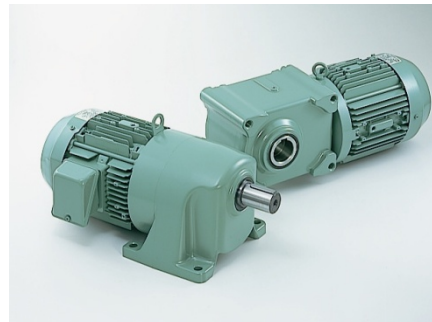


Tsubakimoto Chain Co. FYE 2009 Settlement of Accounts Presentation Meeting



May 20, 2009

Report on FYE 2009 Business Performance/Forecast

- Report on FYE 2009 Business Performance
- Forecast for FYE 2010

Chairman, President and Representative Director
Takashi Fukunaga

Report on FYE 2009 Business Performance

Main Points of Settlement of Accounts

- Rapid deterioration of business environment from second half led to significant reductions in earnings and income
- Prompt cost cutting measures saw income surpass forecasts in third quarter

(Yen, millions)

	FYE 2009	FYE 2008	Increase / Decrease (Percentage Change)			
			Comparison with previous term		Comparison with projection (As of February 6, 2009)	
Net sales	141,517	167,202	- 25,685	(- 15.4%)	- 3,483	(- 2.4%)
Operating income	9,095	19,805	- 10,710	(- 54.1%)	+ 695	(+ 8.2%)
Ordinary income	9,328	18,051	- 8,723	(- 48.3%)	+ 1,128	(+ 13.7%)
Ordinary income ratio	6.6%	10.8%		(- 4.2%)		(+ 16.5%)
Net income	6,188	10,371	- 4,183	(- 40.3%)	+ 2,088	(+ 50.9%)
Shareholders' equity ratio	43.9%	40.3%	—	—	—	—
Net D/E ratio	0.31	0.25	—	—	—	—
Dividends per share	¥8	¥8	Same as previous term		—	—

* Actual exchange rate: US\$1 = ¥100.72, €1 = ¥144.07

2. FYE 2009 Review

Breakdown by Segment and Operations

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- **Power Transmission Products Segment: Reduced earnings and income due to slow sales of chains/automotive parts and influence of the strong yen**
- **Materials Handling Systems Segment: Reduced earnings and income due to rapid drop-off in capital investment**

(Yen, millions)

	FYE 2009	FYE 2008	Increase / Decrease (Percentage Change)			
			Comparison with previous term		Comparison with projection (As of February 6, 2009)	
• Net sales						
Power Transmission Products Segment	- GB value (reference) -					
Chain Operations	43,900	49,800	- 5,900	(- 11.8%)	- 1,500	(- 3.3%)
Power Transmission Units and Components Operations	26,200	27,900	- 1,700	(- 6.1%)	- 600	(- 2.2%)
Automotive Parts Operations	42,200	53,600	- 11,400	(- 21.3%)	- 800	(- 1.9%)
Materials Handling Systems Segment	- GB value (reference) -					
Materials Handling Systems Operations	27,600	33,600	- 6,000	(- 17.9%)	- 700	(- 2.5%)
• Operating income ratio						
Power Transmission Products Segment	9.9%	14.5%	- 4.6%			
Materials Handling Systems Segment	6.3%	11.9%	- 5.6%			

* Actual exchange rate: US\$1 = ¥100.72, €1 = ¥144.07

Overview of Sales Performance by Operations

- All four operating segments in difficult circumstances due to substantial drop in demand in response to abrupt deterioration of business environment

