

Press Release



May 12, 2016

Company Name:	THK CO., LTD.
Representative:	Akihiro Teramachi President and CEO
Code No:	6481, TSE 1st Section
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Notice Regarding Partial Amendments to the Articles of Incorporation

At a meeting held on May 12, 2016 by the Board of Directors, it was decided to propose a resolution for approval at the 46th Ordinary General Shareholders Meeting to be held on June 18, 2016 to amend the Articles of Incorporation as explained below.

1. Reasons for the Amendments

Reasons for the amendments are as follows:

(1) THK CO., LTD. (hereinafter, the "Company") is working to improve its corporate governance with the aim of continuous growth of the THK Group's corporate value.

In order to increase the transparency and objectivity of the THK Group's management, to enhance the board of directors' supervisory functions, and to expedite and streamline its management decision-making and business execution functions, the Company has made the decision to change its status to a Company with an Audit and Supervisory Committee in which directors, who are also Audit and Supervisory Committee Members that supervise and audit board of directors meetings, participate in board of directors meetings and exercise their votes.

In relation to the above, the Company proposes to conduct necessary procedures for the transition to a Company with an Audit and Supervisory Committee, such as establishing new provisions regarding the Audit and Supervisory Committee and its Committee Members and deleting the provisions regarding the Board of Auditors and Auditors.

(2) In order to expedite and streamline its management decision-making and business execution functions by the transition to a Company with an Audit and Supervisory Committee, the Company proposes to establish new

provisions to enable the Board of Directors to delegate all or part of the decision on the execution of important business to directors by a resolution of the Board of Directors.

(3) Since the revised Companies Act of Japan changed the scope of directors who can enter into a limited liability agreement, the Company proposes to make amendments in Article 35 (Article 37 in the proposed amended version of the Articles of Incorporation) to enable the Company and non-executive directors to enter into a liability limitation agreement in order for non-executive directors to be able to fully perform their expected duties. With respect to this amendment to the Articles of Incorporation regarding limited liability agreement, the Company has received the approval of each Auditor.

(4) In addition to the foregoing, the Company proposes to make other necessary amendments such as renumbering certain Articles.

2. Contents of the Amendments

The contents of the amendments are as described on the attached sheet

3. Schedule

Date of the General Shareholders Meeting held to amend the Articles of Incorporation

June 18, 2016 (Saturday)

Effective date of the amendments to the Articles of Incorporation

June 18, 2016 (Saturday)

(The proposed amendments are underlined.)

Current Articles of Incorporation	Proposed Amendmets
Article 1–3 (Articles omitted)	Article 1–3 (Same as at present)
(Corporate Bodies)	(Corporate Bodies)
Article 4 The Company shall establish the following bodies, in addition to the General Meeting of Shareholders and the Directors.	Article 4 The Company shall establish the following bodies, in addition to the General Meeting of Shareholders and the Directors.
1. Board of Directors	1. Board of Directors
2. <u>Auditors</u>	2. <u>Audit and Supervisory Committee</u>
3. <u>Board of Auditors</u>	(Deleted)
4. Accounting Auditors	3. Accounting Auditors
Article 5–19 (Articles omitted)	Article 5–19 (Same as at present)
Chapter 4 Directors and Board of Directors, etc.	Chapter 4 Directors and Board of Directors, etc.
(Number of Directors)	(Number of Directors)
Article 20 The Company shall have <u>no more than 25</u> Directors.	Article 20 The Company shall have <u>no more than ten (10) Directors (excluding Directors who are Audit and Supervisory Committee Members).</u>
(Newly established)	2. <u>The Company shall have no more than five (5) Directors who are Audit and Supervisory Committee Members.</u>
(Election of Directors)	(Election of Directors)
Article 21 Directors shall be elected by resolution of a General Meeting of Shareholders.	Article 21 Directors shall be elected by resolution of a General Meeting of Shareholders, <u>distinguishing Directors who are Audit and Supervisory Committee Members and those who are not.</u>
2. Resolutions to elect Directors shall be	2. Resolutions to elect Directors shall be

