

**Tsubakimoto Chain Co.
FYE 2011 Settlement of Accounts
Presentation Meeting**

May 18, 2011

FYE 2011 Full Year Settlement of Accounts Business Report

Note: 'Full year', as referred to in this report, indicates the period from April 1 through March 31 of the next year of the applicable consolidated accounting year.
(For some overseas subsidiaries, the 'full year' indicates the period from January 1 through December 31 of the applicable year.)

1. FYE 2011 Review

Highlights of Consolidated Settlement of Accounts

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- Sales: Top-line growth of 22.6% year-on-year
- Profits: Operating income margin recovered to over 8% due to the resultant profit growth from organizational improvements such as reductions in fixed costs

(Yen, millions)				
	FYE 2010	FYE 2011	Comparison with previous term	
	Actual figure	Actual figure	Increase/decrease	Percentage increase/decrease
Net sales	112,759	138,243	+ 25,484	+ 22.6%
Operating income	4,737	11,022	+ 6,285	+ 132.6%
Operating income margin	4.2%	8.0%		
Ordinary income	4,990	11,111	+ 6,121	+ 122.7%
Net income	3,175	6,093	+ 2,918	+ 91.9%
Net income per share	¥17.07	¥32.76	-	-
Dividends per share (yen)	6.00	7.00	+ 1.00	
(Exchange rates 1US\$)	¥92.90	¥85.74	-	-
(Exchange rates 1EURO)	¥131.18	¥113.14	-	-
Shareholders' equity ratio	44.3%	45.3%	Equity capital/total assets	
Net D/E ratio	0.48	0.37	Interest-bearing liabilities/equity capital	

■ Sales: Top-line growth of 22.6% year-on-year

1. Despite a decrease in automotive manufacturing at the end of the term due to the Great East Japan Earthquake (hereinafter referred to as “the earthquake”), Automotive Parts Operations performed generally well due to increasing vehicle sales primarily in environmentally-friendly vehicles since the beginning of the term.
2. Chain Operations and Power Transmission Units and Components Operations performed well due to a recovery of capital spending in the LC/semiconductor and machine tool industries.
3. The acquisition of German manufacturer KabelSchlepp as a consolidated subsidiary assisted in boosting sales.

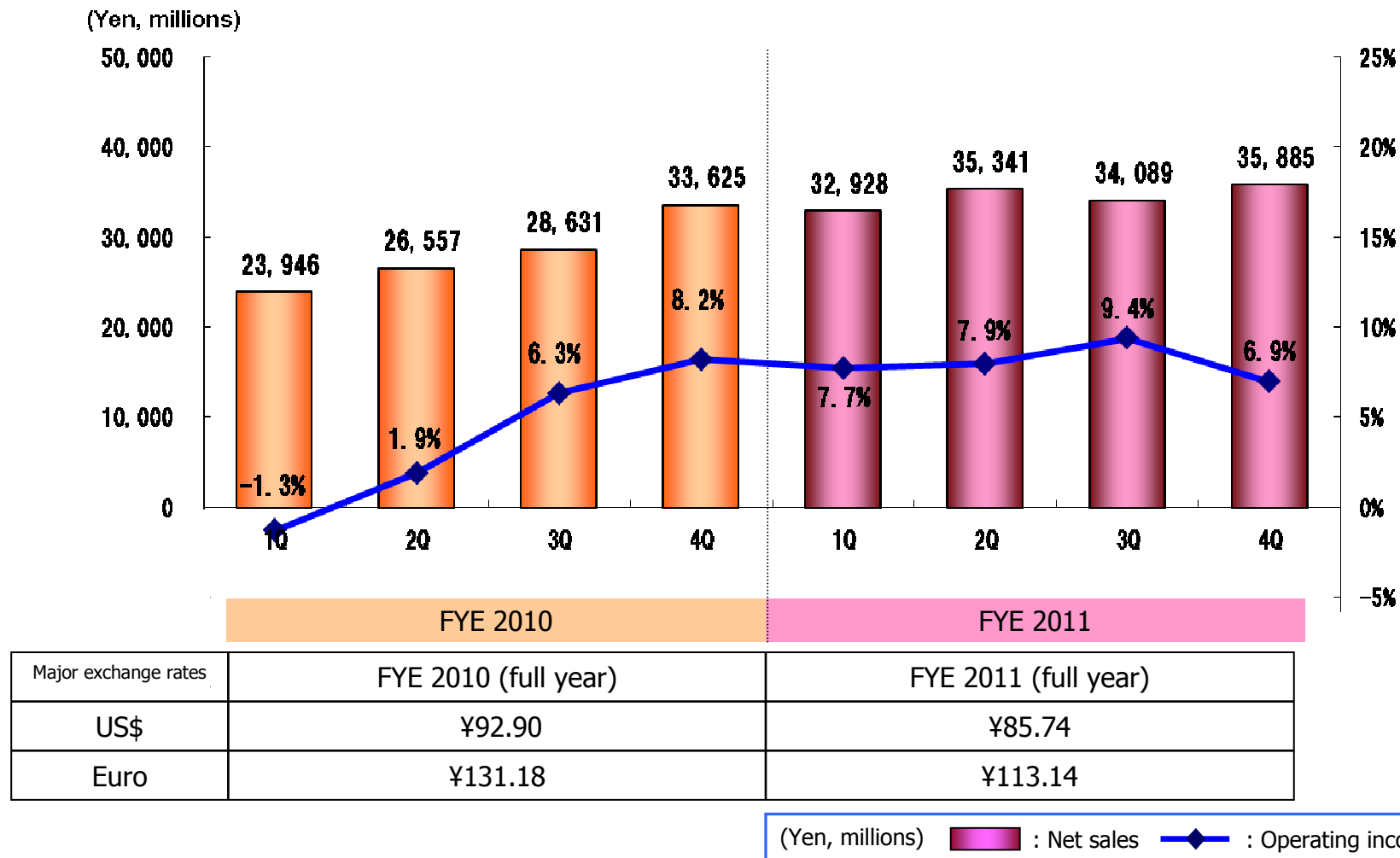
■ Profits: Operating income margin recovered to over 8% due to the resultant profit growth from organizational improvements such as reductions in fixed costs

1. Large scale profit growth results.
2. Profit growth due to organizational improvements enabled by reductions in fixed costs carried out as emergency recession response measures and as management foundation improvement measures.

