

## **WEG establishes joint venture with CESTARI Industrial and enters power transmission business**

*WEG S.A. and CESTARI Industrial e Comercial S.A. have established a joint venture for the development, manufacturing and distribution of gearboxes and gear motors.*

Upon this transaction, WEG will acquire 50%-plus-one-share of the joint venture company based on CESTARI's assets related to the manufacturing of gearboxes and gear motors, with expectation to achieve revenues of approximately R\$ 70 million in 2011. Present in the market for over one hundred years, CESTARI is one of the largest players in the Brazilian gearboxes and gear motors market and it is headquartered in Monte Alto, State of São Paulo, with vertically integrated production capabilities including iron, bronze and aluminum casting facilities and state-of-the-art machining centers.

This joint venture combines electric motors and industrial automation systems supplied by WEG with the gearboxes and gear motors manufactured by CESTARI to be offered as integrated solutions. The market has been demanding for long time power transmission solutions that integrate electric motors, frequency drives and gearboxes, since these solutions allow improvements on operational performance and great energy savings.

"Considering CESTARI's traditional operation and brand recognition, we believe that this joint venture will significantly contribute to WEG's growth in the power transmission business. Our strategy of offering complete solutions becomes much stronger with the addition of a wide and flexible product line that includes both electrical and mechanical solutions" says Mr. Siegfried Kreutzfeld, WEG Motores Managing Director.

As per Mr. Alcides Cestari Netto, CESTARI's Managing Director, "upon this joint venture we will see a very strong player in power transmission, with the market coverage strengthened by WEG's distribution network, which shall expand our sales channels."

---