



November 1, 2018

To whom it may concern:

Company name	Toyo Tire & Rubber Co., Ltd. (Stock code: 5105, TSE 1st Section)
Representative	Takashi Shimizu Representative Director and President
Contact	Tamotsu Sakuramoto Director and Senior Corporate Officer (TEL (072) 789-9100)

**Notice Concerning Capital and Business Alliance with and Issuance of New Shares Through Third-Party
Allotment of Shares to Mitsubishi Corporation &
Changes in Largest Shareholder Among Major Shareholders and Other Associated Companies**

Toyo Tire & Rubber Co., Ltd. (“Toyo Tire”) has resolved at the Board of Directors’ Meeting held today to enter into a capital and business alliance agreement with Mitsubishi Corporation (“MC”) (the “Alliance”) and to issue new shares of Toyo Tire through third-party allotment of shares to MC (the “Third-party Allotment”).

In addition, we hereby announce that the shareholding ratios of our major and largest shareholder and other associated companies will have changed following the Third-party Allotment.

In the years ahead, the two companies will respect the autonomy and independence of the other’s management, and will together seek to grow and enhance corporate value under a long-term partnership based on a spirit of equality and a cooperative relationship.

I. Overview of the Alliance

1. Purpose of and Reasons for the Alliance

In January 2017, we articulated our corporate philosophy. “To create excitement and surprise with our products that exceed customer expectations and enriches society,” committed to pursue this mission. With this new foundational principle, beginning in 2017 and spanning the next four years under the new medium-term business plan “Mid-Term ’17,” we have endeavored to execute our business plans and to strengthening our organizational foundation for the future. This latest announcement is another step in our global business strategy.

To reflect these changes, effective January 1, 2019, we will change our corporate name to “Toyo Tire Corporation.” The new name also represents our pride and responsibilities as a mobility-centered business, and our determination to continue to grow Toyo Tire into a truly global brand, as well as our aspiration to begin a new chapter in our history, with a continuing commitment to a mobile society.

We have consistently manufactured high value-added tires based on our proprietary technologies and have established a solid business foundation to meet global demand through optimized product supply from our production facilities both in Japan and abroad. Our large-diameter tires for light trucks, including SUVs, have developed strong reputation in the marketplace. We have also built a highly profitable business portfolio, and our operating margins are among the highest in the tire industry.

The auto industry is approaching a historic turning point; a “once in a century” event. The industry structure is undergoing a major transformation. In order to survive and remain viable in the era of such unprecedented

transformation, we must continue to be aware of industry trends from broader perspective including cooperation based on cross-industry cooperation, to find our own business strategy, and to ensure that we maintain our current unique presence in the marketplace and sustain our current financial health. To maintain our future growth will require a further strengthening of our business and management foundations. This is why we have decided to enter into a capital and business alliance with MC.

Beginning with Australia in 1974, we have tapped new markets in cooperation with MC by establishing tire sales joint ventures in various regions including Europe, China, Canada and Russia. As a result, we have succeeded in developing a staunch business foundation of important markets next to Japan and US. MC has been a vital partner in the worldwide expansion of the Toyo Tire brand.

We will now elevate this collaborative sales relationship to create a framework for broader alliance that involves the entirety of our respective organizations. Henceforth, we will utilize the MC group's global network to reinforce our sales and technological strengths. We will also bolster our sales and corporate functions with employees transferred from the MC group, solidifying our foundation for future growth.

As a general trading company, MC has been shifting its management strategy from a "Business Investment Model" to "Business Operation Model." More specifically, MC has openly aspired to not only invest in businesses but also contribute to the growth of the businesses it has acquired by sharing with them the unique strengths and functions of MC, to ultimately build a next-generation business foundation. The endeavor of the two companies to jointly create a new stage of tire business and enhance corporate value, through combination of human resources of the two companies, is in line with MC's management strategies and will also be very beneficial in strengthening the mobility-related businesses for MC.

In order to cement the business alliance with MC and accelerate the implementation of our growth strategies, we have decided to issue new shares to MC through the Third-party Allotment. There is intense competition within the tire industry and drastic environmental changes globally. Therefore, having MC as a partner is extremely important, as they are familiar with our corporate culture, strengths and uniqueness, and the Alliance will also allow us to collaborate from a medium- and long-term perspective to jointly build a business model that will create additional value. We will use the capital raised through the Third-party Allotment to meet the future challenges of a mobile society by investing in our global operations. By leveraging our alliance with MC, our objective is to increase our corporate resilience, thereby further enhancing our corporate.

