



March, 28, 2014

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Announcement on Allotment of Stock-Compensation-Type Stock Options for Directors

Mabuchi Motor Co., Ltd. (hereinafter the "Company"), announces that it resolved, at a meeting of the Board of Directors held today, that an underwriting offering for those who intend to underwrite subscription rights to shares to be allotted to the Directors of the Company as stock-compensation type stock options by determining subscription requirements for said subscription rights to shares, pursuant to Articles 236, 238 and 240 of the Companies Act, as described below.

1. Purpose

The Company abolished the retirement allowance system for directors and audit & supervisory board members of the Company as of the conclusion of the 67th Ordinary General Meeting of Shareholders held on March 28, 2008, and has subsequently studied enhancing the long-term incentives for directors.

Consequently, the Company recently determined that stock-compensation-type stock options targeting directors of the Company (excluding outside directors) be issued as part of its reform on the allowance system for directors and audit & supervisory board members for the purpose of increasing their willingness to serve and motivation toward improved corporate value and raised share prices. This reform measure shall be closely linked to the Company's business performance and share price by establishing a scheme through which directors of the Company will share not only the benefits that may be enjoyed due to increased share prices but also the risk of a decline in share prices along with shareholders.

2. Terms and Conditions for the Issuance of the Subscription Rights to Shares

(1) Designation of the subscription rights to shares

Mabuchi Motor Co., Ltd. 2nd Subscription Rights to Shares (Stock-compensation Type)

(2) Eligible persons to whom the subscription rights to shares are allotted and the number thereof

Six (6) Directors of the Company

(3) Total number of the subscription rights to shares: 399 units

The above figure is the planned number to be allotted and therefore if the total number of the subscription rights to shares allotted decreases, for example, in the case where applications for the subscription were insufficient, the total

number of the subscription rights to shares to be allotted shall be the total number of the subscription rights to shares issued.

(4) The type and number of shares underlying the subscription rights to shares

The type of shares underlying the subscription rights to shares shall be the Company's common shares, and the number of shares underlying for each subscription right to shares (hereinafter the "Number of Granted Shares") shall be ten (10).

In case the Company conducts stock splits or reverse stock splits for the Company's common shares, the Number of Granted Shares shall be adjusted according to the following formula, and the resulting fractions therefrom less than one (1) share, if any, shall be rounded down.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment × Ratio of the stock split or reverse stock split

In case the Company conducts a merger, a demerger or a gratis allotment of shares after the allotment date, or any adjustment to the Number of Granted Shares is necessary mutatis mutandis to these cases, the Number of Granted Shares shall be appropriately adjusted within a reasonable range.

(5) Subscription amount for the subscription rights to shares

The subscription amount for the subscription rights to shares shall be the value based on the fair value, which is calculated using the Black-Scholes value calculation model as of the allotment date of the subscription rights to shares. Persons to whom the subscription rights to shares have been allotted (hereinafter the "Subscription Right Holders") shall offset the claim for compensation held thereby toward the Company instead of payment of said subscription amount.

(6) Allotment date of the subscription rights to shares

April 21, 2014

(7) Value of the property invested in exercising the subscription rights to shares

The value of the property invested in exercising subscription right to shares shall be the product of the subscription amount per share, which is assumed to be one (1) yen, for shares to be issued and delivered by the exercise of said subscription rights to shares, multiplied by the Number of Granted Shares.

(8) Period during which the subscription rights to shares may be exercised

The period during which the subscription rights to shares may be exercised shall be from April 22, 2014 to April 21, 2034.

Provided, however, that if the last day of such exercise period falls on a holiday of the Company, the business day preceding said date shall be the last exercisable day.

(9) Conditions for the exercise of the subscription rights to shares

1) A Subscription Right Holder shall be allowed to exercise the subscription rights to shares, solely in a lump sum, only within a period of not later than ten (10) days having elapsed after the next day of the date when he/she forfeits the director's position of the Company.

2) In case a Subscription Right Holder dies, his/her heir may exercise the subscription rights to shares. Provided, however, that any person who has inherited the subscription rights to shares from the heir of an allotted person is not allowed to exercise the subscription rights to shares.

(10) Matters relating to acquisition of the subscription rights to shares

1) In case a Subscription Right Holder forfeits his/her subscription rights to shares before the exercise thereof pursuant to either of the clauses in Item (9) above or any provision(s) of the Subscription Rights to Shares Allotment Agreement, the Company may acquire said subscription rights to shares without charge as of a date separately specified by the Board of Directors of the Company.

