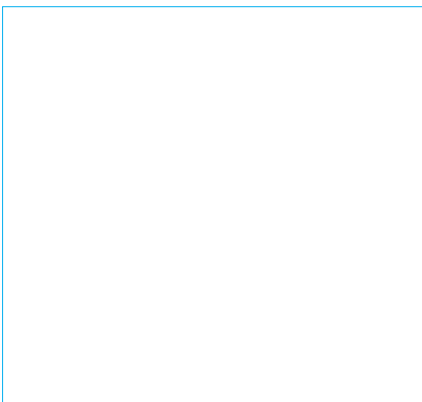


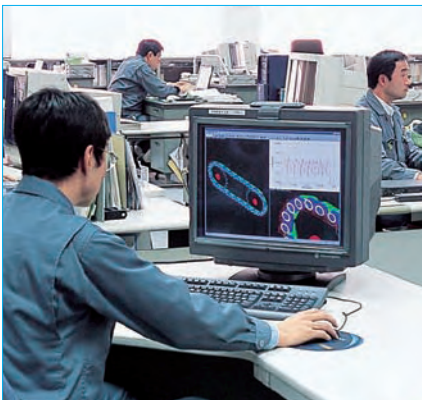
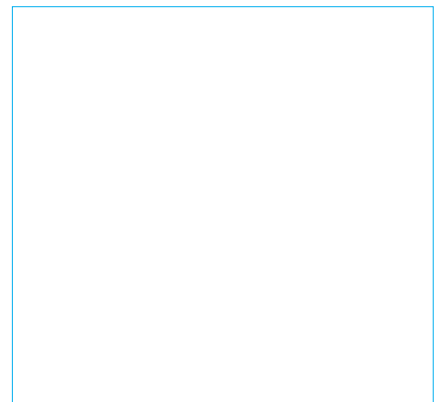
# Tsubaki Group at a Glance



**Customers  
+  
Society  
+  
Shareholders**



**Best Value**



**Differentiated  
Technologies  
+  
Differentiated  
Manufacturing  
+  
Differentiated  
Sales**



## WHAT IS OUR FOUNDATION? OUR MISSION

As a production professional, the Tsubaki Group focuses on: (1) developing products distinguished for their quality and technology, (2) applying original new production technologies to create distinctive product lines, and (3) using this knowledge to create global marketing and management systems that provide timely products and services to customers worldwide. As a result, the Group is poised to achieve consistent growth over the breadth of its business domain that will connect to the provision of “best value” to customers, society, shareholders, and other stakeholders.

All employees in the Group show considerable pride and conviction in their work and actively strive to achieve the aims of the Group.

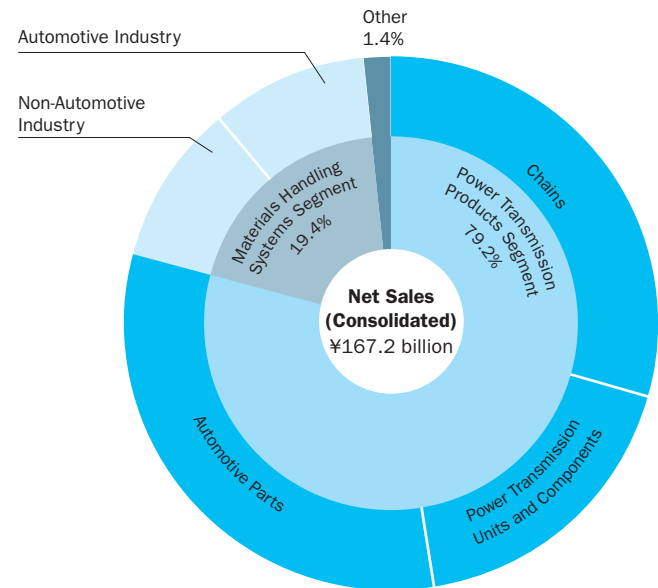
# Tsubaki Group at a Glance

## WHAT DO WE DO?

### BUSINESS DOMAIN

The Tsubaki Group is an integrated manufacturer of power transmission products and materials handling systems. The Group produces manufacturing equipment and automotive and other conveyor systems under the Innovation in Motion concept. In addition, we develop products that offer the competitive advantages of durability, energy conservation, and other unique features. With five manufacturing centers worldwide, the Group can quickly manufacture goods and get them to its customers in a timely fashion using its just-in-time (JIT) supply system. The product lineup comprises chains for various industries, precision products, and automotive parts and other machine parts in the field of Motion & Control, which is made up of the Power Transmission Products and the Materials Handling Systems segments. The latter of which combines all of these components into systems.

