

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 44th Ordinary General Meeting of Shareholders 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 30, 2014

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 44th Ordinary General Meeting of Shareholders

Dear Shareholders:

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

We are writing to inform you that the 44th Ordinary General Meeting of Shareholders 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 electronic method such as the Internet. Please review the reference documents for the Ordinary General Meeting of Shareholders attached to this letter and exercise your voting rights no later than 5:30 p.m. Japan local time on Friday, June 20, 2014.

1. Date and Time: Saturday, June 21, 2014, 10 a.m. (Reception desk: open at 9 a.m.)
2. Place 3-1 Shiba-koen 3-chome, Minato-ku, Tokyo
Tokyo Prince Hotel 2nd Floor (Ho-Oh-No-Ma)

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 44th Term (April 1, 2013 to March 31, 2014)
2. Report of financial statements for the 44th Term (April 1, 2013 to March 31, 2014)

Resolutions:

Proposal 1: Surplus Appropriation

Proposal 2: Appointment of Eight (8) Directors

Proposal 3: Appointment of Two (2) Auditors

[Translation for Reference and Convenience Purposes Only]

- 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 Meeting of Shareholders, 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>).
- You can exercise your voting right via the Internet by accessing the voting Web site (<http://www.evotep.jp/>). The website will accept your vote until 5:30 p.m. on Friday, June 20 (Japan Time), 2014.
Please refer to "Procedure for Exercising Voting Rights via the Internet" described on page 59.

To institutional investors,
To exercise voting rights with regard to the proposals made at the Ordinary General Meeting of Shareholders of the Company, other than the above method to exercise voting rights using the Internet, institutional investors may use the "Voting Rights Electronic Exercise Platform" operated by ICJ Co., Ltd., provided that the shareholder has already subscribed to use of the platform.

At the Ordinary General Meeting of Shareholders, we will utilize monitors to give a presentation on the current state of the Company, and after the meeting we will hold the "THK Group Products Exhibition" at the venue adjacent to where the meeting is held. We sincerely hope that this opportunity will help deepen your understanding of the THK Group.

Reference Documents for the Ordinary General Meeting of Shareholders

Proposal 1: Surplus Appropriation

In light of consolidated business performance in the fiscal year under review, we would like to pay the following term-end dividend for the 44th term and make the following other surplus appropriation, having given comprehensive consideration to the Company's business performance, the Group's business environment, internal reserves to prepare for future business development, consecutive dividends policy, and other factors.

1. Matters Related to Term-End Dividends

For the term-end dividend for the 44th term, we would like to pay out ¥15 per share of common stock.

As a result, annual dividend for the term under review, including the interim dividend of ¥11, will be ¥26 per share, up ¥8 from the previous term.

(1) Type of Property for Dividends

Money

(2) Allotment of Property for Dividends

¥15 per share of common stock for a total of ¥1,898,970,240

(3) Effective Date of Distribution of Surplus

Effective date to be June 23, 2014

2. Matters Related to Other Surplus Appropriation

(1) Account item and amount of increase in surplus

General reserve Increase of ¥10,000,000,000

(2) Account item and amount of decrease in surplus

Profit surplus carried forward Decrease of ¥10,000,000,000

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Proposal 2: Appointment of Eight (8) Directors

The tenure of all sixteen (16) current Directors will expire at the closing of this Ordinary General Meeting of Shareholders, and we hereby propose appointment of the eight (8) Directors.

To strengthen the supervising function of the Board of Directors and accelerate decision making and the execution of duties, the Company determined to decrease the number of Directors by eight persons and introduce the Executive Officer System.

In line with this decision, we hereby propose the appointment of one more Outside Director and the election of eight (8) 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 Division Jun. 1987 Managing Director and Senior General Manager of Control Division Jun. 1994 Director and Executive 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 (General Incorporated Association)	3,646,000
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 Director and Executive Vice President of PGM Ballscrews Ireland 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 Jun. 2012 Director and Executive Vice President of the Company (current position)	150,400
3	Hiroshi Imano (January 31, 1954)	Apr. 1977 Joined Industrial Bank of Japan Co., Ltd. (currently Mizuho Bank, Ltd.) Apr. 2002 Transferred to the Company Deputy General Manager of Corporate Strategy Mar. 2004 Resigned from Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) Apr. 2004 Joined the Company May 2004 President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD. Oct. 2007 General Manager of Production Division Dec. 2007 Representative Director and President of THK Manufacturing of Europe S.A.S. Jun. 2008 Director of the Company Jun. 2010 Managing Director of the Company Jun. 2012 Director and Executive Vice President of the Company (current position)	2,000

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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)	Apr. 1980 Joined the Company Apr. 1986 Manager of Kofu Branch Oct. 1996 Manager of Atsugi Branch May 2000 President of DALIAN THK CO., LTD. Jun. 2004 Director of the Company (current position) Jun. 2005 President of THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. Sep. 2005 President of THK (CHINA) CO., LTD. (current position)	4,400
5	Junichi Sakai (October 5, 1947)	Jan. 1990 Resigned from NIPPEI TOYAMA CORPORATION Joined the Company Jul. 1992 General Manager of Mechatronics Division Oct. 1994 General Manager of Sales Engineering Division Mar. 2000 General Manager of East Japan Sales Region I Feb. 2003 General Manager of Quality Assurance Division (current position) General Manager of Advanced Technology Information Center Jun. 2004 Director of the Company (current position)	2,450
6	Takashi Teramachi (November 17, 1978) [Newly appointed]	Apr. 2003 Joined Sumitomo Corporation Sep. 2013 Resigned from Sumitomo Corporation Nov. 2013 Joined the Company Jan. 2014 IMT Division, General manager (current position)	-
7	Masaaki Kainosho (January 21, 1951) Service years: 2 years Attendance at the Board of Directors meetings: 16 of 16 meetings [Outside Director]	Apr. 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) Apr. 1996 Resigned from The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation) May. 1996 Joined SAP Japan Co., Ltd. Sep. 1999 Resigned from SAP Japan Co., Ltd. Joined Japan Business Create Co., Ltd. Jan. 2005 Resigned from Japan Business Create Co., Ltd. Representative Director of K-BRAIN CO., LTD. (currently KAINOSHO CO., LTD.) (current position) Apr. 2011 Professor at Otsuma Women's University Junior College Division (current position) Jun. 2012 Outside Director of the Company (current position)	-
8	Masakatsu Hioki (July 30, 1950) [Newly appointed] [Outside Director]	Apr. 1975 Joined Komatsu Ltd. Apr. 2004 Executive Officer of Komatsu Ltd. Apr. 2008 Senior Executive Officer of Komatsu Ltd. Jul. 2012 Advisor of Komatsu Ltd. (current position) Dec. 2013 Director, Japan Center for Technology Management (nonprofit entity; current position)	-

Notes:

1. Although Director candidate Masakatsu Hioki serves as an Advisor for Komatsu Ltd., which has a transactional relationship with the Company, the transactional amounts are less than 1% of the Company's sales revenue, which does not even constitute a special interest relationship, posing no problem concerning Mr. Hioki's independence. There is no special interest relationship between other candidates for Director and the Company.
2. Takashi Teramachi and Masakatsu Hioki are candidates for Directors to be newly appointed.

