



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.

NSK Vision 2026

SETTING THE FUTURE IN MOTION

We bring motion to life, to enrich lifestyles,
and to build a brighter future.

Dedicated to uncovering society's needs,
we set ideas in motion to deliver solutions beyond imagination.

We're NSK. And, we're setting the future in motion.

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Annual Report 2015

This report has been prepared with the intention of explaining NSK's business performance in the fiscal year ended March 31, 2015, and its future growth strategies to shareholders, investors and other stakeholders. In the special feature, we introduce our efforts to strengthen NSK's global management. Please visit our Web site for more detailed information about our products, business activities and financials. Detailed information about NSK's approach to and initiatives in corporate social responsibility (CSR) can be found in the CSR section of our website and in our CSR Report.



<http://www.nsk.com/>



<http://www.nsk.com/sustainability/>

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 2015" dated August 1, 2015, 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, 2015. 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.



We are **NSK**



Replica bearings created according to the oldest blueprint in existence at NSK

Throughout its history, NSK has contributed to the advancement of industry by developing and supplying bearings that control friction and reduce energy loss, as well as automotive components and precision machinery and parts. This concept of “MOTION & CONTROL™,” a key part of our Corporate Philosophy, provides the platform for our business activities.

NSK has become a trusted brand worldwide, thanks to its global network built on more than 50 years of business outside its home base of Japan, backed by its high-performance and high-quality products. This is the cornerstone of NSK’s corporate value.

In May 2015, NSK announced NSK Vision 2026, laying out a vision of the type of company it aims to become in the 10 years following its 100th anniversary in 2016.

This vision outlines NSK’s goal over the medium to long term, as the Company continues to create high added value for its customers and society amid rapidly changing business conditions.

The fiscal year ending March 31, 2016, will be an important year for NSK—both as the final year of its fourth mid-term management plan and as the start of a new era. We aim to achieve sustainable growth by plotting a new trajectory based on NSK Vision 2026.

NSK Strengths that Underpin New Movement

Founded in

1916

NSK was established in 1916 as the first bearing maker in Japan. At the time, Japan depended on imports for its bearings. Our founder, Takehiko Yamaguchi, strongly believed that the domestic production of bearings was essential to the advancement of the Japanese machine industry. Over the past 100 years, NSK has underpinned the development of industry in Japan through the provision of bearings, automotive components, precision machinery and other core machinery components. We continue to contribute to society through our Corporate Philosophy, inherited from the ambitions of our founder.

Annual Production of

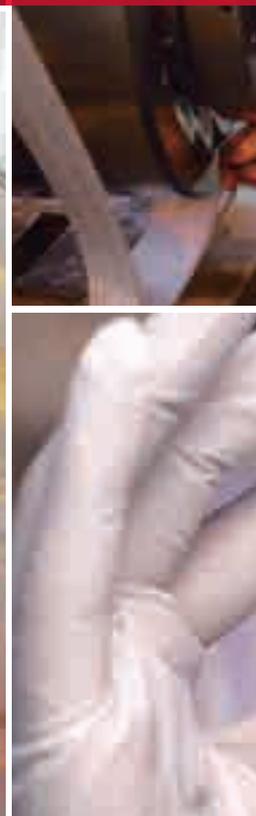
2.2 Billion Bearings

Bearings are used in all kinds of machinery, such as personal computers, vacuum cleaners, washing machines and other common electrical appliances, as well as in transportation equipment, including automobiles, railcars and aircraft. They are also found in construction machinery, steel plant facilities, wind turbines and other industrial machinery, and even in satellites. Our bearings help reduce energy loss by facilitating the smooth rotation of machinery parts. Bearings are often called the "staple of industry," and global production volume is estimated to be roughly 17 billion units per year. NSK produces 2.2 billion bearings a year, supporting the smooth operation of a wide range of machinery.

Proprietary Technologies:

4 Core Technologies

NSK has accumulated expertise in four core technologies during its 100-year history: 1) tribology, 2) material engineering, 3) analysis technology and 4) mechatronics. Based on these core technologies, NSK researches and develops new next-generation products. Our technology centers in 14 locations throughout Japan, the Americas, Europe and Asia play a key role in the creation of high-value-added products, as our experts in various fields endeavor to quickly identify the far-reaching needs of our customers.





Network of

214 Bases

In the early 1960s, NSK began expanding into overseas markets before its competitors, establishing production, sales and technology bases around the world. From its head office in Japan, NSK now operates 214 bases in 30 countries with regional headquarters for the Americas, Europe, China, the ASEAN region and India. Our global network of Group companies employs 31,088 people. While encouraging close collaboration among business divisions, regional headquarters and functional divisions, NSK operates business activities in each of these regions with the firm trust of its stakeholders.

Market Shares

No. 1, No. 2, No. 3

NSK is widely regarded around the world as a trusted brand. Through its global network, NSK offers products with high performance and high quality derived from its four core technologies. In bearings, NSK boasts the highest market share in Japan and the third highest share of the world market. In electric power steering (EPS) systems, NSK ranks second in the world. In ball screws, NSK has the No. 1 share of the global market. As a trusted brand, we will continue to focus on further strengthening the reputation of NSK products and contributing to society.

The Next

100 Years

Over its 100-year history, NSK has become the company it is today thanks to the hard work of its predecessors and the support of its customers, partners and local communities, as well as its shareholders and investors. Created for our 100th anniversary, NSK Vision 2026 envisions where we will be 10 years from now as our first step toward the next 100 years. We aim to set the future in motion by proactively giving shape to bold new ideas. Each and every employee of the NSK Group will work to achieve this ambition of becoming a truly excellent global company.



Toward Further Growth by 2016, the 100th

Diversity

Ratio of overseas employees to total employees

64.5%

Number of employees worldwide

31,088

With a worldwide workforce that exceeds 30,000 employees, NSK's operating bases today span the globe. More than 20,000 of this total reside outside Japan. Despite diverse nationalities and cultural backgrounds, each and every employee helps advance business activities that are deeply rooted in the local community, united by the NSK Corporate Philosophy.

Business Scale

Net sales

¥974.9 billion

Operating income

¥97.3 billion

In fiscal 2014, the year ended March 31, 2015, NSK reported record high net sales and operating income. The Company also achieved the final-year targets of its fourth mid-term management plan, which covers the three-year period from fiscal 2013 to fiscal 2015, one year ahead of schedule. NSK will work to achieve further growth by 2016, the 100th anniversary of the Company's founding.

Financial Position

ROE

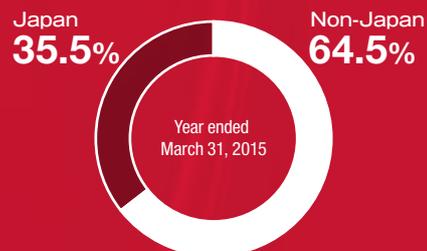
15.3%

Net D/E ratio

0.31

NSK has already achieved the ROE and net D/E ratio targets set for the final year of its fourth mid-term management plan. The Company will continue to enhance profitability, efficiency and stability to ensure future sustainable growth.

Ratio of employees working outside



■ Net sales (left) □ Operating income (right)



● ROE ● Net D/E ratio





Anniversary of the Company's Founding.

Net Sales Outside Japan

Ratio of net sales outside Japan to total net sales

66.3%

Ratio of net sales in emerging markets

35.0%

Markets outside Japan are a key to the Company's ongoing growth. With this in mind, NSK is paying particular attention to expanding its business in emerging markets, which are projected to continue growing over the medium to long term. As the ratio of net sales outside Japan and the ratio of net sales in emerging markets continue to increase each year, NSK will accelerate efforts to localize its operations.

Cash Flow

Cash flows from operating activities

¥67.7 billion

Free cash flow

¥21.4 billion

NSK plans to strengthen its ability to generate cash flow even further. Under its fourth mid-term management plan, the Company has outlined a business strategy of emphasizing growth accompanied by healthy profitability as a key objective and has focused on strengthening its earnings capabilities while continuing to take a balanced approach to cash management.

Highly Evaluated by Outside Agencies

Dow Jones Sustainability Indices



FTSE4Good Index Series



FTSE4Good

Ethibel Investment Register



Morningstar Socially Responsible Investment Index

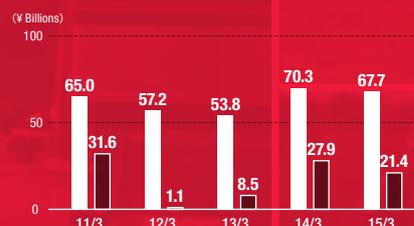


Social responsibility indices (SRIs) include companies that promise long-term sustainable growth because they merit high evaluations for environmental and social contributions, as well as financial standing. Moreover, a broad range of institutional investors are attaching greater importance to such companies. NSK was included in four internationally recognized SRIs as of July 2015.

■ Net sales outside Japan ● Ratio of net sales outside Japan to total net sales



■ Cash flows from operating activities □ Free cash flow



To Our Shareholders and Investors

At a Board of Directors meeting following the Company's Annual Meeting of Shareholders held on June 24, 2015, Norio Otsuka was appointed chairman and Toshihiro Uchiyama president and CEO of NSK Ltd. This marked the start of the Company under a new management team.



Chairman

Norio Otsuka

President and Chief Executive Officer

Toshihiro Uchiyama

Overview of the Year Ended March 31, 2015

During the year ended March 31, 2015, conditions throughout the global economy were mixed. On one hand, the United States continued to experience sound economic growth, and there were signs of a positive turnaround in Europe, especially in the Eurozone. In China, on the other hand, the economic growth rate slowed, with clear indications that the nation was settling into a more stable pattern of growth. Turning to the Association of Southeast Asian Nations, member states continued to confront sluggish conditions. In Japan, although economic sentiment was affected temporarily by a hike in the consumption tax rate, the domestic economy eventually returned to a modest recovery path, buoyed by the drop in crude oil prices coupled with the positive flow-on effects of policies implemented by the Japanese government and the Bank of Japan. Under these circumstances, net sales climbed 11.8% year on year to ¥974.9 billion. Operating income grew 43.0% to ¥97.3 billion, ordinary income improved 36.3% to ¥91.0 billion and net income surged 98.8% to ¥62.0 billion. Each of these figures represented record highs for the Company, and also surpassed the final-year (fiscal 2015, the year ending March 31, 2016) quantitative targets of the Company's fourth mid-term management plan for net sales, operating income, ordinary income and net income of ¥940.0 billion, ¥86.0 billion, ¥80.0 billion, and ¥52.0 billion, respectively—a year ahead of schedule. Looking at each of the key management indicators identified under the plan, NSK successfully cleared its targets for an operating income margin of 9.1%, an ROE of 13.0% and a net D/E ratio of 0.40 times, achieving 10.0%, 15.3% and 0.31 times, respectively. The Company increased its annual dividend by ¥12 per share from ¥16 per share for the year ended March 31, 2014, to ¥28 per share for the year ended March 31, 2015. NSK's solid results can be attributed to such external factors as the weak yen, as well as a moderate pickup in demand. The Company's performance was also boosted by growth in the electric power steering business, successful efforts to curtail costs, and initiatives taken to improve earnings outside Japan.

Entering the Final Year of the Mid-Term Management Plan

In the year ending March 31, 2016, the final year of the fourth mid-term management plan, the Company recognizes the need to further focus on and carry out each of its established measures. In other words, this entails establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion, as laid out in its mid-term vision. We are still only partway towards our goal of strengthening our platform of safety, quality and compliance, and from this foundation developing the management capability to handle ¥1 trillion in sales. We will also work to enhance our marketing, technology, production and management capabilities while maintaining our focus on building a global foundation that can generate sustainable growth. From a business and operating perspective, we have highlighted the need for growth with a focus on profitability under the mid-term management plan. Despite securing sales growth and an operating income margin of 10% in the Automotive Business, ensuring lasting profitability remains our highest priority. Meanwhile, in the Industrial Machinery Business, sales volumes fell below initial targets when the impact of foreign exchange fluctuations were factored out. Earnings were also short of the target set under the mid-term management plan. Looking at the current demand environment, there is considerable variance between sectors. Under these circumstances, we will continue to expand and reinforce our operating base, especially overseas, to realize a corporate structure that is resilient to fluctuations in the business environment.

Fiscal 2015 is an important year during which we will prepare our fifth mid-term management plan. It is also a period in which the social environment surrounding NSK's business is likely to undergo rapid change. In the automotive business, application of IT is becoming an increasingly important topic, in addition to advances in environmental and safety performance. In the industrial machinery field, realization of the "Internet of Things" (IoT) concept is progressing rapidly—for example, monitoring of machine operating conditions and component vibration levels using big data. Global competition is also growing increasingly fierce in the infrastructure development field in

emerging markets, as well as the new energy and robotics domains. At the same time, dialogue with shareholders and investors is becoming increasingly important with the introduction of the Japanese Stewardship and Corporate Governance codes. Against this backdrop, companies will be required to better clarify their capital policies and provide greater detail on a wide range of activities, including the application of funds and the return of profits to shareholders. Taking these developments into consideration, it is imperative that we consolidate our policy in this area and implement appropriate strategies and initiatives under the next mid-term management plan. Our new management team will therefore engage in comprehensive discussions and draw up a fifth mid-term management plan that aims to build an even stronger NSK for the next era.

Approaching Our 100th Anniversary

NSK will celebrate its 100th anniversary in November 2016. Since its foundation as Japan's first bearing manufacturer in November 1916, the Company has contributed to the development of society by providing machine components such as automotive components and precision machinery and parts, with a primary focus on bearings. As we celebrate this significant milestone, we will look back on the path that we have traveled, while casting an eye to the century that lies ahead. By doing so, we will endeavor to meet the expectations of all stakeholders and to secure further growth. With this in mind, NSK has created NSK Vision 2026 as its overarching direction for the future. This vision was put together by a project team comprising mainly younger staff, who visited many of our offices both in and outside Japan to hold discussions with colleagues and gather feedback on the type of company NSK should aim to become in the 10 years following its 100th anniversary. The vision encapsulates the aspirations of each and every employee to set in motion change that creates a new movement—not only for the Company but also for people's lifestyles and society as a whole.

As we look to the future, I would like to extend my sincere appreciation to all shareholders and investors for their support and ask for their ongoing understanding as we work to achieve our goals.

July 2015
Chairman



President and Chief Executive Officer



Progress under the Fourth Mid-Term Management Plan and **Future Prospects**

Q.1

Please tell us about the Company's performance in the year ended March 31, 2015.

A.1

Conditions in each of our principal operating markets were varied throughout the year ended March 31, 2015. To summarize, the automotive market exhibited overall sound growth. Although extremely slow, the industrial machinery market also continued along a recovery path. Growth in emerging markets was slow but stable, while our operations were also affected by the decline in crude oil prices and the value of the yen. Looking at our performance across the year as a whole, we were able to advance our business operations in market conditions that were favorable overall, despite a decline in the production of certain automobile models, and economic adjustments in emerging markets. As a result, the Company reported record highs in net sales and each major level of earnings. Having said this, we recognize the need to distinguish the amount of growth that can be attributed to our efforts and capabilities from expansion that is due to such external factors as the weak yen.

By segment, net sales in the Industrial Machinery Business came to ¥276.4 billion, a year-on-year increase of 13.7%. Operating income totaled ¥34.4 billion, up 44.9%, for an operating income margin of 12.4%, up 2.6 percentage points compared with the previous fiscal year. Results were largely driven by robust conditions in the machine tool, wind turbine and railway sectors. Meanwhile, the mining, construction and agricultural machinery fields continued to exhibit soft demand. Aftermarket sales remained weak, despite an ongoing modest recovery. Excluding the positive flow-on effects of fluctuations in foreign exchange rates, the rate of net sales growth was 9.8%. Although NSK achieved an upswing in net sales and operating income in the Industrial Machinery Business, a substantial gap exists between actual results and the quantitative targets set out under the mid-term management plan. Moving forward, we will remain dedicated to



achieving all targets in the final year of the plan while working to further enhance our position in overseas markets to realize our mid-term objectives.

Looking at NSK's results in the Automotive Business, the Company reported 11.3% year-on-year growth in net sales to ¥657.0 billion. Operating income climbed 33.6% to ¥65.7 billion, and the operating income margin improved 1.7 percentage points to 10.0%. Excluding the effects of fluctuations in foreign exchange rates, the rate of net sales growth was 6.3%. Turning to market trends in each geographic region, conditions in Japan were weak on the back of the consumption tax rate hike. Growth in the automotive market was fueled by continued high levels of

Toshihiro Uchiyama

Director, President and Chief Executive Officer

- April 1981 Joined NSK
- June 2008 Vice President
- June 2010 Senior Vice President
- June 2012 Director (current)
- June 2013 Executive Vice President, Member of the Compensation Committee
- June 2015 President and Chief Executive Officer, Chairman of the Nomination Committee to the present date

automobile sales in North America and production in China, which despite exhibiting a slowdown in the rate of annual expansion totaled more than 23 million

vehicles. On the earnings front, the operating margin in the Automotive Business reached double digits for the first time. This was largely attributable to the favorable effects of movements in foreign exchange rates and an increase in sales volumes, as well as successful efforts to reduce costs and improve productivity. In the fiscal year ending March 31, 2016, payroll and personnel expenses are projected to increase. By bringing forward streamlining measures and labor-saving investments, NSK will continue to improve profitability.

Q.2

What is your outlook for the fiscal year ending March 31, 2016, the final year of the Company's fourth mid-term management plan?

A.2

Our plan for the fiscal year ending March 31, 2016, calls for net sales to reach

¥1,020 billion, an increase of 4.6% compared with the fiscal year under review. From a profit perspective, operating income is projected at ¥102.0 billion, up 4.8%; ordinary income at ¥100.0 billion, an increase of 9.9%; and net income at ¥70.0 billion, a 13.0% rise. Net sales and operating income are expected to break through the major milestones of ¥1,000 billion and ¥100 billion, respectively, for the first time. We also aim to maintain an operating income margin of 10.0%. Under our fourth mid-term management plan, NSK's vision is to establish corporate fundamentals appropriate for a company with net sales of ¥1 trillion. Moving forward, we will place the utmost priority on accelerating the pace at which we implement the necessary measures to achieve this vision.

Looking at operating conditions in the short term, the global economy, which although fluctuating, has exhibited signs of a modest recovery, is expected to reach a critical juncture. In contrast to the overall robust conditions that continue to prevail in areas such as the automotive

sector in North America and the machine tool sector in Japan, the decline in demand across a variety of fields, including capital expenditures directed toward the smartphone market and automobile sales in China, is increasingly prominent. Against this backdrop, NSK recognizes the need to pay close attention to changes in its operating environment as it carries out its business activities. With conditions as they currently stand, we believe that our ability to keenly sense changes in our business environment, analyze the causes and effects of these changes, make accurate decisions, and respond appropriately to fluctuations in sales volumes in a timely manner will grow in importance and be tested during the period that lies ahead. Under these circumstances, we will focus on completing all priority measures under our mid-term management plan and remain particularly vigilant in addressing each challenge in a detailed and agile manner.

Q.3

Please share your plans for the Industrial Machinery and Automotive businesses for the fiscal year ending March 31, 2016, and the key tasks in each.

A.3

Regarding the quantitative forecasts and priority issues for each business segment, in the Industrial Machinery Business net sales, operating income and operating income margin are estimated to come in at ¥292.0 billion, ¥38.0 billion and 13.0%, respectively. Although this represents year-on-year increases of 5.6%, 10.5% and 0.6 percentage point, respectively, these forecasts fall short of the quantitative targets set for the final year of the mid-term management plan, which are ¥300.0 billion, ¥48.0 billion and

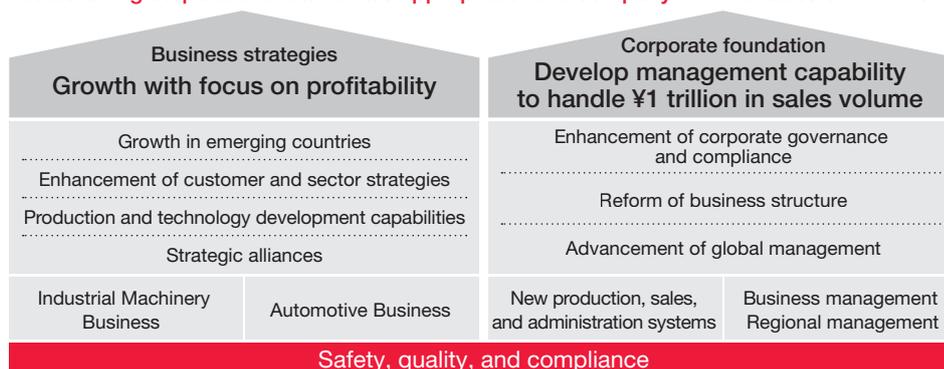
Business Results for the Year Ended March 31, 2015, and Forecast for the Year Ending March 31, 2016

| | 2015/3 (Actual) | 2016/3 (Forecast) | 2016/3 (Original Target) |
|-------------------------|---|---|--|
| Net sales | ¥974.9 billion | ¥1,020.0 billion | ¥940.0 billion |
| Operating income | ¥97.3 billion | ¥102.0 billion | ¥86.0 billion |
| Ordinary income | ¥91.0 billion | ¥100.0 billion | ¥80.0 billion |
| Net income | ¥62.0 billion | ¥70.0 billion | ¥52.0 billion |
| Operating income margin | 10.0% | 10.0% | 9.1% |
| ROE | 15.3% | — | 13.0% |
| Net D/E ratio | 0.31 times | — | 0.40 times |
| Assumed exchange rate | US\$1 = ¥110 €1 = ¥139 | US\$1 = ¥115 €1 = ¥125 | US\$1 = ¥90 €1 = ¥120 |

Outline of the Fourth Mid-Term Management Plan

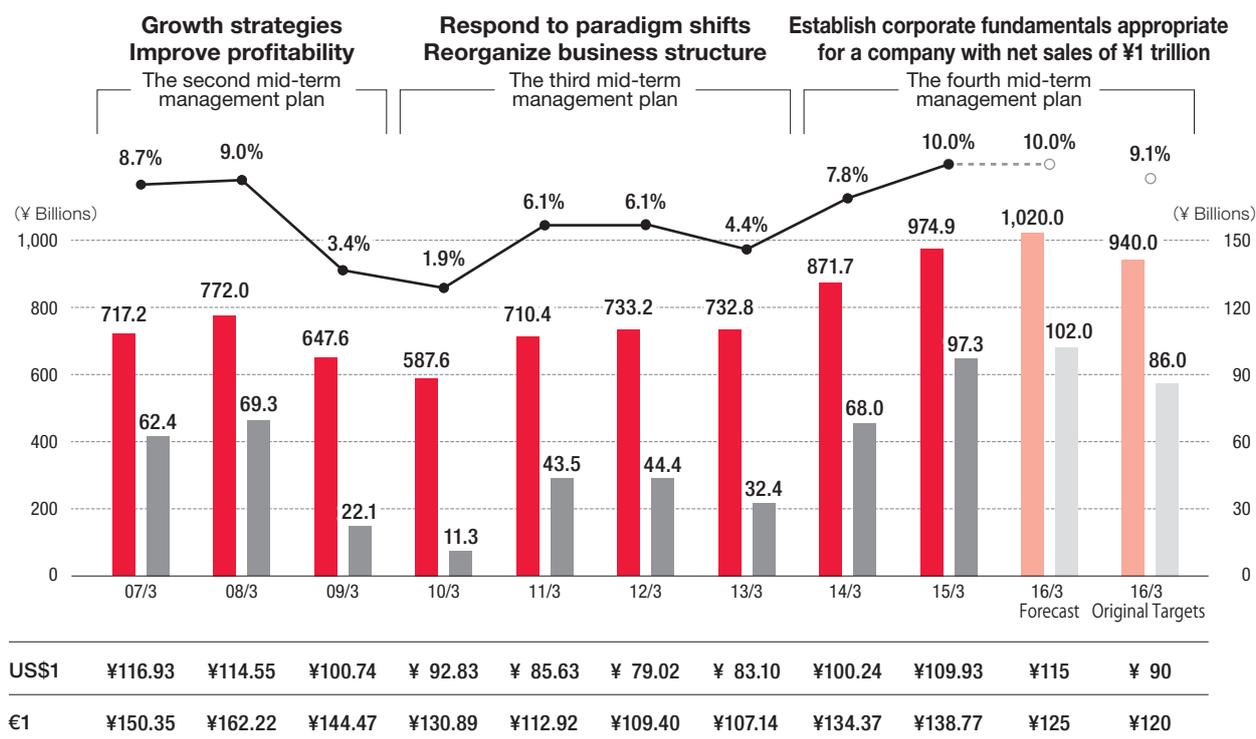
[VISION]

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



Mid-Term Management Plan: Results and Targets

■ Net Sales (left) ■ Operating Income (right) ● Operating Income Margin



16.0%, respectively. Although the demand situation varies between sectors, this discrepancy between forecasts and the mid-term management plan is attributable to overall demand falling below expectations. On a positive note, we have been successful in cultivating new customers through our ability to provide engineering solutions across a wide range of fields. This includes bearings for shale gas pump use in North America and for conveyers used in mining operations in Australia. While this is in turn contributing to sales growth, the aforementioned general downturn in demand is likely to drag on our overall results. Nevertheless, we firmly believe that the potential exists to expand the Industrial Machinery Business by establishing trust relationships with customers and drawing on the strengths of the NSK brand across a wide range of demand fields. Accordingly, we are working diligently to continuously introduce new technologies and products that match each customer's application needs and to shorten production and delivery lead times. Through these initiatives, we are making every effort to definitively capture orders for major projects in each industrial field. In addition, we have commenced a maintenance and repair business to enhance the stability of customers' operations and are contracting the

maintenance of equipment, particularly in emerging markets. Aiming to come as close as possible to the final year targets of the mid-term management plan, we will maintain our focus on steadily implementing initiatives across all industrial machinery sectors.

Meanwhile, net sales in the Automotive Business are forecast to reach ¥701.0 billion in the fiscal year ending March 31, 2016, an increase of 6.7% compared with the fiscal year under review. Operating income is projected to climb 6.5% year on year to ¥70.0 billion. The operating income margin is estimated to come in at 10.0%, essentially unchanged from the fiscal year ended March 31, 2015. On a comparative basis, NSK actually achieved its mid-term management plan final-year targets for the Automotive Business—net sales of ¥590.0 billion, operating income of ¥41.0 billion and an operating income margin of 6.9%—in the plan's first year: the fiscal year ended March 31, 2014. The forecast results for the current fiscal year therefore far exceed the targets of the mid-term management plan. Global automobile production is projected to increase in fiscal 2015, rising to nearly 90 million vehicles. This is expected to trigger sales growth in North America and China. The vast majority of NSK's Automotive Business sales are to Japanese automakers. Although automobile production is expected to

decline in Japan, our forecasts are predicated on an overall increase in the global production of automobiles, buoyed by higher production levels overseas. Looking at the Company's EPS products, which have been a significant driver of growth in the Automotive Business to date, we expect sales to continue to expand on the back of increased application in new automobile models. Moreover, sales of automatic transmission-related products are anticipated to rise, reflecting trends toward multi-stepping and efforts to improve fuel consumption by facilitating the smooth shift between gears and increased efficiency. In terms of profitability, we will continue to pursue improvements in productivity and cost reductions in a bid to offset the increases in payroll and selling and administrative expenses.

Q.4

What is your basic stance as you create the fifth mid-term management plan?

A.4

I have often spoken about the importance of seeing the fourth mid-term management plan soundly through

to completion. In establishing the fifth mid-term management plan, however, I believe that it is equally important that we reflect on the current plan to clarify which parts should be carried forward and which parts need to be reassessed. In addition to continuing and further refining the key components of the fourth mid-term management plan, we must also identify those facets of the plan that no longer fit the current operating environment, which has undergone and continues to undergo considerable change. In this regard, the fifth mid-term management plan must incorporate measures that are both essential to and appropriate for the period in question.

Turning specifically to the framework of the plan, the first step is to lay the foundation for further enhancement of the Company's accumulated frontline capabilities. These frontline capabilities extend well beyond production and include efforts to secure an overwhelming competitive advantage in each of the development, design, sales, logistics and management fields. In other words, the pursuit of operational excellence will be a principal theme of the fifth mid-term management plan. Considerable weight will therefore be placed on setting higher standards with respect to what we produce, how we produce and the speed at which we deliver to the market. By

ensuring the results of our efforts are visualized in an efficient manner, we will work to further enhance the quality of our activities during the next business cycle and reinforce our core competencies.

Another key component of the plan will encompass efforts to promote innovation as we begin our second century in business. Although the word "innovation" suggests major reforms or a dramatic shift in approach, the innovation NSK is aiming for does not necessarily have to be this drastic. Rather, our concept of innovation entails the pride involved in making products that are globally recognized as No. 1 in their field, or in developing methods that challenge existing conventions. In promoting innovation, we will first look to realize improvements across a large portion of our current lineup, including bearings, precision machinery and parts, as well as steering- and automatic-related products. Gearing toward a higher level of innovation, we will work to develop new products and technologies that harness the strengths of our four core technologies: tribology, material engineering, analysis and mechatronics.

In summary, we will aim to achieve operational excellence in order to secure the resources necessary to pursue the next level of innovation. These will be the two key underlying themes of the fifth mid-term management plan.

Q.5

As NSK's new president, what are your aspirations and hopes as the Company enters the next century of its history?

A.5

First and foremost, I want to ensure that NSK stays true to the Company's essence over the last century—namely an unwavering commitment to the art of manufacturing, to quality, to our people, to our customers, and to the needs of all stakeholders.

At the same time, we will build a solid foundation for earnings and secure a stable double-digit operating income margin. Looking ahead, I would like to see the Company step up its contributions to society by generating a steady stream of earnings regardless of changes in operating conditions, foreign exchange rates and the economic environment, and to use those earnings to deliver increased value to customers and society.

