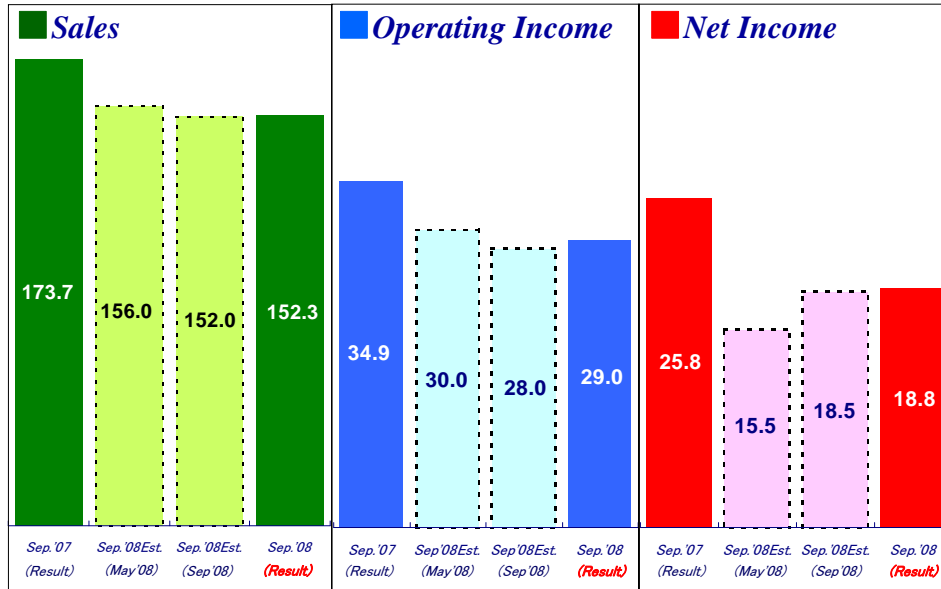


NGK Insulators, Ltd.

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 $\Delta 0.3$)

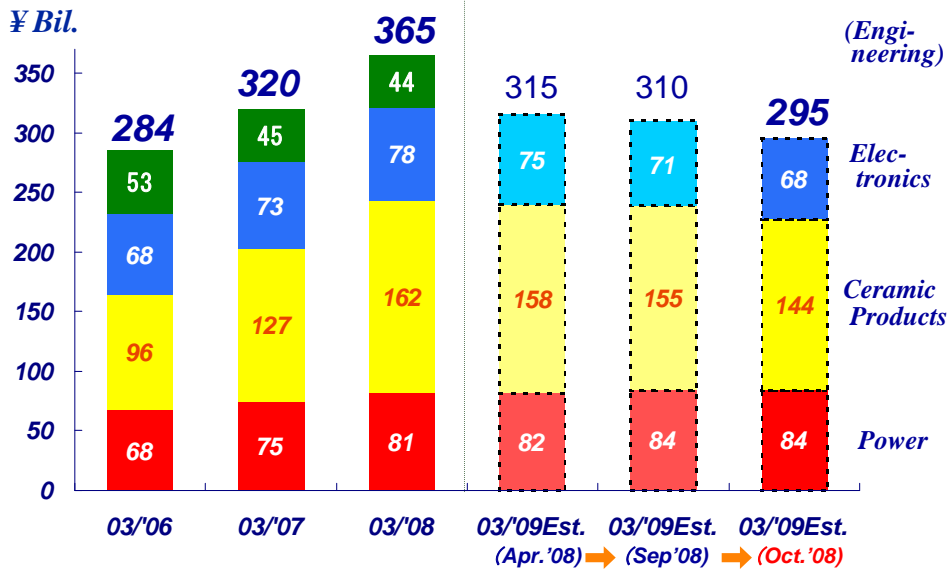
Op. Income $+1.0$ (Power $+0.6$, Ceramic products $\Delta 0.2$, Electronics $+0.6$)

■ 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.