<p>adopted by a majority of the votes when shareholders that hold not less than one-third (1/3) of the voting rights of all of the shareholders that may exercise voting rights are present.</p> <p>Article 22 (Article omitted)</p> <p>(Term of Office of Directors)</p> <p>Article 23 The term of office of the Directors shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within one (1) year after their election.</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>adopted by a majority of the votes when shareholders that hold not less than one-third (1/3) of the voting rights of all of the shareholders that may exercise voting rights are present.</p> <p>Article 22 (Same as at present)</p> <p>(Term of Office of Directors)</p> <p>Article 23 The term of office of the Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within one (1) year after their election.</p> <p>2. <u>The term of office of the Directors who are Audit and Supervisory Committee Members shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within two (2) years after their election.</u></p> <p>3. <u>The term of office of any Director who is an Audit and Supervisory Committee Member (or a “Director and Audit and Supervisory Committee Member”) elected as a substitute for a Director and Audit and Supervisory Committee Member who has retired from office before the expiration of the term of office, shall be until the retired Director and Audit and Supervisory Committee Member’s term of office expires.</u></p>
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<p>(Newly established)</p>	<p><u>(Effective Period of Resolution Based on the Result of Primary Election of Substitute Directors who are Audit and Supervisory Committee Members)</u></p> <p><u>Article 24</u> Resolutions related to the election of substitute Directors who are Audit and Supervisory Committee Members shall remain valid until the start of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within two (2) years after the resolution.</p>
<p>(Representative Director)</p> <p><u>Article 24</u> The Director and President shall represent the Company.</p> <p>2. In addition to the preceding paragraph, as necessary, by resolution of the Board of Directors, a Director to represent the Company may be appointed.</p>	<p>(Representative Director)</p> <p><u>Article 25</u> The Director and President shall represent the Company.</p> <p>2. In addition to the preceding paragraph, as necessary, by resolution of the Board of Directors, a Director to represent the Company may be appointed <u>from among the Directors (excluding those who are Audit and Supervisory Committee Members).</u></p>
<p>(Directors with Titles)</p> <p><u>Article 25</u> The Company shall appoint one (1) Director and President by resolution of the Board of Directors. The Company shall appoint one (1) Director and Chairman, one (1) Director and Executive Vice Chairman, and a few Director and Executive Vice Presidents, by resolution of the Board of Directors, if necessary.</p>	<p>(Directors with Titles)</p> <p><u>Article 26</u> The Company shall appoint one (1) Director and President <u>from among the Directors (excluding those who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors. The Company shall appoint one (1) Director and Chairman, one (1) Director and Executive Vice Chairman, and a few Director and Executive Vice Presidents, <u>from among the Directors</u></p>