Third, it is important that NSK generates opportunities for further growth. As a manufacturer that focuses on the art of "making things," it is absolutely vital that we continue along a path of constant development by delivering new technologies, products and services. To date, our activities have been grounded in the development, design and supply of products that fall within the scope of customers' and the market's needs. Although the fundamentals of this approach will remain unchanged, we will pay close attention to the applications, machinery, equipment and systems in which our products are used and work proactively to develop and market functions that provide increased value. In doing so, we hope to exceed the expectations of customers and to bring to the world new technologies and products that best fit latent end-user needs. Ultimately, our goal is to help realize a safe, convenient and comfortable society while reducing the burden on the environment, which is clearly stated in our NSK Vision 2026.

As we enter our second century, I believe our mission lies in maintaining our traditional strengths, consistently generating earnings, and using those earnings to provide new products and technologies that harness the strengths of our technologies. Doing so will allow us to achieve sustainable growth and contribute to society on an ongoing basis.



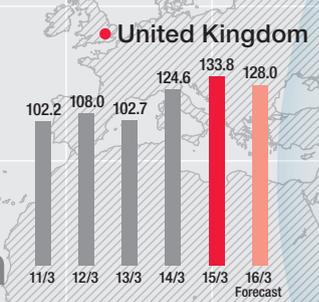
Acceleration of Global Development

Overseas Markets Hold Key to NSK's Growth

It is difficult to anticipate any major increase in demand in the Japanese market, where population decline, a low birthrate and an aging population are forecast to continue. In contrast, if we turn our gaze overseas, the scope for market expansion has broadened even further. In the markets of developed countries that had driven growth previously, new demand is being created in cutting-edge fields such as the environment, robotics and medicine. In emerging markets, where populations are increasing, demand continues to expand at a high pitch, naturally in areas related to infrastructure, such as railways, construction equipment and energy, but also for automobiles and home appliances against a backdrop of a growing middle class. With the ratio of sales outside Japan increasing each year, NSK's ratio of overseas sales grew from 50.1% to 66.3% and its ratio of staff outside Japan from 57.1% to 64.5% in the four-year period from the fiscal year ended March 31, 2011 (fiscal 2010), to the end of fiscal 2014. In the years to come, we believe acceleration of business development in overseas markets will lead to NSK's further growth.

Europe
Net Sales
Year ended March 31, 2015

¥133.8 billion



NSK has established 214 bases in 30 countries since first expanding outside Japan in the 1960s. One of the topics cited under our Fourth Mid-Term Management Plan, which has been in place since fiscal 2013, is the "advancement of global management," and we have been promoting the further internationalization of our management systems. Specifically, we are promoting localization, including actively employing local staff at the management levels of our sites in each region, and working to build frameworks that will enable swift decision-making and action by local management. NSK currently has headquarters in the Americas, Europe, Asia, China and India reporting to its headquarters in Japan, and each local

region manages its business independently. Four of NSK's regions—the Americas, Europe, India and South Korea—are headed by non-Japanese leaders. Global management is also advancing through the establishment of key "global posts" across the NSK Group, to which ideal candidates from around the world are assigned regardless of nationality.

Focusing on NSK's global management systems, this special feature showcases the thoughts of the senior executive officers from each of six overseas regional sites on such matters as their local market environments, issues and upcoming priority measures.

NSK Growth in Overseas (Year ended March 31, 2011 – Year ended March 31, 2015)

▶ Net Sales

¥710.4 billion → **¥974.9 billion**

▶ Operating Income Margin

6.1% → **10.0%**

▶ ROE

10.3% → **15.3%**

▶ Ratio of Net Sales Outside Japan to Total Net Sales

50.1% → **66.3%**

▶ Ratio of Employees Working Outside

57.1% → **64.5%**

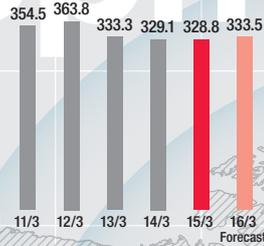
▶ Global Network

206 Locations in 28 Countries → **214 Locations in 30 Countries**

Global Development

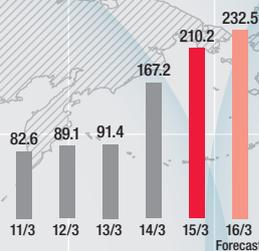
Japan
Net Sales
Year ended March 31, 2015

¥**328.8** billion



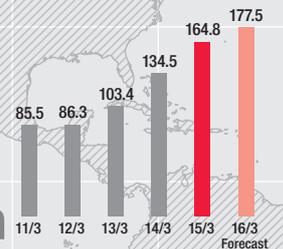
China
Net Sales
Year ended March 31, 2015

¥**210.2** billion



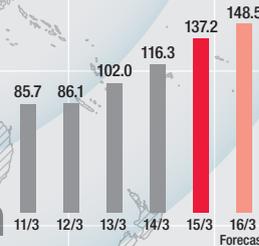
The Americas
Net Sales
Year ended March 31, 2015

¥**164.8** billion



Other Asia
Net Sales
Year ended March 31, 2015

¥**137.2** billion



● Headquarters

Global Network

| | |
|------------------------|--------------------------------------|
| Headquarters | 6 locations in 6 countries |
| Sales Sites | 123 locations in 29 countries |
| Representative Offices | 6 locations in 5 countries |
| Production Sites | 65 locations in 13 countries |
| R&D Centers | 14 locations in 9 countries |

| The Americas | ○ | ● | □ | ■ | △ |
|-------------------------------|----------|-----------|----------|----------|----------|
| U.S.A. | 7 | 10 | | 1 | 1 |
| Canada | | 3 | | | |
| Mexico | 1 | 1 | 1 | | |
| Brazil | 1 | 5 | | 1 | |
| Peru | | 1 | | | |
| Argentina | | 1 | | | |
| Total | 9 | 21 | 1 | 2 | 1 |
| Europe/Middle East/ Africa | ○ | ● | □ | ■ | △ |
| U.K. | 4 | 2 | | 1 | 1 |
| Germany | 1 | 2 | 2 | 1 | |
| France | | 1 | | | |
| Italy | | 1 | | | |
| Netherlands | | 1 | | | |
| Spain | | 1 | | | |
| Poland | 4 | 3 | | 1 | |
| Russia | | 1 | | | |
| Turkey | | 1 | | | |
| UAE | | 1 | | | |
| South Africa | | 1 | | | |
| Total | 9 | 15 | 2 | 3 | 1 |

| Asia/Oceania | ○ | ● | □ | ■ | △ |
|--------------|-----------|-----------|----------|----------|----------|
| Japan | 22 | 36 | | 6 | 1 |
| Singapore | | 2 | | | 1 |
| Indonesia | 3 | 2 | | | |
| Thailand | 2 | 3 | | 1 | |
| Malaysia | 2 | 4 | | | |
| China | 12 | 18 | 1 | 1 | 1 |
| Taiwan | | 6 | | | |
| South Korea | 2 | 2 | | 1 | |
| Philippines | | | 1 | | |
| Vietnam | | 1 | 1 | | |
| India | 4 | 8 | | | 1 |
| Australia | | 4 | | | |
| New Zealand | | 1 | | | |
| Total | 47 | 87 | 3 | 9 | 4 |

○ : Production sites
● : Sales sites
□ : Representative offices
■ : R&D centers
△ : Headquarters

The Americas

Bernard M. Lindsay

Senior Vice President
Head of all American operations



Promoting Both Localization and the Globalization of Management while Expanding Business in Growth Fields in the Americas

Working to Enhance Our Presence as a Global Brand

NSK's overseas business development activities began with the establishment of a sales base in the United States. Later, in 1970, the Company set up a production plant in the outskirts of São Paulo, Brazil. This was followed by the establishment of a joint venture and manufacturing company in Ann Arbor, Michigan, in 1973. Through a series of strategic moves, including the startup of ball-bearing production in Clarinda, Iowa, in 1975, NSK took steps to build an overseas business platform in earnest. Over the ensuing period, the Company has bolstered its production lineup to cover steering components, precision machinery and related products, while expanding its sales network and strengthening technological capabilities. Operations in the Americas played a central role in the NSK Group's efforts to expand business overseas. These efforts were, however, sorely tested by the impact on operating conditions of the collapse of Lehman Brothers in 2008. After joining NSK to oversee the Group's operations in the Americas, I focused on implementing various reforms to overcome these difficulties. Over the first two to three years, considerable energies were directed toward reforming the mind-set of management. Today, I take great pride in the leading global standards exhibited by the management team in the Americas.

Driven by this experienced group of professionals, our business has continued to grow to the point where net sales for the business period ended March 31, 2015, came to ¥164.8 billion, accounting for 16.9% of the NSK Group's total.

For the year ending March 31, 2016, overall trends in both the Automotive and Industrial Machinery businesses are expected to remain stable. Although there are issues that need to be overcome, I am confident in our ability to contribute to the overall Group's efforts to achieve its global goals by capturing sound demand in North America and taking full advantage of growth in Mexico.

In the Automotive Business, activities in the Mexican market are increasingly important. This is especially so as we aggressively ramp up efforts at our new plant in Mexico that commenced operations in 2014. As a part of NSK's global management strategy, we have localized many business operations, from our technical centers through the production and sales of the Automotive Division and the Industrial Division. I am convinced that this emphasis on localization is an important key. We will also strengthen our position in steering components in Latin America, which are projected to enjoy an upswing in demand. This is expected to provide a springboard for future growth.

From the perspective of our Industrial Machinery Business, the electrical appliance sector remains our foundation but we also see enormous potential in new applications and our ability to deliver high-value-added solutions in the oil and gas, pump and compressor, medical and robotics fields.

Several global manufacturers that offer a full lineup of products have already captured an established share of the Americas market. For NSK to maintain and expand its presence, it is vital that we fully harness the underlying strengths of our reputation as a high-quality premium brand, while drawing on the reliability of our products and track record in ball bearings to cultivate markets in growth fields. With this in mind, we are adopting a long-term approach in the Americas, commensurate with NSK's steady transition from a leading Japanese brand to a premier global brand. At the same time, we are leveraging the capabilities of a strong and professional management team, which brings its local expertise to the table while fully embracing support from Japan.

Management Issues

To capitalize on the market's growth, we have taken steps to improve operations across the Americas, the results of which have been successful. At the same time,

we have taken full advantage of the support and know-how from Japan. Working to improve profitability, we are placing considerable emphasis on enhancing our project management, as well as sales and marketing capabilities. We are also tackling the issue of increasing productivity at plants by continuous improvement activities. Through these efforts, we continue to upgrade our operations in the Americas. In this regard, improving our performance in safety, quality and compliance remain our guiding principles.

Looking ahead, the challenges we face are diverse and varied. In the Americas, we must, for example, expand sales of roller bearings, drive further growth in Brazil, seek solutions to the soft cycle in the aftermarket, and find ways to grow our Industrial Machinery Business at a faster pace.

In overcoming each of these and other issues, NSK in the Americas cannot work on its own. For this reason, I am a strong advocate of NSK's global management strategy. The construction of the plant in Mexico is a prime example of the benefits to accrue from a true global initiative. Our plant in Mexico is the culmination of the input and efforts of not only the team of NSK professionals in the United States but also representatives from NSK's global network including Japan, South Korea, China and Brazil. This cooperation, coupled with the active exchange of information and support based on diverse experience, has served to raise the overall capabilities of NSK's management as a whole.

We will continue to map out areas of weak presence while at the same time consistently evaluating footprints in a bid to follow customers. Here again, global collaboration holds the key. As customers that fall within the overall control of NSK in the Americas expand their business activities overseas, local staff will coordinate closely with NSK representatives in other regions. In this instance, initiatives such as Global Account Management will help to further advance and strengthen the Group's global functions and generate improved synergies. I consider NSK in the Americas to be extremely well positioned to capitalize on its inherent strengths and the huge potential of the region. In steering our operations in the Americas, I will focus on addressing the urgent need for speed and agility in order to set the future in motion as we look toward the first decade of NSK's second century.

Addressing Individual Needs within Europe, Maximizing the Benefits of Our Origins in Japan

Harnessing Our Organizational Strengths to Support European Companies in Their Overseas Endeavors

NSK has been expanding its business in Europe since the establishment of its first subsidiary in Germany in 1963. In addition to setting up in-house production sites and sales offices, NSK has entrepreneurially utilized growth strategies through M&A, including the purchase of the UK-based bearing manufacturer UPI Group in 1990 and acquiring stock in the Polish state-owned enterprise FLT Iskra S.A., which was made into an NSK subsidiary. As a result, we currently have nine production sites, three technology centers located in the UK, Germany and Poland and one distribution center, collaborating closely to underpin NSK's European business operations. Furthermore, we actually have sales offices at 15 locations in 11 countries, including Russia, the Middle East and Africa, so covering more than the core of Europe. In the business period ended March 31, 2015, our net sales came to ¥133.8 billion, accounting for 14% of NSK's total net sales.

To my mind, NSK derives its strengths from being a global bearing manufacturer with Japanese roots. Unlike the Company's business development activities in other parts of the world, NSK Europe's major customers are European companies, not Japanese. Supporting the global development of our key European customers, NSK Europe strives to coordinate activities with the whole NSK organization in Japan and all other regions to continuously provide additional benefits for our customers. I believe that drawing on our strengths as a premier brand which is able to provide high-quality, highly reliable products, plus our advantages in maintaining excellent close relationships with customers and business partners across the world, will greatly assist us in capturing future growth in the Group's business.

Management Issues

Competing against centuries-old companies with established market shares in Europe it is not an easy matter for NSK in Japan to defend and expand a strong position in the European market. Moreover, political and economic conditions have led to the existence of unstable regions in Europe, and it is very important for business operations that we

work to identify the factors contributing to those uncertainties and plan rapid responses. At the same time, we consider further improving our supply chain a constant challenge, including production lead times and the shortening of delivery times to meet steadily increasing customer requirements. While keeping these factors in mind, I would like to continue promoting measures important to NSK's future in the European market.

NSK in Europe is the region that has done many things within the NSK Group to promote human resource localization, not only in management divisions but also in sales and marketing, as well as in technical divisions. Another strength that NSK possesses is its ability to conduct and develop its business activities in the local languages of those countries, but further localization is becoming an issue.

With regard to technology, the European market places great importance on the assessment of technological capabilities and trends. While monitoring future technology trends in such areas as automation, electrification and environmental conservation, I would like to see us upgrading our technology centers and broaden our sales support system to enhance our ability to respond to customer needs.

In specific terms, in the Industrial Machinery Business, we will therefore aspire to make NSK the leading player in selected sectors. In this context, we will focus on machine tools, the steel industry, construction equipment and mining machinery as well as bearings for pumps and compressors. In the emerging markets of Eastern Europe, the Middle East and Africa, I would like us to implement, forward-looking sector strategies that focus on the area of infrastructure. We will work on global coordination in fields that can be expected to see growth overseas, such

as railway vehicles, for which European standards are being applied in other regions around the world. Turning to the aftermarket business, large-scale distributorships will appear following regional industry restructuring. Since timely and efficient supply responses are being demanded more than ever before, we will continue working to bring increased sophistication to our inventory management.

In the Automotive Business, we will focus on efforts to increase sales of wheel bearings, improve our presence in the area of "Drive Train" applications and, armed with our next-generation steering products, expand our customer base. Grabbing the business opportunities being presented by the major changes in the automotive industry, I will put together a flexible management team that will provide impetus as we conduct business development activities with speed and audacity.

Europe

Juergen Ackermann

Vice President
Head of all European operations



Strengthening Our Management Structure in Response to a Rapidly Changing Market Environment

Establishing a Firm Market Presence based on Our Three Core Industrial Machinery, Automotive Bearing, and Automotive Component Businesses

In a relationship with China that dates back to the 1960s, NSK has been involved actively in Japan-China trade and technology exchanges. Building on that track record, NSK foresaw the growth potential of the Chinese market and was a pioneer among foreign bearing manufacturers in establishing its Kunshan Plant in 1995. Initially, production centered on ball bearings for electrical equipment. Then, timed to coincide with the entry of automotive manufacturers into China in the early 2000s, we expanded the range of our products such as automotive bearings and steering components. In the meantime, we actively developed a bearing parts plant to improve locally added value and, in tandem with that move, established seven plants over a four-year period beginning in 2002. In 2009, to provide a better technical response to local customers and speed up operations, we established a technology center as a wholly owned subsidiary in China. Moreover, we started production of precision products (ball screws) and large bearings for the Industrial Machinery Business at our Shenyang Plant in China's northeast region, allowing us to produce our full product lineup locally. While continuing to build our sales sites, we began operations at our Hefei Plant, our 12th production site, in the autumn of 2012, and expanded our presence from the coastal to the inland regions.

Our early entry into China allowed us to

capture the demand that resulted from the rapid growth and development of the Chinese market. Since then, we have continued to grow by strengthening our production, technological and sales systems, including our distributor network. In line with the rapid growth in electric power steering (EPS) systems since 2012, our operations in China comprise the Industrial Machinery, Automotive Bearings and Automotive Component businesses, which form the three major pillars of our ongoing business activities. As a result, our business has grown to the point where Chinese sales now exceed ¥200 billion and account for more than 20% of NSK's entire global Group sales. In terms of employment, NSK endeavors to develop local personnel, with Chinese members assuming key management posts, and the total number of its employees has reached nearly 8,400. NSK's experience in conducting business activities locally, its continually expanding product lineup and the development of its operational systems are major advantages in China, which have enabled it to build a solid position in the Chinese market.

The market outlook is for the Chinese economy, which has grown rapidly thus far, to settle into a "new normal" phase of stable growth. Given these circumstances, NSK aims to expand in fields where ongoing growth can be expected. In the Industrial Machinery Business, the next target markets for which NSK will develop customers are the fields of wind turbines, demand for which will continue to increase due to the social demands from the environmental aspect, and railcars, demand for which will also increase

strongly due to government measures underpinning the economy. Other examples include robotics, a field in which development is advancing against a backdrop of a decline in the working population and soaring wages; food machinery and agricultural machinery due to food safety and health-conscious trends; and medical devices. Meanwhile, in the Automotive Business, although automobile unit sales have slowed from their past growth rate, we are targeting further business expansion in the face of increased bearing demand associated with the local production of unit components such as transmissions.

Management Issues

Driven by the EPS business, operations in China have continued to expand rapidly over the past two to three year period, and net sales have approached 15 billion yuan. Urgent tasks include addressing the rapid changes to our business portfolio and strengthening our management base to support the growth of our business scale. We will therefore establish a Chinese management system, further evolve the business division structure, and carry out measures to fortify the finance division through improved cash flow. We will also utilize the knowledge of Chinese experts from outside the Company through our advisory board that was started in 2013, in areas such as risk management. To bolster our management structure in China, we have been promoting the recruitment of local personnel. However, developing human resources with the attributes necessary to manage a global company—including a broad and flexible mind-set, as well as strong communication skills, not to mention a deep understanding of compliance and corporate ethics, together with sound knowledge, experience and management ability—requires ongoing education and training.

Meanwhile, on the business side, the Industrial Machinery Business will bring about improvements in its customer service in wind turbines and railcars, aim to increase its market share by launching new products, and strengthen its technology-driven sales activities in new growth markets while maximizing the utilization of its technology centers and the Shenyang Plant. In the Automotive Business, we will expand our existing customer base by capturing demand in the SUV business, which has strong growth potential, and accommodating local customers concentrated in inland regions. By expanding the drive systems that are among its strengths, NSK will continue to strengthen its overall Automotive Business portfolio by implementing growth strategies that are balanced between customers and products.

China

Yasuhiro Kamio

Senior Vice President
Head of China operations





ASEAN

Koji Inoue

Senior Vice President
Head of all ASEAN operations

Striving to Improve Local Oversight Functions by Understanding Each Country's Diversity

Outpacing Market Growth in the ASEAN Region

NSK ASEAN maintains jurisdiction over far-flung regions. Added to the 10 ASEAN member countries—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—are Australia and New Zealand, as well as Bangladesh and Pakistan. Among these locations, we have production plants in Indonesia, Malaysia and Thailand. In addition to these three countries, sales offices are located in the following four countries, making a total of seven: Australia, which is marking its 50th year of operations in 2015; Singapore, which is celebrating its 40th anniversary; New Zealand; and Vietnam. Countries without sales offices conduct business through distributors. The 10 ASEAN countries alone encompass a population of 600 million and are expected to continue strong economic expansion in line with their population and income growth. NSK ASEAN's target is to expand its business at a speed that outpaces market growth.

NSK ASEAN's sales have grown to the \$1 billion level. The Automotive Business accounts for 60% of our operations and the Industrial Machinery Business the remaining 40%. In this region, Japanese automobile manufacturers have a large market share. Given the NSK Group's

strong relationships with Japanese automobile manufacturers, ASEAN is an important market in which the Company maintains a robust presence. This portion of our operations is therefore a major earnings pillar in the region. The maintenance and repair market is also growing in step with the region's increasing vehicle ownership, and the growth of the two-wheeled vehicle market in three countries—Indonesia, Vietnam and Thailand—is helping sustain the growth of NSK's Automotive Business.

In the Industrial Machinery Business, NSK's major advantage lies in the expansion of our local networks, including the distributor network. Aftermarket demand is strong for repair and maintenance services, especially in mining equipment and the regionally unique palm oil sector, as well as the electrical/IT equipment and steel sectors. With the trend for companies from Japan, Europe and the United States to expand their production sites in the ASEAN region likely to continue, we are seeing increased demand for machinery and equipment.

At the end of 2015, the ASEAN Economic Community (AEC) will be launched, eliminating tariffs within the region and encouraging the free movement of people and liberalization of distribution. We are spreading the know-how accumulated by the Industrial Machinery Business

throughout Indochina, including to Vietnam, Cambodia and Myanmar, aiming to further boost sales.

Management Issues

The most prominent feature of the ASEAN region—and also the most challenging issue from a business perspective—is the diversity of its member countries. This diversity extends from each country's laws and regulations to the degree of economic growth, population size, industrial structure, culture, religion and other aspects that go beyond geographical boundaries. While maintaining a proper balance between responding to the distinctive traits of each region, and promotion of management system standardization and integration—encompassing administrative operations and the management process—we must address the need for a control function within the region that promotes business in a unified manner. Compared to several years ago, meetings and internal documents are increasingly held and produced in English. The hiring of local management staff has progressed, but we need to continue developing local management to the point where managers can leave their own countries and work across the region. Almost all of the NSK Group's extra small bearings are produced at its Indonesian plant, and nearly all of the miniature bearings for the IT industry are produced at its Malaysian plant. To ensure that the quality of products produced in the region is recognized globally as equivalent to the quality of products produced by the Group anywhere in the world, we need to continue to work diligently to improve quality, cost and delivery (QCD) at each plant.

Exploiting Opportunities in a Promising Inclusive Market comprising a Population of 1.3 Billion by **Developing Local Management**

India

Ajit Krishnan
Head of India operations



Harnessing Our Competitive Edge to Boost Market Share

NSK first entered the Indian market by working through distributors and with its focus very much on sales. In 1997, the Company stepped up its activities and established a joint venture with Rane Ltd., a local manufacturer of automotive components, to produce steering parts. In 2008, NSK commenced the manufacture of bearings for the automotive industry through a joint venture formed with ABC Bearings Limited. Today, operations in India include one production site that manufactures bearings and three production sites that manufacture steering systems. Besides this, there are sales offices spread over the geography of the country. In India, Japanese automobile manufacturers have a substantial share of the market, and NSK is leveraging on the underlying strengths of its robust ties already established with these manufacturers in Japan. NSK also recognizes the enormous potential of the motorcycle market, which continues to grow steadily. Also, with respect to the industrial

sector, we are harnessing the strengths of a strong global brand that is synonymous with quality. Despite some success in the steel and machine tool sectors, our industrial business remains small in terms of our overall sales in the region. Moving forward, we will work to bolster our presence in this market on a priority basis.

India is the second most populous country in the world with close to 1.3 billion people and is projected to be the youngest nation in the world by 2030 with an average age of approximately 30. India is an inclusive market of huge potential and hence with the expectation that India will continue to enjoy high rates of economic growth, we will endeavor to accelerate the pace of our business expansion.

Management Issues

India serves as a second home to NSK with the leading bearing manufacturers from Europe and the Americas being early entrants into this market and hence having established high market shares. A considerable gap exists between these

market pioneers and NSK, which was late to arrive in this market. Recognizing the need to increase our presence in this high potential market, NSK will look into introducing products that precisely match local needs. NSK will also enhance its technical capabilities to add value to its Indian customers. Focusing on developing human resources with the right set of skills will remain a priority and NSK will prioritize areas where it can bring the collective strengths of the NSK Group. In a bid to expand sales in a market that is characterized by its wide range of diverse needs, we recognize the need to harness the strengths of a local sales team that is well-versed in its field, cultivate high-quality distributors, and draw on the technical support of Japan. Most important, we will also enhance the capabilities of the local management, who will be empowered with the responsibility of taking the Group's business forward in India.

NSK wishes to be an integral part of India's success story. We shall rise up to the various challenges of this diverse, high potential market, capitalizing on NSK's core strengths.



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

South Korea

Slogan: **The Entire Company United as One**

Seeking Growth through Greater Cost Competitiveness

NSK entered the South Korean market in 1987. Both the corporate sector and the

economy have developed on the back of business growth in areas including semiconductor equipment, automobiles and mobile phones. With two production sites, two sales offices and one R&D site, NSK Korea supplies superior quality products not only in South Korea, but also throughout the world. Looking ahead, the speed of economic expansion in South Korea, which has continued to grow at a high pace, is expected to slow to an annual rate of around 3%. Against this backdrop, NSK Korea is targeting an annual growth rate unchanged from the recent past but above the national rate by increasing its market share, while leveraging its competitive advantage as the No. 1 brand in the South Korean bearing market.

To increase our market share, we will first expand and upgrade our production capacity. Following on from our main Changwon Plant, which dates back 26 years, we decided to build a new plant at Cheonan that is due to start operations in the spring of 2017. By concentrating production on specific products, we will position South Korea as a global supply base that can play an integral role in global logistics while benefiting from economies of scale.

Over the past several years, there has been a major push by Chinese bearing

companies in certain product areas, especially in the electrical and IT equipment fields. As a result, increasing our global cost competitiveness has become an urgent task. Our existing plants have focused on this entry of Chinese-made bearings into the market by taking advantage of the plant management know-how they have accumulated. They have also mobilized the collective strengths of employees in pursuit of sweeping cost reductions and greater operational efficiency.

Management Issues

At NSK Korea, the fact that all employees share in the Company's responsibilities as a whole and our ability to unite the collective strengths of all employees are major competitive advantages and have led to the organization's smooth operation. I frequently hear employees comment that "top management's policies promptly and accurately reach all employees. Workers are proud that the goals of each organization are commonly shared throughout the Group." When NSK started up production sites in India and Mexico, NSK Korea also sent support staff there, and that experience has led to synergistic effects and created additional rewarding challenges for NSK Korea personnel.

Industrial Machinery Business

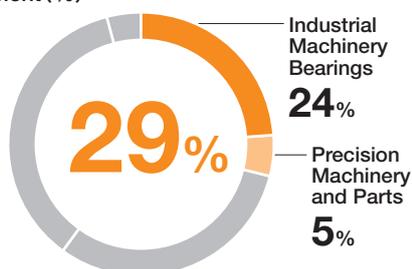
Net Sales (¥ Billions)



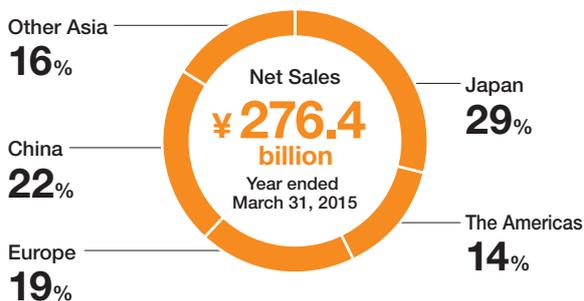
Operating Income (¥ Billions)



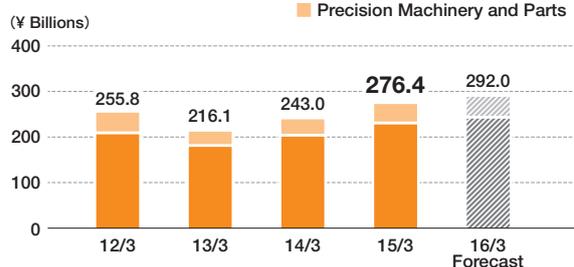
Sales by Segment (%)



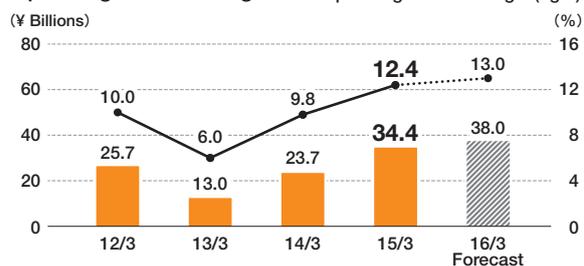
Sales by Customer Location (%)



Net Sales



Operating Income / Operating Income Margin



Automotive Business

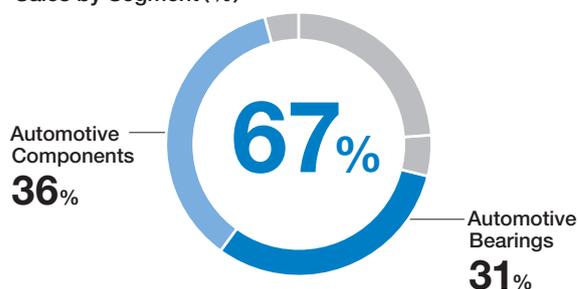
Net Sales (¥ Billions)



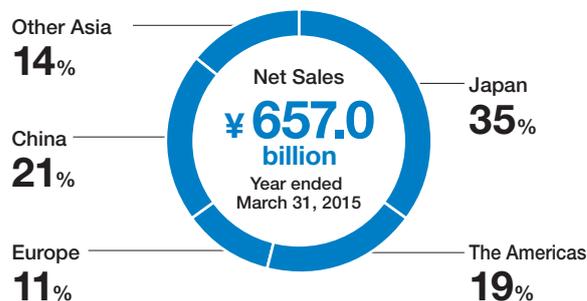
Operating Income (¥ Billions)



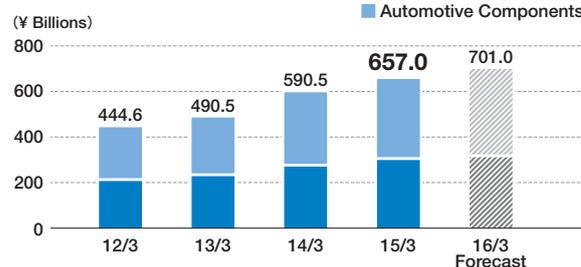
Sales by Segment (%)



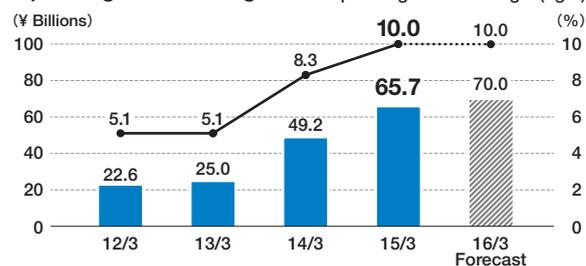
Sales by Customer Location (%)



Net Sales



Operating Income / Operating Income Margin



Industrial Machinery Business

Industrial Machinery Bearings/
Precision Machinery and Parts

Mid-Term Management Issues

Reinforce Sector-Based Strategies

- Implement Leader and Challenger Strategies
- Develop New Products and Technologies; Shorten Lead Times

Strengthen Aftermarket Strategies

- Cultivate End-Users; Upgrade and Expand the Distributor Network
- Boost Maintenance Services

Business Overview

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 steelmaking; 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. We intend to reinforce fields in which the Company already has a leading position, including machine tools and home appliances, and focus on improving our efforts in such growth fields as mining machinery, pumps, compressors 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. With these measures, we plan to expand our Industrial Machinery Business in a market environment currently undergoing a modest pickup in demand.

