

December 22, 2009

Brother Merges Two Consolidated Subsidiaries in China

Brother Industries, Ltd. (President, Toshikazu Koike) announced that it will merge Brother Sewing Machine Xian Co., Ltd. (hereafter BSMX) and Xian Brother Industries, Co., Ltd. (hereafter Xian Brother) which are 100% subsidiaries of Brother Industries, Ltd. BSMX and Xian Brother are the major industrial sewing machine production facilities of Brother. By concentrating their manufacturing force, Brother aims to further enhance its operational efficiency and competitiveness.

<Summary of merger >

(1) Schedule of merger

Conclusion of merger contract; November 30, 2009

Effective date for merger; May 2010 (planned)

(2) Type of merger:

Xian Brother is absorbed into a surviving corporation, BSMX.

(3) Impact to the business performance

Impact which may be given to the Brother Group consolidated business performance will be minor since this is a merger between the consolidated subsidiaries.

<Reference>

1.Outlines of the both companies

Name	BROTHER SEWING MACHINE XIAN CO., LTD. (surviving corporation)	XIAN BROTHER INDUSTRIES, CO., LTD. (absorbed corporation)
Representative	Katsuhiko Sato	Tsuyoshi Miyazawa (Executive vice president Machinery and Solution Company Brother Industries, Ltd.)
Location	B0504A Pioneer Square, No.48 Keji Road, Xi'an Hi-Tech Zone, Xian, Shaanxi, China	No20 Gao Xin Road 3 Development Zone of Hi-Tech Industries, Xian, Shaanxi, China
Capital	11 million US dollars 100% subsidiary of Brother Industries, Ltd.	20 million US dollars 100% subsidiary of Brother Industries, Ltd.

Date of Incorporation	Sep 8, 2001	Oct 20, 2009 *
Business Description	Production and sales of Industrial sewing machines (Lockstitch sewing machines, special sewing machines) and machine tools	Production and sales of Industrial sewing machines (Lockstitch sewing machines, twin needle lockstitch sewing machines and overlock sewing machines)

* Xian Typical Brother Industries, Co., Ltd. (60% invested by Brother) which was found in 1993 became 100% subsidiary of Brother in Oct 2009, and changed its name to "Brother Sewing Machine Xian Co., Ltd."

2. Overview of a new company after the merger (plan)

Name : Brother Machinery (Xian) Co., Ltd. (temporary name)

Representative : Tsuyoshi Miyazawa, Chairman & C.E.O.
(Executive vice president, Machinery and Solution Company
Brother Industries, Ltd.)
Katsuhiko Sato, Director & General Manager

Location : No20 Gao Xin Road 3 Development Zone of Hi-Tech Industries, Xian,
Shaanxi, China

Capital : 31 million US dollars (100% subsidiary of Brother Industries, Ltd.)

Business Description : Production and sales of industrial sewing machines and machine tools

No. of Employees : Approximately 550 employees