MOTION & CONTROL™
NSK

Leaner, Firmer, Stronger

Annual Report 2013
Year ended March 31, 2013

Mission Statement

NSK aims to contribute to
the well-being and safety of society
and to protect the global environment
through its innovative technology
integrating MOTION & CONTROL.
We are guided by our vision of NSK as
a truly international enterprise, and are
working across national boundaries to
improve relationships between people
throughout the world.

Contents

Annual Report 2013

NSK has prepared this annual report to further understanding among shareholders, investors, and various other stakeholders of its business results for the year ended March 31, 2013, its future growth strategies, and other matters. The special feature focuses on the new mid-term management plan that was launched in April 2013.

For further information about the Company, its products, business activities, and financial position, please see NSK's web site. For further information about the Company's philosophy and initiatives relating to corporate social responsibility (CSR), please see the sustainability section of NSK's web site and NSK's CSR reports.

www.nsk.com

www.nsk.com/sustainability/

Outside Agency Assessments

Socially responsibility indexes (SRIs) include companies that promise long-term sustainable growth because they merit high evaluations for environmental and social contributions as well as financial performance. Moreover, a broad range of institutional investors are attributing greater importance to such companies. As of March 2013, NSK is included in four internationally recognized SRIs.

Dow Jones Sustainability Indexes http://www.sustainability-index.com	Ethibel Investment Register http://forumethibel.org/content/ethibel_sustainability_index.html
FTSE4Good Index Series http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp	Morningstar Socially Responsible Investment Index http://www.morningstar.co.jp/sri/index.htm

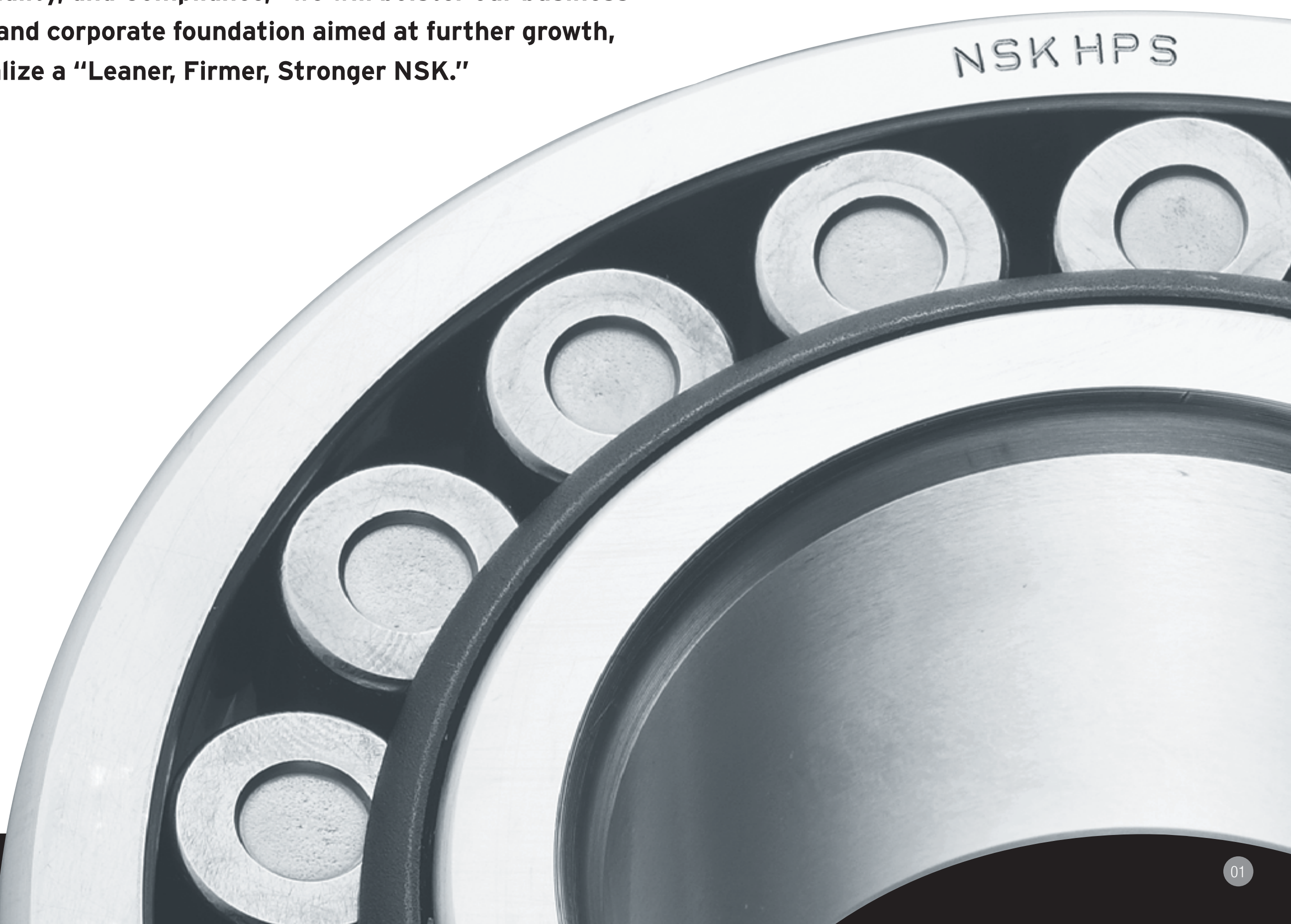
Disclaimer

Statements made in this annual report with respect to plans, strategies, and future performance that are not historical facts are forward-looking statements. NSK cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

This document is an English translation of "Annual Report 2013" dated August 1, 2013, that was originally prepared in the Japanese language, and it is provided for convenience purposes only. Therefore, this document does not include any event that has occurred, or has been found to have occurred, on or after August 1, 2013. NSK makes no representation or warranty that this document is a complete or accurate translation of the original Japanese text, and it is not intended to be relied upon. In the event that there is a discrepancy between the Japanese and English versions, the Japanese version shall prevail. This document is not intended and should not be construed as an inducement to purchase or sell stock in NSK.

Leaner, Firmer, Stronger

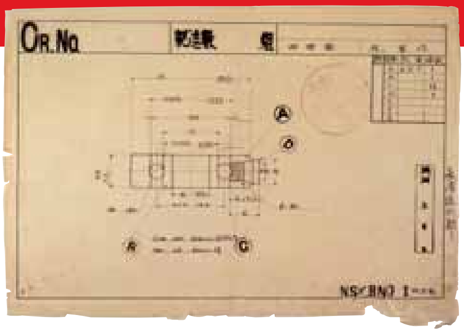
In April 2013, NSK launched a new mid-term management plan. It targets establishment of corporate fundamentals appropriate for a company with net sales of ¥1 trillion by 2016, the year NSK celebrates its 100th anniversary. On a foundation of "Safety, Quality, and Compliance," we will bolster our business strategies and corporate foundation aimed at further growth, and will realize a "Leaner, Firmer, Stronger NSK."



This is NSK

Since its foundation, NSK has developed and supplied various kinds of products to meet the needs of the age, helping to support the growth of global industry. NSK will continue to contribute to the development of a smoothly functioning and safe society by providing products that reduce energy loss.

History



Foundation

1916

Bearings are a vital part of machines and they are sometimes known as the “staple of industry.” The first bearings produced in Japan were made by NSK’s predecessor company, Nippon Seiko Limited Partnership Company in1915.

In the early 1910s, bearings were already established as industrial products in advanced countries, but in Japan, mechanical industry had only just begun to develop and all bearings were imported from overseas. However, Nippon Seiko began developing bearings based on the idea that internal production of bearings was essential to the development of Japan’s mechanical industry. At the time, there were no specialized machines for manufacturing bearings, and Nippon Seiko produced bearings with general-purpose machines, by consulting overseas bearing manufacturers’ catalogues.

After a process of trial and error, the company succeeded in completing a bearing prototype in 1915. In 1916, NSK Ltd. was founded and bearings production began in earnest.

Since then, NSK has enhanced its lineup of bearings, and expanded its business into areas of automotive components and precision machinery and parts by applying technologies acquired through the development of bearings. Today, NSK products are being used all over the world, thanks to NSK’s reputation as a trusted brand.

Bearings

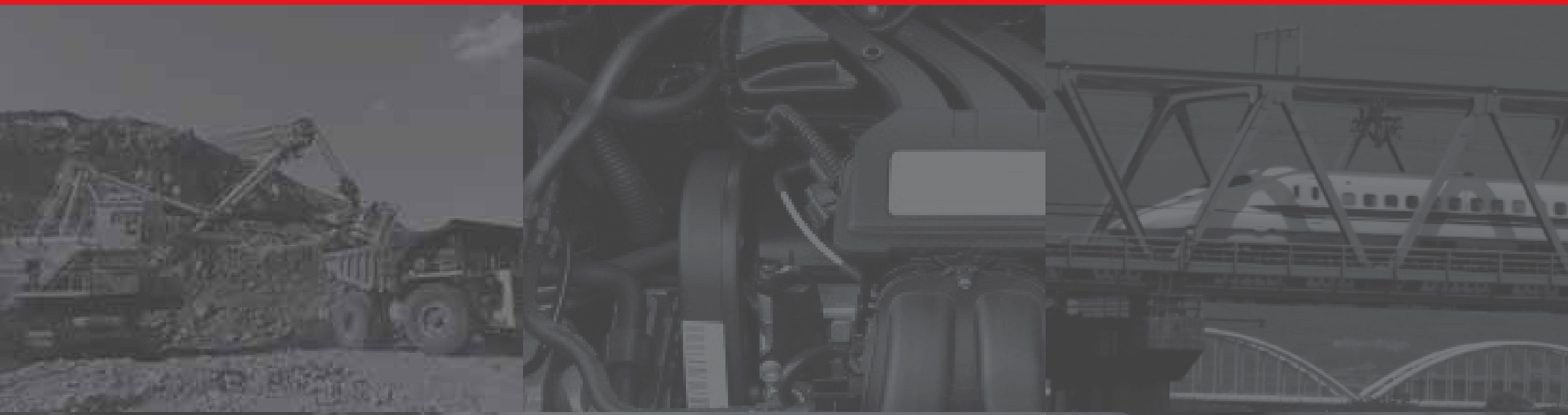
Market Share of Bearings

Japan No.1　**Global No.3**

Bearings are used in machines all around us, from automobiles, washing machines, air conditioners, and railcars to aircraft and satellites. They also come in all sizes, from tiny bearings with an outside diameter of 2.0 mm to bearings with an outside diameter of 6.0 m and a weight of 15 tons. Including all sizes, about 17 billion bearings are produced globally each year, and about 2.2 billion of them are produced by NSK.

Main components for bearings can be divided into four categories: outer rings, inner rings, rolling elements (balls or rollers), and cages. However, since accuracy, grease, clearance, and other factors vary depending on the bearings’ application, NSK produces bearings with more than 20,000 bearing numbers every month. We supply high-quality products all over the world in a timely manner, meeting a wide range of needs from a variety of customers.

NSK currently has the highest Japanese market share for bearings and the third-highest global market share. NSK will continue to strive to deliver high-quality and high-value-added products.



Automotive Components

EPS Sales Target

¥200 billion

Electric power steering (EPS) is one of the growth drivers of NSK's business. EPS systems are spreading worldwide since the systems are 3–5% more fuel-efficient than previous hydraulic systems, easy to install, extremely quiet, and boost safety through software control. Against a background of greater demand for small vehicles due to increased environmental consciousness, there is also remarkable demand growth for light and compact column-type EPS systems, an NSK specialty.

NSK has been producing EPS systems since the late 1980s. To respond to the rise in demand as well as the call for lower cost and standardization, we are continually developing new technologies. We currently mass produce in six countries: Japan, the United States, Poland, China, Thailand, and India. We are also enhancing global production sites and planning to boost the ratio of overseas production even more in the future.

NSK plans to expand this business further with an EPS sales target of ¥200 billion in the year ending March 31, 2016.

Overseas Expansion

Ratio of Overseas Sales

55%

NSK has a long history of overseas operations, beginning its move overseas in the early 1960s. NSK set a policy of cultivating overseas markets through exports, then beginning local production to contribute to local society when a market reached a certain level. Based on this policy, NSK opened its first overseas sales office in the United States in 1962. From the early 1970s to the middle of the decade, it successively established plants in Brazil, the United States, the United Kingdom, and other countries, and expanded business firmly rooted in local communities. Since then, NSK has continued to spread through the world with production sites, sales offices, and technical centers, actively expanding in China and other Asian regions from the mid-1990s. As of March 31, 2013, NSK operated in 212 sites in 30 countries around the world.

Overseas markets hold the key to NSK's future business expansion. The percentage of net sales represented by overseas sales is on an upward trend and reached 55% in the year ended March 31, 2013. As sales will continue to rise overseas, we are working to further boost local production and procurement while training local staff and bolstering global management.

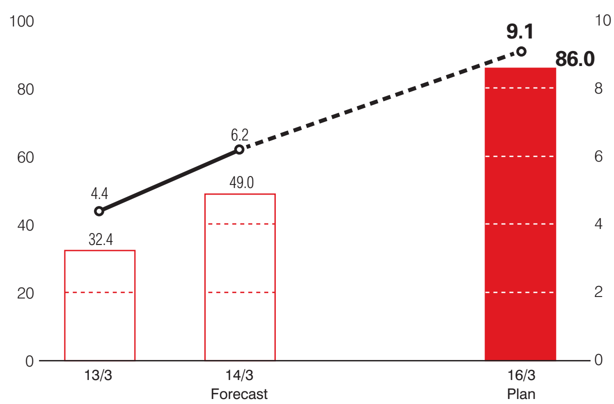
Leaner NSK

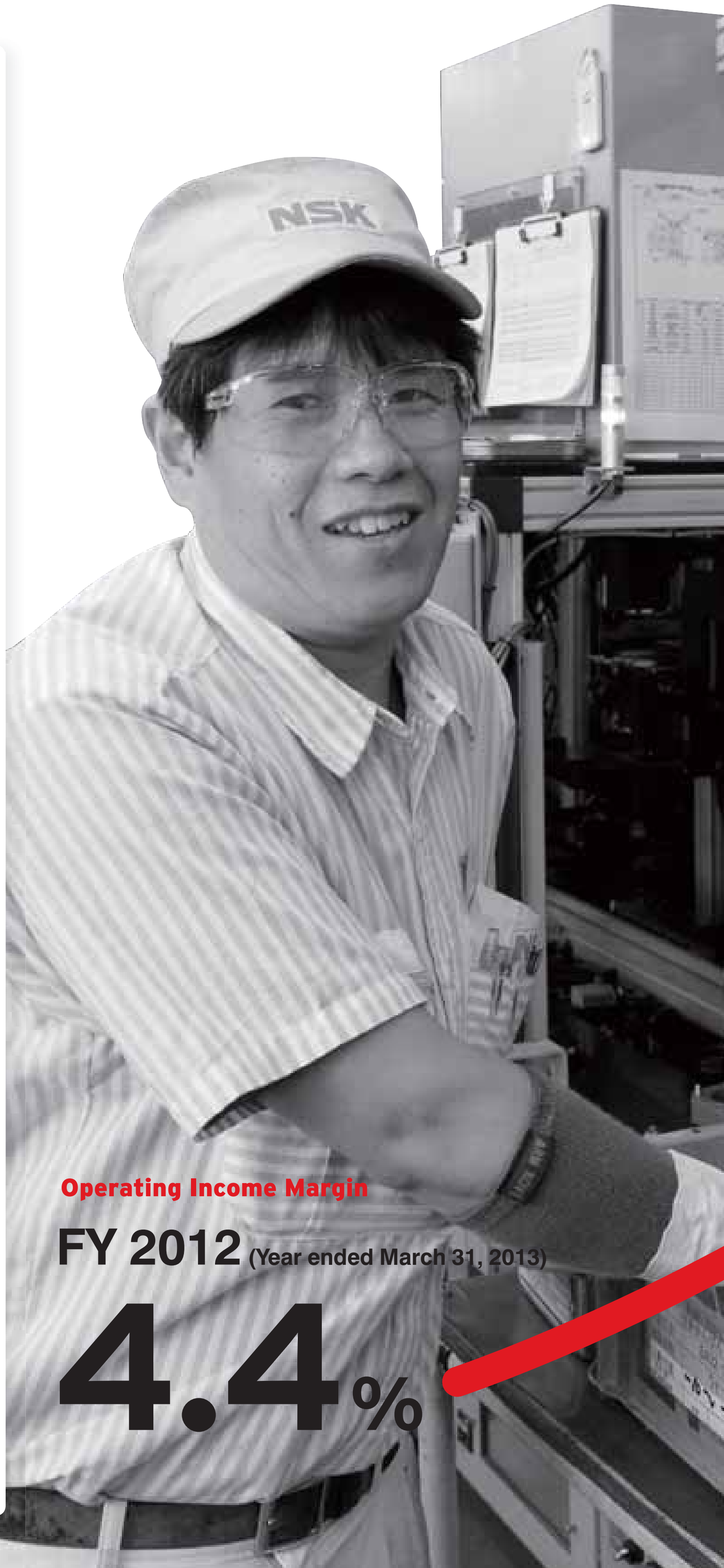
High efficiency and strong productivity with the ability to respond to change are fundamental for a manufacturer. To achieve the fourth mid-term management plan target of 9.1% in operating income margin, we are targeting a leaner NSK by strengthening basic production capabilities and improving productivity.

In Japan, a demand increase is unlikely due to the long-term decline in population, and we cannot expect improved income from greater production. We are therefore planning to reinforce cost-competitiveness by boosting efficiency at existing facilities. By investing in these facilities, we are cutting changeover time and cycle time. Meanwhile, overseas demand is rising—mainly in emerging markets—but payroll expenses are also increasing. To absorb the impact of higher costs, we are targeting greater production efficiency by introducing more efficient equipment than ever as well as equipment that allows for reduction in staff. As for EPS production—for which demand is growing rapidly—we mass produce at eight sites in six countries (Japan, the United States, China, Thailand, India, and Poland). We are expanding overseas production to meet increasing overseas automotive manufacturers' demand. Besides implementing initiatives to cut the costs of procured components, we are enhancing cost-competitiveness through such activities as transferring efficient production methods and expertise cultivated in Japan to overseas sites, expanding use of robots in the assembly process, and adopting automated conveyance systems.

NSK aims to enhance production capabilities worldwide by implementing productivity improvement initiatives with clearly defined topics and targets for each production site in Japan and overseas.

Operating Income / Operating Income Margin
(¥ Billions / %)

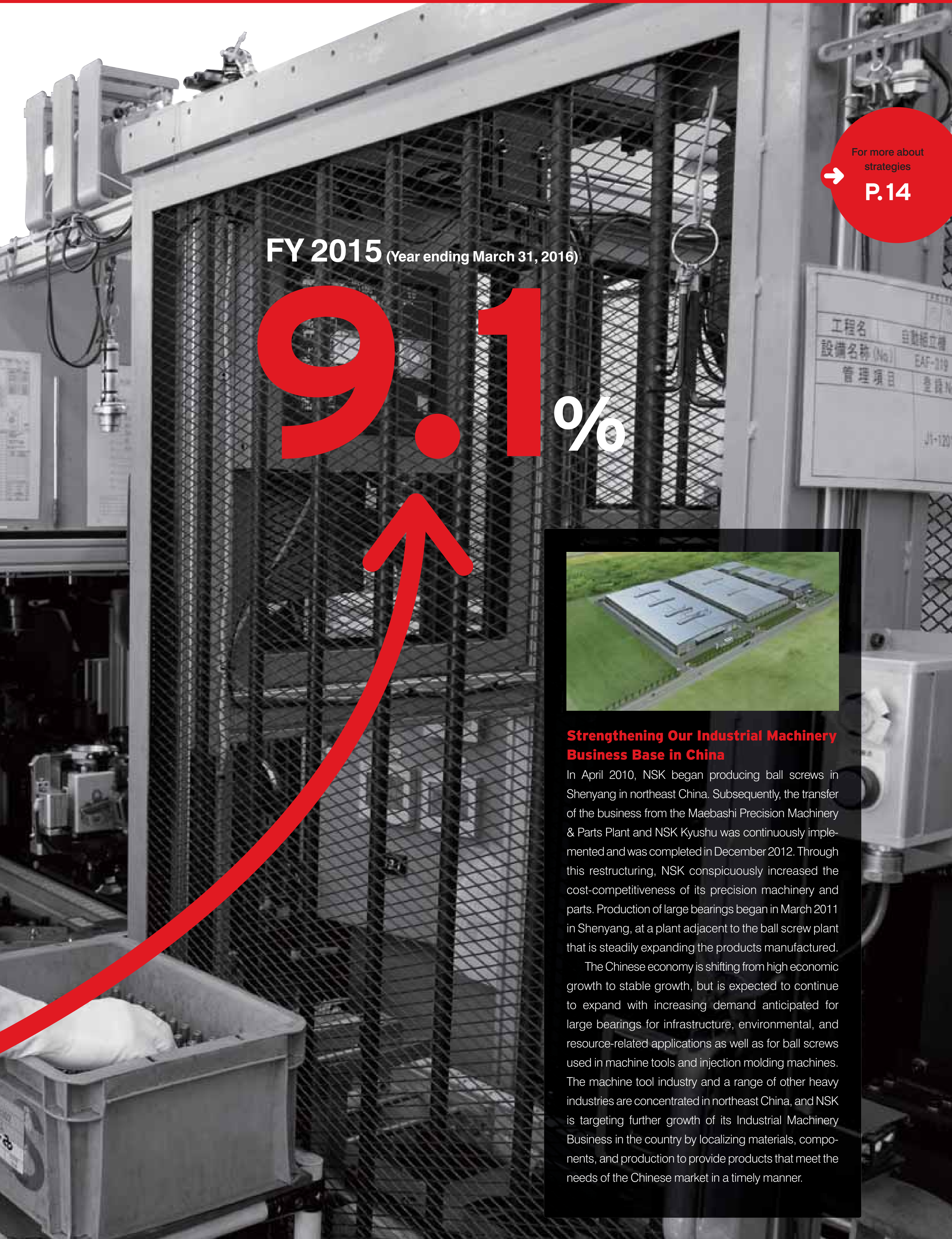




Operating Income Margin

FY 2012 (Year ended March 31, 2013)

4.4%



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FY 2015 (Year ending March 31, 2016)

9.1%

Strengthening Our Industrial Machinery Business Base in China

In April 2010, NSK began producing ball screws in Shenyang in northeast China. Subsequently, the transfer of the business from the Maebashi Precision Machinery & Parts Plant and NSK Kyushu was continuously implemented and was completed in December 2012. Through this restructuring, NSK conspicuously increased the cost-competitiveness of its precision machinery and parts. Production of large bearings began in March 2011 in Shenyang, at a plant adjacent to the ball screw plant that is steadily expanding the products manufactured.

The Chinese economy is shifting from high economic growth to stable growth, but is expected to continue to expand with increasing demand anticipated for large bearings for infrastructure, environmental, and resource-related applications as well as for ball screws used in machine tools and injection molding machines. The machine tool industry and a range of other heavy industries are concentrated in northeast China, and NSK is targeting further growth of its Industrial Machinery Business in the country by localizing materials, components, and production to provide products that meet the needs of the Chinese market in a timely manner.

Firmer NSK

At present, overseas sales represent 55% of NSK's net sales and we project that the ratio will rise to 65% in the year ending March 31, 2016. We are targeting a greater overseas presence and business expansion through our enhanced Industrial Machinery Business and growth in the automotive market.

Supporting our expansion are 29,400 people working at 212 sites in 30 countries worldwide. Overseas, around 18,000 employees work at 147 sites in 29 countries under regional headquarters in Europe, the Americas, China, ASEAN, and India.

As business continues to globalize, it requires the cooperation of involved parties in many sites extending across several countries and regions to carry each project forward. NSK's global sites and each country's staff form the main foundation for these borderless business activities. While there are currently more than 300 Japanese employees at overseas sites, even in Japan there are more than 50 international staff supporting NSK's global business.

We are enhancing our global sites with an eye to growth in emerging markets and bearing in mind the importance of business expansion with close local ties that considers customers' perspectives. Having established a production network for a full product lineup in China, strengthened EPS productivity in Asia, bolstered sales networks in China, India, and ASEAN, and established new sales offices in South America, the Middle East, and Russia, we are now proceeding with construction of a plant in Mexico. We are targeting further growth through a stronger approach to market needs achieved through global cooperation.

Number of Sites by Region (As of March 2013)

EUROPE / AFRICA	Headquarters	Production site	Sales site	R&D center	Representative office
U.K.	1	4	2	1	
Germany		1	3	1	2
France			1		
Italy			1		
Spain			1		
Poland		4	3	1	
Russia			1		
Norway					1
Turkey			1		
UAE			1		
South Africa			1		
THE AMERICAS					
U.S.A.	1	7	9	1	
Canada			3		
Mexico			1		1
Brazil		1	5	1	
Peru			1		
Argentina			1		

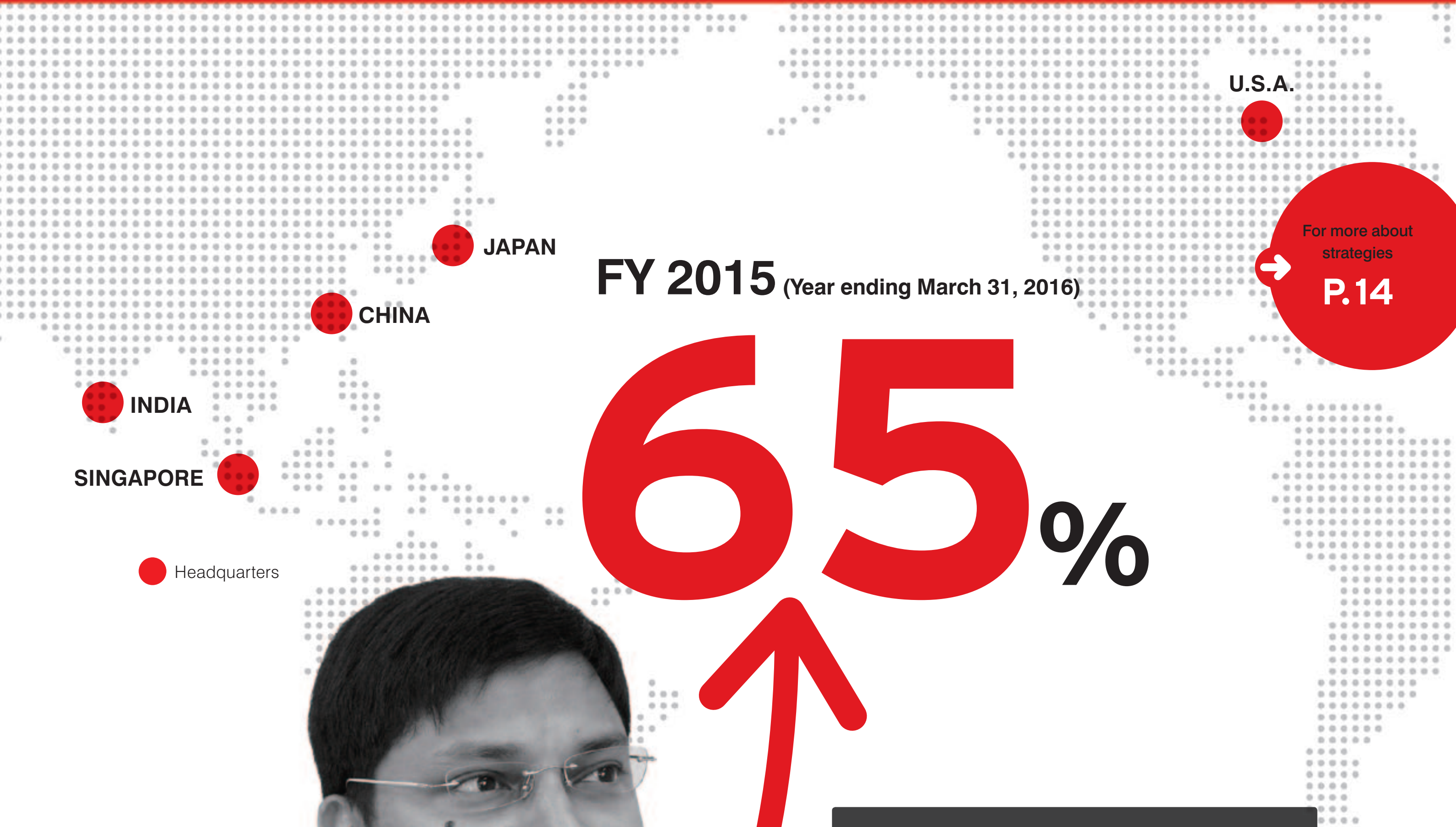
ASIA / OCEANIA	Headquarters	Production site	Sales site	R&D center	Representative office
Thailand		2	3	1	
Singapore	1		2		
Indonesia		3	2		
Malaysia		2	4		
Philippines					1
Vietnam			1		1
India	1	4	7		
Australia			4		
New Zealand			1		
Japan	1	22	36	6	
China	1	12	18	1	1
South Korea		2	2	1	
Taiwan			6		

Overseas Sales as a Percentage of Net Sales

FY 2012 (Year ended March 31, 2013)

55%

- ● Headquarters..............6
- □ Production site...........64
- ■ Sales site.................121
- ◘ R&D center.................14
- ■ Representative office ...7



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FY 2015 (Year ending March 31, 2016)

65%

Expanding Production in Demand Areas: Establishing a New Plant in Mexico

In Mexico, automobile manufacturers' production capabilities continue to increase. Because Mexico is a member of the NAFTA bloc and an exporter to other countries in Central and South America, production is expected to grow. To respond to these, in April 2013 NSK established an automotive bearing production site in Mexico.

