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To whom it may concern:

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Announcement regarding Disposition of Treasury Shares by Way of Third-Party Allotment Based on Agreement regarding Capital Alliance with Toyota Motor Corporation

SUZUKI MOTOR CORPORATION (the “Company”) hereby announces that, in connection with the execution of an agreement regarding capital alliance with Toyota Motor Corporation (Head office: 1 Toyota-Cho, Toyota City, Aichi Prefecture; President and Member of the Board of Directors: Akio Toyoda; hereinafter “Toyota”) (the “Alliance”), the Company adopted a resolution regarding the disposition of treasury shares to Toyota (the “Treasury Shares Disposition”) by way of third-party allotment (the “Third-party Allotment”) at the meeting of its Board of Directors held on August 28, 2019, as follows:

1. Outline of disposition

(1) Disposition date (Payment period)	From September 17, 2019 to June 1, 2020
(2) Number of shares to be disposed of	24,000,000 shares of common stock
(3) Disposition price	4,004 yen per share
(4) Amount of proceeds to be raised	96,096,000,000 yen
(5) Method of disposition (Party to which shares are planned to be allotted (the “planned allottee”))	By way of third-party allotment (Toyota Motor Corporation)
(6) Other	The Treasury Shares Disposition shall be implemented on the condition that the securities registration statement pursuant to the Financial Instruments and Exchange Act is effective and that the necessary approvals have been obtained in accordance with foreign competition laws as of the date of payment.

(Note) In connection with the Treasury Shares Disposition, it is resolved that the period from September 17, 2019 to June 1, 2020, shall be the payment period in accordance with the Companies Act, and such payment period is stated in this announcement as the payment date. The reason that this period is determined as the payment period is that the payment is to be made after the necessary approvals have been obtained from the foreign competition authorities in accordance with foreign competition laws, and the payment period must be determined taking into account such approvals pursuant to the merger control regulations of the foreign competition authorities, however, it is not able to be determined as of August 28, 2019 when such approvals will be obtained.

2. Purpose and reason of disposition

The Company and Toyota believe that the business partnership between them will contribute to enhancing their corporate values, and have concluded that, in order to establish and promote a long-term partnership between the two companies for promoting collaboration in new fields, including the field of autonomous driving, a capital alliance through the Treasury Shares Disposition is necessary.

The two companies began considering toward business partnership on October 12, 2016, and since then have continued to consider specific details. On March 20 of this year, the companies announced that they would begin specific considerations in order to engage in joint product developments and collaboration in productions, in addition to promoting the mutual supply of products, by bringing together Toyota's strength in electrification technologies and Suzuki's strength in technologies for compact vehicles.

Separately, the automobile sector is currently witnessing an unprecedented big turning point, not only because of enhanced environmental regulations, but also from new entries from distinct industries and diversified mobility businesses. The two companies intend to achieve sustainable growth, by overcoming new challenges surrounding the automobile sector by building and deepening cooperative relationships in new fields while continuing to be competitors, in addition to strengthening the technologies and products that each company specializes in and the existing business foundation.

Specifically, to challenge together in this turning era, the two companies plan to establish and promote a long-term partnership between the two companies for promoting collaboration in new fields, including the field of autonomous driving.

The execution of the capital alliance agreement is the confirmation and expression of the outcome of sincere and careful discussion between the two companies, and will serve for building and promoting their future partnership in the new fields.

The Company worked to improve its shareholders' equity ratio, which decreased to 35.4% in the fiscal year ended March 2016, and, as of end of the fiscal year ended March 2019, it increased to 40.9%. However, the improvement of shareholders' equity ratio remains an urgent management issue for the Company. Prior to conducting the Third-party Allotment, the Company considered various ways of increasing funds through borrowing as a means of obtaining financing that would contribute to the enhancement of its corporate value. However, the Company determined that raising funds by the Third-party Allotment would be the most appropriate manner of financing from the viewpoint that the Third-party Allotment is appropriate in light of the financial issues and that assuring the effectiveness of the Alliance and promoting the cooperative relationship between the two companies would make more effective use of funds from the Third-party Allotment.

3. Amount, use, and scheduled timing of expenditure of proceeds to be raised

(1) Amount of proceeds to be raised

(i)	Aggregate amount to be paid	96,096,000,000 yen
(ii)	Estimated cost of issue	15,000,000 yen
(iii)	Estimated net proceeds after deducting costs	96,081,000,000 yen

(Notes) 1. Estimated cost of issue does not include consumption tax or other taxes.

