

NOK Group
New 3-Year Plan
(FY2007–2009)

April 25, 2007 (Wed)

NOK Corporation

Chairman of the Board and President

Masato Tsuru

《Slide 3》

1. New 3-Year Plan: **Background and Direction**

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2. New 3-Year Plan: **Overview**

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3. New 3-Year Plan: **Specific Initiatives**

1. New 3-Year Plan: **Background and Direction**

(Role of plan in context of past 6 years' management plans/results)

Plans covering past 6 years

FY2001–2003

3-Year Plan

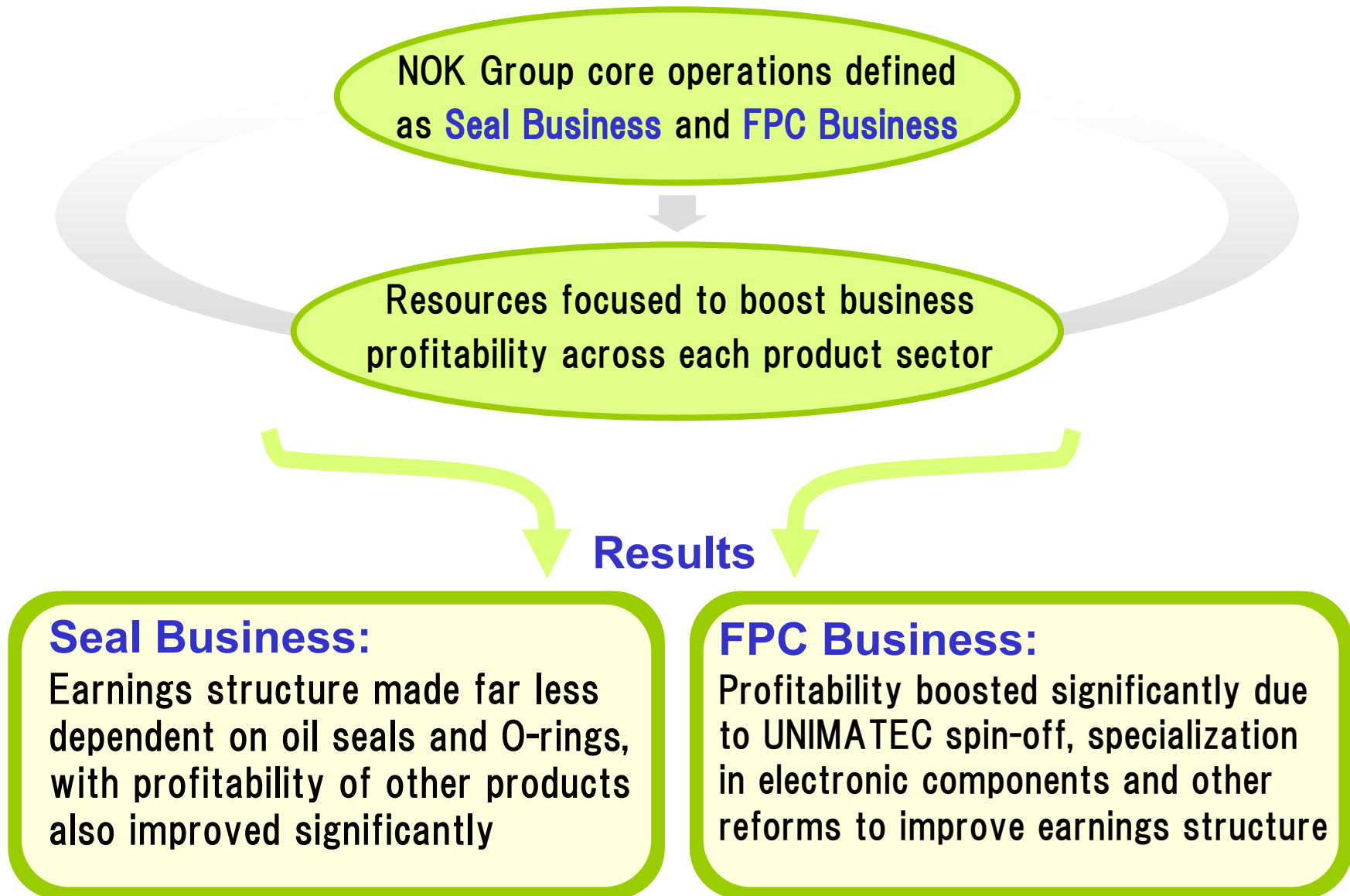
“Strengthen Core Businesses”

