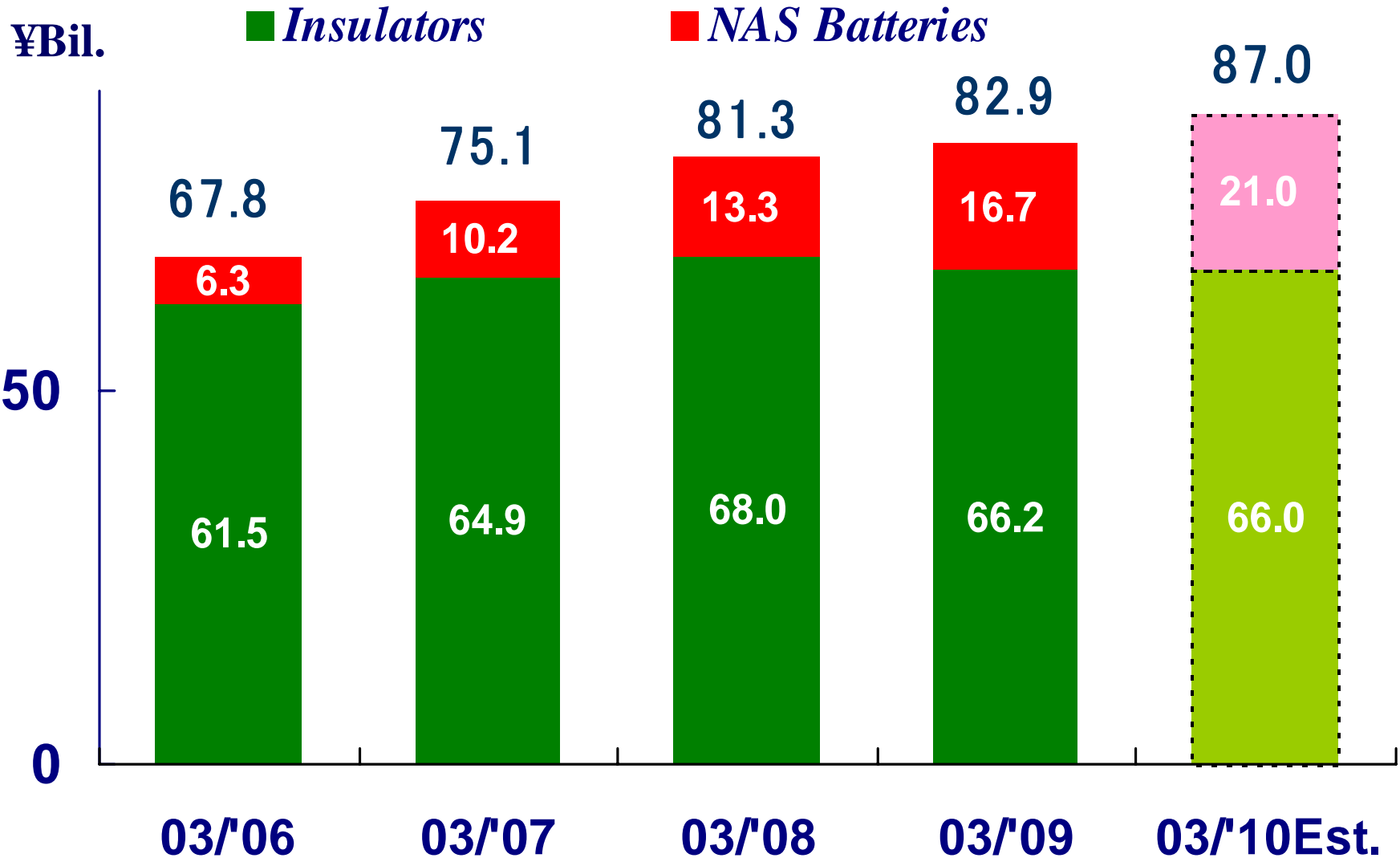
- *Reinforce and expand production base in China.*
- *Establish stable goods supply.*

◆ *NAS batteries*

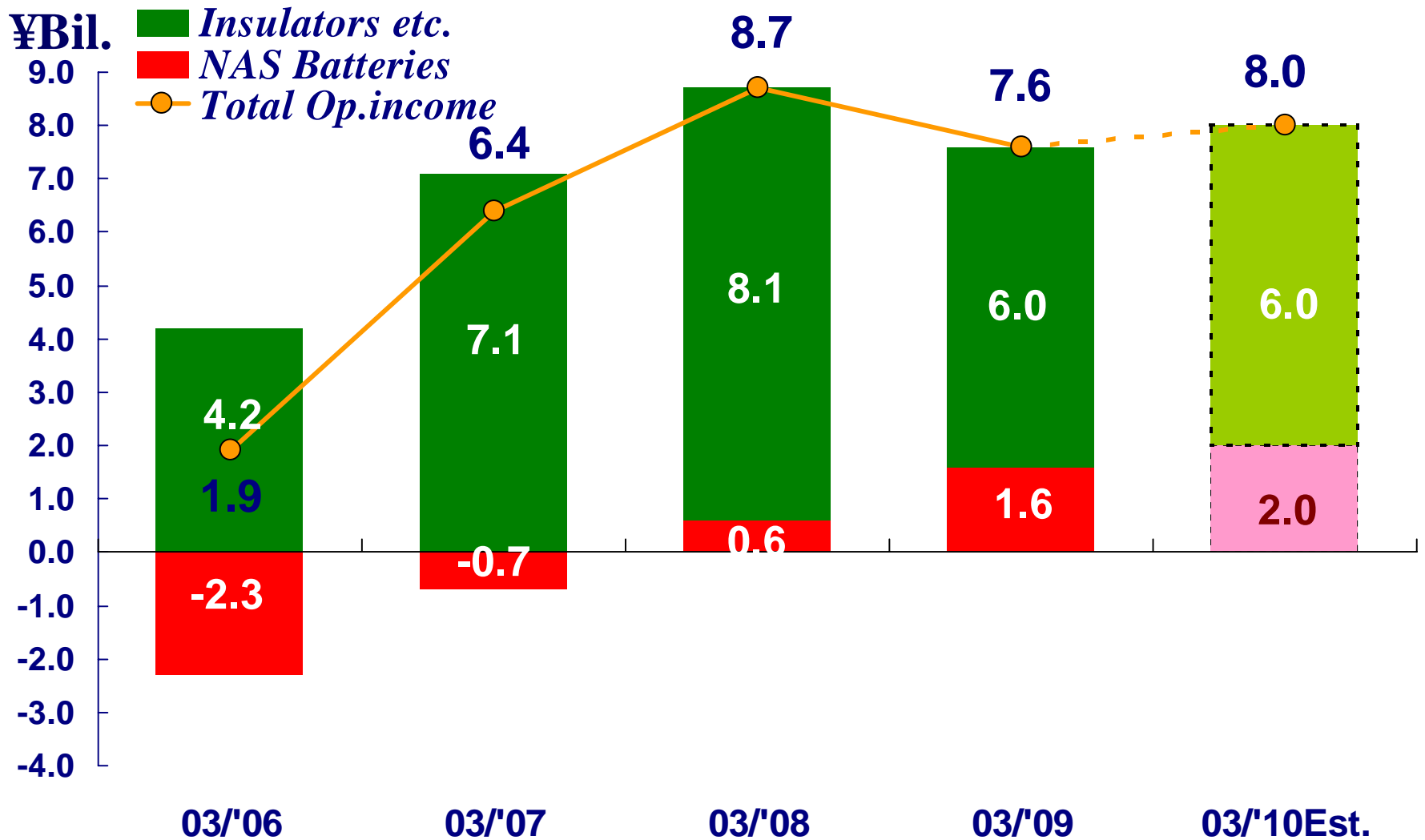
- *Competition for the demands of renewal energy in overseas and domestic market.*
- *Promotion of cost reduction.*