3. FYE 2011 Review

Trend in Quarterly Consolidated Settlement of Accounts

- Decreased income margin in Q4 due to labor cost increases and a decrease in automotive manufacturing following the earthquake.

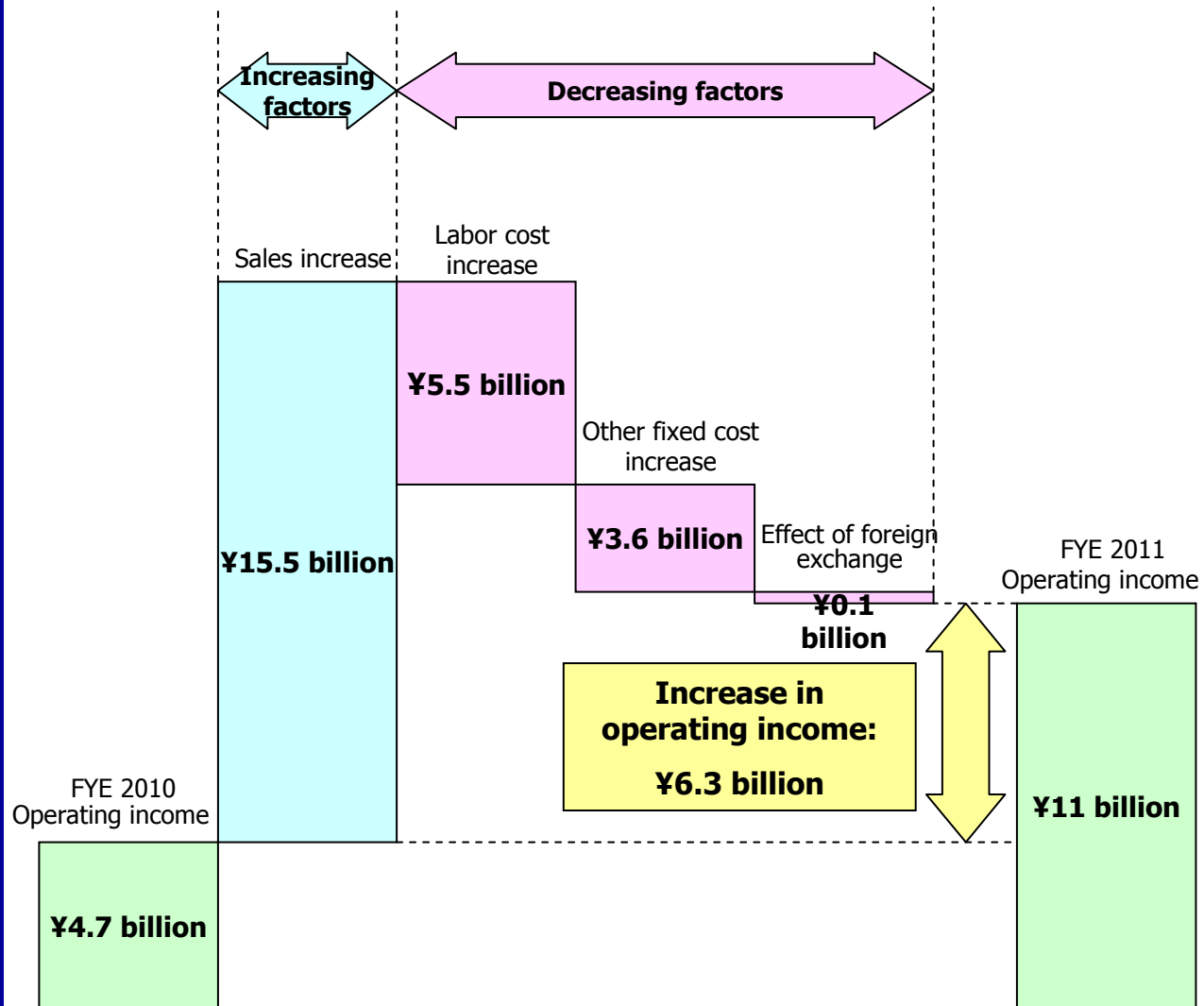


4. FYE 2011 Review

Analysis of Factors Consolidated Increasing/Decreasing Operating Income

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FYE 2010 vs. FYE 2011



<Factors increasing operating income>

- Total sales increase: 15.5 billion yen
 - Increase in gross margin from increase in sales

<Factors decreasing operating income>

- Total labor cost increase: 5.5 billion yen
 - Staff and labor cost increase from KabelSchlepp acquisition
 - Staff cost increase from rise in production
 - Salary and bonus increases from earnings recovery
- Total increase in other fixed costs: 3.6 billion yen
 - Manufacturing cost increase from KabelSchlepp acquisition
 - Increase in cost from rise in production
 - Maintenance cost increases, etc.
- Total effect of foreign exchange (Yen favored): 0.1 billion yen

5. FYE 2011 Review Breakdown by Segment and Operations

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- Increased profitability in all business segments.
Materials Handling Systems Operations in the black for the full year.

	(Yen, millions)			Reorganization of sprocket business segment; KabelSchlepp acquisition	
	FYE 2010 ^{*2} Actual Figure	FYE 2011 Actual Figure	Comparison with previous term ^{*2} Percentage increase/decrease		
Chain Operations					
Net sales ^{*1}	35,240	48,262	+ 37.0%	+ 3,260	+ 4,460
Operating income (income margin)	70 (0.2%)	2,780 (5.8%)	+ 3871.4%	- 110	- 120
Power Transmission Units and Components Operations					
Net sales ^{*1}	18,560	20,061	+ 8.1%	- 3,260	
Operating income (income margin)	-140 —	2,065 (10.3%)	—	+ 110	
Automotive Parts Operations					
Net sales ^{*1}	38,200	43,303	+ 13.4%		
Operating income (income margin)	3,630 (9.5%)	5,382 (12.4%)	+ 48.3%		
Materials Handling Systems Operations					
Net sales ^{*1}	20,440	26,340	+ 28.9%		+ 2,020
Operating income (income margin)	-70 —	215 (0.8%)	—		- 120
Other^{*5}					
Net sales ^{*1}	1,930	2,689	+ 39.3%		
Operating income (income margin)	130 (6.8%)	173 (6.4%)	+ 33.1%		

*1: Sales figures include internal sales and transfers between segments.

*2: Figures for FYE 2010 are reference figures resulting from consolidation for managerial accounting purposes, and don't enable simple comparison with FYE 2011 figures.

*3: Sprocket business has been counted as a power transmission business segment through FYE 2010, and as a chain business segment thereafter.