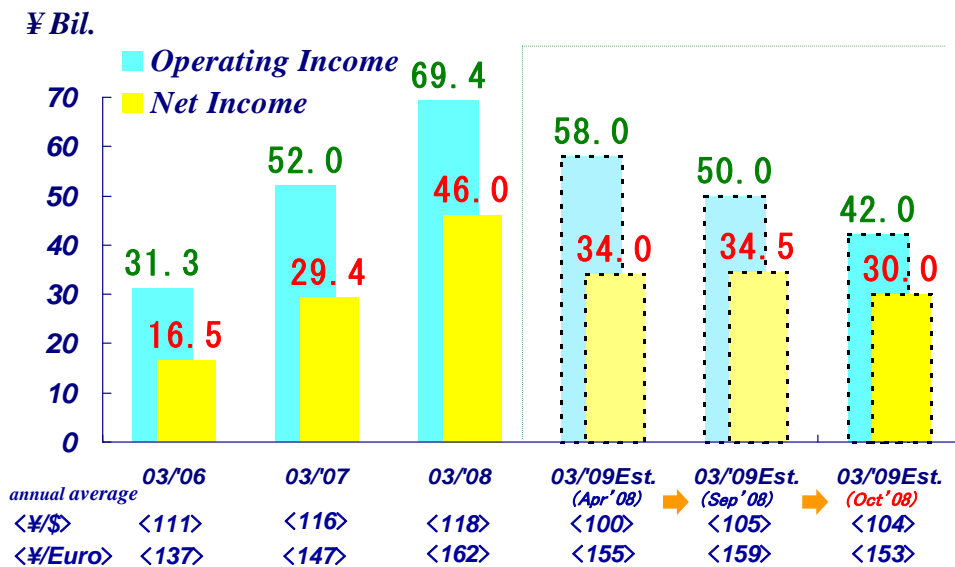
Net Sales of NGK

After consolidation elimination



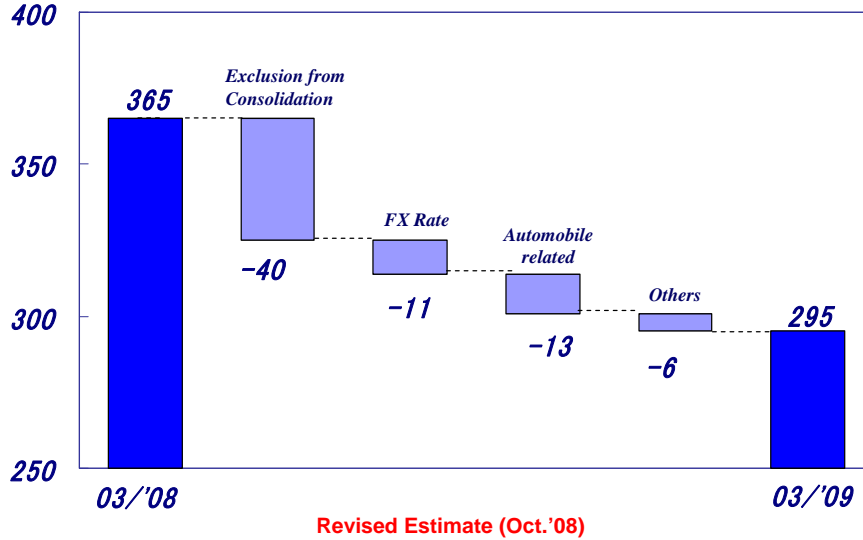
Income of NGK

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



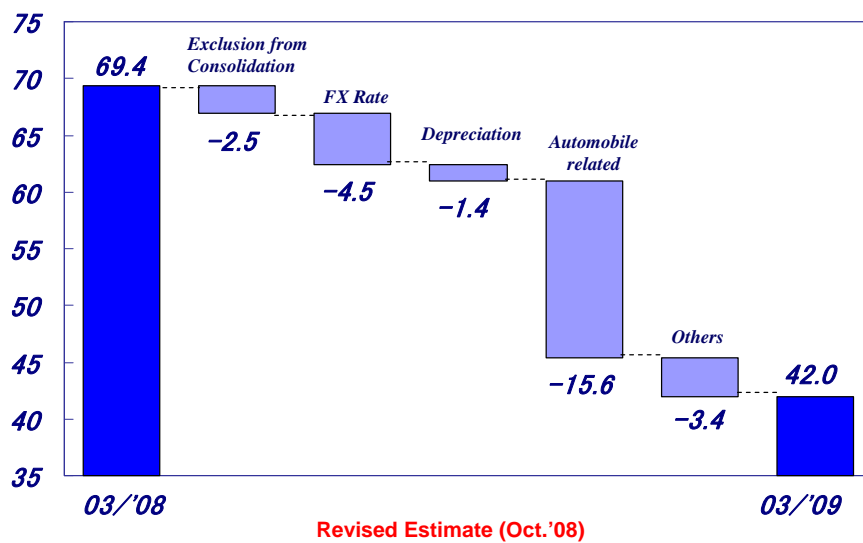
Factors of Sales Variation

¥ Bil.

