

January 5, 2018

To whom it may concern,

Company name: Nabtesco Corporation  
Representative: Katsuhiro Teramoto, Representative Director, President & CEO  
(Code: 6268; TSE 1st Section)  
Contact: Akihito Kurosu, General Manager, Corporate Communication Dept.  
(Telephone: 03-5213-1134)

## **Notice on Subscription of Third-Party Share Options Issued by Harmonic Drive Systems Inc.**

Nabtesco Corporation (hereinafter, “the Company”) hereby announces that it has decided to subscribe for third-party No. 1 share options (hereinafter, “the Share Options”) to be issued by Harmonic Drive Systems Inc. (hereinafter, “Harmonic”), one of the Company’s equity-method affiliates, which will, at the same time, issue new shares and dispose of its treasury stock, and conduct secondary offerings of its own shares (hereinafter, collectively referred to as “Global Offering”). The details are explained below. The Board of Directors of Harmonic has resolved today the issuance of the Share Options.

### 1. Reason for subscribing for the Share Options

The Company and Harmonic operate a joint venture (Harmonic Drive LLC) in the United States to expand wave gear device business in North America. Harmonic seeks to procure funds by way of issuance of new shares, etc. The Company has decided to subscribe for the Share Options, taking the view that the continued collaborative relationship in the motion control field amid a rapidly changing business environment will contribute to the improvement of the corporate value of the Company.

### 2. Overview of the Share Options

#### (1) Total number of the Share Options and the type and number of shares underlying the Share Options:

- 1) Total number of the Share Options: 12,619
- 2) Type and number of shares underlying the Share Options: 1,261,900 shares of common stock

#### (2) Amount to be paid for each Share Option

To be determined.

(The amount will be determined by multiplying the amount equivalent to 6.77% of the offering price with respect to the Global Offering to be determined on a certain day in the period from Monday, January 22, 2018 to Wednesday, January 24, 2018 (hereinafter, “Date for Fixing Exercise Price, etc.”) by 100.

#### (3) Payment date

To be fixed on a certain day in the period from Tuesday, February 6, 2018 to Thursday, February 8, 2018, namely, that which is the 15th day from the following day of the Date for Fixing Exercise Price, etc. (The following business day if such 15th day is not a business day).

- (4) The period in which the Share Options can be exercised (hereinafter, “Exercise Period”)  
Friday, February 9, 2018 to Tuesday, February 28, 2023
- (5) Amount per share of common stock to be contributed upon exercise of the Share Options (hereinafter, “Exercise Price”)
- 1) The initial Exercise Price is yet to be decided. (The Exercise Price will be the same amount as the offering price of the Global Offering to be decided on the Date for Fixing Exercise Price, etc.)
  - 2) Revision of the Exercise Price: The Exercise Price on the final day of the Exercise Period will be revised to an amount equivalent to the closing price of the shares of common stock of Harmonic on the Tokyo Stock Exchange on the previous day of such final day. (If there is no closing price on such day, the closing price of the day immediately prior to such day will be adopted.)
- (6) In the event that the Global Offering is to be suspended, so will be the issuance of the Share Options.

3. Overview of Harmonic Drive Systems, Inc.

- (1) Establishment: October 27, 1970
- (2) Representative: Akira Nagai, President, Representative Director
- (3) Head Office: 6-25-3, Minami-Oi, Shinagawa-ku, Tokyo 141-0003, Japan
- (4) Capital stock: 1,610,542,649 yen
- (5) Principal businesses: Development, manufacturing and sale of precision speed reducers and mechatronics products combined with motors, sensors, controllers, drivers, etc.

4. Number of shares of Harmonics held by the Company before and after the exercise of Share Options.

- (1) Number of shares held before exercise: 18,320,400 (shareholding ratio: 18.95%) \*Note 1
- (2) Number of shares held after exercise: 19,582,300 (shareholding ratio: 20.00%) \*Note 2

Notes: 1. The figure represents the ratio of the number held to the total number of issued shares (96,649,330), which is computed by aggregating the total number of issued shares as of September 30, 2017 (94,749,300), and the increase due to issuance of new shares by public offering, etc. and assuming that all third-party capital increase relating to the secondary offering associated with over-allotments was subscribed.

2. The figure represents the ratio of the number held to the total number of issued shares (97,911,200) assuming that the Company has exercised all Share Options.

5. Impact on the Company’s future business outlook

The impact of the subscription for the Share Options on the Company’s consolidated financial outlook for the current fiscal year ending December 31, 2018 is expected to be immaterial. In the event that a significant impact is anticipated, we will make an announcement immediately.

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