Following the Third-party Allotment, MC's stake in our company will increase from the current 3.05% to 20.00%.

2. Details of the Alliance

(1) Details of the business alliance

Toyo Tire and MC have agreed to collaborate in the following initiatives: "reinforcement of sales capabilities", "enhancement of technological capabilities" and "reinforcing resources." The two companies will strengthen their collaborative relationship and endeavor to maximize synergies from the Alliance. Details of the three major initiatives are as follows:

① Reinforcement of sales capabilities

The demand for tire products has remained strong globally. Meeting the demand more speedily and delivering more differentiated products to customers will greatly help in improving our corporate value in the future. We also plan to establish with MC joint task forces in each region (Japan, China, Europe,

Middle East, Africa and Asia) and leverage the MC group's global network to develop sales channels, enhance marketing capabilities, and reinforce logistics and other operations.

② Enhancement of technological capabilities

We aspire to deliver to customers products that astonish, and to do so, we will seek to advance our development and technological capabilities. Towards this end, and with the future of the mobile society in mind, Toyo Tire and MC will jointly promote with outside parties a range of collaborative initiatives, such as the “Research on Next-generation Materials (such as new features rubbers and renewable materials),” “Advanced Development of Production Technologies (such as new features vulcanizers and rubber kneading machines)” and “Application of AI/IoT Technologies (such as factory automation and new generation tires).” We also plan to extensively utilize the MC group's network, to drive advanced research, development of materials and technologies; streamline the procurement of raw materials; and build a new business model, so that we can ultimately strengthen our proprietary technological platform.

③ Reinforcing resources

To enhance sales and marketing capabilities globally, and to strengthen our management foundation over the medium to long term, we will receive MC's marketing and corporate personnel into our organization, including at headquarters, and at the sales subsidiaries both in Japan and overseas. Under the existing cooperative framework with MC, we have already assigned some personnel from MC to our overseas sales subsidiaries and administrative divisions. We expect the Alliance to further strengthen our human resources, and as a result, help enhance our business operations and strengthen our management foundation.

(2) Details of the capital alliance

We will issue new shares to MC by way of the Third-party Allotment, for the purpose of establishing a more stable capital relationship with MC, realizing synergies by making better use of each other's unique strengths and management resources, and ultimately enhancing the corporate value of the two companies.

Through the Third-party Allotment, MC will acquire 26,931,956 shares of our common stock, which will increase their total shareholding percentage of Toyo Tire stock from 3.05% to 20.00%.

(3) Dispatch of director

As part of the business alliance, we intend to propose the appointment to the Toyo Tire Board of Directors, one director designated by MC, who we believe to be qualified, at the next regularly scheduled general meeting of the shareholders following the payment date. During the period of the Alliance, the proposed appointment of an MC designated director shall continue each time there is a general meeting of the shareholders where the appointment of directors is on the agenda.

(4) Profile of the proposed allottee (as of March 31, 2018, for other than the Notes)

(1) Name	Mitsubishi Corporation
(2) Address of headquarters	3-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo, 100-8086, Japan
(3) Name and title of	President and Chief Executive Officer Takehiko Kakiuchi

