

Corporate Governance



THK will strive to continuously provide the best possible added value to stakeholders while improving operating transparency.



Basic Management Structure

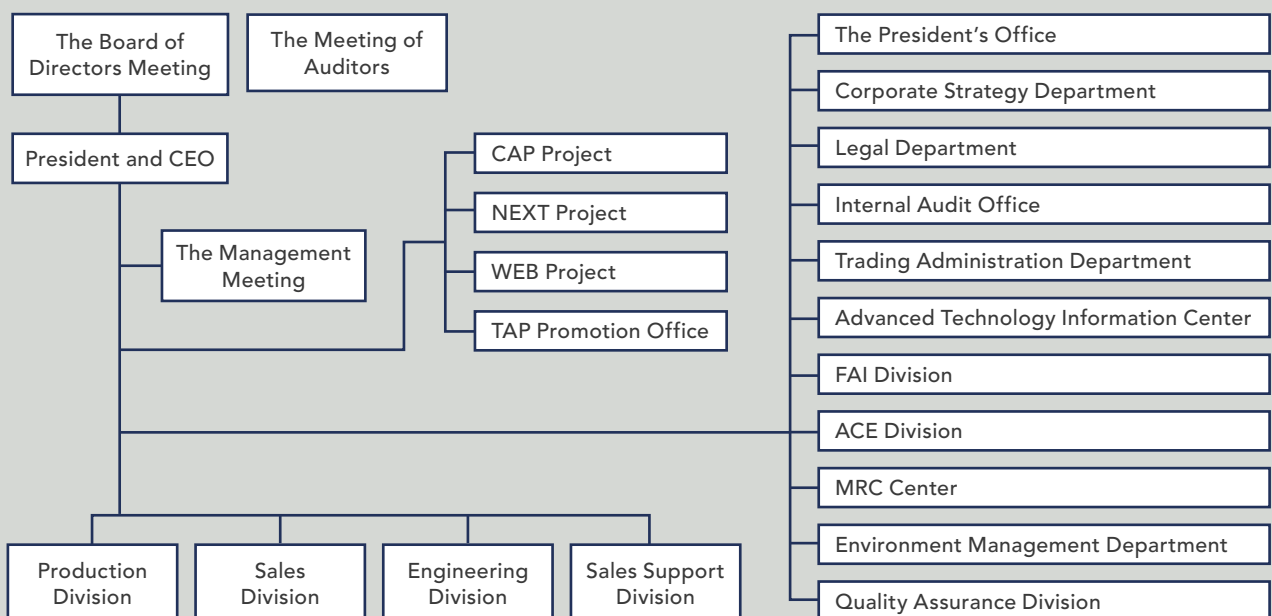
The THK Board of Directors consists of 15 individuals. All board members are executive officers of the company; THK currently has no external directors. However, we have established a Management Meeting composed primarily of directors to separate the management oversight function from the day to day execution of the Company's business, and to ensure that the board effectively executes its functions.

We have also established an Internal Audit Office to monitor the appropriateness of day-to-day operations. The office's duties

include examining subsidiaries and affiliates both in Japan and overseas, as well as the legitimacy and effectiveness of THK's business management. Furthermore, we are implementing activities to enhance the functions of the business monitoring committee, which is comprised of four auditors. A liaison meeting is held periodically by the auditors of our entire group of companies in Japan, including this company, to exchange information regarding auditing practices.

We have established a compliance committee to ensure that we are properly observing

Diagram of Management Organization (as of June 1, 2005)



Medium-Term Management Plan and Key Measures for FY 2005

Medium-Term Management Plan

- Build Globally-Oriented Organizations
- Set New Sales Records
- Move Forward on Fundamental Review of Production Systems
- Continue Development and Introduction of New Products
- Reinforce Individual Potential

Change of Business Environment and Influence of THK Group

Sharp rise in crude oil prices and raw materials / Continuing depreciation of consumer goods prices / Slowdown of world economy

Core Measures for FY 2005

1. Promotion of Global Strategy
2. Ongoing Expansion of New Markets
3. Development of New Markets to Respond to Business Cycle

all laws, rules and regulations and to create corporate rules and a code of conduct that reflect the social conditions. The compliance committee occupies a central position within THK, because it enables us to respond to the trust we receive from our shareholders and other stakeholders and embodies our accountability to these constituencies.

