

About the NSK Group

Ever since the invention of the wheel, human creativity has focused on the challenge of achieving smooth, continuous rotation. Today, everything in modern life that moves is the result of progress toward the ultimate goal of friction-free motion with zero energy loss. Focused on “Responsive and Creative MOTION & CONTROL™,” at NSK we continue to pursue this ultimate goal. Our work starts with fundamental research and extends through bearings for automotive applications, industrial machinery, precision products and many other fields. The numerous NSK products developed through this pursuit continue to make the world turn, smoothly supporting the dreams of each new era and leading the quest for zero energy loss.

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The NSK Group's Business and Company Overview

Company Overview

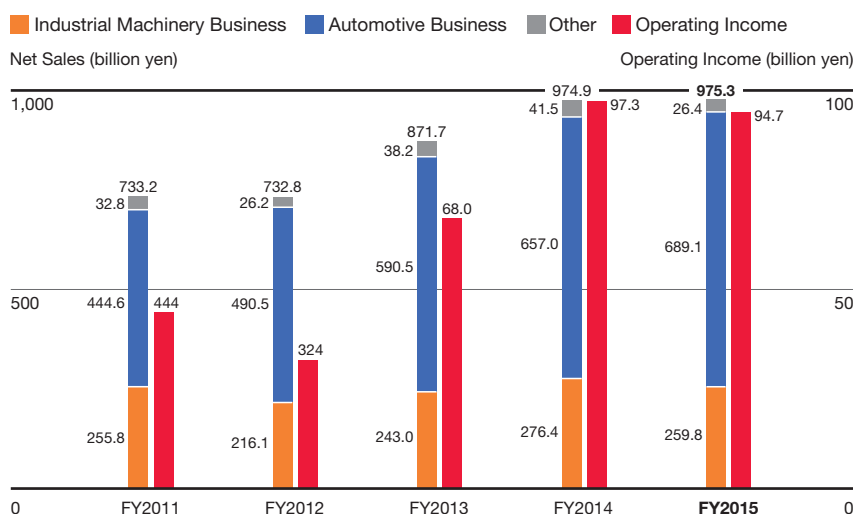
Company Name	NSK Ltd.
Established	November 8, 1916
Capital	67.2 billion yen*
Group Companies	Within Japan: 20* Outside Japan: 70*
Head Office	Nissei Bldg., 1-6-3 Ohsaki, Shinagawa-ku, Tokyo 141-8560, Japan
Number of Employees (Consolidated)	31,587*

* As of March 31, 2016

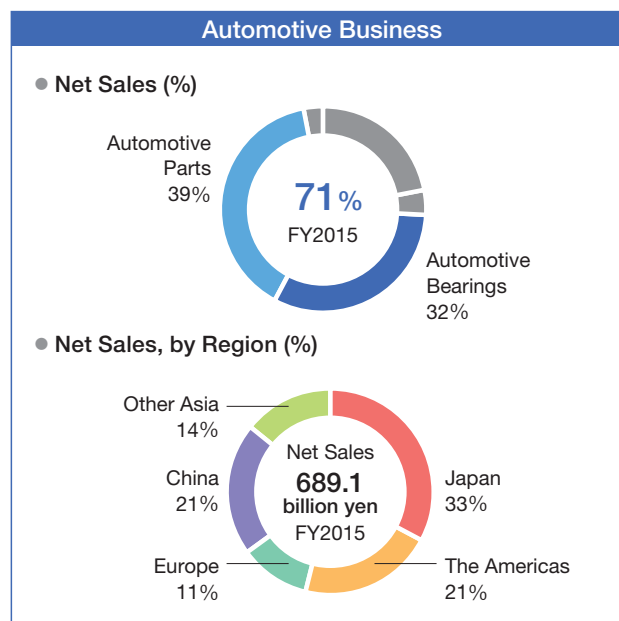
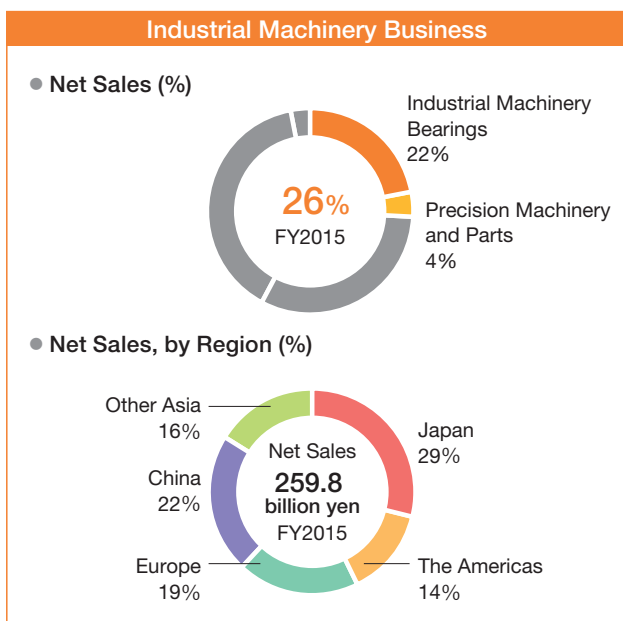
Financial Highlights (FY2015) [Japanese Generally Accepted Accounting Principles (JGAAP)]

