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Securities Code: 6471  
June 5, 2019

**NOTICE OF  
THE 158th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders with Voting Rights:

Notice is hereby given that the 158th Ordinary General Meeting of Shareholders of NSK Ltd. (hereinafter referred to as “the Company”) will be held as described below. Your attendance is cordially requested.

If you are unable to attend the meeting, you can exercise your voting rights by postal mail or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” which follow this Notice, and exercise your voting rights no later than 5:15 p.m. on Monday, June 24, 2019 (Japan time).

Yours very truly,

Toshihiro Uchiyama  
Director,  
President and Chief Executive Officer  
NSK Ltd.  
1-6-3, Ohsaki, Shinagawa-ku, Tokyo, Japan

- 1. Date and Time:** Tuesday, June 25, 2019, at 10:00 a.m. (reception opens at 9:00 a.m.)
- 2. Place:** Nissei Building, 3F (Nissei Hall)  
1-6-3, Ohsaki, Shinagawa-ku, Tokyo
- 3. Agenda of the Meeting**
  - Matters to be reported:** Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit Committee for the Consolidated Financial Statements for the 158th Fiscal Term (from April 1, 2018 to March 31, 2019)
  - Matter to be resolved:**
    - Proposal** Election of Twelve Directors

**Other Matters Related to this Notice**

Of the documents which should be provided along with this Notice, the Consolidated Statements of Changes in Equity, the Notes to the Consolidated Financial Statements, the Non-consolidated Statements of Changes in Net Assets, and the Notes to the Non-Consolidated Financial Statements are published on the Company's website at the following address pursuant to laws and regulations as well as Article 15 of the Articles of Incorporation of the Company. Therefore, these documents are not included in the attached 158th Report.

The Company's Website  
<http://www.nsk.com/investors/stockandbond/meeting.html>

**Reference Documents for General Meeting of Shareholders****Proposal 1: Election of Twelve Directors**

The terms of office of all twelve Directors will expire at the conclusion of the 158th Ordinary General Meeting of Shareholders of the Company (hereinafter the "Meeting"). Accordingly, election of twelve Directors is proposed based on the Nomination Committee's decision. An overview of the candidates and the policy and procedure for the election of Directors is provided below.

**Policy and procedure for the election of Directors:**

The Company believes that the Company's Board of Directors should be well versed in the Company's businesses and be capable of supervising important managerial judgments related to business execution. Career diversity in field of specialty and business experience are also considered in order to ensure that the Board maintains a well-balanced composition and is of an appropriate size.

The Company operates under a Company with Three Committees (Nomination, Audit, and Compensation) structure. For the election of Directors, the Company first selects the candidates for Director based on the ideal composition of the Board and the requirements for Directors in light of the Company's corporate governance structure. These selections are subsequently deliberated by the Nomination Committee, and the approved candidates are outlined in a Proposal to shareholders and taken up at the ordinary general meeting of shareholders.

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**Note:**


- If there are any amendments to the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Non-consolidated Financial Statements, these amendments will be published on the Company's website (<http://www.jp.nsk.com/investors/stockandbond/meeting.html>).


## The List of the Candidates for Director


| No. | Name               | Current Position and Area of Responsibility in the Company                                                                                         | Years as Director at NSK Ltd. | Attendance at Board of Directors and Committee Meetings                                                          | Concurrent Positions at Other Listed Companies |
|-----|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1   | Toshihiro Uchiyama | Reappointment<br>Director, Representative,<br>President and Chief Executive Officer,<br>Member of the Nomination Committee                         | 7                             | Board of Directors:<br>100% (10/10)<br>Nomination Committee:<br>100% (7/7)                                       | 0                                              |
| 2   | Saimon Nogami      | Reappointment<br>Director, Representative,<br>Senior Executive Vice President,<br>Chief Financial Officer,<br>Member of the Compensation Committee | 6                             | Board of Directors:<br>100% (10/10)<br>Compensation Committee:<br>100% (8/8)                                     | 0                                              |
| 3   | Shigeyuki Suzuki   | Reappointment<br>Director, Representative,<br>Executive Vice President                                                                             | 5                             | Board of Directors:<br>100% (10/10)                                                                              | 0                                              |
| 4   | Yasuhiro Kamio     | Reappointment<br>Director, Representative,<br>Executive Vice President                                                                             | 3                             | Board of Directors:<br>100% (10/10)                                                                              | 0                                              |
| 5   | Akitoshi Ichii     | Reappointment<br>Director, Representative,<br>Executive Vice President                                                                             | 2                             | Board of Directors:<br>100% (10/10)                                                                              | 0                                              |
| 6   | Nobuo Goto         | Reappointment<br>Director,<br>Executive Vice President                                                                                             | 1                             | Board of Directors:<br>100% (7/7)                                                                                | 0                                              |
| 7   | Toshihiko Enomoto  | Reappointment<br>Director,<br>Member of the Audit Committee                                                                                        | 3                             | Board of Directors:<br>100% (10/10)<br>Audit Committee:<br>100% (14/14)                                          | 0                                              |
| 8   | Teruhiko Ikeda     | Reappointment<br>Outside Director<br>Independent Director                                                                                          | 4                             | Board of Directors:<br>100% (10/10)<br>Compensation Committee:<br>100% (8/8)<br>Audit Committee:<br>100% (10/10) | 0                                              |
| 9   | Hajime Bada        | Reappointment<br>Outside Director<br>Independent Director                                                                                          | 1                             | Board of Directors:<br>100% (7/7)<br>Nomination Committee:<br>100% (6/6)                                         | 2                                              |
| 10  | Akemi Mochizuki    | Reappointment<br>Outside Director<br>Independent Director                                                                                          | 1                             | Board of Directors:<br>100% (6/6)<br>Audit Committee:<br>100% (10/10)                                            | 0                                              |
| 11  | Toshio Iwamoto     | New Appointment<br>Outside Director<br>Independent Director                                                                                        | —                             | —                                                                                                                | 1                                              |
| 12  | Yoshitaka Fujita   | New Appointment<br>Outside Director<br>Independent Director                                                                                        | —                             | —                                                                                                                | 1                                              |


### Notes:


- Regarding attendance of meetings of the Board of Directors and Committees: The data shows each candidate's attendance at the meetings of the Board of Directors and Committees held during fiscal 2018 (April 1, 2018, through March 31, 2019). Nobuo Goto was appointed Director on June 22, 2018, Akemi Mochizuki was appointed director on July 1, 2018, Hajime Bada was appointed to the Nomination Committee on June 22, 2018, and Teruhiko Ikeda was appointed to the Audit Committee on June 22, 2018. Accordingly, attendance is counted from date of appointment.
- Number of concurrent positions is noted as expected on June 25, 2019, the date of the 158th Ordinary General Meeting of Shareholders.
- Akemi Mochizuki is expected to be appointed Outside Director of Tsumura & Co. on June 27, 2019. Toshio Iwamoto is expected to be appointed External Auditor of IHI Corporation on June 20, 2019. Yoshitaka Fujita will resign as Vice Chairman of Murata Manufacturing Co., Ltd. on June 27, 2019, and is expected to be appointed Executive Advisor of Murata Manufacturing Co., Ltd. on June 28, 2019.
- The planned members of each Committee if all the 12 candidates for Director are elected at this Meeting are described on page 16.
- Outside Director:** Candidate for Outside Director.
- Independent Director:** Candidate for Outside Director who satisfies the Company's Criteria for Independence of Outside Directors (page 17) and the criteria for the independence prescribed by the Tokyo Stock Exchange (<https://www.jpx.co.jp/english/equities/listing/ind-executive/index.html>), and who has been reported by the Company as Independent Director to the Tokyo Stock Exchange, subject to the approval of their election at this Meeting.

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| <b>No. 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               | <b>Toshihiro Uchiyama</b>        |  |
| <b>Reappointment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                               |                                  |                                                                                     |
| Company Shares Owned: 87,600                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               | Age: 60 (DoB: November 28, 1958) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Board of Directors: 100% (10/10)<br>Nomination Committee: 100% (7/7)                                                                                                          |                                  |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                               |                                  |                                                                                     |
| Apr. 1981                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Joined the Company                                                                                                                                                            |                                  |                                                                                     |
| Mar. 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Deputy Head of Procurement Division HQ                                                                                                                                        |                                  |                                                                                     |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Vice President, Deputy Head of Corporate Planning Division HQ                                                                                                                 |                                  |                                                                                     |
| Jun. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Head of Corporate Planning Division HQ                                                                                                                                        |                                  |                                                                                     |
| Jun. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Senior Vice President, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Office                                                                             |                                  |                                                                                     |
| Jun. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Responsible for Asia, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Office                                                                              |                                  |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Director (current)                                                                                                                                                            |                                  |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Representative (current), Executive Vice President, Member of the Compensation Committee,<br>Responsible for Administrative Divisions, Head of Corporate Strategy Division HQ |                                  |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | President and Chief Executive Officer (current), Chair of the Nomination Committee                                                                                            |                                  |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Member of the Nomination Committee (current)                                                                                                                                  |                                  |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                               |                                  |                                                                                     |
| <p>Toshihiro Uchiyama has experienced a broad range of businesses at the Company spanning overseas business (Americas), procurement and corporate planning, and is well versed in the Company's businesses. As President and Chief Executive Officer of the Company, he also has a wealth of experience and achievements in corporate management. The Company has designated him as a director nominee with the expectation that, by having the President and Chief Executive Officer concurrently serve as a director, the Board of Directors will be able to better understand the status of business execution and internal affairs of the Company, allowing the Board to exercise its oversight function more effectively.</p> |                                                                                                                                                                               |                                  |                                                                                     |


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| <b>No. 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                  | <b>Saimon Nogami</b>              |  |
| <b>Reappointment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                  |                                   |                                                                                     |
| Company Shares Owned: 48,600                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                  | Age: 58 (DoB: September 19, 1960) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Board of Directors: 100% (10/10)<br>Compensation Committee: 100% (8/8)                                                                                                                                           |                                   |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                  |                                   |                                                                                     |
| Apr. 1984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Joined the Company                                                                                                                                                                                               |                                   |                                                                                     |
| Feb. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Deputy Head of Industrial Machinery Business Division HQ                                                                                                                                                         |                                   |                                                                                     |
| Jun. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Vice President                                                                                                                                                                                                   |                                   |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Director (current), Senior Vice President, Head of Corporate Planning Division HQ,<br>Responsible for IR & CSR Office                                                                                            |                                   |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Representative (current), Executive Vice President, Member of the Compensation Committee<br>(current), Responsible for Administrative Divisions, Responsible for Asia, Head of Corporate<br>Strategy Division HQ |                                   |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Chief Financial Officer (current)                                                                                                                                                                                |                                   |                                                                                     |
| Apr. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Senior Executive Vice President (current)                                                                                                                                                                        |                                   |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                  |                                   |                                                                                     |
| <p>Saimon Nogami has experienced a broad range of businesses at the Company spanning overseas business (Europe) and the industrial machinery business, and is well versed in the Company's businesses. The Company has designated him as a director nominee with the expectation that, by having the Representative Senior Executive Vice President and Chief Financial Officer concurrently serve as a director, the Board of Directors will be able to better understand the business execution status of the Company, allowing the Board to exercise its oversight function more effectively.</p> |                                                                                                                                                                                                                  |                                   |                                                                                     |


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| <b>No. 3</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                      | <b>Shigeyuki Suzuki</b>          |  |
| <b>Reappointment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                      |                                  |                                                                                     |
| Company Shares Owned: 56,400                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                      | Age: 59 (DoB: December 15, 1959) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Board of Directors: 100% (10/10)                                                                                                                                                                                                     |                                  |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                      |                                  |                                                                                     |
| Apr. 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Joined the Company                                                                                                                                                                                                                   |                                  |                                                                                     |
| Jun. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Head of Eastern Japan Automotive Department 3 (Automotive Sales & Marketing Division HQ, Automotive Business Division HQ)                                                                                                            |                                  |                                                                                     |
| Jun. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Vice President, Deputy Head of Automotive Sales & Marketing Division HQ (Automotive Business Division HQ), Head of Eastern Japan Automotive Department 3 (Automotive Sales & Marketing Division HQ, Automotive Business Division HQ) |                                  |                                                                                     |
| Apr. 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Deputy Head of Operations in Europe                                                                                                                                                                                                  |                                  |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Senior Vice President                                                                                                                                                                                                                |                                  |                                                                                     |
| Oct. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Deputy Head of Automotive Bearings Division HQ (Automotive Business Division HQ)                                                                                                                                                     |                                  |                                                                                     |
| Jun. 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Director (current), Executive Vice President (current),<br>Head of Automotive Bearings Division HQ (Automotive Business Division HQ)                                                                                                 |                                  |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Representative (current), Head of Automotive Business Division HQ (current), Head of Automotive Powertrain Division HQ                                                                                                               |                                  |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                      |                                  |                                                                                     |
| <p>Shigeyuki Suzuki has experienced a broad range of businesses at the Company, spanning domestic automotive sales and marketing and overseas business (Europe), and is well versed in the Company's businesses. The Company has designated him as a director nominee with the expectation that, by having the Representative Executive Vice President in charge of automotive business divisions concurrently serve as a director, the Board of Directors will be able to better understand the business execution status of the Company, allowing the Board to exercise its oversight function more effectively.</p> |                                                                                                                                                                                                                                      |                                  |                                                                                     |