This new plant draws on NSK's manufacturing expertise, cultivated through years of experience, and has installed state-of-the-art automated production lines and is scheduled to begin production in spring 2014. Advanced cooperation based on collective efforts worldwide is contributing to preparations with Japan's production expertise naturally important. Concurrently, production managers in South Korea and Brazil provide support under U.S. management, and equipment from China and South Korea is used at the new plant.

In addition to providing high-quality automotive bearings from a location near the customer in a timely manner, NSK is positioning this plant as a key site for building an optimal production system in the Americas, and targeting further expansion and higher profits from its Automotive Business in North America.

Stronger NSK

The vision of our new mid-term management plan is the establishment of corporate fundamentals appropriate for a company with net sales of ¥1 trillion.

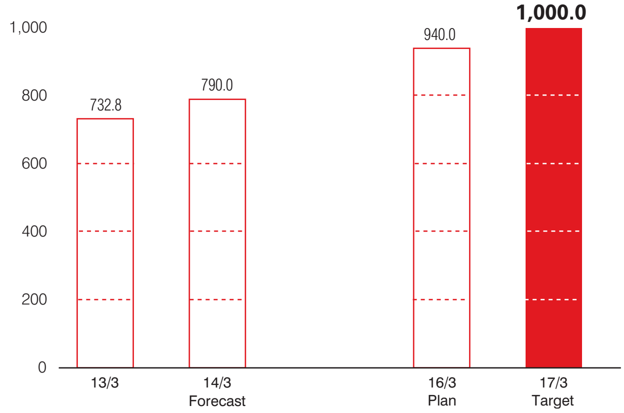
To establish an organizational makeup appropriate for net sales of ¥1 trillion—an extremely large amount for a components manufacturer—and to maintain our global growth, we need to implement a globally oriented management system to support the business. We have set the strengthening of global management as a priority measure before, but we now plan to strengthen it even further.

At present, NSK has five foreign managers performing duties as executive officers and group officers. They play an essential role in management decision-making by raising issues and giving opinions from a global perspective. On the other hand, it is important to have independent management in each region to ensure precise responses to the region's market demand as well as autonomous growth. We are continuing to localize management of overseas sites. We are also focusing on the cultivation of employees who can operate as part of global NSK, going beyond regional boundaries, and we are bringing overseas employees to Japan for the medium to long term, arranging exchanges between overseas offices and conducting many types of training.

We have also implemented a Management Advisory Board in Japan and an Advisory Board in China, which provide the opportunity to hear the opinions of outside experts, and we are working to enhance governance and improve management transparency.

Looking ahead to the next 100 years, we are achieving a stronger NSK and continuing to build the foundations for further development.

Net Sales
(¥ Billions)



Net Sales

FY 2012 (Year ended March 31, 2013)

¥732.8 billion

Adrian Browne
Vice President
Responsible for Europe and Americas
Finance Division HQ -Head

Yasuhiro Kamio
Senior Vice President
Head of China operations

FY 2016 (Year ending March 31, 2017)

¥1 trillion

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Cultivating Globally Minded Talent

As of June 30, 2013, NSK had 29,400 employees worldwide, and the Company is implementing a range of initiatives to cultivate globally minded talent. One of these is the NSK Global Management College, which trains personnel to manage overseas subsidiaries. This initiative began in the year ended March 31, 2012, and the current year is its third year. The participants' nationalities, workplaces, and specialties differ, but by sharing issues that arise in daily operations and discussing them in English, they can formulate measures to help NSK achieve further worldwide growth and submit the results of their activities to management.

Another initiative is global e-learning, through which individual employees can grasp NSK's Mission Statement and corporate culture, so that they have a true sense of being NSK employees as they work. We also conduct English and Chinese language training and cross-cultural communication in Japan.

Norbert Schneider
Senior Vice President
Automotive Business Division HQ
Automotive Components
Division HQ -Deputy Head

Bernard M. Lindsay
Senior Vice President
Head of all American operations

Koji Inoue
Senior Vice President
Head of all ASEAN operations

Juergen Ackermann
Vice President
Head of all European operations

Seong-Il Jo
Group Officer
NSK KOREA CO., LTD. - President

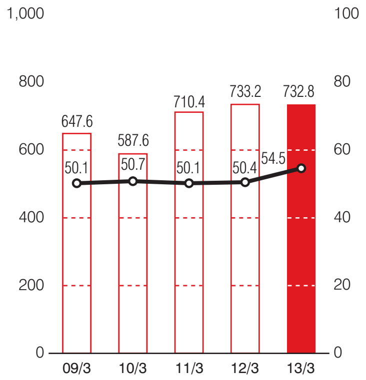
Consolidated Financial Highlights

NSK Ltd. and Consolidated Subsidiaries

Years ended March 31	2013 (Millions of yen, Unless otherwise specified)	2012	2011	2013 / 2012 (Percent change)	2013 (Thousands of U.S. dollars, Unless otherwise specified)
FOR THE YEAR					
Net sales	**¥732,842**	¥733,192	¥710,431	**–0.0%**	**$7,796,191**
Sales by segment					
Industrial Machinery Business	**216,142**	255,835	259,095	**–15.5**	**2,299,383**
Automotive Business	**490,545**	444,585	424,157	**10.3**	**5,218,564**
Others	**26,154**	32,772	27,178	**–20.2**	**278,234**
Sales by region (based on customer location)					
Japan	**333,348**	363,754	354,542	**–8.4**	**3,546,255**
The Americas	**103,352**	86,267	85,466	**19.8**	**1,099,489**
Europe	**102,667**	107,958	102,176	**–4.9**	**1,092,202**
Asia	**193,473**	175,212	168,246	**10.4**	**2,058,213**
Gross profit	**136,544**	148,184	147,478	**–7.9**	**1,452,596**
Operating income	**32,361**	44,417	43,524	**–27.1**	**344,266**
Net income	**15,739**	28,514	26,110	**–44.8**	**167,436**
Capital expenditures	**48,025**	54,619	41,294	**–12.1**	**510,904**
Depreciation and amortization	**34,598**	35,807	34,943	**–3.4**	**368,064**
R&D expenditures	**10,432**	10,373	10,515	**0.6**	**110,979**
AT YEAR-END					
Total assets	**882,547**	845,073	788,626	**4.4**	**9,388,798**
Net assets	**340,812**	299,066	275,269	**14.0**	**3,625,660**
Interest-bearing debt	**305,102**	296,750	274,585	**2.8**	**3,245,766**
Number of employees (persons)	**28,487**	27,444	26,334	**—**	**—**
CASH FLOWS					
Cash flows from operating activities	**53,797**	57,158	64,973	**–5.9**	**572,309**
Cash flows from investing activities	**(45,262)**	(56,090)	(33,348)	**—**	**(481,511)**
Cash flows from financing activities	**(5,544)**	14,637	(32,966)	**—**	**(58,979)**
Cash and cash equivalents at end of the year	**141,653**	135,307	120,333	**4.7**	**1,506,947**
PER SHARE (YEN, U.S. DOLLARS)					
Net income	**29.14**	52.75	48.30	**—**	**0.310**
Net assets	**591.36**	518.56	475.45	**—**	**6.291**
Cash dividends	**11.0**	12.0	11.0	**—**	**0.117**
RATIOS					
Ratio of overseas sales (based on customer location)	**54.5%**	50.4%	50.1%	**—**	**—**
Operating income margin	**4.4%**	6.1%	6.1%	**—**	**—**
ROA	**1.8%**	3.5%	3.3%	**—**	**—**
ROE	**5.2%**	10.6%	10.3%	**—**	**—**
Net D/E ratio (times)	**0.51**	0.58	0.60	**—**	**—**

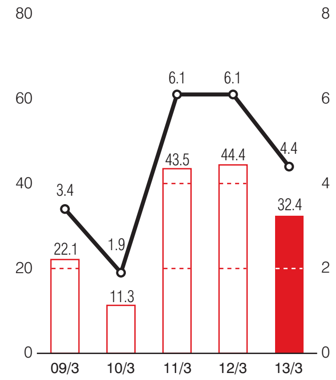
Note: The amounts represented in dollars appearing in this annual report refer to U.S. currency. Yen amounts have been translated at the rate of ¥94 = U.S.$1.00, the approximate exchange rate on March 31, 2013, solely for the reader's convenience. For more detail, please refer to the Eleven-Year Summary on page 36.

Net Sales
Ratio of Overseas Sales
(¥ Billions / %)



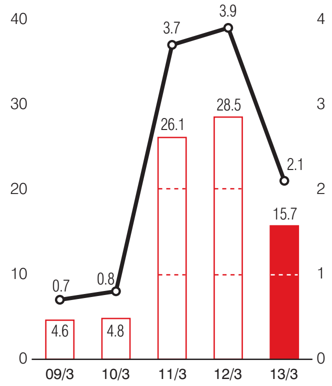
Net Sales (left)
Ratio of Overseas Sales (right)

Operating Income
Operating Income Margin
(¥ Billions / %)



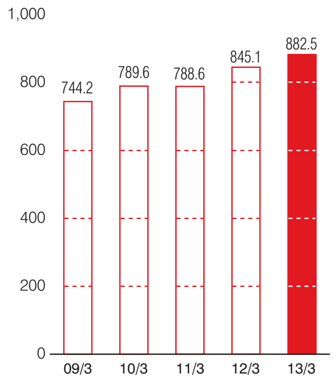
Operating Income (left)
Operating Income Margin (right)

Net Income
Net Income Margin
(¥ Billions / %)

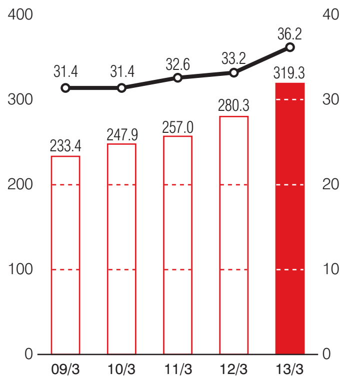


Net Income (left)
Net Income Margin (right)

Total Assets
(¥ Billions)

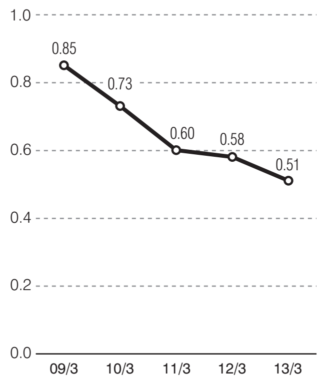


Shareholders' Equity
Ratio of Net Worth to Total Capital
(¥ Billions / %)

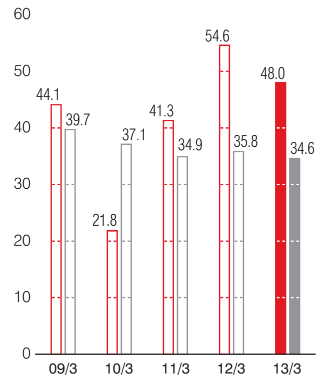


Shareholders' Equity (left)
Ratio of Net Worth to Total Capital (right)

Net D/E Ratio
(Times)

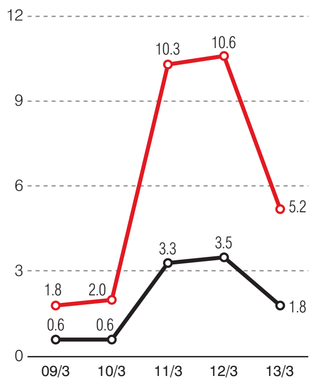


Capital Expenditures
Depreciation and Amortization
(¥ Billions)



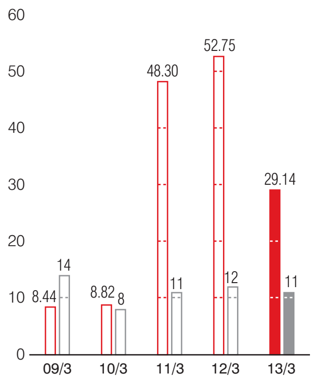
Capital Expenditures
Depreciation and Amortization

ROE / ROA
(%)



ROE
ROA

Net Income per Share
Cash Dividends per Share
(Yen)



Net Income per Share
Cash Dividends per Share

NSK has set "the establishment of corporate fundamentals appropriate for a company with net sales of ¥1 trillion" as the vision of its new mid-term management plan. By making "safety, quality, and compliance" our highest priorities and pushing forward with "growth with focus on profitability" and "the development of management capabilities to handle ¥1 trillion in sales volume," we are bolstering business strategies and our management base as we aim at further growth.

Overview of the Year Ended March 31, 2013

NSK projected net sales of ¥780.0 billion and operating income of ¥50.0 billion for the year ended March 31, 2013, based on assumptions of demand recovery in the Industrial Machinery Business in the second half of the year, as well as expansion in the Automotive Business due to steady automobile sales in North America and the effect of the Japanese government's eco-car subsidies. However, the negative influence of sovereign risk in Europe, a slowdown in growth in emerging economies, and boycotts of Japanese cars in China in the wake of the Senkaku Islands dispute led to net sales of ¥732.8 billion, a marginal 0.0% year-on-year drop of ¥0.4 billion. Operating income totaled ¥32.4 billion, a year-on-year decrease of 27.1%, due to deterioration in the Company's business mix reflecting a significant drop in performance in the comparatively high-profit Industrial Machinery Business, in addition to the effects of foreign exchange rates. Consequently, we regret that we were unable to meet the targets of the final year of our third mid-term management plan.

Both sales and income fell in the Industrial Machinery Business due to delayed demand recovery and prolonged inventory adjustments by our customers, with net sales of ¥216.1 billion, a year-on-year decrease of 15.5%, and operating income of ¥13.0 billion, a year-on-year decrease of 49.3%. In the Automotive Business, robust automobile sales in North America and ASEAN and expansion in the electric power steering (EPS) business supported record sales of ¥490.5 billion, up 10.3% year on year, while operating income rose ¥25.0 billion, a 10.4% increase year on year.

The Third Mid-Term Management Plan: Results and Issues

Although we did not meet the quantitative targets of our third mid-term management plan, which ran from the year ended March 31, 2010 to the year ended March 31, 2013, we did achieve some success in tackling each issue. One successful area was strengthening of our business foundation in China. Firstly, we expanded our production sites from coastal regions to the northeast and inland regions. We also established a production system for our full product lineup and made progress toward building an autonomous management system. Specifically, we localized managers responsible for each business segment and other important positions, and made one of our Chinese plants a "mother plant" for new facilities.

In addition, EPS business expanded on a global scale, exceeding the targets of our mid-term management plan. We also bolstered profitability through reorganization of precision machinery production sites and moved forward with localization of production and procurement.

On the other hand, we regret some shortcomings. We were unable to adjust our production to match reduced demand because of a delayed response to changes in the business environment, including rapid yen appreciation and sharp fluctuations in demand. Also, we were unable to achieve our planned expansion in Industrial Machinery Business, even considering external factors such as the deterioration of demand.

However, the most regrettable incident in the fiscal year that ended on March 31, 2013 was undoubtedly the bearings cartel. In February 2013, the Company and its former officers and a former employee were found guilty in a judgment by the Tokyo District Court; furthermore, in March of the same year, the Company received a cease-and-desist order and an administrative surcharge payment order, based on the Antimonopoly Act of Japan, from the Japan Fair Trade Commission. I express my most sincere apologies for the great deal of concern this matter has caused our shareholders and other stakeholders. The Company regards this situation with the utmost solemnity and sincerity; accordingly, we are implementing a range of measures to restore stakeholder trust as soon as possible and prevent any reoccurrence. Specifically, we have strengthened the compliance system by establishing the Compliance Committee and the Compliance Enhancement Office, appointing persons responsible for compliance at the operating bases of each Group company both in Japan and overseas, and other related initiatives. We are also holding Global Compliance Meetings and Compliance Conferences attended by persons responsible for compliance, to report issues and share information regarding compliance and to further spread awareness of compliance on a group-wide basis. Additionally, we have improved the internal rules by revising the NSK Code of Corporate Ethics and the Compliance Rules and by establishing new Rules for Compliance with the Competition Law; produced a guidebook that clearly describes the laws and internal rules; ensured that officers and employees possess thorough knowledge of its content; and received submissions of written oaths regarding legal compliance from all officers and employees. We have also implemented compliance training, focusing on the Antimonopoly Act and other competition laws, in the form of lectures and e-learning through the Internet at all Group companies in Japan and overseas.

The Fourth Mid-Term Management Plan

In May 2013, we announced the fourth mid-term management plan, in which vision, targets, and measures are defined for the three years from the year ending March 31, 2014 to the year ending March 31, 2016. Although we have previously announced the target of ¥1 trillion in net sales in fiscal 2016, the year ending March 31, 2017—the year NSK celebrates its 100th anniversary—as a route to achieve this level of sales, we set the vision of the new mid-term management plan "establishment of corporate fundamentals appropriate for a company with net sales of ¥1 trillion" in order to improve management quality. We put the highest priority on "safety, quality, and compliance," and further promote our current growth strategies and the strengthening of our organizational makeup. Through these initiatives, we target "growth with focus on profitability" and the "development of management capability to handle ¥1 trillion in sales volume," and enhance business strategies and our management base aimed at further growth.

Regarding business strategies, we will continue to pursue growth in emerging countries, reinforce customer- and sector-based strategies, and expand our focus on profitability based on productivity and technological development capabilities. To enhance our management base as a means of strengthening our organizational makeup, we have set the target of developing management capability to systematically handle ¥1 trillion in sales volume, an extremely large amount for a components manufacturer. Accordingly, we are making every effort to enhance compliance as the foundation of management, cultivating a new corporate culture, and strengthening our global monitoring structure to enhance governance. We are also reorganizing to achieve optimal business structures in Japan and overseas, continuing to internationalize our management, and constructing a truly global management structure.

We will implement the fourth mid-term management plan and target NSK's continued growth and an increase in corporate value. I would like to ask for the continued understanding and support of our shareholders, investors, and other stakeholders.

August 2013

Norio Otsuka
President and Chief Executive Officer

New Mid-Term Management Plan

This section presents the new mid-term management plan (the fourth mid-term management plan), which began in April 2013, giving its outline and explaining its business and regional strategies and other aspects.

01 Positioning of the Fourth Mid-Term Management Plan

Drawn up with the vision of establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion. Targeting the establishment of a firm management and operating base to ensure continued growth for the year NSK celebrates its 100th anniversary and beyond.

We have drawn up a new mid-term management plan, which covers the three years from the year ending March 31, 2014 to the year ending March 31, 2016, and announced the plan in May 2013. This is our fourth mid-term management plan; in our first mid-term plan, which ran from the year ended March 31, 2004 to the year ended March 31, 2006, we shifted from the previous internal year-by-year management approach to implementing fixed targets for the final year of the plan and making details public.

The themes of our first mid-term management plan were "selection and focus strategy and business restructuring" as we tackled issues during the period's difficult management environment. In our second mid-term management plan, we changed tack by targeting transition to "growth strategy and improve profitability," pushing ahead with policies to boost business expansion. We delayed announcement of our third mid-term plan for about six months amid unclear forecasts of recovery following the Lehman crisis, making it into an irregular four-year plan. In this plan we advanced business and global strategies, setting our goals as "respond to paradigm shifts"—growth centered on emerging markets and technological innovation, typified by electric cars and new energy—and "reorganize business structure" to allow for further growth following recovery from the Lehman crisis.

We have drawn up our fourth mid-term management plan with the vision of "establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion," with the most important target being to establish a firm management and operating base to ensure continued growth through November 2016, when NSK celebrates its 100th anniversary, and beyond.

The Company's 100th anniversary in November 2016 will take place in the first year of the fifth mid-term management plan. To achieve our target of ¥1 trillion in net sales by that year, it is necessary to prioritize construction of a corporate foundation that can support business on that scale during the fourth mid-term management plan. At the same time, as well as targeting growth with focus on profitability as demand increases centered on emerging markets, we are bolstering global management of worldwide business expansion.

Positioning of the New Mid-Term Management Plan

FY2003–2005 The first mid-term management plan	FY2006–2008 The second mid-term management plan	FY2009–2012 The third mid-term management plan	FY2013–2015 The fourth mid-term management plan	2016
Select and focus strategy Business restructuring	Transition to growth strategies Improvement of profitability	Responding to paradigm shifts Reorganizing business structure	**Establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion**	100th anniversary

- Establish corporate fundamentals appropriate for a company with net sales of ¥1 trillion in 2016, the 100th anniversary of NSK's foundation
- Implement measures to achieve the mid-term plan's target
- Continue to implement basic strategies (focus on profitability, growth in emerging countries, and global management)

The most important target of the fourth mid-term management plan is to establish a firm management and operating base to ensure continued growth through November 2016, when NSK celebrates its 100th anniversary, and beyond.

02 Outline of the Fourth Mid-Term Management Plan

Targeting growth with focus on profitability and the development of management capability to handle ¥1 trillion in sales volume, based on safety, quality, and compliance.

We have set the establishment of corporate fundamentals appropriate for a company with net sales of ¥1 trillion as the vision of our fourth mid-term management plan, and we are targeting growth with focus on profitability and the development of management capability to handle ¥1 trillion in sales volume, based on prioritizing safety, quality, and compliance in all our business activities. As part of this plan, we are also bolstering business strategies and our management base as we aim at further growth.

The plan's vision of establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion has two aspects. The first is the goal of establishing an operational base in terms of production, sales, and technology to realize ¥1 trillion yen in net sales in our 100th anniversary year. The second is to have the clear management capability to systematically handle ¥1 trillion in sales volume, an extremely large amount for a components manufacturer, representing several billion units a year, on a global scale.

The net sales figure of ¥1 trillion itself may be affected by economic and demand conditions. The important point is to become a corporation able to manage and control this volume, and to that end it is essential to establish the management capabilities to do so globally. In line with this, we are putting more weight on this target of the mid-term management plan to bolster the corporate foundation by developing management capabilities to handle ¥1 trillion in sales volume. We will target further growth with focus on profitability.

Outline of the New Mid-Term Management Plan

[VISION]

Establishing of corporate fundamentals appropriate for a company with net sales of ¥1 trillion

Business strategies

Growth with focus on profitability

- Growth in emerging countries
- Enhancement of customer and sector strategies
- Production and technology development capabilities
- Strategic alliances

Corporate foundation

Develop management capability to handle ¥1 trillion in sales volume

- Enhancement of corporate governance and compliance
- Reform of business structure
- Advancement of global management

Industrial Machinery Business | Automotive Business | New production, sales, and administration systems | Business management / Regional management

Safety, quality, and compliance

New Mid-Term Management Plan Quantitative Targets

Targets for the year ending March 31, 2016

Net sales	¥940.0 billion
Operating income	¥86.0 billion
Ordinary income	¥80.0 billion
Net income	¥52.0 billion
Operating income margin	9.1%
ROE	13.0%
Net D/E ratio	0.40 times
Assumed exchange rates	US$1 = ¥90 €1 = ¥120

03 Corporate Foundation: Develop Management Capability to Handle ¥1 Trillion in Sales Volume

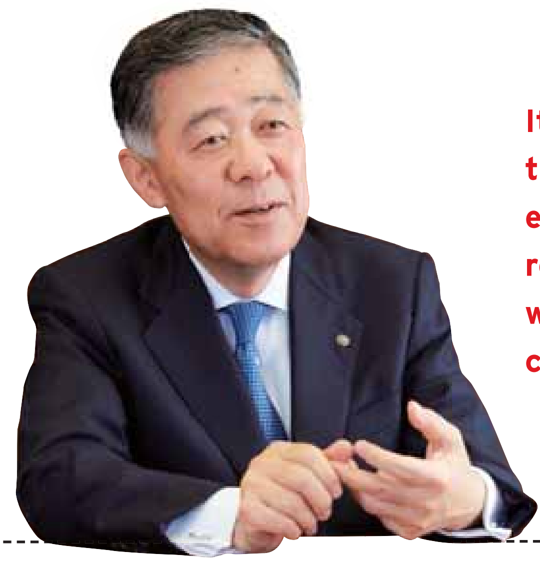
We are prioritizing enhancement of corporate governance and compliance, while targeting reform of business structure and advancement of global management.

We have positioned the development of management capability to handle ¥1 trillion in sales volume as a key target in bolstering our corporate foundation, and we have also prepared three specific policies to achieve this: enhancement of corporate governance and compliance; reform of business structure; and advancement of global management.

The highest-priority issue is enhancement of corporate governance and compliance. With "standardization, commonization, and sharing" as our keywords, we are streamlining duties from a perspective of overall optimization and globally reinforcing monitoring systems to enhance governance in the NSK Group as a whole. Regarding boosting of compliance, taking the cartel incident as an opportunity, we have had all officers and employees in the Group submit oaths that they will maintain the highest possible awareness of legal requirements and work to ensure compliance. To increase compliance, we have also streamlined the organization and communicated compliance issues and information. Further initiatives include raising of awareness and enhancement of internal regulations and training. I will lead the way in pushing ahead with the formation of a new NSK Group corporate culture.

Turning to reform of business structure, while overseas markets will continue to grow as a result of growth in emerging markets, the low birthrate and aging population in Japan mean that a demand increase is unlikely in the Japanese market. With this in mind, it is vital to reform business structures to achieve optimal deployment of management resources. Until now, we have prioritized expansion of production capabilities centered on China and other Asian regions. However, during the period of the mid-term management plan, we will invest in anti-deterioration measures as well as increased efficiency and productivity, particularly in the existing production facilities that form our base, expanding overall capabilities, boosting quality, and reducing lead time.

Regarding advancement of global management, implementation of all policies and measures must be completed from a global perspective, and it is necessary to further globalize the management system. To optimally and efficiently operate the three axes of business, regions, and functions, we aim to push ahead with internationalization of management and construct a truly global management system. In order to raise our operations to the next level, we will utilize new production, sales, and administrative operation systems as tools for the implementation.



It is necessary to further globalize the management system. To optimally and efficiently operate the three axes of business, regions, and functions, we aim to push ahead with internationalization of management and construct a truly global management system.

04 Business Strategies: Growth with Focus on Profitability

We are targeting growth with focus on profitability as a business strategy that takes improved profitability and growth strategies one step further.

We are targeting growth with focus on profitability as a business strategy that takes our previous goals of improved profitability and growth strategies one step further. We will continue to prioritize growth in emerging markets, but we plan to achieve growth that takes into account the balance between China and other Asian countries on one hand and other growth regions on the other. There are several key initiatives for achieving this. The first of these is expanding business in the Americas, where our new Mexican plant is under production. Another is full-scale entry into the Russian and Middle East markets after we establish new sales offices in these areas. Strategies we have developed to meet changes in the Chinese business environment, where there is a shift toward stable growth, will be important. Finally, precise business reinforcement in ASEAN, where growth areas are expanding, will also play a part.

We also plan to achieve more clearly defined profitability growth scenarios in the Automotive and Industrial Machinery businesses. In the Industrial Machinery Business, speedy implementation of sector-based strategies is important, and by making our strong sectors even stronger and thoroughly reinforcing our relatively weaker sectors, we aim to expand this business as a whole. Our strategy in the aftermarket business is expanding sales and increasing revenues in the repair market by boosting maintenance services, in addition to current end-user cultivation and channel development. In the Automotive Business, worldwide automobile production is continuing to grow. We are responding by prioritizing profitability and growth that make possible expansion of our technological development and production capabilities. Specifically, we are clarifying strategies for each application, deploying resources appropriately, and strengthening cost-competitiveness. We are also targeting business expansion.

To successively achieve growth in emerging markets and our strategies for each segment, it is essential to strengthen our productivity and technological development capabilities. Taking a basic stance of manufacturing and providing services from locations near customers, we will prioritize continued expansion and reinforcement of overseas productivity. The extremely strong yen posed many challenges to our business, although the currency has recently eased. Our policy to match domestic and overseas proportions of sales and production remains firm and we are localizing both production and procurement to achieve this policy. At the same time, we are continuing to enhance our domestic and overseas supply chain management. Regarding technology development abilities, as demand increases in high-volume markets, we are strengthening our response to the needs of these emerging markets. Meanwhile, as the trend toward high performance and high efficiency accelerates, we are focusing our development capabilities on new technologies and products. We are also working to speed up development.