Sales	975.3 billion yen
Operating Income	94.7 billion yen
Capital Expenditures	54.4 billion yen
R&D Expenses	11.2 billion yen
Total Assets	1,038.2 billion yen
Net Assets	473.6 billion yen

Net Sales / Operating Income (Consolidated)



Business Segments

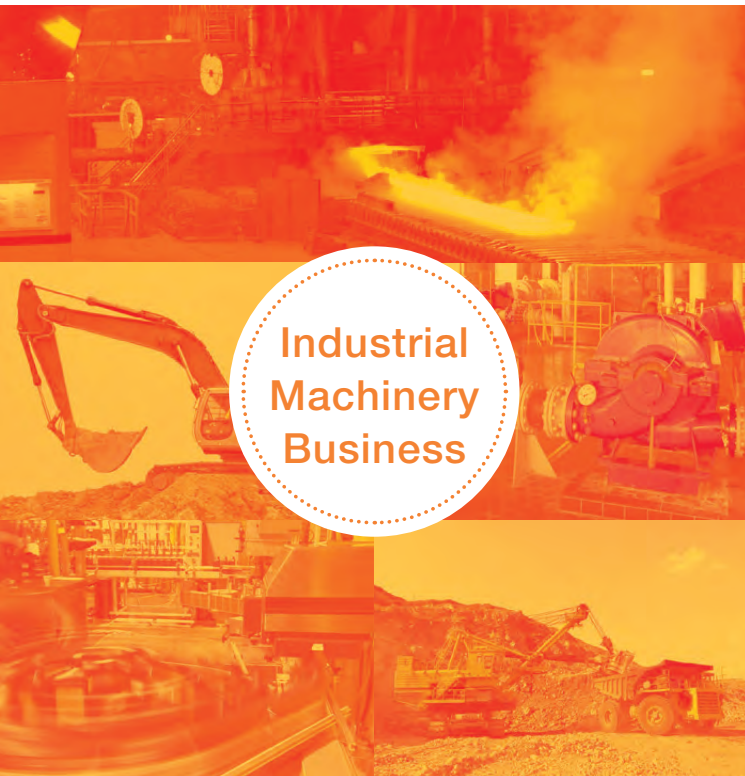


Reference data is available on NSK's website.

www.nsk.com > Investors

● Financial Highlights

NSK Group Businesses



Industrial Machinery Business



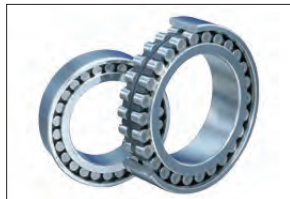
Automotive Business

Industrial Machinery Bearings

Bearings reduce friction in the rotating parts of machinery and enable smooth rotation. NSK's bearings are used in a range of products and machines, including home appliances such as vacuum cleaners, railway vehicles such as bullet trains, steelmaking equipment, wind turbines for power generation, large industrial machinery, airplanes, and satellites.