Sales of Power Business

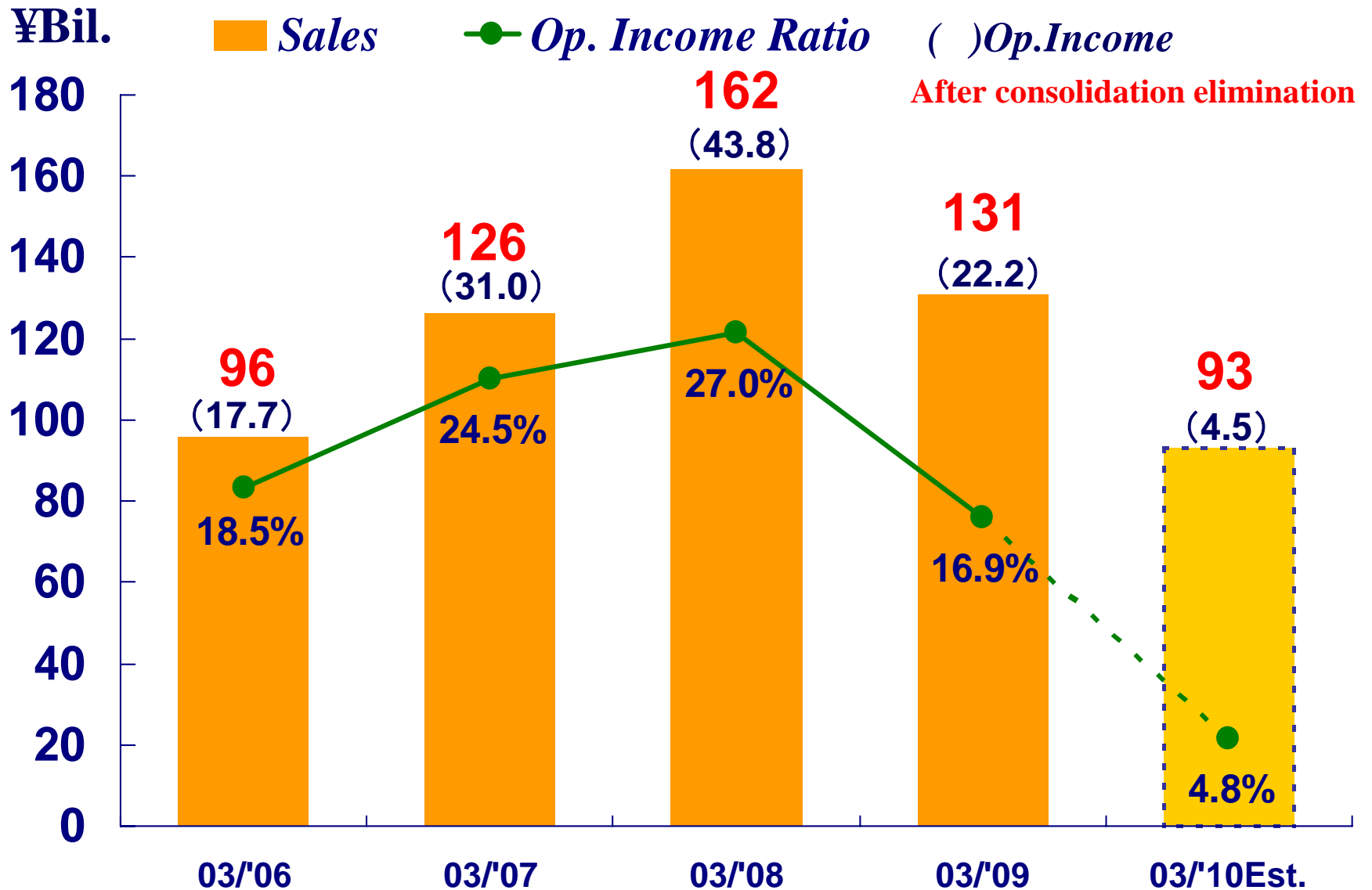
After consolidation elimination



Operating Income of Power Business



Ceramic Products Business Sales & Operating Income



Overview

- ✦ *Due to worldwide economic slowdown, car sales have decreased sharply.*
- ✦ *Demand will tend to increase mid & long term due to CO₂ and emission regulations being tightened worldwide.*

Automotive catalytic converters (“Honeycomb Ceramics”) :

Worldwide introduction of emissions regulations.

Cd-DPF & Large-size honeycombs :Tighter regulations for truck and construction equipment in 2010 and after.

SiC-DPF : Tighter emission regulations in EU.

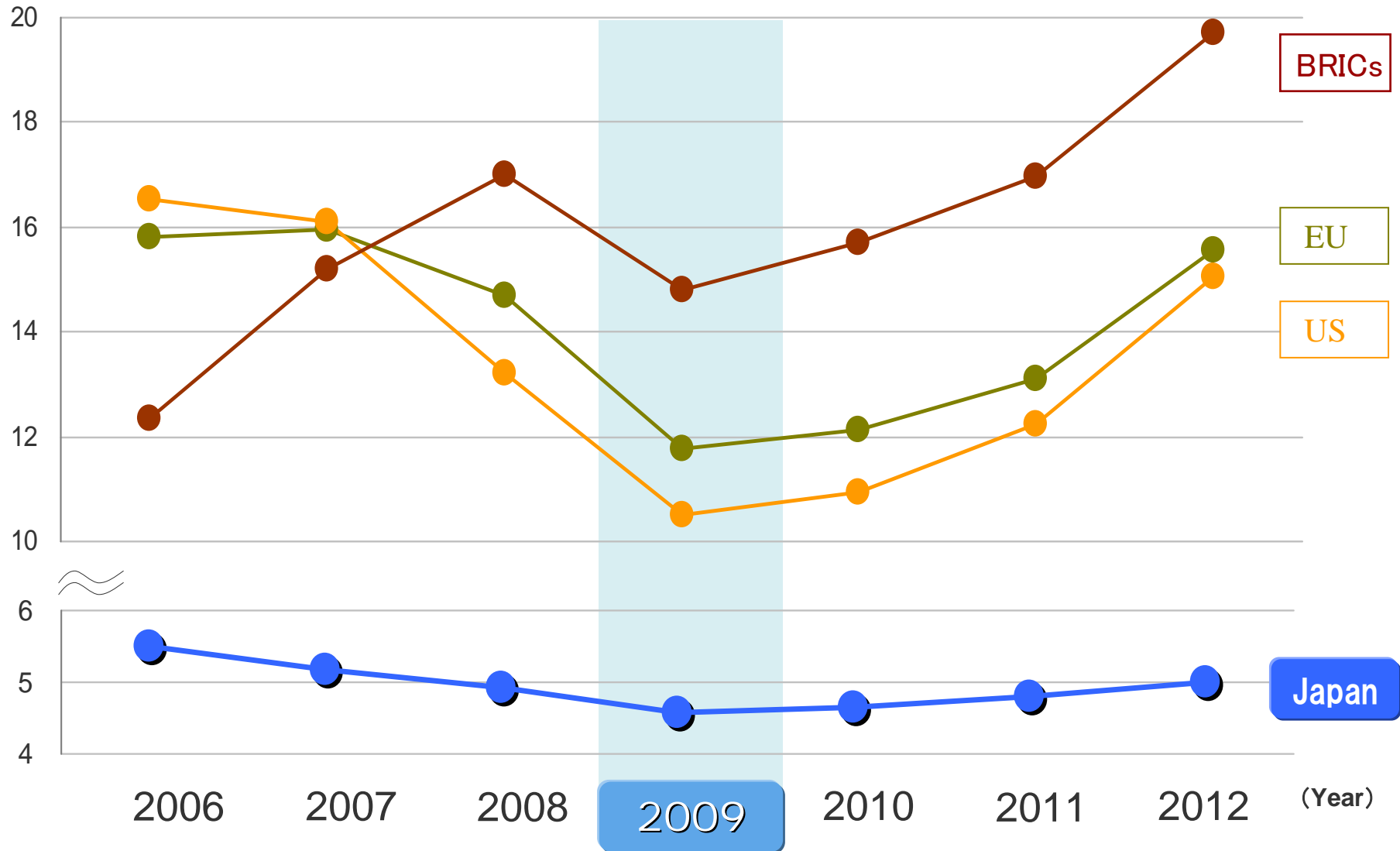
Stiff competition with other materials.

Tasks

- ✦ *Honeycomb Ceramics & Cd-DPF & Large-size honeycomb : Meet new demands of the market and establish a more optimum production framework.*
- ✦ *SiC-DPF :Discrimination from other materials in terms of performance and price.*

