

May 14, 2019

To Whom It May Concern:

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AIDA ENGINEERING, LTD. Announces  
Maintenance of Basic Policy Concerning Company Control and  
Continuation of Policy toward a Large-Scale Purchase (Take-over Defense Measures)

AIDA ENGINEERING, LTD. (hereinafter referred to as the “Company”) resolved (i) to maintain the “basic policy concerning the person who controls the decisions on the Company’s financial and business policies” as provided for in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (hereinafter referred to as the “Basic Policy Concerning Company Control”), and (ii) to continue to adopt the policy toward the large-scale purchase of the Company’s shares, etc. (hereinafter referred to as the “Current Policy”) at the meeting of the Board of Directors held on May 12, 2016, and these resolutions were approved by the shareholders at an Ordinary General Meeting of Shareholders held on June 28, 2016.

Since the Current Policy expires at the close of the Ordinary General Meeting of Shareholders to be held in June 2019, based on changes in economic outlook, amendments to the laws and regulations and other circumstances, the Company has further examined the Current Policy in an effort to secure and improve the common interests of the shareholders.

As a result of such examination, the Company resolved at the meeting of the Board of Directors held on May 14, 2019, (i) to maintain the Basic Policy Concerning Company Control, and (ii) to continue to adopt such Current Policy as a policy toward the large-scale purchase of the Company’s shares, etc. (hereinafter referred to as the “Policy”), as set forth below, on condition that the Company’s shareholders approve the Policy at the Ordinary General Meeting of Shareholders to be held on June 26, 2019.

In order to continue the Policy, the Company has amended the following points as well as some of the expressions:

- With respect to the Necessary Information (defined in III.2. below), the Company sets 60 days for the upper limit of the period during which the Company may require additional information from the Large-Scale Purchaser (defined in III. below) (see III.2. below).
- The Company may extend the Board Assessment Period (defined in III.2. below) as needed up to a maximum of 30 days (see III. 2. below).
- Except for the 5 types of cases the so-called “four types of takeovers that harm shareholders’ interest held by the Tokyo High Court judgment” ((Note 4) (i) through (iv) of III.3. (1) below) or the coercive, two-tiered takeover (see (Note 4) (v) of III.3.(1) below), the Company has tightened the requirements for implementing countermeasures so that the countermeasures can be taken only by resolution of the General Meeting of Shareholders (see III.3. (1)).
- The Company has changed the details of “every special effort to realize the Basic Policy Concerning Company Control” (see II below).

If the approval of the Company’s shareholders is obtained at the Ordinary General Meeting of Shareholders to be held on June 26, 2019, the Policy will become effective on the date of such approval and expire at the close of the Ordinary General Meeting of Shareholders to be held in June 2022.

The Policy was unanimously approved by the Directors present at the aforementioned meeting of the Board of Directors, and all of three Auditors (all of whom are Outside Auditors) agreed with the Policy on condition that the specific operation of the Policy will be appropriately made.

As of May 14, 2019, no specific proposal concerning the large-scale purchase of the Company's shares, etc. has been made.

〈Summary of the Policy〉

**Basic Policy Concerning Company Control and  
Policy toward a Large-Scale Purchase (Take-over Defense Measures)**

○ Purpose of the Policy

1. The Company believes that the Policy is necessary because it enables the Company to protect the common interests of the shareholders against sudden large-scale purchases by making appropriate judgments that take into account highly-technical knowledge concerning the press machine business, specific management know-how, relationships established with the company's stakeholders and other factors.

2. By continuing the Policy:

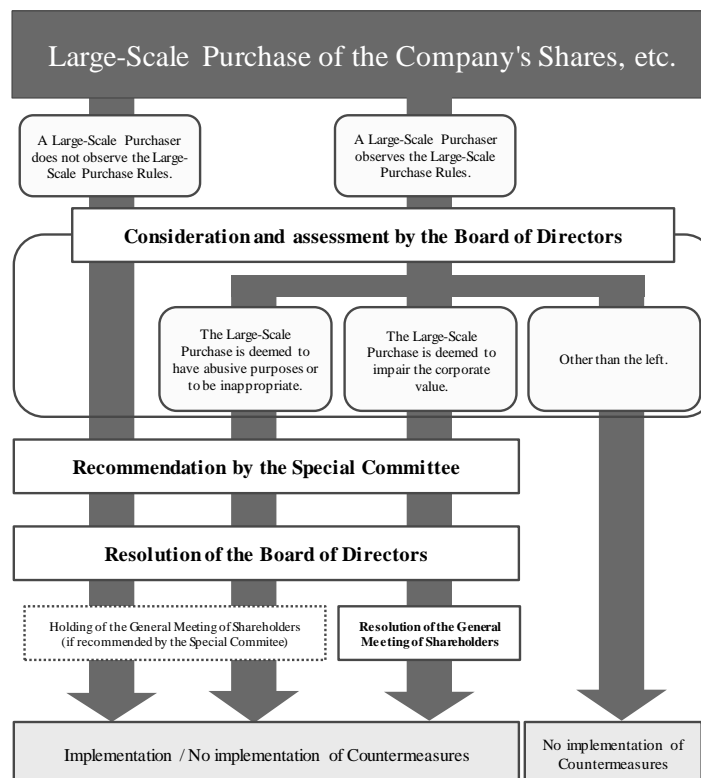
- (i) information and time can be secured to sufficiently examine and assess the proposal of a large-scale purchase taken by the Large-Scale Purchaser.
- (ii) countermeasures may be taken against large-scale purchases that fail to observe the Large-Scale Purchase Rules, ones that have abusive purposes or are inappropriate or that may seriously undermine the common interests of the shareholders.

3. At the time of implementation of countermeasures:

- (i) the Board of Directors shall respect the recommendations of the Special Committee, which is ensured its independence, to the utmost extent.
- (ii) for any large-scale purchases that fail to observe the Large-Scale Purchase Rules or any large-scale purchases that have abusive purposes or are inappropriate, the countermeasures can be performed after being passed by a resolution at the General Meeting of Shareholders as necessary.
- (iii) for any large-scale purchases except for large-scale purchases that fail to observe the Large-Scale Purchase Rules or any large-scale purchases that have abusive purposes or are inappropriate, the countermeasures can be performed only after being passed by a resolution at the General Meeting of Shareholders.