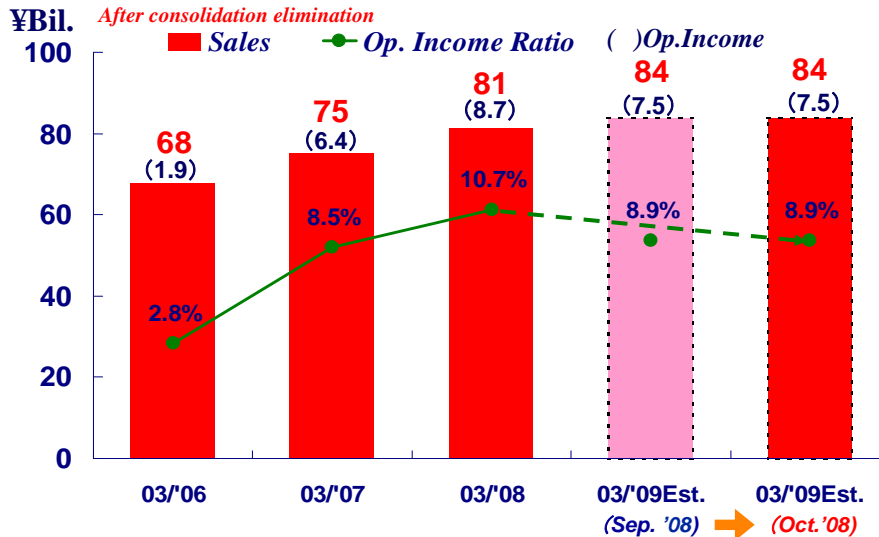


Factors of Op. Income Variation

¥ Bil.