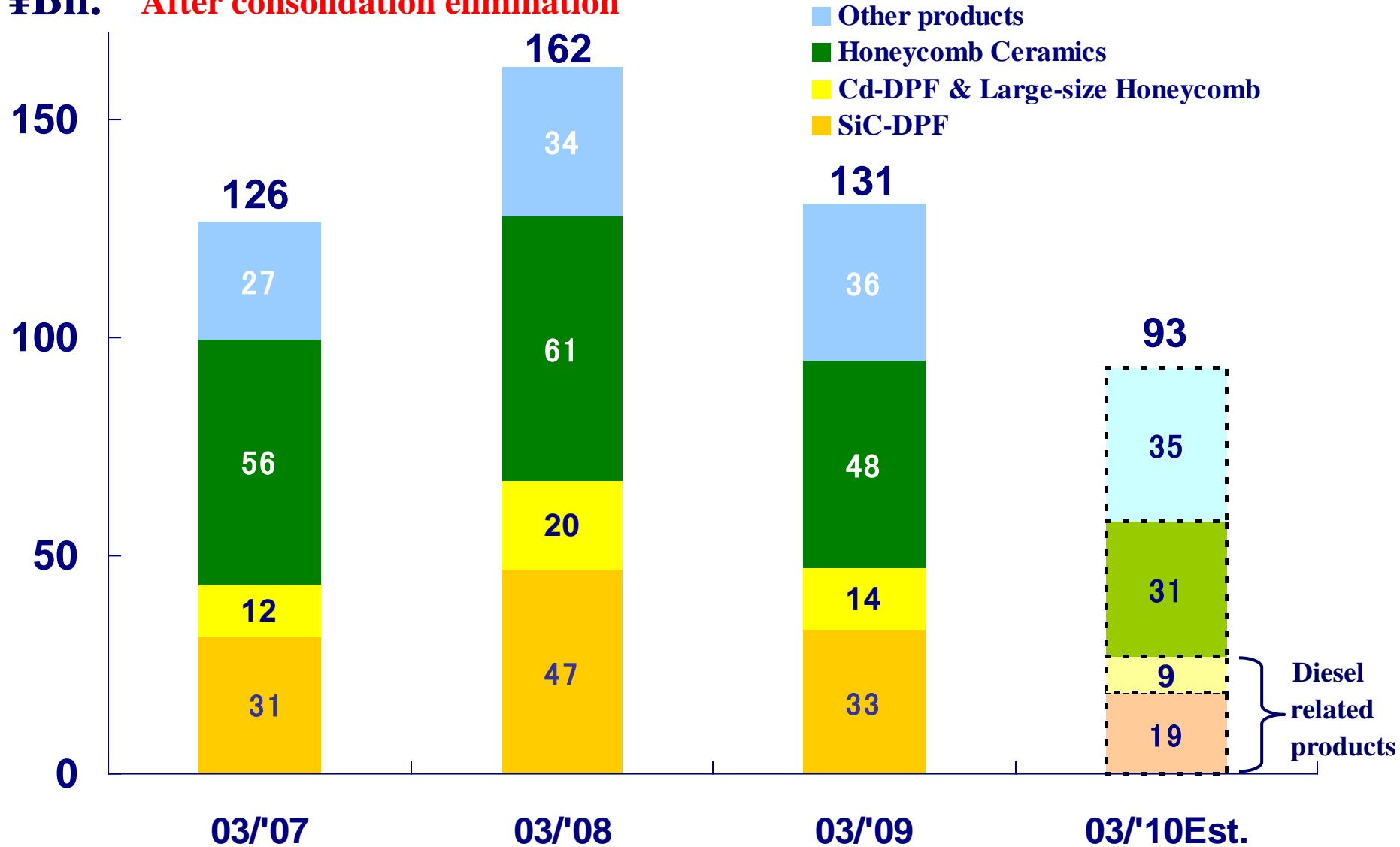
Automobile Sales Forecast

(Million of car)

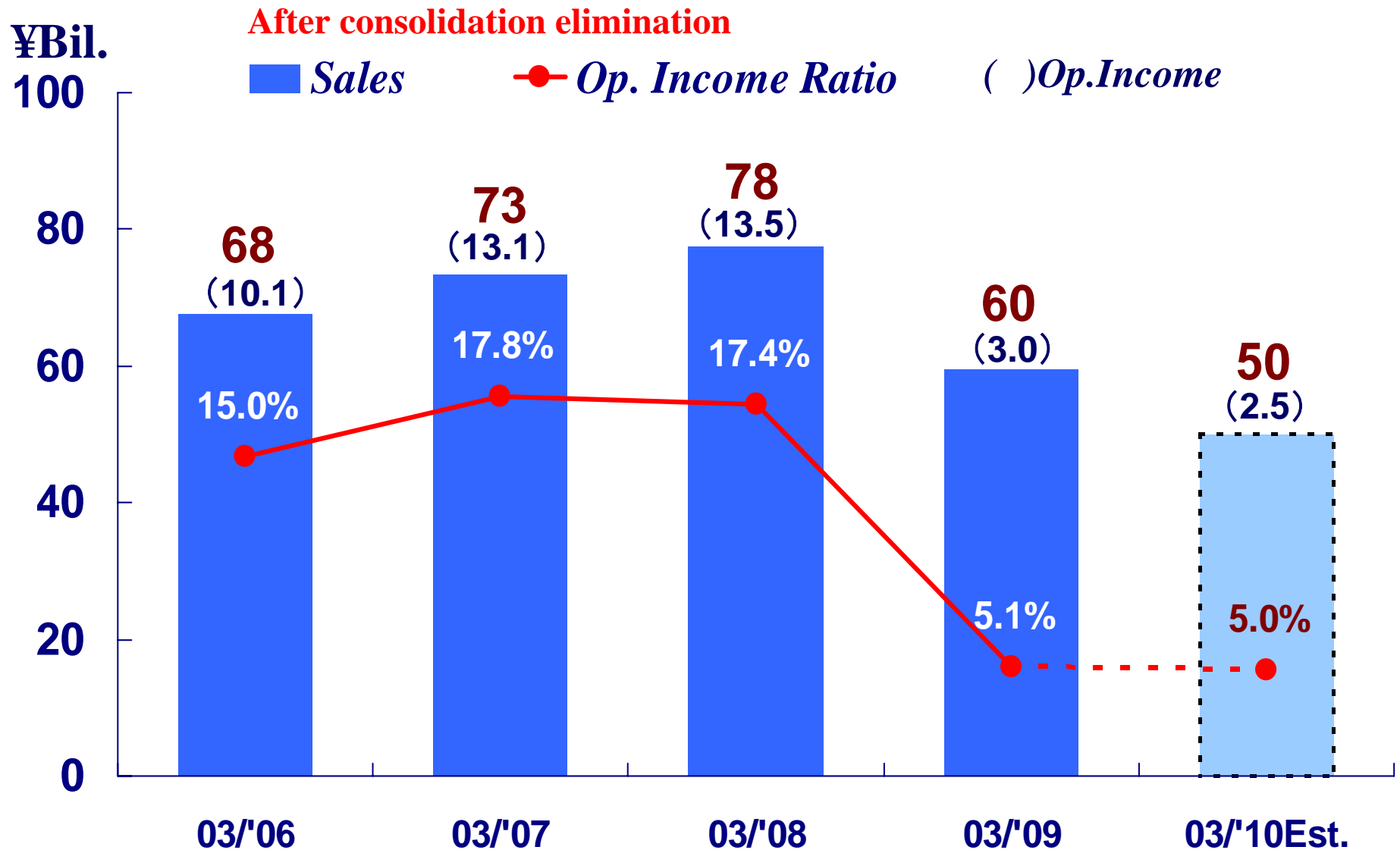


Sales Forecast of Ceramic Products Business

¥Bil. **After consolidation elimination**



Electronics Business Sales & Operating Income



Overview

- ✦ **“Beryllium Copper”**: Demand decreases due to economic slow down.
- ✦ **“Ceramic Components for Semi-conductor Production Equipment”**: Demand decreases due to decline of investments of semi-conductor makers.
- ✦ **“Ceramic Actuators for Color Printer Heads”**: Demand decreases due to worldwide slow down in printer market.
- ✦ **“Soshin Electric Products”**: Demand for data & communications related products tends to decrease.

Tasks

- ✦ Review production framework under decline of demand.
- ✦ **Promote development and expansion of Sales for new products.** (Translucent alumina ceramics for ceramic metal halide lamps, Ceramics Actuators with higher performance, Electrostatic chuck, etc.)

Business overview Mid to Long-term

Points

- *Automotive related products market is expanding due to tighter emission regulations.*
- *Electrical insulators demand in China is increasing.*
- *Demand for NAS batteries is expanding for overseas and domestic markets.*

Tasks

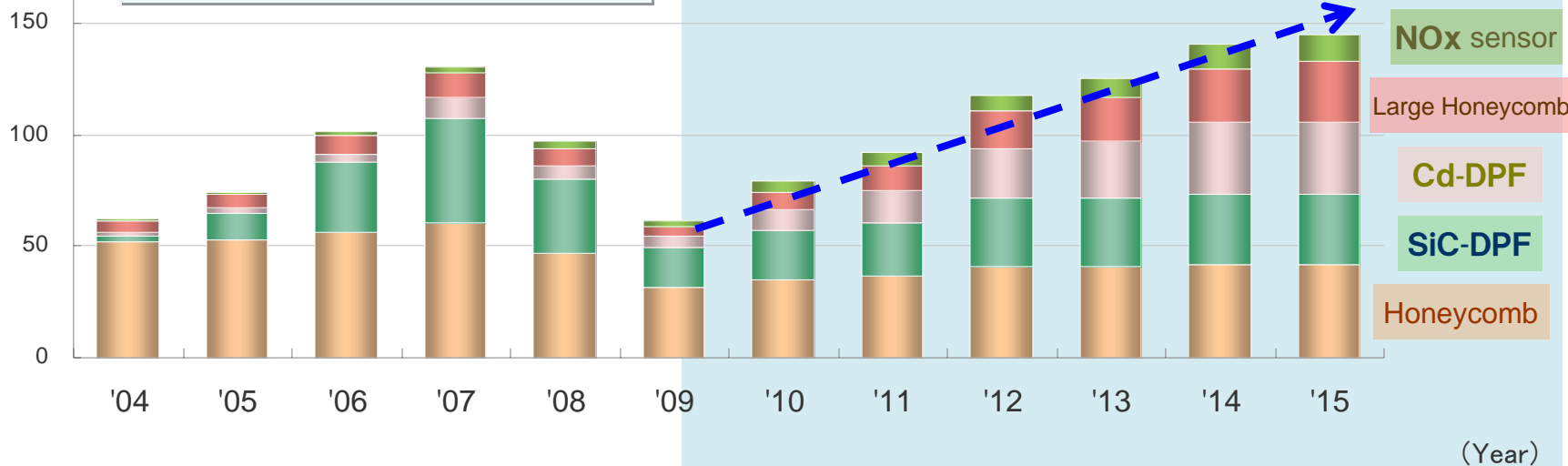
- *Efficient manufacturing – Establishment of more competitive cost structure.*
- *Promote incubation of new businesses and new products.*
- *Contribution to human resources.*