Strategic Planning and Transparency

The THK approach to corporate governance starts with an imperative to maximize our corporate value. We consider our basic business philosophy to be the single most important element in guaranteeing the transparency of our business management. We also make periodic disclosure regarding our business planning, which consists of our Long-Term Management Target, Medium-Term Management Plan and the Annual Management Plan, and issue progress reports to stakeholders.

Our basic business philosophy and current Long-Term Management Target, as well as Medium-Term Management Plan, are as follows:

Long-Term Management Target

To fully demonstrate the competitive abilities of this company and to further

cement our position as the world's top manufacturer in our field, we established "Fiscal 2010 Vision" embodying a set of Long-Term Management Targets issued on the occasion of our 30th anniversary. The vision is intended to guide our evolution up until FY 2010 and to focus our thinking, with the ultimate goal of fulfilling our basic business philosophy, which is providing innovative products to the world and generating new trends to contribute to the creation of an affluent society. We intended to extend our business areas through "Full-Scale Globalization" and "Development of New Business Areas."

Medium-Term Management Plan

We have established a more specific Medium-Term Management Plan to help us achieve the Long-Term Management Target. Although our Long-Term Management Target is expressed as a fixed plan targeted for completion in FY 2010, the Medium-Term Management Plan is formulated for the forthcoming three-year period. This is a rolling plan reviewed each year in light of changes to the business environment and progress made to date. The management plan is used as a bridge between the Long-Term Management Target and the business strategies implemented by the individual divisions. The

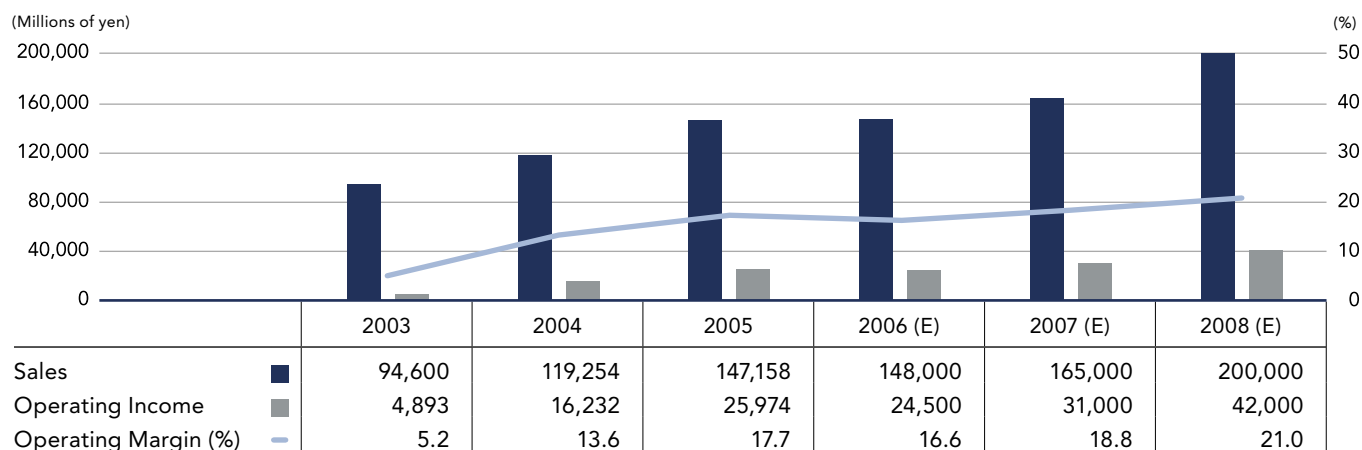
plan features a connection between the Long-Term Management Target, set by the management in a top-down fashion, with business strategies implemented by the individual divisions in a bottom-up fashion. Through this procedure the consistency and feasibility of our planning process is sustained at all times. THK announced its most recent Medium-Term Management Plan, in respect of the period FY 2005-07, in May 2005. The main features of the plan are shown in the diagram above.

Our Basic Stance on Profit Retention

THK's fundamental stance on retained earnings is to share profit with our shareholders while at the same time reinvesting in our business activities in line with our Long-Term Management Target. Our intention is to maintain a stable distribution of dividends taking into account our need for long-term capital investment and to strive to maximize our shareholders' equity, while proactively sharing profits.