Furthermore, as part of our alliance strategies we are strengthening existing alliance businesses and making adjustments as necessary. We are also pursuing new strategic alliances leading to increased revenues and expanded business. Targets for alliances are likely to be connected to the expanding high-volume markets and technologies that complement our own.

Business Strategies

Pursue growth in emerging markets from a focus on Asia to a balance with other growth regions

- Business expansion in the Americas
- Develop an approach to the Russian and Middle East markets
- Develop strategies expansion in China as the economy moves from rapid to stable growth
- Business expansion in the continually growing ASEAN countries

Production and technology development capabilities to raise profitability

- **Production capability:** Continue to expand and enhance overseas production capability, accelerate local procurement, and enhance supply chain management
- **Technology development capability:** Develop new technologies and products, speed up development time, and utilize overseas technology centers

Enhancement of customer and sector strategies

- **Industrial Machinery Business:** Develop sector-based initiatives
- **Automotive Business:** Thorough implementation of application-specific customer strategies

Strategic alliances

- Review and strengthen existing alliance
- Pursue new strategic alliances for profitability improvement and business expansion

05 Strategies by Business Segment: Industrial Machinery Business

Achieving results in a low-growth market environment within a limited time is a major challenge. Accordingly, we plan more thorough reinforcement of sector-based strategies and their speedy advancement.

Given the forecasts of a slow demand recovery in the Industrial Machinery Business during the period of this mid-term management plan, major challenges for the Group as a whole are how to raise NSK's position in a low-growth market environment, and how to attain results within a limited time to fulfill the mid-term targets.

To put it briefly, we intend to thoroughly strengthen sector-based strategies and rapidly implement them. We will expand the Industrial Machinery Business by employing "leader strategies" in the machine tools and electrical and IT equipment sectors in which NSK is strong, establishing our presence more firmly by further bolstering sales, technology, and production capabilities. On the other hand, in railcars, construction machinery, pumps and compressors, and other infrastructure and resources sectors in which NSK is comparatively less strong, we will use "challenger strategies," concentrating our management resources on selected sectors and customers. Our strategy aims to boost connections and expand sales in challenger sectors by leveraging our technological capabilities to encourage customers to open accounts and then expand to general-purpose items.

Emerging markets are the center for sales expansion in the aftermarket business, and we will continue to cultivate end-users and develop sales channels. At the same time, we will increase our presence in maintenance services for major original equipment manufacturers (OEMs) in these emerging markets, where such expertise and experience are limited, as we aim to expand sales and increase profitability in the aftermarket business. We will also strengthen automotive repair business in overseas regions.

Furthermore, as use of numerical control (NC) in machine tools is accelerating in China, we will work to meet this demand. We will also enhance our response to demand in the promising growth areas of medicine, new energy, and mitigation of seismic motion and base isolation, which are anti-earthquake measures.

Industrial Machinery Business: Priority Measures

Reinforce sector-based strategies

Implement leader and challenger strategies

Strengthen aftermarket strategies

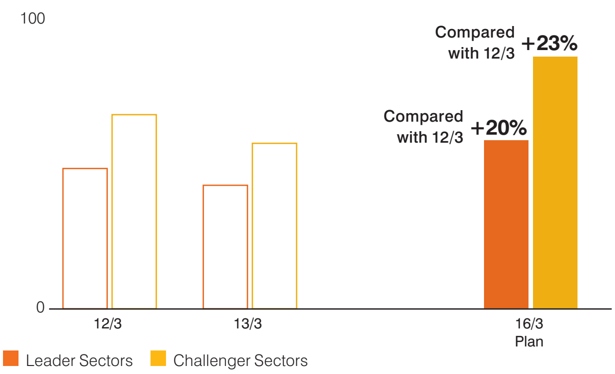
Cultivate end-users, expand distributor channels, and boost the maintenance and service business

Accelerate global expansion

Capture Chinese demand, and develop products to meet market needs in a timely manner

Sector Strategies: Sales by Sector

(¥ Billions)



06 Strategies by Business Segment: Automotive Business

Success depends on business expansion that meets the needs of the age.
We will achieve growth in the Automotive Business by responding to new needs.

The automotive industry is continuing to grow. In the year ended March 31, 2013, 82 million automobiles were produced worldwide and production is predicted to expand to 93 million automobiles in the year ending March 31, 2016. However, while overall production is increasing, the reasons for the increase are changing. One reason is growth in small vehicle production in emerging markets. Also, competition is intensifying over fuel efficiency and automobile manufacturers are increasing production to remain a contender in this battle. For component manufacturers like us as well, success depends on business expansion that meets the needs of the age.

Responding to new needs is a prerequisite for achieving growth in the Automotive Business during our fourth mid-term management plan. In our automotive bearings business, it is important to satisfy technical demand for low torque and smaller, longer-lasting components. By enhancing products aimed at expanding emerging markets we will increase products for high-volume markets. We will also aggressively leverage products which are NSK strengths, such as special bearings for hybrid vehicles and bearings for electrical components in response to the shift toward electric vehicles. We plan to bolster our presence further by upgrading highly efficient, low-friction, lighter and smaller products, and by making greater efforts to boost fuel efficiency. Expansion of electric power steering (EPS) will mainly lead our automotive components business, but increased demand for safety will make meeting technological requirements for EPS more difficult. Also, while column-type EPS, an NSK strength, will drive sales in line with expansion of compact car sales, demand for manual steering columns for medium-sized and large automobiles is also likely to expand to some degree. In the automobile business, the selection of suppliers for new models for mass production in the next two or three years (the duration of the mid-term management plan) has already largely been decided, and fundamentally orders have practically been completed. Sales in the Automotive Business will depend on whether sales of each model reach their target or not as well as the macro business environment.

Accordingly, the issue for the Automotive Business is improving revenues from profits on sales. For NSK to grow with the market, we must expand our business in line with profits. We will therefore continue to improve productivity and work to cut costs through value analysis (VA) and value engineering (VE). Additionally, we will deploy management resources optimally to advance sales expansion strategies for individual applications and target greater cost-competitiveness.

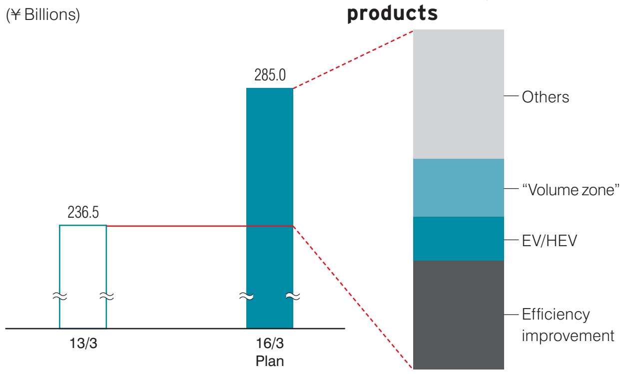
Automotive Business: Priority Measures

Initiatives for "volume zone," EV/HEV and higher efficiency requirement

Develop new technologies and products

Automotive Bearings Net Sales
(¥ Billions)

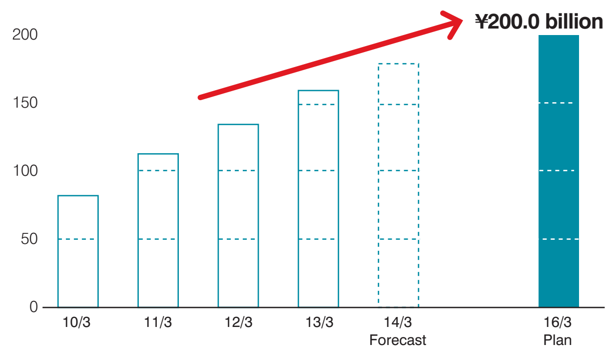
Breakdown of net sales of new technologies and new products



Expand the EPS business

Advance measures to improve profitability and develop next-generation technologies

EPS Net Sales
(¥ Billions)



07 Regional Strategies

We will continue to implement growth strategies driven by emerging markets. However, we will shift from prioritizing China and Asian regions to targeting growth that emphasizes balance with other growth regions.

Until now, we have concentrated investment of management resources on China as our highest-priority strategic market, putting in place a production structure for a full lineup of products at 12 production sites. We have also established a new technology center targeting autonomous management and are building a sales network to cover all of China. In ASEAN we have expanded and strengthened business based on existing production sites and sales offices in Thailand, Indonesia, and Malaysia. In India, we have established regional headquarter functions and laid down a strategy-planning structure for the Indian market as a whole. Through all these measures, we have strengthened our base in China and the rest of Asia.

We will continue to implement growth strategies driven by emerging markets, but we will shift from prioritizing China and Asian regions to targeting growth that emphasizes balance with other growth regions.

In the Americas, in line with establishment of new plants and increased production capabilities of existing plants of Japanese automotive manufacturers, we decided to build a plant in Mexico, where automobile production is continuing to expand. The plant is currently under production and is due to begin operations in spring 2014. As a new supply site for North America, drawing on the advantages of the free trade area, it will contribute to further optimization of the production structure in the Americas.

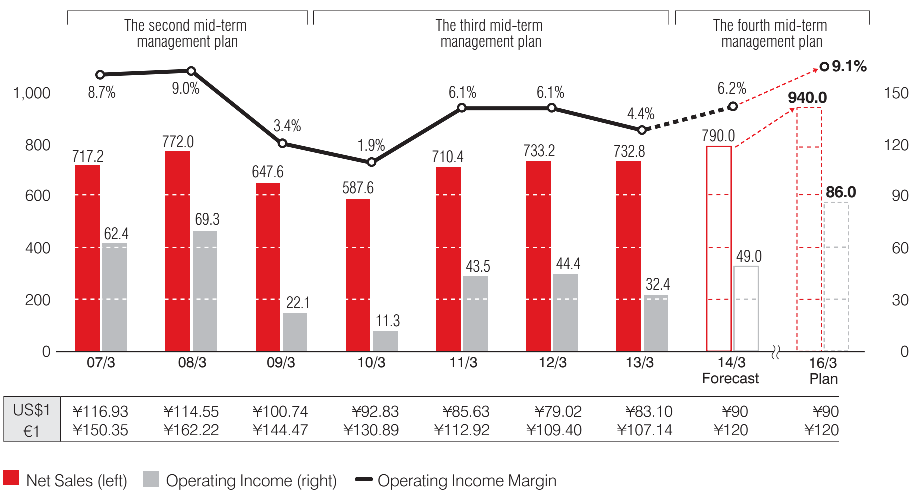
In March 2013, we opened a new sales office in Saint Petersburg in Russia. This is only the first step in covering the wide area that Russia represents, but the new office will allow us to begin larger-scale of sales activities. In the Middle East, adding to our Turkish sales subsidiary established in 1997, we opened a sales office (NSK Bearings Gulf Trading Co.) in Dubai (United Arab Emirates), a core business city in the Gulf States and the Middle East as a whole, in December 2012. Using these sales offices as a base, we aim to bolster sales expansion and technical services.

In China, which is shifting to stable growth, we will further expand sales and localize production based on maximum leveraging of existing sites, while reinforcing risk management. In ASEAN, we will target sales expansion that exceeds regional economic growth through a combination of precise individual strategies that meet the needs of different countries and markets and overall strategies for the whole region. In both China and other Asian regions, we will increase Automotive Business sales through orders that have been fundamentally completed for EPS and other products. As strategic expansion of the Industrial Machinery Business is also key, we will focus on NSK's strengths in the electrical and IT equipment sector, as well as on boosting sales of general machinery and particularly the aftermarket sector.

New Mid-Term Management Plan: Performance Targets

Net Sales / Operating Income Targets

(¥ Billions)



Targets by Business

(¥ Billions)

Industrial Machinery Business	13/3	16/3 Plan
Net sales	216.1	300.0
Industrial machinery bearings	183.1	247.0
Precision machinery and parts	33.0	53.0
Operating income	13.0	48.0
Operating income margin	6.0%	16.0%
Automotive Business		
Net sales	490.5	590.0
Automotive bearings	236.5	285.0
Automotive components	254.0	305.0
Operating income	25.0	41.0
Operating income margin	5.1%	6.9%

08 Looking Ahead to the Next 100 Years

In the 100 years following our 100th anniversary, we will continue to contribute as a corporation by manufacturing innovative products and supplying them to the world.

NSK was founded in 1916 as Japan's first bearings manufacturer. The starting point was the founder Takehiko Yamaguchi's belief that it was absolutely essential to the development of Japan's mechanical industry to produce bearings in Japan, rather than relying on imports as was then the case. This pioneering spirit continued and the Company supported the creation of new products by supplying core components for machinery, contributing to the development of industry. For example, the development of cutting-edge bearings contributed to the most advanced products of the day, from domestically produced aircraft engines and the Shinkansen (bullet train) to videocassette recorders, PCs, and satellites. Technologies acquired from the bearings business were also applied to automobile components, such as steering and automatic transmission products; precision machinery and parts, such as ball screws and linear guides; exposure equipment for LCDs and a wide range of other products.

NSK also has a long history of overseas expansion, founding trading offices and beginning sales activities in the United States and Germany in the early 1960s. Then, in the 1970s, the Company began to establish production sites. After the first overseas plant in Australia launched operations in 1970, NSK began production of bearings in Brazil in 1972, the U.S. state of Iowa in 1975, and the United Kingdom in 1976. As the Japanese automobile industry expanded overseas in the 1980s, against a background of trade friction, NSK also continued its shift of automotive bearings and steering products manufacturing overseas. Since the 1990s, it has expanded production in Asian growth regions.

NSK has also pursued partnerships with overseas manufacturers and engaged in cross-border M&A from an early stage. In the 1960s, we established joint venture companies with U.S. corporations for needle bearings and automatic transmission components. In 1990, we acquired the United Kingdom's largest bearings manufacturer, UPI, and in 1998, we acquired FLT Iskra S.A., a former state-owned company in Poland.

We have grown our business to date by leveraging accumulated technologies in a range of products and proactively expanding overseas. In the 100 years following our 100th anniversary, we will continue to contribute as a corporation by manufacturing innovative products and supplying them to the world. People's needs continue to increase and diversify. The demand for NSK's products and services is also likely to become more complex. Based on our fundamental business field of "MOTION & CONTROL," as a manufacturer of core components for machinery we are supporting rotational and linear motion applications, leveraging technologies that control such motion in product development. By doing so, we are providing highly efficient products with low loss of energy, contributing to the preservation of the global environment.

Also, in line with our mission to "improve relationships between people throughout the world," as set out in our Mission Statement, we are aiming to become an insider in a range of markets in regions around the world and to conduct our business operations as a good corporate citizen with roots in local communities.

While putting into practice this fundamental philosophy, we will continue to target increased corporate value by evolving as a company and improving further on the total quality we have aimed to realize.

NSK has grown its business by leveraging accumulated technologies in a range of products and proactively expanding overseas.
We will continue to target increased corporate value by evolving as a company and improving further on the total quality we have aimed to realize.

Review of Operations

Business at a Glance

Business Segments

Industrial Machinery Business

Industrial Machinery Bearings / Precision Machinery and Parts

Net Sales

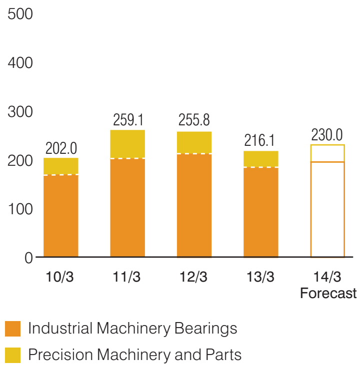
¥216.1 billion

Year on Year

15.5%

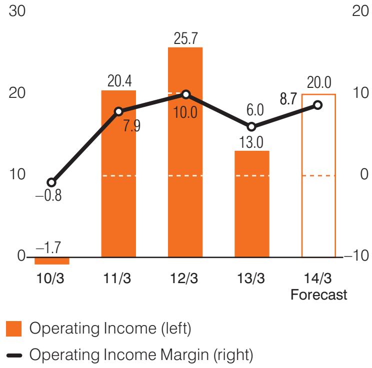
Net Sales

(¥ Billions)



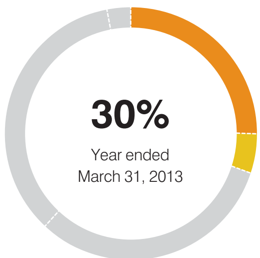
Operating Income
Operating Income Margin

(¥ Billions / %)



Net Sales Breakdown by Segment

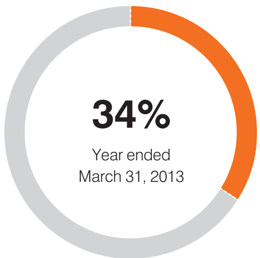
(%)



Industrial Machinery Bearings....**25%**
Precision Machinery and Parts.....**5%**

Operating Income Breakdown by Segment

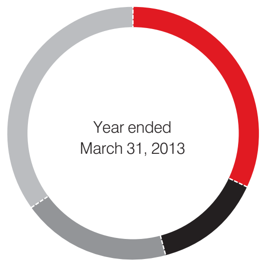
(%)



Industrial Machinery Business....**34%**

Net Sales Breakdown by Region

(%)



Japan....**32%**
The Americas....**14%**
Europe....**19%**
Asia....**35%**

Geographical Segments

Market Trends and Regional Summary

Looking at the overall market trends of respective regions, the Japanese economy showed a partial rally as a result of correction of yen appreciation in the second half of the fiscal year. Nevertheless, the economy as a whole was weak reflecting the slowdown in the world economy and yen appreciation in the first half of the year that led to export stagnation. In the United States, there was a continued gentle recovery, but in Europe the economy remained stagnant due to the debt crisis and financial instability, and in emerging markets—particularly China—there was a slowdown in growth as a result of flagging exports. Facing this operating environment, net sales in Japan were ¥333.3 billion, a year-on-year decrease of 8.4%, and net sales in Europe fell to ¥102.7 billion, a year-on-year decrease of 4.9%. However, net sales in the Americas jumped to ¥103.4 billion, a year-on-year increase of 19.8%, and net sales in Asia increased to ¥193.4 billion, a 10.4% increase year on year.

Net Sales Breakdown by Customer Location

(%)

Year ended March 31, 2013

Japan....**46%**
The Americas....**14%**
Europe....**14%**
Asia....**26%**

Automotive Business

Automotive Bearings / Automotive Components

Net Sales

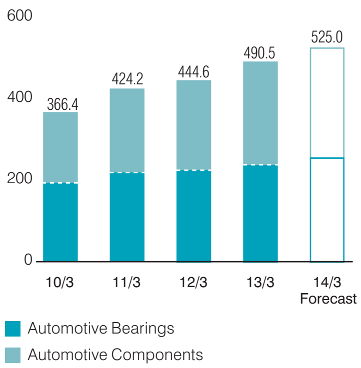
¥490.5 billion

Year on Year

10.3%

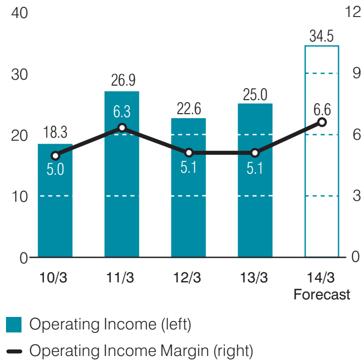
Net Sales

(¥ Billions)



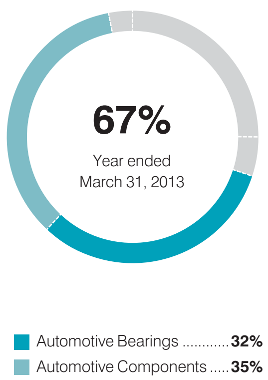
Operating Income
Operating Income Margin

(¥ Billions / %)



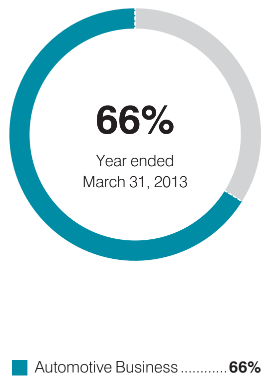
Net Sales Breakdown by Segment

(%)



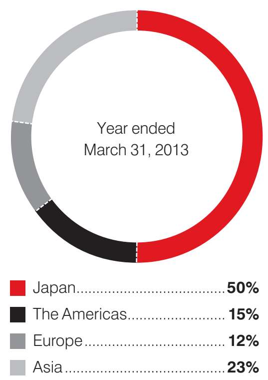
Operating Income Breakdown by Segment

(%)



Net Sales Breakdown by Region

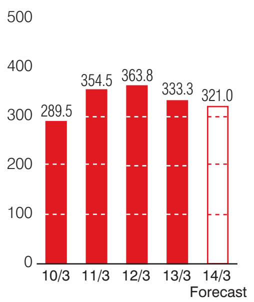
(%)



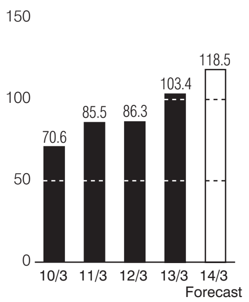
Net Sales by Customer Location

(¥ Billions)

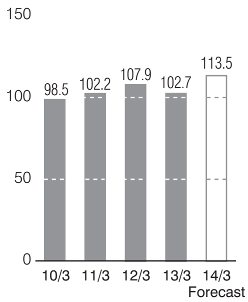
Japan



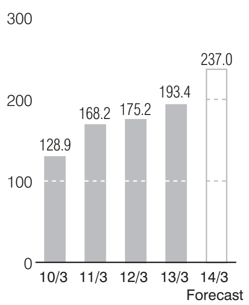
The Americas



Europe



Asia



Review of Operations

Industrial Machinery Business

Industrial Machinery Bearings / Precision Machinery and Parts

Basic Strategy

NSK's Competitive Advantages

- The extensive product lineup of a comprehensive manufacturer
- Technological capabilities based on our four core technologies
- Accumulated expertise in customer needs and technology for a wide range of industries and applications
- Manufacturing, supply, and technical support capabilities based on a global network

The industrial machinery bearings business comprises the general machinery sub-segment, which manufactures bearings for applications in a wide range of industries, such as machine tools, construction machinery, wind turbines, and steel-related; the electrical and IT equipment sub-segment, which includes bearings for home appliances, office equipment, hard disk drives (HDDs), and general purpose motors; and the aftermarket business, which provides maintenance and repair services. The precision machinery and parts business manufactures linear motion products and mechatronics products used in machine tools, injection molding machines, production equipment for semiconductors and LCD panels, and transfer machines. To increase sales, we will enhance sector strategies. We intend to further strengthen categories where the Company is already strong, including machine tools and home appliances, and focus on improving our standing as a challenger in growth fields such as construction machinery, railcars, and wind turbines. In the aftermarket business, we will broaden our customer base, expand and improve sales channels, and reinforce maintenance services and automobile repair services. Through these measures, we plan to expand our Industrial Machinery Business.

NSK Products Play an Active Part in a Wide Range of Industries

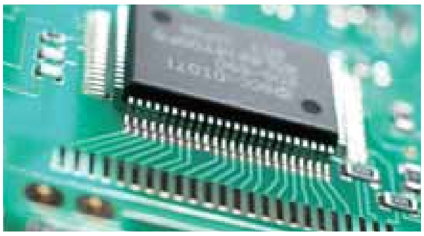

Machine Tools


Steel Plant Facilities


IT Equipment


Mining and Construction Machinery


Wind Turbines


Semiconductors

Main Products

Industrial Machinery Bearings


NSKHPS series of industrial machinery high performance standard bearings

For reduced environmental impact and energy saving, industrial machinery is required to be more compact and efficient, and to ensure its maximized capacities. NSK has contributed to reductions in maintenance cost and size of equipment by offering the NSK high performance standard (HPS) series of bearings, and has expanded its lineup in response to market demand. With six main varieties and 30,000 types of bearings, NSKHPS series products will continue to meet the diverse needs of the industrial machinery market.


Bearigs for special environment SPACEA™ series

The SPACEA™ series of bearings are high-quality bearings based on vacuum lubrication, material engineering, and thin-film technologies for space equipment. They are suitable for use in vacuum, corrosive, clean, high-temperature, and dust-contaminated environments. They are used in such contexts as food processing facilities, health-related facilities, semiconductor production equipment, aerospace equipment, and robots that operate in a vacuum. NSK is making full use of cutting-edge technology and plans to expand the SPACEA™ series.

Year Ended March 31, 2013			
Net Sales	¥216.1 billion	15.5%	↓
Operating Income	¥13.0 billion	49.3%	↓

Year Ending March 31, 2014			
Net Sales	¥230.0 billion	6.4%	↑
Operating Income	¥20.0 billion	53.8%	↑

Business Results and Main Initiatives
for the Year Ended March 31, 2013

The segment experienced deceleration as a result of slowing growth in emerging markets

Industrial machinery-related demand decreased as a result of slowing economic growth in emerging markets and inventory adjustments. Although we engaged in sales expansion activities, sales in general machinery, including machine tools and construction machinery, as well as electrical and IT equipment and aftermarket businesses all declined. As a result, net sales for fiscal 2012 totaled ¥216.1 billion, a 15.5% drop year on year. Operating income was down 49.3%, to ¥13.0 billion, due to lower order volumes, despite efforts to cut personnel expenses, a range of other expenses, and procurement costs. In the year ended March 31, 2013, we acquired a stake in Ningbo MOS Group Co., Ltd. one of China's leading private companies for bearings, entering into an alliance in the bearings business. Through this investment, we will exchange information about the market and suppliers as well as manufacturing expertise, and carry forward entry and expansion into the high-volume Chinese market. We also established and began sales activities at sales offices in Dubai, the United Arab Emirates and Saint Petersburg, Russia. We aim to boost sales by meeting demand in emerging economies that are expected to grow.

Outlook and Priority Measures
for the Year Ending March 31, 2014

We expect increased revenues and earnings from economic recovery in the second half of the year

In the year ending March 31, 2014, we forecast that our net sales will rise 6.4% year on year, to ¥230.0 billion, as our customers and distributors continue with inventory adjustments and with a recovery in demand expected in the second half of the year. We also project that higher order volumes and cuts in procurement costs will contribute to a 53.8% rise in operating income to ¥20.0 billion, and an operating income margin of 8.7%.

In the current fiscal year, we will advance sector-oriented initiatives focused on priority industries, strengthening the machine tools and electrical and IT equipment sectors, while targeting improvement in our standing in infrastructure fields, such as construction machinery, railcars, and wind turbines, and resource fields, such as mining and steel. Also, in the aftermarket sector, we will continue expansion of sales channels centered on emerging economies and increase sales by reinforcing maintenance service and focusing on automobile repair services. Through effective leveraging of the alliance with Ningbo MOS Group Co., Ltd., we will expand aggressively into the high-volume Chinese market.

We aim to increase the profitability of our Industrial Machinery Business by cutting costs through lead time reductions, site improvements, greater productivity as a result of transfer of production lines, localized procurement, and international procurement.

Precision Machinery and Parts

NSK standard ball screw
high-speed SS series

As the world's No.1 ball screws supplier, NSK meets a broad spectrum of needs ranging from general-purpose to advanced products. The Company has developed the standard ball screw high-speed stainless steel (SS) series, the fastest in the world, using its proprietary high-speed and silencing technologies. While contributing to higher productivity by machine tool and special processing equipment customers, we can provide quick delivery through inventory enhancement.

NSK Linear Guides™
random-matching

As a cutting-edge roller guide that incorporates NSK's analysis technology and tribology, the NSK roller guide RA series is used in a wide range of fields including machine tools. NSK has increased working accuracy and the service life of the RA series. Increasing the accuracy of both the rail and slider components enables these components to be handled separately, and makes possible random matching.

Review of Operations

Automotive Business

Automotive Bearings / Automotive Components

Basic Strategy

NSK's Competitive Advantages

- Wide-ranging business relationships / customer base among finished vehicle manufacturers and first-tier automotive component manufacturers
- Global supply capabilities
- Developmental capabilities / technological response capabilities for advances in driving, steering, and braking functions
- Global management system that directs efforts to cater to non-Japanese customers

Automotive market is likely to grow continually, spurred by demand from emerging markets. At the same time, the pace of technological innovation in the development of hybrid vehicles, electric cars, and fuel-efficient vehicles, as well as the commonality of components and units is rising. NSK's automotive business consists of two categories: automotive bearings, such as hub unit bearings and needle roller bearings; and automotive components, including electric power steering (EPS) systems and automatic transmission components. Business relationships with all Japanese automobile manufacturers, almost all of the North American and European automobile manufacturers, and a wide range of first-tier automotive component manufacturers have enabled NSK to reflect customers' latest needs and technological trends in product development. We will continue to cater to the increasingly advanced and diverse requirements of automobiles by accelerating technological development based on medium- to long-term perspectives.