<p><u>Article 26– 27</u> (Articles omitted)</p> <p>(Remunerations for Directors, etc.)</p> <p><u>Article 28</u> The remunerations for Directors, etc. shall be determined by resolution of a General Meeting of Shareholders.</p> <p>(Notice to Convene a Meeting of the Board of Directors)</p> <p><u>Article 29</u> A notice to convene a meeting of the Board of Directors shall be issued to each Director <u>and each Auditor</u> by three (3) days prior to the day of the meeting; provided, however, that if urgently necessary, the period may be shortened.</p> <p>(Newly established)</p> <p><u>Article 30–31</u> (Articles omitted)</p> <p>(Omission of Resolutions by the Board of Directors)</p> <p><u>Article 32</u> When all the members of the Board of Directors have consented, in writing or</p>	<p><u>(excluding those who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors, if necessary.</p> <p><u>Article 27– 28</u> (Same as at present)</p> <p>(Remunerations for Directors, etc.)</p> <p><u>Article 29</u> The remuneration for Directors, etc. shall be determined by resolution of a General Meeting of Shareholders, <u>distinguishing Directors who are Audit and Supervisory Committee Members and those who are not.</u></p> <p>(Notice to Convene a Meeting of the Board of Directors)</p> <p><u>Article 30</u> A notice to convene a meeting of the Board of Directors shall be issued to each Director by three (3) days prior to the day of the meeting; provided, however, that if urgently necessary, the period may be shortened.</p> <p><u>2. When all the members of the Board of Directors have consented, a meeting of the Board of Directors may be held without the procedure for convening such a meeting.</u></p> <p><u>Article 31–32</u> (Same as at present)</p> <p>(Omission of Resolutions by the Board of Directors)</p> <p><u>Article 33</u> When all the members of the Board of Directors have consented, in writing or</p>
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<p>by electromagnetic recording, with respect to a resolution matter for the Board of Directors, the Company shall deem that such resolution matter has been approved by resolution of the Board of Directors; provided, however, that this provision shall not apply if an <u>Auditor</u> has stated an objection to such resolution matter.</p> <p>(Newly established)</p> <p>(Minutes of Meetings of the Board of Directors)</p> <p><u>Article 33</u> Pursuant to the laws and regulations, minutes shall be prepared with respect to the business of the Board of Directors. The attending Directors <u>and Auditors</u> shall affix their names and seals or electronic signatures to the minutes.</p> <p><u>Article 34</u> (Article omitted)</p> <p>(Limited Liability Agreement with <u>Outside Directors</u>)</p>	<p>by electromagnetic recording, with respect to a resolution matter for the Board of Directors, the Company shall deem that such resolution matter has been approved by resolution of the Board of Directors; provided, however, that this provision shall not apply if an <u>Audit and Supervisory Committee Member</u> has stated an objection to such resolution matter.</p> <p><u>(Delegation of Decisions on the Execution of Important Business)</u></p> <p><u>Article 34 Under the provisions of Article 399-13, Paragraph (6) of the Companies Act, the Company, by resolution of the Board of Directors, may delegate all or part of decisions on the execution of important business to Directors (excluding the matters listed in each item of Paragraph (5) of said Article).</u></p> <p>(Minutes of Meetings of the Board of Directors)</p> <p><u>Article 35</u> Pursuant to the laws and regulations, minutes shall be prepared with respect to the business of the Board of Directors. The attending Directors shall affix their names and seals or electronic signatures to the minutes.</p> <p><u>Article 36</u> (Same as at present)</p> <p>(Limited Liability Agreement with Directors)</p>
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<p><u>Article 35</u> Under the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with <u>Outside</u> Directors to limit the liability for damages provided for in Article 423, paragraph (1) of the Companies Act; provided, however, that the maximum amount of liability for damages under an agreement shall be the higher of either a predetermined amount of not less than ¥10 million or the amount prescribed by the laws and regulations.</p>	<p><u>Article 37</u> Under the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may enter into agreements with Directors (<u>excluding those are Executive Directors, etc.</u>) to limit the liability for damages provided for in Article 423, Paragraph (1) of the Companies Act; provided, however, that the maximum amount of liability for damages under an agreement shall be the higher of either a predetermined amount of not less than ¥10 million or the amount prescribed by the laws and regulations.</p>
<p><u>Chapter 5 Auditors and Board of Auditors</u></p>	<p>(Deleted)</p>
<p><u>(Number of Auditors)</u></p>	<p>(Deleted)</p>
<p><u>Article 36</u> The Company shall have no more than <u>four (4) Auditors.</u></p>	
<p><u>(Election of Auditors)</u></p>	<p>(Deleted)</p>
<p><u>Article 37</u> Auditors shall be elected by resolution <u>of a General Meeting of Shareholders.</u> <u>2. Resolutions to elect Auditors shall be adopted by a majority of the votes when shareholders that hold not less than one-third (1/3) of the voting rights of all of the shareholders that may exercise voting rights are present.</u></p>	
<p><u>(Term of Office of Auditors)</u></p>	<p>(Deleted)</p>
<p><u>Article 38</u> The term of office of the Auditors shall <u>be until the conclusion of the Ordinary General Meeting of Shareholders for the</u></p>	

<p><u>last fiscal year out of the fiscal years ending within four (4) years after their election.</u></p> <p><u>2. The term of office of any Auditor elected as a substitute for an Auditor who has retired from office before the expiration of the term of office, shall be until the retired Auditor's term of office expires.</u></p> <p><u>3. Resolutions to elect substitute Auditors shall remain valid until the start of the Ordinary General Meeting of Shareholders for the last fiscal year out of the fiscal years ending within four (4) years after their election.</u></p>	
<p><u>(Standing Auditors)</u></p> <p><u>Article 39 Standing Auditors shall be appointed by resolution of the Board of Auditors.</u></p>	(Deleted)
<p><u>(Notice to Convene a Meeting of the Board of Auditors)</u></p> <p><u>Article 40 A notice to convene a meeting of the Board of Auditors shall be issued to each Auditor by three (3) days prior to the day of the meeting; provided, however, that if urgently necessary, the period may be shortened.</u></p>	(Deleted)
<p><u>(Method of Resolution by the Board of Auditors)</u></p> <p><u>Article 41 Unless otherwise provided for in the laws and regulations, resolutions of the Board of Auditors shall be adopted by a majority of the Auditors.</u></p>	(Deleted)