the representative		
(4)	Lines of business	Manufacturing and marketing a wide range of products, including energy, metals, machinery, chemicals and living essentials through our domestic and overseas network. We also are involved in diverse businesses by actively investing in areas such as natural resources development and infrastructure, and we are engaged in finance businesses.
(5)	Capital	204,447 million yen
(6)	Date established	April 1, 1950
(7)	No. of shares issued	1,590,076,851 shares
(8)	Fiscal year end	March
(9)	No. of employees	77,476 (consolidated)
(10)	Main customers	Corporations in Japan and abroad
(11)	Main banks	MUFJ Bank, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation
(12)	Major shareholders and their shareholding ratios	Japan Trustee Service Bank, Ltd. (Trust Account) 8.28%
		The Master Trust Bank of Japan, Ltd.(Trust Account) 5.32%
		Tokio Marine & Nichido Fire Insurance Co., Ltd. 4.69%
		Meiji Yasuda Life Insurance Company 4.08%
		Ichigo Trust Pte. Ltd. 2.29%
		The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account) 2.03%
		STATE STREET BANK WEST CLIENT - TREATY 505234 1.73%
		Japan Trustee Service Bank, Ltd. (Trust Account 5) 1.66%
		Japan Trustee Service Bank, Ltd. (Trust Account 9) 1.40%
		Japan Trustee Service Bank, Ltd. (Trust Account 1) 1.23%
(13)	Relationship between the parties	
	Capital relationship	Our shareholding in the proposed allottee 607,703 shares (common stock) (as of June 30, 2018)
		Proposed allottee's shareholding in our company 3,890,250 shares (common stock) (as of June 30, 2018)
	Personnel exchange	7 employees are seconded from MC to Toyo Tire
	Transaction relationship	Selling products to MC
	Related party status	The party to receive the allocated new shares (the "Allottee") will not fall under the category of a related party to Toyo Tire. Also, neither the parties related to nor the associated companies of the Allottee fall under the category of related parties to Toyo Tire.
(14)	Financial performance and results of operations for the latest three years (consolidated, IFRS)	

	FYE Mar. 2016	FYE Mar. 2017	FYE Mar. 2018
Equity attributable to owners of MC	4,592,516 million yen	4,917,247 million yen	5,332,427 million yen
Total assets	14,916,256 million yen	15,753,557 million yen	16,036,989 million yen
Equity attributable to owners of MC per share	2,898.23 yen	3,101.43 yen	3,362.34 yen
Revenues	6,925,582 million yen	6,425,761 million yen	7,567,394 million yen
Net profit (loss) (attributable to owners of MC)	△149,395 million yen	440,293 million yen	560,173 million yen
Basic net profit (loss) per share (attributable to owners of MC)	△93.68 yen	277.79 yen	353.27 yen
Dividend per share (yen)	50.00 yen	80.00 yen	110.00 yen

(5) Timeline of the Alliance

(1) Date of Board of Directors' resolution	November 1, 2018
(2) Date of capital and business alliance agreement conclusion	November 1, 2018
(3) Pay-in period for the Third-party Allotment	January 15, 2019 - June 28, 2019

(6) Future prospect

For details regarding future prospect, please refer to the section below: “II. Issuance of New Shares via Third-party Allotment, 3. Future Prospect.”

II. Issuance of New Shares via Third-party Allotment

1. Summary of the Third-party Allotment

(1) Pay-in period	January 15, 2019 - June 28, 2019
(2) No. of shares issued	26,931,956 shares of common stock
(3) Pay-in amount	1,890 yen per share
(4) Total proceeds	50,356,396,840 yen (estimated net proceeds)
(5) Offering method (proposed allottee)	Third-party allotment (Mitsubishi Corporation)
(6) Other	Each of the above conditions is subject to effective filing of the securities registration statement under the Financial Instruments and Exchange Act of Japan and completion of the procedures required for the Third-party Allotment under the domestic and overseas anti-trust acts.

Note:

As of November 1, 2018, the payment date is described as a range due to the uncertain timing of when approvals may be obtained from domestic and overseas antitrust authorities. MC has agreed to pay within the Pay-in period after all conditions required for the Third-party Allotment have been satisfied.

2. Purpose and Reasons for the Third-party Allotment

As described in “I. Overview of the Alliance, 1. Purpose of and Reasons for the Alliance” above, the Third-party Allotment shall be conducted as part of the Alliance, for the purpose of further strengthening the collaborative relationship between Toyo Tire and MC, to jointly generate more synergies, and to finance our planned capital investments.

Although the Third-party Allotment is expected to have some dilutive effect on Toyo Tire’s shares, we believe further collaborations with MC through the Alliance will help enhance our corporate value over the medium to long term and ultimately increase returns to our existing shareholders.

3. Amount, Uses and Timing of Expenditure of the Proceeds

(1) Proceeds from the Third-party Allotment

Total paid-in amount	50,901,396,840 yen
Estimated cost of issuance	545,000,000 yen
Estimated net proceeds	50,356,396,840 yen

Notes:

- *1. Consumption and other taxes are not included in the estimated cost of issuance.
- *2. Registration related fees are expected to account for the majority of the estimated cost of issuance.

