

Tsubakimoto Chain Co. FYE 2010 Interim Settlement of Accounts Presentation Meeting



November 18, 2009

FYE 2010 Interim Settlement of Accounts Business Report and Full Year Forecast

Main Points of Settlement of Accounts

- While earnings and income saw a year-on-year decrease, sales bottomed out during the first quarter
- Income exceeded revised forecasts announced on August 7 due to emergency measures (reduction of fixed costs) and increased Automotive Parts Operations sales

(Yen, millions)

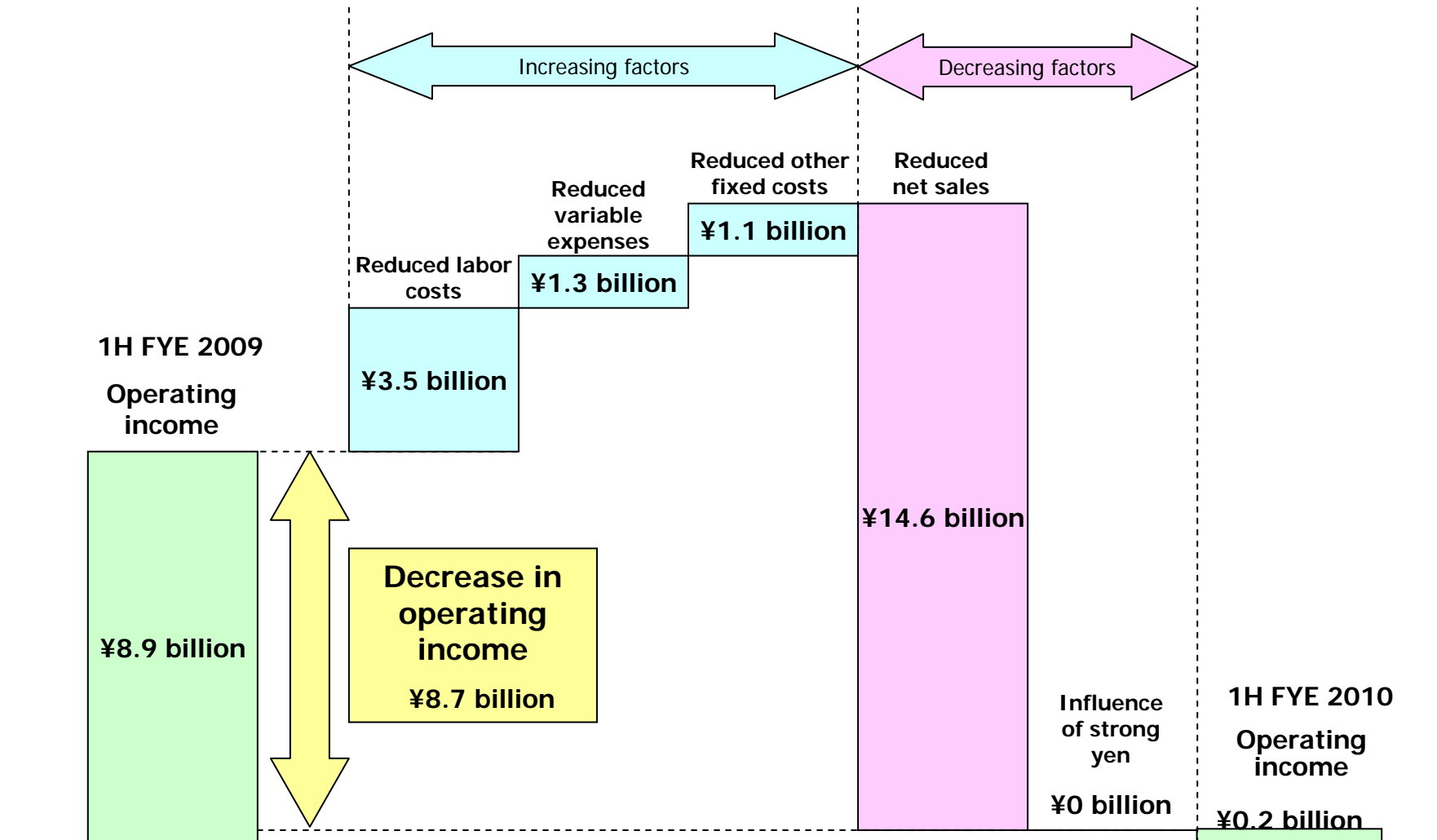
	FYE 2009		FYE 2010	Increase / Decrease (Percentage Change)	
	1H	2H	1H	Year-on-year comparison	Comparison with revised forecast of Aug 7
Net sales	82,057	59,460	50,503	-31,554 (-38.5%)	+ 2,503 (+ 5.2%)
Operating income	8,942	153	183	-8,759 (-98.0%)	+ 1,283 (-)
Ordinary income	9,066	262	522	-8,544 (-94.2%)	+ 1,222 (-)
Ordinary income ratio	11.0%	0.4%	1.0%		
Current net income	5,612	576	507	-5,105 (-91.0%)	+ 1,007 (-)
Shareholders' equity ratio	41.6%	43.9%	44.0%		
Net D/E ratio	0.45	0.48	0.55		
Dividends per share (Yen)	4	4	3		

