

NGK Insulators, Ltd.

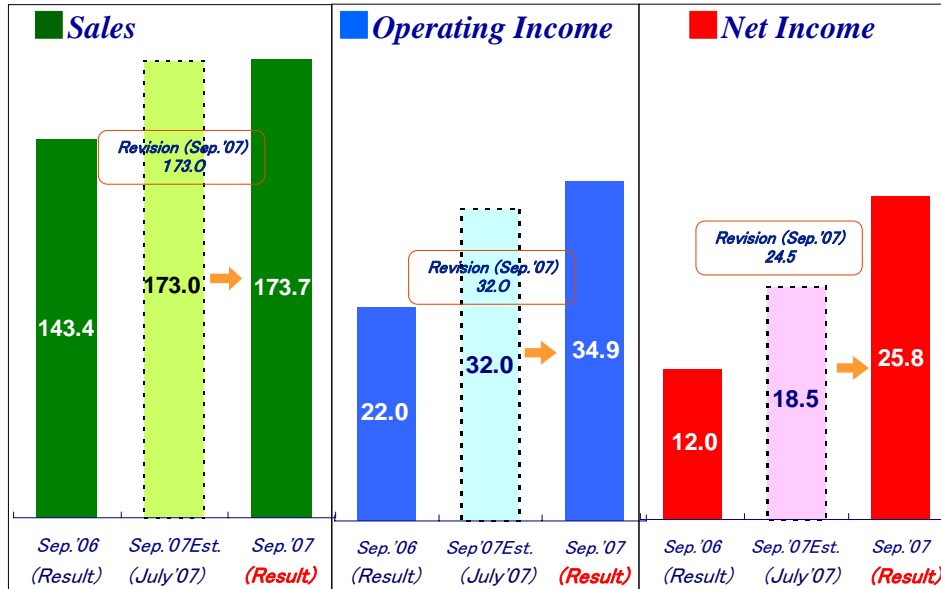
Oct. 2007

Today's Speaker

<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>

1stH Result

¥ Bil.



■ Point for 1stH Result (Unit: ¥ Bil.)

- ✦ **Sales & Income increased from the 1stH of previous year**
Sales of **SiC-DPF** in the Ceramic Products Business **largely increased**.
Weaker Yen contributed to rise in sales & income.
Impact of weaker yen (120¥/\$, 160¥/ER) Sales+5.4 Op. Income+2.2

【Variance from the 1stH of previous year】

Sales +30.3 (Power+4.6, Ceramic products+21.2, Electronics+3.2, Engineering+1.3)
Op. Income +12.9 (Power+1.6, Ceramic products+8.7, Electronics+1.2, Engineering+1.3)

- ✦ **1stH Sales & Income increased from the forecast in July**

【Variance】

Sales + 0.7 (Power+1.0, Ceramic products -0.1, Electronics-0.5, Engineering+0.3)
Op. Income + 2.9 (Power+0.5, Ceramic products+1.6, Electronics-0.4, Engineering+1.1)

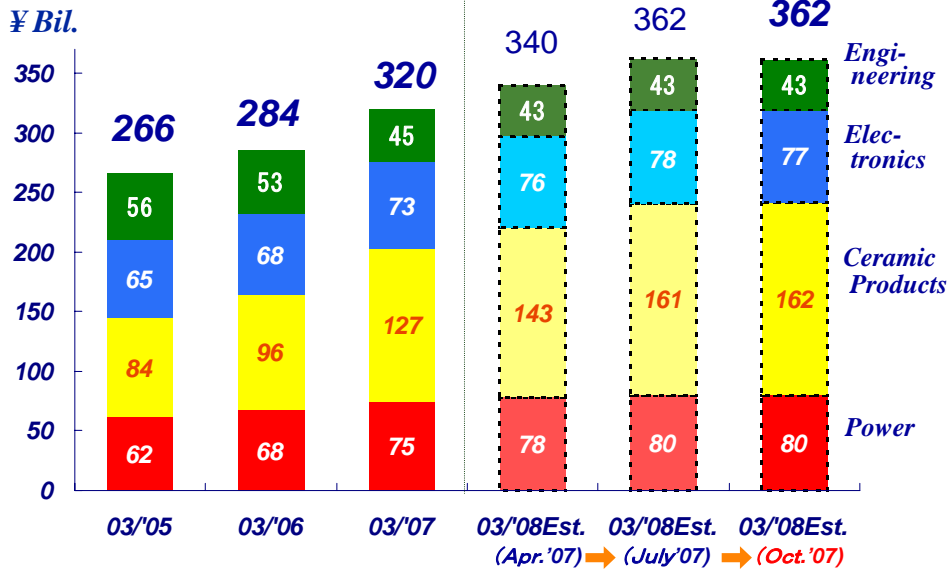
■ Forecast for Fiscal year Ended March 2008