(2) Specific uses of the proceeds

As part of the business growth strategies set forth in “Mid-Term’17,” we are committed to optimizing the operations at our tire plants and bolstering our portfolio. We plan to use the net proceeds totaling about 50 billion yen, net of the estimated cost of issuance, to finance the capital investments in manufacturing facilities and to strengthen our technological platforms, in order to ultimately strengthen our business foundation globally.

More specifically, the primary uses, the amounts and timing of expenditures are assumed to occur as set forth below. The amount of capital expenditure exceeding the estimated net proceeds will be allocated cash reserves, etc. The proceeds from the Third-party Allotment will be managed appropriately (e.g, held in a company banking account, etc. until the proceeds are actually disbursed.

	Key uses	Amount	Timing of planned expenditure
①	Increased production capacity at the U.S. tire plant (Phase 5)	6 billion yen	Dec. 2018 – Jul. 2020
②	Increased production capacity at the Malaysia tire plant (Phase 2)	10 billion yen	Apr. 2019 – Jun. 2021
③	Construction of new production base	33 billion yen	Jan. 2020 – Apr. 2023
④	Expansion of truck and bus tire production facilities	7 billion yen	Jan. 2019 – Dec. 2020
	Total	56 billion yen	

① Increased production capacity at the U.S. tire plant.

On September 28, 2017, we announced a plan to invest approximately 14.0 billion yen to construct a building expansion (Phase 5) at its US tire production facility (Toyo Tire North America Manufacturing Inc.: “TNA”; Georgia). Phase 5 will have a total annual capacity to produce 2.4 million passenger car tires (note: actual capacity may be less depending on the type and size of tire actually produced). Initially, we will install equipment capable of producing half this volume, or 1.2 million passenger car tires annually; production is scheduled to start in April 2019. Later, we will install the remainder of the equipment to increase capacity by an additional 1.2 million passenger car tires. Toyo Tire will initiate equipment orders for the expanded facilities in December 2018, and start up operation of each line in the expanded facilities beginning in January 2020, and complete them in phases. The first half of the Phase 5 expansion is scheduled to be completed in July 2020.

② Increased production capacity at the Malaysia tire plant

On September 28, 2017, we announced a plan to invest approximately 21.0 billion yen to construct a new manufacturing building at its Malaysian tire plant (Toyo Tyre Malaysia Sdn Bhd, Perak). The new building will have an annual production capacity of 4.8 million passenger car tires (note: actual capacity may be less depending on the type and size of tire actually produced). Initially, we will install equipment capable of producing half this volume, or 2.4 million passenger car tiers annually; production is scheduled to start in October 2019. In the second phase, we will install the remainder of the equipment to increase capacity by an additional 2.4 million passenger car tires. Toyo Tire will initiate equipment orders for the first expansion in April 2019, and start operation of each line after production equipment installation commences in September 2020, and complete them in phase. The expansion project is scheduled to be completed in June 2021.

③ Construction of new production base

On March 10, 2017, Toyo Tire included in its “Mid-Term ’17 Plan,” future investments in new production facilities with a plan for sustainable growth through 2020 and beyond. Accordingly, we will continue to explore possible options, to ensure that we have sufficient capacity to quickly and flexibly respond to market demand and sales forecasts, taking into account the available production from the planned plant expansions described above. The new production facilities are expected to have an initial capacity to produce a maximum of 4 million passenger car tires a year (note: actual capacity may be less depending on the type and size of tire actually produced).

④ Expansion of truck and bus tire production facilities

Toyo Tire is focused on developing a superior truck/bus tire incorporating differentiating technologies. In order to position Toyo Tire as a manufacturer of tires with technological advantages, we are seeking to expand our presence in this category. Towards this end, we are committed to enhancing our capacity to supply higher-value added products. To increase production capacity at our existing truck/bus tire plants, Toyo Tire will commence equipment orders starting in January 2019, and plans to start line operations in phases beginning in January 2020. The plant expansion is scheduled to be completed in December 2020, resulting in an expected increase in the production of 200,000 truck/bus tires per year.

4. Views on Reasonable Use of Proceeds

We believe that appropriation of the proceeds for the uses stated in section “3. Amount, Uses and Timing of Expenditure of the Proceeds” will help enhance our corporate value and ultimately increase returns to our existing shareholders. We therefore have determined that the uses of proceeds from the Third-party Allotment are reasonable.

