

NSK Ltd.

For Immediate Release

October 29, 2014

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014 (Unaudited) [JP GAAP]

Company name	NSK Ltd.
Stock exchanges on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	http://www.nsk.com
Representative	Norio Otsuka, President and CEO
Contact person	Toshihiko Enomoto, Vice President
Filing date of quarterly securities report	November 7, 2014
Payment date of cash dividends	December 2, 2014

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Six Months Ended September 30, 2014

(1) Consolidated financial results

(% of changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended Sep. 30, 2014	464,390	12.3	40,746	41.7	40,927	45.4	25,890	75.5
Six months ended Sep. 30, 2013	413,603	12.0	28,752	56.1	28,140	66.0	14,749	24.4

(Note) Comprehensive income Six months ended Sep. 30, 2014 42,623 million yen 30.3%
Six months ended Sep. 30, 2013 32,711 million yen —%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Six months ended Sep. 30, 2014	47.88	47.82
Six months ended Sep. 30, 2013	27.31	27.28

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of Yen	Millions of Yen	%
As of Sep. 30, 2014	1,056,436	411,490	36.8
As of Mar. 31, 2014	1,000,932	382,155	35.9

(Note) Equity capital As of Sep. 30, 2014 388,787 million yen As of Mar. 31, 2014 359,201 million yen

2. Cash Dividends

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

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

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

(% of changes from the same period last year)

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

(Note) Revisions to the forecast of consolidated results from the latest announcement: Yes

4. Others

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

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

Note: For more details, please refer to page 6 "2. Matters Regarding Summary Information (Others) (2) Adoption of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

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

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

(ii) Changes excluding the above: Yes

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

Note: For more details, please refer to page 6 "2. Matters Regarding Summary Information (Others) (3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements for the Preparation of the Quarterly Consolidated Financial Statements

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

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

As of Sep. 30, 2014 551,268,104 shares As of Mar. 31, 2014 551,268,104 shares

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

As of Sep. 30, 2014 10,381,292 shares As of Mar. 31, 2014 10,901,237 shares

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

Six months ended Sep. 30, 2014 540,694,942 shares Six months ended Sep. 30, 2013 540,017,297 shares

(Reference) Consolidated Financial Highlights for the Three Months Ended September 30, 2014

(% of changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended Sep. 30, 2014	235,083	12.7	20,350	27.8	20,517	40.7	11,799	121.4
Three months ended Sep. 30, 2013	208,593	16.3	15,929	153.4	14,586	157.3	5,329	9.6

(Note) Comprehensive income Three months ended Sep. 30, 2014 28,293 million yen 181.3%
Three months ended Sep. 30, 2013 10,058 million yen 356.5%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Three months ended Sep. 30, 2014	21.82	21.79
Three months ended Sep. 30, 2013	9.87	9.86

Information Regarding the Implementation of Quarterly Review Procedures

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

Cautionary Statement with Respect to Forward-Looking Statements

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

1. Business Overview

(1) Qualitative Information Regarding Consolidated Business Results

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

Reviewing the overall global economy during the first half of the year ending March 31, 2015, although the Japanese economy continued its gradual recovery, the rally showed signs of stalling due to a decline in demand following the consumption tax rise in April. The U.S. economy continued to recover, and the European economy also showed signs of an upturn. In Asia, although there were signs of recovery in the Indian economy, the ASEAN economy as a whole stagnated. Meanwhile, the pace of economic expansion in China slowed.

In this economic environment, consolidated net sales totaled ¥464,390 million, a year-on-year increase of 12.3%. Operating income totaled ¥40,746 million, a year-on-year increase of 41.7%, and ordinary income totaled ¥40,927 million, a year-on-year increase of 45.4%. Net income after adjusting for tax expenses and minority interests was ¥25,890 million, a year-on-year increase of 75.5%.

Business Segment Information

① Industrial Machinery Business

Demand in the industrial machinery continued to gradually recover on a worldwide level. Looking at results by region, sales of industrial machinery bearings and precision machinery and parts in Japan rose due to a steady increase in demand for smartphone-related machinery. Sales in the Americas grew, primarily in the general machinery and aftermarket sectors. In Europe, sales in the wind turbine and machine tool sectors increased, while sales in the aftermarket sector also rose. Sales in China were higher due to continued strong demand in the railway and wind turbine sectors as a result of government stimulus policies, as well as steady demand for machine tool bearings and precision machinery and parts. In ASEAN, despite market stagnation, sales of industrial machinery bearings increased, primarily in the automotive repair and the IT sectors.

