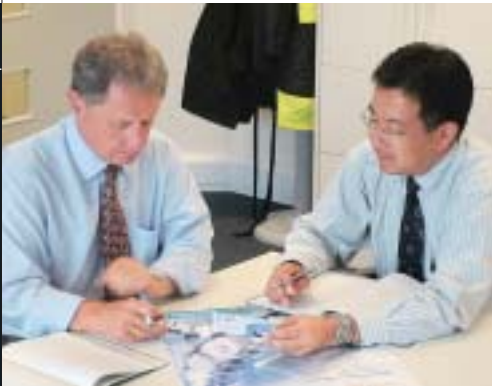


Tsubaki Group at a Glance



■ Business Overview and Industry Standing **page 2**

■ Growth Track in Relation to Operating Environment and Growth Drivers **page 3**

■ Performance Trends (Consolidated Financial Summary) **page 4**

■ Three-Year STEP09 Medium-Term Management Plan **page 6**

Business Overview and Industry Standing

Business Overview

Tsubaki Group Brings Innovation to Motion & Control

Since its founding, the Tsubaki Group has consistently applied differentiated technology derived from its mainstay Chain Operations to expand into a diverse range of businesses. The Group's business scope now encompasses automotive parts, including timing chain drive systems for engines, and power transmission units and components, including reducers and motion control units. Furthermore, by exploiting technology in Motion & Control, we have extended our operations to materials handling systems for sorting, storage, and conveyance.

Our *Innovation in Motion* slogan expresses our readiness to take the initiative to transform ourselves in the field of Motion & Control. With that attitude, we will answer the individual needs of customers with optimal products based on our differentiated technology and global network. While enhancing productivity and implementing initiatives in environmental protection and energy saving, we will strive to attain sustainable growth and maximize corporate value.

Industry Standing

Leveraging Our Brand Power in Four Operating Segments

Chain Operations

In steel chains, the Group accounts for 67% of the domestic market and 23.5% of the world market. We hold a dominant position that leaves the nearest competitors well behind.

Automotive Parts Operations

The Group boasts an overwhelming domestic market share for timing chain drive systems, its mainstay product in Automotive Parts Operations. With a 34% share of the world market, we are strongly challenging the top overseas manufacturer of timing chains.

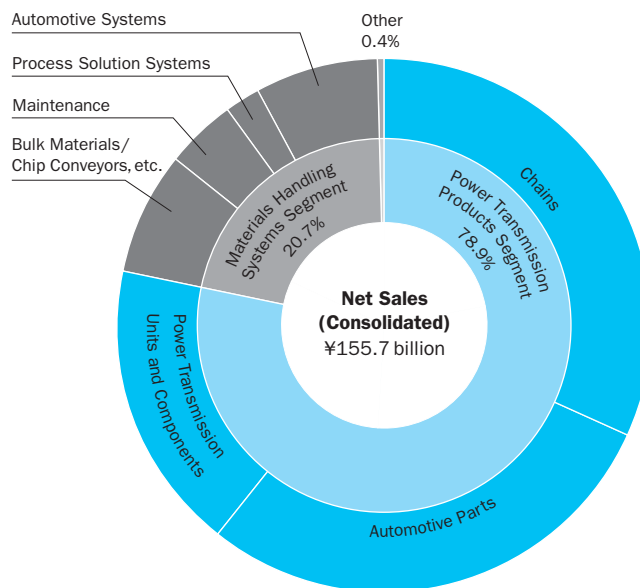
Power Transmission Units and Components Operations

Sales of the operating segment's mainstay product, reducers, are growing due to aggressive marketing. In addition, the Group's other top-selling products have secured significant shares of domestic niche markets; cam clutches have about an 80% market share and power cylinders (electro-mechanical cylinders) about a 50% market share.

Materials Handling Systems Operations

The Group's strength lies in the ability to tailor products to customers' systems based on a technology solutions based marketing strategy. Core products are automotive body paint shop conveyor systems, sorting systems, and conveyance systems for the newspaper industry.

Sales by Operating Segment in Fiscal 2007



Industry Standing and Competitive Position for Mainstay Products

	Domestic Share	World Share
Chains	67%	23.5%
Timing Chain Drive Systems	73%	34%
Cam Clutches	80%	
Power Cylinders	50%	
Automotive body paint shop conveyor systems	35%	
Paper feeding systems for newspaper industry	80%	

Source: Tsubakimoto Chain

Growth Track in Relation to Operating Environment and Growth Drivers

■ Growth Track in Relation to Operating Environment Corporate Structure Resilient to Changes in Domestic Business Climate

Looking back at our performance, we can see a significant change in our growth track from fiscal 2002 onward. Before then, the Tsubaki Group's business results were vulnerable to domestic economic fluctuations, particularly the level of capital investment. Since fiscal 2002, however, our results have not been impacted by economic downturns and other external factors. Moreover, our business growth has outpaced that of the domestic economy during its recovery phase.