NSK Products are Used in a Wide Range of Automotive Parts


Hub Unit Bearings


Transmission Components


Engine Parts and Electrical Accessories


Electric Power Steering (EPS)

Main Products

Automotive Bearings


Hub unit bearings with high-reliability seals

The hub unit bearing is a key component requiring a high level of reliability. It is fitted in the part of the car closest to the surface of the road, and supports the body of the vehicle while shutting out muddy water. NSK has developed the hub unit bearing with a high-reliability seal for severe driving environments—such as in emerging countries—that has improved blocking of muddy water compared with earlier seals. Our hub unit bearing with its excellent muddy water blocking capabilities contributes to safe driving and fuel efficiency.


High-efficiency shell needle bearings for automatic transmissions

As part of movements to further boost efficiency of automobiles, demand for greater efficiency of automatic transmission, such as by making it smaller and lighter as well as reducing friction loss, is growing. In addition to rolling bearings, sliding bearings are used in an automatic transmission. NSK has developed high-efficiency shell needle bearings, which combine efficiency with lightness, to replace the sliding bearings. These shell needle bearings are light and cause less friction than the sliding bearings, raising the efficiency of the automatic transmission and contributing greater fuel economy.

Year Ended March 31, 2013			
Net Sales	¥490.5	billion	10.3% ↑
Operating Income	¥25.0	billion	10.4% ↑

Year Ending March 31, 2014			
Net Sales	¥525.0	billion	7.0% ↑
Operating Income	¥34.5	billion	38.0% ↑

Business Results and Main Initiatives for the Year Ended March 31, 2013

The segment achieved record sales due to a rise in EPS sales

Automotive-related demand increased for both automotive bearings and automotive components. In Japan, sales increased as a result of a recovery in automobile production following the Great East Japan Earthquake and the Japanese government's eco-car subsidies in the first half of the year. Although sales fell in Europe due to market stagnation, a rally in the U.S. economy led to improved sales for Japanese automobile manufacturers and EPS sales advanced. In China, sales increased due to an automobile market expansion, despite a reduction in the market share of Japanese manufacturers. In Thailand, increased vehicle sales thanks to government policies of promoting automobile purchases brought increased sales of automotive bearings and EPS systems. Consequently, for the year ended March 31, 2013 the segment's net sales totaled ¥490.5 billion, a year-on-year increase of 10.3%. Operating income rose 10.4% to ¥25.0 billion as a result of reduced procurement costs and improved productivity.

In October 2012, we began production in Hefei, our first production site in inland China, and worked to enhance our manufacturing base in China, where growth is expected.

Outlook and Priority Measures for the Year Ending March 31, 2014

We will continue to expand and bolster profitability of products aimed at emerging markets and EPS systems

In the current fiscal year, ending March 31, 2014, demand in North America and emerging markets is likely to continue to grow. With EPS sales expansion in North America and Asia, we project that net sales will grow 7.0% to ¥525.0 billion. We also expect operating income of ¥34.5 billion, a 38.0% year-on-year increase, and an operating income margin of 6.6%.

In the current fiscal year, we will expand product sales to emerging countries where demand increase is expected, continue to enhance our manufacturing base, and work to grow alongside our earnings. Regarding production, we will strengthen EPS facilities in China and the United States, and enhance the productivity of hub unit bearings in China and Thailand in order to meet greater demand. In addition, we plan to expand local production, such as by establishing a new production base in Mexico with the aim of starting manufacturing in spring 2014, and build an earnings structure resistant to currency fluctuations.

For EPS systems, a strategic product, we will reinforce development of next-generation technologies and target orders for next-generation models. Other initiatives will include ensuring the successful launch of projects for new automobiles and stabilizing manufacturing rapidly while boosting profitability by reducing procurement costs and improving productivity.

Automotive Components

Column-type
EPS systems

EPS, which is 3–5% more fuel-efficient than previous hydraulic systems and excellent at controlling steering, is becoming increasingly common throughout the world. Demand for EPS is likely to rise further against a background of increasing demand of eco-friendly small vehicles. NSK is the world's leading supplier of steering columns and joints, except products internally manufactured by automotive manufacturers, and the Company's light and compact column-type EPS systems contribute to fuel efficiency and downsizing.

Clutch
assemblies

Smooth transmission with minimal energy loss is required for automatic transmission (AT) under variety of driving conditions. NSK's AT products, developed with high-level tribology technologies, limit friction and allow smooth and efficient driving. As an example of our AT products, clutch assemblies maximize clutch functions through optimal design.

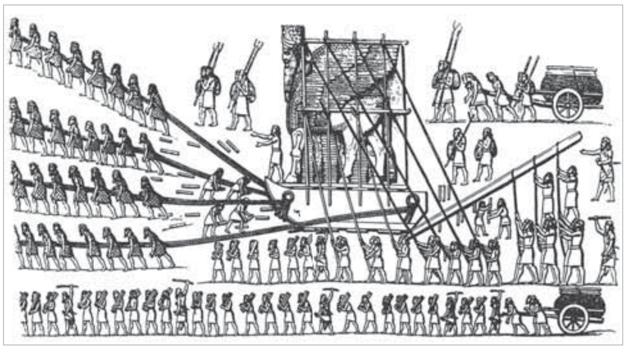
NSK's Research and Development

During a history spanning nearly a century, NSK has continually focused efforts on R&D, developing new technologies and raising product quality. As a leading company in the areas of bearings, automotive products, and precision machinery and parts, NSK's technological capabilities are based on four core technologies: tribology, material engineering, analysis technology, and mechatronics. Based on these core technologies, NSK will continue developing ever more advanced technologies. By providing high-quality advanced products that reflect market demand in a timely manner, the Company will contribute to the development of an array of industries worldwide.

NSK's Four Core Technologies

Tribology

Tribology is a technology that controls friction and wear of sliding surfaces in relative motion. This is one of the key technologies for bearings that support rotational or linear motion applications. The principle of bearings traces its origin to ancient Mesopotamia, where gigantic stones were transported with relative ease by placing logs underneath them.



From a mural unearthed at Nineveh, the capital of ancient Assyria

◎ POINT 1: **Energy Conservation**

Bearings which use rollers or balls are able to reduce friction between sliding surfaces of machine parts, and allow machines to operate smoothly. This contributes to energy savings.

◎ POINT 2: **Longer Service Life**

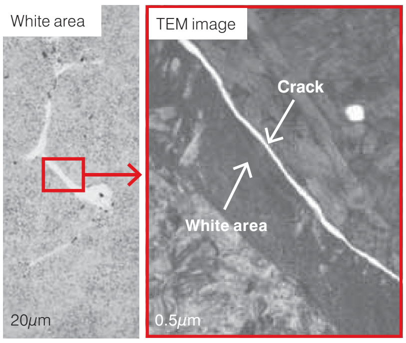
Sliding surfaces that generate friction always produce wear. Smooth rotation of bearings reduces friction and wear, and this extends machine service life, saving resources.

◎ POINT 3: **Reliability**

Friction always generates heat. Excessive frictional heat causes the sliding surfaces of machinery to seize. By reducing the frictional heat, bearings prevent seizure and improve reliability of machinery.

Material Engineering

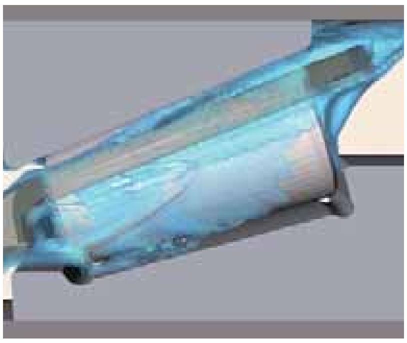
Materials play a key role in heightening the performance and durability of bearings subjected to extreme usage conditions. Aiming to develop products with even greater durability and reliability, we use a wide variety of performance assessments and analytical technologies to develop new materials with optimal compositions and new heat treatment processes with optimal conditions. Moreover, we develop technologies that use new materials, such as ceramics and high polymeric materials.



Transmission electron microscopy (TEM) image of the white area formed in the steel structure of bearings

Analysis Technology

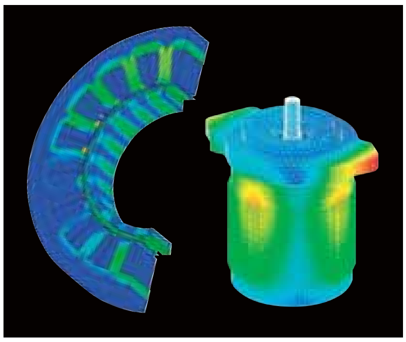
We use computer simulations to test and assess the performance of bearings in virtual environments. Taking advantage of advanced analysis technology enables us to assess performance in extreme conditions, under which testing in actual machinery is difficult. This helps us speed up the creation of optimal designs and product development for bearings.



Computational fluid dynamics (CFD) analysis of tapered roller bearings

Mechatronics

NSK has honed mechatronics, which combines electronics with mechanical technologies the Company has fostered through product development and at production sites. In a broad spectrum of areas—including motors, control, and sensors—mechatronics creates new products exemplifying NSK's initiatives to integrate MOTION & CONTROL.



3D magnetic analysis of a direct drive (DD) motor (left) and magnetic vibration analysis of an EPS motor (right)

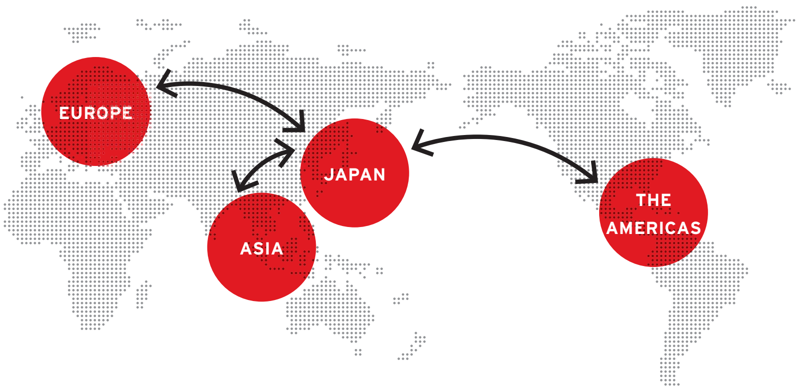
NSK's Technology Centers Worldwide

To flexibly and quickly meet the diverse needs of customers in regions around the world, NSK operates technology centers in Japan, Europe, the Americas, and Asia. At these technology centers, experts in a range of fields develop platform technologies and next-generation products while sharing technological data globally and improving technological services.

NSK is reinforcing its overseas technology centers to cater to the needs of customers in areas where growth is expected. Engineers are sent from Japan to train local staff, and many foreign engineers attend the technology center in Japan and receive training each year.

NSK will continue to work worldwide to develop technologies and products that meet market needs, and is targeting further growth by keeping customers satisfied as a solutions provider.

Training of foreign engineers



Japan (The Corporate Research & Development Center)

China

Germany

U.S.A.

Developing Next-Generation Technologies: The Future Technology Development Center

Due to growing demand for improved environmental and safety features as well as heightened competition in emerging markets, demand for advanced automotive technologies is greater than ever.

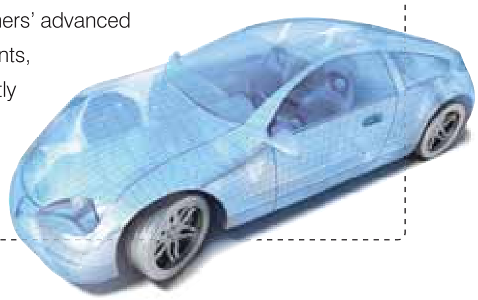
While demand for hybrid and electric cars is increasing, competition over the fuel efficiency of internal combustion engines continues. It is also necessary to respond to a range of challenges including increased safety performance and development of low-priced cars for emerging markets. Automobile manufacturers are contending fiercely by launching initiatives featuring various development themes, offering distinct directions in technology and development cycles, depending on the customer, region, vehicle part, and function.

A lead-robot with obstacle avoidance capabilities

Society also has high expectations for next-generation technologies in the field of industrial machinery, such as those related to new energy, medicine, biotechnology, and robots.

As a manufacturer of key components for machine elements, NSK has built the Future Technology Development Center and focuses on R&D at the center, with a view to meeting customers' technological demands, promoting proposal-based development, and working on integrated development of future automobile systems and advanced development in the industrial machinery field.

Under a system in which specialist engineers maintain constant contact with our customers' advanced development departments, we can respond promptly and accurately to development needs.



Basic Philosophy for Corporate Social Responsibility

NSK's Mission Statement unequivocally states a commitment to helping develop society and protect the environment. Furthermore, our Management Principles guide efforts to realize this Mission Statement. The Mission Statement and Management Principles are based on the belief that we can best fulfill our corporate social responsibility through our day-to-day business activities.

As a company with global business operations, we aim to enhance our corporate value and achieve sustained growth by providing high-quality products and services to meet the needs of customers and other stakeholders while maintaining consideration for social issues and the environment.

Mission Statement

NSK aims to contribute to the well-being and safety of society and to protect the global environment through its innovative technology integrating MOTION & CONTROL. We are guided by our vision of NSK as a truly international enterprise, and are working across national boundaries to improve relationships between people throughout the world.

Management Principles

1	To serve our customers through innovative and responsive solutions, taking advantage of our world-leading technologies.
2	To provide challenges and opportunities to our employees, channeling their skills and fostering their creativity and individuality.
3	To identify the needs of the times and of the future and to use all of NSK's resources to meet those needs by being versatile, responsive, and dynamic.
4	To work together with our employees and contribute to the communities in which we operate.
5	To manage our business from an international perspective and to develop a strong presence throughout the world.

Raising CSR Awareness

Response to U.S. Conflict Minerals Disclosure Rules

In August 2012, rules were drawn up in the United States to limit funding of armed groups and rebel forces that violate human rights in the Democratic Republic of the Congo and neighboring countries. These rules make it necessary for listed companies to make annual checks concerning the use of four "conflict minerals" from the region and submit reports based on those surveys to the U.S. Securities and Exchange Commission.

NSK is not listed in the United States and is not required to make reports, but in order to proactively tackle this social problem, it has revised its NSK Supplier CSR Guidelines, clarifying its avoidance of usage of conflict minerals, and is making checks with the assistance of its suppliers.

As of March 31, 2013, NSK has completed checks of 80 suppliers and found no usage of conflict minerals. In the current fiscal year, it will continue to make checks among a wider range of suppliers.

As a Member of Society

Social Contribution Activities

To assist with the development of countries and regions around the world, NSK participates in a variety of social contribution activities. It aims to become a company that is trusted and respected in each region by focusing on three areas:

1. Promoting science and technology that support the prosperity of society
2. Fostering development of the next generation
3. Engaging in activities designed to build mutual harmony and benefit with communities

Fostering Future Engineers in Japan

Study session at Toyama National College of Technology

As part of community contribution activities, our Hokuriku branch has held a bearing, ball screw, and linear guide study session in the Department of Mechanical Engineering at Toyama National College of Technology since 2007. At the study session, students learn basic knowledge about bearings, ball screws, and other products, as well as how they are used, consolidating their knowledge through practice exercises. In March 2013, we received a letter of appreciation from Toyama National College of Technology, acknowledging our long years of contributing to engineer education.

Providing Career Guidance Support to Local Students in the United Kingdom

Career guidance support in the United Kingdom

NSK Bearings Europe Ltd.'s Peterlee Plant produces an annual plan for CSR activities. In the year ended March 31, 2013, the plan focused on three areas by contributing to the community, increasing awareness of NSK's technology and manufacturing, and strengthening ties with local educational institutions. As well as supporting career guidance for students in the Durham area, we acted as advisers to eight 12- to 13-year-old students from the Easington Academy. In the six-month educational period, we supported the students through plant visits and events.

The Environment and NSK

Mid-Term Plan for Environmental Management Activities

NSK supplies bearings and other products that contribute to decreased environmental impact by helping to reduce friction. NSK's environmental management not only develops and improves these products but also supports the realization of a sustainable society through such activities as increasing resource efficiency in manufacturing processes.

Since first drawing up an Environmental Voluntary Action Plan centered on manufacturing divisions in 1993, we have developed it to the level of a Companywide action plan as a specific environmental management policy. While sharing targets with Japanese affiliates in our prior mid-term plan, we also applied the action plan to our overseas affiliates. Furthermore, while diversifying our environmental activities we reinforced environmental management from the environmental compliance point of view.

In the new mid-term plan, we will work to contribute even more to the environment through our products. Additionally, we have set new targets for "reducing water usage and waste" as a way to cut the environmental impact of our business activities and bring about a low-carbon, recycling-oriented society that is in harmony with nature. We will systematically implement activities aimed at meeting these targets, raise Groupwide environmental management to the next level, and further strengthen our global management.

Environmental Voluntary Action Plan (excerpt)

	Targets for the year ending March 31, 2016
Creating Environmentally Friendly Products	Create environmentally friendly products and technologies
Global Warming Countermeasures	Manufacturing, worldwide: Reduce CO_2 emissions per production unit by 4% (base year: year ended March 31, 2012)
Resource Conservation and Recycling Measures	Development / Design / Manufacturing, in Japan: Reduce waste of resources by changing machining processes Manufacturing, in Japan: Reduce industrial waste created per production unit by 4% (base year: year ended March 31, 2012) Maintain a waste recycling rate of 99.99% or more Manufacturing, outside Japan: Maintain a waste recycling rate of 99% or more Manufacturing, worldwide: Reduce water usage per production unit by 4% (base year: year ended March 31, 2012)
Reducing Use of Environmentally Harmful Substances	Procurement, worldwide: Complete expansion of NSK green procurement to key suppliers Development / Design / Manufacturing / Sales, worldwide: Complete a chemical substance quality assurance system for products

Contributing to the Environment through Our Products

NSK is precisely evaluating the needs of customers and society and developing products that contribute to the environment through the use of the Company's four core technologies: tribology, material engineering, analysis technology, and mechatronics. By promoting the widespread use of our products and technologies around the world, we aim to reduce the environmental impact on society as a whole.

Greater than 50% Reduction in CO_2 Emissions from Injection Molding Machines through Electrification

Ball screw for injection molding machines

The mobile phone helps to provide quality of life to its users, and there is demand for not only a variety of functions such as Internet browsing but also smaller and thinner phones. As a consequence, greater accuracy and efficiency are required from injection molding machines that are used to make phone components. NSK supports the increased accuracy and efficiency of injection molding machines and also contributes to energy saving.

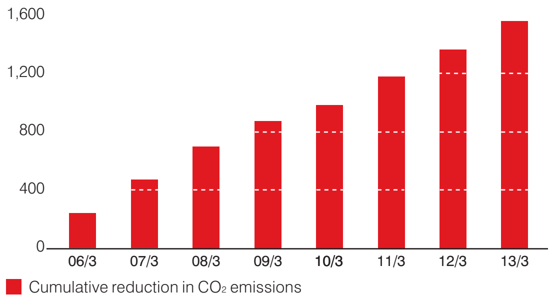
Injection molding machines are employed to make plastic products through a process in which great pressure is applied to plastic that has been heated to melting point, squeezing it into metal molds, after which the plastic is cooled until it solidifies. Previously, the process used hydraulic actuators, but injection molding machines are now powered increasingly by electricity as a result of market demand for thinner products made with greater accuracy but using less energy. These electric injection molding machines use between a quarter and a half of the power of the hydraulic machines, resulting in a great saving of energy.

NSK has developed ball screws to be used instead of hydraulic actuators as an essential electrification technology, and the Company supplies products that remain highly reliable under difficult conditions, when they must withstand high temperatures, high loads, and short-stroke conditions.

We have estimated the environmental contribution of ball screws by calculating reductions in CO_2 emissions due to the electrification of injection molding machines. We calculated that the CO_2 emissions saving during a year's operation of electric machines produced during the year ended March 31, 2013 was approximately 193,000 tons (approximately 13,760,000 Japanese cedar trees). NSK will continue to contribute to the environment by developing and providing environmentally friendly products.

Reduction in CO_2 Emissions Due to Use of Ball Screws in Electrification of Injection Molding Machines

(Thousands of tons of CO_2 per year)



Corporate Governance

Basic Philosophy

NSK defines corporate governance as a structure that enables the operational organizations to realize efficient and fair management under the supervision of the Board of Directors. This philosophy is the essence of the NSK Corporate Governance Rules, under which we are reinforcing our governance systems by implementing the following policies.

① Improve management flexibility by delegating more authority from the Board of Directors to the operational organizations.

② Ensure the supervision of the operational organizations by the supervisory organizations, by separating the former and the latter.

③ Strengthen the supervision of the operational organizations by the supervisory organizations through close cooperation between the former and the latter.

④ Increase management fairness by strengthening the compliance system.

Corporate Governance Structure

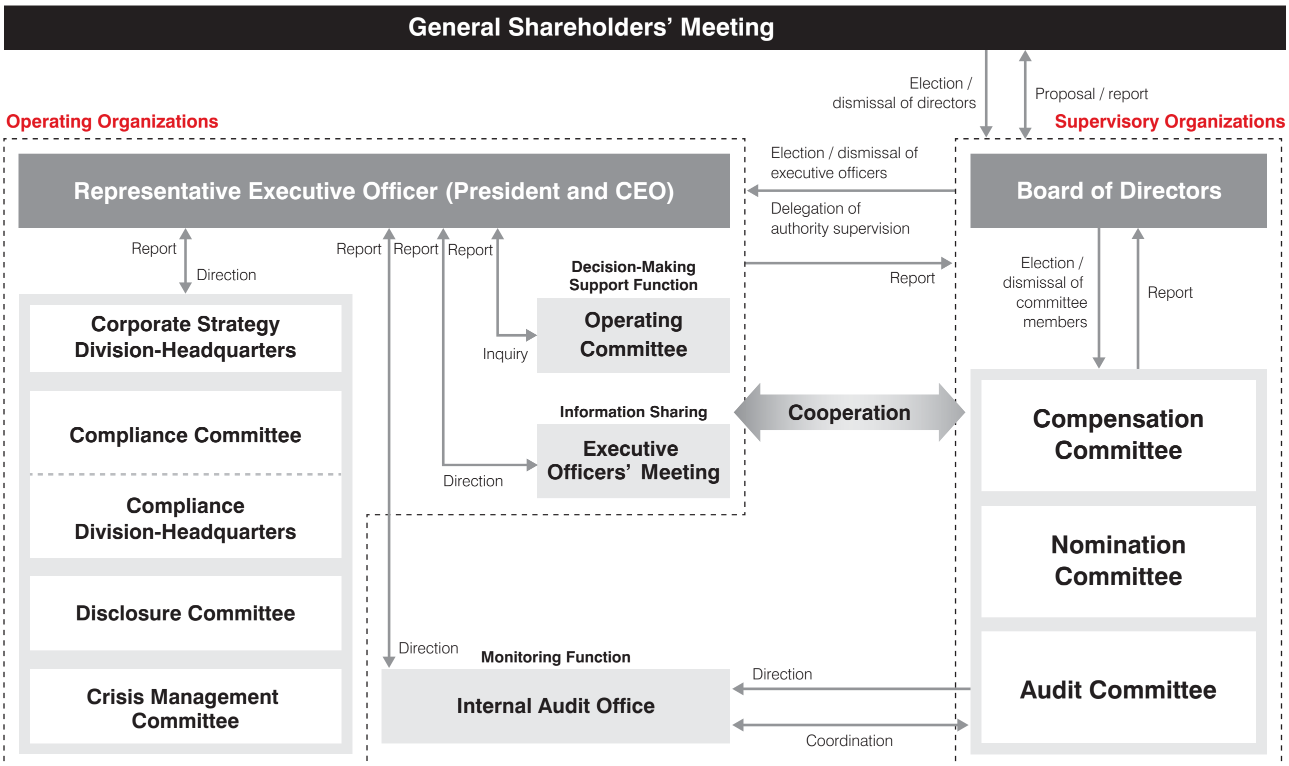
NSK has strengthened its governance structure by adopting a "Company with Committees" system. We have established a sound and highly transparent management structure based on clearly defined executive and supervisory roles.

- Operational Executive Functions: The CEO makes decisions with reference to the deliberations of the Operating Committee. The executive officers in charge put these decisions into action.
- Supervisory Functions: The Board of Directors makes decisions on fundamental management policies and supervises the activities of executive officers. It maintains the Audit Committee, the Compensation Committee, and the Nomination Committee, each consisting of two independent directors and one non-independent director.

Internal Control Systems

Each business division is responsible for the global operations of NSK in its assigned areas. At the same time, we are reinforcing the group-wide internal control structure by establishing NSK Group Management Rules that apply across the entire NSK Group. Basic principles are set forth in the Management Rules to serve as the framework of Group management and internal control systems. The Internal Audit Office audits the legality, appropriateness, and efficiency of business operations and monitors the status of business operations. The Compliance Division-Headquarters plans, formulates, implements, and supervises policies to ensure compliance with laws, regulations, rules, and corporate ethics. The Corporate Strategy Division-Headquarters plans and implements management strategies, monitors progress of the implementation of these strategies, and conducts overall management of all risks in NSK's business operations. In addition, the Corporate Strategy Division-Headquarters is responsible for maintaining and strengthening internal control systems that are necessary in the implementation of global business operations.

NSK's Corporate Governance Structure



Compliance

Basic Philosophy

To continue to be a company trusted by society, NSK believes that complying with laws and observing a high ethical standard while conducting business is one of the most important management tasks that we should undertake. The foundation of compliance at NSK is the NSK Code of Corporate Ethics, which stipulates universal principles that must be followed by all officers and employees.

In light of the demands from society, NSK is working to ensure thorough awareness of the content of this Code by producing and distributing an NSK Compliance Guidebook with detailed explanations.

Initiatives to Strengthen the Compliance Structure

In June 2012, NSK Ltd., certain former officers and a former employee were prosecuted for a violation of the Antimonopoly Act of Japan regarding sales of bearing products by the Tokyo District Public Prosecutors Office. In February 2013, the Company received a penalty of ¥380 million and the former officers and employee received suspended prison sentences in a judgment by the Tokyo District Court. Also, in March 2013 the Company was subject to a cease-and-desist order and an administrative surcharge payment of ¥5.6 billion, based on the Antimonopoly Act, issued by the Japan Fair Trade Commission. Furthermore, our overseas subsidiaries are undergoing investigation of their bearing products transactions by the relevant authorities.

NSK and the NSK Group are cooperating thoroughly with these investigations.

We would like to apologize deeply for the considerable anxiety these incidents have caused to our stockholders, customers, and other stakeholders.

NSK regards this matter with the utmost solemnity and sincerity, and while seeking to ascertain the causes the Company is promptly implementing a range of measures to further strengthen its compliance system. As part of these efforts, NSK established the Compliance Committee in March 2012 and the Compliance Enhancement Office on July 1, 2012. The office works in cooperation with the Legal Department in the upper levels of the organization, receiving legal support while taking responsibility for all compliance-related operations for the entire Group, and planning, implementing, and checking operations and taking corrective measures, based on policies and measures to strengthen compliance formulated by the Compliance Committee. Under this system, following this committee's policies, we are working to bolster Company compliance systems further through such activities as compliance training for all officers and employees.

Under the new compliance system, NSK is making every effort to conduct business operations observing full compliance with the law throughout the Company, based on its social responsibility as a corporation.

Our main policies for strengthening compliance that have been drawn up or implemented as of the time of writing are as follows.

Compliance Committee Meetings

Compliance Committee meetings were held six times between the committee's establishment in March 2012 and May 2013.

Bolstering Compliance

August 2012

- We assembled overseas compliance representatives at a global compliance meeting to discuss measures for strengthening compliance.
- We distributed a guidebook on the Antimonopoly Act to officers and employees and received submissions of written oaths regarding compliance with this act and other laws.

December 2012

- We assembled compliance representatives from each division and Group companies in Japan at a compliance conference to discuss measures to strengthen compliance.

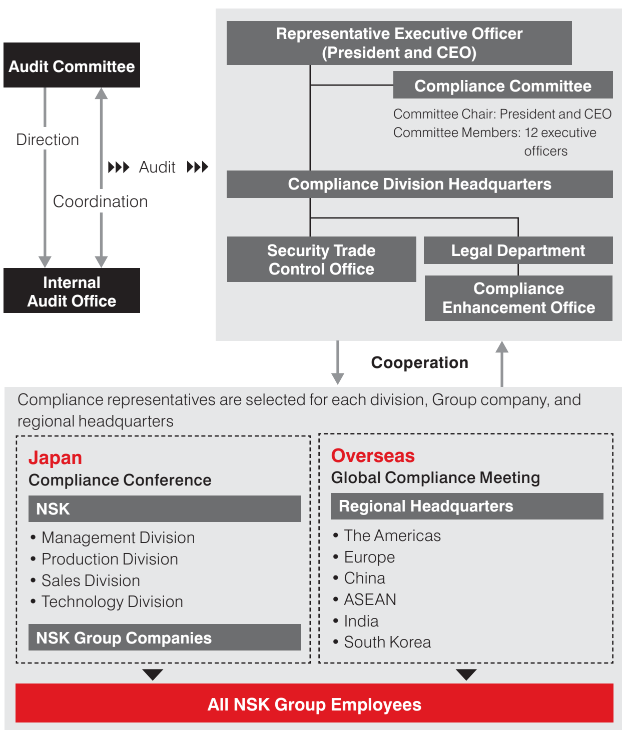
March 2013

- We distributed the NSK Compliance Guidebook to officers and employees and received submissions of written oaths regarding compliance with related laws, the NSK Code of Corporate Ethics, and other internal regulations to further enhance compliance.