Power Business Sales & Operating Income



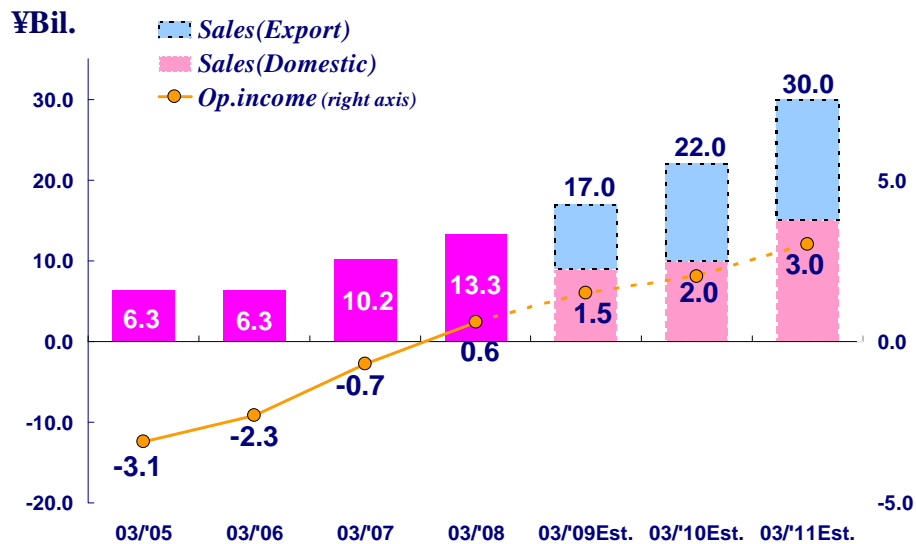
Overview

- ✦ *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**

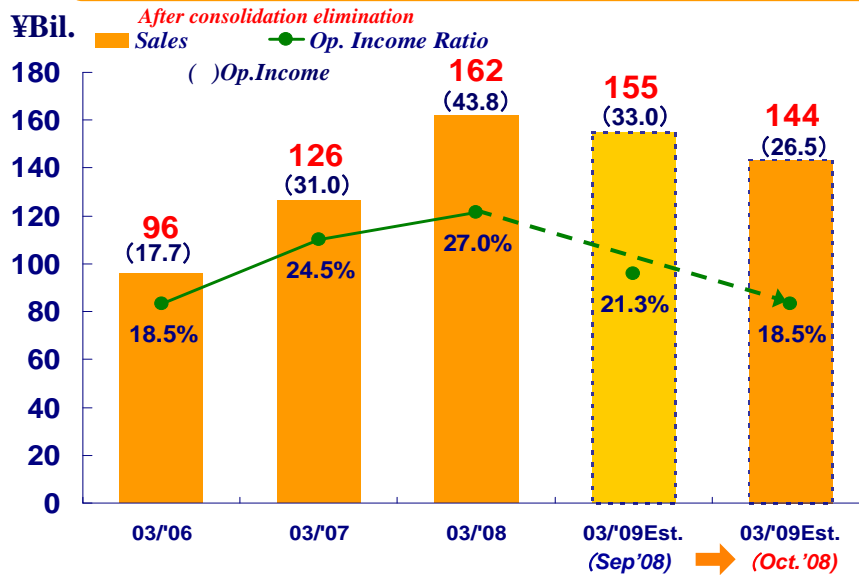
Capture demand for application of renewable energy.

➤ **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



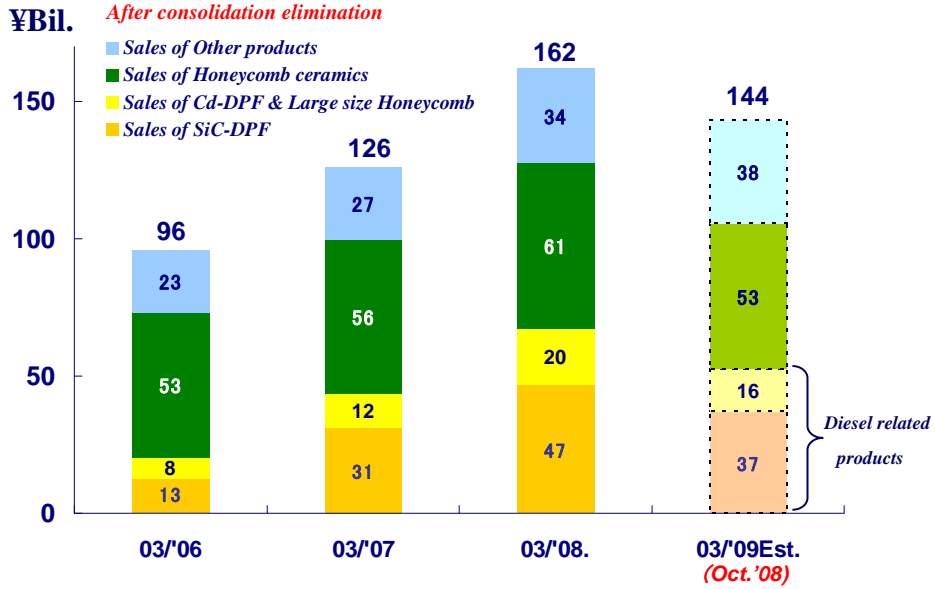
Overview

- ✦ *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.

