

[Translation]

OPINIONS OF THE INDEPENDENT FINANCIAL ADVISOR

ON

THE INVESTMENT IN CONSTRUCTION OF RADIAL AVIATION TIRE FACTORY AND
PRODUCTION OF RADIAL AVIATION TIRE ON THE LAND IN PATHUMTHANI PROVINCE
("INVESTMENT") AND THE CONNECTED TRANSACTIONS IN CONNECTION WITH THE
INVESTMENT

PROPOSED TO

THE SHAREHOLDERS OF GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

PREPARED BY



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ABBREVIATION AND TERMS

“Airbus”	Airbus Group - A global leader in aeronautics, space and related services that unites the capabilities of Airbus.
“Bias tire”	Tire structure consists of many breaker layers, which breaker in each layer will be placed crossly for 40- 65 degree of arc with tire circumference, and 1-2 pieces of nylon breaker to hold the carcass with tread and sidewall on the same piece
“Boeing”	The Boeing Company – An American multinational corporation that designs, manufactures, and sells airplanes, rotorcraft, rockets, and satellites worldwide.
“BOI”	The Board of Investment of Thailand
“CMAI”	Chemical Manufacturers Associates, Inc.
“DCF”	Discounted Cash Flow Approach
“EBIT”	Earnings Before Interest and Tax
“GDP”	Gross Domestic Product
“GOCPL”	Goodyear Orient Company (Private) Limited
“Goodyear Group”	The Goodyear Tire & Rubber Company (“GTR”) and affiliated companies
“GTR”	The Goodyear Tire & Rubber Company
“GYT”	Goodyear (Thailand) Public Company Limited
“IFA” or “BTCAS”	Independent Financial Advisor (Baker Tilly Corporate Advisory Services (Thailand) Company Limited)
“Invested Capital”	The average yearly balance of fixed assets less accumulated depreciation and amortization directly related to the Investment.
“Investment”	The investment in construction of radial aviation tire factory and production of radial aviation tire on the land in Pathumthani province
“IRR”	Internal Rate of Return
“NPV”	Net Present Value
“NTA”	Net Tangible Assets
“OEM”	Original Equipment Market – The distribution channel where the aircraft manufacturers use the products as the first set of tires assembled to the new aircraft.
“Radial tire”	Structure of tire consists of 1 piece of steel wire that is 90 degree of arc with tire circumference or each steel wire is spread cyclically out of the center, and have steel belts hold the structure of tire.

“Replacement Market”	The market where aviation industry purchases tires to replace the set of tires already equipped to their vehicles.
“Retread”	A used aircraft tire that has been remolded to give it new treads
“Rules on Acquisition and Disposition of Assets”	The Notification of the Capital Market Subsidiary Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets, dated 31 August 2008 (including any amendment thereto) and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, dated 29 October 2004 (including any amendment thereto)
“Rules on Connected Transaction”	The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction, dated 31 August 2008 (including any amendment thereto) and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transaction, dated 19 November 2003 (including amendment thereto)
“S&P”	Standard & Poor’s
“SEC”	Securities and Exchange Commission Thailand
“SET”	The Stock Exchange of Thailand
“TAV”	Total Asset Value
“THB”	Thai Baht
“USD”	US Dollar
“WACC”	Weighted Average Cost of Capital

October 25, 2016

Subject Opinion of the Independent Financial Advisor regarding the investment in construction of radial aviation tire factory and production of radial aviation tire on the land in Pathumthani province (“Investment”) and the connected transactions in connection with the Investment.

To Shareholders of Goodyear (Thailand) Public Company Limited (“GYT”)

Attachments:

- 1) Information of aviation industry (Source: The Boeing Company)
- 2) Differences between bias tire and radial tire
- 3) Financial forecast of the Investment
- 4) Number of airplanes and aviation tires forecasted for the next 20 years
- 5) Information and financial status report of Goodyear (Thailand) Public Company Limited
- 6) Information and financial status report of The Goodyear Tire and Rubber Company
- 7) Information and financial status report of Goodyear Orient Company (Private) Limited

References:

- 1) Information memorandum and resolution of GYT’s Board of Directors’ Meeting No. 6/2016 on August 29, 2016 regarding the assets acquisition of Assets in the investment in construction of radial aviation tire factory and production of radial aviation tire to sell to Goodyear Orient Company (Private) Limited (“GOCPL”) and the connected transactions in connection with the Investment.
- 2) Audited financial statements of Goodyear (Thailand) Public Company Limited for the year 2014 and 2015 and a reviewed report and interim financial statements for a six-month period ended June 30, 2016.
- 3) Audited financial statements of The Goodyear Tire and Rubber Company for the year 2014 and 2015 and a reviewed report and interim financial statements for a six-month period ended June 30, 2016.
- 4) Audited financial statements of Goodyear Orient Company (Private) Limited for the year 2013, 2014, and 2015.
- 5) Four draft agreements in relating to the Investment consist of 1. Draft capital equipment and services supply agreement 2. Draft aviation tires purchase agreement 3. Draft synthetic rubber sourcing agreement and 4. Draft natural rubber sourcing services agreement.
- 6) Five agreements in relating to the connected transactions consist of 1. Intercompany Transfer Pricing for Sales of Equipment, Supplies and Raw Materials 2. Global Tire Transfer Pricing Policy 3. Inter-Company Transfer Pricing Policy for Sales from the U.S. Chemical Plants 4. Amendment No. 5 of the Technical Assistance Agreement 5. Trademark License Agreement

- 7) Company Affidavit, Memorandum of Association and other information and documents such as financial forecasted and assumptions for the Investment, including interviews with the management of GYT, GTR, GOCPL, financial advisors, legal consultant, and concerned officials.

Goodyear (Thailand) Public Company Limited (“GYT”) has conducted the Board of Directors’ Meeting No. 6/2016 on August 29, 2016 and resolved to approve the investment in construction of radial aviation tire factory and production of radial aviation tire on the land in Pathumthani province (“Investment”) and the connected transaction in connection to the Investment between GYT, GTR, and GOCPL. The directors who may be considered having interest for both transactions did not have the right to vote.

The objective of the Investment is to become Goodyear Group’s Asian radial aviation tire manufacturing base in order to capture the growing demand for radial aviation tires as a result of the shift in demand from bias tires to radial tires in the aviation tire market. The new manufacturing plant will be located on the existing GYT’s property and include an expansion of the existing buildings. The length of the construction will be separated into 3 phases throughout 10 years as follows:

	Construction Period	Operation Period	Investment Amount (THB million)
Phase 1	2016 – 2018	From 2018 onwards	1,625
Phase 2	2018 – 2022	From 2020 onwards	2,975
Phase 3	2023 – 2025	From 2023 onwards	1,033
Total			5,633

The construction of phase 2 and phase 3 will be subject to market demand and business unit performance of the previous phase, appropriateness of each phase of Investment and other related factors. However, the said Investment is considered as an acquisition of assets, pursuant to Notification of the Capital Market Subsidiary Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets, dated 31 August 2008 (including any amendment thereto) and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, dated 29 October 2004 (including any amendment thereto) hereinafter called the “Rules on Acquisition and Disposition of Assets”. The transaction size is calculated to be 114% to Total Assets of GYT (THB 4,934 million) based on the interim financial statements for the 6-month period ended June 30, 2016 reviewed by GYT’s auditor (the highest transaction size under the third calculation criteria)

Therefore, under the Rules on Acquisition and Disposition of Assets, GYT is required to disclose the information regarding the Investment to the SET and to appoint an independent financial advisor for the purpose of illustrating the appropriateness, the benefits of the transaction, the fairness in pricing and terms of the transactions. Resolution of the meeting of shareholders for approving the Investment requires an affirmative vote of not less than three-fourths of the total number of shareholders attending the meeting and have the rights to vote, whereby the shareholders who have interest in

the transaction shall not be entitled to cast vote thereon. In this respect, an extraordinary general meeting (EGM) of the shareholders will be held on November 17, 2016 and a notice of the said meeting will be delivered to all shareholders at least 14 days in advance.

Under the Investment, GYT needs to undertake transactions, that are parts of the Investment, which are made with GTR and GOCPL, where GTR is the major shareholder of GYT in a proportion of 66.8% and wholly owns GOCPL in a proportion of 100%. Such transactions are considered connected transactions of GYT which include the construction of the radial aviation tire factory and production of radial aviation tire which the size of the transactions come from 25-year financial forecast (from year 2016 – 2041), as follows:

- 1) Engineering and non-engineering support expenses during startup and industrialization phase. The estimated transaction value is zero as GTR will bill any and all startup expenses incurred for the aviation investment to GOCPL.
- 2) Execution of capital equipment and services supply agreement (Capital purchases). The estimated transaction value of capital expenses items procured through GTR is THB 3,064 million approximately (from 2016 to 2025).
- 3) Execution of the aviation tire purchase agreement with GOCPL. The estimated transaction value is THB 39,886 million approximately.
- 4) Execution of synthetic rubber sourcing agreement with GTR. The estimated transaction value is THB 1,149 million approximately.
- 5) Use of intellectual property rights and know-how (Royalty fee) with GTR. The estimated transaction value is THB 1,602 million approximately.
- 6) Execution of natural rubber sourcing services agreement with GOCPL. The estimated transaction value is THB 139 million approximately.

However, the said transactions with GTR and GOCPL, which are parts of the Investment, are considered to be connected transactions, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction, dated August 31, 2008 (including any amendment thereto) and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transaction, dated November 19, 2003 (including amendment thereto), hereinafter called the “Rules on Connected Transaction”. The transaction size of THB 45,840 million approximately is 1,186%, which is more than 3% of GYT’s Net Tangible Assets based on the interim financial statements for the 6-month period ended June 30, 2016, reviewed by GYT’s auditor.

Hence, under the Rules on Connected Transaction, GYT is required to disclose the information regarding the connected transactions to the SET and to appoint an independent financial advisor for the purpose of illustrating the appropriateness, the benefits of the transaction, the fairness in pricing and terms of the transactions. Resolution of the meeting of shareholders for approving the Investment requires an affirmative vote of not less than three-fourths of the total

number of shareholders attending the meeting and have the rights to vote, whereby the shareholders who have interest in the transaction shall not be entitled to cast vote thereon. Moreover, in considering approving the Investment, item 1 and item 2 shall be deemed to be related agenda items, and conditional upon each other. Therefore, if any of those agenda items is not approved by the meeting, the other related agenda items will not be proposed to the meeting for consideration and shall be deemed to be canceled.

The Board of Directors of GYT has appointed Baker Tilly Corporate Advisory Services (Thailand) Ltd. (“Independent Financial Advisor - IFA” or “BTCAS”), which is a financial advisor approved by the SEC and is independent of GYT, GTR, and GOCPL to render opinion to GYT shareholders concerning the investment in construction of radial aviation tire factory and production of radial aviation tires (“Investment”) and the connected transactions in connection with the Investment.

In preparing this report, the IFA has taken into account the information available publicly, the information from industry analysis and forecasts, the information and documents supplied by GYT, GTR, and GOCPL, including the interview with the management of GYT, GTR, and GOCPL, financial information and documents of GYT, GTR, and GOCPL. The IFA’s opinion concerning the acquisition of assets and connected transaction have been provided based on the information and documents obtained from GYT, GTR, GOCPL which include financial status report, public information, financial forecast, business plan, interview with the management and concerned advisors. Therefore, the IFA may not certify the accuracy or completeness of the information obtained, including the interview with the management of GYT, GTR, GOCPL and concerned advisors.

In addition, the IFA’s opinion is based solely on the economic environment and the information prevailing at the time of preparing this report with no other factors including but not limited to economics, politics, or laws. As such, any significant change in these factors could have an impact on the IFA’s opinion. However, the IFA is unable to estimate the impact of the situations and other essential elements after studying period and therefore is unencumbered in adjusting the aforesaid information to reflect current situation. The IFA have considered and analyzed all the obtained information and rendered our opinions in a careful and impartial manner in compliance with the professional standards and principles, with due regards to the shareholders’ benefits.

EXECUTIVE SUMMARY

Goodyear (Thailand) Public Company Limited (“GYT”) has conducted the Board of Directors’ Meeting No. 6/2016 on August 29, 2016 and resolved to approve the investment in construction of radial aviation tire factory and production of radial aviation tire on the land in Pathumthani province (“Investment”) and the connected transactions in connection to the Investment. The objective is to become Goodyear Group’s Asian radial aviation tire manufacturing base in order to capture the growing demand for radial aviation tires as a result of the shift in demand from bias tires to radial tires in the aviation tire market (“radialization”). The new manufacturing plant will be located on the existing Company’s property and include an expansion of the existing buildings. The length of the construction will be separated into 3 phases throughout 10 years. The investment amount equals to THB 5,633 million approximately or 114% of Total Assets of GYT as of June 30, 2016.