Emission regulations and market expansion

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Passenger car	Japan	New short term		New Long Term Regulation				Post New Long Term Regulation					
	US	Tier2/Bin#8						Tier2/Bin#5					
	EU	Euro III	Euro IV				Euro V				Euro VI		
Truck	Japan	New short term		New Long Term Regulation				Post New Long Term Regulation					
	US	US'04			US'07			US'10					
	EU	Euro III	Euro IV			Euro V						Euro VI	
Off-Road									Japan	Same level as Tier4a		Same level as Tier4b	
									US	Tier4a		Tier4b	
									EU	Step-3		Step-4	

(Billion of Yen)

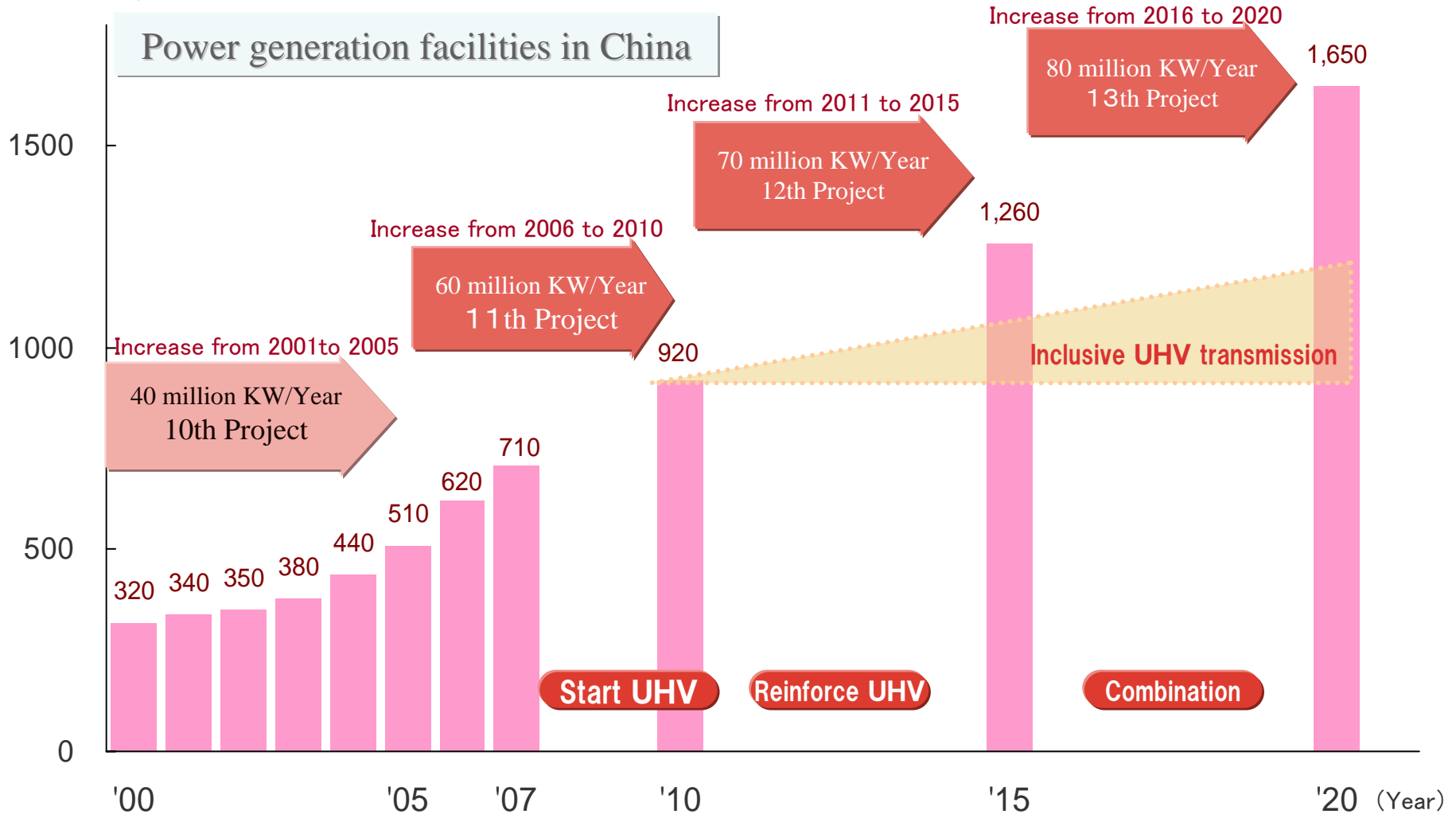
Sales of automobile related products



