

September 1, 2004

To whom it may concern:

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**Return of substitutional portion (past) of the Welfare Pension Fund**

As of September 1, 2004, the Ministry of Health, Labour and Welfare has released NOK Corporation (NOK) from its obligation to pay for past payment liabilities with respect to the substitutional portion of the Welfare Pension Fund Scheme in accordance with the implementation of the Law Concerning Defined-Benefit Corporate Pension Plans in Japan.

Pursuant to Article 44-2 of the Practical Guidelines Concerning Retirement Benefit Accounting (Interim Report) (Report of the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants No. 13), NOK will revise its projected benefit obligation (PBO) regarding the substitutional portion of the Welfare Pension Fund Scheme to within the limits of the corresponding amount transferred to the government's scheme (equivalent to the minimum liable reserve) as of the day of approval and will recognize the difference as a profit or loss. In addition, NOK will record, as a profit or loss and in one lump sum, the unrecognized obligations and so on with respect to the substitutional portion.

Although NOK is now calculating the final effect this would have on profits and losses for this term, it expects to record extraordinary profits of ¥10,048 million and ¥7,755 million in its consolidated and nonconsolidated income statements, respectively, for fiscal 2005, ending March 31, 2005, based on estimates made on March 31, 2004. These figures will be included in the released outlook for NOK's business performance in fiscal 2005 both on a consolidated and nonconsolidated basis.