

Fellowes Shredders Shipments Blocked by Joint Venture Partner

Itasca, Ill. (September 3, 2010)- Fellowes, Inc. confirms that its Chinese joint venture partner, Jiangsu Shinri Machinery Co., Ltd. has blocked all shipments at the Fellowes' Manufacturing facility in Changzhou, China. "We first and foremost apologize to all Fellowes' loyal customers who are affected by this shipment stoppage," said James Fellowes, Chairman and Chief Executive Officer. "We are working to do everything within our power to resolve this issue."

Affected products include many of Fellowes commercial, professional, and SOHO shredders. Fellowes personal shredder range is not affected for the most part. Also not affected by this development are Fellowes' Bankers Box products, Office Productivity and nearly all of the Binding and Laminating products.

Fellowes has had a long and successful 12 year association with its Chinese JV partner. The relationship evolved in late 2006 from a third party relationship to a Cooperative Joint Venture. At that point Fellowes gained 100% control of the operation and the Chinese partner ceased to be involved in the operations. The terms do entitle the Chinese partner to an annual return on its investment. Fellowes has met this obligation each year.

The shipment stoppage was unilaterally imposed in August by the Chinese partner to force Fellowes to radically change the key provisions of the contract and board resolutions with the effect of shifting power, control and financial gain to the Chinese partner. In spite of Fellowes efforts to negotiate a settlement with the assistance of the government, the demands from the JV partner have continued to grow with no willingness for compromise or common ground.

Problems began earlier in the year when a dispute broke out between the two brothers of the Chinese partners company, Shinri. The dispute resulted in Fellowes' long standing partner leaving the business and his older brother taking over. Tensions mounted over the ensuing months, but the stoppage of shipments came as a surprise to Fellowes as the shut-down dramatically undermines the Chinese partner's economic opportunity.

Fellowes continues to work with Chinese government and party officials with the help of the U.S. government. The Chinese government has assisted Fellowes in this dispute but so far has been unable to lift the blockage.

In the meantime, Fellowes is diligently working to bring up alternate products and new supply chains to bring its affected machines back into the market.

Fellowes is a private held, 94 year old family business which prides itself on integrity in business relationships. The company has prospered in recent years in particular with strong gains in global market share. In Fiscal 10 Fellowes achieved strong profitability with an exceptionally strong balance sheet and significant surplus of cash on hand. Fellowes also received in its Fiscal 10 thirty-six awards from customers, trade groups, and various awards panels internationally for excellence in product innovation, marketing, supply chain execution, and employment practice.

About Fellowes

Fellowes, Inc. is headquartered in the Chicagoland area with fourteen international offices that employ 1800 people worldwide. Fellowes, Inc. offers an impressive range of products to equip the workspace, including paper shredders, binders and laminators, desktop accessories, and record storage solutions. Fellowes products are now readily available in over 100 countries across the globe. For more information, visit www.fellowes.com.