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| No. 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                        | Yasuhiro Kamio               |  |
| Reappointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                        |                              |                                                                                     |
| Company Shares Owned: 78,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                        | Age: 59 (DoB: July 22, 1959) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Board of Directors: 100% (10/10)                                                                                                                                                                                                       |                              |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                        |                              |                                                                                     |
| Apr. 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Joined the Company                                                                                                                                                                                                                     |                              |                                                                                     |
| Jun. 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Deputy Head of Automotive Components Division HQ (Automotive Business Division HQ)                                                                                                                                                     |                              |                                                                                     |
| Jun. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Vice President, Head of all ASEAN operations, President of NSK International (Singapore) Pte Ltd., President of NSK Bearings (Thailand) Co., Ltd.                                                                                      |                              |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Senior Vice President, Head of China operations, President of NSK (China) Investment Co., Ltd.                                                                                                                                         |                              |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Director (current), Representative (current), Executive Vice President (current), Head of Industrial Machinery Business Division HQ (current), Head of Japan Sales & Marketing Division HQ (Industrial Machinery Business Division HQ) |                              |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                        |                              |                                                                                     |
| <p>Yasuhiro Kamio has experienced a broad range of businesses at the Company, spanning overseas business (Americas, ASEAN, and China) as well as experience in the automotive business, and is well versed in the Company's businesses. The Company has designated him as a director nominee with the expectation that, by having the Representative Executive Vice President in charge of the industrial machinery business concurrently serve as a director, the Board of Directors will be able to better understand the business execution status of the Company, allowing the Board to exercise its oversight function more effectively.</p> |                                                                                                                                                                                                                                        |                              |                                                                                     |


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| No. 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                       | Akitoshi Ichii             |  |
| Reappointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                       |                            |                                                                                     |
| Company Shares Owned: 57,561                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                       | Age: 56 (DoB: May 8, 1963) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Board of Directors: 100% (10/10)                                                                                                                                      |                            |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                       |                            |                                                                                     |
| Apr. 1986                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Joined the Company                                                                                                                                                    |                            |                                                                                     |
| Dec. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Deputy Head of Automotive Bearings Division HQ (Automotive Business Division HQ)                                                                                      |                            |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Head of operations in India                                                                                                                                           |                            |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Vice President, Deputy Head of Corporate Planning Division HQ                                                                                                         |                            |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Head of Corporate Planning Division HQ (current), Responsible for Asia (current)                                                                                      |                            |                                                                                     |
| Apr. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Senior Vice President                                                                                                                                                 |                            |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Director (current)                                                                                                                                                    |                            |                                                                                     |
| Apr. 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Representative (current), Executive Vice President (current), Responsible for Administrative Divisions (current), Responsible for Investor Relations Office (current) |                            |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                       |                            |                                                                                     |
| <p>Akitoshi Ichii has experienced a broad range of businesses at the Company, spanning overseas business (Europe and India) as well as experience in the automotive business, and is well versed in the Company's businesses. The Company has designated him as a director nominee with the expectation that, by having the Representative Executive Vice President in charge of corporate planning divisions concurrently serve as a director, the Board of Directors will be able to better understand the business execution status of the Company, allowing the Board to exercise its oversight function more effectively.</p> |                                                                                                                                                                       |                            |                                                                                     |





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| <b>No. 6</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                             | <b>Nobuo Goto</b>               |  |
| <b>Reappointment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                             |                                 |                                                                                     |
| Company Shares Owned: 21,200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                             | Age: 61 (DoB: November 6, 1957) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Board of Directors: 100% (7/7)                                                                                                                                                              |                                 |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                             |                                 |                                                                                     |
| Apr. 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Joined the Company                                                                                                                                                                          |                                 |                                                                                     |
| Jul. 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Head of Bearing Technology Center (Automotive Bearing Technology Department)                                                                                                                |                                 |                                                                                     |
| Aug. 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | NSK Corporation                                                                                                                                                                             |                                 |                                                                                     |
| Jun. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Vice President, Head of Technology Development Division HQ (Future Technology Development Center), Deputy Head of Automotive Bearings Division HQ (Automotive Business Division HQ)         |                                 |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Senior Vice President                                                                                                                                                                       |                                 |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Head of Steering Technology Center (Automotive Components Division HQ, Automotive Business Division HQ), Deputy Head of Automotive Components Division HQ (Automotive Business Division HQ) |                                 |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Head of Automotive Technology Development Center (Automotive Business Division HQ), Deputy Head of Automotive Steering & Actuator Division HQ (Automotive Business Division HQ)             |                                 |                                                                                     |
| Apr. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Executive Vice President (current), Head of Technology Development Division HQ (current),                                                                                                   |                                 |                                                                                     |
| Jun. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Responsible for Technology Development Divisions (current)<br>Director (current), Responsible for Quality Assurance Divisions (current)                                                     |                                 |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                             |                                 |                                                                                     |
| <p>Nobuo Goto has experienced a broad range of businesses at the Company, spanning overseas business (Americas) as well as product development, and is well versed in the Company's businesses. The Company has designated him as a director nominee with the expectation that, by having the Executive Vice President in charge of the technology development divisions concurrently serve as a director, the Board of Directors will be able to better understand the business execution status of the Company, allowing the Board to exercise its oversight function more effectively.</p> |                                                                                                                                                                                             |                                 |                                                                                     |


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| <b>No. 7</b>                                                                                                                                                                                                                                                                                                                                                                                             |                                                                   | <b>Toshihiko Enomoto</b>       |  |
| <b>Reappointment</b>                                                                                                                                                                                                                                                                                                                                                                                     |                                                                   |                                |                                                                                     |
| Company Shares Owned: 18,816                                                                                                                                                                                                                                                                                                                                                                             |                                                                   | Age: 60 (DoB: August 28, 1958) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                    | Board of Directors: 100% (10/10)<br>Audit Committee: 100% (14/14) |                                |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                  |                                                                   |                                |                                                                                     |
| Apr. 1985                                                                                                                                                                                                                                                                                                                                                                                                | Joined the Company                                                |                                |                                                                                     |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                | Head of Consolidated Accounting Department (Finance Division HQ)  |                                |                                                                                     |
| Jun. 2013                                                                                                                                                                                                                                                                                                                                                                                                | Vice President, Deputy Head of Finance Division HQ                |                                |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                | Executive Advisor, Head of Internal Audit Department              |                                |                                                                                     |
| Jun. 2016                                                                                                                                                                                                                                                                                                                                                                                                | Director (current), Member of the Audit Committee (current)       |                                |                                                                                     |
| <b>Reasons for nominating the candidate for Director:</b>                                                                                                                                                                                                                                                                                                                                                |                                                                   |                                |                                                                                     |
| <p>Toshihiko Enomoto has experienced a broad range of businesses at the Company, spanning finance and accounting, overseas business (Europe) and auditing, and is well versed in the Company's businesses. Such experience and knowledge make him sufficiently qualified to supervise the execution of the Company's business operations. Accordingly, he is nominated for the position of Director.</p> |                                                                   |                                |                                                                                     |

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| <b>No. 8</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                         | <b>Teruhiko Ikeda</b>           |  |
| <b>Reappointment<br/>Outside Director<br/>Independent Director</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                         |                                 |                                                                                     |
| Company Shares Owned: 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                         | Age: 72 (DoB: December 5, 1946) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Board of Directors: 100% (10/10)<br>Compensation Committee: 100% (8/8)<br>Audit Committee: 100% (10/10) |                                 |                                                                                     |
| Years since assuming the office as Outside Director of the Company: 4 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                         |                                 |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                         |                                 |                                                                                     |
| Apr. 1969                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Joined The Fuji Bank, Limited (currently, Mizuho Bank, Ltd.)                                            |                                 |                                                                                     |
| Jun. 1996                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | General Manager of Branch Department of The Fuji Bank, Ltd.                                             |                                 |                                                                                     |
| Apr. 1998                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Managing Director (Member of the Board) of The Fuji Bank, Ltd.                                          |                                 |                                                                                     |
| May 2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Senior Managing Director (Member of the Board) of The Fuji Bank, Ltd.                                   |                                 |                                                                                     |
| Apr. 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deputy President of Mizuho Corporate Bank, Ltd. (currently, Mizuho Bank, Ltd.) (retired in April 2004)  |                                 |                                                                                     |
| Apr. 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Advisor of Mizuho Trust & Banking Co., Ltd.                                                             |                                 |                                                                                     |
| Jun. 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | President and Chief Executive Officer of Mizuho Trust & Banking Co., Ltd.                               |                                 |                                                                                     |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Chairman of the board of Mizuho Trust & Banking Co., Ltd.                                               |                                 |                                                                                     |
| Jun. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Advisor of Mizuho Trust & Banking Co., Ltd. (current)                                                   |                                 |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Director (current), Chair of the Compensation Committee (current)                                       |                                 |                                                                                     |
| Jun. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Member of the Audit Committee (current)                                                                 |                                 |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                         |                                 |                                                                                     |
| <p>Teruhiko Ikeda has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, based on his considerable experience and deep insight as a corporate executive. As Chair of the Compensation Committee, he has provided appropriate guidance on the determination of compensation for officers, and has played a leading role in enhancing the discussions at the Committee. As a member of the Audit Committee, he has provided appropriate guidance on the operation and enhancement of audit systems. The Company has designated him as an outside director nominee with the expectation that he will continue to contribute to enhancement and reinforcement of the Company's corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p>                                                                                                                |                                                                                                         |                                 |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                         |                                 |                                                                                     |
| <p>Teruhiko Ikeda has not engaged in business execution at Mizuho Trust &amp; Banking Co., Ltd., since July 2010. Although Mizuho Trust &amp; Banking is a lender to the Company, the Company is not particularly dependent on the loans from Mizuho Trust &amp; Banking Co., Ltd. (the balance of the loans from the same bank is approximately 2% of the Company's total loans). Although the Company has a business relationship with Mizuho Trust &amp; Banking Co., Ltd., the value of such transactions was less than 0.5% of gross profit of the same bank. Neither case constitutes a special interest between the Company and Mr. Ikeda. Mr. Ikeda fulfills the Company's Criteria for Independence of Outside Directors (Page 17) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Ikeda as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected.</p> |                                                                                                         |                                 |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                         |                                 |                                                                                     |
| Advisor of Mizuho Trust & Banking Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                         |                                 |                                                                                     |

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| <b>No. 9</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                    | <b>Hajime Bada</b>             |  |
| Reappointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                    |                                |                                                                                     |
| Company Shares Owned: 1,400                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                    | Age: 70 (DoB: October 7, 1948) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Board of Directors: 100% (10/10)<br>Nomination Committee: 100% (6/6)               |                                |                                                                                     |
| Years since assuming the office as Outside Director of the Company: 1 year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                    |                                |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                    |                                |                                                                                     |
| Apr. 1973                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Joined Kawasaki Steel Corporation (currently JFE Steel Corporation)                |                                |                                                                                     |
| Jun. 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Director of Kawasaki Steel Corporation                                             |                                |                                                                                     |
| Apr. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Executive Officer of JFE Steel Corporation                                         |                                |                                                                                     |
| Apr. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | President and Chief Executive Officer of JFE Steel Corporation (retired Apr. 2010) |                                |                                                                                     |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Director of JFE Holdings, Inc.                                                     |                                |                                                                                     |
| Apr. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | President and Chief Executive Officer of JFE Holdings, Inc.                        |                                |                                                                                     |
| Apr. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Director of JFE Holdings, Inc.                                                     |                                |                                                                                     |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Advisor of JFE Holdings, Inc. (current)                                            |                                |                                                                                     |
| Jun. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Director (current), Member of the Nomination Committee (current)                   |                                |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                    |                                |                                                                                     |
| <p>Hajime Bada has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, based on his considerable experience and deep insight as a corporate executive. As a member of the Nomination Committee, he has provided appropriate guidance on the proposals for election of Directors, etc. The Company has designated him as an outside director nominee with the expectation that he will contribute to enhancement and reinforcement of the Company's corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p>                       |                                                                                    |                                |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                    |                                |                                                                                     |
| <p>Hajime Bada has not engaged in business execution at JFE Holdings, Inc. since July 2015. Although there are mutual transactions between the Company and JFE Holdings, Inc., the value of such transactions was less than 0.5% of net sales of each company, constituting no special interest between the Company and Mr. Bada. Mr. Bada fulfills the Company's Criteria for Independence of Outside Directors (Page 17) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Bada as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected.</p> |                                                                                    |                                |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                    |                                |                                                                                     |
| Advisor of JFE Holdings, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                    |                                |                                                                                     |
| Outside Director of Mitsui Chemicals, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                    |                                |                                                                                     |
| External Auditor of Asagami Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                    |                                |                                                                                     |

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| No. 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                | Akemi Mochizuki              |  |
| Reappointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                |                              |                                                                                     |
| Company Shares Owned: 1,400                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                | Age: 64 (DoB: June 10, 1954) |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Board of Directors: 100% (6/6)<br>Audit Committee: 100% (10/10)                |                              |                                                                                     |
| Years since assuming the office as Outside Director of the Company: 1 year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                |                              |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                |                              |                                                                                     |
| Oct. 1984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Aoyama Audit Corporation (currently PricewaterhouseCoopers Arata LLC)          |                              |                                                                                     |
| Mar. 1988                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Registered as a Certified Public Accountant                                    |                              |                                                                                     |
| Aug. 1996                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Joined Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)     |                              |                                                                                     |
| Jun. 2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Partner of Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC) |                              |                                                                                     |
| Jul. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Director (current), Member of the Audit Committee (current)                    |                              |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                |                              |                                                                                     |
| <p>Akemi Mochizuki has actively expressed her opinions at meetings of the Board of Directors from a fair and independent standpoint, based on her considerable experience and deep insight as a corporate executive. As a member of the Audit Committee, she has provided appropriate guidance on the operation and enhancement of audit systems. The Company has designated her as an outside director nominee with the expectation that she will continue to contribute to enhancement and reinforcement of the Company's corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p> |                                                                                |                              |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                |                              |                                                                                     |
| <p>Akemi Mochizuki has not engaged in operations at Deloitte Touche Tohmatsu LLC since July 2018. There are no transactions between the Company and Deloitte Touche Tohmatsu LLC, constituting no special interest between the Company and Ms. Mochizuki. Ms. Mochizuki fulfills the Company's Criteria for Independence of Outside Directors (Page 17) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Ms. Mochizuki as an Independent Director with the Tokyo Stock Exchange, under the condition that she is elected.</p>                                                       |                                                                                |                              |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                |                              |                                                                                     |
| Employee of Akahoshi Audit Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                |                              |                                                                                     |
| Akemi Mochizuki is expected to be appointed Outside Director of Tsumura & Co. on June 27, 2019.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                |                              |                                                                                     |

