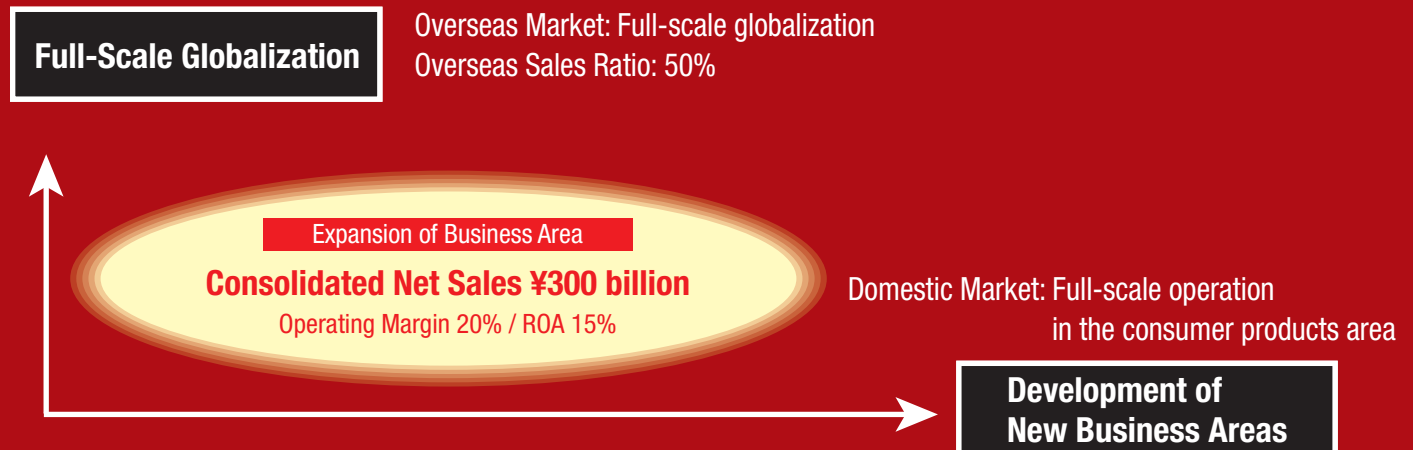


Realizing Further Growth through Two Basic Strategies

THK identified “Full-Scale Globalization” and “Development of New Business Areas” as underlying growth strategies aimed at realizing the vast potential of its products including linear motion (LM) guides. From a medium-term perspective, the Company is working toward achieving its established quantitative targets. This includes consolidated net sales of ¥300 billion, an operating margin of 20% and an ROA of 15%.

Management Targets



► Full-Scale Globalization

Recognizing that optimal production is best served by locating facilities closer to demand centers, THK pursues business development through integrated manufacturing and sales systems across the four core locations of Japan, the Americas, Europe and Asia.

In Japan, the Company maintains a production network of 12 plants, with the Yamaguchi Plant serving as a mother factory. THK also actively engages in research and development (R&D) activities through its Technology Center-based efforts to ensure the creation of innovative high-value-added products.

In the Americas, THK America, Inc. and THK Manufacturing of America, Inc. are the respective sales and marketing as well as manufacturing arms of THK Holdings of America, L.L.C., while Group company THK RHYTHM NORTH AMERICA CO., LTD. handles automotive parts. In Mexico, with an eye to the future supply of products to not only Mexico but also the Americas, THK established THK RHYTHM MEXICANA, S.A. DE C.V. in February 2012.

THK Europe B.V. serves as the regional operating company for THK's operations throughout Europe. Sales activities are for the most part divided between THK GmbH and THK France S.A.S., the Group's principal marketing subsidiaries in the region. The production function is the responsibility of THK Manufacturing of Europe S.A.S. and THK Manufacturing of Ireland Ltd.

In Asia, which continues to exhibit remarkable growth, we are promoting measures aimed at upgrading and expanding our sales network. At the same time, we are actively implementing wide-ranging initiatives including efforts to build a production structure in China, South Korea, Thailand, Vietnam and Malaysia. Marking another milestone in the THK Group's ongoing development, the Company established its first overseas R&D base in China, which will serve at the center of efforts to actively promote product development that addresses local Chinese market needs.

* For information regarding the Company's business development activities in China, please refer to the Special Feature section on pages 10–13.

► Development of New Business Areas

THK has positioned the Development of New Business Areas as another core pillar of its growth strategies aimed at business domain expansion. The Company's current principal customer base comprises manufacturers of such capital goods as machine tools and semiconductor production equipment. In order to expand the use of its products into consumer goods areas, we have set up and bolstered the activities of specialist divisions including the Future Automotive Industry (FAI) Division, the Amenity Creation Engineering (ACE) Division and the Innovation Mechatronics Technology (IMT) Division.

FAI Division

- Working through THK RHYTHM CORPORATION, the Group's automotive parts manufacturer, develops and supplies key automotive components that enhance automobile safety
- Other transportation equipment-related businesses

ACE Division

- Develops and supplies seismic isolation devices and damping systems that help ensure housing safety
- Home automation support

IMT Division

- Supplies unit products customized to each customer's needs
- Develops and supplies series of electric actuator products that address customers' general-purpose needs
- Develops next-generation robot-related products that are projected to expand in the future

Full-Scale Globalization

Building the Group's integrated manufacturing and sales systems in the four key geographic regions



Development of New Business Areas

Expanding the use of THK products into every possible consumer goods areas

