

**Announcement on the Establishment of Production Facilities for Precision Reduction Gears in China, and the Reorganization of Nabtesco's Hydraulic Equipment Business in China**

Nabtesco Corporation (hereinafter, "the Company;" headquarters: Chiyoda-ku, Tokyo; President & CEO: Kazuaki Kotani) hereby announces that it will establish a new production base in Changzhou, Jiangsu Province in China to cater to the precision reduction gear business in the Chinese market.

With a global market share of approximately 60% in precision reduction gears for industrial robot joints, the Company anticipates continued long-term expansion in this market. Particularly in China, a sharp increase in demand for industrial robots is expected in response to rapid growth in automation needs resulting from rising labor costs and other factors.

At present, the Company's production function for the precision reduction gears business is centralized at its Tsu Plant (Tsu City, Mie Prefecture, Japan). For the purpose of realizing a flexible product supply for the Chinese market where fast growth is expected, the Company decided to establish a production base in China jointly with "Shanghai Mechanical & Electrical Industry Co., Ltd.," a subsidiary of Shanghai Electric Group Company Limited, while aiming to avoid an excess concentration of production bases at a single location.

Until now, the manufacture of hydraulic equipment has been performed by "Jiangsu Nabtesco Hydraulic Co., Ltd.," a joint venture established in Changzhou with Shanghai Electric Group. The new production facilities for the precision reduction gears business will endeavor to realize an early launch for the manufacture of precision reduction gears of the same performance and quality as those manufactured in Japan by making effective use of the property in Jiangsu. At the same time, the hydraulic equipment business of the same joint venture will be consolidated with that of "Shanghai Nabtesco Hydraulic Co., Ltd." (in Shanghai), through which we will implement a reduction of assets in line with prolonged sluggish demand in the construction machinery market.

Manufacturing of precision reduction gears at the new company in China will begin in fiscal 2016, and will have minor impact on the Company's business performance for the fiscal year ending March 31, 2015.

The outline of the new company is as follows.

[Outline of the New Company]

New company:	Nabtesco (China) Precision Equipment Co., Ltd. (planned)
Outline of businesses:	Manufacture and distribution of precision reduction gears
Address:	Changzhou, Jiangsu Province, People's Republic of China
Start of construction:	March 2015
Start of operation:	January 2016
Shareholding ratio:	Nabtesco Corporation: 67%
	Shanghai Mechanical & Electrical Industry Co., Ltd.: 33%
Capital stock:	US\$50 million (Capital increase of US\$10 million)
Production capacity:	Precision reduction gears: 200,000 units per year