NSKHPS™ Large Spherical Roller Bearings



Double Row Cylindrical Roller Bearings, High Rigidity Series

Precision Machinery and Parts

The NSK Group's precision machinery and parts are the core components in the machine tools and industrial robots used to manufacture automobiles, personal computers, and other products. They are also found in equipment used to produce semiconductors and in injection molding machines. The NSK Group's precision machinery and parts play a crucial role on the front-line of manufacturing.



HMD/HMS Series Ball Screws for High-Speed Machine Tools



Megatorque Motor™ PB Series

Automotive Bearings

Some 100 to 150 bearings are incorporated into a single automobile. The NSK Group provides numerous products that support the diverse automotive needs of society, including various bearings used in the engine, transmission, and electrical components as well as the hub unit bearings that support the axle.



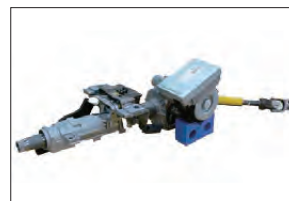
Hub Unit Bearings with High-Reliability Seal



Super Long-Life Planetary Shafts with Cage and Roller

Automotive Parts

The NSK Group's automotive parts include many important components that control forward motion, turning, and stopping in automobiles, such as steering systems that transmit the driver's movement of the steering wheel to the vehicle's wheels, and clutches that are used in automatic transmissions. The Group's products also contribute to automobile safety, comfort, and environmental performance.



Functional Safety Compliant Electric Power Steering



Low-Drag Clutch Assemblies

NSK Group Sites Worldwide (as of March 31, 2016)