### SALES BY OPERATING SEGMENT IN FISCAL 2008



Note: Percentage of sales by operating segment has been calculated using denominator figures that have not been adjusted for internal transactions among divisions or for items related to headquarters.

## WHERE IS OUR POSITION?

### INDUSTRY POSITION

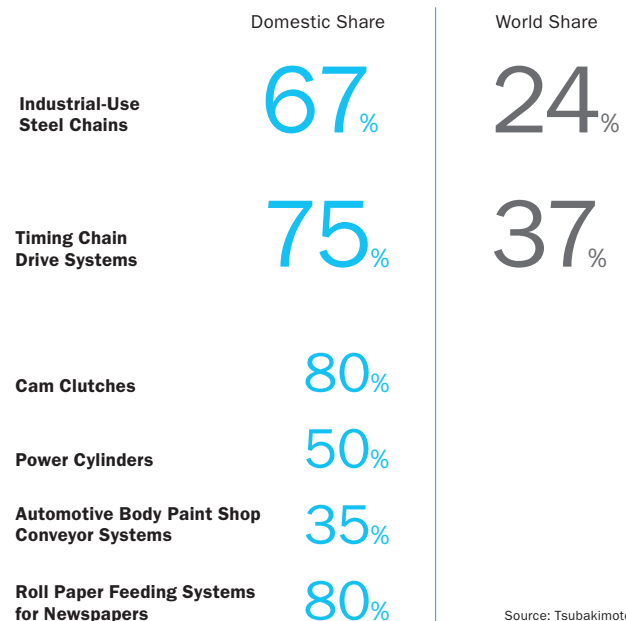
#### Global Leadership for Two Core Products

In industrial-use steel chains, the Group enjoys a dominant market position far ahead of its second-ranking competitors in Japan and abroad. In timing chain drive systems—a key product in Automotive Parts operations—the Group and a leading overseas company largely control global markets.

#### High Market Share in Other Areas

Products that have the leading position in the domestic market include cam clutches and power cylinders in the Power Transmission Products segment, and automotive body paint shop conveyor systems and roll paper feeding systems for newspapers in the Materials Handling Systems segment. The Group derives strength from its rich product lineup in the Power Transmission Products segment and from its creative product lineup using solutions'-based technologies in the Materials Handling Systems segment.

### INDUSTRY STANDING FOR MAINSTAY PRODUCTS



Source: Tsubakimoto Chain

## HOW HAVE WE CHANGED?

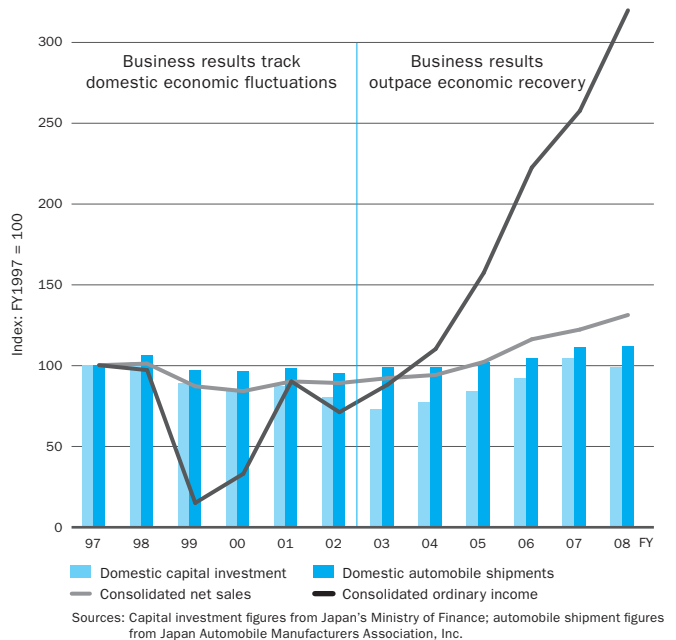
### REVIEW OF THE MAP AHEAD FOR GROWTH

The Group took important steps to completely redefine its business structure in fiscal 2002. Until that time, operations were susceptible to economic trends in Japan, particularly trends in capital investment.

However, the Group has enhanced its underlying strengths by (1) thoroughly bolstering its financial standing, (2) changing its organizational structure to foster greater efficiency, and (3) formulating growth strategies allowing it to take maximum advantage of the structural changes affecting the external business environment to achieve steady global development.

The result is a tenacious corporate structure less susceptible to volatility in the domestic economy and positioned for consistently strong growth ahead.