Operations	Overview
Chain Operations	<ul style="list-style-type: none"> • Japan: Chains for steel industry (up 7.3% from previous term), Chains for machine tool industry (down 30.0% from previous term). • Overseas: U.S. TSUBAKI, INC., down 20.6% from previous term. TSUBAKIMOTO EUROPE B.V., down 18.9% from same term.
Power Transmission Units and Components Operations	<ul style="list-style-type: none"> • Japan: Steady sales to shipbuilding industry, but sluggish to machine tool and automotive industries. Steel and LCD/IT strong in first half, but declined rapidly in second half. • Overseas: U.S. TSUBAKI, INC., down 14.8% from previous term. TSUBAKIMOTO EUROPE B.V., down 14.9% from same term.
Automotive Parts Operations	<ul style="list-style-type: none"> • Both TSUBAKIMOTO AUTOMOTIVE (SHANGHAI) CO.,LTD. (up 30.3% from previous term) and TSUBAKIMOTO AUTOMOTIVE (THAILAND) CO., LTD. (up 26.7% from same term) maintained strong growth. • U.S. TSUBAKI, INC., down 28.5% from previous term. TSUBAKIMOTO EUROPE B. V., down 27.2% from same term. Domestic sales also slowing, down 17.1% from previous term.
Materials Handling Systems Operations	<ul style="list-style-type: none"> • Decreasing sales of automotive body paint shop conveyor systems for automobile industry. • Brisk sales of powder and particle transfer equipment for foreign cement industries, especially in India and China. • Sales of chip conveyors for machining tools declined rapidly in second half.

4. FYE 2009 Review Segment by Region

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- Asia and Oceania comparatively steady. Substantial downturn in North America and Europe

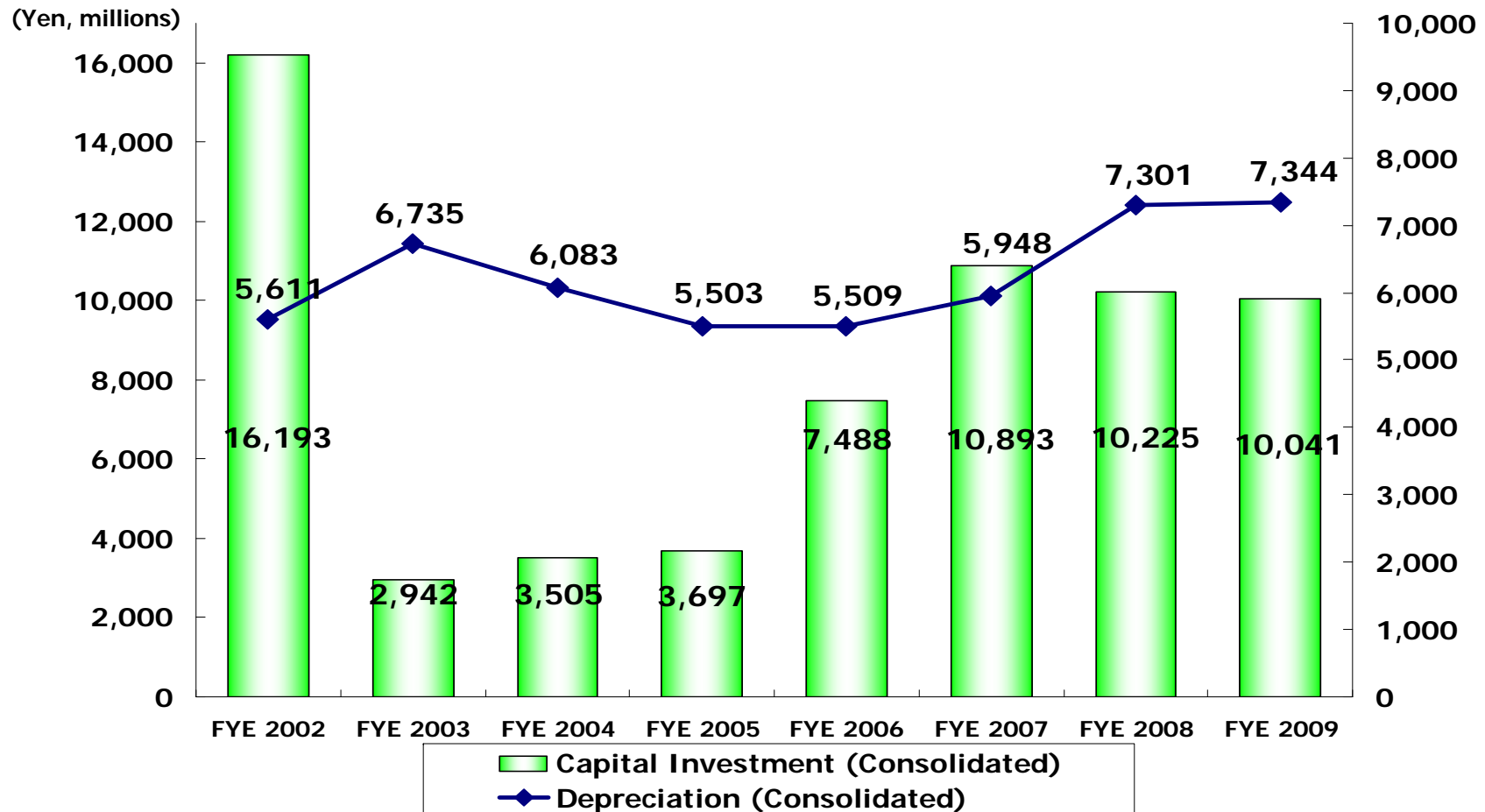
(Yen, millions)

