

Note: The following is an English translation of the original Japanese version, prepared only for the convenience of shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Information referred to herein may not have an English translation. The pages referred to are those in the original Japanese version.

(Securities code: 6448)  
June 1, 2015

15-1, Naeshiro-cho, Mizuho-ku, Nagoya  
**BROTHER INDUSTRIES, LTD.**  
Toshikazu Koike  
Representative Director & President

## NOTICE OF THE 123RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 123rd Ordinary General Meeting of Shareholders to be held as stated below. **If you are unable to attend the meeting, please review the attached "Reference Material for General Meeting of Shareholders" and exercise your voting right by 6:00 pm, Monday, June 22, 2015 (Japan Standard Time) by one of the methods described in "Exercising Your Voting Rights" on the following page.**

### Meeting Details

- 1. Date and time:** June 23, 2015 (Tuesday) at 10:00 am (Japan Standard Time)  
**2. Place:** 3rd Floor Baroque Room  
Nagoya Tokyu Hotel  
4-6-8, Sakae, Naka-ku, Nagoya

Please refer to the "access map" at the end of this notice (omitted from this translation).

- 3. Agendas:**  
**Matters to be reported:**
1. Report on the Business Report, Consolidated Financial Statements for the 123rd fiscal term (from April 1, 2014 to March 31, 2015) and the result of the audits of the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors
  2. Report on the Financial Statements for the 123rd fiscal term (from April 1, 2014 to March 31, 2015)

#### **Matters to be resolved:**

- Proposal 1:** Partial amendment to Articles of Incorporation  
**Proposal 2:** Election of 11 Directors  
**Proposal 3:** Election of 2 Auditors  
**Proposal 4:** Payment of performance-based remuneration to 6 Directors  
**Proposal 5:** Approval of Policy toward Large-scale Purchases of Brother Shares

Shareholders are invited to a reception to be held after the general meeting to meet and talk with the directors, auditors and executive officers. Drinks will be served.

## Exercising Your Voting Rights

- (1) If you are unable to attend the meeting, please vote by using one of the following methods.

### **[Voting by proxy]**

You can appoint another shareholder who has a voting right as your proxy to attend the meeting. Please note that your proxy will be requested to present written proof of the appointment.

### **[Voting by postal mail]**

Please indicate your approval or disapproval of the proposals in the [Exercise Form] enclosed and return it to us.

### **[Voting by Internet]**

Please access the designated website (<http://www.evotep.jp/>) on your personal computer, smartphone, or mobile phone (i-mode, EZweb or Yahoo! Keitai) with the "login ID" and the "temporary password" provided in the [Exercise Form] enclosed herewith. Follow the instructions to enter your approval or disapproval of the proposals. Before voting, please ensure that you read the "Notes for Exercising Voting Rights via Internet" contained in the attached reference material (Page 75) (omitted from this translation).

Nominee shareholders (including standing proxies) such as custodian banks can apply in advance to use the electronic voting platform provided by ICJ Inc. to exercise their voting rights through that platform.

- (2) If you exercise your voting right both by postal mail and through the Internet, the vote by the Internet shall be treated as valid and the voting by mail shall not count.

You can vote more than once (revote) through the Internet. In this case, however, only the last vote shall be regarded as valid. Only the last vote shall be regarded as valid if a voting right is exercised more than once by personal computer, smartphone, and or mobile phone. All prior votes shall not count.

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If you plan to attend the meeting, please present the [Exercise Form] to the receptionist at the meeting.

Any revisions to the reference material for General Meeting of Shareholders, the business report, or the unconsolidated or consolidated financial statements will be published on Brother's website (<http://www.brother.co.jp/investor/index.htm>).

Notice of Resolutions of the 123rd Ordinary General Meeting of Shareholders will be published on Brother's website (<http://www.brother.co.jp/investor/meeting/index.htm>), and will not be sent in paper form by mail.

# Reference Material for General Meeting of Shareholders

## Proposals and Reference Information

### Proposal 1: Partial amendment to Articles of Incorporation

#### 1. Reasons of Amendments

In response to the expansion of Brother (the “Company”)’s business and in order to set out the business purpose of Brother Group in association with the acquisition of Teichiku Entertainment, Inc. in April 2015, the Company will make the following additions of business purposes in Article 2 of the current Articles of Incorporation.

#### 2. Details of Amendments

The details of the amendments to Articles of Incorporation are as follows:

(The proposed changes are underlined)

| <u>Current Articles of Incorporation</u>                                                                                                                                                                                                                                    | <u>Proposed Amendment</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>CHAPTER I. GENERAL PROVISIONS<br/>(Purposes)<br/>Article 2: The Company is formed for the following purposes:<br/>(1)~(9) (Text omitted)<br/>(New Clause)<br/><br/>(10)~(19) (Text omitted)<br/>(New Clause)<br/><br/>(New Clause)<br/><br/>(20)~(25) (Text omitted)</p> | <p>CHAPTER I. GENERAL PROVISIONS<br/>(Purposes)<br/>Article 2: The Company is formed for the following purposes:<br/>(1)~(9) (Text unchanged)<br/><u>(10) To manufacture, sell, and lease machines and equipment for generation and storage of electricity and associated parts;</u><br/>(11)~(20) (Text unchanged)<br/><u>(21) To raise musicians and other performers and arrange their performances, and to plan and hold various events;</u><br/><u>(22) To plan, make, and sell publication and software of sounds, pictures, videos, and characters, and to acquire and license their copyright and rights neighboring to copyright.</u><br/>(23)~(28) (Text unchanged)</p> |

## Proposal 2: Election of 11 Directors

The term of office of all eleven current Directors will expire at the close of this Ordinary General Meeting of Shareholders. It is proposed that eleven Directors be elected.

The candidates for Directors are as follows:

| Candidate number | Name<br>(Date of birth)                | Personal history, position, duties and important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Number of the Company's shares in possession |
|------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1                | Toshikazu Koike<br>(October 14, 1955)  | <p>April 1979: Joined the Company</p> <p>August 1982: Brother International Corporation (U.S.A.)</p> <p>October 1992: Director of Brother International Corporation (U.S.A.)</p> <p>January 2000: Director &amp; President of Brother International Corporation (U.S.A.)</p> <p>June 2004: Director of the Company</p> <p>January 2005: Director &amp; Chairman of Brother International Corporation (U.S.A.)</p> <p>April 2005: Director &amp; Managing Executive Officer of the Company</p> <p>April 2006: Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2006: Representative Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2007: Representative Director &amp; President of the Company (current position)</p>                                                                                                                                                | 25,000                                       |
| 2                | Shigeki Ishikawa<br>(January 18, 1953) | <p>April 1976: Joined the Company</p> <p>June 1995: General Manager of Production Dept., Image System Division, Image Equipment Business of the Company</p> <p>October 1997: Division Manager, Image System Division of the Company</p> <p>June 2000: Executive Officer of the Company, Executive Vice President of Information &amp; Document Company</p> <p>April 2002: Executive Officer of the Company, President of Information &amp; Document Company</p> <p>June 2002: Director &amp; Managing Executive Officer of the Company</p> <p>April 2008: Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2008: Representative Director &amp; Senior Managing Executive Officer of the Company (current position)</p> <p>[Responsibilities in the Company]<br/>Head of Printing Business Development Dept.<br/>Responsible for: Development Management Dept. and Intellectual Property Dept.</p> | 30,900                                       |