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3. Director candidates Masaaki Kainosho and Masakatsu Hioki are the candidate for the position of Outside Director.
4. The rationale for the appointment of Masaaki Kainosho and Masakatsu Hioki as the candidates for Outside Director is as follows:
 - (1) Masaaki Kainosho has abundant knowledge and considerable experience as a university professor highly adept in management and as the manager of a management consulting firm. We expect Mr. Kainosho to help ensure the objectivity, neutrality and legality of the Company's management. Although Mr. Kainosho held a position at Mitsui Bank, from April 1976 to April 1996, which was a previous entity of Sumitomo Mitsui Banking Corporation, currently a major lender to the Company, he consistently belonged to an IT system-related unit and the Company did not have any transactional relationship with Mitsui Bank at that time. Therefore, we have determined that Mr. Kainosho can maintain his independence and perform his duties appropriately as an Outside Director and we seek to appoint him as an Outside Director of the Company.
 - (2) Masakatsu Hioki has abundant knowledge and considerable experience in executive-level management, principally overseeing human resources and general affairs at global corporations in the manufacturing industry. We expect Mr. Hioki, if elected as a Director of the Company, to help ensure the objectivity, neutrality and competency of the Company's management, and therefore we seek to appoint him as an Outside Director of the Company.
5. Masaaki Kainosho is currently an Outside Director of the Company. His term of office as an Outside Director will be two years at the closing of this Ordinary General Meeting of Shareholders.
6. 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 Masaaki Kainosho to limit their indemnity liabilities under Article 423, paragraph 1 thereof. The limitation of liability under the agreement is the higher of ¥10 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act. If candidate for Director Masaaki Kainosho is reelected, he intends to continue entering into a limited liability agreement with the Company as an Outside Director. If Mr. Hioki is elected as proposed, the Company intends to enter into a similar limited liability agreement with him.
7. The Company has designated and registered Mr. Masaaki Kainosho as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Kainosho is reelected, the Company intends to continue to register him as an independent officer. Mr. Hioki satisfies the requirements for an independent officer stipulated by the Tokyo Stock Exchange, with which the Company intends to register Mr. Hioki as an independent officer.

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Proposal 3: Appointment of Two (2) Auditors

The tenure of Auditor Kazunori Igarashi will expire and Auditor Yoshimi Sato will resign from the position at the closing of this Ordinary General Meeting of Shareholders, and we hereby propose the appointment of two (2) Auditors.

Hideyuki Kiuchi is not a Substitute Auditor for Yoshimi Sato. The tenure of Mr. Kiuchi will be until the last Ordinary General Meeting of Shareholders held on the final year of the four years after Mr. Kiuchi is elected.

The Board of Auditors has approved this proposal.

The candidates for Auditor are as follows:

Candidate No.	Name (Date of Birth)	Brief History, Position and Significant Positions Concurrently Held	Number of the Shares of the Company Held
1	Kazunori Igarashi (April 23, 1947)	Jan. 1992 Retired from Mitsubishi Electric Corporation Feb. 1992 Joined the Company Oct. 1995 General Manager of The President's Office, General Manager of the Engineering Division Jun. 1998 General Manager of the Accounting Division Apr. 1999 General Manager of the Corporate Strategy Mar. 2000 General Manager of The President's Office Jun. 2004 Director of the Company, Senior General Manager of the Sales Support Division Jun. 2006 Standing Auditor of the Company (current position)	4,600
2	Hideyuki Kiuchi (October 14, 1952) [Newly appointed]	Apr. 1976 Joined Industrial Bank of Japan Co., Ltd. (currently Mizuho Bank, Ltd.) Jun. 1994 Transferred to the Company Director of the Company Jun. 1998 Resigned as Director of the Company Mar. 2003 Resigned from Mizuho Holdings, Inc. Apr. 2003 Joined the Company General Manager of Sales Support Division Jun. 2004 General Manager of Legal Division Dec. 2005 General Manager of Trading Administration Division Jun. 2006 Director of the Company, General Manager of Corporate Strategy (current position) <Significant Positions Concurrently Held > Chairman of Tokyo Electronic Industries Health Insurance Society	2,000

Notes:

1. There is no special interest relationship between the candidates for Auditor and the Company.
2. Hideyuki Kiuchi is a candidate to be newly appointed as Auditor.

(Submitted Documents)

Business Report

(From April 1, 2013 to March 31, 2014)

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 recovered moderately. Although the economic growth of emerging countries slowed, signs of recovery were seen in economies mainly in advanced countries. The Japanese economy recovered given that high stock prices helped improve consumer confidence, which led to an increase of personal consumption and improvements in capital investments. Overseas, the U.S. economy saw a continued recovery trend supported by favorable personal consumption and the European economies, which had been stagnant, also saw signs of recovery. In China and other emerging countries, the economies slowed amid sluggish domestic demand.

Overall Summary of Sales

The Group's core growth strategies are "Full-Scale Globalization" and "Development of New Business Areas" to expand markets for the Company's products such as LM guides. Furthermore, given the continual birth of new growth drivers, which was triggered by the Lehman crisis, the Group is accelerating its growth strategies to absorb such demand. Especially in emerging countries, where higher economic growth is continuing compared to advanced countries, the continuing growth of demand for machines and the progress of factory automation (FA) are predicted. In such a business environment, the Group is making aggressive investments for future growth, for example, reinforcing its sales, production and development structure in China and expanding its sales networks in India and the ASEAN region. In advanced countries, with growing awareness of the need of countermeasures for disasters and progression of the shift to electric-powered operations, demand for the Company's products is predicted to grow in the field of consumer goods. To capture such demand, the Group is increasingly focused on the development of new markets, striving to expand the adoption of the Company's products such as the Linear Motion system. During the consolidated fiscal year under review, with a moderate recovery seen in demand for electronics products, we strove for aggressive sales expansion through harnessing the business structure that we have strengthened to date. In addition to these efforts, supported by yen depreciation compared with that of a year earlier, consolidated sales revenue for the year under review increased ¥17,099 million (10.2%) from the previous term to ¥185,466 million.

Overall Summary of Income

With the effects of various cost-improvement measures such as the "P25 Project," a cross-sectional project aimed at reinforcing our earnings base, improving the

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efficiency of fixed expenses and lowering the ratio of variable expenses to total expenses, the cost-to-sales ratio declined 2.2 percentage points from a year earlier to 71.5%.

Selling, general and administrative expenses (“SG&A expenses”) increased ¥2,927 million (9.0%) from a year earlier to ¥35,533 million due to such factors as the increase in R&D expenses as such activities were strengthened aiming at future growth in addition to expenses related to the increase in sales revenue. On the other hand, amid an increase in sales revenue, our efforts to reduce various expenses and streamline operations helped lower the ratio of SG&A expenses to sales by 0.2 percentage point from a year earlier to 19.2%.

As a result of the above, operating income increased ¥5,677 million (48.6%) from the previous year to ¥17,370 million, and the ratio of operating income to sales rose to 9.4%.

Non-operating income was ¥7,611 million due to ¥5,193 million of foreign exchange gains and ¥522 million of equity in earnings of affiliates. Non-operating expenses were ¥1,362 million mainly due to interest expenses of ¥801 million.

Due to these factors, ordinary income recorded a ¥8,853 million increase (60.0%) from the previous year to ¥23,618 million, and net income for the current fiscal year rose to ¥15,590 million, which was an increase of ¥5,782 million (59.0%) from the previous term.