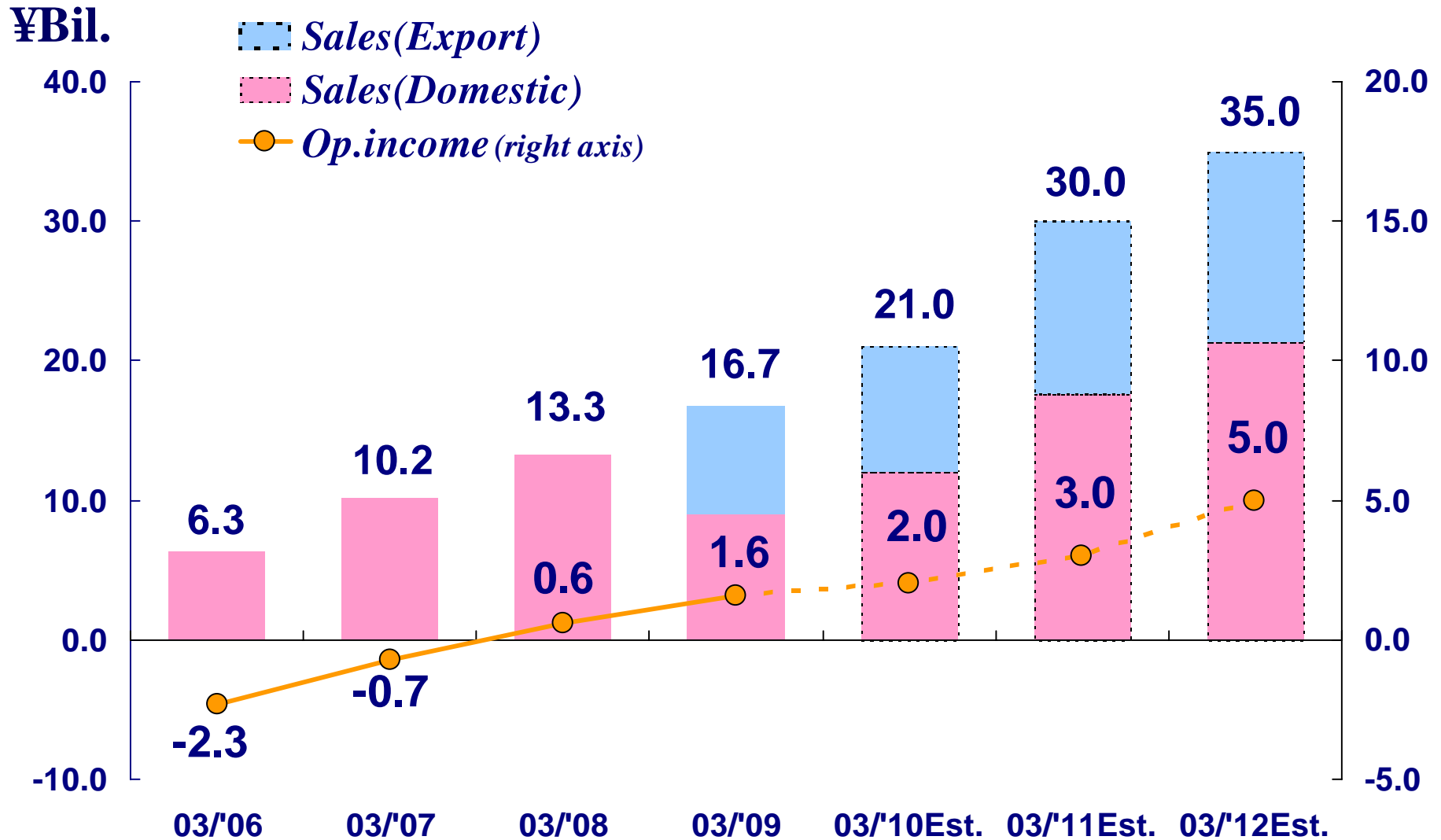
Forecast

Expansion of Power Market in China

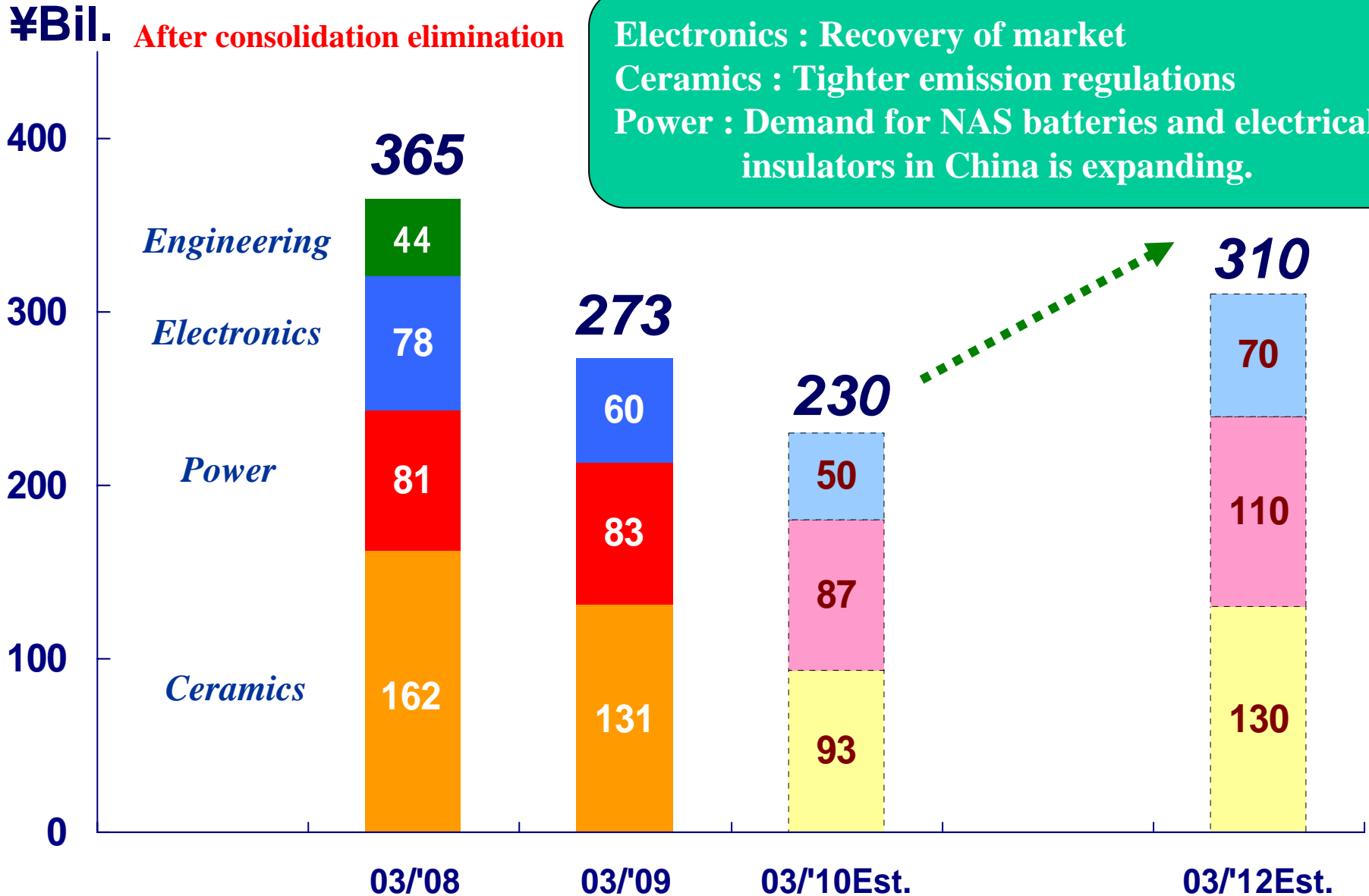
(Million of KW)



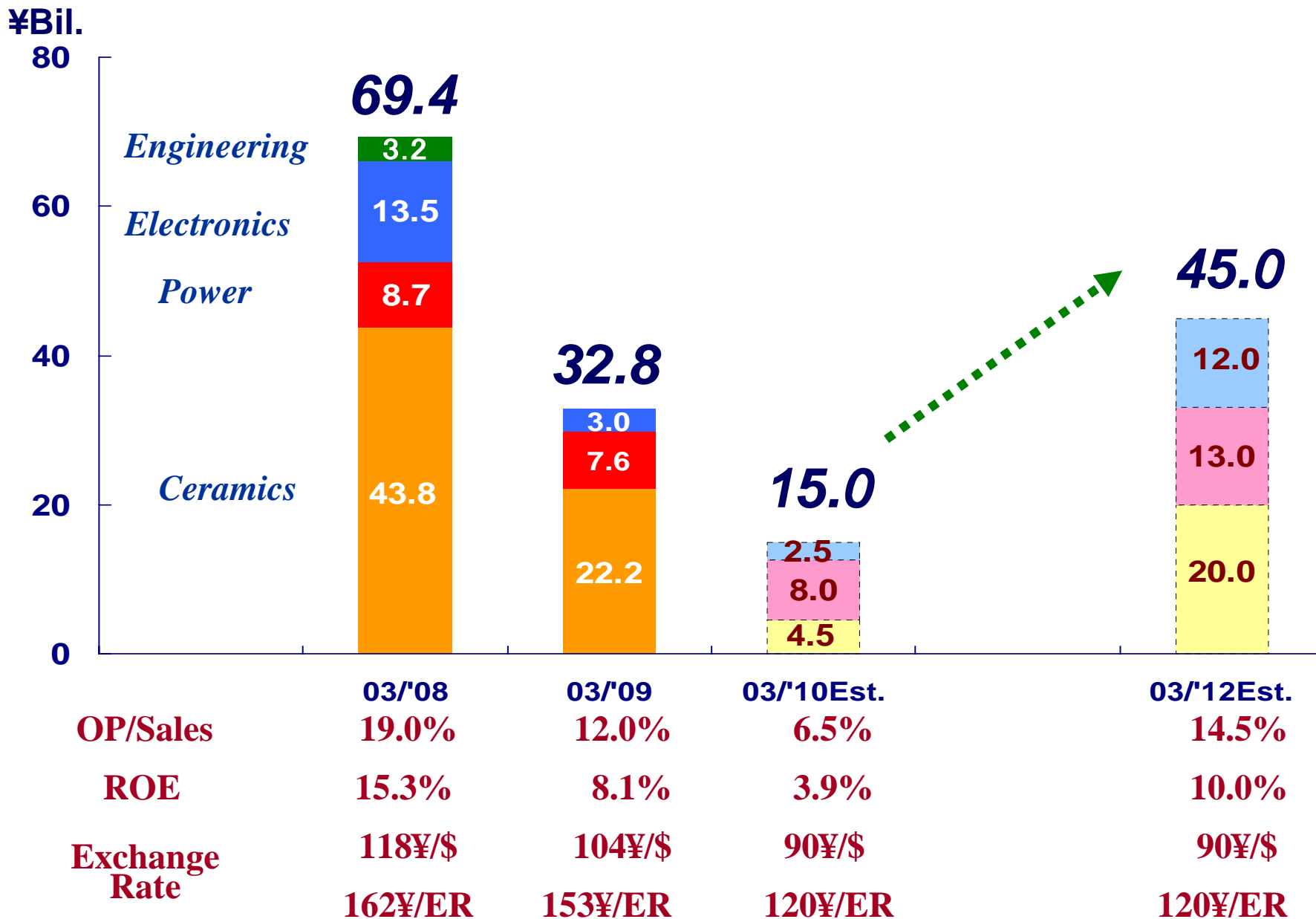
Sales & Income of NAS batteries business



'09 Medium-Term Estimates / Sales



'09 Medium-Term Estimates / Operating Income



Consolidated Statements of Income(1)

(¥Bil.)

03/'08

03/'09

Increase/
Decrease

Net sales

364.9

273.2

Δ91.7

Cost of sales

241.7

192.5

**Selling, general and
administrative expenses**

53.8

47.9

Operating income

69.4

32.8

Δ36.6

(Ratio of Operating income to sales)

(19.0)

(12.0)

Consolidated Statements of Income(2)

(¥Bil.)

