

【Translation】

## **Articles of Incorporation**

**THK CO., LTD.**

# Articles of Incorporation

## Chapter 1 General Provisions

(Trade Name)

Article 1.

The Company shall be called *THK Kabushikigaisha*, which shall be indicated in English text as THK CO., LTD.

(Purpose)

Article 2.

The purpose of the Company shall be to engage in the following businesses.

1. Manufacture and sale of various bearings and vital machinery
2. Manufacture and sale of machine tools and machine parts
3. Manufacture and sale of automotive parts, bicycle parts, and transportation equipment components
4. Manufacture and sale of industrial robots and related parts
5. Manufacture and sale of measurement control equipment, electrical and electronic equipment, and other related-equipment components
6. Manufacture and sale of hydraulic and air-based equipment and other related equipment
7. Research, development, production, and sale of computer software
8. Development of construction methods, design and construction of buildings, and manufacture and sale of the related-equipment components
9. Any and all businesses that are incidental and related to the businesses mentioned in the preceding items

(Location of the Head Office)

Article 3.

The head office of the Company shall be located in Minato-ku, Tokyo, Japan.

(Corporate Bodies)

Article 4.

The Company shall establish the following bodies, in addition to the General Meeting of Shareholders and the Directors.

1. Board of Directors
2. Audit and Supervisory Committee
3. Accounting Auditors

(Method of Public Notice)

Article 5.

The Company's method of public notice shall be electronic public notice; provided, however, that if, due to an accident or any other unavoidable circumstances, the Company is unable to give electronic public notice, in lieu of such notice, the public notice shall be posted in the Nihon Keizai Shimbun.

## **Chapter 2 Shares**

(Total Number of Authorized Shares)

Article 6.

The Company's total number of authorized shares shall be 465,877,700 shares.

(Acquisition of Treasury Stock)

Article 7.

Under the provisions of Article 165, paragraph (2), of the Companies Act, by resolution of the Board of Directors, the Company may acquire its own shares through market transactions or other methods.

(Share Unit Number)

Article 8.

The Company's share unit number shall be 100 shares.

(Rights of Holders of Shares Less than One Unit)

Article 9.

With respect to shares less than one unit that they hold, the Company's shareholders may not exercise any rights other than the following rights.

1. The right set forth in each item of Article 189, paragraph (2) of the Companies Act
2. The right to demand under the provisions of Article 166, paragraph (1) of the Companies Act
3. The right to receive an allotment of shares for subscription and share options for

subscription in accordance with the number of shares that the shareholder holds

4. The right to demand a sale of shares less than one unit

(Demand for Sale of Shares Less than One Unit)

Article 10.

A shareholder of less than one unit of the Company's shares may demand that the Company sell to the shareholder the number of shares less than one unit that, together with the number of shares less than one unit held by the shareholder, will constitute the share unit number.

(Regulations on Handling of Shares)

Article 11.

Matters to be stated or recorded in the Company's shareholder registry and the share option registry, demands for purchases or sales of shares less than one unit, and any other matters concerning the handling and fees pertaining to shares or share options shall be subject to the provisions provided in the laws and regulations or the Articles of Incorporation. In addition, they shall also be subject to the Regulations on Handling of Shares established by the Board of Directors.

(Administrator of Shareholder Registry)

Article 12.

The Company shall appoint an Administrator of Shareholder Registry.

2. The Administrator of Shareholder Registry shall be appointed, and his or her business office shall be selected, by resolution of the Board of Directors, and public notice thereof shall be given.

(Record Date)

Article 13.

The Company shall deem the shareholders with voting rights that are stated or recorded in the final shareholder registry on December 31 of every year to be the shareholders that may exercise rights at the Ordinary General Meeting of Shareholders for the fiscal year in question.

2. Notwithstanding the preceding paragraph, if necessary, by resolution of the Board of Directors, with public notice given in advance, the Company may deem the shareholders or the registered pledgees of shares that are stated or recorded in the shareholder registry on a certain date to be the shareholders or registered pledgees of

shares that may exercise such rights.

### **Chapter 3 General Meeting of Shareholders**

(Convocation)

Article 14.

The Company's Ordinary General Meeting of Shareholders shall be convened within three (3) months from January 1 of every year, and an Extraordinary General Meeting of Shareholders shall be convened as necessary.

2. Unless otherwise provided for in the laws and regulations, by resolution of the Board of Directors, the Company's General Meeting of Shareholders shall be convened by the Director and President. If the Director and President is incapacitated, another Director, designated according to an order determined in advance by the Board of Directors, shall convene the meetings.

(Chairperson)

Article 15.

At General Meetings of Shareholders, the Director and President shall be the Chairperson. If the Director and President is incapacitated, another Director, designated according to an order determined in advance by the Board of Directors, shall act as Chairperson.

(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders)

Article 16.

When convening a General Meeting of Shareholders, by disclosing—through a method that utilizes the Internet in accordance with the provisions of the applicable Ordinance of the Ministry of Justice—information pertaining to matters that should be recorded or indicated in reference documents for General Meetings of Shareholders, business reports, financial statements, and consolidated financial statements, the Company may be deemed to have provided the information to the shareholders.

