

October 26, 2005

To All Parties Concerned

Tsubakimoto Chain Co.
(TSE Code: 6371)
Tatsuhiko Mimoto, President and
Representative Director

For additional information, contact:
Kikuo Tomita, Legal and General
Affairs Department, Compliance
Administration
TEL: +81-6-6313-3156

Acquisition of Shares of Yamakyu Chain Co., Ltd.

The Company resolved at its Board of Directors meeting on October 26, 2005 to purchase 51% of the outstanding shares of Yamakyu Chain Co., Ltd., making it a subsidiary of the Company.

Particulars

1. Reasons for Acquisition

(1) Reinforcing the Company's plastic chain business

Yamakyu Chain possesses superior product development and production capabilities in the plastic chain field. By combining this with the Company's industry-leading sales, technology, and production capabilities, the two companies can realize significant synergies in the areas of technology, product development, and production, thereby reinforcing the foundation of the Company's plastic chain business.

(2) Widening the applications for plastic chains

The Company aims to expand the application of plastic chains from the food and beverage production processes to production of semiconductors, liquid crystal, light electronics, and automobiles. In addition, the Company is seeking to improve the qualities of plastic chain to serve diverse needs, including the demand for low friction, heat-resistance, conductivity, and HACCP-compliant antibacterial properties.

(3) Expanding overseas plastic chain sales

The acquisition will support the Company's expansion of plastic chains in overseas markets, especially in the Asia/Oceania regions.

2. Overview of Yamakyu Chain Co., Ltd.

- (1) Company Name: Yamakyu Chain Co., Ltd.
- (2) Representative: Mikihiko Omori, Representative Director and President
- (3) Head Office: 2-15-16 Takanawa, Minato-ku, Tokyo, Japan
- (4) Date of Establishment: September 1925
- (5) Main Business: Manufacture and sales of chains
- (6) Fiscal Year End: March 31
- (7) Number of Employees: 174
- (8) Main Offices: Tokyo, Osaka, Nagoya
- (9) Paid-in Capital: ¥126 million
- (10) Shares Outstanding: 2,520,000
- (11) Main Shareholders: Yamakyu Enterprise Co., Ltd.

Mikihiko Omori

3. Yamakyu Chain's Financial Results for Previous Two Fiscal Years (millions of yen except dividends per share)

	FY Ended March 2004	FY Ended March 2005
Net Sales	4,714	4,883
Gross profit on sales	1,014	1,140
Operating income	169	283
Ordinary income	145	183
Net income	20	93
Total assets	4,393	4,571
Shareholder's equity	612	679
Dividends per share(yen)	6	12

4. Party Selling Shares

- (1) Yamakyu Enterprise Co., Ltd.
- (2) Representative: Mikihiko Omori, Representative Director and President
- (3) Head Office: 2-15-16 Takanawa, Minato-ku, Tokyo, Japan
- (4) Main Business: Asset Management
- (5) Relation with Tsubakimoto Chain: None

5. Number of Shares to Be Acquired, Acquisition Price, Number of Shares Owned Before and After Transaction

- (1) Number of shares owned before transaction: 0 (ownership stake 0%)
- (2) Number of shares to be acquired: 1,285,200 (acquisition price undecided)
- (3) Number of shares owned after transaction: 1,285,200 (ownership stake 51%)

6. Schedule of Acquisition

Signing of basic acquisition agreement: October 26, 2005

Signing of contract to transfer shares: Early December

Date of transfer of shares: April 3, 2006

7. Future Outlook

Since the shares will be transferred to the Company on April 3, 2006, the acquisition will have no effect on the Company's financial results for the term ending March 31, 2006.

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