Business Results and Main Initiatives for the Year Ended March 31, 2015

Amid a gradual market recovery, ongoing increases in sales and profit

In the Industrial Machinery Business, demand began to recover on a worldwide basis. Looking at the 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, 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 ¥276.4 billion, a year-on-year increase of 13.7% and operating income rose 44.9% to ¥34.4 billion, whereas the operating income margin improved 2.6 percentage points to 12.4%.

Outlook and Priority Measures for the Year Ending March 31, 2016

Aiming to increase revenue and profit by developing new products and technologies, shortening lead times, and expanding the maintenance business

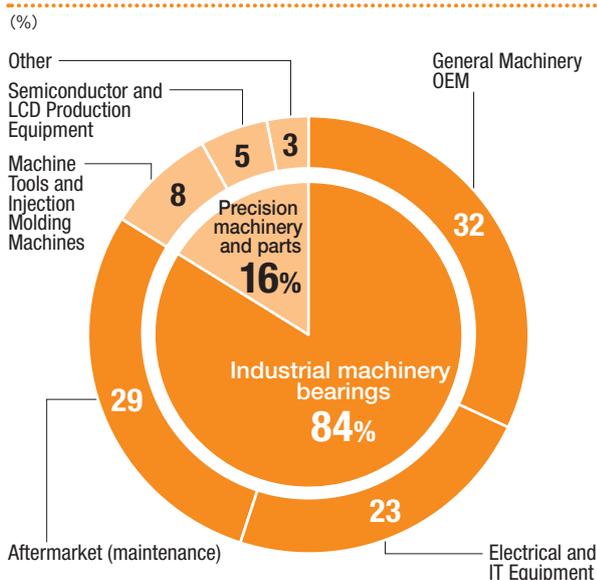
Although there is variance in business conditions by sector, we forecast an ongoing overall recovery in the Industrial Machinery Business for the fiscal year ending March 31, 2016. We project net sales to expand 5.6% year on year to ¥292.0 billion, and operating income to increase 10.5% to ¥38.0 billion. These projections translate to an operating income margin of 13.0%, 0.6 percentage point higher than the fiscal year under review.

Regarding the environment in which the Industrial Machinery Business operates, demand across such fields as machine tools, semiconductors, LCD panels and injection molding, as well as overseas railway and wind turbine demand, is expected to be favorable, and we forecast that the industrial market as a whole will continue to gradually recover. In this market environment, the Group will leverage the technological capabilities that are an NSK strength in working to bring to market new standardized products, including its High Performance Series (HPS). Looking at sector-based strategies, the Group will work to expand sales volume by establishing global target accounts in the machine tool, wind turbine, railway and fluid machinery sectors. By supporting sales through the shortening of lead times (by up to 60 days) from the placement of an order to delivery, we will expand sales volume and secure earnings. In the maintenance business, we have begun servicing steel-related, railcar, wind turbine and general industrial machinery manufacturers, are making progress with additional contract negotiations, and will continue working to expand our business by offering value-added services.

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

Net Sales Breakdown by Field



The Company's industrial machinery bearing business comprises three sub-segments: general machinery, which manufactures bearings for a wide range of industries for original equipment manufacturers (OEMs); electrical and IT equipment, which includes bearings for home appliances and PCs; and the aftermarket business, which provides maintenance and repair services. The precision machinery and parts business manufactures products used as precision positioning components in such applications as machine tools, injection molding machines, semiconductors and LCD panels.

TOPICS

Maintenance Business in Emerging Markets

In emerging markets such as ASEAN and India, increasing the number of equipment maintenance engineers and the accumulation of know-how is a key task. Another characteristic in these regions is the relatively high frequency at which components have to be replaced.

NSK engineers from overseas technology centers are visiting the plants of end-users with greater frequency and conducting services including free diagnostic checks of bearings. In addition, at end-user premises where the machinery in which the bearings are fitted are in operation, the NSK engineers used to only provide guidance on bearing handling and selection, as well as lubrication methods, and offered sale of jigs. Now, however, the Company's services have grown to cover the contracted maintenance of the equipment itself by NSK's engineers. The stability of our customers' operations have been improved due to the lower frequency at which parts have to be replaced and by the ease of planned maintenance. Through initiatives like these, NSK is working to enhance its brand strength and enhance its overall presence in the aftermarket business.



A training session at an R&D site in Thailand

Featured Products

Development in Railcars Supported By High-Performance Bearings

NSK has supported the evolution of Japanese railcars, for example, by the tapered roller bearings on axles supplied to the prewar Japan National Railways and the bearings used on the first bullet trains. In 2012, the Company began developing Japan's first passenger train car axle sensor bearing, and this high-performance product was used in the Hokuriku bullet train that commenced operation in March 2015. Incorporating advanced safety and reliability features—naturally—the product holds the leading share of the Japanese railway axle bearing market, which demands superior acceleration and energy-saving functions, as well as ease of maintenance. NSK will focus its efforts on expanding sales of this product outside Japan.



Photo courtesy of East Japan Railway Company

World's Fastest: NSK High-Load Drive Ball Screws

In recent years, smart phones and tablets have become larger and lighter, driving the need for thinner light-guide plates used in the displays. As a result, it has become necessary to perform high-speed injection molding of the light-guide plates, which in turn has driven the need for the drive ball screw used in injection molding machines to provide higher acceleration and feed speeds. In response to these needs, NSK developed the world's fastest high-load drive ball screws. In developing these new ball screws, NSK, the world leader in market share, leveraged its cutting-edge tribology technologies, refined the design process, and developed innovative production techniques.



Automotive Business

Automotive Bearings/
Automotive Components

Mid-Term Management Issues

Automotive Bearings

- Develop New Technologies and Products to Meet the Needs of High-Volume Markets, Electric Vehicles and Energy-Efficiency

Automotive Components

- Expand the EPS Business
- Strengthen Next-Generation Technology Development

Business Overview

The automotive market is forecast to continue growing, 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, most 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 during product development. We will continue to cater to automakers' increasingly advanced and diverse requirements by accelerating technological development with a view to the mid to long term.

Business Results and Main Initiatives for the Year Ended March 31, 2015

Record sales and operating income posted

Despite slower demand growth in China, the global automotive market continued its gradual expansion, driven by the strong North American market. Looking at the results by geographic breakdown, the automotive market in Japan was slow to recover from the impact of the consumption tax rate rise, and sales declined as the Company shifted part of its production overseas in line with automotive manufacturer requirements for local procurement. In the Americas, sales increased due to the strong market demand in North America in addition to the effect of the shift of production from Japan. In Europe, continued recovery in the automotive market led to higher sales. Despite slower market growth in China, sales of electric power steering (EPS) systems rose significantly due to an intake of new orders, whereas sales of automotive bearings—primarily to European and Japanese automotive manufacturers—were also strong. Elsewhere in Asia, although the market conditions varied by country, sales to Japanese and South Korean automotive manufacturers rose. As a result, the Automotive Business posted record-high figures. Net sales totaled ¥656.9 billion, a year-on-year increase of 11.3%, and operating income rose 33.6% to ¥65.7 billion, whereas the operating income margin improved 1.7 percentage points to 10.0%.

Outlook and Priority Measures for the Year Ending March 31, 2016

Sustainable growth accompanied by healthy profitability, centered on EPS systems

In the fiscal year ending March 31, 2016, we project net sales in the Automotive Business to expand 6.7% year on year to ¥701.0 billion, and operating income to increase 6.5% to ¥70.0 billion primarily driven by growth outside Japan such as the expansion of EPS sales in China. These projections translate to an operating income margin of 10.0%, on par with the fiscal year under review.

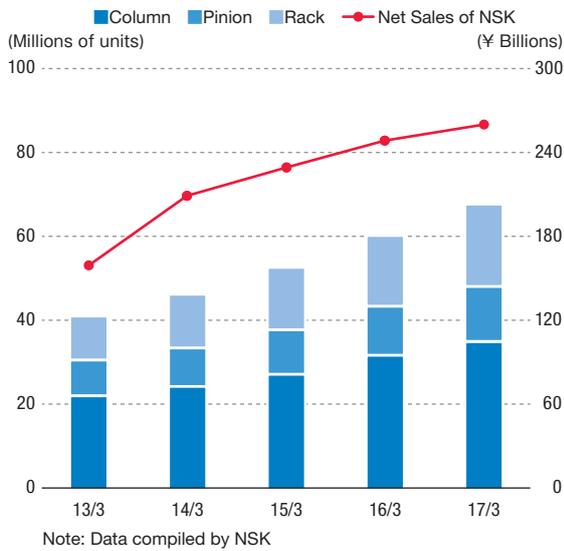
In the year ending March 31, 2016, global automobile production volumes are expected to reach 90.2 million vehicles. This is approximately 3% higher than the 87.5 million vehicles produced in the period under review. The production volumes of Japanese automotive manufacturers are expected to rise 2%–3% year on year to 28.2 million vehicles due to growth in overseas production.

In this market environment, we will expand our automotive bearing production capabilities, having commenced full operations at our new plant in Mexico in April 2014, and work to advance the localization of procurement. In addition to expanding sales to Japanese automotive manufacturers, we will strengthen our relationships with non-Japanese automotive manufacturers, underpinned by our technological capabilities and developmental prowess, and work to broaden our customer base. With regard to automotive components, demand for our strategic EPS products will continue to grow at a pace matching the expected increase in automobile production volumes. In coming years, the Company will continue to deploy the production of the column-type EPS products in which we excel to regions outside Japan—namely China, Asia and the Americas. We are also working to develop products compatible with next-generation technological innovations, such as self-driving automobiles, aiming to sustain the growth of the Company's Automotive Business.

NSK's Competitive Advantages

- ▶ Diverse business relationships/customer base among finished vehicle and first-tier automotive component manufacturers
- ▶ Global supply capabilities
- ▶ Developmental capabilities/technological response capabilities for advances in driving, steering and braking functions
- ▶ Global management systems to focus efforts on catering to non-Japanese customers

Electric Power Steering (EPS) Demand by Type and NSK Sales



EPS products can be divided into three types—column, pinion and rack—the main difference being the location of the motor that provides power assistance. As its strengths lie in the column-type EPS products that are more suited to small vehicles, NSK is expanding their application in a range of vehicles across the world.

Featured Products

Super Long-Life Planetary Shaft for Automatic Transmissions

As greater environmental performance continues to be a high-priority issue in vehicle development, competition in the field of fuel economy has been increasing in its intensity. There is also a great need for low fuel consumption and high efficiency in automatic transmissions, and attempts are being made to resolve this issue by increasing the number of gears, making units more compact and lighter and reducing the friction loss from the lubrication inside transmissions. Designed for use in the planetary mechanisms of automatic transmissions, NSK's super long-life planetary shaft¹ delivers long product life, compactness and lighter weight due to the utilization of original NSK-developed materials and an optimized heat treatment process. Wider application is expected in the years to come, allowing the Company to make further contributions to fuel economy and automatic transmission efficiency.



1. A mechanism that increases the efficiency of the power input from the engine by using a combination of the rotation and revolution of multiple gears.

TOPICS

Mexico Plant: Expanding the Automotive Business by Production in Areas of Demand

Starting with the North American Free Trade Agreement (NAFTA) with the United States and Canada, Mexico has signed free trade agreements (FTAs) with 45 countries, including Japan. Due to the geographical advantage the country possesses from being next to the U.S. market, its background as a signatory of FTAs, and its importance as a base for imports, automotive manufacturers are continuing to move into Mexico and increase their production capabilities.

In response to these developments, NSK established a production base for automotive bearings in the Mexican state of Guanajuato in April 2013. Equipped with state-of-the-art automated production lines, the Mexican plant commenced full-scale operations in April 2014. The plant is currently supplying high-quality automotive bearings to North American automotive manufacturers and automotive component manufacturers in a timely manner. Having positioned its plant in Mexico as "a key production site in the Americas," the Company will leverage the plant's capabilities to further expand its Automotive Business. Furthermore, the Company will endeavor to improve the plant's organizational makeup and profitability by increasing local procurement of materials and parts.



Electric Power Steering Compliant with the ISO Functional Safety Standard

Electric power steering (EPS) systems are key components that support greater driving safety through technological advances as steering control systems. NSK has developed an EPS equipped with new compact electronic control systems that is completely compliant with ISO 26262², the international functional safety standard for road vehicles that is mainly applied in Europe. This EPS delivers advanced safety and reliability and is compatible with advanced driving support functions, such as systems that keep the vehicle in the appropriate lane. In addition, NSK achieved a significant reduction in weight compared with conventional products by reducing the number of components and making the product smaller.

2. A system design that includes functions to identify the cause, reduce the risk to an acceptable level and ensure safety in the event of a problem arising in the electronic system. This international standard is primarily adopted in Europe.



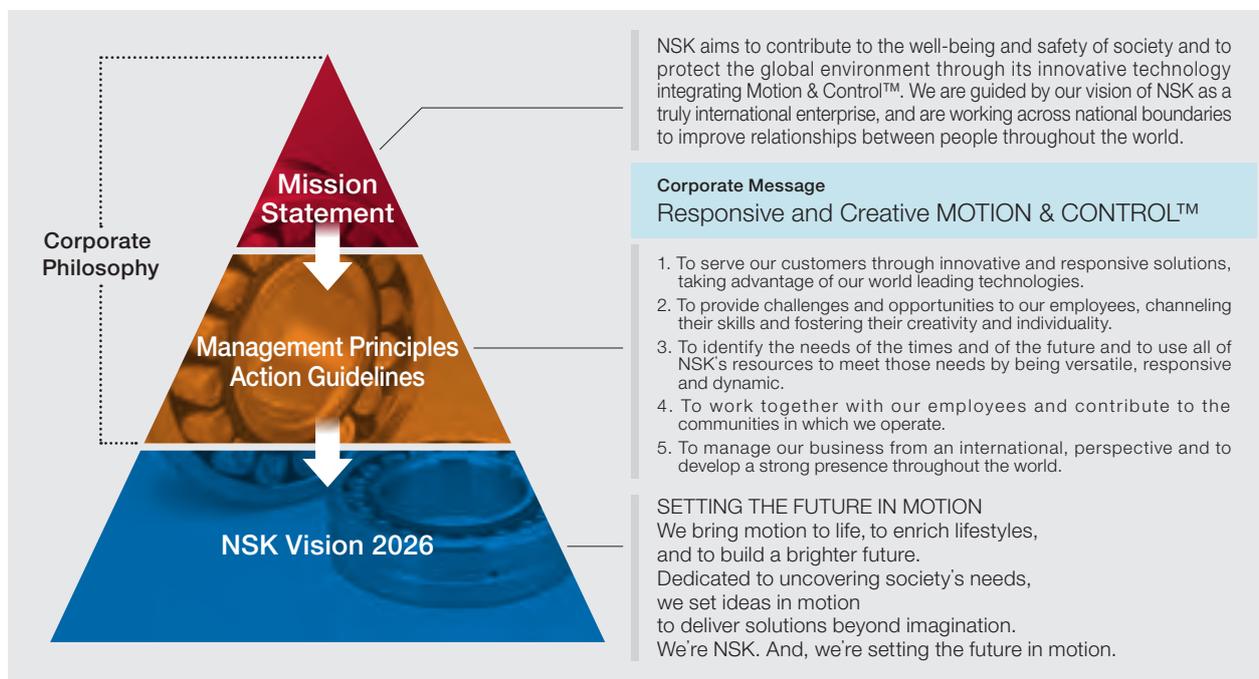
Corporate Philosophy and NSK Vision 2026

NSK is guided by a corporate philosophy comprised of four core parts: a mission statement, management principles, a corporate message and action guidelines. This corporate philosophy clarifies the Company's vision of the future and was established in 1991, on the occasion of NSK's 75th anniversary.

Before formulating its corporate philosophy, the Company already had a track record of global business development spanning three decades. Over this period, NSK continued to address various issues associated with the era of globalization by localizing production functions and upgrading and expanding sites outside Japan. Against this backdrop, and the growing focus on globalization in the 21st century, we recognized that our ability to garner the respect and loyalty of customers across all global regions as an essential business partner would determine our standing as an excellent company. With this in mind, we took steps to share, promote

and practice a common vision across the Group as a whole, with the understanding that this would ensure our growth as a truly excellent global corporation. Since 1991, we have conducted our business activities based on the principles of this corporate philosophy.

However, as NSK approaches its 100th anniversary, we are not fully satisfied with the extent our mission statement has become ingrained within the Company. As our workforce is spread across the four corners of the globe and includes a growing number of young employees, we have created NSK Vision 2026 as a guideline that makes it easier for employees to translate our mission statement into concrete action. NSK Vision 2026 is a detailed message that clarifies the direction NSK aims to move in the medium to long term. In the years ahead, we will continue to promote growth-oriented activities across the global NSK Group guided by this vision.



The Aspirations Behind NSK Vision 2026

NSK's operating environment continues to change at a dizzying pace. Under these circumstances, it is vital that each and every member of the Group strives to step out of their conventional mindset and proactively set the future in motion. We must move beyond our current role as a component manufacturer, and incorporate the perspectives of customers and end users when determining what technologies, functions, products and services to develop and deliver. We must have a firm focus on bringing innovative ideas to reality. By setting the future in motion, we aim to contribute to a safer, more secure, comfortable and prosperous future for society.

The Objectives and Background behind NSK Vision 2026

As society and markets undergo substantial change, it is of the utmost importance that we consistently generate distinct value that only NSK can deliver. Only in this manner can we

expect to continuously deliver higher levels of value to customers and society as a leading global company. As our products, services and human resources diversify, in order to create new value it is important to set an image of the future that each and every employee of the NSK Group can share and work towards. This image of the future is encapsulated in NSK Vision 2026.

In formulating the vision, we drew on a variety of sources. In addition to global surveys completed by the Group's employees worldwide, we also paid close attention to group discussions at NSK's global sites, input from management, and feedback from outside the Company. Particular weight was placed on analyzing our current weaknesses and strengths. Based on forecasts of social and economic conditions 10 years into the future, we worked to clarify our mission in this future environment, the value NSK aims to provide, and the actions that must be addressed to reach our desired goals. This vision serves as a guideline for everything we do across all our sites and divisions. With each and every employee proactively working to realize this vision, we hope to achieve a new stage of growth.

Key Issues for Achieving Sustainable Growth

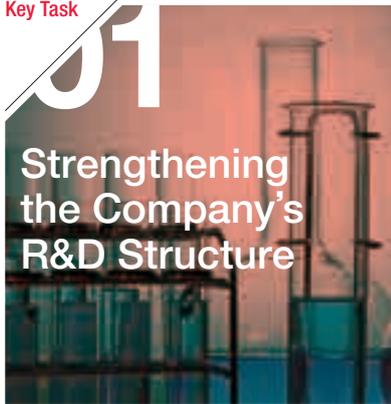
NSK's mission statement clearly states its goals of contributing to the development of society and protecting the environment. The path toward achieving these goals is laid out in the Company's management principles.

NSK products help smooth the operations of a variety of machines. This defining feature supports the safety, reliability and energy efficiency of the machines that incorporate the Company's products. Contributing to a safer, smoother society and protecting the global environment through

provision of our products, thereby achieving sustainable growth, is the ultimate goal of our business activities.

NSK has identified three key tasks toward this goal: strengthening its research and development (R&D) structure, engaging proactively in social and environmental activities, and strengthening corporate governance. In achieving these tasks through a range of initiatives, the Company will work to enhance its corporate value and secure sustainable growth.

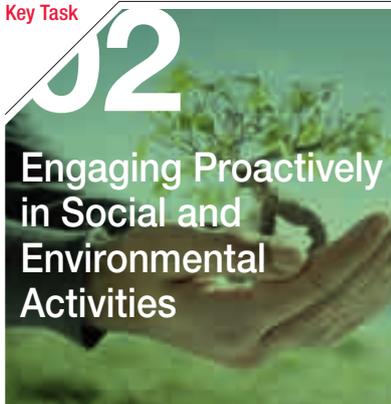
Key Task



Through its history spanning nearly 100 years, NSK has continued to focus on developing new technologies and enhancing quality. The underlying strength of the Company's R&D activities rests in its four core technologies: tribology (relating to friction, wear and lubrication), material engineering, analysis, and mechatronics. NSK supplies the world with high-performance products, as well as innovative new products, in a timely manner by swiftly applying each of the aforementioned technologies in the development of products, and combining its proprietary technologies with the latest in cutting-edge technologies. Against a backdrop of increasing global competition, we will strengthen our R&D structure while expanding our market share and enhancing our brand power.

To page 26 for details

Key Task



To garner trust in each region throughout the world and to secure sustainable growth going forward, it is important that NSK harnesses its technologies and experience fostered over many years to manufacture and supply products that best fit each region while fully understanding the differences that exist from region to region. It is also vital that the Company maintains a watchful eye on environmental issues, which are becoming increasingly serious with the advance of economic globalization. Recognizing these necessities, NSK is working to train and develop human resources in each country in which the Company operates, to ensure all employees have a comprehensive understanding of NSK's mission statement, technologies and culture. We will continue working to ensure that each officer and employee is aware of NSK's role in society, and actively contributes to the growth and development of society and the protection of the global environment from the perspective of all stakeholders.

To page 28 for details

Key Task



NSK is committed to enhancing its corporate governance in order to increase the efficiency of its management while maintaining and improving the transparency and soundness of its operations. In this manner, the Company will make every effort to garner the trust of all stakeholders. NSK has long been a strong advocate of corporate governance. The Company's ongoing development is marked with several milestones including the appointment of independent directors and the transition to a company with committees system. NSK will further bolster corporate governance going forward, guided by the policies outlined in its internal Corporate Governance Rules.

To page 30 for details

NSK's Research and Development

Since its founding in 1916, NSK has constantly worked to develop new technologies and improve product quality. A leading company in the fields of bearings and automotive products, as well as precision machinery and parts, NSK's technological capabilities are underpinned by four core technologies—in the areas of tribology, material engineering, analysis and mechatronics—and technology centers deployed in Japan, Europe, the Americas and Asia. With 14 technological bases, the Company has experts in a variety of fields working on foundation technologies and next-generation products.

To respond flexibly and rapidly to the diverse needs of its customers across the world, NSK shares technological

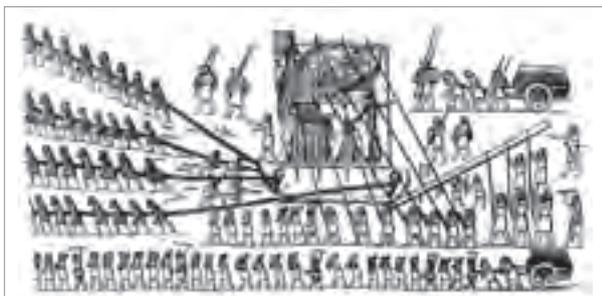
information on a global basis and is raising its readiness levels in a dynamically changing business environment. Furthermore, the Company has established a Future Technology Development Center to address the increasing focus on environmental and safety needs and engage in other fields, such as new energy, medicine and biotechnology, while undertaking the integrated development of future automotive systems and advanced developments in the industrial machinery field.

In the years to come, NSK will work toward further advanced technological developments and contribute to the development of all the world's industries by providing high-function, high-quality products that meet market needs in a timely manner.

NSK's Four Core Technologies

Tribology

Tribology is a technology that controls the friction and wear of sliding surfaces in relative motion. This is a key technology for bearings that support rotational or linear motion applications. The principle of bearings traces its origin to ancient Mesopotamia, where giant 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 savings

Installing bearings, which mediate movement via rollers and balls, reduces the friction generated on a variety of sliding surfaces inside machinery, facilitating smooth operation. Bearings thus contribute to energy savings.

Point 2: Longer service life

Wear is inevitably caused on sliding surfaces that generate friction. Smoothing machinery rotation by installing bearings reduces the friction generated and helps extend machinery service life, thereby saving resources.

Point 3: Reliability

Frictional heat inevitably accompanies friction and if excessive can cause the sliding surfaces in machines to seize up. By lowering friction, bearings prevent machinery from seizing and reduce machinery breakdowns, thereby improving reliability.

Material Engineering

Materials play a key role in raising the functionality and durability of bearings that are exposed to harsh operating environments. With a view to the development of products that feature greater durability and reliability, the Company employs a variety of performance and analytical evaluation methods, undertakes the development of new materials and heat treatment processes that optimize material compositions and heat treatment conditions, and engages in the development of technologies that leverage new materials, such as ceramics and high polymeric materials.



Ceramic ball bearings

Analysis Technology

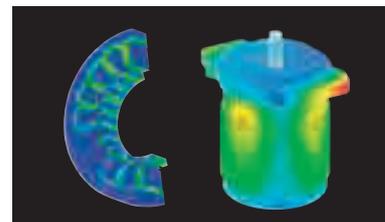
NSK uses computer simulations to test and assess the performance of bearings in virtual environments. Taking advantage of advanced analysis technology enables the Company to assess performance in extreme conditions, under which testing in actual machinery is difficult. This helps to speed up the creation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



Computational fluid dynamics (CFD) analysis of tapered roller bearings

Mechatronics

NSK has honed proprietary mechatronics technologies that fuse mechanical elements and electronics, which the Company has fostered during product development and at production sites. In a wide range of fields that include motor, sensor and circuit technologies, mechatronics technologies are creating new products that embody NSK's "MOTION & CONTROL."



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

Passing on Technological Expertise and Human Resource Training

In the manufacturing industry, the globalization of production is advancing and competition intensifying on a global scale. Manufacturing high-quality products efficiently and meeting the needs of customers across the world demands further functional enhancements at NSK's technology centers and plants in Japan. Furthermore, localized technical and engineering skills are required to continue responding steadily to market demand outside Japan, which is

increasing with each passing year.

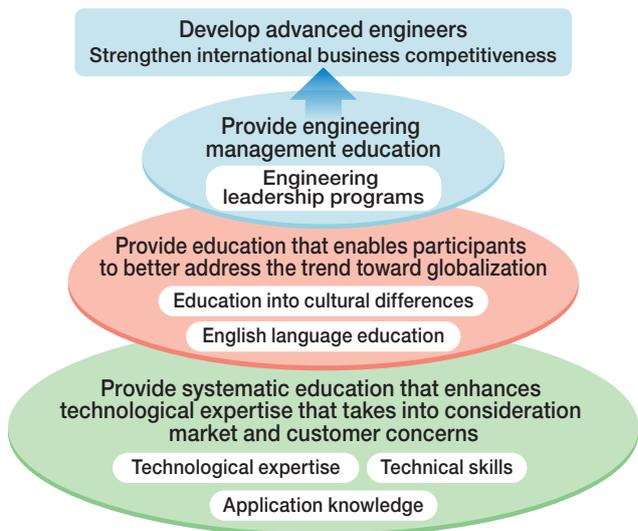
To address these demands, the Company is working to transfer technical skills to its staff across the globe. Human resource training efforts include dispatching engineers from Japan to each region to train local staff members, and receiving overseas staff for training at technology centers and plants in Japan.

NSK Institute of Technology Established

Aiming to develop global technical human resources, the Company established the NSK Institute of Technology (NIT) educational facility in November 2007. At the NIT, the curriculum is set by the faculty and the attainment level determined by grade, while the systematic education is along the lines of a university, including a certification system designed around examinations.

As of March 31, 2015, more than 400 students per year study to acquire technological expertise, technical skills and application knowledge through NIT courses offered via 12 sites in 10 countries. In the case of Japanese engineers, efforts are underway to improve global communication skills, including courses on the English language and the understanding of cultural differences. In coming years, we plan to further extend our educational content by developing the curriculum according to the business characteristics of each region, utilizing e-learning programs, and other initiatives.

