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INTERNET DISCLOSURE INFORMATION IN CONNECTION WITH THE NOTICE OF THE 157th ORDINARY GENERAL MEETING OF SHAREHOLDERS

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From April 1, 2017 to March 31, 2018

NSK Ltd.

Of the documents which should be provided along with the Notice of the 157th Ordinary General Meeting Of Shareholders, the Consolidated Statement of Changes in Equity, the Notes to the Consolidated Financial Statement, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-Consolidated Financial Statement are published on the Company's website at the following address pursuant to laws and regulations as well as Article 15 of the Articles of Incorporation of the Company. Therefore, these documents are not included in the attached 157th Report.
The Company's website: <http://www.nsk.com/investors/stockandbond/meeting.html>

Consolidated Financial Statement: Consolidated Statement of Changes in Equity

(Millions of yen)

| | Equity attributable to owners of the parent | | | |
|---|---|-----------------|-------------------|-----------------|
| | Issued capital | Capital surplus | Retained earnings | Treasury shares |
| Opening balance | 67,176 | 79,676 | 308,395 | Δ17,937 |
| Net income | — | — | 69,312 | — |
| Other comprehensive income | — | — | — | — |
| Total comprehensive income for the period | — | — | 69,312 | — |
| Purchase of treasury shares | — | — | — | Δ11 |
| Disposal of treasury shares | — | 119 | — | 134 |
| Share-based payment transactions | — | 591 | — | — |
| Cash dividends | — | — | Δ17,452 | — |
| Changes in the ownership interest in subsidiaries | — | Δ122 | — | — |
| Other | — | — | 2,604 | — |
| Total transactions with owners, etc. | — | 588 | Δ14,848 | 122 |
| Closing balance | 67,176 | 80,264 | 362,859 | Δ17,815 |

| | Equity attributable to owners of the parent | | | | | | | |
|---|--|---|---|--------|---------|--------|---------------------------|--------------|
| | Other components of equity | | | | Total | Total | Non-controlling interests | Total equity |
| | Exchange differences on translating foreign operations | Net changes in financial assets measured at fair value through other comprehensive income | Remeasurements of net defined benefit liability (asset) | Total | | | | |
| Opening balance | Δ11,531 | 37,862 | Δ2,290 | 24,039 | 461,350 | 23,661 | 485,011 | |
| Net income | — | — | — | — | 69,312 | 3,848 | 73,160 | |
| Other comprehensive income | 3,757 | 8,311 | 11,170 | 23,239 | 23,239 | 267 | 23,506 | |
| Total comprehensive income for the period | 3,757 | 8,311 | 11,170 | 23,239 | 92,551 | 4,116 | 96,667 | |
| Purchase of treasury shares | — | — | — | — | Δ11 | — | Δ11 | |
| Disposal of treasury shares | — | — | — | — | 253 | — | 253 | |
| Share-based payment transactions | — | — | — | — | 591 | — | 591 | |
| Cash dividends | — | — | — | — | Δ17,452 | Δ3,231 | Δ20,684 | |
| Changes in the ownership interest in subsidiaries | — | — | — | — | Δ122 | Δ706 | Δ828 | |
| Other | — | Δ2,589 | — | Δ2,589 | 15 | — | 15 | |
| Total transactions with owners, etc. | — | Δ2,589 | — | Δ2,589 | Δ16,726 | Δ3,938 | Δ20,664 | |
| Closing balance | Δ7,774 | 43,584 | 8,880 | 44,689 | 537,175 | 23,839 | 561,014 | |

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

Notes to the Consolidated Financial Statement

Other important information on the basis for preparing the consolidated financial statement

1. Standards for Preparation of Consolidated Financial Statement

Consolidated Financial Statements of the NSK Group are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. However, there are some omissions of disclosure items designated by IFRS pursuant to the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting.

2. Scope of Consolidation

(1) Consolidated subsidiaries

The Company has 90 consolidated subsidiaries.

Major consolidated subsidiaries: NSK Steering Systems Co., Ltd., Amatsuji Steel Ball Mfg. Co., Ltd., NSK Americas, Inc., NSK Brasil Ltda., NSK Europe Ltd., NSK (China) Investment Co., Ltd., Kunshan NSK Co., Ltd., Pt. NSK Bearings Manufacturing Indonesia, NSK Korea Co., Ltd.

