

27 June 2014

To whom it may concern:

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Representative: Osamu Suzuki
Chairman and CEO
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**Notice regarding Grant of Stock Options as Compensation (Stock Acquisition Rights)
(Determination of Terms with respect to an Offer for Subscription)**

At the meeting held today, the Board of Directors of Suzuki Motor Corporation (the “Company”) determined the matters with respect to an offer for subscription for stock acquisition rights to be allotted as stock options as compensation to its Directors (excluding Outside Directors) and Managing Officers who are not serving concurrently as its Directors, with a view to strengthening the connection to the Company’s performance and stock prices and ensuring that Directors as well as Senior Managing Officers and Managing Officers share with the shareholders not only the benefits of any increases in stock price, but also the risks of any declines, and resolved to solicit subscribers to the said stock acquisition rights, pursuant to the provisions of Paragraph 1, Article 236, Paragraphs 1 and 2, Article 238 and Paragraph 1, Article 240 of the Companies Act of Japan. The details are as follows.

The amount to be paid for the said stock acquisition rights and other undetermined matters are to be determined at the allotment date of the said stock acquisition rights scheduled on 22 July 2014.

1. Name of the Stock Acquisition Rights

Suzuki Motor Corporation – The Third Stock Acquisition Rights

2. Persons to whom the Stock Acquisition Rights will be Allotted and Total Number of the Stock Acquisition Rights to be Allotted to such persons

Directors of the Company (excluding Outside Directors)	7 people	317 units
Managing Officers who are not serving concurrently as the Directors of the Company	6 people	60 units
Total	13 people	377 units

The above total number is the number of planned allotments. In the event that the total number of the stock acquisition rights to be allotted is decreased due to no subscription for some of the rights, etc., then the total number of the stock acquisition rights to be issued shall be equal to the total number of the stock acquisition rights to be allotted.

3. Class and Number of Shares that are the Subject of the Stock Acquisition Rights

The class of shares that are the subject of the stock acquisition rights shall be common stock of the Company, and the number of shares that are the subject of each stock acquisition right (the “Number of Shares to be Granted”) shall be 100.

If it becomes appropriate to make an adjustment to the Number of Shares to be Granted as a result of a share split, allotment of shares without contribution, reverse share split, or similar action taken by the Company after the date of allotment of the stock acquisition rights (as specified in 13 below), the Number of Shares to be Granted shall be adjusted in accordance with the following formula. The adjustment shall be made only to the stock acquisition rights which have not been exercised at the relevant time, with any fraction of less than a whole share created as a result of the adjustment being rounded down.

Number of Shares to be Granted after the adjustment = Number of Shares to be Granted before the adjustment x ratio of share split, allotment of shares without contribution, or reverse share split

In the case of a share split or allotment of shares without contribution, the Number of Shares to be Granted after adjustment shall apply from the day immediately following the record date of the said share split or allotment of shares without contribution, and in the case of a reverse share split, the Number of Shares to be Granted after adjustment shall apply from the day on which a reverse share split becomes effective. However, in cases where the Company conducts a share split or allotment of shares without contribution subject to the approval at a General Meeting of Shareholders of the Company of a proposal to reduce the amounts of surplus and increase capital stock and legal capital surplus, and the record date for the share split or allotment of shares without contribution shall be the day prior to the day of the conclusion of the said General Meeting of Shareholders, the Number of Shares to be Granted after adjustment shall apply from the day immediately following the day of the conclusion of the said General Meeting of Shareholders.

Further, in the event that the Company undergoes an absorption-type merger or incorporation-type merger and assumes the stock acquisition rights, or the Company enters into a share exchange or share transfer by which the Company becomes a 100% subsidiary and the stock acquisition rights are assumed, the Company shall have the right to make adjustments to the Number of Shares to be Granted as it finds necessary according to the merger ratio, etc.

When making an adjustment to the Number of Shares to be Granted, the Company shall give notice or public notice of the pertinent details to each holder of the stock acquisition rights recorded in the stock acquisition rights registry (the "Person with the Stock Acquisition Rights") no later than the day prior to the day on which the Number of Shares to be Granted after adjustment becomes effective; however, in the event that the Company is unable to give such notice or public notice by the day before the said adjustment, the Company shall promptly give such notice or public notice thereafter.