Segment Breakdown

Japan

The Japanese economy recovered given that high stock prices helped improve consumer confidence, which led to an increase of personal consumption, and improvement was seen in capital investments. At the Company, during the first half of the year, demand for electronics products returned to normal during the summer also demand for other products remained low compared with a year earlier. However, in the second half of the year, a recovery was seen in overall demand for machine tools and electronics products. In such an environment, we developed aggressive sales activities and strove to develop new markets for seismic isolation and damping systems, resulting in sales revenue increasing ¥430 million, or 0.4%, from the previous term to ¥107,436 million. In addition to the effects of various cost-improvement measures such as the “P25 Project,” a cross-sectional project aimed at reinforcing our earnings base, improving the efficiency of fixed expenses and lowering the ratio of variable expenses to total expenses, the yen remained lower than a year earlier. Segment income (operating income) rose ¥4,858 million, or 42.0%, from the previous term to ¥16,434 million.

The Americas

In the Americas, where steady personal consumption led to an increase in automobile production, which pushed up capital investments, we strove to expand transactions with existing customers and develop new business areas such as medical equipment, aircraft and energy-related fields by unifying production and sales. As a result of these efforts, sales revenue in electronics products and transportation equipment businesses increased, combined with yen depreciation compared to that of the

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previous term, leading to sales revenue of ¥28,618 million, representing an increase of ¥6,309 million, or 28.3%, from the previous term. Segment income (operating income) rose ¥155 million, or 15.4%, from the previous year to ¥1,166 million.

Europe

In Europe, where signs of a recovery were starting to appear during the year under review, we conducted aggressive sales activities to expand transactions with existing customers and develop new business areas such as medical equipment, aircraft and energy-related fields by unifying production and sales. In addition, the yen remained lower than a year earlier, resulting in sales revenue of ¥18,292 million, representing an increase of ¥3,229 million, or 21.4%, from the previous term. Segment income (operating income) advanced ¥558 million from the previous year to ¥180 million, shifting from the red to profitability.

China

In China, automobile production continued to progress favorably, whereas economic growth slowed compared with the high growth in the past. Regarding the Company's businesses, driven by rising investments related to smartphones and tablet PCs, demand partially improved for a number of products including small-size machine tools. In such an environment, we undertook aggressive sales activities by taking advantage of our sales network, which we have strengthened to date. As a result, sales revenue increased in a wide range of fields including the general machinery and transportation equipment businesses. Sales revenue increased ¥6,430 million (47.9%) from the previous year to ¥19,857 million. On the other hand, the Segment loss (operating loss) worsened ¥279 million to ¥614 million due to factors such as aggressive investments toward the future growth of the Group.

Other Areas

In other areas, in Taiwan, India and the ASEAN countries, investments rose related to smartphones and tablet PCs and demand partially improved especially for small-size machine tools. In such an environment, we developed aggressive sales activities to expand transactions with existing customers and identify new customers. In addition, due to the yen depreciation compared with a year earlier, sales revenue increased ¥700 million, or 6.6%, year on year to ¥11,261 million. Segment income (operating income) advanced ¥385 million, or 132.5%, from the previous year to ¥676 million.

Overall Summary of Research and Development

In the LM guides series, our main line of products, we launched the ultra-long block type "model SRG" from the LM Guide with caged roller in the market to penetrate into the machine tools field, where demand exists for higher load-bearing capacity. To develop our businesses in new markets, we developed the ball-type "model HSV" as one of the global standard LM guides capable of equally distributing loads in four directions. We also developed the return-pipe type ball screw "model BTK-V," which achieved twice the speed of conventional ball screws, thereby meeting customer needs and addressing the uses of increasingly high-speed machines and equipment.

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In actuators, we developed and launched in the market the “model KRF,” fully covered and highly rigid compact actuator as a follow-up to the model KR/SKR compact actuator series and the “model KSF,” which is a “model KRF” actuator with higher speed and longer stroke specification. To meet market demand, we promoted the development of products that provide ease of use for customers such as implementing the EtherCAT specification, a flexible network, to the “model TNU” network unit.

With regard to the development of new business areas, in seismic isolation and damping system-related development, we developed the Tuned Mass Damper (“TMD”) for automated warehouses to address earthquakes. Other fields we aimed to develop were those of aircraft, renewable energy and robotics. In the aircraft field, we focused on interior and sheet-related development and proposals, aiming for the development of new markets. In the renewable energy field, we built actual equipment for wind, hydraulic and solar power generators. In addition, via a business-university collaboration, we are working to develop optimal parts and components. During the consolidated fiscal year under review, we started sales of shaft units that reduce the resistance of the rotating wings of vertical shaft-type wind power generators. In the robotics field, we improved the “SEED Solutions,” the element/components of a robotics technology system for next-generation robots, including a version update, while striving to develop markets in the consumer-use robot, FA and education fields. We are also promoting developments in the robotics industry such as peripheral technologies for upper-body humanoid robots and robotic hand technologies.

The Company won the 2013 JSME Medal for New Technology, awarded by the Japan Society of Mechanical Engineers (JSME), for its Double-Row Angular Contact Roller Rings “model RW,” which was launched in the market in 2010 and has been widely adopted for rotating tables for machine tools and robotic joints. This award is given to publicly recognize superior products created via ingenious adjustments to and improvement of existing technologies and/or grassroots technological development.

Overall Summary of the Operation and Production Systems

In our four key geometric regions of Japan and other Asian regions, the Americas and Europe, the Company is aggressively promoting the unified producer-retailer system.

In terms of sales operation, we expanded sales networks especially in emerging countries where a medium- to long-term increase in demand is predicted in India and the ASEAN region, as well as China.

In terms of production, we further improved productivity by promoting automation and other measures in Japan, the United States and Europe. In emerging countries such as China, we reinforced our production facilities. In the middle and southern American regions, to strengthen the supply structure in the North and South American continents, in Mexico, THK RHYTHM MEXICANA, S.A. DE C.V., the Company’s subsidiary, which handles automotive parts and components, started operations including the delivery of products to customers. Aiming to further

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strengthen productivity, we started to construct plants toward the relocation of DALIAN THK CO., LTD. (China).

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, taking into consideration the Company's business results for this term, we intend to pay a term-end dividend of ¥15 per common share, which, along with the interim dividend of ¥11 per share, results in an annual dividend of ¥26 per share, up ¥8 from the previous term.

2. Status of Capital Investments

Total capital investments in the consolidated fiscal year under review amounted to ¥10,108 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 base is as follows:

Domestic Operational Bases	THK CO., LTD.	(Millions of Yen)
	Head Office, branch offices and product centers	849
	Gifu Plant	275
	Yamagata Plant	228
	Yamaguchi Plant	115
	THK RHYTHM CO., LTD.	456
	THK NIIGATA CO., LTD.	326
Overseas Operational Bases	DALIAN THK CO., LTD. (China)	2,720
	THK RHYTHM CHANGZHOU CO., LTD. (China)	906
	THK Manufacturing of America, Inc. (USA)	614
	THK RHYTHM MALAYSIA, Sdn. Bhd. (Malaysia)	588
	THK RHYTHM MEXICANA, S.A. DE C.V. (Mexico)	524

3. Status of Funding

During the consolidated fiscal year under review, the Company procured funds by issuing straight bonds in the amount of ¥20,000 million for the purpose of loan repayments.