2. The estimated cost of issue consists of advisory fee, legal fee, and documentation cost for documents such as the securities registration statement.

(2) Specific use of proceeds to be raised

The funds to be raised from the Third-party Allotment will be used for (i) improvement of infrastructure for promoting research and development in the field of autonomous driving, (ii) improvement of personnel infrastructure for promoting research and development, etc., in new fields, including the field of autonomous driving, and (iii) appropriation for compensation of decreased working funds due to substantial early redemption of (a) the Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2021, and (b) the Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023, both of which were issued in April 2016 (use of funds of 200 billion yen raised by these Bonds is investment for growth in India, funds for research and development of environmental and security technologies, and expansion of facilities of dealers in order to strengthen domestic sales, etc.) caused by a partial conversion of such Bonds, which triggered the automatic-acquisition-upon-exercise clause (subject to the maximum number of shares to be delivered) of such Bonds and resulted in delivery of shares and money equivalent to the relevant face value.

The use of proceeds described in (i) and (ii) above shall be for the medium- to long-term and the relevant funds will be managed as stable financial asset funds until the time of disbursement. As for the use of proceeds described in (iii) above, the funds will be appropriated immediately after the payment is completed.

	Specific use	Amount (Yen)	Scheduled timing of expenditure
(i)	Improvement of infrastructure for promoting research and development in the field of autonomous driving	15 billion	From September 2019 to March 2023
(ii)	Improvement of personnel infrastructure for promoting research and development, etc., in new fields, including the field of autonomous driving	5 billion	From September 2019 to March 2023
(iii)	Appropriation for compensation of decreased working funds due to early redemption of Convertible Bonds issued in April 2016	76 billion	From September 2019 to June 2020

4. Rationale for the use of proceeds

With respect to the use of proceeds from the Treasury Shares Disposition described in (i) and (ii) above, the Company believes that overcoming new challenges surrounding the automobile sector will contribute to achieving sustainable growth and enhancing the corporate value of the Company. With respect to the use of proceeds described in (iii) above, the Company judges it as reasonable, because the use of proceeds of the Treasury Shares Disposition will improve the situation where, while the Company had planned to appropriate the long-term funds for investment for growth in India, etc., the Company appropriated the short-term funds therefor due to the unexpected early redemption, which resulted in the Company's decreased working funds.

5. Rationale for the terms of disposition, etc.

(1) Grounds for calculation of paid-in amount and specific details

The Company set the disposition price of the Treasury Shares Disposition at 4,004 yen (rounded to the nearest integer; hereinafter the same shall apply in this section), which is the average closing price of the Company's common stock on the Tokyo Stock Exchange for the one-month period (from July 29, 2019 to August 27, 2019) until the business day immediately preceding the date of the Board of Directors' resolution concerning the Treasury Shares Disposition.

The Company decided to use the average closing price of the Company's common stock for the last one month because using an average share price for a certain period, which will be a leveled price and thereby eliminate special factors such as the impact of temporary stock price fluctuations, is more objective, rather than using the price at any particular point of time as the basis of calculation.

The Company also decided to use the most recent one-month period since, comparing to using the most recent three-month period or the most recent six-month period, it is reasonable to use a certain period that is closest to the most recent stock price.

The above disposition price is at a discount of 2.6% (rounded to the first decimal position; hereinafter the same shall apply in this section) to 4,110 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on August 27, 2019, the business day immediately preceding the date of the Board of Directors' resolution concerning the Treasury Shares Disposition and in compliance with the "Guideline on Handling of Capital Increase by way of Third-party Allotment" of the Japan Securities Dealers Association that requires the amount to be paid to be equal to or more than the amount obtained by multiplying 0.9 by the stock price of the day immediately preceding the date of the board of directors. As such, the Company considers that the disposition price is not particularly favorable to the planned allottee.

Such disposition price of 4,004 yen is at a discount of 13.9% to 4,651 yen, the average closing price for the three-month period until the business day immediately preceding the date of the Board of Directors' resolution concerning the Treasury Shares Disposition, and at a discount of 17.6% to 4,862 yen, average closing price for the six-month period until the business day immediately preceding the date of the Board of Directors' resolution.