4. Value of the Asset to be Contributed upon the Exercise of the Stock Acquisition Rights

The value of the asset to be contributed upon the exercise of each of the stock acquisition rights shall be an amount equal to the amount to be paid of one (1) yen per share to be delivered upon the exercise of the stock acquisition rights multiplied by the Number of Shares to be Granted.

5. Period during which the Stock Acquisition Rights can be Exercised

From 23 July 2014 to 22 July 2044

6. Matters regarding Increase in Capital Stock and Legal Capital Surplus due to Issuance of Shares upon the Exercise of the Stock Acquisition Rights

- (1) The amount of capital stock to be increased in the event that shares are issued upon the exercise of the stock acquisition rights shall be the maximum increasable amount of capital, etc. calculated in accordance with Paragraph 1, Article 17 of the Ordinance on Company Accounting of Japan multiplied by 0.5, and any fraction less than one yen arising from the calculation shall be rounded up to the nearest yen.
- (2) The amount of legal capital surplus to be increased in the event that shares are issued upon the exercise of the stock acquisition rights shall be the maximum increasable amount of capital, etc. mentioned in (1) above less the amount of capital stock to be increased specified in (1) above.

7. Restriction on Assignment of the Stock Acquisition Rights

The acquisition of the stock acquisition rights through assignment shall require the approval of the Board of Directors of the Company.

8. Terms for Acquisition of the Stock Acquisition Rights

The Company may acquire the stock acquisition rights without contribution on a date to be separately determined by the Board of Directors in the event that the proposals (1), (2), (3), (4) or (5) below is approved at the General Meeting of Shareholders of the Company (or by a resolution of the Board of Directors of the Company if resolution of the General Meeting of Shareholders is not required).

- (1) Proposal for approval of a merger agreement under which the Company shall become a dissolving company
- (2) Proposal for approval of a company split agreement or incorporation-type company split plan under which the Company shall become a split company
- (3) Proposal for approval of a share exchange agreement or share transfer plan under which the Company shall become a 100% subsidiary
- (4) Proposal for approval of amendment to the Articles of Incorporation to establish a provision regarding the requirement for approval of the Company on acquisition of all shares issued by the Company by assignment
- (5) Proposal for approval of amendment to the Articles of Incorporation to establish a provision regarding the requirement for approval of the Company on acquisition by assignment of shares that are the subject of the exercise of the stock acquisition rights or regarding the acquisition by the Company of all such class of shares by a resolution at a General Meeting of Shareholders

9. Matters regarding the Stock Acquisition Rights in Case of Merger, Absorption-Type Company Split, Incorporation-Type Company Split, Share Exchange or Share Transfer

In the event that the Company carries out merger (limited to cases where the Company becomes a dissolving company), undergoes an absorption-type company split or an incorporation-type company split (limited to cases where the Company becomes a split company), or enters into a share exchange or share transfer (limited to cases where the Company becomes a 100% subsidiary) (collectively the “Organizational Restructuring”), the Company shall grant the stock acquisition rights of a company listed in Sub-items (a) to (e), Items 8, Paragraph 1, Article 236 of the Companies Act of Japan (the “Restructured Company”), in each case, to each of the Person with the Stock Acquisition Rights possessing remaining stock acquisition rights (the “Remaining Stock Acquisition Rights”) immediately prior to the day on which Organizational Restructuring takes effect (in case of absorption-type merger, the day on which absorption-type merger takes effect; in case of incorporation-type merger, the day on which a new company incorporated through incorporation-type merger; in case of absorption-type company split, the day on which absorption-type company split takes effect; in case of incorporation-type company split, the day on which a company incorporated through incorporation-type company split; in case of share exchange, the day on which share transfer takes effect; and in case of share transfer, the day on which a wholly-owning parent company incorporated through share transfer). However, the foregoing shall apply only in cases where the grant of stock acquisition rights of the Restructured Company according to the following terms is provided for in an agreement of absorption-type merger, an agreement of incorporation-type merger, an agreement of absorption-type company split, an agreement of incorporation-type company split, a share exchange agreement or a plan of share transfer.