		FYE 2009	FYE 2008	Increase/decrease from previous term (Percentage of increase/decrease)	
Japan	Net sales	116,292	130,544	- 14,252	(- 10.9%)
	Operating income	10,047	16,485	- 6,438	(- 39.1%)
	Operating income margin	8.6%	12.6%		(- 4.0%)
North America	Net sales	24,098	36,002	- 11,904	(- 33.1%)
	Operating income	861	3,145	- 2,284	(- 72.6%)
	Operating income margin	3.6%	8.7%		(- 5.1%)
Europe	Net sales	7,370	10,070	- 2,700	(- 26.8%)
	Operating income	467	1,204	- 737	(- 61.2%)
	Operating income margin	6.3%	12.0%		(- 5.7%)
Asia / Oceania	Net sales	12,485	11,966	+ 519	(+ 4.3%)
	Operating income	1,862	1,997	- 135	(- 6.8%)
	Operating income margin	14.9%	16.7%		(+ 1.8%)
Other areas	Net sales	143	327	- 184	(- 56.3%)
	Operating income	-10	41	- 51	(- 124.4%)
	Operating income margin	-	12.5%		(-)
Consolidated	Net sales	141,517	167,202	- 25,685	(- 15.4%)
	Operating income	9,095	19,805	- 10,710	(- 54.1%)
	Operating income margin	6.4%	11.8%		(- 5.4%)

Capital Investment and Depreciation

- Capital investment restrained in second half due to sharp deterioration of business environment

Initially-scheduled investment at start of term: ¥12.5 billion  Actual investment in FYE 2009: 10.0 billion



Forecast for FYE 2010

1. Outlook for FYE 2010

- Easing of decreased automotive production expected to aid gradual recovery in sales during second half of year, but income forecast to shrink by 22% over the term
- Comprehensive cost reductions to be implemented in order to remain in the black

(Yen, millions)

	FYE 2010 Forecast			Reference (Comparison with previous term)		
	First Half	Second Half	Full-Term	FYE 2009	Increase/Decrease	(Percentage of increase/decrease)
Net sales	50,000	60,000	110,000	141,517	- 31,517	(- 22.3%)
- GB value (reference) -						
Chain Operations	16,800	20,500	37,300	43,900	- 6,600	(- 15.0%)
Power Transmission Units and Components Operations	9,300	11,500	20,800	26,200	- 5,400	(- 20.6%)
Automotive Parts Operations	13,500	16,900	30,400	42,200	- 11,800	(- 28.0%)
Materials Handling Systems Operations	9,400	11,000	20,400	27,600	- 7,200	(- 26.1%)
Operating income	- 2,800	3,600	800	9,095	- 8,295	(- 91.2%)
Ordinary income	- 2,700	3,400	700	9,328	- 8,628	(- 92.5%)
Ordinary income ratio	- 5.4%	5.7%	0.6%	5.7%	- 5.1%	
Net income	- 1,600	1,900	300	6,188	- 5,888	(- 95.2%)