| Candidate number | Name<br>(Date of birth)             | Personal history, position, duties and important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of the Company's shares in possession |
|------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 3                | Tomoyuki Hasegawa<br>(May 16, 1955) | <p>April 1978: Joined the Company</p> <p>January 2000: Managing Director of Brother International Corporation GmbH</p> <p>April 2003: General Manager of Public Relations &amp; General Affairs Dept. of the Company</p> <p>June 2004: Executive Officer of the Company</p> <p>April 2009: Managing Executive Officer of the Company</p> <p>June 2009: Outside Director of Nissei Corporation</p> <p>June 2013: Director &amp; Managing Executive Officer of the Company</p> <p>June 2014: Representative Director &amp; Managing Executive Officer of the Company</p> <p>April 2015: Representative Director of the Company (current position)<br/>Representative Director &amp; President of Nissei Corporation (current position)</p>                                                                                                                                                                                                                                                                                                                 | 14,830                                       |
| 4                | Jun Kamiya<br>(February 11, 1959)   | <p>April 1981: Joined the Company</p> <p>October 1995: Director &amp; President of Brother International Corporation (Canada) Ltd.</p> <p>April 1999: General Manager of Business Machines Div. of Brother Sales, Ltd.</p> <p>April 2000: Executive Officer of Brother Sales, Ltd.</p> <p>June 2001: Director of Brother Sales, Ltd.</p> <p>June 2003: Director &amp; Managing Executive Officer of Brother Sales, Ltd.</p> <p>June 2005: Representative Director &amp; President of Brother Sales, Ltd.</p> <p>April 2008: Executive Officer of the Company</p> <p>December 2009: Representative Director &amp; Chairman of XING Inc. (current position)</p> <p>April 2010: Group Managing Executive Officer of the Company</p> <p>April 2013: Managing Executive Officer of the Company</p> <p>June 2014: Director &amp; Managing Executive Officer of the Company (current position)</p> <p>[Responsibilities in the Company]<br/>Head of N&amp;C Business Dept.<br/>Responsible for: Network System Development Dept. and N&amp;C Business Dept.</p> | 15,600                                       |
| 5                | Ichiro Sasaki<br>(April 30, 1957)   | <p>April 1983: Joined the Company</p> <p>October 2004: Managing Director of Brother U.K. Ltd.</p> <p>April 2008: General Manager of NID Research &amp; Development Dept. of the Company</p> <p>April 2009: Executive Officer of the Company</p> <p>April 2013: Managing Executive Officer of the Company</p> <p>June 2014: Director &amp; Managing Executive Officer of the Company (current position)</p> <p>[Responsibilities in the Company]<br/>Head of Service &amp; Solutions Business Development Dept.<br/>Responsible for: MIS Dept., Software Development Dept. 1, Software Development Dept. 2, and Software Application Development Dept.</p>                                                                                                                                                                                                                                                                                                                                                                                                | 34,780                                       |

| Candidate number | Name<br>(Date of birth)                | Personal history, position, duties and important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Number of the Company's shares in possession |
|------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 6                | Tadashi Ishiguro<br>(June 21, 1960)    | <p>April 1984: Joined the Company</p> <p>May 1987: Brother International Corporation (U.S.A.)</p> <p>January 2005: Director &amp; President of Brother International Corporation (U.S.A.)</p> <p>April 2011: Group Executive Officer of the Company</p> <p>April 2013: Group Managing Executive Officer of the Company</p> <p>April 2014: Director and Chairman of Brother International Corporation (U.S.A.)</p> <p>June 2014: Director &amp; Group Managing Executive Officer of the Company</p> <p>January 2015: Director &amp; Managing Executive Officer of the Company (current position)</p> <p>[Responsibilities in the Company]<br/>Head of Industrial Parts Business<br/>Responsible for: Corporate Planning Dept.</p>                                                                                                                                                    | 12,700                                       |
| 7                | Yukihisa Hirano<br>(February 25, 1938) | <p>April 1961: Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation)</p> <p>December 1989: Director and President of Toyota Motor Manufacturing (UK) Ltd.</p> <p>September 1990: Director and General Manager of Europe Business Division of Toyota Motor Corporation</p> <p>June 1997: Director and President of Kanto Auto Works, Ltd.</p> <p>May 1998: Representative Director and President of Central Japan International Airport Co., Ltd.</p> <p>June 2007: Director and Chairman of Central Japan International Airport Co., Ltd.</p> <p>June 2009: Director of the Company (current position)</p> <p>June 2011: Chief Executive Advisor of Central Japan International Airport Co., Ltd.</p> <p>June 2012: Outside Auditor of KDDI Corporation (current position)</p> <p>June 2013: Advisor of Central Japan International Airport Co., Ltd. (current position)</p> | 15,200                                       |

| Candidate number | Name<br>(Date of birth)                | Personal history, position, duties and important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Number of the Company's shares in possession |
|------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 8                | Atsushi Nishijo<br>(July 24, 1942)     | <p>April 1965: Joined Sumitomo Corporation</p> <p>June 1993: Director of Sumitomo Corporation<br/>Executive Vice President of Sumitomo Corporation of America</p> <p>April 1997: Managing Director of Sumitomo Corporation</p> <p>April 2001: Senior Managing Director and General Manager for the Americas of Sumitomo Corporation<br/>President and Chief Executive Officer of Sumitomo Corporation of America</p> <p>April 2002: Executive Vice President of Sumitomo Corporation</p> <p>April 2003: Director, Executive Vice President of Sumitomo Corporation</p> <p>June 2003: Executive Vice President of Sumitomo Corporation</p> <p>April 2005: Advisor of Sumisho Computer Systems Corporation (now SCSK Corporation)</p> <p>June 2005: Chairman of the Board of Sumisho Computer Systems Corporation</p> <p>June 2009: Special Advisor of Sumisho Computer System Corporation</p> <p>June 2010: Chairman of Japan Cable and Telecommunications Association (current position)<br/>Advisor of Sumitomo Corporation (current position)<br/>Director of the Company (current position)</p> <p>March 2014: Outside Director of Skylark Co., Ltd. (current position)</p> | 9,200                                        |
| 9                | Shigehiko Hattori<br>(August 21, 1941) | <p>April 1964: Joined Shimadzu Corporation</p> <p>June 1989: President of Shimadzu Scientific Instruments Inc., U.S.A.</p> <p>June 1993: Director, Member of the Board of Shimadzu Corporation</p> <p>June 1997: Managing Director of Shimadzu Corporation</p> <p>June 2003: President and CEO of Shimadzu Corporation</p> <p>June 2009: Chairman of the Board of Shimadzu Corporation (current position)</p> <p>June 2011: Outside Director of Mitsubishi Tanabe Pharma Corporation (current position)</p> <p>March 2012: Outside Director of Sapporo Holdings Limited (current position)</p> <p>June 2012: Director of the Company (current position)</p> <p>July 2012: Outside Director of Meiji Yasuda Life Insurance Company (current position)</p> <p>March 2015: Outside Auditor of Nikkei Inc. (current position)</p>                                                                                                                                                                                                                                                                                                                                                  | 5,200                                        |

