



For immediate release

June 26, 2019

Company name: **Makita Corporation**
Representative: Munetoshi Goto, President, Representative Director
Stock ticker code: 6586

Notice Concerning Disposal of Treasury Stock as Stock-based Compensation with Restrictions on Stock Transfers

Makita Corporation (hereinafter referred to as the “Company”) is pleased to announce that it resolved at a meeting of the Board of Directors held today to execute the disposal of treasury stock as stock-based compensation with restrictions on stock transfers (hereinafter referred to as the “Disposal of Treasury Stock”) as outlined below.

1. Outline of Disposal

(1) Date of disposal	July 19, 2019
(2) Type and number of shares to be disposed of	50,580 shares of the Company’s common stock
(3) Disposal value	3,435 yen per share
(4) Total disposal value	173,742,300 yen
(5) Planned allottees	The Company’s Directors (*): 11 persons, 50,580 shares *Excluding Outside Directors
(6) Other	The Disposal of Treasury Stock is subject to the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose of Disposal and Reasons

The Company resolved at a meeting of the Board of Directors held on April 26, 2019 to introduce a stock-based compensation plan with restrictions on stock transfers (hereinafter referred to as the “Plan”) that allots shares with transfer restrictions to Directors (excluding Outside Directors; hereinafter referred to as “Eligible Directors”) in order to allow Eligible Directors to share the risks and benefits of stock price fluctuations with shareholders to a greater extent and further enhance their motivation to contribute to improving the stock price and the corporate value of the Company. In addition, at the 107th Ordinary General Meeting of Shareholders held today, the Company obtained the shareholders’ approval to set the maximum total annual amount of monetary compensation receivables to be paid to Eligible Directors as compensation relating to the restricted shares based on the Plan at 100 million yen; the maximum number of the restricted shares to be allotted to Eligible Directors in each fiscal year at 100,000 shares; and the transfer restriction period for the restricted shares at 50 years.

The Company also obtained shareholders’ approval at the 107th Ordinary General Meeting of Shareholders, as a transitional measure for allotment of shares with transfer restrictions (hereinafter, “restricted shares”) in lieu of stock acquisition rights currently granted as stock options to Eligible Directors (hereinafter, “stock acquisition rights”), for the following two items effective only for the current fiscal year:

- 1) Besides the total amount of compensation to be paid to Eligible Directors as restricted shares under the Plan explained in the preceding paragraph, upon waiving stock acquisition rights that have already been granted to and unexercised by the Eligible Directors, the Company will pay compensation to allot the same number of restricted shares as the number of shares subject to the stock acquisition rights to be waived by the Eligible Directors. The annual total amount of compensation to be paid by the Company will be up to 300 million yen.
- 2) The total number of restricted shares (38,360 shares) to be allotted to Eligible Directors will be set separately from the



maximum number of restricted shares to be allotted in each fiscal year as explained in the preceding paragraph.

The Company, at the meeting of the Board of Directors held today, resolved to pay monetary compensation receivables for the allotment of restricted shares as compensation payable to Eligible Directors for the period from the 107th Ordinary General Meeting of Shareholders until the 108th Ordinary General Meeting of Shareholders to be held in June 2020, as well as compensation relating to the restricted shares to be provided to Eligible Directors upon the waiver of their rights regarding stock acquisition rights for the purpose of granting stock options that have already been allotted to them, but have not been exercised, with a total amount of 173,742,300 yen to 11 Eligible Directors, who are planned allottees (hereinafter referred to as "Allottees"), and to allot a total of 50,580 shares of the Company's common stock as specified restricted shares by having Allottees make an in-kind contribution of all the said monetary compensation receivables. The amount of monetary compensation receivables to be paid to each Allottee has been determined after comprehensively taking into consideration various factors, such as the degree of contribution of each Allottee to the Company. The said monetary compensation receivables will be provided on the condition that each Allottee has entered into a restricted share allotment agreement (hereinafter referred to as the "Allotment Agreement") with the Company with the details outlined below.

The transfer restriction period has been set at 50 years in order to realize the purpose of introducing the Plan to allow Allottees to share the risks and benefits of stock price fluctuations with shareholders to a greater extent and further enhance their motivation to contribute to improving the stock price and corporate value of the Company over the longest possible period of time.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period

From July 19, 2019 to July 18, 2069

During the above transfer restriction period (hereinafter referred to as the "Transfer Restriction Period"), Allottees shall not transfer restricted shares as compensation allotted to the said Allottees for the period from the 107th Ordinary General Meeting of Shareholders until the 108th Ordinary General Meeting of Shareholders to be held in June 2020 (hereinafter referred to as the "Allotted Shares I") and the restricted shares allotted upon the waiver of their rights regarding stock acquisition rights for the purpose of granting stock options that have already been allotted to them, but have not been exercised (hereinafter referred to as the "Allotted Shares II") to third parties, establish a pledge or a security interest on the shares, use them as an inter vivos gift, bequest them to another party, or otherwise dispose of them (hereinafter referred to as the "Transfer Restrictions").