(2) Equity-method affiliated companies

The Company has 17 equity-method affiliates.

Major equity-method affiliates: NSK-Warner K. K.

(3) Changes in consolidation and affiliation

Consolidated companies: Newly incorporated: NSK Hangzhou Automobile Electronic Technology Co., Ltd.

3. Matters relating to accounting principles and standards

(1) Valuation rules and methods for significant assets

I. Trade receivables and other receivables

Trade receivables and other receivables are initially recognized on the day on which they arise, and are measured at fair value at initial recognition. They are measured thereafter at amortized cost using the effective interest method less allowance for doubtful accounts with respect to impairment.

Changes in the allowance for doubtful accounts are recognized in profit or loss.

II. Other financial assets

The NSK Group has early adopted IFRS 9 Financial Instruments (issued in November 2009 and revised July 2014) to the accounting of financial instruments.

Financial assets are recognized on the day on which the NSK Group becomes the party to the contract (trade date). They are classified either as financial assets measured at amortized cost or as financial assets measured at fair value through profit or loss or other comprehensive income. The classification is determined at initial recognition. All financial instruments other than those classified as “financial assets measured at amortized cost” are classified as “financial assets measured at fair value.” Financial assets measured at fair value except held-for-trading equity financial assets and derivative assets are designated either as measured at fair value through other comprehensive income or as measured at fair value through profit or loss and this designation is applied consistently.

At the end of the reporting period, classified and measured change in the fair value of financial assets that have been designated as measured at fair value through other comprehensive income is recognized in fair value as other comprehensive income, and financial assets that have been designated as measured at fair value through profit or loss are recognized as profit or loss. Dividends from financial assets are recognized as finance income.

A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire or when the rights to receive cash flows from the financial asset are transferred and substantially all risks and economic value of ownership of the financial asset are transferred.

III. Inventories

Inventories are measured at the lower of cost or net realizable value. Cost consists of the appropriate allocation of raw material costs, direct labor costs, other direct costs, and indirect costs of manufacturing. Net realizable value is the estimated selling price, less estimated selling expenses.

The cost of merchandise, finished goods, work in progress, and raw materials are calculated using the weighted average method, and the cost of supplies is calculated using the first-in first-out method.

(2) Accounting principles for depreciation of significant depreciable assets

Tangible noncurrent assets

The straight-line method is used to calculate depreciation.

(3) Accounting principles for significant allowances

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the present value of the consideration required to settle the present obligation at the end of the reporting period. The present value is recognized at a discounted rate that takes into account the time value of money and the specific risks and uncertainties surrounding the obligation.

(4) Accounting principles for retirement benefit obligations

The Company and the NSK Group has defined benefit plans and defined contribution plans.

I. Defined benefit plans

Defined benefit obligations are calculated by estimating the future benefit amount earned by employees in exchange for the service they have provided in prior years and the current year. Net defined benefit assets or liabilities are recognized as the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligations and defined benefit cost are calculated using the projected unit credit method, and the discount rate is determined by reference to market yields at the end of the consolidated fiscal year of high-quality corporate bonds.

Current and past service cost and net interest on the net defined benefit liability (assets) are recognized in profit and loss. Actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding the portion included in net interest, are recognized as remeasurements concerning defined benefit plans as other comprehensive income in the period in which they arose.

II. Defined contribution plans

Cost for defined contribution plans is recognized as expenses in the period during which services were rendered by employees.

(5) Conversion of credit and liabilities in foreign currencies to Japanese currency

I. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of transaction or a rate that approximates such rate.

All foreign currency monetary assets and liabilities denominated at the end of the period are re-translated into the functional currency at the spot exchange rate at the end of the period, and the resulting difference is recognized as profit or loss.

II. Financial statements of foreign operation

Assets and liabilities of foreign operations are translated into Japanese Yen using the exchange rate at the end of the period, and income and expenses are translated into Japanese Yen using the exchange rate during the period.