Major exchange rates 1H FYE 2009: US\$1 = ¥106.12, €1 = ¥162.79
 FYE 2009: US\$1 = ¥100.72, €1 = ¥144.07
 1H FYE 2010: US\$1 = ¥95.54, €1 = ¥133.22

2. Factors Influencing Change in Consolidated Operating Income 1H FYE 2009 vs. 1H FYE 2010

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- Comparison of 1H FYE 2009 with 1H FYE 2010



Breakdown by Segment and Operations

- **Power Transmission Products Segment: All three operating segments recorded significant reduction in earnings due to reduction in automobile production and capital investment, and other factors**
- **Materials Handling Systems Segment: Significant reductions in sales to automotive and machine tool industries**

(Yen, millions)

	FYE 2009		FYE 2010	Increase / Decrease (Percentage Change)	
	1H	2H	1H	Year-on-year comparison	Comparison with revised forecast of Aug 7
• Net sales					
Power Transmission Products Segment	- GB value (reference) -				
Chain Operations	24,100	19,800	16,500	- 7,600 (- 31.5%)	+ 900 (+ 5.8%)
Power Transmission Units and Components Operations	14,800	11,400	8,300	- 6,500 (- 43.9%)	+ 200 (+ 2.5%)
Automotive Parts Operations	25,700	16,500	16,400	- 9,300 (- 36.2%)	+ 1,400 (+ 9.3%)
Materials Handling Systems Segment	- GB value (reference) -				
Materials Handling Systems Operations	16,300	11,300	8,800	- 7,500 (- 46.0%)	- 300 (- 3.3%)
• Operating income ratio					
Power Transmission Products Segment	13.9%	4.1%	3.9%		
Materials Handling Systems Segment	9.9%	0.9%	- 0.6%		

Major exchange rates 1H FYE 2009: US\$1 = ¥106.12, €1 = ¥162.79

FYE 2009: US\$1 = ¥100.72, €1 = ¥144.07

1H FYE 2010: US\$1 = ¥95.54, €1 = ¥133.22

Overview of Sales Performance by Operations

- **Business environment gradually recovered over the first two quarters, but circumstances remain as challenging as ever**