*4: 'KS' is the German subsidiary KabelSchlepp, a consolidated subsidiary as of FYE 2011.

*5: "Other" is not a reportable segment.

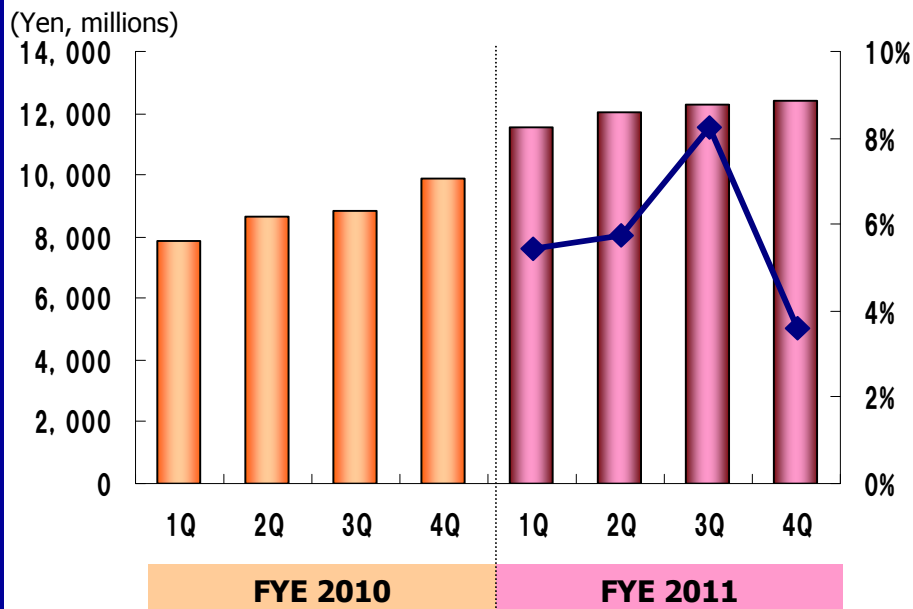
6. FYE 2011 Review

Overview by Business Segment

■ Trends in sales and operating income margin

*Note: Reference figures for FYE 2010 are not displayed in the operating income margin.

● Chain Operations



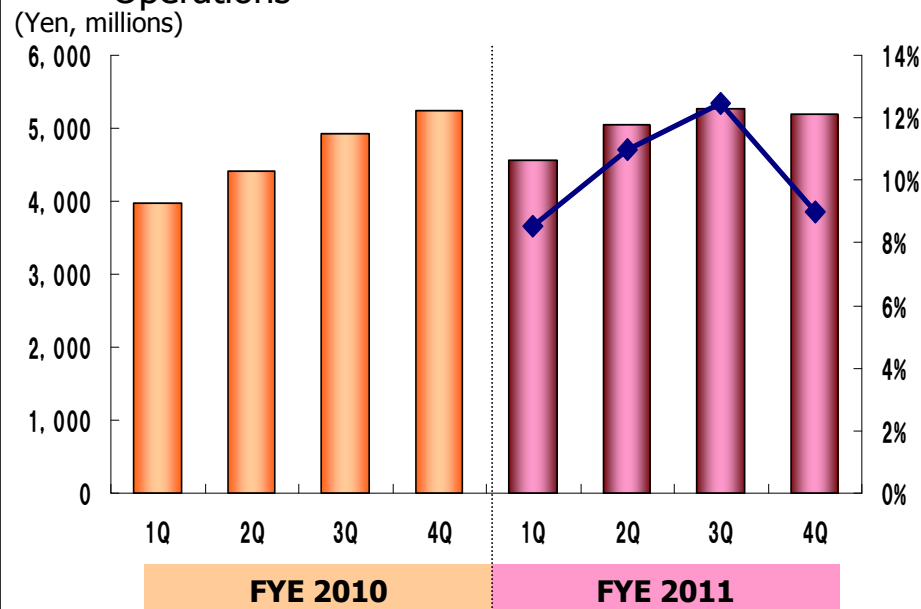
<Sales by industry>

- Sales in the machine tool and automotive industries show a recovery trend.
- Sales in the steel and food industries have continued to be solid.

<Sales by region>

- Sales in all regions have been recovering. Particularly noticeable in North America.
- Sales in Europe have been growing significantly since Q1 of this year due to the KabelSchlepp acquisition.

● Power Transmission Units and Components Operations



<Sales by industry>

- Sales in the LC/semiconductor and machine tool industries have been good.
- Sales in the shipbuilding industry have continued to be solid, partly due to remaining orders.

<Sales by region>

- Sales in Japan and China have been good.
- Sales are up 28% year-on-year excluding effects of segment reorganization (Sprocket business).

(Yen, millions) : Net sales : Operating income margin

6. FYE 2011 Review

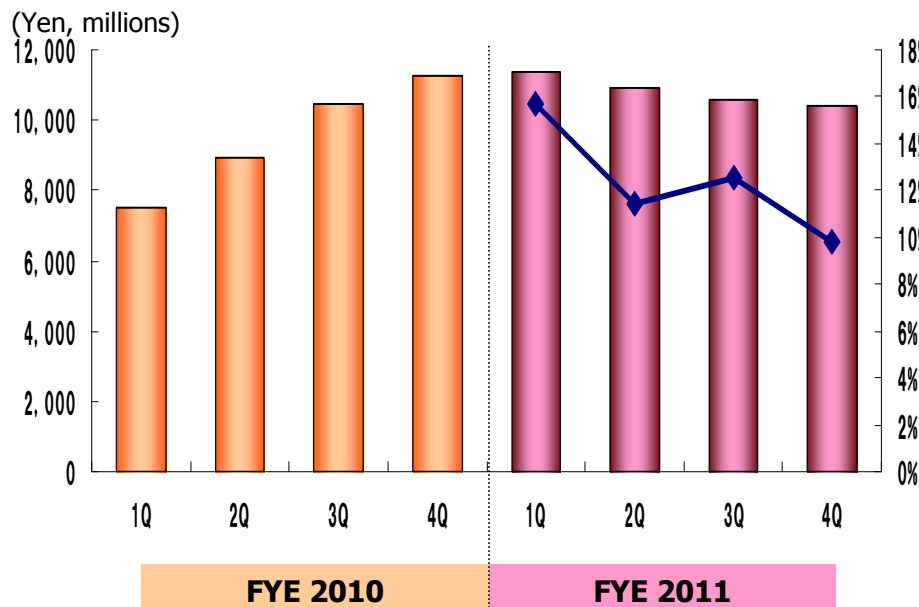
Overview by Business Segment

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■ Trends in sales and operating income margin

*Note: Reference figures for FYE 2010 are not displayed in the operating income margin.