(Method of Resolution)

Article 17.

Unless otherwise provided for in the laws and regulations or these Articles of

Incorporation, resolutions of General Meetings of Shareholders shall be adopted by a majority of the votes of the attending shareholders that may exercise voting rights.

2. Resolutions pursuant to the provisions of Article 309, paragraph (2) of the Companies Act shall be adopted by not less than two-thirds (2/3) of the votes when shareholders that hold not less than one-third (1/3) of the voting rights of all of the shareholders that may exercise voting rights are present.

(Proxy Voting)

Article 18.

A shareholder may exercise the shareholder's voting rights by designating another shareholder of the Company that has voting rights as the shareholder's proxy.

2. The shareholder or the proxy is required to submit to the Company, for each General Meeting of Shareholders, a document evidencing the authority of proxy.

(Minutes)

Article 19.

The proceedings and results of General Meetings of Shareholders, as well as other matters provided for in the laws and regulations, shall be stated or recorded in minutes.

## **Chapter 4 Directors and Board of Directors, etc.**

(Number of Directors)

Article 20.

The Company shall have no more than ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members).

2. The Company shall have no more than five (5) Directors who are Audit and Supervisory Committee Members.

(Election of Directors)

Article 21.

Directors shall be elected by resolution of a General Meeting of Shareholders, distinguishing Directors who are Audit and Supervisory Committee Members and those who are not.

2. Resolutions to elect Directors shall be adopted by a majority of the votes when shareholders that hold not less than one-third (1/3) of the voting rights of all of the

shareholders that may exercise voting rights are present.

(Elimination of Cumulative Voting)

Article 22.

None of the resolutions to elect the Company's Directors shall be determined by cumulative voting.

(Term of Office of Directors)

Article 23.

The term of office of the Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within one (1) year after their election.

2. The term of office of the Directors who are Audit and Supervisory Committee Members shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within two (2) years after their election.

3. The term of office of any Director who is an Audit and Supervisory Committee Member (or a "Director and Audit and Supervisory Committee Member") elected as a substitute for a Director and Audit and Supervisory Committee Member who has retired from office before the expiration of the term of office, shall be until the retired Director and Audit and Supervisory Committee Member's term of office expires.

(Effective Period of Resolution Based on the Result of Primary Election of Substitute Directors who are Audit and Supervisory Committee Members)

Article 24.

Resolutions related to the election of substitute Directors who are Audit and Supervisory Committee Members shall remain valid until the start of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within two (2) years after the resolution.

(Representative Director)

Article 25.

The Director and President shall represent the Company.

2. In addition to the preceding paragraph, as necessary, by resolution of the Board of Directors, a Director to represent the Company may be appointed from among the

Directors (excluding those who are Audit and Supervisory Committee Members).

(Directors with Titles)

Article 26.

The Company shall appoint one (1) Director and President from among the Directors (excluding those who are Audit and Supervisory Committee Members) by resolution of the Board of Directors. The Company shall appoint one (1) Director and Chairman, one (1) Director and Executive Vice Chairman, and a few Director and Executive Vice Presidents, from among the Directors (excluding those who are Audit and Supervisory Committee Members) by resolution of the Board of Directors, if necessary.

(Areas of Responsibility)

Article 27.

The Director and President shall execute the content of provisions in the Company's Articles of Incorporation and the decisions made at the meetings of the Board of Directors, as well as comprehensively oversee and control the entire business activities of the Company.

2. The Director and Chairman, the Director and Executive Vice Chairman, the Director and Executive Vice Presidents, and other Directors whose areas of responsibility outlined by the resolution of the Board of Directors, shall each assist the Director and President and take charge of duties as determined.

(Executive Officers)

Article 28.

The Company shall, by resolution of the Board of Directors, post Executive Officers who are authorized to execute businesses comprehensively with regard to a limited range of business duties of the Company and are responsible for such execution of duties.

2. The Company shall, by resolution of the Board of Directors, appoint a few Managing Executive Officers and Senior Managing Executive Officers from among the Executive Officers, if necessary.

3. The relationship between the Company and the Executive Officers shall be governed by the provisions on mandate.

4. Matters related to the Executive Officers shall be governed by the provisions on the Executive Officers as stipulated by the Board of Directors.



(Remunerations for Directors, etc.)

Article 29.

The remuneration for Directors, etc. shall be determined by resolution of a General Meeting of Shareholders, distinguishing Directors who are Audit and Supervisory Committee Members and those who are not.

(Notice to Convene a Meeting of the Board of Directors)

Article 30.

A notice to convene a meeting of the Board of Directors shall be issued to each Director by three (3) days prior to the day of the meeting; provided, however, that if urgently necessary, the period may be shortened.

2. When all the members of the Board of Directors have consented, a meeting of the Board of Directors may be held without the procedure for convening such a meeting.

(Convenor and Chairperson of Meetings of the Board of Directors)

Article 31.

