



July 28, 2017

Company name: Tsubakimoto Chain Co.
Representative: Yasushi Ohara, President and Representative Director
(Code number: 6371, Listed on First Section of Tokyo Stock Exchange)
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Notice Regarding Merger by Absorption (Simplified/Short-Form Merger) of Wholly-Owned Subsidiary

At a Board of Directors meeting held on July 28, 2017, Tsubakimoto Chain Co. decided upon the merger by absorption of its wholly-owned subsidiary, Tsubaki E&M Co. (“Tsubaki E&M”), as below. Since this merger is a merger by absorption of a wholly-owned subsidiary, disclosures that would otherwise be required are provided herein with certain omissions.

1. Purpose of Merger

In order to enhance the core technologies of its Power Transmission Units and Components Operations and strengthen its global growth potential through demonstrating the Group’s comprehensive strength, the Company has decided upon the merger by absorption its wholly-owned subsidiary, Tsubaki E&M.

2. Summary of the Merger

(1) Schedule of the Merger

Board of Directors meeting resolution	July 28, 2017
Execution date of the merger agreement	July 28, 2017
Effective date of the merger	October 1, 2017 (scheduled)

(Note) As the Company will conduct the Simplified Merger, prescribed in Article 796, Paragraph 2 of the Company Law, and Tsubaki E&M will conduct the Short-Form Merger, prescribed in Article 784, Paragraph 1 of the Company Law, both parties will not hold general meetings of shareholders regarding approvals of the merger agreement.

(2) Method of the Merger

This is a merger by absorption with Tsubakimoto Chain Co. as the Succeeding Company. Tsubaki E&M will be dissolved.

(3) Content of Allotment Associated with the Merger

As Tsubaki E&M is a wholly-owned subsidiary, the Company will not issue new shares, increase capital, or pay a merger subsidy, along with this merger.

(4) Handling of Subscription Rights to Shares and Bond with Stock Purchase Warrant Resulting From the Merger

There are no applicable matters.

3. Outline of the Parties to the Merger (as of March 31, 2017)

	(Succeeding Company)	(Absorbed Company)
Company Name	Tsubakimoto Chain Co.	Tsubaki E&M Co.
(1) Location of headquarters	3-3-3, Nakanoshima, Kita-ku, Osaka	1-1, Kohtari-Kuresumi, Nagaokakyo, Kyoto
(2) Name and title of representative	Yasushi Ohara, President and Representative Director	Tetsuya Yamamoto, President and Representative Director
(3) Business	Manufacture and sales of various speed drives and related parts	Manufacture and sales of speed drives (reducers/variable speed drives and related parts)
(4) Capital	¥17,076 million	¥460 million
(5) Incorporated	January 31, 1941	April 1, 2002
(6) Number of shares issued and outstanding	191,406,969 shares	10,600 shares
(7) Closing date	March 31	March 31
(8) Major shareholders and shareholding ratio (as of March 31, 2017) (Note) The shareholding ratio is calculated by deducting treasury stock of 4,345,000 shares.	Taiyo Life Insurance Company 9.5% Japan Trustee Services Bank, Ltd. (Trust account) 6.6% The Master Trust Bank of Japan, Ltd. (Trust account) 5.8% Nippon Life Insurance Company 5.2% Toyota Motor Corporation 4.1%	Tsubakimoto Chain Co. 100.0%
(9) Financial conditions and business results of the immediately preceding business year (Period ended March 2017)		
Net assets (million yen)	¥156,218 million (Consolidated)	¥11,595 million
Total assets (million yen)	¥267,215 million (Consolidated)	¥18,155 million
Net assets per share (yen)	¥815.10 (Consolidated)	¥1,093,943.96
Net sales (million yen)	¥198,762 million (Consolidated)	¥17,534 million
Operating income (million yen)	¥21,647 million (Consolidated)	¥1,525 million
Ordinary income (million yen)	¥22,004 million (Consolidated)	¥1,753 million
Net income attributable to the parent company's shareholders (million yen)	¥14,596 million (Consolidated)	¥1,135 million ^{*1}
Net income per share (yen)	¥78.03 (Consolidated)	¥107,127.57

^{*1} Indicates net income.

4. Status after the Merger

The merger will cause no change in the company name, location of headquarters, representative, business, capital, and financial closing date.

5. Outlook

This is a merger by absorption of a wholly-owned subsidiary and its effect on the consolidated business results of the Company will be minor.