

# NSK Ltd.

For Immediate Release

February 2, 2015

## CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2014 (Unaudited) [JP GAAP]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	http://www.nsk.com
Representative	Norio Otsuka, President and CEO
Contact person	Toshihiko Enomoto, Vice President
Filing date of quarterly securities report	February 10, 2015

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Highlights for the Nine Months Ended December 31, 2014

#### (1) Consolidated financial results

(% indicates changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended Dec. 31, 2014	711,903	11.6	67,021	49.9	66,833	48.8	43,725	176.7
Nine months ended Dec. 31, 2013	637,758	18.2	44,713	98.8	44,922	105.5	15,804	17.0

(Note) Comprehensive income  
 Nine months ended Dec. 31, 2014 85,238 million yen 53.9%  
 Nine months ended Dec. 31, 2013 55,373 million yen 133.7%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Nine months ended Dec. 31, 2014	80.86	80.75
Nine months ended Dec. 31, 2013	29.26	29.23

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of Yen	Millions of Yen	%
As of Dec. 31, 2014	1,102,187	454,198	39.0
As of Mar. 31, 2014	1,000,932	382,155	35.9

(Note) Equity capital As of Dec. 31, 2014 429,442 million yen As of Mar. 31, 2014 359,201 million yen

### 2. Cash Dividends

(Record date)	Cash dividends per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2014	—	7.00	—	9.00	16.00
Year ending Mar. 31, 2015	—	12.00	—		
Year ending Mar. 31, 2015 (Forecast)				12.00	24.00

(Note) Revisions to the forecast of cash dividends from the latest announcement: None

### 3. Forecast of Consolidated Results for the Year Ending March 31, 2015

(% indicates changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending Mar. 31, 2015	950,000	9.0	86,000	26.4	84,500	26.5	57,000	82.9	105.40

(Note) Revisions to the forecast of consolidated results from the latest announcement: None

## Others

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Adoption of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: For more details, please refer to page 5 "2. Matters Regarding Summary Information (Others) (2) Adoption of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements."

(3) Changes to accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial standards

(i) Changes due to newly issued accounting pronouncements: Yes

(ii) Changes excluding the above: Yes

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

Note: For more details, please refer to page 5 "2. Matters Regarding Summary Information (Others) (3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements for the Preparation of the Quarterly Consolidated Financial Statements."

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock):

As of Dec. 31, 2014 551,268,104 shares As of Mar. 31, 2014 551,268,104 share

(ii) Number of treasury stock at the end of each period:

As of Dec. 31, 2014 10,294,300 shares As of Mar. 31, 2014 10,901,237 shares

(iii) Average number of shares issued and outstanding in each period:

Nine months ended Dec. 31, 2014 540,782,244 shares Nine months ended Dec. 31, 2013 540,057,979 shares

## (Reference) Consolidated Financial Highlights for the Three Months Ended December 31, 2014

(% indicates changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended Dec. 31, 2014	247,512	10.4	26,274	64.6	25,906	54.4	17,834	—
Three months ended Dec. 31, 2013	224,154	31.8	15,961	291.3	16,782	242.0	1,054	(35.9)

(Note) Comprehensive income Three months ended Dec. 31, 2014 42,615 million yen 88.0%  
Three months ended Dec. 31, 2013 22,662 million yen -15.3%

	Net income per share - Basic		Net income per share - Diluted	
	Yen		Yen	
Three months ended Dec. 31, 2014	32.97		32.93	
Three months ended Dec. 31, 2013	1.95		1.95	

### Information Regarding the Implementation of Quarterly Review Procedures

These quarterly financial results are not subject to quarterly review procedures. Therefore, at the time of this disclosure, the quarterly financial statement review procedures based on the "Financial Instruments and Exchange Law", have not been completed.

### Cautionary Statement with Respect to Forward-Looking Statements

The forecasts in this document are based on currently available information, and actual results may materially differ from any future results expressed herein due to various factors.

## 1. Business Overview

### (1) Qualitative Information Regarding Consolidated Business Results

The NSK Group is working to implement its mid-term management plan for the three years beginning April 2013, aiming to achieve net sales of ¥1 trillion in the year of 2016—the 100th anniversary of the company's foundation. In order to enhance its corporate foundation, the NSK Group has adopted a business strategy of growth with a focus on profitability, and is implementing measures to develop the management capability to handle ¥1 trillion in sales volume.