Continuing growth in ceramic products and turning to profit for NAS batteries

- ✦ **Sales : Forth consecutive period of growth (Record-High)**
- ✦ **Income: Fifth consecutive period of double-digit Op. Income growth**

Net Sales of NGK

After consolidation elimination



Income of NGK

Major extraordinary items ;

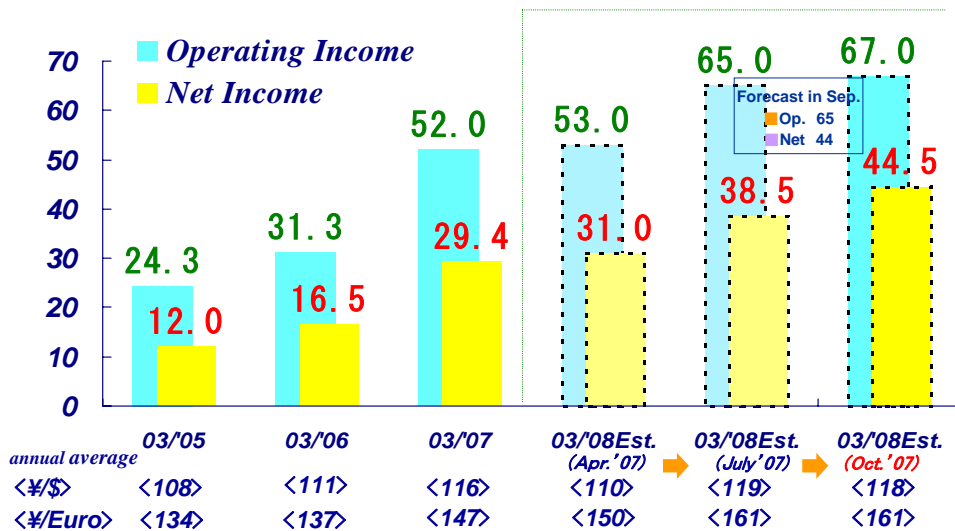
03/06 (¥3.7Bil.) Restructuring Expense

¥3.4Bil. Gain on sales of securities

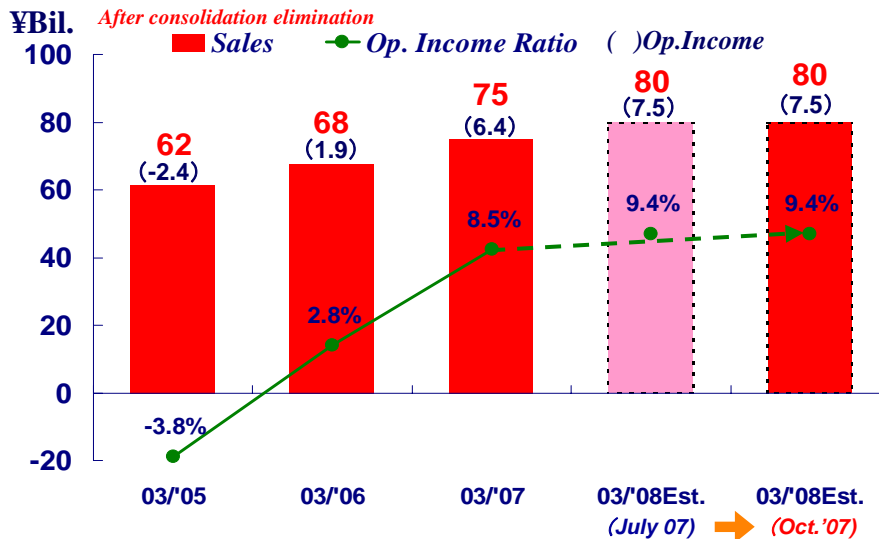
¥3.0Bil. Gain on return of pension trust

03/08 ¥10.0Bil. Gain on sales of securities

¥ Bil.



