

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 42nd Ordinary General Shareholders Meeting of THK CO., LTD. The Company provides this translation for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Security Code 6481
May 28, 2012

To Shareholders

11-6, Nishi Gotanda 3-chome, Shinagawa-ku, Tokyo, Japan
THK CO., LTD.
Representative Director and President: Akihiro Teramachi

Notice of Convocation of the 42nd Ordinary General Shareholders Meeting

Dear Shareholders:

We would like to express our appreciation for your loyal patronage.

We are writing to inform you that the 42nd Ordinary General Shareholders Meeting of THK CO., LTD. (the “Company”) will be held as outlined below, and we cordially request your attendance.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via an electromagnetic method (the Internet).

To exercise your voting rights in writing, please review the reference documents for the Ordinary General Shareholders Meeting attached to this letter, indicate your vote of assent or dissent for each proposal on the enclosed voting sheet and return the sheet so that it will reach us by 5:30 p.m. Japan local time on Friday, June 15, 2012.

To exercise your voting rights via an electromagnetic method (the Internet), please review the reference documents for the Ordinary General Shareholders Meeting, read the section titled “Procedure for Exercising Voting Rights via the Internet” as well shown on page 67-68 and exercise your voting rights accordingly.

Nominal shareholders such as custodian banks (including standing proxies) may use the electronic voting platform for institutional investors operated by ICJ Co., Ltd., as another electromagnetic method for exercising voting rights at the General Shareholders Meeting of the Company, provided that the shareholder has already subscribed to use of the platform.

The date, time, place and agenda of the Ordinary General Shareholders Meeting are shown on page 2. If attending the meeting, please submit the enclosed voting sheet to the reception desk on arrival at the meeting.

Corrections to the reference documents for the Ordinary General Shareholders Meeting, the business report, the financial statements and the consolidated financial statements, if any, will be posted on our company’s Web site (<http://www.thk.com/us/ir/shareholder/meeting.html>).

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- 1. Date and Time:** Saturday, June 16, 2012, 10 a.m.
2. Place 9-1 Daiba 1-chome, Minato-ku, Tokyo
Hotel Nikko Tokyo 1st Floor (Pegasus)

- 3. Agenda**
Reports:
1. Business reports, consolidated financial statements, and the results of the audits of the consolidated financial statements by the accounting auditor and the Board of Auditors for the 42nd Term (April 1, 2011 to March 31, 2012)
 2. Report of financial statements for the 42nd Term (April 1, 2011 to March 31, 2012)

Resolutions:

- Proposal 1:** Surplus Appropriation
Proposal 2: Appointment of Sixteen (16) Directors
Proposal 3: Appointment of One (1) Auditor

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At the ordinary general shareholders meeting, we will utilize monitors to give a presentation on the current state of the Company, and after the meeting we will hold the “THK Products & THK Group Products Exhibition” in the shareholders meeting hall. We sincerely hope that this opportunity will help deepen your understanding of THK and the THK Group.

(Submitted Documents)

Business Report

(From April 1, 2011 to March 31, 2012)

1. Present Status of the Corporate Group

(1) Review of Business Performance in the Current Consolidated Fiscal Year

1. Business Progress and Results

Economic Environment

During the consolidated fiscal year under review, the global economy continued its recovery path against the backdrop of the economic growth of emerging countries, but its growth slowed in the second half of the year due to the European debt crisis and the tight monetary policy implemented by emerging countries. In Japan, the economy began to pick up as the nation made a recovery from the earthquake disaster, but in the second half of the year, under the impact of the continued appreciation of the yen as well as a slowdown in overseas economic growth, the domestic economy appeared to weaken, especially in exports. Overseas, while the US economy continued its stable recovery, the growth in Europe slowed due to the impact of the sovereign debt issue. The emerging countries including China maintained a high rate of growth, but the pace of growth has become slower than in the past.

Overall Summary of Sales

The Group's growth strategy is expanding its business areas through "Full-Scale Globalization" and "Development of New Business Areas." In recent years in particular, while the economic growth of emerging countries has become clear, we actively strove to expand our sales network and reinforce our production capability focusing on China where the market is expected to expand. As a result of these measures, despite a sign of a slowdown in demand in the second half of the year, the Group took advantage of the increasing demand until the first half of the year to deliver steady sales revenue. As a result, sales revenue for the year under review increased by ¥6,204 million (3.3%) from the previous year to ¥196,866 million.

Overall Summary of Income

The Group successfully improved productivity through its "P25 Project," a cross-sectional project aimed at reinforcing its management base, and other measures. Nonetheless, due to the continuing appreciation of the yen and a change in the method of evaluation of work in process and the tangible fixed assets depreciation method, the cost-to-sales ratio rose by 1.2 percentage points from the previous year to 72.6%.

With regard to selling, general and administrative expenses ("SG&A expenses"), while sales revenue increased, we made efforts to reduce expenses and streamline operations. However, outsourcing expenses etc. increased as we worked to build a system to enhance our Business Continuity Plan (BCP). As a result, SG&A expenses recorded an increase of ¥1,631 million (5.0%) from the previous year to ¥34,229 million, and the ratio of SG&A expense to sales increased 0.3 percentage points to 17.4%.

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As a result of the above, operating income declined ¥2,098 million (9.6%) from the previous year to ¥19,745 million, and the ratio of operating income to sales fell by 1.5 percentage points to 10.0%.

Non-operating loss was ¥673 million due to ¥1,778 million of foreign exchange losses, despite ¥702 million of equity in earnings of affiliates.

Due to these factors, ordinary income recorded a ¥2,559 million decline (11.8%) from the previous year to ¥19,072 million, and net income for the current fiscal year fell to ¥12,641 million, which was a decline of ¥1,317 million (9.4%) from the previous year.

Segment Breakdown

Japan

In Japan, the economy began to pick up as the nation made a recovery from the earthquake disaster, but in the second half of the year, under the impacts of the continued appreciation of the yen as well as a slowdown in overseas economic growth, the domestic economy appeared to weaken, especially in exports. Industrial machine manufacturers, which form our customer base, expanded exports driven by the economic growth of emerging countries, and the Group made proactive marketing activities in an effort to achieve sales growth through an increase in demand for our products, especially machine tools. As a result, we realized a steady sales growth by taking advantage of the rising demand during the first half of the year. However, the growth of demand for electronics products appeared to weaken in the second half of the year, resulting in sales revenue decreasing by ¥1,988 million (1.6%) from the previous year to ¥125,956 million. The Group successfully improved productivity through its “P25 Project,” a cross-sectional project aimed at reinforcing its management base, and other measures. Nonetheless, due to the continuing appreciation of the yen and a change in the method of evaluating work in process and the tangible fixed assets depreciation method, operating income went down ¥1,706 million (9.3%) from the previous year to ¥16,615 million.

The Americas

In the Americas, where automobile production grew steadily and capital investment picked up, we strove to increase transactions with existing customers and discover new clients by unifying production and sales. As a result, sales by our machine tools and general machinery businesses increased strongly, resulting in sales revenue of ¥21,835 million, representing an increase of ¥1,226 million (6.0%) from the previous year. Operating income, however, declined ¥625 million (34.6%) from the previous year to ¥1,182 million under the effects of the continuing appreciation of the yen.

Europe

In Europe, as the economy appeared to slow down during the second half of the year, industrial machine manufacturers, which form our customer base, increased exports to the Asian countries taking advantage of the weak Euro. In this situation, we strove to increase transactions with existing customers and discover new clients by unifying production and sales. As a result, recovery of demand led to a sales increase, resulting in sales revenue of ¥19,868 million, an increase of ¥3,769 million (23.4%)

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from the previous year. Operating income, supported by the sales increase, improved by ¥651 million from the previous year. However, as the yen tended to appreciate against the Euro, an operating loss of ¥283 million was recorded.

China

In China, where a steady increase in capital investments supported by a high rate of economic growth was seen, we undertook aggressive sales activities by taking advantage of sales network we have strengthened in the past. We also proactively reinforced our production capacity in an effort to realize steady sales growth through an increase in demand. Even though the demand generally appeared to weaken in the second half of the year due mainly to the implementation of a tight monetary policy, the strong demand in the first half of the year for machine tools, our mainstream business, drove a steady growth in sales revenue. As a result, sales revenue posted an increase of ¥3,147 million (22.5%) from the previous year to ¥17,117 million, and operating income raised ¥129 million (5.3%) to ¥2,596 million.

Other Areas

In other areas, we continued our efforts to increase transactions with existing customers and discover new clients in Taiwan, India and ASEAN countries etc. In the second half of the year, the growth of the electronic business appeared to slow and orders from the Taiwanese machinery manufacturers, who are our customers, decreased due to the implementation of a tight monetary policy in China. In spite of these factors, a rise in demand during the first half of the year led to steady sales growth, and sales revenue recorded an increase from the previous year of ¥49 million (0.4%) to ¥12,089 million. However, with continuing appreciation of the yen, operating profit declined by ¥42 million (7.8%) to ¥503 million.

Overall Summary of Research and Development

In LM guides series, our main line of products, we added an ultra-long block type to the Caged Roller LM Guide “SRG model” to further enhance the product lineup of our Caged LM Guide series. This enabled us to meet the demand for even higher load-bearing capacity. For global standard Caged Ball LM Guide “SHS model,” we developed the “SHS light model by lightening LM rails. This speeds up the operation of machinery even more and we can also expect to penetrate into fields where our products had not previously been used due to the issue of weight.

In actuators, as electric-powered operations will likely spread in various fields, we introduced the economy series “ES/EC model,” universal series “US model,” press series “PC model” and multi-spindle series “MA model” into the market to expand the product lineup.

In seismic isolation-related development, at a time of heightening corporate BCP-related needs, in the area of partial seismic isolation systems to protect servers and other equipment from earthquake vibrations, we introduced the “TGS model seismic isolation module,” which has greater damping capabilities than previous products. The “TGS model” won one of the 54th “Best 10 New Products Prize” sponsored by Nikkan Kogyo Shimbun in January 2012.

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Overall Summary of the Production Systems

To respond to higher demand on the global level, we continued to reinforce production systems, striving to further improve productivity in Japan and overseas. In Asia, we completed extension work at DALIAN THK CO., LTD. and began phase-three construction at THK MANUFACTURING OF CHINA (WUXI) CO., LTD., in China, where demand is expected to further increase. In addition, we began construction of THK RHYTHM CHANGZHOU CO., LTD., which will become our fifth plant in China. In Thailand, the second plant of THK RHYTHM (THAILAND) CO., LTD. started operations.

Term-end Dividends

As the Company earnings are affected by industry trends in capital expenditures, which is a changeable external environment factor, our policy regarding dividends is to flexibly return profits to shareholders according to mid-term business results, while also stabilizing the payment of dividends. Under this policy, we intend to pay a term end dividend of ¥11 per share taking into consideration the business results of this term, which, along with the interim dividend (¥9 per share), will provide an annual dividend of ¥20 per share. This represents a dividend increase of ¥4 per share over the previous year (interim dividend of ¥8 per share and term end dividend of ¥8 per share).

[Translation for Reference and Convenience Purposes Only]

2. Status of Capital Investments

Total capital investments in the consolidated fiscal year under review amounted to ¥14,007 million, consisting mostly of investments in buildings and processing facilities that were made to reinforce production facilities and improve product quality. The main investment amount at each production site is as follows:

Production Sites (Domestic Plants)	THK CO., LTD.	(Millions of Yen)
	Yamagata Plant	755
	Yamaguchi Plant	555
	Mie Plant	300
	Gifu Plant	290
	Kofu Plant	218
	THK RHYTHM CO., LTD.	555
	THK NIIGATA CO., LTD.	317
Production Sites (Overseas Plants)	THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China)	2,430
	THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China)	2,312
	DALIAN THK CO., LTD. (China)	1,489
	THK RHYTHM CHANGZHOU CO., LTD. (China)	704
	THK Manufacturing of America, Inc.(United States)	549

3. Status of Funding

The source of funding for the consolidated fiscal year under review was ¥10,000 million from the newly issued straight bond.

Company Name	Bond Name	Date of Issue	Total Amount of Notes (In million yen)	Rate (%)	Maturity
THK CO., LTD.	The Seventh Unsecured Debt Securities (with inter-bond pari passu clause)	October 27, 2011	10,000	0.850	October 26, 2018

For effective funding of operating capital, the Group has specified credit lines totaling ¥15,000 million with its main correspondent financial institutions.