| Candidate number | Name<br>(Date of birth)             | Personal history, position, duties and important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of the Company's shares in possession |
|------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 10               | Koichi Fukaya<br>(December 3, 1943) | <p>April 1966: Joined Nippondenso Co., Ltd. (now DENSO Corporation)</p> <p>March 1995: Executive Director, Member of the Board of Nippon Denso Co., Ltd. (now DENSO Corporation)</p> <p>April 1995: President of Nippondenso Manufacturing U.S.A., Inc. (now DENSO Manufacturing Michigan, Inc.)</p> <p>June 1998: Managing Director of DENSO Corporation</p> <p>June 2002: Senior Executive Director, Member of the Board of DENSO Corporation</p> <p>June 2003: President and CEO of DENSO Corporation</p> <p>January 2006: Corporate Auditor (Outside auditor) of JTEKT Corporation (current position)</p> <p>June 2008: Vice Chairman of DENSO Corporation</p> <p>June 2009: Chairman of DENSO Corporation</p> <p>June 2012: Director of the Company (current position)</p> <p>June 2013: Advisor of DENSO Corporation (current position)</p> | 5,200                                        |
| 11               | Soichi Matsuno<br>(June 20, 1944)   | <p>April 1967: Joined Eisai Co., Ltd.</p> <p>April 1992: President of Eisai Corporation of North America, Inc.</p> <p>June 1993: Director of Eisai Co., Ltd.</p> <p>February 1997: Executive Director of Eisai Co., Ltd.</p> <p>June 2000: Director and Senior Managing Executive Officer of Eisai Co., Ltd.</p> <p>June 2001: Chairman of Eisai Inc., U.S.A.</p> <p>June 2004: Representative Executive Officer Deputy President of Eisai Co., Ltd.</p> <p>June 2010: Advisor of Eisai Co., Ltd.</p> <p>June 2014: Director of the Company (current position)</p>                                                                                                                                                                                                                                                                                | 700                                          |

Notes:

1. There is no special conflict of interest between each of these candidates and the Company.
2. Yukihiisa Hirano, Atsushi Nishijo, Shigehiko Hattori, Koichi Fukaya, and Soichi Matsuno are candidates for outside directors. The Company has notified the Tokyo Stock Exchange, Inc. of designation of Yukihiisa Hirano, Atsushi Nishijo, Shigehiko Hattori, Koichi Fukaya, and Soichi Matsuno as independent directors as defined in Security Listing Regulations Article 436-2 of Tokyo Stock Exchange, Inc.
3. The reasons for the nomination of the outside director candidates are as follows:
  - Yukihiisa Hirano is currently the outside director of the Company. He has been involved in the management of Toyota Motor Corporation and Central Japan International Airport Co., Ltd. Through his extensive experience, insight, and achievements as an executive of a global group of companies, he can provide advice regarding the Company's management, make important decisions and supervise the execution of business of the Company, independent of the managing executives. For these reasons, the Company proposes the reelection of Yukihiisa Hirano.
  - Atsushi Nishijo is currently the outside director of the Company. He has been involved in the management of Sumitomo Corporation and Sumisho Computer Systems Corporation (now SCSK Corporation). Through his extensive experience, insight, and achievements as both an executive of a global group of companies and of an information technology company, he can provide advice regarding the Company's management, make important decisions and supervise the execution of business of the Company, independent of the managing executives. For these reasons, the Company proposes the reelection of Atsushi Nishijo.
  - Shigehiko Hattori is currently the outside director of the Company. He has been involved in the management of a global group of companies through his experience as president and CEO of Shimadzu Corporation, and in the overseas sales offices of Shimadzu Corporation. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company's management, make important decisions and supervise the execution of business of the Company, independent of the managing executives. For these reasons, the Company proposes the reelection of Shigehiko Hattori.
  - Koichi Fukaya is currently the outside director of the Company. He has been involved in the management of a global group of companies through his experience as president and CEO of DENSO Corporation, and in the overseas manufacturing facilities of DENSO Corporation. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company's management, make important decisions and supervise the execution of business



of the Company, independent of the managing executives. For these reasons, the Company proposes the reelection of Koichi Fukaya.

- Soichi Matsuno is currently the outside director of the Company. He has been involved in the management of a global group of companies through his experience as Deputy President of Eisai Co., Ltd., and in the overseas offices of Eisai Co., Ltd. Through his extensive experience, insight, and achievements, he can provide advice regarding the Company's management, make important decisions and supervise the execution of business of the Company, independent of management executives. For these reasons, the Company proposes the reelection of Soichi Matsuno.
4. On January 25, 2013, while Shigehiko Hattori was serving as representative director of Shimadzu Corporation, Shimadzu Corporation received a suspension of its designated contractor status from the Japanese Ministry of Defense, because it was discovered that Shimadzu Corporation overcharged the Japanese Ministry of Defense for aircraft equipment. Shimadzu Corporation has refunded the overcharged amount on March 25, 2014, and the suspension of its designated contractor status was lifted. Further, on January 30, 2012 (US Standard Time), while Koichi Fukaya was serving as representative director of DENSO Corporation, DENSO Corporation concluded a plea agreement with the United States Department of Justice, based on charges that it violated antitrust laws in connection with sales of certain automotive components.
  5. Yukihiisa Hirano, Atsushi Nishijo, Shigehiko Hattori, Koichi Fukaya, and Soichi Matsuno are currently outside directors of the Company, and at the close of this Ordinary General Meeting of Shareholders, will have served six years, five years, three years, three years, and one year respectively as outside director.
  6. Yukihiisa Hirano, Atsushi Nishijo, Shigehiko Hattori, Koichi Fukaya, and Soichi Matsuno are currently outside directors of the Company. The Company has entered into agreements with them respectively for limiting their liability to 10 million yen each or the statutory limit for limiting their liability, whichever is higher. The Company plans to enter into the same agreements with Yukihiisa Hirano, Atsushi Nishijo, Shigehiko Hattori, Koichi Fukaya, and Soichi Matsuno if they are reappointed.
  7. Yukihiisa Hirano will retire from the position of Advisor of Central Japan International Airport Co., Ltd. in late June 2015.
  8. Shigehiko Hattori will retire from the position of Chairman of the Board of Shimadzu Corporation in late June 2015 due to expiration of term of office.

