

Mid-term Business Strategy “CS B2015” Enters Third Year

The Brother Group has formulated a mid- to long-term corporate vision—Global Vision21—in which we define three objectives for the Group.

Global
Vision 21

- 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 Brother Group has been formulating mid-term business strategies as a roadmap for achieving Global Vision 21, and the mid-term business strategy “CS B2015” launched in April 2011 focuses on key growth strategies under the theme “Back to Growth.” Although we have experienced many changes in our business environment since formulating this CS B2015, our fundamental objective to capitalize on growth strategies and expand our businesses remains unchanged. That is, we are responding to changes in our business environment, actively pushing forward with capital investments, research and development, M&As, and the strengthening of our sales structure, as well as expanding each of our businesses, including new businesses.

CS B2015 Goal

Net sales ¥750.0 billion

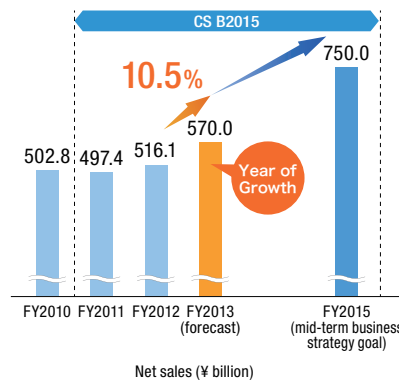
Operating income ¥58.0 billion

Operating income ratio 7.7%

*Premise exchange rates for CS B2015 goals:
1US\$=¥100, 1EURO=¥100, 1CNY=¥20

Growth in all Businesses and Regions

- Cultivation and expansion of new businesses and products
- Expansion in emerging nations
- Promotion of global strategy
- Promotion of M&As and alliances



Initiatives Towards Growth in Each Business

● Printing & Solutions Business All-in-One Printer Electronic Stationery Scanner

In fiscal 2012 we released high-end black-and-white laser models and a high-speed inkjet printer, strengthening our line-up of business-use products. Hereafter we plan to expand sales by strengthening marketing for business-use products and by introducing competitive black-and-white laser products specializing in the customer needs of emerging nations.

Additionally, we aim for growth in new fields such as the Service & Solutions business, document scanners and web conferencing systems by increasing product competitiveness and expanding service infrastructure.

● Personal & Home Business Home Sewing Machine

Sales in home sewing machines were further expanded with the introduction of mid- to high-end models such as home embroidery machine to feature a full range of the industry’s first functions for advanced users. Further market development in emerging nations was also pursued. We will continue to expand our customer base by introducing products with new value for customers while further strengthening our production system through such improvements as increased cost competitiveness at the Vietnamese factory.

● Machinery & Solution Business Industrial Sewing Machine Machine Tool

In fiscal 2012, we developed products to meet the demands of our customers in the sewing industry, such as the world’s first bonding machine that applies glue and presses in just one process. By developing and introducing new and competitive products, strengthening sales in the Asian market and lowering costs, we will continue to pursue comprehensive improvement.

● Network & Contents Business Online Karaoke Contents Service

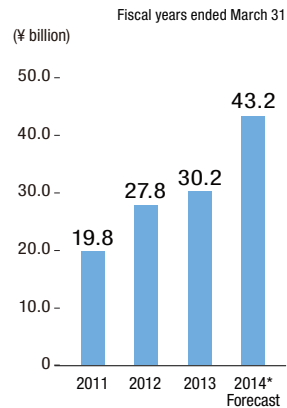
By introducing new online karaoke models, we were able to expand profits in fiscal 2012. As we continue to expand the line-up of online karaoke products and services, we are also working to improve business processes so as to ensure stable profits, and aim to cultivate new business in fields such as health services.