FY2004–2006

3-Year Plan

“Build Global & GI”

FY2001–2003: “Strengthen Core Businesses”



FY2004–2006: “Build Global & GI”



Aim: cater to customer **globalization** and raise cost competitiveness by
(1) Increasing overseas sales
(2) Upgrading overseas production bases



Aim: increase overall business in **general industrial (GI)** machinery sector by expanding within office equipment (OA) components

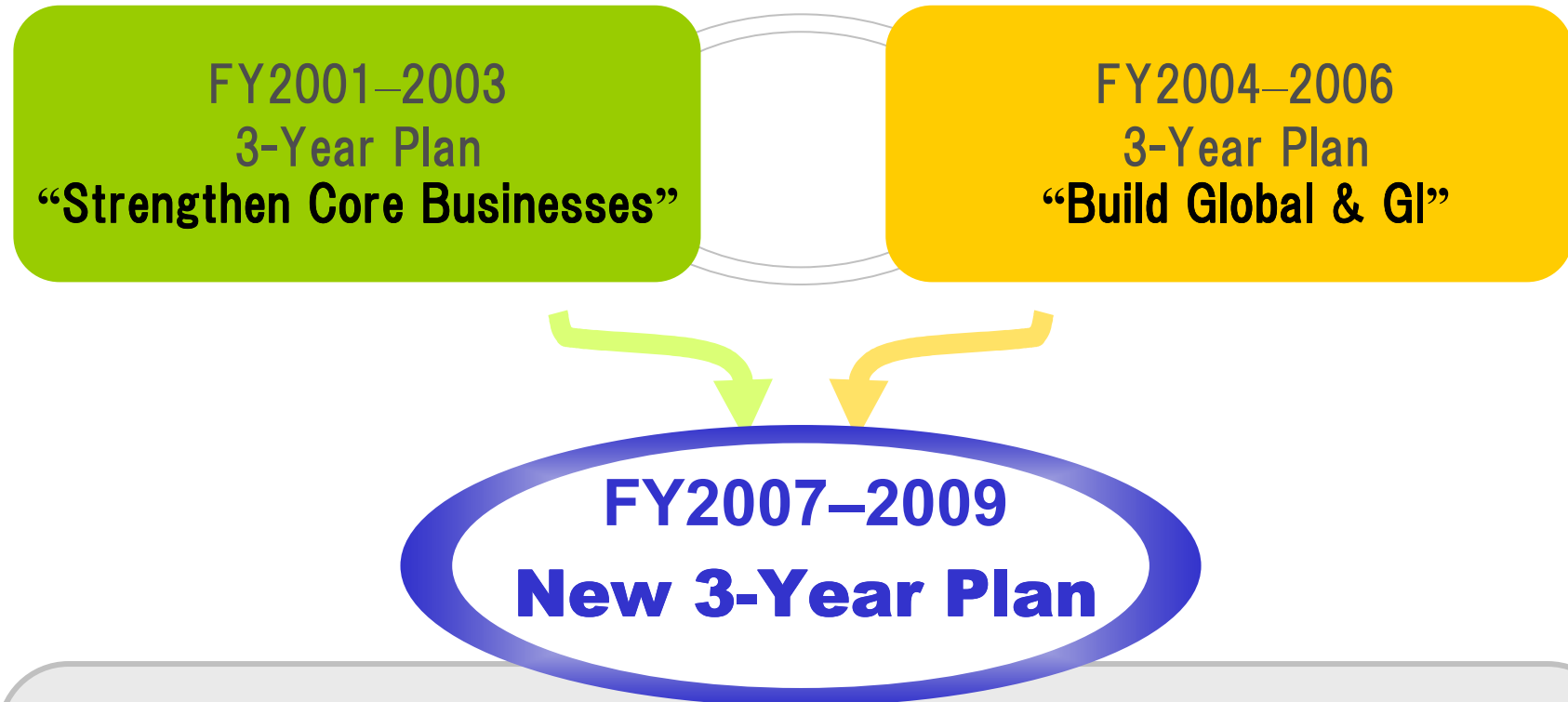
Results

Seal Business:
Operations restructured in Japan, overseas sales increased and overseas production bases upgraded

FPC Business:
Production blockages eased due to concentration of products at Okubara Plant; progress made in upgrading overseas bases

Other Business:
Bridgehead established in new area due to mergers with Hokushin and Nitto Kogyo (operational integration of both companies completed in Apr. 2007)

FY2007–2009: Positioning of New 3-Year Plan



- **Implement initiatives planned in past 6 years’ progress**
- **Target fruition within next 3-year period**