### Changes in Tsubaki Group's Growth Track FROM DEPENDENCE ON DOMESTIC ECONOMY TO STRONG, INDEPENDENT GROWTH

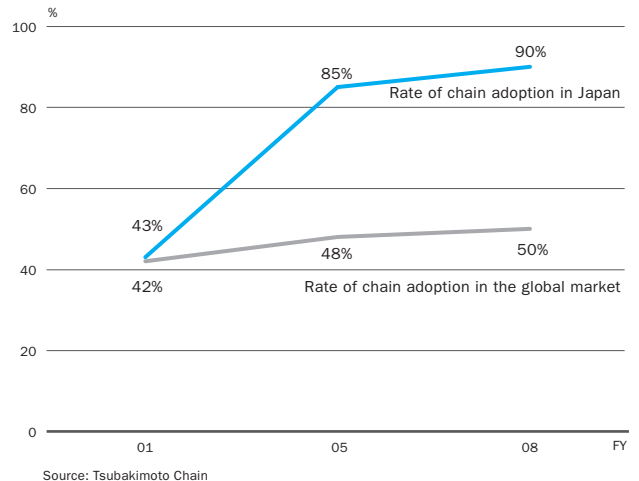


## WHERE ARE WE HEADING?

### GROWTH DRIVERS

With customers becoming more focused on cost performance in their capital investment and buying practices, the Tsubaki Group has enhanced its advantages by reducing energy consumption, taking steps to promote environmental preservation, and offering products with improved durability and other distinctive features. Automotive parts are a primary example. Automotive engines increasingly feature higher performance but lower energy consumption. The Group took the initiative to reduce the weight of its timing chains, developing products that not only have more durable timing belts than those used in previous camshaft drives but that are also quieter. As a result, the Group has become the global market leader in the field and attained growth. Moreover, we have expanded our customer base worldwide by (1) improving productivity at every level in our plants, and (2) building five production bases and a strategic global marketing network to allow us to provide JIT supply and other enhanced services.

### Structural Shift in Automotive Engine Timing Drive Systems JAPANESE TREND TO ADOPT CHAINS SPREADING WORLDWIDE



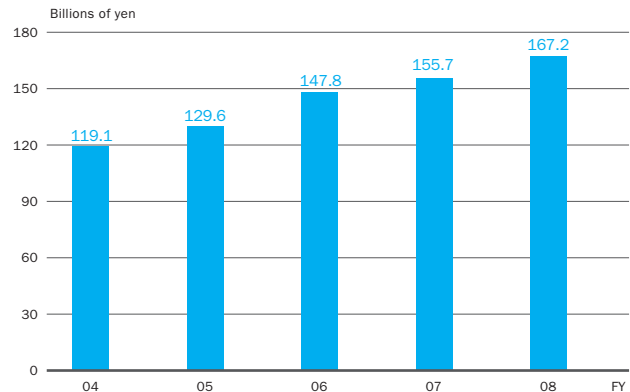
# Tsubaki Group at a Glance

## WHERE HAVE WE GROWN?

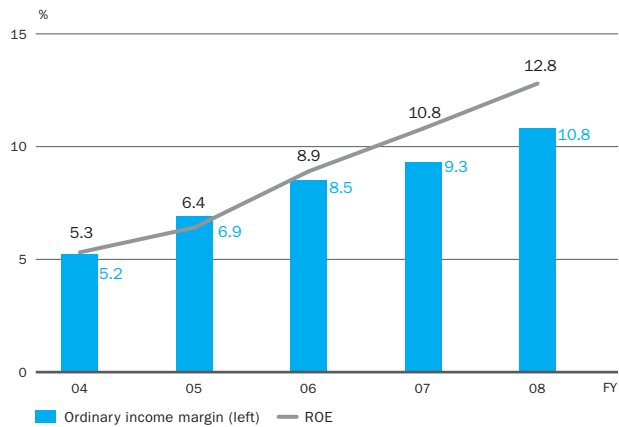
### CONSOLIDATED FINANCIAL SUMMARY

A company can maximize its corporate value through efforts to optimize the balance between three key areas—growth potential, profitability, and financial soundness. As can be seen from the graphs to the right, the Tsubaki Group is achieving sustained improvements in each of these three areas. It is possible that future economic conditions may temporarily halt these positive trends. However, by continuously strengthening our competitiveness, we believe that we can create a financial structure capable of achieving sustainable growth.