4. Status of Transfer of Business, Absorption-Type Corporate Spin-Off or Incorporation-Type Corporate Spin-Off

As of March 26, 2012, the Company transferred a part of the transportation equipment-related business of the THK Group from the FAI (Future Automotive Industry) Division to THK RHYTHM CO., LTD., a wholly owned subsidiary of the Company, through an absorption-type corporate split.

5. Status of Acquisition of Businesses of Other Companies

None applicable

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6. Status of Succession of Rights and Obligations Pertinent to Businesses of Other Companies Resulting from Absorption-Type Corporate Spin-Off or Incorporation-Type Corporate Spin-Off

None applicable

7. Status of Acquisition or Disposition of Shares or Other Equity or Subscription Warrants, etc., in Other Companies

On June 30, 2011 the Company acquired the shares of THK RHYTHM MALAYSIA Sdn. Bhd. (formerly TRW Steering & Suspension (Malaysia) Sdn. Bhd.) and made it a consolidated subsidiary.

[Translation for Reference and Convenience Purposes Only]

(2) Assets and Profit/Loss in the Preceding Three (3) Fiscal Years

1. Assets and Profit/Loss of the Group

Millions of Yen				
Item	39th Term (Term Ended March 2009)	40th Term (Term Ended March 2010)	41st Term (Term Ended March 2011)	42nd Term (Term Ended March 2012; Current Consolidated Fiscal Year)
Sales Revenue	179,269	115,330	190,661	196,866
Ordinary Income	8,329	(8,797)	21,631	19,072
Current Net Income	1,204	(14,300)	13,959	12,641
Current Net Income per Share (Yen)	9.36	(111.20)	108.55	98.31
Return on Equity (%)	0.7	(8.5)	8.5	7.4
Total Assets	240,350	236,374	279,768	288,333
Shareholders' Equity	177,712	162,258	167,937	175,516
Shareholders' Equity per Share (Yen)	1,372.69	1,252.71	1,296.52	1,352.00

2. Assets and Profit/Loss of the Company

Millions of Yen				
Item	39th Term (Term Ended March 2009)	40th Term (Term Ended March 2010)	41st Term (Term Ended March 2011)	42nd Term (Term Ended March 2012; Current Consolidated Fiscal Year)
Sales Revenue	112,519	71,269	133,691	130,107
Ordinary Income	7,447	(2,387)	16,846	13,407
Current Net Income	3,261	(14,848)	10,683	7,957
Current Net Income per Share (Yen)	25.36	(115.46)	83.07	61.88
Return on Equity (%)	1.8	(8.8)	6.5	4.7
Total Assets	222,076	220,646	264,134	264,495
Shareholders' Equity	176,677	160,211	168,945	168,099
Shareholders' Equity per Share (Yen)	1,373.77	1,245.77	1,313.70	1,307.14

Notes:

1. Figures in parentheses indicate losses.
2. Current net income per share is calculated based on the average number of outstanding shares of the term. Shareholders' equity per share is calculated based on the number of outstanding shares at the term end. In calculating

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current net income per share and shareholders' equity per share, the number of shares of treasury stock is deducted from the number of outstanding shares of the term and the number of outstanding shares at the term end, respectively.

(3) Status of Major Subsidiaries

1. Status of Major Subsidiaries

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK INTECHS CO., LTD.	¥100 million	100%	Manufacture and sales of mechanical element devices and parts
TALK SYSTEM CO., LTD.	¥400 million	99.00	Sales of mechanical element parts, etc.
THK RHYTHM CO., LTD.	¥490 million	100	Manufacturing and sales of transport equipment parts
THK Holdings of America, L.L.C.	US\$120,000,000	100	Holding and controlling company in North America
THK America, Inc.	US\$20,100,000	100 (100)	Sales of the Company's products in North America
THK Manufacturing of America, Inc.	US\$75,000,000	100 (100)	Manufacture of mechanical parts in North America
THK RHYTHM NORTH AMERICA CO., LTD.	US\$66,000	100 (100)	Manufacturing and sales of transport equipment parts in North America
THK Europe B.V.	60,153,000 Euro	100	Holding and controlling company in Europe
THK GmbH	102,000 Euro	100 (100)	Sales of the Company's products in Europe
THK Manufacturing of Europe S.A.S.	72,040,000 Euro	100 (100)	Manufacture of mechanical parts in Europe
THK (CHINA) CO., LTD.	1,848,059,000 Yuan	100	Holding and controlling company in China and sales of mechanical parts
DALIAN THK CO., LTD.	181,147,000 Yuan	70.00 (25.00)	Manufacturing and sales of mechanical parts in China
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	806,494,000 Yuan	100 (100)	Manufacturing and sales of mechanical parts in China
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	848,827,000 Yuan	100 (100)	Manufacturing and sale of mechanical parts in China

Note: Figures in parentheses in the "Percentage of Voting Rights Held by the Company" indicate indirect ownership.

[Translation for Reference and Convenience Purposes Only]

2. Status of Major Affiliated Companies

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Principal Business
SAMICK THK CO., LTD.	10,500 million Won	33.82%	Manufacturing and sale of mechanical parts in South Korea

3. Changes in the Group

- A. THK (CHINA) CO., LTD., conducted a capital increase in February 2012, resulting in its capital stock to 1,848, 059,000 Yuan.
- B. THK MANUFACTURING OF CHINA (WUXI) CO., LTD., conducted a capital increase in June 2011 and February 2012, resulting in its capital stock to 806,494, 000 Yuan.
- C. THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., conducted a capital increase in March 2012, resulting in its capital stock to 848,827,000 Yuan.

(4) Future Tasks

The Company's business performance is currently affected by variable industrial capital investment trends. To alleviate the associated business risk and achieve middle-to-long-term growth, the Group has expanded its business areas through "Full-scale Globalization" and "Development of New Business Areas."

While it has become clear that since the Lehman shock in autumn 2008, the global economy is being driven by the economic growth of emerging countries, we foresee a middle-to-long-term expansion in capital investments closely related to businesses of the Company. Furthermore, in light of efforts to further reduce CO2 emissions, which are becoming increasingly indispensable, we believe that electric-powered operations will likely spread in various fields to improve energy efficiency, and that demand for LM guides which are core components for electric-powered operations will increase further.

In order to steadily meet such demand to achieve significant growth on a middle-to-long-term basis, we will strive to accelerate "Full-scale Globalization" and "Development of New Business Areas" and reinforce various corporate activities to further improve profitability and satisfy our shareholders' expectations. We would be most grateful for your continued support and patronage.

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(5) Description of Main Business Operations (As of March 31, 2012)

The Group manufactures and sells mechanical element parts including LM guides and ball screws, and transportation equipment element parts including link balls, suspensions and ball joints in the four key geographic regions of Japan, the Americas, Europe and Asia. The Company's principal customer base includes manufacturers of such capital goods as machine tools, general machinery and semiconductor production equipment, and transportation equipment manufacturers producing vehicles and motorcycles.

LM guides, our core products, enable "rolling" in linear motion parts in a mechanical device, reducing friction to approximately one-fiftieth of the friction of a "sliding" motion. This feature enabled mechanical devices with higher speed, higher precision and enhanced energy saving, thereby contributing to the development of industry and the preservation of the ecosystem.

(6) Major Offices and Plants (As of March 31, 2012)

THK CO., LTD.	11-6, Nishi-Gotanda 3-chome, Shinagawa-ku, Tokyo, Japan
Production Sites (Domestic Plants)	Kofu (Chuo-shi, Yamanashi), Gifu (Fuwa-gun, Gifu), Mie (Matsusaka-shi, Mie), Yamaguchi (Sanyo Onoda-shi, Yamaguchi), Yamagata (Higashine-shi, Yamagata), THK INTECHS CO., LTD. (Sunto-gun, Shizuoka; Kurokawa-gun, Miyagi), THK NIIGATA CO., LTD. (Agano-shi, Niigata), THK RHYTHM CO., LTD. (Hamamatsu-shi, Shizuoka) THK RHYTHM KYUSHU CO., LTD. (Nakatsu-shi, Oita)
Production Sites (Overseas Plants)	THK Manufacturing of America, Inc. (United States) THK RHYTHM NORTH AMERICA CO., LTD. (United States) THK Manufacturing of Europe S.A.S. (France) DALIAN THK CO., LTD. (China) THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China) THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China) THK RHYTHM GUANGZHOU CO., LTD. (China)
Sales Offices (Domestic)	THK CO., LTD.: 28 offices in nationwide TALK SYSTEM CORPORATION: 14 offices in nationwide
Sales Offices (Overseas)	THK America, Inc. (United States), THK GmbH (Germany) THK (CHINA) CO., LTD. (China), THK TAIWAN CO., LTD. (Taiwan), THK LM SYSTEM Pte. Ltd. (Singapore)

Notes:

1. In June 2011, TALK SYSTEM CORPORATION integrated its Gunma Office with the North Kanto Branch.
2. In September 2011, TALK SYSTEM CORPORATION renamed its Osaka Office as Osaka Branch and integrated its Keiji Office into the Osaka Branch.

[Translation for Reference and Convenience Purposes Only]

3. In November 2011, TALK SYSTEM CORPORATION renamed its Keihin Office as the South Kanto Branch and integrated its Shizuoka Office into the South Kanto Branch.

(7) Status of Employees (As of March 31, 2012)

1. Employees of the Group

Business Segment	Number of Employees	Change from the Previous Consolidated Fiscal Year-End
Japan	4,867	+93
Americas	673	+21
Europe	621	-66
China	2,092	+282
Other	375	+273
Total	8,628	+603

Notes:

The number of employees is the number of staff members in service (excluding employees dispatched from the Group to a company outside of the Group and including employees of a company outside of the Group dispatched to the Group).

2. Status of Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Years of Service
3,392 employees	+60	37.5	14.9

Note: The number of employees is the number of staff members in service (excluding employees dispatched from the Company to outside and including the Company's employees on loan from a different company).

(8) Status of Significant Borrowings (As of March 31, 2012)

(Millions of Yen)

Lender	Amount of Borrowing
Mizuho Corporate Bank, Ltd.	8,600
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000
Mitsubishi UFJ Trust and Banking Corporation	3,200
Sumitomo Mitsui Banking Corporation	1,600
The Sumitomo Trust and Banking Co., Ltd.	800
THE YAMAGUCHI BANK, Ltd.	700
Resona Bank, Limited.	600
The Yamanashi Chuo Bank, Ltd.	500

[Translation for Reference and Convenience Purposes Only]

Note: Following the merger, the Sumitomo Trust & Banking Co., Ltd. was renamed the Sumitomo Mitsui Trust Bank, Limited, as of April 1, 2012.

(9) Other Significant Matters Related to the Current Status of the Group

None applicable

[Translation for Reference and Convenience Purposes Only]

2. Current Status of the Company

(1) Stocks (As of March 31, 2012)

- | | |
|--|-------------|
| 1. Total authorized shares: | 465,877,700 |
| 2. Total outstanding shares (incl. 5,255,360 of treasury shares) | 133,856,903 |
| 3. Number of shareholders: | 23,252 |
| 4. Major shareholders (Top 10): | |

Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
State Street Bank and Trust Company	12,551	9.76
Japan Trustee Services Bank, Limited, Trust Account	7,546	5.86
The Master Trust Bank of Japan, Ltd., Trust Account	7,532	5.85
FTC Co., Ltd.	4,274	3.32
Akihiro Teramachi	3,644	2.83
Japan Trustee Services Bank, Limited, Trust Account 9	2,896	2.25
Mellon Bank N.A. as Agent for Its Client Mellon Omnibus US Pension	2,582	2.00
State Street Bank and Trust Company 505225	2,529	1.96
State Street Bank and Trust Company 505224	2,388	1.85
JPMorgan Chase Bank 385078	2,008	1.56

Note 1: The treasury shares held by the Company, which is 5,255,360 shares in total, are excluded from the above-mentioned Shareholders.

2: Shareholding ratio is calculated by excluding treasury stock

3: FTC Co., Ltd. is a holding company, of which all the shares are owned by its president and CEO, Akihiro Teramachi.

