

— Turning Global Vision 21 into Reality—

CS B2012 The Brother Group's New Mid-Term Business Strategy

Under Global Vision 21 (GV21), the Brother Group's mid- and long-term business strategy for the period FY2003 to FY2012, Brother set up the following three objectives:

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

In order to achieve these objectives, the Brother Group divided the 10-year-strategic period into three phases, and is executing the strategy by setting up respective goals for each phase. As it is reaching the halfway mark of the strategic period, the Brother Group has formulated a new mid-term business strategy called "CS B2012" for the period from FY2008 to FY2012 as a roadmap for the remaining five years of GV21, and clearly specified its strategy.

The theme of CS B2012 is "**Turning Global Vision 21 into Reality.**" By maximizing its core business (the Printing Business) and developing and expanding new businesses, the Brother Group aims at realizing its targets of **one-trillion yen in net sales** and **100-billion yen in operating income** in FY2012.

At the same time, the Brother Group has set FY2010 as the milestone date for achieving GV21, and will steadily implement the necessary measures to do so.

In the Printing Business, the Brother Group aims at establishing a unique position as a global player. It will continue to execute its business strategy formulated to promote the image that "Brother means color" by further enhancing its color product lines, while also expanding the sales of monochrome and other products in developing nations/regions. In the Electronic Stationery Business, the Brother Group will reinforce its solution-provider business through specialized applications for vertical markets.

In its new businesses, the Brother Group will develop and expand in two fields — the Network Imaging Device Business and the Network & Contents Business — by acknowledging ongoing changes, such as diversification of work styles, advancement in the network environment, and enrichment of contents. The Group will accelerate the development of core technologies and build a pillar of its business for the next generation by also considering M&A opportunities and the establishment of corporate alliances.

News Release



In FY2008, the first year of CS B2012, the Brother Group will celebrate its 100th anniversary. In facing this important milestone, the Group plans to expand its business significantly by making active investments (including M&A), and seeks to achieve GV21 in FY2012.

- **The Theme of CS B2012, the New Mid-Term Business Strategy:
“Turning Global Vision 21 into Reality”**

- **Financial Targets**

- **FY2012 Targets: Net Sales** **One-trillion yen**
(200 billion yen mainly from the new businesses)
- Operating Income** **100-billion yen**

- **FY2010 Milepost objectives:**

	FY2010 Milepost objectives	(Reference) Expected Operational Results of FY2007
Net Sales	750 billion yen (50 billion yen mainly from the new businesses)	570 billion yen
Operating Income	60 billion yen	50 billion yen
Net Income	35 billion yen	25 billion yen

- **Capital Expenditure, Strategic Investment and R&D Expenses**

Capital Expenditure and Strategic Investment (M&A, etc.)	Approx. 350 billion yen in five years (until FY2012) Approx. 200 billion yen in three years (until FY2010) <small>* Strategic investment will be made flexibly in terms of time and scale.</small>
R&D Expenses	Consolidated sales ratio: approx. 6% per year Approx. 130 billion yen in three years (until FY2010)

■ Important Measures of the New Mid-Term Business Strategy

1. In the Printing Business, establish a unique position as a global player

● Establish the market image that “Brother means color”

- Expand the group’s business with compact multi-function products and printers, the products in which Brother specializes, in the color laser market, which is expected to grow mainly in the developed nations.
- In the color inkjet category, exploit the corporate market as well as the SOHO and SMB markets, and strongly promote the image that “Brother means color” by strengthening the product lines for business models and launching models with a high-speed line-head.

● Maximize the Monochrome Laser Business

- Expand the size of business in the markets of developing nations/regions, such as BRICs and Central/Eastern Europe, and establish a position as the top manufacturer of compact monochrome laser products.

● Reinforce the Electronic Stationery Business

- Strengthen sales mainly in Europe and Asia, and promote exploitation of a new market by utilizing outside resources (including M&A) in the solution-provider business through specialized applications for vertical markets.

2. Develop and expand new businesses

● Establish a new pillar for Brother’s future businesses

- Create new businesses in two fields — the Network Imaging Device Business and the Network & Contents Business — by utilizing the Brother Group’s core technologies and customer bases.
- Actively pursue M&A and corporate alliances in order to accelerate commercialization of the new businesses. Acquire new technologies and business ideas through venture investments, etc.

Network Imaging Device Business

- Provide small, lightweight, energy-saving tools that can respond to changes in work styles, mainly in the SOHO and SMB environments.
- Offer high value by utilizing Brother’s core technologies and strengths, such as MEMS, optical systems and RFID, and manufacturing based on the BVCM, and providing integrated hardware and software networks.

Network & Contents Business

- Provide a reliable, cost-competitive communication infrastructure in large-volume data delivery by using “Einy,” the next-generation content-delivery system, and conduct a business of unique content-creation and delivery.
- Provide unique services by utilizing Xing’s customer and operating bases and content-creation ability.

3. **Maintain the basic policy of becoming the “number one brand” in specific categories in the P&H and M&S Businesses, and contribute to increased profit**

- In the Personal & Home (P&H) Business (domestic sewing machines) and the Machinery and Solution (M&S) Business (industrial sewing machines and machine tools), continue to emphasize profitability, and establish the number one position in specific categories by further reinforcing Brother's strengths.
- Obtain high profitability by expanding sales in emerging markets and providing differentiated products and services by using Brother's original technologies.

4. **Other**

● **Changing of the Corporate Structure**

- By integrating the Printing Business and the new businesses with headquarters functions, centralize management resources and build a corporate structure that can accelerate the expansion of the Printing Business and growth of the new businesses through prompt decision-making.

● **Reinforcement of Quality Management**

- Create measures and systems to enhance customer satisfaction further through improvement of processes of the Brother Value Chain Management (BVCM)* system.

* Brother's basic concept of manufacturing, which consists of a Demand Chain, Concurrent Chain and Supply Chain.

● **Further Development of Human Resources**

- Significantly increase the number of employees in departments related to research & development and manufacturing, and rapidly cultivate their skills.
- Globalize human resources, mainly in product development and design.

● **Promotion and Firm Establishment of Brother's CSR Management**

- In addition to further enhancement of customer satisfaction (CS) and employee satisfaction (ES), reinforce the group's ability to act for environmental conservation.

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