<p><u>(Rules for the Board of Auditors)</u></p> <p><u>Article 42 Matters concerning the Board of Auditors shall be subject to the provisions provided in the laws and regulations or the Articles of Incorporation, as well as to the Rules for the Board of Auditors established by the Board of Auditors.</u></p>	<p>(Deleted)</p>
<p><u>(Minutes of Meetings of the Board of Auditors)</u></p> <p><u>Article 43 The proceedings and results of meetings of the Board of Auditors, as well as other matters provided for in the laws and regulations, shall be stated or recorded in minutes. The attending Auditors shall affix their names and seals or electronic signatures to the minutes.</u></p>	<p>(Deleted)</p>
<p><u>(Remunerations for Auditors, etc.)</u></p> <p><u>Article 44 The remunerations for Auditors, etc. shall be determined by resolution of the General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>
<p><u>(Limited Liability Agreement with Outside Auditors)</u></p> <p><u>Article 45 Under the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with Outside Auditors to limit the liability for damages provided for in Article 423, paragraph (1) of the Companies Act; provided, however, that the maximum amount of liability for damages under an agreement shall be</u></p>	<p>(Deleted)</p>

<p><u>the higher of either a predetermined amount of not less than ¥5 million or the amount prescribed by the laws and regulations.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Chapter 6 Accounting Auditors</p>	<p><u>Chapter 5 Audit and Supervisory Committee</u></p> <p><u>(Notice to Convene a Meeting of the Audit and Supervisory Committee)</u></p> <p><u>Article 38 A notice to convene a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee Member by three (3) days prior to the day of the meeting; provided, however, that if urgently necessary, the period may be shortened.</u></p> <p><u>2. When all Audit and Supervisory Committee Members have consented, a meeting of the Audit and Supervisory Committee may be held without the procedure for convening such a meeting.</u></p> <p><u>(Rules for the Audit and Supervisory Committee)</u></p> <p><u>Article 39 Matters concerning the Audit and Supervisory Committee shall be subject to the provisions provided in the laws and regulations or the Articles of Incorporation, as well as to the Rules for the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u></p> <p>Chapter 6 Accounting Auditors</p>
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<p><u>Article 46–47</u> (Articles omitted)</p> <p>(Remunerations for Accounting Auditors, etc.)</p> <p><u>Article 48</u> Remunerations for Accounting Auditors, etc. shall be determined by the Representative Director with the consent of <u>the Board of Auditors</u>.</p> <p>Chapter 7 Accounts</p> <p><u>Article 49–52</u> (Articles omitted)</p> <p>(Newly established)</p>	<p><u>Article 40–41</u> (Same as at present)</p> <p>(Remunerations for Accounting Auditors, etc.)</p> <p><u>Article 42</u> Remunerations for Accounting Auditors, etc. shall be determined by the Representative Director with the consent of <u>the Audit and Supervisory Committee</u>.</p> <p>Chapter 7 Accounts</p> <p><u>Article 43–46</u> (Same as at present)</p> <p><u>Supplementary Provisions</u> <u>(Provisional Measures Regarding Exemption of Liability of Auditors)</u></p> <p>1. <u>Under the provisions of Article 426, Paragraph (1) of the Companies Act, with regard to any liability for damages of Auditors (including those who used to be Auditors) arising from negligence in the performance of duties before the partial amendments to the Articles of Incorporation by resolution of the 46th Ordinary General Meeting of Shareholders becomes effective, the Company may, by resolution of the Board of Directors, exempt such Auditors from such liability with the limit provided by laws and regulations.</u></p> <p><u>(Provisional Measures Regarding Limited Liability Agreement with Outside Auditors)</u></p> <p>2. <u>With regard to the agreements with Outside Auditors (including those who used to be Outside Auditors) to limit the</u></p>
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	<u>liability for damages provided for in Article 423, Paragraph (1) of the Companies Act before the conclusion of the 46th Ordinary General Meeting of Shareholders, the provisions then in force shall remain applicable.</u>
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