

6390AC 7WQYC1

**GLOBAL STRATEGY  
GLOBAL BUSINESS  
FOUNDATION**

**NO.1 MARKET SHARE**

SEAT NUMBER DESTINATION

**TETRA-LATERAL  
OPERATIONAL NETWORK**

SPECIAL SERVICE

**THK**  
The Mark of Linear Motion

AMERICA  
EUROPE  
ASIA AND OTHER

PASSENGER'S NAME  
**YOUR COMPANY**

**THK 800156986**

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**GLOBAL STRATEGY  
GLOBAL BUSINESS  
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**NO.1 MARKET SHARE**

SEAT NUMBER DESTINATION

**REGIONAL OPTIMIZATION  
OF PRODUCTION**

SPECIAL SERVICE

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**GLOBAL STRATEGY  
GLOBAL BUSINESS  
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SEAT NUMBER DESTINATION

**GLOBAL ADMINISTRATION  
SYSTEM**

SPECIAL SERVICE

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# Global Strategy

THK's medium-term management plan, covering the three-year period from April 2003 to March 2005, cites "Building a Foundation for Global Businesses" as a key management strategy.

## Building a Foundation for Global Businesses

- Building a Tetra-lateral Operational Network: Japan, America, Europe, and Asia and Other
  - ▶ Definition of marketing strategy by region
  - ▶ Reinforcement of overseas applications engineering (AE) divisions to match regional characteristics
- Promotion of Regional Optimization of Production
  - ▶ Amendment and definition of roles of production bases on a tetra-lateral system
  - ▶ Review of production bases and manufacturing strategies
- Reinforcement of Global Administration system
  - ▶ Increasing asset management efficiency of the Group companies
  - ▶ Upgrading of information systems for global deployment

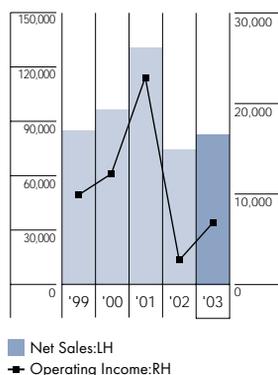
In the fiscal year ending March 2004, we have positioned "expansion of overseas sales" as a core management strategy. To this end, we will:

- Expand our overseas sales network and strengthening marketing and engineering capabilities
- Implementing top management's sales strategies
- Strengthening marketing support from Japan
- Quick response through the global SCM adoption
- Expand sales of core products

## Geographical Segment Information

### Japan

Net Sales/Operating Income  
(Millions of Yen)

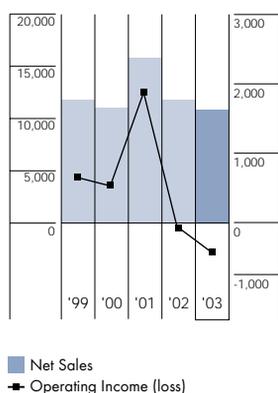


Japanese economy persisted severe environment throughout the period, however, our main customers had an increase in demand mainly for spot purchases with advancement of inventory adjustments. As a result, net sales in Japan increased 12.2% to ¥71,060 million, and operating income totaled ¥6,819 million. In Japan, we will bolster its frameworks of

research and development, production and sales force to expand new business fields, including the FAI Division developing automobile components to help improve automobile safety, the ACE Division developing anti-earthquake and vibration-control devices to secure building safety, and the CAP Project and NEXT Project, etc.

### America

Net Sales/Operating Income (loss)  
(Millions of Yen)



In North America, we reported relatively strong sales to the medical equipment- and automobile-related sectors, while demand in general increased toward the end of the year. However, demand from the electronics sector, a major source of income for the Company, was sluggish, leading to a low-key overall performance in the region. Net sales in America in the year under review declined 7.7%, to ¥10,732 million. U.S.-based THK Manufacturing of America, Inc. (TMA), our local subsidiary in the region, incurred

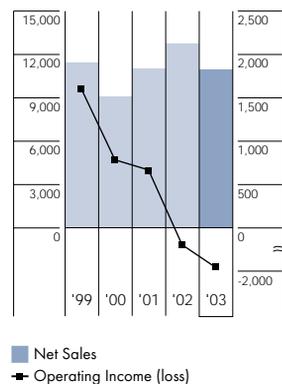
considerable costs in getting its second production facility into full-scale operation. The Company thus reported a ¥622 million regional operating loss for the year. The second plant is a 27,600-square-meter facility that commenced operation in July 2001. Combined with TMA's first plant, it brings total floor space of our North America production facilities to 35,961 square meters. As TMA's core facility, the new plant will strengthen its ability to create products that meet the needs of local users.

## Europe

Economic conditions in Europe remained difficult, highlighted by delayed recovery in Germany, the major economy in the region. As a result, overall demand, especially from the key construction machinery sector, languished. In response, we strove to increase the uptake level of THK products while cultivating new customers. However, regional net sales fell 13.7%, to ¥10,982 million. During the year, we incurred substantial costs in setting up a local subsidiary, France-

based THK Manufacturing of Europe S.A.S. (TME), and in expanding our local sales force. Consequently, the Company reported a regional operating loss of ¥1,769 million. TME's first production facility, covering 16,140 square meters, commenced operation in July 2001. Anticipating further increased demand and responding needs from local users, in May 2003 TME completed construction of its second plant, covering 16,344 square meters.

Net Sales/Operating Income (loss)  
(Millions of Yen)



## Asia and Other

In the year under review, the Company enjoyed relatively solid demand from Asian manufacturers of LCDs and other flat-panel displays. Demand from makers of construction machinery, a key source of business, was also strong. As a result, regional net sales grew 9.7%, to ¥1,826 million, and operating income totaled ¥67

million. In April 2002, THK opened a representative office in Shanghai, China, to complement its existing office in Beijing. We expect demand from the Asia and Other region to expand in the future, and are reinforcing our operations accordingly.

Net Sales/Operating Income (loss)  
(Millions of Yen)