*Assumed exchange rate: US\$1 = ¥90, €1 = ¥115

2. Companywide Goals for FYE 2010

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- **Reduce costs by reforming all business processes – no exceptions**
 - **Secure income through strict cost reductions -**

- **Reduce fixed costs and improve productivity**
 - **Curtail capital investment through careful prioritizing**
Strategic allocation of resources to priority business and careful selection of investments.
 - **Reduce personnel costs**
Cut back on executive bonuses, implement salary cuts for top posts, cut back on overtime, introduce temporary leaves of absence, and reduce numbers of non-regular staff.
 - **Reduce manufacturing overhead costs**
Implement productivity and quality improvements.

- **Improve products and enhance new product development**
 - **Speed up product development**

- **Enhance Global-Best strategy**
 - **Lower exchange risk by promoting optimal location of overseas production and sales bases**
 - **Develop global human resources by providing training to all employees, both in Japan and overseas**

- **New businesses**

1. **Expand sales of products aimed at solar power industry**
(Joint project between Chain Operations and Power Transmission Units and Components Operations)
Aiming for annual sales of ¥500 million by FYE 2011

- **Global deployment**

1. **Worldwide sales of plastic chain series**
(Expanding Tsubaki brand through technological tie-ups and joint ventures with overseas firms)
2. **Expand sales of chains for use in mining industry**
Global roll out of successful Australian project

- **New products**

1. **Provide G7 RS roller chain in all sizes**
2. **Revamp BS roller chain for European market**
3. **Low-dust, low-noise plastic cableveyor**

Power Transmission Units and Components Operations

- **New businesses**

1. Develop linear motor business (integration of machinery and electronics)
2. Expand sales of products aimed at solar power industry
(Joint project between Chain Operations and Power Transmission Units and Components Operations)

- **Global deployment**

1. Mining market (Australia, Brazil, and others)
2. Overseas steel industries (China, Korea, and Taiwan)
3. Promote business tie-ups with overseas firms (e.g. linear actuators and precision planetary gear reducers)

- **New products**

1. Improve core technology and enhancement of new products
 - Gear reducers: Revamp worm gear lineup (including toroidal drives)
New series of precision planetary gear reducers
 - Linear actuators: Expand jack lineup

- **Market share expansion**

Survival and Growth: Provide the customer with quality and technology that can only be offered by a leading global brand

1. **Enhance technological superiority through construction of new Automotive Engineering Laboratory (*Product innovation*)**
 - Upgrade evaluation technology for production vehicles/production models
 - Upgrade and expand product function evaluations
 - Focus on development of environmentally-friendly products for developed markets and low-cost products for developing countries
2. **Expand superiority in terms of quality and technology (*Process innovation*)**
 - Zero quality defects, zero line stoppages
 - Develop manufacturing and processing technology, improving precision and speed