Compliance Education

- We held training regarding the Antimonopoly Act from February 2012 to March 2013 for officers and employees in the NSK Group: 145 times to a total of 4,500 people in Japan and 39 times to a total of 900 people in other countries.
- We provided e-learning on such topics as compliance with the Antimonopoly Act, internal controls, human rights, and prevention of bribery from December 2012 to February 2013 for officers and employees in the NSK Group.

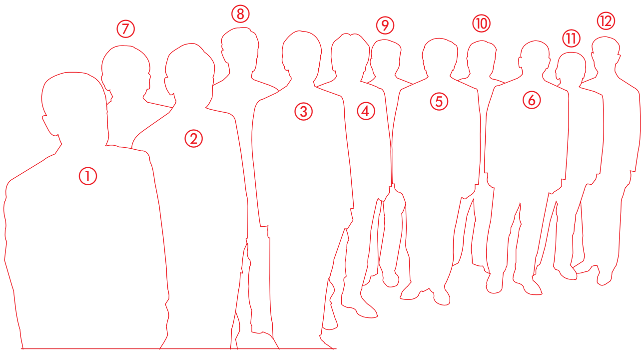
NSK Group Compliance System



Management Team As of June 25, 2013

Board of Directors

① Norio Otsuka
② Tsutomu Komori
③ Toshihiro Uchiyama
④ Masahide Matsubara
⑤ Hideyuki Shibamoto
⑥ Naoki Mitsue
⑦ Saimon Nogami
⑧ Tatsuo Ichikawa
⑨ Yoshikazu Sashida
Independent Director
⑩ Toshitaka Hagiwara
Independent Director
⑪ Kazuo Suzuki
Independent Director
⑫ Yukio Obara
Independent Director



Executive Officers

President and Chief Executive Officer
Norio Otsuka*

Executive Vice Presidents
Tsutomu Komori*
Toshihiro Uchiyama*
Masahide Matsubara*
Hideyuki Shibamoto
Naoki Mitsue

Senior Vice Presidents
Norbert Schneider
Hirotoshi Aramaki
Yasutsugu Hada
Nobuo Goto
Shigeyuki Suzuki
Naoki Sugimoto
Yasuhiro Kamio
Koji Inoue
Bernard M. Lindsay
Yukio Ikemura
Hideo Nakajima
Saimon Nogami
Masatada Fumoto

Vice Presidents
Toshiyuki Nagashima
Hiroshi Suzuki
Sakae Kuwashiro
Minoru Arai
Fumio Ogiso
Tamotsu Matsumoto
Hiroya Miyazaki
Issei Murata
Adrian Browne
Hiroyuki Itou
Shin Ikeda
Masami Shinomoto
Katsumi Kobayashi
Toshihiko Enomoto
Hiromasa Orito
Juergen Ackermann

Group Officers

Yujiro Otsubo
Kihichi Isogai
Takashi Tonotsuka
Kenichi Yamanaka
Seong-Il Jo

* Representative Executive Officers

Financial Section

Eleven-Year Summary

NSK Ltd. and Consolidated Subsidiaries

Years ended March 31	2013	2012	2011	2010
FOR THE YEAR				
Net sales	**¥732,842**	¥733,192	¥710,431	¥587,572
Cost of sales and SG&A expenses	**700,480**	688,775	666,907	576,267
Operating income	**32,361**	44,417	43,524	11,305
Other income (expenses)	**(7,065)**	(3,157)	(5,284)	(4,970)
Income (loss) before income taxes and minority interests	**25,296**	41,259	38,239	6,335
Income taxes	**7,709**	11,881	10,805	819
Net income (loss)	**15,739**	28,514	26,110	4,765
Capital expenditures	**48,025**	54,619	41,294	21,818
Depreciation and amortization	**34,598**	35,807	34,943	37,149
R&D expenditures	**10,432**	10, 373	10,515	8,794
Cash flows from operating activities (A)	**53,797**	57,158	64,973	51,108
Cash flows from investing activities (B)	**(45,262)**	(56,090)	(33,348)	(29,355)
Free cash flows (A) + (B)	**8,534**	1,068	31,625	21,753
AT YEAR-END				
Current assets	**448,187**	454,631	418,584	411,167
Non-current assets	**434,359**	390,442	370,042	378,456
Total assets	**882,547**	845,073	788,626	789,624
Current liabilities	**289,462**	308,501	293,881	257,706
Long-term liabilities	**252,272**	237,506	219,475	267,229
Net assets	**340,812**	299,066	275,269	264,688
Total liabilities and net assets	**882,547**	845,073	788,626	789,624
Number of employees (persons)	**28,487**	27,444	26,334	24,633
PER SHARE (YEN)				
Net income (loss)	**¥ 29.14**	¥ 52.75	¥ 48.30	¥ 8.82
Net assets	**591.36**	518.56	475.45	458.65
RATIOS				
Gross profit margin	**18.6%**	20.2%	20.8%	17.8%
Operating income margin	**4.4**	6.1	6.1	1.9
SG&A expenses/net sales	**14.2**	14.1	14.7	15.9
Net income margin	**2.1**	3.9	3.7	0.8
Return on average assets (ROA)	**1.8**	3.5	3.3	0.6
Return on average shareholders' equity (ROE)	**5.2**	10.6	10.3	2.0
Ratio of net worth to total capital	**36.2**	33.2	32.6	31.4
Asset turnover (times)	**0.85**	0.90	0.90	0.77
Inventory turnover (times)	**6.2**	6.5	6.5	5.5
Net D/E ratio (times)	**0.51**	0.58	0.60	0.73
Interest coverage ratio (times)	**11.4**	11.8	14.0	9.2

Millions of yen
Unless otherwise specified

2009	2008	2007	2006	2005	2004	2003
¥647,593	¥772,036	¥717,225	¥628,474	¥580,989	¥522,217	¥522,820
625,487	702,692	654,842	585,922	542,706	496,245	504,972
22,106	69,343	62,383	42,552	38,283	25,972	17,847
(11,776)	(5,730)	(5,346)	516	(3,251)	479	(19,974)
10,330	63,613	57,037	43,068	35,031	26,451	(2,127)
4,887	19,173	20,198	16,412	11,601	11,473	970
4,561	42,613	34,853	25,586	22,349	14,293	(2,670)
44,138	53,905	37,689	48,784	38,160	26,313	23,378
39,729	38,380	35,316	30,099	27,435	26,909	28,812
10,691	10,240	10,100	9,728	9,806	8,722	8,307
11,785	69,236	64,153	66,332	57,987	37,889	30,961
(46,422)	(23,187)	(64,600)	(62,386)	(31,638)	(16,958)	(16,223)
(34,637)	46,049	(447)	3,946	26,349	20,931	14,738
369,590	404,412	389,067	313,569	278,678	295,491	285,749
374,638	424,167	426,721	429,462	349,905	326,386	307,349
744,229	828,580	815,788	743,032	628,583	621,877	593,098
210,322	294,318	297,489	266,834	234,300	245,588	227,314
285,119	250,486	241,571	228,373	194,420	175,548	183,481
248,787	283,775	276,727	247,823	199,861	200,739	182,302
744,229	828,580	815,788	743,032	628,583	621,877	593,098
24,050	25,069	23,413	22,639	20,737	19,772	20,351
¥ 8.44	¥ 78.84	¥ 64.53	¥ 47.28	¥ 41.35	¥ 26.12	¥ (5.22)
431.74	495.61	485.62	436.48	349.07	349.83	316.27
19.4%	23.1%	23.2%	22.4%	22.5%	21.5%	19.6%
3.4	9.0	8.7	6.8	6.6	5.0	3.4
16.0	14.1	14.5	15.6	15.9	16.5	16.2
0.7	5.5	4.9	4.1	3.8	2.7	(0.5)
0.6	5.2	4.5	3.7	3.6	2.4	(0.4)
1.8	16.1	14.0	12.1	11.9	8.0	(1.4)
31.4	32.3	32.2	31.7	30.0	30.3	28.8
0.82	0.94	0.92	0.92	0.93	0.86	0.85
6.2	7.5	7.0	6.9	7.4	6.6	5.8
0.85	0.56	0.69	0.73	0.89	0.99	1.22
2.0	11.0	11.3	15.0	11.3	6.1	4.1

Six-Year Segment Information

NSK Ltd. and Consolidated Subsidiaries

Millions of yen / %

Years ended March 31	2013	2012	2011	2010	2009	2008
SALES BY SEGMENT						
Industrial Machinery Business	**¥216,142**	¥255,835	¥259,095	¥201,963	—	—
Automotive Business	**490,545**	444,585	424,157	366,463	—	—
Others	**26,154**	32,772	27,178	19,145	—	—
Total	**732,842**	733,192	710,431	587,572	—	—
SALES BY BUSINESS SEGMENT (PREVIOUS YEAR)						
Industrial machinery bearings	**—**	—	—	¥166,873	¥209,530	¥239,056
Automotive products	**—**	—	—	366,463	352,453	435,705
Precision machinery and parts	**—**	—	—	35,089	57,491	68,186
Others	**—**	—	—	19,145	28,118	29,087
Total	**—**	—	—	587,572	647,593	772,036
INCREASE / DECREASE FROM THE PREVIOUS YEAR						
Industrial Machinery Business	**–15.5%**	–1.3%	28.3%	—	—	—
Automotive Business	**10.3**	4.8	15.7	—	—	—
Others	**–20.2**	20.6	42.0	—	—	—
Total	**–0.0**	3.2	20.9	—	—	—
INCREASE / DECREASE FROM THE PREVIOUS YEAR (PREVIOUS SEGMENTS)						
Industrial machinery bearings	**—**	—	—	–20.4%	–12.4%	10.5%
Automotive products	**—**	—	—	4.0	–19.1	9.5
Precision machinery and parts	**—**	—	—	–39.0	–15.7	–12.3
Others	**—**	—	—	–31.9	–3.3	15.0
Total	**—**	—	—	–9.3	–16.1	7.6
SALES BY REGION (BASED ON CUSTOMER LOCATION)						
Japan	**¥333,348**	¥363,754	¥354,542	¥289,540	¥323,375	¥388,929
The Americas	**103,352**	86,267	85,466	70,609	78,754	107,321
Europe	**102,667**	107,958	102,176	98,504	111,866	133,853
Asia	**193,473**	175,212	168,246	128,918	133,596	141,933
Total	**732,842**	733,192	710,431	587,572	647,593	772,036
INCREASE / DECREASE FROM THE PREVIOUS YEAR						
Japan	**–8.4%**	2.6%	22.5%	–10.5%	–16.9%	6.7%
The Americas	**19.8**	0.9	21.0	–10.3	–26.6	2.1
Europe	**–4.9**	5.7	3.7	–11.9	–16.4	10.0
Asia	**10.4**	4.1	30.5	–3.5	–5.9	12.6
Total	**–0.0**	3.2	20.9	–9.3	–16.1	7.6

Systemized products were moved from the “Industrial Machinery Business” to the “Others” segment from April 1, 2011.

Management's Discussion and Analysis of Business Results and Financial Position

Analysis of Business Results for the Year Ended March 31, 2013

1. Scope of Consolidation

The consolidated financial statements reflect the financial performance of NSK Ltd. and its 92 consolidated subsidiaries. NSK's investments in 16 affiliates are accounted for by the equity method.

In the year ended March 31, 2013, NSK established a sales company for exposure equipment for the manufacture of flat panel displays in South Korea, but this was balanced by the absorption-type merger of another company, so the number of consolidated subsidiaries did not change. The number of equity-method affiliates increased by two as a new company was established and another company was added due to a stock acquisition.

2. Overview of the Year Ended March 31, 2013

During the fiscal year ended March 31, 2013, although the economy in the Americas underwent a steady recovery, the European economy remained stagnant due to fiscal and financial uncertainty, and economic growth in emerging countries such as China slowed due to a downturn in exports and other factors. In Japan, despite recent signs of economic recovery, such as correction of the super-strong yen and a recovery in stock prices, overall economic growth weakened due to global economic stagnation and a slowdown in export sales due to the yen's appreciation during the first half of the fiscal year.

In this economic environment, the NSK Group worked to promote growth strategy and profitability improvement, while striving to expand sales and reduce costs.

As a result, consolidated net sales totaled ¥732.8 billion (US$7,796 million), a slight year-on-year decline, and operating income totaled ¥32.4 billion (US$344 million), a year-on-year decrease of 27.1% due to lower sales in the Industrial Machinery Business. Ordinary income was ¥30.3 billion (US$322 million), a year-on year decrease of 27.8%. Net income after adjusting for tax expenses and minority interests was ¥15.7 billion (US$167 million), a year-on-year decrease of 44.8%, including extraordinary income of ¥1.1 billion (US$12 million) on sales of fixed assets and ¥0.3 billion (US$3 million) on sales of investment securities, and extraordinary losses of ¥6.0 billion (US$64 million) related to Antimonopoly Act rulings and ¥0.4 billion (US$4 million) on devaluation of investment securities.

3. Net Sales

Net sales decreased ¥0.4 billion, or 0.0% year on year, to ¥732.8 billion (US$7,796 million). Excluding the effect of exchange rate fluctuations, the decrease was ¥7.2 billion, or 1.0%. Sales in Japan declined ¥30.4 billion, or 8.4%, to ¥333.3 billion (US$3,546 million). Overseas sales were up ¥30.1 billion, or 8.1%, to ¥399.5 billion (US$4,250 million). Excluding the effect of exchange rates, the increase was ¥23.2 billion, or 6.3%.

4. Cost of Sales, and Selling, General and Administrative (SG&A) Expenses

The cost of sales increased from ¥585.1 billion in the previous fiscal year to ¥596.3 billion (US$6,344 million). The ratio of cost of sales to net sales deteriorated 1.6 percentage points, to 81.4%.

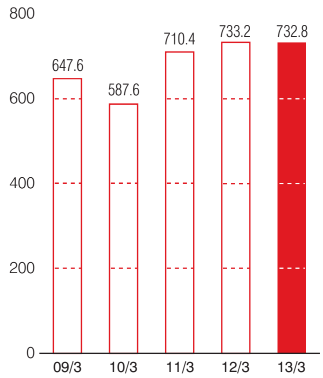
SG&A expenses increased from ¥103.8 billion in the previous fiscal year to ¥104.2 billion (US$1,108 million). The ratio of SG&A expenses to net sales improved 0.1 percentage point, to 14.2%.

5. Business Segment Information

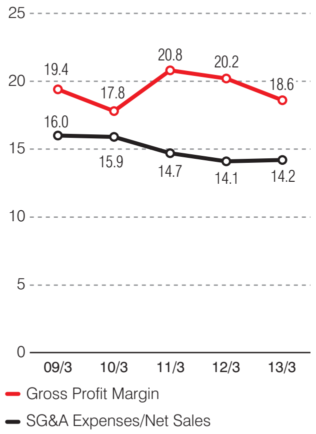
(a) Industrial Machinery Business

Demand in the Industrial Machinery Business slowed from the third quarter of the previous fiscal year. Despite sales initiatives in each region, sales of both industrial machinery bearings and precision machinery and parts declined. Looking at results on a regional basis,

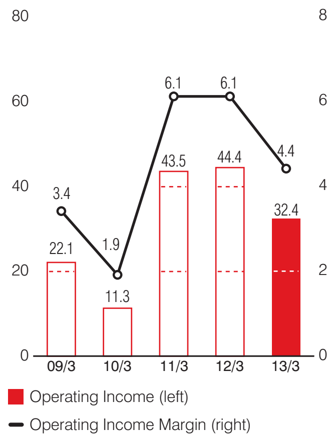
Net Sales
(¥ Billions)



Gross Profit Margin
SG&A Expenses/Net Sales
(%)



Operating Income
Operating Income Margin
(¥ Billions / %)



in Japan sales in the machine tool and construction machinery sectors, both of which had showed steady performance during the previous fiscal year, fell due to slowing economic growth in China. In the Americas, demand in the aftermarket sector decreased, mainly in South America. In Europe, demand in the general machinery and IT/electrical sectors declined, while in China, demand in the aftermarket and machine tool sectors decreased.

As a result, net sales in the Industrial Machinery Business totaled ¥216.1 billion (US$2,299 million), a year-on-year decline of 15.5%, and operating income was ¥13.0 billion (US$139 million), a year-on-year decrease of 49.3%.

(b) Automotive Business
In the Automotive Business, sales of both automotive bearings and automotive components increased. Looking at the geographic breakdown, in Japan, sales rose due to production recovery following the Great East Japan Earthquake and the effect of government subsidies for eco-cars. In the Americas, Japanese automakers' sales rebounded and demand for EPS systems increased as the economy improved. Sales in Europe declined due to continued market stagnation. In China, although sales increased due to market expansion, performance was impacted by declining sales in the Chinese market by Japanese automakers. In Thailand, demand for automotive bearings and EPS systems grew, supported by automotive purchasing incentives and other factors.

As a result, net sales in the Automotive Business totaled ¥490.5 billion (US$5,219 million), a year-on-year increase of 10.3%, and operating income totaled ¥25.0 billion (US$266 million), a year-on-year rise of 10.4%.

6. Other Income and Expenses
Other expenses net of other income amounted to ¥7.1 billion (US$75 million), compared with ¥3.2 billion for the previous fiscal year, reflecting losses related to the Antimonopoly Act and on the devaluation of investment securities, despite a gain on sales of fixed assets.

7. Income before Income Taxes and Minority Interests
Income before income taxes and minority interests fell ¥16.0 billion, or 38.7%, to ¥25.3 billion (US$269 million) due to a reduction in operating income and posting of extraordinary losses.

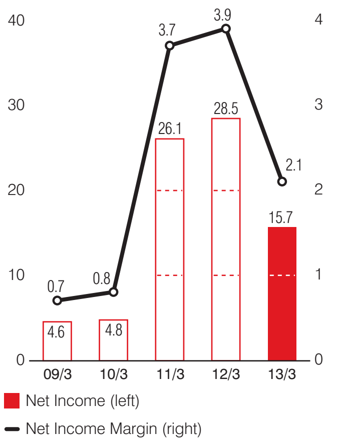
8. Tax Expenses
Tax expenses (current and deferred income taxes) amounted to ¥7.7 billion (US$82 million), down ¥4.2 billion compared with the previous fiscal year. The tax burden ratio (income tax divided by income before income taxes and minority interests) was 30.5%, reflecting the recording of earnings by overseas subsidiaries subject to lower tax rates than in Japan, tax credits associated with R&D expenses, and posting of deferred tax assets accompanying performance recovery by overseas subsidiaries.

9. Income before Minority Interests
Income before minority interests decreased ¥11.8 billion, or 40.1% year on year, to ¥17.6 billion (US$187 million).

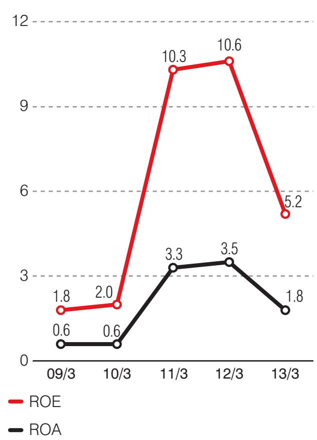
10. Minority Interests
Minority interests, consisting mainly of the interests of minority shareholders in subsidiaries, increased ¥1.0 billion, or 113.8% year on year, to ¥1.8 billion (US$20 million).

11. Net Income
Net income declined ¥12.8 billion, or 44.8%, to ¥15.7 billion (US$167 million). Net income per share was ¥29.14 (US$0.31), down from ¥52.75 in the previous fiscal year. Return on shareholders' equity (ROE) declined from 10.6% in the previous fiscal year to 5.2%.

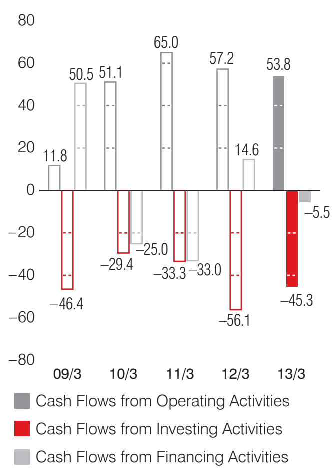
Net Income / Net Income Margin
(¥ Billions / %)



ROE / ROA
(%)



Cash Flows
(¥ Billions)



12. Cash Flows and Financial Position

(a) Cash Flows

Net cash provided by operating activities totaled ¥53.8 billion (US$572 million), a decrease of ¥3.4 billion, compared to the same period of the previous year. This included ¥25.3 billion (US$269 million) in income before income taxes and minority interests, ¥34.6 billion (US$368 million) provided by depreciation and amortization and a decrease of ¥21.8 billion (US$232 million) in trade notes and accounts receivable, which offset a decrease of ¥22.9 billion (US$243 million) in trade notes and accounts payable and ¥10.6 billion (US$113 million) in income taxes paid.

Net cash used in investing activities totaled ¥45.3 billion (US$482 million), a decrease of ¥10.8 billion compared to the same period of the previous year. This included ¥45.9 billion (US$488 million) for purchase of property, plant and equipment.

Net cash used in financing activities totaled ¥5.5 billion (US$59 million), an increase of ¥20.2 billion, compared to the same period of the previous year. This included ¥49.1 billion (US$522 million) in a net increase in long-term debt, which offset ¥13.8 billion (US$147 million) in repayment of long-term debt, ¥30.0 billion (US$319 million) in repayments of bonds, and ¥6.5 billion (US$69 million) in cash dividends paid.

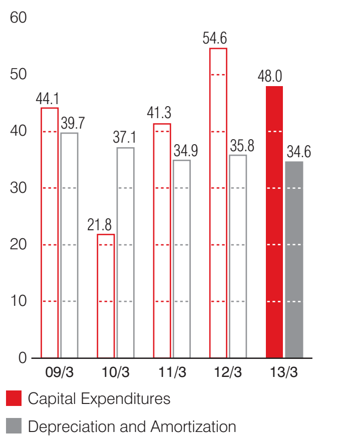
As a result, cash and cash equivalents as of March 31, 2013, amounted to ¥141.7 billion (US$1,507 million), up ¥6.3 billion from the previous fiscal year-end.

(b) Financial Position

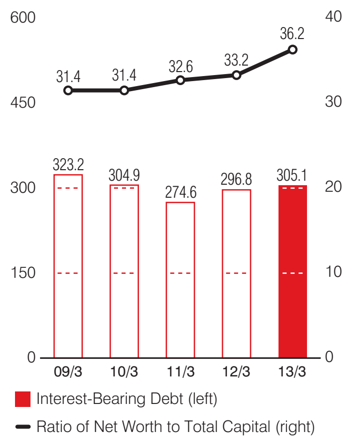
Total assets were ¥882.5 billion (US$9,389 million), an increase of ¥37.5 billion, compared to total assets at the previous fiscal year-end. The main factors behind this expansion were increases of ¥20.2 billion (US$215 million) in short-term investments, ¥28.4 billion (US$303 million) in property, plant and equipment, and ¥13.8 billion (US$147 million) in investment securities and investments in non-consolidated subsidiaries and affiliates, which offset decreases of ¥18.1 billion (US$192 million) in cash and deposits and ¥13.5 billion (US$144 million) in trade notes and accounts receivable. Total liabilities were ¥541.7 billion (US$5,763 million), a decrease of ¥4.3 billion, compared to total liabilities at the previous fiscal year-end. The main reasons for this decline were decreases of ¥19.8 billion (US$211 million) in notes and accounts payable and ¥30.0 billion (US$319 million) in the current portion of corporate bonds, which offset increases of ¥28.8 billion (US$306 million) in current portion of long-term debt and ¥9.3 billion (US$99 million) in long-term debt. Net assets totaled ¥340.8 billion (US$3,626 million), an increase of ¥41.7 billion, compared to net assets at the previous fiscal year-end. The main reasons for this increase were ¥15.7 billion (US$167 million) in net income, ¥7.2 billion (US$77 million) in valuation difference on unrealized holding gain on securities, and ¥22.2 billion (US$236 million) in translation adjustments.

Total current assets decreased ¥6.4 billion from the previous fiscal year-end, to ¥448.2 billion (US$4,768 million). Total current liabilities decreased ¥19.0 billion, to ¥289.5 billion (US$3,079 million). As a result, the current ratio increased from 1.47 times at the previous fiscal year-end to 1.55 times. Gross interest-bearing debt increased ¥8.4 billion, to ¥305.1 billion (US$3,246 million). Net interest-bearing debt (interest-bearing debt net of cash and cash equivalents) was up ¥2.0 billion, to ¥163.4 billion (US$1,739 million). The net debt-equity ratio decreased from 0.58 in the previous fiscal year to 0.51. Net assets per share rose from ¥518.56 to ¥591.36 (US$6.29). The ratio of net worth to total capital increased from 33.2% to 36.2%.

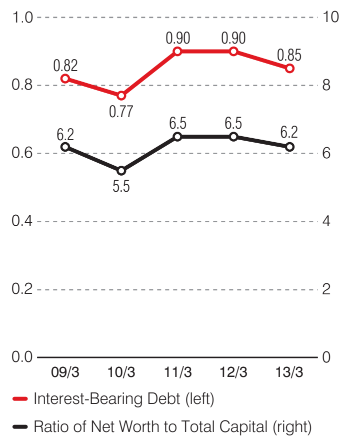
Capital Expenditures
Depreciation and Amortization
(¥ Billions)



Interest-Bearing Debt
Ratio of Net Worth to Total Capital
(¥ Billions / %)



Asset Turnover
Inventory Turnover
(Times)



Business Risks and Other Risk Factors

Listed below are the principal risk factors that have the potential to affect the NSK Group, including its business development, performance, and financial position. Any forward-looking statements in the following section are the NSK Group's judgments as of June 25, 2013.

1. Economic Conditions in Countries, Regions, and Industries

The business performance and financial position of the NSKGroup could be adversely affected by deterioration in the economic environment resulting from fluctuations in economic conditions in the specific countries and regions in which it sells and manufactures products, or from fluctuations in business conditions in the industries to which its customers and suppliers belong.

2. Market Changes and Competition

Competition for sales has intensified on a global scale, and the pace of change in the business environment has accelerated. The NSK Group is strengthening its non-price competitiveness on various levels, including the expansion of its activities in the market for high-quality bearings and the improvement of technical services. However, it is possible that the Group's business performance and financial position will be adversely affected by a rapid increase in sales of low-priced bearings supplied by bearing manufacturers in China and elsewhere. In some business segments and regions, loss of sales opportunities due to delays in entering overseas markets, or a failure to respond quickly enough to demand fluctuations, may adversely affect the business performance and financial position of the NSK Group.

3. Reliance on Specific Industries

There is a risk that the business performance and financial position of the NSK Group could be adversely affected by sudden declines in demand from the industries on which it is heavily reliant. Specifically, the NSK Group is particularly dependent on automotive bearings and automotive products for the automotive sector, which accounts for more than one-half of its sales.

4. Credit Risks

The NSK Group sells a high percentage of its products to large and relatively stable customers, and recoverability risk relating to notes and accounts receivable and other claims is believed to be negligible. Doubtful claims are covered by reserves based on the likelihood of recovery.

The Group systematically monitors the credit status of customers on a day-to-day basis. Sales divisions and purchasing divisions primarily undertake such monitoring. However, there is a risk that environmental changes and other factors will result in unforeseen bad-debt problems. It is possible that the NSK Group's business performance and financial position will be adversely affected in some circumstances, such as if an economic recession and the global escalation of competition create an environment in which the capital positions of customers in Japan or overseas are weakened.

5. Business Alliance Risks

The NSK Group realizes the benefits of business alliances with multiple companies through mutually effective use of management resources, technology development, and production activities. However, an inability to realize the benefits of a business alliance due to a disagreement between the policies of parties to an alliance concerning the purpose of the alliance, the methods used, or other matters could adversely affect the business performance and financial position of the NSK Group.

6. Reliance on Specific Suppliers

The NSK Group's basic strategy is to avoid reliance on a single supplier by procuring components and materials from multiple suppliers. However, the Group could become unable to source necessary items due to a supplier's lack of production capacity, poor-quality products, fire disaster, bankruptcy, damage due to earthquakes or other natural disasters, nuclear incidents, or other reasons, which in turn could impede the Group's supply of products to customers or lead to the Group incurring higher costs as a result of the use of alternative products that have higher prices or quality problems. Such a contingency could adversely affect the business performance and financial position of the NSK Group.