Foreign exchange translation differences arising from the translation of financial statements of foreign operation are recognized in other comprehensive income. In cases where a foreign operation is disposed of, the cumulative amount of foreign exchange translation differences relating to such foreign operation is reclassified to profit or loss at the time of disposal.

Notes to the Consolidated Statement of Financial Position

| | |
|--|-------------------------|
| 1. Accumulated depreciation of tangible noncurrent assets | 742,918 Millions of yen |
|--|-------------------------|

| | |
|--------------------------|-------------------|
| 2. Loan guarantee | 0 Millions of yen |
|--------------------------|-------------------|

| | |
|--|---------------------|
| (Liability on guarantee resulting from employee loan scheme) | (0 Millions of yen) |
|--|---------------------|

3. Provisions

Summary of the Company's Provisions

| | |
|-------------------------------------|------------------------|
| Reserves for environmental measures | 1,995 Millions of yen |
| Other | 10,187 Millions of yen |

Reserves for environmental measures

Estimated costs involved with disposing of asbestos and polychlorinated biphenyl (PCB) and other materials have been recorded. Expected outflow of economic benefits in the future is within one year from the end date of each reporting period.

Other

Other includes provisions for costs related to competition laws.

4. Litigation and other legal matters

Regarding sales of their products, NSK and certain subsidiaries are under investigation by relevant authorities outside Japan on suspicion of violating competition laws. The NSK Group is cooperating fully with these respective investigations.

In addition, in the United States and Canada, plaintiffs, including representatives of purchasers of bearings or other products, have filed class actions against certain parties, including NSK and certain subsidiaries in Japan, the United States, Canada, and Europe. The plaintiffs allege, among other things, that the defendants conspired with each other to restrict competition in sales of bearings and other products in these countries, and seek damages, injunctive relief, and other relief against the defendants.

In the United States, with respect to bearings or other products, tentative classes representing (i) direct purchasers of bearings, such as automotive manufacturers and industrial equipment manufacturers, (ii) dealers of commercial vehicles, medium and heavy duty trucks, buses, heavy machinery and other similar vehicles, and (iii) end purchasers of automobiles respectively have each filed a class action against NSK and certain subsidiaries in Japan, the United States, and Europe. All of these lawsuits are pending in the Eastern District of Michigan. NSK and certain subsidiaries in Japan and the United States have settled with part of the tentative classes, including the state government, respectively, including a settlement with some indirect purchasers (dealers of commercial vehicles, medium and heavy duty trucks, buses, heavy machinery, and other similar vehicles) that are part of the tentative classes in the amount of US\$3.26 million on 26th of May 2017 (JST) (25th of May 2017 (EST)).

Discovery (the formal process in which both parties in a lawsuit request disclosure from the other of evidence, including documents that may be relevant to the lawsuit) has begun for several of these lawsuits, and for part of the lawsuits a motion for class certification has been filed. The future course of the litigation will depend on the court's ruling on the motion for class certification.

In Canada, tentative classes of direct (such as automotive manufacturers) and indirect purchasers (such as automobile dealers and end purchasers of automobiles) have filed class actions against NSK and certain Japanese, US, Canadian, and European subsidiaries in Ontario, Quebec, British Columbia, and Saskatchewan, with respect to bearings or other products. The class has been certified for part of these class actions.

On May 15, 2018 (local time), NSK and certain subsidiaries in Europe came to an agreement with Peugeot S.A. and 18 of its subsidiaries (collectively, the "Claimants"), to settle the claim filed in the United Kingdom Competition Appeal Tribunal against defendants, including NSK and certain subsidiaries in Europe, seeking 437.7 million euros (provisional amount) in damages on a joint and several basis related to a violation of European competition law that the European Commission settled on March 19, 2014 (Brussels Time).

At the end of the current consolidated fiscal year, NSK has posted reasonably estimated losses in "other operating expenses" in connection with potential settlements related to alleged violations of competition laws in sales of its and certain subsidiaries' products. NSK, its subsidiaries and its affiliated companies may face additional follow-on actions similar or identical in nature to these actions. The NSK Group will manage these action appropriately. Furthermore, as the cases proceed, the NSK Group will consider whether it may be able to reach settlements with such plaintiffs and others.

