



March 22, 2018

Company name: Tsubakimoto Chain Co.

Representative: Yasushi Ohara, President and Representative Director

(Code number: 6371, Listed on First Section of Tokyo Stock Exchange)

Inquiries: Takatoshi Kimura, Executive Officer, Director of Management Planning Center

Tel +81 (6) 6441-0054

Notice Regarding Change in the Number of Shares Constituting One Trading Unit, Share Consolidation, and Partial Amendment to the Relevant Articles of Incorporation

Tsubakimoto Chain Co. (“the Company”) hereby announces that it has resolved, at its Board of Directors meeting held today, pursuant to Article 195, Paragraph 1 of the Companies Act, to amend its Articles of Incorporation to change the number of shares of company stock constituting one trading unit as prescribed in its Articles of Incorporation and to submit a proposal for share consolidation to the 109th Annual General Meeting of Shareholders to be held in June 2018 (hereafter referred to as “Annual General Meeting of Shareholders”).

Both the amendment to the Articles of Incorporation and the share consolidation will take effect on October 1, 2018, subject to the approval of the proposed share consolidation at the Annual General Meeting of Shareholders.

Details

1. Change in the Number of Shares Constituting One Trading Unit

(1) Reason for change

For the convenience of investors and other market participants, all Japanese securities exchanges are supporting the Action Plan for Consolidating Trading Units, under which the trading unit for common shares (the number of shares constituting one trading unit) of domestically listed companies has been set at a uniform 100 shares. In light of the intent of this action plan, the Company has proposed reducing the number of shares constituting one trading unit from 1,000 to 100.

(2) Details of the change

The number of shares constituting one trading unit will be changed from 1,000 to 100.

(3) Scheduled effective date of change

October 1, 2018

(4) Conditions for the change

The proposed change is subject to approval at the Annual General Meeting of Shareholders as mentioned below in “2. Share Consolidation.”

2. Share Consolidation

(1) Purpose of consolidation

As stated in Item 1 above, along with the change in the number of shares constituting one trading unit from 1,000 shares to 100 shares, the Company has decided to propose a share consolidation (consolidating 5 shares into 1 share) in order to adjust the trading unit to an appropriate level in light of share price fluctuations over the medium- to long-term.

(2) Details of the consolidation

- (i) Class of shares to be consolidated Common shares
- (ii) Method/ratio of consolidation On October 1, 2018, shares held by shareholders of record in the latest shareholder register as of September 30, 2018, (effectively September 28, 2018) will be consolidated at a 5-to-1 ratio.
- (iii) Total number of shares authorized for consolidation
59,800,000 (299,000,000 before the consolidation)
Pursuant to the provisions of Article 182, Paragraph 2 of the Companies Act, the provisions of the Articles of Incorporation shall be deemed to have been amended as stated above as of the effective date of the share consolidation (October 1, 2018).

(iv) Number of shares to be reduced through consolidation

Shares outstanding before consolidation (as of September 30, 2017)	191,406,969
Shares to be reduced through consolidation	153,125,576
Total shares outstanding after consolidation	38,281,393

Note “Shares to be reduced through consolidation” and “Total shares outstanding after consolidation” are theoretical values calculated on the total number of shares outstanding before consolidation and the share consolidation ratio.

(v) Number of shareholders to be reduced through consolidation

The shareholder composition according to the shareholder register as of September 30, 2017, is as follows.

Number of shares held	Number of shareholders (percentage of total)	Number of shares held (percentage of total)
Less than 5	154 (1.61%)	222 (0.00%)
5 or more	9,441 (98.39%)	191,406,747 (100.00%)
Total	9,595 (100.00%)	191,406,969 (100.00%)

Note: If the proposed share consolidation is implemented, 154 shareholders with fewer than 5 shares (the total number of shares held by those shareholders is 222 as of September 30, 2017) will lose their status as shareholders.

(vi) Treatment of fractional shares

Regarding any fractional shares that may result from the share consolidation, pursuant to the provisions of Article 235 of the Companies Act, the Company shall sell all such fractional shares in a block and distribute the proceeds to the shareholders who have held the fractional shares in proportion to their respective fractions.

(3) Conditions of consolidation

The proposed share consolidation shall take effect pending approval at the Annual General Meeting of Shareholders.

3. Amendment to Articles of Incorporation

Subject to the approval of the proposed share consolidation stated in Item 2 above at the Annual General Meeting of Shareholders, the Articles of Incorporation of the Company shall be amended as follows effective October 1, 2018.

(Amended terms are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6 The total number of authorized shares to be issued by the Company shall be <u>299,000,000</u> .	(Total Number of Authorized Shares) Article 6 The total number of authorized shares to be issued by the Company shall be <u>59,800,000</u> .
(Number of Shares Constituting One Trading Unit) Article 8 The number of shares constituting one trading unit of the Company shall be <u>1,000</u> .	(Number of Shares Constituting One Trading Unit) Article 8 The number of shares constituting one trading unit of the Company shall be <u>100</u> .

4. Schedule Summary (subject to change)

March 22, 2018	Resolution at the Meeting of Board of Directors
Late May 2018	Meeting of Board of Directors (resolution to convene the General Meeting of Shareholders)
Late June 2018	109th Annual General Meeting of Shareholders
October 1, 2018	Effective date of the change in the number of shares constituting one trading unit, share consolidation, and partial amendment to the Articles of Incorporation

Reference As stated above, the effective date of the proposed change in the number of shares constituting one trading unit and share consolidation is October 1, 2018; however, regarding procedures for the book entry of share transfers, the trading of the Company's shares by its shareholders on the Tokyo Stock Exchange on and after September 26, 2018, shall be handled as trading units (100 shares after the share consolidation) on the assumption that the above changes have taken effect.

