

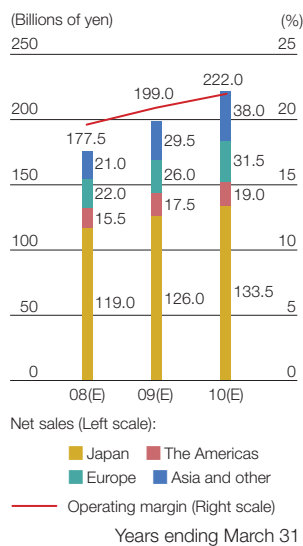
# BUSINESS SEGMENT DISCLOSURE

## Summary

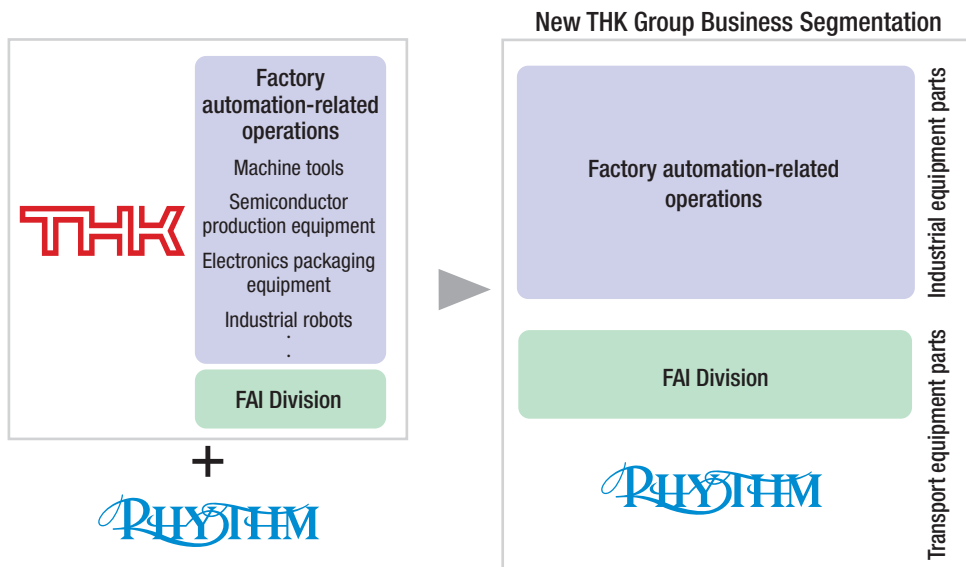
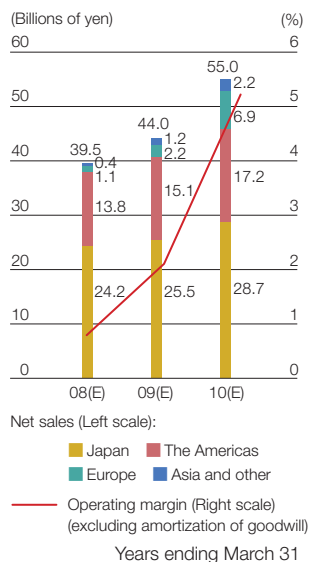
In addition to machine tools, semiconductor production equipment and other types of industrial machinery, the incorporation of Rhythm Corporation into the THK Group has greatly expanded the range of applications for THK products in the transport equipment sector, including automobiles and motorcycles.

To reflect this change, THK has decided to introduce a new business segment presentation for financial disclosure from fiscal 2007. The two new business segments are “industrial equipment parts,” which includes the main capital goods-focused business developed to date plus various related new business development areas, and “transport equipment parts,” which comprises the FAI Division and consolidated subsidiary Rhythm.

### Performance Targets for Industrial Equipment Parts Segment



### Performance Targets for Transport Equipment Parts Segment



## Business segment characteristics

The industrial equipment parts business is one that THK has constructed over the years by working to integrate manufacturing and sales systems. THK has developed production systems in this field that can respond dynamically to variable order levels. This translates into higher profits when sales rise. THK is reinforcing efforts to expand top-line sales within the four key regions of Japan, the Americas, Europe and Asia, while at the same time focusing on initiatives to raise profitability further.

The transport equipment parts business is one where THK aims to expand the scale of operations while enhancing earnings potential. This involves the pursuit of synergies with Rhythm in all areas, including technical development, production and sales.

Unlike the industrial equipment sector, which has strong growth potential but where demand is influenced heavily by capital investment trends, the transport equipment business is one where prospective earnings tend to be more predictable. THK’s vision in the transport equipment sector is to target first-tier supplier status by providing products that are regarded as global benchmarks and by offering customers guarantees of unrivaled quality in terms of zero defects and delivery issues alongside novel technological possibilities. In line with this vision, THK’s fiscal 2010 performance targets for this business segment are sales of ¥70 billion, a return on assets and operating margin of 10%, and an asset turnover ratio of 1.0.