Notes to the Consolidated Statement of Income

1. Other operating income and expenses

Main components of other operating expenses in the consolidated fiscal year are as follows.

| | (Millions of yen) |
|----------------------------------|-------------------|
| Foreign exchange losses | 1,186 |
| Costs related to competition law | 1,211 |
| Total | 2,398 |

Notes to the Consolidated Statement of Changes in Equity

1. Type of shares and total number of issued shares as of the end of the consolidated fiscal year.

Common stock 551,268,104 shares

2. Dividends

Dividends paid

| Resolution | Type of shares | Total amount of dividends (Millions of yen) | Dividend per share (yen) | Record date | Effective date |
|---|----------------|---|--------------------------|--------------------|-------------------|
| Meeting of Board of Directors held on May 23, 2017 | Common stock | 7,432 | 14.00 | March 31, 2017 | June 02, 2017 |
| Meeting of Board of Directors held on November 01, 2017 | Common stock | 10,090 | 19.00 | September 30, 2017 | December 01, 2017 |
| Total | | 17,523 | | | |

Notes: 1. The total amount of dividends includes a dividend of ¥70 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

2. Regarding dividends with a record date within the consolidated fiscal year but with an effective date in the following consolidated fiscal year, the following distribution of capital surplus is to be proposed and deliberated at the Board of Directors meeting to be held on May 25, 2018.

| | |
|----------------------------------|------------------------|
| I. Total amount of dividend | 11,155 Millions of yen |
| II. Financial source of dividend | Retained earnings |
| III. Dividend per share (yen) | ¥21.00 |
| IV. Record date | March 31, 2018 |
| V. Effective date | June 01, 2018 |

Note: The total amount of dividend based on the resolution to be proposed at the meeting of the Board of Directors to be held May 25, 2018 includes a dividend of ¥45 million to be paid to the Company's shares held in the trust account of the Board Benefit Trust.

3. Number and type of shares to be issued upon exercise of share acquisition rights (excludes share acquisition rights of which the commencement date of exercise period has not yet arrived) as of the end of the consolidated fiscal year.

| Category | Share acquisition rights | Type of shares that are the object of share acquisition rights | Number of shares that are the object of share acquisition rights |
|----------|--|--|--|
| NSK Ltd. | Share acquisition rights granted in 2014 | Common stock | 621,000 shares |
| | Share acquisition rights granted in 2015 | Common stock | 811,000 shares |

Notes to the Statement of Financial Instruments

1. Financial Instruments

Management of financial risks

The NSK Group is exposed to financial risks (i.e. market risks, credit risks, and liquidity risks) in the course of conducting its business activities. The NSK Group executes risk management based on certain policies to deal with such risks.

(1) Market risks

I. Foreign exchange risks

The NSK Group, which is engaged in business activities on an international scale, is exposed to the risk of fluctuations in the exchange rates of various currencies, mainly in relation to the U.S. Dollar and the Euro. Foreign exchange risks arise from recognized assets and liabilities denominated in foreign currencies.

Also, in order to tackle exchange rate fluctuation risks, NSK Group companies seek to strike a balance between foreign currency receivables and payables and hedge risks through forward exchange forward contracts as necessary in accordance with internal rules.

II. Interest rate risk

Some of NSK Group's borrowings are borrowings with floating rates and are exposed to the risk of interest rate fluctuations. The NSK Group endeavors to decrease interest-bearing liabilities for the purpose of risk reduction. Interest risks are also hedged by using derivatives transactions (interest swap transactions) as necessary in accordance with internal rules.

III. Price risks

The NSK Group holds equity instruments (shares) of entities primarily with which it has a business relationship, and is exposed to share price fluctuation risks. The market value, the issuer's financial position, etc. are identified periodically with respect to equity instruments (shares), and the holding status is reviewed on an ongoing basis in consideration of its customers and financial institutions with which it has dealings.

(2) Credit risks

Trade receivables are exposed to customer credit risks. The NSK Group seeks to quickly identify and mitigate the risk of default in relation to customers' contractual obligations by such means as periodically monitoring the status of major customers.

At the end of the current consolidated fiscal year, the maximum amount of credit risk is the balance sheet amount of financial assets that are exposed to credit risks.