Keywords of New 3-Year Plan



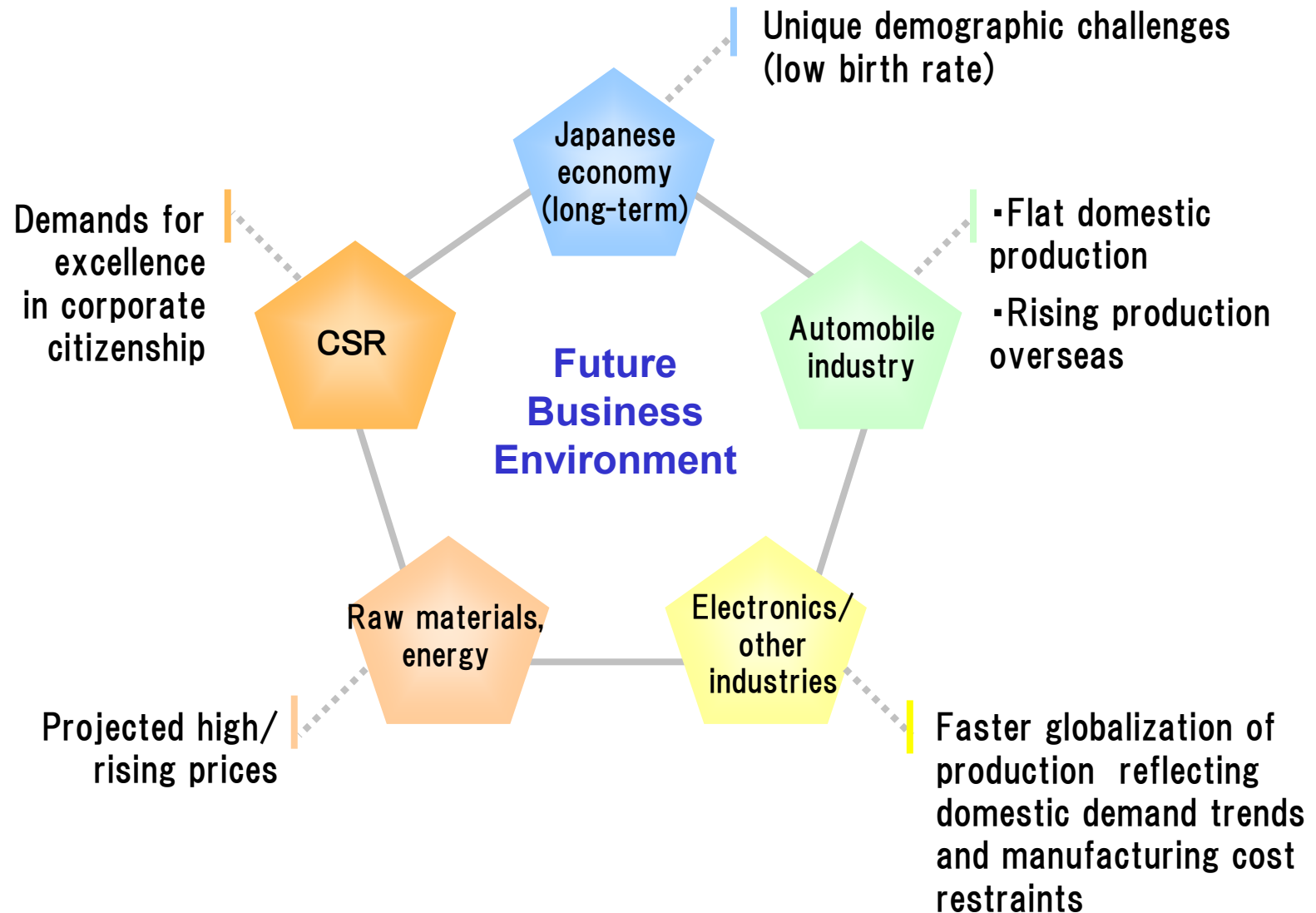
People

<ul style="list-style-type: none">-Retirement of baby boomers	<ul style="list-style-type: none">-Growth in scale of operations-Increasing operational complexity/breadth	<ul style="list-style-type: none">-Making and implementing decisions-Rapid identification/solution of issues