Therefore, under the Rules on Acquisition and Disposition of Assets, GYT is required to disclose the information regarding the Investment to the SET and to appoint an independent financial advisor for the purpose of illustrating the appropriateness, the benefits of the transaction, the fairness in pricing and terms of the transactions. Resolution of the meeting of shareholders for approving the Investment requires an affirmative vote of not less than three-fourths of the total number of shareholders attending the meeting and have the rights to vote, whereby the shareholders who have interest in the transaction shall not be entitled to cast vote thereon. In this respect, an extraordinary general meeting (EGM) of the shareholders will be held on November 17, 2016 and a notice of the said meeting will be delivered to all shareholders at least 14 days in advance.

Under the Investment, GYT needs to undertake transactions that are parts of the Investment, which are made with GTR and GOCPL, where GTR is the major shareholder of GYT in a proportion of 66.8% and wholly owns GOCPL in a proportion of 100%. Such transactions are considered connected transactions of GYT which include the construction of the radial aviation tire factory and production of radial aviation tire which the size of the transactions come from 25-year financial forecast (from year 2016 – 2041) total approximately THB 45,840 million (or 1,186%, which is higher than 3% of the Net Tangible Assets of GYT as of June 30, 2016).

Hence, under the Rules on Connected Transaction, GYT is required to disclose the information regarding the connected transaction to the SET and to appoint an independent financial advisor for the purpose of illustrating the appropriateness, the benefits of the transaction, the fairness in pricing and terms of the transactions. Resolution of the meeting of shareholders for approving the Investment requires an affirmative vote of not less than three-fourths of the total number of shareholders attending the meeting and have the rights to vote, whereby the shareholders who have interest in the transaction shall not be entitled to cast vote thereon. Moreover, in considering approving the Investment, the Investment and the connected transactions shall be deemed to be related agenda items, and conditional upon each other. Therefore, if any of those agenda items is not approved by the meeting, the other related agenda items will not be proposed to the meeting for consideration and shall be deemed to be canceled.

The Board of Directors of GYT has appointed Baker Tilly Corporate Advisory Services (Thailand) Ltd. (“Independent Financial Advisor - IFA” or “BTCAS”), which is a financial advisor approved by the SEC and is independent of GYT, GTR, and GOCPL to render opinion to GYT shareholders concerning the investment in construction of radial aviation tire factor and production of radial aviation tire (“Investment”) and the connected transactions in connection with the Investment.

The Investment timeframe can be divided in three phases with the details are shown in the Table below;

Phase	Construction/ Industrialization	Investment (THB Million)	Investment Details
Phase I	2016 to 2018	1,625	<ul style="list-style-type: none"> - Building improvement on the existing warehouse space plus building expansion on existing land adjacent to existing tire plant - Build infrastructure to support production - Import and install various types of machines and equipment
Phase II	2018 to 2022	2,975	<ul style="list-style-type: none"> - Building an additional structure for the aviation tire expansion on the available area of the existing land bank (for both Phase II and III) - Build infrastructure to support production (for both Phase II and III) - Import and install various types of machines and equipment
Phase III	2023 to 2025	1,033	<ul style="list-style-type: none"> - Import and install various types of machines and equipment

The difference between the investments by Phase is linked to the different equipment capabilities needed to produce the relevant product mix (i.e., broader range of products) as well as the necessary infrastructure to support the production.

The IFA has considered the objective and reasonableness of the Investment of GYT and found that such investment is to build GYT’s new area of product line in the long run to support the increasing demand in radial aviation tire in aviation industry, maintain the market share of GYT against main competitors, generate incremental income and enhance stability for GYT. Therefore, the IFA has estimated the Net Present Value (NPV) of the future cash flow from the assets for 25 years (from year 2016 – 2041) with the assumption that the aforesaid assets can generate income consistently and GYT will get tax benefit for the Super Cluster in Phase I only¹. The NPV and IRR of all 3 phases of investment are shown below:

Phase	Investment (THB Million)	Internal Rate of Return (IRR)	Net Present Value (THB Million)
Phase I	1,625.37	11.70%	875.41
Phase II	2,974.84	8.09%	335.17
Phase III	1,032.67	12.09%	335.93
Combine 3 phases	5,632.88	9.94%	1,546.51

¹ GYT received email confirmation from the BOI on October 21, 2016 that the BOI has approved the application for super cluster investment benefits for Phase

1. GYT is awaiting a formal letter of approval from the BOI at this time.

From the above information, the Net Present Value (NPV) of cash flow for all 3 phases of the Investment is equal to THB 1,546.51 million with the Internal Rate of Return (IRR) of 9.94% which is above the Weighted Average Cost of Capital (WACC equals to 6.64%).

In the case that GYT applies for BOI in Phase II and III and gets general tax benefit, the NPV for all 3 phases of the Investment is equal to THB 1,669.66 million with the IRR of 10.23%.

In the view of such positive NPV of the Investment, the IFA accordingly deems that the price for this transaction of approximately THB 5,633 million is appropriate.

According to the determination of appropriateness of the entry into a connected transaction in connection with the Investment, the IFA is of the opinion that the transaction is reasonable since the terms and conditions are according to relevant agreements and Transfer Pricing Policy of the Goodyear Group. GYT will gain benefits from specific technology for engineering and non-engineering start-up expenses, use of intellectual property rights and know-how (Royalty fee) and significant raw materials used in radial aviation tire production (e.g. synthetic rubber and natural rubber) to maintain the tire's quality at the same standard globally which favors GYT and the whole Goodyear Group.

Therefore, **the shareholders should approve the transactions** in the Investment and the connected transactions in connection with the Investment. However, the decision as to vote in favor of the said transactions depends principally on the shareholders' individual judgment. The shareholders are recommended to additionally study the information in all documents enclosed with the notice of the shareholders' meeting so as to use your judgment and discretion for proper voting decision.

Baker Tilly Corporate Advisory Services (Thailand) Ltd., as the IFA, hereby certifies that we have considered and analyzed all information and rendered opinion fairly and thoroughly under professional standards by paying attention primarily to the interest of the shareholders. In providing the above opinion, the IFA has taken into account the information and documents available publicly, the information from industry analyses and forecasts, the information and documents supplied by concerned parties, including the management interview. The IFA may not certify the accuracy or completeness of the obtained information and the information from the management interview. Moreover, the opinion hereby proposed to the shareholders is given regarding reasonableness of investing in the Investment and the connected transactions in connection with the Investment only. Such opinion is based on the economic environment and the information prevailing at the time of preparing this report with no other factors including but not limited to economics, politics, or laws. Therefore, any significant change in these factors could have an impact on the IFA's opinion.

A. OPINION OF THE INDEPENDENT FINANCIAL ADVISOR ON THE INVESTMENT IN CONSTRUCTION OF RADIAL AVIATION TIRE FACTORY AND PRODUCTION OF RADIAL AVIATION TIRE ON THE LAND IN PATHUMTHANI PROVINCE ("INVESTMENT")

The Board of Directors' Meeting No. 6/2016 on August 29, 2016 of Goodyear (Thailand) Public Company Limited (the "Company" or "GYT") has approved an investment in the construction of a radial aviation tire factory for the production of radial aviation tires on the land in Pathumthani a province on which the existing factory is located ("Investment"). The Investment cost is expected to be about USD 161.77 million or approximately THB 5,632.88 million (the exchange rate used in this IFA report is THB 34.82 per 1 USD). This Investment would be divided into 3 phases within a period of approximately 10 years where phases 2 and 3 are subject to market demand and other conditions. The Board of Directors has also approved the undertaking of transactions in relation to the Investment, which are considered the connected transactions between GYT and The Goodyear Tire & Rubber Company ("GTR"), the major shareholder of GYT, and Goodyear Orient Company (Private) Limited ("GOCPL"), a subsidiary wholly owned by GTR.

1. NATURE OF THE TRANSACTION

This Investment is considered as an acquisition of assets, pursuant to Notification of the Capital Market Subsidiary Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets, dated 31 August 2008 (including any amendment thereto) and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, dated 29 October 2004 (including any amendment thereto) hereinafter called "The Rules on Acquisition and Disposition of Assets".

1.1 TYPE AND SIZE OF THE TRANSACTION

The Investment is valued to be approximately USD 161.77 million or THB 5,632.88 million (The exchange rate is THB 34.82 per USD as per August 2016) or 114.17% of GYT and subsidiaries' total assets based on the reviewed interim financial statements of GYT for the 6-month period ended as of 30 June 2016 which is THB 4,933.89 million. This Investment is considered as an acquisition of assets (which is the highest transaction size under the total consideration criteria by comparing total consideration value to total assets of GYT) and the transaction is the acquisition of assets of non-listed companies. Therefore, it is considered type 4 transaction (Backdoor Listing) under the Rules on Acquisition and Disposition of Assets.

Calculation of transaction size under an acquisition of assets criteria	Calculation	Transaction size
1. Net tangible asset criteria (NTA)	N/A*	-
2. Net profit criteria	N/A*	-
3. Total consideration criteria	THB 5,632.88 million / THB 4,933.89 million	114.17% of GYT's total assets
4. Value of securities issued criteria	N/A*	-
Highest criteria		114.17%

Remark: *Since the assets to be acquired are not securities and GYT will not issue any securities for as a consideration, the criteria numbers, 1, 2 and 4 will not be applicable.

However, a re-listing is not required for the Investment, since it is exempted pursuant to Clause 24 of Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, dated 29 October 2004 (including any amendment thereto). All criteria in Clause 24 of such notification are met, as detailed below:

1) The acquired business aligns and supports GYT's core business

The Investment would support GYT's existing business as it would strengthen its position as a supplier to the aviation tire market with the ability to produce both bias and radial aviation tires as well as retreading services.

2) GYT does not have a policy to change its core business and operations

After the Investment, GYT has no plan to change its core business policy in the near future.

3) GYT after the transaction has suitable qualification as a listed company on the Stock Exchange of Thailand ("SET")

After the Investment, GYT still maintain all the qualifications as a listed company on the SET, such as the qualifications of GYT's directors, management, and controlling persons, commitment to good corporate governance, qualification of Independent Directors and Audit Committee members, having an auditor who is on the list approved by the Securities and Exchange Commission ("SEC"), maintaining GYT structure without potential conflict of interest, and positive shareholder's equity. The Investment will be constituted of construction of manufacturing plant, which includes engineering and non-engineering services provided by the qualified professionals; therefore, it will be qualified as purchase/acquisition of assets of GYT, which is listed on the SET.

4) There will be no material change in the composition of the Board of Directors and controlling person of GYT

Prior to the Investment, GTR who holds 66.79 percent of GYT's paid-up shares is a major shareholder and controlling person of GYT. After the Investment, GTR will retain its position as the major shareholder and the controlling person of GYT. GTR also has no plans to change members of the Board of Directors and/or management.

Therefore, under the Rules on Acquisition and Disposition of Assets, GYT is required to disclose the information regarding the Investment to the SET and ask for an approval from shareholders. The resolution of the meeting of shareholders for approving the Investment requires an affirmative vote of not less than three-fourths of the total number of shareholders attending and having the rights to vote at the meeting, excluding the vote of the shareholders having an interest on the matter.

1.2 DATE OF THE TRANSACTION

Goodyear (Thailand) Public Company Limited (the “Company”) will undertake the transactions after receiving an approval from the shareholders’ meeting No. 1/2016 on November 17, 2016. The Investment and operations will be divided into phases with the approximate implementation timing as follows, with phases 2 and 3 subject to Board of Directors’ approval:

	Construction/Industrialization period	Operation Period
Phase 1	2016 to 2018	From 2018 onwards
Phase 2	2018 to 2022	From 2020 onwards
Phase 3	2023 to 2025	From 2023 onwards

The phase 1 will be implemented first in order for GYT to evaluate whether it helps increase GYT’s capacity and generate reasonable profit, GYT may consider further expansion of the manufacturing capacity. GYT’s Board of Directors will consider whether to proceed with phase 2 and phase 3 of the Investment, based on the following criteria:

1. Previous phase’s performance: The performance of the previous phases of the Investment will be evaluated based on its profitability.
2. The appropriateness of each phase of the Investment
 - 2.1 Market conditions: Prior to proceeding with phase 2 and phase 3, GYT will compare market demand with its existing capacity. Furthermore, market conditions including key changes in the industry trend will be analyzed for possible impact on the Investment.
 - 2.2 Construction costs: Since the Investment is capital intensive, GYT will analyze whether there are significant changes in construction costs that will affect the Investment
 - 2.3 Funding: GYT will ensure that there is an adequate amount of capital to fund the Investment in phase 2 and phase 3
 - 2.4 Changes in regulation: GYT will investigate whether there are regulatory changes that could have a material impact on the Investment
3. Other relevant factors that may impact the Investment

1.3 DETAILS OF ASSETS BEING ACQUIRED

General Information on the Invested Assets in the Investment

Regarding the mentioned contracts / agreements, GYT needs to invest in additional building, machinery, and equipment which is divided into 3 phases with the investment amount of THB 5,632.88 million as follows:

Phase 1 (Year 2016 - 2018) Investment amount of THB 1,625.37 million with the assets as follow:

Assets	Amount (THB million)
Building and infrastructure	475.24
Machinery and Equipment	1,150.13
Total	1,625.37

Phase 2 (Year 2018 - 2022) Investment amount of THB 2,974.84 million with the assets as follow:

Assets	Amount (THB million)
Building and infrastructure	617.78
Machinery and Equipment	2,357.06
Total	2,974.84

Phase 3 (Year 2023 - 2025) Investment amount of THB 1,032.67 million only in Machinery and Equipment.