Also, the NSK Group manages past-due trade receivables by treating them as high-risk and monitors the status of customers.

There are no significant assets that are held as collateral or as part of other credit enhancements with respect to financial assets.

(3) Liquidity risks

The NSK Group is exposed to liquidity risk, which is the risk of not generating enough cash and thus having difficulties in performing the obligation to pay financial liabilities. The NSK Group manages liquidity risks by such means as preparing and updating a financial plan in a timely manner based on reports from each department and major consolidated subsidiaries and maintaining liquidity in hand at a certain level. Such risks are deemed to be limited in the NSK Group, given that it has established a ¥15 billion line of commitment with financial institutions and has secured a ¥50 billion facility for issuing commercial paper, in addition to its ability to generate cash flows through operating activities.

2. Carrying amount and fair value

The carrying amount and fair value of financial assets and liabilities are as follows.

| (Millions of yen) | | |
|---|-----------------|------------|
| | Carrying amount | Fair value |
| Financial assets | | |
| Trade receivables and other receivables | 217,200 | 217,200 |
| Investment securities | 87,645 | 87,645 |
| Derivative financial assets | 335 | 335 |
| Financial liabilities | | |
| Trade payables and other payables | 141,797 | 141,797 |
| Short-term debts | 62,039 | 62,039 |
| Long-term debts | 108,868 | 111,054 |
| Corporate bonds | 80,000 | 80,666 |
| Lease liabilities | 1,249 | 1,249 |
| Derivative financial liabilities | 20 | 20 |

The fair value of trade receivables and other receivables, trade payables and other payables, short-term debts, and lease liabilities is deemed to be equal to their carrying amount as they are mainly instruments that are settled within a short-term period.

Among investment securities, the fair value of listed shares for which an active market exists is calculated based on the price at exchanges. The fair value of unlisted shares for which an active market exists is calculated based on the price at exchanges. The fair value of unlisted shares for which no active market exists is mainly calculated by using a price multiple valuation model based on price book-value ratio. Also, an illiquidity discount of 30%, which is an unobservable input, is used for measuring the fair value of unlisted shares as of March 31, 2017 and March 31, 2018.

Among financial liabilities (derivatives) measured at fair value through profit or loss, foreign exchange forward contracts are based on the valuation presented by financial institutions with which the contracts were concluded.

The fair value of long-term debt is calculated based on the present value calculated by discounting the sum of the principal and interest by the interest rate that takes into account the remaining period and credit risk of such long-term debt. However, the fair value of long-term debt with a floating rate is stated at its carrying amount, given that the periodic revision of the interest rate is a condition and the fair value is more or less the same as the carrying amount.

The fair value of corporate bonds issued by the Company is calculated based on the present value, which is calculated by discounting the sum of the principal and interest by the interest rate that takes into account the remaining period and credit risk of such corporate bonds.

Per Share Information

| | |
|---|-----------|
| Equity per share attributable to owners of the Parent | ¥1,016.30 |
| Basic net income per share | ¥131.16 |

Non-Consolidated Financial Statement: Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

| | Equity attributable to owners of the parent | | | |
|---|---|-----------------------|-----------------------|-----------------------|
| | Issued capital | Capital surplus | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus |
| As of April 1, 2017 | 67,176 | 77,923 | 905 | 78,829 |
| Change of items during the period | | | | |
| Cash dividends | | | | — |
| Reversal of reserves | | | | — |
| Net income | | | | — |
| Decrease by merger | | | | — |
| Purchase of treasury shares | | | | — |
| Disposal of treasury shares | | | 220 | 220 |
| Net change during the period, except for items under shareholders' equity | | | | — |
| Total changes of items during the period | — | — | 220 | 220 |
| As of March 31, 2018 | 67,176 | 77,923 | 1,125 | 79,049 |