▶ Human Resource Development at the NIT

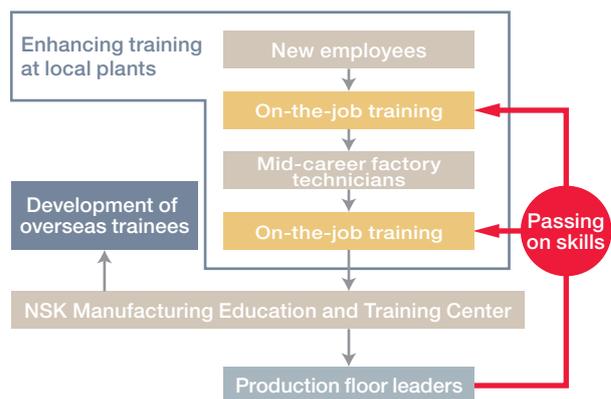


Training Manufacturing Personnel

Based on the belief that ongoing initiatives are necessary for the Company to pass on the skills of its employees and enhance its technological capabilities in its manufacturing divisions, NSK established an NSK Manufacturing Education and Training Center at its Ishibe Plant (Shiga Prefecture) in May 2005 and at its Fujisawa Plant (Kanagawa Prefecture) in 2006. Gathering employees who work at its plants in Japan and trainees from its overseas plants, trainees at the NSK Manufacturing Education and Training Centers receive knowledge- and skill-based training from veteran employees with high-level expertise. Returning to their respective worksites, the trainees then pass on the acquired course content to those who work around them, assuming the role of a trainer.

As of March 31, 2015, more than 700 employees had participated in manufacturing center training courses. Each participant works to enhance the training at their plant and plays a key role in improving the manufacturing capabilities of the NSK Group.

▶ Human Resource Development System (Technicians)



Topics

Localization of Production through Global Collaboration

Previously, when establishing new plants outside Japan, the majority of the support in installing production facilities and providing assistance in production management and operational support came from the NSK headquarters and mother plants in Japan. In recent years, however, the Company has worked on a global level to provide support, including dispatching staff and equipment not only from Japan but also from other overseas plants.

The Hefei Plant (Anhui Province, China), which started mass production in October 2012, was the first NSK plant to receive support from a mother plant outside Japan, with the Kunshan Plant (Jiangsu Province, China) serving this role.

The Kunshan Plant's mother plant is Japan's Otsu Plant (Shiga Prefecture, Japan), and has many employees who have acquired advanced production knowledge through this relationship. These employees travelled from Kunshan to the Hefei Plant to assist in equipment installation and staff instruction.

Furthermore, when launching the Mexico Plant (in the state of Guanajuato) that commenced mass production in July 2014, support staff from Japan were joined by staff from plants in South Korea and Brazil as part of a new multinational production project of a kind never before seen at NSK.

NSK's CSR Activities

For NSK to be trusted across the world and to continue its sustainable growth, it is critical that employees work positively and actively from the stakeholders' perspective to contribute to the development of society on an ongoing basis, founded on a sound understanding of the Company's corporate philosophy as well as its technologies and culture. In

conjunction with training conducted on a global basis to convey NSK's culture and technologies, the Company aims to create workplaces where employees with diverse sets of values can actively participate through a variety of work styles, while continuing to contribute to the development of the local communities in which it operates.

Development of Human Resources to Support Activities

Every year, NSK holds the Management College and the Global Management College with the aim of nurturing the next generation of management-level personnel, as well as Product Knowledge Training that aims to improve the quality of products and business operations. Furthermore, the Company has established the NSK Institute of Technology to enhance the abilities of its technical staff members, who develop and design products, as well as provide technical support for customers. By introducing training for the heads of departments and divisions involved in production and related management levels, the Company is also working to train the middle-management staff in charge of production.



A product knowledge training session

Promotion of Diversity

NSK is further enhancing its diversity initiatives (including employment of people with disabilities, utilization of talented human resources regardless of nationality, the reemployment of retirees, and child care and nursing care support) and promoting the creation of workplaces where diverse human resources can actively participate.

To help employees balance work and home life, the Company has been devising ways to enhance the previous child-care support system, such as by extending the duration of both the child-care leave period and reduced working hours for employees providing child care. As a result of these initiatives, NSK has been certified as a company that supports child-rearing by the Ministry of Health, Labour and Welfare.



The next generation certification logo, known as Kurumin

▶ Related Employee Data¹

(FY)

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------|------|------|------|------|
| Average years of employment | 18 | 18 | 18 | 18 | 18 |
| Average age | 41 | 41 | 41 | 41 | 41 |
| Proportion of female employees | 6.5% | 6.7% | 6.5% | 6.6% | 6.9% |
| Rate of child-care leave taken ² | 100% | 100% | 100% | 100% | 100% |

1. NSK and main group companies in Japan 2. Excluding short-term child-care leave taken

▶ Number of Reemployed Persons

(FY)

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|------|------|------|------|------|
| Seniors | 272 | 325 | 383 | 441 | 470 |
| Others (part-time employees, etc.) | 42 | 34 | 29 | 29 | 28 |
| Total | 314 | 359 | 412 | 470 | 498 |

▶ Rate of Employment of Persons with Disabilities

(FY)

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------|-------|-------|-------|-------|
| Rate of employment of persons with disabilities | 1.85% | 1.97% | 1.99% | 2.04% | 2.09% |

Social Contribution Activities

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

Priority Areas

1. Promotion of science and technology

The NSK Group contributes to the development of industry through a broad range of initiatives that support the promotion of science and technology.

2. Development of the next generation

The NSK Group addresses the development of the next generation by conducting initiatives that support the education of children and young adults.

3. Mutual harmony and benefit with communities

The NSK Group aims to ensure mutual prosperity as an upstanding corporate citizen.

Aiming for a Better Society (India)

One of the social issues confronting India is ensuring safe and sanitary water. In November 2014, RANE NSK Steering Systems (RNSS) Limited presented reverse osmosis filtration equipment that can produce drinking water and a tank that can store filtered water to a nearby elementary school. By supplying safe water, RNSS hopes that the children who will comprise the next generation of leaders will remain healthy.



The children who received the donation.

Environmental Management

Adhering to the principle that global environmental protection, as outlined in the Group's mission statement, must be an ever-present concern in all business activities, NSK states in its Environmental Policy that environmental management forms the basis of its existence and pursuits. Based on these policies, the NSK Group strives to raise the awareness of every employee, while implementing global warming countermeasures as well as measures for resource conservation and recycling, taking action to create environmentally friendly products, and reducing the use of environmentally harmful substances.

▶The NSK Group's Environmental Management



NSK Environmental Policy

Our commitment to environmental management forms the basis of our existence and our pursuits. We are determined to take independent and assertive actions, aiming to establish recycling-oriented societies.

1. Prevention of Global Warming

To actively support efforts to prevent global warming by developing environmentally friendly manufacturing processes and technologies.

2. Reduction of Negative Environmental Impact

To establish and continually improve environmental management systems and systems for the management of chemical substances in products; to comply with regulations, to prevent pollution, and to reduce environmental impact

3. Contribution to Societies

To be actively involved in the social development of local communities where we operate by promoting our global corporate activities, to create affluent societies that is in harmony with the environment, and to promote the preservation of biodiversity.

Environmental Management Structure

NSK has positioned the Environmental Protection Committee, which is chaired by the executive officer responsible for the environment, as the top decision-making body for environmental matters. Based on the Committee's decisions, day-to-day environmental management system operations are centered on special committees that deal with specific issues, such as energy, resource conservation and environmental products, as well as the Global Environment Department situated at the Company's corporate headquarters.

Global Warming Countermeasures

Amid growing concerns about global warming, action is being demanded of companies, including the development of energy-saving technologies, the widespread use of energy-saving products and the control of CO₂ emissions from business activities.

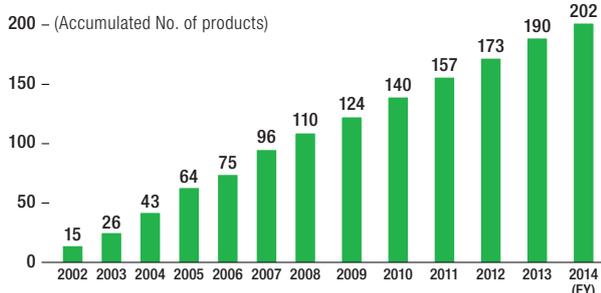
Aiming to reduce the volume of CO₂ emitted by society as a whole, NSK is focusing its efforts on promoting the

development and market penetration of environmentally friendly products. Furthermore, the Company is working to reduce the volume of CO₂ emitted during its business activities by improving the efficiency of its energy utilization and installing clean energy systems.

Development of Environmentally Friendly Products

Pinpointing the needs of its customers and society, NSK works to develop environmentally friendly products that fully utilize the Company's four core technologies (tribology, material engineering, analysis and mechatronics). By disseminating these products and technologies throughout the world, NSK contributes to the efficiency of the machines in which these products are utilized and to the development of environmentally friendly industries.

▶Number of Environmentally Friendly Products Developed



Initiatives in Business Activities

At its production sites in Japan, in addition to measures such as increased production efficiency and fuel conversion, the Company is promoting energy-saving activities and decreasing its CO₂ emission volumes. These initiatives include adding inverters to compressors, reducing the amount of compressed air used by switching to energy-efficient spindles, changing to LED lighting, installing cogeneration systems, creating a visual picture of the amount of energy used by attaching measuring devices to heat treatment furnaces, and implementing efficient facility operations.

Under its Environmental Logistics Policy, the NSK Group strives to reduce the environmental impact of transport through improved loading efficiency by combining product distribution and procured part distribution, and by shifting to modes of transport with lower environmental impact, such as marine transport.

At the head office and sales departments, the Company is promoting the saving of electricity by measures including thorough control of air-conditioning temperatures, turning off lights when not in use, and switching to LED lighting. The Company is also promoting a switch to electric and hybrid vehicles and vehicles with small displacement engines.

Corporate Governance

Basic Philosophy

NSK regards corporate governance as a structure that enables operational organizations to realize efficient and fair management under the supervision of the Board of Directors. The Company works diligently to strengthen this structure based on the following four policies:

1. improve management efficiency and flexibility by delegating more authority from the Board of Directors to operational organizations;
2. ensure the supervision of operational organizations by the supervisory organizations by separating the former from the latter;
3. strengthen the supervision of operational organizations by the supervisory organizations through close cooperation between the former and the latter; and
4. increase management fairness by strengthening the compliance system.

NSK has put in place a set of Corporate Governance Rules that encapsulate this basic philosophy and structure. Directors and executive officers manage the business from a Group-wide perspective in accordance with these rules.

Corporate Governance Structure

Current Structure and Operating Status

NSK has adopted a company with three committees system under which executive and supervisory roles are clearly defined. The purpose of adopting this system is to maintain and enhance management soundness and transparency. In the case of executive functions, the CEO makes final management decisions, whereas specific operational functions are overseen by the executive officers in charge. From a supervisory function perspective, the Board of Directors makes decisions on such important matters as fundamental management policies, while supervising operational organizations. To reinforce supervisory functions, the Company also has established the Compensation Committee, the Nomination Committee and the Audit Committee (each consisting of two independent directors and one non-independent director).

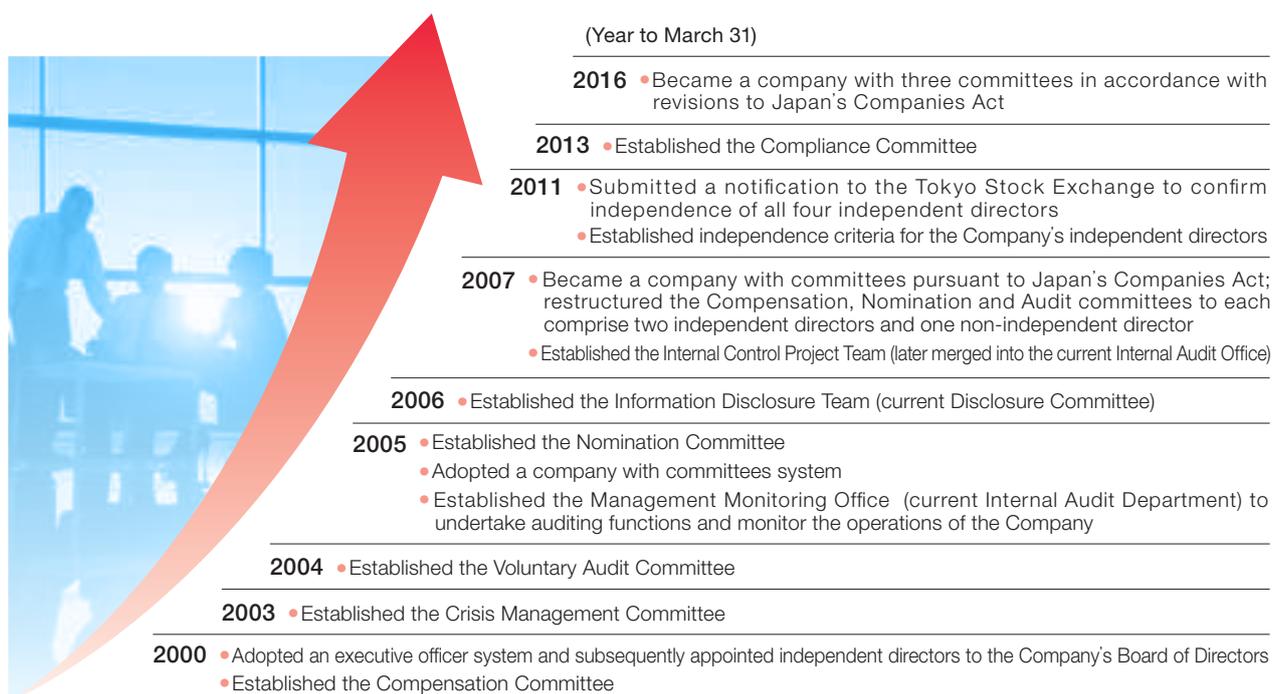
For the year ended March 31, 2015, the Board of Directors and the Audit Committee met 10 and 14 times, respectively, whereas the Compensation Committee and the Nomination Committee each met four times.

Initiatives to Further Strengthen Corporate Governance

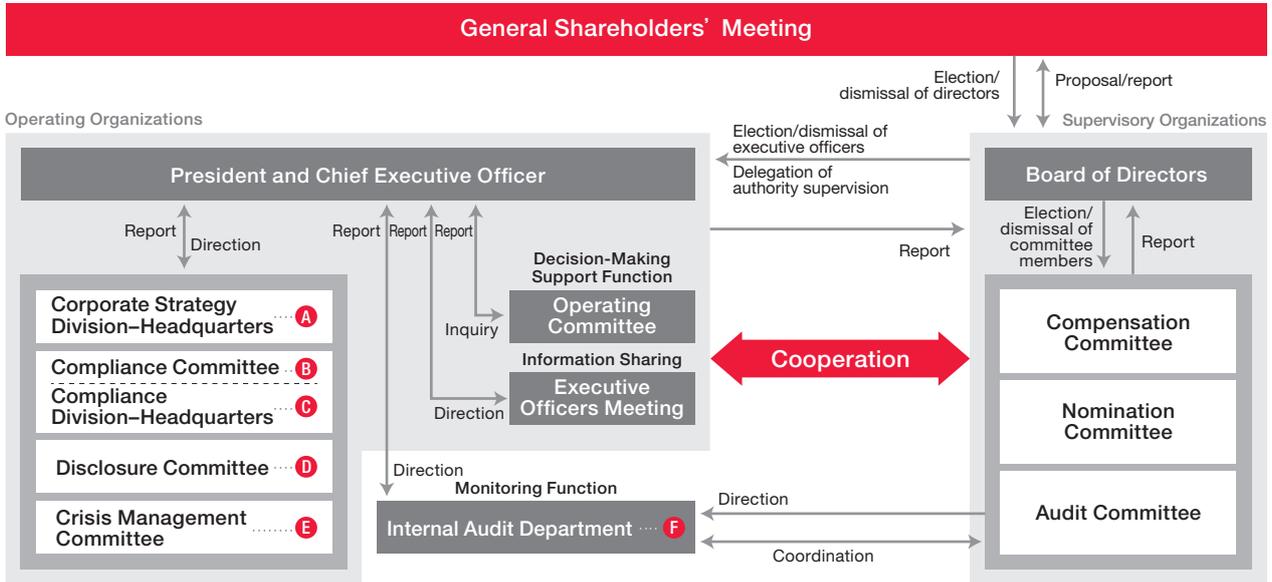
NSK was quick to realize the importance of corporate governance and first appointed an independent director in 1999. NSK subsequently adopted a company with committees system in 2004. Over the ensuing period, we have worked diligently to enhance our flexibility, build a system that promotes a high level of supervision and actively reinforce corporate governance by delegating substantial authority from the Board of Directors to operational organizations and clarifying roles relating to the supervisory and executive functions.

Following the intent and spirit of the Corporate Governance Code, NSK will upgrade and expand its systems to ensure that the Company is well positioned to make transparent, fair, timely and bold decisions, taking into consideration the perspectives of all stakeholders. In doing so, we will secure the Group's sustainable growth and enhance our medium- and long-term corporate value.

► Strengthening NSK's Corporate Governance Structure (As of June 24, 2015)



►NSK's Corporate Governance Structure



A Corporate Strategy Division-Headquarters
Coordinates with each business, functional and regional headquarters to support the CEO and oversee and manage general risks related to management of the NSK Group. Responsible for maintaining and enhancing the internal control systems necessary for the operation of the NSK Group's global business.

B Compliance Committee
Creates policies designed to strengthen the compliance of the overall NSK Group, sets and promotes compliance enhancement measures to realize these policies, and monitors and supervises their implementation. Periodically reports to the Board of Directors on the progress of these activities.

C Compliance Division-Headquarters
Responsible for enacting measures to strengthen compliance, based on the policies set by the Compliance Committee. Conducts educational initiatives to ensure that the Company acts as a good corporate citizen with a sense of social responsibility in all situations, and plans, proposes, enacts and monitors measures to ensure compliance with laws, rules and corporate ethics. Also reports periodically to the Compliance Committee on the progress of compliance enhancement measures.

D Disclosure Committee
Responsible for ensuring appropriate and timely disclosure of important corporate information that is likely to influence investors' investment decisions, in line with relevant laws and regulations.

E Crisis Management Committee
Responsible for preparing and strengthening response systems to major risks to the company, such as natural disasters, pandemics or major accidents, in order to prevent such risks from eventuating or to minimize damage. Also responsible for leading a swift and appropriate response in the event of a disaster.

F Internal Audit Department
As the division responsible for internal auditing of operations, responsible for conducting audits to determine the legitimacy, adequacy and efficiency, etc., of operations, and monitoring the performance of operations. Also responsible for overseeing the evaluation of the effectiveness of internal controls over financial reporting.

Independence of Independent Directors

NSK believes that the participation of independent directors in meetings of the Board of Directors, as well as meetings of the Compensation, Nomination and Audit committees, together with their role in determining important matters and supervising operational organizations, contributes to increased management soundness and transparency while helping to ensure that no conflicts of interest occur with general shareholders. The Company has set specific standards for independence, which are applied when appointing independent directors. By applying these standards, NSK mitigates the risk that a candidate might have a special relationship with the Company's management or its principal shareholders, or a conflict of interest with general shareholders. All four of NSK's independent directors meet these standards of independence. To ensure that decisions made by the Board of Directors are proper, valid and relevant, the Company draws on the opinion of its independent directors, who possess a wide range of experience and expertise as senior executives or specialists and offer their advice while supervising management from an independent standpoint.

Internal Control Systems

NSK has clarified and documented a set of basic principles to ensure that its global Group management and internal control systems function efficiently, and is working to strengthen internal controls across the Group as a whole. In addition, the Internal Audit Department, which serves as the Company's internal auditing division, coordinates with the Audit Committee while monitoring operating divisions in the execution of their duties from a position independent of the operational organizations. The Internal Audit Department also audits the development and operational status of the Company's internal control systems. As a part of efforts to put in place and strengthen the Group's global internal audit platform, internal audit offices have been established in each regional headquarters, tasked with overseeing the operations of local subsidiaries. Moreover, efforts are being channeled toward addressing the key issues of the Company's mid-term management plan: 1) enhancing compliance, 2) strengthening monitoring, 3) improving audit effectiveness and 4) promoting operational efficiency.



Independent Director
Ichiro Tai

Independent Director
Kazuaki Kama

NSK Director,
Executive Vice President
Saimon Nogami

We will actively share our opinions to support the enhancement of corporate value, based on a **clear-cut vision for the next 100 years.**

With developments such as the introduction of Japan's Corporate Governance Code in 2015, enhancement of corporate governance is becoming an issue of greater importance than ever before, and the role required of external directors is growing with each passing year. Against this backdrop, we spoke with two of the Company's four independent directors, Kazuaki Kama and Ichiro Tai—both of whom are directly involved in the Company's management—about their assessments of NSK's corporate governance and their awareness of the issues related to achieving sustainable growth.

Composition and Diversity of Board of Directors

Nogami: In 2004, NSK became what was referred at the time as a company with committees governance structure (renamed as a company with three committees structure from 2015). Since then, NSK has promoted the separation of management and operating functions while working from early on to strengthen its corporate governance, including appointment of non-Japanese executive officers in order to enhance global management. I know you both have a wealth of experience in management outside of the Company. From this perspective, what is your opinion of NSK's corporate governance structure?

Kama: I think the structure and individual members of the Board of Directors strike just the right balance in terms of overall number, ratio of non-executive and executive members, and number of independent directors. Reflecting the Company's efforts to promote global management, a major characteristic of the Board is the appointment of several non-Japanese executive officers. It is rather uncommon for a Japanese CEO to appoint a non-Japanese executive as head of the Corporate Planning and Finance divisions.

Tai: I have the same impression. As the Company shifts to a global management-oriented approach, the appointment of non-Japanese executive officers is an important first step. The Company can further improve the diversity of its board members by appointing non-Japanese and women to these roles.

Kama: With the trend toward adoption of International Financial Reporting Standards, companies have begun to compare all aspects of their operations from a global perspective. Overseas, several women have been appointed to executive positions in areas such as human resources and legal affairs. To promote diversity, it is necessary to undertake measures based on quantitative targets with the aim of expanding the overall number of female executives, starting at the hiring stage.

Nogami: In terms of appointing women to executive posts, there are currently few female employees in managerial positions, so we are all aware that promoting diversity of this nature is an issue that must be addressed companywide. Given that our overseas peers have long maintained female legal advisors on their supervisory boards, I think appointment of women to executive positions should focus both on expanding overall numbers and also appointing female directors with specialized skills. On a separate topic, what is your assessment of NSK's Board of Directors approach?

Kama: The current internal board members are all well versed in NSK's operations. Board of Directors proposals are thoroughly studied in advance. Therefore, from my perspective as an independent director, I have every confidence that the internal directors possess a sufficient level of understanding of the Board's proposals.

Tai: Although the Board examines proposals following thorough deliberation on the executive side, I would like to see more active discussion regardless of whether deliberations were undertaken in advance. Companies whose board includes not only executives serving currently as directors but also

“The Company can further improve the diversity of its board members by appointing non-Japanese and women to these roles.”



Ichiro Tai Independent Director

April 1976 Joined Tokyo Shibaura Electric., Ltd. (currently Toshiba Corporation)
 June 2009 Director and Corporate Senior Executive Vice President of Toshiba Corporation
 June 2011 Executive Advisor of Toshiba Corporation (retired in June 2014)
 June 2014 Independent Director of NSK (current), member of the Nomination Committee (current)
 June 2015 Member of the NSK Audit Committee (current)

members who head sales, technology, human resources and other departments are able to generate lively discussion on business proposals from a wide variety of perspectives.

Kama: Moreover, I think it is our responsibility to follow up on an ongoing basis to see how proposals we approved as directors are being implemented.

Tai: While it is the executives who address concerns raised following the conclusion of the deliberation process, I think it is a good idea for progress reports to be given at Board of Directors meetings. This is a responsibility we have to shareholders, society, customers and other stakeholders.

Sustainable Growth

Tai: While my opinion comes from a different background, I believe NSK's core bearing products are high quality; are based on solid design, development and quality assurance approaches; and are virtually free of concerns in terms of compliance. Nevertheless, when a company produces the same products over a long period of time, it will likely face challenges in

maintaining the same level of quality and compliance as existing products when it starts developing and releasing new products into new markets. Employee training is important in addressing these issues. In NSK's case, 70% of new employees are engineers, yet most of them are unfamiliar with the term "engineer ethics" when it comes up during compliance discussions. If an employee overlooks mistakes only they possess the ability to detect, it can lead to disastrous results. An awareness of corporate ethics similar to the human trait of "character" can be instilled in employees. I believe NSK should work to cultivate a healthy corporate culture through the development of engineer ethics, and leverage this to maintain sustainable growth.

Kama: I think corporate ethics rests heavily on the profile expected of employees. A critical first step is seeking personnel who possess the qualities of ethics, sincerity and reliability, and then reinforcing these traits through proper training. A customer-first mindset can be added to this list of desired qualities.

“**It is important to convey a clear vision about how the Company intends to move forward over the next century and, as an initial step, the type of business it aims to be in the next 30 years.**”



Kazuaki Kama Independent Director

July 1971 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (IHI)

April 2007 President & CEO of IHI

April 2012 Chairman of IHI (current)

June 2013 External Director of Kyokuto Boeki Kaisha, Ltd. (current)

June 2014 Independent Director of NSK, member of the Compensation Committee
External Director of Konica Minolta, Inc.



Nogami: As you mentioned, there are still ways we can work to foster NSK's sustainable growth. Thank you for your feedback.

Kama: I would like to raise another issue from a similar perspective if I may. Forgive me for saying this, but I often think that for a corporation aiming to become a leading ¥1 trillion company, NSK could do more to raise its profile. Though the Company ranks in a range of CSR and management level surveys, it's my personal belief that NSK is good enough to be in the top 100 in all these surveys.

Tai: Of all the various stakeholders—including shareholders, employees and customers—perhaps NSK's initiatives targeting society as a whole are lacking. If the Company enhanced such measures both in Japan and abroad, it could build a stronger relationship of trust with society and thereby increase the number of business partners and customers supporting its global development.

Kama: Perhaps NSK should examine such measures from the perspective of strengthening its intangible assets. Beyond the standard financial-oriented approaches for evaluating corporate value—such as market cap and discounted value of future cash flows—I think NSK needs to undertake initiatives that will garner it a positive reputation from a wide array of stakeholders. This involves enhancing NSK's ability to communicate intangible non-financial information in such areas as people and brands.

|| A New Step Forward as NSK Approaches Its 100th Anniversary

Nogami: We have created NSK Vision 2026 to mark the 100th anniversary of our foundation in 1916. I would like to hear your



thoughts on NSK's goal of new growth amid volatile market shifts.

Kama: It is important to convey a clear vision about how the Company intends to move forward over the next century and, as an initial step, the type of business it aims to be in the next 30 years. Although we are currently being told that automobile production will continue, can you confidently say to employees entering the Company in 2015 that automobiles will continue to support NSK's growth in 30 years' time? It is critical that you establish a clear vision of the future in the event that this volume growth disappears.

Tai: I agree with you completely. Currently, the aim of increasing ROE is a hot topic in Japan. Although this is important, I personally believe that above all else, it is critical for NSK to more clearly explain—both internally and externally—its future vision on which these returns are based. Over the long term, the Company is sure to face periods of worsening earnings and market conditions. This is why it is so critical to clarify and share a vision that underpins discussions that form the basis of various management decisions. If the Company can effectively share a clear management vision, we as independent directors will be able to make judgments on how to realize this vision and more vigorously state our opinions when making decisions on the timing and types of investment required, as well as what forms of dividends and other profit allotments should be considered.

Nogami: Finally, could you please share your thoughts on the steps required to strengthen corporate governance, including developments such as the introduction of Japan's Stewardship Code and Japan's Corporate Governance Code.

Kama: I believe that maintaining engagement (dialog) with stakeholders from a medium- to long-term perspective in such areas as sustainable growth and improvement of corporate value, as well as valuing investors who support this, will lead to the

“NSK is proactively approaching medium- to long-term investors as part of its efforts to maintain dialog with a view to long-term growth.”



Saimon Nogami NSK Director, Executive Vice President

April 1984 Joined NSK
 June 2011 Vice President of NSK
 June 2013 Director (current), Senior Vice President of NSK
 June 2015 Executive Vice President of NSK, member of the Compensation Committee Responsible for Asia
 Head of the Corporate Strategy Division HQ (current)

enhancement of NSK's corporate earnings power. In this sense, I believe that the recent developments you mentioned will play a positive role in boosting corporate earnings.

Tai: It is important for NSK to mindfully engage in investor relations with valued investors, as well as maintain a desirable balance of shareholders. For example, NSK operates 65 plants worldwide but only a small percentage of its investors are non-Japanese.

Nogami: Amid efforts to unravel cross-shareholdings, NSK is proactively approaching medium- to long-term investors as part of its efforts to maintain dialog with a view to long-term growth. As a result, currently 29% of the Company's investors are non-Japanese.

Kama: To restate what I mentioned previously, raising the Company's profile to enable corporate development will lead to synergies such as enhancement of NSK's shareholder makeup. While quantifiable corporate value is important, I truly believe that an emphasis on intangible value, such as brand value, is just as important.

Nogami: I would like to thank you both very much for sharing your valuable opinions with us today on a wide range of topics.

Compliance

Basic Philosophy

To remain a company that is trusted by society, NSK believes that complying with laws and abiding by the highest ethical standards are some of the most important management tasks that the Company should undertake. The foundation of compliance at NSK is the NSK Code of Corporate Ethics, which outlines universal principles that must be followed by all officers and employees.

In light of the demands placed on the Company by society, NSK is working to ensure thorough awareness of the content of this Code by producing and distributing the NSK Compliance Guidebook, which contains detailed explanations of the Code.

Initiatives to Strengthen the Compliance Structure

NSK and the NSK Group are under investigation by certain authorities with respect to alleged violations of antitrust laws relating to the sale of bearing products. In August 2014, NSK was ordered by the National Development and Reform Commission of China to pay a fine of RMB 174.92 million. In November 2014, the Korea Fair Trade Commission exempted NSK from any remedial order, surcharge or criminal accusations, but found that NSK did act in violation of South Korea's anti-monopoly and fair trade laws.

We express our sincere regret for the concern these matters have caused our shareholders, customers and other stakeholders.