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| <b>No. 11</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Toshio Iwamoto</b>                                                                                           |  |
| <b>New Appointment<br/>Outside Director<br/>Independent Director</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                 |                                                                                     |
| Company Shares Owned: 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Age: 66 (DoB: January 5, 1953)                                                                                  |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | —                                                                                                               |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                 |                                                                                     |
| Apr. 1976                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation) |                                                                                     |
| Jun. 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Director of NTT Data Corporation                                                                                |                                                                                     |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Director, Senior Vice President of NTT Data Corporation                                                         |                                                                                     |
| Jun. 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Director, Executive Vice President of NTT Data Corporation                                                      |                                                                                     |
| Jun. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Representative Director and Senior Executive Vice President of NTT Data Corporation                             |                                                                                     |
| Jun. 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Representative Director, President and Chief Executive Officer of NTT Data Corporation                          |                                                                                     |
| Jun. 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Chief Corporate Adviser of NTT Data Corporation (current)                                                       |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                 |                                                                                     |
| <p>Toshio Iwamoto has considerable experience and deep insight as a corporate executive. Such experience and knowledge make him sufficiently qualified to supervise the execution of the Company's business operations. The Company has designated him as an outside director nominee with the expectation that he will contribute to enhancement and reinforcement of the Company's corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p>                                                                  |                                                                                                                 |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                 |                                                                                     |
| <p>Toshio Iwamoto has not engaged in business execution at NTT Data Corporation since July 2018. There are no transactions between the Company and NTT Data Corporation, constituting no special interest between the Company and Mr. Iwamoto. Mr. Iwamoto fulfills the Company's Criteria for Independence of Outside Directors (Page 17) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Iwamoto as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected.</p> |                                                                                                                 |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                 |                                                                                     |
| <p>Chief Corporate Adviser of NTT Data Corporation<br/>Toshio Iwamoto is expected to be appointed External Auditor of IHI Corporation on June 20, 2019.</p>                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                 |                                                                                     |

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| No. 12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Yoshitaka Fujita                                                                           |  |
| New Appointment<br>Outside Director<br>Independent Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                            |                                                                                     |
| Company Shares Owned: 2,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Age: 67 (DoB: January 27, 1952)                                                            |                                                                                     |
| Attendance:<br>(FY18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | —                                                                                          |                                                                                     |
| <b>Career Summary, Position and Area of Responsibility in the Company<br/>and Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                            |                                                                                     |
| Apr. 1975                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Joined Murata Manufacturing Co., Ltd.                                                      |                                                                                     |
| Jun. 1998                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Director of Murata Manufacturing Co., Ltd.                                                 |                                                                                     |
| Jun. 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Director, Vice President of Murata Manufacturing Co., Ltd.                                 |                                                                                     |
| Jun. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Director, Senior Vice President of Murata Manufacturing Co., Ltd.                          |                                                                                     |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Director, Executive Vice President of Murata Manufacturing Co., Ltd.                       |                                                                                     |
| Jun. 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Representative Director, Senior Executive Vice President of Murata Manufacturing Co., Ltd. |                                                                                     |
| Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Vice Chairman of Murata Manufacturing Co., Ltd. (current)                                  |                                                                                     |
| <b>Reasons for nominating the candidate for Outside Director:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                            |                                                                                     |
| <p>Yoshitaka Fujita has considerable experience and deep insight as a corporate executive. Such experience and knowledge make him sufficiently qualified to supervise the execution of the Company's business operations. The Company has designated him as an outside director nominee with the expectation that he will contribute to enhancement and reinforcement of the Company's corporate governance, as well as ensure its sustainable growth and increase its corporate value.</p>                                                                                                                                                              |                                                                                            |                                                                                     |
| <b>Assessment of special interests and the independence of the candidate:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                            |                                                                                     |
| <p>Yoshitaka Fujita is currently engaged as Vice Chairman of Murata Manufacturing Co., Ltd. Although there are mutual transactions between the Company and Murata Manufacturing Co., Ltd., the value of such transactions was less than 0.1% of net sales of the Company, constituting no special interest between the Company and Mr. Fujita. Mr. Fujita fulfills the Company's Criteria for Independence of Outside Directors (Page 17) and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Fujita as an Independent Director with the Tokyo Stock Exchange, under the condition that he is elected.</p> |                                                                                            |                                                                                     |
| <b>Significant Concurrent Positions outside the Company:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                            |                                                                                     |
| <p>Vice Chairman of Murata Manufacturing Co., Ltd.</p> <p>Note: Yoshitaka Fujita will resign as Vice Chairman of Murata Manufacturing Co., Ltd. on June 27, 2019, and is expected to be appointed Executive Advisor of Murata Manufacturing Co., Ltd. on June 28, 2019.</p>                                                                                                                                                                                                                                                                                                                                                                              |                                                                                            |                                                                                     |

Notes:

1. Special interest between the Company and candidates for Director:  
No special interest exists between the Company and each candidate for Director above.
2. Number of years of the candidates for Outside Director since assuming the position as Outside Director of the Company:

The number of years in office as Outside Director of the candidates for Outside Director is the cumulative number of years since each assumed the position as Outside Director of the Company until the conclusion of this Meeting.

3. Liability limitation agreement with candidates for Directors

Pursuant to Article 427, Paragraph 1 of the Companies Act and Article 27 of the Articles of Incorporation of the Company, the Company has executed agreements to limit liability for damage of Director under Article 423, Paragraph 1 of the Companies Act with Directors Toshihiko Enomoto, Teruhiko Ikeda, Hajime Bada, and Akemi Mochizuki. If they are reelected as Directors at the meeting, the Company will continue said agreements to limit liability with each of them.

If Toshio Iwamoto and Yoshitaka Fujita are elected as Directors at the meeting, the Company will similarly execute agreements to limit liability with each of them.

The limits of liability for damage under the agreement is equal to the minimum amount of liability as set forth in the relevant laws and regulations.

4. Composition of each Committee

If this proposal is approved at the Meeting, the following composition and Chair of each Committee is planned:

|                        | Chair           | Members                              |
|------------------------|-----------------|--------------------------------------|
| Nomination Committee   | Hajime Bada     | Yoshitaka Fujita, Toshihiro Uchiyama |
| Audit Committee        | Akemi Mochizuki | Teruhiko Ikeda, Toshihiko Enomoto    |
| Compensation Committee | Teruhiko Ikeda  | Toshio Iwamoto, Akitoshi Ichii       |



**<Reference>**

**Criteria for Independence of Outside Directors**

The following persons are ineligible to become independent director candidates of the Company.

- (1) Persons holding positions at a company which constituted 2% or more of the previous year's consolidated sales of NSK, or persons who held such a position until recently.
- (2) Persons holding positions at a company which made 2% or more of its previous year's consolidated sales to NSK or a subsidiary of NSK, or persons who held such a position until recently.
- (3) Persons holding positions at a financial institution which NSK relies on for funding, or persons who held such a position until recently.
- (4) Consultants, accounting or legal professionals receiving significant financial compensation in addition to compensation for the NSK independent director position, or persons who held such a position until recently.
- (5) Persons belonging to a company or organization which held 10% or more of NSK's total stock at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- (6) Persons belonging to a company or organization which NSK holds 10% or more of the company's total stock at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- (7) Relatives within the second degree, or family members living in the same household as persons specified in items (1) to (6) (excluding non-key posts) ("Key posts" are generally assumed to refer to executive or senior managers of relevant companies or trading partners, certified public accountants belonging to relevant audit firms, and legal professionals belonging to relevant legal firms.)
- (8) Persons who hold executive positions at NSK or a subsidiary of NSK, or relatives within the second degree or family members living in the same household of persons who held such positions until recently.

The wording "recently" in the items above shall be assumed to be a period of three years or less from the date NSK elects directors.

\* This information is also available on the Company's website.

(<http://www.nsk.com/company/governance/index.html>)

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# **Business Report**

**Fiscal 2018**

**April 1, 2018 - March 31, 2019**

|                                              |      |
|----------------------------------------------|------|
| 1. Review of Group Operations                | P.19 |
| 2. Stock Information                         | P.30 |
| 3. Stock Acquisition Rights                  | P.31 |
| 4. Officers of the Company                   | P.32 |
| 5. Status of Accounting Auditor              | P.39 |
| 6. Corporate Governance and Related Policies | P.40 |

**NSK Ltd.**

## Attachments

### **Business Report (April 1, 2018 - March 31, 2019)**

#### **1. Review of Group Operations**

##### **(1) Business Developments and Corporate Results**

NSK celebrated its 100th anniversary on November 8, 2016. In order to realize NSK's Mission Statement, NSK has established NSK Vision 2026 (Setting the Future in Motion), an overarching vision of the type of company it aims to become in the 10 years following its 100th anniversary.

Based on NSK Vision 2026, the NSK Group implemented its 5th Mid-Term Management Plan, spanning the three years beginning April 2016. Under the slogan "embark on new chapter in evolution towards next 100 years" and comprising two key policies of "operational excellence" and "challenging innovation," we addressed three main management tasks: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields.

Looking at global economic conditions during the year ended March 31, 2019, the Japanese economy continued its gradual growth due to solid capital expenditure and a favorable employment environment. However, this expansion lacked strength due to the impact of a slowdown in the overseas economy during the second half of the fiscal year under review. In the US, economic growth continued due to increases in capital expenditure and individual consumption, although signs of a slowdown have recently begun to emerge. In Europe, although consumer spending remained strong in the Eurozone, economic growth slowed due to confusion surrounding the UK's withdrawal from the European Union as well as a decrease in vehicle production due to new exhaust gas emission testing methods (WLTP). In China, economic growth slowed against the backdrop of increased trade friction with the US, with weaker capital expenditure and consumer spending, and vehicle production volume falling below the previous year's level. In other Asian countries, economic growth slowed, reflecting the weakness in the global economy.

In this economic environment, consolidated sales for the year ended March 31, 2019 totaled ¥991,365 million, a year-on-year decrease of 2.8%, and operating income totaled ¥79,279 million, a year-on-year decrease of 19.0%. Income before income taxes was ¥79,229 million, a year-on-year decrease of 18.5%. Net income attributable to owners of the parent was ¥55,809 million, a year-on-year decrease of 19.5%.

The market environment and results in the NSK Group's respective business segments are outlined below.

##### **1. Industrial Machinery Business Segment**

Overall sales in the industrial machinery business increased year on year as strong demand for the Company's products continued through to the end of the first half of the fiscal year due to increased capital expenditure related to IoT, automation, and labor-saving. Although demand shifted to an adjustment phase in the second half against the backdrop of a sluggish smartphone market as well as slowdown in Chinese economy, the Company was able to secure a year-on-year increase in full-year sales in the industrial machinery business.

Looking at the segment's results by geographic breakdown, sales in Japan increased, primarily in the aftermarket sector, despite the negative impact of a slowdown in the smartphone-related market. In the Americas, despite strong demand from sectors including medical equipment, sales declined due to depreciation of emerging countries' currencies, including the Brazilian real. Sales in Europe decreased due to a decline in the electrical sector, including home appliances, although sales in the wind power sector rose. In China, sales grew due to an increase in the aftermarket, wind power and machine tool sectors, despite weaker sales in the electrical sector, including electric tools and motors. In other Asian countries sales increased, primarily in India.

As a result, sales in the industrial machinery business totaled ¥269,974 million, a year-on-year increase of 1.4%. Operating income was ¥32,887 million, a year-on-year increase of 16.1%.

## 2. Automotive Business Segment

Despite an increase in sales of products for the automatic transmission (AT) systems and needle bearings, overall sales in the automotive business declined year on year due to lower sales of electric power steering (EPS) systems resulting from vehicle model changes as well as a slowdown in the Chinese and European automotive markets.

Looking at the segment's results by geographic breakdown, sales in Japan decreased due to lower sales in the EPS business despite robust sales of products for AT systems. In the Americas, sales increased mainly due to solid sales of products for AT systems. In Europe, sales decreased due to lower vehicle production stemming from new exhaust gas emission testing methods (WLTP). Sales in China decreased due to a reactionary decline from special tax incentives for compact cars which ended last year, as well as lower EPS sales. In other Asian countries, overall sales decreased due to the impact of exchange rate fluctuations, although sales in India increased.

As a result, sales in the automotive business totaled ¥689,658 million, a year-on-year decrease of 4.7%. Operating income totaled ¥44,949 million, a year-on-year decrease of 31.9%.

### (2) Investment in Fixed Assets

The NSK Group conducts strategic investment to expand its business, strengthen competitiveness, and develop new technologies. During the fiscal year under review, we invested a total of ¥81.1 billion, an increase of ¥12.3 billion from the previous fiscal year.

Capital expenditure in the industrial machinery business totaled ¥21.6 billion, primarily related to reorganizing and increasing production capacity at our production sites both in and outside Japan, with the aim of improving productivity.

Meanwhile, capital expenditure in the automotive business totaled ¥54.9 billion. This included expansion of production capacity both in and outside Japan in response to demand growth, investment in productivity improvements, and expenditure on development of new technologies and products.

Unit: ¥100 million

| Segment                          | Capital Expenditure in Year Ended<br>March 31, 2019 |
|----------------------------------|-----------------------------------------------------|
| Industrial Machinery<br>Business | 216                                                 |
| Automotive Business              | 549                                                 |
| Other                            | 46                                                  |
| Total                            | 811                                                 |

### (3) Financing Activities

Capital expenditure and operating expenses during the consolidated fiscal year under review were funded by the Group's own capital and loans from financial institutions. In addition, the Group issued ¥40 billion in unsecured straight bonds in Japan in November 2018 in order to fund the repayment of debt.

