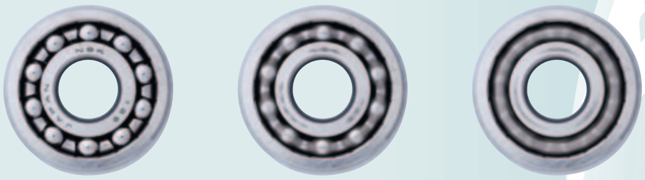


STRAIGHT AHEAD

Annual Report 2011

Year ended March 31, 2011

MISSION STATEMENT

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

CONTENTS

ANNUAL REPORT 2011

NSK has prepared this annual report not only to inform shareholders and investors but also to enhance communication with a wide range of individuals who wish to know more about the Company. The report focuses on NSK's efforts to become a truly global company by sourcing the talents of diverse personnel worldwide while developing businesses rooted in regional markets.

For further information about the Company, its products, business activities, and financial position, please see NSK's web site.

www.nsk.com

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

www.nsk.com/sustainability/

PROFILE

Since becoming the first company in Japan to manufacture bearings in 1916, NSK has developed and supplied many different types of bearings. At the beginning of the 1960s, we began globalizing operations while exploiting technological prowess garnered from the production and development of bearings to launch forays into the fields of automotive products and precision machinery and parts.

The centerpiece of our Mission Statement, MOTION & CONTROL, encapsulates a commitment to providing products that control friction and curb energy loss, in order to assist global environmental protection while contributing to industrial growth and the convenience and safety of everyday life.

THE ASSESSMENT OF OUTSIDE AGENCIES

Social responsibility indexes (SRIs) include companies that promise long-term sustainable growth because they merit high evaluations for environmental and social contributions as well financial standing. Moreover, a broad range of institutional investors are attaching greater importance to such companies. Four internationally recognized SRIs include NSK as of March 2011.

Dow Jones Sustainability Indexes
http://www.sustainability-indexes.com

Ethibel Investment Register
http://www.ethibel.org/index.html

FTSE4Good Index Series
http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp

Morningstar Socially Responsible Investment Index
http://www.morningstar.co.jp/sri/index.htm

CAUTIONARY STATEMENTS WITH RESPECT TO FORWARD-LOOKING STATEMENTS

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 IS NSK

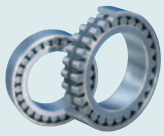
PRODUCT LINEUP

The NSK Brand: Contributing to the World through High-Performance Quality Products

NSK supplies a range of bearings and precision machinery and parts for industrial machinery as well as bearings and components for automobiles. Incorporated into machines or automobiles, these products control friction and support smooth, precise movement. Through their signature high performance and quality, NSK-brand products will continue to meet the needs of many different industries around the world.

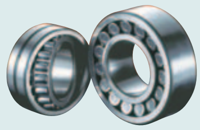
INDUSTRIAL MACHINERY BUSINESS

Industrial machinery bearings



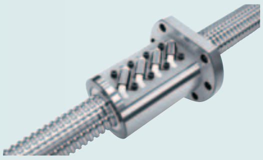
Double row cylindrical roller bearings, high-rigidity series

Miniature ball bearings

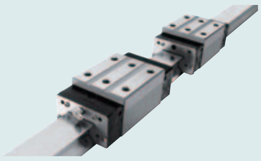


Spherical roller bearings, TL series

Precision machinery and parts



Ball screws for high-speed machine tools, HMS series



Roller guide equipped with high-performance side seals, NSK Linear Guide™

Megatorque motors™

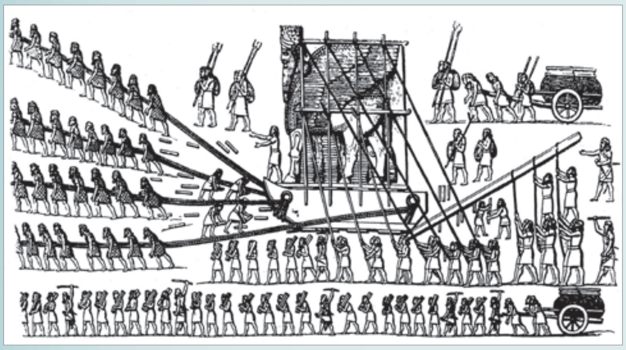
TECHNOLOGY

Keeping the World Turning, Four Core Technologies

Four core technologies have driven NSK's growth into a leading company for bearings, automotive components, and precision machinery and parts: tribology, material engineering, analysis technology, and mechatronics. We will benefit society by using these technologies as a base on which to develop further leading-edge technologies, thereby providing customers with the high-performance, quality products they need in a timely manner.

TRIBOLOGY

This science of lubrication addresses the friction and abrasion that arises when material surfaces move in contact with each other. Lubrication technology meets the demands of bearings that support rotational or liner motion applications. Furthermore, the principles of tribology trace their origins to ancient Mesopotamia, which is illustrated in a mural that shows how a heavy stone statue was transported with relative ease.



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

◎POINT 1: Energy Conservation

Bearings use rollers or balls to minimize friction that would normally arise where sliding surfaces are in continuous contact with each other. With less energy loss from friction, machinery operates more smoothly and consumes less energy.

◎POINT 2: Durability

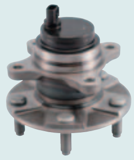
Sliding surfaces that generate friction always produce abrasion. Bearings reduce friction generated in rotating parts, which lessens abrasion and extends machine service life. Longer-lasting machinery also helps to save resources.

◎POINT 3: Reliability

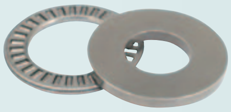
Friction is always accompanied by heat. Excessive frictional heat causes the sliding surfaces of machinery to seize up. By reducing the frictional heat, bearings prevent seizure and help machinery achieve a greater degree of reliability and help prevent malfunctions.

AUTOMOTIVE BUSINESS

Automotive bearings



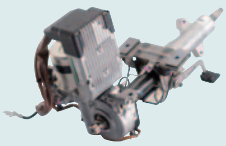
Hub unit bearing with integrated ABS sensor



Long-life lipped thrust race for use in severe lubrication conditions

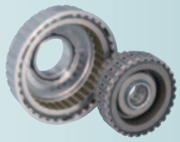
Next-generation tapered roller bearing with plastic cage design for the drivetrain market

Automotive components



Column-type electric power steering (EPS) systems

Slidable intermediate shafts



Friction clutch assemblies

MATERIAL ENGINEERING

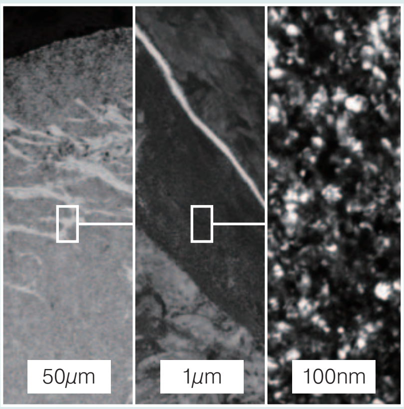
Materials are critical for bearings. NSK develops technology that enables the high-precision evaluation of the cleanliness levels of materials in order to produce highly durable bearings for a wide range of environments and operating conditions. By designing material constituents and applying heat treatment processes, we are able to increase bearing durability and reliability. Moreover, we are developing technologies that combine various technologies in order to create or enhance functionality.

ANALYSIS TECHNOLOGY

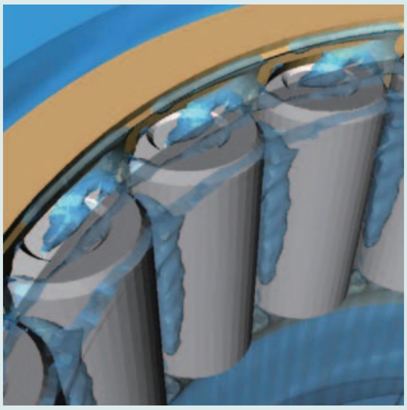
In recent years, end-users and manufacturers have sought rolling bearings that operate at higher speeds, function with higher degrees of accuracy, and reduce energy consumption. NSK applies computer simulation and analysis to meet such needs. In a computer simulation, the bearings rotate in a virtual environment where engineers are able to develop optimum designs.

MECHATRONICS

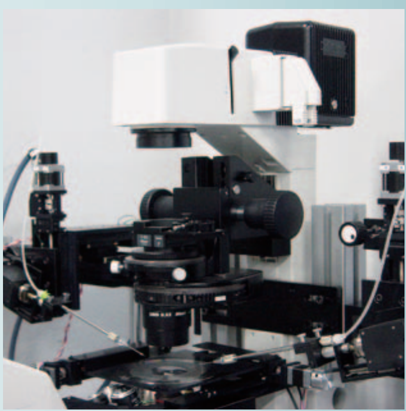
Mechatronics combines mechanical technologies—which NSK has developed for bearings, automotive components, and precision machinery and parts—with electronic technologies for sensors and motor control. By applying mechatronics, NSK creates new products in a wide range of fields. Mechatronics exemplify NSK's initiatives to integrate MOTION & CONTROL.



The structure of the material of a bearing



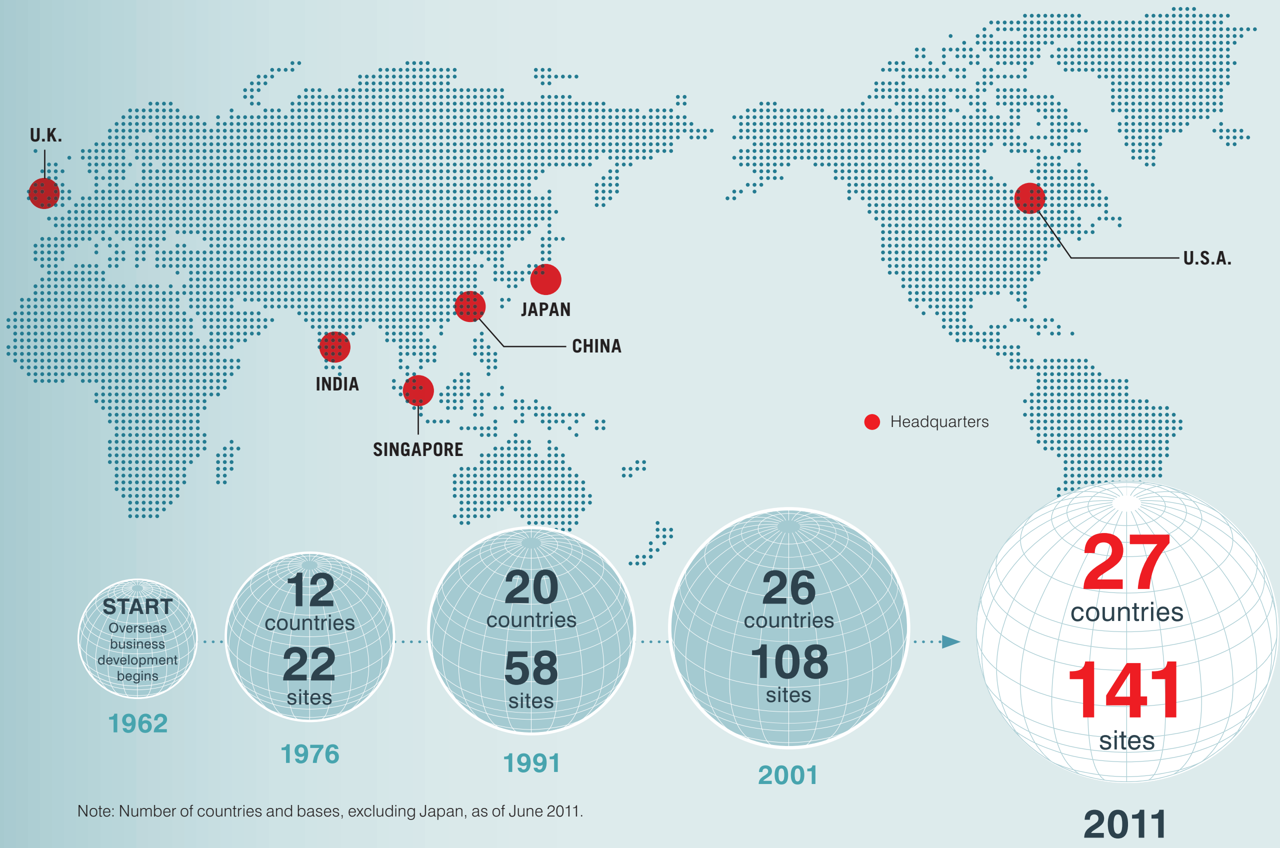
Analyzing the flow rate of lubricants for tapered roller bearings



Nano-order positioning equipment for biological cell manipulation

Catering to Diverse Needs Worldwide

Because bearings are important components of many different machines, international standardization of bearing specifications has been underway for many years. As a result, competition has developed in increasingly borderless business conditions. NSK began developing overseas business bases in earnest from the early 1960s. Since then, we have taken advantage of our technological capabilities to build a global network that caters to diverse demand around the world. Going forward, we intend to boost our presence in overseas markets even further.



Note: Number of countries and bases, excluding Japan, as of June 2011.

PROPERTY, PLANT AND EQUIPMENT / PERSONNEL BREAKDOWN

(%)

Property, plant and equipment breakdown (outer)

- Japan......................64%
- The Americas..........7%
- Europe......................8%
- Asia.........................21%

Personnel breakdown (inner)

- Japan......................43%
- The Americas.......10%
- Europe....................12%
- Asia.........................35%

NSK'S GLOBAL NETWORK

At present, NSK's network of production, sales, and technology bases comprises 65 sites in Japan and 141 sites in 27 other countries. Since the mid-1990s, we have been accelerating business development in China and other Asian nations. In Asia's growing market, NSK is building a robust, self-contained system that includes research and development and sales capabilities and provides technology-related services.

EUROPE / AFRICA	Headquarters	Production site	Sales site	R&D center	Representative office
U.K.	1	4	2	1	
Germany		1	3	1	2
France			1		
Italy			1		
Spain			1		
Poland		4	2	1	1
Norway					1
Turkey			1		
South Africa			1		

THE AMERICAS	Headquarters	Production site	Sales site	R&D center	Representative office
U.S.A.	1	7	9	1	
Canada			3		
Mexico			1		1
Brazil		1	5	1	
Peru			1		
Argentina			1		

ASIA / OCEANIA	Headquarters	Production site	Sales site	R&D center	Representative office
Thailand		2	3	1	
Singapore	1		2		
Indonesia		3	2		
Malaysia		2	4		
Philippines					1
Vietnam			1		1
India	1	3	6		
Australia			4		
New Zealand			1		
Japan	1	22	36	6	
China	1	11	17	1	1
South Korea		2	2	1	
Taiwan			6		

- Headquarters 6
- Production site 62
- Sales site......................116
- R&D center 14
- Representative office ...8

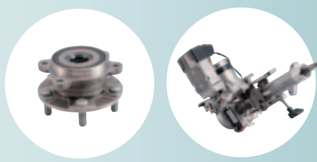
NSK Products: Playing a Key Role in an Array of Industries

Catering precisely to demand requires more than just outstanding products. We must be fully aware of the customers' technological requirements, including the characteristics of customers' industries and usage environments and the different requirements of each country or region. Over its long history, NSK has accumulated expertise for a range of industries, on which it draws to offer customers high-value-added solutions that best suit their business.

MAIN INDUSTRIES

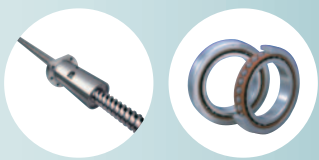
AUTOMOBILES

As a trusted quality brand, NSK's automotive products are incorporated in many different vehicles around the world. These products include hub unit bearings and various other types of bearings, EPS systems, and automatic transmission (AT) components.



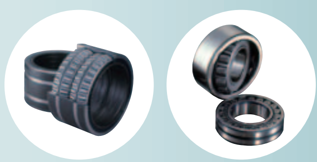
MACHINE TOOLS

Components for machine tools must conform to such technological requirements as high-speed rotation, high rigidity, and high precision. In order to satisfy these requirements, we draw on an extensive lineup of important components, including super-precision bearings, ball screws, linear guides, and spindles.



STEEL

Able to withstand the high temperatures, rapid movement, water, and contamination that characterize the unique environments of steel plants, and suited to usage entailing heavy loads and vibration shocks, our products have built a strong reputation for reliability.



IT EQUIPMENT

Pivot assembly bearing unit

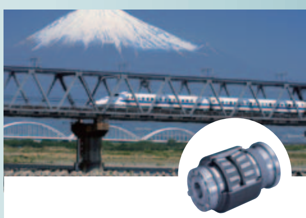
MINING AND CONSTRUCTION MACHINERY

HPS™ spherical roller bearings

WIND POWER GENERATION

Large tapered roller bearings for gearboxes

RAILWAYS



Bearings for bullet train railcars

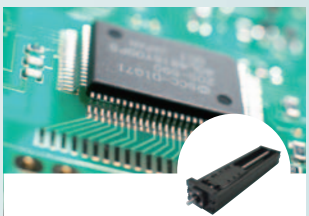
ELECTRICAL MACHINERY

Deep groove ball bearings

AGRICULTURAL MACHINERY

Large Hi-TF bearings

SEMICONDUCTORS



Monocarrier™

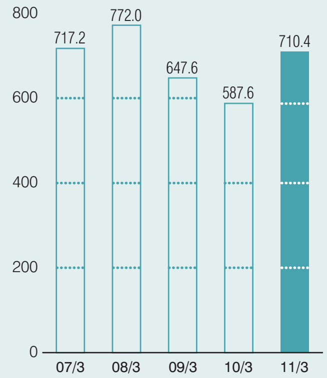
MOTORCYCLES

Various bearings for motorcycles

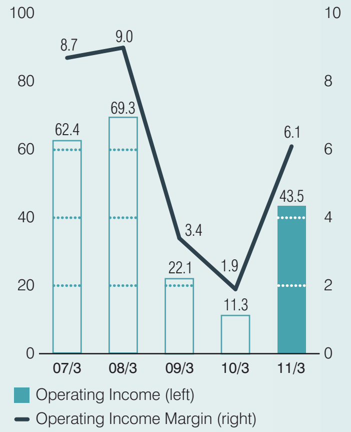
Years ended March 31	2011	2010	2009	2011 / 2010	2011
	Millions of yen Unless otherwise specified			Percent change	Thousands of U.S. dollars Unless otherwise specified
FOR THE YEAR					
Net sales	**¥710,431**	¥587,572	¥647,593	**20.9%**	**$8,559,410**
Gross profit	**147,478**	104,829	125,583	**40.7**	**1,776,843**
Operating income	**43,524**	11,305	22,106	**285.0**	**524,386**
Net income	**26,110**	4,765	4,561	**447.9**	**314,578**
Capital expenditures (excluding intangible assets)	**38,747**	19,829	41,915	**95.4**	**466,843**
Depreciation and amortization	**34,943**	37,149	39,729	**–5.9**	**421,000**
R&D expenditures	**10,515**	8,794	10,691	**19.6**	**126,687**
AT YEAR-END					
Total assets	**788,626**	789,624	744,229	**–0.1**	**9,501,518**
Net assets	**275,269**	264,688	248,787	**4.0**	**3,316,494**
Interest-bearing debt	**274,585**	304,937	323,165	**–10.0**	**3,308,253**
Number of employees (persons)	**26,334**	24,633	24,050	—	—
CASH FLOWS					
Cash flows from operating activities	**64,973**	51,108	11,785	**27.1**	**782,807**
Cash flows from investing activities	**(33,348)**	(29,355)	(46,422)	—	**(401,783)**
Cash flows from financing activities	**(32,966)**	(24,956)	50,529	—	**(397,181)**
Cash and cash equivalents at end of the year	**120,333**	123,437	124,944	**–2.5**	**1,449,795**
PER SHARE (Yen, U.S. dollars)					
Net income	**48.30**	8.82	8.44	—	**0.582**
Net assets	**475.45**	458.65	431.74	—	**5.728**
Cash dividends	**11.0**	8.0	14.0	—	**0.133**
RATIOS					
Operating income margin	**6.1%**	1.9%	3.4%	—	—
ROA	**3.3%**	0.6%	0.6%	—	—
ROE	**10.3%**	2.0%	1.8%	—	—
Net D/E ratio (times)	**0.60**	0.73	0.85	—	—

Note: The amounts represented in dollars appearing in this annual report refer to U.S. currency. Yen amounts have been translated at the rate of ¥83 = U.S.$1.00, the approximate exchange rate on March 31, 2011, solely for the reader's convenience. For more detail, please refer to the Eleven-year Summary on page 38.

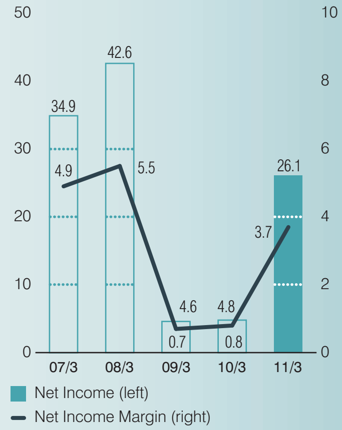
NET SALES
(¥ Billions)



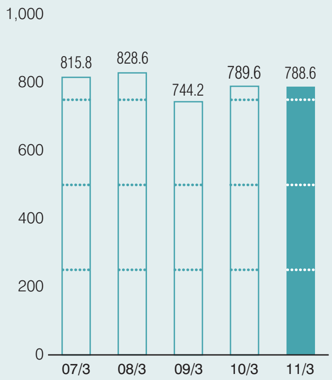
OPERATING INCOME / OPERATING INCOME MARGIN
(¥ Billions / %)



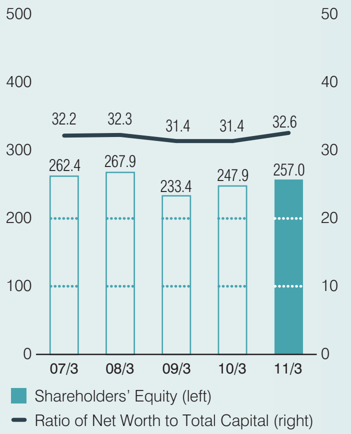
NET INCOME / NET INCOME MARGIN
(¥ Billions / %)



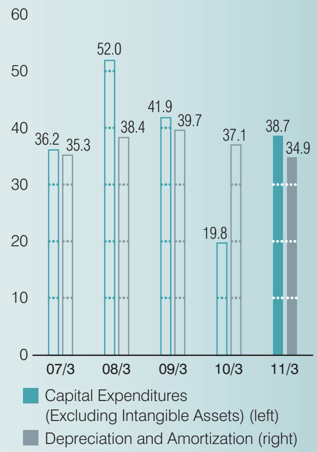
TOTAL ASSETS
(¥ Billions)



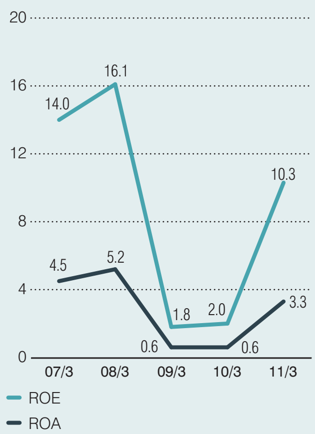
SHAREHOLDERS' EQUITY / RATIO OF NET WORTH TO TOTAL CAPITAL
(¥ Billions / %)



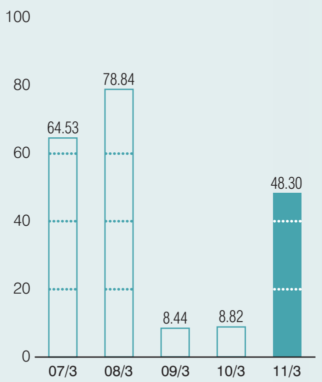
CAPITAL EXPENDITURES / DEPRECIATION AND AMORTIZATION
(¥ Billions)



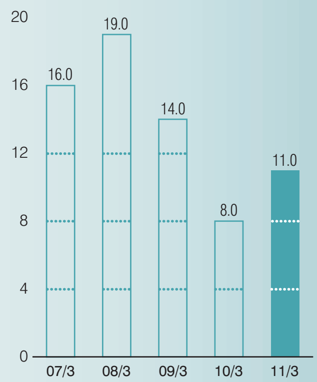
ROE / ROA
(%)



NET INCOME PER SHARE
(Yen)



CASH DIVIDENDS PER SHARE
(Yen)



> TO OUR SHAREHOLDERS AND INVESTORS

On behalf of the entire NSK Group, I would like to express our sincere condolences to those affected by the Great East Japan Earthquake of March 11 as well as convey our wishes for the rapid recovery of the affected region.

Primarily impacting the Tohoku region, the earthquake and ensuing tsunami resulted in considerable loss of life, with many losing their family, property, or livelihood. Rather than simply restoring the area to its former state, we must take a forward-looking approach and apply the lessons of this harrowing experience to reconstruction efforts. As a Japanese manufacturer, we hope to contribute to these efforts by strengthening our manufacturing and further evolving and improving our business.

The earthquake caused comparatively little direct damage to NSK, although some equipment at the Fukushima Plant and the Saitama Plant moved out of position. We were therefore able to resume normal operations within approximately 10 days of the earthquake. As for our supply chain, thanks to the restoration efforts of our business partners and the use of alternative suppliers, we were able to fulfill our supply obligations to customers. On the other hand, the crisis showed that we still need to improve the management of our entire supply chain, including secondary and tertiary suppliers. With this in mind, the need to *truly strengthen overseas manufacturing capability* has become more urgent than ever. Although strengthening overseas manufacturing capabilities is one of the goals of our mid-term plan, in addition to boosting overseas production capacity we need to localize operations for raw materials, components, and pre-processing and promote local purchasing of machinery.

The year ended March 31, 2011 began with the global economy on track for recovery as the confusion of the financial crisis subsided and the benefits of governments' economic stimulus measures emerged. During the course of the year, concern arose over risk related to European sovereign debt, exchange rate volatility, and the ending of economic stimulus measures. Nevertheless, the economic growth of emerging countries created burgeoning demand that led to a recovery in our business results. Despite the almost complete suspension of automotive manufacturing in Japan in March due to the earthquake, for the full year we were able to post significant year-on-year increases in net sales and operating income. Moreover, based on a fixed exchange rate, orders surpassed our previous peak recorded in the year ended March 31, 2008, prior to the financial crisis.