In addition, after investing in each phase, GYT estimates to invest 2% of sales from the Investment for repairing and maintenance of the building and the machines.

Assets to be acquired are under “Building, machinery and equipment acquisitions (Capital purchases)” including factory, machineries and equipment which will be recorded under “Property, plant and equipment” in the statement of financial position. The Property, plant and equipment will be increased by approximately THB 5,632.88 million. (Before deduction of accumulated depreciation)

1.4 CONDITION FOR THE INVESTMENT

In considering approving the Investment, the Investment and the connected transaction in connection with the Investment shall be deemed to be related agenda items, and conditional upon each other. Therefore, if any of those agenda items is not approved by the meeting, the other related agenda items will not be proposed to the meeting for consideration and shall be deemed to be canceled. Hence, the transactions must be approved by shareholders with an affirmative vote of not less than three-fourths of the total number of shareholders attending the meeting and have the rights to vote, whereby the shareholders who have interest in the transaction shall not be entitled to cast vote thereon.

In additions, GYT has to get approval from BOI in order to obtain tax privilege. GYT has submitted the application for tax incentives to the BOI on September 9, 2016 and received email confirmation from the BOI on October 21, 2016 that the BOI has approved the application for super cluster investment benefits for Phase 1. GYT is awaiting a formal letter of approval from the BOI at this time. The tax privilege for the corporate income tax is exempted for 8 years, and another 50% reduction for 5 years afterwards in addition to an exemption on import duties for machineries. (See more details in Annex 4: Rights and benefits of super cluster).

1.5 SUMMARY OF RELATED AGREEMENTS TO THE INVESTMENT

Investing in the Investment, GYT has to make contracts or agreements with related parties as follow;

	Contract parties	Description of contracts / agreements
1	Engineering and non-engineering support expenses during startup and industrialization phase Service recipient: GYT Service provider: GTR	<ul style="list-style-type: none"> Any expenses incurred to startup and industrialization of the production such as the cost of the project team, training and hiring costs, cost of test tires and other industrialization costs. GOCPL shall pay for the costs and expenses for the start up support services incurred by GYT in connection with the Investment (Please refer to the draft execution of the aviation tire purchase agreement).
2	Execution of capital equipment and service supply agreement (Capital purchases) Buyer: GYT Seller: GTR and/or other parties which are not a connected person of GYT under the Rules on Connected Transaction	<ul style="list-style-type: none"> GYT agrees to use the services of GTR on a non-exclusive basis in the procurement and supply of manufacturing equipment. GTR shall, either by itself or through its affiliates, supply equipment as requested by GYT and also make available sufficient equipment and personnel to meet its obligations hereunder. The price for the equipment will be at cost plus 5% plus packaging, handling, and any other out of pocket costs incurred to get the item ready for shipment and VAT or tax if required by law. This agreement is in compliance with Goodyear Group's transfer pricing policy. GYT agrees to use the services of GTR to assist in the planning and construction phase of the Investment as requested by GYT and also make available sufficient personnel and resources to meet its obligations hereunder. The service fee will be charged at cost (actual labor hours of the personnel and engineers) without any markup but include any out of pocket costs such as travel and VAT or tax if required by law. Term of payment: 90 days from the end of the month in which the invoice is received by GYT Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Intercompany Transfer Pricing for Sales of Equipment, Supplies and Raw Materials</u> (created on August 8, 2002)</p> <ul style="list-style-type: none"> Section B. Capital Equipment, Operating Supplies and Maintenance Supplies (MRO) that are Non-Goodyear Produced will be billed based on cost plus 5%, plus packaging, handling, and any other out of pocket costs incurred to get the item ready for shipment.
3	Execution of the aviation tire purchase agreement Buyer: GOCPL Seller: GYT	<ul style="list-style-type: none"> GOCPL agrees to purchase aviation tires from GYT. GYT shall manufacture aviation tires in accordance with GOCPL's requirements, specifications, quality standards and testing procedures as provided to GYT from time to time and GTR shall make available sufficient facilities, equipment and personnel to meet its obligations hereunder. The price for such Aviation Tires will continue to be determined under the principles of the Global Transfer Price Policy which equals to cost plus 5% mark-up. However, the parties agree and mutually acknowledge the following exceptions: <ul style="list-style-type: none"> (1) GYT shall recover actual costs (raw material, production, depreciation, selling and administration) plus 5.25% mark-up to achieve 5% EBIT Margin

	Contract parties	Description of contracts / agreements
		<p>(2) The price of the aviation tires shall be increased to include 4.5% of the cost of Invested Capital in relating to the Investment (average yearly balance of fixed assets less accumulated depreciation and amortization).</p> <ul style="list-style-type: none"> • GOCPL shall be obliged to reimburse GYT for start-up costs incurred by GYT in connection with the expansion include among others, the cost of labor, rent, utilities, purchased materials, insurance and other operating expenses, overhead and finance expense to the extent such costs are considered pre-operational in nature. • GOCPL may purchase tires on its own account as well as nominate other affiliates to become the buyer of the tires. • Term of payment: 30 days from the end of the month in which the invoice is received by GOCPL • Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Global Tire Transfer Pricing Policy</u> (created on December 15, 2006)</p> <ul style="list-style-type: none"> - The inter-company transfer price should be set to allow the manufacturing entity to earn a profit equal to a 5% mark-up. The manufacturing entity should recover inventory cost and all applicable other costs plus the 5% profit mark-up. It may include other mark-ups to cover other directly related expenses such as general and administrative expense and research and development costs, as well as expenses related to transporting, warehousing, and expense necessary with regard to the inter-company transactions. - Idle capacity and unabsorbed overhead charges are not included in transfer prices
4	<p>Execution of synthetic rubber sourcing agreement</p> <p>Buyer: GYT Seller: GTR</p>	<ul style="list-style-type: none"> • GYT agrees to purchase from GTR such quantities of synthetic rubber as ordered by GYT and accepted by GTR or as otherwise mutually agreed in writing from time to time between the parties. GTR shall ensure that there are sufficient facilities, equipment and personnel to meet its obligations hereunder. • The determination of price for such synthetic rubber will continue to be determined under the principles of the Inter-Company Transfer Pricing Policy for Sales from the U.S. Chemical Plants. • This transaction is the traditional way of operating business between GYT and GTR • Term of payment: 90 days from the end of the month in which the invoice is received by GYT • Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Inter-Company Transfer Pricing Policy for Sales from the U.S. Chemical Plants</u> (created on January 10, 2005)</p> <ul style="list-style-type: none"> - The price at which GYT purchases synthetic rubber from Goodyear Group is in accordance with the transfer pricing policy of Goodyear Group which is (1) based upon the most recent historical monthly price available from the Chemical Manufacturers Associates, Inc. (CMAI) database for synthetic rubber products that are referenced in this database; (2) for the product Polystay 100 it is based on Goodyear's manufactured all-in-cost plus mark-up (this is necessary because this product has no CMAI reference price);

	Contract parties	Description of contracts / agreements
		<p>(3) for the product Natsyn it is based upon the price which Goodyear receives for selling similar products to unrelated customers. This price will be discounted by 20% to account for variance differences in the business relationship as compared to the unrelated customers, which are not tire manufacturers; (4) for the product Solflex and others it is based upon Goodyear manufactured cost plus a mark-up that allows the same gross margin as received on products manufactured at the same facility and for which CMAI data is available.</p>
5	<p>Use intellectual property rights and knowhow (Royalty fee)</p> <p>Royalty licensee: GYT Royalty licensor: GTR</p>	<ul style="list-style-type: none"> GTR will give GYT the right to use the name, trademarks and manufacturing technology of GTR. This transaction is similar to the existing agreement between GTR and GYT for the manufacturing and selling of automobile tires and bias aviation tires. The fee is calculated based on 5% of net sales, in compliance with Goodyear Group's transfer pricing policy. This transaction is the traditional way of operating business between GYT and GTR. Term of payment: Paid quarterly to GTR on or before the fifteenth day of the month following each quarterly period <p><u>Amendment No. 5 of the Technical Assistance Agreement</u> (effective as of July 15, 2016)</p> <ul style="list-style-type: none"> The agreement relates to certain assistance and advice to be rendered by GTR to GYT with regard to research, development, and improvement in all fields pertaining to the rubber industry as well as the respect of other valuable advice. For the licenses and rights granted and the information and assistance made available to it hereunder, GYT shall pay to GTR a fee equivalent to 5% for each calendar year of GYT's Net Sales (gross sales less all cash and trade discounts, transportation and credits for defective merchandise) <p>(Remark: The purpose of the Amendment No. 5 is to correct the 4th modification of technical assistance agreement dated 31 March 2001 which incorrectly states that the royalty fee payable by GYT to GTR shall be 5% of the gross sales. According to management interview, GYT actually pays 5% of the net sales to GTR over the past years.)</p> <p><u>Trademark license agreement</u> (effective as of May 21, 2001)</p> <ul style="list-style-type: none"> GTR (the owner of licensed trademark) desires to grant to GYT the right to use the licensed trademark and the name GOODYEAR in respect of all the goods and services where the goods manufactured or the services offered by GYT herein in accordance with GTR's standard.
6	<p>Execution of natural rubber sourcing services agreement</p> <p>Service recipient: GYT Service provider: GOCPL</p>	<ul style="list-style-type: none"> GOCPL agrees to provide GYT with the natural rubber purchasing and support services as requested by GYT. GOCPL shall make available sufficient resources, support and personnel to meet its obligations hereunder. The fees payable for the services provided by GOCPL to GYT shall be fixed at 3% of the invoiced price of natural rubber purchased by GYT and VAT or tax if required by law. Term of payment: 90 days from the end of the month in which the invoice is received by GYT Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party.

	Contract parties	Description of contracts / agreements
		<u>Functions of GOCPL in natural rubber purchasing division</u> <ul style="list-style-type: none"> - Locating dependable rubber suppliers, monitoring rubber quality, negotiating long term supply agreements, negotiating price and volume discounts, negotiating payment terms, determining alternative supply sources when required, and supply chain management activities including negotiating ocean freight agreement and packaging agreement arranging for shipping and cost efficient routing of products.

1.6 OPINION OF THE BOARD OF DIRECTORS REGARDING THE INVESTMENT

The Board of Directors' Meeting No. 6/2016 on 29th August 2016 of Goodyear (Thailand) Public Company Limited ("GYT") was of the opinion that the Investment and the connected transactions were beneficial for GYT and the shareholders as a whole and made under fair and reasonable terms and conditions. Therefore, the Board of Directors' Meeting considered and unanimously approved the entering into the Investment in construction of radial aviation tire factory and production of radial aviation tire and the connected transactions related thereto in which the directors having an interest in the matter did not take part in the vote and proposing the same to the Extraordinary General Meeting of the Shareholders for consideration and approval.