NSK regards these matters with the utmost solemnity and sincerity, and while seeking to ascertain the causes, is promptly implementing a range of measures to further strengthen its compliance system. As a part of these measures to bolster compliance, NSK is holding training and education sessions for the officers and employees of NSK and the Group companies, convening meetings for compliance reporting and deliberation, and conducting compliance inspections and audits of each business site. Moreover, starting in 2013, NSK has designated October of each year as Compliance Month and holds various events to raise awareness toward compliance.

As a new initiative, NSK worked with an external contractor to conduct a compliance awareness survey of approximately 10,000 officers and employees working at NSK and its Group companies in 2014.

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 this writing are as follows.

Key Policies Implemented for Strengthening Compliance

Compliance Committee Meetings

Compliance Committee Meetings were held 13 times between the committee's establishment in March 2012 and February 2015.

Global Compliance Meetings

In November 2014, the third Global Compliance Meeting was held with personnel in charge of compliance from regional headquarters in attendance. Although this had been an annual gathering in the past, NSK now plans to hold this meeting twice a year.

Compliance Conferences

Compliance Conferences were held in July and December 2014, with personnel in charge of compliance attending from each division and Group Company in Japan.

Compliance Education

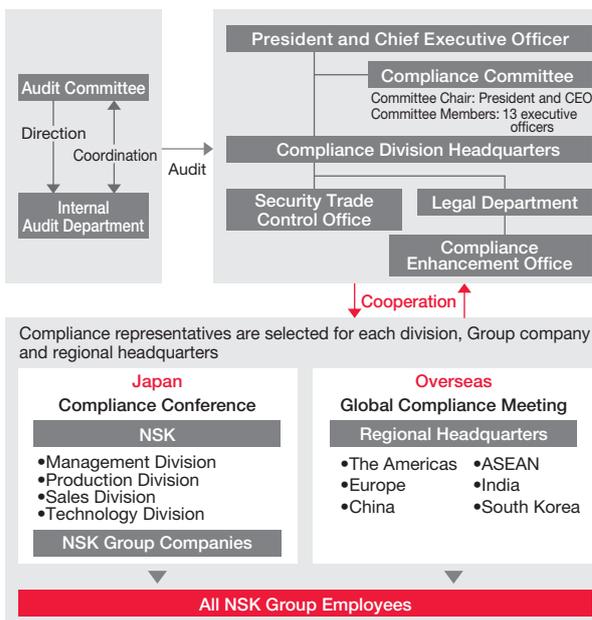
NSK conducted the following compliance education and training for officers and employees of the NSK Group.

- 1. Antimonopoly Act training**
Number of training sessions: 108 for the year ended March 31, 2015 (76 in Japan, 32 outside Japan)
- 2. Compliance training (at plants, engineering sections and Group companies)**
Topics: Subcontractor laws, information leaks, power harassment, internal reporting, etc.
- 3. E-learning**
Topics: Antimonopoly Act of Japan, prevention of bribery, prevention of insider trading, etc.

Activities to Raise Awareness Toward Compliance

- 1. Issued the revised 2015 edition (year ending March 31, 2016) of the NSK Compliance Guidebook**
- 2. Compliance slogan contest, creation of compliance posters**
Of the 6,971 submissions received, two slogans were selected as winners and three slogans were selected as runners-up. Posters using the two winning slogans were created and put on display at all business sites.
- 3. Compliance newsletter**
Since its inaugural edition in November 2012, a total of 29 editions have been published.

▶NSK Group Compliance System



Management Team

As of June 24, 2015



Board of Directors

- ① Norio Otsuka
- ② Toshihiro Uchiyama
- ③ Masahide Matsubara
- ④ Naoki Mitsue
- ⑤ Saimon Nogami
- ⑥ Shigeyuki Suzuki
- ⑦ Minoru Arai
- ⑧ Tatsuo Ichikawa
- ⑨ Kazuaki Kama
Independent Director
- ⑩ Ichiro Tai
Independent Director
- ⑪ Yasunobu Furukawa
Independent Director
- ⑫ Teruhiko Ikeda
Independent Director

Executive Officers

President and Chief Executive Officer

Toshihiro Uchiyama

Executive Vice Presidents

Masahide Matsubara
Naoki Mitsue
Saimon Nogami
Shigeyuki Suzuki
Hirotohi Aramaki

Senior Vice Presidents

Yasutsugu Hada
Nobuo Goto
Naoki Sugimoto
Yasuhiro Kamio
Koji Inoue
Bernard M. Lindsay
Yukio Ikemura
Hideo Nakajima
Masatada Fumoto
Hiroshi Suzuki
Minoru Arai
Hiroya Miyazaki
Adrian Browne
Shin Ikeda
Katsumi Kobayashi

Vice Presidents

Fumio Ogiso
Issei Murata
Hiroyuki Itou
Masami Shinomoto
Hiromasa Orito
Juergen Ackermann
Kazunori Iritani
Masaru Takayama
Seiji Ijuin
Nobuaki Mitamura
Takashi Yamanouchi
Kazuya Fukuda
Kenichi Yamana
Akitoshi Ichii

Group Officers

Takashi Tonotsuka
Seong-II Jo
Yoshinori Sugimoto
Sakae Kuwashiro

Eleven-Year Summary

NSK Ltd. and Consolidated Subsidiaries

| Years ended March 31 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|
| For the Year | | | | |
| Net sales | ¥ 974,885 | ¥ 871,742 | ¥ 732,842 | ¥ 733,192 |
| Cost of sales and SG&A expenses | 877,558 | 803,692 | 700,480 | 688,775 |
| Operating income | 97,327 | 68,049 | 32,361 | 44,417 |
| Other income (expenses) | (9,350) | (13,708) | (7,065) | (3,157) |
| Income (loss) before income taxes and minority interests | 87,976 | 54,341 | 25,296 | 41,259 |
| Income taxes | 22,721 | 20,528 | 7,709 | 11,881 |
| Net income | 61,962 | 31,167 | 15,739 | 28,514 |
| Capital expenditures | 49,197 | 45,448 | 48,025 | 54,619 |
| Depreciation and amortization | 38,568 | 35,086 | 34,598 | 35,807 |
| R&D expenditures | 10,660 | 9,919 | 10,432 | 10,373 |
| Cash flows from operating activities (A) | 67,709 | 70,342 | 53,797 | 57,158 |
| Cash flows from investing activities (B) | (46,335) | (42,402) | (45,262) | (56,090) |
| Free cash flows (A) + (B) | 21,374 | 27,940 | 8,534 | 1,068 |
| At Year-End | | | | |
| Current assets | ¥ 573,157 | ¥ 520,614 | ¥ 448,187 | ¥ 454,631 |
| Non-current assets | 556,007 | 480,317 | 434,359 | 390,442 |
| Total assets | 1,129,164 | 1,000,932 | 882,547 | 845,073 |
| Current liabilities | 339,436 | 331,445 | 289,462 | 308,501 |
| Long-term liabilities | 307,867 | 287,330 | 252,272 | 237,506 |
| Net assets | 481,859 | 382,155 | 340,812 | 299,066 |
| Total liabilities and net assets | 1,129,164 | 1,000,932 | 882,547 | 845,073 |
| Number of employees (persons) | 31,088 | 30,454 | 28,487 | 27,444 |
| Per Share (Yen) | | | | |
| Net income | ¥ 114.56 | ¥ 57.70 | ¥ 29.14 | ¥ 52.75 |
| Net assets | 842.69 | 664.74 | 591.36 | 518.56 |
| Ratios | | | | |
| Gross profit margin | 23.1% | 21.3% | 18.6% | 20.2% |
| Operating income margin | 10.0 | 7.8 | 4.4 | 6.1 |
| SG&A expenses / net sales | 13.1 | 13.5 | 14.2 | 14.1 |
| Net income margin | 6.4 | 3.6 | 2.1 | 3.9 |
| Return on average assets (ROA) | 5.8 | 3.3 | 1.8 | 3.5 |
| Return on average shareholders' equity (ROE) | 15.3 | 9.2 | 5.2 | 10.6 |
| Ratio of net worth to total capital | 40.4 | 35.9 | 36.2 | 33.2 |
| Asset turnover (times) | 0.86 | 0.93 | 0.85 | 0.90 |
| Inventory turnover (times) | 7.1 | 6.9 | 6.2 | 6.5 |
| Net D/E ratio (times) | 0.31 | 0.41 | 0.51 | 0.58 |
| Interest coverage ratio (times) | 13.2 | 14.4 | 11.4 | 11.8 |

Millions of yen
Unless otherwise specified

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ¥ | 710,431 | ¥ 587,572 | ¥ 647,593 | ¥ 772,036 | ¥ 717,225 | ¥ 628,474 | ¥ 580,989 |
| | 666,907 | 576,267 | 625,487 | 702,692 | 654,842 | 585,922 | 542,706 |
| | 43,524 | 11,305 | 22,106 | 69,343 | 62,383 | 42,552 | 38,283 |
| | (5,284) | (4,970) | (11,776) | (5,730) | (5,346) | 516 | (3,251) |
| | 38,239 | 6,335 | 10,330 | 63,613 | 57,037 | 43,068 | 35,031 |
| | 10,805 | 819 | 4,887 | 19,173 | 20,198 | 16,412 | 11,601 |
| | 26,110 | 4,765 | 4,561 | 42,613 | 34,853 | 25,586 | 22,349 |
| | 41,294 | 21,818 | 44,138 | 53,905 | 37,689 | 48,784 | 38,160 |
| | 34,943 | 37,149 | 39,729 | 38,380 | 35,316 | 30,099 | 27,435 |
| | 10,515 | 8,794 | 10,691 | 10,240 | 10,100 | 9,728 | 9,806 |
| | 64,973 | 51,108 | 11,785 | 69,236 | 64,153 | 66,332 | 57,987 |
| | (33,348) | (29,355) | (46,422) | (23,187) | (64,600) | (62,386) | (31,638) |
| | 31,625 | 21,753 | (34,637) | 46,049 | (447) | 3,946 | 26,349 |
| ¥ | 418,584 | ¥ 411,167 | ¥ 369,590 | ¥ 404,412 | ¥ 389,067 | ¥ 313,569 | ¥ 278,678 |
| | 370,042 | 378,456 | 374,638 | 424,167 | 426,721 | 429,462 | 349,905 |
| | 788,626 | 789,624 | 744,229 | 828,580 | 815,788 | 743,032 | 628,583 |
| | 293,881 | 257,706 | 210,322 | 294,318 | 297,489 | 266,834 | 234,300 |
| | 219,475 | 267,229 | 285,119 | 250,486 | 241,571 | 228,373 | 194,420 |
| | 275,269 | 264,688 | 248,787 | 283,775 | 276,727 | 247,823 | 199,861 |
| | 788,626 | 789,624 | 744,229 | 828,580 | 815,788 | 743,032 | 628,583 |
| | 26,334 | 24,633 | 24,050 | 25,069 | 23,413 | 22,639 | 20,737 |
| ¥ | 48.30 | ¥ 8.82 | ¥ 8.44 | ¥ 78.84 | ¥ 64.53 | ¥ 47.28 | ¥ 41.35 |
| | 475.45 | 458.65 | 431.74 | 495.61 | 485.62 | 436.48 | 349.07 |
| | 20.8% | 17.8% | 19.4% | 23.1% | 23.2% | 22.4% | 22.5% |
| | 6.1 | 1.9 | 3.4 | 9.0 | 8.7 | 6.8 | 6.6 |
| | 14.7 | 15.9 | 16.0 | 14.1 | 14.5 | 15.6 | 15.9 |
| | 3.7 | 0.8 | 0.7 | 5.5 | 4.9 | 4.1 | 3.8 |
| | 3.3 | 0.6 | 0.6 | 5.2 | 4.5 | 3.7 | 3.6 |
| | 10.3 | 2.0 | 1.8 | 16.1 | 14.0 | 12.1 | 11.9 |
| | 32.6 | 31.4 | 31.4 | 32.3 | 32.2 | 31.7 | 30.0 |
| | 0.90 | 0.77 | 0.82 | 0.94 | 0.92 | 0.92 | 0.93 |
| | 6.5 | 5.5 | 6.2 | 7.5 | 7.0 | 6.9 | 7.4 |
| | 0.60 | 0.73 | 0.85 | 0.56 | 0.69 | 0.73 | 0.89 |
| | 14.0 | 9.2 | 2.0 | 11.0 | 11.3 | 15.0 | 11.3 |

Eleven-Year Summary

Six-Year Segment Information

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

Consolidated
Financial Statements

Notes to Consolidated
Financial Statements

Management's Report on
Internal Control over
Financial Reporting

Independent
Auditor's Report

Six-Year Segment Information

NSK Ltd. and Consolidated Subsidiaries

| | Millions of yen / % | | | | | |
|---|---------------------|-----------|-----------|-----------|-----------|-----------|
| Years ended March 31 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Sales by Segment | | | | | | |
| Industrial Machinery Business | ¥ 276,361 | ¥ 242,969 | ¥ 216,142 | ¥ 255,835 | ¥ 259,095 | ¥ 201,963 |
| Automotive Business | 656,998 | 590,545 | 490,545 | 444,585 | 424,157 | 366,463 |
| Others | 41,525 | 38,226 | 26,154 | 32,772 | 27,178 | 19,145 |
| Total | 974,885 | 871,742 | 732,842 | 733,192 | 710,431 | 587,572 |
| Sales by Segment (Previous Segments) | | | | | | |
| Industrial machinery bearings | — | — | — | — | — | ¥ 166,873 |
| Automotive products | — | — | — | — | — | 366,463 |
| Precision machinery and parts | — | — | — | — | — | 35,089 |
| Others | — | — | — | — | — | 19,145 |
| Total | — | — | — | — | — | 587,572 |
| Increase / Decrease from the Previous Year | | | | | | |
| Industrial Machinery Business | 13.7% | 12.4% | -15.5% | -1.3% | 28.3% | — |
| Automotive Business | 11.3 | 20.4 | 10.3 | 4.8 | 15.7 | — |
| Others | 8.6 | 46.2 | -20.2 | 20.6 | 42.0 | — |
| Total | 11.8 | 19.0 | -0.0 | 3.2 | 20.9 | — |
| Increase / Decrease from the Previous Year (Previous Segments) | | | | | | |
| Industrial machinery bearings | — | — | — | — | — | -20.4% |
| Automotive products | — | — | — | — | — | 4.0 |
| Precision machinery and parts | — | — | — | — | — | -39.0 |
| Others | — | — | — | — | — | -31.9 |
| Total | — | — | — | — | — | -9.3 |
| Sales by Region (Based on Customer Location) | | | | | | |
| Japan | ¥ 328,837 | ¥ 329,136 | ¥ 333,348 | ¥ 363,754 | ¥ 354,542 | ¥ 289,540 |
| The Americas | 164,821 | 134,482 | 103,352 | 86,267 | 85,466 | 70,609 |
| Europe | 133,752 | 124,590 | 102,667 | 107,958 | 102,176 | 98,504 |
| Asia | — | — | — | — | — | 128,918 |
| China | 210,236 | 167,239 | 91,442 | 89,068 | 82,587 | — |
| Other Asia | 137,238 | 116,293 | 102,030 | 86,143 | 85,658 | — |
| Total | 974,885 | 871,742 | 732,842 | 733,192 | 710,431 | 587,572 |
| Increase / Decrease from the Previous Year | | | | | | |
| Japan | -0.1% | -1.3% | -8.4% | 2.6% | 22.5% | -10.5% |
| The Americas | 22.6 | 30.1 | 19.8 | 0.9 | 21.0 | -10.3 |
| Europe | 7.4 | 21.4 | -4.9 | 5.7 | 3.7 | -11.9 |
| Asia | — | — | — | — | — | -3.5 |
| China | 25.7 | 82.9 | 7.8 | 2.7 | — | — |
| Other Asia | 18.0 | 14.0 | 0.6 | 18.4 | — | — |
| Total | 11.8 | 19.0 | -0.0 | 3.2 | 20.9 | -9.3 |

Systemized products were moved from the "Industrial Machinery Business" to the "Others" segment from April 1, 2011.
The "Asia" region was categorized as "China" and "Other Asia" from April 1, 2010.

Analysis of Business Results for the Year Ended March 31, 2015

1. Scope of Consolidation

The consolidated financial statements reflect the financial performance of NSK Ltd. and its 93 consolidated subsidiaries. NSK's investments in 16 affiliates are accounted for by the equity method.

In the year ended March 31, 2015, there were no changes in the numbers of consolidated subsidiaries and equity-method affiliates compared with the previous fiscal year.

2. Overview of the Year Ended March 31, 2015

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 ending March 31, 2017—the 100th anniversary of the Company's founding. 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 required to handle ¥1 trillion in sales volume.

Looking at global economic conditions for the year ended March 31, 2015, the Japanese economy showed signs of a gradual recovery due to the impact of lower crude oil prices and various policies by the Japanese government and the Bank of Japan, despite a slow recovery in consumer spending following the consumption tax rise. The U.S. economy continued to recover steadily. The European economy also showed signs of an upturn, primarily in the Euro zone, despite the impact of government debt problems and geopolitical risks. In Asia, economic conditions in the ASEAN bloc remained weak overall, although the Indian economy showed signs of recovery. Meanwhile, the pace of economic growth in China slowed.

In this economic environment, consolidated net sales for the year ended March 31, 2015, totaled ¥974.9 billion (US\$8,124 million), a year-on-year increase of 11.8%, and operating income totaled ¥97.3 billion (US\$811 million), a year-on-year increase of 43.0%. Ordinary income was ¥91.0 billion (US\$758 million), a year-on-year increase of 36.3%. Net income after adjusting for income taxes, minority interests and other factors was ¥62.0 billion (US\$516 million), a year-on-year increase of 98.8%.

3. Net Sales

Net sales increased ¥103.1 billion, or 11.8%, year on year to ¥974.9 billion (US\$8,124 million). Sales in Japan edged down ¥298 million, or 0.1%, to ¥328.8 billion (US\$2,740 million). Overseas sales were up ¥103.4 billion, or 19.1%, to ¥646.0 billion (US\$5,383 million).

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

The cost of sales increased from ¥686.1 billion in the previous fiscal year to ¥749.4 billion (US\$6,245 million). Despite this increase, the ratio of cost of sales to net sales declined 1.8 percentage points to 76.9%. This was largely attributable to successful measures aimed at improving productivity, reductions in external procurement costs and other ongoing efforts designed to boost earnings, as well as the positive flow-on effects of the weak yen.

SG&A expenses increased from ¥117.6 billion in the previous fiscal year to ¥128.2 billion (US\$1,068 million). In contrast, the ratio of SG&A expenses to net sales decreased 0.4 percentage point to 13.1%.

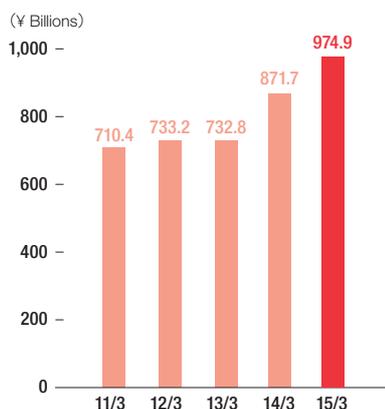
As a result, operating income came to ¥97.3 billion (US\$811 million) for the year ended March 31, 2015, up ¥29.3 billion, or 43.0%, compared with the previous fiscal year. The operating income margin climbed 2.2 percentage points year on year to 10.0%.

5. Business Segment Information

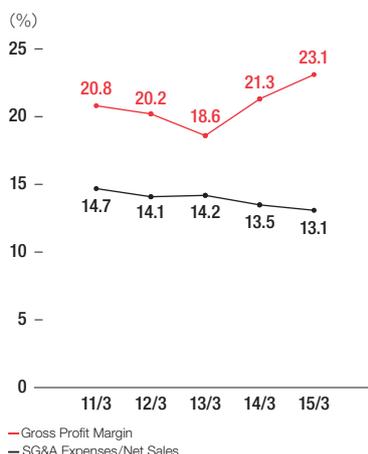
a. Industrial Machinery Business

Demand in the Industrial Machinery Business continued to recover gradually worldwide. Looking at results by region, sales in Japan increased, primarily in the machine tool and semiconductor sectors, driven by steady demand for smart phone-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, 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. Production picked up primarily in Japan and China.

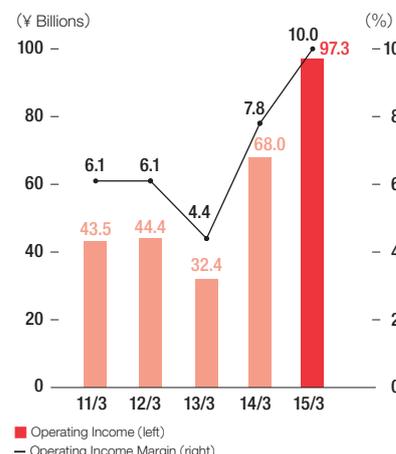
Net Sales



Gross Profit Margin
SG&A Expenses / Net Sales



Operating Income
Operating Income Margin



As a result, net sales in the Industrial Machinery Business totaled ¥276.4 billion (US\$2,303 million), a year-on-year increase of 13.7%, and operating income was ¥34.4 billion (US\$286 million), a year-on-year increase of 44.9%.

b. 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 rate hike, 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 the transfer of production 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, whereas sales of automotive bearings—primarily to European and Japanese automakers—were also strong despite slower market growth. Meanwhile, although market conditions in other parts of Asia varied by country, sales to Japanese and South Korean automakers rose. Despite a decrease in Japan, production increased owing largely to production growth overseas mainly in China and the Americas.

As a result, net sales in the Automotive Business totaled ¥657.0 billion (US\$5,475 million), a year-on-year increase of 11.3%, and operating income totaled ¥65.7 billion (US\$548 million), a year-on-year increase of 33.6%.

6. Other Income and Expenses

Turning to other income and expenses, other expenses net of other income amounted to ¥6.3 billion (US\$53 million) in the year ended March 31, 2015, compared with ¥1.3 billion for the previous fiscal year. This was mainly due to the increase in product-related compensation payments and the decrease in equity in earnings of affiliates.

7. Extraordinary Income and Expenses

Extraordinary income and expenses came to extraordinary

expenses net of ¥3.0 billion (US\$25 million) in the fiscal year under review compared with ¥12.4 billion for the previous fiscal year. In the year ended March 31, 2014, the Company recorded extraordinary income including a gain on sales of investment securities totaling ¥2.8 billion and a gain on sales of fixed assets of ¥986 million. The principal extraordinary expense, on the other hand, was the loss related to the Antimonopoly Act of ¥16.3 billion. In the fiscal year under review, NSK posted a loss related to the Antimonopoly Act of ¥3.0 billion (US\$25 million).

8. Income before Income Taxes and Minority Interests

Income before income taxes and minority interests increased ¥33.3 billion, or 61.9%, to ¥88.0 billion (US\$733 million) largely on the back of an upswing in operating income.

9. Tax Expenses

Tax expenses (current and deferred income taxes) amounted to ¥22.7 billion (US\$189 million), up ¥2.2 million, compared with the previous fiscal year. The tax burden ratio (income tax divided by income before income taxes and minority interests) was 25.8%. This mainly reflected the recording of earnings by overseas subsidiaries subject to lower tax rates than in Japan.

10. Income before Minority Interests

Income before minority interests increased ¥31.4 billion, or 93.0%, year on year to ¥65.3 billion (US\$544 million).

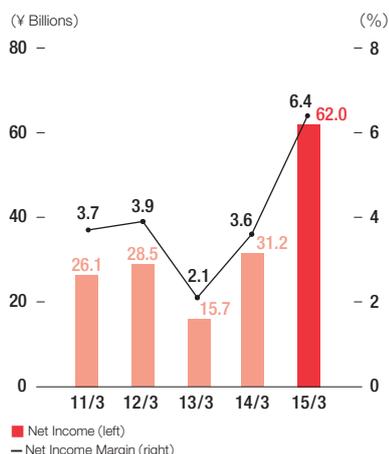
11. Minority Interests

Minority interests, which mainly consist of the interests of minority shareholders in subsidiaries, increased ¥647 million, or 24.5%, year on year to ¥3.3 billion (US\$27 million).

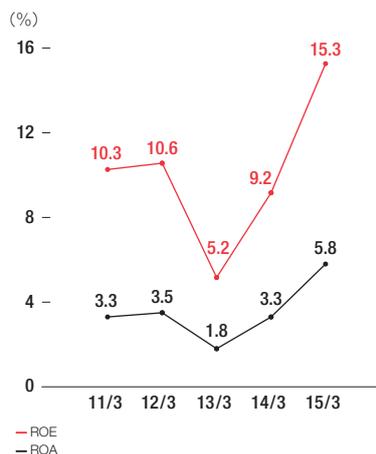
12. Net Income

Net income climbed ¥30.8 billion, or 98.8%, to ¥62.0 billion (US\$516 million). Net income per share was ¥114.56 (US\$ 0.95), up from ¥57.70 in the previous fiscal year. Return on shareholders' equity (ROE) increased from 9.2% in the previous fiscal year to 15.3%.

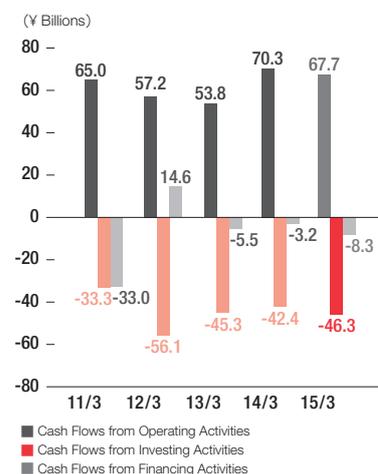
Net Income / Net Income Margin



ROE / ROA



Cash Flows



13. Cash Flows and Financial Position

a. Cash Flows

Net cash provided by operating activities totaled ¥67.7 billion (US\$564 million), a decrease of ¥2.6 billion compared with the previous fiscal year. This included ¥88.0 billion (US\$733 million) in income before tax expenses and minority interests and ¥38.5 billion (US\$320 million) provided by depreciation and amortization, which offset the increase of ¥16.1 billion (US\$134 million) in notes and accounts receivable, ¥18.9 billion (US\$157 million) in losses relating to the Antimonopoly Act and ¥30.7 billion (US\$256 million) in income taxes paid. Net cash used in investing activities totaled ¥46.3 billion (US\$386 million), an increase of ¥3.9 billion compared with the previous fiscal year. This included ¥43.9 billion (US\$366 million) for the purchase of property, plant and equipment. Net cash used in financing activities totaled ¥8.3 billion (US\$69 million), an increase of ¥5.1 billion compared with the previous fiscal year. This included a net increase of ¥40.0 billion (US\$333 million) in proceeds from the issuance of corporate bonds, which was offset by decreases of ¥25.1 billion (US\$209 million) due to the repayment of long-term loans, ¥15.0 billion (US\$125 million) due to the repayment of corporate bonds and ¥11.4 billion (US\$95 million) in dividends paid.

Accounting for each of these activities, total cash and cash equivalents as of the end of the period were ¥184.4 billion (US\$1,536 million), a year-on-year increase of ¥15.4 billion.

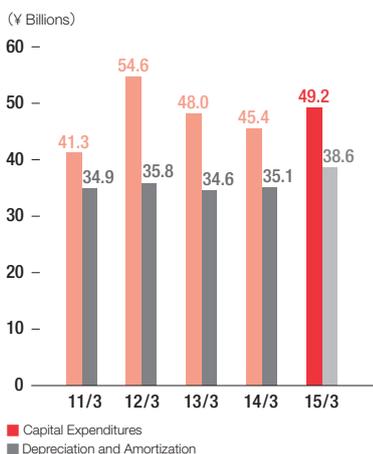
b. Financial Position

Total assets stood at ¥1,129.2 billion (US\$9,410 million), an increase of ¥128.2 billion compared with the balance of total assets as of March 31, 2014. The main reasons for this asset growth were increases of ¥7.8 billion (US\$65 million) in cash and equivalents, ¥23.8 billion (US\$198 million) in notes and accounts receivable, trade, ¥6.0 billion (US\$50 million) in short-term investment securities, ¥30.7 billion (US\$256 million) in property, plant and equipment, ¥14.7 billion (US\$123 million) in investment securities, and ¥29.6 billion (US\$247 million) in net defined benefit asset. Total liabilities were ¥647.3 billion (US\$5,394 million), an increase of ¥28.5 billion compared with the balance of total liabilities as of March 31, 2014. This

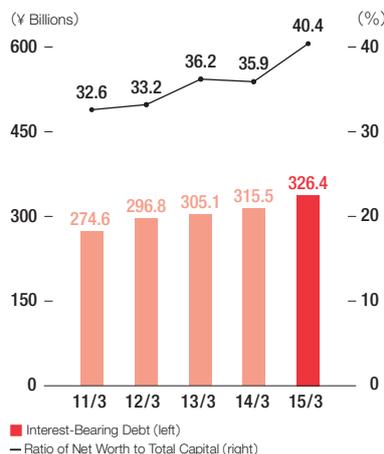
increase was largely due to increases of ¥23.4 billion (US\$195 million) in current portion of long-term debt, ¥40.0 billion (US\$333 million) in corporate bonds and ¥12.4 billion (US\$103 million) in deferred tax liabilities, which offset decreases of ¥15.0 billion (US\$125 million) in current portion of corporate bonds and ¥35.4 billion (US\$295 million) in long-term debt. Net assets totaled ¥481.9 billion (US\$4,015 million), an increase of ¥99.7 billion compared with the balance of net assets as of March 31, 2014. This mainly reflected the ¥62.0 billion (US\$516 million) in net income, ¥21.7 billion in translation adjustments and ¥19.5 billion from remeasurements of defined benefit plans.

Total current assets increased ¥52.5 billion (US\$438 million) compared with the previous fiscal year-end to ¥573.2 billion (US\$4,776 million). Total current liabilities grew ¥8.0 billion to ¥339.4 billion (US\$2,829 million). As a result, the current ratio increased from 1.57 times as of the previous fiscal year-end to 1.69 times. Gross interest-bearing debt increased ¥10.9 billion to ¥326.4 billion (US\$2,720 million). Net interest-bearing debt (interest-bearing debt net of cash and cash equivalents) was down ¥4.6 billion to ¥142.0 billion (US\$1,183 million). The net debt-equity ratio decreased from 0.41 in the previous fiscal year to 0.31. Net assets per share rose from ¥664.74 to ¥842.69 (US\$7.022). The ratio of net worth to total capital increased from 35.9% to 40.4%.