As a result, net sales in the industrial machinery business totaled ¥132,538 million, a year-on-year increase of 14.3%. Operating income was ¥14,504 million, a year-on-year increase of 49.3%.

② Automotive Business

The global automotive market continued its gradual expansion, despite slower demand growth in China. Looking at results by geographic breakdown, sales in Japan declined as automakers shifted production overseas, despite lower-than-expected impact from the consumption tax rise. In the Americas, sales increased due to strong market demand in North America in addition to the effect of production transfer from Japan. In Europe, the automotive market continued to recover, particularly in Western Europe, and currency effects also contributed to higher sales. In China, electric power steering system (EPS) sales rose significantly due to new order intakes, while sales of automotive bearings—primarily to European and Japanese automakers—were also strong. In other parts of Asia, although market conditions varied between countries, sales to Japanese and Korean automakers rose.

As a result, net sales in the automotive business totaled ¥311,758 million, a year-on-year increase of 9.9%. Operating income totaled ¥28,221 million, a year-on-year increase of 31.7%.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥1,056,436 million, an increase of ¥55,503 million compared to total assets as of March 31, 2014. The main reasons for this were increases of ¥5,287 million in notes and accounts receivable, ¥31,054 million in short-term investment securities, ¥7,730 million in finished goods, and ¥8,090 million in property, plant and equipment, which offset a decrease of ¥6,008 million in net defined benefit asset.

Total liabilities were ¥644,945 million, an increase of ¥26,169 million compared to total liabilities as of March 31, 2014. The main reasons for this were increases of ¥8,119 million in notes and accounts payable and ¥40,000 million in corporate bonds, which offset a decrease of ¥6,159 million in accrued income taxes.

Net assets

Net assets totaled ¥411,490 million, an increase of ¥29,334 million compared to net assets as of March 31, 2014. The main reasons for this were increases of ¥25,890 million in net income and ¥10,934 million in translation adjustments.

Cash Flows

Total cash and cash equivalents at the end of the period were ¥200,206 million, an increase of ¥31,266 million compared to total cash and cash equivalents as of March 31, 2014, and a year-on-year increase of ¥48,890 million.

① Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥18,358 million, a decrease of ¥8,885 million compared to the same period of the previous year. This includes ¥37,901 million in income before tax expenses and minority interests and ¥18,468 million provided by depreciation and amortization, which offset ¥18,878 million in Antimonopoly Act related loss paid and ¥16,682 million in income taxes paid.

② Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥20,057 million, an increase of ¥1,548 million compared to the same period of the previous year. This includes ¥18,313 million for purchase of property, plant and equipment.

③ Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥31,469 million, a decrease of ¥31,483 million compared to the same period of the previous year. This includes income from ¥40,000 million in proceeds from issuance of bonds, which offset ¥4,862 million in dividends paid and ¥2,244 million in dividends paid to minority shareholders.

(3) Qualitative Information Regarding Consolidated Business Forecast

NSK is revising its consolidated business forecast for the year ending March 31, 2015 announced on July 29, 2014, based on the company's business results for the six months ended September 30, 2014.

① Revision of Consolidated Business Forecast Forecast for the Year Ending March 31, 2015

	Revised forecast	Previous forecast	Increase/Decrease	% change
	Millions of yen	Millions of yen	Millions of yen	
Net sales	950,000	926,000	24,000	2.6%
Operating income	86,000	83,000	3,000	3.6%
Ordinary income	84,500	80,500	4,000	5.0%
Net income	57,000	56,500	500	0.9%

- Forecast exchange rate from October 1, 2014 to March 31, 2015:
1U.S.\$=¥105, 1Euro=¥135

Notes

All forecasts are based on a number of assumptions for business environment and policies, and are subject to change with various factors. Actual financial results may differ materially and NSK accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

NSK has outlined details of the change to its consolidated business forecast in the statement entitled "Revision of Consolidated Business Forecast", released today (October 29, 2014).

2. Matters Regarding Summary Information (Others)

(1) Changes in Significant Subsidiaries during the Period

None.