2. **REASONABLENESS OF THE ASSETS ACQUISITION**

2.1 **OBJECTIVE AND NECESSITY OF THE TRANSACTIONS**

Currently, GYT (the affiliated company of GTR) engages in business for producing and selling the passenger tire, the truck tire, including the bias aviation tire and aviation retread service to fulfill the demand domestically and internationally. Global aviation industry is growing continuously, however, the bias aviation tire is in a declining trend as both OEM and Replacement Market have shifted to the radial aviation tire due to lower total operating costs versus bias tires as shown below:

	Bias Aviation Tire	Radial Aviation Tire
Useful Life	Lower wear resistance (Approximately 150 – 200 landing times depend on aircraft model and aircraft usage)	Higher wear resistance by having 1.5 – 2 times longer useful life than the bias tire (Approximately 210 – 300 landing times depend on aircraft model and aircraft usage)
Weight	Weighty	Lower weight (Lower fuel consumption)
Design and Structure	More components lead to higher weight, leading to lower number of landings	Fewer components lead to lower weight with increased strength, leading to higher number of landings

Source: Bridgestone, GYT

From the market trend, GYT needs to invest in the Investment for the following objectives;

- To meet an increasing in demand for radial aviation tires from new and existing customers
- To strengthen competitiveness towards the radial aviation tire market
- To sustain growth in the long run, generate revenue and reasonable return on investment to shareholders

2.2 FUNDING SOURCES

The initial funding source for the assets acquisition will come from GYT's existing cash on hand and future cash flow from operations including the existing base business and the new radial aviation tire business. However, if there is not sufficient cash flow for the Investment in any year, GYT will get financing from reputable local commercial banks with interest rate approximately 3.08% - 4.275% per year subject to the prevailing market conditions and final negotiated terms and conditions. Currently, GYT has received the corporate financing term sheet from two reputable commercial banks where both of them has offered loan amount in excess of the peak funding required for GYT's Investment. The offered term sheets are based on the strength of GYT which does not mention about assets or cashflow to be the collaterals. However, there is only one Bank that require letter of guarantee from GTR.

The summarized terms and conditions proposed by the two commercial banks are shown below:

1st Commercial Bank

Loan Amount	Approximately USD 60 million or equivalent to THB 2,089 million (as refer to an exchange rate of 34.82 baht on August 2016)
Interest Rate	<ul style="list-style-type: none"> Fixed rate at 3.08% per year THBFIX 6 month + 1.33% per year (THBFIX 6 month equals to 1.55576% per year as of September 21, 2016)
Repayment Period	7 years (subject to feasibility study and actual requirement of the Investment)
Agreement Term	2 years grace period with 5 years semi – annual amortization
Loan Security	Letter of Guarantee from GTR (Parent Company)

2nd Commercial Bank

Loan Amount	Up to THB 2,442 million or equivalent to USD 70 million
Interest Rate	<p><u>Case 1</u></p> <ul style="list-style-type: none"> MLR -2% (MLR = 6.275% as of September 15, 2016) Interest payment quarterly <p><u>Case 2 (Cross Currency Swap from THB to USD currency)</u></p> <p>Option 1:</p> <ul style="list-style-type: none"> 3M LIBOR +3.55% (3M LIBOR = 0.85656% as of September 15, 2016) Interest payment quarterly <p>Option 2:</p> <ul style="list-style-type: none"> 4.80% fixed in USD Interest payment quarterly
Repayment Period	8 years
Agreement Term	2 years grace period with 5 years semi – annual amortization

Remark: The terms and conditions for loans proposed by two financial institutions are only a tentative offer and are subject to change accordingly. However, if GYT is offered better terms and conditions from any bank, the GYT's board of directors will then consider entering into the transaction with such financial institution in order to maintain the shareholders' interest.

In the financial projection, it is assumed that GYT will get financing with interest rate estimated at 5.5% per year (The 5.5% interest rates assumption is conservative in light of the term sheet proposals from commercial banks) though this will ultimately be subject to the prevailing market conditions and final negotiated terms and conditions.

2.3 ADVANTAGES AND DISADVANTAGES OF INVESTING IN THE INVESTMENT

Advantages of Investing in the Investment

- 1) Create the new product line that will be sustainable in the long run for GYT to absorb accelerated radial aviation tire demands in aviation business.

Currently, there are two types of aviation tires available in the market, bias and radial. The demand for the radial aviation tire keeps rising and becoming commonly used among aviation industries due to strong points over the bias tire, for example lower weight and increased robustness because of the use fewer components with increased strength, leading to a higher number of landings per tread (see more details in Annex 3: Differences Between Bias Tire and Radial Tire) . Therefore, the radial aviation tire gains more landings (210 – 300 times approximately) than the bias aviation tire (150 times approximately) in general.

From the management interview, the bias aviation tire is in a declining trend for both OEM and Replacement Market since the aircraft being produced by Airbus requires only the radial aviation tire whereas Boeing still requires both types but the trend has been shifting towards the radial aviation tire. As can be seen from public news released on December 14, 2015 that GTR has been selected by Boeing to provide nose and main landing gear radial tires for its new 777X aircraft which is scheduled for delivery in 2020. Hence, the Investment can fulfill the upcoming demand.

- 2) Maintain the market position of GYT to accommodate growth of aviation business.

Over the past 5 years, aviation business has grown substantially. There are 22,510 aircrafts in operation in year 2016 and Boeing has forecasted that the number of aircrafts will skyrocket to 45,240 aircrafts in year 2035, (See more details in Annex 1: Information of Aviation Industry) resulted from high growth in global economy and low-cost carrier especially in Asia. These factors cause global aviation business operators to increase the number of flights and aircrafts to accommodate demands, which will positively affect the sales volume of aviation tires for both OEM and Replacement Market.

There are only three major players in aviation tire manufacturers (including Goodyear) which Goodyear gain the market share approximately 20% - 40% of all types of aviation tires. However, it is expected that all players will make an investment to level up their radial aviation tire productions both in Thailand and Asia Pacific, therefore, the Investment is a good chance for GYT to increase ability to compete to maintain its position in the market.

- 3) Generate more incomes and sustain strong operating performance.

The transaction helps GYT to generate more revenue and more cash flow stability in the long run since GOCPL is projected to be the purchaser of produced tires (there are no volume commitments from GOCPL) to distribute to all other affiliated companies and GYT can also sell to domestic customers. The price of the export tires will be at cost plus 5.25% which makes GYT achieves EBIT of 5% in accordance to the purchase agreement between GYT and GOCPL and is the normal practice for the Goodyear Group. Moreover, GOCPL will reimburse 4.5% of the Invested Capital directly related to the Investment (See more details in 1.5 Summary of related agreements to the Investment). From the preliminary management interview, GYT plans to export the produced tires for 95% and another 5% will be sold domestically.

- 4) The project's NPV is positive with IRR of 9.94%.

The IFA has estimated the Net Present Value (NPV) of all three phases of the Investment by using a discount rate of 6.64%, the NPV equals to THB 1,546.51 million which is positive, a payback period of 14 years, and the IRR of 9.94% which is more than WACC (see more details in "4. Conclusion of the Independent Financial Advisor's Opinion on the Investment"). The assumption used is under the condition that GYT expect to get privilege from BOI for the super cluster investment where the corporate income tax is exempted for 8 years and another 50% reduction for 5 years afterwards (for 1st phase only).

In addition, GYT has submitted the application for tax incentives to the BOI on September 9, 2016 and received email confirmation from the BOI on October 21, 2016 that the BOI has approved the application for super cluster investment benefits for Phase 1. Goodyear Thailand is awaiting a formal letter of approval from the BOI at this time. (See more details in Annex 4: Rights and benefits of super cluster).

- 5) No effect on control dilution and shared price dilution of existing shareholders.

The source of fund for the Investment will come from GYT's existing cash on hand, future cash flow from operating business, and loan from commercial banks only (see more details in 2.2 Funding Sources). GYT has no plan in issuing the new shares, so there will be no effect on both control dilution and price dilution.

- 6) A re – listing is not required for the Investment.

This assets acquisition transaction is considered type 4 transaction (Reverse Takeover) under the Rules on Acquisition and Disposition of Assets. A re-listing is not required for the investment since it is exempted pursuant to Clause 24 of Notification of the Stock Exchange of Thailand on October 29, 2004 (including any amendment thereto).

Disadvantages of Investing in the Investment

- 1) Interest burden from getting financing from the local commercial banks.

As part of the Investment, GYT plans to get financing from commercial banks with the estimated interest rate of 5.5% per year which causes an increasing in interest expense, higher risk of borrowing, and also higher debt to equity ratio for GYT. However, GYT has targeted the debt to equity ratio approximately 1 time and is considered low when comparing to the business structure or revenue structure of the Investment. GYT will also earn revenue of 4.5% of Invested Capital with regard to the Investment annually from GOCPL which is not related to the sales volume of GYT.

- 2) Incurrence of inevitable expenses irrespective of a success in the conversion.

For this transaction, a shareholders' meeting must be convened to seek approval for the Investment, with the resolution required to be passed by votes of not less than three-fourths of the total number of shareholders attending the meeting and have the rights to vote. This will incur inevitable expenses, whether approval is granted by the shareholders or not, such as fees for independent financial advisor, financial advisor, auditor, etc.

2.4 **RISKS ASSOCIATED WITH INVESTING IN THE INVESTMENT**

- 1) Risk of performances are not as expected as a result of a significant drop in demand for radial aviation tires.

According to the draft radial aviation tires purchase agreement between GYT and GOCPL, only the selling price is stated but no minimum guaranty order specified, and also no income compensation procedures or other supporting policies is clearly stated in such agreement.

However, GYT would still have a positive targeted EBIT of 5% and also 4.5% capital reimbursement from the Invested Capital.

- 2) Risk of termination of contract for being the producer and distributor of radial aviation tires by GOCPL.

According to the radial aviation tires purchase agreement between GYT and GOCPL, both parties have right to terminate the contract by informing the counter party 6 months in advance. If GOCPL terminates the agreement, no compensation is made to GYT.

However, for the past 18 years, GYT has operated the business and exported the ground tires to the Goodyear Group consistently without the purchase agreement with GTR specifically like the Investment. This Investment will make GYT become significant radial aviation tire manufacturing base for the Goodyear Group (GYT will be one of the two radial aviation tire manufacturing base after the Investment). Therefore, it is not likely that GOCPL will terminate the contract.

- 3) Risk of future investment capital may exceed the forecast

The Investment consists of 3 phases from year 2016 – 2025 and is considered a long term of investment. There might be fluctuations in prices of construction materials and machineries overtime and could cause GYT higher cost that leads to the possibility of lowering NPV and IRR.

However, GTR has an investment sectors to manage the Investment specifically in order to control cost and investment period to be in line with the plan. Moreover, GYT has estimated the contingency expenses as part of the investment amount.

- 4) Risk of a delay plant construction.

Due to the delay of factory construction and machinery installation, GYT might not be able to manufacture the aviation radial tires on time. The forecasted revenue would delay which affects lower in NPV and IRR. However, GTR has an investment sectors to manage the Investment specifically in order to control cost and investment period to be in line with the plan.

5) Risk of high competition in radial aviation tire industry

There are currently 3 major players in radial aviation manufacturing industry in the world (including Goodyear). With the fact that there are a limited number of players which can produce such tire, the industry of radial aviation can be very competitive. In most cases the aviation tire manufacturers have to participate in the bidding process and win the bid in order to secure the tire supply contracts. There are risks that aircraft manufacturers or airline companies can contract Goodyear's competitors if Goodyear does not win the bid. If that happens, the Company's sales and market share can be significantly lower than forecasted.

However, key factors in the operation of radial aviation tires are composed of price, service, safety standard, and having sufficient products for the market demand. The aircraft tire manufacturers must obtain a license from the aircraft manufacturers and relevant authorities. In addition, aircraft tires must be tested to ensure it meets safety standards by the engineers of each airline. The Goodyear Group has managed such factors to meet the required standard and has earned the trust of customers during the last period. Goodyear group confident that it will be able to secure the sales volume and maintain its market position as forecasted.

6) Risk of an exchange rate fluctuation may affect capital investment.

The Investment requires the capital investment approximately THB 5,633 million for 3 phases during year 2016 – 2025 which mainly consist of importing machineries (THB 4,539.86 million or 80.59% of total capital investment) from GTR. In the case that the exchange rate fluctuates during the construction in each phase, investment value could be affected. However, GYT will be reimbursed 4.5% of the net Invested Capital with regard to the Investment by GOCPL.

7) Risk of an exchange rate fluctuation may affect operating profit.

Even though the draft aviation tires purchase agreement has set the selling price from all cost plus 5.25% to achieve EBIT margin of 5%, the fluctuation in exchange rate could affect the raw materials cost such as natural rubber and synthetic rubber that GYT needs to order from GOCPL and GTR and requires to pay in dollar currency. As such, the change in raw material costs would directly impact to GYT's revenue and operating profit significantly.

8) Risk arising from getting financing from the external source of fund.

Since GYT might get financing from the commercial bank for the Investment in case that GYT has insufficient internal source of fund, therefore, there may be a risk concerning ability to payback principal and interest amount. If the performances are not as expected, GYT might not be able to repay the debt according to loan agreement and collateral (if any) would be seized and unable to continue business operation. However, GYT will also earn revenue of 4.5% of Invested Capital with regard to the Investment annually from GOCPL which is not related to

the sales volume of GYT. Moreover, the collateral is not mentioned in the term sheet from the two commercial banks, where one commercial bank requires the letter of guarantee from the parent company (GTR) only.