Company name	Brand	Date of Issue	Total Amount of Notes (Millions of yen)	Rate (%)	Maturity
THK CO., LTD.	The eighth Unsecured Debt Securities (with inter-bond pari passu clause)	April 25, 2013	10,000	0.430	April 25, 2018
THK CO., LTD.	The ninth Unsecured Debt Securities (with inter-bond pari passu clause)	April 25, 2013	10,000	0.660	April 24, 2020

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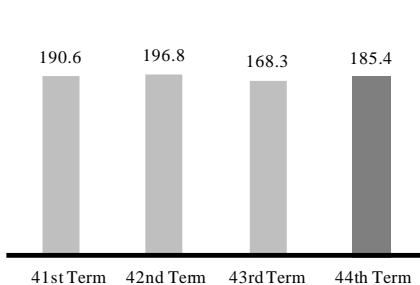
For effective funding of operating capital, the Group has specified credit lines totaling ¥15,000 million with its main correspondent financial institutions.

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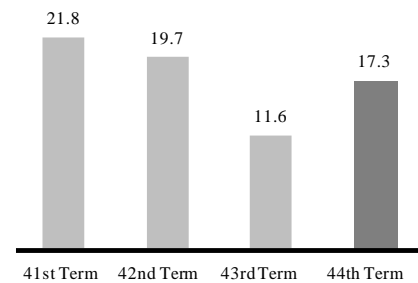
(2) Assets and Profit/Loss

Assets and Profit/Loss of the Group

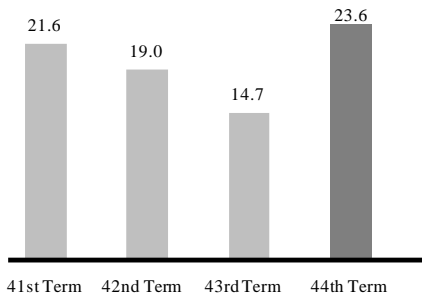
Sales Revenue (Billions of Yen)



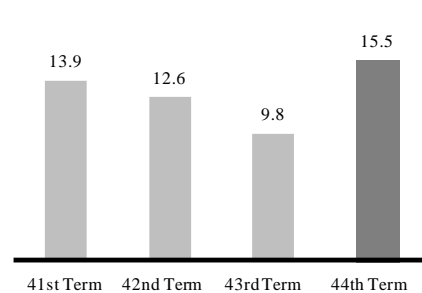
Operating Income (Billions of Yen)



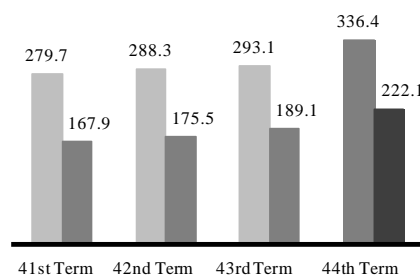
Ordinary Income (Billions of Yen)



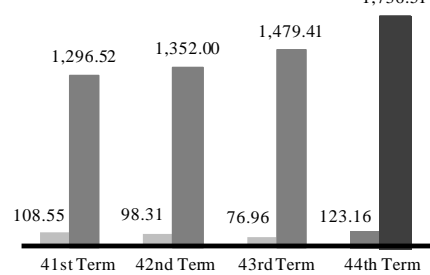
Net Income (Billions of Yen)



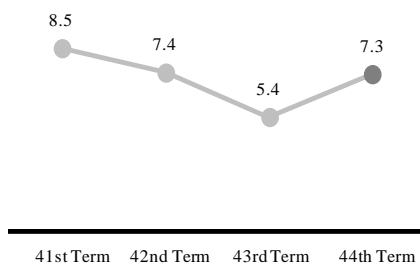
Total Assets/Shareholders' Equity (Billions of Yen)



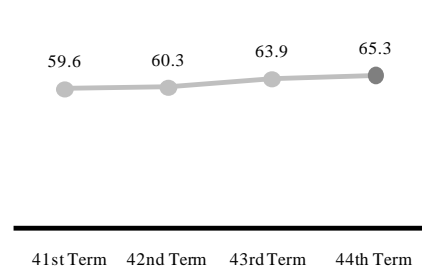
Net income per Share/Shareholders' Equity per Share (Yen)



Return on Equity (%)



Equity Ratio (%)



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1. Assets and Profit/Loss of the Group (Consolidated)

Millions of Yen				
Item	41st Term (Term Ended March 2011)	42nd Term (Term Ended March 2012)	43rd Term (Term Ended March 2013)	44th Term (Term Ended March 2014; Current Consolidated Fiscal Year)
Sales Revenue	190,661	196,866	168,366	185,466
Operating Income	21,844	19,745	11,692	17,370
Ordinary Income	21,631	19,072	14,765	23,618
Net Income	13,959	12,641	9,808	15,590
Total Assets	279,768	288,333	293,145	336,416
Shareholders' Equity	167,937	175,516	189,058	222,148
Net Income per Share (Yen)	108.55	98.31	76.96	123.16
Shareholders' Equity per Share (Yen)	1,296.52	1,352.00	1,479.41	1,736.51
Return on Equity (%)	8.5	7.4	5.4	7.7
Equity Ratio (%)	59.6	60.3	63.9	65.3

Note:

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

2. Assets and Profit/Loss of the Company (Non-consolidated)

Millions of Yen				
Item	41st Term (Term Ended March 2011)	42nd Term (Term Ended March 2012)	43rd Term (Term Ended March 2013)	44th Term (Term Ended March 2014; Current Consolidated Fiscal Year)
Sales Revenue	133,691	130,107	104,567	111,913
Operating Income	17,118	14,493	9,825	13,808
Ordinary Income	16,846	13,407	12,053	18,790
Net income	10,683	7,957	8,018	12,255

[Translation for Reference and Convenience Purposes Only]

(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 vital machinery components
TALK SYSTEM CORPORATION.	¥400 million	99.00	Sales of vital machinery components, 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 thousand	100	Holding and controlling company in North America
THK America, Inc.	US\$20,100 thousand	100 (100)	Sales of the Company's products in North America
THK Manufacturing of America, Inc.	US\$75,000 thousand	100 (100)	Manufacture of vital machinery components in North America
THK RHYTHM NORTH AMERICA CO., LTD.	US\$66 thousand	100 (100)	Manufacturing and sales of transport equipment parts in North America
THK Europe B.V.	90,000 thousand Euro	100	Holding and controlling company in Europe
THK GmbH	1,000 thousand Euro	100 (100)	Sales of the Company's products in Europe
THK Manufacturing of Europe S.A.S.	72,040 thousand Euro	100 (100)	Manufacture of vital machinery components in Europe
THK (CHINA) CO., LTD.	2,036,828 thousand Yuan	100	Holding and controlling company in China and sales of vital machinery components
DALIAN THK CO., LTD.	242,519 thousand Yuan	70.00 (25.00)	Manufacturing and sales of vital machinery components in China
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	806,494 thousand Yuan	100 (100)	Manufacturing of vital machinery components in China
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	848,827 thousand Yuan	100 (100)	Manufacturing of vital machinery components in China

[Translation for Reference and Convenience Purposes Only]

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK RHYTHM GUANGZHOU CO., LTD.	91,498 thousand Yuan	100 (100)	Manufacturing and sale of transport equipment parts in China
THK RHYTHM CHANGZHOU CO., LTD.	135,391 thousand Yuan	100 (100)	Manufacturing and sale of transport equipment parts in China
THK RHYTHM (THAILAND) CO., LTD.	350,000 thousand Baht	100 (100)	Manufacturing and sale of transport equipment parts in other Asian countries

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

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 vital machinery components in South Korea

3. Changes in the Group

- 1) THK Europe B.V. conducted a capital increase in December 2013, raising its capital stock to 90,000 thousand euro.
- 2) THK GmbH conducted a capital increase in December 2013, raising its capital stock to 1,000 thousand euro.
- 3) DALIAN THK CO., LTD. (China) conducted a capital increase in October 2013, raising its capital stock to 242,519 thousand 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.”