As stated above, the purpose of the Policy is to protect the common interests of the shareholders by preventing the impairment of the Company's corporate value.

○ Flow Chart concerning the Policy



(Note) The above summary was prepared to explain the Policy. Please refer to the main text of the press release for details.

## I. Substance of Basic Policy Concerning the Person Who Controls the Decisions on the Company's Financial and Business Policies

The Board of Directors believes that since the Company, as a public corporation, allows the free purchase and sale of the Company's shares, if a specific person intends to conduct a large-scale purchase aiming at acquiring such number of the Company's shares as may have an influence on the decisions of the Company's financial and business policies, the Company's shareholders should make the final decision regarding whether or not to accept such large-scale purchase.

However, in managing the Company, it is indispensable to have specific management know-how based on highly-technical knowledge concerning the press machine business, which is the Company's principal business, and an understanding of the relationships established with the Company's stakeholders, such as the Company's domestic and foreign affiliated companies, business partners and customers, and without a sufficient understanding of the above matters by a person controlling decisions on the Company's financial and business policies, the common interests of the shareholders that could be realized in the future by the Company's shareholders may be damaged.

The Company has made and shall make every effort to cultivate investors' understanding of the fair value of the Company's shares through IR activities; provided, however, that it is indispensable that the Company's shareholders be provided with appropriate and sufficient information by both the large-scale purchaser and the Board of Directors in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company's shares proposed by the large-scale purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, the potential impact of the large-scale purchase on the Company's future management, as well as management policies and business plans, including a policy on the relationships with the Company's stakeholders, such as the Company's employees, affiliated companies, business partners and customers, which the large-scale purchaser wishes to adopt when the large-scale purchaser participates in the Company's management, are material information for the Company's shareholders in order to decide whether to continue to hold shares in the Company or not. The Company also believes that the opinion of the Board of Directors toward the large-scale purchase is material to the decision-making process of the Company's shareholders.

Taking the above into account, the Company believes that, if a specific person intends to make a large-scale purchase aiming at acquiring the number of the Company's shares which may have an influence on the decisions on the Company's financial and business policies, such large-scale purchaser should provide the Board of Directors with necessary and sufficient information regarding the large-scale purchase in advance and should be allowed to commence the large-scale purchase only after a certain assessment period for the Board of Directors elapses, in accordance with certain reasonable rules established and disclosed in advance by the Company for the benefit of the decision-making process of the Company's shareholders.

In addition, among large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question has clearly abusive purposes or is inappropriate (please refer to III. 3. (1), Note 4 below for details) and as a result will seriously undermine the common interests of the shareholders, including the cases where irreparable damage is caused to the Company. In order to protect the common interests of the shareholders, the Company believes that it is necessary to take such measures against such kind of large-scale purchase as the Board of Directors deems appropriate in accordance with certain reasonable rules established and disclosed in advance by the Company. (The aforementioned basic policy concerning what and how a person controlling decisions on the Company's financial and business policies should be is hereinafter referred to as the "Basic Policy Concerning Company Control.")

## II. Effective Utilization of the Company's Assets, Formation of Appropriate Consolidated Group and Other Special Efforts to Realize the Basic Policy Concerning Company Control

In addition to the efforts set forth in III. below, the Company has made and shall make every special effort to realize the Basic Policy Concerning Company Control, as follows.

The Company and its subsidiaries (with the Company, hereinafter referred to as the "Consolidated Group") have adopted the corporate philosophy to develop activities as a forming system builder and to contribute to people and society.

Pursuant to this corporate philosophy, the Consolidated Group focuses on the technical and product development of forming systems that meet the diversified values and needs of our many customers in the global marketplace, as the pillar of its management strategies to become the world's "top runner" over the long term in the area of forming systems. The Consolidated Group also promptly provides high-quality products and services to customers located all over the world, by fully leveraging its five production bases within Japan, four overseas production bases (U.S.A., Italy, Malaysia and China), and the sales and service bases in 19 countries around the world.

The mid-term management plan (FY 2018/3-2020/3), which commenced in April 2017, presents the slogan "New Challenges for the AIDA's Next Century" and we set core strategies such as (i) develop markets and customers, (ii) improve product competitiveness, (iii) strengthen strategic business segments, (iv) sophistication of our global business structure, (v) human resource development and (vi) strengthen our foundation for growth.

Amid these efforts, the Consolidated Group will build a relationship of long-term trust with the Company's stakeholders, such as the Company's shareholders, customers, business partners, employees and local communities, through development, production, sales and services in respect of innovative forming systems that deal with various materials, including metals, and contribute to people and society in accordance with its corporate philosophy.

The Company believes that, since the aforementioned efforts will improve the corporate value of the Consolidated Group and, consequently, decrease the risk of appearance of large-scale purchasers who may considerably impair the common interests of the shareholders, the said efforts will go along with the Basic Policy Concerning Company Control. In addition, the Company believes it is clear that, since such efforts aim at improving the corporate value of the Consolidated Group, such efforts will not impair the common interests of the shareholders nor will they aim at maintaining the status of the Company's Officers.

### III. Efforts to Prevent the Company's Property and Decisions on Business Policies from Being Controlled by an Inappropriate Person according to the Basic Policy Concerning Company Control

In the event that any purchase of the Company's Shares and Other Securities<sup>1</sup> by a Group of Specific Shareholders<sup>2</sup> is implemented with the intent to hold 20% or more of the Voting Rights Ratio<sup>3</sup> of the Group of Specific Shareholders or any purchase of the Company's Shares and Other Securities resulting in the Group of Specific Shareholders holding 20% or more of the Voting Rights Ratio is implemented (with respect to any of such purchase, the purchase to which the Board of Directors has given prior consent is excluded and any specific means of purchase, such as market transactions or tender offers, are acceptable. Such purchase is hereinafter referred to as a "Large-Scale Purchase" and a person that conducts a Large-Scale Purchase is hereinafter referred to as a "Large-Scale Purchaser."), the Company requests the Large-Scale Purchaser to follow reasonable rules as described below (the "Large-Scale Purchase Rules") as the efforts to prevent the Company's property and decisions on business policies from being controlled by an inappropriate person according to the Basic Policy Concerning Company Control. In addition, the Company has established certain policy depending on whether or not such Large-Scale Purchaser has observed the Large-Scale Purchase Rules. (Such policy toward the Large-Scale Purchase of the Company's Shares and Other Securities as described in this section III is hereinafter referred to as the "Policy.")