(2) Subscription Warrants

1. Subscription Warrants Held by Officers of the Company as Compensation for Duties Performed (As of March 31, 2012):

None applicable

2. Subscription Warrants Granted to Employees and Others During the Fiscal Year under Review as Compensation for Duties Performed:

None applicable

3. Other Significant Matters Related to Subscription Warrants:

None applicable

[Translation for Reference and Convenience Purposes Only]

(3) Status of Corporate Officers

1. Directors and Auditors (As of March 31, 2012)

Position in the Company	Name	Duties or Significant Positions Concurrently Held
Representative Director and President	Akihiro Teramachi	Chairman of Japan Machine Accessory Association
Senior Managing Director	Masamichi Ishii	
Managing Director	Takeki Shirai	
Managing Director	Toshihiro Teramachi	
Managing Director	Hiroshi Imano	
Director	Takashi Okubo	President of THK (CHINA) CO., LTD. President of THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.
Director	Tetsuya Hayashida	Representative Director and President of THK Europe B.V. Representative Director and President of THK GmbH Representative Director and President of THK France S.A.S. Representative Director and President of THK Manufacturing of Europe S.A.S. Representative Director and President of THK Manufacturing of Ireland Ltd.
Director	Junichi Kuwabara	General Manager of FAI
Director	Takanobu Hoshino	General Manager of IMT
Director	Nobuyuki Maki	Senior General Manager of Production Headquarters
Director	Hideyuki Kiuchi	General Manager of Corporate Strategy
Director	Junichi Sakai	General Manager of Quality Assurance General Manager of Advanced Technology Information Center
Director	Hirokazu Ishikawa	Senior General Manager of Sales Support Headquarters General Manager of ICB (Integrated Corporate Brand) Center
Director	Junji Shimomaki	General Manager of Sales Headquarters and ACE Division
Director	Kaoru Hoshide	Senior General Manager of Engineering Headquarters

[Translation for Reference and Convenience Purposes Only]

Director	Akihiko Kambe	Representative Director and President of THK Holdings of America L.L.C. Representative Director and President of THK Manufacturing of America, Inc.
Standing Auditor	Yoshimi Sato	
Standing Auditor	Kazunori Igarashi	
Auditor	Shizuo Watanabe	Tax Accountant
Auditor	Masatake Yone	Esq., Partner of Mori Hamada & Matsumoto, a law firm Vice President of Daini Tokyo Bar Association Outside Director of GCA Savvian Group Corporation Outside Auditor of NAMCO BANDAI Games Inc.

Notes:

1. Auditors Shizuo Watanabe and Masatake Yone are Outside Auditors.
2. Auditor Shizuo Watanabe is a certified tax accountant with a substantial level of expertise in tax accounting.
3. The Company registered Shizuo Watanabe as an independent officer as stipulated under the guidelines of the Tokyo Stock Exchange.
4. Auditor Masatake Yone, as a lawyer, is well versed in corporate legal affairs and has enough knowledge to govern company management, and also has a position independent from the Company. The Company does not register him as an independent officer with the Tokyo Stock Exchange, but he meets the requirements of independency specified by the Exchange.
5. PGM Ballscrews Ireland Ltd. changed its name to THK Manufacturing of Ireland Ltd. in April 2011.
6. Japan Machine Accessory Association became a General Incorporated Association as of April 2012.

2. Compensation for Directors and Auditors

Classification	Persons Receiving Payment (Persons)	Amount of Payment (Millions of Yen)
Directors (Outside directors' figures)	16 (—)	399 (—)
Auditors (Outside auditors' figures)	4 (2)	58 (19)
Total (Outside officers' figures)	20 (2)	457 (19)

Notes:

1. Pursuant to resolutions of the General Shareholders Meeting, the maximum compensation for a Director is ¥100 million a month, not including the salary of employees who concurrently serve as directors (Resolution of the Ordinary General Shareholders Meeting of June 2004).

[Translation for Reference and Convenience Purposes Only]

2. Pursuant to resolutions of the General Shareholders Meeting, the maximum compensation for an Auditor is ¥10 million a month (Resolution of the Ordinary General Shareholders Meeting of June 2004).
3. In addition to the amounts shown above, employees who concurrently serve as directors receive the equivalent of ¥97 million in employee salary.
4. In addition to the amounts shown above, there are accrued payable balances of retirement allowances to 5 Directors pursuant to resolutions of the General Shareholders Meeting in the amounts of ¥874 million.
As for the accrued payable balances of retirement allowances to directors, the system of retirement bonuses for directors was abolished as of June 26, 2004 and in the wake of the abolishment of that system, the resolution for the payment of retirement bonuses for directors was passed at the Ordinary General Shareholders Meeting held on the same day.
5. The remuneration amounts in the table above include ¥50 million (¥50 million for Directors) to be payable as performance-based compensation for the fiscal year under review.

3. Matters Related to Outside Officers

- A. Status of important concurrent services in other corporations, etc. (of those serving as executive officers in other corporations, etc.) and relationships between the Company and other such corporations, etc.
Masatake Yone, auditor, is a partner of “Mori Hamada & Matsumoto,” a law firm. There is no special relationship between the Company and “Mori Hamada & Matsumoto.”
- B. Status of important concurrent services in other corporations, etc. (of those serving as external officers and the like in other corporations, etc.) and relationships between the Company and other such corporations, etc.
Auditor Masatake Yone is an Outside Director of GCA Savvian Group Corporation and Outside Auditor of NAMCO BANDAI Games Inc.. There is no special relationship between the Company and GCA Savvian Group Corporation and NAMCO BANDAI Games Inc..
- C. Status of major business activities in the current fiscal year
- Attendance at Board of Directors and Board of Auditors Meetings

[Translation for Reference and Convenience Purposes Only]

	Board of Directors Meetings (16 Meetings)		Board of Auditors Meetings (14 Meetings)	
	Attendance	Percentage of Attendance	Attendance	Percentage of Attendance
Auditor: Shizuo Watanabe	16	100%	13	92.86%
Auditor: Masatake Yone	11	68.75%	13	92.86%

- Comments at the Board of Directors meetings and Board of Auditors meetings
Shizuo Watanabe, auditor, has offered advice and suggestions to ensure the adequacy and appropriateness of the decision-making process at the Board of Directors meetings by providing opinions primarily from the standpoint of general management and tax accounting. At the meetings of the Board of Auditors, he poses questions, as appropriate, about audits conducted by other auditor(s) and expresses opinions, whenever necessary, from the standpoint outside the Company.

Masatake Yone, auditor, has offered advice and suggestions to ensure the adequacy and appropriateness of the decision-making process at the Board of Directors meetings by providing opinions primarily from the standpoint of corporate law and general management. At the meetings of the Board of Auditors, he poses questions, as appropriate, about audits conducted by other auditor(s) and expresses opinions, whenever necessary, from the standpoint outside the Company.

D. Description of Limited Liability Agreement

- Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company and each outside auditor entered into an agreement that limits the indemnity liability under Article 423, Paragraph 1.

The maximum limit of the indemnity liability under the agreement is the higher of the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act or ¥5 million, on condition that the outside auditor fulfills due diligence and there is no negligence or no grave fault of the outside auditor with regard to the execution of duties that caused such liability.

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(4) Status of Accounting Auditor

1. Name: Grant Thornton Taiyo ASG

2. Amount of Compensation of the Accounting Auditor Pertinent to the Fiscal Year under Review:

(Millions of Yen)

	Amount of Compensation
1. Amount of compensation as the accounting auditor for the current fiscal year	84
2. Total sum of monies or money equivalent to be paid by the Company and its subsidiaries to the accounting auditor	92

Note: Under the audit agreement between the Company and the accounting auditor, the Company does not classify the amount of auditing compensation for the audit set forth in the Companies Act and the audit set forth in the Financial Instruments Exchange Law. Therefore, the amount shown in 1 above includes auditing compensation under the Financial Instruments Exchange Law.

3. Matters Related to the Audit of the Financial Statements of Important Consolidated Subsidiaries

Of the Company's important consolidated subsidiaries, THK Holdings of America, L.L.C., THK America, Inc., THK Manufacturing of America, Inc., THK RHYTHM NORTH AMERICA CO., LTD., THK Europe B.V., THK GmbH, THK Manufacturing of Europe S.A.S., THK (CHINA) CO., LTD., DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China), and THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China), were audited by certified accountants other than the Company's accounting auditor, Grant Thornton Taiyo ASG.

4. Description of Non-Audit Activities

The Company entrusts the Accounting Auditor to compose a letter to the manager in charge of underwriting for bond issuance.

In addition, the Company entrusts the Accounting Auditor to provide "Guidance and Advisory Services for the Adoption Process of the International Financial Reporting Standards (IFRS)," other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays the fee.

5. Policy for Determining Dismissal and Non-Reappointment of Accounting Auditors

The Company shall dismiss an accounting auditor under unanimous consent of all Auditors in a Board of Auditors meeting when the accounting auditor is applicable to conditions set forth in Article 340, Paragraph 1, of the Companies Act.

In addition, in case the Board of Auditors determines that it is difficult for the accounting auditor to perform accounting duties, the Board of Auditors will propose dismissal or non-reappointment of the accounting auditor as an agenda item at the General Shareholders Meeting. When the accounting auditor is dismissed based on a

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legally defined basis for dismissal, an Auditor selected by the Board of Auditors will report the decision for dismissal and the basis thereof at the first General Shareholders Meeting after the dismissal.

(5) Systems to Ensure the Adequacy of Operations

The following is an overview of decisions concerning the systems to ensure compliance with applicable laws and regulations and the Company's Articles of Incorporation in Directors' business executions and other systems to ensure adequacy in the Company's business operations:

1. Systems to Ensure Compliance of Applicable Laws and Regulations and the Company's Articles of Incorporations in Business Executions by Directors and Employees

The "THK Basic Policy" was established to ensure that officers and employees comply with applicable laws and regulations and perform their duties under sound social norms. The Representative Director and President shall disseminate the principles of the policy among officers and employees and ensure that all business activities comply with relevant laws and regulations. To ensure thorough implementation of the policy, the Company shall establish the Compliance Committee, chaired by the Representative Director and President, as well as a subordinate organization that consists of the heads of each business division. The Compliance Committee shall include outside experts as members and strive to improve companywide compliance system and identify problems. The "THK Helpline" will be established and operated as a measure for employees to directly report legally questionable conduct and provide related information anonymously to outside experts.

2. Issues Regarding Storage and Management of Matters Related to Directors' Execution of Duties

In accordance with the Document Control Procedure, matters related to Directors' execution of duties shall be recorded and stored in documents or magnetic media (hereinafter "Documents"). Directors and Auditors may view these Documents at any time under the Document Control Procedure.

3. Regulations and Other Systems Concerning Management of Loss Risks

Each responsible section shall establish rules/guidelines, conduct education/training and prepare/distribute manuals to address the risks related to compliance, environment, disasters, quality, information security, export management and new types of flu. Companywide risk monitoring and measures shall be implemented by the Risk Management Office. When a new risk emerges, the Board of Directors shall promptly assign a Director to address the risk.

4. Systems to Ensure Efficient Execution of Directors' Duties

The Board of Directors shall set companywide goals to be shared by Directors and employees, disseminate the targets throughout the Company and establish medium-term management goals covering three (3) fiscal years. To achieve said goals, the Directors in charge of each section shall establish a business execution structure with specific measures and the allocation of authority. The Board of Directors shall establish a system that achieves efficient companywide operation through monthly and quarterly reviews of the progress in pursuit of the goals by using IT and by implementing necessary improvements.

[Translation for Reference and Convenience Purposes Only]

5. Systems to Ensure Adequacy of Operations of the Corporate Group Consisting of the Company and Its Subsidiaries

To establish internal control within the Company and each member company of the Group, the Company shall assign sections in charge of internal control at each member company of the Group and establish a system that ensures effective discussion of internal control of the Company and member companies of the Group, information sharing, communication of instructions and requests, and so forth. The Company's directors and the President of each member company of the Group shall bear the authority and responsibility to execute the proper establishment and operation of the internal control that ensures the adequacy of operations in each section. The Company's section in charge of internal audits shall conduct internal audits at the Company and each member company of the Group and shall report the results to the Board of Directors and the aforementioned sections in charge of internal control of each Group company. After receiving the results of these internal audits, the relevant sections shall provide each member company with guidance on improvement measures, support on execution of the measures and advice. To ensure the reliability of financial reports, the Company shall formulate the "internal control regulations" for Group companies, thereby reinforcing and managing the relevant control system.

6. In the Event the Board of Auditors Requests Assistance from Employees, the Structure for Said Employees and Issues Pertaining to the Independence of Those Employees from Directors

Auditors may instruct necessary issues to staff members of the Internal Audit Office. A staff member that receives an order from an Auditor with respect to audit operations shall not be governed by any supervision or order from a Director or the head of the Internal Audit Office.

7. Systems for Directors and Employees to Report to the Board of Auditors; Other Reporting to the Board of Auditors

Directors or employees shall establish a system to promptly report legal issues, issues with significant impact on the Company and the Group, the status of internal audits, the status of reports received by the THK Helpline and the content thereof to the Board of Auditors. Details concerning those who report, the recipients of the reports and the timing of the reports shall be determined through due consultation between the Directors and the Board of Auditors. However, employees may report directly to the Auditors when the issue in question might result in a material loss to the Company or upon finding a significant violation of laws or regulations.

