



November 14, 2019

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Announcement on Disposal of Treasury Stock by Third-party Allotment

Mabuchi Motor Co., Ltd. (hereinafter, the “Company”) announces that its Board of Directors resolved to dispose of treasury stock by third-party allotment at a meeting held on November 14, 2019 as outlined below.

1. Outline of disposal

(1) Disposal date	December 13, 2019
(2) Number of shares to be disposed of	139,100 shares
(3) Disposal price	4,565 yen per share
(4) Total amount of disposal	634,991,500 yen
(5) Allottee	The Nomura Trust and Banking Co., Ltd. (Mabuchi Motor Employee Shareholders Association Exclusive Trust Account)
(6) Other	The disposal of treasury stock is subject to the effectiveness of the registration statement to be filed as per the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

At a meeting of the Board of Directors held on November 14, 2019, the Company resolved to implement a Trust-Type Employee Stock Ownership Incentive Plan (E-Ship®; hereinafter, “the Incentive Plan”) to provide incentives to contribute to increasing the Company’s corporate value and to promote the constant development of the Company by facilitating employees’ capital participation as shareholders and motivating them to approach their work with greater enthusiasm.

Please refer to the “Notice Regarding Implementation of Trust-Type Employee Stock Ownership Incentive Plan” released on November 14, 2019 for an outline of the Incentive Plan. The treasury stock will be disposed of to The Nomura Trust and Banking Co., Ltd. (Mabuchi Motor Employee Shareholders Association Exclusive Trust Account) to be established for implementing the Incentive Plan.

The number of shares to be disposed of is the number of shares that the Company’s Employee Shareholders Association is expected to purchase from The Nomura Trust and Banking Co., Ltd. (Mabuchi Motor Employee Shareholders Association Exclusive Trust Account) during the trust term, which is the next three years, based on the annual purchases of the existing Employee Shareholders Association of the Company. The level of dilution will be approximately 0.20% of the shares issued (0.21% of the number of voting rights, 664,293, as of June 30, 2019) . The Company believes that this level is reasonable.

Details of the Trust Agreement

Trustor:	The Company
Trustee:	The Nomura Trust and Banking Co., Ltd.
Beneficiaries:	Employees who meet the beneficiary eligibility criteria (which will exist following certain procedures after the occurrence of the reason for the establishment of the beneficiary right)
Trust administrator:	To be selected by employees of the Company
Date of trust contract:	November 14, 2019
Trust period:	November 14, 2019 to December 27, 2022
Purpose of trust:	Stable and continuous supply of shares to the Employee Shareholders Association and distribution of trust assets to those employees who meet the beneficiary eligibility criteria
Exercise of voting rights:	The trustee will exercise the voting rights of shares in the Company by following the instructions of the trust administrator.

3. Basis for calculation of the amount to be paid and specific details

The purpose of the disposal of treasury stock is the implementation of the Incentive Plan, an employee stock ownership plan. To remove arbitrariness, the disposal price was set at 4,565 yen, the closing price of the Company's stock on the Tokyo Stock Exchange, Inc. on November 13, 2019 (the business day immediately preceding the date of the Board of Directors' resolution). The price is the market price immediately before the date of the Board of Directors' resolution, and we think it is a reasonable disposal price. The rate of divergence between the disposal price and the average daily closing price of the Company's stock on the TSE for the immediately preceding month (October 11, 2019 to November 13, 2019), 4,294 yen (rounded down to the nearest yen), is 6.31%. The rate of divergence between the disposal price and the average daily closing price for the immediately preceding three months (August 14, 2019 to November 13, 2019), 4,017 yen (rounded down to the nearest yen), is 13.64%. The rate of divergence between the disposal price and the average daily closing price for the immediately preceding six months (May 14, 2019 to November 13, 2019), 3,859 yen (rounded down to the nearest yen), is 18.29%.

Considering the above, the Company believes that the disposal price of the disposal of treasury stock is not a particularly favorable price and is reasonable. The Company's Audit & Supervisory Committee has expressed opinions to the effect that the basis for the disposal price calculation is reasonable, and that the price is not a particularly favorable disposal price and is lawful.

4. Procedures under the business code of conduct

(i) The stock dilution resulting from the third-party allotment is less than 25%, and (ii) the third-party allotment does not cause a change in the controlling shareholder (the controlling shareholder is not expected to change even if all the stock acquisition rights or put options are exercised). There is therefore no need to obtain an opinion from an independent third party or to confirm the intentions of shareholders as per Rule 432 of the Securities Listing Regulations of the TSE.

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