Power Business Sales & Operating Income



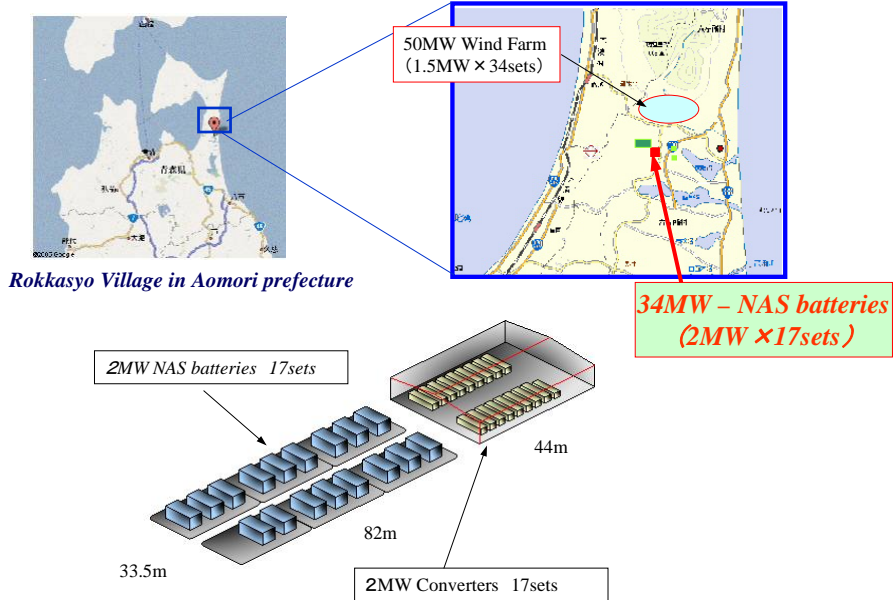
Overview

- ✦ Demand for insulators in the Japanese market tends to increase gradually. (Expecting the increase of 500KV projects from 2008)
- ✦ Overseas demand in U.S., China and Middle-East Asia is active.
- ✦ Demand for NAS (sodium-sulfur) batteries is largely expected to increase with increase of wind power generation.

Tasks

- ✦ **Electrical Insulators : Improvement of profitability**
 - Keep up with expanding **Chinese market**
(Start soon the new substation plant & the sales company in China)
 - Promote replacement of insulators in Japan.
- ✦ **NAS batteries : Achievement of breakeven**
 - Cover growing demand for wind power generation and reinforce overseas business
 - Promoting radical cost reduction

NAS batteries & Wind Power Generations

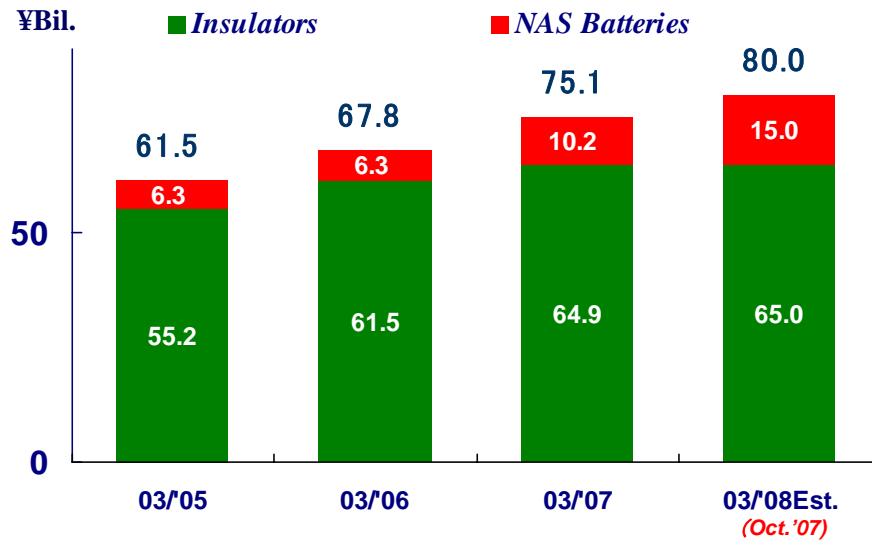


Rokkasyo Village / NAS batteries facilities (under construction)