5. Rationale of Issue Conditions, Etc.

(1) Basis for calculation of the pay-in amount and its specific details

The issue price is set at 1,890 yen, which is the closing price for the common shares of Toyo Tire on the First Section of Tokyo Stock Exchange on the business day (October 31, 2018) immediately prior to the date of the resolution concerning the Third-party Allotment by the Board of Directors (“BoD resolution date”).

The timing for determining the issue price is based upon the fact that it is the market price closest in time to the calculation date, and forms reasonable basis for calculating a fair price for the company’s shares.

The issue price represents a 0.53% discount over 1,900 yen (rounded down to the nearest yen), the average closing price for the month immediately preceding the BoD resolution date (October 1, 2018 to October 31, 2018). This represents a 2.38% premium over 1,846 yen (rounded down to the nearest yen), the average closing price for the past three months (August 1, 2018 to October 31, 2018); and a 6.78% premium over 1,770 yen (rounded down to the nearest yen), the average closing price for the past six months (May 1, 2018 to October 31, 2018).

The issue price mentioned above is calculated in compliance with the “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” of the Japan Securities Dealers Association (JSDA), and hence, we believe the issue price will not be particularly advantaged. Please note that all the 4 company auditors who participated in the resolution concerning the Third-party Allotment (of which, 3 are outside auditors) have expressed an opinion that the issue price is in compliance with the “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” and will not be particularly advantaged.

(2) Basis for judgement that the number of shares issued and the degree of dilution are reasonable

The Third-party Allotment will allocate 26,931,956 shares (equivalent to 269,319 voting rights) to the proposed allottee. This constitutes 21.18% of 127,179,073 shares, the total number of issued shares as of June 30, 2018 (or 21.24% of 1,268,064 total voting rights as of June 30, 2018), causing dilution in proportion to the increased share volume.

Nonetheless, we believe a more strengthened capital relationship with MC through the Third-party Allotment will help enhance the partnership, improve the corporate value of our group, and eventually increase returns to our existing shareholders. We have therefore determined both the number of the new shares issued and the degree of dilution in the Third-party Allotment to be reasonable.

6. Reasons for Selecting the Proposed Allottee, Etc.

(1) Profile of the proposed allottee

Please refer to section “I. Overview of the Alliance, 3. Profile of the Proposed Allottee” above.

(2) Reasons for selecting the proposed allottee

Please refer to section “I. Overview of the Alliance, 1. Purpose of and Reasons for the Alliance” above.

(3) Proposed allottee’s policy for holding the shares

We have confirmed with MC that the Third-party Allotment is part of the partnership between Toyo Tire and MC, and that MC intends for the shares acquired through the Third-party Allotment to be held over the medium to long term.

Toyo Tire plans to obtain a letter of commitment from the proposed allottee that, in the event that the proposed allottee transfers all or a portion of the shares acquired from Toyo Tire through the Third-party Allotment within two (2) years of the allotment date, the proposed allottee shall without delay issue a written notice to Toyo Tire detailing such transfer, shall consent to Toyo Tire’s reporting in writing such transfer to the Tokyo Stock Exchange and thus making it available for public inspection.

(4) Details confirmed with regards to funds required of the proposed allottee for the payment

Toyo Tire has received a notice from the proposed allottee confirming that it has secured the financial resources necessary for the total amount to be paid (total issue price). Further, we have confirmed based on the proposed allottee’s quarterly financial statements as stated in their quarterly report (the first quarter from April 1, 2018 through June 30, 2018) (submitted on August 10, 2018) that the proposed allottee has secured cash and cash equivalents sufficient for the payment (1,246,587 million yen). Therefore, Toyo Tire has determined that the proposed allottee will have no difficulty making the payment.