Especially in China and other emerging countries, where higher economic growth is continuing compared with advanced countries and factory automation (FA) is expected to continue to progress, we foresee a medium- to long-term expansion in capital investments closely related to the businesses of the Company. Furthermore, in light of efforts to further reduce CO₂ emissions, which are 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

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electric-powered operations, will increase further. In addition, the public's interest in the Company's seismic isolation and damping system is rising in response to the experience at the Great East Japan Earthquake.

To steadily meet such demand and achieve significant growth on a medium- to long-term basis, we will strive to accelerate "Full-Scale Globalization" and "Development of New Business Areas" and reinforce various activities such as the "P25 Project" to further improve profitability to satisfy our shareholders' expectations.

(5) Description of Main Business Operations (As of March 31, 2014)

The Group manufactures and sells vital machinery components including LM guides and ball screws, and vital components for transportation systems 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, achieving lighter and more accurate movements compared with a "sliding" motion. This feature enables mechanical devices to move with higher speed, higher precision and enhanced energy saving, thereby contributing to the development of industry and the preservation of the ecosystem.

[Translation for Reference and Convenience Purposes Only]

6) Major Offices and Plants (As of March 31, 2014)

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) THK RHYTHM CHANGZHOU CO., LTD. (China) THK RHYTHM (THAILAND) CO., LTD. (Thailand)
Sales Offices (Domestic)	THK CO., LTD.: 29 offices in nationwide TALK SYSTEM CORPORATION: 13 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)

(7) Status of Employees (As of March 31, 2014)

1. Employees of the Group

Business Segment	Number of Employees	Change from the Previous Consolidated Fiscal Year-End
Japan	4,827	-16
Americas	759	+44
Europe	575	+14
China	2,522	+82
Other	494	+95
Total	9,177	+219

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

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2. Status of Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Years of Service
3,372 employees	-9	38.7	16.7

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

(8) Status of Significant Borrowings (As of March 31, 2014)

Not applicable

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

Not applicable

[Translation for Reference and Convenience Purposes Only]

2. Current Status of the Company

(1) Stocks (As of March 31, 2014)

- | | |
|--|-------------|
| 1. Total authorized shares: | 465,877,700 |
| 2. Total outstanding shares (incl. 7,259,887 of treasury shares) | 133,856,903 |
| 3. Number of shareholders: | 18,994 |
| 4. Major shareholders (Top 10): | |

Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd., Trust Account	8,457	6.68
Japan Trustee Services Bank, Limited, Trust Account	5,304	4.18
Akihiro Teramachi	3,646	2.88
MELLON BANK N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	3,443	2.72
FTC Co., Ltd.	2,774	2.19
NORTHERN TRUST CO. (AVFC) RE15 PCT TRUST ACCOUNT	2,664	2.10
THE BANK OF NEW YORK 132812	2,023	1.59
RBC IST 15 PCT LENDING ACCOUNT	2,020	1.59
STATE STREET BANK AND TRUST COMPANY 505225	1,935	1.52
JPMCB USA RESIDENTS PENSION JASDEC LEND 385051	1,923	1.51

Note 1: The treasury shares held by the Company, which is 7,259,887 shares in total, are excluded from the above-mentioned Shareholders.

2: Shareholding ratio is calculated by excluding treasury stock

(2) Status of Corporate Officers

1. Directors and Auditors (As of March 31, 2014)

Position in the Company	Name	Duties or Significant Positions Concurrently Held
Representative Director and President	Akihiro Teramachi	Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association)
Director and Executive Vice President	Toshihiro Teramachi	
Director and Executive Vice President	Hiroshi Imano	
Director	Takashi Okubo	President of THK (CHINA) CO., LTD.

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Position in the Company	Name	Duties or Significant Positions Concurrently Held
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 Division
Director	Takanobu Hoshino	General Manager of IMT Division
Director	Nobuyuki Maki	Senior General Manager of Production Division
Director	Hideyuki Kiuchi	General Manager of Corporate Strategy Division Chairman of Tokyo Electronic Industries Health Insurance Society
Director	Junichi Sakai	General Manager of Quality Assurance Division
Director	Hirokazu Ishikawa	Senior General Manager of Sales Support Division General Manager of ICB Center
Director	Junji Shimomaki	Senior General Manager of Sales Division General Manager of ACE Division
Director	Kaoru Hoshide	Senior General Manager of Engineering Division
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.
Director	Sakae Ito	General Manager of Risk Management Division
Director	Masaaki Kainosho	Representative Director of KAINOSHO CO., LTD. Professor at Otsuma Women's University Junior College Division
Standing Auditor	Yoshimi Sato	
Standing Auditor	Kazunori Igarashi	
Auditor	Shizuo Watanabe	Tax Accountant

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Position in the Company	Name	Duties or Significant Positions Concurrently Held
Auditor	Masatake Yone	Esq., Partner of Mori Hamada & Matsumoto, a law firm Outside Director of GCA Savvian Corporation Outside Auditor of BANDAI NAMCO Games Inc. External Corporate Auditor of TERUMO CORPORATION

Notes:

1. Director Masaaki Kainosho is an Outside Director.
2. Auditors Shizuo Watanabe and Masatake Yone are Outside Auditors.
3. Auditor Shizuo Watanabe is a certified tax accountant with a substantial level of expertise in finance and tax accounting.
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. The Company registered Director Masaaki Kainosho and Auditor Shizuo Watanabe as independent officers, as stipulated under the guidelines of the Tokyo Stock Exchange.

2. Compensation for Directors and Auditors

Classification	Persons Receiving Payment (Persons)	Amount of Payment (Millions of Yen)
Directors	16	405
(Outside directors)	(1)	(9)
Auditors	4	64
(Outside auditors)	(2)	(21)
Total	20	469
(Outside officers)	(3)	(30)

Notes:

1. Pursuant to resolutions of the General Meeting of Shareholders, 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 General Meeting of Shareholders in June 2011).
2. Pursuant to resolutions of the General Meeting of Shareholders, the maximum compensation for an Auditor is ¥10 million a month (Resolution of the General Meeting of Shareholders in June 2004).
3. In addition to the amounts shown above, employees who concurrently serve as directors receive the equivalent of ¥108 million in employee salary.
4. In addition to the amounts shown above, there are accrued payable balances

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of retirement allowances to 3 Directors pursuant to resolutions of the General Meeting of Shareholders in the amounts of ¥751 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 General Meeting of Shareholders held on the same day.

5. The remuneration amounts in the table above include ¥70 million (¥70 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. and relationships between the Company and other such corporations, etc.

Director Masaaki Kainosho is concurrently a Representative Director of KAINOSHO CO., LTD., and a Professor at Otsuma Women's University Junior College Division. There is no special relationship between the Company and KAINOSHO CO., LTD., or Otsuma Women's University Junior College Division.

Auditor Masatake Yone is a Partner of Mori Hamada & Matsumoto, a law firm, an Outside Director of GCA Savvian Corporation, an Outside Auditor of BANDAI NAMCO Games Inc. and TERUMO CORPORATION. The Company has no interest relationship with Mori Hamada & Matsumoto, GCA Savvian Corporation, BANDAI NAMCO Games Inc. or TERUMO CORPORATION.