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

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

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

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

① Application of the Accounting Standard for Retirement Benefits

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

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

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

*ASBJ: Accounting Standards Board of Japan

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

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

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

These changes have no impact on consolidated financial statements.

(4) Additional Information

None.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	As of Mar. 31, 2014	As of Sep. 30, 2014
Assets		
Current assets:		
Cash and deposits	68,319	68,813
Notes and accounts receivable	165,808	171,096
Short-term investment securities	100,181	131,236
Finished goods	71,431	79,161
Work in process	40,683	43,075
Raw materials and supplies	19,620	21,923
Others	56,071	56,005
Less allowance for doubtful accounts	(1,502)	(1,700)
Total current assets	520,614	569,610
Non-current assets:		
Property, plant and equipment		
Buildings and structures	79,994	82,675
Machinery, vehicles and equipment	151,146	158,523
Others	73,029	71,060
Total property, plant and equipment	304,169	312,260
Intangible fixed assets	12,278	11,836
Investments and other assets		
Investment securities	103,932	108,647
Net defined benefit asset	47,740	41,731
Others	12,705	12,723
Less allowance for doubtful accounts	(507)	(373)
Total investments and other assets	163,869	162,729
Total non-current assets	480,317	486,825
Total assets	1,000,932	1,056,436

(Millions of Yen)

	As of Mar. 31, 2014	As of Sep. 30, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable	130,745	138,865
Short-term loans	95,666	98,483
Current portion of corporate bonds	15,000	15,000
Accrued income taxes	12,028	5,868
Others	78,005	62,700
Total current liabilities	331,445	320,918
Non-current liabilities:		
Corporate bonds	20,000	60,000
Long-term loans	184,866	183,174
Accrued officers' retirement benefits	1,567	1,531
Reserves for environmental safety measures	178	178
Net defined benefit liability	36,438	35,686
Others	44,280	43,456
Total non-current liabilities	287,330	324,027
Total liabilities	618,776	644,945
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,560	78,793
Retained earnings	210,739	225,262
Treasury stock	(4,369)	(4,181)
Total shareholders' equity	352,107	367,050
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,387	34,990
Translation adjustments	(14,067)	(3,132)
Remeasurements of defined benefit plans	(10,225)	(10,120)
Total accumulated other comprehensive income	7,094	21,737
Share subscription rights	328	231
Minority interests	22,626	22,471
Total net assets	382,155	411,490
Total liabilities and net assets	1,000,932	1,056,436

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

Consolidated Statements of Operations

	(Millions of Yen)	
	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2014
Net sales	413,603	464,390
Cost of sales	327,667	360,544
Gross profit	85,936	103,846
Selling, general and administrative expenses	57,183	63,099
Operating income	28,752	40,746
Non-operating income:		
Interest income	314	423
Dividend income	763	935
Equity in earnings of affiliated companies	1,767	2,265
Others	1,080	1,072
Total non-operating income	3,925	4,697
Non-operating expenses:		
Interest expenses	2,367	2,444
Others	2,169	2,072
Total non-operating expenses	4,537	4,516
Ordinary income	28,140	40,927
Extraordinary income:		
Gain on sales of investment securities	2,425	—
Gain on sales of fixed assets	933	—
Total extraordinary income	3,358	—
Extraordinary loss:		
Antimonopoly Act related loss	6,749	3,025
Total extraordinary loss	6,749	3,025
Income before tax expenses and minority interests	24,750	37,901
Income taxes	8,708	10,679
Income before minority interests	16,041	27,222
Minority interests	1,291	1,331
Net income	14,749	25,890

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2014
Income before minority interests	16,041	27,222
Other comprehensive income		
Valuation difference on available-for-sale securities	9,080	3,576
Translation adjustments	7,266	11,658
Remeasurement of defined benefit plans	—	115
Share of other comprehensive income of associates accounted for using equity method	322	50
Total other comprehensive income	16,670	15,401
Comprehensive income	32,711	42,623
(Details)		
Comprehensive income attributable to parent company	31,240	40,534
Comprehensive income attributable to minority interests	1,470	2,089