Headquarters

6 in 6 countries

Production Sites

64 in 13 countries

Sales Sites

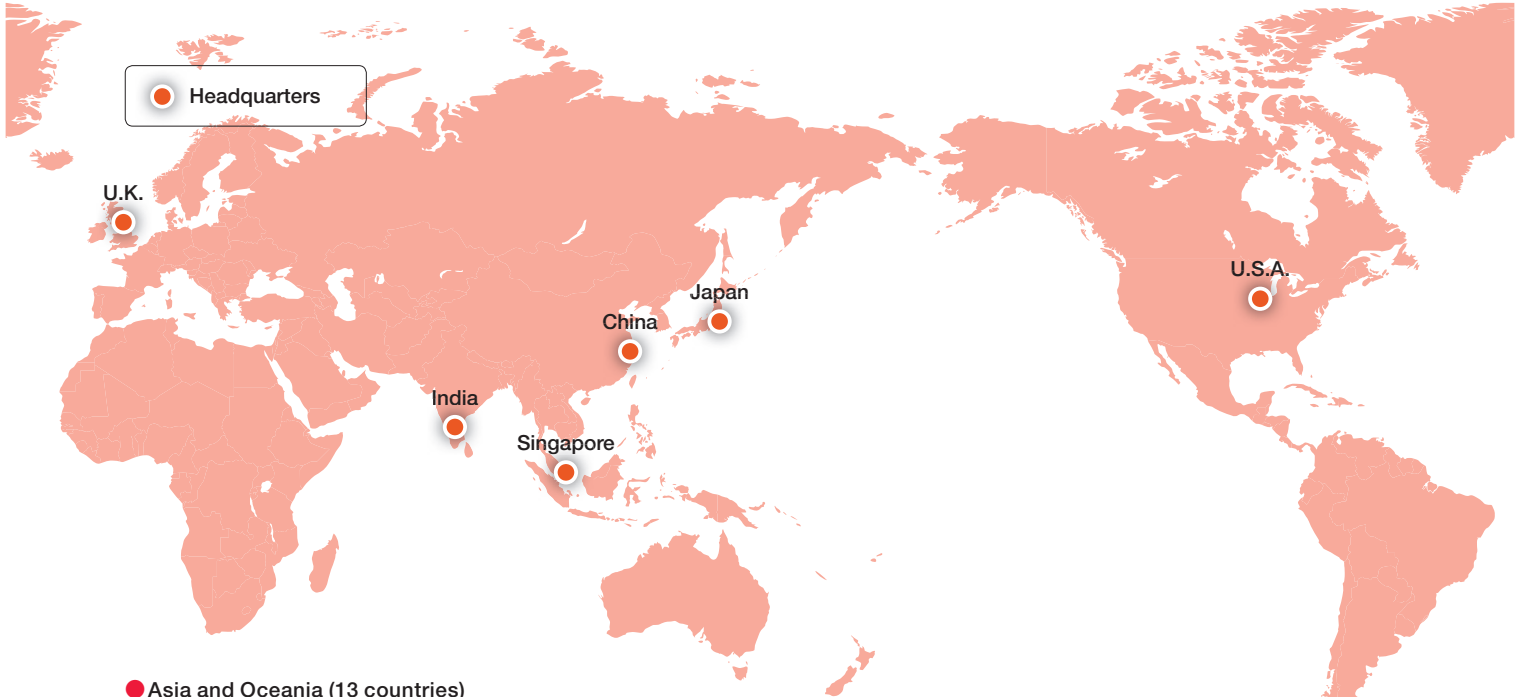
120 in 29 countries

Representative Offices

6 in 5 countries

R&D Centers

14 in 9 countries



● Asia and Oceania (13 countries)

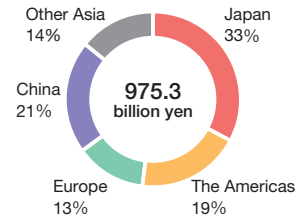
	Headquarters	Production Sites	Sales Sites	Representative Offices	R&D Centers
Japan	1	21	32		6
China	1	12	18	1	1
Taiwan			3		
Korea		2	2		1
Singapore	1		2		
Indonesia		3	2		
Thailand		2	6		1
Malaysia		2	4		
Philippines				1	
Vietnam			1	1	
India	1	4	9		
Australia			4		
New Zealand			1		
Sub-total	4	46	84	3	9

● The Americas (6 countries)

	Headquarters	Production Sites	Sales Sites	Representative Offices	R&D Centers
U.S.A.	1	7	10		1
Canada			3		
Mexico		1	1	1	
Brazil		1	5		1
Peru			1		
Argentina			1		
Sub-total	1	9	21	1	2

Breakdown of Net Sales, by Region

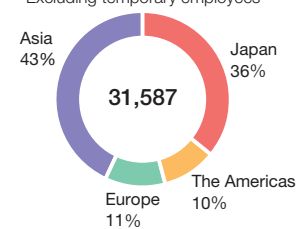
(Based on customer location; FY2015)



Breakdown of Employees, by Region

(Consolidated, as of March 31, 2016)

* Excluding temporary employees



● Europe, Middle East and Africa (11 countries)

	Headquarters	Production Sites	Sales Sites	Representative Offices	R&D Centers
U.K.	1	4		2	1
Germany		1		2	1
France				1	
Italy				1	
Netherlands				1	
Spain				1	
Poland		4	3		1
Russia				1	
Turkey				1	
United Arab Emirates				1	
South Africa				1	
Sub-total	1	9	15	2	3



Reference data is available on NSK's website.