This change in our growth track can be explained by, first, the thoroughgoing operational restructuring we have undertaken to reinforce our financial base. Second, we have energetically expanded our global operations, and, third, we have benefited from structural shifts in the operating environment, as explained below.

■ Growth Drivers

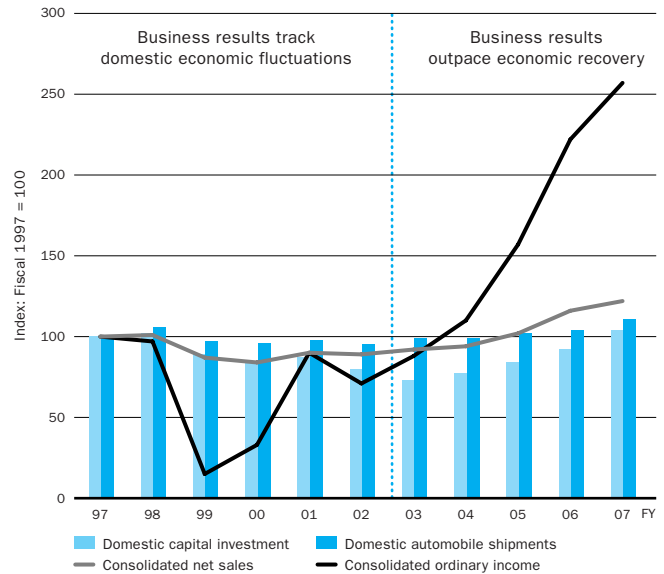
Successful Globalization Strategy and Structural Shifts in Operating Environment

Since the beginning of the decade, the Tsubaki Group has moved onto a strong growth track. One of the key factors in achieving this change in our growth track has been our globalization strategy. Under the motto of *Global Best*, we have aimed to maximize Groupwide competitiveness by leveraging the strength of the Tsubaki brand, which is reinforced by our technology advantage. Our efforts to expand have not been confined to markets where we are traditionally strong, like the United States; we have also worked to heighten our presence in markets in Europe and Asia/Oceania.

We have also been propelled forward by structural shifts in the operating environment. Large-scale heavy industries, such as steel and shipbuilding, have revived, and this has been accompanied by the renewal of production equipment and a brisk round of new investment. Investment in production equipment, with the aim of raising manufacturing efficiency and product competitiveness, has been particularly robust. At the same time, the requirements for higher-performance, compact, and energy-saving automotive engines have fueled a worldwide changeover from belts to chains in timing drive systems.

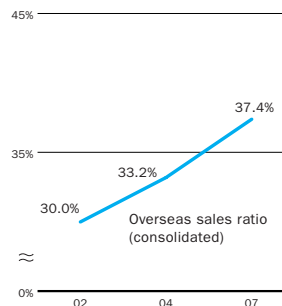
Changes in Tsubaki Group's Growth Track

From dependence on domestic economy to strong, independent growth track

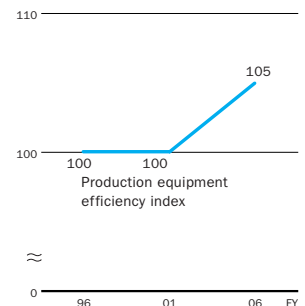


Sources: Capital investment figures from Japan's Ministry of Finance; automobile shipment figures from Japan Automobile Manufacturers Association, Inc.

Widening Sphere of Tsubaki Group's Activities From Japan to the world

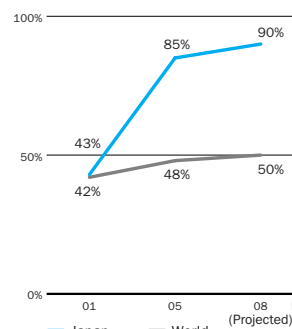


Structural Shift in Investment Style of Companies Acceleration of investment to enhance productivity from 2000



Source: Ministry of Finance
Production equipment efficiency index =
added value ÷ tangible fixed assets
(Index: Fiscal 1996 = 100)

Structural Shift in Automotive Engine Timing Drive Systems Japanese trend to adopt chains spreading worldwide