(2) Gratis Acquisition of the Restricted Shares

The Company shall rightly acquire Allotted Shares I and Allotted Shares II without compensation if an Allottee retires as a Director of the Company anytime between the initial day of the Transfer Restriction Period until the day preceding the first subsequent Ordinary General Meeting of Shareholders as of such retirement date, except when there are reasons deemed legitimate by the Board of Directors.

In addition, the Company shall rightly acquire any of Allotted Shares I and Allotted Shares II without compensation for which the Transfer Restrictions have not been removed in accordance with the reasons set forth in (3) below upon expiration of the Transfer Restriction Period (hereinafter referred to as "Expiration of the Period") immediately after Expiration of the Period.

(3) Removal of Transfer Restrictions

(i) Removal of Transfer Restrictions on Allotted Shares I

The Company shall remove the Transfer Restrictions on all Allotted Shares I held by Allottees upon Expiration of the Period if an Allottee who has been allotted the restricted shares has continued to hold the position of a Director of the Company from the initial day of the Transfer Restriction Period until the day of the first subsequent Ordinary General Meeting of Shareholders. However, if the said Allottee has continued to hold the position of a Director of the Company upon Expiration of the Period, the Transfer Restrictions will not be removed on all Allotted Shares I held by the said Allottee upon such expiration. If the said Allottee retires as a Director of the Company before Expiration of the Period for



reasons deemed legitimate by the Board of Directors, the Transfer Restrictions will be removed on Allotted Shares I immediately after the retirement, the number of which is obtained by multiplying the number of months from July 2019 until the month including the date when the said Allottee retires as a Director of the Company divided by 12 (if this number exceeds one as a result of the calculation, then this number shall be deemed to be one) by the number of Allotted Shares I held by the said Allottee at such point in time (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down).

(ii) Removal of Transfer Restrictions of Allotted Shares II

If an Allottee retires as a Director of the Company before Expiration of the Period for reasons deemed legitimate by the Board of Directors, the Company shall remove the Transfer Restrictions on all Allotted Shares II held by the said Allottee immediately after the retirement of the said Allottee. However, if the said Allottee has continued to hold the position of a Director of the Company at the time of Expiration of the Period, the Transfer Restrictions will not be removed on all Allotted Shares II held by the said Allottee upon such expiration.

(4) Rules on the Administration of Shares

Allottees shall complete the procedures for opening an account at SMBC Nikko Securities Inc. in the manner designated by the Company for stating or recording matters related to Allotted Shares I and Allotted Shares II, which shall be kept and maintained in the said account until such time as the Transfer Restrictions have been removed.

(5) Treatment upon Organizational Restructuring

During the Transfer Restriction Period, if an agenda item regarding a merger agreement under which the Company becomes the dissolving company, or a share exchange agreement, or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, if approval at a General Meeting of Shareholders of the Company is not required regarding the above-mentioned organizational restructuring, then approval of the Board of Directors of the Company) (only if the effective date of the said organizational restructuring occurs before Expiration of the Period; hereinafter referred to as “at the time of approval of organizational restructuring”), and if an Allottee who has been allotted the restricted shares retires as a Director of the Company due to the said organizational restructuring, the Company, by a resolution of the Board of Directors, shall remove the Transfer Restrictions on Allotted Shares I, the number of which is obtained by multiplying the number of months from July 2019 until the month including the date of the said approval divided by 12 (if this number exceeds one as a result of the calculation, then this number shall be deemed to be one) by the number of Allotted Shares I held by the said Allottee at such point in time (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down) and all Allotted Shares II held by the said Allottee as of the date of the said approval as of the time immediately before the business day preceding the effective date of the said organizational restructuring.

At the time of approval of organizational restructuring, the Company shall rightly acquire without compensation any of Allotted Shares I and Allotted Shares II for which the Transfer Restrictions have not been removed as of the business day preceding the effective date of the said organizational restructuring.

4. Basis for Calculating Payment Amount and Specific Details Thereof

To eliminate arbitrariness in determining disposal value in the Disposal of Treasury Stock, the said disposal value shall be set at 3,435 yen, which is the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company (June 25, 2019). Because this is the market price on the day immediately preceding the date of the resolution of the Board of Directors of the Company, we believe it is reasonable and does not represent a particularly favorable value.