In the year ending March 31, 2012, the second to last year of the mid-term plan prepared in October 2009, Japan's overall business climate is likely to trend more strongly toward recovery, as demand stemming from rebuilding of regions afflicted by the earthquake and tsunami and inventory restocking counteract a significant reduction in manufacturing activity due to the earthquake and such risks as power shortages. Meanwhile, with respect to the global economy, we should bear in mind the risk of increased uncertainty as economic conditions waver between recovery and stagnation. We must monitor emerging trends and developments carefully, including the progress of economic recovery in the United States, the effect on the eurozone economy of southern European countries' fiscal reconstruction problems, and the risk of economic slowdown in China due to monetary tightening aimed at curbing inflation.

While closely monitoring global economic trends that are causing uncertainty as they fluctuate between recovery and stagnation, we will accelerate the implementation of the growth strategies and profitability enhancement measures set out in our mid-term plan. In addition, setting our sights on our 2016 centennial as a milestone, we aim to become a leading global company with strong earning power and highly transparent business management.

In these economic conditions, the issues we must tackle remain the same. Namely, we must step up the pace of the growth strategies and profitability enhancement measures that we are implementing in accordance with our mid-term plan. As part of our growth strategy in emerging countries, our 11th production base in China—a large size bearing plant in Shenyang, Liaoning Province—will start full-scale operations in the current fiscal year. Further, July saw the establishment of a ball bearing manufacturing company in inland China, located in Hefei, Anhui Province, which will become our 12th production base in the country. In Thailand, we have begun manufacturing electric power steering (EPS) systems. We also plan to raise production capacity at existing production bases in other regions to cater to market growth.

As a profitability enhancement measure, we are ramping up production capacity at overseas plants with a view to manufacturing 50% of products outside Japan. At the same time, however, we intend to *truly strengthen overseas manufacturing capability.* In this initiative, we will heighten the ability of local manufacturing to create added value by performing a wide range of advanced functions independently. In addition, we will work to adjust the mix of products sold to strengthen our business structure. Currently, the Automotive Business accounts for 60% of net sales, while the Industrial Machinery Business generates 40%. By growing the latter at a rate higher than the former, we aim to adjust this ratio to 55:45. Ultimately, our goal is to reach a ratio of 50:50. Improving the balance between the robust profitability of the Industrial Machinery Business and the high volume of the Automotive Business will enable an even stronger profit structure.

By our 2016 centennial, we aim to achieve net sales of ¥1 trillion. However, this does not mean that we are simply trying to increase sales. We want all stakeholders to recognize NSK as a leading global company with strong earning power and highly transparent business management.

Lastly, in July 2011 the Japan Fair Trade Commission conducted on-site investigations of NSK on suspicion that sales of certain products infringed upon Japan's Antimonopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade). At NSK, we regard the fact that we have become subject to this type of on-site investigation, despite our long-standing initiatives to strengthen compliance, with the utmost gravity. We intend to cooperate fully with the commission's investigation. In addition, we will reinforce initiatives to ensure rigorous compliance among executives and other employees.

I apologize sincerely to our shareholders, investors, and other stakeholders for the concern caused by these developments. In all our efforts, we would like to ask for your continued support and understanding.

August 2011

Norio Otsuka
President and Chief Executive Officer

> AN INTERVIEW WITH THE PRESIDENT

Norio Otsuka
President and
Chief Executive Officer

In the year ended March 31, 2011, we achieved significant increases in revenues and earnings thanks to demand from emerging countries and measures to boost profitability. As a result, we are recording solid progress toward the goals of the mid-term plan. Going forward, we will simultaneously expand our scale and make qualitative improvements as we accelerate efforts to ensure sustained growth.

Q1 How did NSK perform in the year ended March 31, 2011?

The Industrial Machinery Business and Automotive Business posted substantial increases in revenues and earnings due to heavy demand accompanying the economic growth of emerging countries.

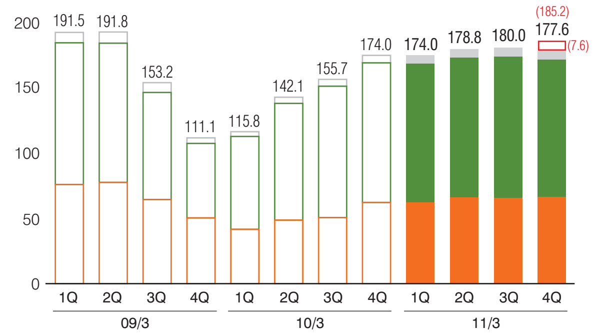
Compared with the previous year, ended March 31, 2010, which saw a marked recovery from the slump that followed the financial crisis, in the year ended March 31, 2011 the pace of recovery slowed on a quarterly basis. However, growth in emerging countries fueled strong demand, making it a very busy year for us.

In the Industrial Machinery Business, demand from the wind power generation sector remained unchanged from the previous year. In addition, demand for hard disk drives (HDDs) was lackluster in the second half. Overall, however, demand picked up as a result of strong demand in Asia, mainly for construction machinery, machine tools, and general machinery, higher demand in Europe due to brisk exports that reflected the euro's weakness, and solid aftermarket sales.

Meanwhile, the Automotive Business saw demand surpass its previous high-water mark thanks to tax reductions, subsidies, and other government incentives and favorable sales of vehicle models

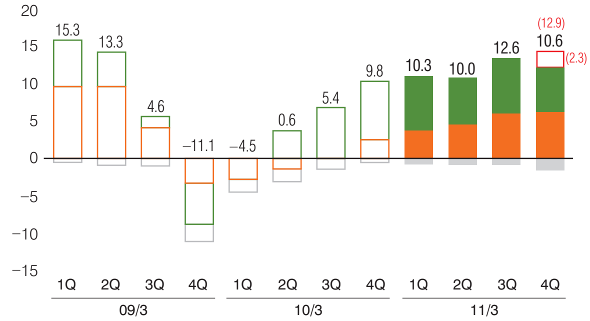
QUARTERLY BUSINESS RESULTS

NET SALES
(¥ Billions)



Industrial Machinery Business Automotive Business Others
Effect of the earthquake disaster on net sales

OPERATING INCOME
(¥ Billions)



Industrial Machinery Business Automotive Business Others
Effect of the earthquake disaster on operating income

for which we supply automotive bearings and components. In the second half, the cessation of subsidies in Japan for eco cars softened demand, and customers' production rates dropped sharply after the earthquake in March. Nevertheless, higher demand from emerging countries and the startup of new manufacturing of electric power steering (EPS) systems contributed to an overall rise in sales.

Our initiatives to cater to order volumes while keeping fixed costs to a minimum, improve productivity, and reduce procurement costs compensated for a rise in the price of steel, appreciation of the yen, the cost of establishing new overseas subsidiaries, and higher development costs for EPS systems. This enabled us to increase revenues and earnings significantly. Specifically, we achieved year-on-year increases of 20.9% in net sales, to ¥710.4 billion; 3.8 times in operating income, to ¥43.5 billion; 5.1 times in ordinary income, to ¥38.6 billion; and 5.5 times in net income, to ¥26.1 billion. Before the financial crisis, net sales peaked at ¥772.0 billion for the year ended March 31, 2008. However, if we apply that year's currency exchange rate to orders for the year ended March 31, 2011, they surpass ¥800.0 billion.

By business segment, the Industrial Machinery Business saw a 28.3% year-on-year rise in net sales, to ¥259.1 billion, and achieved operating income of ¥20.4 billion, compared with the previous fiscal year's operating loss. The Automotive Business recorded year-on-year expansion of 15.7% in net sales, to ¥424.2 billion, and 47.1% in net income, to ¥26.9 billion. The Great East Japan Earthquake had negative effects of ¥7.6 billion on the net sales of the Automotive Business, ¥2.1 billion on its operating income, and ¥0.2 billion on the operating income of the Industrial Machinery Business.

SUMMARY OF THE MID-TERM PLAN

NUMERICAL TARGETS OF THE MID-TERM PLAN

	Year ending March 31, 2013
Net sales	¥780.0 billion
Operating income	¥66.0 billion
Ordinary income	¥62.0 billion
Net income	¥37.0 billion
Operating income margin	8.5%
ROE	14.0%
Net D/E ratio	0.5 times
Assumed currency exchange rate	US$=¥90 EURO=¥120

Q2 How do you view the progress made and the direction taken during the first two years of the mid-term plan, and what direction will you take going forward?

Our measures to reach the targets of the mid-term plan are progressing well. In the remainder of the mid-term plan period, we will concentrate on efforts to *truly strengthen overseas manufacturing capability* and adjust the share of net sales that the Automotive Business and the Industrial Machinery Business generate in order to achieve a better-balanced business structure.

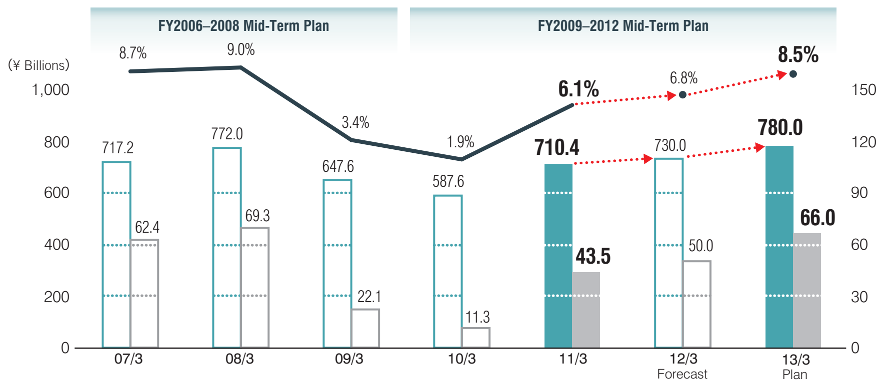
We based our third mid-term plan—announced in November 2009 and covering the year ended March 31, 2010, through to the year ending March 31, 2013—on the assumption that in the wake of the financial crisis the global economy would not resume fully fledged growth for some time. Furthermore, we expected there would be two structural changes or "paradigm shifts": the emergence of a huge high-volume market termed the "volume zone," and a significant change in business conditions due to the advance and adoption of such technological innovations as electric cars. To steadily prepare for these changes, we began implementing a basic strategy of building a business foundation that would realize net sales of ¥1 trillion.

When we prepared the plan, the outlook for recovery following the financial crisis was uncertain, so we had to take a conservative view of the future. As it turned out, demand picked up more quickly than we had expected, with order volumes returning to the level of their previous peak. In response to this recovery in demand, we have worked to increase production while keeping the rise in fixed costs to a minimum. This has produced a steady recovery in profitability. We are also making good progress toward the financial targets set out in the mid-term plan. Net sales and operating income have reached levels that put the plan's final year numerical targets well within reach. In addition, ROE passed the 10% mark for the year ended March 31, 2011. Moreover, at 0.6 times on March 31, 2011, the net D/E ratio is nearing the plan's ultimate target.

Because our initial demand-recovery forecasts were modest, our supply capabilities were unable to keep up in some areas. Therefore, the need to raise production capacity has become more pressing. Until now, in the growth area comprising emerging countries, particularly China, we have increased production capacity cautiously. In the future, however, we will step up the pace of these efforts.

In the current fiscal year, ending March 31, 2012, although automobile manufacturing has slumped, particularly in the first quarter, it is likely to recover in the second half and return to pre-earthquake levels. Our highest-priority task is to reach the targets set out in the mid-term plan. Following this, we must cement our foundations for the coming mid-term plan. In other words, we will focus on growth strategies and profitability enhancement measures with a view to realizing the ¥1

MID-TERM PLAN: PROGRESS



	07/3	08/3	09/3	10/3	11/3	12/3 Forecast	13/3 Plan
ROE	14.0%	16.1%	1.8%	2.0%	10.3%	—	14.0%
Net D/E ratio	0.69 times	0.56 times	0.85 times	0.73 times	0.60 times	—	0.5 times
US$ EURO	¥116.93 ¥150.35	¥114.55 ¥162.22	¥100.74 ¥144.47	¥92.83 ¥130.89	¥85.63 ¥112.92	¥80 ¥110	¥90 ¥120

■ Net Sales (left) ■ Operating Income (right) — Operating Income Margin trillion net sales target and stronger earning power in tandem. In concrete terms, we intend to *truly strengthen overseas manufacturing capability.* Accordingly, we will raise local purchasing and heighten the ability of local manufacturing to create added value by performing a wide range of advanced functions independently. A second key initiative will be to improve our business structure by adjusting the composition of sales so that the Automotive Business and the Industrial Machinery Business each account for 50% of net sales.

Q3 Growth strategies are one of the pillars of the mid-term plan. Can you explain your priority measures based on these strategies?

We will accelerate the implementation of global growth strategies centered on expanding our presence in emerging regions and growing sales of EPS systems.

Our main growth strategies are to boost our presence in emerging regions and expand sales of EPS systems, which are strategic growth products.

As initiatives to increase our presence in emerging regions, we will continue ramping up production capacity at existing manufacturing bases and expanding existing sales bases in China, the ASEAN region, and India. We view China as our highest-priority region and have made significant advances toward building an autonomous management system that incorporates manufacturing, sales, and technical capabilities with the October 2009 establishment in China of the China Technology Center. Further, we have begun establishing manufacturing bases in northeastern China, in Shenyang, Liaoning Province. Whereas until recently we had mainly established manufacturing bases along the Chinese coastal region, with the construction of our 10th manufacturing base in Shenyang, Liaoning Province, which has begun producing precision machinery and parts, we have expanded into northeastern China. In the same city, we have also established a large-bearing manufacturing company that will become our 11th base when we complete construction in December 2011. Through these efforts, we aim to offer a full product lineup in China. In addition, we have begun creating manufacturing bases in inland China with the July 2011 establishment of a manufacturing company in Hefei, Anhui Province. As our 12th manufacturing base, this company will expand our product lineup and production capacity for ball bearings, an area in which we have particular expertise.

As for India, we established a regional headquarters in the country in April 2010. In South America, we created a sales subsidiary in Peru in March 2010. And in the aftermarket sector, we are focusing on emerging regions as we continue to enlarge our network of sales distributors.

For EPS systems, which are strategic growth products for NSK, we won orders for customers' new business projects—a prerequisite for achieving the mid-term plan's ¥140 billion sales target. In the year ended March 31, 2011, customers began large-scale business projects in China, and they plan to increase the number of vehicles produced during these projects. Currently, we are concentrating on launching efforts to cater to orders received and winning orders for planned vehicle models. In another initiative, in September 2010 we collaborated with Toshiba Corporation to establish a joint venture company, ADTech Corporation, which is tasked with developing electronic control technology for steering. Through this partnership, we aim to respond even more rapidly to the emergence of ever-more advanced steering control technology. Worldwide unit production of automobiles has recovered and grown more quickly than we projected when preparing the mid-term plan. Looking ahead, emerging countries and small vehicles are likely to drive sales growth. Given these trends, we expect further opportunities to expand sales of our column-type EPS systems.

Q4 **The other pillar of the mid-term plan comprises profitability enhancement measures, which are critical for achieving the final year's numerical targets. How is NSK progressing with these measures?**

So far earnings have recovered rapidly. Mindful of the increasingly tough competitive conditions, however, we will continue our profitability enhancement measures.

Earnings have rebounded swiftly so far, for two reasons. First, in our manufacturing operations we sought to keep fixed costs as low as possible while addressing a stronger-than-expected pick-up in orders as demand recovered after the financial crisis. Second, we reorganized manufacturing, mainly by boosting production capacity overseas, and took measures to improve productivity. Thanks to these efforts, the Industrial Machinery Business realized a double-digit operating income margin on a quarterly basis, while at one point the operating income margin of the Automotive Business surpassed 7%.

On the other hand, the pace of operating income recovery is slowing due to further strengthening of the yen, the cost of establishing new manufacturing bases overseas, and rising labor costs accompanying higher order volumes.

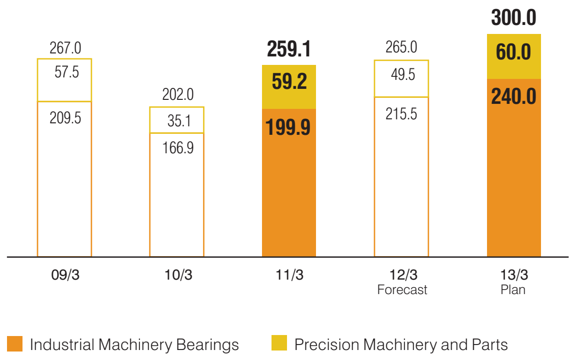
In the year ending March 31, 2012, although the effects of the earthquake are likely to persist in the first half, we expect that a second-half recovery will enable earnings to trend toward improvement, as they did before the earthquake. Assuming net sales and operating income reach the levels we are projecting for the second half of the current fiscal year, I think we are fully capable of achieving the earnings targets for the last year of the mid-term plan.

Nevertheless, the continuation of profitability enhancement measures is absolutely critical if we are to remain among those companies in the "winning group." This is clear when we consider the increasingly fierce competition in such growth sectors and growth regions as high-volume markets and

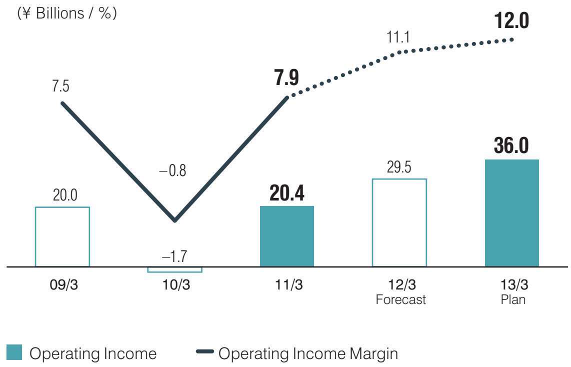
MID-TERM PLAN: PROGRESS BY BUSINESS SEGMENT

INDUSTRIAL MACHINERY BUSINESS

• **NET SALES**
(¥ Billions)



• **OPERATING INCOME / OPERATING INCOME MARGIN**
(¥ Billions / %)



emerging countries as well as the need to increase operating income during the next mid-term plan period and beyond. Aiming to further improve earnings and raise profitability to a new level, we will step up efforts to *truly strengthen overseas manufacturing capability*, reweight our business portfolio toward the Industrial Machinery Business, and enhance the profitability of the Automotive Business. Moreover, in order to create the systems to lead these initiatives, we intend to accelerate the strengthening of our business division structure and the reinforcement of our global management system.

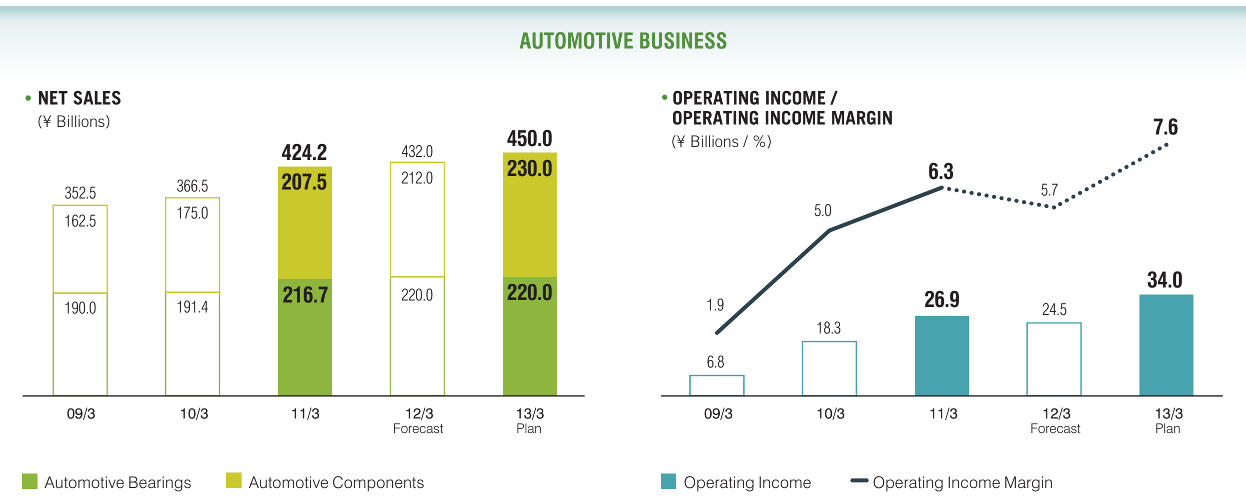
Q5 Why did you change to a two-segment system comprising the Industrial Machinery Business and the Automotive Business? And what are the tasks facing each business segment?

We made the change in order to advance global strategies under the leadership of the two business division headquarters. Our priority tasks are to increase the sales of the Industrial Machinery Business and strengthen the earning power of the Automotive Business.

From the year ended March 31, 2011, we reorganized our business segments in order to center our operations on customers. Accordingly, we changed from a three-segment system based on industrial machinery bearings, automotive products, and precision machinery and parts to a two-segment system comprising the Industrial Machinery Business and the Automotive Business. Our aim was to give each business division discrete manufacturing, sales and marketing, and design functions in order to further enable business-based management that is highly responsive to customers' needs and market conditions. In addition, we wanted to speed up the implementation and advancement of the two main policies of the mid-term plan—its growth strategies and profitability enhancement measures—under the global strategies and leadership of the respective business division headquarters.

As for the tasks the business segments must address, simply put, the Industrial Machinery Business has to increase its sales, and the Automotive Business must increase its profitability.

Around the world, the Industrial Machinery Business has been able to exploit its advantages in sectors where Japanese industry and end-users are strong, such as electrical machinery, steel, and machine tools. However, in the global market, demand for industrial machinery is wide-ranging and varied. There is no guarantee that future growth opportunities will arise in the sectors where NSK has established advantages. Infrastructure-related business in emerging countries and the environmental energy industry promise to continue growing significantly, but intensified competition will likely accompany this increase in demand. Therefore, I want to accelerate efforts to increase sales across a broad spectrum of industrial sectors. In these initiatives, we will analyze the characteristics and



growth potential of each market and clearly identify target customers. Further, targeting overseas customers for industrial machinery, we plan to expand initiatives in which we post NSK engineers to customers' bases on a permanent basis, provide technical advice about NSK products, strengthen relationships with customers, and seek further orders. In the aftermarket sector, we have focused efforts on acquiring end-users and expanding sale channels. We have now reached a stage where we can reap the benefits of these efforts while continuing to expand and develop our sales network and its foundations. Catering to a wide range of industrial sectors and expanding the aftermarket business will require us to deploy considerable resources. Given that these business areas will drive profit growth, however, I intend to accelerate initiatives to boost sales in such areas.

In the Automotive Business, emerging countries are likely to drive continued growth in automotive manufacturing worldwide. However, in the largest growth sectors—small vehicles and high-volume markets—competition is already becoming fiercer. This competition is taking place between not only Japanese and Western manufacturers but also manufacturers of finished vehicles from around the world, including local manufacturers. As a result, the components business is receiving ever-more exacting requests from customers to reduce costs. Consequently, it becomes increasingly important to realize optimal designs for small vehicles for emerging countries, build in cost reductions at the mass production preparation stage, boost local purchasing of raw materials and components, and strengthen the cost-competitiveness of overseas manufacturing. In other words, to a greater degree than before, differences in competitiveness are determining whether or not companies can win new business and ensure profitable operations. Considering these trends, I think we are entering an era of intense competition in which we must achieve a profit structure that is less dependent on high volume. In addition, I think this era will test both the all-round capability and the true competence of our operations.

Q6 **NSK will celebrate its 100th anniversary in 2016. What type of corporate profile do you think the Company should target?**

Based on a global management system, we aim to increase our scale and evolve qualitatively to become a leading global company.

Previously I have stated that our goal is to achieve net sales of ¥1 trillion around the time of our centenary in 2016. Net sales are the most readily understandable measure of a company's size. In addition, they give a good idea of the speed and scale of a company's past growth and enable comparisons with other companies. For NSK, the significance of the ¥1 trillion net sales target is twofold. First, aiming for sales on a different order of magnitude represents an ambition to boost the Company's scale. Second, the target is a yardstick by which we can measure the results of our growth strategies. However, we are not simply aiming to grow the scale of net sales. As we expand sales, improving qualitatively as a company becomes an extremely important task. In addition to increasing profitability, efficiency, stability, and growth potential, we aim to develop business management and management structures that are highly transparent and respond to society's expectations in relation to corporate governance, corporate social responsibility, and environmental business management.

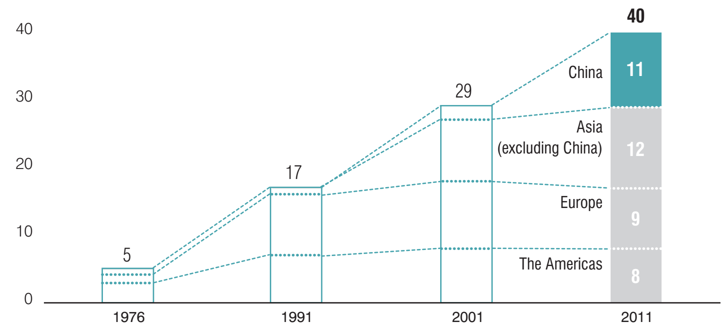
NSK's business is global, encompassing more than 200 bases in 28 countries around the world, including Japan. Moreover, future growth regions are overseas. This is why strengthening our global management system is key to our future development. In light of the growing importance of overseas business, in June 2011 we included in our senior management team three non-Japanese members, who serve as executive officers or Group officers. I want to have more non-Japanese participating in NSK's management in the future.

NSK's business is founded on a range of products that reduce energy loss. I believe that even more business opportunities will emerge overseas for suppliers of highly efficient components for the machinery sector. While seizing these opportunities, we want to earn a reputation as a leading global company among a range of diverse stakeholders. To this end, under a global management system, we will exploit NSK's product lineup and product quality, cost-competitiveness, supply capabilities, and global presence to evolve into a company that delivers not only in quantity, but also in quality.

> SPECIAL FEATURE: STRAIGHT AHEAD

Targeting Net Sales of ¥1 Trillion through Overseas Manufacturing Strategy

NSK'S OVERSEAS MANUFACTURING BASES



INTRODUCTION

NSK's establishment of manufacturing bases for standard ball bearings in the Americas and Europe in the early 1970s marked the beginning of the Company's manufacturing overseas. In the 1980s, we expanded our overseas network of manufacturing bases for these products as Japanese companies established electrical machinery and automobile manufacturing outside Japan.