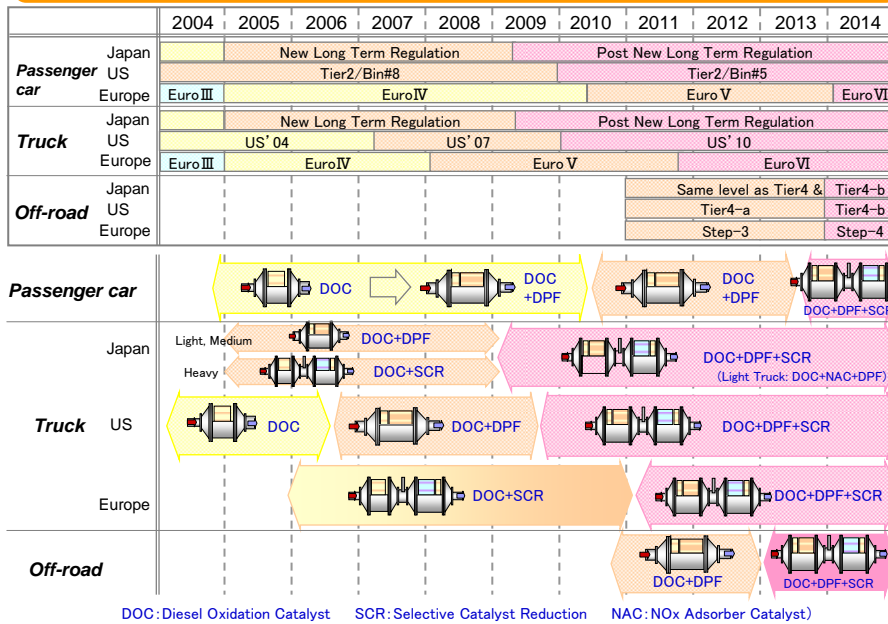
Tasks

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

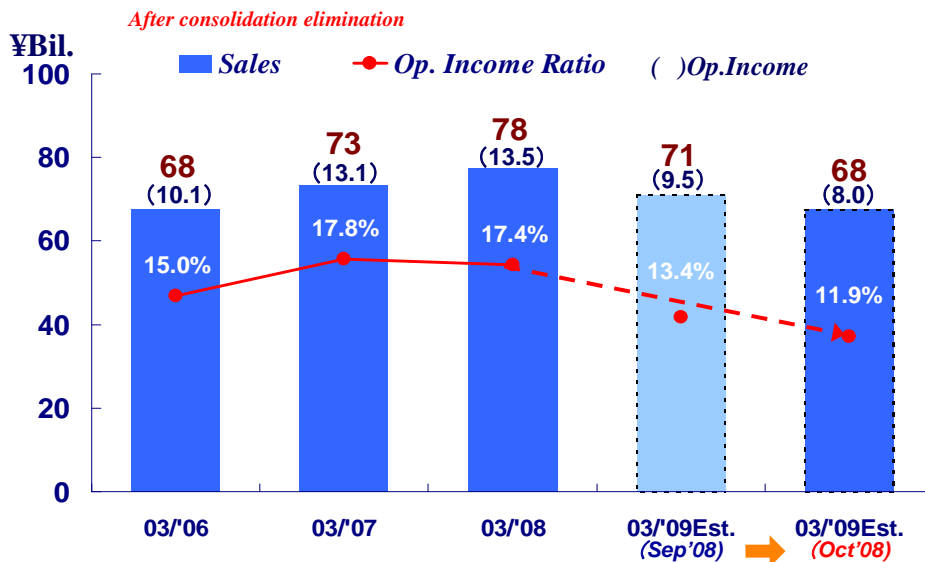
Sales Forecast of Ceramic Products Business



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.)