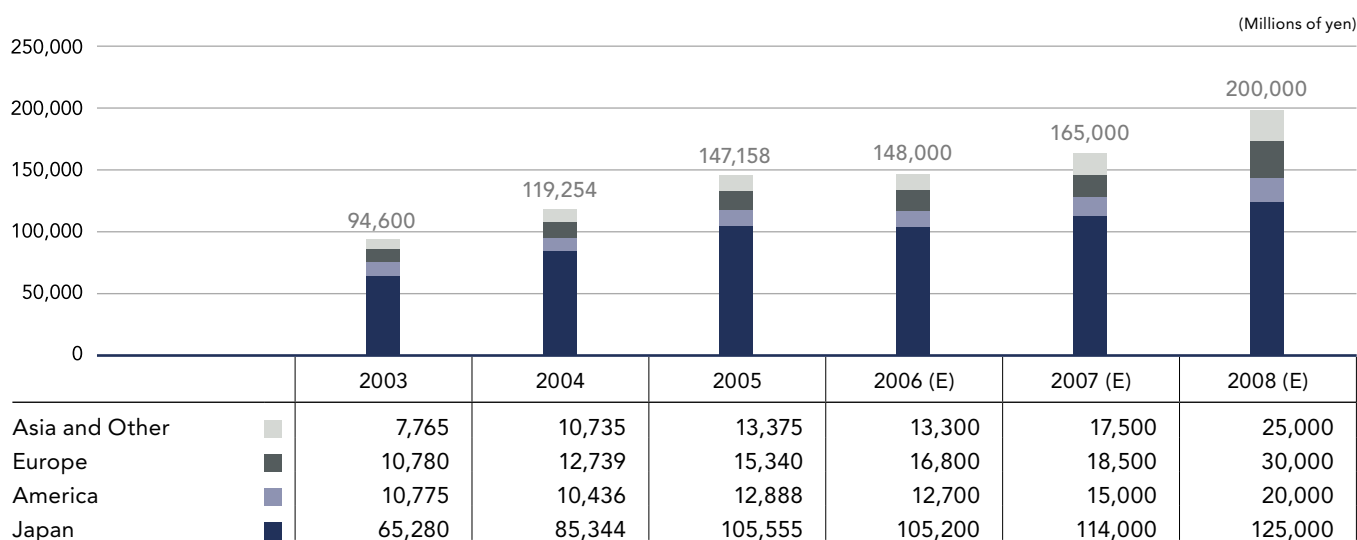
Forecasts

Years ended March 31



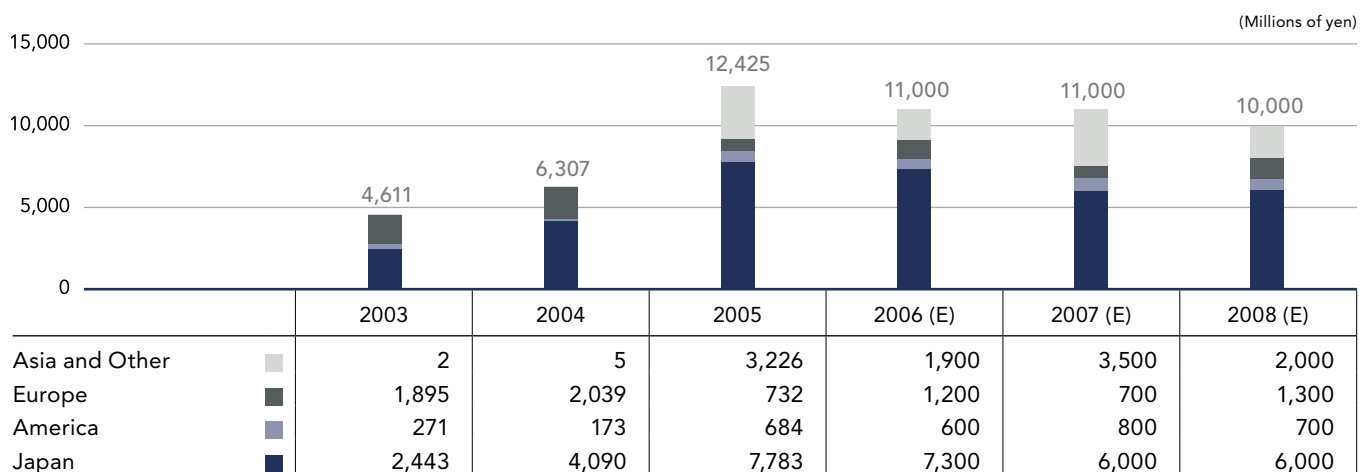
Sales by Geographical Region

Years ended March 31



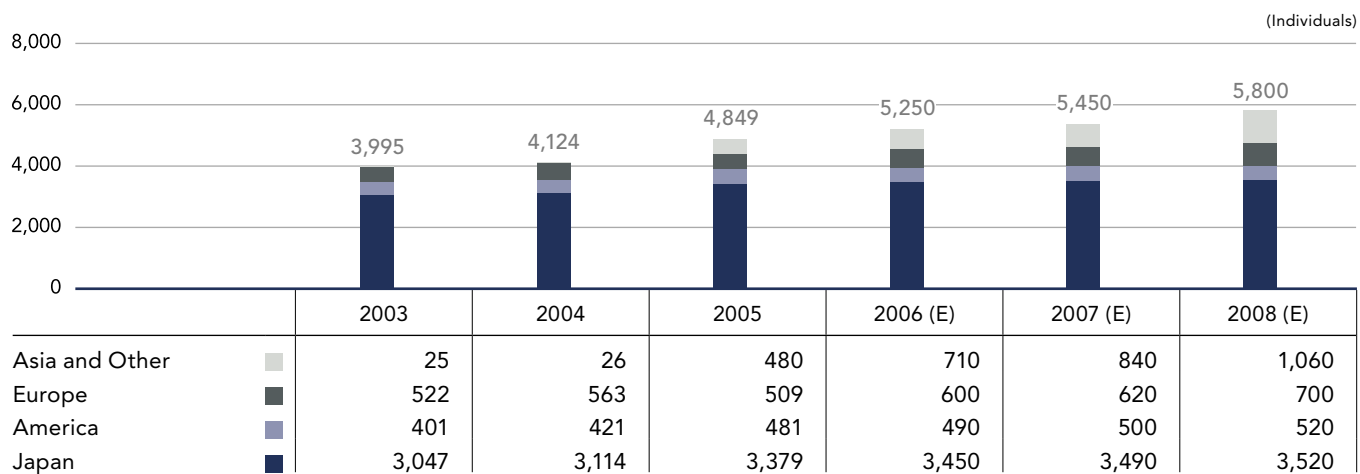