- (1) Number of stock acquisition rights of the Restructured Company to be granted
The same number of stock acquisition rights as the Remaining Stock Acquisition Rights possessed by each of the Person with the Stock Acquisition Rights shall be granted.
- (2) Class of shares of the Restructured Company that are the subject of the stock acquisition rights
Common stock of the Restructured Company
- (3) Number of shares of the Restructured Company that are the subject of the stock acquisition rights
To be determined according to 3 above after taking into consideration the terms of the Organizational Restructuring, etc.
- (4) Value of the asset to be contributed upon the exercise of the stock acquisition rights
 - 1) The value of the asset to be contributed upon the exercise of each of the stock acquisition rights shall be the amount resulting from multiplying the amount to be paid after restructuring by the number of shares of the Restructured Company that are the subject of the stock acquisition rights as determined in accordance with (3) above.
 - 2) The amount to be paid after restructuring shall be one (1) yen per share of the Restructured Company to be delivered upon the exercise of the stock acquisition rights.
- (5) Period during which the stock acquisition rights can be exercised
The exercise period for the stock acquisition rights shall be from the later of the commencement date

of the exercise period for the stock acquisition rights as specified in 5 above or the day on which the Organizational Restructuring takes effect, up to the expiration date of the exercise period for the stock acquisition rights as specified in 5 above.

- (6) Matters regarding increase in capital stock and legal capital surplus due to issuance of shares upon the exercise of the stock acquisition rights
To be determined in accordance with 6 above.
- (7) Restriction on assignment of the stock acquisition rights
The acquisition of the stock acquisition rights through assignment shall require the approval of the Board of Directors of the Restructured Company.
- (8) Terms for acquisition of the stock acquisition rights
To be determined in accordance with 8 above.
- (9) Other terms of exercise of the stock acquisition rights
To be determined in accordance with 11 below.

10. Rules regarding any Fraction of Less than a Whole Share Created as a Result of the Exercise of the Stock Acquisition Rights

Any fraction of less than a whole share in the number of shares to be delivered to the Person with the Stock Acquisition Rights who exercises the stock acquisition rights shall be rounded down.

11. Other Terms of Exercise of the Stock Acquisition Rights

- (1) The Person with the Stock Acquisition Rights shall be able to exercise the stock acquisition rights only up until the 10th day (the next business day if the 10th day falls on a non-business day) from the day immediately following the date of resignation as the Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently.
- (2) If any Person with the Stock Acquisition Rights dies, his/her heir may exercise the stock acquisition rights.

12. Method for Calculating the Amount to be Paid for the Stock Acquisition Rights

The amount to be paid for each stock acquisition rights shall be the option price per share calculated based on the following figures from (2) to (7) according to the formula of the Black-Scholes model below, multiplied by the Number of Shares to be Granted (any fractions of less than one yen being rounded to the nearest yen).

$$C = Se^{-qt} N(d) - Xe^{-rt} N(d - \sigma\sqrt{T})$$

in which

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) Option price per share (C)
- (2) Stock price (S): The closing price of the common stock of the Company under regular trading on the Tokyo Stock Exchange on 22 July 2014 (base price for the next trading day when there is no closing price)
- (3) Exercise price (X): one (1) yen
- (4) Expected remaining period (T): 15 years
- (5) Volatility (σ): The rate of stock price variability calculated based on the closing price on the last trading day of each week during 15 years (from 23 July 1999 to 22 July 2014)
- (6) Risk-free interest rate (r): The interest rate on Japanese government bonds with remaining years corresponding to the expected remaining period
- (7) Dividend yield (q): Dividend per share (simple average of actual dividend paid for the last two fiscal years) divided by the stock price as specified in (2) above
- (8) Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

Note: The remuneration receivable of the person who will be allotted the stock acquisition rights against the Company and their obligations to pay for the stock acquisition rights shall be offset.

13. Date of Allotment of the Stock Acquisition Rights

22 July 2014

14. Due Date for Payment in Exchange for the Stock Acquisition Rights

22 July 2014