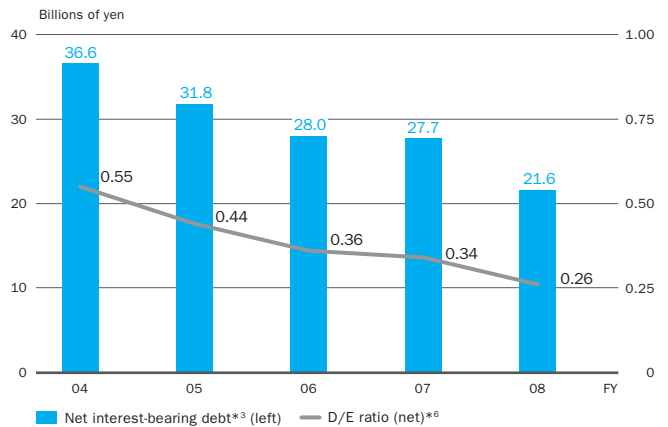
**Growth Potential, Based on the Top Line (Net Sales)**



**Profitability, Based on Ratios for Net Sales and Shareholders' Equity**



**Financial Soundness, Based on Financial Foundations**



	FY2008	FY2007	FY2006	FY2005	FY2004
<b>Operating Performance</b> (Millions of yen)					
Net sales	<b>¥167,203</b>	¥155,747	¥147,761	¥129,563	¥119,141
Operating income	<b>19,805</b>	16,008	13,830	10,448	7,951
EBITDA* <sup>1</sup>	<b>27,107</b>	21,957	19,339	15,952	14,035
Ordinary income	<b>18,051</b>	14,545	12,594	8,888	6,215
Net income	<b>10,371</b>	8,541	6,607	4,449	3,385
Depreciation and amortization	<b>7,302</b>	5,948	5,509	5,504	6,083
Net financial expenses* <sup>2</sup>	<b>(445)</b>	(554)	(642)	(1,002)	(1,181)
<b>Balance Sheets</b> (Millions of yen)					
Total assets	<b>¥202,317</b>	¥212,740	¥198,458	¥179,263	¥175,432
Shareholders' equity	<b>81,605</b>	81,034	77,098	71,634	66,873
Interest-bearing debt	<b>39,315</b>	42,313	38,967	43,380	50,317
Net interest-bearing debt* <sup>3</sup>	<b>21,570</b>	27,695	27,982	31,818	36,637
<b>Cash Flows</b> (Millions of yen)					
Net cash provided by operating activities	<b>¥ 20,873</b>	¥10,107	¥10,681	¥ 9,673	¥ 7,995
Net cash (used in) provided by investing activities	<b>(11,481)</b>	(5,879)	(5,595)	(2,465)	9,068
Net cash used in financing activities	<b>(5,582)</b>	(647)	(5,596)	(9,412)	(15,538)
Free cash flow* <sup>4</sup>	<b>9,392</b>	4,228	5,086	7,208	17,063
<b>Major Indicators</b>					
Ordinary income margin	<b>10.8%</b>	9.3%	8.5%	6.9%	5.2%
ROE* <sup>5</sup>	<b>12.8%</b>	10.8%	8.9%	6.4%	5.3%
D/E ratio (net)* <sup>6</sup>	<b>0.26</b>	0.34	0.36	0.44	0.55
<b>Per Share Data</b> (Yen)					
Net income	<b>¥ 55.70</b>	¥ 45.55	¥ 34.78	¥ 22.77	¥ 17.40
Net assets	<b>438.56</b>	432.20	410.66	380.91	354.14
Cash dividends	<b>8.00</b>	7.00	9.00* <sup>7</sup>	7.00	6.00