Appendix: Frequently Asked Questions Regarding Change in the Number of Shares Constituting One Trading Unit and Share Consolidation

Appendix

Frequently Asked Questions Regarding Change in the Number of Shares Constituting One Trading Unit and Share Consolidation

Q1. What is the purpose of the proposed change in the number of shares constituting one trading unit and the share consolidation?

A1. For the convenience of investors and other market participants, all Japanese securities exchanges are supporting the Action Plan for Consolidating Trading Units, under which the trading unit for common shares (the number of shares constituting one trading unit) of domestically listed companies has been set at a uniform 100 shares. In light of the intent of this action plan, the Company has proposed reducing the number of shares constituting one trading unit from 1,000 to 100 effective October 1, 2018.

Moreover, in reducing the number of shares constituting one trading unit from 1,000 to 100, the Company has decided to implement a share consolidation (at a 5-to-1 ratio) in order to bring the trading unit to an appropriate level in light of share price fluctuations over the medium- to long-term following the change in the number of shares constituting one trading unit.

Q2. What is the specific schedule for these changes?

A2. The schedule (subject to change) for the change in the number of shares constituting one trading unit and the share consolidation is as follows:

Late June 2018	109th Annual General Meeting of Shareholders
September 26, 2018	Change of the trading unit for the Company's shares to 100 shares
October 1, 2018	Effective date of the change in the number of shares constituting one trading unit and share consolidation
Early November 2018	Date of issuance of notice of share consolidation allotment for shareholders
Early December 2018	Start of payment of proceeds from sale of fractional shares

Q3. Will the proposed share consolidation affect the asset value?

A3. The Company's assets and capital will remain unchanged after the share consolidation; therefore, aside from stock market trends and other external factors, the asset value of shares held by shareholders would remain unchanged in principle.

This is because, following the share consolidation, net assets per share will increase fivefold while the number of shares held by an individual shareholder will be one-fifth of the number prior to the share consolidation.

Example: Number of shares/asset value before and after the share consolidation (excluding effects of stock market trends and other external factors)

Before share consolidation			⇒	After share consolidation		
Number of shares	Net assets per share	Asset value		Number of shares	Net assets per share	Asset value
1,000	500 yen	500,000 yen		200	2,500 yen	500,000 yen

Q4. How will the number of shares held and voting rights be affected?

A4.

Number of shares held

The number of shares held by individual shareholders following the share consolidation can be calculated by multiplying the number of shares recorded in the latest shareholder register as of September 30, 2018, (effectively September 28, 2018) by one-fifth (fractions of less than one will be rounded down). The number of Company shares recorded in accounts opened by shareholders with securities companies and other financial institutions will be changed to the corresponding post-share consolidation number of shares on October 1, 2018.

The Company will sell any fractional shares resulting from the share consolidation in a block, or will purchase those shares, distributing the proceeds to the shareholders who have held the fractional shares in proportion to their respective fractional holdings (the specific schedule is as stated in Q2.).

Number of voting rights

The number of voting rights after the share consolidation will be one (1) per 100 shares held by the shareholder.

Specifically, the number of shares held and the number of voting rights before and after the share consolidation and change in the number of shares constituting one trading unit will be as follows:

	Before effective date		⇒	After effective date		
	Number of shares held	Number of voting rights		Number of shares held	Number of voting rights	Resulting fractional shares
Example 1	2,000	2		400	4	None
Example 2	1,600	1		320	3	None
Example 3	452	None		90	None	0.4
Example 4	4	None		None	None	0.8

- In Examples 2 and 3, the shareholder holds shares constituting less than one trading unit (after the changes come into effect, 20 shares in Example 2 and 90 shares in Example 3), and may, upon request, use the system for selling or purchasing fractional shares in the same way as before.
- In Examples 3 and 4, the Company shall sell all fractional shares that result (0.4 shares in Example 3 and 0.8 shares in Example 4) and distribute the proceeds to shareholders who end up with fractional shares in proportion to their respective fractions.
- In Example 4, the shareholder ceases to hold shares after the share consolidation, and therefore loses status as a shareholder.

If a shareholder holds shares in accounts of multiple securities companies, the share consolidation procedures will be carried out, in principle, on the balance of the Company’s shares registered in the transfer account register of each securities company. Please contact your securities company for details.

Q5. Will the dividends to be received by shareholders be affected by the reduction in the number of shares held as a result of the share consolidation?

A5. While the share consolidation will reduce the number of shares held by shareholders to one-fifth of the original number, the Company will determine the dividend per share in light of the ratio of consolidation; thus, the total dividend payment to be received by the shareholder will not be

affected by the share consolidation apart from fluctuations in the Company's financial performance or other factors. However, dividends will not be paid on any fractional shares that result from the share consolidation.

Q6. What procedures are required of shareholders?

A6. Shareholders are not required to undertake any special procedures.

Q7. Is there any way to avoid holding fractional shares?

A7. By requesting the sale or purchase of shares constituting less than one trading unit prior to the share consolidation coming into effect, it is possible to avoid holding fractional shares. Your securities company will accept requests for the sale or purchase of shares constituting less than one trading unit. For shareholders without an account with a securities company, please contact the administrator of the shareholder register indicated at the end of this document.

Contact for inquiries

If you have any questions regarding the change in the number of shares constituting one trading unit or the share consolidation, please contact your securities company or the following administrator of the shareholder register with respect to the shares.

Administrator of Shareholder Register

Sumitomo Mitsui Trust Bank, Limited.

Stock Transfer Agency Business Planning Department

8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

Telephone: 0120-782-031 (toll-free)

Business hours: 09:00 to 17:00 (excluding Saturdays, Sundays, and national holidays)