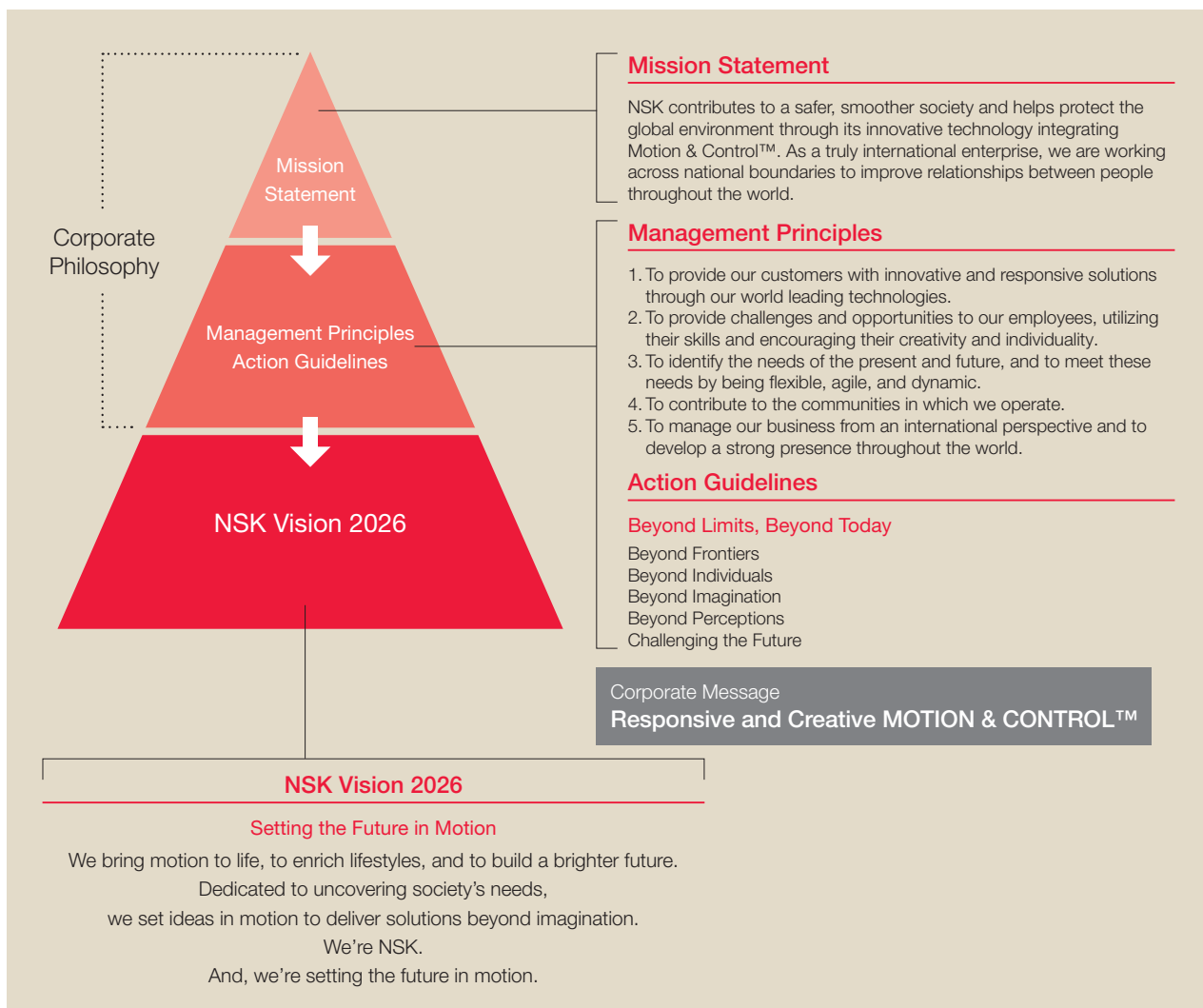
www.nsk.com > Company > Global Network

● Global Network

NSK Corporate Philosophy and NSK Vision 2026

The NSK Corporate Philosophy is made up of four parts: a Mission Statement, Management Principles, a Corporate Message, and Action Guidelines. The Corporate Philosophy underlines NSK's vision for the company. It was established at the time of NSK's 75th anniversary, in 1991. At that time, it had already been 30 years since NSK started to go global, and the Company was well on its way to meeting the demands of the age of globalization, including the localization of production and expansion of sites outside Japan. Given this context, the Company articulated what it needed to be in order to become an excellent corporation in the 21st century, during which globalization would advance even more, setting the goal of being "a company that is needed, loved, and respected in every region of every country in the world." Further, NSK believed that sharing, instilling, and putting into practice its vision would be the key to realizing its Group-wide aim of being a truly outstanding global company. Ever since then, NSK has run its business based on the Corporate Philosophy.

Yet, when NSK reflected, in the run-up to its 100th anniversary, on the Corporate Philosophy's degree of penetration, it seemed insufficient. Accordingly, considering that the Group's employees are spread around the world and that it now has many younger employees, NSK Vision 2026 was established to serve as the guide to achieving the Company's Mission Statement and to make the Corporate Philosophy clear and accessible, so that employees can translate it into specific actions. NSK Vision 2026 expresses with a specific message the ideal state to which the Company aspires in the medium- to long-term. Going forward, NSK will carry out group-wide activities in pursuit of further growth based on this vision.