### Proposal 3: Election of 2 Auditors

The term of office of Auditor Kunihiro Matsuo and Takao Umino will expire at the close of this Ordinary General Meeting of Shareholders. It is proposed that two Auditors be elected. This Proposal has been agreed by the Board of Auditors.

The candidates for Auditors are as follows:

| Candidate number | Name<br>(Date of birth)                    | Personal history, position, duties and important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Number of the Company's shares in possession |
|------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1                | Takao Umino<br>(March 22, 1947)            | <p>April 1970: Joined Mitsui Bank</p> <p>June 1998: Director of The Sakura Bank, Ltd.</p> <p>April 2001: Executive Officer of Sumitomo Mitsui Bank Corporation</p> <p>June 2004: Representative Director and President of Sakura Card Co., Ltd.</p> <p>December 2008: Director &amp; Senior Executive Vice President of T. Hasegawa Co., Ltd.</p> <p>June 2011: Auditor of the Company (current position)</p> <p>December 2014: Director &amp; Deputy President of T. Hasegawa Co., Ltd. (current position)</p>                                                                 | 1,200                                        |
| 2                | ※<br>Tomoyoshi Arita<br>(February 1, 1948) | <p>April 1974: Prosecutor at Kobe District Public Prosecutors Office</p> <p>September 2005: Director of the Public Security Department, Supreme Public Prosecutors Office</p> <p>January 2009: Superintending Prosecutor, Fukuoka High Public Prosecutors Office</p> <p>April 2010: Registered as Lawyer (current position)</p> <p>July 2010: Outside Director of Japan Post Bank Co., Ltd. (current position)</p> <p>June 2011: Outside Auditor of WDB Holdings Co., Ltd. (current position)</p> <p>May 2014: Outside Director of Riso Kyoiku Co., Ltd. (current position)</p> | 0                                            |

#### Notes:

- There is no special conflict of interest between each of these candidates and the Company.
- The asterisk (※) indicates a newly nominated director candidate.
- Takao Umino and Tomoyoshi Arita are candidates for outside auditor. The Company has notified the Tokyo Stock Exchange, Inc. of designation of Takao Umino as independent auditor as defined in Security Listing Regulations Article 436-2 of Tokyo Stock Exchange, Inc. Tomoyoshi Arita will be filed as independent auditor defined in Security Listing Regulations Article 436-2 of Tokyo Stock Exchange, Inc.
- The reasons for the nomination of the outside auditor candidates are as follows:
  - Takao Umino is currently the outside auditor of the Company. He has been involved in responsible duties at banking institutions and has served as Director & Deputy President in charge of administrative sections at T. Hasegawa Co., Ltd. Through his extensive experience, insight and achievements, he has duly performed the duties of the Auditor of the Company, independent of management executives. For these reasons, the Company proposes the reelection of Takao Umino.
  - Tomoyoshi Arita has extensive experience, insight, and achievements through his career as legal professional, and will be able to perform the duties of the Auditor of the Company, independent of the management executives. For these reasons, the Company proposes the election of Tomoyoshi Arita. Although he has no experience of direct involvement in corporate management, the Company considers that he is able to duly perform the duties of the Auditor from his experience as outlined above.
- Takao Umino is currently the outside auditor of the Company, and at the close of this Ordinary General Meeting of Shareholders, he will have served four years as outside auditor.
- Takao Umino is currently the outside auditor of the Company, and the Company has entered into agreements with him for limiting his liability to 10 million yen each or the statutory limit for limiting their liability, whichever is higher. The Company plans to enter into the same agreements if he is reappointed. If Tomoyoshi Arita is appointed, the Company plans to enter into an agreement with him to limit his liability to 10 million yen or the statutory limit for limiting their liability, whichever is higher.

#### **Proposal 4: Payment of Performance-Based Remuneration to 6 Directors**

The Company proposes that performance-based remuneration according to the business results in this term (123rd) be paid to six directors: Toshikazu Koike, Shigeki Ishikawa, Tomoyuki Hasegawa, Jun Kamiya, Ichiro Sasaki, and Tadashi Ishiguro. It is also proposed that the total amount of the performance-based remuneration to be paid be 60.65 million yen in accordance with the prescribed standard of the Company, and that the specific amount for each director, and the time and manner of payment, be left to the discretion of the Board of Directors.

## **Proposal 5: Approval of Policy toward Large-scale Purchases of Brother Shares**

### **1. Reason Why This Proposal is Made**

The Company's "Policy Toward Large-scale Purchases of Brother Shares" (the "Current Policy") was approved by the majority of the Company's shareholders present at the 120th Brother Annual Shareholders Meeting on June 26, 2012, and entered into effect at the first Board of Directors' Meeting held after the close of the said shareholders meeting. The expiration date of the Current Policy was set forth to be the time of the close of the first Board of Directors' Meeting to be held after the 123rd Ordinary General Shareholders Meeting. The Company has continued to conduct further review of the Current Policy from the aspect of assuring and enhancing the corporate value of the Company, and in turn, the common interests of its shareholders, taking into account the changes in the environment surrounding the Company, caused after the resolution on the Current Policy.

As a result, in order to assure and enhance the corporate value of the Company, and in turn, the common interests of its shareholders, based on the basic philosophy as described below (the "Basic Philosophy"), it has been resolved to update the Current Policy by making necessary amendments to the Current Policy (hereinafter the updated policy shall be referred to as the "Policy") at the Board of Directors' Meeting held on May 15, 2015, on the condition that the Policy is approved by the Company's shareholders at this Shareholders Meeting.

Accordingly, we request you to approve the implementation of the Policy. For details of the policy, please see "2. Details of Policy Subject to Approval."

The amendments to the Current Policy are as follows:

- i) The request period for information provision to a person or a company that intends to conduct a Large-scale Purchase (the "Large-scale Purchaser") is determined to be a maximum of sixty days,
- ii) Countermeasures against Large-scale Purchases are limited to the gratis allotment of stock acquisition rights,
- iii) Conditions for taking the countermeasure are reviewed, and
- iv) Other necessary revisions regarding expressions are made.

### **(Basic Philosophy)**

The Brother Group recorded 80% or more of its sales in the market outside Japan, having manufacturing facilities and sales facilities in 44 various countries and areas abroad, with more than 30,000 employees on a consolidated basis (as of April, 2015). The corporate value of Brother is largely based on the faithful relationship between business partners in those countries and areas in which the Brother Group is conducting its business and on morals of the employees of the Brother Group.

The Brother Group is conducting business activities, with efforts to embody its customer-first corporate culture "At your side." in all the stages of our operations, including product planning, development, design, manufacturing, sales and services. Our goal is to ensure the perception that Brother is a "trustworthy brand" among our customers all over the world. To achieve it, Brother has built its unique management system "Brother Value Chain Management" as a core of our management. With the continuous efforts to improve it, we will work to swiftly provide the values that customers demand.

