

## **Questions and Answers regarding the Countermeasures Policy against Large-scale Purchases of Aida Engineering, Ltd.**

The Company has determined a countermeasures policy against large-scale purchases of the Company's shares. The following are questions that the Company has received to date, regarding the countermeasures policy and answers to such questions:

Q1. Please explain the purpose of adopting the countermeasures policy.

A1. The Company is always working hard on IR activities so that the investors can understand the appropriate value of the shares of the Company; however, the Company believes that, if a large-scale purchase is to be conducted unexpectedly, it is important for shareholders to receive proper information from both the large-scale buyer and the Company in order to make a proper decision within a short time as to whether the purchase price proposed by the large-scale buyer for acquisition of the shares of the Company is appropriate or not, so that the shareholders may examine the terms of the large-scale purchase, including the adequacy of the purchase price, which may have an impact on the management of the Company. The Company also believes that, if a large-scale purchase is to be conducted, its potential impact on the management of the Company, the management policy and business plan that the large-scale buyer wishes to adopt for the Company, and the influence on other various stakeholders including customers and employees, are the important factors for the shareholders to make a decision, when they determine whether the large-scale purchase is acceptable or not. Based upon the above basic philosophy, in consideration of ensuring the interests of the shareholders in general, the Company has adopted the countermeasures policy for the purpose of providing the shareholders of the Company with (i) the necessary information with respect to the offer by such large-scale buyer which may have an impact on the management of the Company so that they may determine whether a large-scale purchase is acceptable or not (i.e., whether to sell the shares by accepting the offer of the large-scale purchase, or to continue to hold the shares), and (ii) the opinion of the Board of Directors, which is currently in charge of management, and furthermore for the purpose of ensuring an opportunity for shareholders to receive alternative plans.

Q2. Why has the Company adopted the countermeasures policy from among many other defense measures against hostile takeovers?

A2. The Company believes that as long as the Company, as a listed company, takes advantage of free trading of its shares, the Company should not flatly decline a large-scale purchase even if it is a so-called "hostile takeover," conducted without the approval of the Board of Directors of the Company, if such large-scale purchase might contribute to the interests of the Company and its shareholders. In accordance with the

basic philosophy that the shareholders of the Company themselves shall ultimately decide whether or not to sell the shares of the Company held by them by accepting the large-scale purchase to be conducted by a certain person, the Company has adopted the countermeasures policy as a system to support shareholders making a decision.

Q3. What is the mechanism of the countermeasures policy?

A3. The Board of Directors of the Company will require of a person intending a purchase of shares for the purpose of acquisition of not less than 20% of the voting rights (i) necessary information and (ii) a certain period of time in advance for the Board of Directors to make an assessment, examination, and negotiations, form opinions and prepare alternative plans. If the large-scale purchase is to be conducted without complying with the above, the countermeasures will be triggered.

Q4. Please explain how to deal with a large-scale purchase if a large-scale purchase is to be conducted.

A4. (1) In the case where a large-scale buyer complies with the large-scale purchase rules:

In the case where a large-scale buyer complies with the large-scale purchase rules, the Board of Directors of the Company will not take the countermeasures against such large-scale purchase, even if it is against such large-scale purchase. It will just try to persuade the shareholders of the Company by stating its dissenting opinions regarding the proposed purchase or by proposing an alternative plan. The shareholders of the Company will make the final decision as to whether the proposed purchase by the large-scale buyer is acceptable or not, taking into account the terms of the proposed large-scale purchase itself and the Company's opinion regarding the proposed purchase and any alternative plans presented by the Company.

However, in the event that the Board of Directors of the Company assesses that the relevant large-scale purchase will cause irreparable damage or loss to the Company or materially damage the interests of the shareholders in general, the Board of Directors of the Company may take countermeasures as it deems appropriate in order to protect the interests of the shareholders of the Company, in accordance with the Directors' duty of care.