Note 1. "Shares and Other Securities" means those falling under any of (i) such Shares and Other Securities as set forth in Article 27-23, Paragraph 1 of the Securities and Exchange Law or (ii) such Shares and Other Securities as set forth in Article 27-2, Paragraph 1 of the same Law.

Note 2. "Group of Specific Shareholders" means:

- (i) Any Holder (including a person deemed as a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; the same shall apply hereinafter) and any Joint Holder of such Holder (who means the joint holder set forth in Article 27-23, Paragraph 5 of the same Act and includes a person deemed as the relevant joint holder pursuant to Paragraph 6 of the same Article; the same shall apply hereinafter) of the Company's Shares and Other Securities (which mean the shares and other securities set forth in Article 27-23, Paragraph 1 of the same Act), and any person who is in a certain relationship with such Holder or such Joint Holder, which relationship is similar with the relationship between a Holder and a Joint

Holder (such person being hereinafter referred to as the “Quasi-Joint Holder”); or

- (ii) Any person who makes Purchases, etc. (which mean the purchases, etc. set forth in Article 27-2, Paragraph 1 of the same Act and include any purchases, etc. made on a securities exchange market whether or not such purchases are made by the method of auction) of the Company’s Shares and Other Securities (which mean the shares and other securities set forth in Article 27-2, Paragraph 1 of the same Act) and any Specially Related Parties of such person (which mean the specially related parties set forth in Article 27-2, Paragraph 7 of the same Act).

Note 3. “Voting Rights Ratio” means:

- (i) In the case where the Group of Specific Shareholders falls under the description of Note 2 (i) above, the ratio obtained by totaling (a) the Shares and Other Securities Holding Ratio of such Holder (which ratio means the shares and other securities holding ratio set forth in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the Number of the Shares and Other Securities Held by the Joint Holders of such Holder (which number means the Number of the Shares and Other Securities Held as set forth in the same Paragraph; the same shall apply hereinafter) shall be added); and (b) the Shares and Other Securities Holding Ratio of the Quasi-Joint Holders of such Holder (provided, however, that in totaling the ratios stated in (a) and (b) above, the Number of the Shares and Other Securities Held duplicated in (a) and (b) above shall be deducted.); or
- (ii) In the case where the Group of Specific Shareholders falls under the description of Note 2 (ii) above, the total of the Shares and Other Securities Holding Ratio (which means the shares and other securities holding ratio set forth in Article 27-2, Paragraph 8 of the same Act) of the person who makes purchases, etc. of the Company’s Shares and Other Securities and the Shares and Other Securities Holding Ratio of the Specially Related Parties of such person.

In calculating the Voting Rights Ratio, the Company’s annual report, quarterly report or treasury stock purchase report, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting Rights (which means the total number of voting rights set forth in Article 27-2, Paragraph 8 of the same Act) or the Total Number of Issued Shares (which means the total number of issued shares set forth in Article 27-23, Paragraph 4 of the same Act).

#### 1. Necessity of introducing the Large-Scale Purchase Rules

As described in I. above, the Company believes that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the Board of Directors with necessary and sufficient information regarding the Large-Scale Purchase in advance and should be allowed to commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors elapses, in accordance with the Large-Scale Purchase Rules established and disclosed in advance by the Company for the benefit of the decision-making process of the Company’s shareholders.

After such information is provided, the Board of Directors will immediately start to consider the Board of Directors’ opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion after careful consideration with advice from independent outside experts, etc. In addition, the Board of Directors may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the Company’s shareholders alternative plans developed by the Board of Directors, if deemed necessary. Such process shall enable the Company’s shareholders to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed) with reference to the Board of Directors’ opinion, and thus, the shareholders shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

When it comes to establishing such rules, a court has issued the following decision: “In the case a hostile purchaser, who intends to acquire control of management, appears, it is not an abuse of rights for the Board of Directors (i) to require such hostile purchaser to propose a business plan and establish a period for assessment, (ii) to assess the business plan through discussion with the purchaser, (iii) to disclose the opinion of the Board of Directors, and (iv) to offer shareholders alternative plans, so long as the contents of the materials that are required

to be submitted and the period for assessment are reasonable” so that establishing such rules was deemed to be legitimate (Decision of the Tokyo District Court, July 29, 2005).

As of March 31, 2019, the Company has 7,805 shareholders and most of them are individual shareholders. The Company has no specific major shareholders since it is an independent company. The Company’s major shareholders as of March 31, 2019 are as described in Exhibit 1 attached hereto.

## 2. Details of the Large-Scale Purchase Rules

The Large-Scale Purchase Rules established by the Board of Directors require that (i) a Large-Scale Purchaser provide the Board of Directors, in advance, with necessary and sufficient information regarding the Large-Scale Purchase, and that (ii) the Large-Scale Purchaser commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors elapses.

More specifically, first, a Large-Scale Purchaser is required to submit to the Company’s Representative Director a “letter of intent” to the effect that the Large-Scale Purchaser will comply with the Large-Scale Purchase Rules, which shall specify the name, address, law governing the incorporation, name of the representative and contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase. In addition, a Large-Scale Purchaser is required to provide the Board of Directors with necessary and sufficient information (hereinafter referred to as the “Necessary Information”) to allow the Company’s shareholders to make their decisions and the Board of Directors to form its opinion.

