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To whom it may concern:

17 July, 2018



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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 17 July, 2018, to issue new shares as restricted stock compensation (the “Issuance of New Shares”) as follows.

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

(1) Payment date	10 August , 2018
(2) Type and number of shares to be issued	31,000 shares of the Company’s ordinary shares
(3) Issue price	6,268 yen per share
(4) Aggregate issue price	194,308,000 yen
(5) Persons eligible for allotment, the number thereof, and the number of shares to be allotted	Six (6) directors of the Company (*) 31,000 shares *Excluding outside directors
(6) Others	The Issuance of New Shares shall be conditional upon the securities registration statement filed under the Financial Instruments and Exchange Act becoming effective.

### **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 the “Allottees”) 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 Allottees 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 Allottees 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.

The Company resolved at the Meeting of the Board of Directors held today, as restricted stock compensation for the period from the 152nd Ordinary General Meeting of Shareholders of the Company held on 28 June, 2018 to the 153rd Ordinary General Meeting of Shareholders of the Company scheduled for June 2019, to grant six (6) Allottees, monetary compensation claims of

194,308,000 yen in total, and to allot 31,000 shares of ordinary shares of the Company as restricted stock, by payment of all such monetary compensation claims through in-kind contributions by the Allottees. The amount of the monetary compensation claims for the Allottees was determined by comprehensive consideration of the degree of contribution to the Company by the Allottees 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 Allottees 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 Allottees and shareholders, the transfer restriction period has been set at three (3) years.

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

#### (i) Transfer restriction period

10 August, 2018, to 9 August, 2021

During the transfer restriction period as defined above (the “Transfer Restriction Period”), Allottees 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 Allottees

If an Allottee 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 Allottees continue to serve as Directors at the Company throughout the Transfer Restriction Period. However, if an Allottee 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 2018 to the month including the date of resignation of the Allottee 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 Allottee 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 for no fee the Subscribed Shares for which the Transfer Restrictions are not removed in accordance with (iii) above at the time of completing the Transfer Restriction Period as of the time immediately after the time of completing the Transfer Restriction Period.

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

The Allottees 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 2018 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 Allottees 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.

#### **4. 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 6,268 yen, which is the ending price of the Company's ordinary shares on the Tokyo Stock Exchange as of the business day (13 July, 2018) 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 deviation 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 Allottees: (a) the deviation rate from the simple average ending price of 6,209 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 14 June, 2018, to 13 July, 2018) on the Tokyo Stock Exchange was 0.95% (rounded off to the second decimal place; hereinafter the same for the calculation of the rate of deviation); (b) the deviation rate from 6,148 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 16 April, 2018, to 13 July, 2018) was 1.95%; and (c) the deviation rate from 6,069 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 15 January, 2018, to 13 July, 2018) was 3.28%.

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