Looking at global economic conditions during the nine months of the year ending March 31, 2015, sentiment in the Japanese economy showed signs of weakening due to continued stagnation in consumer spending following the consumption tax rise, among other factors. The U.S. economy continued to recover, backed by robust domestic demand. The European economy also showed signs of an upturn, primarily in the Eurozone, despite the impact of government debt problems and geopolitical risks. In Asia, the pace of economic growth in China slowed, while economic conditions in other Asian countries remained weak overall.

In this economic environment, consolidated net sales totaled ¥711,903 million, a year-on-year increase of 11.6%, and operating income totaled ¥67,021 million, a year-on-year increase of 49.9%. Ordinary income was ¥66,833 million, a year-on-year increase of 48.8%. Net income after adjusting for income taxes and minority interests was ¥43,725 million, a year-on-year increase of 176.7%.

### Business Segment Information

#### ① Industrial Machinery Business

Demand in the industrial machinery continued to gradually recover worldwide. Looking at results by region, sales in Japan increased, primarily in the machine tool and semiconductor sectors, driven by steady demand for smartphone-related machinery. Sales in the Americas grew, primarily in the general machinery sector. In Europe, sales increased due to steady demand in the wind turbine and machine tool sectors. In China, although demand in the construction machinery sector slowed, government stimulus policies drove strong demand in the railway and wind turbine sectors. Despite market stagnation, sales of industrial machinery bearings in the ASEAN region grew, primarily in the aftermarket sector.

As a result, net sales in the industrial machinery business totaled ¥202,889 million, a year-on-year increase of 14.0%, and operating income was ¥22,597 million, a year-on-year increase of 45.8%.

#### ② Automotive Business

The global automotive market continued its gradual expansion, driven by the strong North American market, despite slower demand growth in China. Looking at results by geographic breakdown, the automotive market in Japan was slow to recover from the impact of the consumption tax rise, and sales declined as NSK shifted part of its production overseas in line with automakers' requirements for local procurement. In the Americas, sales increased due to strong market demand in North America in addition to the effect of production transfer from Japan. In Europe, continued recovery in the automotive market led to higher sales. In China, electric power steering system (EPS) sales rose significantly due to the intake of new orders, while sales of automotive bearings—primarily to European and Japanese automakers—were also strong despite slower market growth. In market conditions in other parts of Asia varied by country, sales to Japanese and Korean automakers rose.

As a result, net sales in the automotive business totaled ¥480,162 million, a year-on-year increase of 11.0%, and operating income totaled ¥46,906 million, a year-on-year increase of 39.9%.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

### **Assets and Liabilities**

Total assets were ¥1,102,187 million, an increase of ¥101,255 million compared to total assets as of March 31, 2014. The main reasons for this were increases of ¥10,604 million in cash and deposits, ¥15,857 million in notes and accounts receivable, ¥10,058 million in short-term investment securities, ¥15,057 million in finished goods, and ¥25,082 million in property, plant and equipment.

Total liabilities were ¥647,989 million, an increase of ¥29,212 million compared to total liabilities as of March 31, 2014. The main reasons for this were increases of ¥17,303 million in notes and accounts payable and ¥40,000 million in corporate bonds, which offset a decrease of ¥9,624 million in short-term loans.

### **Net assets**

Net assets totaled ¥454,198 million, an increase of ¥72,042 million compared to net assets as of March 31, 2014. The main reasons for this were increases of ¥43,725 million in net income and ¥31,586 million in translation adjustments.

### **Cash Flows**

Total cash and cash equivalents at the end of the period were ¥191,143 million, an increase of ¥22,203 million compared to total cash and cash equivalents as of March 31, 2014, and a year-on-year increase of ¥25,967 million.

#### **① Net cash flow provided by operating activities**

Net cash flow provided by operating activities totaled ¥38,796 million, a decrease of ¥13,092 million compared to the same period of the previous year. This includes ¥63,807 million in income before tax expenses and minority interests, ¥28,347 million provided by depreciation and amortization, and ¥12,516 million increase in notes and accounts payable, which offset a ¥16,921 million increase in inventories, ¥18,878 million in Antimonopoly Act related loss paid, and ¥24,575 million in income taxes paid.

#### **② Net cash flow used in investing activities**

Cash flow used in investing activities totaled ¥30,062 million, an increase of ¥476 million compared to the same period of the previous year. This includes ¥28,059 million for purchase of property, plant and equipment.