9) Risk of an interest rate variability.

With respect in getting financing from the commercial bank, if the floating interest rate is applied. If the interest rate increases, it will affect GYT's ability to generate profit and repay the debt.

10) Risk concerned with global economic situation.

Global crisis or economic downturn will directly affect the income and the purchasing power of people or any event or technology that could create an impact on demand for air transportation and leads to negative impact on aviation industry and therefore impact the aviation tire industry.

11) Risk of an unexpected natural disaster.

GYT's factory is located in Pathumthani where there was the flood disaster in year 2011. The factory and areas around were submerged which caused GYT's factory to shut down the operation temporarily from October 2011 – May 2012. As a consequence, it had strong negative impact to GYT as inventory and assets were damaged. However, GYT has been renewing the insurance continuously to claim for the compensation when unexpected situation occurs. The said insurance includes industrial all risks, public liability, and product liability. Moreover, GYT has built the dike around its factory and office and also has preventive measure with the future flood disaster.

12) Risk of change in government policies.

The change in government policy could have negative impact to the business such as change in minimum wage to 300 baht per day (effective from April 1, 2012) results in higher cost of production. Many of the companies encountered with net loss and close down the business eventually. The government policy is out of control and could impact the ability to generate profit of GYT

However, from the draft execution of aviation tire purchase agreement, GYT can set the price by actual cost plus 5.25% mark up to achieve EBIT of 5%, therefore, there will be no direct impact to GYT's operating profit.

13) Risk of material negative consequence and/or disruption on the future trend of aviation industry.

There are possibilities that some occurrences may have a material negative consequence and/or disruption on the future trend of aviation industry. This could arise from various factors ranging from new transportation technology (or even in the aviation industry itself) to some safety concern on aviation due to cyberattacks or terrorisms, and etc.

14) Risk of dependence on major sponsors.

Current business and contractual structure between GYT and GTR make it highly dependent on its parent such as production technology, capital purchases, importing machineries, procuring of raw materials and marketing. Any negative event happening to the parent company, particularly the one are related to its business and/or financials could have direct impact on its obligation to support GYT under its current structure.

However, the financial status of GTR is in a good position and has been generating the profit consistently. As of June 30, 2016, GTR had Total Assets of USD 16,860 million, Total Liabilities of USD 12,452 million and Total Shareholders' Equity of USD 4,408 million. It currently has the credit rating of BB from S&P (GTR management is projecting that GTR will meet the required financial metrics to attain investment grade rating in 2017 to 2018)

3. FAIRNESS OF PRICE AND CONDITIONS OF THE TRANSACTION

3.1 FAIRNESS OF THE TRANSACTION PRICE

The IFA has determined the reasonableness of transaction price of the Investment based on the information from the Goodyear Group's management interview, audited financial statements audited/reviewed by the SEC-approved auditor and other publicly available information. The IFA's opinion on the fairness of the transaction price is rendered under the assumption that all information obtained is correct and complete and based solely on the economic situation prevailing at the time of preparing this report. As such, any significant change in these factors could have an impact on the IFA's opinion.

From the obtained information, the IFA has evaluated the assets' future cash flow generating ability of the Investment throughout 25 years² (from year 2016 - 2041) with business on-going basis and then estimated the Net Present Value (NPV). If NPV of the Investment is positive, it represents that the Investment is considered worthwhile and the shareholders' wealth will be increased.

The major assumptions used in the financial projection

In analyzing the fairness of the asset acquisition price, GYT has disclosed key commercial information such as assumption on capital invested in building and machinery, assumption on production capacity, assumption on domestic sales, assumption on cost structure, and expenses to the IFA. Furthermore, the resolution of GYT's Board of Directors on October 6, 2016 has mentioned about the sensitivity of some key commercial information that cannot be disclosed, as the disclosure of such may materially harm or impact GYT's competitiveness in the aviation tire industry since there are only 3 major aviation tire manufacturers (including Goodyear) and the characteristic of GYT and competitors are similar. Therefore, the disclosure may materially harm or impact GYT's business operation and lead to disadvantaged position of the GYT among GYT's competitors. The IFA has considered the material key commercial information provided by GYT to render the IFA opinion. However, for the purpose of information disclosure in the IFA report, the IFA has not disclosed some key commercial information in relation to the Investment in this report according to the resolution of GYT's Board of Directors.

² The technology to produce radial aviation tires is the market leading technology today and GYT cannot foresee that this technology would be displaced within the 25-year forecast period. It is important to understand that technological change within the tire industry is relatively slow compared to other industries and it is especially slow within the aviation tire segment as the demand is created by flight equipment that can be in operation for over 40 years. As an example, radial tires for passenger cars (consumer) were introduced in 1948 and almost 70 years later there are still bias consumer tires produced across a large number of countries in less developed regions of the world.

1) Assumption of production

GYT divided this Investment into 3 phases within a period of approximately 10 years from year 2016 to 2025 with the assumptions of the new tire and retread tire production in each phase. From the management interview, GYT plans to export the produced tires for 95% and another 5%³ will be sold domestically.

In considering number of airplanes and aviation tires forecast for the next 20 years (As per Annex 1 and 2) under the assumption that the Goodyear Group gains overall market share for aviation tires within the range of 20% -40%, the demand of aviation tires in the future is higher than aviation tires produced by the Goodyear Group in each year.

2) Assumption of pricing

For export sales, GYT and GOCPL agrees in accordance to the Execution of the Aviation Tire Purchase Agreement that the selling price will be all costs (raw material, production, depreciation, selling and administration) plus 5.25% mark-up to achieve 5% EBIT Margin and is consistent with Goodyear Group's transfer pricing policies.

In addition, GOCPL agrees to reimburse GYT a 4.5% mark-up on the Invested Capital (the average yearly balance of fixed assets less accumulated depreciation and amortization) in accordance to Aviation Tires Purchase Agreement.

For domestic sales, GYT's pricing estimation for year 2018-2027 will be based on the forecasted winning the bid from both current and future customers, which are the domestic airline. Thereafter, selling price will increase 2% per year from year 2028 until the end of the forecast period.

It is note that the radial aviation tire's price is higher than the average bias aviation tire for the year 2015.

3) Assumption of cost of sales

GYT estimates the cost of sales of the new tire and the retread tire by categorizing into raw material cost, labor cost, fixed overhead cost, variable overhead cost, inland freight, depreciation, royalty fee and others. Cost of sales refer to an aviation tire facility's cost structure in USA with adjustment on some items to be based on local cost in Thailand.

³ GYT has completed a range of analysis related to the domestic volume assumptions and believe that the 5% domestic volume sales is appropriate and achievable by GYT. The management believe that with higher than expected industry growth in Thailand, supported by the Thai government's efforts to make the aviation industry a core focus for development, domestic sales of aviation tires higher than 5% of total volume could be possible.

Depreciation is estimated by the Assets' life as shown below:

Type	Useful Life (Years)
Building	10 - 40
Equipment	5 - 25

Royalty Fee paid to GTR is calculated based on 5% of GYT's net sales, and is compliance with the agreement to use intellectual property rights and knowhow (Royalty fee)

4) Assumption of selling and administration expense

GYT estimated selling and administration expense from the percentage of sales from year 2018 -2027 which is similar to the percentage of actual selling and administration expenses to revenue for the year 2015. Moreover, selling and administration expense will increase 2% per year from year 2028 until the end of the forecast period.

5) Assumption of income tax

Type	Phase 1	Phase 2	Phase 3
New tire	<ul style="list-style-type: none"> 2018 – 2025 = 0% 2026 – 2030 = 10% From 2031 onwards = 20% 	20%	20%
Retread tire	20%	20%	20%

GYT has submitted documents asking for approval from Thailand Board of Investment (BOI) to support the Super Cluster investment on September 9, 2016 for 1st phase of the Investment. In the case that BOI approves and support the Investment, GYT will be exempted 100% corporate income tax for 8 years and 50% deduction for 5 years afterwards (for 1st phase of investment). According to conservatism, the IFA has assumed that there are no tax privileges for the Investment in phase 2 – 3.

However, GYT Management believes that BOI standard incentives can be attained for Phase 2 and Phase 3 of the Investment as well.

6) Assumption of Working Capital

As refer to the term of payment from the execution of the aviation tire purchase agreement, Execution of synthetic rubber sourcing agreement, Execution of natural rubber sourcing services agreement, and historical performance of GYT.

7) Assumption of investing in fixed assets

Regarding the mentioned contracts / agreements, GYT is required to invest in additional building and machinery which divided into 3 phases with the total amount of THB 5,632.88 million as follows:

Phase 1 (2016 - 2018) Investment amount of THB 1,625.37 million with the assets as follow:

Assets	Amount (THB million)
Building	475.24
Machinery and Equipment	1,150.13
Total	1,625.37

Phase 2 (2018 - 2022) Investment amount of THB 297.84 million with the assets as follow:

Assets	Amount (THB million)
Building	617.78
Machinery and Equipment	2,357.06
Total	2,974.84

Phase 3 (2023 - 2025) Investment amount of THB 1,032.67 million only in Machinery and Equipment.

The above assumption refers from the cost structure of the Goodyear Group's construction abroad. However, the building construction will be based on local cost in Thailand (for example, labor cost and material cost). Currently, GYT is in the process of obtaining several suppliers to participate for the bidding which follows the normal procurement process of GYT.

Moreover, GYT estimates to invest 2% of sales from the Investment for repairing and maintenance the building and the machines.

8) Assumption of the terminal growth

At 25th year, the assets in relation to the Investment will be almost depreciated, the projected revenue will be mainly from selling of products whereas the revenue from the Invested Capital will be significantly low.

For export sales revenue, it is assumed that the cost of sales and selling and administration expense will increase 2% per year from year 2028 until the end of the forecast period. For domestic sales, it is assumed that the selling price, cost of sales, and selling and administration expense will increase 2% per year from year 2028 until the end of the forecast period. Thus, the IFA assumes that terminal growth will be 2% per annum after the forecast period.

In addition, the assumed terminal growth rate of 2% is a proxy for the lower-end of the real GDP growth potential in the major markets that aviation tires are sold in. This rate is appropriate for a going concern business that is in a high-growth market. Global air travel will continue to grow beyond 2041 due to a very long-term meta trend as the middle class in developing countries, especially in Asia Pacific will continue to grow and business travel will expand.

9) Assumption of discount rate

The IFA use Weighted Average Cost of Capital (WACC) of GYT as a discount rate in order to estimate NPV of future cash flow. WACC is calculated by weighted average between cost of debt (K_d) and cost of equity (K_e) from the following formula:

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

K_e	=	Cost of equity
K_d	=	Cost of interest-bearing debt
T	=	Corporate income tax rate
E	=	Portion of equity
D	=	Portion of debt

Cost of equity (K_e) is calculated by Capital Asset Pricing Model (CAPM) as follow:

$$K_e = R_f + \beta (R_m - R_f)$$

Where:

Risk Free Rate (R_f)	=	Yield on 25-year government bond, equal to 2.71% per annum (as of September 14, 2016)
Beta (β)	=	Coefficient of variation between SET index and GYT's stock over the past 5 years from 15 September 2011 to 13 September 2016, equal to 0.425 (Data from Bloomberg)
Market Risk (R_m)	=	Average rate of return on investment in the SET over the past 30 years from July 1986 to August 2016, equal to 17.21% per annum.

Cost of interest-bearing debt (K_d) = 5.5% as refer to GYT's treasury. This rate is higher than the corporate financing term sheet received from the commercial banks, therefore, IFA has applied the higher rate according to conservatism.

The preliminary term sheet offers from Thai commercial banks was based on cash generated from GYT operations plus any additional funds required in the context of the Aviation investment at a given period. Hence the proposed loans would be used for both general corporate purposes including funding any capital spending related to the Aviation Investment. It is noted that the loan offer amounts are in excess of the peak funding required for the Aviation Investment and the remaining loan capacity would be used for general corporate purposes.

Targeted Capital Structure = Equity 50% and Debt 50%

Details of the variables and assumptions for the calculation are shown below:

Calculation factor	Assumption
Risk free rate on government bond (Rf)	2.71%
Rate of return on investment in SET (Rm)	17.21%
Beta (β)	0.425
Cost of equity (Ke)	8.87%
Cost of debt (Kd)	5.5%
Targeted proportion of shareholders' equity to asset after the Additional Asset Investment (We)	50.00%
Targeted proportion of debt to asset after the Additional Asset Investment (Wd)	50.00%
Income tax rate	20.00%
WACC	6.64%

From the above assumption, the WACC is equal to 6.64%, which is used as a discount rate for the estimation of the expected future cash flow generated from the Investment.

