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18 July, 2017



To whom it may concern:

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## **Notice regarding Issuance of New Shares as Restricted Stock Compensation**

The Board of Directors of SUZUKI MOTOR CORPORATION (the “Company”) resolved at the meeting held on 18 July, 2017, to issue new shares as restricted stock compensation (the “Issuance of New Shares”) as follows.

### **1. Outline of Issuance**

(1) Payment date	10 August, 2017
(2) Type and number of shares to be issued	18,100 shares of the Company’s ordinary shares
(3) Issue price	5,452 yen per share
(4) Aggregate issue price	98,681,200 yen
(5) Offer or allotment method	By the allotment of restricted stock
(6) Method of contribution	By in-kind contributions of monetary compensation claims
(7) Persons eligible for allotment, the number thereof, and the number of shares to be allotted	Six (6) directors of the Company (*)18,100 shares *Excluding outside directors
(8) Others	A securities notice under the Financial Instruments and Exchange Act was submitted for the Issuance of New Shares.

### **2. Purpose and Reason for the Issuance**

The Board of Directors of the Company resolved at the meeting held on 16 May, 2017, to introduce a share-based contribution plan to grant restricted stock (the “Plan”) to the Company’s directors (excluding outside directors; hereinafter referred to as “eligible Directors”) in order to enhance the incentive to make sustainable improvements to the corporate value of the Company and to achieve further sharing of value among eligible Directors and shareholders. In addition, at the 151st Ordinary General Meeting of Shareholders of the Company held on 29 June, 2017, it was approved that the Company shall grant monetary contribution claims to eligible Directors for the purpose of granting restricted stock under the Plan within the annual amount of 300

million yen and that the Board of Directors of the Company shall determine the transfer restriction period for restricted stock within the range of one (1) to five (5) years.

### **3. Outline of the Plan**

Eligible Directors shall pay the total of the monetary contribution claims granted based on the Plan from the Company as a contribution in kind, and ordinary shares of the Company shall be issued or disposed of to the eligible Directors. The total amount of the monetary compensation claims to be granted to eligible Directors in accordance with the Plan shall be within the annual amount of 300 million yen. The specific issue timing and distribution to eligible Directors shall be determined by the Board of Directors. The total number of ordinary shares of the Company to be issued or disposed of to the eligible Directors based on the Plan shall be within 100,000 shares per year. The Board of Directors of the Company shall determine the per share issue price of ordinary shares based on the ending price of ordinary shares of the Company on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors (if no transactions were conducted on that day, the ending price on the most recent trading day preceding that day) and within the range that is not particularly advantageous to the eligible Directors.

In addition, eligible Directors are required to enter into Restricted Stock Subscription Agreements with the Company upon the issuance and disposal of ordinary shares of the Company. The Restricted Stock Subscription Agreements shall provide, among others, that (i) during a certain restriction period, the eligible Directors shall not transfer, create any security interests on, or otherwise dispose of the ordinary shares received in accordance with the Restricted Stock Subscription Agreements, and (ii) the Company shall acquire such ordinary shares at no fee upon the occurrence of certain events.

### **4. Details of the Issuance**

The Company resolved, as restricted stock compensation for the period from the 151st Ordinary General Meeting of Shareholders of the Company to the 152nd Ordinary General Meeting of Shareholders of the Company, to grant six (6) eligible Directors, monetary compensation claims of 98,681,200 yen in total, and to allot 18,100 shares of ordinary shares of the Company, by payment of all such monetary compensation claims through in-kind contributions by the eligible Directors. The amount of the monetary compensation claims for the eligible Directors was determined by comprehensive consideration of the degree of contribution to the Company by the eligible Directors and other various matters including their duties at the Company during the above period. The monetary compensation claims shall be granted on the condition that the respective eligible Directors enter into the Restricted Stock Subscription Agreement with the Company containing the following terms (the “Subscription Agreement”).

In order to enhance the incentive to make sustainable improvements to the corporate value of the Company and to achieve further sharing of value among eligible Directors and shareholders, the transfer restriction period has been set at three (3) years.

### **5. Outline of the Subscription Agreement**

#### **(i) Transfer restriction period**

10 August, 2017 to 9 August, 2020

During the transfer restriction period as defined above (the “Transfer Restriction Period”), eligible Directors shall not transfer, create any security interests on, or otherwise dispose of (hereinafter referred to as “Transfer Restrictions”) the ordinary shares received in accordance with the Subscription Agreement (hereinafter referred to as “Subscribed Shares”).

