

# **Toyo Tires to Divest Rigid Polyurethane Foam Business - Absorption-Type Company Split and Transfer of Subsidiaries' Stock -**

Hyogo, Japan – July 28, 2017 – Toyo Tire & Rubber Co., Ltd. (President & CEO: Takashi Shimizu, hereinafter “TTR”) has announced that, at the meeting of the Board of Directors held today, it was resolved to divest its Rigid Polyurethane Foam Business (hereinafter the “Divested Business”) (including real estate, facilities, intellectual property rights, and other assets owned by TTR in relation to the Divested Business).

To facilitate this, TTR’s subsidiary, Soflan Wiz Co., Ltd. (hereinafter “Soflan Wiz” or the “Succeeding Company”), will succeed to the assets of the Divested Business owned by TTR by way of an Absorption-Type Company Split (hereinafter the “Company Split”), effective December 27, 2017 (planned date). All outstanding shares of the Succeeding Company will be transferred to SEKISUI CHEMICAL CO., LTD. (hereinafter “SEKISUI CHEMICAL”), effective the same day (hereinafter the “Share Transfer”).

Because the Company Split is a simplified summary absorption-type company split with a wholly owned subsidiary, a simplified disclosure statement is provided below.

## **1. Purposes of the Company Split and Share Transfer**

To ensure that each of its businesses fulfills customer requirements, TTR devised guidelines for analyzing its individual businesses. TTR then evaluated and reassessed each business from various perspectives, including market growth potential and business continuity, and determined the best course of action to enhance the value of each business.

Under Soflan Wiz, the Divested Business has enjoyed an excellent reputation for technological prowess and stable demand, building a high degree of recognition and solid foundation over many years. It has maintained a leading role in the rigid polyurethane market in Japan and has also exported its products overseas.

In evaluating and reassessing the Divested Business, TTR has, in light of the current competitive environment facing the Toyo Tires Group, confirmed the need to realize further development of the business and to enhance its corporate value, and has considered methods by which to achieve these goals.

TTR has now concluded that it would be best for the Divested Business to pursue future opportunities under the ownership of an organization that possesses a profound knowledge of the business segment, and has the necessary infrastructure to promote the business.

TTR will hereafter focus its management resources on its “mobility-enabled” businesses (i.e., automotive tires and parts) in order to maintain and strengthen the momentum of those operations, and thereby further enhance its corporate value.

## **2. Overview of the Company Split**

### **(1) Summary of the Company Split**

#### **① Schedule of the Company Split**

Date of board meeting resolution	July 28, 2017
Date of signing of Company Split	In 2017 (planned)
Effective date of Company Split	December 27, 2017 (subject to change)

In accordance with the provisions on simplified absorption-type company splits under Paragraph 2 of Article 784 of the Companies Act of Japan and on summary absorption-type company splits set forth in Paragraph 1 of Article 796 of that Act, respectively, neither TTR nor the Succeeding Company will convene a shareholders’ meeting to consider the Company Split.

#### **② Method of the Company Split**

An absorption-type method (simplified summary absorption-type company split) will be used, in which TTR is the splitting company, and Soflan Wiz is the Succeeding Company.

③ Consideration for the Company Split

Because the Company Split will occur between TTR and a wholly owned subsidiary, the Succeeding Company will not provide any consideration, including allocation of shares, cash payments or asset transfers.

④ Treatment of share options and bonds with share options associated with the Company Split  
Not applicable.

⑤ Change in stated capital associated with the Company Split

There will be no increase or decrease of the stated capital of TTR as a result of the Company Split.

⑥ Rights and obligations to be transferred to the Succeeding Company

As of the effective date of the Company Split, the Succeeding Company will succeed to the rights and obligations, including real estate, facilities, intellectual property rights, and other assets of TTR in relation to the Rigid Polyurethane Foam Business, all as set forth in that separate Company Split agreement.

⑦ Outlook on performance of debt obligations

TTR does not expect the Succeeding Company to have any material issues in meeting its debt obligations after the effective date of the Company Split.

(2) Overview of Companies Associated with the Company Split

	Splitting Company (TTR)	Succeeding Company
(1) Corporate name	Toyo Tire & Rubber Co., Ltd.	Soflan Wiz Co., Ltd.
(2) Headquarters	2-2-13, Fujinoki, Itami City, Hyogo Prefecture, Japan	Dojima Plaza Bldg., 11F, 1-5-30, Dojima, Kita-ku, Osaka, Japan
(3) Representative	Takashi Shimizu, Representative Director and President	Masaki Fukumoto, President
(4) Business lines	<p>Tire Business Segment Tires for passenger vehicles, trucks/buses, construction vehicles, and industrial vehicles, and related products</p> <p>DiverTech business Segment Automotive parts, components for railway cars, heat-insulating / waterproofing materials, industrial/construction materials, and other materials</p>	<ul style="list-style-type: none"> <li>· Production and sale of rigid polyurethane component liquids</li> <li>· Production and sale of insulating panels for agriculture and livestock applications</li> <li>· Production, processing, and sale of synthetic resin and chemical products</li> <li>· Design, installation, management, and subcontracting services in relation to civil engineering and construction projects</li> </ul>
(5) Stated capital	30,484 million yen	320 million yen
(6) Date established	August 1, 1945	October 1, 2008