7. Major shareholders and their shareholding ratios after the Third-party Allotment

Before the Third-party Allotment (June 30, 2018)		After the Third-party Allotment	
Name	Shareholding ratio	Name	Shareholding ratio
Bridgestone Corporation	7.86%	Mitsubishi Corporation	20.00%
The Master Trust Bank of Japan,	6.07%	Bridgestone Corporation	6.48%

Ltd.(Trust Account)			
Japan Trustee Services Bank, Ltd. (Trust Account)	6.06%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.01%
Toyota Motor Corporation	3.75%	Japan Trustee Services Bank, Ltd. (Trust Account)	5.00%
BNYM SA/NV FOR BNYM FOR FMSF – FRANKLIN MUTUAL FINANCIAL SERVICES FUND	3.45%	Toyota Motor Corporation	3.09%
Mitsubishi Corporation	3.05%	BNYM SA/NV FOR BNYM FOR FMSF - FRANKLIN MUTUAL FINANCIAL SERVICES FUND	2.85%
ORBIS SICAV	2.69%	ORBIS SICAV	2.22%
MUFJ Bank, Ltd.	2.21%	MUFJ Bank, Ltd.	1.83%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.79%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.47%
STATE STREET BANK AND TRUST COMPANY	1.72%	STATE STREET BANK AND TRUST COMPANY	1.42%

Notes:

- *1. The above is based on the register of shareholders as of June 30, 2018, and the shareholding ratios represent the ratios of shareholdings to the total number of issued shares (fractions are truncated).
- *2. The numbers of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), Japan Trustee Service Bank, Ltd. (Trust Account) and Japan Trustee Service Bank, Ltd. (Trust Account5) are the number of shares held in connection with their trust business.
- *3. Although MUFJ Bank, Ltd. and its joint shareholders Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co. have reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of April 16, 2018, that they own the following numbers of shares as of April 9, 2018, we have not included them in the list of our major shareholders, since we were unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of June 30, 2018. The information described in their Substantial Shareholding Report (Change Report) is as show below:

Name	Address	Number of shares owned (,000 shares)	Ratio to total number of shares issued
MUFJ Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	2,823	2.22%
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	3,252	2.56%
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	968	0.76%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2 Marunouchi, Chiyoda-ku, Tokyo	252	0.20%

Notes:

- *4. Although Wellington Management Company, LLP and its joint shareholders Wellington Management Hong Kong Ltd. and Wellington Management Japan Pte Ltd. have reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of May 7, 2018, that they own the following numbers of shares as of April 30, 2018, we have not included them in the list of our major shareholders since we were unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of June 30, 2018. The information described in their Substantial Shareholding Report (Change Report) is as show below:

Name	Address	Number of shares owned (,000 shares)	Ratio to total number of shares issued
Wellington Management Company LLP	280 Congress Street, Boston, Massachusetts 02210	2,091	1.64%
Wellington Management Hong Kong Ltd	17F, Two International Finance Centre, 8 Finance Street Central, Hong Kong	3,849	3.02%
Wellington Management Japan Pte Ltd	Palace Building 7F, 1-1-1 Marunouchi, Chiyoda-ku, Tokyo	763	0.60%

Notes:

- *5. Although Mizuho Securities Co., Ltd. and its joint shareholder Asset Management One Co., Ltd. have reported, in their Substantial Shareholding Report (Change Report) made available for public inspection as of May 22, 2018, that they own the following numbers of shares as of May 15, 2018, we have not included them in the list of our major shareholders since we were unable to confirm beneficial ownerships of the number of shares held in the name of these corporations as of June 30, 2018. The information described in their Substantial Shareholding Report (Change Report) is as show below:

Name	Address	Number of shares owned (,000 shares)	Ratio to total number of shares issued
Mizuho Securities Co., Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	1,596	1.26%
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	4,164	3.27%

8. Future Prospect

We believe that the impact the Alliance and the Third-party Allotment will have on our consolidated earnings for the period ending December 2018 is minimal, and also that synergies expected from the Alliance as well as the development and strengthening of the long-term partnership between the two companies will help enhance our corporate value during the medium to long term. If the need to revise earnings forecasts and/or any matter to be disclosed arises, such information shall be disclosed immediately.

9. Matters Related to Procedures Required under the Corporate Code of Conduct

The Third-party Allotment this time does not require us to obtain opinions from independent third parties under Article 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange or follow the procedures for confirming the intent of shareholders, since (i) the dilution rate is below 25%, and (ii) it does not involve the change of a controlling shareholder.