Handing down of skills and technology	Promotion of greater personnel flexibility	Clear, fast, excellent communications



Reaffirm and practice “respect for people,” a traditional NOK Group value.

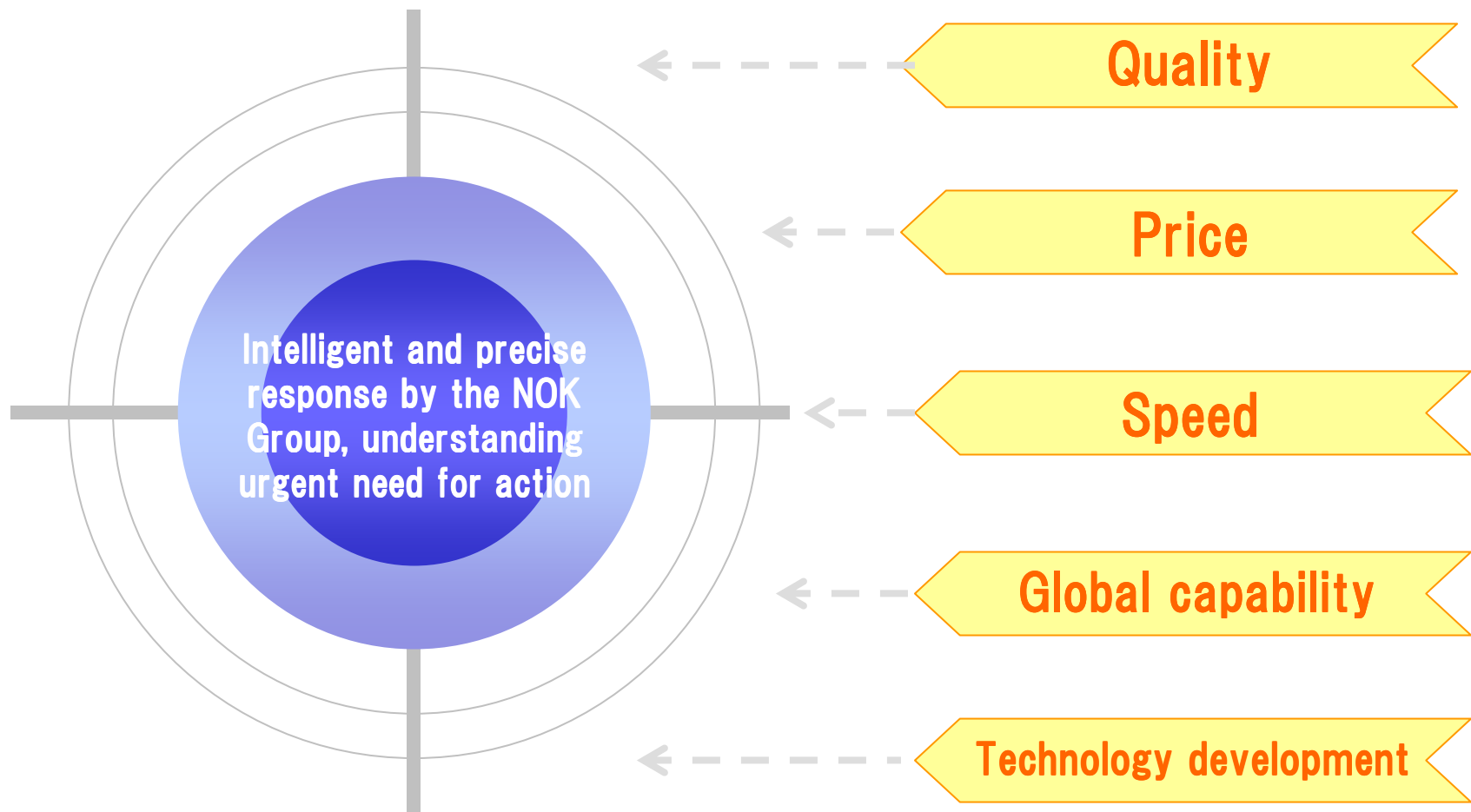
Future Business Environment (1)