1. EBITDA = Operating income + Depreciation and amortization

2. Net financial expenses = Interest and dividend income – Interest expense

3. Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents

4. Free cash flow = Net cash provided by operating activities + Net cash provided by (used in) investing activities

5. ROE = Net income ÷ Average shareholders' equity

6. D/E ratio (net) = Net interest-bearing debt ÷ Shareholders' equity

7. Includes a commemorative 90th anniversary dividend of ¥2.00

# Tsubaki Group at a Glance

## WHERE ARE WE HEADING?

### FINANCIAL TARGETS AND BASIC STRATEGIES

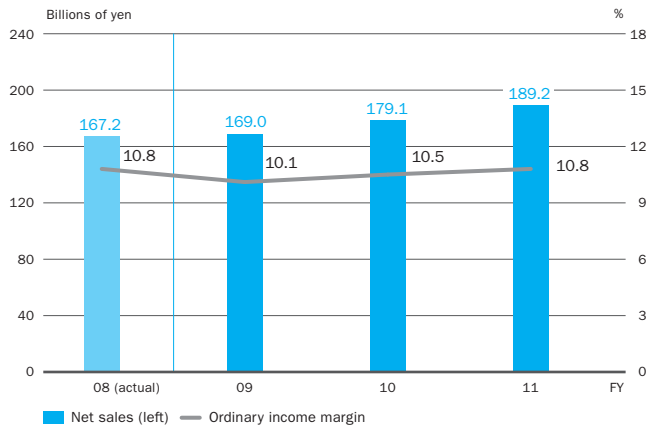
Factors including the surging prices of crude oil and raw materials and the depreciation of the U.S. dollar have made the Tsubaki Group's economic environment more challenging than ever before. In these operating conditions, we will further solidify our competitive advantages in product development, production, and marketing through strategies to accelerate the pace of necessary investments and financial reforms. In the short term, these efforts may actually cause our growth to slow down. However, we are convinced these strategies are essential if we are to realize rapid growth in the future. This belief is encapsulated in our key message, "STEPPING UP MOVING AHEAD."

The message's meaning is that, while always having an eye on the future, achieve a steady and strategic development of production capabilities.

### THREE-YEAR STEP10 MEDIUM-TERM MANAGEMENT PLAN

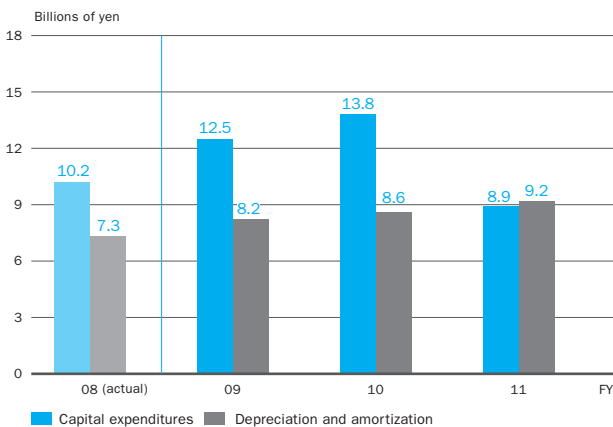
#### Sales and Profit Targets

Absorb the burden of upfront investments and currency fluctuations; achieve yearly ordinary income growth of 4.4%

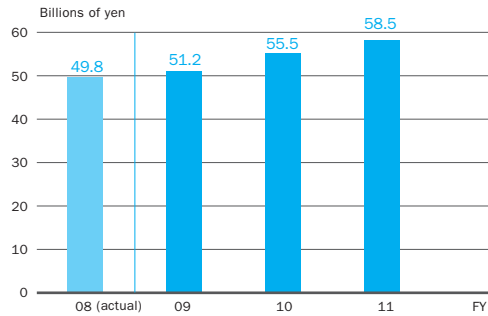


#### Investment Targets

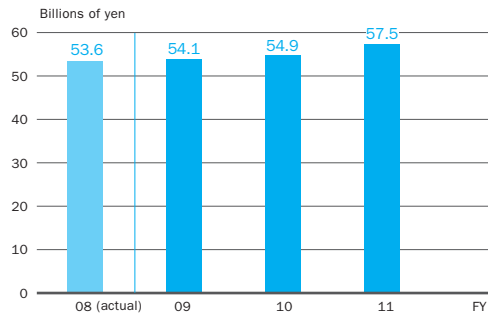
Amid the challenging operating conditions, carry out bold and aggressive upfront investments to strengthen our resistance to economic fluctuations and our capacity to maintain stable supplies



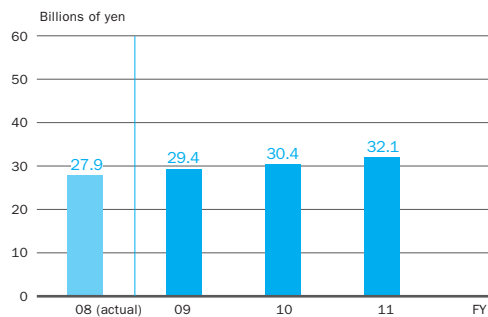
### Net Sales in Power Transmission Products Segment Chain Operations



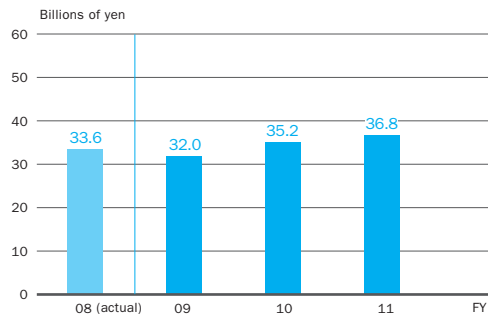
### Automotive Parts Operations



### Power Transmission Units and Components Operations



### Net Sales in Materials Handling Systems Segment



Note: Segment results figures are from managerial accounts and not from financial accounts.