

**Industrial Sewing Machine Production Company in China
To Become A Wholly Owned Subsidiary of Brother**

Brother Industries, Ltd. (President, Toshikazu Koike) announced that it will make its 60% investment joint venture company in China, Xian Typical Brother Industries, Co., Ltd. that produces industrial sewing machines, a wholly-owned subsidiary of the Company. Brother aims to further enhance its operational efficiency, with efforts to build a management system that facilitates prompt actions to respond to rapid changes in the market environment, as well as working more closely with its another production subsidiary in China.

<Background>

In November 1993, the Brother Group established Xian Typical Brother Industries, Co., Ltd. in Xian City, Shaanxi Province, China, as a joint venture with a Chinese industrial sewing machine production company, China Typical Sewing Machine Co. Since then, as the group's major industrial sewing machine production facility, Xian Typical Brother Industries, Co., Ltd. has been manufacturing its core, mass-production models, including lockstitch sewing machines, twin needle lockstitch sewing machines and overlock sewing machines. Brother also established in 2001 Brother Sewing Machine Xian Co., Ltd. with 100% investment, as a production base for mid- and high-end models. Thus, these two production facilities in Xian handle production of industrial sewing machines from mass-production models to mid- and high-end models.

Against the backdrop of current severe market condition surrounding industrial sewing machines, including a plunge in demand for capital investment in the sewing industry caused by the global economic downturn since last year, it has been considered important to expedite quick managerial decision-making, establish more profitable production system and invest resources to targeted markets.

Within this market condition, by making Xian Typical Brother Industries, Co., Ltd. a wholly-owned subsidiary with a planned name of "Xian Brother Industries Co. Ltd." the Brother Group will work to establish an effective production system, making efforts to build a management system in which sales and manufacturing strategies are flexibly implemented, and to cooperate closely with Brother Sewing Machine Xian Co., Ltd.



Outline of “Xian Brother Industries Co., Ltd. (tentative name)”

Name	: Xian Brother Industries Co., Ltd. (tentative name)
Representative	: Tsuyoshi Miyazawa, Chairman & C.E.O. (Executive Vice President, Machinery & Solution Company, Brother Industries, Ltd.) Shoichi Urano, Director & General Manager
Location	: No20 Gao Xin Road 3 Development Zone of Hi-Tech Industries, Xian, Shaanxi, China
Capital	: 20 million US dollars (100% subsidiary of Brother Industries, Ltd.)
Share Transferred Value	: 15.7 million US dollars
Date of Incorporation	: September 2009 (scheduled)
Business Description	: Production and sales of industrial sewing machines
No. of Employees	: Approximately 300 employees
Property Space	: Approximately 24,166 square meters
Products	: Industrial sewing machines (lockstitch sewing machines, twin needle lockstitch machines, overlock sewing machines)