8. Other Systems to Ensure the Effective Execution of Audits by the Board of Auditors

The Board of Auditors shall hold regular meetings attended by the President and Representative Director, the Senior Managing Directors and the Managing Directors to exchange opinions.

9. Basic Beliefs towards the Elimination of Anti-Social Forces and the Degree of the Introduction of Necessary Steps

The Company has established its own system which aims to remove anti-social forces as below:

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- 1) The Company has declared in the “THK Basic Policy” that it shall “take a firm stance against anti-social forces”.
- 2) The Company, as a member of the “Liaison Council of Tokyo Metropolitan Policy’s Anti-Crime Syndicate (the “Council”)", collects information at monthly meetings hosted by the Council and on other occasions. In addition, the Corporate Strategy Office is engaged in the management of relevant information in an integrated manner.
- 3) If the Company receives an inappropriate demand from anti-social forces, the Corporate Strategy Office and the Risk Management Office are to respond to it. In so doing, staff at the Corporate Strategy Office and the Risk Management Office who have participated in lectures and other courses of the Council will respond to such a matter while in conjunction with the police station under the jurisdiction and so forth, and will take resolute steps such as resorting to legal means through our corporate lawyers as necessary.
- 4) In order to extirpate transactions with companies that have relations with anti-social forces, the Company strives to conclude a Memorandum of Understanding regarding extirpation of transactions with anti-social forces with our business partners.

(6) Basic Policies on Control of the Company

Based on its management philosophy of “providing innovative products to the world and staying abreast of new trends to contribute to the creation of an affluent society,” THK has formulated the “THK Basic Policy” consisting of three policies: 1) Creation of Value and Contribution to the Society, 2) Customer-Oriented Mind-Set and 3) Legal Compliance. The Basic Policy serves as the fundamental ethics that supersede all internal regulations and codes of conduct.

Under this Policy, THK engages in business operations in order to create values beneficial to society by utilizing various management resources. In other words, THK aims to expand corporate value through creative product development and exclusive production technology as a creative and developmental corporation while conducting fair and safe business operations; building strong relationships with customers, shareholders and local communities; and fulfilling its responsibility as a member of society through environmental conservation and prompt information disclosure. THK believes that it cannot raise its corporate value and the common interests of shareholders without fulfilling its social responsibility.

At the same time, THK aims to gain customers’ trust by thinking from their perspective, always treating them with integrity, and offering the best products and services. THK believes that such efforts help us earn the trust of shareholders and other stakeholders, resulting in an appropriate gain of profits. Earning trust thereby earning profits is the way to achieve the sustainability of THK. We direct profits earned in this way to new investments and the creation of new products and services, thereby, we believe, earning further trust from customers.

THK has so far earned the trust of customers and of various kinds of stakeholders, including shareholders, through offering creative ingenious technologies and customer-oriented products and services based on the aforementioned beliefs.

Accordingly, THK is fully convinced that it can achieve the common interests of shareholders, that is, to enhance corporate value and further growth, only by further refining its originality and offering even higher-quality and customer-oriented products and services.

From such perspectives, THK’s growth and rise in corporate value cannot be achieved without the support of shareholders that share the same beliefs—the same ideas that have supported the past growth of the Company and improvement of THK’s corporate value—regardless of the size of their stakes. If shareholders with such perspectives increase, that will help further improve THK’s corporate value and leverage its growth. Accordingly, THK intends to strive to gain their lasting support and understanding.

With regard to specific measures to address any party that might emerge to attempt a large-scale acquisition of the Company’s stocks solely for their own profit, ignoring the sacrifice of other shareholders, not considering the growth of THK’s corporate value and conflicting with the basic beliefs described above, the Company will continue careful consideration. When a clear plan and specifics to address such events is ready, we will present it to the shareholders and ask their opinion.

[Translation for Reference and Convenience Purposes Only]

Consolidated Balance Sheet

(As of March 31, 2012)

(Millions of Yen)

Assets		Liabilities	
Current Assets	198,652	Current Liabilities	44,542
Cash and deposits	110,788	Notes and accounts payable	27,661
Notes and accounts receivable	53,034	Lease obligations	187
Merchandise and finished goods	10,411	Accrued corporate tax, etc.	2,151
Work in process	4,858	Reserve for bonuses	3,122
Raw materials and supplies	10,965	Other	11,418
Deferred tax assets	3,427	Long-Term Liabilities	68,274
Short-term loans	2,002	Bonds payable	40,000
Accrued receivables	2,001	Long-term loans payable	20,000
Other	1,307	Lease obligations	500
Allowance for bad debts	(145)	Reserve for employees' retirement benefits	2,982
Fixed Assets	89,680	Reserve for officers' retirement benefits	114
Tangible fixed assets	79,612	Product warranty allowance	109
Buildings and structures	23,395	Deferred tax liabilities	3,473
Machinery and transportation equipment	34,052	Other	1,094
Land	12,936	Total Liabilities	112,816
Construction in progress	6,605	Net Assets	
Other	2,622	Shareholder's Equity	188,990
Intangible fixed assets	2,606	Capital stock	34,606
Goodwill	1,413	Capital surplus	44,584
Other	1,193	Profit surplus	121,161
Investments and other assets	7,462	Treasury stock	(11,362)
Investment securities	4,841	Accumulated Other Comprehensive Income	(15,126)
Deferred tax assets	579	Net unrealized gain on available-for-sale securities	777
Insurance reserve	201	Foreign exchange conversion loss adjustment account	(15,903)
Other	1,918	Minority Interest	1,652
Allowance for bad debts	(77)	Total Net Assets	175,516
Total Assets	288,333	Total Liabilities and Net Assets	288,333

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Income
(From April 1, 2011, to March 31, 2012)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		196,866
Cost of sales		142,891
Gross profit		53,975
Selling, general, and administrative expenses		34,229
Operating Income		19,745
Non-Operating Income		
Interest received	396	
Dividends received	54	
Rent income	282	
Equity in earnings of affiliates	702	
Miscellaneous income	738	2,174
Non-Operating Expenses		
Interest expenses	651	
Foreign exchange losses	1,778	
Miscellaneous loss	418	2,848
Ordinary Income		19,072
Extraordinary Income		
Gain on sale of fixed assets	13	
Subsidy	21	
Other	7	43
Extraordinary Loss		
Loss on disposition and sale of fixed assets	120	
Loss on valuation of investment securities	13	
Loss on insurance cancellation	70	
Loss on revision of retirement benefit plan	323	
Other	68	594
Net Income before Income Taxes		18,520
Income taxes—current	5,553	
Income taxes—deferred	20	5,574
Income before minority interests		12,946
Minority interest		304
Net Income		12,641

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Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2011, to March 31, 2012)

(Millions of Yen)

	Shareholders' Equity					Accumulated Other Comprehensive Income			Minority Interest	Total Net Assets
	Capital stock	Capital surplus	Profit surplus	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign exchange conversion loss adjustment account	Total of accumulated other comprehensive income		
Balance as of April 1, 2011	34,606	44,342	110,632	(11,359)	178,221	590	(12,080)	(11,490)	1,206	167,937
Changes in the consolidated accounting year										
Change of scope of consolidation			73		73					73
Dividends from surplus			(2,186)		(2,186)					(2,186)
Net Income			12,641		12,641					12,641
Acquisition of treasury stock				(2)	(2)					(2)
Increase of capital surplus due to change in corporate tax rates		242			242					242
Changes in the item other than shareholders' equity during the consolidated accounting year (net amount)						186	(3,822)	(3,635)	446	(3,189)
Total change in the consolidated accounting year	—	242	10,529	(2)	10,768	186	(3,822)	(3,635)	446	7,579
Balance as of March 31, 2012	34,606	44,584	121,161	(11,362)	188,990	777	(15,903)	(15,126)	1,652	175,516

Notes to the Consolidated Financial Statements

1. Important Matters for the Preparation of the Consolidated Financial Statements

(Matters Related to the Scope of Consolidation)

(1) Matters Related to the Scope of Consolidation

1. Consolidated Subsidiaries

Number of consolidated subsidiaries 31 companies

(Increase of 6 companies)

- Increase due to new establishment : THK RHYTHM CHANGZHOU CO., LTD.
THK RHYTHM MEXICANA, S.A. DE C.V.
THK RHYTHM MEXICANA ENGINEERING,
S.A. DE C.V.

- Increase due to acquisition of shares : THK RHYTHM MALYASIA Sdn. Bhd.

- Increase due to increased materiality : NIPPON SLIDE CO., LTD.
THK MANUFACTURING OF VIETNAM CO.,
LTD.

(Decrease of 3 companies)

- Decrease due to extinction by merger : Rhythm L Co., Ltd.
L Tool Co., Ltd.
L Engineering Co., Ltd.

*The above-mentioned three decreased companies ceased to exist as they were merged into THK RHYTHM CO., LTD. Although they were excluded from the scope of consolidation, they were consolidated for the period up to the date of disappearance in the Statement of Income.

Names of major consolidated subsidiaries The major consolidated subsidiaries are shown in “1. Current Status of the Corporate Group, (3) Status of Major Subsidiaries.”

2. Non-Consolidated Subsidiaries

Names of major non-consolidated subsidiaries THK Brasil LTDA

Reasons for exclusion from the scope of consolidation All of the Company’s non-consolidated subsidiaries are small enterprises, and their total shareholders’ equity, sales revenues, profit/loss for the term (amount corresponding to the stake) and profit surplus (amount corresponding to the stake) do not have any material impact on the consolidated

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financial statements.

(2) Matters Related to the Application of the Equity Method

1. Affiliated Companies Subject to the Application of the Equity Method

Number of affiliated companies subject to the application of the equity method	1 company
Names of major companies	SAMICK THK CO., LTD.

2. Non-Consolidated Subsidiaries and Affiliated Companies Not Subject to Application of the Equity Method

Names of major companies	THK Brasil LTDA
Reasons for non-application of the equity method	All of the Company's non-consolidated subsidiaries and affiliated companies that are not subject to the application of the equity method are small enterprises, and their total shareholders' equity, sales revenues, profit/loss for the term (amount corresponding to the stake) and profit surplus (amount corresponding to the stake) do not have any material impact on the consolidated financial statements or any importance in the overall group's perspectives.

(3) Matters Related to Fiscal Year of Consolidated Subsidiaries

Of the consolidated subsidiaries, 24 overseas consolidated subsidiaries close their accounts on December 31, and 7 in Japan close their accounts on March 31.

When preparing the consolidated financial statements, financial statements as of December 31 are used for overseas consolidated subsidiaries, and adjustments are made for significant transactions occurring up to the consolidated account closing day.

(Matters Related to Accounting Policies)

(1) Valuation Basis and Method for Securities

Other securities

Securities with fair market value	Fair market value method based on the market value as of the last day of the consolidated fiscal year (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)
Securities without fair market value	Stated at cost determined by the moving-average method

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(2) Valuation Basis and Method for Inventories

- | | |
|-----------------------------------|--|
| 1. Merchandise and finished goods | Stated at cost by the gross average method, in principle. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.) |
| 2. Work in process | For planned products, stated at cost by the gross average method, in principle. For made-to-order products, stated at cost by the specific identification method, in principle. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.) |
| 3. Raw materials and supplies | Stated at cost by the gross average method, in principle. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.) |

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(3) Depreciation Method for Important Depreciable Assets

- | | |
|---|---|
| 1. Tangible fixed assets
(Except for lease properties) | The Company and its domestic consolidated subsidiaries adopt the declining-balance method, whereas overseas consolidated subsidiaries adopt the straight-line method and the accelerated depreciation method in accordance with local accounting standards.
However, the Company and domestic consolidated subsidiaries adopt the straight-line method for buildings acquired on or after April 1, 1998 (excluding attached facilities). Also, the life of major fixed assets is as follows:
Building and structures: 5–50 years
Machinery, equipment and vehicles: 4–12 years |
| 2. Intangible fixed assets
(Except for lease properties) | The Company and its domestic consolidated subsidiaries adopt the straight-line method. However, capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Overseas consolidated subsidiaries adopt the straight-line method in accordance with local accounting standards. |
| 3. Lease properties | Lease properties related to finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated assuming the lease period as the useful life and no residual value.
For finance leases with a lease transaction start date on or before March 31, 2008 other than those that are deemed for transfer of the leased assets to lessees, the Company continues to adopt an accounting treatment in conformity with the accounting method for ordinary lease transactions. |

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(4) Accounting Standards for Important Reserves

1. Allowance for bad debts To prepare for losses from bad debts, the Company and domestic consolidated subsidiaries provide the allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. Overseas consolidated subsidiaries provide estimated amounts on the estimated recoverability for specific doubtful receivables.
2. Reserve for bonuses The reserve for bonuses is provided at an amount as a defrayment for the consolidated fiscal year under review based on the estimated total amount of employees' bonuses.
3. Reserve for employees' retirement benefits The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the consolidated fiscal year under review.
The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (5–18 years) for employees at the time of recognition from the following year of recognition.
Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) within the average remaining service years of the employees when incurred.
4. Reserve for officers' retirement benefits To allocate retirement compensation for officers of some domestic consolidated subsidiaries, the reserve for retirement benefits to officers is provided at an amount that would be required to be paid in accordance with the Company's internal rules if all eligible Officers resign their positions as of the balance-sheet date.
5. Reserve for product warranty To prepare for expenses to address product-related complaints at some domestic consolidated subsidiaries, a reserve for product warranty has been provided based on the results of the previous year.