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B. Status of major business activities in the current fiscal year

Title	Name	Attendance at Board of Directors and Board of Auditors Meetings
Outside Director	Masaaki Kainosho	Mr. Kainosho attended all 16 meetings of the Board of Directors held during the fiscal year under review and made comments as necessary based on his abundant experience and broad knowledge and insight mainly as a university professor highly adept in management and as the manager of a management consulting firm.
Outside Auditor	Shizuo Watanabe	Mr. Watanabe attended all 16 meetings of the Board of Directors held during the fiscal year under review and all 14 meetings of the Board of Auditors held during the fiscal year under review and made comments as necessary based on his abundant experience and broad knowledge and insight mainly as a tax accountant highly adept in tax accounting.
Outside Auditor	Masatake Yone	Mr. Yone attended 15 of the 16 meetings of the Board of Directors held during the fiscal year under review and all 14 meetings of the Board of Auditors held during the fiscal year under review and made comments as necessary based on his abundant experience and broad knowledge and insight mainly as a lawyer highly adept in corporate legal affairs.

C. Description of Limited Liability Agreement

Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company and each outside director and outside auditor entered into an agreement that limits the indemnity liability under Article 423, Paragraph 1. Under this agreement, the limitation of liability for an Outside Director is the higher of ¥10 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act. The maximum limit of the indemnity liability for an Outside Auditor is the higher of ¥5 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act on condition that the outside director and the outside auditor fulfills due diligence and there is no gross negligence or no knowledge of it of the outside director or outside auditor with regard to the execution of duties that caused such liability.

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(3) Status of Accounting Auditor

1. Name: Grant Thornton Taiyo ASG LLC

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	81
2. Total sum of monies or money equivalent to be paid by the Company and its subsidiaries to the accounting auditor	86

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., THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., THK RHYTHM GUANGZHOU CO., LTD., THK RHYTHM CHANGZHOU CO., LTD. and THK RHYTHM (THAILAND) CO., LTD. were audited by certified accountants other than the Company's accounting auditor, Grant Thornton Taiyo ASG LLC.

4. Description of Non-Audit Activities

The Company entrusts the Accounting Auditor to prepare documents for the underwriting company that handles the issuance of bonds.

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 Meeting of Shareholders. When the accounting auditor is dismissed based on a 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 Meeting of Shareholders after the dismissal.

(4) 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.

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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 financial reports" 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 Representative Director and President, and other 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.

(5) 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, proper and just 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

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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.

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Consolidated Balance Sheet

(As of March 31, 2014)

(Millions of Yen)

Assets		Liabilities	
Current Assets	227,890	Current Liabilities	54,490
Cash and deposits	138,343	Notes and accounts payable	25,411
Notes and accounts receivable	52,557	Current portion of bonds	10,000
Merchandise and finished goods	12,019	Lease obligations	279
Work in process	5,185	Accrued corporate tax, etc.	5,808
Raw materials and supplies	11,561	Reserve for bonuses	2,957
Deferred tax assets	3,554	Other	10,032
Short-term loans	1,002	Long-Term Liabilities	59,777
Accrued receivables	1,781	Bonds payable	50,000
Other	2,017	Lease obligations	523
Allowance for bad debts	(131)	Deferred tax liabilities	3,861
Fixed Assets	108,526	Reserve for officers' retirement benefits	127
Tangible fixed assets	94,838	Product warranty allowance	149
Buildings and structures	28,738	Net defined benefit liability	4,083
Machinery and transportation equipment	43,177	Other	1,031
Land	13,194	Total Liabilities	114,267
Construction in progress	6,676	Net Assets	
Other	3,051	Shareholder's Equity	206,731
Intangible fixed assets	4,213	Capital stock	34,606
Goodwill	893	Capital surplus	44,584
Other	3,320	Profit surplus	141,474
Investments and other assets	9,474	Treasury stock	(13,934)
Investment securities	6,438	Accumulated Other Comprehensive Income	13,099
Net defined benefit asset	32	Net unrealized gain on available-for-sale securities	801
Deferred tax assets	1,367	Foreign exchange conversion loss adjustment account	12,930
Insurance reserve	243	Remeasurements of defined benefit plans	(632)
Other	1,438	Minority Interest	2,317
Allowance for bad debts	(46)	Total Net Assets	222,148
Total Assets	336,416	Total Liabilities and Net Assets	336,416

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Income
(From April 1, 2013, to March 31, 2014)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		185,466
Cost of Sales		132,562
Gross Profit		52,903
Selling, general, and administrative expenses		35,533
Operating Income		17,370
Non-Operating Income		
Interest received	420	
Dividends received	55	
Rent income	331	
Foreign exchange gains	5,193	
Equity in earnings of affiliates	522	
Miscellaneous income	1,088	7,611
Non-Operating Expenses		
Interest expenses	801	
Miscellaneous loss	560	1,362
Ordinary Income		23,618
Extraordinary Income		
Gain on sale of fixed assets	17	
Subsidy income	591	608
Extraordinary Loss		
Loss on disposition and sale of fixed assets	222	222
Net Income before Income Taxes		24,004
Income taxes—current	8,493	
Income taxes—deferred	(246)	8,246
Income before Minority Interests		15,758
Minority interest		167
Net Income		15,590

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Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2013, to March 31, 2014)

(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	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance as of April 1, 2013	34,606	44,584	128,416	(13,928)	193,678	740	(7,131)	—	(6,390)	1,769	189,058
Changes in the consolidated fiscal year											
Dividends from surplus			(2,532)		(2,532)						(2,532)
Net Income			15,590		15,590						15,590
Acquisition of treasury stock				(6)	(6)						(6)
Disposal of treasury stock		0		0	0						0
Changes in the item other than shareholders' equity during the consolidated fiscal year (net amount)						61	20,061	(632)	19,489	548	20,038
Total change in the consolidated fiscal year	—	0	13,058	(6)	13,052	61	20,061	(632)	19,489	548	33,090
Balance as of March 31, 2014	34,606	44,584	141,474	(13,934)	206,731	801	12,930	(632)	13,099	2,317	222,148

Notes to the Consolidated Financial Statements

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

(1) Matters Related to the Scope of Consolidation

1. Consolidated Subsidiaries

Number of consolidated subsidiaries 33 companies

Names of major consolidated subsidiaries The major consolidated subsidiaries are shown in “1. Present 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 assets, 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.

(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, and their 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.

[Translation for Reference and Convenience Purposes Only]

(3) Matters Related to Fiscal Year of Consolidated Subsidiaries

Of the consolidated subsidiaries except THK India Private Limited, 25 overseas consolidated subsidiaries close their accounts on December 31.

Adjustments are made for significant transactions occurring up to the consolidated account closing day. Other consolidated subsidiaries close their accounts on the same day as the settlement date of the consolidated fiscal year of the THK Group.

(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.

(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.)

[Translation for Reference and Convenience Purposes Only]

(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) | Adopting 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). |
| 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. |

[Translation for Reference and Convenience Purposes Only]

(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 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. |
| 4. Product warranty allowance | 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 previous years. |

(5) Accounting Standard for Calculation of Retirement Benefits

To prepare for retirement benefits to employees, net defined benefit liability is posted at an amount determined by subtracting pension plan assets from the retirement benefit obligation, based on the estimated amounts 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 consolidated fiscal 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.

Actuarial gains or losses and prior service costs that are yet to be recognized in profit or loss have been recognized as "Remeasurements of defined benefit plans" in "Accumulated other comprehensive income" within the net asset section, after adjusting for tax effects.