2) In case a General Meeting of Shareholders of the Company (the Board of Directors if such a General Meeting of Shareholders is unnecessary) approves a proposal for (i) a merger agreement by which the Company becomes extinct; (ii) an absorption-type company split agreement or an incorporation-type company split plan by which the Company becomes a splitting company; or (iii) a share exchange agreement or a share transfer plan by which the Company becomes a wholly owned subsidiary of another company or companies, the Company may acquire the subscription rights to shares that have not been exercised as of a date separately specified by the Board of Directors of the Company without charge as of such a date.

(11) Restriction on assignment of the subscription rights to shares

Approval of the Board of Directors of the Company shall be required for the acquisition of the subscription rights to shares by assignment.

(12) Matters relating to common stock and additional paid-in capital that will be increased in case of stock issuance as a result of the exercise of subscription rights to shares

1) The amount of common stock that will be increased in case of stock issuance as a result of the exercise of the subscription rights to shares shall be one-half (1/2) the maximum limit of common stock, etc., which is calculated in accordance with Article 17, Paragraph 1, of the Ordinance on Company Accounting, and the resulting fractions less than one (1) yen, if any, shall be rounded up.

2) The amount of additional paid-in capital that will be increased in case of stock issuance as a result of the exercise of the subscription rights to shares shall be the amount of the maximum limit of common stock, etc., stated in 1) above after deducting the amount of common stock to increase, which is set forth in 1) above.

(13) Treatment of the subscription rights to shares in conducting organizational restructuring

In cases where the Company conducts mergers (limited to cases where the Company is to become extinct as a result of the merger), absorption-type company splits, incorporation-type company splits, share exchanges or share transfers (hereinafter collectively an "Organizational Restructuring Action"), the subscription rights to shares of any of the joint-stock corporations (hereinafter the "Reorganized Company"), which are listed in sub-items (a) through (e) of Article 236, Paragraph 1, Item 8, of the Companies Act, shall be newly issued pursuant to the following conditions with regard to the subscription rights to shares that remain as of the effective date of the Organizational Restructuring Action (hereinafter the "Residual Subscription Rights to Shares"). In such cases, the Residual Subscription Rights to Shares shall be extinguished and the subscription rights to shares of the Reorganized Company shall be newly issued.

Provided, however, that the aforementioned clause shall apply only to cases where such issuance of subscription rights to shares of the Reorganized Company pursuant to the following conditions has been stipulated in the statement to that effect in the relevant merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

1) Number of the subscription rights to shares of the Reorganized Company to be issued

The subscription rights to shares of the Reorganized Company shall be issued in the same number as the Residual Subscription Rights to Shares held by the Subscription Right Holders.

2) The type and number of the Reorganized Company's shares underlying the subscription rights to shares

The type of shares underlying the subscription rights to shares shall be the Reorganized Company's common shares, and the number of such Reorganized Company's common shares to be issued as a result of the exercise of the subscription rights to shares shall be determined mutatis mutandis to Item (4) above by taking into account the conditions for the Organizational Restructuring Action and the like.

3) Value of the property invested in exercising the subscription rights to shares

The value of the property invested in exercising subscription rights to shares issued shall be the product of the exercise price after the restructuring, which is defined hereunder, multiplied by the number of shares underlying each subscription right to shares. The exercise price after the restructuring shall be one (1) yen per share of the Reorganized Company's shares that could be issued as a result of the exercise of the subscription rights to shares issued.

4) Period during which the subscription rights to shares may be exercised

Shall be from the later date of either the start date of the period during which the subscription rights to shares may be exercised, which is set forth in the aforementioned Item (8), or the effective date of the Organizational Restructuring Action, until the expiration date of the period during which the subscription rights to shares may be exercised, which is set forth in the aforementioned Item (8).

5) Matters relating to acquisition of the subscription rights to shares

Shall be determined mutatis mutandis to Item (10) above.

6) Restriction on assignment of the subscription rights to shares

Approval of the Board of Directors of the Reorganized Company shall be required for the acquisition of the subscription rights to shares by assignment.

7) Matters relating to common stock and additional paid-in capital that will be increased in case of stock issuance as a result of the exercise of subscription rights to shares

Shall be determined mutatis mutandis to Item (12) above.

(14) Treatment of fractions less than one (1) share

In case there are fractions less than one (1) share in the number of shares to be issued to a Subscription Right Holder when the subscription rights to shares are exercised by said Subscription Right Holder, the resulting fractions shall be rounded down.

(15) Non-issuance of certificates for subscription rights to shares

The Company shall not issue certificates for the subscription rights to shares.

(16) Place for payment of the property invested in exercising the subscription rights to shares

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23-6, Yanagibashi 1-chome, Taito-ku, Tokyo