[Translation for Reference and Convenience Purposes Only]

(5) Important Method of Hedge Accounting

- | | |
|---|---|
| 1. Method of hedge accounting | The appropriation treatment is adopted for forward foreign exchange contracts because they satisfy the requirements of such appropriation treatment. The preferential treatment is adopted for interest-rate swaps because they satisfy the requirements of such preferential treatment. |
| 2. Hedging instruments and hedged items | |
| Forward foreign exchange contracts | Monetary claims and debts denominated in foreign currencies |
| Interest-rate swaps | Interest on borrowings |
| 3. Hedge policy | Forward foreign exchange contracts are intended to hedge foreign exchange volatility risks in order to stabilize cash flows pertinent to the recovery and payment of monetary claims and debts denominated in foreign currencies. Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings. |
| 4. Evaluation method for hedge validity | Evaluation of the validity of forward foreign exchange contracts is omitted because the significant terms of the relevant transactions and those as to the hedged assets are the same and it is predicted that any fluctuations in the market rates and cash flows will be offset at the beginning of hedging and will continue to be so afterward. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. |

(6) Matters Related to the Amortization of Goodwill

Goodwill is equally amortized over 5–10 years.

(7) Method of Accounting Processing of Consumption Tax

Accounting of the consumption tax and local consumption taxes is processed according to the net-of-tax method.

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(Change of accounting policies)

Change in “Method of evaluating work in process”

In previous years valuation of the Company’s work in process, both for planned products and made-to-order products was determined by the gross average method. Effective from the consolidated fiscal year under review, however, the valuation method for made-to-order products has been changed to the specific identification method. This is due to a change in costing method from group process costing to job lot costing caused by introducing a new cost accounting method in order to tighten cost control and to more appropriately present periodic operating results.

As the accounting data of specific cost have been collected since the beginning of the consolidated fiscal year under review, the amount of work in process carried forward at the end of the previous consolidated fiscal year, which was used as the beginning balance of the consolidated fiscal year under review, is applied beginning at the start of the consolidated fiscal year under review.

As a result of this change, compared with the previous accounting method, work in process decreased by ¥246 million while cost of sales increased by the same amount for the consolidated fiscal year under review, and operating income, ordinary income and income before income taxes decreased by ¥246 million.

Change in “Depreciation method of tangible fixed assets”

Effective from the consolidated fiscal year under review, pursuant to an amendment to the Corporate Tax Law, the Company and certain domestic subsidiaries have changed the method of depreciating tangible fixed assets acquired on and after April 1, 2007 to the depreciation method stipulated in the amended Corporate Tax Law. This is due to the fact that fixed assets management systems which are covered by the depreciation method stipulated in the amended Corporate Tax Law have started operating.

As a result, compared with the previous accounting method, operating income, ordinary income and net income before income taxes for the consolidated fiscal year under review were decreased by ¥1,124 million.

(Supplementary Information)

Adoption of the Accounting Standard for Accounting Changes and Error Corrections

For accounting changes and corrections of prior period errors made on and after the beginning of the consolidated fiscal year under review, the Company adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009).

Reserve for Employees’ Retirement Benefits

The Company abolished its tax-qualified pension plan as of October 1, 2011 and replaced it with a defined contribution pension plan, part of which was shifted to a defined contribution pension plan.

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Following the said transfer, extraordinary losses of ¥323 million were recorded for the fiscal year under review, in accordance with the “Accounting Standard for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1).

2. Notes to the Consolidated Balance Sheet

(1) Accumulated depreciation of fixed tangible assets	¥133,779 million
(2) Investment securities (stocks) of non-consolidated subsidiaries and affiliated companies	¥2,525 million
(3) Trade notes matured on the fiscal year-end closing date are treated as if they were settled on the maturity date. Since the closing date of the consolidated fiscal year under review was a bank holiday, the following notes that matured on the closing date were treated as settled on the maturity date.	
Notes receivable	¥2,006 million
Notes payable	¥26 million

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3. Notes to the Consolidated Statement of Changes in Shareholders' Equity

(1) Matters Related to Outstanding Shares

Type of Stock	First of the Consolidated Fiscal Year	Increase	Decrease	End of the Consolidated Fiscal Year under Review
Common stock (shares)	133,856,903	—	—	133,856,903

(2) Matters Related to Dividends

1. Dividend payments

Resolution	Type of Stock	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Shareholders Meeting, Jun. 18, 2011	Common stock	1,028	8	March 31, 2011	June 20, 2011
Board of Directors Meeting, Nov. 11, 2011	Common stock	1,157	9	Sept. 30, 2011	Dec. 5, 2011

2. Dividend for which the reference date falls in the current consolidated fiscal year with an effective date falling in the next consolidated fiscal year

The following will be submitted for a vote at the 42nd term's Ordinary General Shareholders Meeting on June 16, 2012.

Vote	Type of Stock	Resource of the Dividend	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Shareholders Meeting, June 16, 2012	Common stock	Profit surplus	1,414	11	March 31, 2012	June 18, 2012

4. Notes to Financial Instruments

(1) Matters Related to the Status of Financial Instruments

For fund management of the Company Group, funds are invested in short-term deposits, etc. For fundraising, necessary funds are mainly raised by issuing bonds and by borrowing funds from banks in light of the business plan.

Against credit risks of customers involved in notes receivable and accounts receivable, credit management and protection of receivables are implemented in compliance with the “Control Rules on Trade Receivables.”

Investment securities are mainly stocks, and their market values, financial conditions of their issuing bodies and so on are captured at regular intervals.

Bond issuance and bank borrowing are intended to raise mainly operating funds and other funds necessary for business activities such as equipment investments and so forth. Against interest rate volatility risks of long-term borrowings, their interest rates are fixed by using derivative transactions (interest-rate swaps).

It is the policy that derivative transactions are made within the actual demand in order to avert foreign exchange rate volatility risks and interest rate volatility risks and that no speculative derivative transaction is made.

(2) Matters Related to Market Values of Financial Instruments, etc.

The table below shows book values of financial instruments in the consolidated balance sheet as of March 31, 2012 and their market values as well as differences between the book values and market values. However, the table below excludes such financial instruments, the market values of which it is extremely difficult to capture (see Note 2).

	Book Value in the Consolidated Balance Sheet (Millions of yen)	Market Value (Millions of yen)	Difference (Millions of yen)
1. Cash and deposits	110,788	110,788	—
2. Notes and accounts receivable	53,034	53,034	—
3. Investment securities			
Other securities	2,142	2,142	—
Total assets	165,965	165,965	—
4. Notes and accounts payable	27,661	27,661	—
5. Bonds payable	40,000	40,268	268
6. Long-term loans payable	20,000	20,000	—
Total liabilities	87,661	87,930	268
7. Derivative transactions	—	—	—

(Note 1) Matters related to the calculation methods of market values of financial instruments and about marketable securities and derivative transactions

1. “Cash and deposits” and 2. “Notes and accounts receivable”: the market values of these financial instruments are almost equal to their book values because they are

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settled in a short time. For this reason, their market values are based on their book values.

3. “Investment securities”: the market values of the financial instruments are based on their prices at stock exchanges
4. “Notes and accounts payable”: the market values of these financial instruments are almost equal to their book values because they are settled in a short time. For this reason, their market values are based on their book values.
5. “Bonds payable”: the market value of a bond issued by the Company is calculated based on the present value as a result of discounting the total amount of principal and interest by the rate with the remaining period and credit risk of the relevant bond taken into account.
6. “Long-term loans payable”: long-term borrowings are based on floating interest rates and market rates of interest are reflected in a short time. Moreover, there are no important changes in the credit conditions of the Company after the borrowings were made. Therefore, the market values of long-term borrowings are based on their book values because the former is approximated by the latter.
7. “Derivative transactions”: derivative transactions to which the hedge accounting is applied.

Interest Rate Related Matters

Method of Hedge Accounting	Transaction Type, etc.	Main Hedged Object	Amount of Contract, etc. (Millions of yen)	Of the Amount of Contract, etc. that for more than one year (Millions of yen)	Market value (Millions of yen)
Preferential treatment of interest-rate swaps	Interest-rate swap transactions Fixed-rate interest payment and floating rate interest receipt	Long-term borrowings	20,000	20,000	(347)
Total			20,000	20,000	(347)

(Note) Market values are calculated based on the prices and so forth as presented by trading financial institutions.

(Note 2) Non-listed stocks (their book value in the consolidated balance sheet is 173 million yen) have no market prices and it is therefore deemed extremely difficult to capture their market values. For this reason, non-listed stocks are not included in 3 “Investment securities, Other securities.”

5. Notes to per Share Information

- | | |
|------------------------------------|-----------|
| (1) Shareholders’ equity per share | ¥1,352.00 |
| (2) Current net income per share | ¥98.31 |

6. Notes to Significant Subsequent Events

Not applicable

7. Other Notes

(1) Business Combination

(Transaction under common control)

1. Overview of the Transaction

(1) Names and business descriptions of the affected companies

Separating company: THK CO., LTD.

Succeeding company: THK RHYTHM CO., LTD. (a consolidated subsidiary of the Company)

Name and description of the affected business: A portion of transportation equipment-related businesses

(2) Date of the business combination: March 26, 2012

(3) Legal form of the business combination

The business combination is an absorption-type demerger with the Company as the separating company and THK RHYTHM CO., LTD. (a consolidated subsidiary of the Company) as the succeeding company.

(4) Name of the company after the business combination: THK RHYTHM CO., LTD. (a consolidated subsidiary of the Company)

(5) Other matters related to the overview of the transaction

In the Group, the Company's FAI Division was previously in charge of transportation equipment-related businesses and engaged in the manufacture and development of joint products. Since the Company acquired the shares of THK RHYTHM CO., LTD. in May 2007 and made it a wholly owned subsidiary, the FAI Division and THK RHYTHM CO., LTD. have striven to increase the earning power of the Group's transportation equipment-related businesses.

The objectives of the succession of a part of the FAI Division by THK RHYTHM CO., LTD. are the promotion of global business development, flexible and efficient business operation, and further enhancement of the earning power of transportation equipment-related businesses.

2. Summary of Accounting Methods Used

The transaction was carried out in accordance with accounting for common control transactions based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and "Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008)

(2) Amounts less than ¥1 million of the indicated amounts are truncated.