Within 10 business days after receipt of such letter of intent, the Board of Directors will deliver to the Large-Scale Purchaser a list of the Necessary Information to be initially provided by the Large-Scale Purchaser. In this case, the Board of Directors will establish the period for the provision of Necessary Information (the “Information Provision Period”) to be a maximum of 60 days starting from the date on which the list of the Necessary Information is delivered to the relevant Large-Scale Purchaser (the “Delivery Date”) and notify such Information Provision Period to the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed to fall short of the Necessary Information as a result of the Board of Directors’ examination, the Board of Directors will extend the Information Provision Period to the extent not exceeding 60 days counting from the Delivery Date and require the Large-Scale Purchaser to provide additional information to the extent necessary for the Company’s shareholders to make their decisions and for the Board of Directors to make an examination and assessment and to form its opinion.

Details of the Necessary Information may differ according to the properties of the Large-Scale Purchaser and the purpose and details of the Large-Scale Purchase; provided, however, that items to be generally included as the Necessary Information shall be as follows. With respect to any of the following items, however, the Necessary Information shall be limited to the information that is necessary and sufficient to allow shareholders of the Company to make their decisions and the Board of Directors to form its opinion:

- 1) An outline (including information relating to the Large-Scale Purchaser, such as the substance of the business, capital structure and experience in the same category of business as that of the Company) of the Large-Scale Purchaser and its group (including Joint Holders and Specially Related Parties);
- 2) The purpose and details of the Large-Scale Purchase (including amount/type of consideration for the purchase, etc., timing of the purchase, etc., structure of related transactions, legality of the means of the purchase, etc., and feasibility of the purchase, etc. and related transactions; particularly, in the case of the purchase of merely part of the Company’s shares, including the way of thinking concerning the upper limit on the number of shares to be purchased and the schedule of changes in capital structure after such purchase);
- 3) The basis for the calculation of the value of the Company’s shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);
- 4) The candidates for the management team (including information regarding experience in the same category of business as that of the Company and the Consolidated Group) and the management policy (including the way of thinking with respect to the integration and

collaboration between the business of the Large-Scale Purchaser and the business of the Company and the Consolidated Group and the specific measures to avoid any conflict of interest between the Large-Scale Purchaser and the Company/the Consolidated Group, as well as the policies to specifically realize such management policy, such as a business plan (including a plan for restructuring of existing businesses, new business plan and capital investment plan), financial plan, capital policy, distribution policy, labor policy, policy of utilization of assets; hereinafter referred to as the “Management Policy, etc. after Purchase”), as intended and expected after the completion of the Large-Scale Purchase;

- 5) Policy concerning the relationship with stakeholders of the Company and the Consolidated Group, such as employees, affiliated companies, business partners and customers of the Company and the Consolidated Group, as intended after the completion of the Large-Scale Purchase; and
- 6) If the Large-Scale Purchaser is engaged in the same category of business as that of the Company, the way of thinking concerning the legality of the Large-Scale Purchase in light of the Antimonopoly Act and competition laws in foreign countries.

The Board of Directors will disclose the fact that a Large-Scale Purchase was proposed at the time such proposal is made, and the Board of Directors will also disclose all or part of the Necessary Information provided to the Board of Directors at the time it deems appropriate, if such disclosure is considered necessary for the Company’s shareholders to make their decisions.

Next, the Board of Directors believes that a period of 60 days (in the case of the purchase of all the Company’s shares through a tender offer in which the consideration is delivered only in cash (yen)) or a period of 90 days (in the case of other Large-Scale Purchases) after the Large-Scale Purchaser completes its provision of the Necessary Information to the Board of Directors should, according to the level of difficulty in making an assessment of the Large-Scale Purchase, be given as the period necessary for the Board of Directors to assess, examine, negotiate, form an opinion and seek alternative plans (such period being hereinafter referred to as the “Board Assessment Period”). Accordingly, the Large-Scale Purchase may be commenced only after the Board Assessment Period has elapsed. However, if the Board of Directors determines it difficult to complete the assessment, etc. for the Large-Scale Purchase within the Board Assessment Period above, the Board of Directors will extend the Board Assessment Period to the extent not exceeding 30 days as needed. The Board of Directors shall thoroughly assess and examine the Necessary Information it receives, with advice from independent outside experts, etc. during the Board Assessment Period and shall deliberately summarize and disclose its opinion. In addition, the Board of Directors may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or offer the Company’s shareholders alternative plans, if deemed necessary.

### 3. Policy toward the Large-Scale Purchase

#### (1) In the event that a Large-Scale Purchaser observes the Large-Scale Purchase Rules

In the event that a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the Board of Directors, even if it disagrees with the proposed Large-Scale Purchase, will not take countermeasures against the Large-Scale Purchase, although it may attempt to persuade the Company’s shareholders by expressing an objection to the proposal of the Large-Scale Purchaser or by offering alternative plans. The Board of Directors believes that the Company’s shareholders should make their own decision as to whether or not they accept the proposal of the Large-Scale Purchaser upon consideration of such proposal of the Large-Scale Purchaser and the opinion on such proposal and alternative plans provided by the Company.

However, (i) in the event that it is considered that the Large-Scale Purchase obviously has abusive purposes or is inappropriate<sup>4</sup> or (ii) in the event that the Large-Scale Purchase will seriously undermine the common interests of the shareholders and it is deemed reasonable to take countermeasures, including the event in which the Large-Scale Purchase will cause irreparable damage to the Company (excluding cases falling under (i) above), the Board of Directors may, aside from the adoption of the Policy, take exceptional countermeasures in order to protect the common interests of the shareholders based on the duty of due care of a prudent manager assumed by each Director. The Board of Directors assesses the specific details of the Large-Scale Purchaser and the Large-Scale Purchase (such as the purpose, method, subject, kinds/amount of the consideration) and the influence of the Large-Scale Purchase on the common interests of the shareholders as a whole based on the Necessary Information, including the Management Policy, etc. after Purchase, provided by the Large-Scale Purchaser, while



obtaining the advice of independent outside experts, etc., and gives respect to the recommendations of the Special Committee, before making such judgment. The Countermeasures include the issuance, etc., of stock acquisition rights or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and the Articles of Incorporation of the Company as in the case that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules set forth in (2) below. In addition, in the event that the Board of Directors takes a countermeasure, if it receives the recommendations of the Special Committee to the effect that it should obtain the prior approval of the General Meeting of Shareholders, the countermeasures may be performed after being resolved at the General Meeting of Shareholders in order that the intentions of the shareholders of the Company may be reflected; provided, however, the resolution of the General Meeting of Shareholders is always required to take countermeasures with respect to the event that falls under (ii) above.