Under these circumstances, the Board of Directors believes that Brother shareholders should make the final decisions as to whether or not a Large-scale Purchase (defined in 2(2) below) is acceptable, taking into account the business management policy and implementation thereof under the current management of Brother. At the same time, the Board of Directors believes that shareholders should be provided with necessary and sufficient information, through the Board of Directors, in order to make appropriate decisions as to whether or not a Large-scale Purchase is acceptable, such information as the conditions of the Large-scale Purchase, the influence of the Large-scale Purchase affecting Brother's corporate value or any alternative plan.

## **2. Details of Policy Subject to Approval**

### **(1) The Purpose of the Policy**

The purpose of the Policy is to assure and enhance the corporate value of Brother or furthermore the common interests of its shareholders by ensuring the necessary information to Brother shareholders for their proper judgment of whether or not to accept the Large-scale Purchases as well as ensuring the opportunities to the Board of Directors to evaluate, review, negotiate on, form opinions on and propose any alternative plans for the Large-scale Purchases.

## **(2) The Scope of a Large-scale Purchase**

A Large-scale Purchase that is subject to the Policy is (i) a purchase of Brother shares and other securities (Note 1) by a specific group of shareholders (Note 2) with the intent to hold 20% or more of the total voting rights (Note 3) of Brother, or (ii) a purchase of Brother shares and other securities resulting in a specific group of shareholders holding 20% or more of the total voting rights of Brother (the purchases set out in (i) or (ii) above are not limited to any specific type of purchase, such as a purchase to be made on the market or a purchase by a tender offer; the purchases set out in (i) or (ii) above do not include the purchases to which Brother's Board of Directors has given consent in advance).

Notes:

1. Shares and other securities as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law. In the case the relevant statutes or regulations are amended, etc., the above description shall be adjusted properly so that it shall have an appropriate meaning.
2. A specific group of shareholders shall mean any of the following:
  - (i) a holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law; hereinafter the same) of shares and other securities of Brother (defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law) and any joint holders (defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Law, including a person deemed as a joint holder pursuant to Paragraph 6 thereof; hereinafter the same), or
  - (ii) a person or a company who makes a purchase (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law, including a purchase made on a financial instruments exchange market) of shares and other securities of Brother (defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law) and any specially related parties (defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Law; hereinafter the same).

In the case the relevant statutes or regulations are amended, etc., the above description shall be adjusted properly so that it shall have an appropriate meaning.

3. The ratio of the total voting rights shall mean:
  - (i) in the case of note 2(i) above, the shareholding ratio (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law) of the holder (taking into account the number of shares (defined in the said Paragraph) held by any joint holders) or
  - (ii) in the case of note 2(ii) above, the sum of the shareholding ratio (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) of the purchaser and its specially related parties.

In calculating the voting rights ratio, the annual report, the quarterly report or the treasury stock purchase report of Brother, whichever is submitted to the authorities most recently, may be referred to in deciding the total number of voting rights (defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) or total number of issued shares (defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law).

In the case the relevant statutes or regulations are amended, etc., the above description shall be adjusted properly so that it shall have an appropriate meaning.

## **(3) Large-scale Purchase Rules**

Brother's Board of Directors believes that a Large-scale Purchaser should comply with the rules relating to the Large-scale Purchase of Brother shares (the "Large-scale Purchase Rules") for the common interest of shareholders of Brother, whereby Brother shareholders would be provided with an opportunity to receive necessary information about the Large-scale Purchase and any alternative plans. The Large-scale Purchase Rules require that (i) a Large-scale Purchaser provide sufficient information to the Board of Directors before the commencement of the Large-scale Purchase, and (ii) a Large-scale Purchaser be permitted to commence the Large-scale Purchase only after the prescribed period has elapsed during which the Board of Directors assesses the provided information. The details of the Large-scale Purchase Rules are as prescribed in the following paragraphs.

### **(i) Submission of Intention Letter**

First, when a Large-scale Purchaser intends to commence a Large-scale Purchase, such Large-scale Purchaser is required to submit to Brother a letter of intention to comply with the Large-scale Purchase Rules (the "Intention

Letter”). In the Intention Letter, the name of the Large-scale Purchaser, address, governing law of incorporation, the name of the representative, contact details in Japan and an outline of the proposed Large-scale Purchase should be specified.

(ii) Provision of Information

Second, the Large-scale Purchaser is required to provide Brother’s Board of Directors with necessary and sufficient information (the “Large-scale Purchase Information”) so that the company’s shareholders may make decisions and the Board of Directors may form its opinion regarding such Large-scale Purchase (including proposals of alternative plans). The Large-scale Purchase Information includes the following; provided, however, that Brother’s Board of Directors will, upon consulting the Independent Advisory Committee and giving maximum respect to its advice and recommendation, prepare a list of the Large-scale Purchase Information to be initially provided by the Large-scale Purchaser:

- (a) an outline of the Large-scale Purchaser and its group;
- (b) the purposes and conditions of the Large-scale Purchase;
- (c) the basis for determination of the purchase price and funds for purchase; and
- (d) management policies and business plans which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase.

In order for the Large-scale Purchaser to provide the Large-scale Purchase Information, the Board of Directors will, within five business days after receipt of the Intention Letter, deliver to the Large-scale Purchaser the list of the Large-scale Purchase Information to be initially provided by the Large-scale Purchaser. If the information initially provided by the Large-scale Purchaser is reasonably deemed insufficient as Large-scale Purchase Information, the Board of Directors may, upon consulting the Independent Advisory Committee and giving maximum respect to its advice and recommendation, require additional information within sixty days after receipt of the Intention Letter by the Board of Directors (the “Request Period for Information Provision”). The Board of Directors will disclose all or part of the Large-scale Purchase Information submitted to the Board of Directors at the time it deems appropriate, if such disclosure is considered necessary for shareholders to make decisions.

(iii) Assessment Period

The Large-scale Purchaser may commence the Large-scale Purchase only after the Assessment Period (as defined below) has elapsed.

After Brother’s Board of Directors delivers to the Large-scale Purchaser a letter certifying that all the Large-scale Purchase Information is provided or the expiration date of the Request Period for Information Provision, the Board of Directors should be allowed a maximum of sixty days (in the case of the purchase of all Brother shares by a tender offer with cash-only (yen) consideration) or a maximum of ninety days (in the case of any other Large-scale Purchase), depending on the difficulty level of assessment, as the period during which it will assess, examine, negotiate, form an opinion and seek alternatives (the “Assessment Period”). The Board of Directors will thoroughly examine and assess the provided Large-scale Purchase Information during the Assessment Period, and upon consulting the Independent Advisory Committee and giving maximum respect to its advice and recommendation, will form and disclose its opinion. The Board of Directors may negotiate with the Large-scale Purchaser in order to improve the terms of the proposed Large-scale Purchase or it may offer alternative plans to shareholders, as necessary.

If the Board of Directors of Brother has determined, as a result of its examination and negotiation, that the Large-scale Purchase will maximize the corporate value of Brother or furthermore the common interests of its shareholders, the Board of Directors of Brother shall promptly end the Assessment Period and disclose such.