The 1980s also saw us steadily develop local manufacturing in the Americas, Europe, and Asia for such automotive products as hub unit bearings and steering-related products. From the second half of the 1990s, in step with Asia's dramatic economic development, we established plants in China and ASEAN countries. Since the turn of the century, we have worked to establish manufacturing bases for electric power steering (EPS) systems—a growth product—in the Americas, Europe, and Asia and raise their production capacity.

As of June 2011, NSK has 40 overseas manufacturing bases in 11 countries, of which 11 are in China. Based on our growth strategy, we intend to expedite the expansion of our network of manufacturing bases in emerging countries. However, to *truly strengthen overseas manufacturing capability*, rather than simply ramping up production capacity, we must heighten the ability of local manufacturing to create added value by performing a wide range of advanced functions independently.

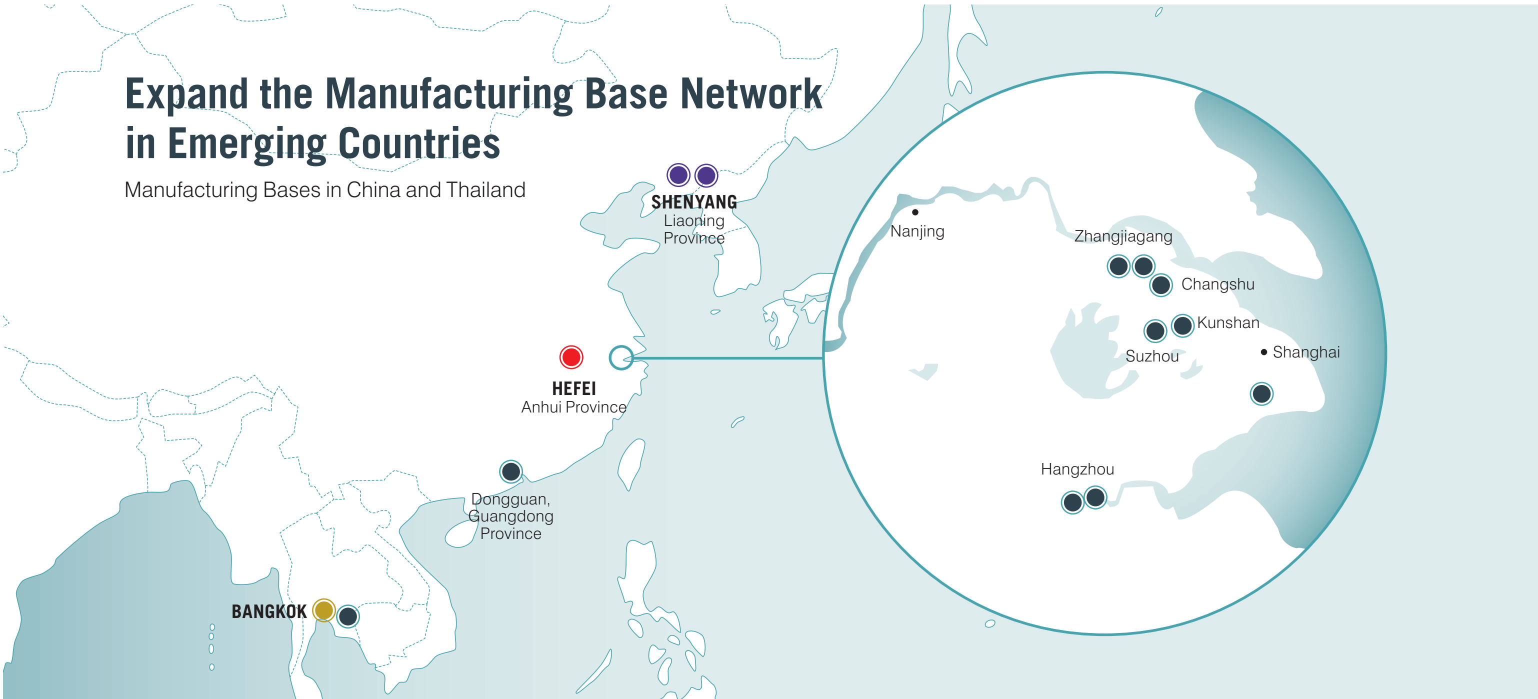
This special feature gives a close-up of the overseas manufacturing strategies that are key to NSK's drive to reach net sales of ¥1 trillion in or around 2016—the 100th anniversary of the Company's foundation.

Expand the Manufacturing Base Network in Emerging Countries P.18

Truly Strengthen Overseas Manufacturing Capability P.20

Expand the Manufacturing Base Network in Emerging Countries

Manufacturing Bases in China and Thailand



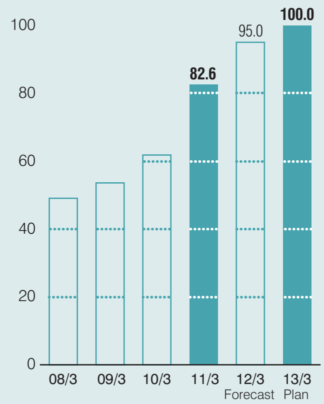
ESTABLISHING MANUFACTURING BASES TO BENEFIT FROM GROWING DEMAND

In the early 1970s, our overseas expansion focused on the Americas and Europe. Since establishing operations in China, the ASEAN region, and India in the second half of the 1990s, we have continued expanding our network of manufacturing bases in such emerging countries because they are becoming increasingly important as growth regions. Ahead of competitors, NSK began developing operations in China, now a major driver of the global economy. Exploiting this advantage, we are accelerating initiatives to grow our leading share of China's bearing market.

We are making favorable progress toward net sales of ¥100 billion in China, set as a target for the mid-term plan's final year, ending March 31, 2013. With China's 12th five-year plan providing a tailwind, the country's market promises further growth. Reflecting this buoyancy, conditions in the bearing industry call for companies to expand operations rapidly. Therefore, NSK has recently begun manufacturing precision machinery and parts at its 10th base in China, in Shenyang, and will soon begin manufacturing large bearings at an 11th base. In addition, a 12th base is slated to start up ball-bearing manufacturing in the near future in Hefei. These new bases will enable us to offer a more comprehensive product lineup and expand our operations in China.

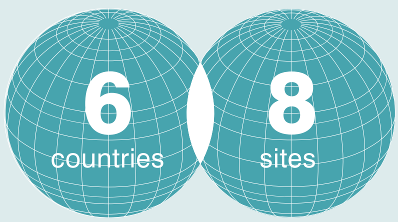
In addition, we aim to rapidly establish a self-contained management system that includes manufacturing, sales, and technological development capabilities and which can cater to the needs of China's market promptly and precisely. To this end, we plan to shift toward a management team mainly comprising local personnel. These initiatives will enable us to conduct business in China as a true insider.

NET SALES IN CHINA
(¥ Billions)



EXPANDING OUR EPS SYSTEM PRODUCTION NETWORK

In Thailand, the center of the ASEAN region's automotive industry, we have begun manufacturing EPS systems, which are a strategic growth product. As well as fulfilling the obligation to meet local demand as the ASEAN region's first EPS system manufacturing base, our new plant will play a major role in expanding and improving our global production and supply network for EPS systems.



Building a global supply system comprising eight bases in six countries, with Thailand as the latest addition

ESTABLISHING A BRIDGEHEAD IN CHINA'S INLAND REGION

As the achievement of net sales of ¥100 billion in China comes within our reach, raising production capacity in order to realize our expansion plans beyond this target has become an urgent task. This is because the Kunshan Plant does not currently have sufficient production capacity to meet the extremely strong demand for ball bearings in China. Therefore, with a view to starting up operations in August 2012, we have established a new manufacturing subsidiary, NSK Hefei Co., Ltd., in Hefei, Anhui Province, located in China's inland region. Utilizing the Kunshan Plant and the Hefei Plant, in China we will increase production of ball bearings, one of our mainstay products.

The Hefei Plant will become NSK's first manufacturing base in China's inland region. We chose Hefei for three reasons: it has an established industrial infrastructure; it is near major clients engaged in electrical machinery and automotive manufacturing; and it has some of China's leading science and engineering universities, which makes it easy to secure talented personnel. Moreover, we aim to make the Hefei Plant a truly Chinese endeavor. The president of the plant's parent company is Chinese, and we plan to use equipment made in China at the plant. In addition, instead of using a plant in Japan as the mother plant, for the first time we will use a plant in China, the Kunshan Plant, to fulfill this role.

COMMENCING FULL-SCALE OPERATIONS AT TWO PLANTS IN SHENYANG

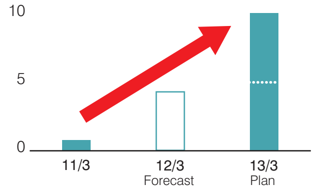
For the first time, NSK established an operational presence in northeastern China by creating a manufacturing base in Shenyang, Liaoning Province, in the year ended March 31, 2011. We aim to build a foothold for future operational expansion that will cater to demand in northeastern China—a hub for heavy industry and the machine tool industry. Moreover, the ball screws and large bearings produced by the new plant will give us a full product lineup locally. NSK will capitalize on this advantage to make its leading position in China even more unassailable.

Our first plant in Shenyang began manufacturing ball screws in April 2010. However, we postponed the transfer of equipment from the Maebashi Plant of NSK Precision Co., Ltd., and NSK Kyushu Co., Ltd., to this new plant in order to meet a surge in global demand. Nevertheless, from 2011 we have resumed transfer operations, and we are steadily strengthening manufacturing in Shenyang. This initiative will restructure costs and boost our ability to withstand demand fluctuations.

In the meantime, since March 2011 we have been making effective use of the vacant space at the Shenyang ball screw plant to begin manufacturing large bearings ahead of schedule. Aiming to raise our large-bearing production volume and product range, we are installing equipment and proceeding with a variety of preparations for production at our second plant in Shenyang, due for completion in December 2011.

NET SALES OF SHENYANG PLANTS (BEARINGS AND BALL SCREWS)

(¥ Billions)



LAUNCHING EPS SYSTEM MANUFACTURING IN THAILAND

The growth driver of the Automotive Business, EPS systems are likely to see sustained demand growth due to a shift away from traditional hydraulic power steering systems and the increasing incorporation of EPS systems, particularly in small vehicles, reflecting the introduction of new vehicle models to emerging regions.

Because Thailand is expected to be at the forefront of the growing demand for EPS systems in the ASEAN region as manufacturing of small fuel-efficient vehicles increases, Siam NSK Steering Systems Co., Ltd., began manufacturing EPS systems in Thailand from June 2011. The new plant will cater to growing local purchasing needs by supplying EPS systems for vehicle models that automotive manufacturers are manufacturing in Thailand and in the ASEAN region for worldwide markets.

We operate a worldwide network for EPS system manufacturing that includes Japan, Poland, the United States, China, India, and now Thailand. We aim to further expand our EPS system business globally by winning a rising volume of orders for the new vehicle models that are going into production during the period of our next mid-term plan. With this in mind, we will use our EPS system manufacturing network efficiently and consider further expanding it.

Truly Strengthen Overseas Manufacturing Capability

BECOMING A TRULY GLOBAL COMPETITIVE COMPANY

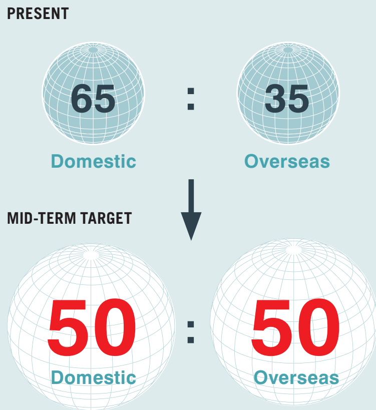
Currently NSK manufactures 65% of its products in Japan and 35% overseas. Half are sold in Japan and the remainder overseas, with exports from Japan supplementing overseas sales. Aiming to manufacture 50% of our products overseas, we intend to speed up current efforts to boost overseas production capacity, with a particular focus on emerging countries as a growth area. By raising the percentage of overseas manufacturing, we will develop a robust operational structure with less susceptibility to exchange rate fluctuations, greater competitiveness in areas of demand, and more flexible supply capabilities.

However, raising the overseas production ratio is not our sole aim in redoubling efforts to expand overseas manufacturing. An equally important goal is to *truly strengthen overseas manufacturing capability*. To this end, we must reinforce our global management system while heightening the ability of local manufacturing to add value by performing a wide range of advanced functions independently.

In the initial phases of our overseas manufacturing efforts, we used to send knock-down parts from Japan for completion at overseas plants. Currently, however, localizing operations is the key to bolstering the efficiency and quality of overseas operations—particularly at plants in emerging countries. This includes raw materials and parts purchasing, pre-processing such as forging and lathe turning, and production equipment purchasing. Accordingly, in light of the industrial structure of each region and whether or not it has competitive suppliers, we will purchase raw materials, parts, and equipment from the overseas plants of Japanese manufacturers or growing local manufacturers. At the same time, we intend to speed up the expansion of overseas materials and parts purchasing across regions.

As part of efforts to strengthen our global management system, we welcomed three non-Japanese executive officers or Group officers into our headquarters management team in June 2011. In the future, we intend to appoint more non-Japanese to global positions, actively recruit personnel in Asia, and use non-Japanese employees in our global operations at headquarters. In conjunction with these initiatives, we will deploy local employees to strengthen the management teams at our overseas bases.

RATIO OF DOMESTIC PRODUCTION TO OVERSEAS PRODUCTION

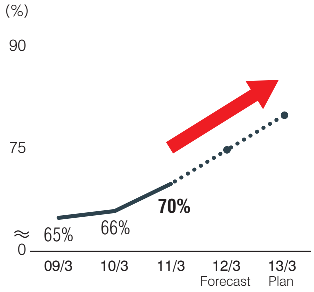


PROMOTING LOCAL PURCHASING

Locally purchasing steel materials or parts imported from Japan or other countries exposes us to the risk of exchange rate fluctuations. Therefore—with the satisfaction of quality, cost, and supply requirements as a precondition—we must switch over to locally manufactured products wherever possible.

Furthering localization will enable us to strengthen the foundations of our overseas manufacturing by reducing susceptibility to exchange rate fluctuations, achieving self-contained regional supply chains, and improving the efficiency and quality of local operations.

PERCENTAGE OF RAW MATERIALS / PARTS PROCURED LOCALLY



Steel Materials

- Our plants in China are already using Chinese materials, and our plants in South Korea use South Korean materials. We plan to raise the proportion of materials procured locally. Moreover, to reduce costs, plants in Southeast Asia, the United States, and Europe have begun using Chinese and South Korean materials.
- Aiming to use Indian materials in India, we are proceeding with quality checks required for approval.
- In the United States and Europe, we are moving forward with initiatives to purchase materials from local manufacturers.

Pre-Processing

- Exporting forged, lathe-turned, or other pre-processed parts from Japan or China to other regions incurs significant transportation costs and exposes us to exchange rate risks. Therefore, we need to conduct pre-processing locally and in-house wherever possible.
- We are already progressing with in-house pre-processing at our plants in China, Thailand, and the United States, and we will work to increase this percentage.
- In Indonesia, we are switching to local pre-processing of some parts that we used to import.

Parts

- In collaboration with Japanese suppliers that already have an overseas presence, we are jointly advancing the use of local materials for parts manufacturing.
- We are expanding our use of local parts manufacturers in various regions overseas.
- We are purchasing cost-competitive parts manufactured in China or Southeast Asia for use in the United States and Europe.

Steel Balls

- Since making AMATSUJI STEEL BALL MFG. CO., LTD., a wholly owned subsidiary in 2006, we have been accelerating a global strategy for steel balls.
- Specifically, by raising production capacity in China, Indonesia, Poland, and the United Kingdom, we are supplying local NSK plants and increasing external sales.

Equipment

We are improving cost-competitiveness through local purchasing or in-house manufacturing of production equipment and various fixtures and fittings.

REALIZING NON-JAPANESE MANAGEMENT AND SELF-CONTAINED MANAGEMENT

As markets become increasingly borderless, NSK's business will become more globalized. Given this trend, we must boost our production capacity, sales capabilities, and technology development capabilities on a global basis in order to keep growing as a truly robust company. This makes it even more important than ever for us to develop personnel who can manage and coordinate such initiatives in each region and strengthen local operational management capabilities.

Accordingly, we intend to raise the number of non-Japanese managers and delegate responsibility to local managers. Based on a grasp of NSK's overall strategies, such managers will need to be able to communicate their managerial approach and decisions effectively to local employees. To facilitate this, we need to reform our management style and systems without being shackled by traditional Japanese business practices.

In addition, we will steadily delegate authority to regional headquarters for important strategic decisions that have until now required the approval of the headquarters management team. For example, we intend to accelerate localization so that our regional headquarters in China leads the preparation of local growth strategy. Furthermore, in principle, NSK will use funds earned in China for capital investment in the region. In other words, for each region we plan to shift toward self-contained management of personnel, funds, and overall operations.

Self-Contained Business Management

- Non-Japanese management team
- Decision making on important strategies
- Funds earned locally reinvested in the region
- Mother plants and R&D centers within the region

Business Segments

Change in Business Segments

From the year ended March 31, 2011, NSK changed from the three-segment system divided by products that it used until the year ended March 31, 2010, to a two-segment system based on businesses: the Industrial Machinery Business and the Automotive Business. Establishing integrated manufacturing, sales and marketing, and design functions under the respective business division headquarters, the Group will strengthen global competitiveness while focusing its efforts on customer needs.

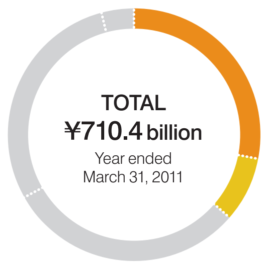
Previous Business Segments

- INDUSTRIAL MACHINERY BEARINGS
- AUTOMOTIVE PRODUCTS
- PRECISION MACHINERY AND PARTS

INDUSTRIAL MACHINERY BUSINESS

Industrial Machinery Bearings / Precision Machinery and Parts

NET SALES
(%)



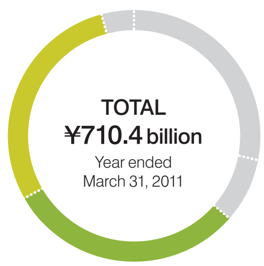
¥259.1 billion
36%

- Industrial Machinery Bearings 28%
- Precision Machinery and Parts 8%

AUTOMOTIVE BUSINESS

Automotive Bearings / Automotive Components

NET SALES
(%)



¥424.2 billion
60%

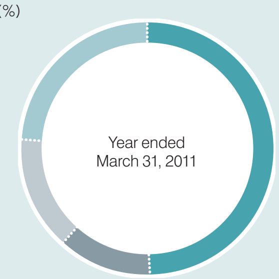
- Automotive Bearings 31%
- Automotive Components 29%

Geographical Segments

Market Trends and Business Overview

In the year ended March 31, 2011, overall the global economy recovered modestly thanks to economic growth among emerging countries, particularly in China and the ASEAN region. Japan saw steady trends, reflecting higher demand for construction machinery and machine tools from countries such as China and expanded automotive manufacturing accompanying a rise in exports. In the Americas and Europe, aftermarket orders were up due to a pick-up in the economy and higher sales. Moreover, automotive manufacturing recovered during the year. In Asia, demand was steady as automotive markets in China and Thailand expanded.

NET SALES BREAKDOWN BY CUSTOMER LOCATION
(%)



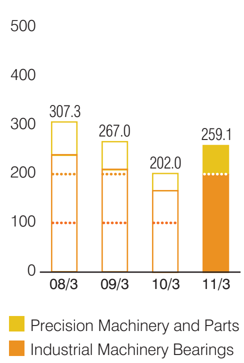
- Japan 50%
- The Americas 12%
- Europe 14%
- Asia 24%

SEGMENT PROFILE

As a comprehensive bearing manufacturer, this business segment boasts a full lineup of industrial machinery bearings while producing such precision machinery and parts as ball screws, linear guides, and mechatronic products. The business segment's products in these two areas are used in domestic appliances, personal computers, and a broad range of industrial machinery. They are also widely used in business areas with promising growth potential, including cutting-edge medical equipment and clean energy.

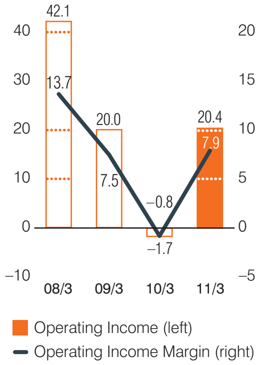
NET SALES

(¥ Billions)



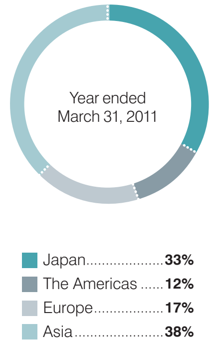
OPERATING INCOME / OPERATING INCOME MARGIN

(¥ Billions / %)



NET SALES BY REGION

(%)

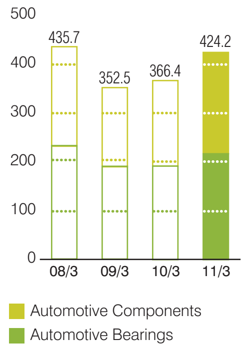


SEGMENT PROFILE

This business segment comprises two product areas: automotive bearings, such as hub unit bearings, and automotive components, including EPS systems. These products help improve vehicle safety and riding comfort. The Automotive Business is capitalizing on advanced technological capabilities and a global network to cater to growing environmental performance needs and heavier demand from emerging countries.

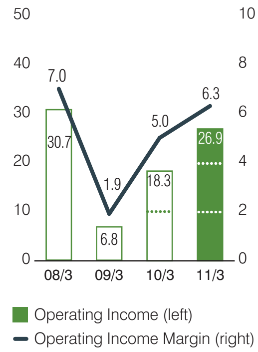
NET SALES

(¥ Billions)



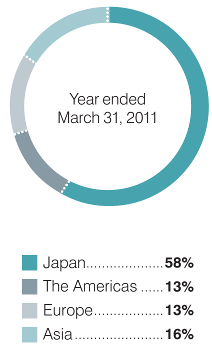
OPERATING INCOME / OPERATING INCOME MARGIN

(¥ Billions / %)



NET SALES BY REGION

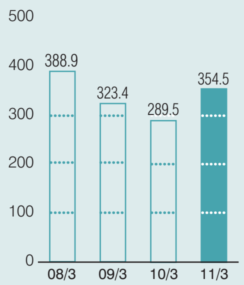
(%)



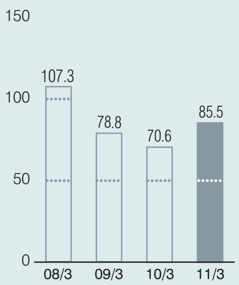
NET SALES BY CUSTOMER LOCATION

(¥ Billions)

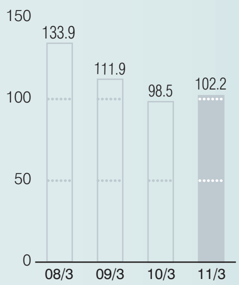
JAPAN



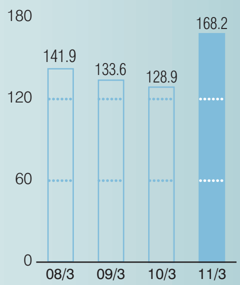
THE AMERICAS



EUROPE

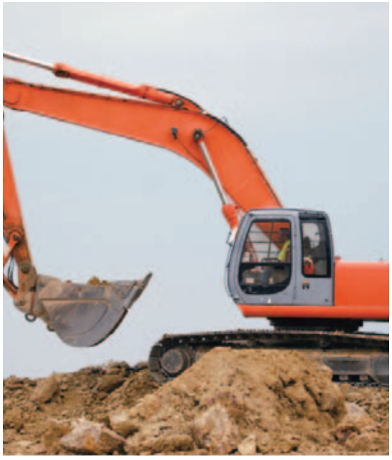


ASIA



INDUSTRIAL MACHINERY BUSINESS

Industrial Machinery Bearings / Precision Machinery and Parts



BASIC STRATEGY

The industrial machinery bearings business comprises three sub-segments: general machinery OEM, providing bearings for applications in a wide range of industries; electrical machinery and IT equipment, which includes bearings for domestic appliances, office equipment, hard disk drives (HDDs), and general purpose motors; and the aftermarket business, which provides maintenance and repair services. Meanwhile, the precision machinery and parts business features a lineup of linear motion products and mechatronic products used in machine tools, injection mold machines, production equipment for semiconductors and LCD panels, transfer machines, and medical and biotechnology applications. The most important task of the industrial machinery bearings business is to leverage its supply capabilities as an all-round manufacturer to increase sales based on these two product lineups.

The Industrial Machinery Business includes business areas that can fluctuate significantly depending on the business climate. To strengthen the foundations of its business, the segment will broaden its industrial and geographical scope. Moreover, we aim to bolster the business structure of the Company as a whole by raising the proportion of net sales accounted for by the Industrial Machinery Business compared to the Automotive Business. Although we intend to grow the Automotive Business, we will expand the Industrial Machinery Business at an even greater pace. This expansion of the Industrial Machinery Business will be a key driver of earnings growth.

The business segment's growth areas are emerging countries, the environment, infrastructure, and natural resources. In these areas and well-established industries, we will embark upon sales growth initiatives that reflect market characteristics and growth potential and clearly identify targets. In addition, the segment aims to increase sales of precision machinery and parts in high-tech fields such as solar panels, medical equipment, and biotechnology. Geographically, our goal is to expand business further in China. Moreover, we plan to establish a self-contained system in the country that will strengthen our manufacturing, sales, and technological development capabilities.

As for the aftermarket business, the segment will continue to develop new end-users and extend sales channels, thereby advancing NSK's brand penetration.

In addition, we aim to bolster the composition of the business segment's net sales by enlarging the share of net sales generated by general machinery OEM and the aftermarket business.