Note 4. “(the Large-Scale Purchase that has) Abusive purposes or (is) inappropriate” refers to the following actions taken by a Large-Scale Purchaser:

- (i) A Large-Scale Purchaser intends to purchase the shares for the sole purpose of forcing the relevant parties related to the company to purchase the shares at a higher price, by boosting the company’s share price, even though the Large-Scale Purchaser does not have the true intention to participate in the company’s management;
- (ii) A Large-Scale Purchaser purchases the shares for the purpose of so-called scorched-earth management, which includes having the company transfer the intellectual property rights, know-how, corporate secrets, main business partners and customers, etc. necessary for the company’s business and management to such Large-Scale Purchaser or its group companies, etc., by temporarily controlling the company’s management;
- (iii) A Large-Scale Purchaser purchases the company’s shares and plans to divest the company’s assets with the intention of using such assets as security or the source of repayment of the debt of such Large-Scale Purchaser or its group companies, etc. after controlling the company’s management;
- (iv) A Large-Scale Purchaser purchases the company’s shares for the purpose of having the company sell or dispose of its valuable assets, including real property or securities that have no immediate relationship with the company’s businesses, and temporarily pay large dividends against the profits gained from such disposition, or for the purpose of taking the opportunity to rapidly increase the share price influenced by the temporary payment of large dividends and then sell such shares at a higher price, by temporarily controlling the company’s management; or
- (v) A Large-Scale Purchaser purchases shares through a tender offer, etc., by not making solicitation for the sale of all the company’s shares at the first stage of the tender offer and setting disadvantageous second stage purchase terms or not clarifying such purchase terms (so called coercive, two-tiered takeover).

(2) In the event that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules

In the event that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the Board of Directors may take countermeasures, respecting the recommendation of the Special Committee, against the Large-Scale Purchase to protect the Company’s corporate value and the common interests of the shareholders. Countermeasures include the issuance of stock acquisition rights or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and the Company’s Articles of Incorporation. The Board of Directors will adopt the specific countermeasures that it deems most appropriate at that time. In the event that the Board of Directors elects to make an allotment of stock acquisition rights without contribution as a specific countermeasure, the outline of such allotment of stock acquisition rights without contribution shall be as described in Exhibit 2 attached hereto; provided, however, that, if the Board of Directors actually elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and the terms for exercise of the stock acquisition rights and stock acquisition terms, all of which consider the effectiveness thereof as countermeasures, including, for instance, the terms for such exercise not to belong to a specific Group of Shareholders with a certain Voting Rights Ratio. In addition, if the Board of Directors receives the recommendations of the Special Committee to the effect that it should obtain the prior approval of the General Meeting of Shareholders, the allotment of stock acquisition rights without contribution,

etc. may be performed after being resolved at the General Meeting of Shareholders in order that the intentions of the Company's shareholders may be reflected. The Company filed a shelf registration statement for the issuance of stock acquisition rights on June 27, 2018; however, since the effective period of the shelf registration will expire on July 4, 2019, the Company will file another shelf registration statement for the issuance of stock acquisition rights.

### (3) Establishment of the Special Committee

The Special Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the Board of Directors. Pursuant to the administration rules of the Special Committee (for the outline thereof, please refer to Exhibit 3), the Special Committee shall have at least three members and in order to enable fair and neutral judgment, its members shall be elected from the Company's Outside Directors and Outside Auditors or outside knowledgeable persons<sup>5</sup> who are independent of the management team operating the Company's businesses. The name and profile of members of the Special Committee are described in Exhibit 4 attached hereto.

The Policy satisfies the objective requirements for the invocation of countermeasures, by prescribing that the Board of Directors will not take the countermeasures in principle in the event that the Large-Scale Purchaser observes the Large-Scale Purchase Rules (described in III. 3 (1) above) and that the Board of Directors may take the countermeasures in the event that the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules (described in III. 3 (2) above); provided, however, that, in the event that the Board of Directors makes a significant determination pertaining to the Policy, including an event in which the Board of Directors takes an exceptional countermeasure in order to protect the common interests of the shareholders as described in III. 3 (1) above and an event in which the Board of Directors takes the countermeasures as described in III. 3 (2) above, the Board of Directors must consult with the Special Committee and respect the recommendations of the Special Committee to the utmost extent.

Note 5: Outside knowledgeable persons are elected from among corporate managers who have sufficient experience, persons who are familiar with the investment banking business, lawyers, certified public accountants, academic experts who specialize in the Companies Act, etc. or persons who are equivalent to these personnel.

### (4) Suspension, etc., of Invocation of Countermeasures

In the event that (i), after the Company decides to take exceptional countermeasures as described in III. 3 (1) above or take countermeasures as described in III. 3 (2) above, the Large-Scale Purchaser revokes or changes the Large-Scale Purchase or (ii) any changes occur in the facts on which a decision is based as to whether or not countermeasures should be implemented and it becomes unreasonable to implement countermeasures from the viewpoint of the assurance and improvement of the corporate value of the Company and the common interests of the shareholders, the Board of Directors may suspend or change the invocation of the countermeasures after consulting with the Special Committee and giving respect to the recommendation of the Special Committee. In the event that the Board of Directors elects to make an allotment of stock acquisition rights without contribution as a countermeasure, if the Board of Directors wishes to suspend the invocation of the countermeasure, (i) until the day on which such stock acquisition rights become effective, the Board of Directors shall suspend the allotment of stock acquisition rights without contribution, and (ii) after the allotment of stock acquisition rights without contribution, the Board of Directors shall acquire such stock acquisition rights on or before the day immediately preceding the commencement date of the exercise period of the stock acquisition rights.