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2014
Operating activities		
Income before income taxes and minority interests	24,750	37,901
Depreciation and amortization	17,290	18,468
Amortization of goodwill	199	57
Increase (decrease) in allowance for doubtful accounts	215	30
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(2,303)	—
Net defined benefit liabilities and net defined benefit assets	—	(2,327)
Interest and dividend income	(1,077)	(1,359)
Interest expenses	2,367	2,444
Equity in losses (earnings) of affiliates	(1,767)	(2,265)
Loss (gain) on sales of investment securities	(2,425)	—
Loss (gain) on sales of property, plant and equipment	(933)	—
Antimonopoly Act related loss	6,749	3,025
Decrease (increase) in notes and accounts receivable	(7,098)	(1,774)
Decrease (increase) in inventories	(10,492)	(8,885)
Increase (decrease) in notes and accounts payable	8,830	6,374
Others	2,112	△92
Subtotal	36,417	51,596
Interest and dividends received	2,848	4,716
Interest paid	(2,419)	(2,393)
Antimonopoly Act related loss paid	(6,005)	(18,878)
Income taxes paid	(3,596)	(16,682)
Net cash provided by operating activities	27,244	18,358
Investing activities		
Net decrease (increase) in time deposits	(712)	(117)
Purchase of short-term investment securities	(200)	(100)
Proceeds from sales of short-term investment securities	901	266
Purchase of property, plant and equipment	(21,730)	(18,313)
Proceeds from sales of property, plant and equipment	1,641	294
Purchase of investment securities	(36)	(24)
Proceeds from sales of investment securities	2,885	119
Payments for loans receivable	(42)	(660)
Collection of loans receivable	62	73
Others	(1,276)	(1,595)
Net cash used in investing activities	(18,508)	(20,057)
Financing activities		
Net increase (decrease) in short-term loans	(222)	(1,997)
Increase in long-term loans	4,544	6,088
Repayments of long-term loans	(699)	(5,665)
Proceeds from issuance of bonds	—	40,000
Acquisition of treasury stock	(15)	(20)
Dividends paid	(2,698)	(4,862)
Dividends paid to minority shareholders	(853)	(2,244)
Others	(68)	172
Net cash provided by (used in) financing activities	(13)	31,469

	Six months ended Sep. 30, 2013	Six months ended Sep. 30, 2014
Effect of exchange rate changes on cash and cash equivalents	917	1,494
Net increase (decrease) in cash and cash equivalents	9,639	31,266
Cash and cash equivalents at beginning of the year	141,653	168,940
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	22	—
Cash and cash equivalents at end of the period	151,316	200,206

(4) Going Concern Assumption

None.

(5) Notes to Quarterly Consolidated Balance Sheet

1. Litigation and Other Legal Matters

① Investigations by authorities

(The year ended Mar. 31, 2014)

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

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

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

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

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

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

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

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

In addition, NSK and its subsidiaries are under investigation by relevant authorities in some countries.

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

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

Furthermore, in September 2014, the JFTC announced that it had issued a cease-and-desist order and administrative surcharge payment order against steel ball manufacturers for violation of the Antimonopoly Act of Japan. The announcement referred to NSK's subsidiary, Amatsuji Steel Ball Mfg. Co., Ltd. (Amatsuji), as one of the steel ball manufacturers that violated the Antimonopoly Act of Japan. However, Amatsuji was not subject to either of the above orders for reasons including that Amatsuji applied for leniency and was granted immunity.

② Class actions filed

(The year ended Mar. 31, 2014)

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

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

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

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

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

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

(6) Segment Information

Sales by Reportable Segments

Six months ended September 30, 2013

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	115,922	283,788	399,710	13,893	413,603	—	413,603
(2) Inter-segment sales and transfers	—	—	—	13,381	13,381	(13,381)	—
Total	115,922	283,788	399,710	27,275	426,985	(13,381)	413,603
Segment income (Operating income)	9,714	21,435	31,149	1,400	32,549	(3,797)	28,752

Six months ended September 30, 2014

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	132,538	311,758	444,296	20,093	464,390	—	464,390
(2) Inter-segment sales and transfers	—	—	—	14,726	14,726	(14,726)	—
Total	132,538	311,758	444,296	34,820	479,116	(14,726)	464,390
Segment income (Operating income)	14,504	28,221	42,726	2,154	44,880	(4,133)	40,746

(7) Substantial Changes in Shareholders' Equity

None.

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