	03/'08	03/'09	Increase/ Decrease
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Operating income	69.4	32.8	Δ36.6
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Non-operating income	6.2	6.1	
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Non-operating expenses	6.3	7.4	
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Ordinary income	69.3	31.5	Δ37.8
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(Ratio of Ordinary income to sales)	(19.0)	(11.5)	
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Consolidated Statements of Income(3)

(¥Bil.)

03/'08

03/'09

Increase/
Decrease

Ordinary income

69.3

31.5

△37.8

Extraordinary income

11.0

0.5

*Gain on sales of stocks of an associated
company*

10.1

-

Gain on sales of investment securities

-

-

Gain on sales of business

0.5

-

Other

0.4

0.5

Extraordinary loss

2.1

11.0

Loss on sales & disposals of fixed assets

0.8

1.6

Loss on evaluation of fixed assets

-

0.9

Restructuring cost

-

7.9

Other

1.3

0.6

**Income before income taxes
and minority interests**

78.2

21.0

△57.2

Consolidated Statements of Income(4)

(¥Bil.)

03/'08

03/'09

*Increase/
Decrease*

*Income before income taxes
and minority interests*

78.2

21.0

Δ57.2

Income taxes -current

26.3

7.0

Income taxes -deferred

5.1

-9.6

Minority interests

0.8

-0.9

Net income

46.0

24.5

Δ21.5

(Ratio of Net income to sales)

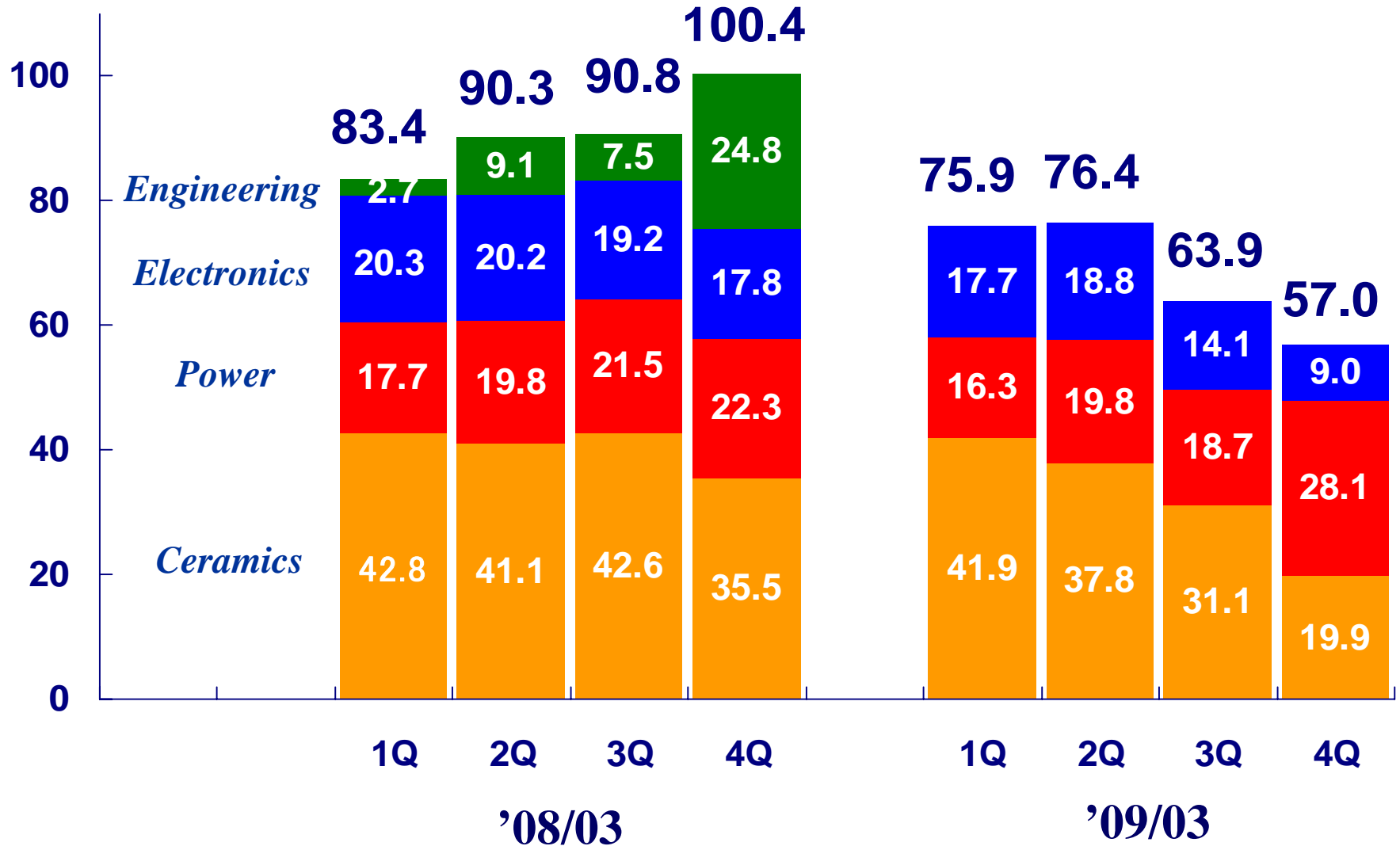
(12.6)

(9.0)

Quarterly Net Sales of NGK

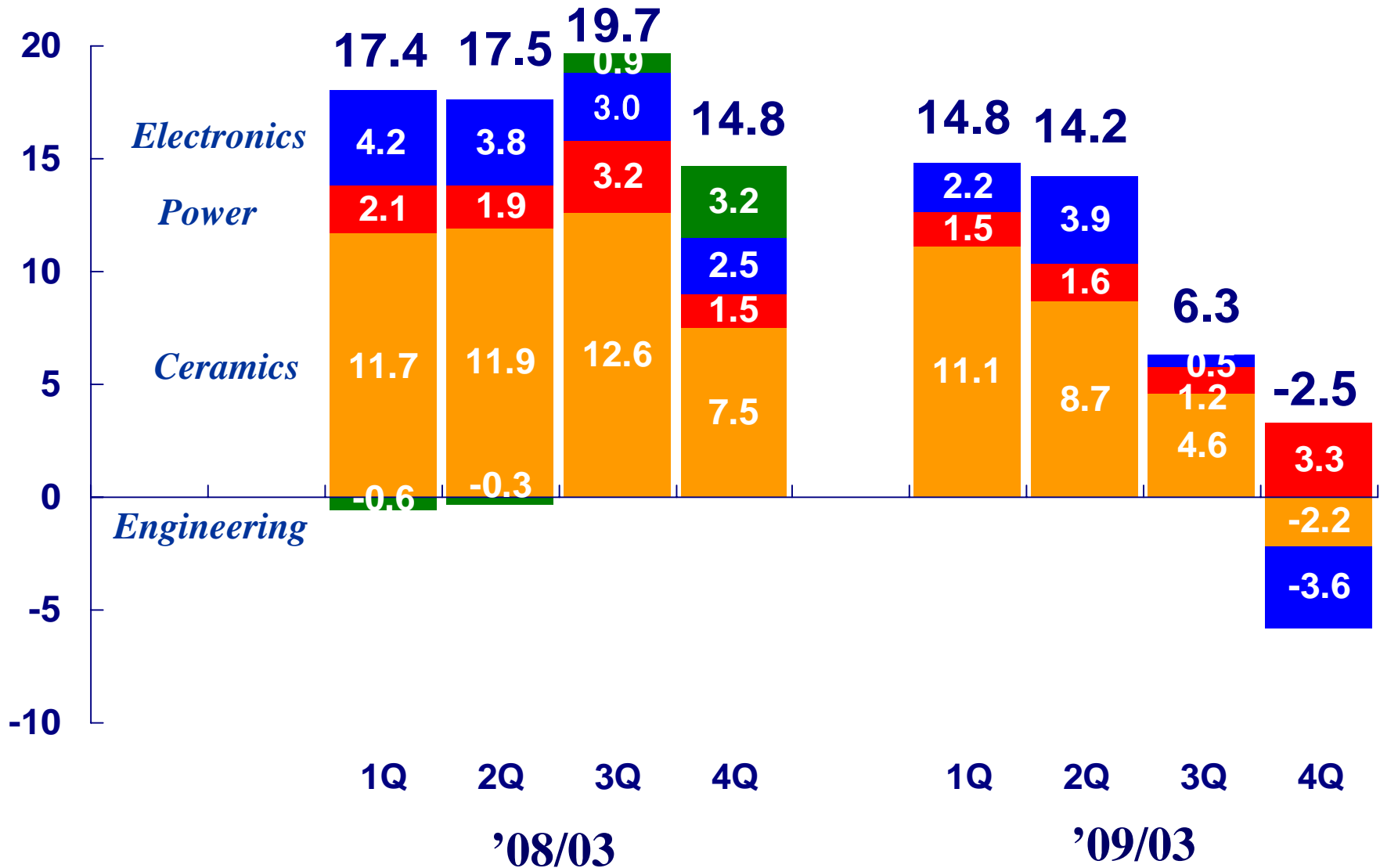
¥Bil.