The balance of outstanding loans and corporate bonds at the end of the period under review was ¥274.8 billion, a year-on-year increase of ¥23.9 billion.

### (4) Key Tasks

Under NSK Vision 2026, which the Company established on the occasion of its 100th anniversary, the NSK Group worked to achieve its Fifth Mid-Term Management Plan for the three years beginning April 2016. Under the slogan "a new chapter in evolution toward the next 100 years" and based on the two key policies of *Operational Excellence* and *Challenging Innovation*, we addressed three main management tasks in the Fifth Mid-Term

Management Plan: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields. Thanks to these efforts, we reached one trillion yen in sales for the first time in our history, while also achieving a record operating income in fiscal 2017 (the year ended March 31, 2018).

However, the environment surrounding the NSK Group is rapidly changing, with growing risks to the global economy posed by issues such as US-China trade frictions and the UK's withdrawal from the European Union. In addition, evolution in new technology, such as autonomous driving and electrification in vehicles, is accelerating, and the corporate social responsibility expectations on companies continue to grow.

Even amidst these changes, the NSK Group aims to establish a corporate foundation capable of sustainable growth in the mid- to long-term, in order to continue providing value to society through our Motion & Control technology. Focused on this goal, NSK began its Sixth Mid-Term Management Plan, which will span the three years from 2019 to 2021.

The primary objective of the Sixth Mid-Term Management Plan is to *Build a business base and strengthen resources in preparation for the next growth phase*. With safety, quality, compliance, and the environment as our core values, we will maintain the two key policies set forth in the Fifth Mid-term Management Plan: *Operational Excellence* (ceaseless pursuit of competitiveness) and *Challenging Innovation* (generate new value), while working to address three main management tasks: new initiatives targeting growth, enhancing managerial resources, and contributing to the environment and society.

The three main management tasks and details of initiatives are shown below.

1. New initiatives targeting growth:

- Expand sales of NSK's core products in the growth segments of IoT, electrification, automation, and environment.
- Achieve sales growth by marketing new products in growth segments.
- Restore growth in the EPS business by enhancing our product lineup.

2. Enhancement of managerial resources:

- Innovate personnel development by restructuring training and education institutions, promoting work style reform and health and productivity management, and promoting diversity and inclusion.
- Achieve innovation in manufacturing by utilizing IoT technology.
- Innovate product development through ceaseless refinement of NSK's core technology and further utilization of open innovation.

3. Contribution to the environment and society:

- Reduce CO2 emissions, both through our business activities and by developing environmentally friendly products, and effectively utilize resources.
- Create high-quality products which are safe and deliver peace of mind to the market and our customers, and develop a thorough safety-first internal culture.
- Be a company that is trusted by society and create a positive, inclusive work environment.
- Enhance Group governance and dialogue with stakeholders.

The NSK Group will continue contributing to the resolution of societal issues and the sustainable development of society through its corporate activities and the evolution of its Motion & Control technology, while also aiming for ongoing growth through the initiatives above.

We would like to thank our shareholders for their continued understanding and cooperation.

## (5) Financial Highlights

(IFRS)

|                                                          | FY2015<br>(Year ended March<br>31, 2016) | FY2016<br>(Year ended March<br>31, 2017) | FY2017<br>(Year ended March<br>31, 2018) | FY2018<br>(Year ended March<br>31, 2019) |
|----------------------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|
| Net sales                                                | ¥975,319 million                         | ¥949,170 million                         | ¥1,020,338 million                       | ¥991,365 million                         |
| Operating income                                         | ¥89,534 million                          | ¥65,341 million                          | ¥97,875 million                          | ¥79,279 million                          |
| Net income attributable to<br>owners of the Parent       | ¥65,719 million                          | ¥45,560 million                          | ¥69,312 million                          | ¥55,809 million                          |
| Total equity                                             | ¥478,871 million                         | ¥485,011 million                         | ¥561,014 million                         | ¥560,400 million                         |
| Total assets                                             | ¥1,032,374 million                       | ¥1,043,955 million                       | ¥1,092,310 million                       | ¥1,086,456 million                       |
| Equity per share attributable<br>to owners of the Parent | ¥839.56                                  | ¥873.11                                  | ¥1016.30                                 | ¥1048.18                                 |
| Basic net income per share                               | ¥121.38                                  | ¥86.08                                   | ¥131.16                                  | ¥107.46                                  |
| Return on equity (ROE)                                   | 14.3%                                    | 9.9%                                     | 13.9%                                    | 10.4%                                    |

(JP GAAP)

|                                                    | FY15<br>(Year ended March<br>31, 2016) |
|----------------------------------------------------|----------------------------------------|
| Net sales                                          | ¥975,319 million                       |
| Ordinary income                                    | ¥93,964 million                        |
| Net income attributable<br>to owners of the Parent | ¥67,169 million                        |
| Net assets                                         | ¥473,560 million                       |
| Total assets                                       | ¥1,038,218 million                     |
| Net assets per share                               | ¥828.33                                |
| Net income per share                               | ¥124.06                                |
| Return on equity (ROE)                             | 14.9%                                  |

- Notes: 1. Figures listed above are rounded down to the nearest one million yen.  
2. The NSK Group has adopted International Financial Reporting Standards (IFRS) since the year ended March 31, 2016  
3. Under International Financial Reporting Standards (IFRS), net income per share attributable to owners of the Parent is calculated using the number of shares outstanding at the end of the period, while return on equity is calculated using the average number of shares outstanding during the period.  
4. Under Japanese GAAP, net assets per share are calculated using the number of shares outstanding at the end of the period, while net income per share is calculated using the average number of shares outstanding during the period.

**(6) Major Subsidiaries (as of March 31, 2019)**

| Company Name                             | Capital             | Holding Ratio                 | Business                                                            |
|------------------------------------------|---------------------|-------------------------------|---------------------------------------------------------------------|
| NSK Steering Systems Co., Ltd.           | JPY 7,500 million   | 100.0%                        | Manufacture of automotive components                                |
| Amatsuji Steel Ball Mfg. Co., Ltd.       | JPY 2,101 million   | 100.0%                        | Manufacture and sale of steel balls                                 |
| NSK Americas, Inc.                       | USD 195.7 million   | 100.0%                        | Management of affiliated companies in the Americas                  |
| NSK Brasil Ltda.                         | 1,800 BRL million   | 100.0%                        | Manufacture and sale of industrial machinery bearings, etc.         |
| NSK Europe Ltd.                          | EUR 90.4 million    | 100.0%                        | Management of affiliated companies in Europe                        |
| NSK (China) Investment Co., Ltd.         | CNY 1,684.0 million | 100.0%                        | Management of affiliated companies in China, sale of bearings, etc. |
| Kunshan NSK Co., Ltd.                    | RMB 701.6 million   | 63.3%<br>(85.0%) <sup>3</sup> | Manufacture of automotive bearings, etc.                            |
| Pt. NSK Bearings Manufacturing Indonesia | USD 45 million      | 100.0%                        | Manufacture of automotive bearings, etc.                            |
| NSK Korea Co., Ltd.                      | KRW 53.9 billion    | 100.0%                        | Manufacture and sale of automotive bearings, etc.                   |

- Notes:
1. Figures for equity are rounded down to the nearest unit value.
  2. The above nine companies were selected based on their capital, total assets, net sales, and the Company's capital contribution ratio.
  3. Figures in brackets include capital contribution ratio in NSK Overseas Holdings Co., Ltd. (100% owned by the Company).
  4. Figures in brackets include capital contribution ratio in Chinese affiliate NSK (China) Investment Co., Ltd. (100% owned by the Company).

**(7) Overview of Main Businesses (as of March 31, 2019)**

The NSK Group operates two main businesses: the industrial machinery business and the automotive business. NSK's industrial machinery business manufactures and supplies a range of products including bearings for general industry, and precision machinery and parts. Meanwhile, in its automotive business the Company manufactures and supplies products such as bearings, automatic transmission components, and steering products to automakers and automotive component manufacturers.

| Business             | Main Products                                                                                                                                                                                  |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Industrial Machinery | Ball bearings, tapered roller bearings, cylindrical roller bearings, self-aligning roller bearings, precision bearings, ball screws, linear guides, XY tables, megatorque motors               |
| Automotive           | Hub unit bearings, needle bearings, tapered roller bearings, cylindrical roller bearings, ball bearings, automatic transmission components, steering products, electric power steering systems |
| Other                | Steel balls, machinery, etc.                                                                                                                                                                   |



**(8) Main Sites (as of March 31, 2019)****Main Sales Sites (Japan)**

| Region | Company Name |                                           | Location                                         |
|--------|--------------|-------------------------------------------|--------------------------------------------------|
| Japan  | NSK Ltd.     | Tohoku Branch                             | Sendai, Miyagi                                   |
|        |              | Kita-Kanto Branch                         | Takasaki, Gunma                                  |
|        |              | Tokyo Branch                              | Shinagawa, Tokyo                                 |
|        |              | Nishi-Kanto Branch                        | Atsugi, Kanagawa                                 |
|        |              | Nagano Branch                             | Suwa, Nagano                                     |
|        |              | Shizuoka Branch                           | Shizuoka City, Shizuoka                          |
|        |              | Nagoya Branch                             | Nagoya, Aichi                                    |
|        |              | Hokuriku Branch                           | Kanazawa, Ishikawa                               |
|        |              | Kansai Branch                             | Osaka City, Osaka                                |
|        |              | Hyogo Branch                              | Himeji, Hyogo                                    |
|        |              | Chugoku Branch                            | Hiroshima City, Hiroshima                        |
|        |              | Kyushu Branch                             | Fukuoka City, Fukuoka                            |
|        |              | Eastern Japan Automotive Department 1     | Atsugi, Kanagawa                                 |
|        |              | Eastern Japan Automotive Department 2     | Shinagawa, Tokyo                                 |
|        |              | Eastern Japan Automotive Department 3     | Utsunomiya, Tochigi                              |
|        |              | Eastern Japan Automotive Department 4     | Takasaki, Gunma                                  |
|        |              | Mid-Japan Automotive Department           | Toyota, Aichi                                    |
|        |              | Mid-Japan Hamamatsu Automotive Department | Hamamatsu, Shizuoka                              |
|        |              | Western Japan Automotive Department       | Osaka City, Osaka, and Hiroshima City, Hiroshima |

### Main Sales Sites (Overseas)

| Region       | Company Name                                    | Location                  |
|--------------|-------------------------------------------------|---------------------------|
| The Americas | NSK Corporation                                 | Michigan, USA             |
|              | NSK Precision America, Inc.                     | Indiana, USA              |
|              | NSK Steering Systems America, Inc.              | Vermont, USA              |
|              | NSK Rodamientos Mexicana, S.A. de C.V           | Silao, Guanajuato, Mexico |
|              | NSK Brasil Ltda.                                | Suzano, Brazil            |
| Europe       | NSK UK Ltd.                                     | Nottinghamshire, UK       |
|              | NSK Deutschland Gmbh                            | Ratingen, Germany         |
|              | NSK France S.A.S.                               | Guyancourt, France        |
|              | NSK Italia S.P.A.                               | Milano, Italy             |
|              | NSK Polska Sp. z o.o.                           | Kielce, Poland            |
| Asia         | NSK (China) Investment Co., Ltd.                | Kunshan, China            |
|              | NSK Bearings Manufacturing (Thailand) Co., Ltd. | Chonburi, Thailand        |
|              | Siam NSK Steering Systems Co., Ltd.             | Chachoengsao, Thailand    |
|              | Rane NSK Steering Systems Ltd.                  | Tamil Nadu, India         |
|              | NSK Korea Co., Ltd.                             | Seoul, South Korea        |

## Main Manufacturing Sites

| Region                  | Company Name                                    | Location                    |                      |
|-------------------------|-------------------------------------------------|-----------------------------|----------------------|
| Japan                   | NSK Ltd.                                        | Fujisawa Plant              | Fujisawa, Kanagawa   |
|                         |                                                 | Fukushima Plant             | Shirakawa, Fukushima |
|                         |                                                 | Ohtsu Plant                 | Ohtsu, Shiga         |
|                         |                                                 | Ishibe Plant                | Konan, Shiga         |
|                         |                                                 | Saitama Plant               | Hanyu, Saitama       |
|                         |                                                 | Takasaki Plant/Haruna Plant | Takasaki, Gunma      |
|                         | NSK Kyushu Co., Ltd.                            | Ukiha, Fukuoka              |                      |
|                         | Inoue Jikuuke Kogyo Co., Ltd.                   | Tondabayashi, Osaka         |                      |
|                         | NSK Steering Systems Co., Ltd.                  | Maebashi, Gunma             |                      |
|                         | NSK Micro Precision Co., Ltd.                   | Fujisawa, Kanagawa          |                      |
|                         | NSK-Warner K. K.                                | Fukuroi, Shizuoka           |                      |
|                         | Amatsuji Steel Ball Mfg. Co., Ltd.              | Kadoma, Osaka               |                      |
| NSK Machinery Co., Ltd. | Kuki, Saitama                                   |                             |                      |
| The Americas            | NSK Corporation                                 | Indiana, USA                |                      |
|                         | NSK Precision America, Inc.                     | Indiana, USA                |                      |
|                         | NSK Steering Systems America, Inc.              | Tennessee, USA              |                      |
|                         | NSK Bearings Manufacturing, Mexico, S.A. de C.V | Silao Guanajuato, Mexico    |                      |
|                         | NSK Brasil Ltda.                                | Suzano, Brazil              |                      |
| Europe                  | NSK Bearings Europe Ltd.                        | Durham, UK                  |                      |
|                         | NSK Bearings Polska S.A.                        | Kielce, Poland              |                      |
|                         | NSK Steering Systems Europe (Polska) Sp z o.o.  | Walbrzych, Poland           |                      |

| Region | Company Name                                    | Location               |
|--------|-------------------------------------------------|------------------------|
| Asia   | Kunshan NSK Co., Ltd.                           | Kunshan, China         |
|        | NSK Steering Systems Dongguan Co., Ltd.         | Dongguan, China        |
|        | NSK Steering Systems Hangzhou Co., Ltd.         | Hangzhou, China        |
|        | Pt. NSK Bearings Manufacturing Indonesia        | Bekasi, Indonesia      |
|        | NSK Bearings Manufacturing (Thailand) Co., Ltd. | Chonburi, Thailand     |
|        | Siam NSK Steering Systems Co., Ltd.             | Chachoengsao, Thailand |
|        | Rane NSK Steering Systems Ltd.                  | Haryana, India         |
|        | NSK Korea Co., Ltd.                             | Changwon, Korea        |

**(9) Employees (as of March 31, 2019)**

| Business                       | Number of Employees | Year-on-Year Change |
|--------------------------------|---------------------|---------------------|
| Industrial Machinery           | 6,878<br>(596)      | +101<br>(+142)      |
| Automotive                     | 21,481<br>(3,570)   | -511<br>(-146)      |
| Intersegmental (Common), Other | 3,125<br>(391)      | +33<br>(+9)         |
| Total                          | 31,484<br>(4,557)   | -377<br>(+5)        |

- Notes: 1. Number of employees does not include officers of the Company or its subsidiaries.  
2. Numbers in brackets denote the average number of temporary employees directly employed by the Company and its subsidiaries during the fiscal year.

