

11-D-0396  
August 26, 2011

## JCR Assigned A+/Stable and Preliminary A+ to Senior Debts and Shelf Registration of NSK; Withdraws A+p/Stable

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

### *Rationale*

NSK Ltd. is a bearing manufacturer with the largest market share in Japan and the third largest in the world. The Company aims at securing 66 billion yen in consolidated operating profit (operating profit margin at 8.5%) for the fiscal year ending March 31, 2013 under the medium-term management plan. Although there are some factors concerning its business environment that prohibit optimistic prospect, such as falling selling prices and ongoing yen appreciation, the Company's focused efforts on the enhancement of its industrial machinery business, expansion of overseas production, and attainment of higher added value in local market will likely contribute to earnings growth. With respect to bearings for industrial use, sales in the profitable aftermarket sector are expected to increase as it plans to expand its distributor network. In the automotive segment, demand for EPS that contributes to improving fuel efficiency is growing in response to rising demand for environmentally friendly automobiles, such as hybrid vehicles. In the meantime, the Company plans to continue high capital investments for the enhancement of its production capacity in Asia. Although its cash flow and financial balance require a close watch, given the earnings outlook for the near term, it is unlikely that its financial structure will deteriorate.

### *Rating*

Issuer: NSK Ltd. (security code: 6471)

#### <Assignment>

Senior debts: A+      Outlook: Stable  
Shelf Registration: preliminary A+  
Maximum: Y50 billion  
Valid: two years effective from February 26, 2010

#### <Withdrawal>

Senior debts: A+p      Outlook: Stable

Outline of the method for the determination of the credit rating is posted as "Rating Methodology (Corporate)" on JCR's home page (<http://www.jcr.co.jp>). The rating methodology is subject to additions and changes. In such cases, however, these additions and changes are shown in chronological order. Please check the release date of this press release against that of the rating methodology (i.e. the date when such methodology became effective) and then refer to the rating methodology above.

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