Unless otherwise provided for in the laws and regulations, the Director and President shall convene and be the Chairperson of meetings of the Board of Directors. If the Director and President is incapacitated, another Director, who is designated according to an order determined in advance by the Board of Directors, shall convene and be the Chairperson of the meetings.

(Method of Resolution by the Board of Directors)

Article 32.

Resolutions of the Board of Directors shall be adopted by a majority of the attending Directors when a majority of the Directors are present.

(Omission of Resolutions by the Board of Directors)

Article 33.

When all the members of the Board of Directors have consented, in writing or by electromagnetic recording, with respect to a resolution matter for the Board of Directors, the Company shall deem that such resolution matter has been approved by resolution of the Board of Directors.

(Delegation of Decisions on the Execution of Important Business)

Article 34.

Under the provisions of Article 399-13, Paragraph (6) of the Companies Act, the Company, by resolution of the Board of Directors, may delegate all or part of decisions on the execution of important business to Directors (excluding the matters listed in each item of Paragraph (5) of said Article).

(Minutes of Meetings of the Board of Directors)

Article 35.

Pursuant to the laws and regulations, minutes shall be prepared with respect to the business of the Board of Directors. The attending Directors shall affix their names and seals or electronic signatures to the minutes.

(Rules for the Board of Directors)

Article 36.

Unless otherwise provided for in the laws and regulations or the Articles of Incorporation, provisions on the operation of the Board of Directors shall be as provided in the Rules for the Board of Directors established by the Board of Directors.

(Limited Liability Agreement with Directors)

Article 37.

Under the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into agreements with Directors (excluding those are Executive Directors, etc.) to limit the liability for damages provided for in Article 423, Paragraph (1) of the Companies Act; provided, however, that the maximum amount of liability for damages under an agreement shall be the higher of either a predetermined amount of not less than ¥10 million or the amount prescribed by the laws and regulations.

## **Chapter 5 Audit and Supervisory Committee**

(Notice to Convene a Meeting of the Audit and Supervisory Committee)

Article 38.

A notice to convene a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee Member by three (3) days prior to the day of the meeting; provided, however, that if urgently necessary, the period may be shortened.

2. When all Audit and Supervisory Committee Members have consented, a meeting

of the Audit and Supervisory Committee may be held without the procedure for convening such a meeting.

(Rules for the Audit and Supervisory Committee)

Article 39.

Matters concerning the Audit and Supervisory Committee shall be subject to the provisions provided in the laws and regulations or the Articles of Incorporation, as well as to the Rules for the Audit and Supervisory Committee established by the Audit and Supervisory Committee.

## **Chapter 6 Accounting Auditors**

(Election of Accounting Auditors)

Article 40.

Accounting Auditors shall be elected by resolution of the General Meeting of Shareholders.

(Term of Office of Accounting Auditors)

Article 41.

The term of office of Accounting Auditors shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within one (1) year after their election.

2. Unless otherwise resolved at the Ordinary General Meeting of Shareholders under the preceding paragraph, Accounting Auditors shall be deemed to have been re-elected at such Ordinary General Meeting of Shareholders.

(Remunerations for Accounting Auditors, etc.)

Article 42.

Remunerations for Accounting Auditors, etc. shall be determined by the Representative Director with the consent of the Audit and Supervisory Committee.

## **Chapter 7 Accounts**

(Fiscal Year)

Article 43.

The Company's fiscal year shall be from January 1 to December 31 of every year.

(Term-end Dividends)

Article 44.

By resolution of the General Meeting of Shareholders, the Company shall pay to the shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on December 31 of every year, cash dividends of surplus (hereinafter referred to as “Term-end Dividends”).

(Interim Dividends)

Article 45.

By resolution of the Board of Directors, the Company may distribute to the shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on June 30 of every year, the dividends of surplus provided for in Article 454, paragraph (5) of the Companies Act (hereinafter referred to as “Interim Dividends”).

(Period of Exclusion of Payment of Dividends)

Article 46.

In cases where the dividend property is monies, if the dividends have not been received for a full three (3) years from the payment start date, the Company shall be relieved of the payment obligation.

2. No interest shall accrue on unpaid dividends.

Supplementary Provisions

(Provisional Measures Regarding Limited Liability Agreement with Outside Auditors)

1. With regard to the agreements with Outside Auditors (including those who used to be Outside Auditors) to limit the liability for damages provided for in Article 423, Paragraph (1) of the Companies Act before the conclusion of the 46th Ordinary General Meeting of Shareholders, the provisions then in force shall remain applicable.

2. The amendments to Article 3 (Location of the Head Office) shall take effect as of the date of head office relocation which will be determined at a meeting of the Board of Directors to be held before the 48th Ordinary General Meeting of Shareholders in 2018. This paragraph shall be deleted as of the effective date of head office relocation.

3. Notwithstanding the provision of Article 43 (Fiscal Year), the 48th fiscal year shall be nine months from April 1, 2017 to December 31, 2017.

4. Notwithstanding the provision of Article 45 (Interim Dividends), the record date of Interim Dividends for the 48th fiscal year shall be September 30, 2017. The preceding paragraph and this paragraph shall be deleted as of the end of the 48th fiscal year.