Operations	Overview
Chain Operations	<ul style="list-style-type: none"> • Japan: Sales of chains to food industry steady, but uniformly poor to machine tool and other industries. • Overseas: Significant falloff with U.S. TSUBAKI, INC., down 36.5% year on year and TSUBAKIMOTO EUROPE B.V., down 35.4% year on year.
Power Transmission Units and Components Operations	<ul style="list-style-type: none"> • Significant reduction in overall earnings • Japan: Shipbuilding industry remains steady, sales to LCD/IT industries showing signs of recovery • Overseas: U.S. TSUBAKI, INC., down 43.3% year on year and TSUBAKIMOTO EUROPE B.V., also down 41.7% year on year.
Automotive Parts Operations	<ul style="list-style-type: none"> • Japan: Sales to environmentally-friendly vehicle industry and others on track to recovery, but down 40.6% year on year. • Overseas: U.S. TSUBAKI, INC., down 27.9%. TSUBAKIMOTO EUROPE B.V., also down 50.4%. TSUBAKIMOTO AUTOMOTIVE (SHANGHAI) CO., LTD., also down 24.9%. TSUBAKIMOTO AUTOMOTIVE (THAILAND) CO., LTD., also down 54.0%.
Materials Handling Systems Operations	<ul style="list-style-type: none"> • Sales of sorters to distribution industry steady, but sales of conveyor systems to automotive industry down. • Sales of bulk handling systems to cement industry and others strong, but total sales down by 18.0% due to lack of big steel industry jobs. • Significant reduction in earnings from 70.2% drop in sales of chip conveyors to machine tool industry.

Segments by Region

- While earnings and income decreased in all regions, there have been signs of recovery from the second quarter

(Yen, millions)

		FYE 2009 1H	FYE 2010 1H	Year-on-year Change (Percentage)	
Japan	Net sales	66,373	39,375	- 26,998	(-40.7%)
	Operating income	8,103	846	- 7,257	(-89.6%)
	Operating income margin	12.2%	2.1%		(-10.1%)
North America	Net sales	14,590	8,992	- 5,598	(-38.4%)
	Operating income	958	-158	- 1,116	(-)
	Operating income margin	6.6%	-		(-)
Europe	Net sales	4,730	2,678	- 2,052	(-43.4%)
	Operating income	477	64	- 413	(-86.6%)
	Operating income margin	10.1%	2.4%		(-7.7%)
Asia / Oceania	Net sales	6,914	4,108	- 2,806	(-40.6%)
	Operating income	1,127	364	- 763	(-67.7%)
	Operating income margin	16.3%	8.9%		(-7.4%)
Other areas	Net sales	53	16	- 37	(-69.8%)
	Operating income	-11	-25	- 14	(-)
	Operating income margin	-	-		(-)
Consolidated	Net sales	82,057	50,503	- 31,554	(-38.5%)
	Operating income	8,942	183	- 8,759	(-98.0%)
	Operating income margin	10.9%	0.4%		(-10.5%)

Major exchange rates

1H FYE 2009: US\$1 = ¥106.12, €1 = ¥162.79, CAD\$1 = ¥103.51, AUD\$1 = ¥97.29, THB1 = ¥3.32, NT\$1 = ¥3.44, RMB1 = ¥14.86

1H FYE 2010: US\$1 = ¥95.54, €1 = ¥133.22, CAD\$1 = ¥84.34, AUD\$1 = ¥75.99, THB1 = ¥2.73, NT\$1 = ¥2.90, RMB1 = ¥13.99

Full Year Forecast

- While the economy shows some signs of having bottomed out, recovery in capital investment has been delayed and our full year forecast remains unchanged from the beginning of the period
- Earnings and income have been upwardly revised
Cost reduction measures for fixed costs and other areas will be implemented on a groupwide basis

(Yen, millions)

	FYE 2010			Increase / Decrease (Percentage of increase / decrease)			
	1H	2H forecast	Full year forecast	Comparison of 1H vs 2H (Percentage)		Comparison of initial forecast vs full year forecast (Percentage)	
Net sales	50,503	59,497	110,000	+ 8,994	(+ 17.8%)	+ 0	(+ 0.0%)
- GB value (reference) -							
Chain Operations	16,500	17,800	34,300	+ 1,300	(+ 7.9%)	- 3,000	(- 8.0%)
Power Transmission Units and Components Operations	8,300	10,100	18,400	+ 1,800	(+ 21.7%)	- 2,400	(- 11.5%)
Automotive Parts Operations	16,400	19,500	35,900	+ 3,100	(+ 18.9%)	+ 5,500	(+ 18.1%)
Materials Handling Systems Operations	8,800	12,300	21,100	+ 3,500	(+ 39.8%)	+ 700	(+ 3.4%)
Operating income	183	1,617	1,800	+ 1,434	(+ 783.6%)	+ 1,000	(+ 125.0%)
Ordinary income	522	1,478	2,000	+ 956	(+ 183.1%)	+ 1,300	(+ 185.7%)
Ordinary income ratio	1.0%	2.5%	1.8%				
Net income	507	1,193	1,700	+ 686	(+ 135.3%)	+ 1,400	(+ 466.7%)

