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NEWS RELEASE



AMADA CO., LTD.

Department in charge: Publicity & IR Department

URL: <http://www.amada.co.jp>

Announcement of a Business Partnership with AIDA ENGINEERING, LTD. --Establishment of a New Company for Gap Frame Presses Up to 3000 kN Capacity--

This is to announce that in today's Board of Directors meeting a resolution was passed to proceed with a business partnership between AMADA, CO., LTD. (hereafter referred to as AMADA) and AIDA ENGINEERING, LTD. (hereafter referred to as AIDA) in the gap frame press field, and that a memorandum of understanding has been signed by both parties.

1. An Overview of the Partnership

Both companies will invest in the establishment of a sales and service company that will engage in the product planning, marketing, and service of gap frame presses up to 3000 kN capacity.

This new company is scheduled to be established and begin operations on April 1, 2011, and it will be located at AMADA (Ishida, Isehara City, Kanagawa Prefecture, Japan). The investment percentages are expected to be set within the following basic ranges: AMADA to provide approximately 60% (more than 50%); AIDA to provide approximately 40% (more than 1/3rd). Regarding specifics such as the official company name, the company representative, and the amount of capital, these will be determined by the time the final contract is signed between the two parties, which is currently scheduled for mid-January 2011.

2. The Goals of the Partnership

- ① To assure competitiveness and to survive in the globalizing market for small and midsize presses.
- ② Achieve cost reductions through efficient mass production that will result from

production and model consolidation at both companies.

- ③ Leverage the capabilities of both companies to plan and quickly introduce low-cost, high value-added products to the market.
- ④ Integrate the sales and service functions of both companies in order to streamline selling and general administrative expenses and provide customers with expanded comprehensive service.
- ⑤ Establish a cooperative overseas marketing system for the European market, etc., starting with Germany.

3. The Background and the Aim of the Partnership

The gap frame press market after the Lehman Shock dropped 70% compared to its peak level. Thereafter, the market bottomed out due to the positive effects of measures to shore up markets, such as tax incentives for purchasing economical cars and eco-point systems, etc., but current order intake levels have only recovered to 60~70% of peak levels. Amidst concerns that the shift of manufacturing from Japan to overseas locations will continue to accelerate, it is inevitable that the long-term outlook is for a shrinking domestic Japanese market.

Though up to this point both companies have been leaders in the domestic Japanese gap frame press market (being ranked first and second in terms of market share), due to newly emerging press manufacturers in Taiwan and China, etc., there is no assurance that these market shares can be maintained. Faced with such a situation, the aim of this business partnership is to overcome the harsh business environment that has and will continue to encompass the Japanese press industry, and the intent is to work to maintain and expand the gap frame press business in Japan and overseas markets by concentrating the business resources of these two leading domestic Japanese press companies in order to cooperatively leverage their respective strengths.

4. The Basic Business Partnership Framework and the Effects of Improved Business

The new joint venture company will be formed around AMADA's press sales and service departments with their powerful marketing capabilities, and it will engage in the product planning, sales, and service of gap frame presses with capacities up to 3000 kN. Currently planned to be a consolidated subsidiary of AMADA, this new joint venture company will be able to focus on sales and service in a press industry that is easily affected by economic trends, and this is expected to lead to increased customer satisfaction and greater competitiveness in the market.

AIDA will undertake product development and production operations for the new joint venture company, and AMADA will cease production of applicable products once the new company is established. This business partnership will enable AIDA to increase the production of its extensive lineup of gap frame presses that reflect AIDA's expertise as a dedicated press manufacturer and will also enable cost reductions through efficient mass production. Moreover, AIDA will be able to focus its management resources on other flagship products such as its midsize and large custom tandem lines and transfer presses and its high-speed presses, thereby further improving its business efficiency. In overseas markets, the new company will sell to its overseas AMADA Group companies, and AIDA will sell to its overseas AIDA Group companies.

5. Impact on Company Results

The impact of this business partnership on the consolidated results for the current fiscal year will be minimal. The impact of this business partnership on the results for the next fiscal year is undetermined at this time.

If at a later date it becomes clear that major effects on business results can be projected, we will issue an appropriate announcement.