

Announcement

September 12, 2005

To whom it may concern

Company : Harmonic Drive Systems, Inc.
Representative : Nobuo Kumagai, President
(Ticker : 6324, JASDAQ)

Company : Nabtesco Corporation
Representative : Kazuyuki Matsumoto, President
(Ticker : 6268, First Section of TSE)

Integration of Harmonic Drive reduction gear business in USA

Harmonic Drive Systems, Inc. and Nabtesco Corporation reached to a basic agreement to integrate their businesses of harmonic drive type reduction gears operated by their respective US subsidiaries, HD Systems, Inc. and Harmonic Drive Technologies Nabtesco Inc., into a new joint venture company.

1. Background of the integration

In the North America, it is expected that demands for harmonic drive type reduction gears will strongly grow especially in the field of aerospace and other state-of-the-art technologies. Considering this situation, Harmonic Drive Systems, Inc. and Nabtesco Corporation came to a conclusion that more efficient and flexible operation would be essential to keep expanding the business, and reached to a basic agreement to integrate the business currently operated by subsidiaries of each company into the new company.

2. Overview of the joint venture company

- (1) Company Name Harmonic Drive, L.L.C. (provisional)
- (2) Location Massachusetts, USA
- (3) Field of Business Manufacturing and sales of harmonic drive type reduction gears and related motion control products.
- (4) Establishment October, 2005
- (5) Shareholders HD Systems, Inc. 51% (a subsidiary of Harmonic Drive Systems, Inc.)
Nabtesco USA Inc. 49% (a subsidiary of Nabtesco Corporation)

3. Outline of subsidiaries

Company Name	HD Systems, Inc.	Harmonic Drive Technologies Nabtesco Inc.
Location	New York	Massachusetts
Field of Business	Sales of harmonic drive type reduction gears and related motion control products	Manufacturing and Sales of harmonic drive type reduction gears and related motion control products
Scale of Sales	\$10mil annually	\$13mil annually
No. of Employees	Approximately 20	Approximately 70
Parent Company	Harmonic Drive Systems, Inc. (100%)	Nabtesco USA Inc.* (100%)

* Nabtesco USA Inc. is a holding company fully owned by Nabtesco Corporation