Source: Tsubakimoto Chain

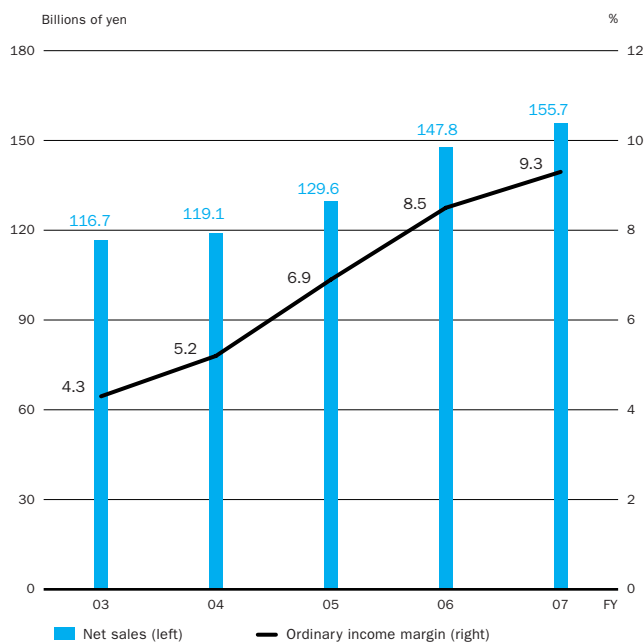
Performance Trends (Consolidated Financial Summary)

Years ended March 31

In the past five years, net sales have increased 1.4 times and ordinary income has increased 3.6 times. Despite the fact that the interest-bearing debt increased in fiscal 2007 due to investment to increase production, it has almost halved during the five-year period. Consequently, the ratio of net interest-bearing debt to total assets has fallen steadily, to 13.0% at the end of fiscal 2007.

We are starting to see the results of our management style in maximizing net sales, performance, and capital efficiency.

Continuous Growth in Net Sales and Profitability



FY

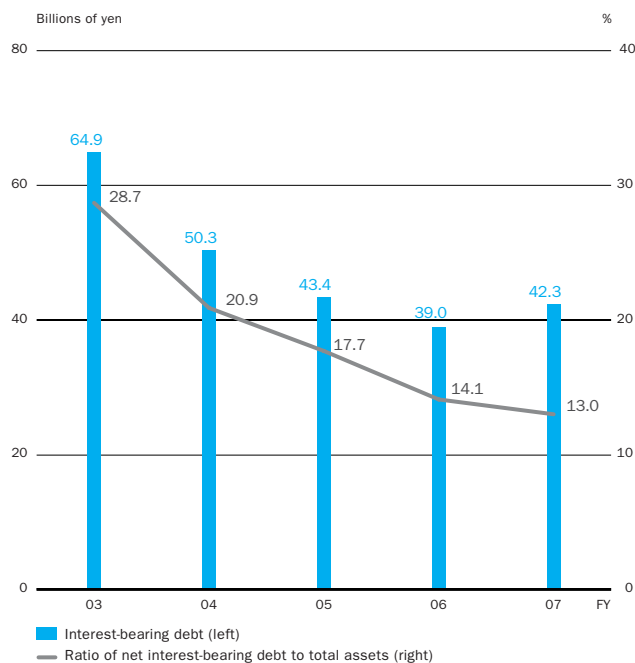
	2003	2004	2005	2006	2007
Operating Performance (Millions of yen)					
Net sales	¥116,670	¥119,141	¥129,563	¥147,761	¥155,747
Operating income	7,351	7,951	10,448	13,830	16,008
EBITDA ¹	14,086	14,035	15,952	19,339	21,957
Ordinary income	4,999	6,215	8,888	12,594	14,545
Net income	1,531	3,385	4,449	6,607	8,541
Depreciation and amortization	6,736	6,083	5,504	5,509	5,948
Net financial expenses ²	(1,507)	(1,181)	(1,002)	(642)	(554)
Balance Sheets (Millions of yen)					
Total assets	¥183,260	¥175,432	¥179,263	¥198,458	¥212,740
Net assets	60,307	66,873	71,634	77,098	81,034
Interest-bearing debt	64,930	50,317	43,380	38,967	42,313
Net interest-bearing debt ³	52,513	36,637	31,818	27,982	27,695