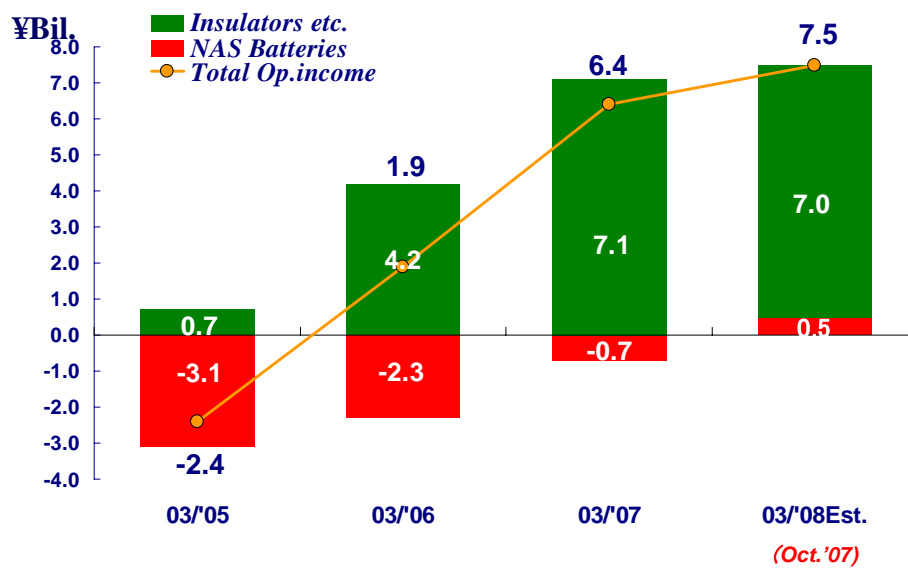


Sales of Power Business

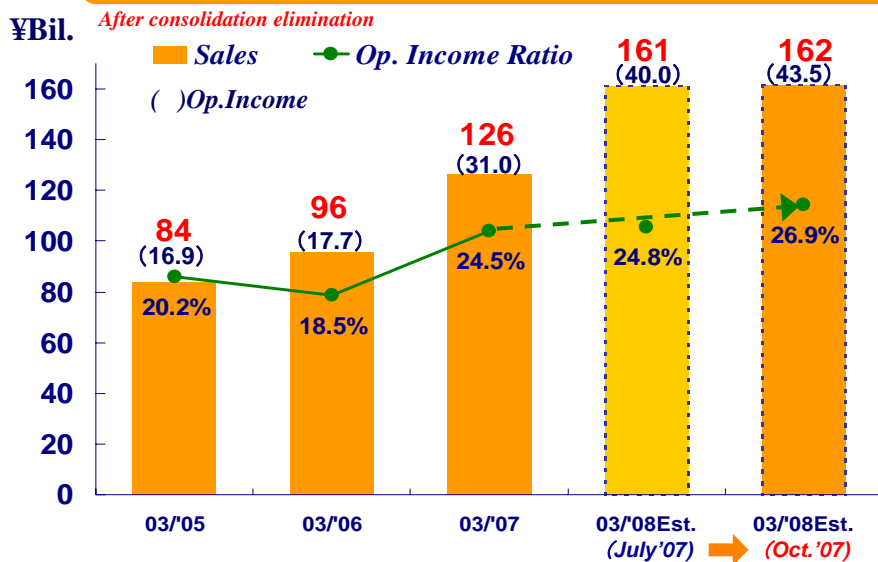
After consolidation elimination



Operating Income of Power Business



Ceramic Products Business Sales & Operating Income



Overview

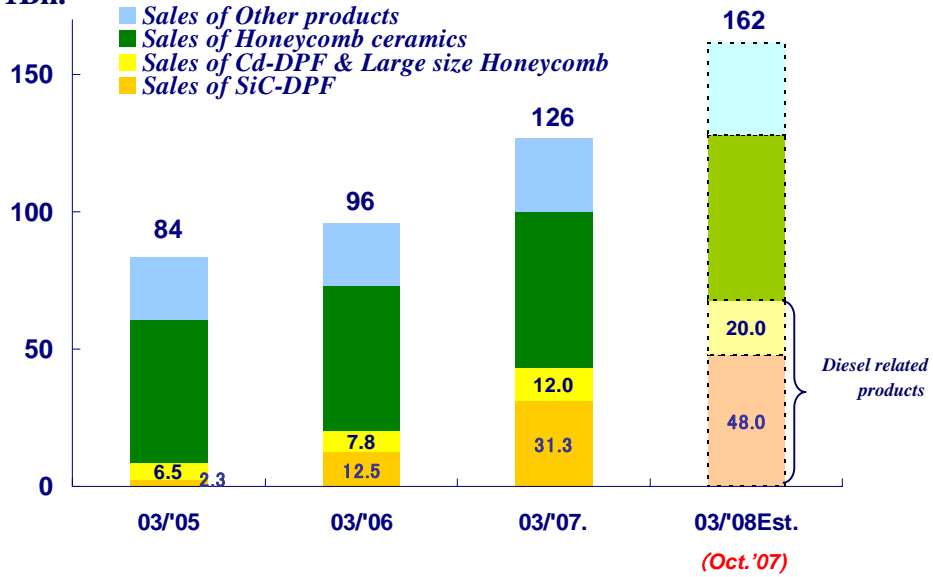
- ✦ Emission regulations being tightened worldwide
- ◆ Gasoline cars
 - Demand for Automotive catalytic converters (“Honeycomb Ceramics” for gasoline cars) continues to be high due to increase of number of automotive sales worldwide.
- ◆ Diesel cars
 - Demand for SiC-DPF increasing in Europe.
 - Demand for Cd-DPF & Large size honeycombs used for trucks and construction equipment is going to increase caused by tighter emission regulations in 2010.

Tasks

- ✦ Increase capital expenditures for Cd-DPF & Large size honeycombs.
- ✦ Improve productivity and reduce cost for “SiC-DPF”.