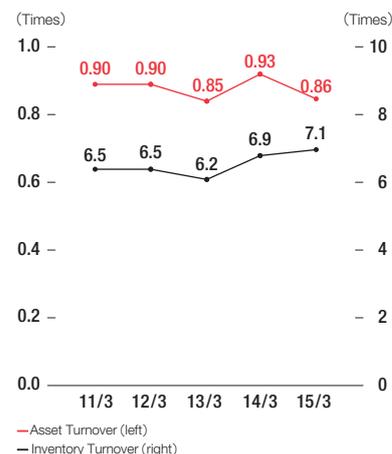
Capital Expenditures
Depreciation and Amortization



Interest-Bearing Debt
Ratio of Net Worth to Total Capital



Asset Turnover
Inventory Turnover



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 24, 2015.

1. Economic Conditions in Countries, Regions and Industries

The NSK Group manufactures and sells products in countries that span the four corners of the globe. As a result, the business performance and financial position of the Group could be adversely affected by changes in the economic environments of those specific countries and regions in which it operates.

2. Market Changes and Competition

Volatile fluctuations in market conditions attributable to such factors as increasingly intense competition within the corporate sector and global business expansion by business partners are affecting product sales. Although 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, it is possible that the Group's business performance and financial position could be adversely affected by a rapid increase in sales of low-priced bearings supplied by bearing manufacturers in China and elsewhere. At the same time, and despite the Group's efforts to enhance its overseas competitive advantage through the upgrade and expansion of production from an early stage, the loss of sales opportunities due to delays in entering overseas markets, or a failure to respond quickly enough to demand fluctuations in certain business segments and regions, could 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. At the same time, the Group's dependence on certain specific fields is increasing. This includes semiconductor production equipment in the precision equipment-related product field and the machine tool industry, where the sales ratio is high.

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. Although the Group systematically monitors the credit status of customers on a day-to-day basis, there is a possibility that unforeseen changes in the business environment and other factors could trigger the incidence of recoverability risk relating to notes and accounts receivable and other claims. In the event of a decline in the credit standing of a business partner, a debt default or other such circumstance, it is possible that the NSK Group's business performance and financial position could be adversely affected.

5. Business Alliance Risks

The NSK Group works diligently to create global business alliance benefits with multiple companies in a variety of ways including the mutually effective use of management resources, technology development and production activities. However, in the event that the benefits of a business alliance fail to materialize in accordance with expectations, due to such factors as a change in the management strategies of an alliance partner or deterioration in a partner's financial condition, the business performance and financial position of the NSK Group could be adversely affected.

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 sources. However, the Group could become unable to source necessary items due to a supplier's lack of production capacity, poor-quality products, natural disasters including fires and earthquakes, bankruptcy or other reasons, which in turn could impede the Group's ability to supply products to customers. Such a contingency could adversely affect the business performance and financial position of the NSK Group.

7. Rising Prices of Raw Materials

Fluctuations in the international economy, demand trends and a host of other factors might substantially affect the prices of such raw materials as iron ore, coking coal, scrap and crude oil. In turn, there are concerns that an increase in raw material prices could drive up the cost of materials and parts used in the products of the NSK Group. The Group is working to reduce costs by procuring items from overseas, conducting Value Analysis (VA) and Value Engineering (VE) campaigns, implementing a variety of other measures and passing on cost increases through higher product prices. However, there is a risk that the NSK Group might not be able to recover cost increases fully and that business performance could be adversely affected as a result.

8. Quality Risks

The NSK Group's products are used in a broad range of industries and end-user products, and our parts are essential for high-precision functions. Our products are often used in products that are depended upon to protect human lives, such as automobiles, rolling stock and aircraft. The NSK Group has an established high-quality assurance system that recognizes the importance of quality. However, if a product defect leads to large-scale recalls or product liability lawsuits, the business performance and financial position of the Group could be adversely affected by the risk of substantial costs and reputational damage.

Although the NSK Group has obtained global product liability insurance and recall insurance for some products, there is a risk that this might 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, product development needs are diversifying in the market while the pace of change in these needs has accelerated. Accordingly, there are risks that sales

of newly developed products might be weaker than anticipated due to the Group misjudging market needs, sales of products decreasing due to delays in product development and mass production, our newly developed products inadvertently infringing on the intellectual property rights of a competitor's products and technologies or that other companies might introduce new products or new technologies that could be used as alternatives to those developed by the Group. If unavoidable, these risks could adversely affect the business performance and financial position of the NSK Group.

10. Intellectual Property Risks

The NSK Group believes in the importance of protecting its intellectual property rights, such as by filing patents on the technologies it develops. The NSK Group obtains intellectual property rights in Japan and abroad to sustain and improve the competitiveness of its businesses. However, 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 royalty payments might arise regarding the use of the intellectual property rights of a third party, the risk that the Group might 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 might not be able to eliminate counterfeit products effectively in certain countries or regions. These risks could adversely affect the business performance and financial position of the NSK Group.

11. Overseas Expansion Risks

The NSK Group conducts businesses in regions worldwide. In the fiscal year under review, overseas sales accounted for more than 60% of consolidated net sales. Our businesses in overseas markets share the following common risks related to expansion overseas.

- 1) Unforeseen changes in government laws and regulations
- 2) Changes in social, political and economic conditions, or deterioration in public safety
- 3) Transportation delays or damage to electrical power and other infrastructure
- 4) Foreign exchange restrictions and foreign exchange rate fluctuations
- 5) Unfavorable changes in tax systems or taxation
- 6) Invocation of protective trade restrictions
- 7) Credit risk at business partners due to different business practices
- 8) Unfamiliar employment systems and social insurance systems
- 9) Changes in labor conditions and difficulty in hiring personnel
- 10) Outbreak of contagious diseases

For example, the NSK Group operates businesses in China, which has continued to grow economically. Unexpectedly significant changes in government policies, laws or regulations, changes in economic conditions, appreciation of the renminbi, shortages in labor, leakage of information, labor strikes, violence or power shortages in China could interfere with production or other business activities of the NSK Group.

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. Furthermore, 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 taking precautionary measures to minimize damage and 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 the NSK Code of Corporate Ethics. The 16 policies on corporate conduct outlined below are the most important aspects of compliance, in our view. Details of this code are posted on various media including the Company's intranet and distributed to all employees. At the same time, the NSK Group works diligently to promote compliance and to reduce associated risks by providing online education and group training for all directors and employees. Despite these measures, however, there is still a risk of individual employees committing compliance violations for various reasons, including inattention or inappropriate judgments, and such actions could result in criminal prosecutions, civil suits or administrative actions against the NSK Group. Reputational damage or economic losses might be incurred as well.

- 1) Compliance with Competition Laws
- 2) Compliance with Import- and Export-Related Laws
- 3) Prohibition of Commercial Bribery (e.g., handling of entertainment, gifts)
- 4) Transactions with Public Institutions and Handling of Political Donations
- 5) Accurate Recording and Processing
- 6) Prohibition of Insider Trading
- 7) Handling of Intellectual Property Rights
- 8) Prohibition of Illegal or Antisocial Conduct
- 9) Protection of Corporate Assets
- 10) Handling of Confidential and Personal Information
- 11) Relations with Customers
- 12) Relations with Suppliers
- 13) Prohibition of Acts Discrediting Competitors
- 14) Prohibition of Discrimination and Cultivation of a Sound Workplace
- 15) Respect of Fundamental Rights at Work
- 16) Global Environmental Protection

In August 2014, NSK was ordered by the National Development and Reform Commission of China to pay a fine of RMB 174.92 million for violating antitrust laws in China.

In September 2014, Japan's Fair Trade Commission issued a cease-and-desist order and surcharge payment order to a steel ball manufacturer, finding that the company had acted in violation of the Antimonopoly Act. In the announcement, the Fair Trade Commission stated that an NSK's subsidiary, Amatsuji Steel Ball Mfg. Co., Ltd., had violated the Antimonopoly Act but was exempt from the aforementioned

orders due to its full cooperation with the investigation.

In November 2014, the Korea Fair Trade Commission exempted NSK and a subsidiary, NSK Korea Co., Ltd., from any remedial order, surcharge or criminal accusations in light of its full cooperation with the investigation, but found that NSK did act in violation of South Korea's anti-monopoly law and fair trade laws through some previous transactions in South Korea involving ball bearings.

Moreover, NSK and some of its subsidiaries are under investigation by relevant authorities in foreign countries on suspicion of violations of anti-competitive law in product transactions. The NSK Group is cooperating fully with any relevant authorities in their respective investigations.

As a result of the above investigations, financial losses, such as surcharge payments, might 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.

14. Litigation Risks

The NSK Group faces the risk of being named in litigation related to product liability issues. The NSK Group has product liability insurance that covers alleged claims in litigation for product liability. Although this insurance will work in some cases, it does not provide unlimited and unconditional coverage for claims against the NSK Group for product liability. In the United States and Canada, the plaintiffs, representing purchasers, etc., of bearing products, have filed class actions against the defendants including NSK and its subsidiaries 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 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 will vigorously defend themselves, insist on propriety and contest the plaintiffs' claim.

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

As a result of the above litigation, financial losses, such as payment of monetary damages, might 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.

15. Information System Risks

The NSK Group has systems in place for managing supply chain operations, including production, sales and logistics. There is a possibility that failures might occur in these systems and networks, and that the restoration of these systems could require substantial amounts of time. There is a risk that production operations, warehouse management and sales activities could be impeded and that the disruption of product shipments could affect customers' production plans, leading to compensation claims and loss of customer confidence in the NSK Group.

16. Information Management Risks

The NSK Group handles substantial amounts of important data and personal information. The Group 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 such as cyberattacks 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.

17. 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 might be inadequate and that this could cause a decline in the market price of its shares and adversely affect the interests of the 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 could lead to the identification of major errors or omissions.

18. 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 could 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 might result in substantial costs.

19. Recruitment Risks

The NSK Group recognizes that to maintain its competitiveness it needs to continuously recruit, hire and train talented people. There is rising competition for skilled personnel in our business fields. If the NSK Group is unable to recruit and train personnel, it could impair business expansion and have adverse effects on operations.

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, could 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 might 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 could adversely affect the Group's operations.

Management's Views on Key Issues and Future Policies

21. Foreign Exchange and Interest Rate Risks

The NSK Group is exposed to fluctuations in foreign exchange rates and losses arising from commercial transactions and investment activities denominated in foreign currencies. NSK aims to strengthen its financial position, mainly by reducing interest-bearing debt. However, a rise in interest rates would increase the amount of interest paid by NSK. This could have repercussions on the NSK Group's business performance and financial position. 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.

Moreover, fluctuations in foreign exchange rates could have a detrimental effect on sales and production costs due to higher prices for materials and parts supplies.

When the financial statements of overseas affiliates are translated into yen, even though their value does not change in the local currency, changes in foreign exchange rates might affect the amounts for assets, liabilities, income and expenses after they are converted into yen.

22. Retirement Benefit Liabilities

NSK Ltd. and its consolidated subsidiaries in Japan have established defined-benefit corporate pension plans and lump-sum payment plans. Some overseas subsidiaries in the United Kingdom and certain other locations also have defined-benefit pension plans.

The retirement benefit costs and liabilities of the NSK Group are calculated using actuarial assumptions such as discount rates and are based on expected plan returns. Accordingly, 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.

1. Improve Corporate Value

The NSK Group launched its new mid-term plan for three years from April 2013 with an aim to achieve net sales of ¥1 trillion in 2016, the 100th anniversary of the company's establishment. In this plan, NSK sets a mid-term vision of "establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion." Based on a corporate foundation of "Safety, Quality and Compliance," NSK will further promote its current growth strategy and profitability improvement initiatives and has set goals of "growth with a focus on profitability" and "developing management capability to handle ¥1 trillion in sales volume." Through these initiatives, NSK aims to enhance its business strategies and operating foundations in preparation for the next growth phase, which will take place amid a dramatically changed business environment.

2. Adhere to Corporate Governance Code

The Tokyo Stock Exchange has established the Corporate Governance Code, which emphasizes sustainable growth and the long-term improvement of corporate value. With respect for the Code's core values and spirit, NSK endeavors to enhance corporate governance and ensure the proper disclosure of information.

3. Strengthen Compliance

The NSK Group has strengthened compliance across all facets of operations worldwide since Japan's Fair Trade Commission launched an investigation in 2011.

In August 2014, NSK was ordered by the National Development and Reform Commission of China to pay a fine of RMB 174.92 million for violating antitrust laws in China in previous ball bearing transactions. NSK paid this fine.

In September 2014, Japan's Fair Trade Commission issued an order against a different steel ball manufacturer and stated that an NSK subsidiary, Amatsuji Steel Ball Mfg. Co., Ltd., had violated the Antimonopoly Act in previous transactions. In November 2014, the Korea Fair Trade Commission found NSK and a subsidiary, NSK Korea Co., Ltd., in violation of anti-monopoly law and fair trade laws through some previous transactions in South Korea involving ball bearings but exempted them from any remedial orders in light of its full cooperation with the investigation.

We will continue to devote every effort to stringently complying with laws and regulations and operating our business based on our social responsibilities as a corporation.

Consolidated Balance Sheets

NSK Ltd. and Consolidated Subsidiaries

| As of March 31, | Millions of yen | | (Note 2) Thousands of U.S. dollars |
|---|--------------------|--------------------|--|
| | 2015 | 2014 | 2015 |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 3) | ¥ 184,374 | ¥ 168,940 | \$ 1,536,450 |
| Short-term investments (Note 3) | 2,857 | 2,560 | 23,808 |
| Notes and accounts receivable, trade | 189,635 | 165,808 | 1,580,292 |
| Less allowance for doubtful receivables | (2,674) | (1,502) | (22,283) |
| Finished goods | 74,060 | 71,431 | 617,167 |
| Work in process | 45,363 | 40,683 | 378,025 |
| Raw materials and supplies | 22,746 | 19,620 | 189,550 |
| Deferred tax assets (Note 6) | 11,807 | 13,034 | 98,392 |
| Other current assets | 44,985 | 40,036 | 374,875 |
| Total current assets | 573,157 | 520,614 | 4,776,308 |
| Non-current assets: | | | |
| Property, plant and equipment, at cost (Notes 4, 8 and 14) | | | |
| Land | 37,836 | 37,471 | 315,300 |
| Buildings and structures | 228,782 | 218,511 | 1,906,517 |
| Machinery, vehicles and equipment | 735,236 | 678,041 | 6,126,967 |
| Construction in progress | 25,734 | 23,603 | 214,450 |
| | 1,027,589 | 957,628 | 8,563,242 |
| Less accumulated depreciation | (692,693) | (653,458) | (5,772,442) |
| Property, plant and equipment, net | 334,896 | 304,169 | 2,790,800 |
| Goodwill | 111 | 226 | 925 |
| Investments in non-consolidated subsidiaries and affiliates | 21,264 | 22,928 | 177,200 |
| Investment securities (Notes 3 and 8) | 97,408 | 81,003 | 811,733 |
| Deferred tax assets (Note 6) | 3,113 | 3,008 | 25,942 |
| Net defined benefit asset (Note 10) | 77,361 | 47,740 | 644,675 |
| Other non-current assets | 21,850 | 21,240 | 182,083 |
| Total non-current assets | 556,007 | 480,317 | 4,633,392 |
| Total assets | ¥ 1,129,164 | ¥ 1,000,932 | \$ 9,409,700 |

See accompanying notes to the consolidated financial statements.

| As of March 31, | Millions of yen | | (Note 2) Thousands of U.S. dollars |
|--|--------------------|--------------------|--|
| | 2015 | 2014 | 2015 |
| Liabilities and net assets | | | |
| Current liabilities: | | | |
| Short-term debt (Note 5) | ¥ 69,339 | ¥ 71,469 | \$ 577,825 |
| Current portion of long-term debt (Note 8) | 47,569 | 39,197 | 396,408 |
| Notes and accounts payable (Note 8) | 137,900 | 130,745 | 1,149,167 |
| Accrued income taxes (Note 6) | 5,804 | 12,028 | 48,367 |
| Accrued expenses and other current liabilities (Notes 7 and 9) | 78,823 | 78,005 | 656,858 |
| Total current liabilities | 339,436 | 331,445 | 2,828,633 |
| Long-term liabilities: | | | |
| Long-term debt (Note 8) | 209,491 | 204,866 | 1,745,758 |
| Accrued officers' retirement benefits | 1,674 | 1,567 | 13,950 |
| Deferred tax liabilities (Note 6) | 48,088 | 35,665 | 400,733 |
| Net defined benefit liability (Note 10) | 40,059 | 36,438 | 333,825 |
| Other long-term liabilities (Note 9) | 8,554 | 8,793 | 71,283 |
| Total long-term liabilities | 307,867 | 287,330 | 2,565,558 |
| Net assets: | | | |
| Shareholders' equity (Notes 11, 18 and 22): | | | |
| Common stock, without par value: | | | |
| Authorized: | | | |
| 2015 – 1,700,000,000 shares | | | |
| 2014 – 1,700,000,000 shares | | | |
| Issued: | | | |
| 2015 – 551,268,104 shares | 67,176 | — | 559,800 |
| 2014 – 551,268,104 shares | — | 67,176 | — |
| Additional paid-in capital | 78,938 | 78,560 | 657,817 |
| Retained earnings | 252,667 | 210,739 | 2,105,558 |
| Less treasury stock, at cost | (4,083) | (4,369) | (34,025) |
| Total shareholders' equity | 394,699 | 352,107 | 3,289,158 |
| Accumulated other comprehensive income: | | | |
| Unrealized holding gain on securities | 44,438 | 31,387 | 370,317 |
| Translation adjustments | 7,592 | (14,067) | 63,267 |
| Remeasurements of defined benefit plans | 9,316 | (10,225) | 77,633 |
| Total accumulated other comprehensive income | 61,347 | 7,094 | 511,225 |
| Share subscription rights | 252 | 328 | 2,100 |
| Minority interests | 25,560 | 22,626 | 213,000 |
| Total net assets | 481,859 | 382,155 | 4,015,492 |
| Total liabilities and net assets | ¥ 1,129,164 | ¥ 1,000,932 | \$ 9,409,700 |

See accompanying notes to the consolidated financial statements.

Eleven-Year Summary

Six-Year Segment Information

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Consolidated Statements of Income

NSK Ltd. and Consolidated Subsidiaries

| Year ended March 31, | Millions of yen | | (Note 2) Thousands of U.S. dollars |
|---|-----------------|-----------|--|
| | 2015 | 2014 | 2015 |
| Net sales | ¥ 974,885 | ¥ 871,742 | \$ 8,124,042 |
| Cost of sales (Notes 4 and 12) | 749,374 | 686,109 | 6,244,783 |
| Gross profit | 225,511 | 185,633 | 1,879,258 |
| Selling, general and administrative expenses (Notes 4, 12 and 21) | 128,183 | 117,583 | 1,068,192 |
| Operating income | 97,327 | 68,049 | 811,058 |
| Other income (expenses): | | | |
| Interest and dividend income | 2,748 | 2,123 | 22,900 |
| Interest expenses | (5,059) | (4,811) | (42,158) |
| Equity in earnings of affiliates | 2,659 | 3,854 | 22,158 |
| Product compensation | (5,507) | (2,877) | (45,892) |
| Others, net | (1,165) | 445 | (9,708) |
| | (6,325) | (1,264) | (52,708) |
| Ordinary income | 91,002 | 66,785 | 758,350 |
| Extraordinary income (expenses): | | | |
| Gain on sales of investment securities | — | 2,839 | — |
| Gain on sales of fixed assets | — | 986 | — |
| Loss related to Antimonopoly Act | (3,025) | (16,269) | (25,208) |
| Income before income taxes and minority interests | 87,976 | 54,341 | 733,133 |
| Income taxes (Note 6): | | | |
| Current | 20,340 | 18,576 | 169,500 |
| Deferred | 2,380 | 1,952 | 19,833 |
| | 22,721 | 20,528 | 189,342 |
| Income before minority interests | 65,255 | 33,812 | 543,792 |
| Minority interests in income of consolidated subsidiaries | 3,293 | 2,645 | 27,442 |
| Net income (Note 18) | ¥ 61,962 | ¥ 31,167 | \$ 516,350 |

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 | | (Note 2) Thousands of U.S. dollars |
|--|-----------------|----------|--|
| | 2015 | 2014 | 2015 |
| Income before minority interests | ¥ 65,255 | ¥ 33,812 | \$ 543,792 |
| Other comprehensive income | | | |
| Unrealized holding gain on securities | 13,040 | 9,369 | 108,667 |
| Translation adjustments | 23,016 | 17,815 | 191,800 |
| Retirement benefits adjustments | 19,678 | — | 163,983 |
| Share of other comprehensive income of affiliates accounted for by the equity method | 402 | 540 | 3,350 |
| Total other comprehensive income (Note 17) | 56,138 | 27,726 | 467,817 |
| Comprehensive income | ¥ 121,393 | ¥ 61,539 | \$ 1,011,608 |
| (Details) | | | |
| Comprehensive income attributable to parent company | ¥ 116,215 | ¥ 58,238 | \$ 968,458 |
| Comprehensive income attributable to minority interests | ¥ 5,178 | ¥ 3,300 | \$ 43,150 |

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 | | (Note 2) Thousands of U.S. dollars |
|---|---|-----------------|--------------|--|
| | | 2015 | 2014 | 2015 |
| Shareholders' equity: | | | | |
| Common stock | Beginning balance | ¥ 67,176 | ¥ 67,176 | \$ 559,800 |
| | Ending balance | ¥ 67,176 | ¥ 67,176 | \$ 559,800 |
| Additional paid-in capital | Beginning balance | ¥ 78,560 | ¥ 78,343 | \$ 654,667 |
| | Disposition of treasury stock | 378 | 217 | 3,150 |
| | Ending balance | ¥ 78,938 | ¥ 78,560 | \$ 657,817 |
| Retained earnings | Beginning balance | ¥ 210,739 | ¥ 188,034 | \$ 1,756,158 |
| | Cumulative effect of changes in accounting principle | (4,872) | — | (40,600) |
| | Restated beginning balance | 205,867 | 188,034 | 1,715,558 |
| | Cash dividends | (15,161) | (8,650) | (126,342) |
| | Net income | 61,962 | 31,167 | 516,350 |
| | Effect of changes in fiscal year-end of certain consolidated subsidiaries | — | 188 | — |
| Ending balance | ¥ 252,667 | ¥ 210,739 | \$ 2,105,558 | |
| Treasury stock | Beginning balance | ¥ (4,369) | ¥ (4,518) | \$ (36,408) |
| | Net change during the year | 285 | 148 | 2,375 |
| | Ending balance | ¥ (4,083) | ¥ (4,369) | \$ (34,025) |
| Total shareholders' equity | Beginning balance | ¥ 352,107 | ¥ 329,036 | \$ 2,934,225 |
| | Cumulative effect of changes in accounting principle | (4,872) | — | (40,600) |
| | Restated beginning balance | 347,234 | 329,036 | 2,893,617 |
| | Net change during the year | 47,464 | 23,070 | 395,533 |
| | Ending balance | ¥ 394,699 | ¥ 352,107 | \$ 3,289,158 |
| Accumulated other comprehensive income | | | | |
| Unrealized holding gain on securities | Beginning balance | ¥ 31,387 | ¥ 21,986 | \$ 261,558 |
| | Net change during the year | 13,050 | 9,400 | 108,750 |
| | Ending balance | ¥ 44,438 | ¥ 31,387 | \$ 370,317 |
| Translation adjustments | Beginning balance | ¥ (14,067) | ¥ (31,737) | \$ (117,225) |
| | Net change during the year | 21,659 | 17,670 | 180,492 |
| | Ending balance | ¥ 7,592 | ¥ (14,067) | \$ 63,267 |
| Remeasurements of defined benefit plans | Beginning balance | ¥ (10,225) | — | \$ (85,208) |
| | Net change during the year | 19,542 | (10,225) | 162,850 |
| | Ending balance | ¥ 9,316 | ¥ (10,225) | \$ 77,633 |
| Total accumulated other comprehensive income | Beginning balance | ¥ 7,094 | ¥ (9,750) | \$ 59,117 |
| | Net change during the year | 54,253 | 16,845 | 452,108 |
| | Ending balance | ¥ 61,347 | ¥ 7,094 | \$ 511,225 |
| Share subscription rights | Beginning balance | ¥ 328 | ¥ 510 | \$ 2,733 |
| | Net change during the year | (75) | (182) | (625) |
| | Ending balance | ¥ 252 | ¥ 328 | \$ 2,100 |
| Minority interests | Beginning balance | ¥ 22,626 | ¥ 21,015 | \$ 188,550 |
| | Net change during the year | 2,934 | 1,610 | 24,450 |
| | Ending balance | ¥ 25,560 | ¥ 22,626 | \$ 213,000 |
| Total net assets | | ¥ 481,859 | ¥ 382,155 | \$ 4,015,492 |

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 | | (Note 2) Thousands of U.S. dollars |
|---|-----------------|-----------|--|
| | 2015 | 2014 | 2015 |
| Operating activities | | | |
| Income before income taxes and minority interests | ¥ 87,976 | ¥ 54,341 | \$ 733,133 |
| Depreciation and amortization | 38,453 | 35,086 | 320,442 |
| Amortization of goodwill | 114 | 264 | 950 |
| Increase (decrease) in net defined benefit liabilities and net defined benefit assets | (2,272) | (4,523) | (18,933) |
| Interest expenses | 5,059 | 4,811 | 42,158 |
| Gain on sales of property, plant and equipment | — | (986) | — |
| Loss related to Antimonopoly Act | 3,025 | 16,269 | 25,208 |
| Decrease (increase) in notes and accounts receivable, trade | (16,119) | (16,330) | (134,325) |
| Decrease (increase) in inventories, net | (4,470) | (4,602) | (37,250) |
| Increase (decrease) in notes and accounts payable, trade | 3,404 | 9,754 | 28,367 |
| Other, net | (692) | (10,005) | (5,767) |
| Subtotal | 114,478 | 84,079 | 953,983 |
| Interest and dividends received | 7,917 | 6,285 | 65,975 |
| Interest paid | (5,120) | (4,869) | (42,667) |
| Antimonopoly Act related loss paid | (18,878) | (6,422) | (157,317) |
| Income taxes paid | (30,687) | (8,729) | (255,725) |
| Net cash provided by operating activities | 67,709 | 70,342 | 564,242 |
| Investing activities | | | |
| Purchase of property, plant and equipment | (43,891) | (42,921) | (365,758) |
| Proceeds from sales of property, plant and equipment | 1,008 | 1,809 | 8,400 |
| Purchase of investment securities | (46) | (57) | (383) |
| Proceeds from sales of investment securities | 227 | 3,352 | 1,892 |
| Other, net | (3,632) | (4,584) | (30,267) |
| Net cash used in investing activities | (46,335) | (42,402) | (386,125) |
| Financing activities | | | |
| Net decrease in short-term debt | (4,527) | (2,575) | (37,725) |
| Increase in long-term debt | 9,647 | 49,634 | 80,392 |
| Repayment of long-term debt | (25,123) | (42,715) | (209,358) |
| Increase in bonds | 40,000 | — | 333,333 |
| Repayment of bonds | (15,000) | — | (125,000) |
| Acquisition of treasury stock | (44) | (34) | (367) |
| Cash dividends paid | (11,353) | (6,479) | (94,608) |
| Other, net | (1,903) | (1,032) | (15,858) |
| Net cash provided by (used in) financing activities | (8,304) | (3,204) | (69,200) |
| Effect of exchange rate changes on cash and cash equivalents | 2,364 | 2,527 | 19,700 |
| Net increase in cash and cash equivalents | 15,434 | 27,263 | 128,617 |
| Cash and cash equivalents at beginning of the year | 168,940 | 141,653 | 1,407,833 |
| Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-end of certain consolidated subsidiaries | — | 22 | — |
| Cash and cash equivalents at end of the year | ¥ 184,374 | ¥ 168,940 | \$1,536,450 |

See accompanying notes to the consolidated financial statements.

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" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (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 is 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.

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 by the straight-line method. 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, Raw materials and Work in process 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). Supplies are stated at cost determined by the first-in first-out method (the book value stated on the balance sheet is based on valuation for decreased profitability).

g. Property, Plant and Equipment and Depreciation (Exclude leased assets)

Depreciation of property, plant and equipment is determined mainly by the straight-line method. The useful lives of property, plant and equipment are summarized as follows:

| | |
|-----------------------------------|----------------|
| Buildings and structures | 20 to 50 years |
| Machinery, vehicles and equipment | 3 to 12 years |

h. Intangible assets (Exclude leased assets)

Amortization of the intangible assets are determined by the straight-line method. Software for internal use is amortized for the period of its useful life (5 years).

i. 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 is not transferred 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.

j. Deferred Assets

Bond issuance cost is charged to expenses as incurred.

k. Retirement Benefits

The retirement benefit obligation is attributed to each period by the benefit formula 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. 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.

l. 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).

m. 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.

n. Changes in Accounting Principles

From the beginning of the first quarter of the year ended March 31, 2015, the Group has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012, hereafter referred as the "Accounting Standard for Retirement Benefits") and its accompanying implementation guide, "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015) 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 the discount rate from one based on the period of years

approximate to the average remaining working lives of employees to one reflecting the estimated period of benefit payment.

Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Paragraph 37 of the accounting standards, the impact of such changes for the year ended March 31, 2015 was adjusted in the beginning balance of retained earnings.

As a result, for the year ended March 31, 2015, the beginning balance of net defined benefit asset decreased by ¥7,024 million (US\$58,533 thousand), that of net defined benefit liability increased by ¥357 million (US\$2,975 thousand), and that of retained earnings decreased by ¥4,872 million (US\$40,600 thousand). The impact of these changes on the consolidated statements of income for the year ended March 31, 2015 is immaterial.