(7) Number of outstanding shares	127,179,073 shares	6,400 shares
(8) Fiscal year-end	December 31	December 31
(9) Major shareholders and shareholding ratio	Bridgestone Corporation 7.86% Japan Trustee Services Bank, Ltd. (Trust Account) 4.64% The Master Trust Bank of Japan, Ltd. (Trust Account) 4.45% CBNY—ORBIS SICAV 4.04% Toyota Motor Corporation 3.75% Mitsubishi Corporation 3.05% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2.21% JP Morgan Chase Bank 380084 1.89% SAJAP 1.65% State Street Bank and Trust Company 1.56%	Toyo Tire & Rubber Co., Ltd. 100%
(10) Financial conditions and business performance for the last fiscal year (ended December 2016)		
	Splitting Company (TTR) [Consolidated]	Succeeding Company [Non-consolidated]
Net assets	145,621 million yen	2,757 million yen
Total assets	491,088 million yen	7,303 million yen
Net assets per share	1,114.82 yen	430,706 yen
Net sales	381,635 million yen	11,236 million yen
Operating income	49,315 million yen	1,527 million yen
Ordinary income	44,102 million yen	1,530 million yen
Net income attributable to owners of the parent	-12,260 million yen	992 million yen
Net income per share	-96.54 yen	154,926 yen

(3) Overview of the Business Unit to be Split

① Business operations of the business unit to be split

All assets that TTR owns in relation to the Rigid Polyurethane Foam Business (including research and development facilities)

② Operating results of the business unit to be split

The business unit to be split is engaged mainly in research and development for the Rigid Polyurethane Foam Business, and therefore does not have financial operating results.

③ Assets and Liabilities of TTR to be split

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	- million yen	Current assets	- million yen
Fixed assets	223 million yen	Fixed assets	- million yen
Total	223 million yen	Total	- million yen

Note: The assets and liabilities subject to the split are calculated based on TTR's balance sheet as of December 31 2016. The actual amounts to be split will be determined after adjusting for any increase/decrease that may occur prior to the effective date of the Company Split.

④ Status after the Company Split

There will be no change in the corporate name, headquarters, representative name/title, business lines, stated capital, or fiscal year-end of either TTR or the Succeeding Company.

(4) Financial Outlook

TTR does not expect the Company Split to have any material impact to TTR's consolidated or non-consolidated financial outlook.

3. Overview of the Share Transfer

(1) Overview of the Company to be Transferred

Please see 2.(2) above for details regarding Soflan Wiz Co., Ltd.

(2) Overview of the Transferee of the Share Transfer (current as of March 31, 2017)

(1) Corporate name	SEKISUI CHEMICAL CO., LTD.
(2) Headquarters	2-4-4, Nishitemma, Kita-ku, Osaka City
(3) Representative	Teiji Koge, President and Representative Director, Chief Executive Officer
(4) Business lines	High-performance plastics businesses, urban infrastructure & environmental products business, housing business, and other businesses
(5) Stated capital	100,002 million yen
(6) Date established	March 3, 1947
(7) Consolidated net assets	570,549 million yen
(8) Consolidated total assets	943,640 million yen
(9) Major shareholders and shareholding ratio	Asahi Kasei Corporation 5.49%
	Japan Trustee Services Bank, Ltd. (Trust Account) 4.38%

	The Dai-ichi Life Insurance Company, Limited	3.85%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.60%
	Sekisui House, Ltd.	2.35%
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	2.34%
	JP Morgan Chase Bank 385164	1.76%
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.71%
	Employees Stock Ownership Plan	1.65%
	State Street Bank and Trust Company 505225	1.50%
(10) Relationships between the listed company (TTR) and the Transferee (SEKISUI CHEMICAL)		
Capital relationship	There is no capital relationship between TTR and the Transferee requiring disclosure.	
Personnel relationship	There is no personnel relationships between TTR and the Transferee requiring disclosure.	
Business relationship	There is no business relationships between TTR and the Transferee requiring disclosure.	
Related parties relationship	The Transferee does not fall within the category of parties related to TTR.	

(3) Number of Shares Being Transferred and Status of Ownership Before and After the Transfer

(1)	Number of shares owned prior to transfer	Common stock: 6,400 shares (number of voting rights: 6,400) Ownership ratio of voting rights: 100.0%
(2)	Number of shares to be transferred	Common stock: 6,400 shares (number of voting rights: 6,400)
(3)	Number of shares owned after transfer	0 (number of voting rights: 0)

Due to the terms of a confidentiality agreement entered into between TTR and the Transferee, the transfer value will not be disclosed.

(4) Timeline of the Share Transfer

- ① Board meeting for approval of Share Transfer      July 28, 2017
- ② Date of signing of share transfer agreement      July 28, 2017
- ③ Date of share transfer      December 27, 2017 (subject to change)

(5) Financial Outlook

TTR does not expect the Share Transfer to have any material impact on TTR's financial outlook. TTR will promptly publish in the future as necessary, any matters requiring disclosure.