

February 8, 2013

Company name: A&D Company Limited
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Notice regarding the disposal of treasury stock by third-party allocation following the capital and business alliance with Denso Corporation

This notice details the decision made at the February 8, 2013 meeting of the Board of Directors of this company to undertake a capital and business alliance with Denso Corporation, together with an associated disposal of treasury stock by third-party allocation.

I. Overview of capital and business alliance

1. Purpose and reason for capital and business alliance

The business environment our company group operates in is developing many future concerns, such as the European sovereign debt crisis, the slowdown of Asian economic growth and the prolonged strong yen and deflationary pressures Japan has long been enduring.

Under these circumstances, while the individual segments of our company group (measurement and weighing devices, medical and healthcare devices) will continue to endeavor to increase and strengthen their presence in existing markets, they have also come to focus their attention on developing new markets and gaining new customers, as well as advancing the development of new products and technology that fits the changing needs of these markets.

Since our joint capital investment in Unex Corporation in March 2011, Denso Corporation, the proposed destination of the stock allocation, has been in continuous interaction with our company in the healthcare and medical sectors through mutual consultation on the operation of Unex. After much consideration from both parties, we have come to the conclusion that there is the possibility for collaboration in new product development between our two companies through the union of Denso's developmental technology abilities and our knowhow in the healthcare and medical sectors. Also, in the measurement sector our company has also become a supplier for Denso's measurement and control simulation systems, etc. With the further strengthening of our relationship through this present

alliance we believe that our ability for collaboration in development in the automotive sector which understands consumers' needs and creates products that match these needs has increased greatly.

As it is expected that the strengthening of the two companies' relationship will contribute to the realization of further development and growth in our company's enterprises, Denso has been decided upon as the recipient of the stock allocation

2. Nature of the business alliance

Regarding product development in the medical/healthcare sector, or for such products as measurement and control simulation systems etc. in the measurement sector, the collaboration will proceed in the following manner:

(1) For development, production and marketing of products in the sectors stated above, both companies will mutually share development and business information and knowledge, etc., engage in personnel exchange and share use of facilities and equipment.

(2) Both companies shall share use of sales channels and sales and marketing infrastructure. They will also engage in mutual development and commercialization of new products.

3. Nature of the capital alliance

In order to facilitate the progression of our business alliance and build a strong relationship of mutual trust, it was agreed between our company and Denso Corporation that Denso should receive 1,122,000 retained treasury shares in our company. After this disposal of treasury stock and issuance of the shares to Denso, they will be the owner of 5% of the total issued stock of this company.