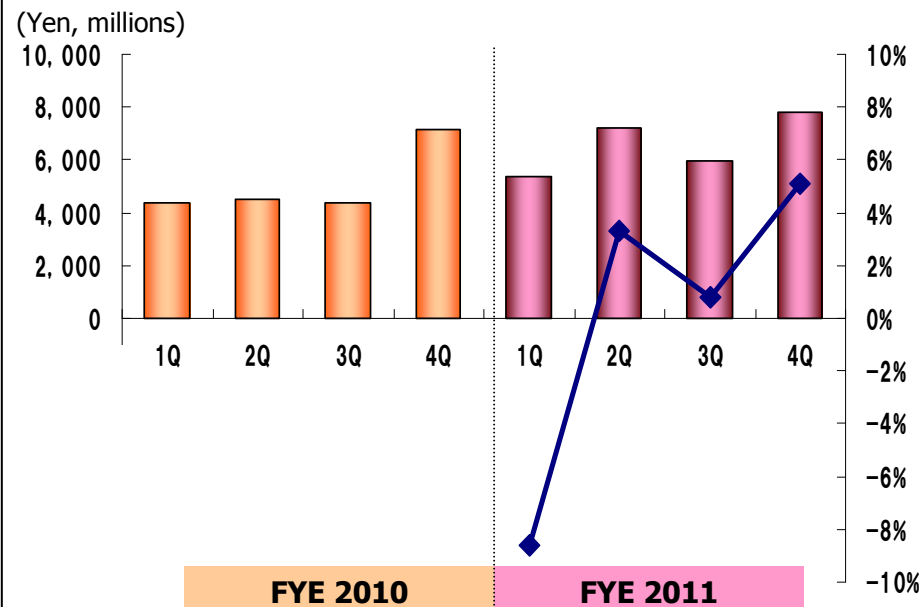
● Automotive Parts Operations



<Sales by region>

- Sales increased year-on-year in Japan, North America, Thailand and China.
- Sales decreased in Europe on yen basis, but increased based on local currency.
- Japan slowed down at the end of the term due to the earthquake.

● Materials Handling Systems Operations



<Sales by industry>

- Major projects that contributed to sales included projects for the steel and automotive industries, and drug discovery equipment.
- Although sales decreased in Q1 and show a large deficit due to unprofitable projects, from the 2nd quarter, sales were maintained, and improved profitability was ensured by reducing costs. (Full year profit is in the black).

(Yen, millions) ■ : Net sales ◆ : Operating income margin

7. FYE 2011 Review Segment by Region

- Automotive parts sales strong in Asia and Oceania
KabelSchlepp acquisition boosts European sales share

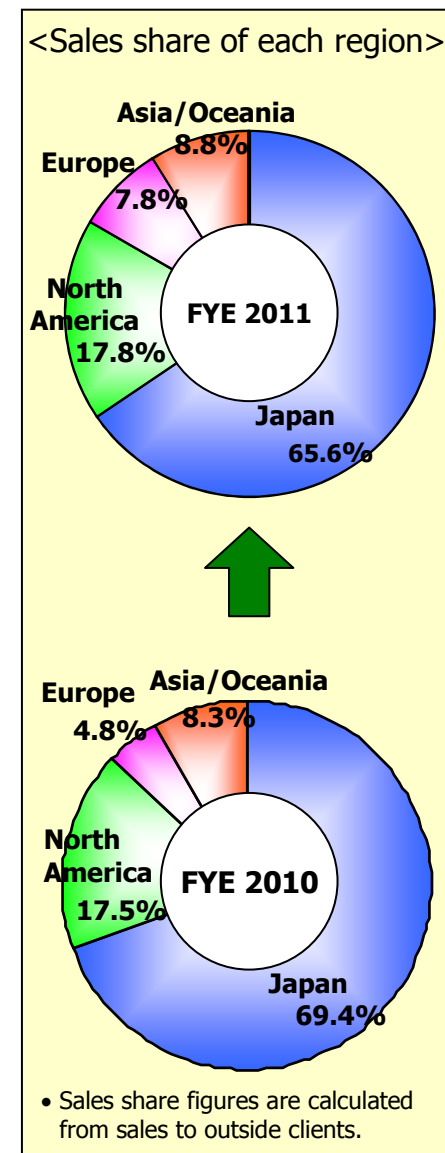
		(Yen, millions)			
		FYE 2010	FYE 2011	Comparison with previous term	
		Actual figure	Actual figure	Increase/decrease	Percentage increase/decrease
Japan	Net sales*	89,863	108,607	+ 18,744	+ 20.9%
	Operating income	5,504	8,650	+ 3,146	+ 57.2%
	Operating income margin	6.1%	8.0%		
North America	Net sales*	20,042	24,918	+ 4,876	+ 24.3%
	Operating income	334	1,077	+ 743	+ 222.5%
	Operating income margin	1.7%	4.3%		
Europe	Net sales*	5,464	10,966	+ 5,502	+ 100.7%
	Operating income	201	-323	- 524	-
	Operating income margin	3.7%	-		
Asia / Oceania	Net sales*	9,819	12,972	+ 3,153	+ 32.1%
	Operating income	1,044	1,685	+ 641	+ 61.4%
	Operating income margin	10.6%	13.0%		
Other areas	Net sales*	28	72	+ 44	+ 157.1%
	Operating income	-54	-48	+ 6	-
	Operating income margin	-	-		
Consolidated	Net sales	112,759	138,243	+ 25,484	+ 22.6%
	Operating income	4,737	11,022	+ 6,285	+ 132.7%
	Operating income margin	4.2%	8.0%		

*Sales figures include internal sales and transfers between segments.