## **(ii) Treatment at the time of retirement of eligible Directors**

If an eligible Director retires prior to the end of the Transfer Restriction Period, the Company shall acquire rightfully and for no fee all of the Subscribed Shares for which the Transfer Restrictions are not removed at the time of retirement; provided, however, that such acquisition shall not occur upon the retirement for completion of term, death, or other reason deemed reasonable by the Board of Directors.

## **(iii) Removal of Transfer Restrictions**

Notwithstanding the rules stated in (i) above, the Company shall remove the Transfer Restrictions from all the Subscribed Shares at the time the Transfer Restriction Period is completed, on the condition that the eligible Directors continue to serve as Directors at the Company throughout the Transfer Restriction Period. However, if an eligible Director retires from the position prior to completing the Transfer Restriction Period and if said retirement was due to a reason deemed as reasonable by the Board of Directors as provided in (ii) above, the Transfer Restrictions shall be removed at the time immediately after the resignation for the number of shares obtained by dividing the number of months passed from July 2017 to the month including the date of resignation of the eligible Director by 12 (however, when the resulting number is greater than one (1), the number shall be set at one (1)) and then multiplying that figure by the number of the Subscribed Shares held by the eligible Director at the time of resignation (however, as a result of the calculation, shares of less than one (1) share shall be truncated).

## **(iv) Acquisition of restricted stock for no fee**

The Company shall rightfully acquire the Subscribed Shares for which the Transfer Restrictions are not removed in accordance with (iii) above for no fee at the time of completing the Transfer Restriction Period.

## **(v) Restriction on management of shares**

The eligible Directors shall complete the opening of an account with SMBC Nikko Securities Inc. to enter or record the Subscribed Shares in the manner designated by the Company and maintain and manage the Subscribed Shares in such account up to the removal of the Transfer Restrictions.

## **(vi) Treatment of reorganization**

Notwithstanding the rules stated in (i) above, if a merger agreement in which the Company is absorbed, a share-exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary or any reorganization equivalent to the above is approved at the ordinary general meeting of shareholders (or approved by the Board of Directors for cases in which the approval of the ordinary general meeting of shareholders is not required for the relevant reorganization) during the Transfer Restriction Period, the Company shall, based on resolutions by the Board of Directors, remove the Transfer Restrictions from the number of Subscribed Shares obtained by dividing the number of months passed from July 2017 to the month including the approval date of the relevant reorganization by 12 (however, when the resulting number is greater than one (1), the number will be set at one (1)) and then multiplying that figure by the number of Subscribed Shares held by the eligible Directors as of the above approval date (however, as a result of the calculation, shares of less than one (1) share will be truncated) effective the time immediately prior to the business day immediately preceding the date on which the reorganization of the Company becomes effective. In such cases, the Company shall rightfully acquire the Subscribed Shares for which the Transfer Restrictions are not

removed as of the business day immediately preceding the date on which the reorganization becomes effective in accordance with the provision above for no fee.

## **6. Basis for Calculation of the Amount to Be Paid and Description of Details**

With respect to the issue price for the Issuance of New Shares, it has been set at 5,452 yen, which is the ending price of the Company's ordinary shares on the Tokyo Stock Exchange as of the business day (14 July, 2017) immediately preceding the resolution of the Board of Directors of the Company, in order to determine the issue price in a non-arbitrary way. This is the market share price immediately preceding the date of the resolution of the Board of Directors of the Company, and the Company considers it to be reasonable.

The divergence rates regarding this issue price are as follows, and therefore, the Company has determined that this issue price does not constitute an amount that is particularly advantageous to eligible Directors: (a) the deviation rate from the simple average ending price of 5,313 yen (a fraction of less than one (1) yen shall be discarded; hereinafter the same for simple average ending prices) of the Company's ordinary shares for the one (1) month period up to the business day immediately preceding the date of the resolution of the Board of Directors (from 15 June, 2017, to 14 July, 2017) on the Tokyo Stock Exchange was 2.62 % (rounded off to the second decimal place; hereinafter the same for the calculation of the rate of deviation); (b) the deviation rate from 5,118 yen, which is the simple average ending price of the Company's ordinary shares for a three (3) month period up to the same immediately preceding business day (from 17 April, 2017, to 14 July, 2017) was 6.53 %; and (c) the deviation rate from 4,815 yen, which is the simple average ending price of the Company's ordinary shares for the six (6) month period up to the same immediately preceding business day (from 16 January, 2017, to 14 July, 2017) was 13.23 %.

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