7. Rising Prices of Raw Materials

Economic trends in China and other emerging countries, as well as natural disasters such as heavy rain or earthquakes, have caused major fluctuations in the prices of steel, crude oil, copper, and other raw materials. Upward trends in raw material prices create the risk of rises in the prices of materials and parts used in the products of the NSK Group. The Group is working to reduce costs by conducting Value Analysis (VA) and Value Engineering (VE) campaigns, expanding procurement of materials and parts locally at overseas business sites, boosting utilization of materials and parts imported from overseas, and implementing other initiatives, and to pass on cost increases through higher product prices. However, there is a risk that the NSK Group will not be able to recover cost increases fully and that business performance will be adversely affected as a result.

8. Quality Risks

The NSK Group has an established quality assurance system for its products. However, if a serious quality problem goes undetected, leading to major accidents, product recalls, the interruption of customers' production operations, or other negative outcomes, the business performance and financial position of the Group could be adversely impacted by the consequences of this situation. Consequences might include the incurring of substantial costs and reputational damage, or being held responsible for the cost of product-related compensation payments under the terms of contracts, or having to pay legal compensation following damage due to unforeseeable misuse of one of the Group's products. Although the NSK Group has obtained global product liability insurance and product recall insurance, there is a risk that this may not be sufficient to cover all compensation payments and other losses.

9. Product Development Risks

The purpose of product development is to bring new products to the market, which is an important priority from the viewpoint of income expansion. However, because of the diversity of product development needs in the market and the accelerating pace of change in these needs, product development activities involve exposure to a variety of risks, including the risk that new products or new technologies will not be supported in the market, that competitors will be able to develop and mass produce similar products ahead of the NSK Group, and that other companies will introduce new products or new technologies that can be used as alternatives to those developed by the Group. Such a contingency could adversely affect the business performance and financial position of the NSK Group.

10. Intellectual Property Risks

Risks relating to the increasing importance of intellectual property include the risk of invalidity claims concerning the intellectual property of the NSK Group, the risk that the Group will not be able to obtain permission to use the intellectual property of other parties, the risk of infringement of the intellectual property by third parties, and the risk that the NSK Group will not be able to eliminate counterfeit products effectively in certain countries or regions.

11. Overseas Expansion Risks

The NSK Group conducts businesses in regions worldwide. Entry into overseas markets brings with it the risk that the Group will not be able to recover the capital invested according to the original plan and the risk that it will become necessary to consolidate or close production sites or withdraw from a market. There are also unavoidable risks relating to business conditions and systems that are specific to countries and regions into which the NSK Group has expanded.

12. Disaster and Terrorist Risks

The production and sales activities of the NSK Group could be adversely affected if its business sites or those of its suppliers and customers are hit by disasters, such as earthquakes, floods, fires, heavy snow, nuclear incidents, or outbreaks of new infectious diseases, by terrorist attacks, or by physical and human damage resulting from social unrest caused by changes in the political situation. Further, given that insurance does not completely cover all damage resulting from fire disasters and natural disasters, countermeasures for natural disasters and terrorism are one of the Group's important management tasks, and the Group will do its utmost in this regard, including predicting the effects of such disasters if they occur and considering precautionary measures to ensure that the NSK Group can continue operations. However, the Group cannot completely eliminate such risks.

13. Compliance Risks

To ensure full compliance with laws, regulations, and ethical standards, the NSK Group has established a code of business ethics and adopted behavior guidelines. However, there is still a risk that individual employees will commit compliance violations for various reasons, including inappropriate judgments resulting from an excessive emphasis on sales and profits, and that such actions will result in criminal prosecutions, civil suits, or official actions against the NSK Group, as well as reputational damage, or that economic losses will be incurred.

In June 2012, NSK Ltd., certain former officers and a former employee were prosecuted for a violation of the Antimonopoly Act of Japan regarding sales of bearing products by the Tokyo District Public Prosecutors Office. In February 2013, the Company received a financial penalty and the former officers and the former employee received suspended prison sentences in a judgment by the Tokyo District Court. Also, in March 2013 the Company was subject to a cease-and-desist order and an administrative surcharge payment based on the Antimonopoly Act, issued by the Japan Fair Trade Commission. Furthermore, our overseas subsidiaries are undergoing investigation by the relevant authorities. (For more information, please refer to “Management's Views on Key Issues and Future Policies” later in this document.)

These investigations are still continuing. As a result of the above, it is possible that the NSK Group's operation results could be affected.

14. Litigation Risks

The NSK Group has obtained insurance cover for lawsuits and compensation claims relating to product liability. While this insurance cover will be applicable in some cases, it does not provide unlimited and unconditional indemnity for all compensation costs incurred by the Group.

In the United States, several class-action lawsuits have been filed against defendants including NSK Ltd. and its U.S. subsidiaries by representatives of buyers of our bearing products. Similar class-action lawsuits have been filed in Canada against the Company and its Canadian subsidiary. There is a possibility of further similar lawsuits against the Company, its subsidiaries, and its affiliates in the future.

Other than those relating to production transactions and the above-described class-action lawsuits, there have been no lawsuits with the potential to have a serious impact on the business performance of the Group. However, the possibility that the NSK Group's business performance will be seriously affected by such litigation in the future cannot be ruled out.

15. Information Management Risks

The NSK Group handles substantial amounts of important data and personal information in the course of its business activities and has adopted a security policy designed to prevent external disclosure of this information or its use for unauthorized purposes. Despite management's efforts to disseminate and effectively administer this policy, the possibility of leaks resulting from unforeseen circumstances cannot be ruled out. There is a risk of damage to the NSK Group's reputation and incurrence of substantial costs if such situations arise.

16. Information Disclosure and Shareholder Income Risks

The NSK Group has established timely disclosure systems and strives to ensure the fair disclosure of corporate information and the accuracy of financial data. However, if the Group is unable to adapt its systems effectively to reflect the establishment or amendment of laws and regulations, changes in stock exchange rules, or changes in prevailing conditions, there is a possibility that its information disclosure will be inadequate and that this will cause a decline in the market price of its shares and adversely affect the interests of shareholders.

There is also a possibility that effectiveness assessments or audits of internal control systems relating to financial statements under the Financial Instruments and Exchange Act will lead to the identification of major errors or omissions.

17. Environmental Risks

The NSK Group has identified environmental protection activities as an important aspect of its management policies and has worked to improve its environmental management systems. To date, there have been no major environmental problems. However, there is a risk that environmental problems will occur in the future, leading to costs relating to compensation payments, product recalls, the suspension of production and clean-up operations, as well as fines and other official penalties and reputational damage. It is also possible that the introduction of new regulations will result in substantial costs.

An environmental safety countermeasures reserve has been provided to cover expenditure on actions relating to the disposal of polychlorinated biphenyl (PCB).

18. Information System Risks

There is a possibility that failures will occur in on-line systems and networks used in supply chain operations, including production, sales, and logistics, and that the restoration of these systems will require substantial amounts of time. In such situations, there is a risk that production operations, warehouse management, and sales activities will be impeded and that the disruption of product shipments will affect customers' production plans, leading to compensation claims and loss of customer confidence in the NSK Group.

In particular, in the current fiscal year and the coming fiscal year, the Group plans to undertake large-scale renewal of sales systems at its main offices in Japan, the United States, and Europe. If this transfer to a new system leads to confusion, it could adversely affect the NSK Group's business.

19. Recruitment Risks

The NSK Group recognizes that to maintain its competitiveness it needs to recruit, appoint, and train people with excellent technical knowledge and skills. Some Group companies have imbalances in the age profiles of their work forces, and the number of workers retiring in Japan is expected to increase rapidly for the time being. However, there is rising competition for skilled personnel in the fields in which the Group is involved. If the NSK Group is unable to recruit and train the personnel that it needs, the resulting inability to pass on skills could have an adverse impact on the Group's business activities.

20. Labor Dispute Risks and the Labor Environment

The NSK Group considers that there is little risk of deterioration in labor relations, because it holds labor management council meetings regularly to discuss improvement of the labor environment and labor conditions. However, there is a risk that differences in labor practices in overseas countries and regions, or unforeseeable contingencies, such as changes in the legal, economic, or social environments, may cause labor relations to deteriorate, leading to labor disputes and other problems. In such cases, there is a possibility that the Group's business operations will be curtailed.

The NSK Group is taking initiatives to provide a safe and ideal labor environment, but there is also a risk of industrial accidents caused by malfunctioning equipment or improper operation by workers. In particular, serious industrial accidents may adversely affect the Group's operations.

21. Foreign Exchange and Interest Rate Risks

There is a risk that the business performance and financial position of the NSK Group could be adversely affected by foreign currency denominated commodity transactions and investment or interest rate increases. The Group seeks to reduce the effects of exchange rate and interest rate fluctuations by balancing its foreign currency credits and debts and by using hedging when required, as stipulated in internal regulations. However, the risk of adverse effects cannot be entirely eliminated.

22. Retirement Benefit Liabilities

NSK Ltd. and its consolidated subsidiaries in Japan have established defined-benefit pension plans and lump-sum payment plans. Overseas subsidiaries in the United Kingdom and certain other locations have also established defined-benefit pension plans. There is a risk that the business performance and financial position of the NSK Group could be adversely affected by retirement benefit costs and liabilities if there are changes in the assumptions on which the plans are based, a decline in returns on the investment of pension assets, a fall in the value of shares held in trust, or changes in accounting standards.

Management's Views on Key Issues and Future Policies

In its new three-year mid-term management plan, which began in April 2013, NSK Ltd. has set a target of establishing a business base to support net sales of ¥1 trillion by improving the quality of management. It is targeting net sales of ¥1 trillion in 2016, which will mark the 100th anniversary of its establishment. Based on the principles of safety, quality, and compliance, we are planning to bolster our business strategies and management base to secure further growth in a changing business environment. We will do this by continuing to work on growth strategies and strengthened profitability as well as aiming to achieve bottom-line-oriented growth and building management capabilities to handle ¥1 trillion of products.

In addition, we recognize that contributing to the reduction of global energy loss through our business activities is our social responsibility, and for this reason we will steadily improve our environmental management. NSK contributes to global environmental protection by meeting increasingly tough demands for energy conservation, and by further expanding our line-up of environmentally friendly products.

The external business environment remains uncertain due to various risks including slowing growth in emerging countries and financial uncertainty in Europe. Despite this environment, NSK will navigate these risks and strengthen its business strategies and operating foundations to achieve its vision of establishing a corporate structure appropriate for a company with net sales of ¥1 trillion.

In June 2012, NSK Ltd. ("NSK") and two of its former officers and a former employee were prosecuted by the Tokyo District Public Prosecutors Office for violating the Antimonopoly Act of Japan regarding sales of bearing products. In February 2013, the Company received a penalty of ¥380 million, and the former officers and the former employee received suspended prison sentences in a judgment by the Tokyo District Court. In March 2013, the Company was subject to a cease-and-desist order and an administrative surcharge payment of ¥5,625 million for violation of the Antimonopoly Act of Japan, issued by the Japan Fair Trade Commission (JFTC). In May 2013, the Company launched an appeal against the administrative surcharge payment imposed by the JFTC.

In addition, regarding sales of bearing products, our sales subsidiary in Germany was investigated in November 2011 by the European Commission in relation to EU competition law. Moreover, our subsidiary in the United States received from the U.S. Department of Justice a subpoena, which requested that it provide information regarding sales of bearing products in November 2011. Furthermore, our manufacturing and sales subsidiary in South Korea was investigated in July 2012 by the Korea Fair Trade Commission in relation to the Monopoly Regulation and Fair Trade Act. In addition, our sales subsidiary in Singapore was investigated in February 2013 by the Competition Commission Singapore in relation to the Competition Act.

Furthermore, our subsidiaries in other countries are undergoing investigation by the relevant authorities.

NSK and the NSK Group are cooperating fully with the relevant authorities in their respective investigations.

NSK sincerely apologizes to its shareholders, customers, and other stakeholders for the great deal of concern caused by these matters.

NSK solemnly and sincerely accepts the situation, and it has conducted an investigation to determine the cause and has dedicated a range of efforts to strengthen its compliance system further. As part of these efforts, NSK established a Compliance Enhancement Office on July 1, 2012, in addition to the Compliance Committee that was established in March 2012. In conjunction with and while obtaining requisite support from the Legal Department, an upper-level organization, the Compliance Enhancement Office takes responsibility for promoting the further strengthening of compliance-related operations of the NSK Group and is responsible for planning, implementing, confirming, and correcting these operations based on policies and compliance enhancement countermeasures developed by the Compliance Committee. Under this system, NSK is further promoting countermeasures such as conducting lecture-based compliance training with all officers and employees.

In addition, to further strengthen its compliance system in Japan and overseas, NSK has appointed responsible persons for compliance within each department, office, and company belonging to the NSK Group. Each responsible person participates in regular Compliance Conferences, and communicates information related to compliance and manages compliance risk in cooperation with the Compliance Enhancement Office.

Moreover, to ensure thorough compliance with antimonopoly law and other business related laws throughout the NSK Group, NSK has issued a new guidebook clearly providing details and points of concern regarding these laws and has distributed copies thereof to all officers and employees within the NSK Group. After reading and understanding the contents of the guidebook, each and every officer and employee in the NSK Group has submitted a written statement declaring that he or she will observe various laws including antimonopoly law and other competition laws, and the NSK Code of Corporate Ethics and other internal rules.

As stated above, since the JFTC's investigation, NSK has developed and conducted various compliance enhancement measures with the support and cooperation of external specialists; furthermore, the Company is acting to prevent any recurrence of the incident by further promoting these enhancement measures.

Under the new compliance system, NSK intends to step up its efforts on a company-wide basis to ensure that the business activities of the entire company adhere strictly to applicable laws and regulations, and that they are conducted based on its social responsibilities as a corporation.

Consolidated Balance Sheets

NSK Ltd. and Consolidated Subsidiaries

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
ASSETS			
Current assets:			
Cash and cash equivalents (Note 3)	**¥ 141,653**	¥ 135,307	**$ 1,506,947**
Short-term investments (Note 3)	**2,262**	6,485	**24,064**
Notes and accounts receivable, trade	**141,706**	155,234	**1,507,511**
Less allowance for doubtful receivables	**(1,326)**	(1,015)	**(14,106)**
Inventories (Note 4)	**119,268**	115,417	**1,268,809**
Deferred tax assets (Note 7)	**10,371**	9,244	**110,330**
Other current assets	**34,252**	33,957	**364,383**
Total current assets	**448,187**	454,631	**4,767,947**
Non-current assets:			
Property, plant and equipment, at cost (Notes 5, 9 and 15)			
Land	**37,499**	37,173	**398,926**
Buildings and structures	**206,587**	193,952	**2,197,734**
Machinery, vehicles and equipment	**627,933**	578,498	**6,680,138**
Construction in progress	**22,149**	23,170	**235,628**
	894,169	832,795	**9,512,436**
Less accumulated depreciation	**(614,079)**	(581,150)	**(6,532,755)**
Property, plant and equipment, net	**280,089**	251,644	**2,979,670**
Goodwill	**483**	1,168	**5,138**
Investments in non-consolidated subsidiaries and affiliates	**21,888**	17,923	**232,851**
Investment securities (Notes 3 and 9)	**66,747**	56,888	**710,074**
Deferred tax assets (Note 7)	**2,578**	2,461	**27,426**
Prepaid pension cost (Note 11)	**42,579**	42,712	**452,968**
Other non-current assets	**19,993**	17,643	**212,691**
Total non-current assets	**434,359**	390,442	**4,620,840**
Total assets	**¥ 882,547**	¥ 845,073	**$ 9,388,798**

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 6)	**¥ 70,789**	¥ 70,569	**$ 753,074**
Current portion of long-term debt (Note 9)	**42,637**	43,834	**453,585**
Notes and accounts payable (Note 9)	**117,808**	137,607	**1,253,277**
Accrued income taxes (Note 7)	**2,356**	4,764	**25,064**
Accrued expenses and other current liabilities (Notes 8 and 10)	**55,870**	51,725	**594,362**
Total current liabilities	**289,462**	308,501	**3,079,383**
Long-term liabilities:			
Long-term debt (Note 9)	**191,676**	182,346	**2,039,106**
Accrued employees' retirement benefits (Note 11)	**19,855**	20,990	**211,223**
Accrued officers' retirement benefits	**1,693**	1,592	**18,011**
Deferred tax liabilities (Note 7)	**27,098**	22,118	**288,277**
Other long-term liabilities (Note 10)	**11,949**	10,457	**127,117**
Total long-term liabilities	**252,272**	237,506	**2,683,745**
Net assets:			
Shareholders' equity (Notes 12, 19 and 23):			
Common stock, without par value:			
Authorized:			
2013 – 1,700,000,000 shares			
2012 – 1,700,000,000 shares			
Issued:			
2013 – 551,268,104 shares	**67,176**	—	**714,638**
2012 – 551,268,104 shares	**—**	67,176	**—**
Additional paid-in capital	**78,343**	78,340	**833,436**
Retained earnings	**188,034**	178,186	**2,000,362**
Less treasury stock, at cost	**(4,518)**	(4,188)	**(48,064)**
Total shareholders' equity	**329,036**	319,514	**3,500,383**
Accumulated other comprehensive income:			
Unrealized holding gain on securities	**21,986**	14,766	**233,894**
Translation adjustments	**(31,737)**	(53,969)	**(337,628)**
Total accumulated other comprehensive income	**(9,750)**	(39,202)	**(103,723)**
Share subscription rights	**510**	540	**5,426**
Minority interests	**21,015**	18,212	**223,564**
Total net assets	**340,812**	299,066	**3,625,660**
Total liabilities and net assets	**¥882,547**	¥845,073	**$9,388,798**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
Net sales	**¥732,842**	¥733,192	**$7,796,191**
Cost of sales (Notes 5 and 13)	**596,297**	585,008	**6,343,585**
Gross profit	**136,544**	148,184	**1,452,596**
Selling, general and administrative expenses (Notes 5, 13 and 22)	**104,183**	103,767	**1,108,330**
Operating income	**32,361**	44,417	**344,266**
Other income (expenses):			
Interest and dividend income	**1,826**	1,800	**19,426**
Interest expense	**(4,865)**	(4,906)	**(51,755)**
Equity in earnings of affiliates	**3,627**	3,481	**38,585**
Product compensation	**(2,866)**	(1,751)	**(30,489)**
Others, net	**228**	(1,037)	**2,426**
	(2,050)	(2,412)	**(21,809)**
Ordinary income	**30,310**	42,004	**322,447**
Extraordinary income (expenses):			
Gain on sales of fixed assets	**1,134**	—	**12,064**
Gain on sales of investment securities	**275**	—	**2,926**
Loss on devaluation of investment securities	**(419)**	(744)	**(4,457)**
Loss related to Antimonopoly Act	**(6,005)**	—	**(63,883)**
Income before income taxes and minority interests	**25,296**	41,259	**269,106**
Income taxes (Note 7):			
Current	**7,108**	10,274	**75,617**
Deferred	**600**	1,607	**6,383**
	7,709	11,881	**82,011**
Income before minority interests	**17,586**	29,378	**187,085**
Minority interests in income of consolidated subsidiaries	**1,847**	863	**19,649**
Net income (Note 19)	**¥15,739**	¥28,514	**$167,436**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
Income before minority interests	**¥17,586**	¥29,378	**$187,085**
Other comprehensive income			
Unrealized holding gain (loss) on securities	**7,233**	2,532	**76,947**
Translation adjustments	**23,354**	(2,371)	**248,447**
Share of other comprehensive income of affiliates accounted for by the equity method	**423**	(19)	**4,500**
Total other comprehensive income (Note 18)	**31,010**	141	**329,894**
Comprehensive income	**¥48,597**	¥29,519	**$516,989**
(Details)			
Comprehensive income attributable to parent company	**¥45,205**	¥28,678	**$480,904**
Comprehensive income attributable to minority interests	**¥ 3,391**	¥ 840	**$ 36,074**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
SHAREHOLDERS' EQUITY:			
COMMON STOCK			
Beginning balance	**¥ 67,176**	¥ 67,176	**$ 714,638**
Ending balance	**¥ 67,176**	¥ 67,176	**$ 714,638**
ADDITIONAL PAID-IN CAPITAL			
Beginning balance	**¥ 78,340**	¥ 78,334	**$ 833,404**
Disposition of treasury stock	**2**	5	**21**
Ending balance	**¥ 78,343**	¥ 78,340	**$ 833,436**
RETAINED EARNINGS			
Beginning balance	**¥178,186**	¥155,062	**$ 1,895,596**
Cash dividends	**(5,943)**	(6,491)	**(63,223)**
Net income	**15,739**	28,514	**167,436**
Effect of changes in fiscal year-end of certain consolidated subsidiaries	**53**	1,102	**564**
Ending balance	**¥188,034**	¥178,186	**$ 2,000,362**
TREASURY STOCK			
Beginning balance	**¥ (4,188)**	¥ (4,180)	**$ (44,553)**
Net change during the year	**(329)**	(8)	**(3,500)**
Ending balance	**¥ (4,518)**	¥ (4,188)	**$ (48,064)**
TOTAL SHAREHOLDERS' EQUITY			
Beginning balance	**¥319,514**	¥296,392	**$ 3,399,085**
Net change during the year	**9,522**	23,121	**101,298**
Ending balance	**¥329,036**	¥319,514	**$ 3,500,383**
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
UNREALIZED HOLDING GAIN ON SECURITIES			
Beginning balance	**¥ 14,766**	¥ 12,213	**$ 157,085**
Net change during the year	**7,219**	2,553	**76,798**
Ending balance	**¥ 21,986**	¥ 14,766	**$ 233,894**
TRANSLATION ADJUSTMENTS			
Beginning balance	**¥ (53,969)**	¥ (51,593)	**$ (574,138)**
Net change during the year	**22,231**	(2,375)	**236,500**
Ending balance	**¥ (31,737)**	¥ (53,969)	**$ (337,628)**
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME			
Beginning balance	**¥ (39,202)**	¥ (39,379)	**$ (417,043)**
Net change during the year	**29,451**	177	**313,309**
Ending balance	**¥ (9,750)**	¥ (39,202)	**$ (103,723)**
SHARE SUBSCRIPTION RIGHTS			
Beginning balance	**¥ 540**	¥ 569	**$ 5,745**
Net change during the year	**(30)**	(28)	**(319)**
Ending balance	**¥ 510**	¥ 540	**$ 5,426**
MINORITY INTERESTS			
Beginning balance	**¥ 18,212**	¥ 17,686	**$ 193,745**
Net change during the year	**2,802**	525	**29,809**
Ending balance	**¥ 21,015**	¥ 18,212	**$ 223,564**
Total net assets	**¥340,812**	¥299,066	**$ 3,625,660**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 2) 2013
OPERATING ACTIVITIES			
Income before income taxes and minority interests	**¥ 25,296**	¥ 41,259	**$ 269,106**
Depreciation and amortization	**34,598**	35,807	**368,064**
Amortization of goodwill	**722**	765	**7,681**
Increase (decrease) in provision for retirement benefits	**(1,906)**	(8)	**(20,277)**
Interest expense	**4,865**	4,906	**51,755**
Gain on sales of property, plant and equipment	**(1,134)**	—	**(12,064)**
Loss related to Antimonopoly Act	**6,005**	—	**63,883**
Decrease (increase) in notes and accounts receivable, trade	**21,769**	(19,831)	**231,585**
Decrease (increase) in inventories, net	**5,398**	(4,933)	**57,426**
Increase (decrease) in notes and accounts payable, trade	**(22,884)**	13,620	**(243,447)**
Other, net	**(8,090)**	(4,342)	**(86,064)**
Subtotal	**64,639**	67,244	**687,649**
Interest and dividends received	**4,486**	5,042	**47,723**
Interest paid	**(4,722)**	(4,840)	**(50,234)**
Income taxes paid	**(10,606)**	(10,288)	**(112,830)**
Net cash provided by operating activities	**53,797**	57,158	**572,309**
INVESTING ACTIVITIES			
Additions to property, plant and equipment	**(45,866)**	(50,580)	**(487,936)**
Proceeds from sales of property, plant and equipment	**1,626**	1,410	**17,298**
Purchase of investment securities	**(228)**	(1,492)	**(2,426)**
Proceeds from sales of investment securities	**1,531**	333	**16,287**
Other, net	**(2,326)**	(5,761)	**(24,745)**
Net cash used in investing activities	**(45,262)**	(56,090)	**(481,511)**
FINANCING ACTIVITIES			
Net increase (decrease) in short-term debt	**(3,089)**	4,610	**(32,862)**
Increase in long-term debt	**49,100**	63,493	**522,340**
Repayment of long-term debt	**(13,801)**	(16,355)	**(146,819)**
Repayment of bonds	**(30,000)**	(30,300)	**(319,149)**
Acquisition of treasury stock	**(327)**	(9)	**(3,479)**
Cash dividends paid	**(6,480)**	(6,490)	**(68,936)**
Other, net	**(946)**	(311)	**(10,064)**
Net cash provided by (used in) financing activities	**(5,544)**	14,637	**(58,979)**
Effect of exchange rate changes on cash and cash equivalents	**3,457**	(573)	**36,777**
Net increase in cash and cash equivalents	**6,447**	15,132	**68,585**
Cash and cash equivalents at beginning of the year	**135,307**	120,333	**1,439,436**
Decrease in cash and cash equivalents resulting from changes in fiscal year-end of certain consolidated subsidiaries	**(101)**	(157)	**(1,074)**
Cash and cash equivalents at end of the year	**¥141,653**	¥135,307	**$1,506,947**

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

NSK Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2013

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

NSK Ltd. (the "Company") and its domestic consolidated subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign consolidated subsidiaries maintain their books of account in conformity with those of their countries of domicile. With regard to foreign subsidiaries, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) has been applied, effective from the year ended March 31, 2009, and as a result certain adjustments have been made to the consolidated financial statements.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant inter-company balances and transactions have been eliminated in consolidation.

Investments in subsidiaries which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

The balance sheet dates are December 31 for Rane NSK Steering Systems Ltd., and February 28 for Kuribayashi Seisakusho Co., Ltd., which differs from the year end of the Company; any significant effects of this difference in fiscal periods have been adjusted appropriately in consolidation. Although the fiscal year end is December 31 for 2 subsidiaries, these companies have changed to process additional financial closings as of the consolidated balance sheet date (i.e. March 31).

Goodwill is being amortized by the straight-line method over a period of 10 years except for immaterial amounts which have been charged or credited to income in the year incurred.

In consolidating the financial statements of NSK Brazil Ltda. ("NSK Brazil"), the amount of the Company's investment in NSK Brazil has been offset against the adjusted amount of NSK Brazil's shareholders' equity as of March 31, 1997 based on the indexation accounting system.

(c) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet dates, except for assets and liabilities hedged by forward foreign exchange contracts.

All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or charged to income.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding minority interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year.

(d) Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(e) Securities

In general, securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Securities held by the Company and its subsidiaries are classified as either held-to-maturity or other securities. Held-to-maturity securities are carried at amortized cost. Other securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Other securities without a determinable market value are stated at cost. Cost of securities sold is determined by the moving average method.

(f) Inventories

Finished products are stated at cost, cost being determined principally by the weighted average method (the book value stated on the balance sheet is based on valuation for decreased profitability). Work in process is stated at cost determined principally by the weighted average method (the book value stated on the balance sheet is based on valuation for decreased profitability). Supplies are stated at cost determined by the moving average method (the book value stated on the balance sheet is based on valuation for decreased profitability). Raw materials are stated at cost determined principally by the weighted average method (the book value stated on the balance sheet is based on valuation for decreased profitability).

(g) Property, Plant and Equipment and Depreciation

Depreciation of property, plant and equipment is determined mainly by the declining-balance method at rates based on the estimated useful lives of the respective assets. The useful lives of property, plant and equipment are summarized as follows:

Buildings	20 to 50 years
Machinery, vehicles and equipment	3 to 10 years

(h) Leases

Non-cancelable leases, excluding leases which stipulate the transfer of ownership of the leased assets to the lessee (regardless of whether such leases are classified as operating or finance leases) are accounted for by the straight-line method, using the lease term as the useful life and recognizing zero residual value.

The finance lease transactions, where the ownership of the leased asset does not move to the lessee, and which started on and before the start of the initial year of the new accounting rule's application, are accounted for according to the previous accounting rules.

(i) Retirement Benefits

Accrued employees' retirement benefits or prepaid pension cost are recorded mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method and principally over 10 years. Certain foreign subsidiaries adopt the corridor approach for the amortization of actuarial gain and loss. Prior service cost is amortized as incurred by the straight-line method principally over 5 years.