Total	<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>

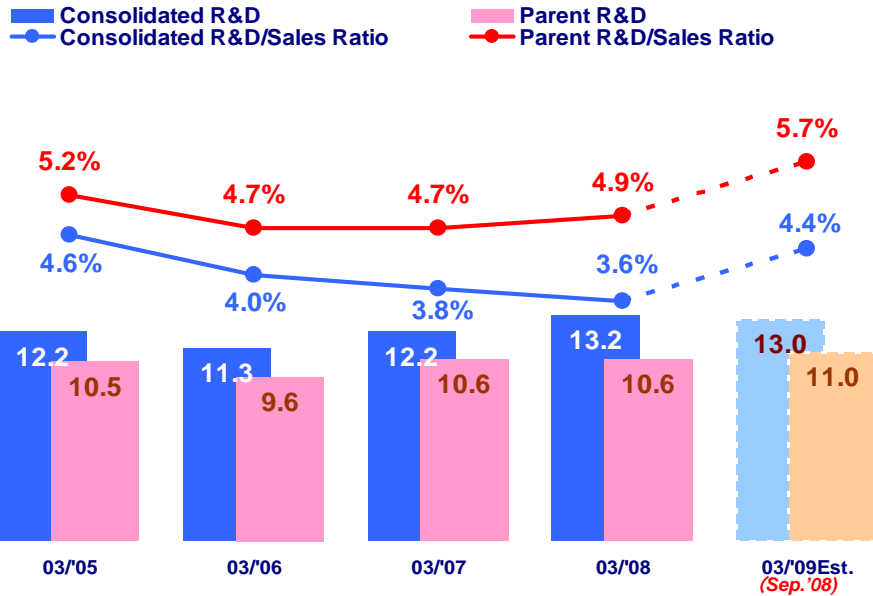
Engineering Business

<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>

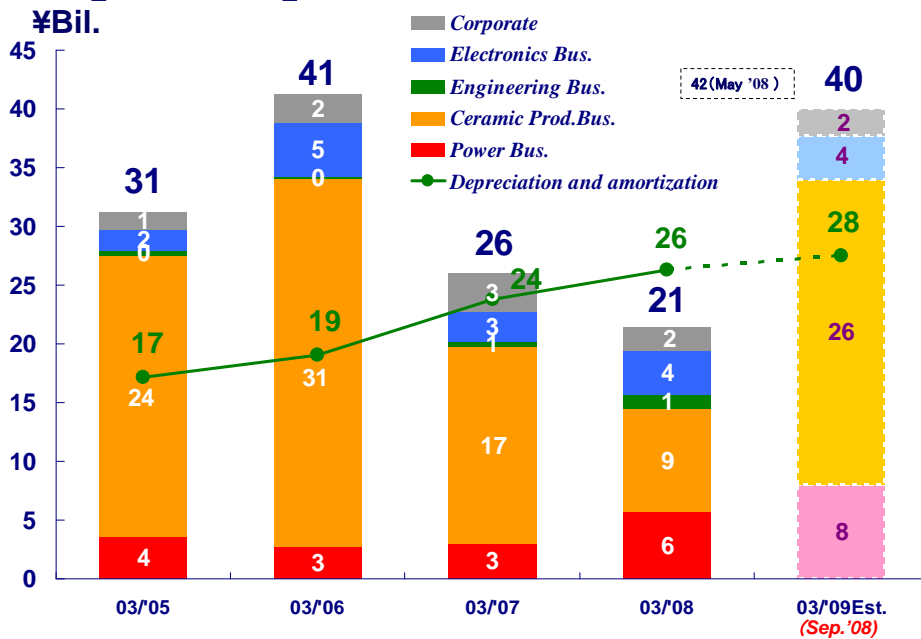
Summary of Cash Flow (¥ Bil.)

	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
<i>Operating Activities</i>	38.3	66.7	34.0
<i>Property, plant & 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
<i>Investing Activities</i>	-21.3	-16.7	-40.5
	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
<i>Financing Activities</i>	0.9	-10.1	-34.0
<i>Effect of exchange rate change</i>	1.3	1.6	-
<i>Net Changes in Cash & eq.</i>	19.2	41.5	-40.5
<i>Change in consolidated subsidiaries</i>	-	-	-4.3
<i>Cash & eq. at End of Year</i>	78.3	119.8	75.0

R&D Input (¥ Bil.)



Capital Expenditures



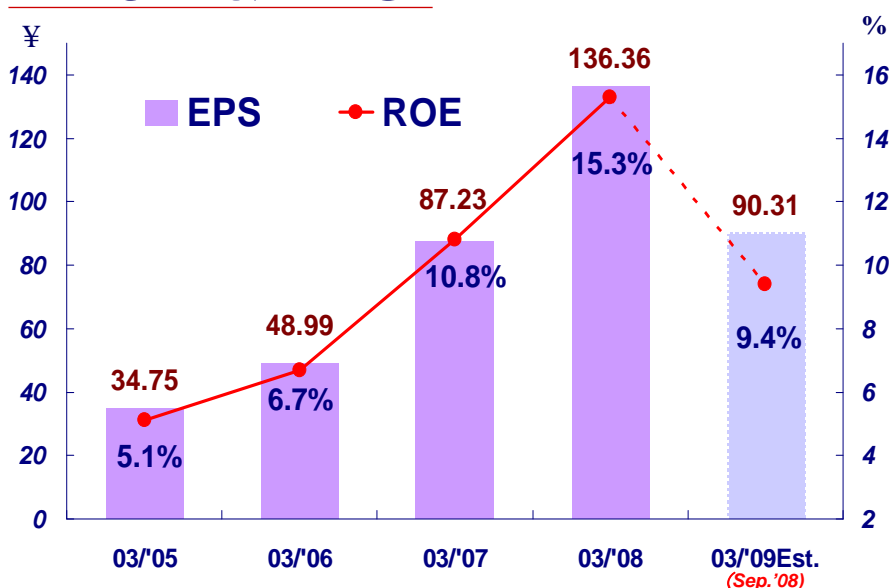
Number of Outstanding Shares

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



Disclaimer :

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