Future Business Environment (2)



Customer demands of a component maker under such conditions:



New 3-Year Plan Objectives



Build systems/operations to become
A Leading Global Mid-Sized Company
from an international perspective
(Top 500 globally, Top 100 in Japan)

Annual sales growth: 5%+

GROWTH

Return on assets: 5%+

PROFITABILITY

Shareholders' equity ratio: 50%+

STABILITY

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2. New 3-Year Plan: **Overview**

New 3-Year Plan



- 1. Slogan: “Boost S.S.*1 as a Leading Global Mid-Sized Company”**
- 2. Plan period: April 1, 2007 to March 31, 2010 (FY2007-2009)**
- 3. Core policies**
 - (1) Implement respect-centered HR management
 - (2) Re-engineer NOK product quality
 - (3) Gain orders for new products via integrated sales/technology/production*2
 - (4) Boost frontline operational capabilities
 - (5) Nurture and strengthen roll business
 - (6) Upgrade and fortify global production system
 - (7) Boost consolidated earnings/financial strength by building Group management system
 - (8) Cultivate corporate citizenship activities
- 4. Performance targets (FY2009, consolidated)**

Net sales: ¥600 billion
Operating income: ¥62 billion
ROA: 6.6%

***Notes:**

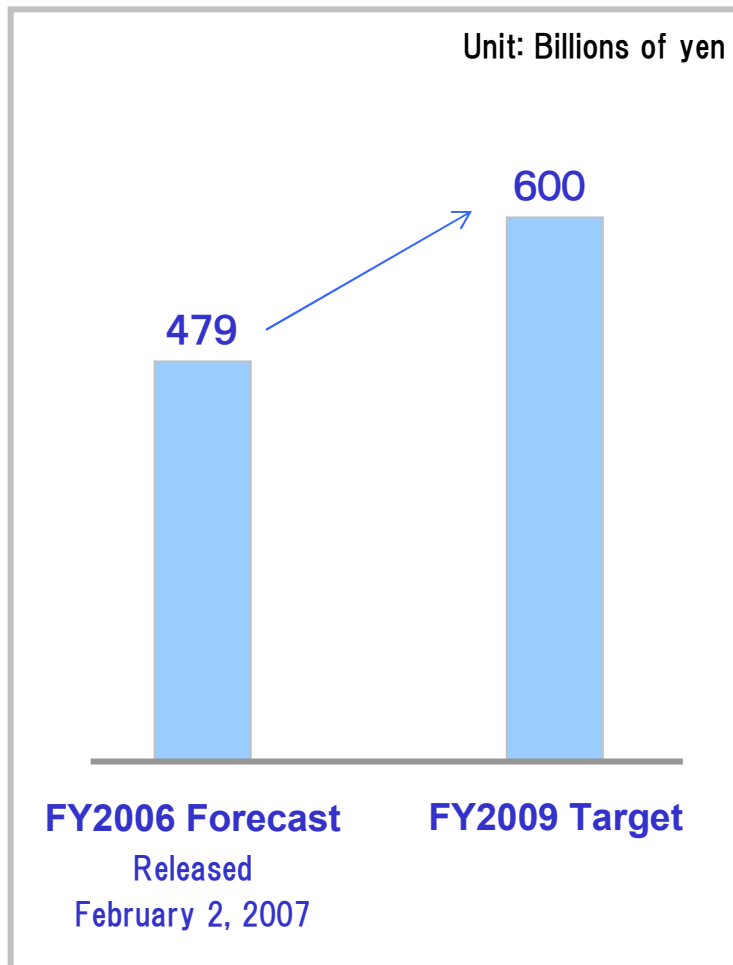
1. S.S. = Stakeholder Satisfaction
2. Refers to an integrated approach by these three divisions

Disclaimer: Future performance targets take into account known risk factors at time of announcement. Actual results may differ significantly from projections due to multiple factors, principally economic conditions in Japan and other markets, material price trends, demand trends, competition from rival firms, technological shifts and currency fluctuations.

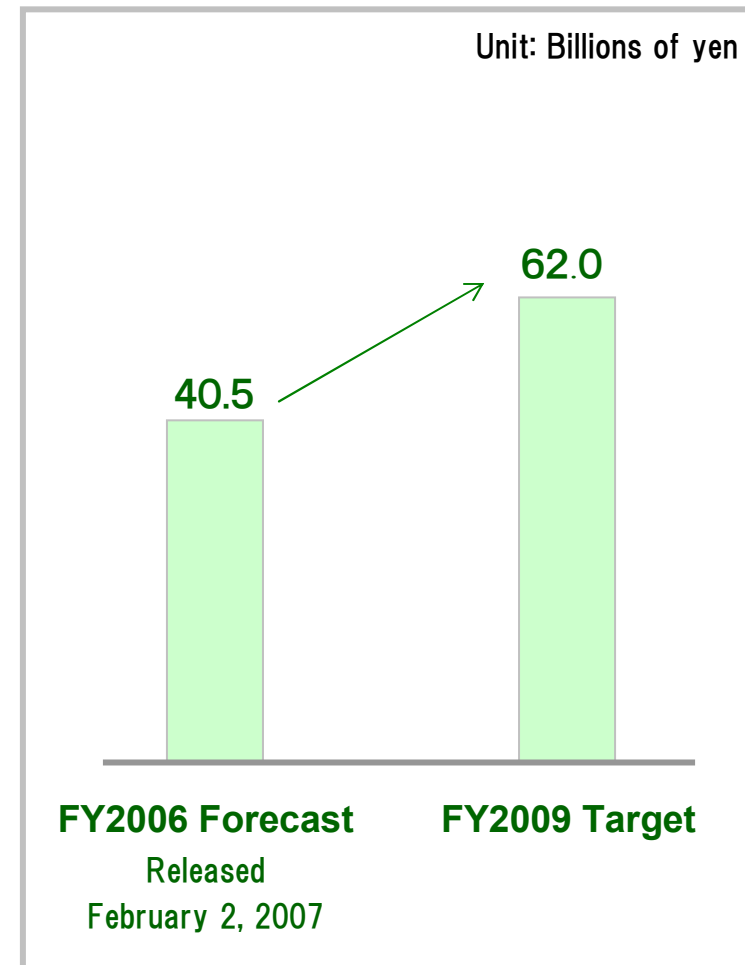
Performance Targets



Consolidated **Net Sales**



Consolidated **Operating income**



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3. New 3-Year Plan: **Specific Initiatives**

