



May 17, 2018
Brother Industries, Ltd.

Discontinuation (Abolition) of Policy toward Large-scale Purchases of Brother Shares (Takeover Defensive Measures)

Brother resolved to adopt the “Policy toward Large-scale Purchases of Brother Shares” with the approval from its shareholders at the 114th Brother Annual Shareholders Meeting held on June 23, 2006. Since then, Brother has continued to maintain this Policy until now while making necessary revisions to it with the approval from its shareholders at the Brother Annual Shareholders Meetings in 2009, 2012, and 2015.

The effective period of the Policy will expire at the close of the first Board of Directors’ Meeting to be held after the 126th Brother Annual Shareholders Meeting scheduled to be held on June 26, 2018. Brother, however, resolved to discontinue the Policy on the expiry of that period at the Board of Directors’ Meeting held today. Brother hereby announces the details of this decision as below.

Under “CS B2018,” the mid-term business strategy launched in 2016, the whole Brother Group is now committed to three transformations, which are “Business, Operational, and Talent” transformations, and is also striving to transform itself from the current printing-focused business to a multi-business enterprise by further strengthening its industrial and new business segments with growth potential, aiming to further enhance Brother’s corporate value.

Brother established the “Basic Policy Concerning the Shape of Persons or Entities Who Control the Decision on the Policy for Finance and Business from the Aspect of Assuring and Enhancing the Corporate Value of Brother or Furthermore the Common Interests of Its Shareholders” (hereinafter referred to as the “Basic Philosophy”), and also has continued the Policy as an approach for preventing control by persons or entities who are deemed inappropriate in light of the Basic Philosophy. However, the business circumstances surrounding the Brother Group, including economic conditions, market trends, and Brother’s shareholder composition, have drastically changed since the introduction of the Policy.

Taking into account such business environment changes and the recent trends in takeover defense measures, Brother has carefully examined the necessity of the continuation of the Policy.

Based on this examination, Brother has concluded that steadily promoting measures for achieving the targets stipulated in “CS B2018” and driving sustainable growth can serve the common interests of its shareholders, and the continuation of the Policy has relatively lost its significance. Accordingly, Brother resolved, at the Board of Directors’ Meeting held today, to discontinue and abolish the Policy on the expiration date.

Even after the abolition of the Policy, Brother will take appropriate measures to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations. Such measures include requesting individuals or entities who intend to conduct a large-scale purchase of Brother’s shares to provide necessary and sufficient information in order to allow Brother’s shareholders to appropriately weigh the pros and cons of the purchase, publishing the opinions of the Board of Directors, and ensuring the time necessary for Brother’s shareholders to consider the purchase. In addition, Brother will continuously strive to enhance its corporate value and ensure the common interests of its shareholders.