#### **(4) Independent Advisory Committee**

In order to assure the appropriateness of the operations of the Board of Directors with respect to the Large-scale Purchase Rules, and to further secure the fairness and transparency of the decision making by the Board of Directors upon the Large-scale Purchase, the Independent Advisory Committee will be established.

In the Large-scale Purchase Rules, matters concerning the implementation of the countermeasure are set forth in section (5) described hereafter, and when such countermeasure is implemented or other important decisions are made by

the Board of Directors related to the operation of the Large-scale Purchase Rules, the Board of Directors shall, in principle, consult with the Independent Advisory Committee and give maximum respect to its advice and recommendation. Details of the Independent Advisory Committee are as provided in Attachment. The details of the Independent Advisory Committee may be amended by a resolution of Brother's Board of Directors to the reasonable extent that the amendment is consistent with the intent of further securing the fairness and transparency of the decision making by the Board of Directors.

#### **(5) Actions to be Taken When the Large-scale Purchases are Conducted**

If a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, Brother's Board of Directors may, upon consulting the Independent Advisory Committee and giving maximum respect to its advice and recommendation, make a gratis allotment of stock acquisition rights to all its existing shareholders as a countermeasure against the Large-scale Purchaser to protect the corporate value of Brother or furthermore the common interests of its shareholders.

Brother may, upon the gratis allotment of the stock acquisition rights, determine the conditions and other matters of the stock acquisition rights in consideration of the effectiveness thereof as a countermeasure, including conditions of (a) not allowing the exercise of stock acquisition rights by a person or a company belonging to a specific group of shareholders holding a specific percentage of the total voting rights or (b) attaching a call option (shutoku-joko) which allows Brother to only acquire the stock acquisition rights held by the shareholders not belonging to a specific group of shareholders when acquiring only a part of the stock acquisition rights.

If a Large-scale Purchaser complies with the Large-scale Purchase Rules, the Board of Directors will not prevent the Large-scale Purchase at its sole discretion without the will of the shareholders, unless it is clear that such Large-scale Purchase will cause irreparable damage or loss to the corporate value of Brother or furthermore the common interests of its shareholders.

Brother considers acts such as (i) to (v) below as cases where it is obvious that Large-scale Purchase will cause irreparable damage or loss to the corporate value of Brother or furthermore the common interests of its shareholders.

- (i) To buy up Brother shares and demand Brother to buy such shares at a high price;
- (ii) To control Brother temporarily, and to conduct its business in a way to realize the interests of the Large-scale Purchaser at the sacrifice of Brother such as to acquire important assets and other things of Brother at an extraordinary low price;
- (iii) To use the assets of Brother as security for debts or as resource for payments of the Large-scale Purchaser or its group companies, etc.;
- (iv) To control Brother temporarily and to cause Brother to dispose of the expensive assets and other things that are not, at the moment, concerned with Brother business, and to cause Brother to pay out high dividends temporarily with such disposal credits or aim to sell Brother shares at the highest price upon rapid uplift of share price due to the temporary high dividends;
- (v) A way of purchase, such as high-handed two step purchase (which is a way to sell and purchase shares by tender offer, etc. in two steps, where at the first purchase not all shares are solicited for sale and the purchase conditions of the second step purchase are set unfavorably to shareholders or not clearly specified), which may practically force the shareholders to sell its shares;

In deciding whether or not Brother will take the countermeasure, the Board of Directors will decide by obtaining advice from attorneys, financial advisors and other external advisors, fully respecting statements made by outside directors and Corporate Auditors and consulting the Independent Advisory Committee while giving maximum respect to its advice and recommendation, and will make appropriate disclosure at an appropriate time.

Upon adopting the countermeasure above, if the Board of Directors concludes that it is appropriate to confirm the shareholders' opinion from the aspect of the common interests of Brother shareholders, Brother will hold a general shareholders meeting. If the Board of Directors decides to hold a general shareholders meeting, it will disclose such matter and the reason for holding such shareholders meeting at that time.

After deciding the implementation of the countermeasure, if the Board of Directors concludes that it is not appropriate to take the countermeasure due to the reasons such as the Large-scale Purchaser withdrawing its attempt for or making any changes to the Large-scale Purchase, the Board of Directors may, upon obtaining advice from attorneys, financial advisors and other external advisors, fully respecting statements made by outside directors and statutory Auditors and consulting the Independent Advisory Committee giving maximum respect to its advice and recommendation, suspend or change the implementation of the countermeasure. In such a case, the Board of Directors will make a prompt disclosure

regarding such decision.

#### **(6) Influence on Shareholders and Investors, etc.**

##### **(i) Influence on Shareholders and Investors, etc. given by the Large-scale Purchase Rules**

The purpose of the Large-scale Purchase Rules is to provide an opportunity for Brother shareholders to receive information necessary to determine whether or not the Large-scale Purchase is acceptable, an opinion by the Board of Directors that is currently in charge of Brother's management, and any alternative plans. The Board of Directors believes that under the Large-scale Purchase Rules, Brother shareholders will be able to make appropriate decisions, provided with sufficient information, as to whether or not the Large-scale Purchase is acceptable, whereby the common interests of Brother shareholders shall be protected. Accordingly, the Board of Directors believes that the establishment of the Large-scale Purchase Rules is an appropriate condition in order for shareholders and investors to make appropriate decisions and is for the benefit of Brother shareholders and investors.

The Board of Directors is hereby advising Brother shareholders and investors to observe carefully any actions by a Large-scale Purchaser, because steps and actions to be taken by Brother will be different depending on whether or not a Large-scale Purchaser complies with the Large-scale Purchase Rules, as described in (5) above.

##### **(ii) Influence on Shareholders and Investors, etc. given by Countermeasure**

If a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, Brother's Board of Directors may, by consulting the Independent Advisory Committee and giving maximum respect to its advice and recommendation, take the countermeasure against the Large-scale Purchaser to protect the corporate value of Brother or furthermore the common interests of its shareholders. In such a case, as a function of the possible countermeasure itself, the Board of Directors is not assuming that such countermeasure taken will cause any specific legal or economic damage or loss to Brother shareholders (excluding a Large-scale Purchaser who does not comply with the Large-scale Purchase Rules), as the stock value of the entire Brother shares owned by the shareholders remains the same, while such gratis allotment of stock acquisition rights and subsequent delivery of shares causes dilution of the stock value per Brother share. However, even if the Board of Directors adopts a resolution to make gratis allotment of stock acquisition rights, such gratis allotment may be canceled or Brother may acquire the stock acquisition rights without delivering its shares in exchange by the day immediately before the first day of the exercise period of the stock acquisition rights due to reasons such as Large-scale Purchaser withdrawing its attempt for Large-scale Purchase. In such a case, as there will be no dilution of the stock value per Brother share, those investors who purchased or sold the Brother shares based on the assumption that there will be a dilution of the stock value per Brother share may suffer unexpected damages by the fluctuations in stock prices. When the Board of Directors elects to take such specific countermeasure, the Board of Directors shall make appropriate disclosure at an appropriate time in accordance with the relevant laws and financial products market regulations.