Business Segment Changes



Business segments	Before	After
Seal Business	Oil Seals, O-Rings, Vibration Control Rubber, Plastic Products, Gaskets	Oil Seals, O-Rings, Vibration Control Rubber, Plastic Products, Gaskets, Chemical Products, Mechanical Seals
FPC Business	Flexible Printed Circuit	Flexible Printed Circuit
Roll Business	—	Office Automation Rubber Products
Other Business	Office Automation Rubber Products, Chemical Products, Mechanical Seals, Special Lubricants, etc.	Special Lubricants, etc.

Starting with the new 3-year management plan in FY2007, NOK has changed its operational management set-up to better reflect product types, applications and production methods. Operating segments have been rearranged to divide the business portfolio along revised internal management lines that keep different product categories separate.

Major Initiatives by Business Segment



<ul style="list-style-type: none"> • Raise consolidated earnings by upgrading and fortifying global production system • Commercialize new products and develop new businesses, integrating Group technologies • Build common global service platform based on closer Group cooperation 	<ul style="list-style-type: none"> • Boost consolidated profitability by fortifying global management system and pursuing lower costs • Aggressively target the global market, including built-up FPC business and growth sectors • Expand production and upgrade related systems, targeting China • Develop new technologies and products to stay one step ahead
<p>Seal Business</p> <p>Roll Business</p> <ul style="list-style-type: none"> • In roll business, target sector leadership in high-performance roll products • Improve and rationalize roll product development capabilities via merger of Hokushin and Nitto Kogyo and technical integration (forming SYNZTEC Co., Ltd.) 	<p>FPC Business</p> <p>Other Business</p> <ul style="list-style-type: none"> • Establish position as specialty lubricant maker • Boost earnings using core in-house products

Results and Targets by New Business Segments

Unit: Billions of yen		FY2006 Forecasts Released February 2, 2007	FY2009 Targets
Seal Business	Net Sales	255.9	310.0 (+54.1)
	Operating Income	20.2	33.0 (+12.8)
FPC Business	Net Sales	166.6	220.0 (+53.4)
	Operating Income	18.8	23.9 (+5.1)
Roll Business	Net Sales	39.7	50.0 (+10.3)
	Operating Income	0.3	3.0 (+2.7)
Other Business	Net Sales	16.8	20.0 (+3.2)
	Operating Income	1.2	2.1 (+0.9)
Total	Net Sales	479.0	600.0 (+121.0)
	Operating Income	40.5	62.0 (+21.5)