<Actual exchange rate>

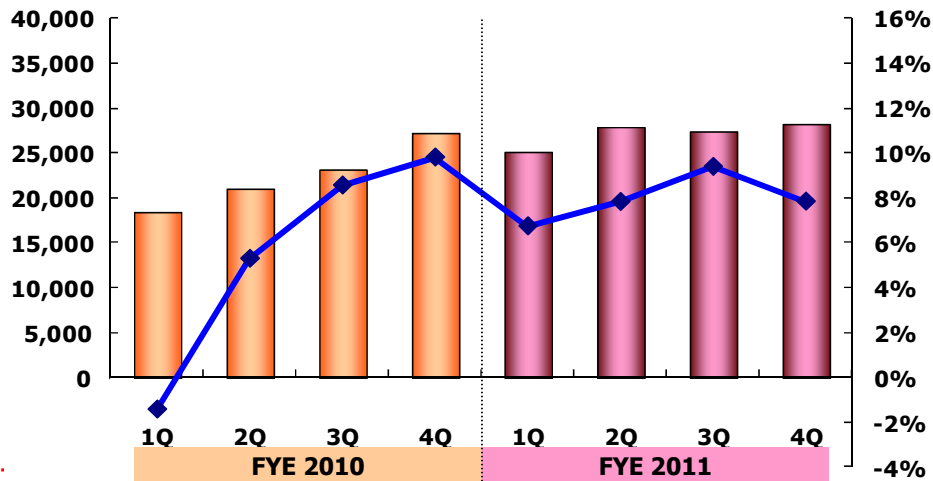
FYE 2010 : US\$=¥92.90, EURO=¥131.18, Can\$=¥85.21, A\$=¥78.91, THB=¥2.73, NT\$=¥2.85, RMB=¥13.70

