May 24, 2016

Company Name: Topy Industries, Limited
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(Code: 7231 Tokyo and Nagoya Stock Exchange; first section)
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Notice Regarding Disposition of Treasury Shares in Association with a Strategic Partnership

Topy Industries, Ltd., (the "Company") resolved at its meeting of the Board of Directors held on May 24, 2016, to dispose of treasury shares through a third-party allotment ("Disposition of Treasury Shares") as follows.

1. Overview of Disposition

(1) Date of disposition	June 9, 2016 to November 30, 2016
(2) Number of shares to be disposed	3,672,000 shares of common stock
(3) Disposition price	218 yen per share
(4) Amount to be raised	800,496,000 yen
(5) Method of disposition	Third-party allotment
(6) Allottee	MW ITALIA S.R.L.
(7) Other	The above items shall be conditional upon the statement filed under the Financial Instruments and Exchange Act taking effect. This disposition shall be conditional upon the clearances etc. from the relevant anti-trust authorities.

2. Purpose and Reason for Disposition

As a "World's Top Class Integrated Wheel Manufacturer," the Company delivers wheels for passenger cars, trucks, buses, and industrial machines to car manufacturers from its five production sites located in Japan, the U.S.A., China, Indonesia, and Mexico.

MW ITALIA S.R.L. ("MW"), the party to which the treasury shares are to be allotted, is a steel wheel manufacturer that has production sites in 7 countries, mainly in Europe and across the globe (excluding the joint venture with the Company).

The Company and MW has promoted the mutual strengthening of business starting with MW's participation in management to an English steel wheel manufacturer in 2000, in which the Company had a stake, followed by the conclusion of business alliance (mutual assistance agreement) in 2002, the acquisition of a 2.5% stake in MW by the Company in 2007, and the establishment of a joint venture in Mexico in 2013.

In the recent years, car manufacturers are promoting common platforms as global demand, especially from developing countries, for automobiles expands, and global competition intensifies. The Company and MW have already started the supply of steel wheels based on the common

platform from each of its production sites around the world. However, car manufacturers are requesting further expansion of common platform wheel supply to anywhere in the world, and in order to do so, are requesting a stronger alliance relationship between the Company and MW.

Therefore, in order to strengthen the business base of the steel wheel business, the Company and MW have resolved in each of their meeting of the Board of Directors held on May 24, 2016, a new business and capital alliance ("Strategic Alliance") to facilitate a stronger business alliance and a deeper long-term mutually beneficial relationship.

Hereafter, the Company will accept MW's allocation of stake to a third party, and increase the investment ratio in MW to 14.00%. Additional acquisition price will be 800,496,000 yen, the total amount to be paid. At the same time, the Company will allocate 3,672,000 treasury shares (1.53% of shares issued, 800,496,000 yen) through a third-party allotment to MW and MW will acquire the Company's stock. MW has established a sound financial position in 2016 by way of cost improvement and receiving partial debt release from its parent company, and the evaluation of MW value was conducted on this basis.

With this, the Company will be able to strengthen its presence in the global market, and furthermore, anticipate the following synergy effects:

- Collaboratively receive global programs from customers
- Strengthening of joint business
- Effective utilization of technical resources it retains
- Co-development of new technology and new manufacturing methods

The Company will realize global growth as the world's top class integrated wheel manufacturer with worldwide high competitiveness.

3. Amount, Use, and Expected Timing of Payment of the Funds to be Raised

(1) Amount of Funds to be Raised

(i)	Total amount to be paid	800,496,000 yen
(ii)	Estimated costs of disposition	6,000,000 yen
(iii)	Estimated net proceeds	794,496,000 yen

(Notes)1. The estimated costs of disposition do not include consumption tax and the like.

2. The estimated costs of disposition include legal fees, cost of preparing documents such as securities registration statements and some other costs.

(2) Specific Use of Funds to be Raised

As described in Section 2 "Purpose and Reason for Disposition," the objective of this third-party allotment is to facilitate a stronger business alliance and create a deeper long-term mutually beneficial relationship between the Company and the allottee. With respect to the use of the estimated net proceeds of 794,496,000 yen, the Company intends to use it all to fund the acquisition of shares in the allottee. The Company will acquire the shares of the allottee by November 30, 2016 in order to do it at the same term of this allotment. Until the actual expenditure, the funds raised will be managed in a bank account.

4. Rationality of the Use of Funds

Since the funds to be raised will be used for a stronger business alliance and a deeper long-term mutually beneficial relationship with the allottee, which contributes to the growth of the Company Group as well as the enhancement of its corporate value and shareholder value, the Company believe that there is rationality in the use of funds to be raised by the Disposition of Treasury Shares.

5. Rationality of Disposition Conditions

(1) Basis for Calculation of Amount to be Paid and the Details

The amount to be paid for the third-party allotment is set at 218 yen per share (rounded down to the nearest yen), which is the average closing price of the Company's shares on the Tokyo Stock Exchange for the three months (from February 24 to May 23, 2016) before the date of Board of Directors' resolution on the third-party allotment, based on the operating performance, financial position and share price history of the Company, negotiations and discussions with the allottee, and other factors.