After consolidation elimination



Quarterly Income of NGK

¥Bil.



Semi-annual Sales and Operating Income by Segment

After consolidation elimination

(¥ Bil.)

Total

	03/'09 Actual		
	1st H	2nd H	Total
Sales	152.3	120.9	273.2
Operating Income	29.0	3.8	32.8
OI Margin	19%	3%	12%

	03/'10 Est.		
	1st H	2nd H	Total
Sales	99.0	131.0	230.0
Operating Income	2.5	12.5	15.0
OI Margin	3%	10%	7%

Power Business

Sales	36.1	46.8	82.9
Operating Income	3.1	4.5	7.6
OI Margin	9%	10%	9%

Sales	36.0	51.0	87.0
Operating Income	2.5	5.5	8.0
OI Margin	7%	11%	9%

***Ceramic Products
Business***

	<i>03/'09 Actual</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>79.7</i>	<i>51.0</i>	<i>130.7</i>
<i>Operating Income</i>	<i>19.8</i>	<i>2.4</i>	<i>22.2</i>
<i>OI Margin</i>	<i>25%</i>	<i>5%</i>	<i>17%</i>

	<i>03/'10 Est.</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>42.0</i>	<i>51.0</i>	<i>93.0</i>
<i>Operating Income</i>	<i>1.0</i>	<i>3.5</i>	<i>4.5</i>
<i>OI Margin</i>	<i>2%</i>	<i>7%</i>	<i>5%</i>

Electronics Business

<i>Sales</i>	<i>36.5</i>	<i>23.1</i>	<i>59.6</i>
<i>Operating Income</i>	<i>6.1</i>	<i>-3.1</i>	<i>3.0</i>
<i>OI Margin</i>	<i>17%</i>	<i>-</i>	<i>5%</i>

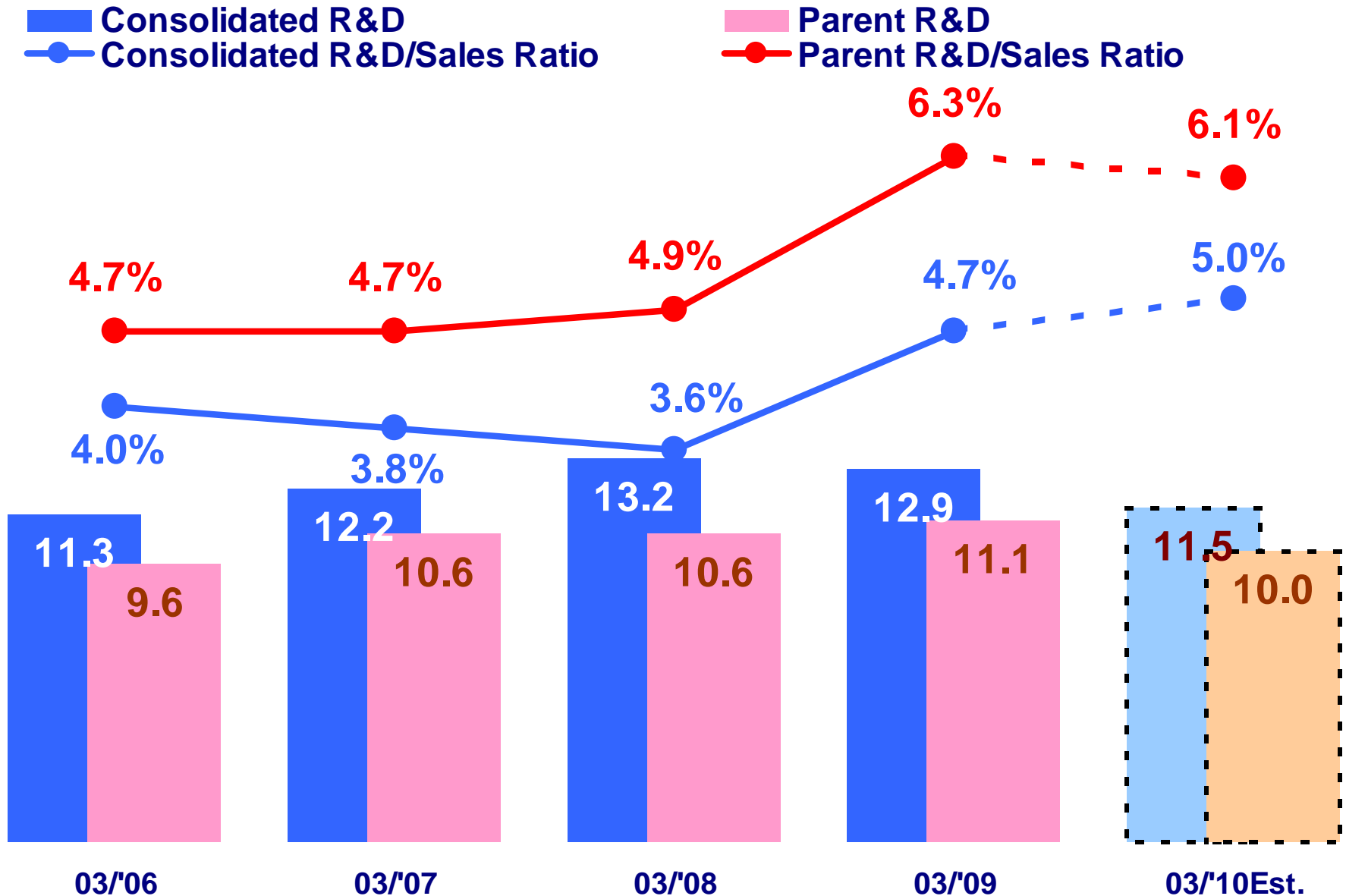
<i>21.0</i>	<i>29.0</i>	<i>50.0</i>
<i>-1.0</i>	<i>3.5</i>	<i>2.5</i>
<i>-</i>	<i>12%</i>	<i>5%</i>

Summary of Cash Flow (¥ Bil.)

	<i>03/'08</i>	<i>03/'09</i>	<i>03/'10Est.</i>
<i>Income before taxes</i>	<i>78.2</i>	<i>21.0</i>	<i>16.0</i>
<i>Income taxes paid</i>	<i>-21.6</i>	<i>-23.0</i>	<i>1.0</i>
<i>Depreciation</i>	<i>26.3</i>	<i>26.2</i>	<i>21.0</i>
<i>Decrease in Acct. Rec.</i>	<i>3.4</i>	<i>12.4</i>	<i>-18.0</i>
<i>Decrease in inventories</i>	<i>-7.1</i>	<i>-21.3</i>	<i>4.0</i>
<i>Other changes</i>	<i>-12.5</i>	<i>17.4</i>	<i>-3.0</i>
<hr/> <i>Operating Activities</i>	<hr/> <i>66.7</i>	<hr/> <i>32.7</i>	<hr/> <i>21.0</i>
<i>Property, plant & equip.</i>	<i>-21.0</i>	<i>-30.0</i>	<i>-25.0</i>
<i>Proceed, investment securities</i>	<i>1.1</i>	<i>1.4</i>	<i>7.5</i>
<i>Other investments</i>	<i>3.2</i>	<i>7.0</i>	<i>-3.5</i>
<hr/> <i>Investing Activities</i>	<hr/> <i>-16.7</i>	<hr/> <i>-21.6</i>	<hr/> <i>-21.0</i>

