

(Translation)

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## **Announcement of Formation of Asahi Tec 100% subsidiary associated with Split-up of Electric Power Equipment Division**

The Board of Directors of Asahi Tec Corporation ( " ATC") has resolved as of this day to form ATC 100% owned subsidiary in association with split-up of Electric Power Equipment Division targeting on April 1<sup>st</sup> of 2011. Please note, however, that the relevant formation of subsidiary and Corporate Split are subject to approval of lenders pursuant to ATC loan agreement entered into with banks.

### **1. Background and reasons**

Electric Power Equipment ("EPE") Division operates differently from ATC's core businesses which are represented by general casting and forging parts in Automotive, Truck and Construction machinery fields. In order for EPE to flexibly seek their own growth scenario, EPE needs to have their own grip on their business operation as well as management structure independently from ATC's. While ATC puts great emphasis on emerging countries' needs on automobile and its related business fields especially in Thailand, China and potentially India, Corporate split of EPE division would enable both ATC and EPE to accelerate the study on the best scenario for both sides, which becomes the first phase for future potential M&A for EPE if best decided. Thus, ATC has decided formation of ATC's 100% owned subsidiary associated with Split-up of EPE Division targeting on April 1<sup>st</sup>, 2011.

### **2. Schedule**

ATC will establish its 100% owned subsidiary in December 2010, and EPE will be split and absorbed into the subsidiary on April 1<sup>st</sup>, 2011.

### **3. Prospects**

The business result forecast of both ATC consolidated and non-consolidated for the fiscal year 2010 ending March 31<sup>st</sup>, 2011 will not have any impacts by this events. Corporate split plan for EPE division will be announced with its financial information once the plan details are finalized.

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