

Message from the Management



Representative Director & President
Toshikazu Koike

■ Fiscal 2008 Results of Operations

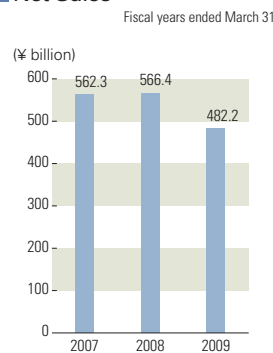
During FY2008, ended March 31, 2009, the global economic recession caused by the credit crisis and sharp appreciation of the yen created an extremely severe operating environment for the Brother Group. Negatively affected by the stronger yen exchange rates and a worsening market environment and despite efforts to reduce costs, sales and income declined. For the year, the Brother Group posted net sales of ¥482,205 million, operating income of ¥19,901 million and net income of ¥15,262 million.

■ Outlook for Fiscal 2009 and Global Vision 21

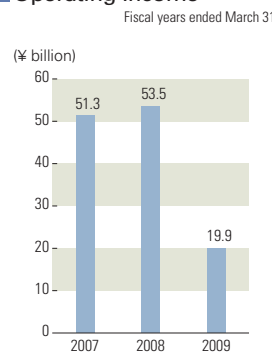
In FY2009, the severe operating environment is expected to continue with a sluggish global economy and a trend toward a stronger yen. Within this environment, the Company forecasts a year-to-year decline in FY2009 earnings, including a severe market outlook for the Machinery & Solution business, which will be negatively affected by the exchange rate. Therefore, we expect revenue in the sector to decline. For these reasons, although we anticipate benefits from cost reductions, we expect profits to fall.

Given the rapid changes taking place in our business environment, for the foreseeable future we will emphasize securing profits rather than business expansion. However, we have not changed the targets of our mid- to long-term corporate vision, Global Vision 21. We will continue to fortify our management infrastructure and prepare for growth with carefully examined investments.

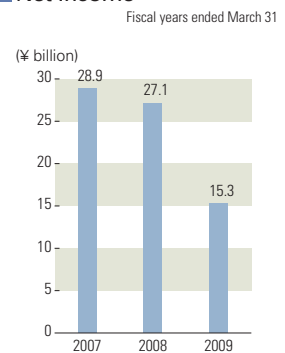
■ Net Sales



■ Operating Income



■ Net Income



Special Feature

In 2003, we formulated our mid- to long-term corporate vision—Global Vision 21—in which we define three objectives for the Group.



- 1 To become a leading global company with high profitability
- 2 To become a world-class manufacturer by developing outstanding proprietary technologies
- 3 To embody Brother's motto, "At your side," throughout our corporate culture

The first phase in realizing Global Vision 21 was "CS B2005" (FY2003–FY2005). Its primary goal was "Achieving a balance between sustaining high profitability and technology investment for the future." We took steps to maximize earnings from established businesses, such as communications and printing devices, and achieved significant improvements in our financial soundness by making our operations consistently profitable. Our technological investments included the reinforcement of technologies centered on printing and creating new businesses.

The second phase, "CS B2008" (FY2006–FY2007), had the goal of "Driving Brother's Growth," backed by increasing sales led by the printing business. We developed color-laser products equipped with a proprietary engine and launched them in worldwide markets. At the same time, we divested some non-core businesses within the "Others" business segment. We also made aggressive R&D and capital investments to promote further growth and the establishment of our operating base.

In "CS B2012" (FY2008–FY2012), which started in April 2008, we have been aggressively working toward the goal of "Turning Global Vision 21 into Reality."

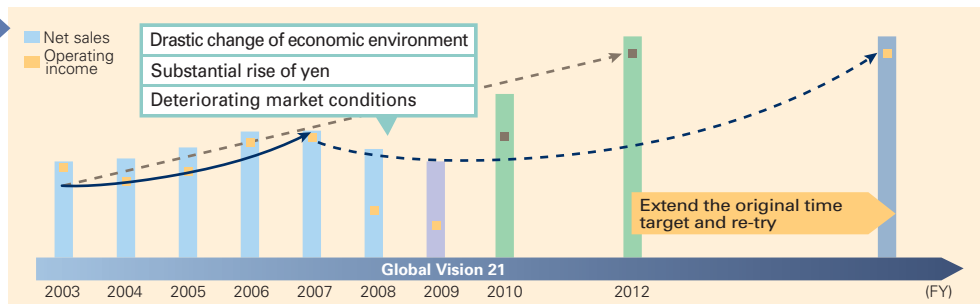
In line with the expansion of existing businesses and significant increases mainly in new businesses, we have set "challenge" targets of ¥1 trillion in net sales and ¥100 billion in operating income for FY2012. Shorter-term milestones are ¥750 billion in net sales and ¥60 billion in operating income in FY2010.

