

>>> Additional Financial Information

1. Treasury Stock Acquisition

The acquisition of the Company's outstanding shares has been resolved at the Annual General Meeting of Shareholders ("AGM") which was held on June 21, 2003 as follows:

- (i) Period From the resolution to the next AGM held after the fiscal year
- (ii) Class of stock to be acquired: Common stock of THK CO., LTD.
- (iii) Maximum number of shares to be acquired 5,000,000 shares
- (iv) Maximum amount of acquisition: Yen 10,000,000,000

2. Stock Option Plan Summary

Stockholders resolved to implement the stock option plan at the AGM in accordance with provision of Section 20 and 21, Article 280 of the Commercial Code. The Company will grant stock subscription rights (*shinkabu yoyaku ken*) as stock option to board members and employees of the Company as outlined below:

- (i) Plan resolution Date
June 21, 2003
- (ii) Grantees
Board members and employees of the Company
- (iii) Exercise period of stock options
From June 21, 2005 to June 20, 2008
- (iv) Class of stocks subject to exercise of stock subscription rights
Common stock of the Company
- (v) Number of shares to be granted
not exceeding 1,000,000 shares
- (vi) Paid-in-price upon the exercise of each option

The exercise price will be the average closing price for the Company's common stock on the Tokyo Stock Exchange of each day (excluding days on which no trades are concluded) of the month preceding the month during which the stock subscription rights are issued (with amounts of less than 1 rounded up to the nearest yen) multiplied by 1.05. However, if this amount is less than the closing price on the issuance date (in the event no trades are concluded on that date, the preceding day on which a trade is concluded), the closing price on the issue date should be the exercise price.

(Adjustment of exercise price) In the event the Company carries out a stock split or reverse stock split, the exercise price will be adjusted in accordance with the following formula (with amounts of less than 1 rounded up to the nearest yen).

$$\text{Exercise price before adjustment} \times \frac{1}{\text{Stock split or reverse split ratio}}$$

However, in the event the Company issues new shares or disposes treasury stock (*jiko kabushiki*) at an amount less than the market price (excluding the conversion of convertible bonds) the exercise price should be adjusted in accordance with the following formula (with amounts of less than 1 rounded up to the nearest yen)

$$\text{Exercise price before adjustment} \times \frac{\text{Number of shares issued and outstanding} + \frac{\text{Number of shares newly issued} \times \text{Subscription price per share}}{\text{Share price before new issue}}}{\text{Number of shares issued and outstanding} + \text{Number of shares newly issued}}$$

"Number of shares issued and outstanding" is the total number of shares issued by the Company excluding treasury stocks held by the Company. In the event treasury stocks are disposed, "Number of shares newly issued" and "Subscription price per share" shall be read as "Number of treasury stock shares disposed" and "Disposed price." In addition, in the event of a certain occurrence such as a merger or spin-off which necessitates the Company to adjust the exercise price, the exercise price shall be adjusted rationally in consideration of the conditions of such an event.

- (vii) Terms and conditions:

When stock options are allotted the Company and counter party, the board members and employees to who the stock options are being allotted, will enter into "Agreement for Stock Subscription Allotments". Eligible persons must remain in their status as a board member or employee at the time the stock options are exercised. In the event a person receiving stock options allotment dies or leaves the Company due to expiration of the term of office (board members), or becoming retirement age set by the Company (employees), with the board of director's approval, the person or legal heir may exercise the options. Any transfer of stock options requires the approval by the board of directors of the Company.