| | Equity attributable to owners of the parent | | | | |
|---|---|--|-----------------|-----------------------------------|-------------------------|
| | Retained earnings | | | | |
| | Retained earnings | Other retained earnings | | | Total retained earnings |
| | | Reserve for advanced depreciation of noncurrent assets | General reserve | Retained earnings brought forward | |
| As of April 1, 2017 | 10,292 | 4,103 | 66,766 | 16,066 | 97,228 |
| Change of items during the period | | | | | |
| Cash dividends | | | | Δ17,523 | Δ17,523 |
| Reversal of reserves | | Δ128 | Δ2,000 | 2,128 | — |
| Net income | | | | 37,751 | 37,751 |
| Decrease by merger | | | | | — |
| Purchase of treasury shares | | | | | — |
| Disposal of treasury shares | | | | | — |
| Net change during the period, except for items under shareholders' equity | | | | | — |
| Total changes of items during the period | — | Δ128 | Δ2,000 | 22,356 | 20,228 |
| As of March 31, 2018 | 10,292 | 3,975 | 64,766 | 38,422 | 117,456 |

| | Equity attributable to owners of the parent | | Valuation and translation adjustments | | Stock acquisition rights | Total net assets |
|---|---|---|---|---|--------------------------|------------------|
| | Treasury shares | Total equity attributable to owners of the parent | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| As of April 1, 2017 | Δ17,716 | 225,517 | 30,980 | 30,980 | 686 | 257,185 |
| Change of items during the period | | | | | | |
| Cash dividends | | Δ17,523 | | — | | Δ17,523 |
| Reversal of reserves | | — | | — | | — |
| Net income | | 37,751 | | — | | 37,751 |
| Decrease by merger | | — | | — | | — |
| Purchase of treasury shares | Δ104 | Δ104 | | — | | Δ104 |
| Disposal of treasury shares | 134 | 354 | | — | | 354 |
| Net change during the period, except for items under shareholders' equity | | — | 4,878 | 4,878 | 8 | 4,887 |
| Total changes of items during the period | 29 | 20,477 | 4,878 | 4,878 | 8 | 25,364 |
| As of March 31, 2018 | Δ17,687 | 245,995 | 35,859 | 35,859 | 695 | 282,549 |

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

Notes to the Non-Consolidated Financial Statement

Notes on Significant Accounting Policies

1. Valuation of securities

Shares of subsidiaries and affiliates are stated at cost using the moving-average method. Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market value are stated at cost using the moving-average method.

2. Valuation of inventories

Finished goods, raw materials and work in progress are valued at cost using the weighted average method (book values are based on net realizable value).

Supplies are valued at cost using the first-in first-out method (book values are recorded on the balance sheet based on net realizable value).

3. Depreciation and amortization of noncurrent assets

Depreciation for tangible noncurrent assets (excluding lease assets) and intangible non-current assets (excluding lease assets) is calculated using the straight-line method.

Depreciation for lease assets arising from finance lease transactions not involving transfer of ownership is calculated using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

4. Accounting for deferred assets

Accounted for as the full amount at the time of expenditure.

5. Allowances

(1) Allowance for doubtful accounts

To prepare for possible losses due to uncollectable receivables, for general receivables an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is concern regarding collectability, an estimate amount is recorded by studying the possibility of collection for each individual account.

(2) Provision for retirement benefits

In order to provide employee retirement benefits, the amount of retirement benefit obligations and prepaid pension expenses recorded by the Company is based on projected retirement benefit obligations and pension assets at the end of the fiscal year.

(3) Provision for officer stock benefits

In order to provide compensation in the form of the Company's stock, etc. to directors and executive officers, the amount of stock benefits is recorded based on projected stock benefits at the end of the fiscal year.

(4) Provision for employee stock benefits

In order to provide compensation in the form of the Company's stock, etc. to certain officers and employees of the Company or certain subsidiaries, the amount of stock benefit obligations recorded by the Company is based on projected stock benefit obligations at the end of the fiscal year.

(5) Reserves for environmental measures

Estimated costs involved with disposing of asbestos and polychlorinated biphenyl (PCB) and other materials have been recorded.

6. Consumption tax

The tax-exclusion method is used to account for consumption taxes.

Changes to Presentation Methods

Allowances for provision of company stock, etc. to directors and executive officers of the Company, which were recognized as accrued retirement benefits through to the previous reporting period, have been recognized as provisions for officer stock benefits from the current reporting period in order to more accurately represent the details of benefits provided.

Changes to Accounting Principles and Standards

None.