However, from autumn of 2008 onward the financial crisis spread out into the global economy, culminating in sudden economic recession. This factor, coupled with sharp ongoing yen appreciation, caused rapid deterioration in our business environment.

Assuming that these difficult economic circumstances will continue for some time, we have decided to postpone the date for achieving these objectives.

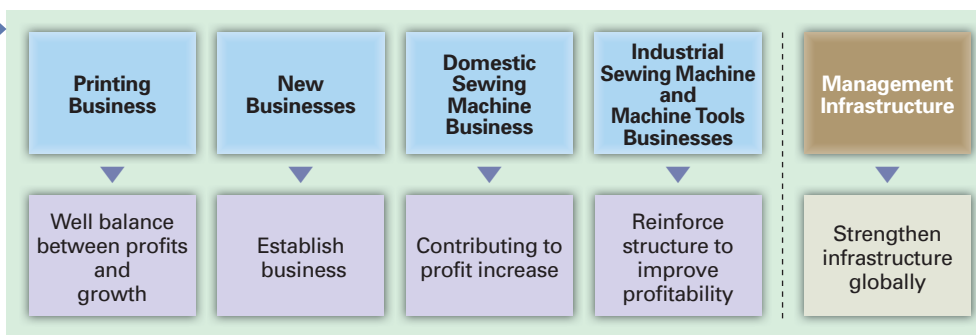
For the time being, we will emphasize securing profits and cash rather than expanding businesses and will review all expenses and capital investments we have undertaken since FY2008.

Extension of Mid- to Long-term target



Our goals in achieving Global Vision 21 remain unchanged, however. We will take advantage of the current circumstances to reinforce our global management infrastructure, enabling us to return to a growth trajectory when economic conditions become more favorable. At the same time, after closely examining the possibilities we will continue to invest in R&D and pursue alliances and M&A activities for future growth.

Priority Issues



Printing Business

In our mainstay printing business, we will establish our market position by reinforcing the “Brother Means Color” market image. We expect to progress steadily in line with our core strategy of expanding the solutions we offer to specialty markets. This activity will lay the foundations for future growth. However, in light of the current difficult environment, we will concentrate on balancing profits and growth rather than expanding business, while cutting costs substantially. We will ensure higher customer satisfaction by producing attractive products and enhancing profitability by improving our competitiveness.

Priority Issues-Printing Business

<p>Laser Business</p> <ul style="list-style-type: none"> Provide attractive monochrome laser product line Establish a market position in color laser products 	<p>Inkjet Business</p> <ul style="list-style-type: none"> Offer product line based on profitability rather than business expansion for the time being Focus on higher-end value-added models as well as business models 	<p>Electronic Stationery Business</p> <ul style="list-style-type: none"> Reinforce solution-providing capability Exploit new demands from specialized applications for vertical markets Actively utilizing outside resources, including M&A
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■ New Businesses

Under the theme of “establishing new business,” we will steadily launch new products into the marketplace as they become commercially viable, both in our Network Imaging Device business and the Network & Contents business.

In our Network Imaging Device business, in March 2009 we announced a new document viewer that uses electronic paper (Topics, page 10). We intend to establish in FY2010 a retinal imaging display business targeting industrial applications.

In the Network & Contents business, we will expand our customer base and scope of operations through cooperation with our subsidiary XING Inc.

Priority Issues-New Businesses

Network Imaging Device Business



Document Viewer Retinal Imaging Display

Network & Contents Business

Next-generation content-delivery system “Einy”



Music delivery for Jogging “EXERMUSIC”



**Expansion and promotion of
business utilizing music contents**

■ Domestic and Industrial Sewing Machines and Machine Tools Business

We will continue making the Personal & Home business, which conducts domestic sewing machine operations, profitable.

The Machinery & Solution business, which handles industrial sewing machines and machine tools, is operating at a deficit, having received a direct blow from the financial crisis. We will work to return this segment to profitability by transforming our business structure and concentrating strategically on target markets. Operating in an extremely challenging business environment, which is expected to continue, we will implement cost reductions and restructure the segment into an integrated development, manufacturing, sales and service system. In Europe and the Americas, we will work to consolidate our bases in the industrial sewing machines business. Through these efforts, as well as by focusing on target markets, we will strive to bring this segment back into the black as soon as possible.