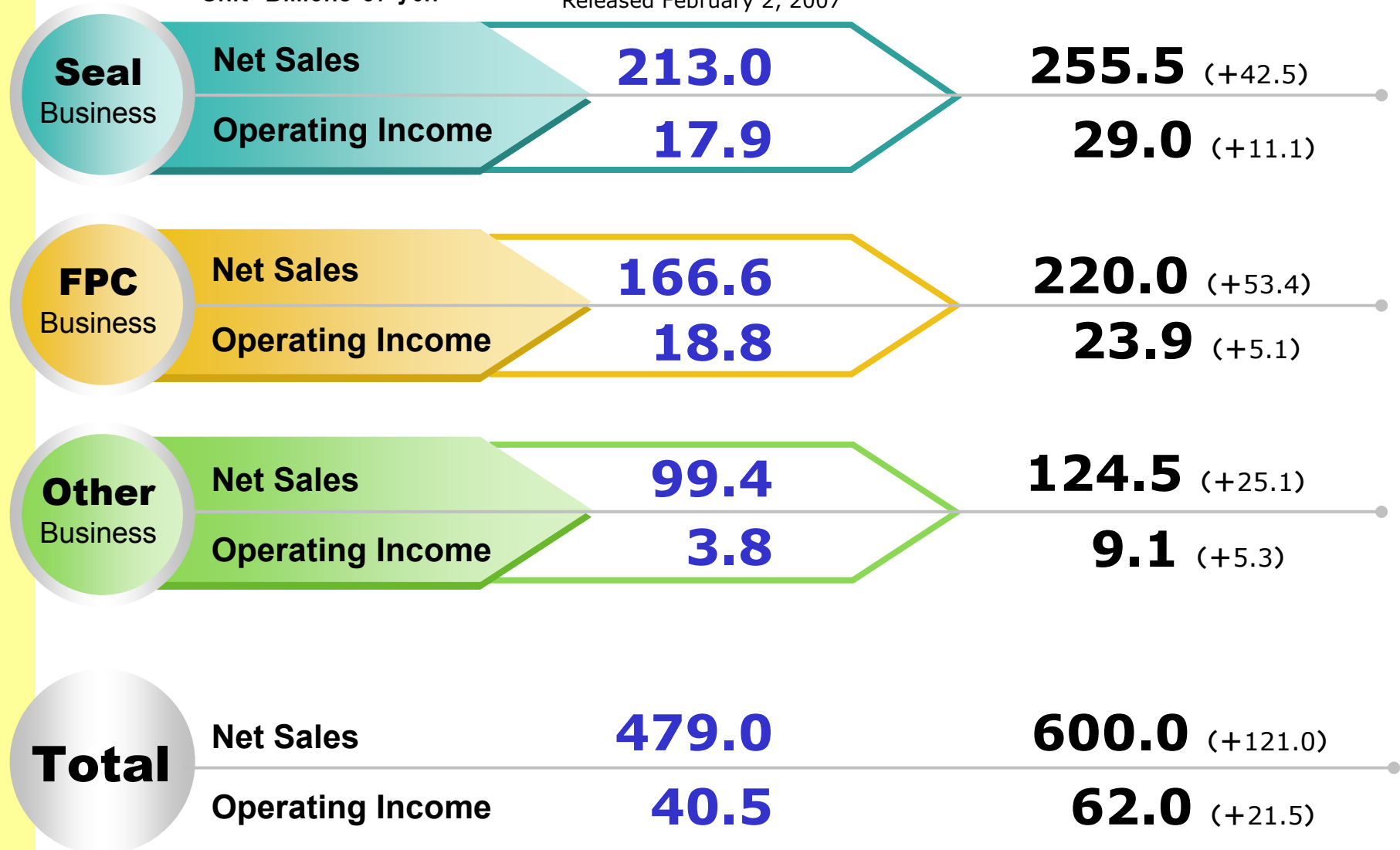
Results and Targets by Former Business Segments

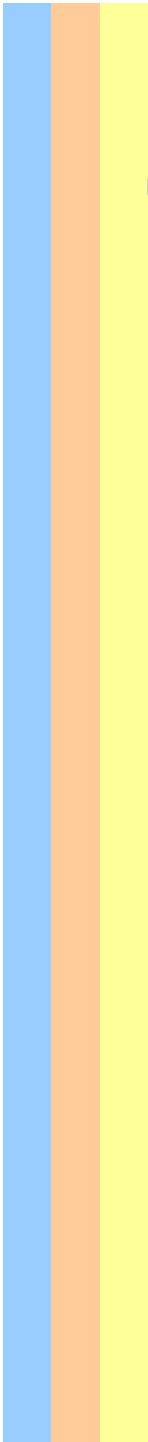
Unit: Billions of yen

FY2006 Forecasts

Released February 2, 2007

FY2009 Targets



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