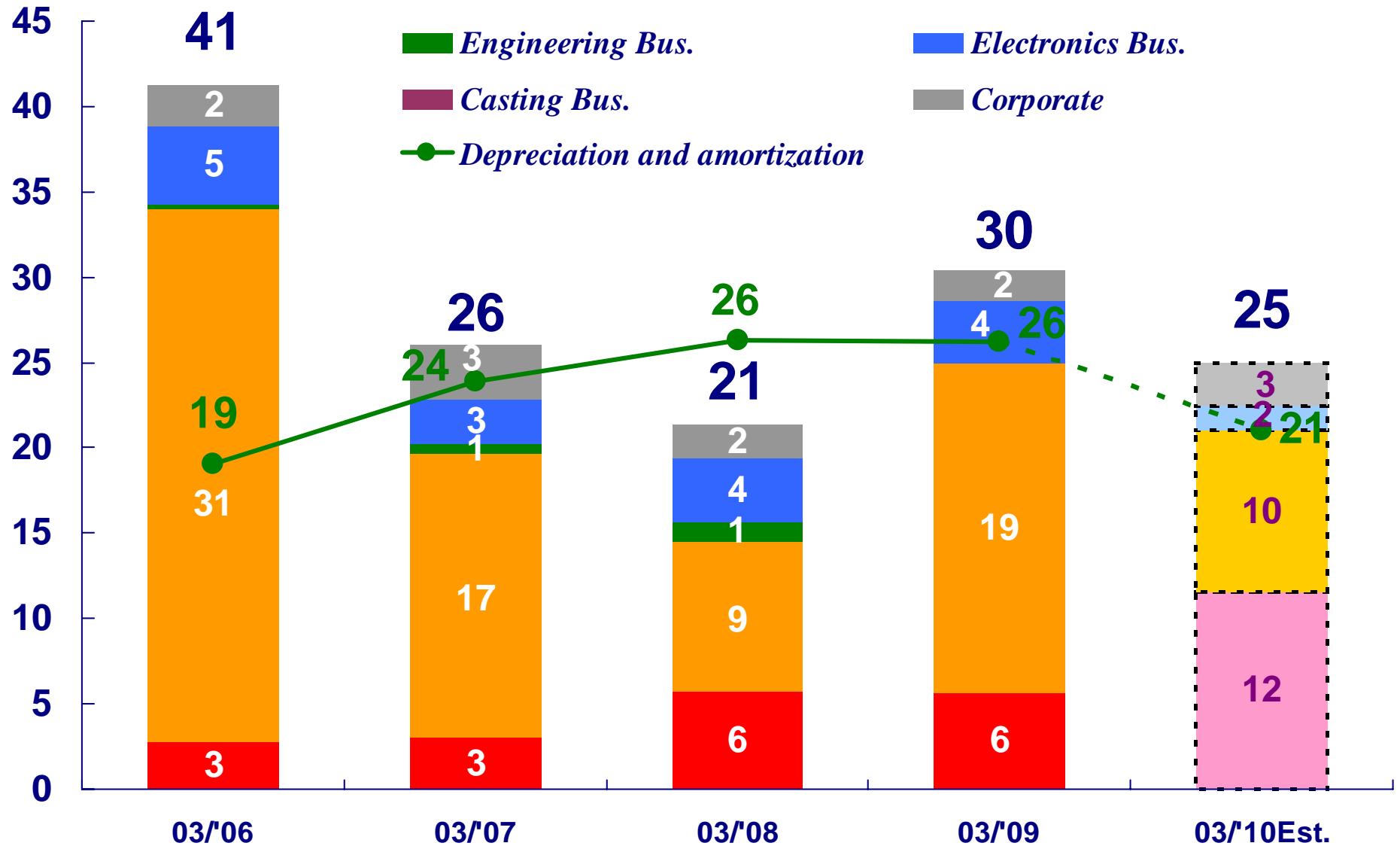
	<i>03/'08</i>	<i>03/'09</i>	<i>03/'10Est.</i>
<i>Acquisition of treasury stock</i>	<i>-0.6</i>	<i>-13.7</i>	<i>-</i>
<i>Cash dividends</i>	<i>-6.7</i>	<i>-7.4</i>	<i>-6.2</i>
<i>Repayment and redemption</i>	<i>-2.2</i>	<i>-15.2</i>	<i>-28.3</i>
<i>Proceeds from new borrowings</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other</i>	<i>-0.6</i>	<i>0.2</i>	<i>-</i>
<hr/>			
<i>Financing Activities</i>	<i>-10.1</i>	<i>-36.1</i>	<i>-34.5</i>
<i>Effect of exchange rate change</i>	<i>1.6</i>	<i>-14.1</i>	<i>-</i>
<i>Net Changes in Cash & eq.</i>	<i>41.5</i>	<i>-39.1</i>	<i>-34.5</i>
<i>Change in consolidation subsidiaries</i>	<i>-</i>	<i>-4.2</i>	<i>-</i>
<i>Cash & eq. at End of Year</i>	<i>119.8</i>	<i>76.5</i>	<i>42.0</i>

R&D Input (¥ Bil.)



Capital Expenditures

¥Bil.

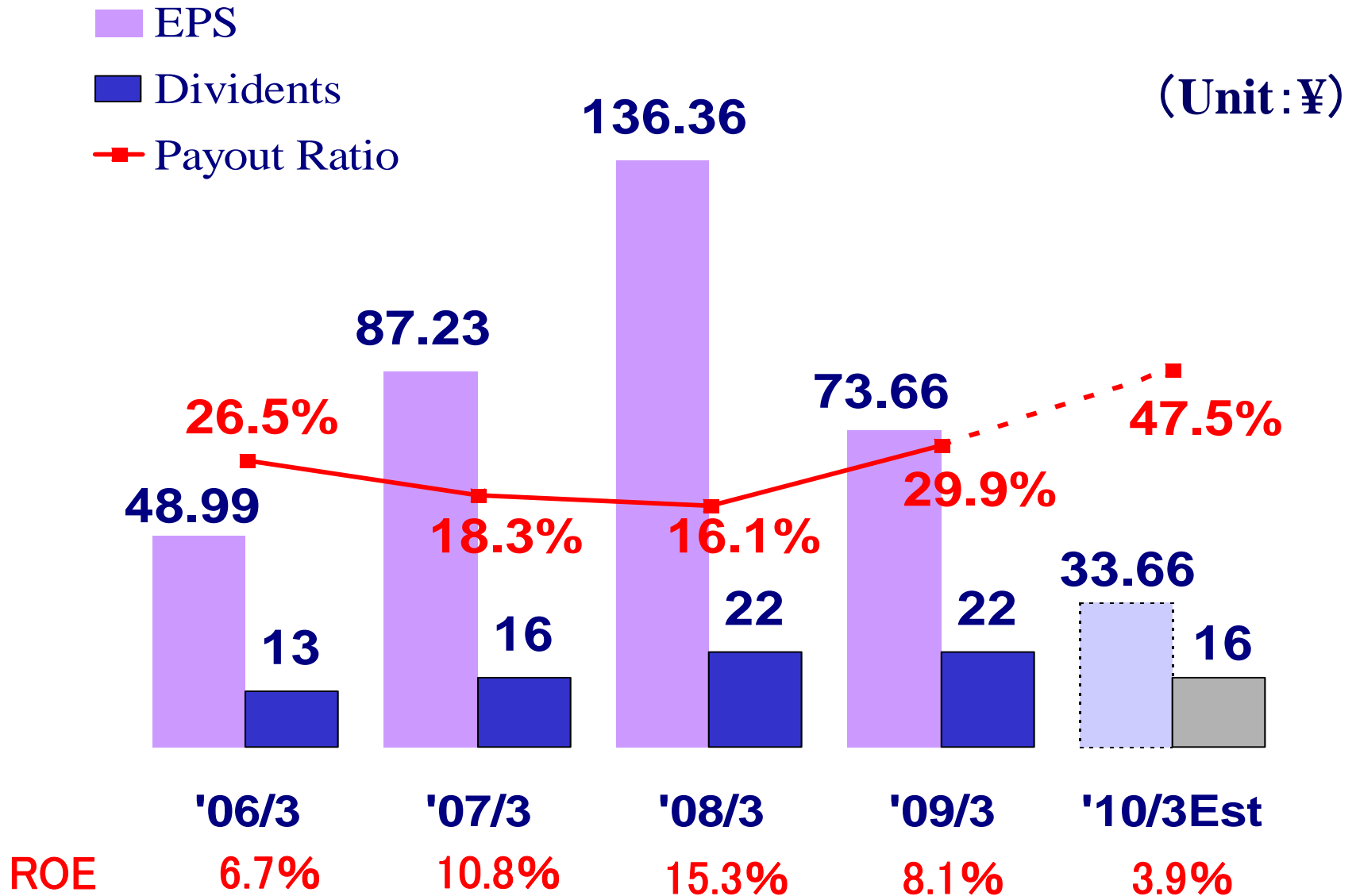


Number of Outstanding Shares

<i>Mar.'96</i>	<i>355 Mil. Shares</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'97</i>	<i>345</i>	
	<i>+29</i>	<i>Exercise of Warrants</i>
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'98</i>	<i>364</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'99</i>	<i>354</i>	
	<i>-15</i>	<i>Buyback of Stocks</i>
<i>Mar.'00</i>	<i>339</i>	
	<i>+37</i>	<i>Conversion of CBs</i>
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'01</i>	<i>367</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'02</i>	<i>357</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'03</i>	<i>346</i>	
	<i>-8.4</i>	<i>Buyback of Stocks</i>
<i>Mar.'07</i>	<i>337</i>	
	<i>-0.2</i>	<i>Buyback of Stocks from subsidiary</i>
<i>Mar.'08</i>	<i>337</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar.'09</i>	<i>327</i>	

*Accumulated
Buyback
93.6Mil. Shares
¥104.7Bil.*

EPS & Payout Ratio



The figures included in the following brief, including the business performance targets and figures are all projected data based on the information currently available to the NGK Group, and are subject to variable factors such as economic conditions, competitive environments and future demands. Accordingly, please be advised that the actual results of business performance may differ substantially from the projections described here.

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