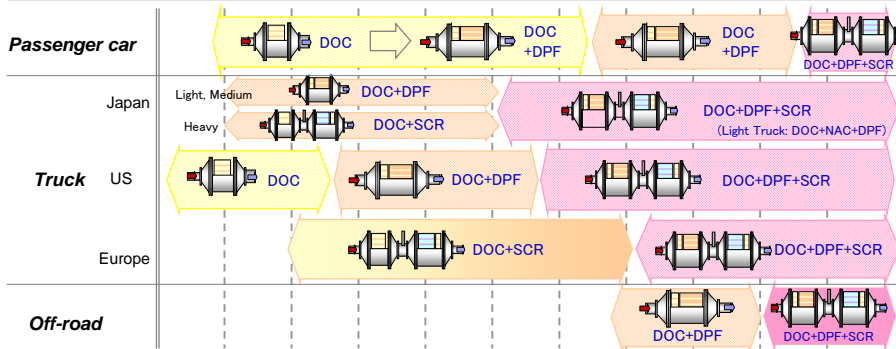
Sales Forecast of Ceramic Products Business

¥Bil. *After consolidation elimination*

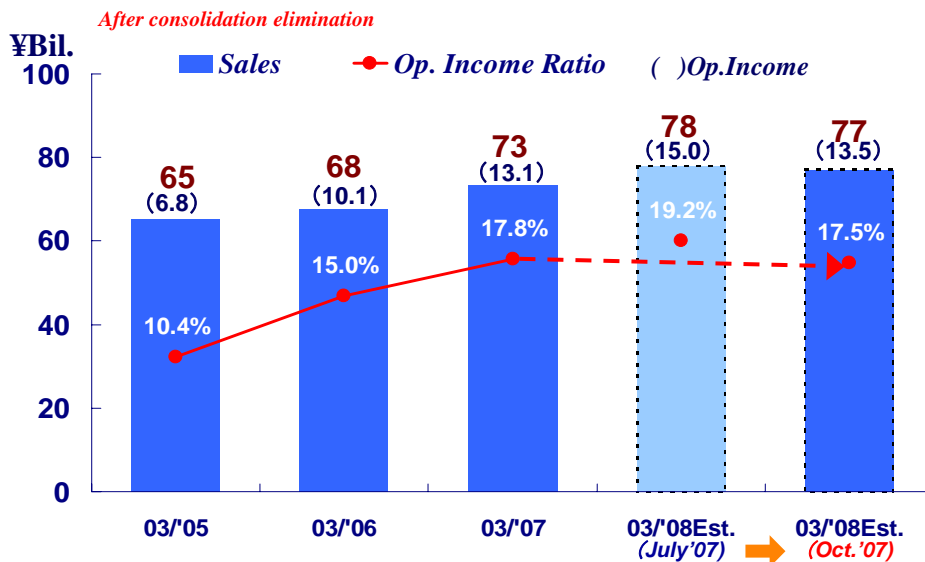


Emission Regulation for Diesel & Technical Trend

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Passenger car	Japan	New Long Term Regulation					Post New Long Term Regulation				
	US	Tier2/Bin#8					Tier2/Bin#5				
	Europe	Euro III	Euro IV				Euro V				Euro VI
Truck	Japan	New Long Term Regulation					Post New Long Term Regulation				
	US	US' 04			US' 07		US' 10				
	Europe	Euro III	Euro IV		Euro V			Euro VI			
Off-road	Japan								Same level as Tier4 & Tier4-b		Tier4-b
	US								Tier4-a		Tier4-b
	Europe								Step-3		Step-4



Electronics Business Sales & Operating Income



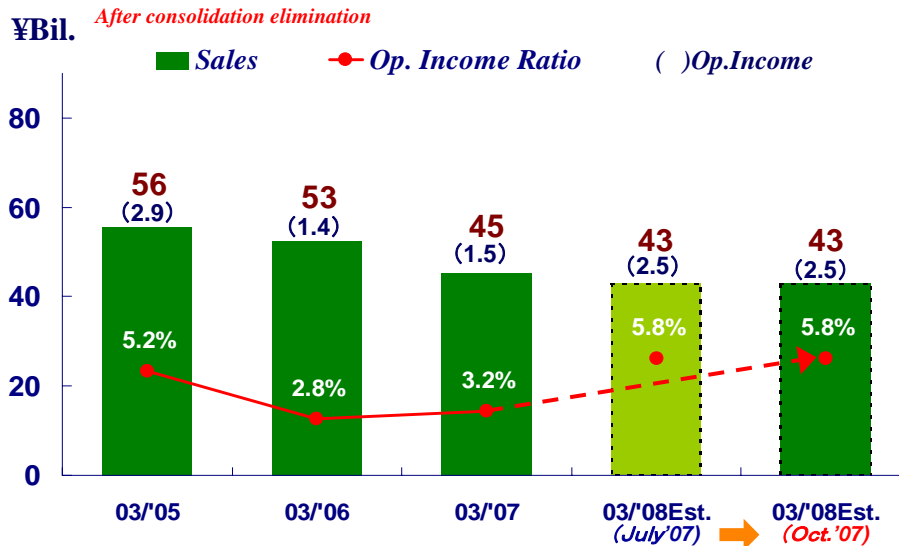
Overview

- ✦ **“Beryllium Copper”**: Demand for automotive micro-electronics devices and electrical appliances increases strongly in China. Copper price remains high.
- ✦ **“Ceramic Components for Semi-conductor Production Equipment”**: Outlook of demand is not clear due to decline of orders of SPE markers.
- ✦ **“Ceramic Actuators for Color Printer Heads”**: Demand increases due to change of our customer's (Seiko Epson) sales policy which recovers the sales volume of the printers.
- ✦ **“Soshin Electric Products”**: increases steadily supported by demand for “blue tooth” etc.