Major exchange rates Initial exchange rate (assumed): US\$1 = ¥90, €1 = ¥115

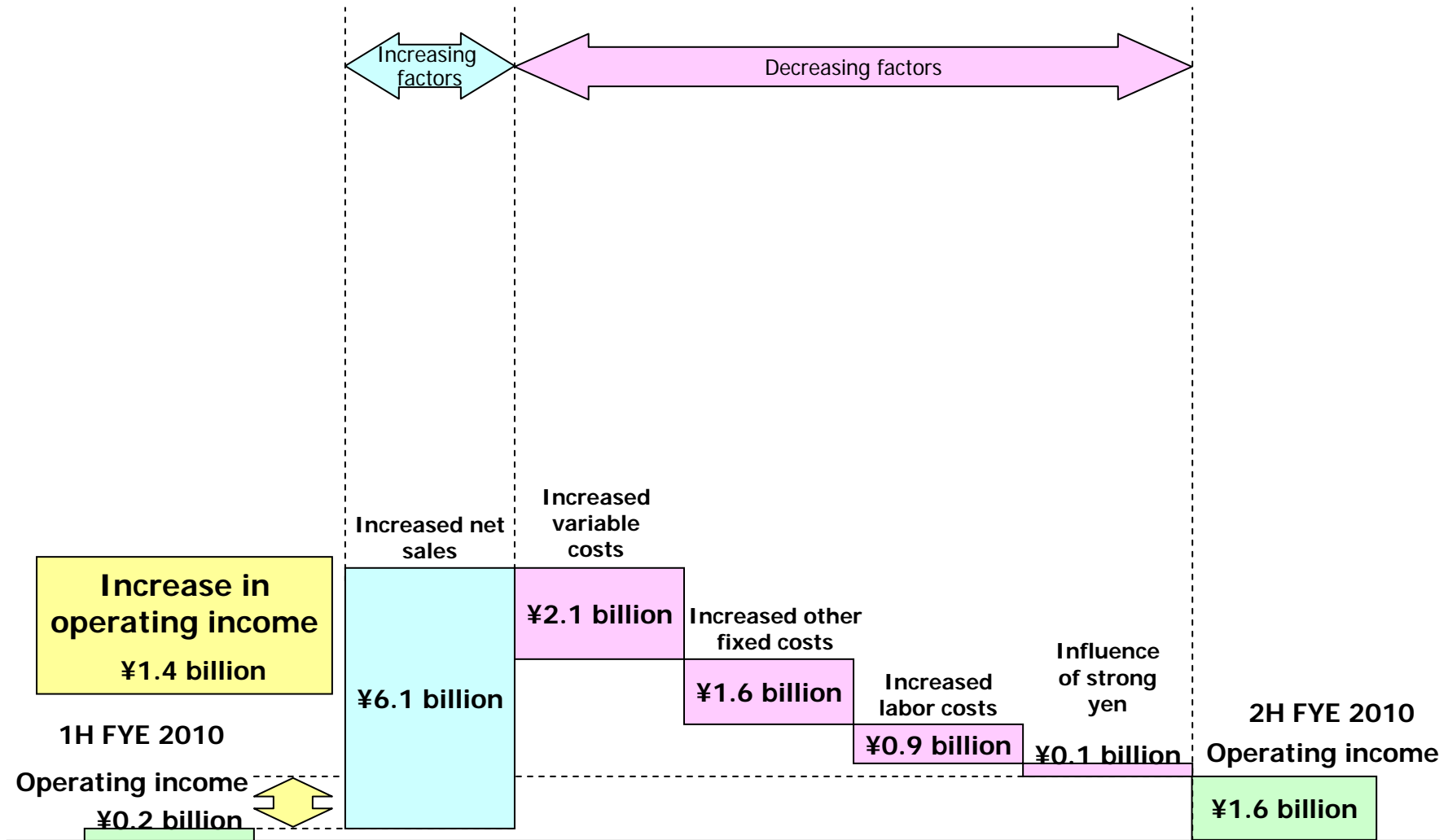
1H exchange rate (actual): US\$1 = ¥95.54, €1 = ¥133.22

