



November 6, 2018
Brother Industries, Ltd.

Notice of Amendments to Conditions for Exercising Stock Options for Stock-Based Compensation Plan (Stock Acquisition Rights)

Brother Industries, Ltd. (the “Company”) hereby announces as follows that it has resolved at a meeting of its Board of Directors held on November 6, 2018 to amend the conditions for exercising stock acquisition rights issued in the past as stock options for a stock-based compensation plan.

Details

1. Reason for amendments

Stock options for a stock-based compensation plan (stock acquisition rights) for Directors (excluding outside Directors) and Executive Officers of the Company were introduced with the purpose of linking efforts toward the long-term enhancement of the Company group’s corporate value with the share price of the Company’s shares. The Company’s stock options issued in the past for its stock-based compensation plan were exercisable on the condition that a certain period of time had passed after the relevant Director (excluding outside Directors) or Executive Officer of the Company had resigned from his or her position as Director, etc. of the Company. In light of the purpose of their introduction, it would be appropriate to preclude a person from exercising his or her stock options for a stock-based compensation plan (stock acquisition rights) as long as that person is employed by not only the Company but also the Company group and to make it a condition of exercise that a certain period of time passes after that person loses his or her position as Director, etc. of both the Company and the Company group. The Company therefore amends the conditions for exercising the stock acquisition rights in relation to this point.

2. Stock acquisition rights subject to amendments

- (i) Stock Acquisition Rights Issued March 2007 (Issued on March 19, 2007)
- (ii) Stock Acquisition Rights Issued March 2008 (Issued on March 24, 2008)
- (iii) Stock Acquisition Rights Issued March 2009 (Issued on March 23, 2009)
- (iv) Stock Acquisition Rights Issued March 2010 (Issued on March 23, 2010)
- (v) Stock Acquisition Rights Issued March 2011 (Issued on March 23, 2011)
- (vi) Stock Acquisition Rights Issued March 2012 (Issued on March 23, 2012)
- (vii) Stock Acquisition Rights Issued March 2013 (Issued on March 21, 2013)

- (viii) Stock Acquisition Rights Issued March 2014 (Issued on March 27, 2014)
- (ix) Stock Acquisition Rights Issued March 2015 (Issued on March 18, 2015)
- (x) Stock Acquisition Rights Issued March 2016 (Issued on March 24, 2016)
- (xi) Stock Acquisition Rights Issued March 2017 (Issued on March 24, 2017)
- (xii) Stock Acquisition Rights Issued March 2018 (Issued on March 26, 2018)
- (xiii) Stock Acquisition Rights Issued July 2018 (Issued on July 19, 2018)

3. Details of amendments

(1) Details of amendments to stock acquisition rights listed in (i) through (iii) of “2.” above

Present	Amended
<p>Conditions for exercising stock acquisition rights</p> <p>(1) Any person to whom stock acquisition rights have been allotted (“Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights only for up to 5 years starting from one year after the day immediately following the date on which the relevant Holder of Stock Acquisition Rights <u>resigns from</u> his or her position as Director of the Company (the “Starting Date of Exercise Period”).</p> <p>(omitted)</p>	<p>Conditions for exercising stock acquisition rights</p> <p>(1) Any person to whom stock acquisition rights have been allotted (“Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights only for up to 5 years starting from one year after the day immediately following the date on which the relevant Holder of Stock Acquisition Rights <u>loses</u> his or her position as <u>any of Director, Auditor, Executive Officer, or Counselor of the Company or any of its subsidiaries or any company in which the Company and/or any of its subsidiaries own 40% or more of the shareholder voting rights</u> (the “Starting Date of Exercise Period”).</p> <p>(omitted)</p>

(Amendments underlined)

(2) Details of amendments to stock acquisition rights listed in (iv) through (xii) of “2.” above

Present	After amendments
<p>Conditions for exercising stock acquisition rights</p> <p>(1) Any person to whom stock acquisition rights have been allotted (“Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights only for up to 5 years starting from one year after the day immediately following the date on which the relevant Holder of Stock Acquisition Rights loses his or her position as any of Director, Auditor, Executive Officer, or Counselor of the Company (the “Exercise Date”).</p> <p>(omitted)</p>	<p>Conditions for exercising stock acquisition rights</p> <p>(1) Any person to whom stock acquisition rights have been allotted (“Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights only for up to 5 years starting from one year after the day immediately following the date on which the relevant Holder of Stock Acquisition Rights loses his or her position as any of Director, Auditor, Executive Officer, or Counselor of the Company <u>or any of its subsidiaries or any company in which the Company and/or any of its subsidiaries own 40% or more of the shareholder voting rights</u> (the “Starting Date of Exercise Period”).</p> <p>(omitted)</p>

(Amendments underlined)

(3) Details of amendments to stock acquisition rights listed in (xiii) of “2.” above

Present	After amendments
<p>Conditions for exercising stock acquisition rights</p> <p>(1) Any person to whom stock acquisition rights have been allotted (“Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights only for up to 5 years starting from one year after the day immediately following the date on which the relevant Holder of Stock Acquisition Rights loses his or her position as any of Director, Auditor, Executive Officer, or Counselor of the Company (the “Starting Date of Exercise Period”).</p> <p>(omitted)</p>	<p>Conditions for exercising stock acquisition rights</p> <p>(1) Any person to whom stock acquisition rights have been allotted (“Holder of Stock Acquisition Rights”) may exercise his or her stock acquisition rights only for up to 5 years starting from one year after the day immediately following the date on which the relevant Holder of Stock Acquisition Rights loses his or her position as any of Director, Auditor, Executive Officer, or Counselor of the Company <u>or any of its subsidiaries or any company in which the Company and/or any of its subsidiaries own 40% or more of the shareholder voting rights</u> (the “Starting Date of Exercise Period”).</p> <p>(omitted)</p>

(Amendments underlined)

4. Effective date of amendments

The amendments have taken effect on November 6, 2018 (Tuesday).