Tasks

- ✦ Keep growth in **“Ceramic Components for Semi-conductor Production Equipment”**:
- ✦ Promote recovery in **“Ceramic Actuators for Color Printer Heads”** by development of higher performance products.
- ✦ Create new products

Engineering Business Sales & Operating Income



Overview

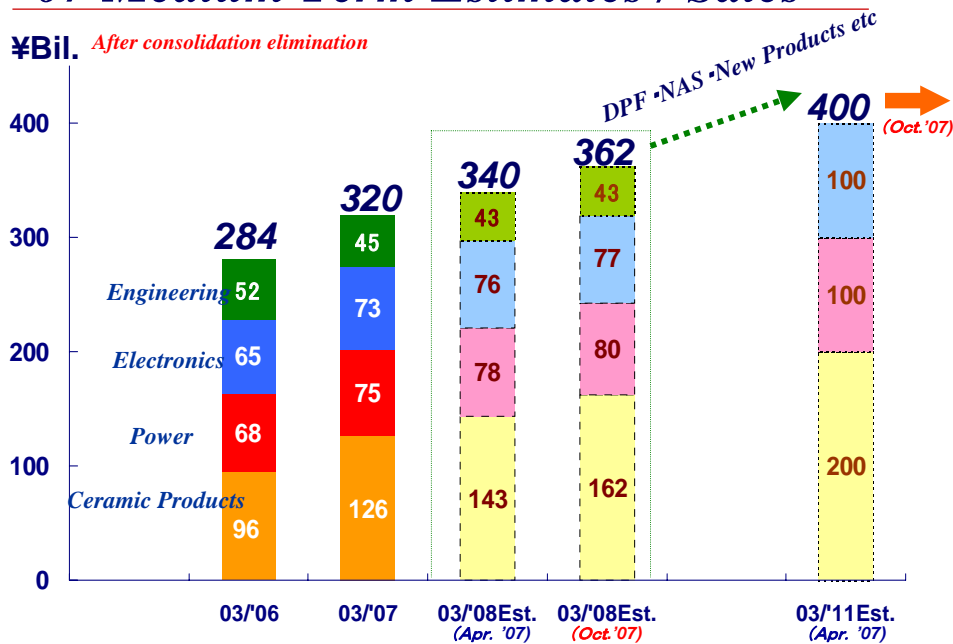
- ✦ Tough competition is continuing due to reduction of public investment related to **Sewage Treatment Systems** in Japan.
- ✦ Shift to the distinctive technical proposal competition from the price competition.
- ✦ Increase the demand for renewal & reconstruction

Tasks

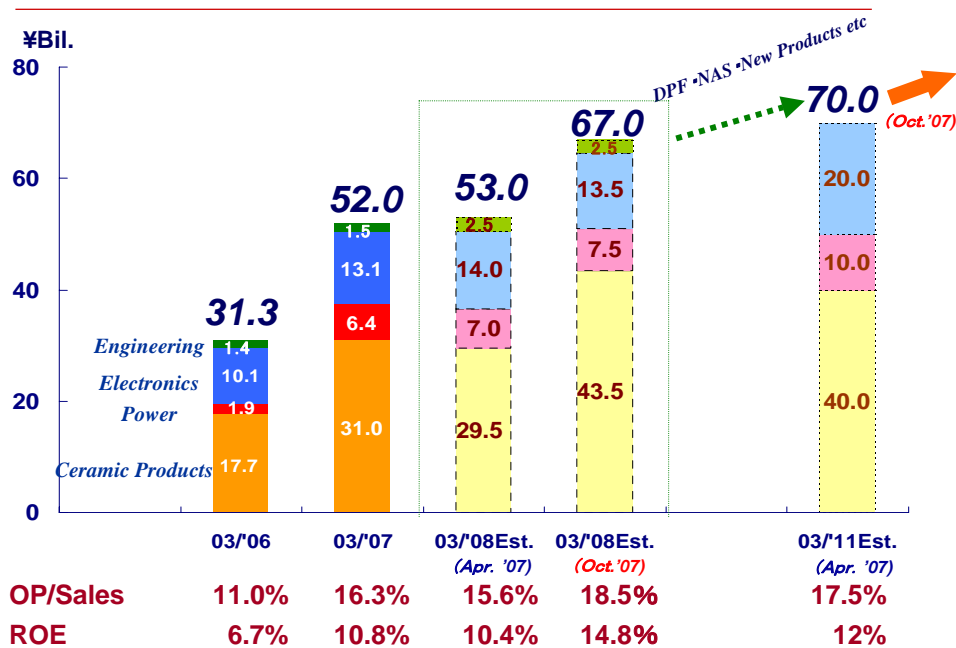
Preparation for the realization of **consolidation** of the water environmental business operations with **Fuji Electric Groups**

- ✦ Reinforce the development of new products & technologies and bring **synergy effect** from the consolidation.
- ✦ Reinforce **cost competitive power**.
- ✦ Promote overseas business

'07 Medium Term Estimates / Sales



'07 Medium Term Estimates / Operating Income



Semi-annual Sales and Operating Income by Segment

After consolidation elimination

(¥ Bil.)