With respect to the gratis allotment of stock acquisition rights taken as a countermeasure, since the stock acquisition rights will be allotted to those shareholders listed or recorded in the latest shareholders' list as of the allotment date separately provided by the Board of Directors, it is necessary that the shareholders complete the procedures for transfer by the allotment date of stock acquisition rights. The Board of Directors will make notification about the details of such steps in accordance with the relevant laws in the case Brother is to make gratis allotment of such stock acquisition rights.

If the gratis allotment of the stock acquisition rights is made, Brother may, as of the date designated by the Board of Directors, acquire the stock acquisition rights held by the shareholders not belonging to a specific group of shareholders and in exchange deliver the Brother shares. In this case, the shareholders not belonging to a specific group of shareholders will, without such shareholders making any payment of money for the exercise of the stock acquisition rights, acquire the Brother shares subject to the stock acquisition rights as consideration for Brother's such acquisition when Brother takes the necessary procedures for acquisition.

The shareholders subject to such acquisition may separately be requested to submit a written confirmation in the prescribed form confirming that such shareholder is not a person or a company belonging to a specific group of shareholders and information on the account where shares will be recorded.

#### **(7) Effective Date and Effective Term of the Policy**

If the Policy is approved at this general shareholders meeting, the Policy will be adopted by the resolution of the first meeting of Brother's Board of Directors to be held after this general shareholders meeting, and will take effect as of the same day. The Policy will remain effective until the close of the first meeting of the Board of Directors to be held after



the ordinary general shareholders meeting in 2018.

The Board of Directors intends to review the Policy from time to time from the viewpoint of assuring and enhancing the corporate value of Brother or furthermore the common interests of its shareholders, taking into account the enactments of various legislation, and may amend or abolish the Policy as necessary even during the effective term of the Policy; provided, however, that the Board of Directors will not make any amendment to the Policy that is contrary to the intent of the approval by the Brother shareholders at this Shareholders Meeting and, in the case of amendment or abolishment of the Policy, the Board of Directors will consult the Independent Advisory Committee and give maximum respect to its advice and recommendation before such amendment or abolishment. Further, even after the Policy is adopted, if it is resolved to abolish the Policy in the later general shareholders meeting, the Policy will be abolished immediately.

If the Policy is amended or abolished, Brother will make a prompt disclosure regarding the amendment (including the contents of the amendment) or abolishment of the Policy and other matters that the Board of Directors deems appropriate.

#### **(8) Decision of the Board of Directors Concerning the Reasonableness of the Policy**

##### **(i) The Policy follows the Basic Philosophy of Brother**

The Policy is to assure the corporate value of Brother or furthermore the common interests of its shareholders upon proposal of Large-scale Purchase by, among others, allowing the shareholders to determine whether or not to accept the Large-scale Purchase, or to retain necessary information and time for the Board of Directors to propose alternative plans, or to negotiate with the Large-scale Purchaser for the benefit of the shareholders, and this follows the Basic Philosophy of Brother as described in Chapter 1 above.

##### **(ii) The Policy does not impair the common interests of Brother shareholders or is not aimed to maintain the positions of the Brother officers**

The Board of Directors has determined that the Policy does not impair the common interests of Brother shareholders or is not aimed to maintain the positions of the Brother officers pursuant to the following reasons:

##### **(a) The Policy reflects the will of the shareholders**

If the Policy is approved at this general shareholders meeting, the Policy will be adopted by the resolution of the first meeting of Brother's Board of Directors to be held after this general shareholders meeting, and will take effect as of the same day. Further, even before the expiration of the effective term of the Policy, if it is resolved in the general shareholders meeting that the Policy shall be abolished, the Policy will be abolished as of the same day, and as a result, the intent of the shareholders will be reflected.

##### **(b) Respect to the advice and recommendation by the independent outside advisors**

In order to assure the appropriateness of the operations of the Policy, and to further secure the fairness and transparency of the decision making by the Board of Directors upon the Large-scale Purchase, the Independent Advisory Committee will be established. The Independent Advisory Committee will discuss and resolve the matters consulted by the Board of Directors and shall advise and make recommendations to the Board of Directors pursuant to such resolution, and the Board of Directors shall give maximum respect to such advice and recommendation provided.

##### **(c) Designed based on the "Guideline Concerning the Takeover Defensive Measures for Assuring and Enhancing the Corporate Value and the Common Interests of Shareholders" and the "Way of the Takeover Defensive Measures With Aspect to Current Changes in the Various Environments"**

The Policy fulfills the 3 principles prescribed in the "Guideline Concerning the Takeover Defensive Measures for Assuring and Enhancing the Corporate Value and the Common Interests of Shareholders" set forth by the Ministry of Economy, Trade and Industry and Ministry of Justice as of May 27, 2005 (which are Principle of Assuring and Enhancing the Corporate Value and the Common Interests of Shareholders, Principle of Prior Disclosure and Shareholders' Will and Principle of Ensuring Necessity and Fairness), and the Policy is designed based on the "Way of Takeover Defensive Measures With Aspect to Current Changes in the Various Environments" set forth by the Corporate Value Research Association as of June 30, 2008.

(d) Procedures for abolishing the Policy

The Policy may be abolished by the Board of Directors composed of the directors elected by the general shareholders meeting of Brother. Further, since the term of the Brother directors is one (1) year, the Large-scale Purchaser may elect a director nominated by it at the general shareholders meeting, and by the Board of Directors composed of such elected directors, the Policy may be abolished without particularly taking a long period of time.

## Attachment

### Details of Independent Advisory Committee

#### 1. Members

Members of the Independent Advisory Committee shall be independent from the management members executing the business of Brother. The number of the members of the Independent Advisory Committee shall be no less than three (3) members.

Brother's Board of Directors shall elect such members from among (i) company operators having a proven track record, (ii) persons who are familiar with investment banking operations, (iii) persons who are familiar with corporate and business activities, (iv) attorneys, (v) certified accountants (vi) researchers whose main subject of research is the Corporate Code of Japan, etc. or (vii) any person holding positions equivalent to those stated above.

The term of office of the members of the Independent Advisory Committee shall be until the close of the first meeting of the Board of Directors to be held after the ordinary general shareholders meeting concerning the fiscal year ending within one (1) year after the election, and reelection shall not be prohibited. Brother shall enter into an agreement with each member of the Independent Advisory Committee that includes provisions with respect to the due care of a prudent manager, etc., as specified by the Board of Directors.

These shall not apply if otherwise resolved by a resolution of a meeting of Brother's Board of Directors. Further, when Board of Directors resolves to abolish the Policy, the term of office of the members of the Independent Advisory Committee shall terminate upon the abolishment of the Policy.