The impact on per share information is stated in the appropriate section.

Effective from the beginning of the fiscal year started 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 Standard 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 Group has applied these accounting standards (except for the provisions of Paragraph 39 of the Accounting Standard for Consolidated Financial Statements) from the first quarter of the fiscal year ended 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 additional paid-in capital, 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 provisional 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 Revised Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Revised Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Revised Accounting Standard for Business Divestitures. Application of these standards commenced as of the beginning of the first quarter of the year ended March 31, 2015, and will continue going forward.

These changes have no impact on the 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 ¥120=U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2015. 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, 2015 and 2014 is as follows:

| As of March 31, 2015 | Millions of yen | | | Thousands of U.S. dollars | | |
|---|-----------------|----------------------|------------------------|---------------------------|----------------------|------------------------|
| | 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 | 50 | 50 | 0 | 417 | 417 | 0 |
| Other debt securities | — | — | — | — | — | — |
| Subtotal | 50 | 50 | 0 | 417 | 417 | 0 |
| Securities whose carrying value exceeds their fair value: | | | | | | |
| Government bonds | — | — | — | — | — | — |
| Corporate bonds | 99 | 98 | (1) | 825 | 817 | (8) |
| Other debt securities | — | — | — | — | — | — |
| Subtotal | 99 | 98 | (1) | 825 | 817 | (8) |
| Total | ¥ 149 | ¥ 148 | ¥ (1) | \$ 1,242 | \$ 1,233 | \$ (8) |

| As of March 31, 2014 | Millions of yen | | |
|---|-----------------|----------------------|------------------------|
| | Carrying value | Estimated fair value | Unrealized gain (loss) |
| Securities whose fair value exceeds their carrying value: | | | |
| Government bonds | ¥ — | ¥ — | ¥ — |
| Corporate bonds | 50 | 50 | 0 |
| Other debt securities | — | — | — |
| Subtotal | 50 | 50 | 0 |
| Securities whose carrying value exceeds their fair value: | | | |
| Government bonds | — | — | — |
| Corporate bonds | 299 | 292 | (7) |
| Other debt securities | — | — | — |
| Subtotal | 299 | 292 | (7) |
| Total | ¥ 343 | ¥ 343 | ¥ (6) |

Notes to Consolidated Financial Statements

b. Information regarding marketable securities classified as other securities as of March 31, 2015 and 2014 is as follows:

| As of March 31, 2015 | Millions of yen | | | Thousands of U.S. dollars | | |
|---|------------------|------------------|------------------------|---------------------------|--------------------|------------------------|
| | Carrying value | Acquisition cost | Unrealized gain (loss) | Carrying value | Acquisition cost | Unrealized gain (loss) |
| Securities whose carrying value exceeds their acquisition cost: | | | | | | |
| Stock | ¥ 91,692 | ¥ 22,470 | ¥ 69,222 | \$ 764,100 | \$ 187,250 | \$ 576,850 |
| Bonds: | | | | | | |
| Government bonds | 9 | 9 | 0 | 75 | 75 | 0 |
| Corporate bonds | — | — | — | — | — | — |
| Other debt securities | — | — | — | — | — | — |
| Other | 110 | 65 | 44 | 917 | 542 | 367 |
| Subtotal | 91,812 | 22,545 | 69,267 | 765,100 | 187,875 | 577,225 |
| Securities whose acquisition cost exceeds their carrying value: | | | | | | |
| Stock | 1,141 | 1,274 | (133) | 9,508 | 10,617 | (1,108) |
| Bonds: | | | | | | |
| Government bonds | — | — | — | — | — | — |
| Corporate bonds | 18,996 | 18,996 | — | 158,300 | 158,300 | — |
| Other debt securities | — | — | — | — | — | — |
| Other | 87,096 | 87,097 | (0) | 725,800 | 725,808 | (0) |
| Subtotal | 107,234 | 107,368 | (133) | 893,617 | 894,733 | (1,108) |
| Total | ¥ 199,047 | ¥ 129,913 | ¥ 69,134 | \$1,658,725 | \$1,082,608 | \$ 576,117 |

| As of March 31, 2014 | Millions of yen | | |
|---|------------------|------------------|------------------------|
| | Carrying value | Acquisition cost | Unrealized gain (loss) |
| Securities whose carrying value exceeds their acquisition cost: | | | |
| Stock | ¥ 75,005 | ¥ 22,211 | ¥ 52,793 |
| Bonds: | | | |
| Government bonds | 9 | 9 | 0 |
| Corporate bonds | — | — | — |
| Other debt securities | — | — | — |
| Other | 86 | 66 | 19 |
| Subtotal | 75,102 | 22,288 | 52,813 |
| Securities whose acquisition cost exceeds their carrying value: | | | |
| Stock | 1,236 | 1,513 | (277) |
| Bonds: | | | |
| Government bonds | 23,997 | 23,997 | — |
| Corporate bonds | 9,997 | 9,997 | — |
| Other debt securities | — | — | — |
| Other | 66,187 | 66,189 | (2) |
| Subtotal | 101,418 | 101,698 | (279) |
| Total | ¥ 176,520 | ¥ 123,986 | ¥ 52,534 |

c. Information regarding sales of securities classified as other securities for the years ended March 31, 2015 and 2014 is as follows:

| Year ended March 31, | Millions of yen | | Thousands of U.S. dollars |
|----------------------|-----------------|---------|------------------------------|
| | 2015 | 2014 | 2015 |
| Proceeds from sales | ¥ 267 | ¥ 2,952 | \$ 2,225 |
| Gains on sales | 240 | 2,840 | 2,000 |
| Losses on sales | 0 | 0 | 0 |

4. Depreciation

Depreciation of property, plant and equipment for the years ended March 31, 2015 and 2014 amounted to ¥35,341 million (\$294,508 thousand) and ¥32,272 million, respectively.

5. Short-Term Debt

At March 31, 2015 and 2014, short-term debt consisted of the following:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|-----------------|-----------------|-----------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Bank loans | ¥ 69,339 | ¥ 71,469 | \$ 577,825 |
| Total | ¥ 69,339 | ¥ 71,469 | \$ 577,825 |

Short-term bank loans are unsecured and the interest rates applicable to the loans at March 31, 2015 and 2014 ranged principally from 0.43 % to 12.00 % and from 0.45 % to 7.80 %, respectively.

6. 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 35.4% for 2015 and 37.8% for 2014. 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 statements of income for the years ended March 31, 2015 and 2014 differ from the statutory tax rate for the following reasons:

| Year ended March 31, | 2015 | 2014 |
|---|--------------|------|
| Statutory tax rates | 35.4% | — |
| Effect of: | | |
| Expenses not deductible for income tax purposes | 2.3 | — |
| Different tax rates applied to income of foreign subsidiaries | (4.9) | — |
| Change in valuation allowance of subsidiaries | (4.8) | — |
| Tax credits | (4.5) | — |
| Loss related to Antimonopoly Act | 1.2 | — |
| Other, net | 1.1 | — |
| Effective tax rates | 25.8% | — |

The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|---|-------------------|------------|---------------------------|
| | 2015 | 2014 | 2015 |
| Deferred tax assets: | | | |
| Net defined benefit liability | ¥ 9,828 | ¥ 15,439 | \$ 81,900 |
| Property, plant and equipment | 1,927 | 1,951 | 16,058 |
| Net loss carried-forward | 6,409 | 9,319 | 53,408 |
| Accrued bonuses | 4,276 | 4,400 | 35,633 |
| Inventories | 4,445 | 4,425 | 37,042 |
| Loss on devaluation of investment securities | 802 | 883 | 6,683 |
| Other | 7,777 | 14,859 | 64,808 |
| Valuation allowance | (12,614) | (22,586) | (105,117) |
| Total deferred tax assets | 22,853 | 28,693 | 190,442 |
| Deferred tax liabilities: | | | |
| Depreciation | (3,165) | (2,162) | (26,375) |
| Reserve for advanced depreciation of fixed assets | (2,029) | (2,386) | (16,908) |
| Unrealized holding gain on securities | (21,573) | (18,016) | (179,775) |
| Gain on contribution of securities to employees' retirement benefit trust | (10,317) | (11,381) | (85,975) |
| Other | (18,933) | (14,470) | (157,775) |
| Total deferred tax liabilities | (56,020) | (48,417) | (466,833) |
| Net deferred tax assets (liabilities) | ¥ (33,167) | ¥ (19,724) | \$ (276,392) |

Correction of amounts of Deferred tax assets and Deferred tax liabilities due to changes in Corporation Tax Rates, etc.

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.4% to 32.9% and 32.1% for the temporary differences expected to be realized or settled in the fiscal year started on April 1, 2015 and for the temporary differences expected to be realized or settled in the fiscal year started on or after April 1, 2016, respectively. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax liabilities, after offsetting deferred tax assets, by ¥3,130 million (\$26,083 thousand) and increase deferred tax expense by ¥378 million (\$3,150 thousand), unrealized holding gain on securities by ¥2,222 million (\$18,517 thousand) and retirement benefits adjustments included in accumulated other comprehensive income by ¥1,287 million (\$10,725 thousand) as of and for the year ended March 31, 2015.

7. Accrued Expenses and Other Current Liabilities

At March 31, 2015 and 2014, accrued expenses and other current liabilities consisted of the following:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|-------------------|-----------------|-----------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Accrued bonuses | ¥ 17,978 | ¥ 16,350 | \$ 149,817 |
| Dividends payable | 8,718 | 4,910 | 72,650 |
| Other | 52,125 | 56,743 | 434,375 |
| Total | ¥ 78,823 | ¥ 78,005 | \$ 656,858 |

8. Long-Term Debt

At March 31, 2015 and 2014, long-term debt consisted of the following:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|--|------------------|------------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Secured loans from banks, insurance companies and others | ¥ — | ¥ 7 | \$ — |
| Unsecured loans from banks, insurance companies and others, due through 2023 at interest rates ranging from 0.30% to 11.25% | 197,060 | 209,056 | 1,642,167 |
| Unsecured yen bonds: At interest rates ranging from 0.288% to 2.13%, due through 2024 | 60,000 | 35,000 | 500,000 |
| | 257,060 | 244,063 | 2,142,167 |
| Less current portion | (47,569) | (39,197) | (396,408) |
| Total | ¥ 209,491 | ¥ 204,866 | \$ 1,745,758 |

The aggregate annual maturities of long-term debt subsequent to March 31, 2015 are summarized as follows:

| Year ending March 31, | Millions of yen | Thousands of U.S. dollars |
|-----------------------|------------------|------------------------------|
| 2016 | ¥ 47,569 | \$ 396,408 |
| 2017 | 37,897 | 315,808 |
| 2018 | 49,546 | 412,883 |
| 2019 | 47,762 | 398,017 |
| 2020 and thereafter | 74,285 | 619,042 |
| Total | ¥ 257,060 | \$ 2,142,167 |

The assets pledged as collateral for notes and accounts payable, and long-term debt at March 31, 2015 and 2014 are as follows:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|------------------------------|-----------------|------|---------------------------|
| | 2015 | 2014 | 2015 |
| Assets pledged as collateral | | | |
| Investment securities | ¥ — | ¥ 6 | \$ — |
| Factory foundation | — | 67 | — |
| Total | ¥ — | ¥ 73 | \$ — |

Factory foundation includes buildings and structures and machinery, vehicles and equipment.

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|------|---------------------------|
| | 2015 | 2014 | 2015 |
| Corresponding obligations | | | |
| Notes and accounts payable | ¥ — | ¥ 31 | \$ — |
| Current portion of long-term debt | — | 7 | — |
| Total | ¥ — | ¥ 38 | \$ — |

9. Lease Obligations

At March 31, 2015 and 2014, lease obligations consisted of the following:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------|---------------------------|
| | 2015 | 2014 | 2015 |
| Current portion of lease obligations | ¥ 319 | ¥ 361 | \$ 2,658 |
| Lease obligations, less current portion, due through 2027 | 712 | 840 | 5,933 |
| Total | ¥ 1,032 | ¥ 1,202 | \$ 8,600 |

The aggregate annual maturities of lease obligations subsequent to March 31, 2016 are summarized as follows:

| Year ending March 31, | Millions of yen | | Thousands of U.S. dollars |
|-----------------------|-----------------|--|---------------------------|
| 2017 | ¥ 227 | | \$ 1,892 |
| 2018 | 152 | | 1,267 |
| 2019 | 95 | | 792 |
| 2020 | 42 | | 350 |
| 2021 and thereafter | 195 | | 1,625 |
| Total | ¥ 712 | | \$ 5,933 |

10. Retirement Benefit Plans

The Company and certain of its consolidated subsidiaries have either funded or unfunded defined benefit plans, lump-sum retirement allowance, and/or defined contribution plans.

The Company also has a retirement benefit trust.

Extra payments may be added upon retirement of employees of the Company and its domestic consolidated subsidiaries, which is not included in the retirement benefit obligation based on the retirement benefit accounting.

The defined benefit plans and lump-sum retirement allowance at the certain consolidated subsidiaries are applying simplified method for defined benefit liability and the retirement benefit expense.

The changes in the retirement benefit obligation during the years ended March 31, 2015 and 2014 are as follows (Excluding the plan with simplified method.):

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|---|------------------|------------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Balance at the beginning | ¥ 192,764 | ¥ 175,397 | \$1,606,367 |
| Cumulative effect of change in accounting principle | 7,382 | — | 61,517 |
| Restated beginning balance | 200,147 | 175,397 | 1,667,892 |
| Service cost | 4,380 | 4,831 | 36,500 |
| Interest cost | 5,143 | 4,783 | 42,858 |
| Actuarial gain and loss | 14,575 | (1,326) | 121,458 |
| Retirement benefit paid | (8,539) | (7,672) | (71,158) |
| Other | 7,550 | 16,750 | 62,917 |
| Balance at the end | ¥ 223,256 | ¥ 192,764 | \$1,860,467 |

The changes in plan assets during the years ended March 31, 2015 and 2014 are as follows (Excluding the plan with simplified method.):

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------|------------------|------------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Balance at the beginning | ¥ 206,155 | ¥ 176,505 | \$1,717,958 |
| Expected return on plan assets | 5,304 | 5,970 | 44,200 |
| Actuarial gain and loss | 44,365 | 12,511 | 369,708 |
| Contributions by the Company | 7,736 | 7,041 | 64,467 |
| Retirement benefits paid | (6,668) | (6,162) | (55,567) |
| Other | 5,856 | 10,288 | 48,800 |
| Balance at the end | ¥ 262,750 | ¥ 206,155 | \$2,189,583 |

The changes in defined benefit liability with the simplified method during the years ended March 31, 2015 and 2014 are as follows:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|----------------------------|-----------------|---------|---------------------------|
| | 2015 | 2014 | 2015 |
| Balance at the beginning | ¥ 2,088 | ¥ 1,961 | \$ 17,400 |
| Retirement benefit expense | 281 | 270 | 2,342 |
| Retirement benefit paid | (113) | (95) | (942) |
| Contributions to the plan | (66) | (47) | (550) |
| Balance at the end | ¥ 2,190 | ¥ 2,088 | \$ 18,250 |

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|------------|---------------------------|
| | 2015 | 2014 | 2015 |
| Funded retirement benefit obligation | ¥ 221,050 | ¥ 191,158 | \$ 1,842,083 |
| Plan assets at fair value | (264,060) | (207,472) | (2,200,500) |
| | (43,010) | (16,314) | (358,417) |
| Unfunded retirement benefit obligation | 5,707 | 5,012 | 47,558 |
| Net assets for retirement benefits in the balance sheet | (37,302) | (11,301) | (310,850) |
| Defined benefit liability | 40,059 | 36,438 | 333,825 |
| Defined benefit assets | (77,361) | (47,740) | (644,675) |
| Net assets for retirement benefits in the balance sheet | ¥ (37,302) | ¥ (11,301) | \$ (310,850) |

Note: Including the plan with simplified method.

The components of retirement benefit expense for the years ended March 31, 2015 and 2014 are as follows:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
| | 2015 | 2014 | 2015 |
| Service cost | ¥ 4,380 | ¥ 4,831 | \$ 36,500 |
| Interest cost | 5,143 | 4,783 | 42,858 |
| Expected return on plan assets | (5,304) | (5,970) | (44,200) |
| Amortization of actuarial gain and loss | 1,050 | 981 | 8,750 |
| Amortization of prior service cost | (980) | (1,005) | (8,167) |
| Retirement benefit expense with simplified method | 281 | 270 | 2,342 |
| Retirement benefit expense for the retirement benefit plan | ¥ 4,569 | ¥ 3,890 | \$ 38,075 |

The components of retirement benefits adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2014 are as follows:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|-------------------------|-------------------|------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Prior service cost | ¥ 980 | ¥ — | \$ 8,167 |
| Actuarial gain and loss | (30,840) | — | (257,000) |
| Total | ¥ (29,859) | ¥ — | \$ (248,825) |

The components of retirement benefits adjustments included in accumulated other comprehensive income (before tax effect) for the years ended March 31, 2015 and 2014 are as follows:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|--------------------------------------|-------------------|-----------------|------------------------------|
| | 2015 | 2014 | 2015 |
| Unrecognized prior service cost | ¥ (2,850) | ¥ (3,831) | \$ (23,750) |
| Unrecognized actuarial gain and loss | (15,573) | 15,266 | (129,775) |
| Total | ¥ (18,424) | ¥ 11,435 | \$ (153,533) |

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014 is as follows:

| As of March 31, | 2015 | 2014 |
|-----------------|-------------|-------------|
| Bonds | 35% | 39% |
| Stocks | 50% | 50% |
| Other | 15% | 11% |
| Total | 100% | 100% |

Note: 80% and 82% of plan assets are set for defined plan for the years ended March 31, 2015 and 2014, respectively. 27% and 24% of plan assets set for the defined benefit plan are comprised of the retirement benefit trust set for the defined benefit plan, respectively.

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

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

| As of March 31, | 2015 | 2014 |
|--|--------------------|--------------------|
| Discount rate | Mainly 1.0% | Mainly 1.0% |
| Expected rate of return on plan assets | Mainly 1.0% | Mainly 2.2% |
| Expected rate of salary increase | Mainly 1.3% - 5.6% | Mainly 1.3% - 5.6% |

The contribution to the defined contribution plan of the Company and its subsidiaries for the years ended March 31, 2015 and 2014 amounted to ¥847 million (\$7,058 thousand) and ¥823 million, respectively.

11. Shareholders' Equity

Dividend of retained earnings can be transferred 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.

12. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2015 and 2014 amounted to ¥10,660 million (\$88,833 thousand) and ¥9,919 million, respectively.

13. Commitments and Contingencies

a. At March 31, 2015 and 2014, the Company and its subsidiaries had the following contingent liabilities:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|----------------------------------|-----------------|--------------|------------------------------|
| | 2015 | 2014 | 2015 |
| As guarantor of indebtedness of: | | | |
| Employees | ¥ 4 | ¥ 8 | \$ 33 |
| MSP Industries SDN. BHD. | 61 | 179 | 508 |
| Total | ¥ 65 | ¥ 187 | \$ 542 |

b. Factored receivables for the years ended March 31, 2015 and 2014 amounted to ¥2,049 million (\$17,075 thousand) and ¥1,843 million, respectively.

c. Litigation and Other Legal Matters

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

In addition, in the United States, the Plaintiffs, representing purchasers, etc., of bearing products, have filed class actions against the Defendants including the Company 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 the Company and its subsidiary located in Canada have been filed. The Company and its subsidiaries located in the United States and Canada are going to insist on propriety and contest the Plaintiffs' claim.

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

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 the Company's operational results, etc., is uncertain.

14. 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, 2015 and 2014, 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:

| As of March 31, | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|--------------|---------------------------|
| | 2015 | 2014 | 2015 |
| Acquisition costs: | | | |
| Machinery, vehicles and equipment | ¥ 449 | ¥ 781 | \$ 3,742 |
| Other assets | 9 | 9 | 75 |
| Total | ¥ 459 | ¥ 791 | \$ 3,825 |
| Accumulated depreciation: | | | |
| Machinery, vehicles and equipment | ¥ 308 | ¥ 357 | \$ 2,567 |
| Other assets | 4 | 3 | 33 |
| Total | ¥ 314 | ¥ 360 | \$ 2,617 |
| Net book value: | | | |
| Machinery, vehicles and equipment | ¥ 139 | ¥ 423 | \$ 1,158 |
| Other assets | 4 | 6 | 33 |
| Total | ¥ 145 | ¥ 430 | \$ 1,208 |

Lease payments relating to finance leases accounted for as operating leases amounted to ¥43 million (\$358 thousand) and ¥90 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, 2015 and 2014, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2015 and 2014 for finance leases accounted for as operating leases are summarized as follows:

| Year ending March 31, | Millions of yen | | Thousands of U.S. dollars |
|-------------------------|-----------------|--------------|---------------------------|
| | 2015 | 2014 | 2015 |
| Due in one year or less | ¥ 38 | ¥ 78 | \$ 317 |
| Due after one year | 106 | 351 | 883 |
| Total | ¥ 145 | ¥ 430 | \$ 1,208 |

b. Operating leases

Future minimum lease payments for noncancelable operating leases subsequent to March 31, 2015 and 2014 are summarized as follows:

| Year ending March 31, | Millions of yen | | Thousands of U.S. dollars |
|-------------------------|-----------------|----------------|---------------------------|
| | 2015 | 2014 | 2015 |
| Due in one year or less | ¥ 1,090 | ¥ 1,141 | \$ 9,083 |
| Due after one year | 1,683 | 1,679 | 14,025 |
| Total | ¥ 2,773 | ¥ 2,820 | \$ 23,108 |

15. 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, 2015 and 2014:

a. Derivative transactions which have not been accounted for as hedges

Currency-related transactions

| As of March 31, 2015 | Millions of yen | | | Thousands of U.S. dollars | | |
|---|-----------------|---------------|------------------------|---------------------------|-----------------|------------------------|
| | Notional amount | Fair value | Unrealized gain (loss) | Notional amount | Fair value | Unrealized gain (loss) |
| Transactions, excluding market transactions | | | | | | |
| Forward foreign exchange contracts | | | | | | |
| Sell: | | | | | | |
| US\$ | ¥ 3,079 | ¥ (22) | ¥ (22) | \$ 25,658 | \$ (183) | \$ (183) |
| STG£ | 94 | 0 | 0 | 783 | 0 | 0 |
| EUR | 44 | 0 | 0 | 367 | 0 | 0 |
| YEN | 474 | 2 | 2 | 3,950 | 17 | 17 |
| Buy: | | | | | | |
| US\$ | ¥ 869 | ¥ 9 | ¥ 9 | \$ 7,242 | \$ 75 | \$ 75 |
| STG£ | 17 | (0) | (0) | 142 | (0) | (0) |
| A\$ | 36 | 1 | 1 | 300 | 8 | 8 |
| NZ\$ | 0 | (0) | (0) | (0) | (0) | (0) |
| C\$ | 0 | (0) | (0) | (0) | (0) | (0) |
| YEN | 1,875 | (15) | (15) | 15,625 | (125) | (125) |
| Total | ¥ 6,491 | ¥ (24) | ¥ (24) | \$ 54,092 | \$ (200) | \$ (200) |

(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.

| As of March 31, 2014 | Millions of yen | | |
|---|-----------------|--------------|------------------------|
| | Notional amount | Fair value | Unrealized gain (loss) |
| Transactions, excluding market transactions | | | |
| Forward foreign exchange contracts | | | |
| Sell: | | | |
| US\$ | ¥ 4,534 | ¥ (17) | ¥ (17) |
| STG£ | 26 | 0 | 0 |
| EUR | 108 | (0) | (0) |
| YEN | 426 | 1 | 1 |
| Buy: | | | |
| US\$ | ¥ 7,676 | ¥ 296 | ¥ 296 |
| STG£ | 19 | (0) | (0) |
| EUR | 8,825 | 6 | 6 |
| A\$ | 54 | 0 | 0 |
| YEN | 1,471 | (11) | (11) |
| Total | ¥ 23,144 | ¥ 275 | ¥ 275 |

b. Derivative transactions which have been accounted for as hedges

Currency-related transactions

| As of March 31, 2015 | Millions of yen | | Thousands of U.S. dollars | |
|---|-----------------|------------|---------------------------|------------|
| | Notional amount | Fair value | Notional amount | Fair value |
| Transactions, excluding market transactions | | | | |
| Allocation method | | | | |
| Forward foreign exchange contracts | | | | |
| Sell: | | | | |
| US\$ | ¥ 25,098 | (Note) | \$ 209,150 | (Note) |
| EUR | 5,626 | (Note) | 46,883 | (Note) |
| C\$ | 463 | (Note) | 3,858 | (Note) |
| A\$ | 311 | (Note) | 2,592 | (Note) |
| THB | 198 | (Note) | 1,650 | (Note) |
| Total | ¥ 31,698 | — | \$ 264,150 | — |

(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.

| As of March 31, 2015 | Millions of yen | |
|---|-----------------|------------|
| | Notional amount | Fair value |
| Transactions, excluding market transactions | | |
| Allocation method | | |
| Forward foreign exchange contracts | | |
| Sell: | | |
| US\$ | ¥ 24,120 | (Note) |
| EUR | 8,311 | (Note) |
| C\$ | 275 | (Note) |
| A\$ | 330 | (Note) |
| THB | 155 | (Note) |
| Total | ¥ 33,193 | — |

(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.

16. 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 equipment 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 sheets as of March 31, 2015 and 2014 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).

| As of March 31, 2015 | Millions of yen | | | Thousands of U.S. dollars | | |
|--|------------------|----------------------|----------------|---------------------------|----------------------|------------------|
| | Carrying value | Estimated fair value | Difference | Carrying value | Estimated fair value | Difference |
| (1) Cash and deposits | ¥ 76,089 | ¥ 76,089 | ¥ — | \$ 634,075 | \$ 634,075 | \$ — |
| (2) Notes and accounts receivable | 188,274 | 188,274 | — | 1,568,950 | 1,568,950 | — |
| (3) Securities and investment securities | | | | | | |
| ①Held-to-maturity securities | 149 | 148 | (1) | 1,242 | 1,233 | (8) |
| ②Other securities | 199,047 | 199,047 | — | 1,658,725 | 1,658,725 | — |
| Total assets | ¥ 463,562 | ¥ 463,561 | ¥ (1) | \$ 3,863,017 | \$ 3,863,008 | \$ (8) |
| (1) Notes and accounts payable | ¥ 137,900 | ¥ 137,900 | ¥ — | \$ 1,149,167 | \$ 1,149,167 | \$ — |
| (2) Short-term debt | 69,339 | 69,339 | — | 577,825 | 577,825 | — |
| (3) Bonds (*1) | 60,000 | 60,930 | 930 | 500,000 | 507,750 | 7,750 |
| (4) Long-term debt (*1) | 197,060 | 202,357 | 5,296 | 1,642,167 | 1,686,308 | 44,133 |
| Total liabilities | ¥ 464,300 | ¥ 470,527 | ¥ 6,226 | \$ 3,869,167 | \$ 3,921,058 | \$ 51,883 |
| Derivatives (*2) | ¥ (24) | ¥ (24) | ¥ — | \$ (200) | \$ (200) | \$ — |

| As of March, 2014 | Millions of yen | | |
|--|------------------|----------------------|----------------|
| | Carrying value | Estimated fair value | Difference |
| (1) Cash and deposits | ¥ 68,319 | ¥ 68,319 | ¥ — |
| (2) Notes and accounts receivable | 164,367 | 164,367 | — |
| (3) Securities and investment securities | | | |
| ①Held-to-maturity securities | 349 | 343 | (6) |
| ②Other securities | 176,520 | 176,520 | — |
| Total assets | ¥ 409,557 | ¥ 409,550 | ¥ (6) |
| (1) Notes and accounts payable | ¥ 130,745 | ¥ 130,745 | ¥ — |
| (2) Short-term debt | 71,469 | 71,469 | — |
| (3) Bonds (*1) | 35,000 | 36,259 | 1,259 |
| (4) Long-term debt (*1) | 209,063 | 214,426 | 5,362 |
| Total liabilities | ¥ 446,277 | ¥ 452,899 | ¥ 6,621 |
| Derivatives (*2) | ¥ 275 | ¥ 275 | ¥ — |

(*1) Bonds and long-term debt 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 debt

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 debt

The fair value of long-term debt 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 debt and current credit risk.