Notes to Balance Sheet

| | |
|---|------------------|
| 1. Accumulated depreciation of tangible noncurrent assets | ¥332,049 million |
| 2. Loan guarantees | |
| Loan guarantees | ¥53 million |
| (Guarantees for bank loans of affiliates) | (¥53 million) |
| (Liability on guarantees resulting from employee loan scheme) | (¥0 million) |
| 3. Receivables from affiliated companies and payables to affiliated companies | |
| Short-term receivables | ¥55,656 million |
| Long-term receivables | ¥689 million |
| Short-term payables | ¥99,949 million |
| Long-term payables | ¥226 million |

Notes to Statement of Income

| | | |
|--|-----------|------------------|
| Transactions with affiliated companies | | |
| Operating transactions | Sales | ¥126,711 million |
| | Purchases | ¥215,593 million |
| Other non-operating transactions | | ¥69,108 million |

Notes to Statement of Changes in Shareholders' Equity

| | | |
|--|--------------|-------------------|
| Type and number of treasury stock at end of period | Common stock | 22,258,724 shares |
|--|--------------|-------------------|

Notes on Tax Effect Accounting

The main causes for the deferred tax assets and deferred tax liabilities are as follows.

| | |
|--|------------------|
| Deferred tax assets | |
| Accrued retirement benefits | ¥5,464 million |
| Accrued bonuses | ¥3,449 million |
| Valuation loss on stock of subsidiaries and affiliates | ¥2,965 million |
| Loss on devaluation of investment securities | ¥709 million |
| Other | ¥7,122 million |
| Subtotal of deferred tax assets | ¥19,712 million |
| Valuation allowance | Δ¥4,635 million |
| Total deferred tax assets | ¥15,076 million |
| Deferred tax liabilities | |
| Reserve for advanced depreciation of noncurrent assets | Δ¥1,744 million |
| Gain on establishment of a retirement benefit trust | Δ¥9,800 million |
| Valuation difference on available-for-sale securities | Δ¥14,969 million |
| Other | Δ¥320 million |
| Total deferred tax liabilities | Δ¥26,834 million |
| Net deferred tax assets (liabilities) | Δ¥11,757 million |

Notes on Leased Noncurrent Assets

In addition to the noncurrent assets recorded on the balance sheet, the Company has other significant noncurrent assets which it uses under lease contracts, notably selected computer equipment and related devices.

Notes on Related-Party Transactions

Subsidiaries and affiliates, etc.

(Millions of yen)

| Type | Company Name | Possession of Voting Rights | Relationship with Related Party | Types of Transaction | Transaction Amount | Title of Account | Balance as of March 31, 2018 |
|------------|------------------------------------|-----------------------------|---|---|--------------------|-----------------------------------|------------------------------|
| Subsidiary | NSK Steering Systems Co., Ltd. | 100.0% | Purchase of finished goods Executive posts concurrently held | Purchase of automotive-related products ¹ Lending of funds ² | 68,006 2,840 | Accounts payable (Million yen) | 9,625 9,491 |
| Subsidiary | Amatsuji Steel Ball Mfg. Co., Ltd. | 100.0% | Purchase of finished goods Executive posts concurrently held | Lending of funds ² | 58 | Short-term loans payable | 16,819 |
| Subsidiary | NSK Overseas Holdings Co., Ltd. | 100.0% | Executive posts concurrently held | Lending of funds ² | 3,746 | Short-term loans payable | 20,691 |
| Affiliate | NSK-Warner K. K. | 50.0% | Purchase of finished goods Executive posts concurrently held | Purchase of automotive-related finished goods ¹ | 62,339 | Accounts payable | 14,594 |

Terms and conditions of transactions, and policies on such terms and transactions

Notes:

1. The purchase of finished goods is decided after engaging in price negotiations in consideration of the total costs of the counterparty.
2. Interest rates for borrowing are set in a rational manner taking into account market rates.
3. Transaction amounts above exclude consumption tax, while the balance as of March 31, 2018 is inclusive of consumption tax.

Per Share Information

| | |
|----------------------|---------|
| Net assets per share | ¥530.61 |
| Net income per share | ¥71.09 |

Application of Restrictions on Maximum Dividend Payments

The Company is subject to restrictions on maximum dividend payments.