FYE 2011 : US\$=¥85.74, EURO=¥113.14, Can\$=¥84.29, A\$=¥80.73, THB=¥2.77, NT\$=¥2.77, RMB=¥12.96

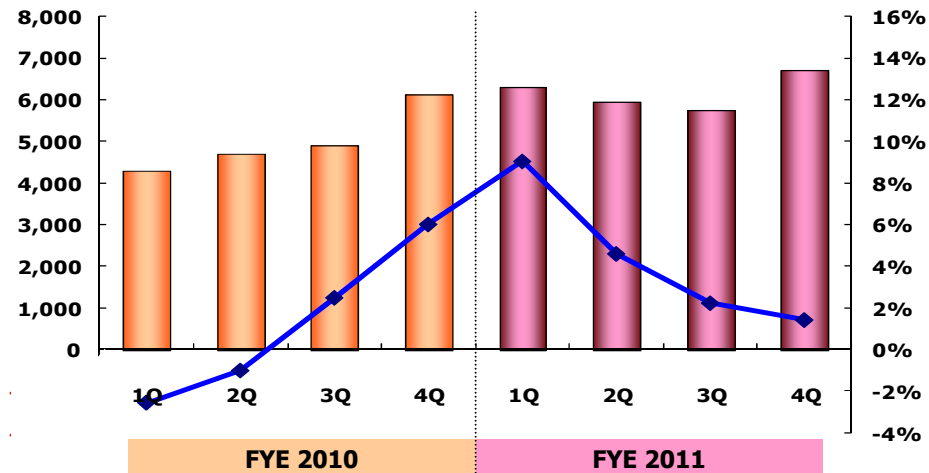


8. FYE 2011 Review Quarterly Trends by Region

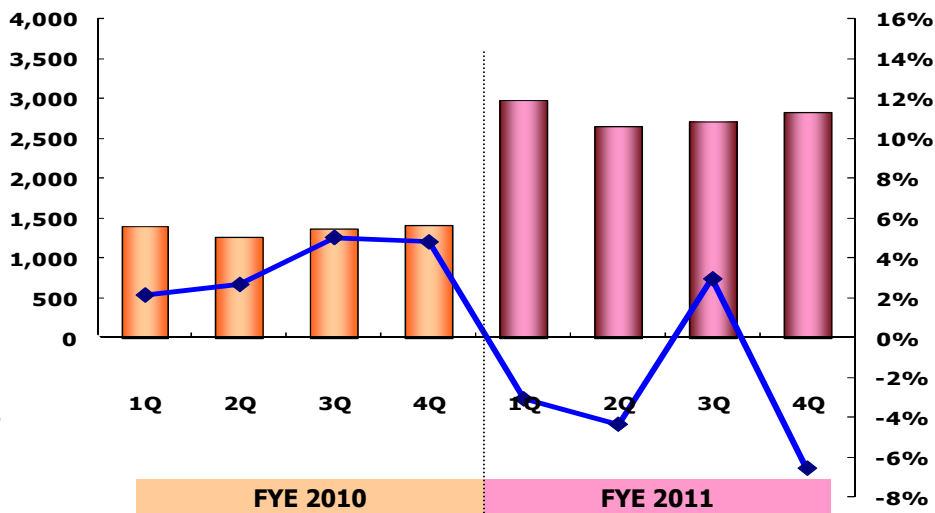
●Japan



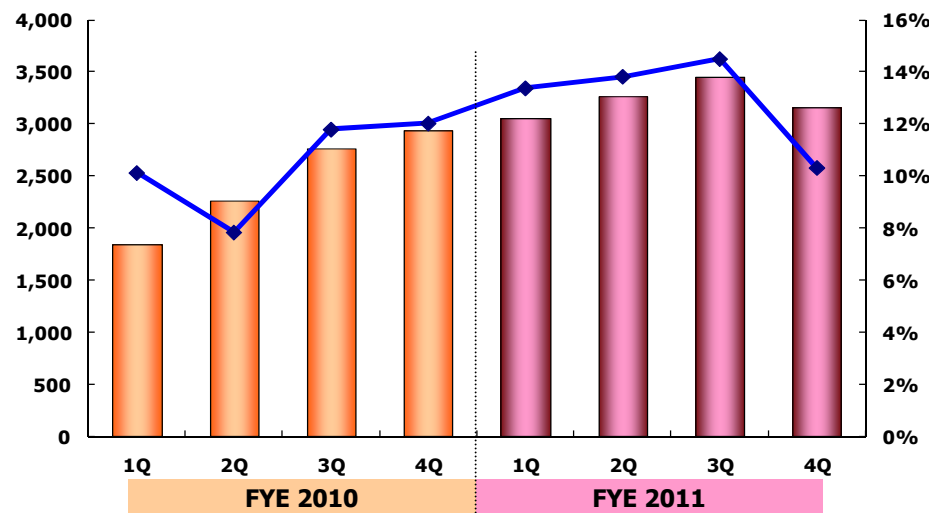
●North America



●Europe



●Asia / Oceania

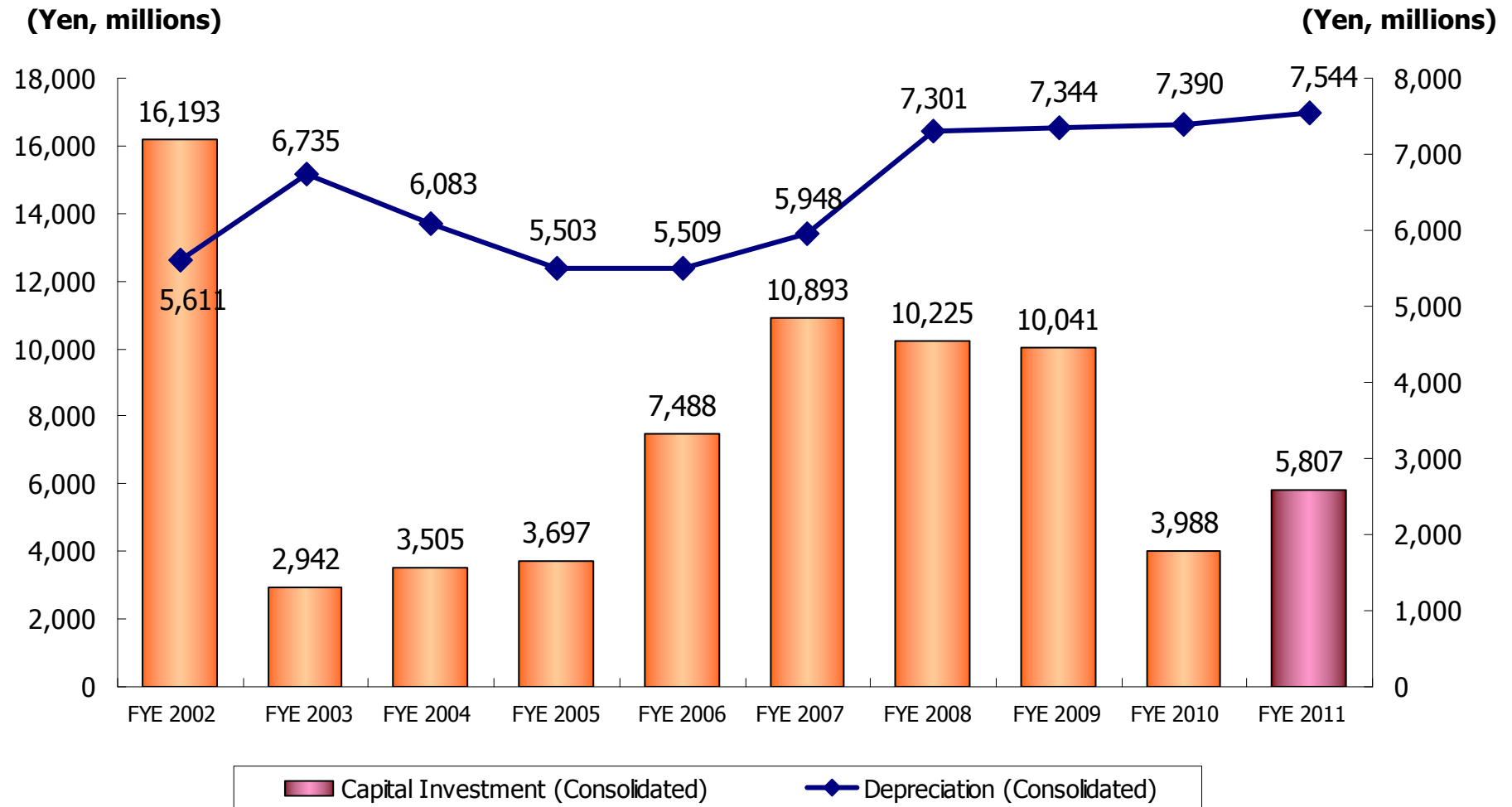


(Yen, millions) : Net sales : Operating income margin



9. FYE 2011 Review Capital Investment and Depreciation

■ Capital investment increased to meet production enhancements for Automotive Parts Operations



- Facilities: Almost no effect on facilities and buildings
- Effects on demands (by division)
 - Chain & PTUC: No immediate domestic effects for March and April, but future is unclear.
 - Automotive Parts: After the earthquake, domestic orders decreased significantly (50-70%), but with only marginal effects on demands from overseas manufacturers.
 - Materials Handling Systems: No immediate effects, but future is unclear.
- Effects on Manufacturing:

Effects of rolling blackouts: Saitama Plant (Automotive Parts) only

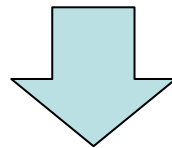
 - * Initially caused setbacks, but there are currently no problems.

■ Measures for summer power reduction plan (25% reduction at peak)

<Saitama Plant>

Implement the planned measures to return to pre-earthquake production levels.

- Implement energy-saving production systems (Review manufacturing methods and steps).
- Implement Saturday/Sunday and night shifts (on a rotating system by product).
- Receive manufacturing aid from domestic and overseas affiliates.
- Review pre- power reduction inventory plan, etc.



Our 5 overseas regions (North America, Europe, Thailand, China, Korea) will start by:

- Creating earthquake response measures (to get through sudden crises).
- Reviewing the global production system, revised to include production risk dispersion.

Mid-Term Management Plan 2012 Review

(FYE 2011 - FYE 2013)

A 3-year plan for strengthening our management foundation in response to the sudden upheaval in the economic environment.



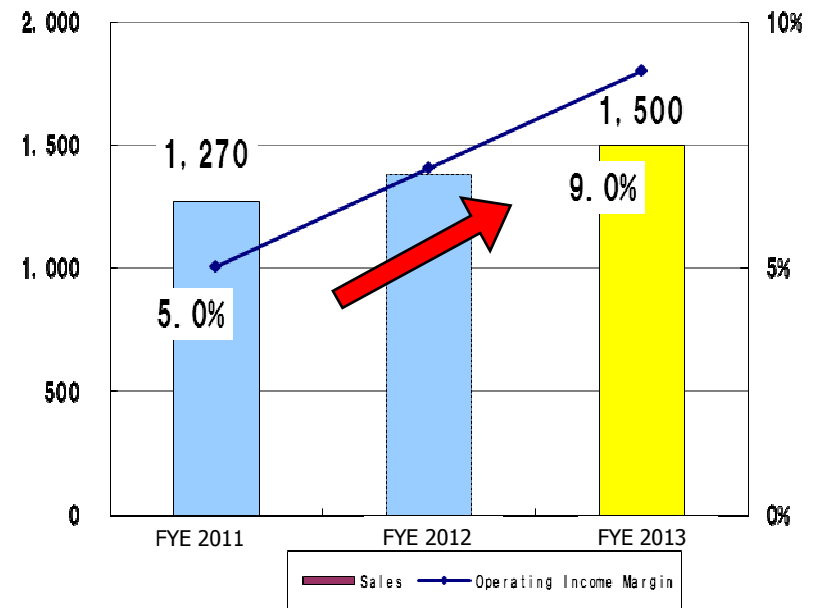
We are changing the composition of our earnings by reviewing our product strategy and regional strategy from a medium-to-long-term perspective.