Reference data is available on NSK's website.

www.nsk.com > Company > Vision & Philosophy

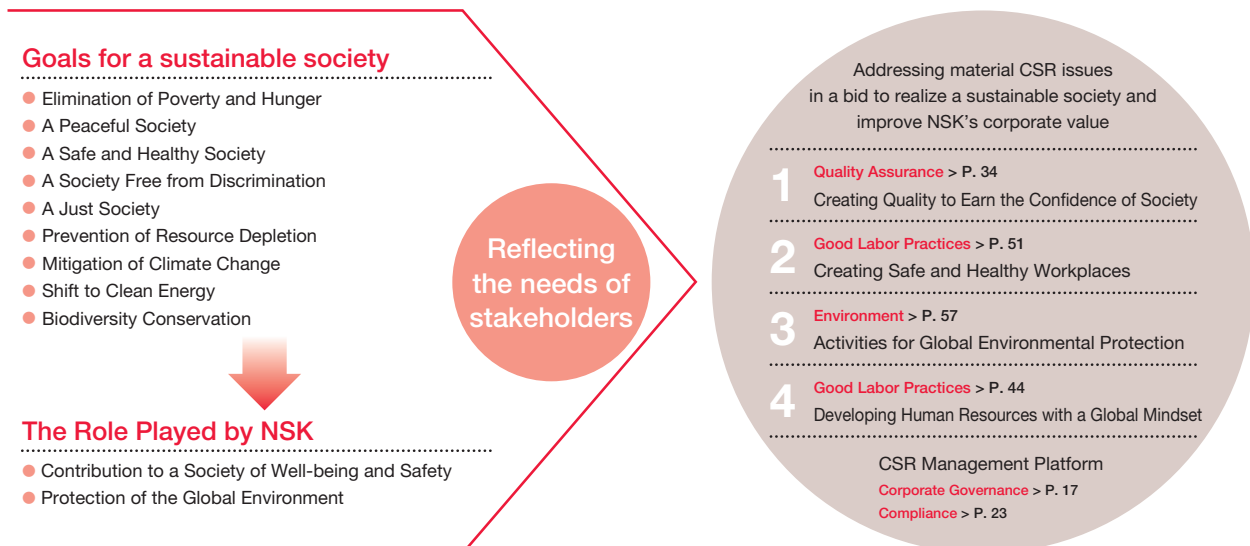
● Vision & Philosophy

The NSK Group's View of CSR

NSK's Mission Statement makes clear the Group's commitment to contributing to the development of society and to the protection of the global environment, and NSK's Management Principles set the course to realizing these goals. The NSK Group's products have the special characteristic of aiding the smooth functioning of a wide range of machinery, and they support the reliability, safety, and energy efficiency of the machines into which they are incorporated. The NSK Group regards its fundamental corporate activity as contributing to smoothly running, safe societies, protection of the global environment, and the realization of sustainable societies through the supply of those products—that is, through the Group's main business. The NSK Group aims to achieve greater corporate value and sustainable growth by ensuring that all directors and employees are firmly committed to the Group's purpose and by making sincere efforts to contribute to business growth and society by taking the perspective of customers and other stakeholders.



NSK's CSR Activities and Material Issues



The NSK Group's Stakeholders

The NSK Group's business is built on the trust of a variety of stakeholders. The NSK Group believes that active communication is the key to building better relationships with its stakeholders.

The Group is also striving to build a corporate culture in which each site, each department, and each and every officer and employee recognizes the needs of stakeholders and the broader society and can reflect those needs in their own everyday work.



Customers

The NSK Group's customers are companies that purchase NSK's products and also the end users of the devices and machines that incorporate NSK's products. The Group aims to develop and provide high-quality, safe, reliable products that meet customer needs, and seeks customer input through technology exchanges and everyday sales contacts.

Communication with Customers

The NSK Group pays attention to customer needs and the appraisals made when the machines using its products are used in society. The Group makes earnest efforts to solve problems customers face, approaching manufacturing in a manner that earns the trust of customers and the broader society.