[Translation for Reference and Convenience Purposes Only]

(6) Treatment of Deferred Assets

Bond issuance cost	Related expenses are all processed at the time of payment.
--------------------	--

(7) 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. |

(8) Matters Related to the Amortization of Goodwill

Goodwill is equally amortized over 5–10 years.

(9) 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.

(Change in Accounting Policies)

Effective from the consolidated fiscal year under review, the Company has adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012) (hereinafter, the “Accounting Standard for Retirement Benefits”) and

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the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012) (hereinafter, the “Guidance on Accounting Standard for Retirement Benefits”), except for the stipulations provided in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. According to the new standard, the amount resulting from subtracting pension plan assets from the retirement benefit obligation has been posted as Net defined benefit liability (or Net defined benefit asset) with the unrecognized actuarial gains or losses and unrecognized prior service costs reflected in the Net defined benefit liability (or Net defined benefit asset). With regard to the application of the Accounting Standard for Retirement Benefits, we apply the new standard gradually as stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits. At the end of the consolidated fiscal year under review, the impact of this change has been reflected in the “Remeasurements of defined benefit plans” in “Accumulated other comprehensive income.”

As a result, at the end of the consolidated fiscal year under review, the Company posted a net defined benefit asset of ¥32 million and a net defined benefit liability of ¥4,083 million. Accumulated other comprehensive income decreased ¥632 million. The impact of this change on per share information is indicated in the Per Share Information section.

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2. Notes to the Consolidated Balance Sheet

- (1) Accumulated depreciation of fixed tangible assets ¥157,159 million
- (2) Investment securities (stocks) of non-consolidated subsidiaries and affiliated companies ¥4,103 million

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 Meeting of Shareholders, Jun. 15, 2013	Common stock	1,139	9	Mar. 31, 2013	Jun. 17, 2013
Board of Directors Meeting, Nov. 7, 2013	Common stock	1,392	11	Sep. 30, 2013	Dec. 9, 2013

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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 44th term's Ordinary General Meeting of Shareholders on June 21, 2014.

Vote	Type of Stock	Resource of the Dividend	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, June 21, 2014	Common stock	Profit surplus	1,898	15	Mar. 31, 2014	Jun. 23, 2014

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, 2014 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	138,343	138,343	—
2. Notes and accounts receivable	52,557	52,557	—
3. Investment securities Other securities	2,161	2,161	—
Total assets	193,061	193,061	—
4. Notes and accounts payable	25,411	25,411	—
5. Bonds payable (Including current portion of bonds)	60,000	60,589	589
Total liabilities	85,411	86,000	589
6. 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. “Derivative transactions”: Not applicable

(Note 2) Non-listed stocks (their book value in the consolidated balance sheet is ¥173 million) 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	¥1,736.51
(2) Net income per share	¥123.16

Note: As explained in “Change in Accounting Policies,” the Company has adopted the Accounting Standard for Retirement Benefits and applies this standard gradually as stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, net assets per share at the end of the consolidated fiscal year under review decreased ¥4.99.

6. Notes to Significant Subsequent Events

Not applicable

7. Other Notes

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

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Balance Sheet

(As of March 31, 2014)

(Millions of Yen)

Assets		Liabilities	
Current Assets	157,411	Current Liabilities	42,313
Cash and deposits	78,634	Accounts payable	16,637
Notes receivable	14,562	Short-term loans payable	2,242
Accounts receivable	25,860	Current portion of bonds	10,000
Merchandise and finished goods	4,555	Lease obligations	241
Work in process	2,294	Accrued payables	1,147
Raw materials and supplies	3,692	Accrued expenses	5,018
Prepaid expenses	474	Accrued corporate tax, etc.	4,659
Deferred tax assets	1,584	Advances	14
Short-term loans	20,345	Deposits received	172
Accrued receivables	1,013	Reserve for bonuses	2,100
Deposits paid	3,686	Other	78
Other	709	Long-Term Liabilities	52,199
Allowance for bad debts	(3)	Bonds payable	50,000
Fixed Assets	117,828	Lease obligations	442
Tangible fixed assets	31,000	Reserve for employees' retirement benefits	949
Buildings	9,893	Other	807
Structures	351		
Machinery and equipment	11,174		
Automobiles and transportation equipment	11		
Tools and supplies	433		
Land	7,798		
Lease properties	634		
Construction in progress	703		
		Total Liabilities	94,512
Intangible fixed assets	922		
Goodwill	49		
Software	320		
Other	553		
Investments and other assets	85,904		
Investment securities	2,288		
Affiliates' stocks	26,388		
Investment in affiliated companies	43,657		
Long-term loans	12,612		
Insurance reserve	149		
Deferred tax assets	155		
Other	688		
Allowance for bad debts	(35)		
		Net Assets	
		Shareholders' Equity	179,955
		Capital stock	34,606
		Capital surplus	47,471
		Capital reserve	47,471
		Other capital surplus	0
		Profit surplus	111,806
		Legal retained earnings	1,958
		Other profit surplus	109,848
		Special depreciation reserve	74
		Reserves for advanced depreciation of land	15
		Dividend reserve	3,000
		General reserve	92,000
		Profit surplus carried forward	14,758
		Treasury stock	(13,928)
		Valuation/Conversion Difference	771
		Net unrealized gain on available-for-sale securities	771
		Total Net Assets	180,727
Total Assets	275,240	Total Liabilities and Net Assets	275,240

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Statement of Income

(From April 1, 2013, to March 31, 2014)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		111,913
Cost of sales		77,433
Gross profit		34,480
Selling, general, and administrative expenses		20,672
Operating Income		13,808
Non-Operating Income		
Interest received	406	
Dividends received	1,009	
Foreign exchange gains	3,738	
Rent income	366	
Loyalty income	367	
Miscellaneous income	266	6,154
Non-Operating Expenses		
Interest expenses	375	
Interest on corporate bonds	446	
Commission fee	69	
Bond issuance cost	118	
Miscellaneous loss	160	1,171
Ordinary Income		18,790
Extraordinary Income		
Gain on sale of fixed assets	0	
Subsidy income	17	17
Extraordinary Loss		
Loss on disposition and sale of fixed assets	130	130
Net Income before Income Taxes		18,677
Income taxes—current	6,697	
Income taxes—deferred	(275)	6,422
Net Income		12,255

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Statement of Changes in Shareholders' Equity

(From April 1, 2013, to March 31, 2014)

(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, 2013	34,606	47,471	—	47,471	1,958	108	15	3,000	87,000	10,000	102,083
Change in the fiscal year											
Dividends from surplus										(2,532)	(2,532)
Addition to the special depreciation reserves						1				(1)	
Reimbursement from the special depreciation reserves						(35)				35	
Provision of general reserve									5,000	(5,000)	
Net Income										12,255	12,255
Acquisition of treasury stock											
Disposal of treasury stock			0	0							
Changes in items other than shareholders' equity during the fiscal year (net amount)											
Total changes in the fiscal year	—	—	0	0	—	(34)	—	—	5,000	4,758	9,723
Balance as of March 31, 2014	34,606	47,471	0	47,471	1,958	74	15	3,000	92,000	14,758	111,806

	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, 2013	(13,922)	170,238	716	716	170,954
Changes in the fiscal year					
Dividends from surplus		(2,532)			(2,532)
Addition to the special depreciation reserve					
Reimbursement from the special depreciation reserves					
Provision of general reserve					
Net Income		12,255			12,255
Acquisition of treasury stock	(6)	(6)			(6)
Disposal of treasury stock	0	0			0
Changes in items other than shareholders' equity during the fiscal year (net amount)			55	55	55
Total changes in the fiscal year	(6)	9,717	55	55	9,772
Balance as of March 31, 2014	(13,928)	179,955	771	771	180,727

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 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 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 inventories 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 inventories 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 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) | Declining-balance 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
(Except for 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. |

(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.
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. |

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(5) Treatment of Deferred Assets

Bond issuance cost	Related expenses are all processed at the time of payment.
--------------------	--

(6) 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. |

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(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.