Strengthening Management Foundation

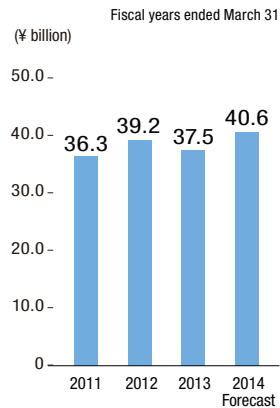
Following our CS B2015, we are pursuing optimal production systems in each business on a global scale. In addition to the Spring 2013 opening of the new Printing & Solutions factory in the Philippines and the Machinery & Solution factory in Xian, China, which concentrates several bases, preparations are also underway for the new Machinery & Solution factory in Vietnam to begin operations in fiscal 2014. As we strengthen the production system that supports growth, we will also continue to engage in capital investments which ensure optimal productions costs and provide against natural disasters and other such risks.

In order to create highly competitive products we are also pursuing proactive, growth-oriented investment in research and development. In fiscal 2013 we plan to commit record amounts to both capital investments and research and development.

Capital Expenditures

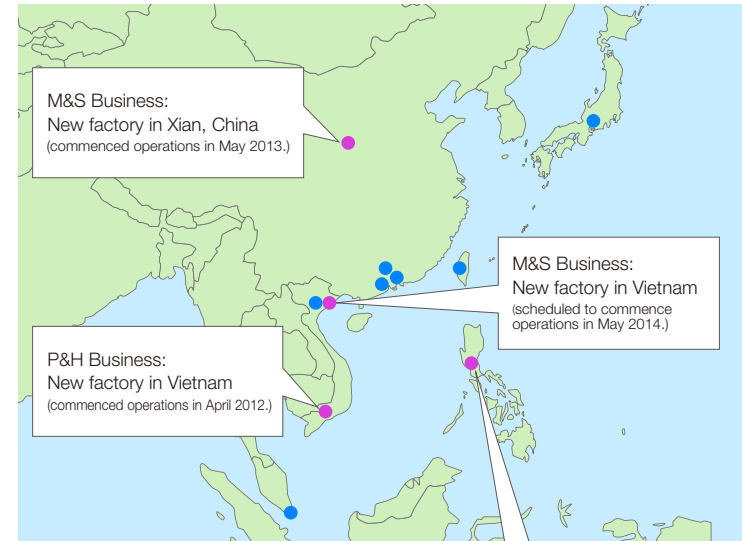


Research and Development Costs

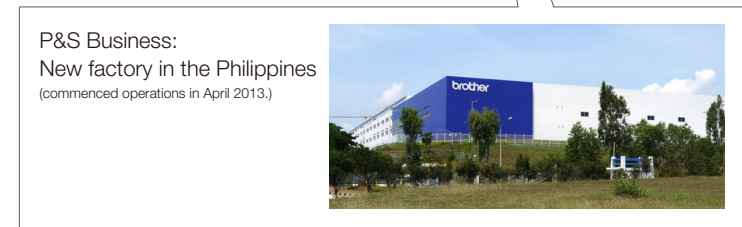


* The fiscal year ending March 31, 2014 includes investment in buildings and equipments at the new factory at Nissei Corporation.

Optimizing Our Manufacturing Facilities on a Global Basis



- New Manufacturing Facilities
- Existing Manufacturing Facilities



◆ Promotion of M&As and Alliances

In order to expand new businesses and develop new fields, Brother has executed M&As with such companies as an American venture start-up engaged in development of web conferencing, and a Japanese manufacturer of small size reducers and gears with a top-class share of the market in Japan. We will continue to pursue such M&As in order to realize further growth.



Industrial Part Business

Aiming for Early Synergy in the Industrial Part Business

In fiscal 2012 Nissei Corporation became a consolidated subsidiary of Brother. Through advanced technology and quick delivery, Nissei Corporation maintains a high share of Japan's market for reducers and gears. By utilizing Brother's global manufacturing and sales network Nissei will aim for continued growth through expansion of existing businesses overseas, while also combining Brother's existing mechanical, electrical and software technologies with Nissei's high precision parts processing technologies so as to accelerate the creation of new businesses.



Nissei Corporation