## 4. Influence, etc. on shareholders and investors

### (1) Influence, etc. of the Large-Scale Purchase Rules on shareholders and investors

The purpose of the Large-Scale Purchase Rules is to provide the Company's shareholders with the information necessary for them to determine whether or not to accept a Large-Scale Purchase, and with the opinion of the Board of Directors that is actually in charge of the Company's management and to ensure the period necessary for such provision, as well as to ensure that the Company's shareholders have opportunities to receive any alternative plans. The Board of Directors believes that, under the Large-Scale Purchase Rules, the Company's shareholders will be provided with sufficient information and will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the common interests of the shareholders shall be protected.

Accordingly, the Board of Directors believes that the establishment of the Large-Scale Purchase Rules is a proper prerequisite for appropriate investment decisions of the Company's shareholders and investors and contributes to the common interests of the shareholders and investors.

The Board of Directors hereby advises the Company's shareholders and investors to observe carefully any actions by a Large-Scale Purchaser, because the Company will make a different response depending on whether or not the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in III. 3 above.

(2) Influence, etc. of countermeasures on shareholders and investors at the time of invocation of such countermeasures

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the Board of Directors may take countermeasures, which the Board of Directors is permitted to take under the Companies Act or other laws and the Company's Articles of Incorporation, in order to protect the Company's corporate value and the common interests of the shareholders. However, the Board of Directors does not expect that, under the structure of the countermeasures, the Company's shareholders (excluding a Large-Scale Purchaser who has violated the Large-Scale Purchase Rules) will sustain any substantial loss in terms of legal rights or economic aspect. If the Board of Directors elects to take any specific countermeasures, the Board of Directors will make appropriate disclosure in a timely manner in accordance with the relevant laws, regulations and stock exchange regulations.

In respect of the issuance of stock acquisition rights, as one of the possible countermeasures, it may be necessary for a Company's shareholder to make a payment of a certain amount of money in order to acquire new shares upon exercising his/her stock acquisition right. In addition, if the Board of Directors has decided to acquire stock acquisition rights, it may issue new shares to the Company's shareholders without paying the amount equivalent to the exercise price, in exchange for the acquisition of the stock acquisition rights by the Company. Details of these procedures will separately be provided in accordance with the laws and regulations in the event of actual issuance of stock acquisition rights.

In the event that the Board of Directors suspends the issuance of stock acquisition rights as a countermeasure or acquires such stock acquisition rights without contribution pursuant to III. 3 (4) above, stock value per share will not be ultimately diluted. Therefore, investors who purchase or sell their shares of the Company on the assumption that the stock value of shares of the Company will be diluted on and after the ex-rights date related to the allotment of such stock acquisition rights without contribution may be subject to contingent damages as a result of share price movements.

5. Period of validity, continuation, changes and termination of the Policy

On condition that the shareholders approve the Policy at the Ordinary General Meeting of Shareholders to be held on June 26, 2019, the Policy will become effective on the date of such approval and expire at the close of the Ordinary General Meeting of Shareholders to be held in June 2022; provided, however, that, if the Policy is approved to be continued at the Ordinary General Meeting of Shareholders to be held in June 2022, the aforementioned effective term of the Policy will be extended for another three years and the same shall apply thereafter. If the continuation of the Policy is approved, the Board of Directors shall promptly notify the shareholders of such fact.

In addition, even if the Policy is decided to be continued, the Board of Directors will, from the viewpoint of the improvement of corporate value and the realization of the common interests of the shareholders, review the Policy from time to time based on the improvement, etc. of related laws and regulations and the improvement, etc. of the listing system of the Tokyo Stock Exchange, and may change or terminate the Policy upon the approval of the General Meeting of Shareholders. In such case, the Board of Directors will promptly notify such fact.

IV. The Policy Complies with the Basic Policy Concerning Company Control, does not Damage the Common Interests of the Shareholders and does not Pursue the Maintenance of the Status of the Company's Officers, and the Reasons therefor

1. The Policy complies with the Basic Policy Concerning Company Control

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Special Committee, and the influence on shareholders and

investors.

The Policy specifies that (i) a Large-Scale Purchaser is required to provide the Board of Directors with all necessary and sufficient information concerning the Large-Scale Purchase in advance, (ii) the Large-Scale Purchaser shall be allowed to commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors has elapsed, and (iii) the Board of Directors may take countermeasures against any Large-Scale Purchaser who does not observe the aforementioned commencement rule.

The Policy also specifies that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the Board of Directors judges that the Large-Scale Purchase by the Large-Scale Purchaser will materially damage the common interests of the shareholders, the Board of Directors may take countermeasures against the Large-Scale Purchaser that are considered necessary in order to protect the common interests of the shareholders.

As set forth above, it can be said that the Policy is consistent with the Basic Policy Concerning Company Control.

## 2. The Policy does not damage the common interests of the shareholders

As described in I. above, the Basic Policy Concerning Company Control is based on the assumption that the common interests of the shareholders should be respected. The Policy has been prepared consistent with the Basic Policy Concerning Company Control and is intended to ensure that the Company's shareholders are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the Board of Directors and the opportunity to receive alternative plans. Since the Company's shareholders and investors can make proper investment decisions through the Policy, the Policy does not damage the common interests of the shareholders, but rather contributes to their interests.

In addition, the Company believes that the facts that the effectuation and extension of the Policy and termination of the Policy before its expiration date depend on the approval of the Company's shareholders and that the shareholders can terminate the Policy if they desire ensure that the Policy does not damage the common interests of the shareholders.

The Policy satisfies the three principles (i.e., (i) principle of protecting and enhancing corporate value and shareholders' common interests, (ii) principle of prior disclosure and shareholders' will, and (iii) principle of ensuring necessity and reasonableness) provided for in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests," which was issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Policy is also based on the "Takeover Defense Measures in Light of Recent Environmental Changes", which was issued on June 30, 2008, by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry.

## 3. The Policy does not pursue the maintenance of the status of the Company's Officers

While the Policy has a broad principle that leaves the final decision on whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders, the Policy requires compliance with the Large-Scale Purchase Rules and takes countermeasures to the extent necessary in order to protect the common interests of the shareholders. The Policy discloses in advance and in detail the cases where the Board of Directors will take countermeasures, and the Board of Directors shall take countermeasures in accordance with the provisions of the Policy. The Board of Directors cannot solely effectuate and extend the Policy, and the approval of the Company's shareholders is required for such effectuation and extension.