Mid-Term Management Plan 2012

Projected Consolidated Financial Performance (Yen, hundred millions)

	FYE 2011		→	FYE 2013
	Planned	Actual figure		Planned
Sales	1,270	1,382	→	1,500
Operating Income	64	110	→	135
Operating Income Margin	5.0%	8.0%	→	9.0%

(For 3-yr term)



Strengthen manufacturing foundation (Further improvement of manufacturing methods and product development capability)

1. Extend *dantotsu* improvement activities to all manufacturers

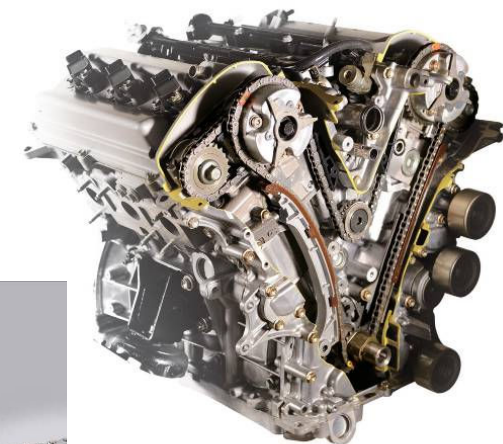
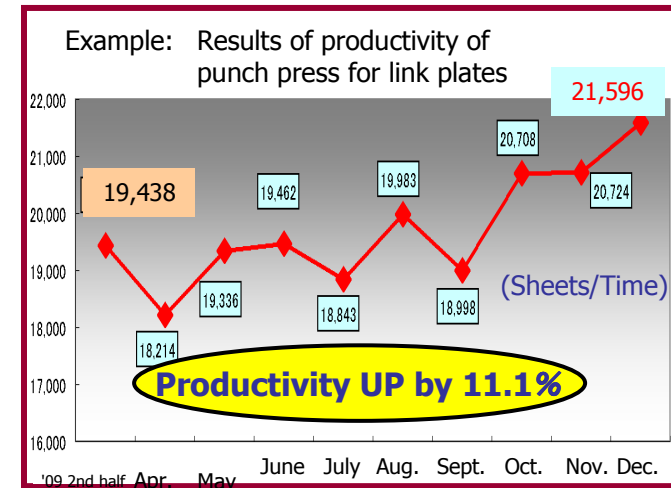
→ Resultant yield rate and productivity
increase of 10 to 20%.

2. New timing chain drive system

Promising launch for the new product

ZeroTech (low friction chain)

→ Acquired 8 new orders
from 4 different companies.



Example of a timing chain
drive system

■ Hone the 'Global-Best' strategy

1. Globalization of production bases → 6-region global production system* for Automotive Parts Operations

Tsubaki Automotive Korea is under construction with expected completion in June, 2011, and full scale production commencing from the second half of this year.
(50 million yen/month → next term 210 million yen/month)



Tsubakimoto Automotive Korea Co., Ltd.

*6-region global production system (Japan, North America, Europe, Thailand, China, Korea)

2. UST (U.S. Tsubaki, Inc.) Division

- U.S. Tsubaki Holdings, Inc. : Business support
(Inc. Materials Handling Systems)
- U.S. Tsubaki Power Transmission, LLC : Chain & PTUC
- U.S. Tsubaki Automotive, LLC : Automotive parts

Aim → Improve timeliness in creating a strategy and implementing it faster by reinforcing the CBO system (clarify the range of responsibilities).

■ Improve marketing capabilities

1. Advance globalization of sales bases

→ Establish overseas sales subsidiaries

India (June): Build an operating base in India's considerably growing marketplace and reinforce sales of power transmission products (chains, gear reducers, cam clutches, etc.)

Germany (Oct.): Capture market-based OEMs, increase sales of power transmission products and promote Tsubaki brand awareness. For automotive parts business, utilize the base to capture German automotive manufactures.

2. Integration of Chain and PTUC sales divisions

Aim → Create synergy through reorganizing by area and customer, and strengthen marketing in Asian countries.

3. Establish module business department (MB Dept.)

Aim → Make small scale systems enhancements to fill the gap between large scale systems and parts/units.

FYE 2012 Forecast

■ Great East Japan Earthquake

Due to uncertainties caused by the earthquake, publication of the FYE 2012 forecast has been delayed.

* The forecast will be disclosed as soon as calculations are available.

[Uncertainties]

- Production trends of domestic automotive manufacturers within our primary clients remain unpredictable (including supply chain disruptions).

The Mid-Term Management Plan 2012 will not be revised.

We will work to overcome challenges to strengthen our management foundation based on goals and results established during the first year (FYE 2011).

■ Hone the 'Global-Best' strategy

1. Capture the Chinese volume zone market

- Chain: Strengthen competitiveness in the conveyor chain market
 - Establish a production base in China
- Automotive Parts: Increase orders from local Chinese manufacturers
 - Organize a project team for China-based strategies
 - Develop a timing chain drive system through a low cost method based on our 50% cost reduction initiative
- Materials Handling Systems: Increase sales of our classification system
 - Establish an engineering subsidiary in China

2. Increase shares in Europe

- Chain & PTUC: Penetrate deep into the German market (cultivate OEM companies, etc.)
- Automotive parts: Following VW, continue to capture German automotive manufacturers

3. Increase global competitiveness in cableveyors

Reconstruction of product development and manufacturing system under direction from KabelSchlepp (made a subsidiary in April, 2010) in Germany

Work on Major Issues

■ Strengthen foundation as a manufacturer (production • new products)

1. Automotive Parts: Spread sales of ZeroTech

- Timing chain drive system with significantly increased environmental efficiency for the advanced market.
- Increase our shares among global top 5 automotive manufacturers.

2. Increase our competitiveness in Eco-products (Ecology & Economy)

- Differentiate from other companies in terms of environmental performance.
- Introduce 13 eco-friendly products to the market during this term.