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Balance Sheet

(As of March 31, 2012)

(Millions of Yen)

Assets		Liabilities	
Current Assets	160,730	Current Liabilities	34,000
Cash and deposits	72,094	Accounts payable	19,360
Notes receivable	12,670	Short-term loans payable	1,683
Accounts receivable	29,781	Accrued payables	3,591
Merchandise and finished goods	4,484	Lease obligations	160
Work in process	2,292	Accrued expenses	4,875
Raw materials and supplies	4,642	Accrued corporate tax, etc.	1,694
Prepaid expenses	417	Advances	40
Deferred tax assets	1,651	Deposits received	267
Short-term loans	20,585	Reserve for bonuses	2,300
Accrued receivables	2,862	Other	26
Deposits paid	8,428	Long-Term Liabilities Other	62,395
Others	823	Bonds payable	40,000
Allowance for bad debts	(3)	Long-term loans payable	20,000
Fixed Assets	103,765	Lease obligations	441
Tangible fixed assets	35,586	Reserve for employees' retirement benefits	1,031
Buildings	11,208	Long-term deferred tax liabilities	14
Structures	440	Other	908
Machinery and equipment	13,559		
Automobiles and transportation equipment	26	Total Liabilities	96,396
Tools and supplies	684	Net Assets	
Land	7,854	Shareholders' Equity	167,340
Lease properties	560	Capital stock	34,606
Construction in progress	1,253	Capital surplus	47,471
Intangible fixed assets	290	Capital reserve	47,471
Patents	5	Profit surplus	96,618
Goodwill	94	Legal retained earnings	1,958
Software	153	Other profit surplus	94,660
Others	36	Special depreciation reserve	151
Investments and other assets	67,887	Reserves for advanced depreciation of land	15
Investment securities	2,275	Dividend reserve	3,000
Affiliates' stocks	19,503	General reserve	83,000
Investment in affiliated companies	40,682	Profit surplus carried forward	8,493
Long-term loans	4,021	Treasury stock	(11,356)
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	Valuation/Conversion Difference	759
Long-term prepaid expenses	36	Net unrealized gain on available-for-sale securities	759
Insurance reserve	127		
Others	1,285	Total Net Assets	168,099
Allowance for bad debts	(46)	Total Liabilities and Net Assets	264,495
Total Assets	264,495		

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Statement of Income

(From April 1, 2011, to March 31, 2012)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		130,107
Cost of sales		93,928
Gross profit		36,179
Selling, general, and administrative expenses		21,686
Operating Income		14,493
Non-Operating Income		
Interest received	293	
Dividends received	347	
Rent income	341	
Loyalty income	225	
Miscellaneous income	309	1,516
Non-Operating Expenses		
Interest expenses	389	
Interest on corporate bonds	296	
Foreign exchange translation loss	1,711	
Commission fee	70	
Miscellaneous loss	135	2,602
Ordinary Income		13,407
Extraordinary Income		
Gain on sale of fixed assets	10	
Gain on sales of investment securities	7	
Subsidy income	21	39
Extraordinary Loss		
Loss on disposition and sale of fixed assets	70	
Loss on valuation of investment securities	13	
Loss on insurance cancellation	70	
Loss on revision of retirement benefit plan	323	
Other	0	477
Net Income before Income Taxes		12,969
Income taxes—current	4,176	
Income taxes—deferred	834	5,011
Net Income		7,957

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Statement of Changes in Shareholders' Equity

(From April 1, 2011, to March 31, 2012)

(Millions of Yen)

	Shareholders' Equity										
	Capital stock	Capital Surplus			Legal retained earnings	Profit Surplus					Total profit surplus
		Capital reserve	Other capital surplus	Total capital surplus		Other profit surplus					
						Special depreciation reserve	Reserve for advanced depreciation on land	Dividend reserve	General reserve	Profit surplus carried forward	
Balance as of April 1, 2011	34,606	47,471	—	47,471	1,958	200	14	2,000	83,000	10,468	97,642
Change in the consolidated fiscal year											
Dividends from surplus										(2,186)	(2,186)
Addition to the special depreciation reserves						33				(33)	
Reimbursement from the special depreciation reserves						(90)				90	
Increase of reserves due to change in corporate tax rates						7	1			(8)	
Provision of reserve for dividends								1,000		(1,000)	
Decrease by corporate division										(6,795)	(6,795)
Net Income										7,957	7,957
Acquisition of treasury stock											
Changes in items other than shareholders' equity during the fiscal year (net amount)											
Total changes in the consolidated fiscal year	—	—	—	—	—	(49)	1	1,000	—	(1,975)	(1,024)
Balance as of March 31, 2012	34,606	47,471	—	47,471	1,958	151	15	3,000	83,000	8,493	96,618

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	Shareholders' Equity		Valuation/Conversion Difference, etc.		Total Net Assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total valuation/conversion difference, etc.	
Balance as of April 1, 2011	(11,353)	168,366	578	578	168,945
Changes in the consolidated fiscal year					
Dividends from surplus		(2,186)			(2,186)
Addition to the special depreciation reserve					
Reimbursement from the special depreciation reserves					
Increase of reserves due to change in corporate tax rates					
Provision of reserve for dividends					
Decrease by corporate division		(6,795)			(6,795)
Net Income		7,957			7,957
Acquisition of treasury stock	(2)	(2)			(2)
Changes in items other than shareholders' equity during the consolidated fiscal year (net amount)			180	180	180
Total changes in the consolidated fiscal year	(2)	(1,026)	180	180	(846)
Balance as of March 31, 2012	(11,356)	167,340	759	759	168,099

Notes to the Non-Consolidated Financial Statements

1. Important Matters for the Preparation of the Non-Consolidated Financial Statements

(1) Valuation Basis and Method for Securities

1. Other securities

Securities with fair market value	Fair market value method based on the market value, etc., as of the last day of the consolidated fiscal year (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)
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Securities without fair market value	Moving average cost method
--------------------------------------	----------------------------

2. Affiliates' stocks Moving average cost method

(2) Valuation Basis and Method for Inventories

1. Merchandise and finished goods Merchandises and finished goods were stated by the gross average cost method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the finished goods for which profitability was clearly declining.)

2. Work in process Planned products were stated at cost by the gross average method. Made-to-order products were stated at cost by the specific identification method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the finished goods for which profitability was clearly declining.)

3. Raw materials and supplies Raw materials and supplies were stated by the gross average cost method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the finished goods for which profitability was clearly declining.)

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(3) Depreciation Method for Important Depreciable Assets

- | | |
|---|---|
| 1. Tangible fixed assets
(Other than lease properties) | Straight-line method
However, the Company adopts the straight-line method for buildings acquired on or after April 1, 1998 (excluding attached facilities). |
| 2. Intangible fixed assets
(Other than lease properties) | Straight-line method
However, capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).
Also, goodwill is equally amortized over 10 years. |
| 3. Lease properties | Lease properties related to finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated assuming the lease period as the useful life and no residual value.
For finance leases with a lease transaction start date on or before March 31, 2008 other than those that are deemed for transfer of the leased assets to lessees, the Company continues to adopt an accounting treatment in conformity with the accounting method for ordinary lease transactions. |
| 4. Long-term prepaid expenses | Straight-line method |

(4) Accounting Standards for Important Reserves

- | | |
|---|--|
| 1. Allowance for bad debts | To prepare for losses from bad debts, the Company provides the allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. |
| 2. Reserve for bonuses | The reserve for bonuses is provided at an amount as a defrayment for the fiscal year under review based on the estimated total amount of employees' bonuses. |
| 3. Reserve for employees' retirement benefits | The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the fiscal year under review.
The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (10 years) for employees at the time of recognition from the following year of recognition. |

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Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) within the average remaining service years of the employees when incurred.

(5) Important Method of Hedge Accounting

- | | |
|---|---|
| 1. Method of hedge accounting | The appropriation treatment is adopted for forward foreign exchange contracts because they satisfy the requirements of such appropriation treatment. The preferential treatment is adopted for interest-rate swaps because they satisfy the requirements of such preferential treatment. |
| 2. Hedging instruments and hedged items | |
| Forward foreign exchange contracts | Monetary claims and debts denominated in foreign currencies |
| Interest-rate swaps | Interest on borrowings |
| 3. Hedge policy | Forward foreign exchange contracts are intended to hedge foreign exchange volatility risks in order to stabilize cash flows pertinent to the recovery and payment of monetary claims and debts denominated in foreign currencies. Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings. |
| 4. Evaluation method for hedge validity | Evaluation of the validity of forward foreign exchange contracts is omitted because the significant terms of the relevant transactions and those as to the hedged assets are the same and it is predicted that any fluctuations in the market rates and cash flows will be offset at the beginning of hedging and will continue to be so afterward. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. |

(6) Method of Accounting Processing of Consumption Tax

Transactions subject to the consumption tax and any local consumption tax are recorded at amounts exclusive of the consumption taxes.

(Changes in accounting treatment)

Change in “Method of evaluating work in process”

In previous years valuation of the Company’s work in process, both for planned products and made-to-order products, was determined by the gross average method. Effective from the fiscal year under review, however, the valuation method for made-to-order products has been changed to the specific identification method. This is due to a change in costing method from group process costing to job lot costing caused by

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introducing a new cost accounting method in order to tighten cost control and to more appropriately present periodic operating results.

As the accounting data of specific cost have been collected since the beginning of the fiscal year under review, the amount of work in process carried forward at the end of the previous fiscal year, which was used as the beginning balance of the consolidated fiscal year under review, is applied beginning at the start of the consolidated fiscal year under review.

As a result of this change, compared with the previous accounting method, work in process decreased by ¥246 million while cost of sales increased by the same amount for the fiscal year under review, and operating income, ordinary income, and income before income taxes decreased by ¥246 million.

Change in “Depreciation method of tangible fixed assets”

Effective from the fiscal year under review, pursuant to an amendment to the Corporate Tax Law, the Company has changed the method of depreciating tangible fixed assets acquired on and after April 1, 2007 to the depreciation method stipulated in the amended Corporate Tax Law. This is due to the fact that fixed assets management systems which are covered by the depreciation method stipulated in the amended Corporate Tax Law have started operating.

As a result, compared with the previous accounting method, operating income, ordinary income and net income before income taxes for the fiscal year under review were decreased by ¥1,069 million.

(Supplementary Information)

Adoption of the Accounting Standard for Accounting Changes and Error Corrections

For accounting changes and corrections of prior period errors made on and after the beginning of the fiscal year under review, the Company adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No.24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No.24, December 4, 2009)

Reserve for Employees’ Retirement Benefits

The Company abolished its tax-qualified pension plan as of October 1, 2011 and replaced it with a defined contribution pension plan, part of which was shifted to a defined contribution pension plan.

Following the said transfer, extraordinary losses of ¥323 million were recorded for the fiscal year under review, in accordance with the “Accounting Standard for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1).

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2. Notes to the Balance Sheet

- (1) Accumulated depreciation of fixed tangible assets: ¥82,650 million
 (2) Amount of accelerated depreciation with national subsidy: ¥150 million
 (3) Monetary claims/liabilities pertinent to affiliated companies:
 Short-term monetary claims: ¥41,814million
 Short-term monetary liabilities: ¥4,899million
 Long-term monetary claims: ¥4,021million
 (4) Monetary liabilities to Directors and Auditors: ¥874 million
 (5) Trade notes matured on the fiscal year-end closing date are treated as if they were settled on the maturity date. Although the closing date of the consolidated fiscal year under review was a bank holiday, the following notes that matured on the closing date were treated as settled on the maturity date.

Notes receivable ¥1,814 million

(6) Contingent liability

The Company provides a liability guarantee on rent liability for the following company:

THK GmbH ¥49 million

The Company provides a liability guarantee on purchase liability for the following companies:

TALK SYSTEM CORPORATION ¥1,804 million
 THK RHYTHM CO., LTD. ¥1,040 million
 THK INTECHS CO., LTD. ¥991 million
 THK NIIGATA CO., LTD. ¥837 million
 NIPPON SLIDE CO., LTD. ¥179 million
 THK RHYTHM KYUSHU CO., LTD. ¥123 million

3. Notes to the Statement of Income

Volume of transactions with affiliates:

Sales revenue ¥42,842 million
 Purchases ¥15,813 million
 Other marketing transactions ¥653 million
 Non-marketing transactions ¥1,861 million

4. Notes to the Statement of Changes in Shareholders' Equity

Current Fiscal Year (From April 1, 2011, to March 31, 2012)

Matters Related to Treasury Stock

Type of Stock	First of the Current Consolidated Fiscal Year	Increase	Decrease	End of the Current Consolidated Fiscal Year
Common stock (shares)	5,253,960	1,400	—	5,255,360

(Summary of Reasons for Changes)

Breakdown of the increases

Increase ascribed to buy-back of shares below a lot unit: 1,400 shares

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5. Notes to Tax-Effect Accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities according to the main cause of occurrence

(Deferred tax assets)	
Loss on valuation of stocks of subsidiaries and affiliates	¥7,751 million
Reserve for bonuses	¥874 million
Inventory valuation loss	¥340 million
Accrued retirement compensation for officers	¥311 million
Impairment loss	¥298 million
Reserve for employees' retirement benefits	¥191 million
Accrued business tax	¥153 million
Excess of depreciation and amortization	¥151 million
Loss on valuation of investment securities	¥151 million
Accrued expenses	¥112 million
Others	¥523 million
Subtotal of deferred tax assets	¥10,861 million
Valuation reserves	¥(8,696) million
Total deferred tax assets	¥2,164 million
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	¥(401) million
Special depreciation reserve	¥(86) million
Others	¥(40) million
Total deferred tax liabilities	¥(527) million
Net deferred tax assets	¥1,637 million

(2) Breakdown of main items that served as the cause of a significance difference between the legal effective tax rate and the corporate tax ratio after application of tax effect accounting

Legal effective tax rate	40.7 %
(Adjustments)	
Items permanently not included as a deductible, such as entertainment costs	0.3 %
Items permanently not included as revenue, such as dividend received	-0.9 %
Equal installments of resident tax	0.4 %
Research and experimentation tax credit	-2.9 %
Difference from the effective tax rate	-0.4 %
Effects of changes in tax rates	1.3 %
Others	0.1 %
Corporate tax ratio after application of tax effect accounting	38.6 %

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(3) Adjustments of deferred tax assets and deferred tax liabilities due to changes in effective corporate tax rates

The “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation Systems Responding to Changes in Economic and Social Structures” (Act No 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake” (Act No 117 of 2011) were promulgated on December 2, 2011. As a result, corporate tax rates will be reduced and the special reconstruction corporate tax will be imposed.