COMPETITIVE ADVANTAGES

- The extensive product lineup of a comprehensive manufacturer
- Technological capabilities based on the four core technologies (tribology, material engineering, analysis technology, and mechatronics)
- Accumulated expertise relating to customer needs and technology for a wide spectrum of industries / applications
- Manufacturing/supply/technical support capabilities based on our global network
- Strong presence in China (full product lineup, establishment of operations in the coastal region / northeast / inland, the recently established China Technology Center)

BUSINESS RESULTS AND MAIN INITIATIVES FOR THE YEAR ENDED MARCH 31, 2011

For the year ended March 31, 2011, business results recovered thanks to the economic growth of emerging countries such as China and the ASEAN region—particularly in the machine tool and construction machinery areas—which offset adjustments in some areas, including wind power generation and HDDs. As a result, the industrial machinery bearings business and precision machinery and parts business increased sales, and the Industrial Machinery Business posted an overall 28.3% year-on-year rise in net sales, to ¥259.1 billion. Further, the business segment achieved operating income of ¥20.4 billion, compared with the previous fiscal year's ¥1.7 billion operating loss, as significant increases in order volumes and productivity together with lower purchasing costs counteracted a deterioration in the profitability of exports that accompanied the yen's appreciation.

Additionally, in the year ended March 31, 2011, we took steps to boost production capacity to cater to rising demand from growing markets. In the particularly important Chinese market, the ball screw plant that we constructed in Shenyang began operations in April 2010. Moreover, we used space at the plant to commence manufacturing of large bearings from March 2011. The start of large-bearing manufacturing means we can now manufacture our full product lineup locally in China. NSK will actively respond to increasing demand for large bearings used in steel plants, mining machinery, railcars, and other areas that are growing rapidly.

OUTLOOK AND PRIORITY MEASURES FOR THE YEAR ENDING MARCH 31, 2012

In the year ending March 31, 2012, we expect emerging countries to underpin firm demand. As a result, we forecast an 8.6% year-on-year increase in the net sales of the Industrial Machinery Business, to ¥265.0 billion. In addition, we anticipate that higher order volumes and reduced purchasing costs will improve profitability and result in a 50.5% year-on-year rise in operating income, to ¥29.5 billion, and an operating income margin of 11.1%.

In the current fiscal year, we intend to concentrate on building a platform for earnings growth by accelerating the development of manufacturing and sales systems in growth areas. In China, at a site adjacent to that of the ball screw plant in Shenyang, we are constructing an 11th base, which will manufacture large bearings. This plant is due to start full-scale operations at the beginning of 2012. Meanwhile, in China and Indonesia the Company will meet heavier demand by raising production capacity for ball bearings and expanding and improving its manufacturing foundations. In the aftermarket sector, we aim to expand and enhance sales channels by developing a network of new distributors and bolstering sales bases in China and India to grow sales.

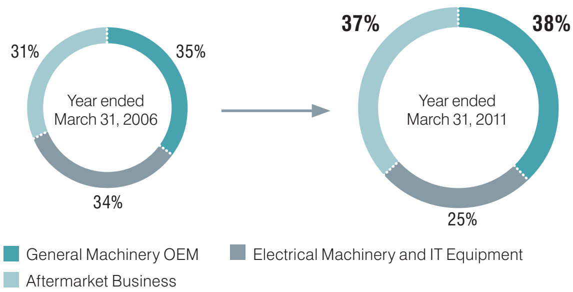
Our medium- to long-term target is to raise the proportion of net sales accounted for by the Industrial Machinery Business to 50%, from the current level of 40%. To this end, we will strengthen marketing capabilities and sales capabilities not only for such current mainstay markets as machine tools and construction machinery but also for the clean energy sector and other new growth markets.

NSK's Growth Strategy: Strengthen Earnings in the Industrial Machinery Bearings Area

The Industrial Machinery Business will play a crucial role in raising the Company's profitability. Within this business segment, general machinery OEM and the aftermarket business have particularly strong earning power. Therefore, we are pursuing strategic initiatives to realize an even higher level of growth in these two areas while expanding the electrical machinery and IT equipment sector—where we have long-standing strength. The fruit of these efforts is already becoming evident in the net sales of these businesses and the percentage of the segment's net sales that they generate.

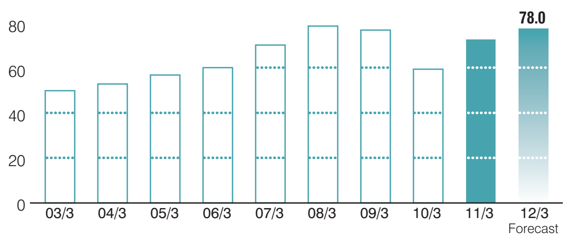
BREAKDOWN OF NET SALES OF THE INDUSTRIAL MACHINERY BEARINGS

(%)



NET SALES OF THE AFTERMARKET BUSINESS

(¥ Billions)



AUTOMOTIVE BUSINESS

Automotive Bearings / Automotive Components

BASIC STRATEGY

Automotive technological innovation is progressing ever more rapidly. Hybrid vehicles are becoming more widespread, and electric cars are beginning to appear. Moreover, gasoline and diesel vehicles are incorporating idling stop functions and highly efficient engines. Further, automotive sales and manufacturing are likely to continue increasing in emerging countries, and competition is expected to become fiercer. NSK has business relationships with all Japanese automobile manufacturers, almost all North American and European automobile manufacturers, and a wide range of first-tier automotive component manufacturers. Doing business with these companies keeps us in touch with their latest needs and technological trends, which we reflect in our development initiatives. Going forward, we will cater to the increasingly advanced technological requirements of automobiles by stepping up the pace of technological development based on both short-term and medium- to long-term perspectives.

Meanwhile, automotive manufacturing is spreading around the world as automobile manufacturers establish global platforms and form alliances with other automobile manufacturers. Consequently, these manufacturers need companies that can supply them with parts locally in regions worldwide. NSK will meet customers' local purchasing needs by taking advantage of its global network of manufacturing bases. At the same time, the Company will strengthen its ability to supply growth regions by raising production capacity in emerging countries.

In addition, we intend to bolster relationships and expand business with emerging countries' local manufacturers—who are set to become a much more significant presence—by expanding and improving product lineups that reflect market characteristics and offering technical support services locally.

A strategic growth product that will lead the growth of the Automotive Business, EPS systems are likely to see demand continue to rise as a higher proportion of vehicles, particularly small vehicles, incorporate these systems. In the current fiscal year, NSK began mass production of EPS systems in Thailand. This has further strengthened our global manufacturing of these products, which also includes plants in Japan, Europe, the United States, China, and India. Looking ahead, we plan to accelerate efforts to win orders for new vehicle models that are slated to go into production during the period of the next mid-term plan. In conjunction with these initiatives, we aim to enhance our earning power by bolstering procurement capabilities and improving the capabilities of our overseas manufacturing bases.

COMPETITIVE ADVANTAGES

- Wide-ranging business relationships / customer base among finished vehicle manufacturers and first-tier automotive component manufacturers
- Global supply capabilities
- Developmental capabilities / technological response capabilities for advances in driving, steering, and braking functions
- Technical support services based on technology centers in Japan and at eight locations worldwide
- Global management system that leads efforts to cater to non-Japanese customers

BUSINESS RESULTS AND MAIN INITIATIVES FOR THE YEAR ENDED MARCH 31, 2011

In the year ended March 31, 2011, demand picked up due to economic stimulus measures enacted by governments around the world and market expansion in emerging countries. Although demand softened in the second half of the fiscal year, global automotive manufacturing continued trending toward recovery and expansion. This reflected favorable demand among emerging countries, a pick-up in automotive sales in North America, and increased exporting by European manufacturers due to depreciation of the euro. As a result, the Automotive Business saw a 15.7% year-on-year rise in net sales, to ¥424.2 billion. Operating income was up 47.1% year on year, to ¥26.9 billion, thanks to higher order volumes, improved profitability, and reduction of purchasing costs, counteracting the effect of yen appreciation and increased costs stemming from raw material price hikes.

NSK undertook initiatives to strengthen the operational foundation of the automotive components business. These efforts included collaborating with Toshiba Corporation to establish a joint venture company, ADTech Corporation, which is tasked with developing electronic control technology for steering, and making RANE NSK STEERING SYSTEMS LTD. a wholly owned subsidiary to bolster the steering systems business in the Indian market. In the automotive bearings business, we developed environment-friendly products, becoming the world's first manufacturer to mass produce cold-formed hub unit bearings, which improve fuel efficiency and reduce the environmental burden of manufacturing.

OUTLOOK AND PRIORITY MEASURES FOR THE YEAR ENDING MARCH 31, 2012

In the year ending March 31, 2012, the automotive industry is likely to see major automobile manufacturers adjusting production due to the effect of the Great East Japan Earthquake and uncertainty over power supplies. This is expected to affect the Automotive Business mainly in the first half of the current fiscal year. On the other hand, demand centered on emerging countries will likely remain firm. For the current fiscal year, we project net sales of ¥432.0 billion, up 18.4% year on year; operating income of ¥24.5 billion, down 8.9% year on year; and an operating income margin of 5.7%.

In the current fiscal year, we aim to increase sales and production capacity and bolster operations for EPS systems as a strategic growth product in emerging countries, where demand is expected to continue growing. In conjunction with these efforts, the business segment will improve its earning power by counteracting raw material price hikes and yen appreciation.

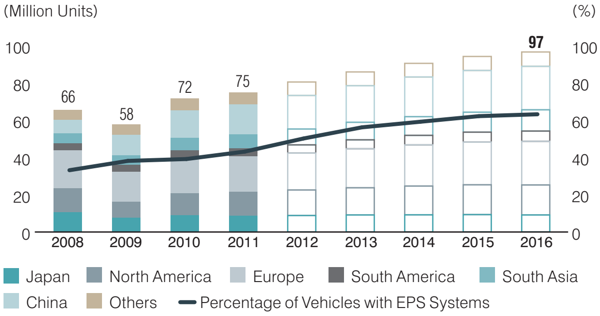
In the markets of emerging countries, as a measure to strengthen sales we will expand and improve our product lineup so that it caters to local needs for compact products or products able to withstand extreme environments while increasing sales to North American, European, and local companies. In addition, in China, India, and Brazil and other emerging countries, the business segment plans to increase production capacity for hub unit bearings in step with demand expansion and lay manufacturing foundations upon which to grow the business. Moreover, we intend to enhance earning power by advancing the localization of production, including local procurement and pre-processing.

For EPS systems, which are a strategic growth product, we aim to ensure the smooth start-up of the mass production of systems for new vehicle models while rapidly stabilizing the manufacturing operations that recently began in Thailand. We have already obtained the orders for the projects that were a precondition for reaching the mid-term plan's final year net sales target of ¥140.0 billion. However, we plan to intensify efforts to win orders for next-generation vehicle models. We also aim to increase profitability by reducing production line personnel and advancing the automation of production lines.

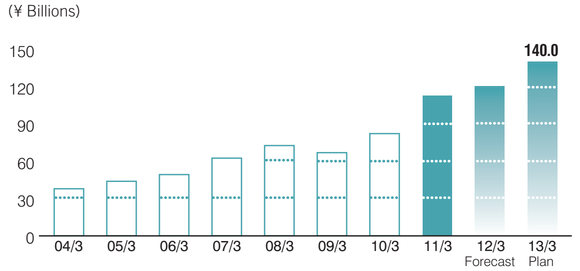
NSK's Growth Strategy: Expanding the EPS Systems Business

EPS systems have become increasingly popular over the past decade due to the many advantages they offer. As well as improving fuel efficiency, they are quiet, easy to install, and do not require the disposal of used oil. Moreover, software control enhances driving feel. These products promise substantial growth as the number of small vehicles increases in emerging countries and more vehicles incorporate EPS systems. Exploiting NSK's technological strength in EPS systems for small vehicles, we are setting our sights on further growing sales of these products.

GLOBAL VEHICLE PRODUCTION AND PERCENTAGE OF VEHICLES WITH EPS SYSTEMS



EPS SYSTEMS NET SALES



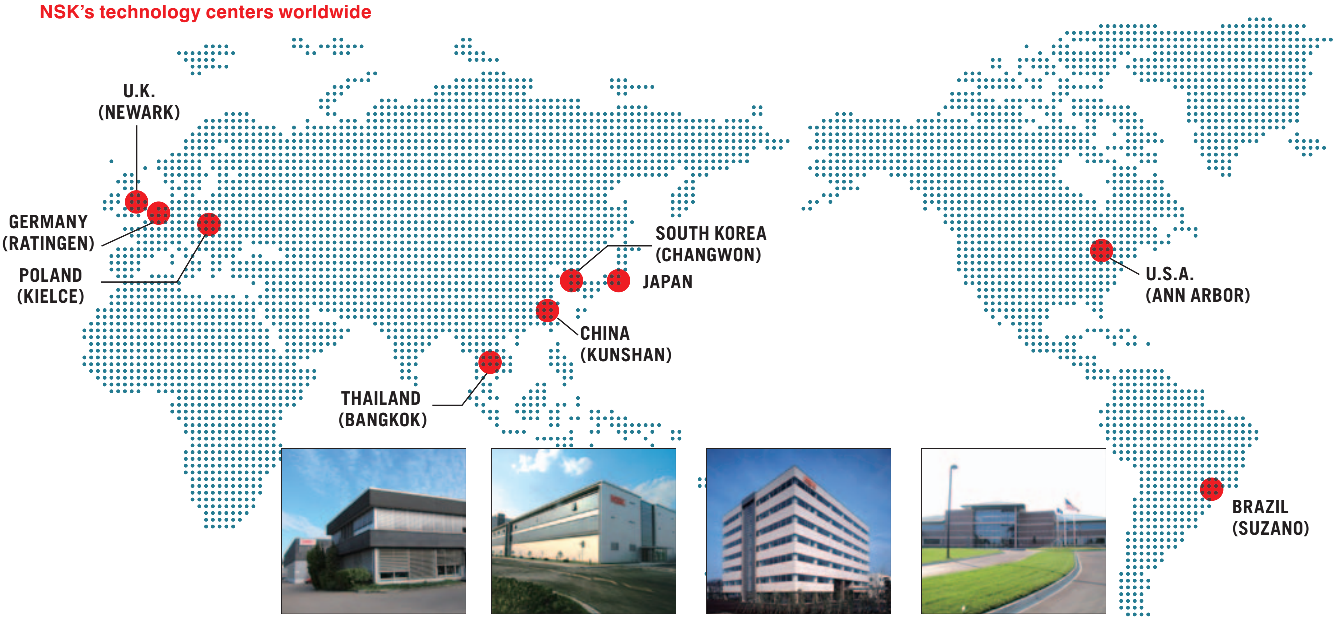
> RESEARCH AND DEVELOPMENT

NSK's Research and Development

Since becoming the first company to manufacture ball bearings in Japan in 1916, NSK has tirelessly concentrated its efforts on R&D. By developing unique technology over a corporate history that spans more than 90 years, we have built a position as a leading company for bearings, automotive products, and precision machinery and parts. At the same time, these products have supported the technological development of a broad range of industries. Based on our four core technologies (please see page 2), we are forging ahead with research on new technologies that incorporate our existing technologies as well as the development of new products.

Playing a central role in technology development, the Corporate Research & Development Center in Fujisawa City, Kanagawa Prefecture, develops platform technologies and next-generation technologies and provides technical support to the NSK Group's operational activities through close collaboration with respective bases. In addition, NSK is heightening its ability to respond to business conditions that are evolving dynamically on a global scale by expanding the functions of its technology centers overseas.

NSK's technology centers worldwide



GERMANY CHINA JAPAN U.S.A.

Establishment of ADTech Corporation

Against the backdrop of intensifying cost competition resulting from the advancement of global platforms, the automotive industry is rapidly incorporating electronics. With regard to EPS systems, automotive manufacturers are seeking lower costs, compactness, and standardization. Moreover, they want electric and electronic systems to have advanced safety, reliability, and power-saving features.

Aiming to further develop its EPS systems business and respond to these business conditions and customer requirements, we established a joint venture company with Toshiba Corporation on September 30, 2010. Tasked with the efficiently developing automotive steering systems, this new company will combine NSK's experience in mechanical and other in-car safety technology with Toshiba's advanced electronics and software technology.

ADTech's Main Tasks

- Plan / develop standard models
- Develop EPS system software functions
- Design electric and electronic software
- Advance next-generation development processes
- Foster technology specialists for the next generation
- Develop value-added EPS system functions
- Develop technologies that reduce costs

Leading-Edge R&D

ONE-WAY CLUTCH AND BEARING FOR AUTOMOTIVE IDLING STOP SYSTEMS CLAIMS AWARD

To improve fuel efficiency and reduce CO_2 emissions, automotive manufacturers are increasingly adopting systems that stop the engine when a vehicle is idling at traffic signals. Manufacturers seek systems that have quieter and faster starting as well as smoother deceleration and stopping. Drawing on its accumulated technological capabilities, NSK was one of the first manufacturers to tackle these requirements. As a result, we have succeeded in developing a one-way clutch that automatically switches between stopping and starting—thereby enabling the creation of a permanently engaged starter system—and a special bearing for incorporation in rotating parts.

Helping reduce the environmental burden, this system is already used in commercial vehicles. Further, the system won an award in the "2010 R&D 100 Awards," which *R&D Magazine* of the United States organizes to recognize the 100 best products and technologies that have yielded practical applications during the previous year. This innovative system promises to become a key component in a wide range of vehicle models.

THE FIRST TO USE JAPANESE TECHNOLOGY TO DEVELOP HIGH-PERFORMANCE WHEEL BEARING FOR SATELLITE ATTITUDE CONTROL

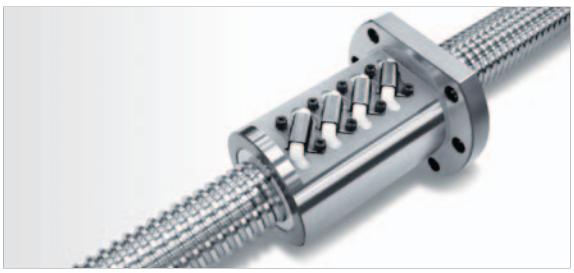
Since the 1980s, NSK has supplied bearings and linear motion products for aerospace development initiatives. Recently, we developed a high-performance wheel bearing for satellite attitude control for the greenhouse gases observing satellite, or GOSAT, IBUKI.

A wheel is a satellite's attitude control actuator and uses the reaction torque that is generated when the rotating mass, or flywheel, rotates. The bearings that support the rotating mass must have the stability and durability to withstand high-speed rotation over long periods in a vacuum as well as low vibration to ensure they do not impede the satellite's observational performance. NSK met these exacting requirements by using a retainer with advanced lubrication oil supply capabilities, extremely high-purity stainless steel, and high-precision steel balls that have undergone a special surface treatment.

IBUKI has continued to perform stably since its launch in January 2009.

NSK DEVELOPS HMS SERIES BALL SCREWS FOR HIGH-SPEED MACHINE TOOLS

Recent years have seen manufacturers seeking die machine tools that simultaneously meet the dual criteria of higher speeds, which boost productivity, and lower noise and vibration, which enhances machining precision and improves operational environments. In response, NSK has developed and launched HMS series ball screws. By using a ball recirculation structure (SRC recirculation system) that incorporates the Company's proprietary high-speed, low-noise technology, this new series realizes speed performance that is 20% higher than that of the previous system while reducing vibration by up to half and lowering noise levels by up to 6 dB. NSK plans to capitalize on its high-speed, low-noise technology to supply products tailored to the needs of a wide variety of markets.



Basic Philosophy for Corporate Social Responsibility

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

By respecting all stakeholders related to our business activities while catering to customer needs by providing high-quality products and services, we aim to enhance corporate value and realize sustained growth.

As a Member of the Local Community

Basic Philosophy

NSK is accelerating the expansion of its businesses in growth areas, which are primarily emerging countries. However, in order to maximize corporate value it is important not only to expand overseas operating bases but also to ensure that our products and operational activities penetrate a variety of local industries, thereby contributing to the development and environmental protection of each region. As we develop operations overseas, we aim to become a company rooted in each local community. In each region, our goal is to be viewed as the No. 1 company by fostering personnel, developing technology, and building relationships of trust with local communities based on an appreciation of the characteristics of each country and region.

Lending a Hand with the Education of the Next Generation

In countries worldwide, the NSK Group supports educational initiatives for children—upon whose shoulders society's future will rest. In the year ended March 31, 2011, we invited local elementary school children to our headquarters and technology center in China and conducted study tours of the technology center. In addition, we regularly hold events aimed at stimulating children's interest and creativity. For example, we provide science classes that give children the opportunity to experience friction experiments first-hand.

A study tour of the China Technology Center

Assisting Students

In initiatives for students, we concentrate particular effort on accepting local university students and high school students through internships and work experience programs. We actively enable students to experience our product manufacturing sites and understand how we ensure product quality and precision as well as provide them with an opportunity to consider their career path. In addition, we help motivate students to study by holding technology seminars, sponsoring teams that enter eco car races, and providing scholarships for mechanical engineering students.

Internship activities in Mexico and Indonesia

Supporting the Educational Environments of Developing Countries

For children in developing countries, acquiring information technology (IT) skills is key to widening their future employment opportunities. However, in such countries there is a shortage of the computers needed for this type of education. In the year ended March 31, 2011, NSK EUROPE LTD. repaired and recycled used personal computers that became available due to equipment upgrading at its IT services division and donated them to developing countries in Africa and other regions.

Preparing to ship used personal computers from our operating base in the United Kingdom

Protecting the Global Environment

Environmental Management

In all of its operational activities, NSK aims to adhere to its Mission Statement, which calls on the Company "to protect the global environment." To this end, we undertake far-reaching environmental management that includes developing organizational structures, cultivating an appropriate corporate culture, and pursuing specific projects. Our environmental management is based on the NSK Environmental Policy, revised in 2009, and the Environmental Voluntary Action Plan, which is linked to the mid-term plan. We are working to further raise the level of our environmental management and heighten the environmental awareness of each employee. In particular, these efforts focus on reducing the impact that society as a whole places on the environment by improving our products, quality, and technology; reducing the environmental impact through efforts to increase the efficiency of our operational activities; and minimizing the risk of environmental pollution due to human error or natural disasters.

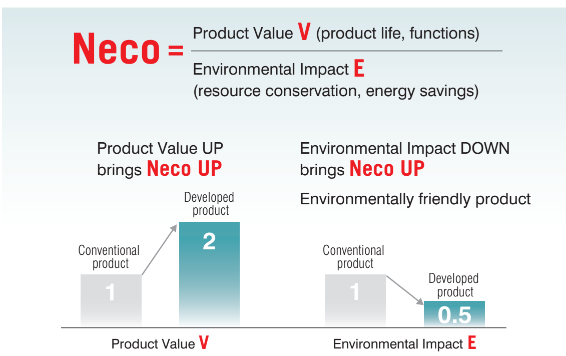
Contributing to the Environment through Our Products

Medium-Term Targets

- Increase the environmental friendliness of products
- Develop products that contribute to wind power generation, solar power generation, and other environmental industries
- Consider methods for assessing the environmental impact arising from product manufacturing

The NSK Environmental Policy states that the Company will "actively support efforts to prevent global warming by developing environmentally friendly manufacturing processes and technologies." In accordance with this policy, NSK is committed to applying tribology (friction control and lubrication technologies) to develop products and production technologies that help reduce energy loss. One of our concrete measures was the fiscal 2008 establishment of an original yardstick for quantitatively evaluating the environmental friendliness of products, which we call NSK eco-efficiency indicators (Neco). Further, we have created a tool that enables any NSK engineer to readily calculate the Neco value and thereby compare products under development with existing products. All that is required is to enter the product value, called V, and the environmental impact, called E. Based on this calculation tool, we are encouraging a reduction in the environmental impact that society places on the environment from the product development and design stage.

Neco: NSK Eco-Efficiency Indicators



Global Warming Countermeasures

Fiscal 2012 Targets

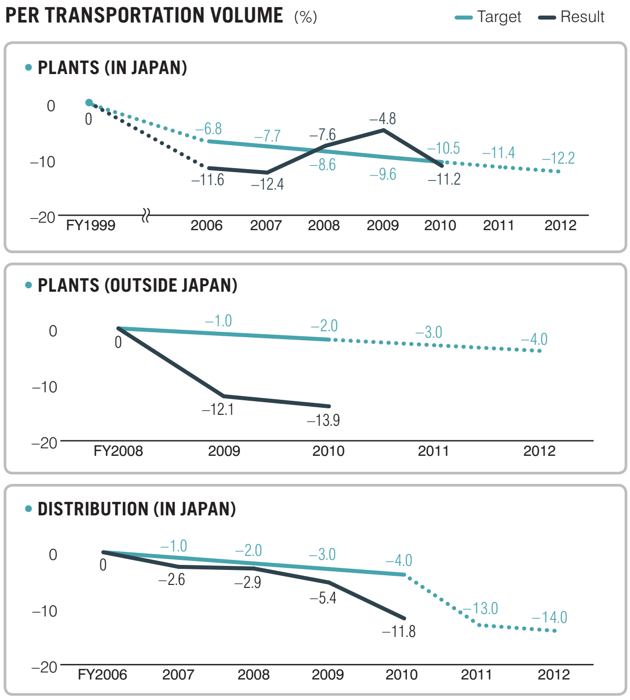
Plants (in Japan): Reduce CO_2 emissions per production unit 12.2% versus fiscal 1999. Lower CO_2 emission volume below fiscal 2006 level in fiscal 2012.

Plants (outside Japan): Reduce CO_2 emissions per production unit 4.0% versus fiscal 2008

Distribution (in Japan): Reduce energy consumed per transportation volume 14.0% versus fiscal 2006

The greenhouse gases that the NSK Group emits mainly comprise CO_2 arising from the manufacturing of bearings and other products. Production equipment (electricity), heat treatment, compressors, and air-conditioning account for approximately 90% of the energy that our plants use. At plants in Japan, we formed working groups that identified tasks, specified ways of improving energy-saving efforts, and took steps to reduce energy use. As a result, for fiscal 2010—despite a recovery in production volumes—the CO_2 emission volumes of plants in Japan fell below those of the base year and met the target for CO_2 emissions per production unit. Meanwhile, plants outside Japan achieved a 13.9% reduction (versus fiscal 2008) of CO_2 emissions per production unit, significantly surpassing their target of 2%. Similarly, thanks to the promotion of modal shift and other initiatives, in distribution we substantially outperformed the target for reducing energy consumed per transportation volume.