Total	03/'07 Actual			03/'08 Est. (Oct. '07)		
	1st H	2nd H	Total	1st H	2nd H	Total
Sales	143.4	176.7	320.1	173.7	188.3	362.0
Operating Income	22.0	30.0	52.0	34.9	32.1	67.0
OI Margin	15%	17%	16%	20%	17%	19%

Power Business

Sales	32.9	42.2	75.1	37.5	42.5	80.0
Operating Income	2.4	4.0	6.4	4.0	3.5	7.5
OI Margin	7%	9%	9%	11%	8%	9%

Ceramic Products Business

	03/'07 Actual			03/'08 Est. (Oct. '07)		
	1st H	2nd H	Total	1st H	2nd H	Total
Sales	62.7	63.7	126.4	83.9	78.1	162.0
Operating Income	14.9	16.1	31.0	23.6	19.9	43.5
OI Margin	24%	25%	25%	28%	25%	27%

Electronics Business

Sales	37.3	36.0	73.3	40.5	36.5	77.0
Operating Income	6.9	6.2	13.1	8.1	5.4	13.5
OI Margin	18%	17%	18%	20%	15%	18%

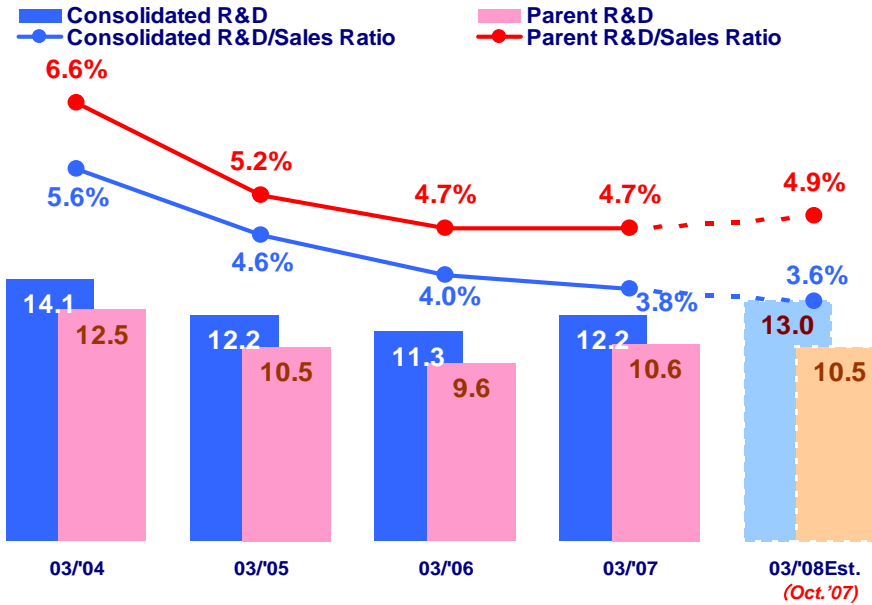
Engineering Business

Sales	10.5	34.8	45.3	11.8	31.2	43.0
Operating Income	-2.2	3.7	1.5	-0.9	3.4	2.5
OI Margin	-	11%	3%	-	11%	6%

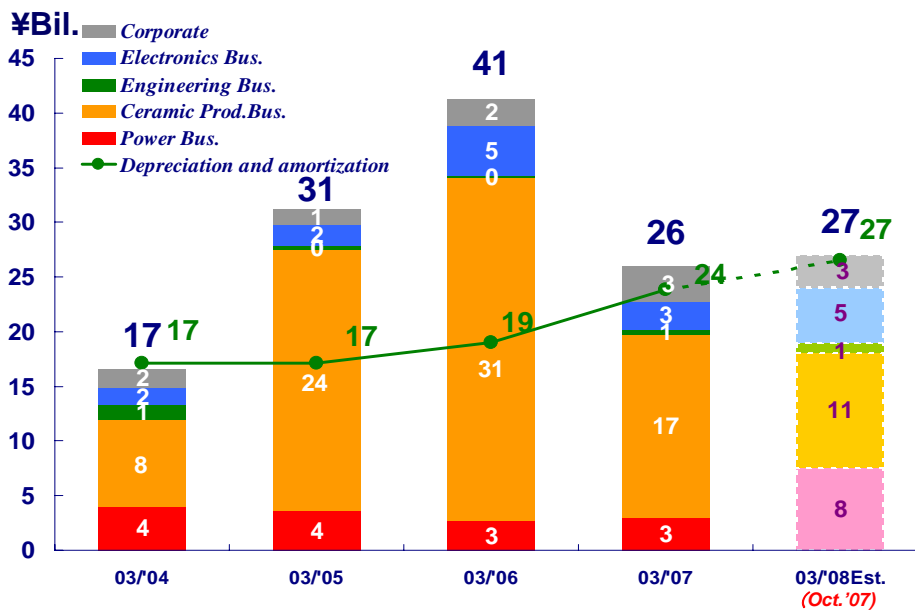
Summary of Cash Flow (¥ Bil.)