In addition, the Policy specifies that, in the event that the Board of Directors makes a material decision related to the Policy, such as if it takes countermeasures in connection with a Large-Scale Purchase, it shall request advice from independent outside experts, etc. as necessary, must consult with the Special Committee consisting of members who are independent of the management team operating the Company's businesses, and give utmost respect to the recommendation of such Special Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the Board of Directors are ensured.

Moreover, as stated in III.3 (4) above, since the Board of Directors consisting of the directors elected at a General Meeting of Shareholders may cancel the invocation of countermeasures even after a decision to take a

countermeasure has been made, the Policy does not fall under a dead-hand takeover defense measure (a takeover defense measure whose invocation cannot be prevented even if the majority of the Board of Directors is replaced). In addition, the term of office of the Directors of the Company is one year, and staggered terms are not adopted. Therefore, the Policy is not a slow-hand takeover defense measure (a takeover defensive measure that requires more time to prevent its invocation because it does not allow the replacement of all Board members at once).

As described above, the Company believes that it is clear that the Policy does not pursue the maintenance of the status of the Company's Officers.

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The Company's Major Shareholders

The table below shows the Company's major shareholders as of March 31, 2019.

Name of Shareholders		
	Number of Shares Held (thousands)	Shareholding Ratio (%)
The Dai-ichi Life Insurance Company, Limited	4,000	6.14
Trust & Custody Services Bank, Ltd. ('E' trust account)	3,434	5.27
The Master Trust Bank of Japan, Ltd. (trust account)	2,877	4.42
JP MORGAN CHASE BANK 385632	2,650	4.07
Nippon Life Insurance Company	2,533	3.89
Meiji Yasuda Life Insurance Company	2,516	3.86
Mizuho Bank, Ltd.	2,179	3.34
Japan Trustee Services Bank, Ltd. (trust account)	1,849	2.84
Kimikazu Aida	1,445	2.22
AIDA ENGINEERING Trading-partner Shareholding Association	1,338	2.05

Note 1: The Company has treasury stock of 6,477 thousand shares other than those listed above.

Note 2: The shareholding ratios are calculated based on the number of shares (65,169,891 shares) obtained by deducting the number of treasury stock from the total number of issued and outstanding shares.

Note 3: Trust & Custody Services Bank, Ltd. ('E' trust account) is a trustee, entrusted with the Company's shares in Japanese-style Employee Stock Ownership Plan (J-ESOP) and Board Benefit Trust (BBT).

Outline of Allotment of Stock Acquisition Rights without Contribution

1. Shareholders who are entitled to receive stock acquisition rights and conditions of issuance thereof:

One (1) stock acquisition right shall be allotted without contribution to a Company's shareholder for each share of the Company's common stock held by such shareholder (excluding the shares of the Company's common stock, which have been held by the Company), whose name is inscribed or recorded in the register of shareholders as of the end of the date of allotment to be specified by the Board of Directors.

2. Type and number of shares to be acquired upon exercise of the stock acquisition rights:

The type of shares to be acquired upon exercise of the stock acquisition rights shall be the shares of the Company's common stock, and the total number of such shares shall be up to the number of shares obtained by reducing the total number of issued and outstanding shares of the Company's common stock (excluding the shares of the Company's common stock, which have been held by the Company) from the total number of shares authorized to be issued by the Company as of the date of allotment to be specified by the Board of Directors. The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be separately determined by the Board of Directors; provided, however, that such number shall be adjusted to the extent necessary if the Company makes a stock split or a stock consolidation.

3. Total number of stock acquisition rights to be allotted:

The total number of stock acquisition rights to be allotted shall be separately determined by the Board of Directors. The Board of Directors may allot stock acquisition rights in installments.

4. Amount of properties to be contributed upon exercise of stock acquisition rights:

The amount of properties to be contributed upon exercise of a stock acquisition right shall be an amount to be determined by the Board of Directors which shall be at least one (1) Japanese yen.

5. Restriction on acquisition of stock acquisition rights through transfer:

Stock acquisition rights may not be acquired through transfer without the Company's approval through the resolution of the Board of Directors.

6. Conditions of exercise of stock acquisition rights:

The conditions of exercise of stock acquisition rights shall be separately determined by the Board of Directors. Certain conditions of exercise may be provided, including a condition that a person belonging to a Group of Specific Shareholders that holds at least 20% of the Voting Rights Ratio may not exercise stock acquisition rights.

7. Exercise period and terms and conditions of acquisition, etc. of stock acquisition rights:

The exercise period, terms and conditions of acquisition and other necessary matters of the stock acquisition rights shall be separately determined by the Board of Directors.

Upon the establishment of the terms and conditions of acquisition that the stock acquisition rights held by a person who belongs to the Group of Specific Shareholders holding twenty percent (20%) or more of the Voting Rights Ratio are to be acquired, no payment of economic consideration such as cash shall be made for the acquisition. In addition, during the period commencing on the effective date of the stock acquisition rights and ending on the day that is immediately preceding the commencement date of the exercise period of the stock acquisition rights, the Company may acquire the stock acquisition rights without contribution on a day separately determined by the Board of Directors, if the Board of Directors considers that it is appropriate to acquire the stock acquisition rights.