10. Business results and status of equity financing in the last three years

(1) Earnings for the last three years (consolidated)

	FYE Dec. 2015	FYE Dec. 2016	FYE Dec. 2017
Net sales	407,789 million yen	381,635 million yen	404,999 million yen
Operating income	63,381 million yen	49,315 million yen	45,308 million yen
Ordinary income	56,814 million yen	44,102 million yen	40,167 million yen
Net profit attributable to owners of parent	1,674 million yen	△ 12,260 million yen	15,476 million yen
Net profit per share	13.19 yen	△ 96.54 yen	121.87 yen
Dividend per share	45.00 yen	45.00 yen	45.00 yen
Net assets per share	1,353.19 yen	1,114.82 yen	1,252.66 yen

(2) Current number of issued shares and number of dilutive shares (as of June 30, 2018)

	Number of shares	Ratio to the number of shares issued
Number of shares issued	127,179,073 shares	100.0%
Number of dilutive shares at the current conversion price (exercise price)	-	-
Number of dilutive shares at the minimum conversion price (exercise price)	-	-
Number of dilutive shares at the maximum conversion price (exercise price)	-	-

(3) Recent stock price performance

① Last three years

	FYE Dec. 2015	FYE Dec. 2016	FYE Dec. 2017
Opening price	2,370 yen	2,396 yen	1,481 yen
High price	3,030 yen	2,588 yen	2,675 yen
Low price	2,107 yen	959 yen	1,237 yen
Closing price	2,404 yen	1,455 yen	2,328 yen

② Last six months

	May 2018	June	July	August	September	October
Opening price	1,860 yen	1,678 yen	1,608 yen	1,756 yen	1,806 yen	2,020 yen
High price	1,924 yen	1,809 yen	1,765 yen	1,890 yen	2,083 yen	2,075 yen
Low price	1,640 yen	1,563 yen	1,523 yen	1,555 yen	1,718 yen	1,773 yen
Closing price	1,688 yen	1,621 yen	1,759 yen	1,823 yen	2,047 yen	1,890 yen

③ On the business day immediately preceding the BoD resolution date

	October 31, 2018
Opening price	1,861 yen
High price	1,894 yen
Low price	1,851 yen
Closing price	1,890 yen

(4) Equity financing in the last three years

N/A

11. Summary of Issuance

(1) Number/type of shares issued	26,931,956 common shares
(2) Issuance price	1,890 yen per share
(3) Total proceeds	50,901,396,840 yen
(4) Amount of capital increase	25,450,698,420 yen
(5) Amount of capital surplus increase	25,450,698,420 yen
(6) Type of offering	Third-party allotment
(7) Proposed allottee	Mitsubishi Corporation
(8) Application date	January 11, 2019
(9) Subscription period	January 15, 2019 - June 28, 2019
(10) Other	Each of the above conditions is subject to effective filing of the securities registration statement under the Financial Instruments and Exchange Act of Japan and completion of the procedures required for the Third-party Allotment under domestic and overseas antitrust laws.

Note:

The payment date is described as a range due to the uncertain timing of when approvals may be obtained from domestic and overseas antitrust authorities. MC has agreed to pay within the Pay-in period after all conditions required for the Third-party Allotment have been satisfied.

III. Change in largest shareholder among major shareholders, and other associated companies

1. Background Behind the Change

Through the Third-party Allotment, MC will likely become Toyo Tire's major shareholder, the largest shareholder among major shareholders and an associated company, since it will hold 20.04% of all voting rights of Toyo Tire.

2. Profile of Shareholders Undergoing Changes

For a profile of MC, please refer to section "I. Overview of the Alliance. 3. Profile of the Proposed Allottee."

3. Number of Voting Rights (Shares) and Ratio of Voting Rights Held by MC Before and After the Change

	Number of voting rights held (Number of shares held)	Ratio of voting rights held	Rank as major shareholder	Category
Before the change (as of June 30, 2018)	38,902 rights (3,890,250 shares)	3.06%	No. 6	-
After the change	308,222 rights (30,822,206 shares)	20.04%	No. 1	Largest shareholder among major shareholders, and other associated company

Notes:

- *1. The ratio of voting rights held after the change is calculated by adding the increased number of voting rights (269,320 rights), resulting from the issuance of new shares through the Third-party Allotment, to the total number of voting rights held by all shareholders (1,268,064 rights), and using the number derived from this calculation (1,537,384 rights) as the denominator.
- *2. In calculating the ratio of voting rights, fractions are truncated.
- *3. "The rank as major shareholder" represents the rank currently anticipated based on the register of shareholders as of June 30, 2018.

4. Future prospect

For future prospect, please refer to section "II. Issuance of New Shares via Third-party Allotment, 3. Future Prospect" above.