Full year exchange rate (assumed): US\$1 = ¥90, €1 = ¥115

7. Factors Influencing Change in Consolidated Operating Income

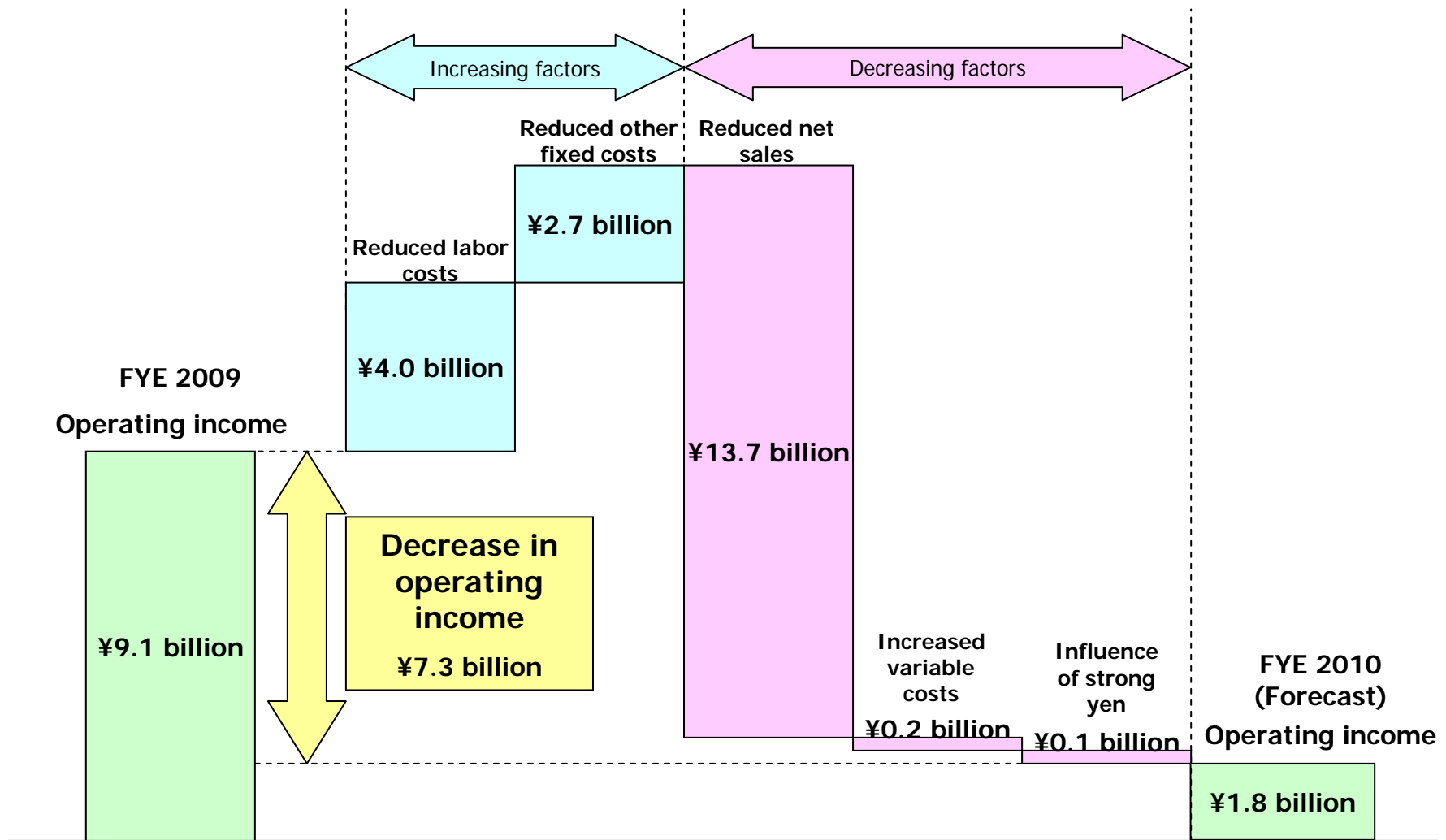
1H FYE 2010 vs. 2H FYE 2010 Forecast

- Comparison of 1H FYE 2010 with forecast for 2H FYE 2010



FYE 2009 vs. FYE 2010 Forecast

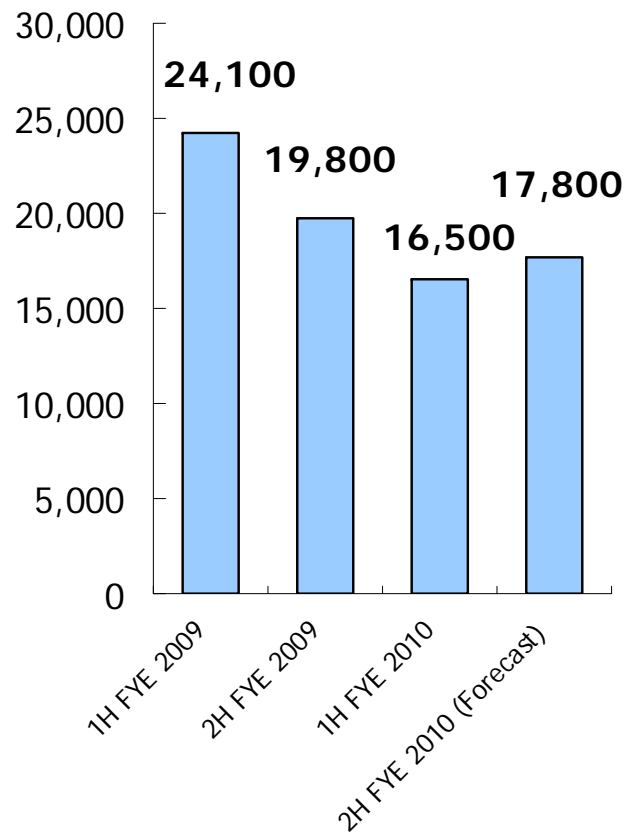
- Comparison of FYE 2009 with full year forecast for FYE 2010



Full Year Forecast and Achievement Strategy

- Signs of gradual recovery evident across all industries, but capital investment is weak and economy remains stagnant

Quarterly Trends (Yen, millions)



Main Themes

Japan: Market strategy that integrates sales and engineering

1. Win orders for replacement of equipment/facilities (Steel, non-ferrous metals, food, environment, and other industries)
2. Expand orders by targeting solar power industry and other growth markets

Overseas: Focus on specific industries

3. Conveyor chains for mining industry
4. Expand lineup of compact conveyor chains and plastic chains for food and packaging industries, and develop connections with OEMs in Europe