- **New markets, new businesses**

1. Develop new products for environmental and pharmaceutical industries
2. Expand maintenance-based services

- **Global deployment**

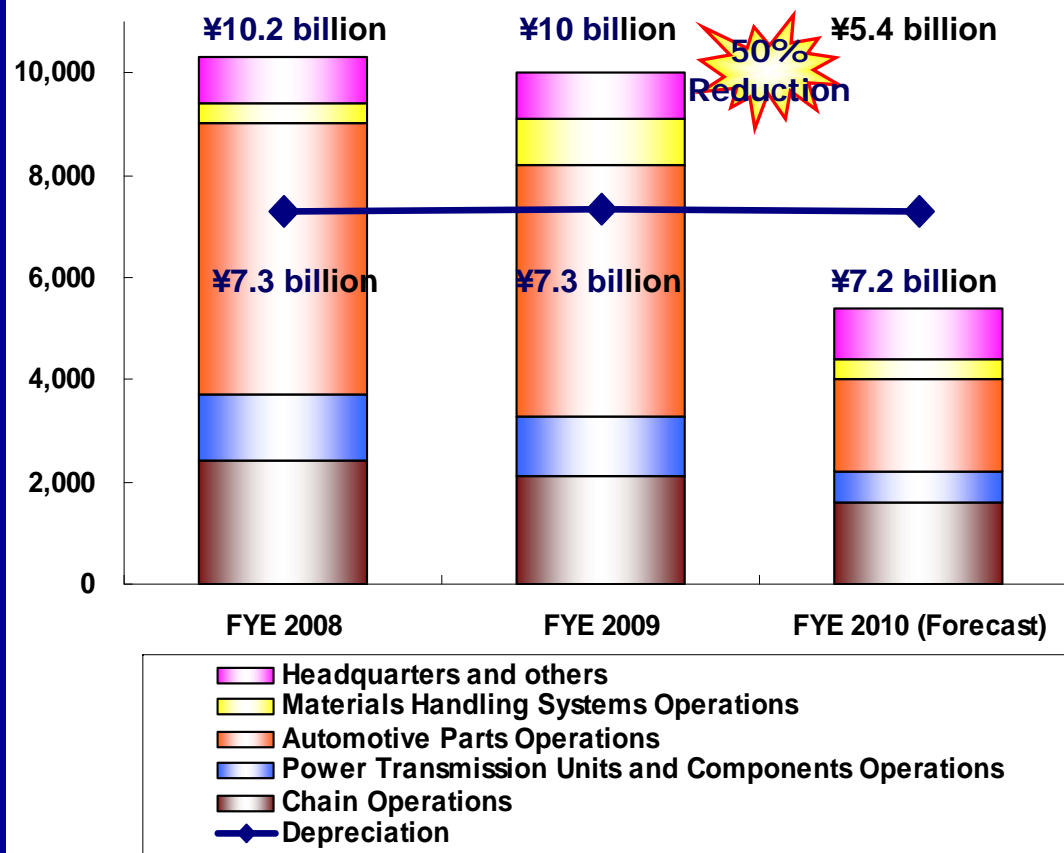
1. Expand sales in Brazil, countries in South East Asia, and other developing nations

- **Substantial curtailment of expenses**

1. Expand in-house manufacturing (reduce expenditure on outsourcing)
2. Improve degree of completion of products made in-house to reduce man-hours spent on on-site construction and test operation
3. Implement thorough and comprehensive pre-shipment inspections to reduce expenses resulting from complaints

4. Capital Investment in FYE 2010

- Substantial curtailment of expenses and simultaneous investment in order to ensure subsequent growth
- Capital Investment and Depreciation



Major Capital Investments and Objectives

1. Maintaining and upgrading facilities: ¥1.9 billion
2. R&D/new products: ¥0.5 billion
3. QA/safety: ¥0.6 billion
4. Expanding/streamlining production: ¥1.6 billion
5. Administration/sales facilities: ¥0.8 billion