Due to this implementation, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will be reduced from the previously applied rate of 40.7% to 38.0% regarding the temporary differences that are expected to be recovered or settled during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, while 35.6% will be applied to those temporary differences that are expected to be recovered or settled for the fiscal years beginning on or after April 1, 2015.

As a result of such changes in corporate tax rates, deferred tax assets (amount after deduction of deferred tax liabilities) decreased by ¥106 million, deferred income tax expenses increased by ¥162 million.

6. Notes to the Fixed Assets under Lease Transactions

- | | |
|---|-------------|
| (1) Amount equivalent to the acquisition cost at the last day of the current fiscal year: | ¥48 million |
| (2) Amounts equivalent to accumulated depreciation and the term-end balance as of the last day of the current fiscal year | |
| Amount equivalent to accumulated depreciation: | ¥47 million |
| Amount equivalent to the term-end balance: | ¥1 million |
| (3) Amount equivalent to the unearned lease fee as of the last day of the current fiscal year: | ¥1 million |

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7. Notes to the Transactions with Special Interest Parties

(1) Parent company and major corporate shareholders:

None applicable

(2) Officers and major individual shareholders:

None applicable

(3) Subsidiaries, etc.

Category	Company or Personal Name	Address	Capital Stock or Capitalization	Description of Business or Occupation	Ownership of Voting Rights	Description of Relationship		Description of Transactions	Transaction amount (Millions of Yen)	Accounting Item	Term-End Balance (Millions of Yen)
						Concurrent Service as an Officer	Business Relationship				
Subsidiary	THK GmbH	Ratingen, Germany	102 thousand Euro	Industrial and Transportation equipment-related businesses	Indirect 100%	2 persons	Purchase of the Company's products	Sales of the Company's products	9,344	Accounts receivable	3,103
	THK RHYTHM CO., LTD.	Hamamatsu-shi, Shizuoka	¥ 490 million	Transportation equipment-related business	Direct 100%	4 persons	Collaboration with the Company's business	Loans Collection	3,728	Short-term loans	8,027
	THK Holdings of America, L.L.C.	Schaumburg, IL., U.S.A.	\$ 120 million	Holding and controlling company in North America	Direct 100%	6 persons	—	Loans Collection of loan receivables	5,792 7,982	Short-term loans Deposits paid	5,749 —
	THK Europe B.V.	Amsterdam, the Netherlands	60,153 thousand Euro	Holding and controlling company in North Europe	Direct 100%	6 persons	—	Collection of fund	5,432	Deposits paid	5,485
	THK LM SYSTEM Pte. Ltd.	Kaki Bukit Place, Singapore	S\$ 8 million	Industrial equipment-related businesses	Direct 100%	1 person	Purchase of the Company's products	—	—	Deposits paid	2,942

Transaction terms and the policy on determining transaction terms

- Notes: 1. Sales prices of our company's products for sale to THK GmbH are determined through due consultation between the two companies and in consideration of market prices.
2. Interest rates for loans to THK RHYTHM CO., LTD. are rationally determined by taking into account the market interest rates.
3. Interest rates for loans to THK Holdings of America, L.L.C. are rationally determined by taking into account the market interest rates.
4. Upon depositing its fund to either THK Holdings of America, L.L.C. or THK Europe B.V., or THK LM SYSTEM Pte. Ltd., the Company determines it based on the fund management policy of the Group.

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- (4) Affiliated companies sharing the same parent company:
Not applicable

8. Notes to per Share Information

- | | |
|--------------------------------|-----------|
| (1) Net assets per share | ¥1,307.14 |
| (2) Current net loss per share | ¥61.88 |

9. Notes to Significant Subsequent Event

Not applicable

10. Other Notes

- (1) Business Combination

The information is identical to the information presented in 7. Other Notes of the Notes to the Consolidated Financial Instruments (1) Business Combination and is therefore not presented here.

- (2) Amounts less than ¥1 million of the indicated amounts are truncated.

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Accounting Audit Report on the Consolidated Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

May 9, 2012

To the Board of Directors of THK CO., LTD.

Grant Thornton Taiyo ASG

Designated	Certified	
Executive	Public	Yoshiyuki Wada (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Keita Tajiri (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Hideki Akita (Seal)
Employee	Accountant	

In accordance with the provisions of Article 444, Paragraph 4, of the Companies Act, we audited the consolidated financial statements of THK CO., LTD., consisting of the consolidated balance sheet, consolidated statement of income, statement of changes in consolidated shareholders' equity and notes on the consolidated financial statements covering the consolidated fiscal year from April 1, 2011, to March 31, 2012.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

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the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of THK CO., LTD., which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year under review in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As recorded in Important Matters for the Preparation of the Consolidated Financial Statements in Notes to the Consolidated Financial Statements, effective beginning in the consolidated fiscal year under review, the Company has changed the valuation method for work in process related to ordered products from the gross average method to the specific identification method.
2. As recorded in Important Matters for the Preparation of the Consolidated Financial Statements in Notes to the Consolidated Financial Statements, effective beginning in the consolidated fiscal year under review, the Company and some domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 pursuant to the fiscal 2007 revision to the Corporation Tax Law. This change has no impact on our conclusions.

Interest

There is no relation of interests between the Company and the auditing firms stated above or any participating partners thereof, as is required to be stated under the Certified Public Accountant Law.

Accounting Audit Report on the Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

May 9, 2012

To the Board of Directors of THK CO., LTD.

Grant Thornton Taiyo ASG

Designated	Certified	
Executive	Public	Yoshiyuki Wada (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Keita Tajiri (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Hideki Akita (Seal)
Employee	Accountant	

In accordance with the provisions of Article 436, Paragraph 2, No. 1, of the Companies Act, we audited the financial statements of THK CO., LTD., consisting of the balance sheet, statement of income, statement of changes in shareholders' equity, notes to the non-consolidated financial statements and supplementary schedules covering the 42nd fiscal year from April 1, 2011, to March 31, 2012.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit 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 and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the THK CO., LTD., applicable to the fiscal year under review in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As recorded in Important Matters for the Preparation of the non-consolidated Financial Statements in Notes to the Non-Consolidated Financial Statements, effective beginning in the non-consolidated fiscal year under review, the Company has changed the valuation method for work in process related to special order products from the gross average method to the specific identification method.
2. As recorded in Important Matters for the Preparation of the Non-Consolidated Financial Statements in Notes to the Non-Consolidated Financial Statements, effective beginning in the non-consolidated fiscal year under review, the Company has changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 pursuant to the fiscal 2007 revision to the Corporation Tax Law. This change has no impact on our conclusions.

Interest

There is no relation of interests between the Company and the auditing firms stated above or any participating partners thereof, as is required to be stated under the Certified Public Accountant Law.

Audit Report by the Board of Auditors

AUDIT REPORT

We, the Board of Auditors, submit the following Audit Report based on our deliberation of the Audit Reports prepared by each Auditor with respect to the execution of duties of the Directors during the Company's 42nd fiscal year starting on April 1, 2011, and ending on March 31, 2012:

1. Auditing Method and Content of Audits Performed by Auditors and the Board of Auditors

The Board of Auditors determined the auditing policy and allocation of tasks, received reports from each Auditor concerning execution status and results of audits, received reports from Directors and accounting auditors concerning the status of their tax execution, and requested explanations when necessary.

In accordance with the audit policies and task allocations determined by the Board of Auditors, each Auditor communicated with Directors, the Internal Audit Office and other employees to collect information and maintain an appropriate audit environment. In addition, each Auditor attended the Board of Directors meetings and other important meetings to receive reports concerning the status of execution of duties from Directors and employees, request explanations when necessary, peruse important settlement documents, and investigated the business and asset conditions of the Head Office and other major offices. Moreover, with respect to the systems (Internal Control Systems) established in accordance with the description of the resolution of the Board of Directors concerning the system defined in Paragraphs 1 and 3, Article 100, of the Ordinance for Enforcement of the Companies Act and said resolution, as being for the systems to ensure compliance of Directors' execution of duties described in business reports with laws and regulations and the Company's Articles of Incorporation, and also to ensure adequacy of the Company's other business operations, the Auditors received reports regularly from Directors and employees, requested explanations when necessary, and expressed their opinions regarding the status of establishment and performance of the systems.

For the basic policy of the Enforcement Regulations of the Companies Act, Article 118, No.3-B, as described in the Business Report, auditors examined the contents of the policy based on the status of deliberations at the Board of Directors meetings, etc. With respect to subsidiaries, Auditors communicated and exchanged information with the Directors and Auditors of subsidiaries and received reports by subsidiaries concerning their operations when necessary. The Board of Auditors meetings were held on a monthly basis, where results of audits conducted by each Auditor were conveyed to other Auditors to exchange opinions and information sharing. Opinions concerning results of audit activities conducted by Auditors were notified to Directors. Business reports and supplementary schedules for the fiscal year were reviewed in accordance with the above method.

With regard to the accounting audit, Auditors received explanations on the audit plan from the accounting auditor beforehand and discussed it accordingly. The audit results were reported from the accounting auditor. Furthermore, Auditors

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monitored and inspected whether the independent auditors maintained their independence and appropriateness in their implementation of audits, received reports from accounting auditors concerning their execution of duties and requested explanations when necessary. Furthermore, we received the notice stating to the effect that the “System to Ensure Appropriate Execution of Duties” (various provisions stated in Article 131 of the Corporate Accounting Regulations) is prepared in accordance with the “Quality Control Standards Concerning Audits” (Business Accounting Deliberation Council, October 28, 2005) and requested explanations when necessary. In accordance with the approach explained above, we reviewed financial statements for the fiscal year under review (non-consolidated balance sheet, non-consolidated statement of income, statement of changes in shareholders’ equity and notes to the non-consolidated financial statements), the supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, statement of changes in consolidated shareholders’ equity and notes to the consolidated financial statements).

2. Results of the Audit

(1) Audit Results for the Business Report, etc.

- (i) We are of the opinion that the content of business reports and supplementary schedules comply with laws and regulations and the Articles of Incorporation and fairly reflect the state of the Company.
- (ii) We determined no improper acts or material breaches of laws and regulations or the Articles of Incorporation in the execution of duties by Directors.
- (iii) We are of the opinion that the content of the Board of Directors resolutions pertaining to the Internal Control System is appropriate. In addition, we did not identify anything that requires comment with regard to execution of duties by directors concerning said Internal Control System.
- (iv) We do not identify anything that requires comment on the basic policy (described in the Business Report) for the behavior of the person(s) taking control of the determination of financial policies and business policies of the Company.

(2) Audit Results for the Financial Statements and Supplementary Schedules

We are of the opinion that the audit methods and results of Grant Thornton Taiyo ASG are appropriate.

(3) Audit Results for the Consolidated Financial Statements

We are of the opinion that the audit methods and results of Grant Thornton Taiyo ASG are appropriate.

May 10, 2012

The Board of Auditors of THK CO., LTD.