The average closing price of the Company's shares for the immediately preceding three months was used for the calculation of the amount to be paid because the Company has determined that, the use of the normalized value for a certain term, rather than use of a price at a certain point, is highly objective and reasonable as the basis for calculation as it eliminates special factors such as the impact of short-term price fluctuations.

The Company has determined that the above amount to be paid is in compliance with the Japan Securities Dealers Association's "Guidance Concerning the Handling of Allotment of New Shares to Third Party" (established on April 1, 2010) and does not constitute a particularly favorable amount as stipulated in Article 199, Paragraph 3 of the Companies Act. In addition, all four of the Company's Audit & Supervisory Board Members (of which two are outside company auditors) expressed their opinions on the legality that the above calculation of the amount to be paid is in compliance with the "Guidance Concerning the Handling of Allotment of New Shares to Third Party" and that the amount does not constitute a particularly favorable amount in consideration of the current stock market conditions, the share price history of the Company and the possibility of price fluctuations in a period leading up to the payment date.

The issue price represents a 0.93% premium against the closing price of 216 yen on the business day immediately preceding the date of the Board of Directors' resolution, a 5.31% premium against the average closing price of 207 yen (rounded down to the nearest yen) for the one month (from April 25 to May 23, 2016) before the resolution date, and a 6.84% discount against the average closing price of 234 yen (rounded down to the nearest yen) for the six months (from November 24, 2015 to May 23, 2016) before the resolution date.

(2) Basis for Determining that the Number of Shares and Scale of Dilution are Reasonable

The number of shares subject to the Disposition of Treasury Shares is 3,672,000 shares (3,672 units of voting rights), accounting for 1.53% of 240,775,103 shares of the Company currently issued (1.56% of total voting rights as of March 31, 2016), and the Disposition of Treasury Shares will cause dilution to a certain extent. However, the Company has determined that the number of shares to be disposed of and the scale of dilution are at reasonable levels as the Company believes that a stronger alliance between the Company and the allottee through the capital tie will increase the corporate value and share value of the Company.

6. Reason for Selecting the Allottee

(1) Overview of Allottee

(1) Name	MW ITALIA S.R.L.
(2) Location	Via Pavia, 72 Cascine Vica 10090 Rivoli (TO) Italy
(3) Name and title of representative	CEO Gabriele Perris Magnetto
(4) Business description	Production and sales of steel wheels for passenger cars, trucks and

		busses, and two-wheeled vehicles
(5)	Capital	40,000 thousand euro
(6)	Date of establishment	December 21, 1922
(7)	Number of shares issued	Not applicable
(8)	Financial year-end	December
(9)	Number of employees	(Consolidated) 1,463 employees
(10)	Major business partners	FCA, PSA, Renault/Nissan
(11)	Major shareholders and percentages of ownership	CLN S.p.A. 97.5% Topy Industries, Limited 2.5%
(12)	Relationship with the Company	
	Capital relationship	The Company holds 2.5% of the shares of the allottee.
	Personnel relationship	Not applicable
	Transactional relationship	Not applicable
	Status of relationships with related parties	Not applicable

(13) Operating results and financial position for the last three years

Fiscal year ended	December 2013	December 2014	December 2015
Equity	Δ 11,677	Δ 7,344	Δ 3,995
Net Capital Invested	110,128	104,325	116,118
Total Net Sales	234,711	209,928	213,944
EBIT	1,225	3,137	4,681
EBIT plus Interest Income/Charges	Δ 12,383	Δ 10,203	Δ 7,519
EAT	Δ 15,156	Δ 20,990	Δ 14,163

(Unit : thousand euro, except otherwise specifically stated)

(Notes) 1. Audit of operating results and financial position of December 2015 is not complete.

2. Allottee's financial situation is stabilized by cost improvements and partial debt release from its parent company in 2016.

3. Regarding nonexistence of facts that (i) the allottee, its directors and officers or principal shareholder are antisocial forces, that (ii) some antisocial forces are involved in the allottee's business operation, that (iii) the allottee, its directors and officers or principal shareholder cooperate or are involved in the maintenance or operation of some antisocial forces, through financing or otherwise or that (iv) the allottee, its directors and officers or principal shareholder knowingly associate with some antisocial forces, the Company asked for research and obtained a result from JP Research & Consulting Co., Ltd. (3-7-12, Toranomon, Minato-ku, Tokyo. Representative Director: Keisuke Furuno) confirming that there is no finding of information indicating that the allottee is related to some antisocial forces. In addition, through our long-term

business alliance, the Company concludes that the allottee, its directors and officers and principal shareholder have no relationship whatsoever with antisocial forces.

By the above, the Company has confirmed that the allottee, its officers or directors and principal shareholder do not have any relationship whatsoever with antisocial forces, and has submitted a written confirmation of that effect to the Tokyo Stock Exchange.

(2) Reason for Selecting the Allottee

As described in Section 2 “Purpose and Reason for Disposition,” the Disposition of Treasury Shares is part of a strategic partnership with the allottee.