From the above assumptions 1) to 5), the operating performance of the 3 phases Investment for the year 2016-2031 and 2032-2041 are as follow:

THB million	Cumulative from 2016 to 2031*	Cumulative from 2032 to 2041
Phase 1 - 3		
Net revenue	21,645.14	22,021.98
EBIT	3,064.19	2,549.04
Net Income	2,414.20	2,143.73

Remark: * The construction/industrialization in regard to the Investment starts in year 2016, whereas the operation and revenue starts from year 2018 onwards.

Net Present Value (NPV) of the Investment

From the assumption in 3.1, we are able to calculate IRR and NPV of the Investment as follow:

	Phase 1	Phase 2	Phase 3	Total
IRR	11.70%	8.09%	12.09%	9.94%
NPV (THB million)	875.41	335.17	335.93	1,546.51

Sensitivity Analysis

The IFA has additionally conducted a sensitivity analysis on the above cash flow projection of the Investment in order to demonstrate the potential effects on the cash flow of such assets arising from a change in the assumptions from the base case scenario. However, the actual cash flow may be higher or lower than the projection in this sensitivity analysis.

The IFA has conducted the sensitivity analysis under four assumptions as follows:

Assumption 1: Terminal Growth

The IFA has analyzed the effect of an increase/decrease of 2% in terminal growth.

Terminal Growth	NPV phase 1 (THB million)	NPV phase 2 (THB million)	NPV phase 3 (THB million)	NPV phase 1-3 (THB million)
4.00%	1,298.68	793.48	599.79	2,691.95
3.00%	1,028.85	501.31	431.58	1,961.75
2.00%	875.41	335.17	335.93	1,546.51
1.00%	776.41	227.97	274.22	1,278.60
0.00%	707.25	153.08	231.10	1,091.43

Terminal Growth	IRR phase 1	IRR phase 2	IRR phase 3	IRR phase 1 - 3
4.00%	12.75%	9.48%	14.28%	11.30%
3.00%	12.12%	8.65%	12.99%	10.49%
2.00%	11.70%	8.09%	12.09%	9.94%
1.00%	11.40%	7.68%	11.43%	9.54%
0.00%	11.17%	7.37%	10.91%	9.23%

Assumption 2: Discount rate

The IFA has analyzed the effect of an increase/decrease of 2% in discount rate.

Discount rate	NPV phase 1 (THB million)	NPV phase 2 (THB million)	NPV phase 3 (THB million)	NPV phase 1-3 (THB million)
8.64%	332.16	(211.10)	95.10	216.16
7.64%	558.79	12.91	189.34	761.04
6.64%	875.41	335.17	335.93	1,546.51
5.64%	1,354.00	833.91	579.43	2,767.33
4.64%	2,175.12	1,704.99	1,032.05	4,912.16

Discount rate	IRR phase 1	IRR phase 2	IRR phase 3	IRR phase 1 - 3
8.64%	11.20%	7.41%	10.97%	9.27%
7.64%	11.41%	7.70%	11.46%	9.56%
6.64%	11.70%	8.09%	12.09%	9.94%
5.64%	12.10%	8.63%	12.95%	10.46%
4.64%	12.71%	9.43%	14.20%	11.25%

Assumption 3: BOI approves the Super Cluster project for phase 1 only and general tax benefit for phase 2 and phase 3.

In the case that GYT gets approval of the Super Cluster project from BOI for 1st phase and general tax benefit for phase 2 and phase 3, GYT will be exempted 100% corporate income tax for 8 years (for 3 phases) and 50% deduction for 5 years afterwards (only for 1st phase) as shown below:

Type	Phase 1	Phase 2	Phase 3
New Tire	<ul style="list-style-type: none"> Year 2018 – 2025 = 0% Year 2026 – 2030 = 10% From year 2031 onwards = 20% 	<ul style="list-style-type: none"> Year 2020 - 2027 = 0% Year 2028 onwards = 20% 	<ul style="list-style-type: none"> Year 2023 – 2030 = 0% Year 2031 onwards = 20%
Retread Tire	20%	20%	20%

From the above table, the NPV and IRR of the Investment are as follows:

	Phase 1	Phase 2	Phase 3	Total
IRR	11.70%	8.46%	13.02%	10.23%
NPV (THB million)	875.41	414.77	379.48	1,669.66

Assumption 4: BOI approves the Super Cluster project for all 3 phases.

In the case that GYT gets approval of the Super Cluster project from BOI for 3 phases, GYT will be exempted 100% corporate income tax for 8 years and 50% deduction for 5 years afterwards as shown below:

Type	Phase 1	Phase 2	Phase 3
New Tire	<ul style="list-style-type: none"> Year 2018 – 2025 = 0% Year 2026 – 2030 = 10% From year 2031 onwards = 20% 	<ul style="list-style-type: none"> Year 2020 - 2027 = 0% Year 2028 – 2032 = 10% From year 2033 onwards = 20% 	<ul style="list-style-type: none"> Year 2023 – 2030 = 0% Year 2031 – 2035 = 10% From year 2036 onwards = 20%
Retread Tire	20%	20%	20%

From the above table, the NPV and IRR of the Investment are as follows:

	Phase 1	Phase 2	Phase 3	Total
IRR	11.70%	8.52%	13.18%	10.28%
NPV (THB million)	875.41	429.43	389.38	1,694.22

3.2 APPROPRIATENESS OF CONDITIONS FOR THE TRANSACTION

The Board of Directors' Meeting No. 6/2016 on August 29, 2016 of Goodyear (Thailand) Public Company Limited (the "Company" or "GYT") has approved the Investment which is considered as an acquisition of assets, pursuant to Notification of the Capital Market Subsidiary Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets. The transactions must be approved by shareholders with an affirmative vote of not less than three-fourths of the total number of shareholders attending and having the rights to vote at the meeting, excluding the vote of the shareholders having an interest on the matter.

The mentioned condition complies with the good corporate governance and related policy of SEC including protection shareholder's interests.

4. CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR’S OPINION ON THE INVESTMENT IN CONSTRUCTION OF RADIAL AVIATION TIRE FACTORY AND PRODUCTION OF RADIAL AVIATION TIRE ON THE LAND IN PATHUMTHANI PROVINCE (“INVESTMENT”)

The IFA has considered the objective and reasonableness of the Investment of GYT and found that such investment is to build GYT’s new area of product line in the long run to support the increasing demand in radial aviation tire in aviation industry, maintain the market share of GYT against main competitors, generate incremental income and enhance stability for GYT. Therefore, the IFA has estimated the Net Present Value (NPV) of the future cash flow from the assets for 25 years (from year 2016 – 2041) with the assumption that the aforesaid assets can generate income consistently and GYT will get tax benefit for the Super Cluster in Phase I only. The NPV and IRR of all 3 phases of investment are shown below:

	Phase 1	Phase 2	Phase 3	Total
IRR	11.70%	8.09%	12.09%	9.94%
NPV (THB million)	875.41	335.17	335.93	1,546.51

From the above information, the Net Present Value (NPV) of cash flow for all 3 phases of the Investment is equal to THB 1,546.51 million with the Internal Rate of Return (IRR) of 9.94% which is above the Weighted Average Cost of Capital (WACC equals to 6.64%).

In case that GYT applies for BOI in Phase II and III and gets general tax benefit, the NPV for all 3 phases of the Investment is equal to THB 1,669.66 million with the IRR of 10.23%.

In the view of such positive NPV of the Investment, the IFA accordingly deems that the price for this transaction of approximately THB 5,633 million is appropriate.

B. OPINION OF THE INDEPENDENT FINANCIAL ADVISOR ON THE CONNECTED TRANSACTIONS IN CONNECTION WITH THE INVESTMENT

The Board of Directors' Meeting No. 6/2016 on August 29, 2016 of Goodyear (Thailand) Public Company Limited (the "Company" or "GYT") has approved an investment in the construction of a radial aviation tire factory for the production of radial aviation tires. The Board of Directors has also approved the undertaking of transactions in relation to the Investment, which are considered the connected transactions between GYT and The Goodyear Tire & Rubber Company ("GTR"), the major shareholder of GYT, and Goodyear Orient Company (Private) Limited ("GOCPL"), a subsidiary wholly owned by GTR.

1. NATURE OF THE TRANSACTION

Regarding the Investment, GYT has to enter into transactions with GTR and GOCPL that are considered to be connected transaction, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction, dated August 31, 2008 and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transaction, dated November 19, 2003 (collectively referred to as the "Rules on Connected Transaction").

1.1 TYPE AND SIZE OF THE TRANSACTION

Total amount of all 6 connected transactions are 1,186% of GYT's NTA (greater than 3% of NTA) based on the reviewed financial statements ended June 30, 2016.

(THB million)	1	2	3	4	5	6
Transaction	Engineering and non-engineering support during start-up phase	Execution of capital equipment and services supply agreement (Capital purchases)	Execution of the aviation tire purchase agreement	Execution of synthetic rubber sourcing agreement	Use intellectual property rights and knowhow (Royalty fee)	Execution of natural rubber sourcing services agreement
Value of connected Transaction (estimated)	-	3,064	39,886 ^{1/}	1,149	1,602 ^{2/}	139
Net tangible assets ("NTA") of Goodyear Thailand (June 30, 2016)	3,866					
Size of connected transaction (% of NTA)	0%	79%	1,032%	30%	41%	4%
Connected Person	GTR	GTR or other parties	GOCPL	GTR	GTR	GOCPL

^{1/} IFA calculated value of aviation tire purchase of THB 41,785.24 million.

^{2/} IFA calculated value of total royalty fee of THB 2,089.26 million.

Therefore, under Rules on Connected Transaction, GYT is required to disclose information on the said transaction to the SET and must seek approval from the shareholders' meeting pursuant to the Notifications Relating to the Transaction, with required affirmative votes of not less than three- fourths of the total votes of the shareholders who attend the meeting and have the right to vote.

1.2 DATE OF THE TRANSACTION

Goodyear (Thailand) Public Company Limited (the "Company") will undertake the transactions after receiving an approval from the shareholders' meeting No. 1/2016 on November 17, 2016. GYT will implement of phase 1 immediately after receiving the approval. GYT will consider whether to proceeding with phase 2 and phase 3 of the Investment, based on (1) the performance of the previous phases of the Investment, (2) the appropriateness of each phase of the Investment and (3) other relevant factors.

	Construction	Operation
Phase 1	2016 to 2018	2018 onwards
Phase 2	2018 to 2022	2020 onwards
Phase 3	2023 to 2025	2023 onwards

1.3 RELEVANT PARTIES AND NATURE OF RELATIONSHIP

	Transaction	Relationship
1	Engineering and non-engineering support during start-up phase Service recipient: GYT Service provider: GTR	<ul style="list-style-type: none"> GTR hold GYT's share of 66.79%
2	Execution of capital equipment and services supply agreement (Capital purchases) Buyer: GYT Seller: GTR and/or other parties which are not a connected person of GYT under the Rules on Connected Transaction	<ul style="list-style-type: none"> GTR hold GYT's share of 66.79%
3	Execution of the aviation tire purchase agreement Buyer: GOCPL Seller: GYT	<ul style="list-style-type: none"> GTR hold GYT's share of 66.79% GTR hold GOCPL's share of 100%
4	Execution of synthetic rubber sourcing agreement Buyer: GYT Seller: GTR	<ul style="list-style-type: none"> GTR hold GYT's share of 66.79%
5	Use intellectual property rights and knowhow (Royalty fee) Royalty licensee: GYT Royalty licensor: GTR	<ul style="list-style-type: none"> GTR hold GYT's share of 66.79%
6	Execution of natural rubber sourcing services agreement Service recipient: GYT Service provider: GOCPL	<ul style="list-style-type: none"> GTR hold GYT's share of 66.79% GTR hold GOCPL's share of 100%