Members of the Board of Directors and executive officers of the Company are customarily entitled to severance payments. Provisions for retirement benefits for them are made at estimated amounts.

(j) Accrual for Environmental Safety Measures Expenses

Accrual for environmental safety measures expenses is provided for at an estimated amount of disposal of polychlorinated biphenyl (PCB).

(k) Derivative Financial Instruments and Hedging Activities

The Group utilizes derivative transactions to manage the finance risks.

For forward foreign exchange which meets certain criteria is applied allocation method and for interest rate swap which meets the certain criteria is applied special treatment.

Forward foreign exchange contracts are utilized in order to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated payables arising from importing etc. and forward foreign exchange contracts and non deliverable forward are utilized to hedge that dominated receivable arising from exporting etc. Interest rate swaps are utilized primarily to hedge against the adverse impact of fluctuations in interest rates on interest-loans payable.

Validity assessment for those hedging methods is made by confirming that there is high correlation in the fluctuations in market, cash flow and hedging methods.

(l) Changes in Accounting Principles That Are Difficult to Classify from Changes in Accounting Estimates

The company and certain domestic consolidated subsidiaries, accompanying the revisions in the Corporation Tax Act of Japan, have changed their accounting methods for depreciation based on the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012.

The impact on consolidated financial statements as a result of this change is minimal.

(m) Accounting Standards Issued but Not Yet Applied

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, as issued on May 17, 2012), and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, as issued on May 17, 2012) will be applied from the end of the fiscal year ending March 31, 2014, except revised calculation method for retirement benefit obligations and the service cost, which will be applied from the beginning of the fiscal year ending March 31, 2015.

With this change, after adjusting the tax effect in the consolidated balance sheets, the actuarial gains and losses and prior service cost will be recognized as a liability or asset with the value of the funds in the net assets of consolidated balance sheets.

It is difficult to estimate the impact of the effect of this change at the time of preparation of the accompanying consolidated financial statements.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at the rate of ¥94=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2013. The translation should not be construed as a representation that yen has been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

3. Securities

(a) Information regarding marketable securities classified as held-to-maturity as of March 31, 2013 and 2012 is as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2013	Carrying value	Estimated fair value	Unrealized gain (loss)	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:						
Government bonds	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**
Corporate bonds	**449**	**450**	**0**	**4,777**	**4,787**	**0**
Other debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**449**	**450**	**0**	**4,777**	**4,787**	**0**
Securities whose carrying value exceeds their fair value:						
Government bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate bonds	**299**	**293**	**(6)**	**3,181**	**3,117**	**64**
Other debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**299**	**293**	**(6)**	**3,181**	**3,117**	**64**
Total	**¥749**	**¥744**	**¥ (5)**	**$7,968**	**$7,915**	**$53**

	Millions of yen		
As of March 31, 2012	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ —	¥ —	¥ —
Corporate bonds	849	853	4
Other debt securities	—	—	—
Subtotal	849	853	4
Securities whose carrying value exceeds their fair value:			
Government bonds	—	—	—
Corporate bonds	599	590	(9)
Other debt securities	—	—	—
Subtotal	599	590	(9)
Total	¥1,449	¥1,443	¥ (5)

(b) Information regarding marketable securities classified as other securities as of March 31, 2013 and 2012 is as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2013	Carrying Value	Acquisition cost	Unrealized gain (loss)	Carrying Value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	**¥ 59,647**	**¥ 20.931**	**¥38,715**	**$ 634,543**	**$ 222,670**	**$411,862**
Bonds:						
Government bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate bonds	**—**	**—**	**—**	**—**	**—**	**—**
Other debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Other	**78**	**67**	**10**	**830**	**713**	**106**
Subtotal	**59,725**	**20,999**	**38,726**	**635,372**	**223,394**	**411,979**
Securities whose acquisition cost exceeds their carrying value:						
Stock	**2,367**	**2,852**	**(485)**	**25,181**	**30,340**	**(5,160)**
Bonds:						
Government bonds	**26,005**	**26,005**	**—**	**276,649**	**276,649**	**—**
Corporate bonds	**9,996**	**9,996**	**—**	**106,340**	**106,340**	**—**
Other debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Other	**49,880**	**49,880**	**—**	**530,638**	**530,638**	**—**
Subtotal	**88,250**	**88,735**	**(485)**	**938,830**	**943,989**	**(5,160)**
Total	**¥147,975**	**¥109,734**	**¥38,241**	**$1,574,202**	**$1,167,383**	**$406,819**

	Millions of yen		
As of March 31, 2012	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 46,308	¥17,998	¥28,309
Bonds:			
Government bonds	—	—	—
Corporate bonds	—	—	—
Other debt securities	—	—	—
Other	10	9	1
Subtotal	46,319	18,007	28,311
Securities whose acquisition cost exceeds their carrying value:			
Stock	5,568	6,665	(1,097)
Bonds:			
Government bonds	19,005	19,005	—
Corporate bonds	9,996	9,996	—
Other debt securities	11	11	—
Other	36,515	36,523	(8)
Subtotal	71,097	72,203	(1,106)
Total	¥117,416	¥90,211	¥27,205

Acquisition cost in the tables above represents the book value after the devaluation of certain securities.

(c) Information regarding sales of securities classified as other securities for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	2013	2012	2013
Proceeds from sales	¥702	¥5	$7,468
Gains on sales	196	1	2,085
Losses on sales	—	—	—

4. Inventories

Inventories at March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2013	2012	2013
Finished products	¥ 63,930	¥ 62,881	$ 680,106
Work in process	38,534	37,476	409,936
Raw materials and supplies	16,804	15,059	178,766
Total	¥119,268	¥115,417	$1,268,809

5. Depreciation

Depreciation of property, plant and equipment for the years ended March 31, 2013 and 2012 amounted to ¥32,436 million ($345,064 thousand) and ¥34,035 million, respectively.

6. Short-Term Debt

At March 31, 2013 and 2012, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2013	2012	2013
Bank loans	¥70,789	¥70,569	$753,074
Total	¥70,789	¥70,569	$753,074

Short-term bank loans are unsecured and the interest rates applicable to the loans at March 31, 2013 and 2012 ranged principally from 0.37% to 11.75% and from 0.48% to 11.75%, respectively.

7. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 37.8% for 2013 and 40.5% for 2012. Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2013 and 2012 differ from the statutory tax rate for the following reasons:

Year ended March 31,	2013	2012
Statutory tax rates	**37.8%**	40.5%
Effect of:		
Expenses not deductible for income tax purposes	**5.0**	3.3
Income not recognizable for income tax purposes	**(12.5)**	(12.3)
Elimination of dividend income	**12.2**	11.3
Different tax rates applied to income of foreign subsidiaries	**(5.8)**	(5.3)
Change in valuation allowance of subsidiaries	**(9.1)**	(2.9)
Tax credits	**(5.4)**	(5.1)
Equity in earnings of affiliates	**(5.4)**	(3.4)
Retained earnings	**5.5**	1.7
Loss related to Antimonopoly Act	**9.0**	—
Other, net	**(0.8)**	1.0
Effective tax rates	**30.5%**	28.8%

The significant components of deferred tax assets and liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2013	2012	2013
Deferred tax assets:			
Accrued retirement benefits	**¥ 14,354**	¥ 14,517	**$152,702**
Property, plant and equipment	**1,989**	1,994	**21,160**
Accrual payroll expenses	**1,201**	2,127	**12,777**
Net loss carried-forward	**10,063**	9,786	**107,053**
Accrued bonuses	**3,944**	4,430	**41,957**
Inventories	**2,894**	3,784	**30,787**
Loss on devaluation of investment securities	**1,547**	848	**16,457**
Other	**6,193**	6,210	**65,883**
Valuation allowance	**(15,307)**	(19,355)	**(162,840)**
Total deferred tax assets	**26,880**	24,343	**285,957**
Deferred tax liabilities:			
Depreciation	**(1,966)**	(870)	**(20,915)**
Reserve for advanced depreciation of fixed assets	**(2,188)**	(2,272)	**(23,277)**
Unrealized holding gain on securities	**(13,092)**	(9,287)	**(139,277)**
Gain on contribution of securities to employees' retirement benefit trust	**(11,384)**	(11,384)	**(121,106)**
Other	**(12,396)**	(10,940)	**(131,872)**
Total deferred tax liabilities	**(41,029)**	(34,756)	**(436,479)**
Net deferred tax assets (liabilities)	**¥(14,148)**	¥(10,412)	**$(150,511)**

8. Accrued Expenses and Other Current Liabilities

At March 31, 2013 and 2012, accrued expenses and other current liabilities consisted of the following:

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Accrued bonuses	¥12,225	¥13,309	$130,053
Dividends payable	2,739	3,276	29,138
Other	40,904	35,140	435,149
Total	¥55,870	¥51,725	$594,362

9. Long-Term Debt

At March 31, 2013 and 2012, long-term debt consisted of the following:

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Secured loans from banks, insurance companies and others, due through 2014 at interest rate of 1.00%	¥ 38	¥ 69	$ 404
Unsecured loans from banks, insurance companies and others, due through 2023 at interest rates ranging from 0.00% to 11.25%	199,274	161,111	2,119,936
Unsecured yen bonds:			
At interest rates ranging from 1.69% to 2.13%, due through 2017	35,000	65,000	372,340
	234,313	226,181	2,492,691
Less current portion	(42,637)	(43,834)	(453,585)
Total	¥191,676	¥182,346	$2,039,106

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 42,637	$ 453,585
2015	37,896	403,149
2016	44,438	472,745
2017	35,046	372,830
2018 and thereafter	74,294	790,362
Total	¥234,313	$2,492,691

The assets pledged as collateral for notes and accounts payable, and long-term debt at March 31, 2013 and 2012 are as follows:

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Investment securities	¥ 4	¥119	$ 43
Factory foundation	71	76	755
Total	¥75	¥196	$798

10. Lease Obligations

At March 31, 2013 and 2012, lease obligations consisted of the following:

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Current portion of lease obligations	**¥ 365**	¥ 723	**$ 3,883**
Lease obligations, less current portion, due through 2027	**796**	679	**8,468**
Total	**¥1,161**	¥1,402	**$12,351**

The aggregate annual maturities of lease obligations subsequent to March 31, 2014 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2015	**¥245**	**$2,606**
2016	**160**	**1,702**
2017	**98**	**1,043**
2018	**45**	**479**
2019 and thereafter	**246**	**2,617**
Total	**¥796**	**$8,468**

11. Retirement Benefit Plans

The Company and its domestic subsidiaries have defined benefit corporate pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign subsidiaries also have defined benefit pension plans.

The following tables set forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2013 and 2012 for the Company's and the subsidiaries' defined benefit plans:

As of March 31,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Retirement benefit obligation	**¥(178,621)**	¥(150,208)	**$(1,900,223)**
Plan assets at fair value	**177,767**	146,307	**1,891,138**
Unfunded retirement benefit obligation	**(853)**	(3,901)	**(9,074)**
Unrecognized actuarial loss	**27,743**	30,431	**295,138**
Unrecognized prior service cost	**(4,165)**	(4,807)	**(44,309)**
Net retirement benefit obligation	**22,723**	21,722	**241,734**
Prepaid pension cost	**42,579**	42,712	**452,968**
Accrued retirement benefits	**¥ (19,855)**	¥ (20,990)	**$ (211,223)**

The components of retirement benefit expenses for the years ended March 31, 2013 and 2012 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	**2013**	2012	**2013**
Service cost	**¥ 4,152**	¥ 4,036	**$ 44,170**
Interest cost	**4,783**	4,696	**50,883**
Expected return on plan assets	**(4,663)**	(4,429)	**(49,606)**
Amortization of actuarial gain or loss	**2,903**	3,510	**30,883**
Amortization of prior service cost	**(896)**	(868)	**(9,532)**
Net period retirement benefit costs	**6,279**	6,946	**66,798**
Contribution to defined contribution plans	**739**	670	**7,862**
Total	**¥ 7,018**	¥ 7,616	**$ 74,660**

The assumptions used in accounting for the above plans are as follows:

Year ended March 31,	**2013**	2012
Discount rate	**Mainly 1.0%**	Mainly 2.2%
Expected rate of return on plan assets	**Mainly 2.2%**	Mainly 2.2%

Provision of reserve for retirement benefit included in cost of sales for years ended March 31, 2013 and 2012 amounted to ¥3,363 million ($35,777 thousand) and ¥3,797 million, respectively.

12. Shareholders' Equity

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

13. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2013 and 2012 amounted to ¥10,432 million ($110,979 thousand) and ¥10,373 million, respectively.

14. Commitments and Contingencies

(a) At March 31, 2013 and 2012, the Company and its subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2013**	2012	**2013**
As guarantor of indebtedness of:			
Employees	**¥ 11**	¥ 19	**$ 117**
MSP Industries SDN. BHD.	**287**	354	**3,053**
Total	**¥298**	¥374	**$3,170**

(b) Factored receivables for the years ended March 31, 2013 and 2012 amounted to ¥3,047 million ($32,415 thousand) and ¥4,245 million, respectively.

(c) Litigation and Other Legal Matters

(1) Investigations by overseas authorities

Regarding sales of bearing products, NSK's sales subsidiary in Germany was investigated in November 2011 by the European Commission in relation to EU competition law. Moreover, our subsidiary in the U.S. received from the United States Department of Justice a subpoena, which requested that it provide information regarding sales of the bearing products in November 2011. Furthermore, our manufacturing and sales subsidiary in Korea was investigated in July 2012 by the Korea Fair Trade Commission in relation to the Monopoly Regulation and Fair Trade Act. In addition, our sales subsidiary in Singapore was investigated in February 2013 by the Competition Commission Singapore in relation to the Competition Act.

Our subsidiaries have been investigated by relevant authorities in other countries as well.

NSK and the NSK Group are cooperating fully with any relevant authorities in their respective investigations.

As a result of the above, financial losses, such as surcharge payments, may occur in the future; however, it is difficult to provide a reasonable estimate of the amount of such losses at this time. Their impact on NSK's operational results, etc. is uncertain.

(2) Class actions filed overseas

In the United States, the Plaintiffs, representing purchasers, etc. of bearing products, have filed class actions against the Defendants including NSK and its subsidiary located in the United States (the "Actions"). The Plaintiffs allege, among others, that the Defendants conspired with each other to restrict competition regarding transactions related to bearing products in the United States, and seek damages, injunctive relief, and other relief against the Defendants in the Actions. In addition, in Canada, similar kinds of class actions against the Defendants including NSK and its subsidiary located in Canada have been filed.

NSK and its subsidiaries located in the United States and Canada are going to insist on propriety and contest the Plaintiffs' claim. Although the amounts of damages claimed are not specified in the complaints, as a result of these actions, it is possible that NSK's operational results, etc. will be affected.

NSK or its subsidiaries or its affiliated companies may face additional follow-on actions similar to these actions.

15. Leases

(a) Finance Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2013 and 2012, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2013**	2012	**2013**
Acquisition costs:			
Machinery, vehicles and equipment	**¥722**	¥775	**$7,681**
Other assets	**20**	68	**213**
Total	**¥743**	¥843	**$7,904**
Accumulated depreciation:			
Machinery, vehicles and equipment	**¥315**	¥484	**$3,351**
Other assets	**12**	61	**128**
Total	**¥327**	¥545	**$3,479**
Net book value:			
Machinery, vehicles and equipment	**¥407**	¥290	**$4,330**
Other assets	**8**	6	**85**
Total	**¥416**	¥297	**$4,426**

Lease payments relating to finance leases accounted for as operating leases amounted to ¥89 million ($947 thousand) and ¥243 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the lease terms, for the years ended March 31, 2013 and 2012, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2013 and 2012 for finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Year ending March 31,	2013	2012	2013
Due in one year or less	¥ 70	¥ 80	$ 745
Due after one year	345	216	3,670
Total	¥416	¥297	$4,426

(b) Operating Leases

Future minimum lease payments for noncancelable operating leases subsequent to March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Year ending March 31,	2013	2012	2013
Due in one year or less	¥1,069	¥ 904	$11,372
Due after one year	1,741	1,746	18,521
Total	¥2,810	¥2,651	$29,894

16. Derivative Transactions

The Company and certain subsidiaries have entered into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates.

The Company is exposed to credit risk in the event of nonperformance of the counterparties to its derivatives positions, but any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings.

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2013 and 2012:

(a) Derivative transactions which have not been accounted for as hedges

(1) Currency-related transactions

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2013	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions						
Forward foreign exchange contracts						
Sell:						
US$	**¥4,080**	**¥(17)**	**¥(17)**	**$43,404**	**$(181)**	**$(181)**
STG£	**98**	**0**	**0**	**1,043**	**0**	**0**
EUR	**98**	**1**	**1**	**1,043**	**11**	**11**
INR	**434**	**(14)**	**(14)**	**4,617**	**(149)**	**(149)**
YEN	**302**	**7**	**7**	**3,213**	**74**	**74**
Buy:						
US$	**¥2,249**	**¥(18)**	**¥(18)**	**$23,926**	**$(191)**	**$(191)**
STG£	**65**	**0**	**0**	**691**	**0**	**0**
A$	**54**	**0**	**0**	**574**	**0**	**0**
C$	**1**	**0**	**0**	**11**	**0**	**0**
NT$	**490**	**(4)**	**(4)**	**5,213**	**(43)**	**(43)**
YEN	**1,094**	**4**	**4**	**11,638**	**43**	**43**
Total	**¥8,968**	**¥(41)**	**¥(41)**	**$95,404**	**$(436)**	**$(436)**

(Note) The calculation of fair value
The fair value of forward foreign exchange contracts and non deliverable forward are based on the appraised value provided by the contracted financial institutions.

	Millions of yen		
As of March 31, 2012	Notional amount	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions			
Forward foreign exchange contracts			
Sell:			
US$	¥3,266	¥ (1)	¥ (1)
STG£	17	(0)	(0)
YEN	398	11	11
Buy:			
US$	¥1,690	¥ (2)	¥ (2)
STG£	53	0	0
A$	47	0	0
EUR	106	(0)	(0)
YEN	1,700	(7)	(7)
Total	¥7,282	¥ (0)	¥ (0)

(2) Interest-related transactions

As of March 31, 2013	Millions of yen Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions				
Interest swap transactions				
Fixed interest payment /Floating interest receivable	**¥357**	**¥ —**	**¥(7)**	**¥(7)**
Total	**¥357**	**¥ —**	**¥(7)**	**¥(7)**

As of March 31, 2013	Thousands of U.S. dollars Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions				
Interest swap transactions				
Fixed interest payment /Floating interest receivable	**$3,798**	**$ —**	**$(74)**	**$(74)**
Total	**$3,798**	**$ —**	**$(74)**	**$(74)**

(Note) The calculation of fair value
The fair value of interest swap transactions is based on the appraised value provided by the contracted financial institutions.

March 31, 2012	Millions of yen Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions				
Interest swap transactions				
Fixed interest payment /Floating interest receivable	¥558	¥312	¥(15)	¥(15)
Total	¥558	¥312	¥(15)	¥(15)

(b) Derivative transactions which have been accounted for as hedges

(1) Currency-related transactions

	Millions of yen		Thousands of U.S. dollars	
As of March 31, 2013	Notional amount	Fair value	Notional amount	Fair value
Transactions, excluding market transactions				
Allocation method				
Forward foreign exchange contracts				
Sell:				
US$	**¥21,652**	**(Note)**	**$230,340**	**(Note)**
EUR	**6,460**	**(Note)**	**68,723**	**(Note)**
C$	**297**	**(Note)**	**3,160**	**(Note)**
A$	**421**	**(Note)**	**4,479**	**(Note)**
Total	**¥28,832**	**—**	**$306,723**	**—**

As of March 31, 2012	Millions of yen Notional amount	Fair value
Transactions, excluding market transactions		
Allocation method		
Forward foreign exchange contracts		
Sell:		
US$	¥22,159	(Note)
STG£	3	(Note)
EUR	6,073	(Note)
C$	241	(Note)
A$	540	(Note)
THB	72	(Note)
Total	¥29,091	—

(Note) Forward foreign exchange contracts accounted for by the allocation method are included in the respective accounts receivable, so the fair value is included in the fair value of the corresponding receivables.

17. Financial Instruments

(a) Matters relating to financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") mainly raises necessary operating funds and funds for equipments by bank loans and bond issuances. The Group manages temporary cash surpluses through low-risk financial assets.

Notes and accounts receivable are affected by the credit risk of its customers. To quickly identify and mitigate the risk, the sales division regularly monitors the financial position of its customers.

Investment securities are mainly stocks and held-to-maturity securities. Regarding the market price risk of investment securities, the Group monitors the fair value of such securities periodically.

In order to mitigate the foreign currency exchange fluctuation risk, the Group manages the balances of receivables and payables denominated in foreign currencies, and enters into forward foreign exchange contracts in accordance with the internal rules. In order to mitigate the interest rate risk for loans at variable interest rates, the Group also enters into interest rate swap transactions.

(b) Matters relating to fair values, etc. of financial instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2013 and 2012 and estimated fair value are shown in the following tables. The following tables do not include financial instruments for which it is extremely difficult to determine the fair value (please refer to Note 2).

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2013	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
(1) Cash and deposits	**¥ 54,643**	**¥ 54,643**	**¥ —**	**$ 581,309**	**$ 581,309**	**$ —**
(2) Notes and accounts receivable	**140,380**	**140,380**	**—**	**1,493,404**	**1,493,404**	**—**
(3) Securities and investment securities						
1) Held-to-maturity securities	**749**	**744**	**(5)**	**7,968**	**7,915**	**(53)**
2) Other securities	**147,975**	**147,975**	**—**	**1,574,202**	**1,574,202**	**—**
Total assets	**¥343,748**	**¥343,743**	**¥ (5)**	**$3,656,894**	**$3,656,840**	**$ (53)**
(1) Notes and accounts payable	**¥117,808**	**¥117,808**	**¥ —**	**$1,253,277**	**$1,253,277**	**$ —**
(2) Short-term loans	**70,789**	**70,789**	**—**	**753,074**	**753,074**	**—**
(3) Bonds*1	**35,000**	**36,771**	**1,771**	**372,340**	**391,181**	**18,840**
(4) Long-term loans*1	**199,313**	**203,878**	**4,564**	**2,120,351**	**2,168,915**	**48,553**
Total liabilities	**¥422,911**	**¥429,247**	**¥6,336**	**$4,499,053**	**$4,566,457**	**$67,404**
Derivatives*2	**¥ (48)**	**¥ (48)**	**¥ —**	**$ (511)**	**$ (511)**	**$ —**

As of March 31, 2012	Millions of yen Carrying value	Estimated fair value	Difference
(1) Cash and deposits	¥ 72,726	¥ 72,726	¥ —
(2) Notes and accounts receivable	154,219	154,219	—
(3) Securities and investment securities			
1) Held-to-maturity securities	1,449	1,443	(5)
2) Other securities	117,416	117,416	—
Total assets	¥345,810	¥345,805	¥ (5)
(1) Notes and accounts payable	¥137,607	¥137,607	¥ —
(2) Short-term loans	70,569	70,569	—
(3) Bonds*1	65,000	67,370	2,370
(4) Long-term loans*1	161,181	163,635	2,453
Total liabilities	¥434,357	¥439,181	¥4,823
Derivatives*2	¥ (15)	¥ (15)	¥ —

*1. Bonds and long-term loans include debts due within one year.
*2. Derivative transactions are shown at the net value of assets and liabilities. When the net value is a liability, the amount is shown in parentheses.

(Note 1) The calculation method of the estimated fair value of financial instruments and securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable

Since these items are settled in a short term, their carrying value approximates fair value.

(3) Securities and investment securities

The carrying value of securities settled in a short term approximates fair value. The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities.

Liabilities

(1) Notes and accounts payable and (2) Short-term loans

Since these items are settled in a short term, their carrying value approximates fair value.

(3) Bonds

The fair value of bonds is based on either the quoted market price or present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

(4) Long-term loans

The fair value of long-term loans is based on the present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each loan and current credit risk.

For the fair value of long-term loans at variable interest rates, as the market value is nearly identical to the carrying value, the carrying value is used.

Derivatives

The fair value of derivatives is based on prices provided by the financial institutions making markets in these derivatives. Forward foreign exchange contracts accounted for by the allocation method are included in accounts receivable, so the fair value is included in the corresponding receivables.

(Note 2) Financial instruments for which it is extremely difficult to determine fair value as of March 31, 2013 and 2012

As of March 31, 2013	Millions of yen Carrying value	Thousands of U.S. dollars Carrying value
Investments in non-consolidated subsidiaries and affiliates	**¥21,888**	**$232,851**
Unlisted stocks	**¥ 4,294**	**$ 45,681**

As of March 31, 2012	Millions of yen Carrying value
Investments in non-consolidated subsidiaries and affiliates	¥17,923
Unlisted stocks	¥ 4,090

As these items do not have market value and their future cash flows cannot be estimated, determining their estimated fair value was deemed to be extremely difficult. Therefore, they are not included in "(3) Securities and investment securities."

(Note 3) Redemption schedule for financial receivables and securities with maturity dates after March 31, 2013

	Millions of yen				Thousands of U.S. dollars			
As of March 31, 2013	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 54,587	¥ —	¥ —	¥ —	$ 580,713	$ —	$ —	$ —
Notes and accounts receivable	141,706	—	—	—	1,507,511	—	—	—
Securities and investment securities								
Held-to-maturity securities (Corporate bonds)	399	349	—	—	4,245	3,713	—	—
Other securities with maturities (Government bonds)	25,995	9	—	—	276,543	96	—	—
Other securities with maturities (Corporate bonds)	9,996	—	—	—	106,340	—	—	—
Other securities with maturities (Other)	37,800	10	—	—	402,128	106	—	—
Total	¥270,486	¥369	¥ —	¥ —	$2,877,511	$3,926	$ —	$ —

(Note 4) Redemption schedule of corporate bonds and long-term loans after March 31, 2013

	Millions of yen						Thousands of U.S. dollars					
As of March 31, 2013	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	¥ —	¥15,000	¥ —	¥20,000	¥ —	¥ —	$ —	$159,574	$ —	$212,766	$ —	$ —
Long-term loans	42,637	22,896	44,438	15,046	29,294	45,000	453,585	243,574	472,745	160,064	311,638	478,723
Total	¥42,637	¥37,896	¥44,438	¥35,046	¥29,294	¥45,000	$453,585	$403,149	$472,745	$372,830	$311,638	$478,723

18. Other Comprehensive Income

Amount of reclassification adjustment and tax effect allocated to each component of other comprehensive income are as follows:

Year ended March 31, 2013	Millions of yen	Thousands of U.S. dollars
Unrealized holding gain (loss) on securities		
Unrealized holding gain (loss) on securities arising during the year	¥11,651	$123,947
Reclassification adjustment	(614)	(6,532)
Net Unrealized holding gain (loss) on securities before tax effect	11,037	117,415
Tax effect	(3,803)	(40,457)
Unrealized holding gain (loss) on securities, net of tax	7,233	76,947
Translation adjustments		
Translation adjustments arising during the year	23,354	248,447
Share of other comprehensive income of affiliates accounted for by the equity method		
Share of other comprehensive income of affiliates accounted for by the equity method arising during the year	423	4,500
Total other comprehensive income	¥31,010	$329,894

19. Amounts per Share

	Yen		U.S. dollars
Year ended March 31,	2013	2012	2013
Net income:			
Basic	¥ 29.14	¥ 52.75	$ 0.31
Diluted	—	52.75	—
Net assets	591.36	518.56	6.291
Cash dividends applicable to the year	11.00	12.00	0.117

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of stock options.

Amounts per share of net assets are computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends resolved by the Board of Directors as applicable to that year together with the interim cash dividends paid.

20. Related Party Transactions

The Company purchased goods for resale in the amounts of ¥46,177 million ($491,245 thousand) and ¥47,668 million from NSK-Warner K.K., its major affiliate, which was accounted for by the equity method for the years ended March 31, 2013 and 2012, respectively. The related payable balances at March 31, 2013 and 2012 amounted to ¥9,637 million ($102,521 thousand) and ¥11,474 million, respectively. The purchase prices were negotiated on an arm's-length basis considering the total cost for its production.

For the years ended March 31, 2013 and 2012, NSK-Warner K.K. has been designated as a significant affiliate, and its summarized financial information are as follows:

NSK-Warner K.K. As of March 31, 2013	Millions of yen	Thousands of U.S. dollars
Total current assets	**¥28,644**	**$304,723**
Total non-current assets	**14,112**	**150,128**
Total current liabilities	**12,999**	**138,287**
Total long-term liabilities	**3,216**	**34,213**
Total net assets	**26,540**	**282,340**
Year ended March 31, 2013		
Net sales	**¥50,789**	**$540,309**
Income before income taxes and minority interests	**7,877**	**83,798**
Net income	**5,375**	**57,181**

As of March 31, 2012	Millions of yen
Total current assets	¥28,172
Total non-current assets	14,466
Total current liabilities	13,683
Total long-term liabilities	3,274
Total net assets	25,680
Year ended March 31, 2012	
Net sales	¥50,411
Income before income taxes and minority interests	7,490
Net income	4,858

21. Segment Information

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resource allocation and to assess performance.