#### **③ Net cash flow provided by financing activities**

Net cash flow provided by financing activities totaled ¥9,106 million, an increase of ¥11,373 million compared to the same period of the previous year. This includes income from ¥40,000 million in proceeds from issuance of bonds, which offset ¥23,194 million in repayments of long-term loans and ¥11,248 million in dividends paid.

## **(3) Qualitative Information Regarding Consolidated Business Forecast**

No revision has been made to the consolidated business forecast for the year ending March 31, 2015 announced on October 29, 2014.

## **2. Matters Regarding Summary Information (Others)**

### **(1) Changes in Significant Subsidiaries during the Period**

None.

### **(2) Adoption of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

#### **(Method of Calculating Tax Expenses, Deferred Tax Expenses and Deferred Tax Liabilities)**

Tax expenses were calculated using a reasonably estimated annual effective tax rate for this fiscal year including this quarter.

### **(3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements for the Preparation of the Quarterly Consolidated Financial Statements (Changes in Accounting Principles)**

#### **① Application of the Accounting Standard for Retirement Benefits**

From the beginning of the first quarter of the year ending March 31, 2015, the NSK Group has applied the "Accounting Standard for Retirement Benefits" (ASBJ\* Statement No. 26, May 17, 2012, hereafter referred as the "Accounting Standards for Retirement Benefits") and its accompanying implementation guide, "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) with respect to certain provisions described in Paragraph 35 of the standard and in Paragraph 67 of the guidance. In applying these accounting standards, there was a change from the straight-line basis to the benefit formula basis as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation and service cost, and amending the determination method for discount rate from one based on the period of years approximate to the average remaining working years of employees to one reflecting the estimated period of benefit payment.

Concerning the application of the Accounting Standards for Retirement Benefits, based on the provisional treatment set out in Paragraph 37 of the accounting standards, the impact of such changes during the nine months of the year ending March 31, 2015 has been adjusted in the beginning balance of retained earnings.

As a result, the beginning balance of retained earnings for the nine months of the year ending March 31, 2015 decreased by ¥4,872 million. The impact of these changes on the consolidated statements of operations for the nine months of the year ending March 31, 2015 is immaterial.

\*ASBJ: Accounting Standards Board of Japan

#### **② Early Application of the Revised Accounting Standard for Business Combinations and Related Standards**

Effective from the beginning of the fiscal year starting on or after April 1, 2014, it has become possible to apply the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013, hereafter referred as the "Revised Accounting Standard for Business Combinations"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, hereafter referred as the "Revised Accounting Standards for Consolidated Financial Statements"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereafter referred as the "Revised Accounting Standard for Business Divestitures"), etc. Accordingly, the NSK Group has applied these accounting standards (except for the provisions of Paragraph 39 of the Accounting Standards for Consolidated Financial Statements) from the first quarter of the fiscal year ending March 31, 2015. As a result, the method of recording the amount of difference caused by changes in the Group's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Group was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Moreover, for business combinations carried out on or after April 1, 2014, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs.

Application of the Revised Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of these standards commenced as of the beginning of the first quarter of the year ending 31, 2015, and will continue going forward.

These changes have no impact on consolidated financial statements.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	(Millions of Yen)	
	As of Mar. 31, 2014	As of Dec. 31, 2014
<b>Assets</b>		
Current assets:		
Cash and deposits	68,319	78,923
Notes and accounts receivable	165,808	181,665
Short-term investment securities	100,181	110,239
Finished goods	71,431	86,488
Work in process	40,683	48,898
Raw materials and supplies	19,620	24,522
Others	56,071	64,694
Less allowance for doubtful accounts	(1,502)	(1,700)
Total current assets	520,614	593,733
Non-current assets:		
Property, plant and equipment		
Buildings and structures	79,994	85,733
Machinery, vehicles and equipment	151,146	169,138
Others	73,029	74,380
Total property, plant and equipment	304,169	329,252
Intangible fixed assets	12,278	11,714
Investments and other assets		
Investment securities	103,932	112,799
Net defined benefit asset	47,740	41,894
Others	12,705	13,167
Less allowance for doubtful accounts	(507)	(374)
Total investments and other assets	163,869	167,486
Total non-current assets	480,317	508,453
Total assets	1,000,932	1,102,187