#### 2. Requirements for Resolutions

A resolution of the Independent Advisory Committee shall be adopted by a majority of the members of the Independent Advisory Committee present at a meeting of the Independent Advisory Committee at which two thirds (2/3) of all members of the Independent Advisory Committee are present, in principle; provided, however, that, in case of urgent or unavoidable reasons, a resolution of the Independent Advisory Committee shall be adopted by a majority of the members of the Independent Advisory Committee present at a meeting of the Independent Advisory Committee at which majority of all members of the Independent Advisory Committee are present.

#### 3. Matters to be Decided, Etc.

In the case Brother's Board of Directors consults with the Independent Advisory Committee, the Independent Advisory Committee shall respond thereto and shall make decisions primarily in respect of the matters described in each of the following items after the conducting of detailed audits, examinations, deliberations, etc., and shall advise and provide recommendations to Brother's Board of Directors with respect to the content of the decisions made, attaching the reasons thereof. Brother's Board of Directors, as an organization under the Corporate Code of Japan, shall resolve matters holding such advice of the Independent Advisory Committee in high esteem, to the fullest extent. Also, each member of the Independent Advisory Committee and each director of Brother shall be required to make decisions from the viewpoint of whether or not such decisions exclusively contribute to the corporate values of Brother or furthermore to the common interests of its shareholders. Decisions by each member of the Independent Advisory Committee and each director of Brother shall not be made to promote the private interests of himself/herself or the current management members of Brother.

- i) Extent to which information should be provided to Brother's Board of Directors by the Large-scale Purchaser;
- ii) Whether or not the Large-scale Purchaser has complied with the Large-scale Purchase Rules;
- iii) Whether or not the Large-scale Purchase may make irreparable damages to the corporate value of Brother or furthermore the common interests of its shareholders;
- iv) Whether or not a countermeasure should be taken, and whether or not the content of the countermeasure is appropriate; and
- v) Other matters of consultation consulted by Brother's Board of Directors.

Also, in order to provide the adequate decisions, the Independent Advisory Committee shall make every effort to collect necessary and sufficient information in respect of any decision to be made in respect of the above matters, and may receive advice from independent third parties, including financial advisors, certified accountants, attorneys,

consultants and other specialists with the expense of Brother, which expense shall be within the reasonable limit. Moreover, the Independent Advisory Committee may require the participation of the directors, auditors, and employees of Brother, as well as other parties deemed necessary by the Independent Advisory Committee, and may require the explanation of matters required by the Independent Advisory Committee.

Further, the Independent Advisory Committee shall regularly hold Independent Advisory Committee meetings in addition to meetings held in the case Brother's Board of Directors consults with the Independent Advisory Committee, and the Independent Advisory Committee shall receive reports from the directors of Brother and other parties deemed necessary by the Independent Advisory Committee with respect to the business conditions of Brother, including the progress of the mid-term management plan.

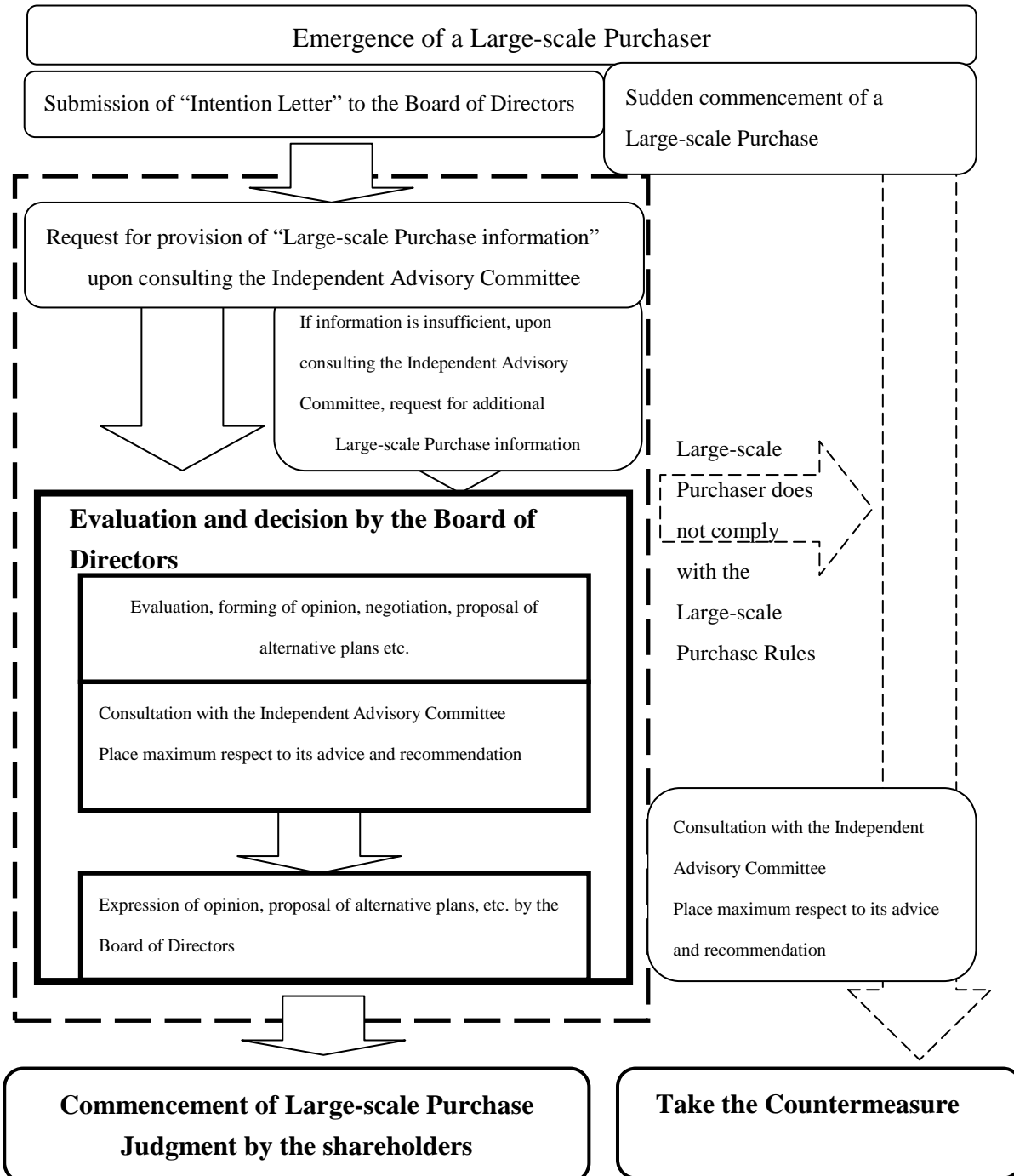
End

Reference

- Members of the Independent Advisory Committee-to-be  
 Kazunari Uchida (Professor of Waseda University)  
 Akira Yamada (Lawyer)  
 Hideaki Iwatani (Business Consultant)

\*There is no special interest relationship between these people and Brother.

2. Diagram of the Image of the Policy



The above diagram of the image of the Policy is prepared only as a reference material. For the details of the Policy, please refer to the main text.