All five of the Company's corporate auditors (including three outside corporate auditors) who attended the meeting of the Board of Directors concerning the Treasury Shares Disposition stated an opinion that, since the disposition price for the Treasury Shares Disposition complies with the "Guideline on Handling of Capital Increase by way of Third-party Allotment" of the Japan Securities Dealers Association, such disposition price is not a particularly favorable price, and that the Treasury Shares Disposition is legitimate.

(2) Grounds for judging that the number of shares to be disposed of and the level of share dilution are reasonable

The number of shares of the Treasury Shares Disposition is 24,000,000 shares (number of voting rights: 240,000), corresponding to 4.89% of the total number of 491,049,100 shares (equaling to 5.20% of the total voting rights of 4,611,650) of the Company's issued common stock as of March 31, 2019. Accordingly, the shares of the Company will be diluted to a certain degree. However, as the Treasury Shares Disposition is conducted as part of the Alliance, the Company believes that it will contribute to enhancing its corporate value. Therefore, the Company considers that the number of shares to be disposed of and the level of share dilution are reasonable.

6. Reasons for selecting the planned allottee

(1) Overview of the planned allottee

(1)	Overview of the planned disclosure			
(1)	Name	Toyota Motor Corporation		
(2)	Address	1 Toyota-Cho, Toyota City, Aichi Prefecture		
(3)	Name and title of representative	Akio Toyoda, President, Member of the Board of Directors		
(4)	Main business activities	Automobile and finance businesses, etc.		
(5)	Amount of capital	635,401 million yen		
(6)	Date of incorporation	August 28, 1937		
(7)	Number of shares issued and outstanding	(Common stock)	3,262,997,492 shares	
		(First Series Model AA Class Shares)	47,100,000 shares	
(8)	Fiscal year end	End of March		
(9)	Number of employees	(Consolidated) 370,870		
(10)	Major business partners	—		
(11)	Main banks	—		
(12)	Major shareholders and percentages of shareholding	Japan Trustee Services Bank, Ltd.		13.07%
		Toyota Industries Corporation		8.28%
		The Master Trust Bank of Japan, Ltd.		6.34%
		Nippon Life Insurance Company		3.87%
		JP Morgan Chase & Company (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)		3.51%
		DENSO CORPORATION		3.12%
		State Street Bank and Trust Company (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)		2.99%
		Trust & Custody Services Bank, Ltd.		2.00%
		Mitsui Sumitomo Insurance Company, Limited.		1.97%
		Tokio Marine & Nichido Fire Insurance Co., Ltd.		1.77%
(13)	Relationship between the Company			
	Capital	The Company holds 360 shares of Toyota (percentage of shareholding is less than 0.1%).		

	Personal	None		
	Transaction	The subsidiary of the Company commenced to provide vehicles to the subsidiary of Toyota in India in April 2019.		
	Related party relationship	None		
(14) Management results and financial positions over the last three years (consolidated) (in million yen, unless otherwise indicated)				
	Fiscal year ended:	March 2017	March 2018	March 2019
	Consolidated net assets	18,668,953	19,922,076	20,565,210
	Consolidated total assets	48,750,186	50,308,249	51,936,949
	Consolidated shareholders' equity per share (yen)	5,887.88	6,438.65	6,830.92
	Consolidated revenue	27,597,193	29,379,510	30,225,681
	Consolidated operating profit	1,994,372	2,399,862	2,467,545
	Consolidated ordinary profit	—	—	—
	Net income attributable to owners of the parent	1,831,109	2,493,983	1,882,873
	Basic consolidated net income attributable to owners of shares of common stock of the parent per share (yen)	605.47	842.00	650.55
	Dividends per share (yen)	210	220	220

(Notes) 1. As of March 31, 2019

2. As Toyota has adopted U.S. GAAP for its consolidated accounting, which does not require an item corresponding to “Consolidated net assets per share”, the figures of “Consolidated shareholders’ equity per share” are presented.
3. As Toyota has adopted U.S. GAAP for its consolidated accounting, which does not require an item corresponding to “ordinary profit”, such figures are omitted.
4. Toyota, the planned allottee, is listed on the first sections of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) and the first sections of Nagoya Stock Exchange, Inc. Toyota declares its policy to exclude antisocial forces in “the matters relating to internal control system and others” in its “Corporate Governance Report” (dated June 21, 2019), submitted to the Tokyo Stock Exchange, and its basic stance and system regarding excluding antisocial forces are on the website of the Tokyo Stock Exchange. The Company has confirmed, by checking those information, that Toyota, its corporate officers and its major shareholders are not individuals, corporations or organizations which try to receive financial benefit by resorting to violence or force, through fraud or other criminal conduct (the “specific organization”) and that none of them have any relationship with specific organizations.