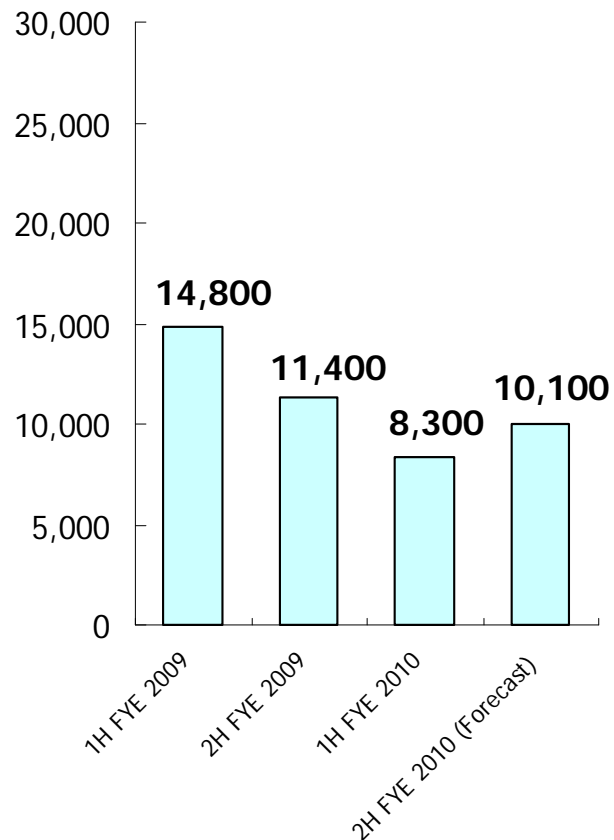
Comprehensive cost reductions

5. Sustained curtailment of expenditure across all segments

Full Year Forecast and Achievement Strategy

- LCD and IT industries show signs of gradual recovery, and sales and order backlog to steel and shipbuilding industries remain steady

Quarterly Trends (Yen, millions)



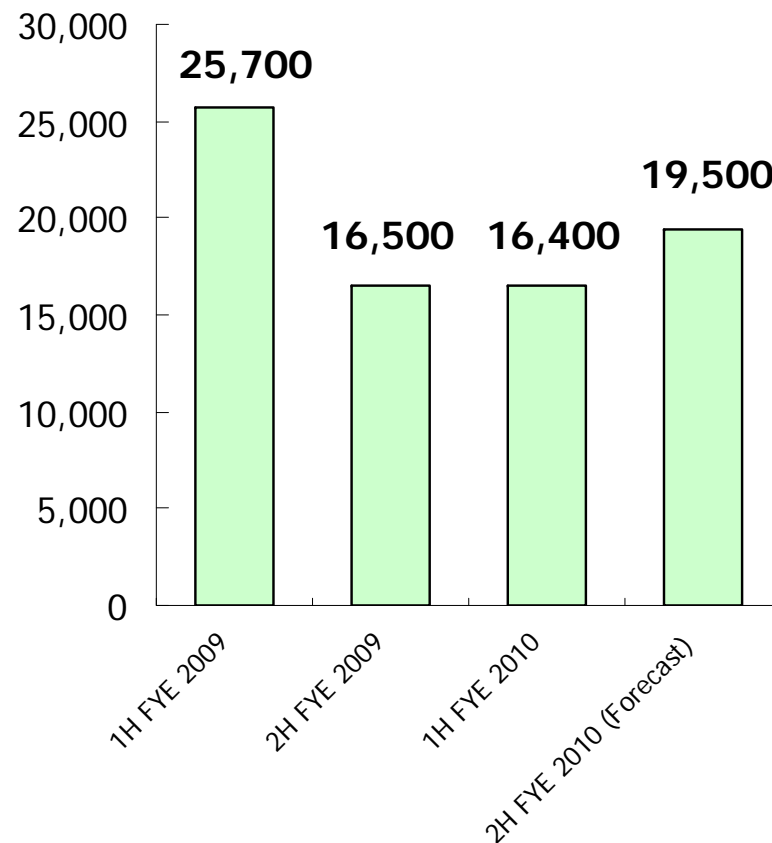
Main Themes

1. Win orders with short delivery times through comprehensive support in response to requests for quotes
2. Focus on IT and solar power industries
3. Invest in new products
 - Expand lineup of worm reducers aiming to supply top product in Asia
 - Invest in cam clutches with integrated reducers for steel/mining industries in Australia, Brazil, South Africa (Includes increased sales of Power Cylinders and BS Cam Clutches)
 - Increase sales of precision planetary gear reducers (PAT series)
4. Expand linear motion business

Full Year Forecast and Achievement Strategy

- Demand recovering in environmentally-friendly vehicle industry, but situation going forward remains unclear from fourth quarter

Quarterly Trends (Yen, millions)