RATE OF REDUCTION FOR CO_2 EMISSIONS PER PRODUCTION UNIT OR PER TRANSPORTATION VOLUME (%)



For detailed information on trends in CO_2 emission volumes and other indicators, please see our CSR reports.

www.nsk.com/sustainability/reports.html

> CORPORATE GOVERNANCE

Corporate Governance

Basic Philosophy

NSK defines corporate governance as a structure by which the executive organization focuses on business expansion and profitability improvement under the supervision of the Board of Directors. This philosophy is the essence of our Corporate Governance Code, under which we are reinforcing our governance systems through the implementation of the following policies. Firstly, the Board of Directors has delegated more authority to the executive organization to improve management flexibility. Secondly, the supervisory and executive organizations are working closely to strengthen supervisory functions. Thirdly, performance monitoring of business operations is being strengthened.

Corporate Governance Structure

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

• Operational Executive Functions

The CEO makes decisions with the assistance of the Operating Committee. The executive officers in charge put these decisions into action.

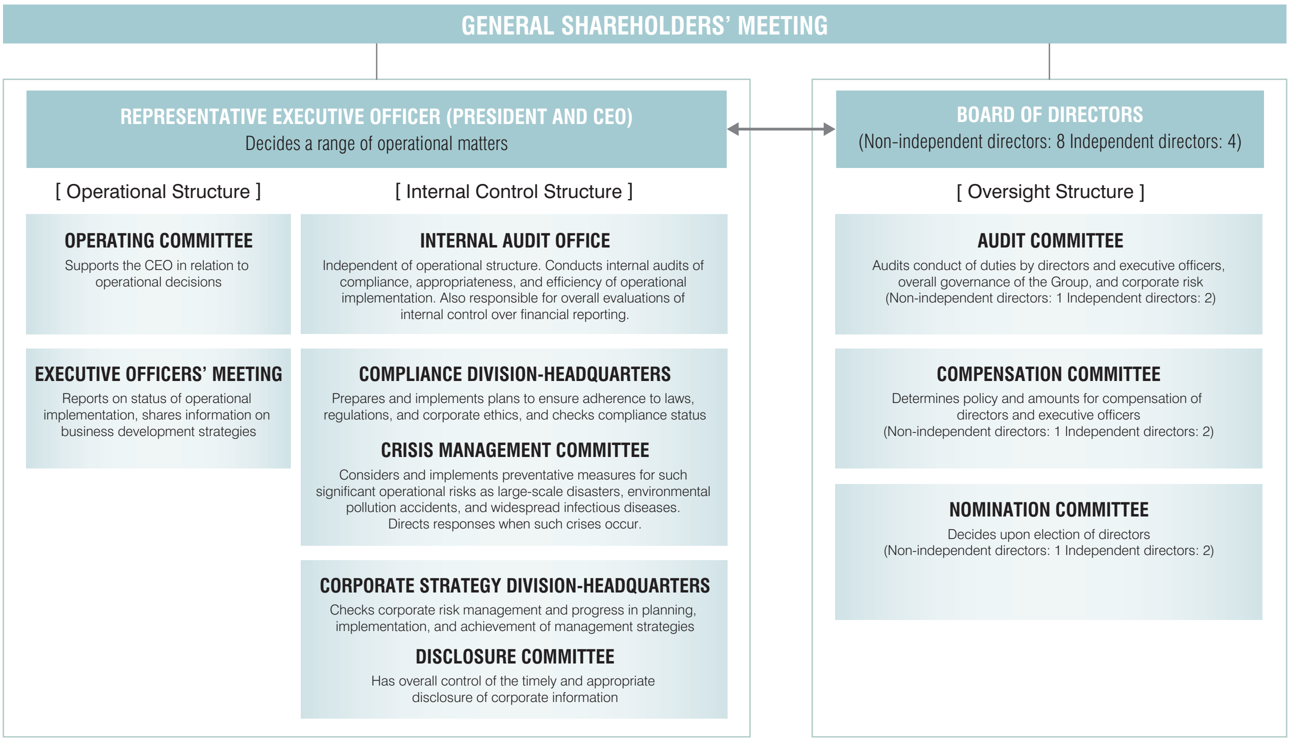
• Supervisory Functions

The Board of Directors makes decisions on fundamental management policies and supervises the activities of executive officers. It maintains an Audit Committee, a Compensation Committee, and a Nomination Committee, each consisting of two independent directors and one non-independent director.

Specific Measures to Strengthen Governance

1999	• Introduced executive officer system, appointed independent directors • Established the Compensation Committee
2003	• Established the Audit Committee
2004	• Established the Nomination Committee • Adopted the "Company with Committees" system • Established the Internal Audit Office
2006	• Became a "Company with Committees" pursuant to the Companies Act, and the Audit Committee, Compensation Committee, and Nomination Committee each became comprised of two independent directors and one non-independent director • Established the Internal Control Project Team in accordance with enactment of the Financial Instruments and Exchange Act
2008	• Evaluated the development/operational status of Group companies' internal control
2009	• Merged the Internal Control Project Team into the Internal Audit Office

NSK's Corporate Governance Structure



Internal Control Systems

Each business division is responsible for the global operations of the NSK Group in its assigned areas. At the same time, we are reinforcing the group-wide internal control structure by establishing NSK Group Management Rules that apply across the entire NSK Group. Basic principles are set forth in the Management Rules to serve as the framework of Group management and internal control systems. The Internal Audit Office audits the legality, appropriateness, and efficiency of business operations, proposes improvement measures, and provides guidance based on the audit results. The Compliance Division-Headquarters plans and implements policies to ensure compliance with laws, regulations, and corporate ethics, and monitors the progress in the implementation of these polices. The Corporate Strategy Division-Headquarters enhances internal control systems across the entire NSK Group by planning and implementing management strategies, monitoring progress in the implementation of these strategies, and conducting risk management.

Risk Management

Basic Philosophy

In risk management for international operations, identifying risk, evaluating the degree of effect, and taking preventative measures is critical. Accordingly, "Risk Management Rules" stipulate principles of action for risk that apply to the entire NSK Group. Specifically, we categorize risk and determine which organization is responsible for each type of risk, as shown below. We also conduct overall management of preventative measures for risk and countermeasures when risks actualize. In addition, the Internal Audit Office receives monthly risk reports from Group companies around the world and identifies, evaluates, and routinely monitors significant risks. Further, in order to share awareness about risk and measures in response to risk, every year the Internal Audit Office identifies potential / existing risks jointly with Group companies and offices and prepares a company-wide "risk heat map." Based on the significance of each risk, internal audits are conducted.

Risk Management System

- Overall control of risk management: Corporate Strategy Division-Headquarters
- Operating risk associated with the research & development, production, sales of products: Corporate Planning Division-Headquarters
- Risk related to earthquakes, disasters, infectious diseases: Crisis Management Committee
- Compliance risk related to infringement of laws and regulations, contracts, standards: Compliance Division-Headquarters
- Risk related to reliability of financial reports (risk related to the Japanese version of the U.S. Sarbanes-Oxley (SOX) Act): Finance Division-Headquarters/Internal Audit Office

Compliance

Basic Philosophy

To continue to be a company that is trusted by society, NSK believes that complying with laws, regulations, and corporate ethics is one of the most important management tasks that we should undertake. The foundation of compliance at NSK is the NSK Code of Corporate Ethics, which stipulates universal principles that must be followed by all executives and employees.

Compliance Promotion Structure and Initiatives

At NSK, the Compliance Division-Headquarters performs the central role in promoting the development of compliance-related regulations, education, audits, and corrective actions. We regularly provide educational programs for personnel at specific levels, from new employees to senior management, and provide training for all executives and employees of NSK Group companies in Japan via e-learning, to ensure that all members of the NSK Group understand and are familiar with the content of the NSK Code of Corporate Ethics, which forms the basis for the Company's compliance initiatives. Managers at overseas Group companies also participated in e-learning programs during the year ended March 31, 2011. In addition, we proactively hold seminars related to specific compliance-related themes.

NSK has also established a "Hotline" whistle-blower system for the early discovery and appropriate response to any violations of laws, regulations, or corporate rules. Employees of NSK Group companies and of NSK's component parts suppliers and subcontractors in Japan can use this system to report noncompliance to either the Compliance Division-Headquarters or to an independent attorney outside of the corporate organization by e-mail or postal mail.

The Compliance Liaison Committee, comprising the head of the Compliance Division-Headquarters and representatives of relevant internal divisions in Japan, meets regularly to promote cooperation across divisions regarding compliance-related issues at each division (determining responses to cases of compliance violations, establishing measures to prevent their reoccurrence, and managing progress in addressing issues). The committee also works with relevant overseas divisions as necessary.

Examples of Our Main Initiatives in the Year Ended March 31, 2011

Education	**E-learning** Target: Domestic and overseas executives and employees Themes: Corporate social responsibility, compliance, information security, fundamental human rights of workers, environmental protection, internal controls **Seminars** Target: New employees, staff being assigned overseas, export managers, technical division staff, purchasing managers, production division staff, marketing staff, newly appointed managerial staff, chemical substance monitors Themes: Compliance, security export management, intellectual property rights, information security, sexual harassment, abuse of authority, environmental management
Hotline	Number of reports made in the year ended March 31, 2011: 4 (number of reports made in the year ended March 31, 2010: 2)

Response Measures to Large-Scale Purchases of the Company's Shares

The term of the "Response Measures to Large-Scale Purchases of the Company's Shares (Takeover Defenses)" (the "Former Plan") that was implemented in 2008 expired at the conclusion of the Company's annual shareholders' meeting held on June 24, 2011. The Company has therefore been considering whether to maintain takeover defense measures, based on various discussions regarding takeover defenses and amendments to relevant laws and regulations. As a result, the Board of Directors resolved at its meeting held on May 24, 2011 to maintain the takeover defense measures of the Former Plan by introducing Response Measures to Large-Scale Purchases of the Company's Shares (the "Plan"), subject to approval by the annual shareholders' meeting held on June 24, 2011. The following is an overview of the plan that was approved at the shareholders' meeting and subsequently implemented.

Basic Thinking regarding Large-Scale Purchases of the Company's Shares

Since NSK is a listed company, its shares may be freely traded by shareholders and investors, and we recognize that shareholders have the final decision as to who should make decisions regarding the Company's financial and business policies.

Nevertheless, given conditions in the capital markets in recent years, shareholders and investors may not have sufficient information or opportunities to deliberate these issues, and the Board of Directors of the target company may not have sufficient time or information to express its opinion or present alternative proposals, and a possibility therefore exists of being suddenly faced with a large-scale acquisition of shares against their will.

In the event the Company is presented with a proposal for a large-scale purchase of its shares, it would be difficult for shareholders to fully understand the Company's corporate value and the details of the proposed large-scale acquisition of shares, and to appropriately determine whether or not to accept the proposal, within a short period of time.

It is also possible that a large-scale acquisition of the Company's shares could lead to a loss of the Company's corporate value, resulting in significant damage to the collective interests of shareholders. The Company considers it inappropriate for any party that carries out a large-scale purchase of shares that damages the Company's corporate value and the common interests of its shareholders to control the Company's decisions concerning financial and business policies.

The Plan's Aims

The Company considers it necessary to give shareholders, who have final decision-making authority, sufficient time and information to consider a proposal for a large-scale acquisition of the Company's shares, so that they may fully understand the content of the proposal in order to make an appropriate decision. The Plan has been implemented to prevent an inappropriate party from controlling the Company's decisions concerning financial and business policies, as a means of protecting the Company's corporate value and the common interests of its shareholders.

Changes from the Former Plan

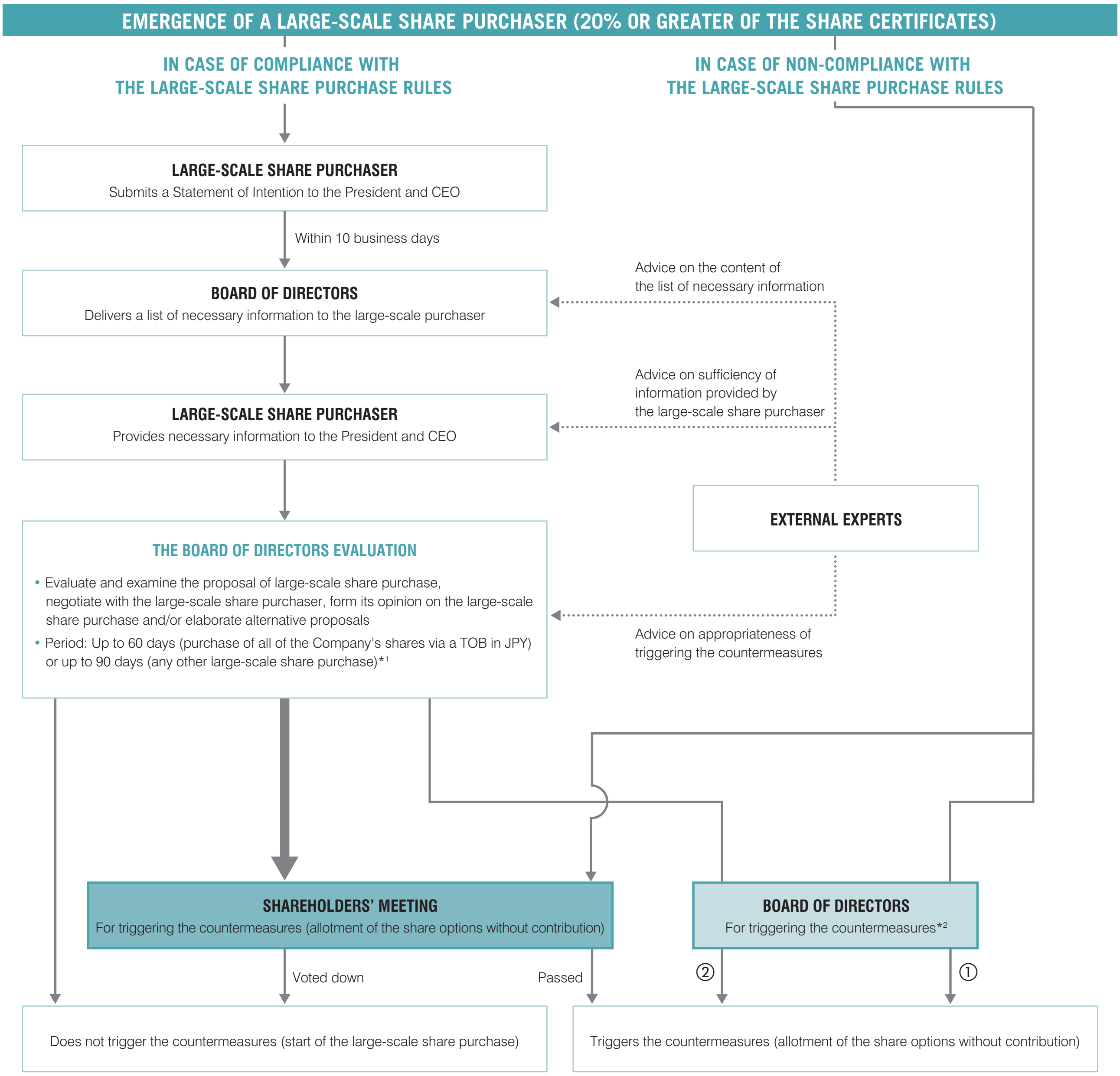
The substantive content of the Plan is unchanged from that of the Former Plan, but with the implementation of the Plan a set of "Guidelines for Response Measures to Large-Scale Share Purchases" (the "Guidelines") has been established.

The Guidelines stipulate the procedures to be followed by the Board of Directors in its management of the Plan, to eliminate any arbitrariness in the Board of Directors' decision making and to ensure the reasonableness of the Plan's implementation. The establishment of the Guidelines is intended to increase the objectivity of the Board of Directors' decisions with regard to the application of the procedures stipulated in the Plan and the triggering or non-triggering of countermeasures, to ensure sufficient reasonableness in the management of the Plan.

Overview of the Plan

The Plan is not intended to prevent all large-scale purchases of the Company's shares, but rather to set certain rules including requests that certain predetermined procedures be followed when a party attempts to make a large-scale purchase of the Company's shares. Except for cases in which a party attempts to make a large-scale purchase of the Company's shares without complying with the prescribed rules, or in which the large-scale purchase is of a designated type that would reasonably be deemed to damage the Company's corporate value and the common interests of its shareholders, the decision of whether or not to trigger countermeasures will in principle be made by shareholders at a shareholders' meeting. We therefore consider the Plan to be transparent and objective, and in full conformity with the intentions of shareholders and investors.

Flow Chart of the Procedures Related to the Plan



*1. Provided, however, that the period may be extended up to an additional 30 days **by unanimous resolution of the Board of Directors including the outside directors** (provided that the extension may, as a general rule, be made only once).

*2. The Board of Directors may trigger the countermeasures in the following cases, provided, however, that the determination to trigger the countermeasures shall be made **by unanimous resolution of the Board of Directors including the outside directors**:

① When the large-scale share purchaser does not comply with the large-scale share purchase rules;

② When the large-scale share purchase falls under any of the categories set forth in a designated type and such large-scale share purchase is reasonably considered to materially harm the Company's corporate value and shareholders' common interests.

Note: Except for the cases of *1 and *2, the resolution of the Board of Directors shall be made by a majority of the directors who are present at the meeting.

For more information regarding the Response Measures to Large-Scale Purchases of the Company's Shares, please refer to the Investors News Archive on the Company's website.

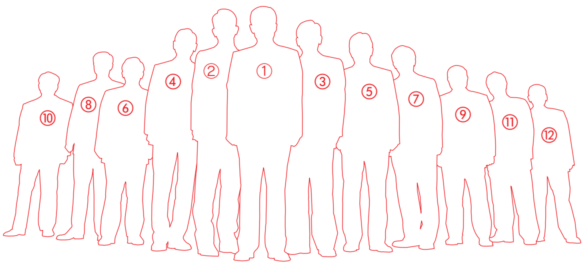
www.nsk.com/investors/irarchives.html

Management Team

As of June 24, 2011

Board of Directors

① Norio Otsuka
② Ryoichi Saito
③ Tsutomu Komori
④ Toshihide Shimbo
⑤ Yukio Takebe
⑥ Yoshio Shoda
⑦ Hideyuki Shibamoto
⑧ Tatsuo Ichikawa
⑨ Michio Ueno
Independent Director:
Corporate Auditor, Topy Industries Ltd.
⑩ Yoshikazu Sashida
Independent Director:
Adviser, Nisshinbo Holdings Inc.
⑪ Toshitaka Hagiwara
Independent Director:
Senior Adviser, Komatsu Ltd.
⑫ Kazuo Suzuki
Independent Director:
Certified Public Accountant
External Corporate Auditor,
Sumitomo Osaka Cement Co., Ltd.



Executive Officers

President and Chief Executive Officer
Norio Otsuka*

Executive Vice Presidents
Ryoichi Saito*
Tsutomu Komori*
Toshihide Shimbo*
Yukio Takebe
Yoshio Shoda
Norbert Schneider

Senior Vice Presidents
Hideyuki Shibamoto
Yoshio Saito
Naoki Mitsue
Keisuke Takagawa
Kazuo Nagatake
Masakazu Aijima
Katsumi Kuwabara
Toshihiro Uchiyama
Masahide Matsubara
Hirotoshi Aramaki

Vice Presidents
Toshiyuki Nagashima
Masaru Watari
Hideki Doi
Hiroshi Suzuki
Yasutsugu Hada
Yasuhiro Kamio
Nobuo Goto
Koji Inoue
Shigeyuki Suzuki
Naoki Sugimoto
Sakae Kuwashiro
Bernard M. Lindsay
Yukio Ikemura
Hideo Nakajima
Saimon Nogami
Minoru Arai
Masatada Fumoto

* Representative Executive Officers

Group Officers

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

> FINANCIAL SECTION

CONTENTS

> ELEVEN-YEAR SUMMARY

NSK Ltd. and Consolidated Subsidiaries

Years ended March 31	2011	2010	2009	2008
FOR THE YEAR				
Net sales	**¥710,431**	¥587,572	¥647,593	¥772,036
Cost of sales and SG&A expenses	**666,907**	576,267	625,487	702,692
Operating income	**43,524**	11,305	22,106	69,343
Other income (expenses)	**(5,284)**	(4,970)	(11,776)	(5,730)
Income (loss) before income taxes and minority interests	**38,239**	6,335	10,330	63,613
Income taxes	**10,805**	819	4,887	19,173
Net income (loss)	**26,110**	4,765	4,561	42,613
Capital expenditures (excluding intangible assets)	**38,747**	19,829	41,915	51,971
Depreciation and amortization	**34,943**	37,149	39,729	38,380
R&D expenditures	**10,515**	8,794	10,691	10,240
Cash flows from operating activities (A)	**64,973**	51,108	11,785	69,236
Cash flows from investing activities (B)	**(33,348)**	(29,355)	(46,422)	(23,187)
Free cash flows (A) + (B)	**31,625**	21,753	(34,637)	46,049
AT YEAR-END				
Current assets	**418,584**	411,167	369,590	404,412
Non-current assets	**370,042**	378,456	374,638	424,167
Total assets	**788,626**	789,624	744,229	828,580
Current liabilities	**293,881**	257,706	210,322	294,318
Long-term liabilities	**219,475**	267,229	285,119	250,486
Net assets	**275,269**	264,688	248,787	283,775
Total liabilities and net assets	**788,626**	789,624	744,229	828,580
Number of employees (persons)	**26,334**	24,633	24,050	25,069
PER SHARE (YEN)				
Net income (loss)	**¥ 48.30**	¥ 8.82	¥ 8.44	¥ 78.84
Net assets	**475.45**	458.65	431.74	495.61
RATIOS				
Gross profit margin	**20.8%**	17.8%	19.4%	23.1%
Operating income margin	**6.1**	1.9	3.4	9.0
SG&A expenses/net sales	**14.7**	15.9	16.0	14.1
Net income margin	**3.7**	0.8	0.7	5.5
Return on average assets (ROA)	**3.3**	0.6	0.6	5.2
Return on average shareholders' equity (ROE)	**10.3**	2.0	1.8	16.1
Ratio of net worth to total capital	**32.6**	31.4	31.4	32.3
Asset turnover (times)	**0.90**	0.77	0.82	0.94
Inventory turnover (times)	**6.5**	5.5	6.2	7.5
Net D/E ratio (times)	**0.60**	0.73	0.85	0.56
Interest coverage ratio (times)	**14.0**	9.2	2.0	11.0

Millions of yen
Unless otherwise specified

2007	2006	2005	2004	2003	2002	2001
¥717,225	¥628,474	¥580,989	¥522,217	¥522,820	¥480,902	¥533,144
654,842	585,922	542,706	496,245	504,972	476,954	507,303
62,383	42,552	38,283	25,972	17,847	3,947	25,841
(5,346)	516	(3,251)	479	(19,974)	(14,271)	(2,528)
57,037	43,068	35,031	26,451	(2,127)	(10,324)	23,312
20,198	16,412	11,601	11,473	970	7,181	11,132
34,853	25,586	22,349	14,293	(2,670)	(17,696)	11,425
36,216	47,293	36,912	25,502	23,010	36,183	33,872
35,316	30,099	27,435	26,909	28,812	27,536	26,210
10,100	9,728	9,806	8,722	8,307	8,036	9,268
64,153	66,332	57,987	37,889	30,961	30,331	24,444
(64,600)	(62,386)	(31,638)	(16,958)	(16,223)	(34,372)	(19,714)
(447)	3,946	26,349	20,931	14,738	(4,041)	4,730
389,067	313,569	278,678	295,491	285,749	291,490	321,575
426,721	429,462	349,905	326,386	307,349	351,332	358,881
815,788	743,032	628,583	621,877	593,098	642,823	680,457
297,489	266,834	234,300	245,588	227,314	239,378	261,952
241,571	228,373	194,420	175,548	183,481	182,455	179,749
276,727	247,823	199,861	200,739	182,302	220,989	238,755
815,788	743,032	628,583	621,877	593,098	642,823	680,457
23,413	22,639	20,737	19,772	20,351	22,337	23,283
¥ 64.53	¥ 47.28	¥ 41.35	¥ 26.12	¥ (5.22)	¥ (31.79)	¥ 20.35
485.62	436.48	349.07	349.83	316.27	378.03	405.12
23.2%	22.4%	22.5%	21.5%	19.6%	18.1%	19.7%
8.7	6.8	6.6	5.0	3.4	0.8	4.8
14.5	15.6	15.9	16.5	16.2	17.3	14.8
4.9	4.1	3.8	2.7	(0.5)	(3.7)	2.1
4.5	3.7	3.6	2.4	(0.4)	(2.7)	1.7
14.0	12.1	11.9	8.0	(1.4)	(8.1)	5.5
32.2	31.7	30.0	30.3	28.8	32.4	33.4
0.92	0.92	0.93	0.86	0.85	0.73	0.81
7.0	6.9	7.4	6.6	5.8	4.8	5.2
0.69	0.73	0.89	0.99	1.22	1.04	0.88
11.3	15.0	11.3	6.1	4.1	4.2	2.5

SIX-YEAR SEGMENT INFORMATION

NSK Ltd. and Consolidated Subsidiaries

Millions of yen / %

Years ended March 31	2011	2010	2009	2008	2007	2006
SALES BY SEGMENT						
Industrial Machinery Business	**¥259,095**	¥201,963	—	—	—	—
Automotive Business	**424,157**	366,463	—	—	—	—
Others	**27,178**	19,145	—	—	—	—
Total	**710,431**	587,572	—	—	—	—
SALES BY BUSINESS SEGMENT (PREVIOUS SEGMENTS)						
Industrial machinery bearings	—	¥166,873	¥209,530	¥239,056	¥216,338	¥195,556
Automotive products	—	366,463	352,453	435,705	397,863	353,124
Precision machinery and parts	—	35,089	57,491	68,186	77,719	65,831
Others	—	19,145	28,118	29,087	25,303	13,962
Total	—	587,572	647,593	772,036	717,225	628,474
INCREASE / DECREASE FROM THE PREVIOUS YEAR						
Industrial Machinery Business	**28.3%**	—	—	—	—	—
Automotive Business	**15.7**	—	—	—	—	—
Others	**42.0**	—	—	—	—	—
Total	**20.9**	—	—	—	—	—
INCREASE / DECREASE FROM THE PREVIOUS YEAR (PREVIOUS SEGMENTS)						
Industrial machinery bearings	—	–20.4%	–12.4%	10.5%	10.6%	5.4%
Automotive products	—	4.0	–19.1	9.5	12.7	11.7
Precision machinery and parts	—	–39.0	–15.7	–12.3	18.1	2.6
Others	—	–31.9	–3.3	15.0	81.2	–7.9
Total	—	–9.3	–16.1	7.6	14.1	8.2
SALES BY REGION (BASED ON CUSTOMER LOCATION)						
Japan	**¥354,542**	¥289,540	¥323,375	¥388,929	¥364,395	¥330,062
The Americas	**85,466**	70,609	78,754	107,321	105,111	92,367
Europe	**102,176**	98,504	111,866	133,853	121,698	98,165
Asia	**168,246**	128,918	133,596	141,933	126,021	107,880
Total	**710,431**	587,572	647,593	772,036	717,225	628,474
INCREASE / DECREASE FROM THE PREVIOUS YEAR						
Japan	**22.5%**	–10.5%	–16.9%	6.7%	10.4%	6.4%
The Americas	**21.0**	–10.3	–26.6	2.1	13.8	12.3
Europe	**3.7**	–11.9	–16.4	10.0	24.0	4.8
Asia	**30.5**	–3.5	–5.9	12.6	16.8	13.8
Total	**20.9**	–9.3	–16.1	7.6	14.1	8.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF BUSINESS RESULTS AND FINANCIAL POSITION

ANALYSIS OF BUSINESS RESULTS FOR THE YEAR ENDED MARCH 31, 2011

1. Scope of Consolidation

The consolidated financial statements reflect the financial performance of NSK Ltd. and its 90 consolidated subsidiaries (21 in Japan and 69 overseas). NSK's investments in 14 affiliates (9 in Japan and 5 overseas) are accounted for by the equity method.