Capital Expenditure

Years ended March 31



Employees

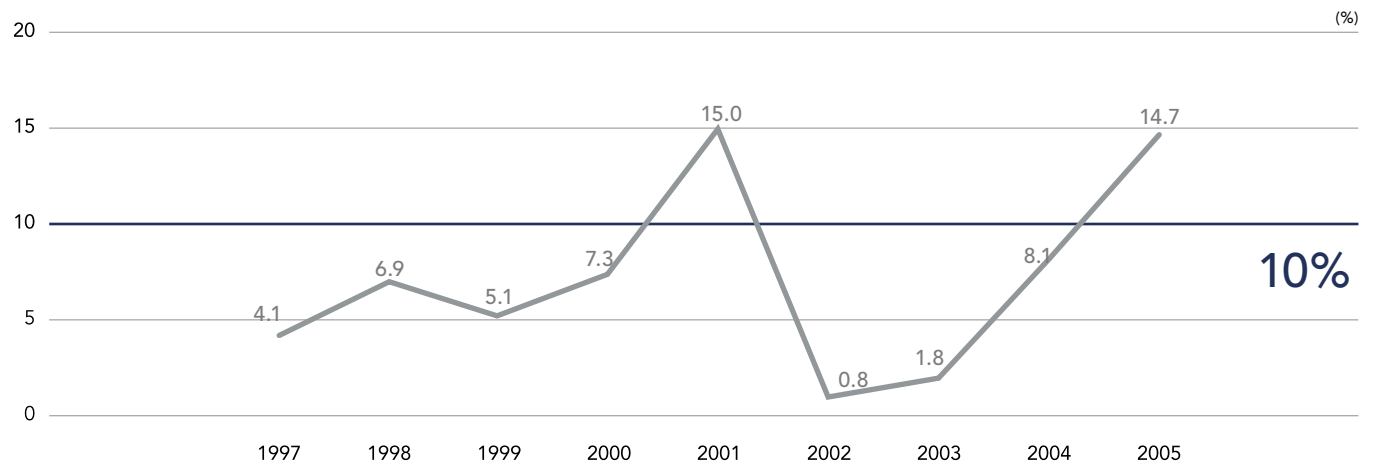
Years ended March 31



Targeted Management Indices

ROE

Years ended March 31



Operating Margin

Years ended March 31