## Outline of the Administration Rules of the Special Committee

1. The Special Committee shall have at least three (3) members, and the members shall be elected by a resolution of the Board of Directors among from Outside Directors and Auditors of the Company, lawyers, certified public accountants, academic experts, persons who are familiar with the investment banking business or outside persons who have good track records and experience as a director or operating officer and who, in each case, are independent of the management team operating the businesses of the Company.
2. The term of office of members of the Special Committee shall be until the close of the meeting of the Board of Directors to be held immediately after an Ordinary General Meeting of Shareholders pertaining to the last fiscal year that ends within one (1) year after their election; provided, however, that unless otherwise determined by a resolution at such meeting of the Board of Directors, the members shall be deemed to be re-elected at such meeting of the Board of Directors.
3. The Special Committee shall be convened by the president and representative director of the Company (should the president and representative director be unable to act, one of the other directors shall take the place of the president and the representative director, in accordance with the order of precedence previously determined by the Board of Directors) or each member of the Special Committee.
4. The chairman of the Special Committee shall be served by the head of the Special Committee chosen by the members of the Special Committee. Should the head of the Special Committee be unable to act, one of the other members shall serve as the chairman.
5. Resolutions of the Special Committee shall be adopted by an affirmative vote of a majority of the members of the Special Committee present, which shall constitute all members of the Special Committee, other than related parties; provided, however, that, in case of unavoidable circumstances, resolutions of the Special Committee may be adopted by an affirmative vote of a majority of the members of the Special Committee present, which shall constitute a majority of all members of the Special Committee.
6. The Special Committee shall deliberate on and make resolutions with respect to the matters on which the Board of Directors has consulted with the Special Committee and shall give recommendations to the Board of Directors based on such resolutions. The Board of Directors must consult with the Special Committee concerning the matters described in each of the following items in the respective cases of (1) and (2) below:
  - (1) When the Board of Directors determines to implement a countermeasure on the ground that a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules:
    - (i) Whether or not the purchase by such purchaser corresponds to the Large-Scale Purchase;
    - (ii) Whether or not the Company has properly administered the Large-Scale Purchase Rules;
    - (iii) Whether or not the Large-Scale Purchaser has observed the Large-Scale Purchase Rules; and
    - (iv) Necessity and reasonableness of such countermeasure and whether or not such countermeasure should be implemented.
  - (2) When a Large-Scale Purchaser observes the Large-Scale Purchase Rules, and the Board of Directors determines to implement an exceptional countermeasure on the ground that it is considered that such Large-Scale Purchase will seriously undermine the common interests of the shareholders:
    - (i) Whether or not such Large-Scale Purchase is considered to seriously undermine the common interests of the shareholders; and
    - (ii) Necessity and reasonableness of such countermeasure and whether or not such countermeasure should be implemented.



7. Upon deliberation and resolution as described in 6. above, the Special Committee, at the expense of the Company, may take each of the actions described in (1) through (3) below to the necessary extent:
  - (1) Receive advice from any third parties (including financial advisers, certified public accountants, lawyers, consultants and other professionals) who are independent of the management team of the Company;
  - (2) Request the Directors, Auditors and employees of the Company and any other person the Special Committee considers necessary to attend a meeting of the Special Committee and receive an explanation on any necessary information from them; and
  - (3) Any other actions permitted by the Board of Directors.

Name and brief personal history of candidates for the Special Committee member

The following three candidates are to be members of the Special Committee.

Hirotsada Komatsu

Born in 1940

June 1994 Director, Honda Motor Co., Ltd.  
 June 1998 Executive Director, Honda Motor Co., Ltd.  
 June 2000 Retired (resigned) from Executive Director, Honda Motor Co., Ltd.

\*There is no special interest between Hirotsada Komatsu and AIDA ENGINEERING, LTD. In addition, although he worked for Honda Motor Co., Ltd., it has been more than 18 years since his resignation in 2000. Also, Honda Motor Co., Ltd. is not a business partner with which the Company has significant business transactions to impact on the Company's decision-making, and therefore the Company determined that his status of independence from the management team operating the Company's businesses is sufficiently ensured.

Hirofumi Gomi

Born in 1949

Apr 1972 Joined the Ministry of Finance  
 Jul 1996 Director of the Research Division, Banking Bureau, Ministry of Finance  
 Jun 1998 Director-General, Inspection Department, Financial Supervisory Agency  
 (currently Financial Services Agency)  
 Jul 2000 Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission,  
 Financial Services Agency  
 Jul 2001 Director-General, Inspection Bureau, Financial Services Agency  
 Jul 2002 Director-General, Supervisory Bureau, Financial Services Agency  
 Jul 2004 Commissioner, Financial Services Agency  
 Jul 2007 Resigned Financial Services Agency  
 Nov 2009 Visiting Professor, Aoyama Gakuin University (current position)  
 Jun 2011 Auditor, MIROKU JYOHU SERVICE CO., LTD.  
 Jan 2014 Advisor, NISHIMURA & ASAHI (current position)  
 Feb 2015 Senior Advisor, THE BOSTON CONSULTING GROUP (current position)  
 Jun 2015 Director, AIDA ENGINEERING, LTD. (current position)  
 Jun 2016 Director, Infoteria Corporation (currently Asteria Corporation) (current position)  
 Director, MIROKU JYOHU SERVICE CO., LTD. (current position)  
 Jun 2017 Director, SBI Holdings, Inc. (current position)

\*Hirofumi Gomi is currently an Outside Director of AIDA ENGINEERING, LTD. If the re-election of Hirofumi Gomi is approved at the 84<sup>th</sup> General Meeting of Shareholders on June 26, 2019, he will be reappointed as an Outside Director.

There is no special interest between Hirofumi Gomi and the Company. The Company registered Hirofumi Gomi with the Tokyo Stock Exchange as an Independent Director.

Shigeru Makinouchi

Born in 1949

Apr 1979 Admission as an attorney-at-law (current position)  
 Mar 2001 Practicing-Attorney-Professor for Civil Advocacy, Legal Training and Research Institute,  
 Supreme Court of Japan (up to Jan 2004)  
 Jun 2013 Statutory Auditor, AIDA ENGINEERING, LTD. (current position)

\*Shigeru Makinouchi is currently an Outside Statutory Auditor of AIDA ENGINEERING, LTD.

There is no special interest between Shigeru Makinouchi and the Company. The Company registered Shigeru Makinouchi with the Tokyo Stock Exchange as an Independent Director.

<Note>

Akio Masuda, Chikao Fukuda and Hiroo Wakabayashi will resign from the Special Committee since the term of office of those three will expire at the conclusion of the board of directors to be held after the 84<sup>th</sup> General Meeting of Shareholders on June 26, 2019.

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