(Millions of Yen)

	As of Mar. 31, 2014	As of Dec. 31, 2014
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	130,745	148,048
Short-term loans	95,666	86,042
Current portion of corporate bonds	15,000	15,000
Accrued income taxes	12,028	6,254
Others	78,005	62,386
Total current liabilities	331,445	317,732
Non-current liabilities:		
Corporate bonds	20,000	60,000
Long-term loans	184,866	184,737
Accrued officers' retirement benefits	1,567	1,603
Reserves for environmental safety measures	178	179
Net defined benefit liability	36,438	36,583
Others	44,280	47,153
Total non-current liabilities	287,330	330,257
Total liabilities	618,776	647,989
<b>Net assets</b>		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,560	78,836
Retained earnings	210,739	243,096
Treasury stock	(4,369)	(4,153)
Total shareholders' equity	352,107	384,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,387	37,827
Translation adjustments	(14,067)	17,519
Remeasurements of defined benefit plans	(10,225)	(10,860)
Total accumulated other comprehensive income	7,094	44,486
Share subscription rights	328	251
Minority interests	22,626	24,503
Total net assets	382,155	454,198
Total liabilities and net assets	1,000,932	1,102,187

**(2) Consolidated Statement of Operations and Consolidated Statements of Comprehensive Income**

**Consolidated Statements of Operations**

	(Millions of Yen)	
	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Net sales	637,758	711,903
Cost of sales	506,384	549,465
Gross profit	131,374	162,437
Selling, general and administrative expenses	86,660	95,416
Operating income	44,713	67,021
Non-operating income:		
Interest income	465	650
Dividend income	1,348	1,696
Equity in earnings of affiliated companies	2,701	3,374
Others	2,452	3,057
Total non-operating income	6,968	8,779
Non-operating expenses:		
Interest expenses	3,608	3,762
Product compensation	1,400	3,905
Others	1,749	1,298
Total non-operating expenses	6,759	8,966
Ordinary income	44,922	66,833
Extraordinary income:		
Gain on sales of investment securities	2,425	—
Gain on sales of fixed assets	933	—
Total extraordinary income	3,358	—
Extraordinary loss:		
Antimonopoly Act related loss	16,749	3,025
Total extraordinary loss	16,749	3,025
Income before tax expenses and minority interests	31,532	63,807
Income taxes	13,841	17,872
Income before minority interests	17,691	45,935
Minority interests	1,887	2,210
Net income	15,804	43,725

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Income before minority interests	17,691	45,935
Other comprehensive income		
Valuation difference on available-for-sale securities	12,411	6,437
Translation adjustments	24,850	32,975
Remeasurement of defined benefit plans	—	(620)
Share of other comprehensive income of associates accounted for using equity method	419	510
Total other comprehensive income	37,681	39,303
Comprehensive income	55,373	85,238
(Details)		
Comprehensive income attributable to parent company	52,508	81,117
Comprehensive income attributable to minority interests	2,865	4,121

### (3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Operating activities		
Income before income taxes and minority interests	31,532	63,807
Depreciation and amortization	25,969	28,347
Amortization of goodwill	236	86
Increase (decrease) in allowance for doubtful accounts	23	(52)
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(3,083)	—
Net defined benefit liabilities and net defined benefit assets	—	(2,527)
Interest and dividend income	(1,814)	(2,347)
Interest expenses	3,608	3,762
Equity in losses (earnings) of affiliates	(2,701)	(3,374)
Loss (gain) on sales of investment securities	(2,425)	—
Loss (gain) on sales of property, plant and equipment	(933)	—
Antimonopoly Act related loss	16,749	3,025
Decrease (increase) in notes and accounts receivable	(4,668)	(5,311)
Decrease (increase) in inventories	(8,079)	(16,921)
Increase (decrease) in notes and accounts payable	16,038	12,516
Others	(8,741)	(2,664)
Subtotal	61,710	78,347
Interest and dividends received	6,013	7,498
Interest paid	(3,606)	(3,595)
Antimonopoly Act related loss paid	(6,005)	(18,878)
Income taxes paid	(6,222)	(24,575)
Net cash provided by operating activities	51,889	38,796
Investing activities		
Net decrease (increase) in time deposits	(1,271)	(154)
Purchase of short-term investment securities	(300)	(200)
Proceeds from sales of short-term investment securities	1,001	366
Purchase of property, plant and equipment	(31,050)	(28,059)
Proceeds from sales of property, plant and equipment	2,325	729
Purchase of investment securities	(47)	(35)
Proceeds from sales of investment securities	2,885	220
Payments for loans receivable	(561)	(711)
Collection of loans receivable	101	108
Others	(2,668)	(2,326)
Net cash used in investing activities	(29,585)	(30,062)