1.4 SUMMARY OF RELATED AGREEMENT TO THE CONNECTED TRANSACTIONS

	Transaction	Detail	Value of Connected Transaction (estimated)
1	Engineering and non-engineering support expenses during startup and industrialization phase Service recipient: GYT Service provider: GTR	<ul style="list-style-type: none"> Any expenses incurred to startup and industrialization of the production such as the cost of the project team, training and hiring costs, cost of test tires and other industrialization costs. GOCPL shall pay for the costs and expenses for the start up support services incurred by GYT in connection with the Investment (Please refer to the draft execution of the aviation tire purchase agreement). 	<ul style="list-style-type: none"> No value due to GOCPL will be responsible for these expenses
2	Execution of capital equipment and service supply agreement (Capital purchases) Buyer: GYT Seller: GTR and/or other parties which are not a connected person of GYT under the Rules on Connected Transaction	<ul style="list-style-type: none"> GYT agrees to use the services of GTR on a non-exclusive basis in the procurement and supply of manufacturing equipment. GTR shall, either by itself or through its affiliates, supply equipment as requested by GYT and also make available sufficient equipment and personnel to meet its obligations hereunder. The price for the equipment will be at cost plus 5% plus packaging, handling, and any other out of pocket costs incurred to get the item ready for shipment and VAT or tax if required by law. This agreement is in compliance with Goodyear Group's transfer pricing policy. GYT agrees to use the services of GTR to assist in the planning and construction phase of the Investment as requested by GYT and also make available sufficient personnel and resources to meet its obligations hereunder. The service fee will be charged at cost (actual labor hours of the personnel and engineers) without any markup but include any out of pocket costs such as travel and VAT or tax if required by law. Term of payment: 90 days from the end of the month in which the invoice is received by GYT Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Intercompany Transfer Pricing for Sales of Equipment, Supplies and Raw Materials</u> (created on August 8, 2002)</p> <p>- Section B. Capital Equipment, Operating Supplies and Maintenance Supplies (MRO) that are Non-Goodyear Produced will be billed based on cost plus 5%, plus packaging, handling, and any other out of pocket costs incurred to get the item ready for shipment.</p>	<ul style="list-style-type: none"> The amount of capital expenditures that are procured through Goodyear Group is estimated to be USD 88 million or approximately THB 3,064 million from 2016 to 2025.
3	Execution of the aviation tire purchase agreement Buyer: GOCPL Seller: GYT	<ul style="list-style-type: none"> GOCPL agrees to purchase aviation tires from GYT. GYT shall manufacture aviation tires in accordance with GOCPL's requirements, specifications, quality standards and testing procedures as provided to GYT from time to time and GTR shall make available sufficient facilities, equipment and personnel to meet its obligations hereunder. 	Approximately USD 1,146 million or THB 39,886 million, from 2018 - 2041 (Just estimation, no purchased volume guaranty)

	Transaction	Detail	Value of Connected Transaction (estimated)
		<ul style="list-style-type: none"> The price for such Aviation Tires will continue to be determined under the principles of the Global Transfer Price Policy which equals to cost plus 5% mark-up. However, the parties agree and mutually acknowledge the following exceptions: <ul style="list-style-type: none"> (1) GYT shall recover actual costs (raw material, production, depreciation, selling and administration) plus 5.25% mark-up to achieve 5% EBIT Margin (2) The price of the aviation tires shall be increased to include 4.5% of the cost of Invested Capital in relating to the Investment (average yearly balance of fixed assets less accumulated depreciation and amortization). GOCPL shall be obliged to reimburse GYT for start-up costs incurred by GYT in connection with the expansion include among others, the cost of labor, rent, utilities, purchased materials, insurance and other operating expenses, overhead and finance expense to the extent such costs are considered pre-operational in nature. GOCPL may purchase tires on its own account as well as nominate other affiliates to become the buyer of the tires. Term of payment: 30 days from the end of the month in which the invoice is received by GOCPL Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Global Tire Transfer Pricing Policy</u> (created on December 15, 2006)</p> <ul style="list-style-type: none"> The inter-company transfer price should be set to allow the manufacturing entity to earn a profit equal to a 5% mark-up. The manufacturing entity should recover inventory cost and all applicable other costs plus the 5% profit mark-up. It may include other mark-ups to cover other directly related expenses such as general and administrative expense and research and development costs, as well as expenses related to transporting, warehousing, and expense necessary with regard to the inter-company transactions. Idle capacity and unabsorbed overhead charges are not included in transfer prices 	
4	Execution of synthetic rubber sourcing agreement Buyer: GYT Seller: GTR	<ul style="list-style-type: none"> GYT agrees to purchase from GTR such quantities of synthetic rubber as ordered by GYT and accepted by GTR or as otherwise mutually agreed in writing from time to time between the parties. GTR shall ensure that there are sufficient facilities, equipment and personnel to meet its obligations hereunder. 	<ul style="list-style-type: none"> About USD 33 million or approximately THB 1,149 million from 2018 to 2041

	Transaction	Detail	Value of Connected Transaction (estimated)
		<ul style="list-style-type: none"> The determination of price for such synthetic rubber will continue to be determined under the principles of the Inter-Company Transfer Pricing Policy for Sales from the U.S. Chemical Plants. This transaction is the traditional way of operating business between GYT and GTR Term of payment: 90 days from the end of the month in which the invoice is received by GYT Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Inter-Company Transfer Pricing Policy for Sales from the U.S. Chemical Plants</u> (created on January 10, 2005)</p> <ul style="list-style-type: none"> The price at which GYT purchases synthetic rubber from Goodyear Group is in accordance with the transfer pricing policy of Goodyear Group which is (1) based upon the most recent historical monthly price available from the Chemical Manufacturers Associates, Inc. (CMAI) database for synthetic rubber products that are referenced in this database; (2) for the product Polystay 100 it is based on Goodyear's manufactured all-in-cost plus mark-up (this is necessary because this product has no CMAI reference price); (3) for the product Natsyn it is based upon the price which Goodyear receives for selling similar products to unrelated customers. This price will be discounted by 20% to account for variance differences in the business relationship as compared to the unrelated customers, which are not tire manufacturers; (4) for the product Solflex and others it is based upon Goodyear manufactured cost plus a mark-up that allows the same gross margin as received on products manufactured at the same facility and for which CMAI data is available. 	
5	Use intellectual property rights and knowhow (Royalty fee) Royalty licensee: GYT Royalty licensor: GTR	<ul style="list-style-type: none"> GTR will give GYT the right to use the name, trademarks and manufacturing technology of GTR. This transaction is similar to the existing agreement between GTR and GYT for the manufacturing and selling of automobile tires and bias aviation tires. The fee is calculated based on 5% of net sales, in compliance with Goodyear Group's transfer pricing policy. This transaction is the traditional way of operating business between GYT and GTR. Term of payment: Paid quarterly to GTR on or before the fifteenth day of the month following each quarterly period <p><u>Amendment No. 5 of the Technical Assistance Agreement</u> (effective as of July 15, 2016)</p>	About USD 46 million or approximately THB 1,602 million from 2018 to 2041

	Transaction	Detail	Value of Connected Transaction (estimated)
		<ul style="list-style-type: none"> - The agreement relates to certain assistance and advice to be rendered by GTR to GYT with regard to research, development, and improvement in all fields pertaining to the rubber industry as well as the respect of other valuable advice. - For the licenses and rights granted and the information and assistance made available to it hereunder, GYT shall pay to GTR a fee equivalent to 5% for each calendar year of GYT's Net Sales (gross sales less all cash and trade discounts, transportation and credits for defective merchandise) <p>(<u>Remark</u>: The purpose of the Amendment No. 5 is to correct the 4th modification of technical assistance agreement dated 31 March 2001 which incorrectly states that the royalty fee payable by GYT to GTR shall be 5% of the gross sales. According to management interview, GYT actually pays 5% of the net sales to GTR over the past years.)</p> <p><u>Trademark license agreement</u> (effective as of May 21, 2001)</p> <ul style="list-style-type: none"> - GTR (the owner of licensed trademark) desires to grant to GYT the right to use the licensed trademark and the name GOODYEAR in respect of all the goods and services where the goods manufactured or the services offered by GYT herein in accordance with GTR's standard. 	
6	Execution of natural rubber sourcing services agreement Service recipient: GYT Service provider: GOCPL	<ul style="list-style-type: none"> • GOCPL agrees to provide GYT with the natural rubber purchasing and support services as requested by GYT. GOCPL shall make available sufficient resources, support and personnel to meet its obligations hereunder. • The fees payable for the services provided by GOCPL to GYT shall be fixed at 3% of the invoiced price of natural rubber purchased by GYT and VAT or tax if required by law. • Term of payment: 90 days from the end of the month in which the invoice is received by GYT • Any party may terminate this Agreement by providing the other with not less than 6 months prior written notice sent by registered mail to the other party. <p><u>Functions of GOCPL in natural rubber purchasing division</u></p> <ul style="list-style-type: none"> - Locating dependable rubber suppliers, monitoring rubber quality, negotiating long term supply agreements, negotiating price and volume discounts, negotiating payment terms, determining alternative supply sources when required, and supply chain management activities including negotiating ocean freight agreement and packaging agreement arranging for shipping and cost efficient routing of products. 	<ul style="list-style-type: none"> • About USD 4 million or approximately THB 139 million from 2018 to 2041

Remark: Procurement of synthetic rubber, use intellectual property rights and knowhow (Royalty fee) and Procurement of natural rubber have been a normal business between GYT and GTR

1.5 OPINION OF THE BOARD OF DIRECTORS REGARDING THE CONNECTED TRANSACTIONS

The Board of Directors' Meeting No. 6/2016 on 29th August 2016 of Goodyear (Thailand) Public Company Limited ("GYT") was of the opinion that the Investment and the connected transactions were beneficial for GYT and the shareholders as a whole and made under fair and reasonable terms and conditions. Therefore, the Board of Directors' Meeting considered and unanimously approved the entering into the Investment in construction of radial aviation tire factory and production of radial aviation tire and the connected transactions related thereto in which the directors having an interest in the matter did not take part in the vote and proposing the same to the Extraordinary General Meeting of the Shareholders for consideration and approval.

2. REASONABLENESS OF THE CONNECTED TRANSACTIONS

2.1 OBJECTIVE AND NECESSITY OF THE TRANSACTION

According to the Investment, GYT need to be supported from GTR and GOCPL in various angle such as building, machinery and equipment acquisitions, procurement of raw material and aviation tire purchase agreement.

2.2 ADVANTAGES AND DISADVANTAGES OF ENTRY INTO THE TRANSACTION WITH CONNECTED PERSONS OF GYT

Advantages of Entry into the Transaction with Connected Persons of GYT

- 1) Get technical knowhow and labor-efficiency improvement procedures from GTR.

According the Investment, GTR will manage procurement process of equipment from oversea supplier including technical service. GTR's engineers and other staffs will supervise in plant construction, equipment installation and others so as to comply with global standard because the radial tire technology are complicated and specific technology, invented by GTR's specialist. Moreover, GYT's staff will obtain knowledge from GTR, which is human resource development in long-term.

- 2) According to equipment procurement supporting from GTR, procurement procedure will be managed in identified timeline.

GTR will manage procurement process in order that GYT need not to contact oversea supplier directly and reduce other process such as letter of guaranty preparing. Therefore, procurement procedure will be managed in identified timeline.

- 3) Support from GTR and GOCPL for both engineering and non-engineering startup cost.

GTR will provide technical services and will prepare and install machineries by its engineers and labors. Moreover, GOCPL will be the one who bear all these engineering or non-engineering costs (According to execution of the aviation tire purchase agreement). Therefore, GYT has no responsible for total startup cost of THB 696 million.

- 4) GYT will be support raw material procurement with reasonable price.

Currently, GYT has not natural and synthetic rubber procurement team. GYT has been supported from GOCPL, for natural rubber, and GTR, for synthetic rubber. GTR and GOCPL are the headquarter to provide raw material to all Goodyear plant. They have a bargaining power to acquire raw material with reasonable

price. Furthermore, quality of all raw material have to be controlled by GTR and GOCPL for the produced tires to have the same standard and quality.

- 5) GYT has right to use Goodyear's name, trademarks, and manufacturing technology.

GYT get the rights to use the name, trademarks and manufacturing technology of GTR which has continuous improvement and is important for radial tire production. GTR's trademarks will help guarantee the quality of tires in customer's mind. However, the using intellectual property rights and knowhow (Royalty fee) has been currently valid for car tire and bias aviation tire

Disadvantages of Entry into the Transaction with Connected Persons of GYT

- 1) GTR or GOCPL may get more benefits from the transactions than GYT

GYT will enter to the connected transactions with both GTR and GOCPL which include capital purchases, procurement of synthetic rubber and natural rubber, and use of intellectual property rights and knowhow. Such transactions cause GYT to pay for service fees and royalty fees to connected persons according to Transfer Pricing Policy. Therefore, there could be doubts as to whether the said transactions consider to be one's own profit for those connected persons.

However, the connected transactions have been a normal business among the Goodyear Group to manage and maintain products' standard globally. Moreover, GYT has procurement process through SAP system (System, Application and Products) in which the approval level depends on the value of procured items and the authorized person can access the system to examine the purchase price from the connected persons whether it follows the Transfer Pricing Policy. The foresaid process is in accordance with an act passed by U.S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations (Sarbanes-Oxley Act Of 2002 or "SOX")

Moreover, GYT's factory was on fire for two times and also in the flood area which caused GYT to shut down the operation temporarily. The Goodyear Group supported GYT by increasing their production capacity and delivered the tires to GYT to sell to customers. Also, GYT received the compensation from the insurance company supported by the Goodyear Group.