Accordingly, the Group seeks to foster communication with customers through exhibitions that showcase new products and seminars to introduce technologies. It also strives to enhance its dissemination of information, including via its websites, and to improve its responses to inquiries.



NSK's booth at the Tokyo Motor Show



NSK's website

Suppliers

The NSK Group's business is dependent upon numerous suppliers. The Group aims to ensure mutual growth by communicating with suppliers about the needs of customers and other stakeholders and by pursuing joint technical development, quality, CSR and other activities.

● Procurement Policy Briefings

NSK holds procurement policy briefings every year and asks suppliers to comply with laws and regulations and to give consideration to environmental protection, human rights, safety and health.

● NSK Supplier CSR Guidelines

NSK distributes the NSK Supplier CSR Guidelines to its suppliers with the aim of working in step with them to address issues such as human rights, labor rights, and compliance. See p. 29 for details.

● NSK Group Green Procurement Standards

The NSK Group Green Procurement Standards set out requests for environmental initiatives, such as the management of environmentally harmful substances, so that the Group can work with suppliers to promote environmental management throughout the supply chain, starting at the stage of parts and materials. See p. 74 for details.

Employees

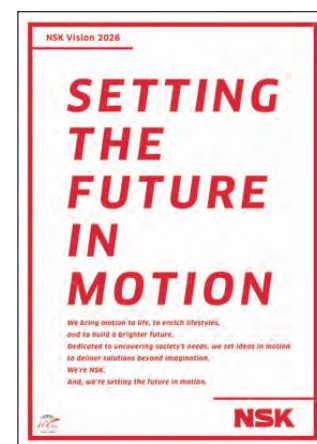
Employees, who create NSK's superior technology, services, and high-quality products and who support the Group's business success, are an important asset of the Group—the foundation of its business success. The Group believes that the source of its business growth is employees who engage enthusiastically in their work and enjoy high job satisfaction. While fostering communication between all parties concerned, the Group aims to create workplaces that enable all employees to reach their full potential.

● Spreading the Vision to Employees

NSK is carrying out a variety of measures to deepen employees' understanding of NSK Vision 2026 and ensure that all employees are conducting their business activities based on the vision. The Group provides opportunities for employees to think about the vision, such as by putting up posters in workplaces, showing videos that depict the vision, and holding workshops. At the Vision Workshop, held at Group sites worldwide, employees listen to a message from NSK management, engage in group discussions about the need for the vision while reflecting on their own experiences, and think about how NSK should be in 10 years.

● E-Learning and Training

NSK provides annual e-learning programs to officers and employees. With a curriculum including CSR, compliance, internal controls, information security, environmental management, logo regulations, and more, e-learning is a tool for people to acquire knowledge and information needed as a member of the NSK Group. Moreover, at group training sessions, such as those for new hires and newly appointed managers, instruction is provided suited to people's respective positions.



NSK Vision 2026 poster



Shareholders and Investors

Shareholders and investors are important stakeholders, and they expect the NSK Group to keep growing. The NSK Group seeks to obtain their understanding by disclosing business and financial information in a timely and appropriate manner. To ensure sustainable growth and increase corporate value, the Group seeks to increase the transparency and soundness of management and to practice business that is well-balanced in terms of the society and environment. Additionally, NSK seeks to provide a steady return of profit and is determined to remain a company that lives up to the expectations of shareholders and investors.

●IR Structure

NSK regards IR activities as an important management issue. Senior management, from the president down, works to promote active disclosure as well as dialogue with shareholders and investors. To ensure effective dialogue and disclosure, NSK has established the IR Office as a dedicated department under the direct control of the president, managed by the executive officer responsible for IR.

NSK has also laid out a cross-organizational structure tasked with disclosing business strategies and financial and non-financial ESG information in clear, fair, and appropriate ways, based on cooperation between the IR Office and other divisions such as each business division, corporate planning, accounting/financial affairs, public relations, general affairs, and legal affairs.

●Communication with Shareholders and Investors

To enable shareholders and investors to make fair investment decisions, NSK works to hold a variety of IR events and enhance the information tools it provides.