2. Notes to the Balance Sheet

(1) Accumulated depreciation of fixed tangible assets:	¥87,424 million
(2) Amount of accelerated depreciation with national subsidy:	¥150 million
(3) Monetary claims/liabilities pertinent to affiliated companies:	
Short-term monetary claims:	¥34,342 million
Short-term monetary liabilities:	¥5,384 million
Long-term monetary claims:	¥12,612 million
(4) Monetary liabilities to Directors and Auditors:	¥751 million
(5) Contingent liability	

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

THK GmbH	¥59 million
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The Company provides a liability guarantee on purchase liability for the following companies:

THK RHYTHM CO., LTD.	¥1,608 million
TALK SYSTEM CORPORATION	¥1,528 million
THK INTECHS CO., LTD.	¥858 million
THK NIIGATA CO., LTD.	¥610 million
THK RHYTHM KYUSHU CO., LTD.	¥134 million
NIPPON SLIDE CO., LTD.	¥106 million

3. Notes to the Statement of Income

Volume of transactions with affiliates:

Sales revenue	¥36,607 million
Purchases	¥18,140 million
Other marketing transactions	¥800 million
Non-marketing transactions	¥2,117 million

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

Current Fiscal Year (From April 1, 2013, to March 31, 2014)

Matters Related to Treasury Stock

Type of Stock	First of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Common stock (shares)	7,257,010	2,927	50	7,259,887

(Summary of Reasons for Changes)

Breakdown of the increases:

Increase due to buyback of shares below one lot unit: 2,927 shares

Breakdown of the decrease:

Decrease due to the request for additional purchase of shares below one lot unit: 50 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	¥8,133 million
Reserve for bonuses	¥748 million
Accrued business tax	¥380 million
Inventory valuation loss	¥345 million
Reserve for employees' retirement benefits	¥338 million
Impairment loss	¥281 million
Accrued retirement compensation for officers	¥267 million
Excess of depreciation and amortization	¥130 million
Accrued expenses	¥108 million
Loss on valuation of investment securities	¥66 million
Others	¥302 million
Subtotal of deferred tax assets	¥11,104 million
Valuation reserves	¥(8,920) million
Total deferred tax assets	¥2,183 million
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	¥(374) million
Special depreciation reserve	¥(37) million
Others	¥(31) million
Total deferred tax liabilities	¥(443) million
Net deferred tax assets	¥1,740 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	38.0%
(Adjustments)	
Items permanently not included as a deductible, such as entertainment costs	0.4%
Items permanently not included as revenue, such as dividend received	(4.1)%
Equal installments of resident tax	0.3%
Research and experimentation tax credit	(2.3)%
Valuation reserves	2.1%
Difference from the effective tax rate	(0.7)%
Reduction adjustment to the year-end deferred tax assets due to the tax rate change	0.6%
Others	0.1%
Corporate tax ratio after application of tax effect accounting	34.4%

[Translation for Reference and Convenience Purposes Only]

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

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), was promulgated on March 31, 2014. As a result, the special reconstruction corporate tax will not be imposed for business years that started on April 1, 2014, and thereafter. 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 38.0% to 35.6% regarding the temporary differences that are expected to be recovered or settled during the fiscal year beginning on April 1, 2014.

As a result of such changes in the corporate tax rate, deferred tax assets (amount after deduction of deferred tax liabilities) decreased by ¥110 million and income taxes—deferred increased by ¥110 million.

6. Notes to the Fixed Assets under Lease Transactions

Not applicable

[Translation for Reference and Convenience Purposes Only]

7. Notes to the Transactions with Special Interest Parties

(1) Parent company and major corporate shareholders:

Not applicable

(2) Officers and major individual shareholders:

Not applicable

(3) Subsidiaries, etc.

Category	Company	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	€ 1,000 thousand	Industrial and Transportation equipment-related businesses	Indirect 100%	2 persons	Purchase of the Company's products	Sales of the Company's products	8,699	Accounts receivable	3,312
	THK RHYTHM CO., LTD.	Hamamatsu-shi, Shizuoka	¥ 490 million	Transportation equipment-related business	Direct 100%	4 persons	Collaboration with the Company's business	Collection of loan receivables	400	Long-term loans	3,200
	THK Holdings of America, L.L.C.	Schaumburg, IL., U.S.A.	\$ 120 million	Holding and controlling company in North America	Direct 100%	5 persons	—	Loans	235	Short-term loans	12,609
	DALIAN THK CO., LTD.	Dalian, Liaoning Province, China	242,519 thousand yuan	Industrial equipment-related businesses	Indirect 45% Direct 25%	3 persons	Production and sales of the Company's products	Loans	1,048	Long-term loans	3,569
	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	3,686

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. Interest rates for loans to DALIAN THK CO., LTD. are rationally determined by taking into account the market interest rates.

5. Upon depositing its fund to THK LM SYSTEM Pte. Ltd., the Company determines it based on the fund management policy of the Group.

(4) Affiliated companies sharing the same parent company:

Not applicable

8. Notes to Per Share Information

(1) Net assets per share

¥1,427.58

(2) Net income per share

¥96.81

9. Notes to Significant Subsequent Event

Not applicable

[Translation for Reference and Convenience Purposes Only]

10. Other Notes

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

[Translation for Reference and Convenience Purposes Only]

Accounting Audit Report on the Consolidated Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

May 12, 2014

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

Grant Thornton Taiyo ASG LLC

Designated	Certified	
Executive	Public	Yoshiyuki Wada (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, 2013, to March 31, 2014.

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

[Translation for Reference and Convenience Purposes Only]

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.

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 12, 2014

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

Grant Thornton Taiyo ASG LLC

Designated	Certified	
Executive	Public	Yoshiyuki Wada (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 44th fiscal year from April 1, 2013, to March 31, 2014.

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 and adopted 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 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

[Translation for Reference and Convenience Purposes Only]

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.

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 44th fiscal year starting on April 1, 2013, and ended on March 31, 2014:

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

[Translation for Reference and Convenience Purposes Only]

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 13, 2014

The Board of Auditors of THK CO., LTD.

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

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

Exercise of voting rights via the Internet will be available until 5:30 p.m. Japan local time on Friday, June 20, 2014, but please exercise your voting rights ahead of the designated time and contact the help desk with questions, if any.

1. Web site for the Exercise of Voting Rights

- 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.evote.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.
- 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.
- 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.

2. Method of Exercising Voting Rights via the Internet

- Use the login ID and temporary password that are shown in the voting form on the voting Web site (<http://www.evote.jp/>), and follow the directions on the screen to enter your approval or disapproval of the proposals.
- 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.
- Each convocation notice for the General Meeting of Shareholders will contain a new login ID and temporary password.

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

- In the event that voting rights are exercised both by mail and via the Internet, the vote via the Internet shall prevail.
- 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.

[Translation for Reference and Convenience Purposes Only]

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.

Institutional investors 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 Meeting of Shareholders of the Company, provided that the shareholder has already subscribed to use of the platform.

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
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