■ Tsubaki Group's Eco & Eco (Ecology & Economy) policy

Through providing our customers with environmentally-friendly (low energy, long life, low noise) products, we will:

- Reduce the customer's own environmental impact
- Contribute to our customers' efforts towards improving the economy (shorter running costs, space-saving and reduced work period)



Tsubaki Group's original
Ecolink logo
(Tsubaki EcoLink)

3. Improve productivity and product quality with *dantotsu* improvement activities

■ Become a solutions provider

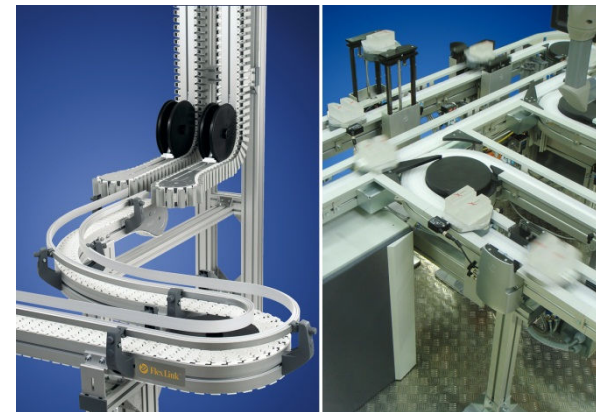
1. IT activities (Power Transmission Network concept)

- Offer the ability to view and order quotations over the Internet
- Build a foundation as a customer- and distributor-oriented solutions provider through the utilization of IT technologies.

2. Expand module business

Conduct a review of the sales scheme based on product features.

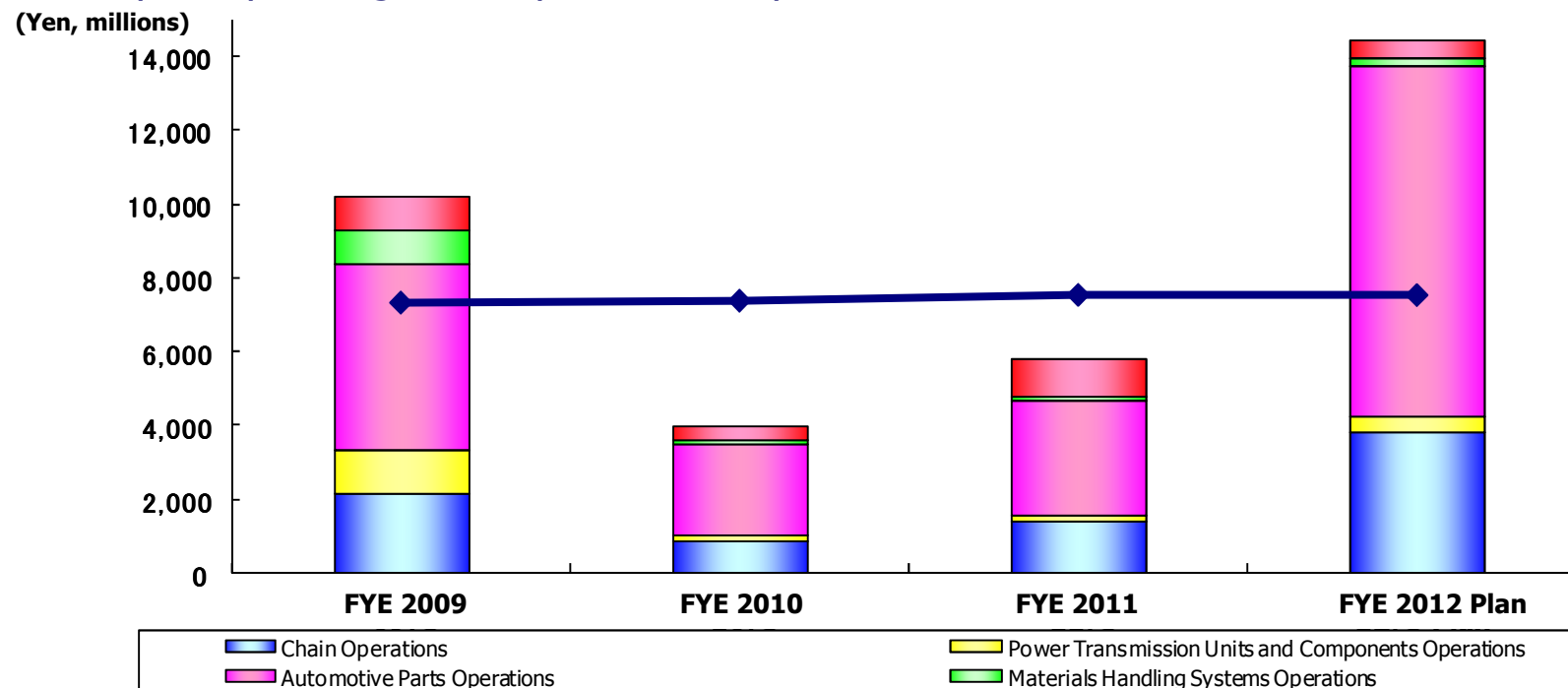
- └ MB Dept.: Develop mini systems concentrating on conveyors and lifters
- └ Joint venture, "Tsubaki FlexLink Co." (Commencing June 1st):
Reinforce sales of the FlexLink lightweight 3-D conveyor system



3. FYE 2012 Capital Spending

- Increase capital spending by ¥8 billion yen year-on-year
 1. Automotive Parts: Accommodate increased production, and **advance manufacturing at optimal production bases**
 2. Chain: Establish a production base in China

● Capital spending and depreciation expense transitions



Capital spending	¥10 billion	¥3.9 billion	¥5.8 billion	¥14 billion
Depreciation expense	¥7.3 billion	¥7.3 billion	¥7.5 billion	¥7.5 billion

- Actively implement investments contributing to growth, safety and environment.

1. Strengthen global production system for Automotive Parts Operations.

Reconstruct our increased investment plan to take into account our experience in the Earthquake.

Minimize and disperse risk = Strengthen the mutual supply system among our 6 overseas regions.

- Saitama Plant: Halt overreliance on Saitama Plant and use it as a mother plant with spare production capacity
- Promote localization in our 5 overseas regions (local production and procurement).

2. Establish a conveyor chain plant in China.

3. Construct an innovative production line for Kyotanabe Plant.

Review manufacturing methods from scratch, and construct chain production lines aimed at halving costs for emerging markets.

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.