In the year ended March 31, 2011, NSK established two new companies, including a production company for industrial machinery bearings in China. Due to a change in the Company's ownership stake, an equity-method affiliate became a consolidated subsidiary. Three companies, including a domestic industrial machinery bearings production subsidiary, were absorbed by either the Company or one of its consolidated subsidiaries, and one company was liquidated. As a result, the number of consolidated subsidiaries decreased by one from the previous fiscal year-end. The number of equity-method affiliates declined by two due to the above-mentioned change in ownership, resulting in one affiliate becoming a consolidated subsidiary, and the sale of stocks in another affiliate.

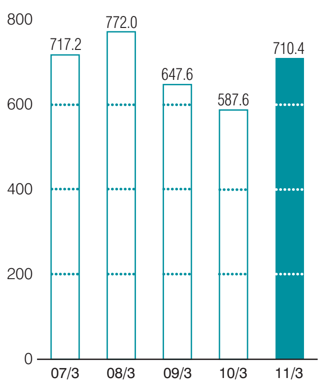
2. Overview of the Year Ended March 31, 2011

During the year ended March 31, 2011, the global economy showed a steady trend toward recovery supported by economic growth in emerging nations, principally China and ASEAN countries. However, growth began to decelerate in emerging nations and the price of crude oil rose sharply due to complications in the Middle East. Further, production activity and consumer spending in Japan trended downward following the Great East Japan Earthquake on March 11, 2011. The combined effect of these factors left the future of the economy unclear.

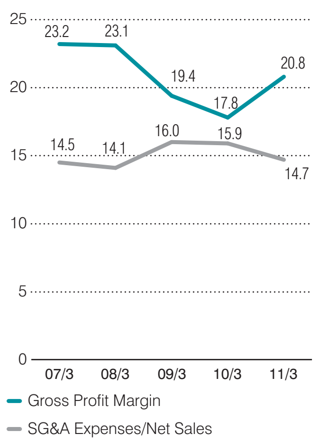
Among business segments, orders from automakers recovered as automotive markets in emerging nations expanded and economic conditions recovered around the world. In Japan, increases in unit production due to strong exports were seen, although sales of automotive manufacturers were negatively affected by the end of government-funded subsidies for customers replacing older vehicles as well as the effects of the recent earthquake. In the Americas, the sales of major automotive manufacturers recovered. In Europe, unit production of automotive manufacturers rose due to the large volume of exports out of Europe, a result of the weak euro. In Asia, the automotive markets in China and other countries in the region expanded. In this way, all geographical segments continued to see strong demand. Meanwhile, in the industrial machinery sector, demand increased for both industrial machinery bearings and precision machinery and parts, driven by the economic growth in China and ASEAN countries, and the general economic recovery seen around the world. In Japan, demand from China and other nations led to higher demand from the construction equipment, machine tools, and semiconductor production equipment industries. In the Americas and Europe, demand from the aftermarket sector rose in line with the gentle recovery in economic conditions. Demand increased for machine tools, infrastructure, and exposure equipment for LCD panel production in China and other Asian nations.

As a result, consolidated net sales grew 20.9% year on year, to ¥710.4 billion (US$8,559 million). Operating income was up 285.0%, to ¥43.5 billion (US$524 million), due to the effects of improved operating ratios stemming from higher sales volumes and expanded production, increased productivity, and reduced external procurement costs, which offset the decreased profitability of exports resulting from the appreciation of the yen. Ordinary income was up 407.6%, to ¥38.6 billion (US$465 million). After recording ¥0.3 billion (US$4 million) in extraordinary loss on devaluation of investment securities, net income after tax expenses and minority interests was up 447.9%, to ¥26.1 billion (US$315 million).

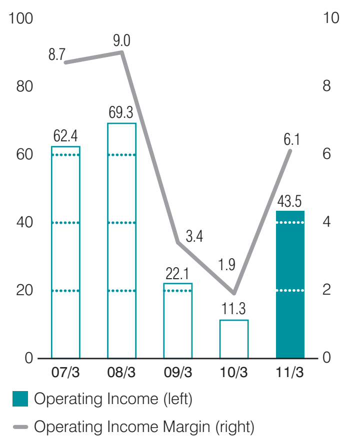
NET SALES
(¥ Billions)



GROSS PROFIT MARGIN / SG&A EXPENSES/NET SALES
(%)



OPERATING INCOME / OPERATING INCOME MARGIN
(¥ Billions / %)



MANAGEMENT'S DISCUSSION AND ANALYSIS OF BUSINESS RESULTS AND FINANCIAL POSITION

3. Net Sales

Net sales increased ¥122.9 billion, or 20.9% year on year, to ¥710.4 billion (US$8,559 million). Excluding the effect of exchange rate fluctuations, the increase was ¥149.2 billion, or 25.4%. Sales in Japan showed a year-on-year rise of ¥65.0 billion, or 22.5%, to ¥354.5 billion (US$4,272 million). Overseas sales were up ¥57.9 billion, or 19.4%, to ¥355.9 billion (US$4,288 million). Excluding the influence of exchange rates, the increase was ¥84.2 billion, or 28.3%.

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

The cost of sales increased from ¥482.7 billion in the previous fiscal year, to ¥563.0 billion (US$6,783 million). The ratio of cost of sales to net sales improved 3.0 percentage points, to 79.2%.

SG&A expenses increased from ¥93.5 billion in the previous fiscal year to ¥104.0 billion (US$1,252 million). The ratio of SG&A expenses to net sales improved 1.2 percentage points, to 14.7%.

Consolidated operating income grew ¥32.2 billion, or 285.0% year on year, to ¥43.5 billion (US$524 million). The consolidated operating income margin improved 4.2 percentage points, to 6.1%.

5. Segment Information

(a) Industrial Machinery Business

Sales of industrial machinery bearings for construction equipment and machine tools increased significantly in Japan, China, and other Asian countries against the backdrop of robust demand accompanying economic growth in emerging nations. Sales to the aftermarket sector also expanded due to the gentle economic recovery in the Americas and Europe, as well the effects of sales promotion efforts.

In precision machinery and parts, demand was strong for machine tools and semiconductor production equipment in emerging nations, and sales grew substantially in Japan. Additionally, demand for exposure equipment for LCD panel production was brisk in China and South Korea.

As a result, net sales in the Industrial Machinery Business rose 28.3% year on year, to ¥259.1 billion (US$3,122 million). Operating income was ¥20.4 billion (US$246 million), compared with an operating loss of ¥1.7 billion in the previous fiscal year. This increase was due to the effects of significantly higher production volumes and productivity as well as reduced external procurement costs, which offset the decreased profitability of exports resulting from the yen's appreciation.

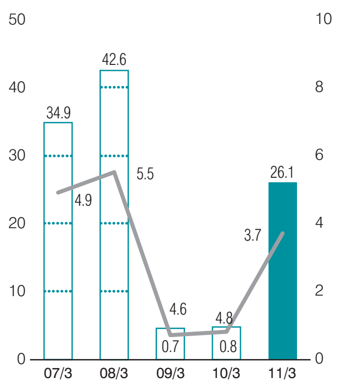
(b) Automotive Business

In the fiscal year under review, although there were negative factors stemming from the Great East Japan Earthquake, economic conditions recovered around the world due to the expansion of automotive markets in China and other emerging nations, as well as the expansion of the market for environmentally friendly "eco cars" in developed countries due to increased consumer concern for fuel efficiency and the environment. Subsequently, sales of hub unit bearings, EPS systems, and other products increased across the globe.

Accordingly, net sales in the Automotive Business grew 15.7% year on year, to ¥424.2 billion (US$5,110 million). Despite higher costs from the effects of the strong yen and the rising prices of raw materials, operating income rose 47.1%, to ¥26.9 billion (US$324 million), due to the effects of higher production volumes and productivity as well as reduced external procurement costs.

NET INCOME / NET INCOME MARGIN

(¥ Billions / %)

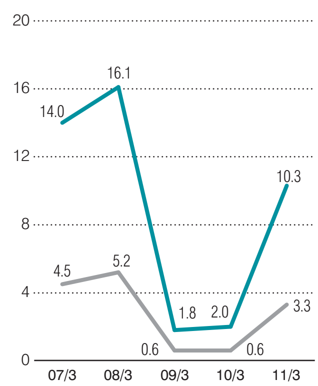


Net Income (left)

Net Income Margin (right)

ROE / ROA

(%)

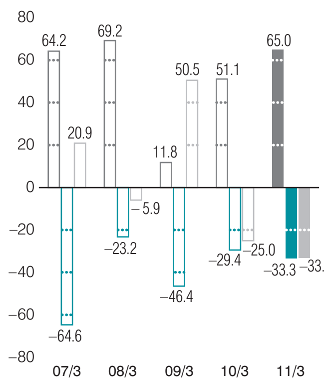


ROE

ROA

CASH FLOWS

(¥ Billions)



Cash from Operating Activities

Cash from Investing Activities

Cash from Financing Activities

6. Non-Operating Income and Expenses

Non-operating expenses net of non-operating income amounted to ¥5.0 billion (US$60 million), compared with ¥3.7 billion for the previous fiscal year. This was the result of unfavorable foreign exchange rates, which offset the reduction in product compensation expenses.

7. Extraordinary Income and Loss

Extraordinary loss net of extraordinary income was ¥0.3 billion (US$4 million), compared with ¥1.3 billion in the previous fiscal year. In the previous fiscal year, the Company recorded costs related to business restructuring of ¥1.3 billion. For the fiscal year under review, the Company recognized an extraordinary loss of ¥0.3 billion (US$4 million) on devaluation of investment securities.

8. Income before Income Taxes and Minority Interests

Income before income taxes and minority interests rose ¥31.9 billion, or 503.6%, to ¥38.2 billion (US$461 million), due to an improvement in operating income, which offset the increase in non-operating expenses.

9. Tax Expenses

Tax expenses (current and deferred income taxes) amounted to ¥10.8 billion (US$130 million), up ¥10.0 billion compared with the previous fiscal year. The tax burden ratio (income tax divided by income before income taxes and minority interests) was 28.3%; this reflected the recording of earnings by overseas subsidiaries that were subject to lower tax rates than in Japan and tax credits associated with R&D expenses, among other factors.

10. Minority Interests

Minority interests, consisting mainly of the interests of minority shareholders in subsidiaries, increased ¥0.6 billion, or 76.6% year on year, to ¥1.3 billion (US$16 million).

11. Net Income

Net income improved ¥21.3 billion, or 447.9%, to ¥26.1 billion (US$315 million). Net income per share was ¥48.30 (US$0.58), up from ¥8.82 in the previous fiscal year. Return on shareholders' equity (ROE) improved from 2.0% in the previous fiscal year to 10.3%.

12. Cash Flows and Financial Position

(a) Cash Flows

Net cash provided by operating activities rose ¥13.9 billion year on year, to ¥65.0 billion (US$783 million). Major inflows included income before income taxes and minority interests of ¥38.2 billion (US$461 million), depreciation and amortization of ¥34.9 billion (US$421 million), and an increase in notes and accounts payable of ¥10.5 billion (US$126 million). Major outflows included an increase in trade notes and accounts receivable of ¥5.4 billion (US$65 million) and a net increase in inventories of ¥10.3 billion (US$124 million).

Net cash used in investing activities expanded ¥4.0 billion, to ¥33.3 billion (US$402 million). Major outflows included ¥33.5 billion (US$404 million) used to acquire additions to property, plant and equipment.

Net cash used in financing activities grew ¥8.0 billion, to ¥33.0 billion (US$397 million). Major outflows included ¥6.3 billion (US$76 million) used to repay long-term debt, payments for repayment of bonds of ¥25.0 billion (US$301 million), and cash dividends paid of ¥4.9 billion (US$59 million).

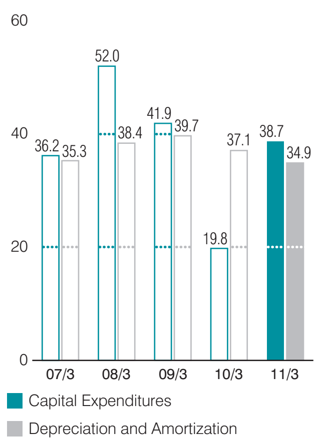
As a result, cash and cash equivalents as of March 31, 2011, amounted to ¥120.3 billion (US$1,450 million), a decrease of ¥3.1 billion from the previous fiscal year-end.

(b) Financial Position

Total assets at the end of the fiscal year under review amounted to ¥788.6 billion (US$9,502 million), down ¥1.0 billion from the previous fiscal year-end. Major increases included ¥1.9 billion (US$23 million) in marketable securities, ¥2.5 billion (US$30 million) in finished products, and ¥2.4 billion (US$28 million) in raw materials

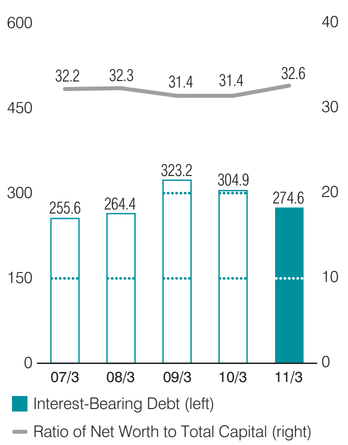
CAPITAL EXPENDITURES / DEPRECIATION AND AMORTIZATION

(¥ Billions)



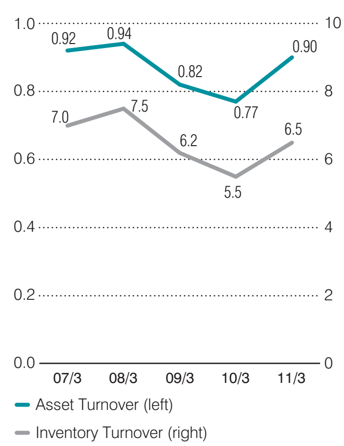
INTEREST-BEARING DEBT / RATIO OF NET WORTH TO TOTAL CAPITAL

(¥ Billions / %)



ASSET TURNOVER / INVENTORY TURNOVER

(Times)



and supplies. Major decreases included ¥7.4 billion (US$89 million) in cash and cash equivalents, and ¥3.6 billion (US$44 million) in investment securities. Total liabilities amounted to ¥513.4 billion (US$6,185 million), down ¥11.6 billion from the previous fiscal year-end. Major increases included ¥9.6 billion (US$115 million) in notes and accounts payable, ¥10.0 billion (US$120 million) in the current portion of long-term debt, and ¥5.3 billion (US$64 million) in the current portion of corporate bonds. Major decreases included ¥30.3 billion (US$365 million) in bonds and ¥15.4 billion (US$186 million) in long-term debt. Total net assets were ¥275.3 billion (US$3,316 million), up ¥10.6 billion. Major increases included ¥26.1 billion (US$315 million) in net income. Major decreases included ¥1.5 billion (US$18 million) in unrealized holding gain on securities and ¥9.6 billion (US$115 million) in translation adjustments.

Total current assets rose ¥7.4 billion year on year, to ¥418.6 billion (US$5,043 million). Total current liabilities expanded ¥36.2 billion, to ¥293.9 billion (US$3,541 million). As a result, the current ratio declined from 1.60 times in the previous fiscal year to 1.42 times. Gross interest-bearing debt decreased ¥30.4 billion, to ¥274.6 billion (US$3,308 million). Net interest-bearing debt (interest-bearing debt net of cash and cash equivalents) was down ¥27.2 billion, to ¥154.3 billion (US$1,858 million). The net debt-equity ratio fell from 0.73 in the previous fiscal year to 0.60. Net assets per share rose from ¥458.65 to ¥475.45 (US$5.73). The ratio of net worth to total capital increased from 31.4% to 32.6%.

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, 2011.

1. Economic Conditions in Countries, Regions, and Industries

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

2. Market Changes and Competition

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

3. Reliance on Specific Industries

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

4. Credit Risks

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

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

5. Business Alliance Risks

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

6. Reliance on Specific Suppliers

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

7. Rising Prices of Raw Materials

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

8. Quality Risks

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

9. Product Development Risks

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

10. Intellectual Property Risks

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

11. Overseas Expansion Risks

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

12. Disaster and Terrorist Risks

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

13. Compliance Risks

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

14. Litigation Risks

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

There have been no lawsuits relating to matters other than production transactions with the potential to have a serious impact on the business performance of the Group. However, the possibility that the NSK Group's business performance will be seriously affected by such litigation in the future cannot be ruled out.

15. Information Management Risks

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

16. Information Disclosure and Shareholder Income Risks

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

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

17. Environmental Risks

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

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

18. Information System Risks

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

19. Recruitment Risks

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

20. Labor Dispute Risks and the Labor Environment

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

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

21. Foreign Exchange and Interest Rate Risks

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

22. Retirement Benefit Liabilities

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

MANAGEMENT'S VIEWS ON KEY ISSUES AND FUTURE POLICIES

The NSK Group has prepared a mid-term plan, which covers the period through March 2013 and sets out a mid-term vision that calls on the Group to "Become No. 1 in Total Quality." This means realizing quality not only in products, which is the most fundamental requirement of a manufacturer, but also in all services we provide. In addition to our existing basic strategies of advancing growth strategies and strengthening profitability, we aim to build an operational foundation for future growth amid dramatically changing business conditions. To this end, we will step up efforts to strengthen customer-oriented and business-oriented management by further integrating technology, production, and sales.

Regarding sales and marketing, we intend to take steps to expand sales in such emerging nations as China and India as well as step up initiatives for businesses related to the environment, infrastructure, and resources. As for technology, we will accelerate the creation and development of new products catering to such technological innovations as hybrid vehicles and electric vehicles as well as new sources of energy. Regarding production, we will reinforce manufacturing capabilities by reorganizing our global production system. Further, NSK recognizes that contributing globally to energy saving through its business activities is one of its social responsibilities. Accordingly, we will steadily improve our environmental management levels. Specifically, in response to the increasing demand for energy saving, we will expand our lineup of environmentally friendly products while contributing to the preservation of the natural environment.

Regarding the external environment, while the global economy continued to recover, production activity and consumer spending in Japan trended downward following the Great East Japan Earthquake on March 11, 2011. These factors have added an element of uncertainty to the future of the operating environment. In this environment, NSK will work to ensure a stable supply of its products to assist the recovery efforts in the areas affected by the earthquake. At the same time, the Group will continue to pursue its two basic strategies of advancing its growth strategies and strengthening profitability based on the leadership of its business divisions. In these ways, the NSK Group is coming together to boldly tackle a variety of issues with the aim of continually boosting its corporate value on a global scale.

CONSOLIDATED BALANCE SHEETS

NSK Ltd. and Consolidated Subsidiaries

As of March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
ASSETS			
Current assets:			
Cash and cash equivalents (Note 3)	¥ 120,333	¥ 123,437	$ 1,449,795
Short-term investments (Note 3)	5,101	6,422	61,458
Notes and accounts receivable, trade	136,016	134,409	1,638,747
Less allowance for doubtful receivables	(934)	(1,237)	(11,253)
Inventories (Note 4)	111,649	105,529	1,345,169
Deferred tax assets (Note 7)	10,452	10,258	125,928
Other current assets	35,966	32,347	433,325
Total current assets	418,584	411,167	5,043,181
Non-current assets:			
Property, plant and equipment, at cost (Notes 5, 9 and 15)			
Land	37,554	37,581	452,458
Buildings and structures	189,953	187,951	2,288,590
Machinery, vehicles and equipment	560,245	565,060	6,749,940
Construction in progress	15,830	7,225	190,723
	803,583	797,818	9,681,723
Less accumulated depreciation	(567,677)	(560,067)	(6,839,482)
Property, plant and equipment, net	235,906	237,750	2,842,241
Goodwill	1,854	2,548	22,337
Investments in non-consolidated subsidiaries and affiliates	17,309	17,642	208,542
Investment securities (Notes 3 and 9)	54,898	58,191	661,422
Deferred tax assets (Note 7)	2,693	2,917	32,446
Prepaid pension cost (Note 11)	42,339	44,247	510,108
Other non-current assets	15,041	15,159	181,217
Total non-current assets	370,042	378,456	4,458,337
Total assets	¥ 788,626	¥ 789,624	$ 9,501,518

As of March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 6)	**¥ 65,298**	¥ 65,191	**$ 786,723**
Current portion of long-term debt (Note 9)	**46,444**	31,175	**559,566**
Notes and accounts payable (Note 9)	**124,103**	114,552	**1,495,217**
Accrued income taxes (Note 7)	**6,061**	4,347	**73,024**
Accrued expenses and other current liabilities (Notes 8 and 10)	**51,973**	42,439	**626,181**
Total current liabilities	**293,881**	257,706	**3,540,735**
Long-term liabilities:			
Long-term debt (Note 9)	**162,842**	208,570	**1,961,952**
Accrued employees' retirement benefits (Note 11)	**21,142**	22,948	**254,723**
Accrued officers' retirement benefits	**1,689**	1,541	**20,349**
Deferred tax liabilities (Note 7)	**22,471**	22,811	**270,735**
Other long-term liabilities (Note 10)	**11,330**	11,356	**136,506**
Total long-term liabilities	**219,475**	267,229	**2,644,277**
Net assets:			
Shareholders' equity (Notes 12, 18 and 22):			
Common stock, without par value:			
Authorized:			
2011 – 1,700,000,000 shares			
2010 – 1,700,000,000 shares			
Issued:			
2011 – 551,268,104 shares	**67,176**	—	**809,349**
2010 – 551,268,104 shares	**—**	67,176	**—**
Additional paid-in capital	**78,334**	78,330	**943,783**
Retained earnings	**155,062**	134,902	**1,868,217**
Less treasury stock, at cost	**(4,180)**	(4,160)	**(50,361)**
Total shareholders' equity	**296,392**	276,248	**3,570,988**
Accumulated other comprehensive income:			
Unrealized holding gain on securities	**12,213**	13,701	**147,145**
Translation adjustments	**(51,593)**	(42,007)	**(621,602)**
Total accumulated other comprehensive income	**(39,379)**	(28,306)	**(474,446)**
Share subscription rights	**569**	423	**6,855**
Minority interests	**17,686**	16,323	**213,084**
Total net assets	**275,269**	264,688	**3,316,494**
Total liabilities and net assets	**¥788,626**	¥789,624	**$9,501,518**

See accompanying notes to the consolidated financial statements.

> CONSOLIDATED STATEMENTS OF INCOME

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
Net sales	¥710,431	¥587,572	$8,559,410
Cost of sales (Notes 5 and 13)	562,952	482,743	6,782,554
Gross profit	147,478	104,829	1,776,843
Selling, general and administrative expenses (Notes 5, 13 and 21)	103,954	93,524	1,252,458
Operating income	43,524	11,305	524,386
Other income (expenses):			
Interest and dividend income	1,743	1,936	21,000
Interest expense	(4,656)	(5,441)	(56,096)
Equity in earnings of affiliates	3,568	2,984	42,988
Product compensation	(3,125)	(4,516)	(37,651)
Net foreign exchange losses	(1,388)	—	(16,723)
Loss on devaluation of investment securities	(333)	—	(4,012)
Restructuring charges	—	(1,263)	—
Other, net	(1,091)	1,331	(13,145)
	(5,284)	(4,970)	(63,663)
Income before income taxes and minority interests	38,239	6,335	460,711
Income taxes (Note 7):			
Current	10,219	5,030	123,120
Deferred	586	(4,211)	7,060
	10,805	819	130,181
Income before minority interests	27,434	—	330,530
Minority interests in income of consolidated subsidiaries	1,324	750	15,952
Net income (Note 18)	¥ 26,110	¥ 4,765	$ 314,578

See accompanying notes to the consolidated financial statements.

> CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
Income before minority interests	¥ 27,434	¥ —	$ 330,530
Other comprehensive income			
Unrealized holding gain (loss) on securities	(1,535)	—	(18,494)
Translation adjustments	(10,032)	—	(120,867)
Share of other comprehensive income of affiliates accounted for by the equity method	9	—	108
Total other comprehensive income	(11,557)	—	(139,241)
Comprehensive income	¥ 15,877	¥ —	$ 191,289
(Details)			
Comprehensive income attributable to parent company	¥ 15,118	¥ —	$ 182,145
Comprehensive income attributable to minority interests	¥ 758	¥ —	$ 9,133

> CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NSK Ltd. and Consolidated Subsidiaries

Year ended March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
SHAREHOLDERS' EQUITY:			
COMMON STOCK			
Beginning balance	¥ 67,176	¥ 67,176	$ 809,349
Ending balance	¥ 67,176	¥ 67,176	$ 809,349
ADDITIONAL PAID-IN CAPITAL			
Beginning balance	¥ 78,330	¥ 78,324	$ 943,735
Disposition of treasury stock	4	5	48
Ending balance	¥ 78,334	¥ 78,330	$ 943,783
RETAINED EARNINGS			
Beginning balance	¥134,902	¥134,455	$1,625,325
Cash dividends	(5,950)	(4,327)	(71,687)
Net income	26,110	4,765	314,578
Effect of changes in fiscal year-end of certain consolidated subsidiaries	—	9	—
Ending balance	¥155,062	¥134,902	$1,868,217
TREASURY STOCK			
Beginning balance	¥ (4,160)	¥ (4,149)	$ (50,120)
Net change during the year	(19)	(11)	(229)
Ending balance	¥ (4,180)	¥ (4,160)	$ (50,361)
TOTAL SHAREHOLDERS' EQUITY			
Beginning balance	¥276,248	¥275,807	$3,328,289
Net change during the year	20,144	441	242,699
Ending balance	¥296,392	¥276,248	$3,570,988
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
UNREALIZED HOLDING GAIN ON SECURITIES			
Beginning balance	¥ 13,701	¥ 5,528	$ 165,072
Net change during the year	(1,487)	8,172	(17,916)
Ending balance	¥ 12,213	¥ 13,701	$ 147,145
TRANSLATION ADJUSTMENTS			
Beginning balance	¥ (42,007)	¥ (47,940)	$ (506,108)
Net change during the year	(9,585)	5,932	(115,482)
Ending balance	¥ (51,593)	¥ (42,007)	$ (621,602)
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME			
Beginning balance	¥ (28,306)	¥ (42,412)	$ (341,036)
Net change during the year	(11,073)	14,105	(133,410)
Ending balance	¥ (39,379)	¥ (28,306)	$ (474,446)
SHARE SUBSCRIPTION RIGHTS			
Beginning balance	¥ 423	¥ 289	$ 5,096
Net change during the year	146	133	1,759
Ending balance	¥ 569	¥ 423	$ 6,855
MINORITY INTERESTS			
Beginning balance	¥ 16,323	¥ 15,102	$ 196,663
Net change during the year	1,363	1,221	16,422
Ending balance	¥ 17,686	¥ 16,323	$ 213,084
Total net assets	¥275,269	¥264,688	$3,316,494

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 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 2) 2011
OPERATING ACTIVITIES			
Income before income taxes and minority interests	¥ 38,239	¥ 6,335	$ 460,711
Depreciation and amortization	34,943	37,149	421,000
Amortization of goodwill	760	866	9,157
Increase (decrease) in provision for retirement benefits	822	(943)	9,904
Interest expense	4,656	5,441	56,096
Increase in notes and accounts receivable, trade	(5,366)	(36,523)	(64,651)
Decrease (increase) in inventories, net	(10,312)	2,178	(124,241)
Increase in notes and accounts payable	10,474	41,112	126,193
Other, net	(1,774)	(4,713)	(21,373)
Subtotal	72,444	50,902	872,819
Interest and dividends received	5,242	3,276	63,157
Interest paid	(4,638)	(5,554)	(55,880)
Income taxes paid	(8,074)	2,483	(97,277)
Net cash provided by operating activities	64,973	51,108	782,807
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(33,543)	(22,053)	(404,133)
Proceeds from sales of property, plant and equipment	498	930	6,000
Proceeds from acquisition of minority interests	15	—	181
Payments for acquisition of minority interests	—	(413)	—
Decrease (increase) in investment securities, net	1,699	(1,255)	20,470
Other, net	(2,019)	(6,564)	(24,325)
Net cash used in investing activities	(33,348)	(29,355)	(401,783)
FINANCING ACTIVITIES			
Increase (decrease) in short-term debt, net	1,908	(11,874)	22,988
Repayment of bonds	(25,000)	(7,000)	(301,205)
Decrease in long-term debt, net	(4,704)	(1,528)	(56,675)
Cash dividends paid	(4,873)	(4,335)	(58,711)
Acquisition of treasury stock	(22)	(22)	(265)
Other, net	(273)	(196)	(3,289)
Net cash used in financing activities	(32,966)	(24,956)	(397,181)
Effect of exchange rate changes on cash and cash equivalents	(1,762)	1,219	(21,229)
Net decrease in cash and cash equivalents	(3,103)	(1,984)	(37,386)
Cash and cash equivalents at beginning of the year	123,437	124,944	1,487,193
Increase in cash and cash equivalents resulting from changes in fiscal year-end of certain consolidated subsidiaries	—	477	—
Cash and cash equivalents at end of the year	¥120,333	¥123,437	$1,449,795

See accompanying notes to the consolidated financial statements.

> NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NSK Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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

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

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

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

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

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

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

Effective from the year ended March 31, 2010, 2 consolidated subsidiaries changed their fiscal year ends from December 31 to March 31.

Certain subsidiaries are still consolidated on the basis of fiscal periods ending December 31, 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 Brasil Ltda. ("NSK Brazil"), the amount of the Company's investment in NSK Brazil has been offset against the adjusted amount of NSK Brazil's shareholders' equity as of March 31, 1997 based on the indexation accounting system.

(c) Foreign Currency Translation

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

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

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

(d) Cash Equivalents

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

(e) Securities

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

(f) Inventories

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

(g) Property, Plant and Equipment and Depreciation

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

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

(h) Leases

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

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

(i) Retirement Benefits

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

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

(j) Accrual for Environmental Safety Measures Expenses

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

(k) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(l) Research and Development Costs

Research and development costs are charged to income when incurred.

(m) Distribution of Retained Earnings

Dividends and other distributions of retained earnings are resolved by the Board of Directors held subsequent to the end of the fiscal year, and are reported to the shareholders at a meeting. The accompanying consolidated financial statements reflect the applicable distributions of retained earnings as resolved by the Board of Directors subsequent to the fiscal year end.

(n) Derivative Financial Instruments and Hedging Activities

All derivatives are stated at fair value with any changes in fair value included in net income for the period in which they arise, except for derivatives which meet the criteria for hedged accounting under which realized gain or loss, net applicable income taxes, is deferred as a component of net assets. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

(o) Changes in Accounting Standards
(Application of the new "Accounting Standards for Asset Retirement Obligations")

Effective from the year ended March 31, 2011, the "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, as issued on March 31, 2008), and the "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, as issued on March 31, 2008) have been applied.

The effect of this application on income for the year ended March 31, 2011 was immaterial.

(Application of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)")

Effective from the year ended March 31, 2010, the "Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, as issued on July 31, 2008) has been applied.

This application had no impact on income for the year ended March 31, 2010.

(p) Changes in Presentation

(Changes regarding the Consolidated Statements of Income)

"Income before income taxes and minority interests" has been presented from the year ended March 31, 2011, as result of the application of the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, as issued on December 26, 2008) and the "Cabinet Office Ordinance of Partial Amendment to Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, as issued on March 24, 2009).

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 ¥83 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2011. The translation should not be construed as a representation that yen have 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, 2011 and 2010 is as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2011	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	1,097	1,112	14	13,217	13,398	169
Other debt securities	—	—	—	—	—	—
Subtotal	1,097	1,112	14	13,217	13,398	169
Securities whose carrying value exceeds their fair value:						
Government bonds	—	—	—	—	—	—
Corporate bonds	199	198	(1)	2,398	2,386	(12)
Other debt securities	—	—	—	—	—	—
Subtotal	199	198	(1)	2,398	2,386	(12)
Total	¥1,297	¥1,310	¥12	$15,627	$15,783	$145

As of March 31, 2010	Millions of yen Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ —	¥ —	¥ —
Corporate bonds	2,496	2,521	24
Other debt securities	—	—	—
Subtotal	2,496	2,521	24
Securities whose carrying value exceeds their fair value:			
Government bonds	—	—	—
Corporate bonds	500	499	(0)
Other debt securities	—	—	—
Subtotal	500	499	(0)
Total	¥2,996	¥3,020	¥24

(b) Information regarding marketable securities classified as other securities as of March 31, 2011 and 2010 is as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2011	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	¥ 44,090	¥17,222	¥26,867	$ 531,205	$207,494	$323,699
Bonds:						
Government bonds	—	—	—	—	—	—
Corporate bonds	45	45	0	542	542	0
Other debt securities	—	—	—	—	—	—
Other	10	9	1	120	108	12
Subtotal	44,145	17,276	26,868	531,867	208,145	323,711
Securities whose acquisition cost exceeds their carrying value:						
Stock	5,619	7,149	(1,529)	67,699	86,133	(18,422)
Bonds:						
Government bonds	12,007	12,007	—	144,663	144,663	—
Corporate bonds	9,997	9,997	—	120,446	120,446	—
Other debt securities	11	11	—	133	133	—
Other	29,087	29,097	(10)	350,446	350,566	(120)
Subtotal	56,722	58,262	(1,540)	683,398	701,952	(18,554)
Total	¥100,868	¥75,539	¥25,328	$1,215,277	$910,108	$305,157

As of March 31, 2010	Millions of yen Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥ 46,879	¥17,924	¥28,955
Bonds:			
Government bonds	—	—	—
Corporate bonds	45	45	0
Other debt securities	—	—	—
Other	9	9	0
Subtotal	46,934	17,978	28,956
Securities whose acquisition cost exceeds their carrying value:			
Stock	5,367	6,775	(1,407)
Bonds:			
Government bonds	8,007	8,007	—
Corporate bonds	9,995	9,995	—
Other debt securities	11	11	—
Other	30,191	30,195	(4)
Subtotal	53,574	54,986	(1,412)
Total	¥100,508	¥72,964	¥27,543

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

(c) Information regarding sales of securities classified as other securities for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	**2011**	2010	**2011**
Proceeds from sales	**¥60**	¥23	**$723**
Gains on sales	**19**	17	**229**
Losses on sales	**(1)**	(0)	**(12)**

4. INVENTORIES

Inventories at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2011**	2010	**2011**
Finished products	**¥ 61,871**	¥ 59,356	**$ 745,434**
Work in process	**36,582**	35,341	**440,747**
Raw materials and supplies	**13,195**	10,831	**158,976**
Total	**¥111,649**	¥105,529	**$1,345,169**

5. DEPRECIATION

Depreciation of property, plant and equipment for the years ended March 31, 2011 and 2010 amounted to ¥33,141 million ($399,289 thousand) and ¥35,627 million, respectively.

6. SHORT-TERM DEBT

At March 31, 2011 and 2010, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	**2011**	2010	**2011**
Bank loans	**¥65,298**	¥65,191	**$786,723**
Total	**¥65,298**	¥65,191	**$786,723**

Short-term bank loans are unsecured and the interest rates applicable to the loans at March 31, 2011 and 2010 ranged principally from 0.48 percent to 10.50 percent and from 0.55 percent to 9.75 percent, respectively.

7. INCOME TAXES

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.5 percent for both 2011 and 2010. Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2011 and 2010 differ from the statutory tax rate for the following reasons:

Year ended March 31,	**2011**	2010
Statutory tax rates	**40.5%**	40.5%
Effect of:		
Expenses not deductible for income tax purposes	**4.6**	18.5
Income not recognizable for income tax purposes	**(15.5)**	(22.1)
Elimination of dividend income	**13.4**	7.2
Unrecognized losses of subsidiaries	**—**	16.4
Different tax rates applied to income of foreign subsidiaries	**(6.3)**	(30.0)
Tax credits	**(3.6)**	—
Equity in earnings of affiliates	**(3.8)**	(19.9)
Other, net	**(1.0)**	2.3
Effective tax rates	**28.3%**	12.9%

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2011	2010	2011
Deferred tax assets:			
Accrued retirement benefits	¥ 13,894	¥ 12,103	$ 167,398
Property, plant and equipment	1,808	1,892	21,783
Accrual payroll expenses	2,057	2,223	24,783
Net loss carried-forward	12,124	17,597	146,072
Accrued bonuses	4,562	3,802	54,964
Inventories	3,199	1,355	38,542
Loss on devaluation of investment securities	699	580	8,422
Other	7,929	7,464	95,530
Valuation allowance	(19,280)	(20,379)	(232,289)
Total deferred tax assets	26,997	26,640	325,265
Deferred tax liabilities:			
Depreciation	(863)	(949)	(10,398)
Reserve for advanced depreciation of fixed assets	(2,442)	(2,529)	(29,422)
Unrealized holding gain on securities	(9,942)	(10,623)	(119,783)
Gain on contribution of securities to employees' retirement benefit trust	(13,010)	(13,010)	(156,747)
Other	(10,064)	(9,209)	(121,253)
Total deferred tax liabilities	(36,323)	(36,323)	(437,627)
Net deferred tax assets (liabilities)	¥ (9,325)	¥ (9,683)	$(112,349)

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

At March 31, 2011 and 2010, accrued expenses and other current liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2011	2010	2011
Accrued bonuses	¥13,768	¥11,120	$165,880
Dividends payable	3,275	2,197	39,458
Other	34,930	29,121	420,843
Total	¥51,973	¥42,439	$626,181

9. LONG-TERM DEBT

At March 31, 2011 and 2010, long-term debt consisted of the following:

As of March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Secured loans from banks, insurance companies and others, due through 2011 at interest rates of 2.45 percent	¥ 7	¥ 187	$ 84
Unsecured loans from banks, insurance companies and others, due through 2020 at interest rates ranging from 0.00 percent to 9.00 percent	113,979	119,258	1,373,241
Unsecured yen bonds:			
At interest rates ranging from 1.28 percent to 2.13 percent, due through 2017	95,300	120,300	1,148,193
	209,286	239,746	2,521,518
Less current portion	(46,444)	(31,175)	(559,566)
Total	¥162,842	¥208,570	$1,961,952

The aggregate annual maturities of long-term debt subsequent to March 31, 2011 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2012	¥ 46,444	$ 559,566
2013	43,568	524,916
2014	41,324	497,880
2015	30,425	366,566
2016 and thereafter	47,523	572,566
Total	¥209,286	$2,521,518

The assets pledged as collateral for notes and accounts payable, and long-term debt at March 31, 2011 are as follows:

As of March 31, 2011	Millions of yen	Thousands of U.S. dollars
Investment securities	¥100	$1,205
Property, plant and equipment, at net book value	89	1,072
Total	¥189	$2,277

10. LEASE OBLIGATIONS

At March 31, 2011 and 2010, lease obligations consisted of the following:

As of March 31,	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Current portion of lease obligations	¥ 263	¥ 514	$ 3,169
Lease obligations, less current portion, due through 2018	1,013	1,027	12,205
Total	¥1,276	¥1,541	$15,373

The aggregate annual maturities of lease obligations subsequent to March 31, 2012 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 639	$ 7,699
2014	222	2,675
2015	103	1,241
2016	32	386
2017 and thereafter	15	181
Total	¥1,013	$12,205

11. RETIREMENT BENEFIT PLANS

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

The following tables set forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2011 and 2010 for the Company's and the subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2011	2010	2011
Retirement benefit obligation	¥(147,481)	¥(145,582)	$(1,776,880)
Plan assets at fair value	138,804	143,853	1,672,337
Unfunded retirement benefit obligation	(8,677)	(1,728)	(104,542)
Unrecognized actuarial loss	32,817	26,645	395,386
Unrecognized prior service cost	(2,942)	(3,618)	(35,446)
Net retirement benefit obligation	21,197	21,298	255,386
Prepaid pension cost	42,339	44,247	510,108
Accrued retirement benefits	¥ (21,142)	¥ (22,948)	$ (254,723)

The components of retirement benefit expenses for the years ended March 31, 2011 and 2010 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	2011	2010	2011
Service cost	¥ 4,060	¥ 3,913	$ 48,916
Interest cost	4,801	4,742	57,843
Expected return on plan assets	(4,474)	(4,430)	(53,904)
Amortization of actuarial gain or loss	3,085	3,394	37,169
Amortization of prior service cost	(318)	(419)	(3,831)
Net period retirement benefit costs	7,154	7,200	86,193
Contribution to defined contribution plans	673	629	8,108
Total	¥ 7,827	¥ 7,829	$ 94,301

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

Year ended March 31,	2011	2010
Discount rate	Mainly 2.2%	Mainly 2.2%
Expected rate of return on plan assets	Mainly 2.2%	Mainly 2.2%

12. SHAREHOLDERS' EQUITY

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

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2011 and 2010 amounted to ¥10,515 million ($126,687 thousand) and ¥8,794 million, respectively.

14. COMMITMENTS AND CONTINGENCIES

(a) At March 31, 2011, the Company and its subsidiaries had the following contingent liabilities:

As of March 31, 2011	Millions of yen	Thousands of U.S. dollars
As guarantor of indebtedness of:		
Employees	¥ 30	$ 361
Affiliates	467	5,627
Total	¥497	$5,988

(b) Factored receivables for the years ended March 31, 2011 and 2010 amounted to ¥5,244 million ($63,181 thousand) and ¥9,373 million, respectively.

15. LEASES

(a) Finance Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2011 and 2010, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
As of March 31,	2011	2010	2011
Acquisition costs:			
Machinery, vehicles and equipment	¥1,442	¥3,499	$17,373
Other assets	209	318	2,518
Total	¥1,651	¥3,817	$19,892
Accumulated depreciation:			
Machinery, vehicles and equipment	¥ 951	¥2,667	$11,458
Other assets	166	219	2,000
Total	¥1,118	¥2,887	$13,470
Net book value:			
Machinery, vehicles and equipment	¥ 490	¥ 831	$ 5,904
Other assets	42	98	506
Total	¥ 533	¥ 929	$ 6,422

Lease payments relating to finance leases accounted for as operating leases amounted to ¥395 million ($4,759 thousand) and ¥717 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, 2011 and 2010, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2011 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2012	¥242	$2,916
2013 and thereafter	291	3,506
Total	¥533	$6,422

(b) Operating Leases

Future minimum lease payments subsequent to March 31, 2011 for noncancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2012	¥ 904	$10,892
2013 and thereafter	2,509	30,229
Total	¥3,414	$41,133

16. DERIVATIVE TRANSACTIONS

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

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

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2011 and 2010:

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

(1) Currency-related transactions

As of March 31, 2011	Millions of yen Notional amount	Millions of yen Fair value	Millions of yen Unrealized gain (loss)	Thousands of U.S. dollars Notional amount	Thousands of U.S. dollars Fair value	Thousands of U.S. dollars Unrealized gain (loss)
Transactions, excluding market transactions						
Forward foreign exchange contracts						
Sell:						
US$	¥ 121	¥ 1	¥ 1	$ 1,458	$ 12	$ 12
STG£	50	(0)	(0)	602	(0)	(0)
YEN	198	(1)	(1)	2,386	(12)	(12)
Buy:						
US$	¥ 306	¥ (5)	¥ (5)	$ 3,687	$ (60)	$ (60)
STG£	61	(0)	(0)	735	(0)	(0)
A$	45	(1)	(1)	542	(12)	(12)
EUR	89	(1)	(1)	1,072	(12)	(12)
YEN	4,603	(82)	(82)	55,458	(988)	(988)
Total	¥5,477	¥(90)	¥(90)	$65,988	$(1,084)	$(1,084)

As of March 31, 2010	Millions of yen Notional amount	Millions of yen Fair value	Millions of yen Unrealized gain (loss)
Transactions, excluding market transactions			
Forward foreign exchange contracts			
Sell:			
US$	¥ 111	¥ (0)	¥ (0)
STG£	76	(2)	(2)
YEN	350	(6)	(6)
Buy:			
US$	¥ 120	¥ (0)	¥ (0)
STG£	45	(0)	(0)
A$	47	(0)	(0)
YEN	3,799	(111)	(111)
Total	¥4,552	¥(121)	¥ (121)

The notional amounts of the forward foreign exchange contracts presented above exclude those entered into hedge receivables and payables denominated in foreign currencies, which have been translated and are reflected at their corresponding contracted rates in the accompanying consolidated balance sheets.

(2) Interest-related transactions

As of March 31, 2011	Millions of yen Notional amount	Millions of yen Notional amount due after one year	Millions of yen Fair value	Millions of yen Unrealized gain (loss)
Transactions, excluding market transactions				
Interest swap transactions				
Fixed interest payment / Floating interest receivable	¥1,353	¥920	¥(30)	¥(30)
Total	¥1,353	¥920	¥(30)	¥(30)

As of March 31, 2011	Thousands of U.S. dollars			
	Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions				
Interest swap transactions				
Fixed interest payment / Floating interest receivable	**$16,301**	**$11,084**	**$(361)**	**$(361)**
Total	**$16,301**	**$11,084**	**$(361)**	**$(361)**

As of March 31, 2010	Millions of yen			
	Notional amount	Notional amount due after one year	Fair value	Unrealized gain (loss)
Transactions, excluding market transactions				
Interest swap transactions				
Fixed interest payment / Floating interest receivable	¥1,115	¥1,115	¥(22)	¥(22)
Total	¥1,115	¥1,115	¥(22)	¥(22)

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

(1) Currency-related transactions

As of March 31, 2011	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$	**¥14,805**	**(Note)**	**$178,373**	**(Note)**
EUR	**8,601**	**(Note)**	**103,627**	**(Note)**
C$	**308**	**(Note)**	**3,711**	**(Note)**
A$	**436**	**(Note)**	**5,253**	**(Note)**
Buy:				
US$	**247**	**(Note)**	**2,976**	**(Note)**
Total	**¥24,399**	**—**	**$293,964**	**—**

As of March 31, 2010	Millions of yen	
	Notional amount	Fair value
Transactions, excluding market transactions		
Allocation method		
Forward foreign exchange contracts		
Sell:		
US$	¥12,455	(Note)
EUR	7,679	(Note)
C$	218	(Note)
A$	501	(Note)
Buy:		
US$	911	(Note)
Total	¥21,766	—

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

17. FINANCIAL INSTRUMENTS

(a) Matters relating to financial instruments

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

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

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

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

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

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2011 and 2010, and estimated fair value are shown in the following tables. The following tables do not include financial instruments for which it is extremely difficult to determine the fair value (please refer to Note 2).

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2011	Carrying value	Estimated fair value	Difference	Carrying value	Estimated fair value	Difference
(1) Cash and cash equivalents	**¥ 71,047**	**¥ 71,047**	**¥ —**	**$ 855,988**	**$ 855,988**	**$ —**
(2) Notes and accounts receivable	**135,081**	**135,081**	**—**	**1,627,482**	**1,627,482**	**—**
(3) Securities and investment securities						
1) Held-to-maturity securities	**1,297**	**1,310**	**12**	**15,627**	**15,783**	**145**
2) Other securities	**100,868**	**100,868**	**—**	**1,215,277**	**1,215,277**	**—**
Total assets	**¥308,295**	**¥308,308**	**¥ 12**	**$3,714,398**	**$3,714,554**	**$ 145**
(1) Notes and accounts payable	**¥124,103**	**¥124,103**	**¥ —**	**$1,495,217**	**$1,495,217**	**$ —**
(2) Short-term loans	**65,298**	**65,298**	**—**	**786,723**	**786,723**	**—**
(3) Bonds*1	**95,300**	**98,059**	**2,759**	**1,148,193**	**1,181,434**	**33,241**
(4) Long-term loans*1	**113,986**	**115,792**	**1,806**	**1,373,325**	**1,395,084**	**21,759**
Total liabilities	**¥398,688**	**¥403,254**	**¥4,565**	**$4,803,470**	**$4,858,482**	**$55,000**
Derivatives*2	**¥ (121)**	**¥ (121)**	**¥ —**	**$ (1,458)**	**$ (1,458)**	**$ —**

	Millions of yen		
As of March 31, 2010	Carrying value	Estimated fair value	Difference
(1) Cash and cash equivalents	¥ 78,421	¥ 78,421	¥ —
(2) Notes and accounts receivable	133,172	133,172	—
(3) Securities and investment securities			
1) Held-to-maturity securities	2,996	3,020	24
2) Other securities	100,508	100,508	—
Total assets	¥315,099	¥315,123	¥ 24
(1) Notes and accounts payable	¥114,552	¥114,552	¥ —
(2) Short-term loans	65,191	65,191	—
(3) Bonds*1	120,300	123,070	2,770
(4) Long-term loans*1	119,446	120,727	1,281
Total liabilities	¥419,490	¥423,542	¥4,052
Derivatives*2	¥ (144)	¥ (144)	¥ —

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

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

Assets

(1) Cash and cash equivalents and (2) Notes and accounts receivable

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

(3) Securities and investment securities

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

Liabilities

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

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

(3) Bonds

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

(4) Long-term loans

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

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

Derivatives

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

(Note 2) Financial instruments for which it is extremely difficult to determine fair value as of March 31, 2011 and 2010

	Millions of yen	Thousands of U.S. dollars
As of March 31, 2011	Carrying value	Carrying value
Investments in non-consolidated subsidiaries and affiliates	¥17,309	$208,542
Unlisted stocks	¥ 4,119	$ 49,627

	Millions of yen
As of March 31, 2010	Carrying value
Investments in non-consolidated subsidiaries and affiliates	¥17,642
Unlisted stocks	¥ 4,124

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, 2011

	Millions of yen				Thousands of U.S. dollars			
As of March 31, 2011	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 cash equivalents	¥ 70,994	¥ —	¥ —	¥ —	$ 855,349	$ —	$ —	$ —
Notes and accounts receivable	136,016	—	—	—	1,638,747	—	—	—
Securities and investment securities								
Held-to-maturity securities (Corporate bonds)	300	997	—	—	3,614	12,012	—	—
Other securities with maturities (Government bonds)	11,997	9	—	—	144,542	108	—	—
Other securities with maturities (Corporate bonds)	10,042	—	—	—	120,988	—	—	—
Other securities with maturities (Other)	19,301	10	—	—	232,542	120	—	—
Total	¥248,652	¥1,017	¥ —	¥ —	$2,995,807	$12,253	$ —	$ —

(Note 4) Redemption schedule of corporate bonds and long-term loans after March 31, 2011

	Millions of yen						Thousands of U.S. dollars					
As of March 31, 2011	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	¥30,300	¥30,000	¥ —	¥15,000	¥ —	¥20,000	$365,060	$361,446	$ —	$180,723	$ —	$240,964
Long-term loans	16,144	13,568	41,324	15,425	4,523	23,000	194,506	163,470	497,880	185,843	54,494	277,108
Total	¥46,444	¥43,568	¥41,324	¥30,425	¥4,523	¥43,000	$559,566	$524,916	$497,880	$366,566	$54,494	$518,072

18. AMOUNTS PER SHARE

	Yen		U.S. dollars
Year ended March 31,	2011	2010	2011
Net income:			
Basic	¥ 48.30	¥ 8.82	$0.582
Diluted*	48.29	—	0.582
Net assets	475.45	458.65	5.728
Cash dividends applicable to the year	11.00	8.00	0.133

* Diluted EPS for the year ended March 31, 2010 has not been presented because no potentially dilutive shares of common stock were outstanding.