(2) Reasons for choosing the planned allottee

As described in “2. Purpose and reason of disposition” above.

(3) Holding policies of the planned allottee

The Company has confirmed with Toyota, which is the planned allottee, to the effect that Toyota plans to hold the common stock of the Company to be acquired as a result of the Treasury Shares

Disposition over the long term.

The Company will obtain written confirmation from Toyota to the effect, that, in the case where Toyota transfers all or a part of the shares to be allotted within two years after the allotment, it will immediately notify the Company in writing of the details, and it agrees that the Company will report the details of such notice to the Tokyo Stock Exchange and that the details of such notice shall be made available to the general public.

(4) Confirmation of payment capacity of the planned allottee for making payment for the Third-party Allotment

The Company has confirmed, by referring to the consolidated quarterly financial statements included in Toyota's "First Quarterly Report for the 116th term", that Toyota holds sufficient cash and deposits and other current assets to make payment for the Treasury Shares Disposition. Accordingly, the Company has determined that Toyota has no problem in making such payment.

7. Major shareholders and percentages of shareholding after disposition

Before disposition (as of March 31, 2019)		After disposition	
The Master Trust Bank of Japan, Ltd. (Trust Account)	9.46%	The Master Trust Bank of Japan, Ltd. (Trust Account)	9.00%
Japan Trustee Services Bank, Ltd. (Trust Account)	5.49%	Japan Trustee Services Bank, Ltd. (Trust Account)	5.22%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3.89%	Toyota Motor Corporation	4.94%
MUFG Bank, Ltd.	3.47%	Tokio Marine & Nichido Fire Insurance Co., Ltd.	3.70%
JP Morgan Chase Bank 380055 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2.83%	MUFG Bank, Ltd.	3.30%
Resona Bank, Ltd.	2.82%	JP Morgan Chase Bank 380055 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2.69%
The Shizuoka Bank, Ltd.	2.73%	Resona Bank, Ltd.	2.68%
Sompo Japan Nipponkoa Insurance Inc.	1.68%	The Shizuoka Bank, Ltd.	2.60%
Nippon Steel & Sumitomo Metal Corporation	1.68%	Sompo Japan Nipponkoa Insurance Inc.	1.60%
The Bank of New York Mellon Corporation 140042 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.68%	Nippon Steel & Sumitomo Metal Corporation	1.60%

(Notes) 1. The information above is based on the list of shareholders as of March 31, 2019.

2. After the disposition of the Treasury Shares of 24,000,000 shares, the Company's treasury shares of 29,651,582 shares (as of March 31, 2019) will be 5,651,582 shares.

3. The percentages of shareholding above are the ratios to the total number of shares issued and outstanding (excluding the treasury shares) (rounded to the second decimal position).

4. Nippon Steel & Sumitomo Metal Corporation changed its trade name to Nippon Steel Corporation as of April 1, 2019.

8. Future prospects

The Company believes that the Alliance will contribute to enhancing its corporate value; however, the Company estimates that the impact of the Alliance on the Company's consolidated business results for the fiscal year ending March 2020 is negligible.

9. Matters concerning procedures under the corporate code of conduct

Since the Treasury Shares Disposition (i) involves dilution of less than 25% and (ii) does not involve a change in controlling shareholders, it does not require an opinion from an independent third party or procedures to confirm the intentions of shareholders provided for in Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange.

10. Business performance over the last three years and status of equity finance

(1) Business performance over the last three years (consolidated)

	FY ended March 2017	FY ended March 2018	FY ended March 2019
Consolidated revenue	3,169,542 million yen	3,757,219 million yen	3,871,496 million yen
Consolidated operating profit	266,685 million yen	374,182 million yen	324,365 million yen
Consolidated ordinary profit	286,693 million yen	382,787 million yen	379,530 million yen
Net income attributable to owners of the parent	159,956 million yen	215,730 million yen	178,759 million yen
Consolidated net income per share	362.54 yen	488.86 yen	395.26 yen
Dividends per share	44.00 yen	74.00 yen	74.00 yen
Consolidated net assets per share	2,538.12 yen	2,937.35 yen	3,018.41 yen

- (2) Number of shares issued and outstanding and number of potential shares at this time (as of March 31, 2019)

	Number of shares	Ratio to number of shares issued and outstanding
Number of shares issued and outstanding	491,049,100 shares	100.00%
Number of potential shares issuable at current conversion price (exercise price)	63,600 shares	0.01%
Number of potential shares issuable at floor conversion price (exercise price)	-	-
Number of potential shares issuable at ceiling conversion price (exercise price)	-	-

(Notes) 1. All of the numbers of potential shares stated above are due to stock options.