**(10) Major Lenders (as of March 31, 2019)**

| Lender                               | Outstanding Loan Amount |
|--------------------------------------|-------------------------|
| Mizuho Bank, Ltd.                    | ¥50,181 million         |
| MUFG Bank, Ltd.                      | ¥29,819 million         |
| The Bank of Yokohama, Ltd.           | ¥15,190 million         |
| Meiji Yasuda Life Insurance Company  | ¥13,500 million         |
| Nippon Life Insurance Company        | ¥13,000 million         |
| Fukoku Mutual Life Insurance Company | ¥8,500 million          |

- Notes: 1. Outstanding loan amount includes loans from overseas subsidiaries of the lenders.  
2. Outstanding loan amounts are rounded down to the nearest one million yen.

## 2. Stock Information (as of March 31, 2019)

- |                                       |                                                                       |
|---------------------------------------|-----------------------------------------------------------------------|
| (1) Total number of authorized shares | 1,700,000,000 shares                                                  |
| (2) Number of issued shares           | 514,533,090 shares<br>(excluding 36,735,014 shares of Treasury stock) |
| (3) Number of shareholders            | 46,727                                                                |
| (4) Top Ten Shareholders              |                                                                       |

| Shareholders                                                            | Number of shares owned in thousands | Holding ratio |
|-------------------------------------------------------------------------|-------------------------------------|---------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)                    | 44,553                              | 8.66%         |
| Japan Trustee Services Bank, Ltd. (Trust Account)                       | 30,297                              | 5.89%         |
| Meiji Yasuda Life Insurance Company                                     | 27,626                              | 5.37%         |
| Nippon Life Insurance Company                                           | 27,543                              | 5.35%         |
| Fukoku Mutual Life Insurance Company                                    | 22,400                              | 4.35%         |
| Mizuho Bank, Ltd.                                                       | 18,211                              | 3.54%         |
| The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account) | 10,709                              | 2.08%         |
| Toyota Motor Corporation                                                | 10,000                              | 1.94%         |
| MUFG Bank, Ltd.                                                         | 8,675                               | 1.69%         |
| NSK Customer Shareholding Association                                   | 8,264                               | 1.61%         |

- Notes:
1. Numbers of shares are rounded down to the nearest thousand.
  2. In calculation of the shareholding ratio, the treasury shares of the Company (36,735,014 shares) are excluded from the total number of shares issued.
  3. The treasury shares do not include 2,069,878 shares of the Company held by the trust account related to the share delivery trust.

### 3. Stock Acquisition Rights

Outline of Stock Acquisition Rights held by Officers of the Company as of the end of the Fiscal Year

|                                              |                                         | (1)                               |                  | (2)                             |                  |
|----------------------------------------------|-----------------------------------------|-----------------------------------|------------------|---------------------------------|------------------|
|                                              |                                         | Number of Persons                 | Number of Rights | Number of Persons               | Number of Rights |
| Exercise period for Stock Acquisition Rights |                                         | August 22, 2014 – August 21, 2019 |                  | August 21, 2015 – July 29, 2025 |                  |
|                                              |                                         | Number of Persons                 | Number of Rights | Number of Persons               | Number of Rights |
| Officers issued Stock Acquisition Rights     | Directors (excluding outside directors) | 7                                 | 96               | 7                               | 1,350            |
|                                              | Outside Directors                       | 1                                 | 8                | 3                               | 240              |
|                                              | Executive Officers                      | 19                                | 157              | 22                              | 1,990            |
| Type of shares to be issued upon exercise    |                                         | Common stock                      |                  | Common stock                    |                  |
| Number of shares to be issued upon exercise  |                                         | 261,000 shares                    |                  | 358,000 shares                  |                  |
| Issue price of Stock Acquisition Rights      |                                         | Gratis                            |                  | Gratis                          |                  |
| Issue price per share                        |                                         | ¥1,431                            |                  | ¥1,806                          |                  |

- Notes:
1. Items (1) and (2) above were resolved by the Board of Directors based on the provisions of Articles 236, 238 and 240 of the Companies Act.
  2. The number of target shares for each Stock Acquisition Right is (1):1,000 shares, (2):100 shares.
  3. For directors who also serve as executive officers, Stock Acquisition Rights provided for the executive officer position are listed.

## 4. Officers of the Company

### (1) Directors of the Company (as of March 31, 2019)

#### I. Concurrent Responsibilities, etc. of Directors

| Name               | Main Assignments and Responsibilities                                                                                                                                           |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Toshihiro Uchiyama | Member of the Nomination Committee                                                                                                                                              |
| Saimon Nogami      | Member of the Compensation Committee                                                                                                                                            |
| Shigeyuki Suzuki   |                                                                                                                                                                                 |
| Yasuhiro Kamio     |                                                                                                                                                                                 |
| Nobuo Goto         |                                                                                                                                                                                 |
| Akitoshi Ichii     |                                                                                                                                                                                 |
| Toshihiko Enomoto  | Member of the Audit Committee                                                                                                                                                   |
| Kazuaki Kama       | Chair of the Nomination Committee, Senior Counselor of IHI Corporation, Independent Director of Kyokuto Boeki Kaisha, Ltd., Outside Director of Sumitomo Life Insurance Company |
| Yasunobu Furukawa  | Chair of the Audit Committee, Member of the Compensation Committee, Outside Director of Keisei Electric Railway Co., Ltd.                                                       |
| Teruhiko Ikeda     | Chair of the Compensation Committee, Advisor of Mizuho Trust & Banking Co., Ltd.                                                                                                |
| Hajime Bada        | Member of the Nomination Committee, Advisor of JFE Holdings, Inc., Director of Mitsui Chemicals, Inc., Independent Auditor of Asagami Corporation.                              |
| Akemi Mochizuki    | Member of the Audit Committee, Employee of Akahoshi Audit Corporation                                                                                                           |

- Notes:
1. Kazuaki Kama, Yasunobu Furukawa, Teruhiko Ikeda, Hajime Bada, and Akemi Mochizuki are Outside Directors as defined in Article 2, Paragraph 15 of the Companies Act of Japan.
  2. Kazuaki Kama, Yasunobu Furukawa, Teruhiko Ikeda, Hajime Bada, and Akemi Mochizuki have been reported as Independent Directors to the Tokyo Stock Exchange. NSK has also established its own criteria for the independence of outside directors. These criteria are listed on page 17 of the Notice of the 158th Ordinary General Meeting of Shareholders.
  3. Yasunobu Furukawa, Chair of the Audit Committee, and Akemi Mochizuki, member of the Audit Committee are Certified Public Accountants and possess considerable experience and insight in the fields of finance and accounting.
  4. The Company has assigned internal director Toshihiko Enomoto as a full-time member of the Audit Committee in order to improve the effectiveness and efficiency of the Committee. Full-time members of the Audit Committee perform audit duties, attend key meetings, gather information from the operating organizations, monitor and direct the Internal Audit Department, and share this information with all Audit Committee members.
  5. Directors Hirotohi Aramaki, Minoru Arai, and Ichiro Tai retired from their positions as of June 22, 2018.



## II. Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act and Article 27 of the Articles of Incorporation of the Company, the Company has executed agreements to limit liability for damage of Directors under Article 423, Paragraph 1 of the Companies Act with all Directors (excluding executive directors). The limits of liability for damage under the agreement are equal to the minimum amount of liability as set forth in the relevant laws and regulations.

### (2) Executive Officers of the Company (as of March 31, 2019)

| Title                                    | Name               | Main Assignments and Responsibilities                                                                                                          |
|------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative, President and CEO        | Toshihiro Uchiyama | CEO                                                                                                                                            |
| Representative, Executive Vice President | Saimon Nogami      | CFO, Responsible for Administrative Divisions, Head of Corporate Strategy Division HQ                                                          |
| Representative, Executive Vice President | Shigeyuki Suzuki   | Head of Automotive Business Division HQ, Head of Automotive Powertrain Division HQ                                                             |
| Representative, Executive Vice President | Yasuhiro Kamio     | Head of Industrial Machinery Business Division HQ, Head of Japan Sales and Marketing Division HQ                                               |
| Executive Vice President                 | Masatada Fumoto    | Head of Automotive Steering and Actuator Division Headquarters, Head of European operations                                                    |
| Executive Vice President                 | Nobuo Goto         | Responsible for Technology Divisions, Responsible for Quality Assurance Divisions, Head of Technology Development Division HQ                  |
| Senior Vice President                    | Yasutsugu Hada     | Head of Automotive Sales and Marketing Division HQ                                                                                             |
| Senior Vice President                    | Koji Inoue         | Head of Human Resources Division HQ, President of NSK Human Resource Services Ltd., President of NSK Friendly Services Co., Ltd.               |
| Senior Vice President                    | Hiroshi Suzuki     | Head of Quality Assurance Division HQ                                                                                                          |
| Senior Vice President                    | Yuya Miyazaki      | Head of Automotive Technology Development Center, Deputy Head of Automotive Steering and Actuator Division HQ                                  |
| Senior Vice President                    | Adrian Browne      | Responsible for Europe and the Americas, Deputy Head of Corporate Strategy Division HQ, Head of Finance Division HQ, Responsible for IR Office |
| Senior Vice President                    | Katsumi Kobayashi  | Deputy Head of Automotive Powertrain Division HQ, Head of Needle Bearing Operation Division                                                    |
| Senior Vice President                    | Masami Shinomoto   | Responsible for Manufacturing, Head of Manufacturing Strategy Division HQ, Head of Procurement Division HQ                                     |
| Senior Vice President                    | Hiromasa Orito     | Head of all Chinese operations, CEO of NSK (China) Investment Co., Ltd.                                                                        |

|                       |                    |                                                                                                                                    |
|-----------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Senior Vice President | Kazunori Iritani   | Deputy Head of Automotive Steering & Actuator Division HQ<br>President of NSK Steering Systems Co., Ltd.                           |
| Senior Vice President | Akitoshi Ichii     | Head of Corporate Planning Division HQ, Responsible for Asia, Responsible for IR Office (deputy)                                   |
| Senior Vice President | Kenichi Yamana     | Head of all ASEAN & Oceania Operations                                                                                             |
| Senior Vice President | Tomoyuki Yoshikiyo | Deputy Head of Automotive Powertrain Division HQ                                                                                   |
| Executive Officer     | Masaru Takayama    | Plant Manager, Ishibe Plant                                                                                                        |
| Executive Officer     | Seiji Ijuin        | Head of Industrial Machinery Technology Center                                                                                     |
| Executive Officer     | Nobuaki Mitamura   | Head of Core Technology R&D Center                                                                                                 |
| Executive Officer     | Takashi Yamanouchi | Deputy Head of Manufacturing Strategy Division HQ                                                                                  |
| Executive Officer     | Kazuya Fukuda      | Deputy Head of Steering and Actuator Technology Center                                                                             |
| Executive Officer     | Steven Beckman     | Head of all Americas operations, CEO of NSK Americas, Inc.                                                                         |
| Executive Officer     | Susumu Ishikawa    | Plant Manager, Fujisawa Plant                                                                                                      |
| Executive Officer     | Tatsuya Atarashi   | Deputy Head of Japan Sales & Marketing Division HQ                                                                                 |
| Executive Officer     | Guoping Yu         | Deputy Head of all Chinese operations                                                                                              |
| Executive Officer     | Hideki Ochiai      | Deputy Head of Automotive Sales and Marketing Division HQ (responsible for Western Japan), Head of Mid-Japan Automotive Department |
| Executive Officer     | Kunihiko Akashi    | Deputy Head of Industrial Machinery Business Division HQ                                                                           |
| Executive Officer     | Hiroya Achiha      | Deputy Head of Industrial Machinery Business Division HQ                                                                           |
| Executive Officer     | Keita Suzuki       | Deputy Head of Finance Division HQ                                                                                                 |
| Executive Officer     | Hayato Omi         | Deputy Head of Automotive Technology Development Center                                                                            |
| Executive Officer     | Tamami Murata      | Head of CSR Division HQ                                                                                                            |
| Executive Officer     | Hiroyuki Tsugimoto | Head of ICT Division HQ                                                                                                            |

*Note : Toshihiro Uchiyama, Saimon Nogami, Shigeyuki Suzuki, Yasuhiro Kamio, Nobuo Goto, and Akitoshi Ichii concurrently serve as directors of the Company.*

### **(3) Directors and Executive Officers' Compensation (as of March 31, 2019)**

#### **I. Policy for Directors/Executive Officers' Compensation**

The compensation package for NSK's Officers consists of basic compensation, which includes fixed compensation, a performance-based compensation that fluctuates, and share-based compensation. Compensation for director and executive officer positions is determined separately. When a director also serves as an executive officer, the total of each respective compensation amount is paid.

