

Name of the company: Tsubakimoto Chain Co.
 Code number: 6371
 Stock exchange listings: Tokyo, Osaka
 URL: <http://tsubakimoto.com/>
 Representative: Isamu Osa, President and Representative Director
 Inquiries: Tetsuya Yamamoto,
 Director and Executive Officer, Management Planning / Corporate Planning Department
 Tel +81 (6) 6441-0054

Notification regarding acquisition of 100% ownership of consolidated subsidiary through simple stock swap

At a meeting of its board of directors held today, Tsubakimoto Chain decided to acquire consolidated subsidiary, Tsubakimoto Machinery Co., as a wholly owned subsidiary through a stock swap. The two companies also signed a stock swap agreement dated today. Details of the stock swap are outlined below. As this stock swap, which will give Tsubakimoto Chain 100% ownership of its consolidated subsidiary, is a simple exchange of shares, certain details have been omitted from this disclosure.

1. Objective of acquisition of 100% ownership through stock swap

Tsubakimoto Chain made the decision to acquire 100% ownership of Tsubakimoto Machinery in order to respond with agility and flexibility to changes in the business environment and streamline its group operations.

2. Summary of stock swap

(1) Timeline

Decision regarding stock swap made by board of directors (both companies)	January 27, 2012
Stock swap agreement signed (both companies)	January 27, 2012
Stock swap approved at extraordinary shareholders' meeting held (Tsubakimoto Machinery)	January 27, 2012
Effective date of stock swap	February 29, 2012 (Planned)

Note: This stock swap will be executed without the approval of the shareholders meeting, in accordance with the provisions of Article 796, Paragraph 3, of the Companies Act.

(2) Method

In the stock swap, Tsubakimoto Chain will become the sole parent company of Tsubakimoto Machinery and Tsubakimoto Machinery will become the wholly owned subsidiary of Tsubakimoto Chain.

(3) Allocation

Company	Tsubakimoto Chain Co. (Sole parent company)	Tsubakimoto Machinery Co. (Wholly owned subsidiary)
Swap ratio	1	13.13

Notes: 1. Ratio of allocation

13.13 ordinary shares of Tsubakimoto Chain will be issued per single ordinary share of Tsubakimoto Machinery.

However, the 189,700 ordinary shares of Tsubakimoto Machinery held by Tsubakimoto Chain will not be allocated as part of this stock swap.

2. Shares issued

1,159,379 ordinary shares of Tsubakimoto Chain

As Tsubakimoto Chain will use treasury shares for the swap, the company does not intend to issue new shares.

(4) Treatment of share options and bonds with share options of sole parent company

N/A

3. Notes on calculation of stock swap allocations

With regard to the swap ratio, the value of shares of listed company Tsubakimoto Chain were calculated according to the market share price average, while the value of shares of unlisted company Tsubakimoto Machinery were calculated according to the market price for net assets. The results were then considered comprehensively and the ratio was determined through mutual consultation.

Among other factors, swap ratio calculations do not take into account significant increases or decreases in income or the significant difference in the size of each company's assets and liabilities in recent financial statements.

4. Overview of participating companies (As of December 31, 2011)

Trade name	Tsubakimoto Chain Co. (Sole parent company)	Tsubakimoto Machinery Co. (Wholly owned subsidiary)
(1) Location of head office	3-3-3 Nakanoshima, Kita-ku, Osaka	1-3-15 Awaza, Nishi-ku, Osaka
(2) Name and title of representative	Isamu Osa, President and Representative Director	Masato Kondo, President and Representative Director
(3) Description of business	Manufacture and sale of power transmission products and accessories	Sale of transmission devices, equipment, and parts
(4) Capital	17,076 million yen	139 million yen
(5) Date of establishment	January 31, 1941	August 2, 1971
(6) Issued shares	191,406,969	278,000
(7) Accounting period	March 31	March 31
(8) Major share holders and share ratios (As of September 30, 2011) Note: Excludes 5,402,000 treasury shares	Taiyo Life Insurance Company 9.89% Nippon Life Insurance Company 6.28% Japan Trustee Services Bank, Ltd. (9 trust accounts) 6.21% Master Trust Bank of Japan, Ltd. (trust account) 5.95% Japan Trustee Services Bank, Ltd. (trust account) 5.27%	Tsubakimoto Chain, Co. 68.24% Izumi Chain Mfg., Co. 19.42% HRD, Co., Ltd. 12.34%
(9) Financial condition and operating results of preceding financial year (period ending March, 2011)		
Net assets	89,877 million yen (consolidated)	1,521 million yen
Total assets	184,206 million yen (consolidated)	5,421 million yen
Net assets per share	448.43 yen (consolidated)	5,471.68 yen
Sales	138,243 million yen (consolidated)	10,559 million yen
Operating income	11,022 million yen (consolidated)	138 million yen
Ordinary income	11,111 million yen (consolidated)	147 million yen
Net income	6,093 million yen (consolidated)	73 million yen
Net income per share	32.76 yen (consolidated)	264.52 yen

5. Situation after stock swap

There will be no changes to trade names, head office locations, representatives, description of business, capital, or accounting periods resulting from this stock swap.

6. Outlook

Tsubakimoto Machinery is a consolidated subsidiary of Tsubakimoto Chain and the impact of this stock swap on Tsubakimoto Chain's business performance should therefore be minor.

- END -