¹ EBITDA = operating income + depreciation and amortization

² Net financial expenses = interest and dividend income – interest expense

³ Net interest-bearing debt = interest-bearing debt – cash and cash equivalents

Financial Soundness Continues to Improve



	FY				
	2003	2004	2005	2006	2007
■ Cash Flows (Millions of yen)					
Net cash provided by operating activities	¥ 12,020	¥ 7,995	¥ 9,673	¥10,681	¥10,107
Net cash (used in) provided by investing activities	(3,014)	9,068	(2,465)	(5,595)	(5,879)
Net cash used in financing activities	(14,216)	(15,538)	(9,412)	(5,596)	(647)
Free cash flow ⁴	9,006	17,063	7,208	5,086	4,228
■ Major Indicators					
Ordinary income margin	4.3%	5.2%	6.9%	8.5%	9.3%
ROE ⁵	2.5%	5.3%	6.4%	8.9%	10.8%
D/E ratio (net) ⁶	0.87	0.55	0.44	0.36	0.34
■ Per Share Data (Yen)					
Net income	¥ 7.92	¥ 17.40	¥ 22.77	¥ 34.78	¥ 45.55
Net assets	319.39	354.14	380.91	410.66	432.20
Cash dividends	6.00	6.00	7.00	9.00 ⁷	7.00

⁴ Free cash flow = net cash provided by operating activities + net cash provided by (used in) investing activities

⁵ ROE = net income ÷ average net assets

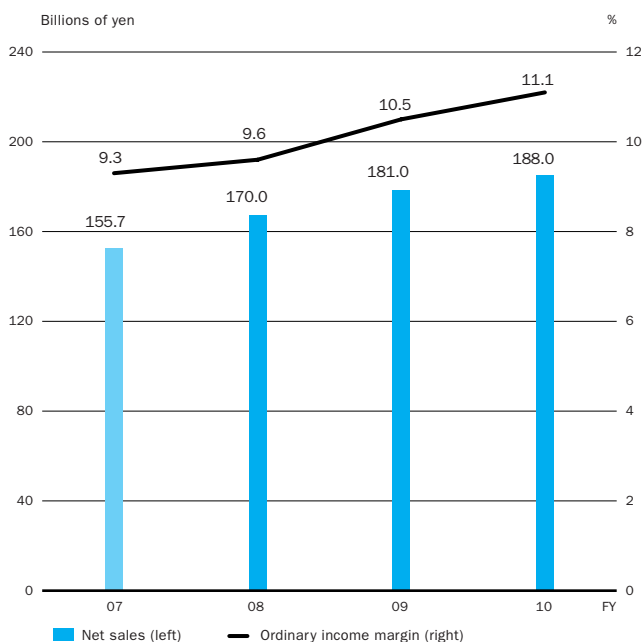
⁶ D/E ratio (net) = net interest-bearing debt ÷ net assets

⁷ Includes a commemorative 90th anniversary dividend of ¥2.00

Three-Year STEP09 Medium-Term Management Plan

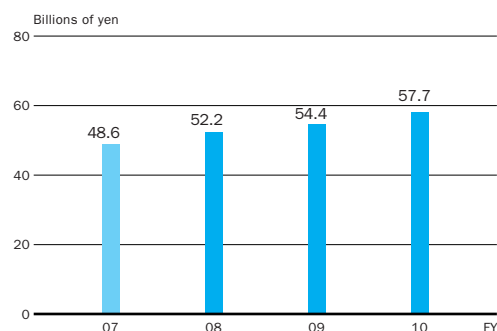
We are by no means complacent about our current performance, and we will seek to realize further improvements in profitability and to achieve sustainable growth. Our priorities are further productivity gains and enhanced product development backed by our differentiated technology. For fiscal 2010, the final year of the STEP09 medium-term management plan, we are targeting – in accordance with our policy of “commitment management” – a more than 1.2-times increase in net sales and a 1.8-point increase in the ordinary income margin compared with fiscal 2007.

Three-Year STEP09 Medium-Term Management Plan (Consolidated)

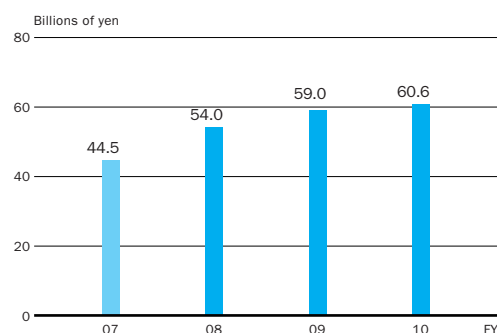


Sales Targets by Business Units

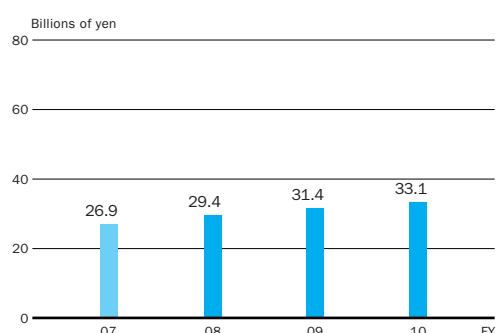
Power Transmission Products Segment



Automotive Parts Operations



Power Transmission Units and Components Operations



Materials Handling Systems Segment