	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Financing activities		
Net increase (decrease) in short-term loans	38	(1,989)
Increase in long-term loans	46,993	7,622
Repayments of long-term loans	(42,029)	(23,194)
Proceeds from issuance of bonds	—	40,000
Acquisition of treasury stock	(34)	(28)
Dividends paid	(6,374)	(11,248)
Dividends paid to minority shareholders	(911)	(2,244)
Others	51	189
Net cash provided by (used in) financing activities	(2,267)	9,106
Effect of exchange rate changes on cash and cash equivalents	3,462	4,362
Net increase (decrease) in cash and cash equivalents	23,499	22,203
Cash and cash equivalents at beginning of the year	141,653	168,940
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	22	—
Cash and cash equivalents at end of the period	165,175	191,143

#### **(4) Going Concern Assumption**

None.

#### **(5) Notes to Quarterly Consolidated Balance Sheet**

##### **1. Litigation and Other Legal Matters**

###### **① Investigations by authorities**

###### **(The year ended Mar. 31, 2014)**

Regarding sales of bearing products, NSK's manufacturing and sales subsidiary in Korea was investigated in July 2012 by the Korean Fair Trade Commission in relation to the Monopoly Regulation and Fair Trade Act.

In addition, the headquarter and related sales branches of NSK's subsidiary Amatsuji Steel Ball Mfg. Co., Ltd. were investigated in January 2014 by Japan Fair Trade Commission (JFTC) in relation to the Japan Antimonopoly Act for sales of its products.

Moreover, NSK's subsidiaries are under investigation by relevant authorities in some other countries. 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.

No change has been made since the fiscal year ended March 31, 2014.

###### **(The third quarter of the year ending Mar. 31, 2015)**

Regarding sales of products, NSK and its subsidiaries are under investigation by relevant authorities outside of Japan, in relation to the competition laws. NSK and the NSK Group are cooperating fully with any relevant authorities in their respective investigations.

As a result of the above investigations, 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.

Moreover, in November 2014, NSK and its subsidiary, NSK Korea Co., Ltd. (NSK Korea) have received a decision from the Korea Fair Trade Commission regarding contraventions of the Monopoly Regulation and Fair Trade Act in connection with certain past sales of bearings in Korea. NSK and NSK Korea have fully cooperated with the Korea Fair Trade Commission's investigation, and as a result, NSK and NSK Korea have been exempted from any remedial order, surcharge, or criminal report.

###### **② Class actions filed**

###### **(The year ended Mar. 31, 2014)**

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.

**(The third quarter of the year ending Mar. 31, 2015)**

In the United States and Canada, the Plaintiffs, representing purchasers, etc. of bearing products, etc., have filed class actions and other actions against the Defendants including NSK and its subsidiary located in the United States and Canada (the "Actions"). The Plaintiffs allege, among others, that the Defendants conspired with each other to restrict competition regarding transactions related to bearing products, etc., in these countries, and seek damages, injunctive relief, and other relief against the Defendants in the Actions. NSK and its subsidiaries located in the United States and Canada are going to insist on propriety and contest the Plaintiffs' claim. 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.

**(6) Segment Information**

**Sales by Reportable Segments**

Nine months ended December 31, 2013

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	177,926	432,455	610,381	27,377	637,758	—	637,758
(2) Inter-segment sales and transfers	—	—	—	19,498	19,498	(19,498)	—
Total	177,926	432,455	610,381	46,875	657,257	(19,498)	637,758
Segment income (Operating income)	15,504	33,525	49,029	1,372	50,402	(5,688)	44,713

Nine months ended December 31, 2014

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	202,889	480,162	683,052	28,851	711,903	—	711,903
(2) Inter-segment sales and transfers	—	—	—	23,489	23,489	(23,489)	—
Total	202,889	480,162	683,052	52,341	735,393	(23,489)	711,903
Segment income (Operating income)	22,597	46,906	69,504	3,860	73,365	(6,344)	67,021

**(7) Substantial Changes in Shareholders' Equity**

None.

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