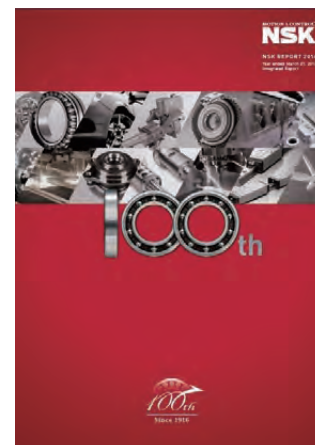
■ IR Events

NSK holds a variety of IR events, such as financial conferences, business sessions, visits to investors outside Japan, and sessions for individual investors. The Company strives to communicate and share information related to business performance, as well as mid- to long-term strategies and their progress, at financial conferences for institutional investors and analysts.

Moreover, the Company strives to maintain dialogue with shareholders and institutional investors in and outside Japan through 1-on-1 meetings, conference calls, and conferences sponsored by securities firms.

■ Information Tools

NSK announces its financial situation and current business topics through the publication of integrated reports (NSK Report) and business reports ("the NSK Group Report"). It discloses information such as materials from financial conferences and financial data on the Investors section of its website in a timely manner.



NSK Report 2016

●Feedback to Management

Opinions and other comments received in shareholder and investor dialogues are conveyed to management and the appropriate divisions.

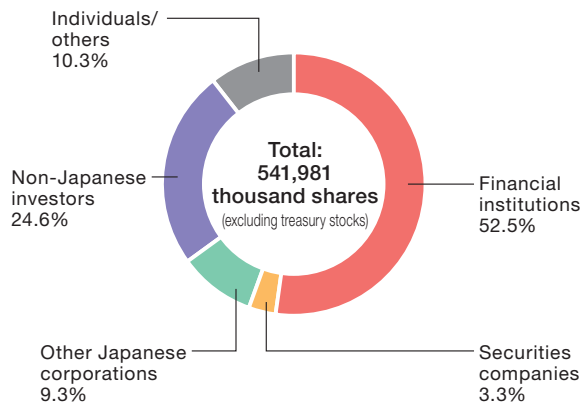
●Control of Insider Information

NSK does not communicate insider information (important facts that are undisclosed) during dialogue with shareholders and investors. Before the Company makes legally required disclosures of important information that could affect investors' investment decisions, the NSK Disclosure Committee checks the timeliness and appropriateness of the disclosure. Additionally, a certain amount of time before the quarterly announcement of financial results is treated as a silent period, during which the company refrains from discussing financial closing information.

Dividend Policy

NSK places great importance on shareholder returns. NSK will maintain its basic policy of issuing a dividend with a payout ratio around 30% on a consolidated basis and ensure that its dividends reflect its financial condition.

● Breakdown of Shareholders (Number of Shares, as of March 2016)



Local Communities

The NSK Group has developed a global business with nearly 200 business sites around the world. The Group aims to be valued as a member of local communities by fostering good communication with the members of the communities in which it does business, understanding their needs, and contributing to their development. (See pp. 54 – 56 for details.)



Future Generations

The NSK Group sees children and students, the torchbearers of the future, as important stakeholders. The Group is working to one day hand over a rich environment and safe society to the next generation and to help build a more sustainable society by supporting the growth of future generations through programs such as science classes and internships.

● Bearing Lab: Science Museum Exhibition Updated

NSK updated its exhibition at the Science Museum* in Tokyo's Kitanomaru Park based on a new concept. The traditional theme of NSK's exhibition booth—to get people to intuitively grasp friction and bearings—was kept the same, while updating the space so that visitors can “see, feel, and experience” the content.

* A science museum established by the Japan Science Foundation to promote public understanding of science and technology as well as industrial technology. NSK has supported the Foundation since its establishment through a permanent exhibition focused on friction and bearings, and as a supporting member.



NSK's exhibition booth: Bearing Lab

● Children's Science Classes

NSK holds plant tours and science classes in and outside Japan to make science more familiar and interesting to children.

Fiscal 2015 was the ninth year of the NSK Science Class held at the Science Museum in Chiyoda-ku, Tokyo (in March 2016). Around 40 children participated in an experience simulating the work of an engineer.



NSK Science Class