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 ¥49,147 million ($592,133 thousand) and ¥46,551 million from NSK-Warner K.K., its major affiliate, which was accounted for by the equity method for the years ended March 31, 2011 and 2010, respectively. The related payable balances at March 31, 2011 and 2010 amounted to ¥9,028 million ($108,771 thousand) and ¥10,107 million, respectively. The purchase prices were negotiated on an arm's-length basis based on the final retail prices of the Company.

For the years ended March 31, 2011 and 2010, 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, 2011	Millions of yen	Thousands of U.S. dollars
Total current assets	**¥26,086**	**$314,289**
Total non-current assets	**15,139**	**182,398**
Total current liabilities	**12,132**	**146,169**
Total long-term liabilities	**3,143**	**37,867**
Total net assets	**25,950**	**312,651**
Year ended March 31, 2011		
Net sales	**¥52,350**	**$630,723**
Income before income taxes and minority interests	**8,075**	**97,289**
Net income	**5,280**	**63,614**

As of March 31, 2010	Millions of yen
Total current assets	¥26,270
Total non-current assets	16,524
Total current liabilities	12,875
Total long-term liabilities	3,181
Total net assets	26,738
Year ended March 31, 2010	
Net sales	¥49,265
Income before income taxes and minority interests	7,292
Net income	4,659

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 Buseness segment and Automotive Business segment as its two reportable segments.

The Industrial Machinery Business is in charge of production and sales of industrial machinery bearings, ball screws, linear guides and exposure equipment for LCD panel production.

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.

Sales, income (loss), assets, liabilities and other items by reportable segment for the years ended March 31, 2011 and 2010 are summarized as follows:

Millions of yen

Year ended March 31, 2011	Reportable segments: Industrial Machinery Business	Reportable segments: Automotive Business	Reportable segments: Subtotal	Others	Total	Adjustments	Consolidated
Sales							
Sales to third parties	¥259,095	¥424,157	¥683,253	¥27,178	¥710,431	¥ —	¥710,431
Inter-segment sales and transfers	—	—	—	25,930	25,930	(25,930)	—
Total	259,095	424,157	683,253	53,108	736,362	(25,930)	710,431
Segment income (loss) (Operating income)	¥ 20,379	¥ 26,898	¥ 47,278	¥ 3,500	¥ 50,778	¥ (7,254)	¥ 43,524
Segment assets	¥269,886	¥320,709	¥590,595	¥80,273	¥670,869	¥117,757	¥788,626
Other items							
Depreciation and amortization	¥ 15,786	¥ 17,038	¥ 32,824	¥ 2,882	¥ 35,707	¥ (764)	¥ 34,943
Investments in affiliates	¥ 3,772	¥ 12,515	¥ 16,288	¥ 629	¥ 16,917	¥ —	¥ 16,917
Increase in tangible and intangible assets	¥ 16,927	¥ 21,099	¥ 38,027	¥ 3,636	¥ 41,664	¥ (369)	¥ 41,294

Thousands of U.S. dollars

Year ended March 31, 2011	Reportable segments: Industrial Machinery Business	Reportable segments: Automotive Business	Reportable segments: Subtotal	Others	Total	Adjustments	Consolidated
Sales							
Sales to third parties	$3,121,627	$5,110,325	$8,231,964	$327,446	$8,559,410	$ —	$8,559,410
Inter-segment sales and transfers	—	—	—	312,410	312,410	(312,410)	—
Total	3,121,627	5,110,325	8,231,964	639,855	8,871,831	(312,410)	8,559,410
Segment income (loss) (Operating income)	$ 245,530	$ 324,072	$ 569,614	$ 42,169	$ 611,783	$ (87,398)	$ 524,386
Segment assets	$3,251,639	$3,863,964	$7,115,602	$967,145	$8,082,759	$1,418,759	$9,501,518
Other items							
Depreciation and amortization	$ 190,193	$ 205,277	$ 395,470	$ 34,723	$ 430,205	$ (9,205)	$ 421,000
Investments in affiliates	$ 45,446	$ 150,783	$ 196,241	$ 7,578	$ 203,819	$ —	$ 203,819
Increase in tangible and intangible assets	$ 203,940	$ 254,205	$ 458,157	$ 43,807	$ 501,976	$ (4,446)	$ 497,518

Millions of yen

Year ended March 31, 2010	Reportable segments: Industrial Machinery Business	Automotive Business	Subtotal	Others	Total	Adjustments	Consolidated
Sales							
Sales to third parties	¥201,963	¥366,463	¥568,427	¥19,145	¥587,572	¥ —	¥587,572
Inter-segment sales and transfers	—	—	—	15,753	15,753	(15,753)	—
Total	201,963	366,463	568,427	34,898	603,326	(15,753)	587,572
Segment income (loss) (Operating income)	¥ (1,660)	¥ 18,281	¥ 16,621	¥ (171)	¥ 16,449	¥ (5,144)	¥ 11,305
Segment assets	¥270,544	¥320,036	¥590,581	¥72,276	¥662,858	¥126,766	¥789,624
Other items							
Depreciation and amortization	¥ 18,134	¥ 16,895	¥ 35,029	¥ 2,982	¥ 38,011	¥ (862)	¥ 37,149
Investments in affiliates	¥ 3,445	¥ 13,173	¥ 16,619	¥ 630	¥ 17,250	¥ —	¥ 17,250
Increase in tangible and intangible assets	¥ 9,321	¥ 11,218	¥ 20,540	¥ 1,278	¥ 21,818	¥ —	¥ 21,818

Effective from the year ended March 31, 2011, the Company has adopted new accounting standards for disclosure about segments of an enterprise and related information. Segment information for the year ended March 31, 2010 has been restated in accordance with such accounting standards for comparative purpose.

(Additional information)

Effective from the year ended March 31, 2011, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 10, as issued on March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, as issued on March 21, 2008) have been applied.

1. Information by Region

(1) Sales

Year Ended March 31, 2011 — Millions of yen

Japan	The Americas	Europe	China	Other Asia	Total
¥354,542	¥85,466	¥102,176	¥82,587	¥85,658	¥710,431

Year Ended March 31, 2011 — Thousands of U.S. dollars

Japan	The Americas	Europe	China	Other Asia	Total
$4,271,590	$1,029,711	$1,231,036	$995,024	$1,032,024	$8,559,410

(2) Tangible assets

As of March 31, 2011 — Millions of yen

Japan	The Americas	Europe	China	Other Asia	Total
¥149,989	¥16,363	¥19,865	¥25,193	¥24,495	¥235,906

As of March 31, 2011 — Thousands of U.S. dollars

Japan	The Americas	Europe	China	Other Asia	Total
$1,807,096	$197,145	$239,337	$303,530	$295,120	$2,842,241

2. Amortization of Goodwill by Reportable Segment

Millions of yen

	Reportable segments					
Year ended March 31, 2011	Industrial Machinery Business	Automotive Business	Subtotal	Others	Corporate / Eliminations	Total
Amortization during the year	¥ —	¥ 645	¥ 645	¥114	¥ —	¥ 760
Unamortized balance at the end of the year	¥ —	¥1,283	¥1,283	¥570	¥ —	¥1,854

Thousands of U.S. dollars

	Reportable segments					
Year ended March 31, 2011	Industrial Machinery Business	Automotive Business	Subtotal	Others	Corporate / Eliminations	Total
Amortization during the year	$ —	$ 7,771	$ 7,771	$1,373	$ —	$ 9,157
Unamortized balance at the end of the year	$ —	$15,458	$15,458	$6,867	$ —	$22,337

21. STOCK OPTION

Information regarding stock option plans of the Company at March 31, 2011 is as follows:

Date of approval	June 29, 2005	June 27, 2006	June 26, 2007	June 25, 2008	June 25, 2009	June 25, 2010
Date of grant	August 18, 2005	August 25, 2006	August 28, 2007	August 26, 2008	August 25, 2009	August 26, 2010
Grantees	12 directors and 28 executive officers, 34 employees, 16 directors of subsidiaries specified by the NSK Board of Directors Total 90	12 directors and 28 executive officers, 37 employees, 18 directors of subsidiaries specified by the NSK Board of Directors Total 95	12 directors and 28 executive officers, 35 employees, 20 directors of subsidiaries specified by the NSK Board of Directors Total 95	12 directors and 28 executive officers, 45 employees, 19 directors of subsidiaries specified by the NSK Board of Directors Total 104	12 directors and 28 executive officers, 56 employees, 20 directors of subsidiaries specified by the NSK Board of Directors Total 116	12 directors and 28 executive officers, 52 employees, 19 directors of subsidiaries specified by the NSK Board of Directors Total 111
Type of shares to be issued upon exercise of share subscription rights	Common stock	Common stock	Common stock	Common stock	Common stock	Common stock
Number of shares to be issued upon exercise of share subscription rights	639,000 shares	667,000 shares	743,000 shares	785,000 shares	828,000 shares	823,000 shares
Exercise price (yen)	¥615	¥928	¥1,312	¥932	¥603	¥641
Exercise period	August 18, 2005 – August 17, 2010	August 25, 2006 – August 24, 2011	August 28, 2007 – August 27, 2012	August 26, 2008 – August 25, 2013	August 25, 2009 – August 24, 2014	August 26, 2010 – August 25, 2015
Stock options outstanding as of March 31, 2010	398,000 shares	662,000 shares	743,000 shares	785,000 shares	828,000 shares	—
Exercised in this period	17,000 shares	—	—	—	—	—
Expired in this period	381,000 shares	—	—	—	—	—
Stock options outstanding as of March 31, 2011	—	662,000 shares	743,000 shares	785,000 shares	828,000 shares	823 ,000 shares
Weighted average exercise price (yen)	¥684	—	—	—	—	—
Weighted average fair value per stock at the granted date	—	¥240	¥146	¥146	¥207	¥149

Stock option expense included in selling, general and administrative expenses for the year ended March 31, 2011 amounted to ¥146 million ($1,759 thousand). The fair value of the stock options granted for the fiscal year ended March 31, 2011 is estimated based on the following preconditions:

Date of approval	June 25, 2010
Valuation model	Binominal model
Expected volatility	50%
Expected holding period	4.4 years
Expected dividend	1.77%
Risk-free rate	1 year 0.11% 2 year 0.12% 3 year 0.13% 4 year 0.19% 5 year 0.27%

22. TREASURY STOCK

Treasury stock the Company and affiliates owned for the years ended March 31, 2011 and 2010 were 10,702,137 common stocks and 10,682,916 common stocks, respectively.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Basic Framework of Internal Control over Financial Reporting

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

The NSK Group has designed and operates adequate internal control over financial reporting in accordance with the basic framework set forth in the "On the Setting 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 February 15, 2007.

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, 2011 in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

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

We decided the reasonable scope of assessment in the light of their degree of quantitative and qualitative impact on the reliability of financial reporting. 45 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 47 consolidated subsidiaries from the scope of the company-level control assessment since their impacts were deemed insignificant.

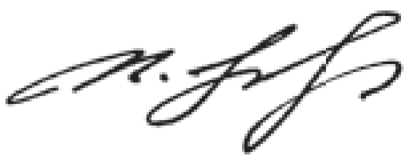
For the purpose of determining the scope of process-level control assessment, we selected the 14 companies which contributed approximately to the top two thirds of the NSK Group's net sales on a consolidated basis for the fiscal year ended March 31, 2011 as "Significant Business Locations."

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, 2011 was effective.

June 24, 2011



Norio Otsuka
President and Chief Executive Officer
NSK Ltd.

> REPORT OF INDEPENDENT AUDITORS

ERNST & YOUNG

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Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
NSK Ltd.

We have audited the accompanying consolidated balance sheets of NSK Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NSK Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2011 of NSK Ltd. and consolidated subsidiaries (the "Management's Report"). NSK Ltd. and consolidated subsidiaries' management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of March 31, 2011 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 24, 2011

> NSK GROUP

As of March 31, 2011

Region	Company Name	Consolidated Equity	Outline of Business
Japan	NSK MICRO PRECISION CO., LTD.	55.00%	Manufacture and sales of bearings
	NSK MICRO PRECISION CO., LTD. (NAGANO)	100.00%	Manufacture of bearings
	NSK NEEDLE BEARING LTD.	98.06%	Manufacture of bearings
	NSK STEERING SYSTEMS CO., LTD.	100.00%	Manufacture of automotive components
	NSK PRECISION CO., LTD.	100.00%	Manufacture of precision machinery & parts
	NSK KYUSHU CO., LTD.	100.00%	Manufacture of precision machinery & parts
	ASAHI SEIKI CO., LTD.	73.75%	Manufacture of bearing parts and automotive components
	AMATSUJI STEEL BALL MFG. CO., LTD.	100.00%	Manufacture and sales of steel and ceramic balls, etc.
	AKS EAST JAPAN CO., LTD.	100.00%	Manufacture of steel balls
	NOMURA TEKKOSHO CO., LTD.	100.00%	Manufacture of bearing parts
	SHINWA SEIKO CO., LTD.	82.42%	Manufacture of bearing parts
	KURIBAYASHI SEISAKUSHO CO., LTD.	73.51%	Manufacture of bearing parts
	NSK MACHINERY CO., LTD.	100.00%	Manufacture and sales of machine tools and precision machinery & parts
	NSK REAL ESTATE CO., LTD.	100.00%	Real estate management and rental
	NISSEI BLDG. MANAGEMENT LTD.	70.00%	Management of Nissei Building
	NSK-CHUGAI, LTD.	45.00%	Insurance agent and sales of machine components, etc.
	NSK HUMAN RESOURCE SERVICES LTD.	100.00%	Provision of personnel support services and consulting
	NSK LOGISTICS CO., LTD.	100.00%	Distributor of NSK Group products and manufacturing contractor of machine components
	NSK NETWORK AND SYSTEMS CO., LTD.	100.00%	Provision of consulting, design, development, sales and maintenance services for computer systems and networks
	ADTech Corporation	51.00%	Research and development of automotive components
	INOUE JIKUUKE KOGYO CO., LTD.	40.00%	Manufacture and sales of bearings
	NSK-WARNER K.K.	50.00%	Manufacture of automotive components
	CHITOSE SANGYO CO., LTD.	50.00%	Manufacture of automotive components
THE AMERICAS			
U.S.A.	NSK AMERICAS, INC.	100.00%	Control of American subsidiaries and affiliates
	NSK CORPORATION	100.00%	Manufacture of bearings and sales of bearings, automotive components and precision machinery & parts
	NSK PRECISION AMERICA, INC.	100.00%	Manufacture and sales of precision machinery & parts
	NSK LATIN AMERICA, INC.	100.00%	Sales of bearings and precision machinery & parts
	NSK STEERING SYSTEMS AMERICA, INC.	100.00%	Manufacture and sales of automotive components
	NSK-AKS PRECISION BALL COMPANY	100.00%	Manufacture and sales of steel balls
	NSK-WARNER U.S.A., INC.	50.00%	Sales and technical services of automotive components
Canada	NSK CANADA INC.	100.00%	Sales of bearings and precision machinery & parts
Mexico	NSK RODAMIENTOS MEXICANA, S.A. DE C.V.	100.00%	Sales of bearings and precision machinery & parts
Brazil	NSK BRASIL LTDA.	100.00%	Manufacture of bearings and sales of bearings and precision machinery & parts
Argentina	NSK ARGENTINA S.R.L.	100.00%	Sales of bearings and precision machinery & parts
Peru	NSK PERU S.A.C.	100.00%	Sales of bearings and precision machinery & parts
EUROPE			
U.K.	NSK EUROPE LTD.	100.00%	Control of European subsidiaries and affiliates
	NSK UK LTD.	100.00%	Sales of bearings, automotive components and precision machinery & parts
	NSK BEARINGS EUROPE LTD.	100.00%	Manufacture of bearings
	NSK STEERING SYSTEMS EUROPE LTD.	100.00%	Manufacture of automotive components
	NSK PRECISION UK LTD.	100.00%	Manufacture of precision machinery & parts
	AKS PRECISION BALL EUROPE LTD.	100.00%	Manufacture and sales of steel balls
Germany	NSK EUROPA HOLDING GMBH	100.00%	Holding company of subsidiaries in Germany
	NSK DEUTSCHLAND GMBH	100.00%	Sales of bearings and automotive components
	NEUWEG FERTIGUNG GMBH	100.00%	Manufacture of bearings
France	NSK FRANCE S.A.S	100.00%	Sales of bearings, automotive components and precision machinery & parts
Italy	NSK ITALIA S.P.A.	100.00%	Sales of bearings, automotive components and precision machinery & parts
Spain	NSK SPAIN S.A.	100.00%	Sales of bearings, automotive components and precision machinery & parts

Region	Company Name	Consolidated Equity	Outline of Business
Netherlands	NSK EUROPEAN DISTRIBUTION CENTRE B.V.	100.00%	Warehousing and distribution of bearings and automotive components
Poland	NSK BEARINGS POLSKA S.A.	93.20%	Manufacture of bearings
	NSK POLSKA SP. Z O.O.	100.00%	Sales of bearings
	NSK NEEDLE BEARING POLAND SP. Z O.O.	100.00%	Manufacture of bearings
	NSK STEERING SYSTEMS EUROPE (POLSKA) SP. Z O.O.	100.00%	Manufacture of automotive components
	AKS PRECISION BALL POLSKA SP. Z O.O.	100.00%	Manufacture and sales of steel balls
Turkey	NSK RULMANLARI ORTA DOGU TIC. LTD. STI (NSK BEARINGS MIDDLE EAST TRADING CO., LTD.)	100.00%	Sales of bearings and precision machinery & parts
South Africa	NSK SOUTH AFRICA (PTY) LTD.	100.00%	Sales of bearings and precision machinery & parts

ASIA

Region	Company Name	Consolidated Equity	Outline of Business
Singapore	NSK INTERNATIONAL (SINGAPORE) PTE LTD.	100.00%	Sales of bearings
	NSK SINGAPORE (PRIVATE) LTD.	70.00%	Sales of bearings and precision machinery & parts
Indonesia	PT. NSK BEARINGS MANUFACTURING INDONESIA	100.00%	Manufacture of bearings
	PT. NSK INDONESIA	100.00%	Sales of bearings
	PT. AKS PRECISION BALL INDONESIA	100.00%	Manufacture of steel balls
	PT. NSK-WARNER INDONESIA	50.00%	Manufacture of automotive components
Thailand	NSK BEARINGS MANUFACTURING (THAILAND) CO., LTD.	74.90%	Manufacture and sales of bearings
	SIAM NSK STEERING SYSTEMS CO., LTD.	74.90%	Manufacture and sales of automotive components
	NSK ASIA PACIFIC TECHNOLOGY CENTRE (THAILAND) CO., LTD.	100.00%	Technological support and development of bearings
	NSK BEARINGS (THAILAND) CO., LTD.	49.00%	Sales of bearings, automotive components and precision machinery & parts
Malaysia	NSK BEARINGS (MALAYSIA) SDN. BHD.	51.00%	Sales of bearings, automotive components and precision machinery & parts
	NSK MICRO PRECISION (M) SDN. BHD.	100.00%	Manufacture of bearings
	ISC MICRO PRECISION SDN. BHD.	100.00%	Manufacture of bearings
China	NSK (CHINA) INVESTMENT CO., LTD.	100.00%	Holding company of Chinese subsidiaries and affiliates, sales of bearings
	NSK (SHANGHAI) TRADING CO., LTD.	100.00%	Sales of bearings, automotive components and precision machinery & parts
	KUNSHAN NSK CO., LTD.	85.00%	Manufacture and sales of bearings
	CHANGSHU NSK NEEDLE BEARING CO., LTD.	100.00%	Manufacture and sales of bearings
	NSK CHINA SALES CO., LTD.	100.00%	Sales of bearings, automotive components and precision machinery & parts
	NSK STEERING SYSTEMS DONGGUAN CO., LTD.	100.00%	Manufacture and sales of automotive components
	ZHANGJIAGANG NSK PRECISION MACHINERY CO., LTD.	100.00%	Manufacture of bearing parts
	SUZHOU NSK BEARINGS CO., LTD.	100.00%	Manufacture of bearings
	AKS PRECISION BALL (HANGZHOU) CO., LTD.	100.00%	Manufacture and sales of steel balls
	NSK (CHINA) RESEARCH AND DEVELOPMENT CO., LTD.	100.00%	Technological support and development of bearings, automotive components and precision machinery & parts
	NSK-WARNER (SHANGHAI) CO., LTD.	50.00%	Manufacture of automotive components
	NSK-WANDA ELECTRIC POWER ASSISTED STEERING SYSTEMS CO., LTD.	90.00%	Manufacture of automotive components
	NSK-YAGI PRECISION FORGING (ZHANGJIAGANG) CO., LTD.	70.00%	Manufacture of bearing parts
	SHENYANG NSK PRECISION CO., LTD.	100.00%	Manufacture and sales of precision machinery & parts
	SHENYANG NSK CO., LTD.	100.00%	Manufacture and sales of bearings
Hong Kong	NSK HONG KONG LTD.	70.00%	Sales of bearings, automotive components and precision machinery & parts
Taiwan	TAIWAN NSK PRECISION CO., LTD.	70.00%	Sales of precision machinery & parts
	TAIWAN NSK TECHNOLOGY CO., LTD.	100.00%	Sales of precision machinery & parts
South Korea	NSK KOREA CO., LTD.	100.00%	Manufacture of bearings and sales of bearings, automotive components and precision machinery & parts
	NSK NEEDLE BEARING KOREA CO., LTD.	100.00%	Manufacture of bearings
Vietnam	NSK VIETNAM CO., LTD.	100.00%	Sales of bearings
India	NSK INDIA SALES CO. PVT. LTD.	100.00%	Sales of bearings and automotive components
	NSK-ABC BEARINGS LTD.	91.01%	Manufacture of bearings
	RANE NSK STEERING SYSTEMS LTD.	51.00%	Manufacture and sales of automotive components
Australia	NSK AUSTRALIA PTY. LTD.	100.00%	Sales of bearings, automotive components and precision machinery & parts
New Zealand	NSK NEW ZEALAND LTD.	100.00%	Sales of bearings, automotive components and precision machinery & parts

INFORMATION FOR INVESTORS

As of March 31, 2011

Corporate Address

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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, 2011 at the Company's headquarters in Tokyo.

Common Stock

Authorized:	1,700,000,000 shares
Issued:	551,268,104 shares

Number of Shareholders

25,105

Transfer Agent

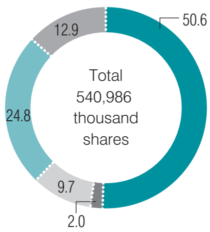
Mizuho Trust & Banking Co., Ltd.
1-2-1 Yaesu, Chuo-ku, Tokyo 103-8670, Japan

Listings

Tokyo, Osaka

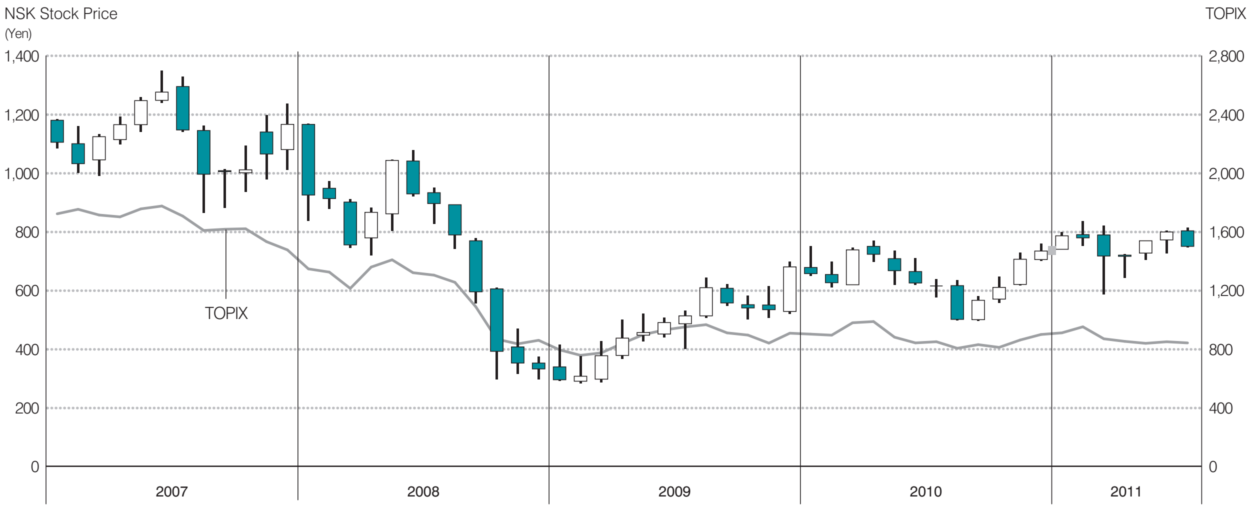
Breakdown of Shareholders

(%)



Number of Shares (thousand shares)	
Financial Institutions	273,863
Securities Companies	10,565
Other Japanese Corporations	52,553
Foreign Investors	134,140
Individuals / Others	69,864

Share Price Movement



The TOPIX (Tokyo Stock Price Index) is the stock price index calculated and published by the Tokyo Stock Exchange in order to express the changes of the Tokyo Stock Market. The TOPIX is calculated by aggregated market value listed in the 1st Section of the Tokyo Stock Exchange to denominate the base market value (January 4, 1968) 100.
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MOTION & CONTROL™

NSK

Eco-awareness and reliability in motion

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

CAT. No.E8404 2011-DX-9 Printed in Japan