

March 27, 2008

## **Brother Announces Establishment of Independent Advisory Committee**

Brother Industries, Ltd. (“Brother”) announced that its Board of Directors held on March 27, 2008 decided to adopt (i) to establish an independent advisory committee (hereinafter referred to as the Independent Advisory Committee) composed of members independent from the current management members executing the business of Brother in order to secure the objectivity, fairness and rationality of the examinations and the decisions of the Board of Directors in respect of the policy toward the large-scale purchase of Brother shares (hereinafter referred to as the Policy; for detailed information, please refer to the press release of March 23, 2006 titled “Brother Announces Policy Toward Large-scale Purchases of Brother Shares (Anti-takeover Defensive Plan)”), which was (a) resolved and introduced by the Board of Directors on March 23, 2006 and (b) approved by the shareholders at the 144th ordinary general shareholders meeting held on June 23, 2006, and (ii) to elect members of the Independent Advisory Committee, as follows.

### Description

#### 1. Establishment of the Independent Advisory Committee

In order to secure the objectivity, fairness and rationality of the examinations and the decisions in connection with the Policy concerning, for example, (i) the 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 rules, (iii) whether or not the large-scale purchase has materially adversely affected the interest of all shareholders as a whole, and (iv) whether or not countermeasures should be taken, the Independent Advisory Commission shall be established in accordance with a resolution of the Board of Directors, which such Independent Advisory Committee is to be composed of members independent from the current management members executing the business of Brother and Brother’s Board of Directors shall consult with the Independent Advisory Committee.

The Independent Advisory Committee shall deliberate and resolve matters on which they are consulted, and shall advise or provide recommendations to Brother’s Board of Directors in accordance with the content of the resolution of the Independent Advisory Committee. Brother’s Board of Directors shall hold such advice and recommendations in high esteem to the fullest extent.

The outline of the Independent Advisory Committee shall be as described in Attachment 1.

#### 2. Election of the members of the Independent Advisory Committee

The names and brief personal histories of the original members of the said

Independent Advisory Committee shall be as described in Attachment 2.

The term of office shall be from March 27, 2008 until the close of the meeting of the Brother's Board of Directors to be held immediately following the 116th ordinary general shareholders meeting scheduled for June 2008.

## Outline 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, unless 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 expire as of with 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 Resolved, 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 concerning whether the exercise of countermeasures, which is permitted to be taken as a right of the Board of Directors under the Corporate Code of Japan or other laws and the company's Articles of Incorporation, such as the issuance of the stock acquisition rights, etc., 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 and to the common benefit of the 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 has materially adversely affected the interests of all shareholders as a whole;
- iv) Whether or not countermeasures should be taken, and whether or not the content of the countermeasures are adequate; 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.

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Name and Brief Personal History of Independent Advisory Committee Members

Yukio Masuda

[Brief Personal History]

Year of birth: 1941  
April 1964: Joined Mitsubishi Corporation  
June 1996: Director of Mitsubishi Corporation  
April 1999: Executive Director of Mitsubishi Corporation  
June 2001: Representative Director and Executive Vice President of Mitsubishi Corporation  
April 2004: Representative Director and Senior Executive Vice President of Mitsubishi Corporation  
June 2006: Senior Corporate Adviser of Mitsubishi Corporation (Present)  
\*There is no special interest relationship between this person and Brother.

Kunihiro Matsuo

[Brief Personal History]

Year of birth: 1942  
March 1968: Prosecutor at Tokyo District Public Prosecutors Office  
June 1980: First Secretary and Councillor at Embassy of Japan in Deutschland  
September 1989: Director of the Criminal Affairs Division at Criminal Affairs Bureau of Ministry of Justice  
September 1992: Secretariat of Minister of Justice, Director of the Personnel Division  
December 1996: Deputy Superintending Prosecutor at Tokyo District Public Prosecutors Office  
April 1998: Prosecutor at Supreme Public Prosecutors Office  
June 1998: Director-General of the Criminal Affairs Bureau at Ministry of Justice  
December 1999: Vice-Minister of Justice  
January 2002: Deputy Prosecutor-General at Supreme Public Prosecutors Office  
September 2003: Superintending Prosecutor of Tokyo High Public Prosecutors Office  
June 2004: Prosecutor-General  
September 2006: Registration as a lawyer (Dai-ichi Tokyo Bar Association) (Present)  
November 2006: Established Matsuo Kunihiro Law Firm (Present)  
\*There is no special interest relationship between this person and Brother.

Seiichiro Yonekura

[Brief Personal History]

Year of birth: 1953  
March 1977: Graduated from the Faculty of Social Studies at Hitotsubashi University  
March 1979: Graduated from the Faculty of Economics at Hitotsubashi University  
March 1981: Completed Master's Program at Graduate School of Social Sciences at Hitotsubashi University  
April 1982: Assistant at the Institute of Business Research within the Department of Commerce at Hitotsubashi University  
April 1984: Assistant Professor at the Institute of Business Research within the Department of Commerce at Hitotsubashi University  
April 1988: Associate Professor at the Institute of Business Research within the Department of Commerce at Hitotsubashi University  
June 1990: Ph.D. from Harvard University (History)  
June 1992: Core Faculty of Global Leadership Program at the University of Michigan  
April 1995: Professor at the Institute of Business Research within the Department of Commerce at Hitotsubashi University  
April 1997: Professor at the Institute of Innovation Research within Hitotsubashi University (Present)  
April 1999: Director at the Institute of Innovation Research in Hitotsubashi University  
May 2003: Co-president of Institute of Strategy Sony Corporation

\*There is no special interest relationship between this person and Brother.

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