##### **a) Directors' Compensation**

The compensation package for directors consists of basic compensation and stock compensation.

###### **i. Basic compensation**

Basic compensation is determined based on whether the director is an outside director or an internal director in addition to the director's role on committees to which the director belongs and the Board of Directors.

###### **ii. Stock compensation**

To further enhance the commitment of directors to a sustainable increase in corporate value, NSK introduced a stock compensation program using a Board Benefit Trust system. Under the program, NSK grants directors shares of NSK stock at retirement based on a point system whereby points are awarded depending on whether the director is independent or non-independent and according to the value of the stock.

However, for a certain portion of the above, the Company will compensate executive officers with the equivalent amount acquired by converting shares into cash.

For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

##### **b) Executive Officers' Compensation**

The compensation package for executive officers consists of basic compensation, performance-based compensation, and stock compensation.

###### **i. Basic compensation**

The amount of basic compensation is determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representation rights.

###### **ii. Performance-based compensation**

The total amount of performance-based salary is calculated using the consolidated operating income margin and the consolidated ROE targeted in the Company's mid-term management plan as well as the operating income margin and cash flow as numerical targets for a single fiscal year, and an index which evaluates the officer's contribution to quality-improvement efforts.

The individual's title and the level of achievement in their designated job duties are also evaluated when determining the amount of compensation paid to each executive officer.

###### **iii. Stock compensation**

To further enhance the commitment of executive officers to a sustainable increase in corporate value, NSK introduced a stock compensation program using a Board Benefit Trust system. Under the program, NSK grants executive officers shares of NSK stock at retirement based on a point system whereby points are awarded depending on the title of the executive officer and according to the value of the stock.

However, for a certain portion of the above, NSK will compensate executive officers with the equivalent amount acquired by converting shares into cash.

##### **c) Other Matters**

In addition, in the event a member of a management team of another company such as a subsidiary or an affiliate, etc., assumes an executive officer position, compensation will be determined separately.

At the Compensation Committee held on March 27, 2019, the Company changed indices for performance-based compensation (short-term performance-based compensation) for executive officers from fiscal 2019, and changed the stock compensation program for executive officers to a mid- to long-term performance-based program. However, in consideration of the supervisory role of directors, the stock compensation program for directors will be operated, as previously, as a stock compensation program, with no added incentive for business performance. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position. The revised Policy for Determining Director and Executive Officer Compensation, etc. is as follows.

As a Company with Three Committees (Nomination, Audit and Remuneration), NSK Ltd. makes decisions on executive compensation levels, compensation structure, and individual compensation, etc. at a Compensation Committee chaired by an independent director, and based on advice from external consultants as well as objective information on compensation levels and trends at other companies.

The Company will determine compensation for director and executive officer positions separately. When a director also serves as an executive officer, the total of each respective compensation amount shall be paid.

## 1. Executive Officers' Compensation

The compensation package for executive officers consists of a fixed basic compensation and a performance-based compensation that fluctuates with performance. The Company will target a compensation ratio of roughly 4:6 of fixed compensation to performance-based compensation

### (1) Basic compensation

The amount of basic compensation is determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representation rights.

### (2) Performance-based compensation

Performance-based compensation consists of a short-term performance-based compensation and a mid- to long-term performance-based stock compensation.

#### i. Short-term performance-based compensation

Short-term performance-based compensation will be determined based on metrics consistent with management goals to increase profitability, raise efficiency of shareholders' equity, and improve corporate value. Metrics include operating income margin, ROE, and cash flow, as well as an achievement target for ESG goals for CO2 emission reductions, and safety and quality improvement. The individual's level of achievement in their designated job duties are also evaluated when determining the amount of compensation paid to each executive officer.

#### ii. Mid- to long-term performance-based stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value, to ensure they share the interests of shareholders, and to further reinforce the link between executive officer compensation and mid- to long-term stock price, the Company has introduced a performance-based stock compensation program using a Board Benefit Trust system.

Through the system, points are fixed every three years based on a relative evaluation of the Company's total shareholder return (TSR) through a comparison with the TOPIX growth rate, the equivalent for which company shares are then distributed upon retirement. However, for a certain portion of the above,

NSK will compensate executive officers with the equivalent amount acquired by converting shares into cash.

## 2. Directors' Compensation

The compensation package for directors consists of a fixed basic compensation and fluctuating stock compensation.

### (1) Basic compensation

Basic compensation is determined based on whether the director is an outside or internal director in addition to the director's role on board committees and the Board of Directors.

### (2) Stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value and to ensure they share the interests of shareholders, the Company has introduced a stock compensation program using a Board Benefit Trust system. The system distributes company shares upon retirement based on points allocated each fiscal year, of which separate amounts are given for independent and internal directors. However, for a certain portion of the above, the Company will compensate executive officers with the equivalent amount acquired by converting shares into cash.

For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

## 3. Other Matters

In the event a member of a management team of another company such as a subsidiary or an affiliate, etc., assumes an executive officer position, compensation will be determined separately

## II. Directors/Executive Officers' Compensation

The amount of compensation for directors and executive officers for the year ended March 31, 2019, was as follows:

|                      | Total compensation | Fixed compensation |                    | Performance-based compensation |                    | Stock compensation |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------|--------------------|--------------------|
|                      |                    | No. of officers    | Amount (¥ million) | No. of officers                | Amount (¥ million) | No. of officers    | Amount (¥ million) |
| Directors (internal) | ¥81 million        | 9                  | ¥74 million        | —                              | —                  | 1                  | ¥7 million         |
| Directors (outside)  | ¥71 million        | 6                  | ¥54 million        | —                              | —                  | 6                  | ¥17 million        |
| Executive officers   | ¥1,867 million     | 32                 | ¥833 million       | 30                             | ¥411 million       | 36                 | ¥622 million       |

- Notes:
1. Compensation (excluding stock compensation) for directors (internal) includes compensation for directors who also serve as executive officers.
  2. The amount of performance-based salary is the planned amount to be paid on July 1, 2019, based on the results for the year ended March 31, 2019. The amount of performance-based salary paid on July 2, 2018, based on the results for the year ended March 31, 2018, was ¥802 million.
  3. In the Board Benefit Trust system, the amount of stock compensation is commensurate with the number

of points awarded for the fiscal year and booked as costs.

4. Figures listed above are rounded down to the nearest one million yen.

#### (4) Outside Directors

##### I. Special interest between the Company and Directors

Concurrent posts held by the Company's independent directors are listed on page 32 of this Notice. Each of the persons listed below fulfill the Company's Criteria for Independence of Outside Directors listed on page 17 of this Notice.

Furthermore, no special interest exists between the Company and each Director below.

##### II. Main Roles and Responsibilities of Outside Directors

| Name              | Attendance at Board of Directors and Committee Meetings                                                                                                                | Main Roles and Responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kazuaki Kama      | Board of Directors: 90% (9 of the 10 meetings held)<br>Nomination Committee: 86% (6 of the 7 meetings held)                                                            | Mr. Kama utilizes his considerable experience and insight as a corporate executive to provide appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.<br>He also leads the Nomination Committee as Chair, reporting to the Board of Directors as required.                                                                                                                                           |
| Yasunobu Furukawa | Board of Directors: 100% (10 of the 10 meetings held)<br>Audit Committee: 100% (14 of the 14 meetings held)<br>Compensation Committee: 100% (8 of the 8 meetings held) | Mr. Furukawa utilizes his considerable experience and insight as a Certified Public Accountant to provide appropriate guidance to the Board of Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.<br>In addition to leading the Audit Committee as Chair and reporting to the Board of Directors as required, he has also fulfilled his role as a member of the Compensation Committee, actively contributing his insight and expertise. |
| Teruhiko Ikeda    | Board of Directors: 100% (10 of the 10 meetings held)<br>Audit Committee: 100% (10 of the 10 meetings held)<br>Compensation Committee: 100% (8 of the 8 meetings held) | Mr. Ikeda utilizes his considerable experience and insight as a corporate executive to provide appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value.<br>In addition to leading the Compensation Committee as Chair and reporting to the Board of Directors as required, he has also fulfilled his role as a member of the Audit Committee, actively contributing his insight and expertise.        |

|                 |                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hajime Bada     | Board of Directors: 100% (7 of the 7 meetings held)<br>Nomination Committee: 100% (6 of the 6 meetings held) | Mr. Bada utilizes his considerable experience and insight as a corporate executive to provide appropriate guidance to the Board of the Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value. He has also fulfilled his role as a member of the Nomination Committee, actively contributing his insight and expertise.      |
| Akemi Mochizuki | Board of Directors: 100% (6 of the 6 meetings held)<br>Audit Committee: 100% (10 of the 10 meetings held)    | Ms. Mochizuki utilizes her considerable experience and insight as a Certified Public Accountant to provide appropriate guidance to the Board of Directors, particularly in the fields of compliance and corporate governance, thereby contributing to further enhancement of the Company's corporate value. She has also fulfilled her role as a member of the Audit Committee, actively contributing her insight and expertise. |

Notes: The data show each candidate's attendance at the meetings of the Board of Directors and Committees held during fiscal 2018 (April 1, 2018, through March 31, 2019). While Hajime Bada was appointed as a director and member of the Compensation Committee and Teruhiko Ikeda was appointed as a member of the Audit Committee on June 22, 2018 (upon completion of the 157<sup>th</sup> Ordinary General Meeting of Shareholders), Akemi Mochizuki was appointed as a director and member of the Audit Committee as of July 1, 2018. Accordingly, the number of meetings she attended differs from other director candidates.

## 5. Status of Accounting Auditor

### (1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

### (2) Amount of remuneration, etc., of Accounting Auditor for the fiscal year under review

|     |                                                                                                                                      |              |
|-----|--------------------------------------------------------------------------------------------------------------------------------------|--------------|
| [1] | Amount of remuneration payable for the audit service as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act | ¥183 million |
| [2] | Total amount of monetary or other property benefits to be paid by the Company and its subsidiaries                                   | ¥203 million |

Notes: 1. Amounts are rounded down to the nearest million yen.

2. In the audit agreement between the Company and the Accounting Auditor, there is no demarcation of the remuneration for audits based on the Companies Act and the remuneration for audits based on the Financial Instruments and Exchange Act, and therefore, the amount in [1] above represents the combined sum of the two.

3. The Company commissions and pays compensation to the Accounting Auditor for work outside the scope of services stipulated under Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit work).

4. Of the Company's principal subsidiaries, 7 companies, including NSK Americas, Inc. and NSK Europe Ltd., are subject to audits (limited to those under the provisions of the Companies Act or the Financial Instruments and Exchange Act, or foreign laws and regulations equivalent to such laws) of financial statements of a certified public accountant or an auditing corporation other than the Company's Accounting Auditor (including those with equivalent foreign qualifications).

5. Taking into consideration the “Practical Guidelines for Cooperation with Accounting Auditor” announced by the Japan Audit & Supervisory Board Members Association, the Audit Committee has given consent to the remuneration, etc., to be paid to the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of confirming and examining the details of the auditing plan of the Accounting Auditor, status of execution of duties, basis for calculation of estimates of remuneration for previous fiscal years, and other matters through reports and interviews as well as necessary materials obtained from Executive Officers, relevant departments of the Company and the Accounting Auditor.

### **(3) Policy on Accounting Auditor dismissal or non-reappointment decision**

If judged to be necessary by the Audit Committee, for example in the event of there being obstacles to the performance of the duties of an Accounting Auditor, the Company shall propose the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders.

In the event that it is deemed that any of the reasons for dismissal prescribed in Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditor, the Audit Committee shall dismiss the Accounting Auditor, and shall report the dismissal and the reasons therefor to the first General Meeting of Shareholders convened after the dismissal.

## **6. Corporate Governance and Related Policies**

### **(1) Systems for Ensuring Compliance with Laws and Regulations and the Company’s Articles of Incorporation in the Execution of Duties by Executive Officers, and Other Systems for Securing Appropriateness of Duties**

The following section outlines NSK’s systems for ensuring compliance with laws and regulations and the Company’s Articles of Incorporation during the execution of duties by executive officers, in addition to other systems for securing the appropriateness of operations, as resolved by the Board of Directors (Basic Policy), as well as the operational status of the aforementioned systems.

#### **I. Structure to ensure appropriateness of operations in the NSK Group**

##### **Basic Policy**

NSK shall strive to improve internal control over the NSK Group as a whole, improve the soundness and transparency of management, and manage its business smoothly according to “NSK Group Management Rules.” Based on this policy, NSK aims to establish a structure that ensures the appropriateness of operations throughout the NSK Group.

In addition, NSK shall receive, on either a periodic or continuous basis, reports from the NSK Group’s respective divisions regarding relevant duties, and reports from directors of subsidiary companies or equivalent persons regarding the performance of their duties, in accordance with NSK Group rules governing management and business procedures.

The Audit Committee or specific Audit Committee members appointed by the Audit Committee shall receive reports from subsidiaries on a regular basis. If necessary, they may visit the subsidiaries themselves or cooperate with the auditor of each subsidiary to inspect the status of operations and assets.

In addition, when the Audit Committee finds it necessary, it may instruct the Internal Audit Department to perform this task under the direction of the Audit Committee members.

##### **Operational Status**

NSK’s business is operated consistently across the entire Group in accordance with the basic framework for group governance stipulated in NSK Group Management Rules. Each of the NSK Group’s divisions report on key matters, including the status of business execution, in accordance with NSK Group rules governing



management and business procedures. In addition, the Company works to expand and enhance its internal regulations in light of heightening societal interest in corporate governance, revision of related laws and regulations, and the NSK Group's management needs.

Based on its audit plan, the Audit Committee conducted site audits and observations of operating divisions both in and outside Japan in conjunction with the Internal Audit Department in order to investigate the progress status of key management tasks and related measures.

