



TRANSLATION FOR REFERENCE ONLY

July 14, 2014

To Our Shareholders:

Corporate Name: PROTO CORPORATION  
Representative: Kenji Kamiya, President  
Securities code: 4298 (TSE JASDAQ)  
Contact: Shigeyoshi Shimizu, Director  
TEL: +81-52-934-2000

## Notice on Acquisition of Shares (Subsidiary Acquisition) of TIRE WORLD KAN BEST CO., LTD.

At the Board of Directors Meeting held on July 14, 2014, PROTO CORPORATION (the Company) made the decision to acquire shares in TIRE WORLD KAN BEST CO., LTD. (hereinafter referred to as TIRE WORLD KAN BEST) and make it a subsidiary company. The details are as below.

### 1. Reason for Acquisition of Shares

The Company provides a variety of information services in order to benefit consumers, centered on “Goo-net”, the car portal site with the largest number of registered used cars in Japan. In addition to further enhancing products and services such as Goo-inspection, The Company is working towards expanding its business areas in order to grow its Automobile-related Information Business, which is the Company’s primary business.

As part of this plan, the Company made the decision to purchase shares of TIRE WORLD KAN BEST from YAMAUCHI CO., LTD. (hereinafter referred to as YAMAUCHI) and make it into a subsidiary. YAMAUCHI and its subsidiaries, TIRE WORLD KAN BEST and YS CORPORATION CO., LTD.(hereinafter referred to as YS CORPORATION), mainly sell automobile tires at stores in Tohoku region, and have the strength in stocking of tires made in Japan. The Company plans to not only provide services to consumers, but also to increase sales of tires to clients such as used car dealers and car maintenance shops. Additionally, through synergy with the Company’s media including car portal site “Goo-net”, the business of TIRE WORLD KAN BEST will be expanded.

By October 1, 2014, the Company plans to merge TIRE WORLD KAN BEST with YS CORPORATION, with TIRE WORLD KAN BEST as the surviving company.

As for the assets related tire sales held by YAMAUCHI, they will be transferred to TIRE WORLD KAN BEST before the Company acquires its shares.

### 2. Transfer Method

The Company will purchase shares of TIRE WORLD KAN BEST from YAMAUCHI, which will hold all shares of TIRE WORLD KAN BEST as of April 1, 2015.

### 3. Overview of Acquired Subsidiary

An absorption-type merger of TIRE WORLD KAN BEST with YS CORPORATION, with TIRE WORLD KAN BEST as the surviving company, is planned by October 1, 2014. The information below is an overview of TIRE WORLD KAN BEST before the merger.

(1)	Company name	TIRE WORLD KAN BEST CO., LTD.
(2)	Head office location	2-6-5, Nigatake, Miyagino-ku, Sendai, Miyagi 983-0036, Japan
(3)	Name and title of representative	Kazuo Ojima, Representative Director
(4)	Business areas	Sales and online sales of automobile tires, etc.
(5)	Amount of capital	30 million yen
(6)	Date of establishment	July 18, 1996

(7)	Major shareholders and shareholding ratio	YAMAUCHI CO., LTD.	95.0%
		Kazuo Ojima	3.0%
		Shigeru Onuma	2.0%
(8)	Relationship between the Company and TIRE WORLD KAN BEST	Capital Ties	Not applicable
		Personal Relationships	Not applicable
		Trade Relationships	Not applicable
		Relevance to Concerned Parties	Not applicable

- (9) Business performance and financial situation of TIRE WORLD KAN BEST and YS CORPORATION over the last three years  
 With a merger planned with TIRE WORLD KAN BEST as the surviving company and YS CORPORATION as the absorbed company, the operating results and financial states of both companies are given below.

(Millions of yen)

TIRE WORLD KAN BEST			
	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
Net assets	36	36	36
Total assets	114	128	124
Net assets per share (yen)	60,352.92	60,422.00	61,510.07
Sales	304	357	321
Operating income	1	0	1
Ordinary income	0	0	1
Net income	0	0	0
Net income per share (yen)	245.20	69.07	1,088.06
Dividends per share (yen)	—	—	—

YS CORPORATION			
	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014
Net assets	10	10	38
Total assets	14	15	529
Net assets per share (yen)	1,094.91	1,096.50	1,298.51
Sales	40	17	1,679
Operating income	0	0	14
Ordinary income	0	0	14
Net income	0	0	7
Net income per share (yen)	2.23	1.58	266.34
Dividends per share (yen)	—	—	—

※Of the TIRE WORLD KAN BEST shares held by Kazuo Ojima and Shigeru Onuma will be acquired by YAMAUCHI before the merger with YS CORPORATION.

※As of July 1, 2013, YS CORPORATION's issued shares increased from 10,000 to 30,000, but Net assets per share and Net income for the period per share are calculated assuming this change occurred on the first day of the fiscal year ending March 31, 2014.

#### 4. Overview of Stock Acquisition Partner

(1)	Company name	YAMAUCHI CO., LTD.
(2)	Head office location	2-6-5, Nigatake, Miyagino-ku, Sendai, Miyagi 983-0036, Japan
(3)	Name and title of representative	Shigeo Yamauchi, Representative Director

(4)	Business areas	Acquisition, etc., of automobile tires, etc.	
(5)	Amount of capital	50million yen	
(6)	Date of establishment	11 April, 1972	
(7)	Net assets	708 million yen	
(8)	Total assets	4,718 million yen	
(9)	Major shareholders and shareholding ratio	Shigeo Yamauchi	66.7%
		Shigeru Yamauchi	33.3%
(10)	Relationship between the Company and YAMAUCHI	Capital Ties	Not applicable
		Personal Relationships	Not applicable
		Trade Relationships	Not applicable
		Relevance to Concerned Parties	Not applicable

※Assets related to tire sales held by YAMAUCHI are planned to be transferred to TIRE WORLD KAN BEST before the Company acquires its shares.

※For the fiscal year ending September 30, 2013, YAMAUCHI had sales of 5,219 million yen, operating income of 303 million yen, ordinary income of 309 million yen and net income of 227 million yen.

#### 5. Number of shares acquired, value of acquisition, and status of stock ownership before and after acquisition

(1) Number of shares held before transfer	0 shares (Number of voting rights: 0) (Ownership percentage: 0%)	
(2) Number of shares acquired	600 shares (Number of voting rights: 600)	
(3) Acquisition value	Common shares of TIRE WORLD KAN BEST	1,899 million yen
	Due diligence costs (estimate)	10 million yen
	Total (estimate)	1,909 million yen
(4) Number of shares held after transfer	600 shares (Number of voting rights: 600) (Ownership percentage: 100%)	

※Acquisition Cost and Basis for Calculation

In order to ensure the equitability and appropriateness of the acquisition cost, it is calculated based on an appraised value by an independent third party, with consideration giving for business synergy with the Group.

#### 6. Time Schedule

Corporate resolution: July 14, 2014

Contract signed for purchasing shares: July 14, 2014

Transfer date: April 1, 2015 (scheduled)

#### 7. Financial Outlook

This will have no effect on the consolidated results of the fiscal year ending March 31, 2015, but is expected to contribute to consolidated results for the fiscal year ending March 31, 2016 and on.