2. The Company adopted resolutions regarding issuances of stock options as compensation (stock acquisition rights) at the meetings of its Board of Directors on June 28, 2012 (Thursday), June 27, 2013 (Thursday) and June 27, 2014 (Friday). For details, please see the "Notice regarding Grant of Stock Options as Compensation (Stock Acquisition Rights)" for each issuances.
3. The above table does not include the Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2021 and the Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023, which were issued in April 2016, since their conditions for conversions are not satisfied as of March 31, 2019.

- (3) Recent stock prices

(i) Stock prices for the last three years

	FY ended March 2017	FY ended March 2018	FY ended March 2019
Opening	3,018 yen	4,660 yen	5,773 yen
High	4,821 yen	6,811 yen	7,680 yen
Low	2,450 yen	4,355 yen	4,886 yen
Closing	4,622 yen	5,730 yen	4,898 yen

(ii) Stock prices for the last six months

	March 2019	April	May	June	July	August
Opening	5,752 yen	4,922 yen	5,041 yen	5,058 yen	5,096 yen	4,220 yen
High	5,793 yen	5,212 yen	5,501 yen	5,347 yen	5,239 yen	4,272 yen
Low	4,886 yen	4,521 yen	4,734 yen	4,873 yen	4,226 yen	3,501 yen
Closing	4,898 yen	5,065 yen	5,158 yen	5,064 yen	4,269 yen	4,110 yen

(Note) Prices shown in August 2019 are based on the information up to August 27, 2019.

(iii) Stock prices on the business day immediately preceding the date of decision on issue

	As of August 27, 2019
Opening	4,091 yen
High	4,185 yen
Low	4,084 yen
Closing	4,110 yen

(4) Status of equity finance over the last three years

Issuance of new shares as restricted stock compensation

Payment date	August 10, 2017
Aggregate issue price	98,681,200 yen
Issue price	5,452 yen per share
Number of shares issued and outstanding at the time of allotment	491,000,000 shares
Number of shares issued under the allotment	18,100 shares of common stock of the Company
Total of shares issued and outstanding after the allotment	491,018,100 shares
Allottees	18,100 shares to six directors of the Company (excluding outside directors)
Initial use of proceeds at the time of issuance	Not applicable
Scheduled timing of expenditure at the time of issuance	Not applicable
Current status of appropriation	Not applicable

Issuance of new shares as restricted stock compensation

Payment date	August 10, 2018
Aggregate issue price	194,308,000 yen
Issue price	6,268 yen per share
Number of shares issued and outstanding at the time of allotment	491,018,100 shares
Number of shares issued under the allotment	31,000 shares of common stock of the Company
Total of shares issued and outstanding after the allotment	491,049,100 shares
Allottees	31,000 shares to six directors of the Company (excluding outside directors)
Initial use of proceeds at the time of issuance	Not applicable
Scheduled timing of expenditure at the time of issuance	Not applicable
Current status of appropriation	Not applicable

Issuance of new shares as restricted stock compensation

Payment date	August 8, 2019
Aggregate issue price	82,280,000 yen
Issue price	4,400 yen per share
Number of shares issued and outstanding at the time of allotment	491,049,100 shares
Number of shares issued under the allotment	18,700 shares of common stock of the Company
Total of shares issued and outstanding after the allotment	491,067,800 shares
Allottees	18,700 shares to six directors of the Company (excluding outside directors)
Initial use of proceeds at the time of issuance	Not applicable
Scheduled timing of expenditure at the time of issuance	Not applicable
Current status of appropriation	Not applicable

11. Terms and conditions of disposition

- (1) Class and number of shares 24,000,000 shares of common stock
- (2) Amount to be paid-in 4,004 yen per share
- (3) Aggregate amount to be paid-in 96,096,000,000 yen
- (4) Method of disposition or allotment Disposition of treasury shares by way of third-party allotment
- (5) Planned allottee Toyota
- (6) Payment date From September 17, 2019 to June 1, 2020
- (7) Each of the above items shall be subject to the securities registration statement pursuant to the Financial Instrument and Exchange Act coming into effect.

End of announcement