Standing Auditor Yoshimi Sato
Standing Auditor Kazunori Igarashi
Outside Auditor Shizuo Watanabe
Outside Auditor Masatake Yone

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Proposal 2: Appointment of Sixteen (16) Directors

The tenure of all sixteen (16) current Directors will expire at the closing of this Ordinary General Shareholders Meeting, and we hereby propose appointment of the sixteen (16) Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
1	Akihiro Teramachi (April 5, 1951)	Oct. 1975 Joined the Company Mar. 1982 Director, General Manager of Administration Jun. 1987 Managing Director and Senior General Manager of Control Jun. 1994 Director and Vice President May 1995 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Jan. 1997 Representative Director and President of the Company (Current position) <Significant Positions Concurrently Held> Chairman of Japan Machine Accessory Association	3,644,600
2	Toshihiro Teramachi (November 18, 1958)	Dec. 1988 Joined the Company Jun. 1989 Director, Manager of UK Branch of THK Europe GmbH (currently THK GmbH) Aug. 1992 Executive Vice President and Director of PGM Ballscrews Ltd. (currently THK Manufacturing of Ireland Ltd.) Feb. 1993 Representative Director and President of THK GmbH May 1993 Representative Director and President of THK Europe B.V. Jun. 1998 Director of the Company Jun. 2005 Managing Director of the Company (Current position)	300,400
3	Hiroshi Imano (January 31, 1954)	Apr. 1977 Joined Industrial Bank of Japan Co., Ltd. (currently Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd.) Apr. 2002 Transferred to the Company Deputy General Manager of Corporate Strategy Mar. 2004 Resigned from Mizuho Corporate Bank, Ltd. Apr. 2004 Joined the Company May 2004 President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD. Oct. 2007 General Manager of Production Headquarters Dec. 2007 General Manager of Production Headquarters Representative Director and President of THK Manufacturing of Europe S.A.S. Jun. 2008 Director, General Manager of Production Headquarters Representative Director and President of THK Manufacturing of Europe S.A.S. Jun. 2010 Managing Director of the Company (Current position)	1,300

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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
4	Takashi Okubo (May 4, 1956)	<p>Apr. 1980 Joined the Company</p> <p>Apr. 1986 Manager of Kofu Branch of the Company</p> <p>Oct. 1996 Manager of Atsugi Branch</p> <p>May 2000 President of DALIAN THK CO., LTD.</p> <p>Jun. 2004 Director of the Company President of DALIAN THK CO., LTD.</p> <p>Jun. 2005 President of THK MANUFACTURING OF CHINA (LIONING) CO., LTD.</p> <p>Sep. 2005 President of THK (CHINA) CO., LTD. THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (Current position)</p>	3,400
5	Tetsuya Hayashida (May 27, 1961)	<p>May 2000 Transferred from DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) General Manager of Related Business of the Company</p> <p>Dec. 2000 President of THK Manufacturing of Europe S.A.S.</p> <p>Oct. 2003 President of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.)</p> <p>May 2004 Resigned from DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Joined the Company</p> <p>Jun. 2005 Director</p> <p>Oct. 2005 Representative Director and President of THK Europe B.V. Representative Director and President of THK GmbH Representative Director and President of THK France S.A.S. Representative Director and President of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.)</p> <p>Jun. 2010 Representative Director and President of THK Europe B.V. Representative Director and President of THK GmbH Representative Director and President of THK France S.A.S. Representative Director and President of THK Manufacturing Europe S.A.S. Representative Director and President of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.) (Current position)</p>	2,700
6	Junichi Kuwabara (November 11, 1954)	<p>Apr. 1977 Joined the Company</p> <p>Jul. 1992 Manager of Hachioji Branch</p> <p>Oct. 1994 Senior Manager, Application Engineering, Sales Engineering</p> <p>Oct. 1996 General Manager, Application Engineering, Sales Engineering</p> <p>Feb. 1999 General Manager of FAI</p> <p>Jun. 2002 Director, General Manager of FAI</p> <p>Jan. 2003 Representative Director and President of THK America, Inc.</p> <p>Jun. 2003 Representative Director and President of THK Holdings of America, L.L.C. Representative Director and President of THK America, Inc.</p> <p>Jun. 2010 Director, General Manager of FAI (Current position)</p>	5,750

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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
7	Takanobu Hoshino (October 23, 1960)	Apr. 1983 Joined the Company Jun. 2008 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Jun. 2009 Director, General Manager of IMT (Current position)	3,700
8	Nobuyuki Maki (May 12, 1960)	Apr. 1983 Joined the Company Jul. 1992 Manager of the Chicago Branch, THK America, Inc. Jan. 2003 President and Representative Director of THK Manufacturing of America, Inc. Oct. 2007 Manager of Yamaguchi Plant Jun. 2010 Director, Senior General Manager of Production Headquarters (Current position)	900
9	Hideyuki Kiuchi (October 14, 1952)	Apr. 1976 Joined Industrial Bank of Japan Co., Ltd. (Currently Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd.) Jun. 1994 Transferred to the Company Director Jun. 1998 Resigned as Director Mar. 2003 Resigned from Mizuho Holdings, Inc. Apr. 2003 Joined the Company General Manager of Sales Support Headquarters Jun. 2004 General Manager of Legal Dec. 2005 General Manager of Legal and Trading Administration Jun. 2006 Director, General Manager of Corporate Strategy (Current position)	1,500
10	Junichi Sakai (October 5, 1947)	Jan. 1990 Resigned from NIPPEI TOYAMA CORPORATION Joined the Company Senior Manager of Mechatronics Jul. 1992 General Manager of Mechatronics Oct. 1994 General Manager of Sales Engineering Mar. 2000 General Manager of East Japan Sales Region I Feb. 2003 General Manager of Quality Assurance General Manager of Advanced Technology Information Center Jun. 2004 Director, General Manager of Quality Assurance General Manager of Advanced Technology Information Center (Current position)	1,850
11	Hirokazu Ishikawa (June 3, 1953)	Apr. 1976 Joined the Company Sep. 1984 Manager of Nagaoka Branch Apr. 1992 General Manager of Ueno Branch Jun. 2003 Representative Director and President of DAITO SEIKI CO., LTD. (Currently THK INTECHS CO., LTD.) Jun. 2008 Director and Senior General Manager of Sales Support Headquarters Oct. 2010 Director and Senior General Manager of Sales Support Headquarters General Manager of ICB (Integrated Corporate Brand) Center (Current position)	21,200
12	Junji Shimomaki (October 6, 1953)	Apr. 1976 Joined the Company Jul. 1992 Manager of the Tokyo Branch Feb. 2003 General Manager of East Japan Sales Region I Jun. 2004 General Manager of East Japan Sales Region II Jun. 2009 Director, Senior General Manager of Sales Headquarters Oct. 2011 Director, Senior General Manager of Sales Headquarters General Manager of ACE (Current position)	6,500

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Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
13	Kaoru Hoshide (September 30, 1961)	Apr. 1985 Joined the Company Jan. 2002 General Manager of CAP Project Jun. 2009 Director, Senior General Manager of Engineering Headquarters (Current position)	2,600
14	Akihiko Kambe (March 6, 1959)	Apr. 1982 Joined the Company Aug. 2007 President and Representative Director, THK Manufacturing of America, Inc. Jun. 2010 Director of the Company President and Representative Director of THK Holdings of America, L.L.C. President and Representative Director of THK Manufacturing of America, Inc. (Current position)	1,000
15	*Sakae Ito (April 2, 1956)	Feb. 1986 Joined the Company Mar. 1998 General Manager of Control Apr. 1999 General Manager of Sales Support General Manager of Material Purchasing Mar. 2000 Representative Director and President of THK Yasuda Co., Ltd. (currently THK NIIGATA CO., LTD.) Jun. 2006 Manager of Risk Management (Current position)	0
16	*Masaaki Kainosho (Jan. 21, 1951)	Apr. 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) May 1996 Joined SAP Japan Co., Ltd. Sep. 1999 Joined Japan Business Create Co., Ltd. Jan. 2005 Representative Director of K-BRAIN CO., LTD. (currently KAINOSHO CO., LTD.) Apr. 2011 Professor at Otsuma Women's University Junior College Division (Current position)	-

Notes:

- The information in the brief history, position, assigned tasks of and significant positions concurrently held by candidates for Director in the table above is as of May 10, 2012.
- The asterisk (*) denotes the newly nominated candidate for Director.
- Masaaki Kainosho is the candidate for the position of Outside Director.
- The rationale for the appointment of Mr. Masaaki Kainosho as the candidate for Outside Director is as follows:
Director Candidate Mr. Masaaki Kainosho has knowledge and considerable experience as a university professor and manager of a management consulting firm, and we seek to appoint him as an Outside Director in the expectation that this will ensure the objectivity, neutrality, and legality of the Company's management.
- The details of the limited liability agreement with the candidate for Outside Director are as follows:
In order for the Outside Directors to fulfill their expected roles, under the provisions of the Company's Articles of Incorporation, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with Outside Directors to limit their indemnity

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liabilities under Article 423, paragraph 1 thereof. The limitation of liability under the agreement is the higher of ¥10 million or the amount prescribed by law. If candidate for Director Mr. Masaaki Kainosho is elected, he intends to enter into a limited liability agreement with the Company as an Outside Director.

6. If Director Candidate Mr. Masaaki Kainosho is elected, the Company plans to designate and register him as an independent officer in accordance with the regulations of the Tokyo Stock Exchange.
7. There is No special interest relationship between the Company and each candidate for Director.

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Proposal 3: Appointment of One (1) Auditor

The tenure of Auditor Yoshimi Sato will expire at the closing of this Ordinary General Shareholders Meeting, and we hereby propose appointment of the one (1) Auditor. The Board of Auditors has approved this proposal.

The candidate for Auditor is as follows:

Name (Date of Birth)	Brief History, Position and Significant Positions Concurrently Held	Number of the Shares of the Company Held
Yoshimi Sato (September 17, 1947)	Apr. 1970 Joined Industrial Bank of Japan Co., Ltd. (currently Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd.) May. 1999 Advisor of the Company Jun. 1999 Managing Director of the Company Mar. 2000 Resigned from Industrial Bank of Japan Co., Ltd. Jun. 2004 Resigned as Director Auditor of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Jun. 2008 Auditor of the Company (Current position)	4,800

Note:

There is no special relationship interest between the candidate for Auditor, Yoshimi Sato, and the Company.

<Procedure for Exercising Voting Rights via the Internet>

If exercising voting rights via the Internet, please review the following and exercise your voting rights accordingly.

Shareholders attending the Ordinary General Shareholders Meeting do not need to take any procedures to exercise voting rights by mail (with a voting form) or via the Internet.

1. Web site for the Exercise of Voting Rights

- (1) Voting rights may be exercised over the Internet via personal computer, smartphone or mobile phone (i-mode, EZweb or Yahoo! Mobile)* only by accessing the Web site the Company has designated for the exercising of voting rights (<http://www.evotep.jp/>). (However, access to the Web site is not available between 2 a.m. and 5 a.m. Japan local time every day.)
*“i-mode,” “EZweb” and “Yahoo!” are registered trademarks of NTT DoCoMo, Inc., KDDI Corporation and Yahoo! Inc. of the United States, respectively.
- (2) Depending on the Internet connectivity environment, such as the use of a firewall, antivirus software or a proxy server, some shareholders may not be able to exercise their voting rights via a personal computer or smartphone.
- (3) When exercising voting rights using a mobile phone, the device must have either i-mode, EZweb or Yahoo! Mobile service. For security reasons, devices that use encoded transmission (SSL transmission) or that are unable to transmit mobile phone information cannot be used.
- (4) Exercise of voting rights via the Internet will be available until 5:30 p.m. Japan local time on Friday, June 15, 2012, but please exercise your voting rights ahead of the designated time and contact the help desk with questions, if any.

2. Method of Exercising Voting Rights via the Internet

- (1) Use the login ID and temporary password that are shown in the voting form on the voting Web site (<http://www.evotep.jp/>), and follow the directions on the screen to enter your approval or disapproval of the proposals.
- (2) To prevent illegal access by persons other than shareholders (impersonation) and to prevent the exercise of voting rights from falsification, shareholders who use the site for the exercise of voting rights should change their temporary password upon entering the site.
- (3) Each convocation notice for the General Shareholders Meeting will contain a new login ID and temporary password.

3. Handling of Cases Involving the Overlapping Exercise of Voting Rights

- (1) In the event that voting rights are exercised both by mail and via the Internet, the vote via the Internet shall prevail.
- (2) In the event that voting rights are exercised multiple times via the Internet, smartphone or mobile phone, the most recent vote shall prevail. In the event of the overlapping exercise of voting rights via personal computer and mobile phone, the most recent vote shall prevail.

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4. Fees Arising from Accessing the Site for the Exercise of Voting Rights

Any fees that arise from accessing the site for the exercise of voting rights (e.g., dial-up connection charges, telephone charges) shall be borne by the shareholder. If using a mobile phone, any necessary packet transmission charges or other costs involved in use of the phone shall be borne by the shareholder.

For Questions Concerning Systems and Other Matters

Mitsubishi UFJ Trust & Banking Co., Ltd.

Securities Agent Division (Help Desk)

Tel.: 0120-173-027 (toll-free)

Hours of Operation: 9 a.m.–9 p.m. Japan local time