A4. (2) In the case where a large-scale buyer does not comply with the large-scale purchase rules:

In the case where a large-scale buyer does not comply with the large-scale purchase rules, the Board of Directors of the Company may counteract the proposed large-scale purchase, irrespective of its method, by taking the countermeasures, including issuance of stock acquisition rights, which are permitted by the Company

Law and other laws, as well as the Articles of Incorporation of the Company, for the purpose of protecting the interests of the Company and the shareholders of the Company in general. As to exactly which measures the Board of Directors of the Company will take, the Board of Directors of the Company will choose such measures as it deems most appropriate at such time.

- Q5. Please explain the potential impact on shareholders and investors when the countermeasures are triggered.
- A5. In the event that a large-scale buyer does not comply with the large-scale purchase rules, the Board of Directors of the Company may take the countermeasures as permitted by the Company Law and other laws, as well as the Articles of Incorporation of the Company, for the purpose of protecting the interests of the Company and the shareholders of the Company in general. However, the Company does not anticipate that such countermeasures will, under its system, cause a loss of any rights of or any economic damage to any shareholder of the Company (other than the large-scale buyer which does not comply with the large-scale purchase rules).
- Q6. What procedures will shareholders need to follow in the event that the Company takes the countermeasures contemplated in the countermeasures policy in order to prevent a large-scale purchase?
- A6. In the case of the issuance of stock acquisition rights, depending on the manner of the issuance thereof, the shareholders may need to apply for the acquisition of the stock acquisition rights within the prescribed period or pay a certain amount of money for the acquisition of new shares upon exercise of the stock acquisition rights. If the Company actually issues the stock acquisition rights, it will disclose the details of the procedures for acquisition.  
The procedures which the shareholders will need to follow in the event that the Company takes any countermeasures other than the issuance of stock acquisition rights will be disclosed separately in accordance with the applicable laws, when the Board of Directors determines to actually take such countermeasures.
- Q7. The persons to whom stock acquisition rights are to be allotted shall be the shareholders of the Company as of an allotment date to be determined by the Board of Directors, then according to what exact timing will the allotment date be fixed?
- A7. The Board of Directors of the Company intends to fix an allotment date after the large-scale purchase is commenced. In detail, it will fix the allotment date at the best time for the interests of the shareholders in general, taking into consideration the manner of the actual large-scale purchase and the effect of the countermeasures.

Q8. While the Company has already filed the shelf registration statement for the issuance of stock acquisition rights, does the Company intend to issue stock acquisition rights?

A8. If a large-scale buyer does not comply with the large-scale purchase rules, the Board of Directors of the Company will take the countermeasures deemed most appropriate according to the then situation, for the purpose of protecting the interests of the shareholders in general. An issuance of stock acquisition rights is one of such countermeasures. However, the filing of a shelf registration statement as of now was not intended for an immediate issuance of stock acquisition rights, but as preparation in advance in order to enable the Company to issue stock acquisition rights flexibly and efficiently and to make such issuance of the stock acquisition rights work effectively as a defense measure, in the event where the Company chooses to issue stock acquisition rights.

Q9. What kind of organ is the special committee?

A9. The special committee is an advisory body to the Board of Directors of the Company established to have an observation function so that this committee may oversee the proper application of the countermeasures policy and prevent the Board of Directors of the Company from making arbitrary decisions. The Board of Directors of the Company will consult with the special committee, in principle, and respect the advice from the committee to the fullest extent, when it is required to make important judgments in connection with the countermeasures policy, including the cases where the Company takes countermeasures in the event a large-scale buyer does not comply with the large-scale purchase rules of the Company and where, even if a large-scale buyer complies with the large-scale purchase rules, the Company takes such measures exceptionally as are deemed appropriate in order to protect the interests of the shareholders of the Company.

Q10. How many members is the special committee comprised of? From what kind of persons are the members elected?

A10. The special committee shall be comprised of three (3) members. In order to enable the committee to conduct fair and independent judgment, the members are elected from among the outside Directors of the Company who are independent from the management of the Company conducting its business, outside Statutory Auditors of the Company, corporate executives having sufficient experience of management, persons experienced in investment banking business, lawyers, certified public accountants, academic experts studying the Company Law, and persons similar thereto.