For the fair value of long-term debt 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, 2015 and 2014

| As of March 31, 2015 | Millions of yen | | Thousands of U.S. dollars | |
|---|-----------------|--|---------------------------|--|
| | Carrying value | | Carrying value | |
| Investments in non-consolidated subsidiaries and affiliates | ¥ 21,264 | | \$ 177,200 | |
| Unlisted stocks | ¥ 4,352 | | \$ 36,267 | |

| As of March 31, 2014 | Millions of yen | |
|---|-----------------|--|
| | Carrying value | |
| Investments in non-consolidated subsidiaries and affiliates | ¥ 22,928 | |
| Unlisted stocks | ¥ 4,314 | |

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, 2015 and 2014.

| March 31, 2014 | Millions of yen | | | | Thousands of U.S. dollars | | | |
|---|-------------------------|---------------------------------------|--|---------------------|---------------------------|---------------------------------------|--|---------------------|
| | 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 | ¥ 76,035 | ¥ — | ¥ — | ¥ — | \$ 633,625 | \$ — | \$ — | \$ — |
| Notes and accounts receivable | 189,635 | — | — | — | 1,580,292 | — | — | — |
| Securities and investment securities | | | | | | | | |
| Held-to-maturity securities (Corporate bonds) | 50 | 99 | — | — | 417 | 825 | — | — |
| Other securities with maturities (Government bonds) | — | 9 | — | — | — | 75 | — | — |
| Other securities with maturities (Corporate bonds) | 18,996 | — | — | — | 158,300 | — | — | — |
| Other securities with maturities (Other) | 71,000 | 10 | — | — | 591,667 | 83 | — | — |
| Total | ¥ 355,717 | ¥ 119 | ¥ — | ¥ — | \$2,964,308 | \$ 992 | \$ — | \$ — |

| March 31, 2015 | Millions of yen | | | |
|---|-------------------------|---------------------------------------|--|---------------------|
| | 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 | ¥ 68,267 | ¥ — | ¥ — | ¥ — |
| Notes and accounts receivable | 165,808 | — | — | — |
| Securities and investment securities | | | | |
| Held-to-maturity securities (Corporate bonds) | — | 349 | — | — |
| Other securities with maturities (Government bonds) | 23,997 | 9 | — | — |
| Other securities with maturities (Corporate bonds) | 9,997 | — | — | — |
| Other securities with maturities (Other) | 52,100 | 10 | — | — |
| Total | ¥ 320,171 | ¥ 369 | ¥ — | ¥ — |

Notes to Consolidated Financial Statements

(Note 4) Redemption schedule of corporate bonds and long-term debt after March 31, 2015

| March 31, 2015 | Millions of yen | | | | | | Thousands of U.S. dollars | | | | | |
|----------------|-------------------------|--------------------------------------|---|--|---|----------------------|---------------------------|--------------------------------------|---|--|---|----------------------|
| | 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 | ¥ — | ¥ 20,000 | ¥ — | ¥ — | ¥ 20,000 | ¥ 20,000 | \$ — | \$ 166,667 | \$ — | \$ — | \$ 166,667 | \$ 166,667 |
| Long-term debt | 47,569 | 17,897 | 49,546 | 47,762 | 15,266 | 19,019 | 396,408 | 149,142 | 412,883 | 398,017 | 127,217 | 158,492 |
| Total | ¥ 47,569 | ¥ 37,897 | ¥ 49,546 | ¥ 47,762 | ¥ 35,266 | ¥ 39,019 | \$ 396,408 | \$ 315,808 | \$ 412,883 | \$ 398,017 | \$ 293,883 | \$ 325,158 |

| March 31, 2014 | Millions of yen | | | | | |
|----------------|-------------------------|--------------------------------------|---|--|---|----------------------|
| | 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 | ¥ — | ¥ — | ¥ — |
| Long-term debt | 24,197 | 46,925 | 16,649 | 42,724 | 44,566 | 34,000 |
| Total | ¥ 39,197 | ¥ 46,925 | ¥ 36,649 | ¥ 42,724 | ¥ 44,566 | ¥ 34,000 |

17. 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, | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------------|---------------------------|
| | 2015 | 2014 | 2015 |
| Unrealized holding gain (loss) on securities | | | |
| Unrealized holding gain (loss) on securities arising during the year | ¥ 16,837 | ¥ 17,131 | \$ 140,308 |
| Reclassification adjustment | (241) | (2,837) | (2,008) |
| Net unrealized holding gain (loss) on securities before tax effect | 16,596 | 14,294 | 138,300 |
| Tax effect | (3,555) | (4,924) | (29,625) |
| Unrealized holding gain (loss) on securities, net of tax | 13,040 | 9,369 | 108,667 |
| Translation adjustments | | | |
| Translation adjustments arising during the year | 23,016 | 17,815 | 191,800 |
| Retirement benefits adjustments | | | |
| Retirement benefits adjustments arising during the year | 29,789 | | 248,242 |
| Reclassification adjustment | 69 | | 575 |
| Retirement benefits adjustments before tax effect | 29,859 | | 248,825 |
| Tax effect | (10,180) | | (84,833) |
| Retirement benefits adjustments, net of tax | 19,678 | | 163,983 |
| 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 | 402 | 540 | 3,350 |
| Total other comprehensive income | ¥ 56,138 | ¥ 27,726 | \$ 467,817 |

18. Amounts per Share

| Year ended March 31, | Yen | | U.S. dollars |
|---------------------------------------|----------|---------|--------------|
| | 2015 | 2014 | 2015 |
| Net income: | | | |
| Basic | ¥ 114.56 | ¥ 57.70 | \$ 0.95 |
| Diluted | 114.42 | 57.63 | 0.95 |
| Net assets | 842.69 | 664.74 | 7.022 |
| Cash dividends applicable to the year | 28.00 | 16.00 | 0.233 |

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.

19. Related Party Transactions

The Company purchased goods for resale in the amounts of ¥45,184 million (\$376,533 thousand) and ¥44,753 million from NSK-Warner K.K., its major affiliate, which was accounted for by the equity method for the years ended March 31, 2015 and 2014, respectively. The related payable balances at March 31, 2015 and 2014 amounted to ¥9,557 million (\$79,642 thousand) and ¥8,500 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, 2015 and 2014, NSK-Warner K.K. has been designated as a significant affiliate, and its summarized financial information is as follows:

| NSK-Warner K.K. As of March 31, 2015 | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|------------------------------|
| Total current assets | ¥ 26,766 | \$ 223,050 |
| Total non-current assets | 15,296 | 127,467 |
| Total current liabilities | 13,137 | 109,475 |
| Total long-term liabilities | 4,061 | 33,842 |
| Total net assets | 24,863 | 207,192 |
| Year ended March 31, 2015 | | |
| Net sales | ¥ 49,602 | \$ 413,350 |
| Income before income taxes and minority interests | 10,590 | 88,250 |
| Net income | 8,004 | 66,700 |
| As of March 31, 2014 | Millions of yen | |
| Total current assets | ¥ 27,695 | |
| Total non-current assets | 13,779 | |
| Total current liabilities | 11,544 | |
| Total long-term liabilities | 3,043 | |
| Total net assets | 26,887 | |
| Year ended March 31, 2014 | | |
| Net sales | ¥ 50,356 | |
| Income before income taxes and minority interests | 8,966 | |
| Net income | 6,438 | |

20. 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 manufacturers 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, 2015 and 2014 are summarized as follows:

| Year ended March 31, 2015 | Reportable segments | | | Others | Total | Adjustments | Millions of yen Consolidated |
|---|-------------------------------|---------------------|-----------|-----------|------------|-------------|---------------------------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | |
| Sales | | | | | | | |
| Sales to third parties | ¥ 276,361 | ¥ 656,998 | ¥ 933,359 | ¥ 41,525 | ¥ 974,885 | ¥ — | ¥ 974,885 |
| Inter-segment sales and transfers | — | — | — | 31,391 | 31,391 | (31,391) | — |
| Total | ¥ 276,361 | ¥ 656,998 | ¥ 933,359 | ¥ 72,917 | ¥1,006,277 | ¥ (31,391) | ¥ 974,885 |
| Segment income (loss) (Operating income) | ¥ 34,362 | ¥ 65,718 | ¥ 100,080 | ¥ 5,778 | ¥ 105,859 | ¥ (8,531) | ¥ 97,327 |
| Segment assets | ¥ 299,611 | ¥ 528,424 | ¥ 828,035 | ¥ 102,273 | ¥ 930,309 | ¥ 198,855 | ¥ 1,129,164 |
| Other items | | | | | | | |
| Depreciation and amortization | ¥ 12,573 | ¥ 23,247 | ¥ 35,821 | ¥ 3,246 | ¥ 39,067 | ¥ (499) | ¥ 38,568 |
| Investments in affiliates | ¥ 5,435 | ¥ 14,787 | ¥ 20,222 | ¥ 659 | ¥ 20,882 | ¥ — | ¥ 20,882 |
| Increase in tangible and intangible assets | ¥ 11,812 | ¥ 34,646 | ¥ 46,458 | ¥ 3,217 | ¥ 49,675 | ¥ (477) | ¥ 49,197 |

| Year ended March 31, 2015 | Reportable segments | | | Others | Total | Adjustments | Thousands of U.S. dollars |
|--|-------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|------------------------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | Consolidated |
| Sales | | | | | | | |
| Sales to third parties | \$ 2,303,008 | \$ 5,474,983 | \$ 7,777,992 | \$ 346,042 | \$ 8,124,042 | \$ — | \$ 8,124,042 |
| Inter-segment sales and transfers | — | — | — | 261,592 | 261,592 | (261,592) | — |
| Total | \$ 2,303,008 | \$ 5,474,983 | \$ 7,777,992 | \$ 607,642 | \$ 8,385,642 | \$ (261,592) | \$ 8,124,042 |
| Segment income (loss) (Operating income) | \$ 286,350 | \$ 547,650 | \$ 834,000 | \$ 48,150 | \$ 882,158 | \$ (71,092) | \$ 811,058 |
| Segment assets | \$ 2,496,758 | \$ 4,403,533 | \$ 6,900,292 | \$ 852,275 | \$ 7,752,575 | \$ 1,657,125 | \$ 9,409,700 |
| Other items | | | | | | | |
| Depreciation and amortization | \$ 104,775 | \$ 193,725 | \$ 298,508 | \$ 27,050 | \$ 325,558 | \$ (4,158) | \$ 321,400 |
| Investments in affiliates | \$ 45,292 | \$ 123,225 | \$ 168,517 | \$ 5,492 | \$ 174,017 | \$ — | \$ 174,017 |
| Increase in tangible and intangible assets | \$ 98,433 | \$ 288,717 | \$ 387,150 | \$ 26,808 | \$ 413,958 | \$ (3,975) | \$ 409,975 |

(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, ¥(8,531) million (\$ (71,092) thousand) includes intersegment elimination amount to ¥30 million (\$250 thousand) and corporate expenses amount to ¥(8,562) million (\$ (71,350) 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, ¥198,855 million (\$1,657,125 thousand) includes intersegment elimination amount to ¥(6,453) million (\$ (53,775) thousand) and corporate assets amount to ¥205,309 million (\$1,710,908 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, ¥(499) million (\$ (4,158) thousand) is intersegment elimination.

(Note 6) The adjustment of increase in tangible and intangible assets, ¥(477) million (\$ (3,975) thousand) is the intersegment elimination.

| Year ended March 31, 2014 | Reportable segments | | | Others | Total | Adjustments | Millions of yen |
|--|-------------------------------|---------------------|------------------|-----------------|------------------|-------------------|------------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | Consolidated |
| Sales | | | | | | | |
| Sales to third parties | ¥ 242,969 | ¥ 590,545 | ¥ 833,515 | ¥ 38,226 | ¥ 871,742 | ¥ — | ¥ 871,742 |
| Inter-segment sales and transfers | — | — | — | 26,465 | 26,465 | (26,465) | — |
| Total | ¥ 242,969 | ¥ 590,545 | ¥ 833,515 | ¥ 64,692 | ¥ 898,208 | ¥ (26,465) | ¥ 871,742 |
| Segment income (loss) (Operating income) | ¥ 23,712 | ¥ 49,201 | ¥ 72,914 | ¥ 2,900 | ¥ 75,815 | ¥ (7,765) | ¥ 68,049 |
| Segment assets | ¥ 280,010 | ¥ 446,852 | ¥ 726,862 | ¥ 93,097 | ¥ 819,959 | ¥ 180,972 | ¥ 1,000,932 |
| Other items | | | | | | | |
| Depreciation and amortization | ¥ 12,556 | ¥ 20,189 | ¥ 32,746 | ¥ 2,907 | ¥ 35,653 | ¥ (567) | ¥ 35,086 |
| Investments in affiliates | ¥ 7,154 | ¥ 14,771 | ¥ 21,925 | ¥ 620 | ¥ 22,545 | ¥ — | ¥ 22,545 |
| Increase in tangible and intangible assets | ¥ 10,580 | ¥ 32,613 | ¥ 43,194 | ¥ 2,536 | ¥ 45,731 | ¥ (282) | ¥ 45,448 |

Notes to Consolidated Financial Statements

1. Information by region

(1) Sales

| Year ended March 31, 2015 | | | | | | Millions of yen |
|---------------------------|--------------|-----------|-----------|------------|-----------|-----------------|
| Japan | The Americas | Europe | China | Other Asia | Total | |
| ¥ 328,837 | ¥ 164,821 | ¥ 133,752 | ¥ 210,236 | ¥ 137,238 | ¥ 974,885 | |

| Year ended March 31, 2015 | | | | | | Thousands of U.S. dollars |
|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| Japan | The Americas | Europe | China | Other Asia | Total | |
| \$ 2,740,308 | \$ 1,373,508 | \$ 1,114,600 | \$ 1,751,967 | \$ 1,143,650 | \$ 8,124,042 | |

(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, 2015 | | | | | | Millions of yen |
|----------------------|--------------|----------|----------|------------|-----------|-----------------|
| Japan | The Americas | Europe | China | Other Asia | Total | |
| ¥ 133,531 | ¥ 32,081 | ¥ 29,993 | ¥ 93,789 | ¥ 45,499 | ¥ 334,896 | |

| As of March 31, 2015 | | | | | | Thousands of U.S. dollars |
|----------------------|--------------|------------|------------|------------|--------------|---------------------------|
| Japan | The Americas | Europe | China | Other Asia | Total | |
| \$ 1,112,758 | \$ 267,342 | \$ 249,942 | \$ 781,575 | \$ 379,158 | \$ 2,790,800 | |

(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

| Year ended March 31, 2015 | Reportable segments | | | | | Others | Corporate/ Eliminations | Total | Millions of yen |
|--|-------------------------------------|------------------------|----------|-------|-----|--------|----------------------------|-------|-----------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | | | |
| Amortization during the year | ¥ — | ¥ — | ¥ — | ¥ 114 | ¥ — | ¥ — | ¥ 114 | | |
| Unamortized balance at the end of the year | ¥ — | ¥ — | ¥ — | ¥ 111 | ¥ — | ¥ — | ¥ 111 | | |

| Year ended March 31, 2015 | Reportable segments | | | | | Others | Corporate/ Eliminations | Total | Thousands of U.S. dollars |
|--|-------------------------------------|------------------------|----------|--------|------|--------|----------------------------|-------|------------------------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | | | |
| Amortization during the year | \$ — | \$ — | \$ — | \$ 650 | \$ — | \$ — | \$ 950 | | |
| Unamortized balance at the end of the year | \$ — | \$ — | \$ — | \$ 925 | \$ — | \$ — | \$ 925 | | |

21. Stock Option

Information regarding stock option plans of the Company at March 31, 2015 is as follows:

| | | | | |
|--|---|---|---|---|
| Date of approval | June 25, 2009 | June 25, 2010 | June 24, 2011 | June 25, 2014 |
| Date of grant | August 25, 2009 | August 26, 2010 | August 30, 2011 | August 22, 2014 |
| Grantees | 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 | 12 directors and 28 executive officers, 53 employees, 13 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 |
| Number of shares to be issued upon exercise of share subscription rights | 828,000 shares | 823,000 shares | 779,000 shares | 778,000 shares |
| Exercise price (yen) | ¥603 | ¥641 | ¥831 | ¥1,431 |
| Exercise period | August 25, 2009– August 24, 2014 | August 26, 2010– August 25, 2015 | August 30, 2011– August 29, 2016 | August 22, 2014– August 21, 2019 |
| Stock options outstanding as of March 31, 2012 | 493,000 shares | 711,000 shares | 741,000 shares | — |
| Exercised in this period | 302,000 shares | 374,000 shares | 175,000 shares | — |
| Expired in this period | 191,000 shares | — | — | — |
| Stock options outstanding as of March 31, 2013 | — | 337,000 shares | 566,000 shares | 778,000 shares |
| Weighted average exercise price (yen) | ¥1,297 | ¥1,382 | ¥1,424 | — |
| Weighted average fair value per stock at the granted date | ¥207 | ¥149 | ¥162 | ¥382 |

Stock option expense included in selling, general and administrative expenses for the year ended March 31, 2015 and 2014 amounted to ¥111 million (\$925 thousand) and ¥19 million, respectively. Gains on expiration of unexercised stock options recorded for the year ended March 31, 2015 and 2014 amounted to ¥39 million (\$325 thousand) and ¥112 million, respectively.

a. Method for estimating per share fair value of stock options

The per share fair value of the 2014 stock options granted during the year ended March 31, 2015 was estimated as follows:

(1) Valuation model: Binomial model

(2) Basic factors taken into account for the estimation:

| | | 2014 Stock Options | |
|-------------------------|----------|--------------------|-------|
| Expected volatility | (Note 1) | 39% | |
| Expected holding period | (Note 2) | 4.3 years | |
| Expected dividend | (Note 3) | 1.71% | |
| Risk-free rate | (Note 4) | 1 year | 0.05% |
| | | 2 year | 0.07% |
| | | 3 year | 0.09% |
| | | 4 year | 0.11% |
| | | 5 year | 0.15% |

(Note 1) Volatility of stock price is calculated based on historical stock price data traded within the most recent period that corresponds to the expected life of the option.

(Note 2) This is based on the actual exercises and expiration of stock option in the past.

(Note 3) This is based on the actual dividend yield of last 5 years.

(Note 4) Risk-free rate is the yield on government bonds for the period that corresponds to the remaining life of the option.

b. Estimation of the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, only the actual number of forfeited stock options is reflected.

22. Treasury Stock

Treasury Stock the Company and affiliates owned for the years ended March 31, 2015 and 2014 were 10,085,598 common stocks and 10,901,237 common stocks, respectively.

23. Subsequent Event

The Company decided to transfer its 100% stake in NSK Technology Co., Ltd. to V Technology Co., Ltd. at an extraordinary meeting of the NSK Board of Directors held on April 21, 2015, and transferred on June 1, 2015.

(a) Outline of the share transfer

(1) Name of the company receiving the transferred business

V Technology Co., Ltd. ("V Technology")

(2) Name and business description of the subsidiary to be transferred

Name: NSK Technology Co., Ltd. ("NSK Technology")

Business Description: Manufacture and sale of exposure equipment and components for FPD production

(3) Reason for the share transfer

NSK Technology was established in 2011 by spinning off the Company's business for making exposure equipment used in flat-panel display (FPD) production. The aim was to strengthen the business and enable it to respond quickly to market changes and meet diverse customer needs. NSK Technology has steadily improved its market position, while overcoming severe market conditions and stagnant demand resulting from a downturn in the business cycle.

Demand is growing in newly emerging countries such as China, along with needs for high-definition TVs. The market for exposure equipment is expected to expand in the medium to long term, and downward pressure is also anticipated along with price reductions for LCD TVs and smartphones. The Company has been engaged in ongoing discussions concerning how to further streamline its business and increase competitiveness.

Therefore, a recent offer from V Technology to acquire this business prompted the Company to make thorough investigations into the sale. Ultimately, it was determined that management integration with the industry-leading technical and service capabilities of V Technology would be the best choice for maximizing the value of the exposure equipment business.

(4) Share transfer date

June 1, 2015

(5) Share ownership before and after the transfer

| | |
|---------------------------------------|----------------|
| Number of shares before the transfer: | 4,000 shares |
| Number of shares to be transferred: | 4,000 shares |
| Number of shares after the transfer: | 0 shares |
| Price of transferred shares: | ¥2,000 million |

(b) Outline of accounting treatment applied

(1) Amount of transferred profit

¥158 million

(2) Appropriate book value and general breakdown of assets and liabilities of the transferred business

| | |
|----------------------|----------------|
| Current assets: | ¥9,684 million |
| Non-current assets: | 301 million |
| Total assets: | 9,985 million |
| Current liabilities: | 7,773 million |
| Total liabilities: | 8,143 million |

(c) Reportable segment including the business to be transferred

The transferred "Exposure Equipment for Liquid Crystal Panel Production" business is not included in reportable segments, but in "Others."

(d) Estimated amounts of profit and loss corresponding to the transferred business recorded on the consolidated statements of income for the year ended March 31, 2015.

| | |
|-------------------|-----------------|
| Sales: | ¥13,320 million |
| Operating income: | 1,056 million |

Management's Report on Internal Control over Financial Reporting

Basic Framework of Internal Control over Financial Reporting

Toshihiro Uchiyama, 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, 2015 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", revised by the Company on May 1, 2014, and the "Regulations for Management of Internal Control", revised by the Company on September 30, 2013. 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. 55 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 40 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 15 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, 2015 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, 2015 was effective.

Toshihiro Uchiyama
President and Chief Executive Officer
NSK Ltd.



June 24, 2015



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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, 2015, and the associated 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 presented 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 executing 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. These 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 on a sample basis and, therefore, there is always a risk that some material misstatements will not be detected. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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 those risk assessments the auditor becomes aware of internal controls that are relevant to the audit and the possibility of material misstatement. It could be that we have identified one or more deficiencies in the internal control. 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 aspects, the consolidated financial position of NSK Ltd. and its consolidated subsidiaries as of March 31, 2015 and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Consentory Provision

We have reviewed the statements of these consolidated financial statements and related matters, presented for the convenience of readers, with respect to the accompanying consolidated financial statements and have concluded that they are fairly presented in 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, 2015 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 executing internal control over financial reporting, and for the preparation and fair presentation of the Management's Report, internal control over financial reporting that is relevant to that report in accordance with the standards.

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. These 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 on a sample basis and, therefore, there is always a risk that some material misstatements will not be detected. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement. An internal control audit includes evaluating the overall presentation of the Management's Report, including the inclusion of 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

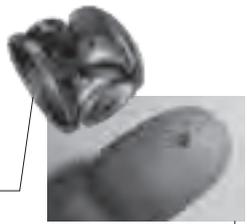
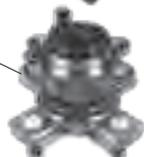
In our opinion, the Management's Report referred to above, which represents the internal control over financial reporting of the consolidated financial statements as of March 31, 2015 in all material aspects fairly, in all material aspects, management's assessment of internal control over financial reporting for the consolidated financial statements in conformity with standards for preparation of internal control over financial reporting generally accepted in Japan.

Shinji K. Yamaguchi, Director, EY

June 24, 2015
 Tokyo, Japan

| 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 balls |
| | AKS EAST JAPAN CO., LTD. | 100.0% | Manufacture of steel balls |
| | NSK TOYAMA 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. | 65.0% | 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% | Distribution service |
| | 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 JIKUJKE 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 |
| | NSK BEARINGS MANUFACTURING, MEXICO, S.A. DE C.V. | 100.0% | Manufacture of bearings |
| 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. | 82.0% | 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 |

| World Events | Product and Business Developments |
|--|---|
| | <p>1916 ● NSK Ltd. founded</p> <p>First-ever production of bearings in Japan</p> <p>◇ Japan-first Developed first ball bearing produced in Japan </p> |
| | <p>1935 ● Established the Tamagawa Plant</p> <p>1937 ● Established the Fujisawa Plant</p> |
| Start of World War II | |
| End of World War II | <p>1939 ◇ Japan-first Developed main bearings for domestically produced jet engines (Ne 20) </p> <p>Contributed to advanced economic growth after the end of World War II</p> |
| | <p>1949 ◇ Japan-first Developed miniature ball bearings for cameras</p> <p>1953 ● Established plants in Otsu, Kansai and Kita-Kanto</p> |
| Japan joins the United Nations | |
| | <p>1956 ◇ Japan-first Developed ball screws  </p> |
| Start of color TV broadcasting (Japan) | |
| | <p>1960 ● Completed the Fujisawa Research and Development Center</p> <p>Started making inroads overseas and diversifying the product lineup</p> |
| | <p>1962 ● Established a sales company in the United States, entered markets in Germany and Australia</p> <p>1963 ◇ Japan-first Developed bearings for the Shinkansen bullet train</p> <p>1964 ◇ Started production of parts for automatic transmission (AT)</p> <p>1968 ◇ Entered the steering column market </p> |
| Tokyo Olympics held | |
| Apollo 11 lands on the moon | |
| | <p>Start of production overseas</p> |
| Osaka World Exposition held | |
| Japan transitions to a floating exchange rate regime | |
| | <p>1970 ● Established a production and sales company in Brazil, set up a production base in the United Kingdom</p> <p>1973 ◇ World-first Developed high-precision bearings for video tape recorders (VTRs) </p> <p>Expansion of production in Japan and strong growth overseas</p> |
| | <p>1980 ◇ Commercialized mechatronic products</p> |
| Maiden flight of the space shuttle | |
| | <p>1981 ● Established the Fukushima Plant</p> <p>◇ World-first Developed direct-drive motors and Megatorque Motors™ for factory automation  </p> |
| Plaza Accord | |
| | <p>1985 ◇ Japan-first Developed bearings for passenger jet engines </p> <p>1986 ◇ World-first Developed electric power steering (EPS) systems for battery-powered forklifts</p> |
| Mobile phones launched in Japan | |
| | <p>1987 ● Head Office building completed in Osaka</p> <p>1989 ◇ Released electric power steering (EPS) systems for automobiles</p> <p>Enhancement of overseas business structure</p> |
| | <p>1991 ● 75th anniversary</p> |
| European Union (EU) inaugurated | |
| | <p>1993 ● Established a production base in Indonesia, entering the ASEAN region</p> <p>1994 ● Established a production and sales company in China</p> <p>1995 ● Established a production and sales company in China</p> <p>1997 ◇ Released bearings for the Shinkansen bullet train (300 km/h)</p> <p>◇ Released a robust series of ultrahigh-speed angular contact ball bearings for machine tools</p> <p>● Established a production company in India</p> <p>◇ World-first Developed half-toroidal continuously variable transmissions (CVTs) </p> |
| Great Hanshin-Awaji Earthquake | |
| First hybrid car released | |
| | <p>1999 ◇ World-first Developed the world's smallest deep groove ball bearings (inner diameter 0.6 mm, outer diameter 2.0 mm, width 0.8 mm)</p> |
| Start of digital terrestrial broadcasting | |
| Expo 2005 Aichi Japan held | |
| | <p>NEXT 100 (preparing for NSK's 100th anniversary)</p> |
| | <p>2008 ◇ Developed low-torque ball bearings for hybrid cars</p> <p>2009 ● Built a global R&D structure with completion of a technology center in China</p> <p>◇ World-first Developed an electro-mechanical integrated column-type electric power steering (EPS) system </p> |
| Collapse of Lehman Brothers | |
| | <p>2011 ◇ World-first Developed cold-formed hub-unit bearings for automobile wheels </p> <p>◇ World-first Developed ball screws for seismic dampeners used in buildings</p> <p>◇ Japan-first Developed axle sensor bearings for passenger train cars</p> |
| Great East Japan Earthquake | |
| | <p>2012 ◇ Japan-first Developed axle sensor bearings for passenger train cars</p> <p>2013 ● Number of consolidated employees surpasses 30,000; global network extended to more than 30 countries</p> <p>2014 ● Net sales surpass ¥800 billion for the year ended March 31, 2014</p> <p>2016 ● 100th anniversary of foundation</p> |

Information for Investors

As of March 31, 2015

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 24, 2015, at the Company's
headquarters in Tokyo.

Common Stock

Authorized: 1,700,000,000 shares
Issued: 551,268,104 shares
(Treasury stock: 9,653,403)

Number of Shareholders

17,365

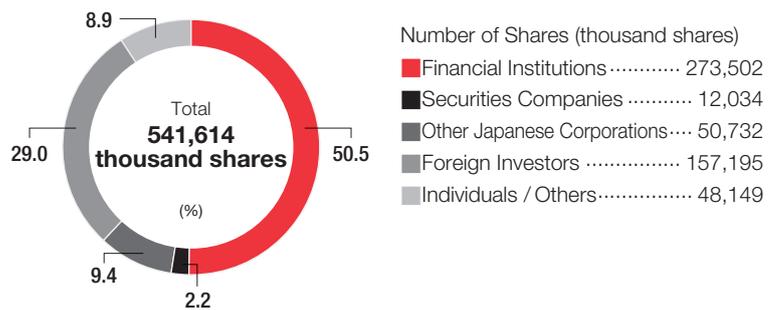
Transfer Agent

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

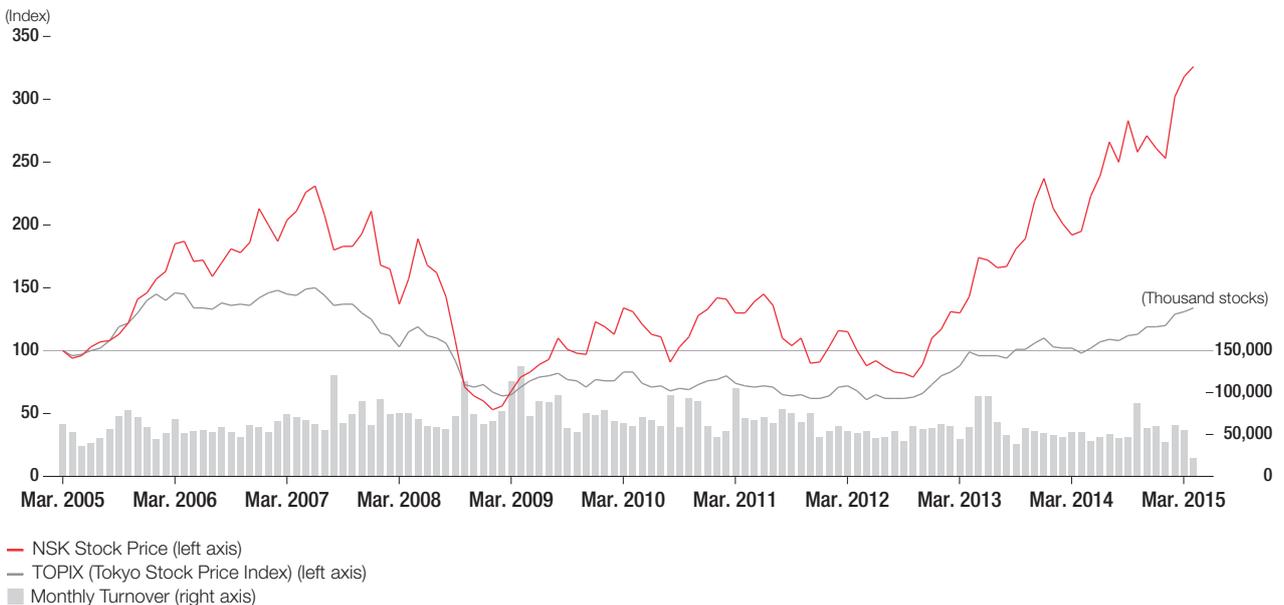
Listing

Tokyo

Breakdown of Shareholders



Share Price Movement



Notes: Share index of NSK and TOPIX (March 31, 2005 = 100)