Forecast for Five Global Production Centers

1. Japan: Uncertainty remains in 4Q
2. USA: Was on track to recovery, but outlook very uncertain from 4Q
3. Europe: Gradually picking up from 4Q, but still an uphill battle
4. Thailand: Stagnating market will get on track to recovery
5. China: Growth to exceed that of last year in second half

Main Themes

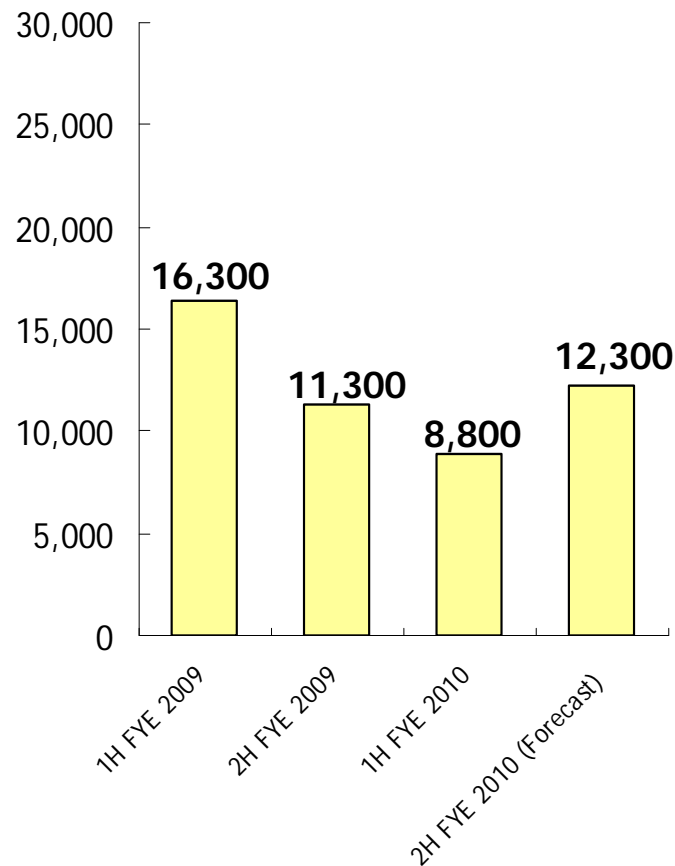
Respond timely to changes in market conditions

- Enhancement of new product development for environmentally-friendly and low-cost vehicles

Full Year Forecast and Achievement Strategy

- **Second-half earnings improve over first two quarters, aided by sales to steel industry in particular, however automotive and machine tool industries remain extremely challenging**

Quarterly Trends (Yen, millions)



Main Themes

Win orders

1. Win new orders from distribution industry with sorters for use by couriers, delivery services, and other industries
2. Continue to win orders for products for use in solar panel production processes (Increase orders from existing customers and win new customers)
3. Continue to focus on countermeasures for aging equipment and other maintenance businesses

Comprehensive cost reduction measures

Reduce external expenditure and man-hours associated with locally-sourced construction and trial operation by enhancing in-house production

- We will create a basic operational policy that will form the framework of our medium-term plan towards establishing a firm position as a manufacturer

Basic Policy

- I Refine **manufacturing technology** that will lead to the improvement of quality, cost, delivery, and service, and strengthen business foundations to remain a stable going concern
 - Strengthen manufacturing and product technology and development capabilities
 - Income-orientated management

- II Aim to be a **solutions provider** in the wide range of fields handled by the Materials Handling Systems and Power Transmission Products Operations by constantly striving to understand the customer's perspective
 - Power Transmission Products Segment: Sale of solutions leveraging comprehensive strength
 - Materials Handling Systems Segment: Shift away from hardware towards solutions

- III Boost new product development, starting with **environmentally-friendly products**
(Expand environmentally-friendly product lineup)
 - Environmentally-friendly products = Long-life, energy-efficient products
 - We will establish our own environmental assessment standards in order to promote environmentally-friendly product features

This reference document describes the outlook of our business performance and business plans. Contents of this document are based on the economic environment and our business policies at the time of preparation of the reference data. Therefore, please note that actual results may be different from the business outlook described here, depending on a variety of factors.