## **II. Structure to ensure executive officers and employees of NSK and directors and employees of its subsidiaries conform to laws and regulations and the Articles of Incorporation during performance of duties**

### **Basic Policy**

“NSK Code of Corporate Ethics,” “Corporate Governance Rules” and “Compliance Rules,” which are based on the NSK Corporate Philosophy, prescribe the fundamental principles that executive officers and employees of NSK and directors and other officers/employees of subsidiaries shall comply with, the structure for promoting compliance, and basic matters for operation (organization, structure for training, internal whistleblowing system, etc.)

By fostering awareness of compliance among all officers and employees and strengthening/improving internal controls, NSK aims to prevent violation of laws, regulations, and the Articles of Incorporation. In particular, NSK will prevent violation of competition laws in Japan and abroad by ensuring adherence to “Rules for Compliance with Competition Law.”

In order to strengthen the compliance structure of the NSK Group, NSK will maintain a Compliance Committee and install dedicated organizations to implement concrete measures based on the policies set by the aforementioned committee. The organizations shall work on an ongoing basis to raise awareness of and strengthen compliance through educational initiatives to encourage all NSK Group employees to recognize their responsibility to act as good corporate citizens and to oversee the implementation status of designated measures.

Furthermore, the Group’s Finance Division Headquarters shall ensure the establishment and operation of internal controls over financial reporting by the NSK Group as a whole, based on the “Rules for Internal Control over Financial Reporting,” while the Internal Audit Department (IAD) shall evaluate their implementation. This system secures a structure from which reasonable assurance of financial reporting reliability can be obtained.

As its basic policy, NSK takes a resolute stance against all antisocial forces that threaten the order and safety of civil society, and shall decline relationships, including business relationships, with such parties. In addition, NSK shall not accede to any unreasonable or illegal demands from such parties.

### **Operational Status**

NSK has established the compliance framework stipulated in internal regulations such as the “Corporate Governance Rules” and “Compliance Rules”(organization, training and education systems, whistleblowing system, etc.,) established the necessary subordinate rules to effectively prevent illegal acts, and is working to promote compliance awareness and deploy related measures across the Group, both in and outside Japan.

In addition to repeatedly emphasizing the importance of a compliance-first culture, open, transparent workplace communication, and ceaseless improvement and innovation, the NSK Group’s CEO has established an annual NSK Corporate Philosophy Day (July 26th)—an occasion on which all officers and employees reaffirm their commitment to compliance. Among other activities, the heads of each organization speak directly to employees regarding compliance issues and workplace culture. In addition, we also conduct a periodic awareness survey of all officers and employees in order to gauge the level of compliance awareness within the organization as well as identify any problems occurring in the workplace or areas requiring improvement.

With regards to the reliability of our financial reporting, Finance Division HQ is responsible for developing and operating internal processes, while the Internal Audit Department assesses and validates their soundness.

### **III. Structure for ensuring efficient performance of duties by executive officers of NSK and directors and other officers of subsidiaries**

#### **Basic Policy**

NSK Group Management Rules provide the framework to ensure efficient performance of duties by executive officers of NSK and directors and other officers/employees of subsidiaries regarding principles governing group management, decision-making mechanisms, continuous monitoring of business risks, and each NSK group company's performance targets and management.

#### **Operational Status**

Based on the management framework stipulated in NSK Group Management Rules, roles and responsibilities, including those of the Company's executive officers and the directors of its subsidiaries, are clearly defined and operations conducted in an efficient manner with no unnecessary duplication. Decision-making bodies have been designated according to level of importance of the matter at hand in order to achieve efficient business operation.

The Company's management policies and objectives are outlined in its Mid-Term Management Plan. The year under review represents the final year of this plan. Based on a comprehensive review of our achievements and shortcomings during this period as well as our future tasks, we have compiled the next Mid-Term Management Plan for the NSK Group as well formulated a budget for the current fiscal year (FY2019), both of which have received the approval of the Board of Directors.

### **IV. Rules and other frameworks in the NSK Group for management of risk of loss**

#### **Basic Policy**

The NSK Group's Risk Management Rules stipulate the responsible persons and roles of organizations in the execution system, govern the Group's risks exhaustively and comprehensively, and clarify the risk management system.

The Internal Audit Department audits risk the management status of each division and reports results to the Audit Committee. The Committee reports this information to the Board of Directors on a regular basis.

#### **Operational Status**

NSK has established a risk management framework as stipulated in the Company's Risk Management Rules and adopted a range of measures in order to avoid or reduce risks. Risks across the NSK Group are comprehensively identified and reported on either a periodic or immediate basis. The Internal Audit Department coordinates with the internal auditing divisions of each site or region to classify and evaluate critical risks. The Department monitors the Group's risk management status based on the risk reports submitted by each site as well as site audits, and reports its findings to the Audit Committee.

### **V. Framework for saving and retention of information related to performance of duties by executive officers of NSK and directors and other officers/employees of subsidiaries**

#### **Basic Policy**

The framework for saving and retention of information regarding performance of duties by executive officers of NSK and directors and other officers of subsidiaries shall follow the provisions of NSK Group Management Rules, NSK Group Rules on Saving and Retention of Documents and NSK Group Information Security Standards.

Executive officers of NSK and directors and other officers/employees of subsidiaries shall make information regarding the above easily available upon request of the Audit Committee or Audit Committee member(s) appointed by the Committee.

#### **Operational Status**

NSK has established a Group-wide regulatory framework for information storage and security, and stores and manages information in line with these internal rules during the course of its business operations.

ICT Division HQ and other specialist organizations direct measures to ensure compliance with regulatory and public standards related to the protection of personal information and data security, and work to enhance the Company's information security on an ongoing basis.

## **VI. Matters required for the execution of Audit Committee duties**

### **Basic Policy**

#### **a) Matters concerning members of the board and employees who should support the duties of the Audit Committee**

NSK's Internal Audit Department is designated as the organization tasked with supporting the duties of the Audit Committee. Selected employees of the Internal Audit Department shall support the duties of the Audit Committee either full-time or part-time.

#### **b) Matters concerning independence from the executive officer in charge of the Internal Audit Department and effectiveness of directions issued to the Internal Audit Department**

The Internal Audit Department shall be an organization reporting directly to the CEO, independent from audit subject divisions.

In order to conduct organizational audits, the Audit Committee may give direct instructions/directions to the head of the Internal Audit Department or employees belonging to the Internal Audit Department. Official notification of appointment or disciplinary disposition of the head of the Internal Audit Department and Internal Audit Department staff requires the prior consent of the Audit Committee.

In addition, the Audit Committee may state opinions about the performance evaluation of the head of the Internal Audit Department and Internal Audit Department staff.

#### **c) NSK Group framework for reporting to the Audit Committee**

The NSK Group shall establish a framework under which the responsible persons in business divisions and Group Companies are required to report on items deemed necessary by the Audit Committee. Any events with the potential to cause substantial detriment to the NSK Group must be reported to the Audit Committee on a regular basis. When it is judged that an event likely to cause substantial detriment to the Group has occurred, details must be reported to the Audit Committee immediately.

As a means to complement reports, Audit Committee members appointed by the Audit Committee may attend important meetings on the NSK Group which the Audit Committee finds necessary, with consent of the host of the meeting. In addition, executive officers shall establish an internal whistleblowing system in the NSK Group and report the operation and status of whistleblowing to the Audit Committee or Audit Committee member(s) appointed by the Committee without delay.

In addition to the content or methods of the reports stipulated above, directors, executive officers, employees, and auditors of the NSK Group, or persons receiving reports from the aforementioned parties, may report to the Audit Committee.

The NSK Group shall prohibit unfavorable treatment of any person reporting to the Audit Committee as a result of the aforementioned or other reports, regardless of the reporting format, and ensure that this policy is understood throughout the NSK Group.

#### **d) Other structures for ensuring effective auditing by the Audit Committee**

The Audit Committee shall exchange opinions with the CEO and accounting auditor on a regular basis, and, in order to ensure the effectiveness of internal audits performed by the Internal Audit Department, may recommend

to executive officers changes to audit plans, performance of additional audits, or improvements in light of the annual internal audit plan, its implementation status, and results. In addition, if necessary during the course of their audit duties the Audit Committee may hire their own consulting lawyer, or receive advice from specialist lawyers or accountants.

NSK shall process expenses incurred during the performance of Audit Committee members' duties in a prompt and appropriate manner, in accordance with the designated methods..

### **Operational Status**

The Audit Committee creates an audit policy as well as an annual audit plan. In addition to conducting day-to-day auditing duties, the Committee also coordinates with the Internal Audit Department, which serves as its support organization, in order to audit the Group.

In addition to holding regular discussions with the Company's CEO, CFO, and accounting auditor, the Committee reviews the plans, implementation status, and results of internal audits performed by the Internal Audit Department (including appraisal of internal control over financial reporting), and directs changes or improvements where necessary.

## **(2) Basic Guidance Regarding Control of the Company**

### **I. Outline of the Basic Policy regarding Persons Controlling the Company's Decisions concerning Financial and Business Policies**

The Company is a stock company whose shares are traded on capital markets, and therefore, the Company believes that, in the case of a large-scale purchase of the Company shares, the decision whether to accept such a purchase should ultimately be left to the shareholders.

However, there is a possibility that a sudden and unsolicited large-scale purchase of shares could occur without necessary and sufficient information being disclosed and an opportunity to consider the proposal being given to the shareholders, and without the NSK's Board of Directors being provided with the information and time to express its opinion and make an alternative proposal. Some of these large-scale purchases of shares may damage the Company's corporate value and the common interests of its shareholders, such as the case in which a purchaser does not intend to manage the Company reasonably or in good faith.

The Company believes that any party that makes a large-scale purchase of the Company shares that damages the Company's corporate value and the common interests of its shareholders is not an appropriate party to control the Company's decisions concerning financial and business policies.

### **II. Outline of the Effective Usage of the Company's Assets, Formation of an Appropriate Corporate Group, and Other Special Endeavors which Contribute to the Realization of the Basic Policy**

#### **a) Endeavors to Enhance Corporate Value under the Mid-Term Management Plan**

The NSK Group's Mission Statement is as follows: "NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control." As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world. We aim to fulfill this responsibility to society while maintaining an appropriate level of profitability that meets the expectations of our shareholders, thereby raising our mid-to long-term corporate value in a sustainable manner.

Under NSK Vision 2026, which the Company established on the occasion of its 100th anniversary, the NSK Group has commenced its Sixth Mid-Term Management Plan for the three years beginning April 2019.

The primary objective of the Sixth Mid-Term Management Plan is to *Build a business base and strengthen resources in preparation for the next growth phase*. With safety, quality, compliance, and the environment as our

core values, we will maintain the two key policies set forth in the Fifth Mid-term Management Plan: *Operational Excellence* (ceaseless pursuit of competitiveness) and *Challenging Innovation* (generate new value), while working to address three main management tasks: new initiatives targeting growth, enhancing managerial resources, and contributing to the environment and society.

The three main management tasks and details of initiatives are shown below.

1. New initiatives targeting growth:

- Expand sales of NSK's core products in the growth segments of IoT, electrification, automation, and environment.
- Achieve sales growth by marketing new products in growth segments.
- Restore growth in the EPS business by enhancing our product lineup.

2. Enhancement of managerial resources:

- Innovate personnel development by restructuring training and education institutions, promoting work style reform and health and productivity management, and promoting diversity and inclusion.
- Achieve innovation in manufacturing by utilizing IoT technology.
- Innovate product development through ceaseless refinement of NSK's core technology and further utilization of open innovation.

3. Contribution to the environment and society:

- Reduce CO2 emissions, both through our business activities and by developing environmentally friendly products, and effectively utilize resources.
- Create high-quality products which are safe and deliver peace of mind to the market and our customers, and develop a thorough safety-first internal culture.
- Be a company that is trusted by society and create a positive, inclusive work environment.
- Enhance Group governance and dialogue with stakeholders.

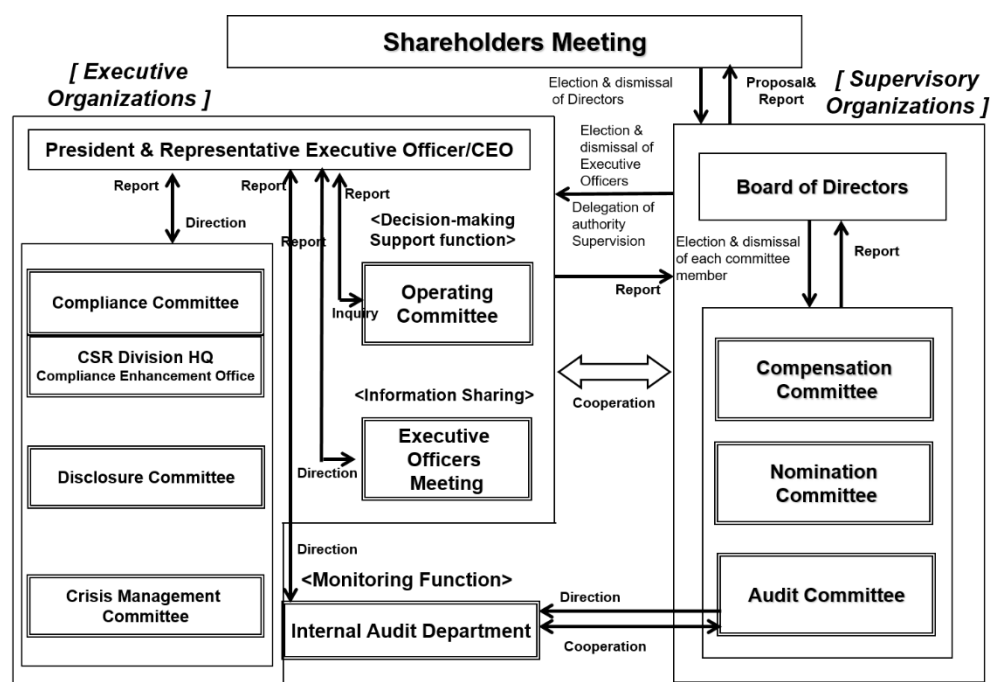
The NSK Group will continue contributing to the resolution of societal issues and the sustainable development of society through its corporate activities and the evolution of its Motion & Control technology, while also aiming for ongoing growth through the initiatives above.