	03/'06	03/'07	03/'08Est.
<i>Income before taxes</i>	32.7	51.3	76.0
<i>Income taxes paid</i>	-10.9	-17.0	-19.8
<i>Depreciation</i>	19.0	23.8	26.5
<i>Increase in Acct. Rec.</i>	-3.3	-3.8	-3.6
<i>Increase / Decrease in inventories</i>	-5.2	-4.1	2.3
<i>Other changes</i>	4.5	-11.9	-24.3
<i>Operating Activities</i>	36.8	38.3	57.1
<i>Property, plant & equip.</i>	-40.3	-24.2	-27.0
<i>Proceed, investment securities</i>	5.9	4.7	11.3
<i>Other investments</i>	-3.3	-1.8	-
<i>Investing Activities</i>	-37.7	-21.3	-15.7
	03/'06	03/'07	03/'08Est.
<i>Acquisition of treasury stock</i>	-0.2	-0.3	-
<i>Cash dividends</i>	-4.0	-4.7	-6.7
<i>Redemption of bonds</i>	-10.0	-	-
<i>Proceeds from new borrowings</i>	29.7	6.4	-
<i>Other</i>	-0.7	-0.5	-2.9
<i>Financing Activities</i>	14.7	0.9	-9.6
<i>Effect of exchange rate change</i>	0.1	1.3	-
<i>Net Changes in Cash & eq.</i>	13.9	19.2	31.8
<i>Cash & eq. at End of Year</i>	59.1	78.3	110.1

R&D Input (¥ Bil.)



Capital Expenditures



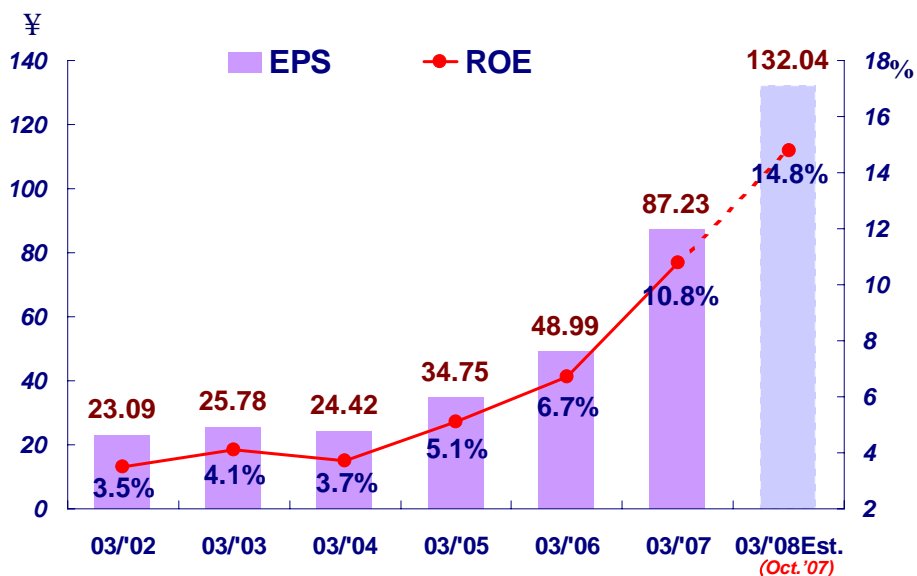
Number of Outstanding Shares

Mar.'96	355 Mil. Shares	
Mar.'97	345	-10 Buyback of Stocks
Mar.'98	364	+29 Exercise of Warrants -10 Buyback of Stocks
Mar.'99	354	-10 Buyback of Stocks
Mar.'00	339	-15 Buyback of Stocks
Mar.'01	367	+37 Conversion of CBs -10 Buyback of Stocks
Mar.'02	357	-10 Buyback of Stocks
Mar.'03	346	-10 Buyback of Stocks
Mar.'04	346	-
Mar.'05	337	-8 Buyback of Stocks
Sep.'07	337	-

Accumulated
Buyback
83Mil. Shares
¥90.7Bil.

19 Mil.shares are held
as treasury stocks;
others were retired.

ROE & EPS



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