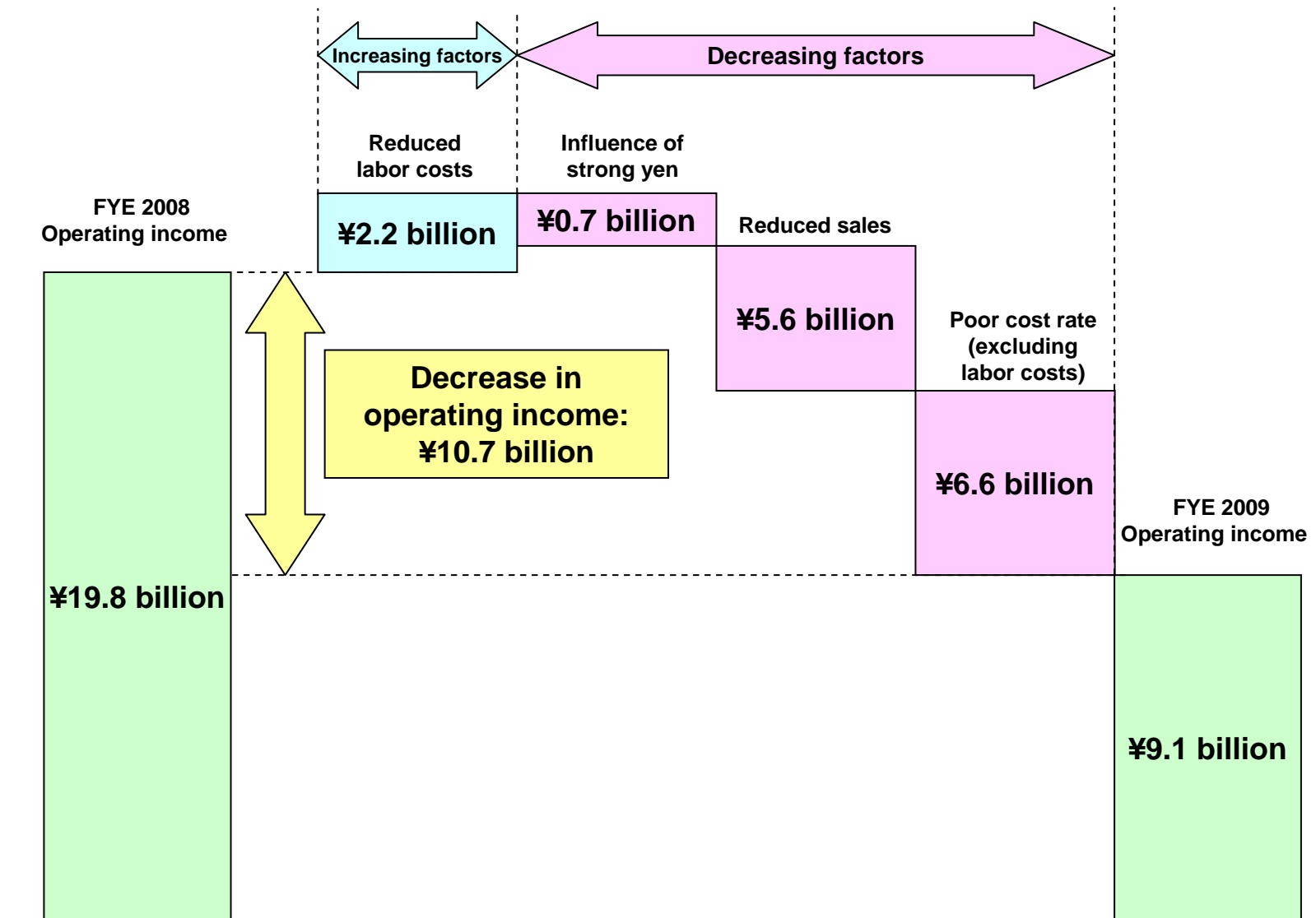
Minimum necessary investments

FYE 2009 Overview of Settlement of Accounts

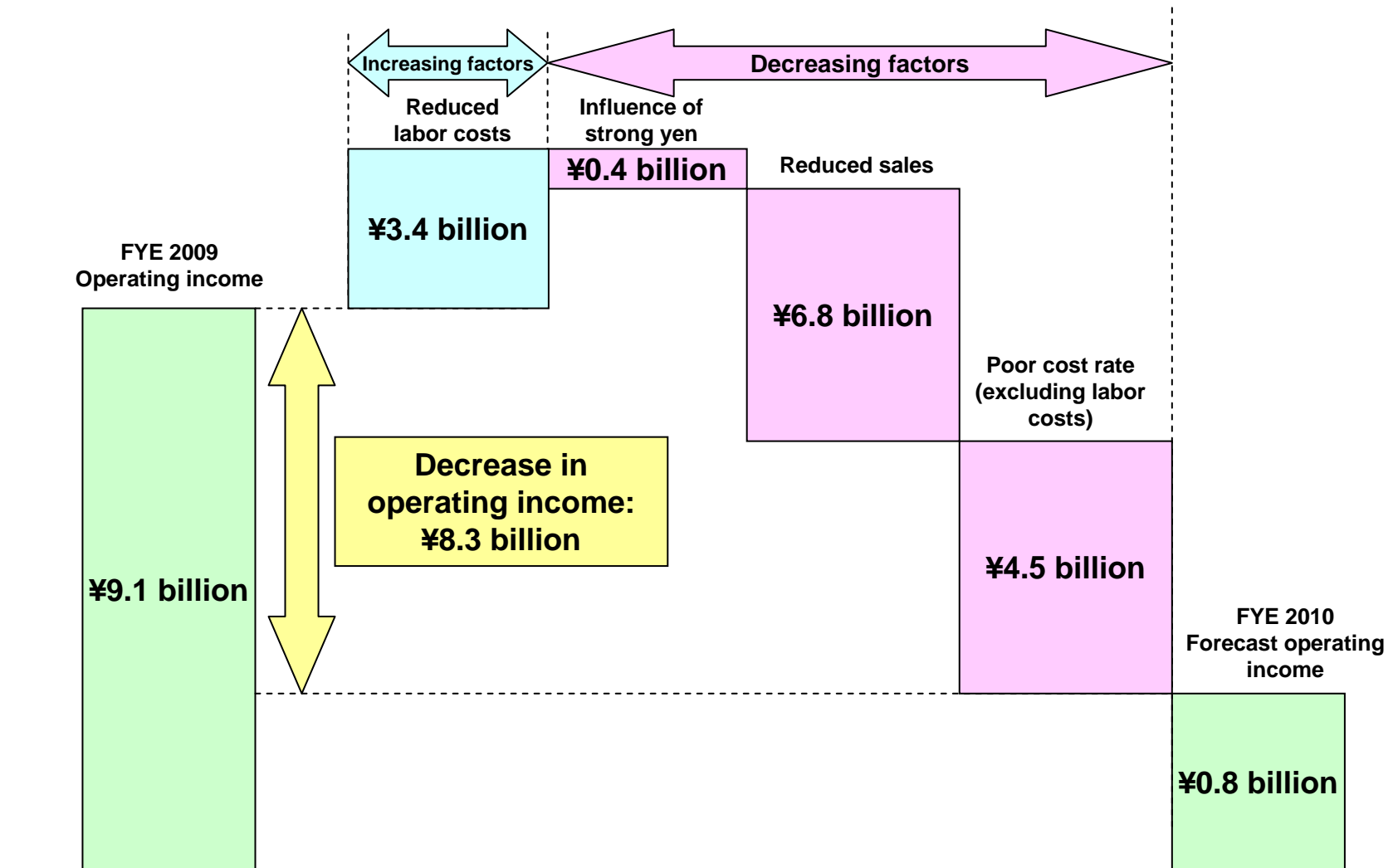
- **Factors influencing change in consolidated operating income
Comparison of FYE 2008 with FYE 2009**
- **Factors influencing change in consolidated operating income
Comparison of FYE 2009 with FYE 2010 forecast**

Director and Managing Executive Officer
Isamu Osa

1. Factors Influencing Change in Consolidated Operating Income Comparison of FYE 2008 with FYE 2009



2. Factors Influencing Change in Consolidated Operating Income Comparison of FYE 2009 with FYE 2010 Forecast



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.