## **b) Endeavors to Enhance Corporate Governance**

The Company has been actively working to improve the transparency and soundness of its management-related decision-making in order to fulfill its social responsibilities as well enhance its corporate value and, by extension, the common interests of its shareholders. Even before shifting to a Company with Committees, etc. governance system in 2004, the Company worked to enhance its governance by introducing an executive officer system, inviting outside directors onto its board, and voluntarily establishing a compensation committee and audit committee. The Company is currently endeavoring to further improve its management transparency and soundness under a Company with Three Committees (Nomination, Audit and Remuneration) structure, with each the three committees (nominating committee, audit committee, and compensation committee) comprised of an internal director and a majority of external directors.

Each of the Company's external directors have been registered to the Tokyo Stock Exchange as independent directors.

The Company's governance and internal control systems are outlined below:



### III. Endeavors to Prevent Decisions concerning the Company's Financial and Business Policies from Being Controlled by Inappropriate Persons in Light of the Basic Policy

The Company introduced response measures to large-scale purchases of the Company's shares at the annual general shareholders' meeting held on June 25, 2008. These measures were subsequently renewed at the annual general shareholders' meetings held on June 24, 2011, and June 25, 2014. The current response measures to large-scale purchases of the Company shares (the "Plan") were adopted by obtaining shareholder approval at the annual general shareholders' meeting held on June 23, 2017.

The Plan is effective through to the conclusion of the Annual General Meeting of Shareholders scheduled to be held in June 2020.

The Plan applies to (1) a purchase of share certificates, etc. of the Company whose purpose is to make the holding ratio of rights to vote of the specific shareholders' group twenty (20)% or greater, or (2) a purchase of share certificates, etc. of the Company which, as a result, would make the holding ratio of the right to vote of the specific shareholders' group twenty (20)% or greater, provided, however that the Plan does not apply to a purchase which is consented to by the board of directors in advance. A purchase to which the Plan applies is referred to as a "Large-scale Share Purchase," and a person who conducts or is about to conduct a Large-scale Share Purchase is referred to as the "Large-scale Share Purchaser." Large-scale Share Purchase Rules state that the Large-scale Share Purchaser can only commence the Large-scale Share Purchase after providing information necessary and sufficient for shareholders to make a decision and for the Board of Directors to evaluate and examine, etc., and, after providing this information, completion of a specified period during which the Board of Directors will evaluate and examine the proposal of the Large-scale Share Purchase, negotiate with the Large-scale Share Purchaser, form its opinion on the Large-scale Share Purchase and/or elaborate alternative proposals (the "Board of Directors' Evaluation Period").

In the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, even if the board of director's objects to such Large-scale Share Purchase, the board of directors will, as a general rule, not trigger countermeasures to such Large-scale Share Purchase. The board of directors, however, may express its objections, etc., to shareholders. Notwithstanding the foregoing,

if such Large-scale Share Purchase is reasonably deemed to be likely to materially damage the Company's corporate value and shareholders' common interests, after the expiration of the Board of Directors' Evaluation Period, the board of directors may hold a shareholders' meeting and ask the shareholders to decide whether to trigger countermeasures to such Large-scale Share Purchase. In addition, if such Large-scale Share Purchase is deemed to constitute an abusive acquisition, such as in the case that the Large-scale Share Purchaser is a "greenmailer," or in the case where it is judged that the purchasing method of the Company's suggested by the Large-scale Share Purchaser may force the selling of shares upon the Company's shareholders by restricting the opportunity or freedom of judgment by shareholders, such as a coercive two-tier purchase, such Large-scale Share Purchase is reasonably deemed to materially damage the Company's corporate value and shareholders' common interests, and the board of directors may trigger countermeasures.

On the other hand, in the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the board of directors may, regardless of the specific manner of such Large-scale Share Purchase, trigger countermeasures to secure and enhance its corporate value and its shareholders' common interests. Notwithstanding the foregoing, if the board of directors reasonably determines that it is practicable and is appropriate to hold a shareholders' meeting in order to confirm its shareholders' opinion and to have them decide whether to trigger countermeasures, the board of directors shall, after the expiration of the Board of Directors' Evaluation Period, hold a shareholders' meeting, and leave the shareholders to decide whether to trigger countermeasures to the Large-scale Share Purchase.

In the case that the board of directors decides to hold a shareholders meeting and have the shareholders decide whether to trigger countermeasures, the Large scale Purchaser shall not commence the Large scale Purchase until the close of the shareholder's meeting. When the board of directors decides on whether to trigger countermeasures, it shall take the following measures in order to secure the reasonableness and fairness of the board of directors' decision (unless the board of directors holds a shareholders' meeting to decide whether to trigger countermeasures).

Before triggering the countermeasures, the board of directors shall consult with the Independent Committee, which is comprised of independent directors and other individuals selected by the board of directors, such as legal professionals whose independence has been verified, regarding whether to trigger countermeasures, whereupon the Independent Committee shall make a recommendation. In deciding whether to trigger countermeasures, the board of directors shall respect the Independent Committee's recommendation to the greatest extent possible. The board of directors shall unanimously resolve to trigger countermeasures at a board of directors' meeting at which all directors are present.

Under the Plan, the Company will, as a general rule, trigger an allotment of share options without contribution as a countermeasure.

With respect to the details of the Plan, please see the "Continuation of the Response Measures to Large-scale Purchases of the Company Shares (Takeover Defenses)" as of date May 23, 2017, which is published on the Company's website at the address below:

(<http://www.nsk.com/company/governance/index.html#tab4>.)

#### **IV. Judgments of the Board of Directors and reasons therefor regarding the endeavors described above**

The endeavors described in [II] above are part of the Company's basic endeavors for the mid- to long-term improvement of the Company's corporate value, and have been undertaken for the purpose of enhancing the Company's corporate value and the common interests of its shareholders.

The endeavors described in [III] above have been introduced to require the Large-scale Share Purchaser to provide necessary information on the Large-scale Share Purchase, and secure the necessary period to evaluate, examine, etc., the substance of the Large-scale Share Purchase in order to secure and enhance the Company's

corporate value and the common interests of its shareholders. The endeavors described above enable countermeasures to be triggered against Large-scale Share Purchasers who do not comply with requests to provide such information and secure the necessary period to evaluate, examine, etc., the Large-scale Share Purchase, or Large-scale Share Purchasers who intend to commence a Large-scale Share Purchase that is reasonably deemed to be likely to materially damage the Company's corporate value and shareholders' common interests, in order to prevent the Large-scale Share Purchase by such a Large-scale Share Purchaser. Thus, the endeavors described above aim to prevent inappropriate persons from controlling the decisions concerning the Company's financial and business policies in light of the basic policy described in [I] above.

Furthermore, in the endeavors described in [III] above, where a Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, there is a general rule to triggering countermeasures that requires the Board of Directors to hold a shareholders' meeting and ask the shareholders to decide whether the countermeasures should be triggered against a Large-scale Share Purchase. In addition, even in the case where a Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, if the Board of Directors resolves to trigger the countermeasures, the Board of Directors shall consult with the Independent Committee regarding whether to trigger countermeasures, before triggering said countermeasures. Respecting the recommendation of the Independent Committee to the greatest extent possible, the Board of Directors must then unanimously resolve to trigger countermeasures at a Board of Directors' meeting at which all of the directors, including the outside directors, are present. In this way, through the endeavors described in [III] above, NSK has secured a range of systems and procedures that prevent any arbitrary decisions by the Board and ensure that any measures taken are rational and fair.

Therefore, the Board of Directors believes that the endeavors described in [II] and [III] above are consistent with the basic policy described in [I] above, do not damage the common interests of the Company's shareholders, and are not for the purpose of allowing the Company's directors to maintain their position.

### **(3) Policy on the Distribution of Cash Dividends**

The year-end dividend for the fiscal year ended March 31, 2019 will be 20.00 yen per share.

The dividend for the first half of the year, paid on December 3, 2018, was ¥20.00 per share. Accordingly, the full year dividend for the fiscal year ended March 31, 2019 will be ¥40.00 per share, the same amount as the previous year.

The distribution of returns to shareholders is one of NSK's important corporate policies. During the three years of the Sixth Mid-Term Management Plan (fiscal 2019 to 2021), we aim to deliver stable returns to our shareholders, targeting a dividend payout ratio of approximately 30% to 50% on a consolidated basis, and a per-share annual dividend of 40 yen or higher. We will also adopt a flexible stance to the purchase of treasury shares as one option in our capital policy, aiming to achieve total shareholder returns of 50% over the three-year period.

In implementing the above, we will take into account financial circumstances and other factors as appropriate.



## Independent Auditor's Report

May 13, 2019

The Board of Directors, NSK Ltd.

Ernst and Young ShinNihon LLC  
**Hirokazu Sekiguchi**  
Designated and Engagement Partner  
Certified Public Accountant  
**Koki Ito**  
Designated and Engagement Partner  
Certified Public Accountant  
**Makoto Matsumura**  
Designated and Engagement Partner  
Certified Public Accountant

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying financial statements, which comprise the consolidated statements of financial position, the consolidated statement of income, the statement of changes in net assets, and the notes to the consolidated financial statements of NSK Ltd. (the Company) applicable to the fiscal year from April 1, 2018 through March 31, 2019.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements, which were prepared in accordance with designated International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting, present fairly, in all material respects, the consolidated financial position of NSK Ltd. and its subsidiaries as of March 31, 2019, and their financial performance for the year then ended.

### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## Independent Auditor's Report

May 13, 2019

The Board of Directors, NSK Ltd.

Ernst and Young ShinNihon LLC  
**Hirokazu Sekiguchi**  
Designated and Engagement Partner  
Certified Public Accountant  
**Koki Ito**  
Designated and Engagement Partner  
Certified Public Accountant  
**Makoto Matsumura**  
Designated and Engagement Partner  
Certified Public Accountant

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of NSK Ltd. (the Company) applicable to the 158th fiscal year from April 1, 2018 through March 31, 2019.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and related supplementary schedules, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in material aspects, the financial position and results of operations of NSK Ltd. applicable to the 158th fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **Audit Report by the Audit Committee**

### **Audit Report**

The Audit Committee, having audited the execution of duties by the Directors and Executive Officers during the 158th fiscal term from April 1, 2018 to March 31, 2019, reports on the audit method and results as follows.

#### **1. Auditing Method Applied and Details Thereof**

The Audit Committee audited the contents of the resolutions of the Board of Directors regarding matters stipulated in Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act and the system (internal control system) established in accordance with those resolutions, by receiving regular reports on the status of development and operation of the system from the Directors, Executive Officers and employees, etc., requesting explanations as necessary, and expressing opinions, as well as by the following methods.

- i. In accordance with the auditing policies, allocation of duties, the auditing plan of the fiscal year under review, etc. established by the Audit Committee, and cooperating with the internal auditing division of the Company, the Audit Committee attended important meetings, received reports regarding execution of duties from the Directors and Executive Officers, etc., requested explanations when necessary, inspected the contents of important approval documents, etc., and examined the status of business and assets at the Company's headquarters and other principal offices. Furthermore, with regard to the Company's subsidiaries, the Audit Committee communicated and exchanged information with and, when necessary, received reports on the status of the business and other matters from the subsidiaries' Directors and Corporate Auditors, etc.
- ii. The Audit Committee reviewed the basic policies stipulated in Article 118, Item 3(a) of the Ordinance for Enforcement of the Companies Act and the activities stipulated in (b) in the same Item, which are described in the business report, based on the deliberations at the meetings of the Board of Directors and other meetings.
- iii. The Audit Committee also monitored and verified whether the Accounting Auditor was maintaining its independence and conducting the audits appropriately, and also received reports of the status of the execution of duties from the Accounting Auditor, requesting explanations as necessary. Further, the Audit Committee received notification from the Accounting Auditor that it had established a "system for ensuring the proper execution of its duties" (matters stipulated in the items of Article 131 of the Rules of Corporate Accounting) in compliance with the "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005).

Based on the methods above, the Audit Committee has examined the business report and its supplementary schedules, the non-consolidated financial statement (the balance sheet, statement of income, statement of changes in net assets and notes to the non-consolidated financial statement) and their supplementary schedules, as well as the consolidated financial statement (the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statement).

## 2. Results of Audit

### (1) Results of audit of business report, etc.

- i. The business report and its supplementary schedules present fairly the condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation.
- ii. Regarding the execution of duties by Directors and Executive Officers, there were no instances of misconduct or material matters in violation of laws, regulations or the Articles of Incorporation.
- iii. The content of the resolution by the Board of Directors regarding the internal control system was appropriate. Furthermore, there are no matters to be pointed out regarding the description in the business report and the execution of duties by Directors and Executive Officers concerning such internal control system.
- iv. The basic policy, described in the business report, regarding those who control the Company's financial and business policies, is appropriate. The activities stipulated in Article 118, Item 3(b) of the Ordinance for Enforcement of the Companies Act, described in the business report, are in line with such basic policies, do not adversely affect the common interests of the Company's shareholders, and are not for the purpose of maintaining the status held by the management of the Company.

### (2) Results of audit of non-consolidated financial statements and their supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

### (3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2019

Audit Committee of NSK Ltd.

**Yasunobu Furukawa**

Audit Committee Member

**Teruhiko Ikeda**

Audit Committee Member

**Akemi Mochizuki**

Audit Committee Member

**Toshihiko Enomoto**

Standing Audit Committee Member

Note: Mr. Yasunobu Furukawa, Mr. Teruhiko Ikeda, and Ms. Akemi Mochizuki are Outside Directors as provided for in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.