(3) Allottee’s Policy on Holding Shares

The Company has confirmed with the allottee orally that the allottee intends to hold the shares to be acquired by the third-party allotment for the long-term for the purpose of a stronger business alliance and a deeper long-term mutually beneficial relationship.

The Company expects to receive a written assurance from the allottee to the effect that the allottee agrees to the following: if the allottee assigns all or part of shares of the common stock of the Company to be issued by the third-party allotment within two years of the payment date, the allottee shall report the Company the details of the assignment in writing; the Company shall report the reported details to the Tokyo Stock Exchange; and the reported details shall be provided for public inspection.

(4) Confirmation that the Allottee has Sufficient Assets for Making the Payment

The Company has determined that the payment will be made for certain, as the result of considering cash and deposit in the December 2015 financial statements of the allottee, interviews held, the relationship up until now through the business alliance, and that the third-party allotment is to be made as part of a strategic partnership.

7. Major Shareholders and Percentages of Shareholding after Disposition

Before Disposition (as of March 31, 2016)		After Disposition	
Nippon Steel & Sumitomo Metal Corporation	20.01 %	Nippon Steel & Sumitomo Metal Corporation	20.01 %
Topy Fund	4.16 %	Topy Fund	4.16 %
Meiji Yasuda Life Insurance Company	4.05 %	Meiji Yasuda Life Insurance Company	4.05 %
The Master Trust Bank of Japan ,Ltd. (Trust Account)	3.38 %	The Master Trust Bank of Japan ,Ltd. (Trust Account)	3.38 %
Japan Trustee Services Bank Limited (Trust Account)	3.37 %	Japan Trustee Services Bank Limited (Trust Account)	3.37 %
Mizuho Bank, Ltd.	3.27 %	Mizuho Bank, Ltd.	3.27 %
Resona Bank, Ltd.	2.45 %	Resona Bank, Ltd.	2.45 %
Sompo Japan Nipponkoa Insurance Inc.	2.39 %	Sompo Japan Nipponkoa Insurance Inc.	2.39 %
Topy Industries Employee Stock Ownership Plan	2.33 %	Topy Industries Employee Stock Ownership Plan	2.33 %
CBNY DFA INTL SMALL CAPVALUE PORTFOLIO	2.21 %	CBNY DFA INTL SMALL CAPVALUE PORTFOLIO	2.21 %

(Note) 1. The above is based on the register of shareholders as of March 31, 2016.

2. The percentages of ownership represent the ratios of shares held to the total number of shares issued, rounded off to the second decimal place.

8. Future Outlook

This third-party allotment is expected to have only a minimal impact on the consolidated and non-consolidated performance of the Company for the fiscal year ending March 31, 2017.

9. Matters Concerning Procedures under the Company's Code of Conduct

This third-party allotment does not require the acquisition of an opinion from an independent third party and procedures for confirming the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange based on that (i) the dilution rate is less than 25% and (ii) the disposition does not involve a change in controlling shareholders.

10. Status of Business Results and Equity Finance for the Last Three Years

(1) Business Results for the Last Three Years (Consolidated)

Fiscal year ended	March 2014	March 2015	March 2016
Consolidated net sales	234,682 million yen	237,677 million yen	215,872 million yen
Consolidated operating profit	5,308 million yen	6,422 million yen	10,000 million yen
Consolidated ordinary profit	4,485 million yen	6,037 million yen	8,806 million yen
Current net profit attributable to owners of parent	1,914 million yen	2,360 million yen	1,700 million yen
Current Consolidated net profit per share	8.08 yen	9.96 yen	7.18yen
Dividends per share	2.00 yen	4.00 yen	6.00yen
Consolidated net assets per share	398.39 yen	448.36 yen	417.60yen

(2) Current Number of Shares Issued and Number of Potential Shares (as of March 31, 2016)

	Number of shares	Ratio to the number of shares issued
Number of shares issued	240,775,103 shares	100 %
Number of potential shares at the current conversion price (exercise price)	― shares	― %
Number of potential shares at the minimum conversion price (exercise price)	― shares	― %
Number of potential shares at the maximum conversion price (exercise price)	― shares	― %

(3) Recent share prices

(i) Last three years

Fiscal year ended	March 2014	March 2015	March 2016
Opening price	220 yen	183 yen	279 yen
High price	256 yen	314 yen	348 yen
Low price	165 yen	171 yen	199 yen
Closing price	182 yen	279 yen	222 yen

(ii) Last six months

	November	December	January	February	March	April
Opening price	275 yen	295 yen	272 yen	240 yen	220 yen	223 yen
High price	298 yen	299 yen	273 yen	243 yen	247 yen	232 yen
Low price	262 yen	265 yen	211 yen	199 yen	212 yen	198 yen
Closing price	294 yen	272 yen	237 yen	218 yen	222 yen	213 yen

(iii) Share prices on the business day immediately preceding the date of resolution on the issuance

	May 23, 2016
Opening price	210 yen
High price	216 yen
Low price	206 yen
Closing price	216 yen

(4) Equity Finance in the Last Three Years

Not applicable.

11. Summary of Disposition

(1) Date of disposition	From June 9, 2016 to November 30, 2016
(2) Number of shares to be disposed	3,672,000 shares of common stock
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