The Company's organization centers on its customer/product-based division headquarters, which plans comprehensive business strategies not only for business in Japan but globally. Therefore, the Company has decided to designate its customer/product-based Industrial Machinery segment and Automotive segment as its two reportable segments.

The Industrial Machinery business is in charge of production and sales of industrial machinery bearings, ball screws, and linear guides.

The Automotive business is in charge of production and sales of bearings for car manufactures and automotive component manufacturers, steering columns and automatic transmission components.

The accounting policies of the segments are substantially the same as those described in "Summary of Significant Accounting Policies." Segment performance is based on operating income or loss. Intersegment sales and any transfer prices are recorded at market values.

Sales, income (loss), assets, liabilities and other items by reportable segment for the years ended March 31, 2013 and 2012 are summarized as follows:

Millions of yen

	Reportable segments						
Year ended March 31, 2013	Industrial Machinery Business	Automotive Business	Subtotal	Others	Total	Adjustments	Consolidated
Sales							
Sales to third parties	¥216,142	¥490,545	¥706,687	¥26,154	¥732,842	¥ —	¥732,842
Inter-segment sales and transfers	—	—	—	27,124	27,124	(27,124)	—
Total	216,142	490,545	706,687	53,278	759,966	(27,124)	732,842
Segment income (loss) (Operating income)	¥ 13,020	¥ 24,992	¥ 38,012	¥ 2,164	¥ 40,176	¥ (7,815)	¥ 32,361
Segment assets	¥253,030	¥392,081	¥645,112	¥81,343	¥726,456	¥156,091	¥882,547
Other items							
Depreciation and amortization	¥ 12,321	¥ 19,716	¥ 32,037	¥ 3,159	¥ 35,197	¥ (599)	¥ 34,598
Investments in affiliates	¥ 4,698	¥ 15,951	¥ 20,650	¥ 615	¥ 21,265	¥ —	¥ 21,265
Increase in tangible and intangible assets	¥ 11,896	¥ 31,936	¥ 43,832	¥ 4,735	¥ 48,567	¥ (542)	¥ 48,025

Thousands of U.S. dollars

Year ended March 31, 2013	Reportable segments: Industrial Machinery Business	Reportable segments: Automotive Business	Reportable segments: Subtotal	Others	Total	Adjustments	Consolidated
Sales							
Sales to third parties	**$2,299,383**	**$5,218,564**	**$7,517,947**	**$278,234**	**$7,796,191**	**$ —**	**$7,796,191**
Inter-segment sales and transfers	**—**	**—**	**—**	**288,553**	**288,553**	**(288,553)**	**—**
Total	**2,299,383**	**5,218,564**	**7,517,947**	**566,787**	**8,085,064**	**(288,553)**	**7,796,191**
Segment income (loss) (Operating income)	**$ 138,511**	**$ 265,872**	**$ 404,383**	**$ 23,021**	**$ 427,404**	**$ (83,138)**	**$ 344,266**
Segment assets	**$2,691,809**	**$4,171,074**	**$6,862,894**	**$865,351**	**$7,728,255**	**$1,660,543**	**$9,388,798**
Other items							
Depreciation and amortization	**$ 131,074**	**$ 209,745**	**$ 340,819**	**$ 33,606**	**$ 374,436**	**$ (6,372)**	**$ 368,064**
Investments in affiliates	**$ 49,979**	**$ 169,691**	**$ 219,681**	**$ 6,543**	**$ 226,223**	**$ —**	**$ 226,223**
Increase in tangible and intangible assets	**$ 126,553**	**$ 339,745**	**$ 466,298**	**$ 50,372**	**$ 516,670**	**$ (5,766)**	**$ 510,904**

(Note 1) "Others" is excluded from reportable segments and including production and sales of steel balls, production of machineries, and production and sales of systemized products (photo fabrication exposure equipment).
(Note 2) The adjustment made for segment operating income, ¥(7,815) million ($(83,138) thousand) includes intersegment elimination amount to ¥129 million ($1,372 thousand) and corporate expenses amount to ¥(7,945) million ($(84,521) thousand), which is not allocated to the reportable segments.
Corporate expense is the cost occurring from administrative department in the Company's HQ, which is not belonging to any reportable segments.
(Note 3) The segment income has been adjusted based on the operating profit in Consolidated Statements of Income.
(Note 4) The adjustment of segment assets, ¥156,091 million ($1,660,543 thousand) includes intersegment elimination amount to ¥(6,636) million ($(70,596) thousand) and corporate assets amount to ¥162,728 million ($1,731,149 thousand), which is not allocated to any reportable segments.
Corporate assets are mainly the surplus fund of the Company (cash and cash equivalent) and long-term investment (investment securities).
(Note 5) The adjustment of depreciation and amortization, ¥(599) million ($(6,372) thousand) is intersegment elimination.
(Note 6) The adjustment of increase in tangible and intangible assets, ¥(542) million ($(5,766) thousand) is the intersegment elimination.

Millions of yen

Year ended March 31, 2012	Reportable segments: Industrial Machinery Business	Reportable segments: Automotive Business	Reportable segments: Subtotal	Others	Total	Adjustments	Consolidated
Sales							
Sales to third parties	¥255,835	¥444,585	¥700,420	¥32,772	¥733,192	¥ —	¥733,192
Inter-segment sales and transfers	—	—	—	28,256	28,256	(28,256)	—
Total	255,835	444,585	700,420	61,028	761,449	(28,256)	733,192
Segment income (loss) (Operating income)	¥ 25,689	¥ 22,637	¥ 48,327	¥ 3,258	¥ 51,586	¥ (7,168)	¥ 44,417
Segment assets	¥260,825	¥357,405	¥618,231	¥82,287	¥700,518	¥144,555	¥845,073
Other items							
Depreciation and amortization	¥ 13,977	¥ 19,418	¥ 33,396	¥ 3,071	¥ 36,468	¥ (660)	¥ 35,807
Investments in affiliates	¥ 4,245	¥ 12,445	¥ 16,690	¥ 601	¥ 17,291	¥ —	¥ 17,291
Increase in tangible and intangible assets	¥ 18,638	¥ 29,892	¥ 48,530	¥ 6,766	¥ 55,297	¥ (678)	¥ 54,619

1. Information by Region

(1) Sales

Year ended March 31, 2013					Millions of yen
Japan	The Americas	Europe	China	Other Asia	Total
¥333,348	¥103,352	¥102,667	¥91,442	¥102,030	¥732,842

Year ended March 31, 2013					Thousands of U.S. dollars
Japan	The Americas	Europe	China	Other Asia	Total
$3,546,255	$ 1,099,489	$1,092,202	$ 972,787	$1,085,426	$7,796,191

(Note 1) The sales is based on the customers' location and categorized by either countries or regions.
(Note 2) The categories of the countries or the regions are based on the proximity.
(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;
The Americas: the United States, Canada, Mexico, Brazil etc.
Europe: the United Kingdom, Germany, Poland, and other European countries etc.
Other Asia: East and South East Asian countries (apart from Japan and China), India and Australia etc.

(2) Tangible assets

As of March 31, 2013					Millions of yen
Japan	The Americas	Europe	China	Other Asia	Total
¥139,457	¥19,719	¥25,472	¥61,232	¥34,208	¥280,089

As of March 31, 2013					Thousands of U.S. dollars
Japan	The Americas	Europe	China	Other Asia	Total
$1,483,585	$209,777	$270,979	$651,404	$363,915	$2,979,670

(Note 1) The categories of the countries or the regions are based on the proximity.
(Note 2) Main countries and regions belonging to other regions apart from Japan and China are follows;
The Americas: the United States, Canada, Mexico, Brazil etc.
Europe: the United Kingdom, Germany, Poland, and other European countries etc.
Other Asia: East and South East Asian countries (apart from Japan and China), India and Australia etc.

2. Amortization of Goodwill by Reportable Segment

Millions of yen

	Reportable segment					
Year ended March 31, 2013	Industrial Machinery Business	Automotive Business	Subtotal	Others	Corporate/ Eliminations	Total
Amortization during the year	¥ —	¥587	¥587	¥134	¥ —	¥722
Unamortized balance at the end of the year	¥ —	¥142	¥142	¥340	¥ —	¥483

Thousands of U.S. dollars

	Reportable segment					
Year ended March 31, 2013	Industrial Machinery Business	Automotive Business	Subtotal	Others	Corporate/ Eliminations	Total
Amortization during the year	$ —	$6,245	$6,245	$1,426	$ —	$7,681
Unamortized balance at the end of the year	$ —	$1,511	$1,511	$3,617	$ —	$5,138

22. Stock Option

Information regarding stock option plans of the Company at March 31, 2013 is as follows:

Date of approval	June 26, 2007	June 25, 2008	June 25, 2009	June 25, 2010	June 24 2011
Date of grant	August 28, 2007	August 26, 2008	August 25, 2009	August 26, 2010	August 30, 2011
Grantees	12 directors and 28 executive officers, 35 employees, 20 directors of subsidiaries specified by the NSK Board of Directors Total 95	12 directors and 28 executive officers, 45 employees, 19 directors of subsidiaries specified by the NSK Board of Directors Total 104	12 directors and 28 executive officers, 56 employees, 20 directors of subsidiaries specified by the NSK Board of Directors Total 116	12 directors and 28 executive officers, 52 employees, 19 directors of subsidiaries specified by the NSK Board of Directors Total 111	12 directors and 27 executive officers, 46 employees, 21 directors of subsidiaries specified by the NSK Board of Directors Total 106
Type of shares to be issued upon exercise of share subscription rights	Common stock	Common stock	Common stock	Common stock	Common stock
Number of shares to be issued upon exercise of share subscription rights	743,000 shares	785,000 shares	828,000 shares	823,000 shares	779,000 shares
Exercise price (yen)	¥1,312	¥932	¥603	¥641	¥831
Exercise period	August 28, 2007– August 27, 2012	August 26, 2008– August 25, 2013	August 25, 2009– August 24, 2014	August 26, 2010 August 25, 2015	August 30, 2011– August 29, 2016
Stock options outstanding as of March 31, 2012	743,000 shares	785,000 shares	810,000 shares	823 ,000 shares	—
Exercised in this period	—	—	6,000 shares	—	—
Expired in this period	—	—	—	—	—
Stock options outstanding as of March 31, 2013	743,000 shares	785,000 shares	810,000 shares	823 ,000 shares	779,000 shares
Weighted average exercise price (yen)	—	—	¥709	—	—
Weighted average fair value per stock at the granted date	¥146	¥146	¥207	¥149	¥162

Stock option expense included in selling, general and administrative expenses for the year ended March 31, 2013 amounted to ¥79 million ($840 thousand). Gains on expiration of unexercised stock options are recorded for the year ended March 31, 2013 amounted to ¥108 million ($1,149 thousand).

23. Treasury Stock

Treasury Stock the Company and affiliates owned for the years ended March 31, 2013 and 2012 were 11,349,715 common stocks and 10,708,237 common stocks, respectively.

24. Subsequent Event

Not applicable.

Management's Report on Internal Control over Financial Reporting

Basic Framework of Internal Control over Financial Reporting

Norio Otsuka, President and CEO of NSK Ltd. (the "Company"), is responsible for designing and operating adequate internal control over financial reporting for consolidated financial statements of the Company and its consolidated subsidiaries (the "NSK Group").

The NSK Group has designed and operates adequate internal control over financial reporting in accordance with the basic framework set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council on March 30, 2011.

Internal control achieves its objectives to an appropriate extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

Scope of Assessment, Assessment Date and Assessment Procedure

We assessed the effectiveness of the NSK Group's internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2013 in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

For this assessment, we first evaluated the company-level controls based on the "Rules for Internal Control over Financial Reporting" and the "Regulations for Management of Internal Control," both established by the Company on April 1, 2008. For the business processes in the assessment scope of internal control that were selected based on the assessment result of company-level control, we identified the risks which may affect the reliability of financial reporting and selected key controls over the risks. By assessing the design and operation of these key control items, we evaluated the effectiveness of the internal control over the processes included in the scope of evaluation.

We decided the reasonable scope of assessment in the light of their degree of quantitative and qualitative impact on the reliability of financial reporting. 51 of the group companies, consisting of the Company, consolidated subsidiaries and major affiliates accounted for by equity method, were included in the scope of our company-level controls and financial reporting processes to be assessed from a company-level viewpoint. These companies contributed approximately to the top 95% of net sales. We excluded 43 consolidated subsidiaries from the scope of the company-level control assessment since their impacts were deemed insignificant.

For the purpose of determining the scope of process-level control assessment, we selected the 14 companies which contributed approximately to the top two thirds of the NSK Group's net sales on a consolidated basis for the fiscal year ended March 31, 2013 as "Significant Business Locations."

For the Significant Business Locations, we included business processes related to sales, accounts receivable, and inventory in the scope of assessment, as the aforementioned accounts were recognized as being closely associated with the Company's business objectives. In addition, we separately included certain business processes related to accounts involving estimates and management's judgments, identified as having material impacts on financial reporting, in the scope of assessment not only from those "Significant Business Locations" but from all consolidated business locations.

Assessment Result

Based on the results of our assessment within the above mentioned scope, date and procedures, we concluded that the Company's internal control over financial reporting for the accompanying consolidated financial statements at March 31, 2013 was effective.

June 25, 2013

Norio Otsuka
President and Chief Executive Officer
NSK Ltd.

Report of Independent Auditors

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
NSK Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NSK Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 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 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 referred to above present fairly, in all material respects, the consolidated financial position of NSK Ltd. and its consolidated subsidiaries as of March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Report on the Management's Report

We have also audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2013 of NSK Ltd. and its consolidated subsidiaries (the "Management's Report").

Management's Responsibility for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and the preparation and fair presentation of the Management's Report. Internal control over financial reporting may not prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about management's assessment on internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including materiality of effect on the reliability of financial reporting. An internal control audit includes examining the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

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

Opinion

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of March 31, 2013 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 25, 2013
Tokyo, Japan

NSK Group

As of March 31, 2013

Region	Company Name	Consolidated Equity	Outline of Business
Japan	NSK MICRO PRECISION CO., LTD.	55.0%	Manufacture and sales of bearings
	NSK MICRO PRECISION CO., LTD. (NAGANO)	100.0%	Manufacture of bearings
	NSK NEEDLE BEARING LTD.	98.1%	Manufacture of bearings
	NSK STEERING SYSTEMS CO., LTD.	100.0%	Manufacture of automotive components
	NSK KYUSHU CO., LTD.	100.0%	Manufacture of precision machinery & parts
	NSK TECHNOLOGY CO., LTD.	100.0%	Manufacture and sales of systemized products
	ASAHI SEIKI CO., LTD.	73.8%	Manufacture of bearing parts and automotive components
	AMATSUJI STEEL BALL MFG. CO., LTD.	100.0%	Manufacture and sales of steel and ceramic balls, etc.
	AKS EAST JAPAN CO., LTD.	100.0%	Manufacture of steel balls
	NOMURA TEKKOSHO CO., LTD.	100.0%	Manufacture of bearing parts
	SHINWA SEIKO CO., LTD.	82.4%	Manufacture of bearing parts
	KURIBAYASHI SEISAKUSHO CO., LTD.	73.5%	Manufacture of bearing parts
	NSK MACHINERY CO., LTD.	100.0%	Manufacture of machine tools and precision machinery & parts
	NSK REAL ESTATE CO., LTD.	100.0%	Real estate management and rental
	NISSEI BLDG. MANAGEMENT LTD.	70.0%	Management of Nissei Building
	NSK-CHUGAI, LTD.	45.0%	Insurance agent and sales of machine components, etc.
	NSK HUMAN RESOURCE SERVICES LTD.	100.0%	Provision of personnel support services and consulting
	NSK LOGISTICS CO., LTD.	100.0%	Distributor of NSK products and manufacturing contractor of machine components
	NSK NETWORK AND SYSTEMS CO., LTD.	100.0%	Provision of consulting, design, development, sales and maintenance services for computer systems and networks
	ADTECH CORPORATION	51.0%	Research and development of automotive components
	INOUE JIKUUKE KOGYO CO., LTD.	40.0%	Manufacture and sales of bearings
	NSK-WARNER K.K.	50.0%	Manufacture of automotive components
	CHITOSE SANGYO CO., LTD.	50.0%	Manufacture of automotive components
THE AMERICAS			
U.S.A.	NSK AMERICAS, INC.	100.0%	Control of American subsidiaries and affiliates
	NSK CORPORATION	100.0%	Manufacture of bearings and sales of bearings, automotive components and precision machinery & parts
	NSK PRECISION AMERICA, INC.	100.0%	Manufacture and sales of precision machinery & parts
	NSK LATIN AMERICA, INC.	100.0%	Sales of bearings and precision machinery & parts
	NSK STEERING SYSTEMS AMERICA, INC.	100.0%	Manufacture and sales of automotive components
	NSK-AKS PRECISION BALL COMPANY	100.0%	Manufacture and sales of steel balls
	NSK-WARNER U.S.A., INC.	50.0%	Sales and technical services of automotive components
Canada	NSK CANADA INC.	100.0%	Sales of bearings and precision machinery & parts
Mexico	NSK RODAMIENTOS MEXICANA, S.A. DE C.V.	100.0%	Sales of bearings and precision machinery & parts
Brazil	NSK BRASIL LTDA.	100.0%	Manufacture of bearings and sales of bearings and precision machinery & parts
Argentina	NSK ARGENTINA S.R.L.	100.0%	Sales of bearings and precision machinery & parts
Peru	NSK PERU S.A.C.	100.0%	Sales of bearings and precision machinery & parts
EUROPE			
U.K.	NSK EUROPE LTD.	100.0%	Control of European subsidiaries and affiliates
	NSK UK LTD.	100.0%	Sales of bearings, automotive components and precision machinery & parts
	NSK BEARINGS EUROPE LTD.	100.0%	Manufacture of bearings
	NSK STEERING SYSTEMS EUROPE LTD.	100.0%	Manufacture of automotive components
	NSK PRECISION UK LTD.	100.0%	Manufacture of precision machinery & parts
	AKS PRECISION BALL EUROPE LTD.	100.0%	Manufacture and sales of steel balls
Germany	NSK EUROPA HOLDING GMBH	100.0%	Holding company of subsidiaries in Germany
	NSK DEUTSCHLAND GMBH	100.0%	Sales of bearings and automotive components
	NEUWEG FERTIGUNG GMBH	100.0%	Manufacture of bearings
France	NSK FRANCE S.A.S.	100.0%	Sales of bearings, automotive components and precision machinery & parts
Italy	NSK ITALIA S.P.A.	100.0%	Sales of bearings, automotive components and precision machinery & parts
Spain	NSK SPAIN S.A.	100.0%	Sales of bearings, automotive components and precision machinery & parts

Region	Company Name	Consolidated Equity	Outline of Business
Netherlands	NSK EUROPEAN DISTRIBUTION CENTRE B.V.	100.0%	Warehousing and distribution of bearings and automotive components
Poland	NSK BEARINGS POLSKA S.A.	95.5%	Manufacture of bearings
	NSK POLSKA SP. Z O.O.	100.0%	Sales of bearings
	NSK NEEDLE BEARING POLAND SP. Z O.O.	100.0%	Manufacture of bearings
	NSK STEERING SYSTEMS EUROPE (POLSKA) SP. Z O.O.	100.0%	Manufacture of automotive components
	AKS PRECISION BALL POLSKA SP. Z O.O.	100.0%	Manufacture and sales of steel balls
Turkey	NSK RULMANLARI ORTA DOGU TIC. LTD. STI (NSK BEARINGS MIDDLE EAST TRADING CO., LTD.)	100.0%	Sales of bearings and precision machinery & parts
South Africa	NSK SOUTH AFRICA (PTY) LTD.	100.0%	Sales of bearings and precision machinery & parts
ASIA			
Singapore	NSK INTERNATIONAL (SINGAPORE) PTE LTD.	100.0%	Sales of bearings
	NSK SINGAPORE (PRIVATE) LTD.	70.0%	Sales of bearings and precision machinery & parts
Indonesia	PT. NSK BEARINGS MANUFACTURING INDONESIA	100.0%	Manufacture of bearings
	PT. NSK INDONESIA	100.0%	Sales of bearings
	PT. AKS PRECISION BALL INDONESIA	100.0%	Manufacture and sales of steel balls
	PT. NSK-WARNER INDONESIA	50.0%	Manufacture of automotive components
Thailand	NSK BEARINGS MANUFACTURING (THAILAND) CO., LTD.	74.9%	Manufacture and sales of bearings
	SIAM NSK STEERING SYSTEMS CO., LTD.	74.9%	Manufacture and sales of automotive components
	NSK ASIA PACIFIC TECHNOLOGY CENTRE (THAILAND) CO., LTD.	100.0%	Technological support and development of bearings
	NSK BEARINGS (THAILAND) CO., LTD.	49.0%	Sales of bearings, automotive components and precision machinery & parts
Malaysia	NSK BEARINGS (MALAYSIA) SDN. BHD.	51.0%	Sales of bearings, automotive components and precision machinery & parts
	NSK MICRO PRECISION (M) SDN. BHD.	100.0%	Manufacture of bearings
	ISC MICRO PRECISION SDN. BHD.	100.0%	Manufacture of bearings
China	NSK (CHINA) INVESTMENT CO., LTD.	100.0%	Holding company of Chinese subsidiaries and affiliates, sales of bearings, automotive components and precision machinery & parts
	KUNSHAN NSK CO., LTD.	85.0%	Manufacture of bearings
	CHANGSHU NSK NEEDLE BEARING CO., LTD.	100.0%	Manufacture of bearings
	NSK STEERING SYSTEMS DONGGUAN CO., LTD.	100.0%	Manufacture of automotive components
	ZHANGJIAGANG NSK PRECISION MACHINERY CO., LTD.	100.0%	Manufacture of bearing parts
	SUZHOU NSK BEARINGS CO., LTD.	100.0%	Manufacture of bearings
	AKS PRECISION BALL (HANGZHOU) CO., LTD.	100.0%	Manufacture and sales of steel balls
	NSK (CHINA) RESEARCH AND DEVELOPMENT CO., LTD.	100.0%	Technological support and development of bearings, automotive components and precision machinery & parts
	NSK-WARNER (SHANGHAI) CO., LTD.	50.0%	Manufacture of automotive components
	NSK-WANDA ELECTRIC POWER ASSISTED STEERING SYSTEMS CO., LTD.	90.0%	Manufacture of automotive components
	NSK-YAGI PRECISION FORGING (ZHANGJIAGANG) CO., LTD.	70.0%	Manufacture of bearing parts
	SHENYANG NSK PRECISION CO., LTD.	100.0%	Manufacture of precision machinery & parts
	SHENYANG NSK CO., LTD.	100.0%	Manufacture of bearings
	HEFEI NSK CO., LTD.	100.0%	Manufacture of bearings
	NINGBO MOS GROUP CO., LTD.	41.7%	Manufacture and sales of bearings
Hong Kong	NSK HONG KONG LTD.	70.0%	Sales of bearings, automotive components and precision machinery & parts
Taiwan	TAIWAN NSK PRECISION CO., LTD.	70.0%	Sales of precision machinery & parts
	TAIWAN NSK TECHNOLOGY CO., LTD.	100.0%	Sales of systemized products
South Korea	NSK KOREA CO., LTD.	100.0%	Manufacture of bearings and precision machinery & parts and sales of bearings, automotive components and precision machinery & parts
	NSK NEEDLE BEARING KOREA CO., LTD.	100.0%	Manufacture of bearings
	KOREA NSK TECHNOLOGY CO., LTD.	100.0%	Sales of systemized products
Vietnam	NSK VIETNAM CO., LTD.	100.0%	Sales of bearings
India	NSK INDIA SALES CO. PVT. LTD.	100.0%	Sales of bearings and automotive components
	NSK-ABC BEARINGS LTD.	97.5%	Manufacture and sales of bearings
	RANE NSK STEERING SYSTEMS LTD.	51.0%	Manufacture and sales of automotive components
Australia	NSK AUSTRALIA PTY. LTD.	100.0%	Sales of bearings, automotive components and precision machinery & parts
New Zealand	NSK NEW ZEALAND LTD.	100.0%	Sales of bearings, automotive components and precision machinery & parts

Information for Investors

As of March 31, 2013

Corporate Address

NSK Ltd.
Nissei Bldg., 1-6-3 Ohsaki, Shinagawa-ku,
Tokyo 141-8560, Japan
Tel: +81-3-3779-7111
Fax: +81-3-3779-7431

Contact Information

For questions or additional information, please contact:
IR & CSR Office, NSK Ltd.
Nissei Bldg., 1-6-3 Ohsaki, Shinagawa-ku,
Tokyo 141-8560, Japan
Tel: +81-3-5487-2564
Fax: +81-3-3779-7442
E-mail: ir@nsk.com

NSK's Web Site

NSK has established a corporate web site to provide information on earnings and other data, including Annual Reports.
http://www.nsk.com

Annual Meeting of Shareholders

The Annual Meeting of Shareholders was held on June 25, 2013 at the Company's headquarters in Tokyo.

Common Stock

Authorized: 1,700,000,000 shares
Issued: 551,268,104 shares
(Treasury stock: 10,912,303)

Number of Shareholders

23,899

Transfer Agent

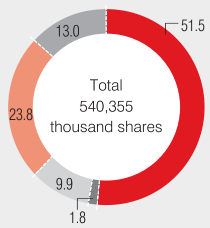
Mizuho Trust & Banking Co., Ltd.
1-2-1 Yaesu, Chuo-ku, Tokyo 103-8670, Japan

Listings

Tokyo, Osaka

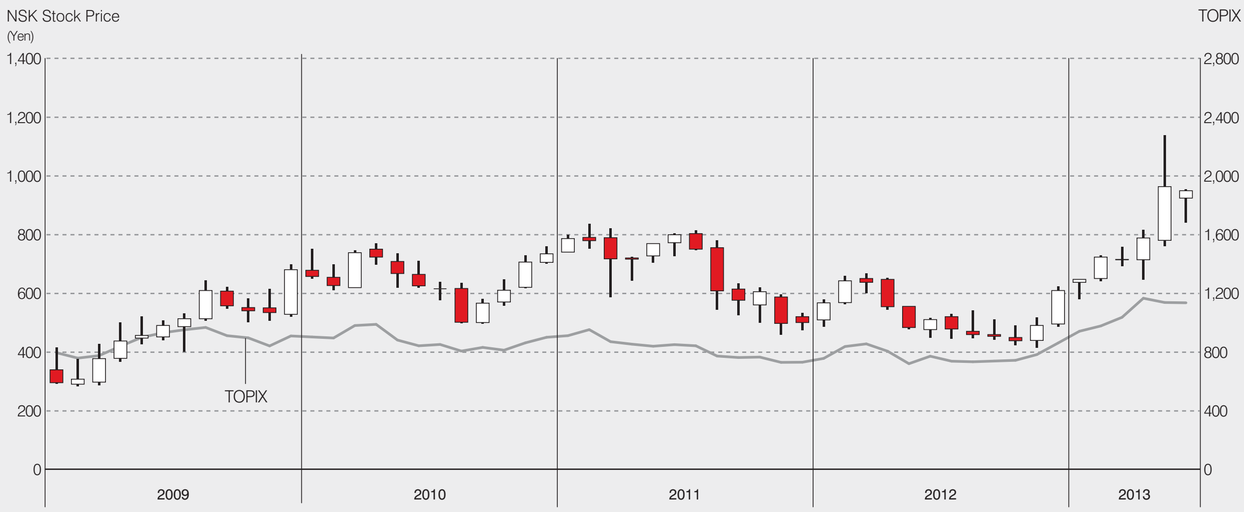
Breakdown of Shareholders

(%)



	Number of Shares (thousand shares)
Financial Institutions	278,460
Securities Companies	9,686
Other Japanese Corporations	53,394
Foreign Investors	128,461
Individuals / Others	70,352

Share Price Movement



The TOPIX (Tokyo Stock Price Index) is the stock price index calculated and published by the Tokyo Stock Exchange in order to express the changes of the Tokyo Stock Market.
The TOPIX is calculated by aggregated market value listed in the 1st Section of the Tokyo Stock Exchange to denominate the base market value (January 4, 1968) x 100.
The TOPIX (Tokyo Stock Price Index) is the intellectual property owned by the Tokyo Stock Exchange and the Tokyo Stock Exchange owns all rights relating to the TOPIX Index such as calculating, publishing and use of the TOPIX Index Value and relating to the TOPIX Trademarks.

NSK used environmentally friendly paper and printing methods for this publication.