- 2) Lose opportunity to do business with unconnected person.

Although, there are several advantages from entering to the transactions with connected persons, there are limitations and agreements in trading where the price is set by the Transfer Pricing Policy (for example, the sales of radial tire to GOCPL with EBIT equals to 5%). Hence, it is the opportunity cost that GYT could deal with other unconnected parties where the price is more flexible (for example, less cost in procuring synthetic rubber and natural rubber with similar quality of raw material certified by GTR or GOCPL).

2.3 RISK OF ENTRY INTO TRANSACTION WITH CONNECTED PERSONS OF GYT

1) Risk of exchange rate fluctuation

Since GYT imports synthetic rubber and natural rubber from abroad, it subjected to exchange rate fluctuation that may affect operating profits. Although, selling price will be marked-up 5.25% on all cost and plus 4.5% of Invested Capital, appreciation of Thai currency would impact to lower of cost, revenue and profit. On contrary, if Thai currency is depreciated, cost, revenue and profit would impact differently.

2) Risk of no minimum guaranteed order

According to purchase agreement between GYT and GOCPL, there is no minimum guaranteed order. Therefore, if demand of radial aviation tire is not in line with the projection, GYT's operating performance will be impacted significantly.

3) Risk of termination of contract for being the producer and distributor of radial aviation tires by GOCPL

According to the radial aviation tires purchase agreement between GYT and GOCPL, both parties have right to terminate the contract by informing the counter party 6 months in advance. If GOCPL terminates the agreement, the compensation paid to GYT is not clearly stated in the agreement.

3. APPROPRIATENESS OF CONDITIONS FOR THE TRANSACTION

The estimated value of the connected transactions in connection with the Investment refers from Transfer Pricing Policy of Goodyear Group and other related contracts relating to the transactions.

The Board of Directors' Meeting No. 6/2016 on August 29, 2016 of Goodyear (Thailand) Public Company Limited (the "Company" or "GYT") has approved to enter into connected transaction, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction, dated August 31, 2008 (including any amendment thereto) and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transaction, dated November 19, 2003 (including any amendment thereto). The directors who may be considered having interest did not have the right to vote in such item. In addition, the Extraordinary General Meeting of Shareholders which will be held on November 17, 2016 requires an affirmative vote of not less than three-fourths of the total number of shareholders attending and having the rights to vote, excluding the vote of the shareholders having an interest in the matter.

The mentioned condition complies with the agreed conditions between GYT and the related persons which will not harm GYT's interest and will incur benefit to shareholders.

4. CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR'S OPINION ON THE CONNECTED TRANSACTION IN CONNECTION WITH THE INVESTMENT

All 6 connected transactions are related to the Investment. The IFA has evaluated the assets' future cash flow generating ability of the Investment 3 phases as mentioned in section A, topic 3 Re: Fairness of the Transaction Price. IRR and NPV of the Investment with the assumption that the aforesaid assets can generate income consistently and GYT will get tax benefit for the Super Cluster in Phase I only. The NPV and IRR of all 3 phases of investment are shown below:

	Phase 1	Phase 2	Phase 3	Total
IRR	11.70%	8.09%	12.09%	9.94%
NPV (THB million)	875.41	335.17	335.93	1,546.51

From the above information, the Net Present Value (NPV) of cash flow for all 3 phases of the Investment is equal to THB 1,546.51 million with the Internal Rate of Return (IRR) of 9.94% which is above the Weighted Average Cost of Capital (WACC equals to 6.64%).

In case that GYT applies for BOI in Phase II and III and gets general tax benefit, the NPV for all 3 phases of the Investment is equal to THB 1,669.66 million with the IRR of 10.23%.

In the view of such positive NPV of the Investment, the IFA accordingly deems that the price for this transaction of approximately THB 5,633 million is appropriate.

CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR'S OPINION

Conclusion of the IFA's opinion on the Investment in Construction of Radial Aviation Tire Factory and Production of Radial Aviation Tire on the Land in Pathumthani Province and the Connected Transactions in Connection with the Investment

The IFA has the opinion that investing in the Investment and entering into all connected transactions **are reasonable** and has benefit for shareholders. GYT will obtain several benefit as following;

- Create new product line to absorb increased radial aviation tire demands, and to strengthen source of revenue and cash flow stream in the long run.
- Receive complex production technology from GTR together with its engineer and personnel, which indirectly give a chance for GYT to improve labor skills.
- GTR supported plant construction, purchase and installment of machineries since radial aviation tire production needs specific knowhow and technology. Getting all these supports will help GYT produce tires with accepted international standard.
- GTR and GOCPL support for sourcing raw materials allows GYT to leverage the expertise and resources of a global sourcing organization which eliminates the need for headcount at GYT and ensuring quality of the raw materials at global Goodyear standards.

The IFA has determined the reasonableness of transaction price of the Investment based on the information from the Goodyear Group's management interview, audited financial statements audited/reviewed by the SEC-approved auditor and other publicly available information.

The IFA has estimated the Net Present Value (NPV) of the future cash flow from the assets for 25 years (from year 2016 – 2041) with the assumption that the aforesaid assets can generate income consistently and GYT will get tax benefit for the Super Cluster in Phase I only. The NPV and IRR of all 3 phases of investment are shown below:

	Phase 1	Phase 2	Phase 3	Total
IRR	11.70%	8.09%	12.09%	9.94%
NPV (THB million)	875.41	335.17	335.93	1,546.51

From the above information, the Net Present Value (NPV) of cash flow for all 3 phases of the Investment is equal to THB 1,546.51 million with the Internal Rate of Return (IRR) of 9.94% which is above the Weighted Average Cost of Capital (WACC equals to 6.64%).

In case that GYT applies for BOI in Phase II and III and gets general tax benefit, the NPV for all 3 phases of the Investment is equal to THB 1,669.66 million with the IRR of 10.23%.

In the view of such positive NPV of the Investment, the IFA accordingly deems that the price for this transaction of approximately THB 5,633 million is appropriate. Without the Investment, the existing bias aviation business is in a long term decline with negative consequences for GYT if investment does not occur. Therefore, **IFA recommends that the shareholders give approval for the transactions in the Investment and entering into all connected transactions.** However, the decision as to vote in favor of the said transactions depends principally on the shareholders' individual judgment. The shareholders are recommended to additionally study the information in all documents enclosed with the notice of the shareholders' meeting so as to use your judgment and discretion for proper voting decision.

Baker Tilly Corporate Advisory Services (Thailand) Ltd., as the IFA, hereby certifies that we have considered and analyzed all information and rendered opinion fairly and thoroughly under professional standards by paying attention primarily to the interest of the shareholders.

In providing the above opinion, the IFA has taken into account the information and documents available publicly, the information from industry analyses and forecasts, the information and documents supplied by GYT, including interviews with the management of GYT. The IFA may not certify the accuracy or completeness of the information. Moreover, the opinion is based on the economic environment and the information prevailing at the time of preparing this report. Therefore, any significant change in these factors could have an impact on the IFA's opinion.

Yours sincerely,

(Mr. Yundyong Tantiviramanon)

Senior Partner

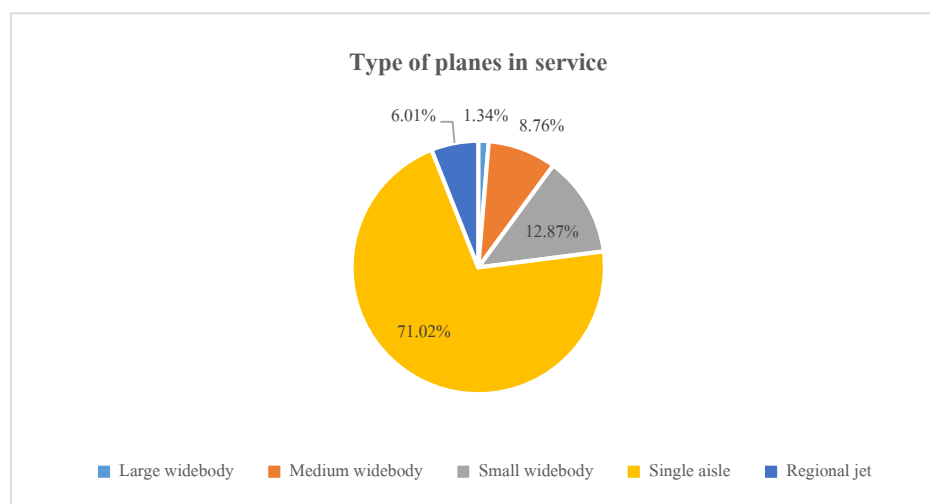
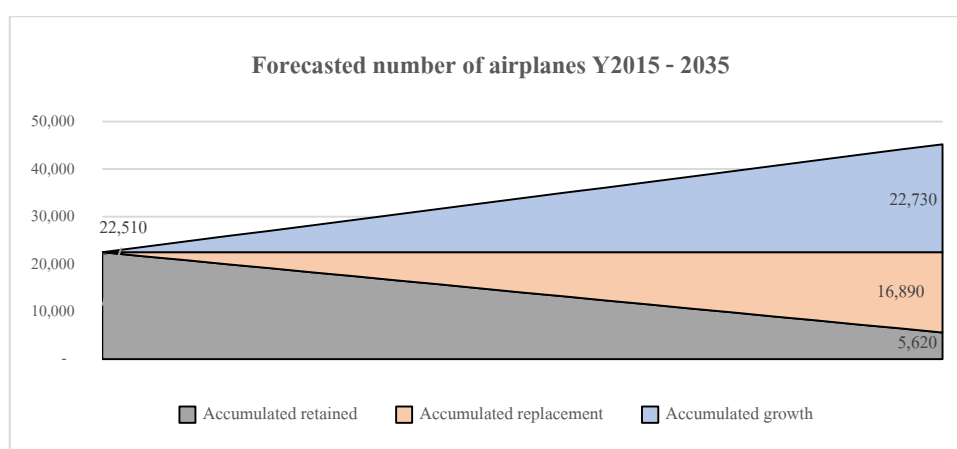
Compliance Supervisor

Baker Tilly Corporate Advisory Services (Thailand) Limited

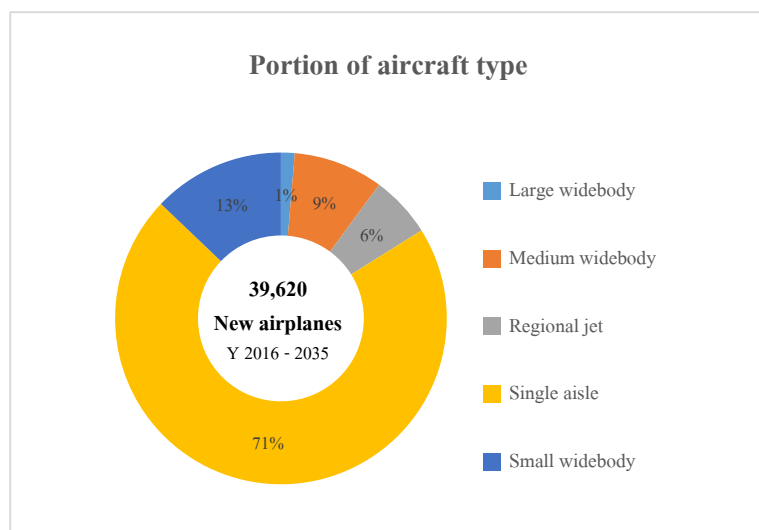
ANNEX 1: INFORMATION OF AVIATION INDUSTRY (SOURCE: THE BOEING COMPANY)

Global Airplane Forecasting

Regarding forecasting number of airplanes from 2015 – 2035 from The Boeing Company, number of new airplanes will increase by 1,137 airplanes per annum and number of replacement airplanes will be 845 planes. Thus, total airplanes delivered will be 1,981 airplanes per annum (or 39,620 airplanes throughout 20 years). In 2035, the total number of commercial aircraft in service is projected to increase to 45,240, most of which are single aisle airplanes with number of 28,140 planes or 71.02% of total airplanes due to anticipated robust growth in air traffic



In year 2016, As emerging markets continue to grow including an expansion of low cost airlines, offering passengers access to a wider range of destinations and the opportunity to choose the speed and convenience of flying rather than traditional modes of transportation. Therefore, Asia and middle east region are expected to obtain market share of 63% of all flights (increase by 36% from last year) meanwhile Europe and North America are expected to obtain market share of 37%.



The low -cost business model is becoming a viable option in emerging markets, offering passengers access to a wider range of destinations and the opportunity to choose the speed and convenience of flying rather than traditional modes of transportation. In addition, new, efficient widebody airplanes are enabling smaller operators in developing economies to compete on longer routes traditionally dominated by

foreign carriers. According to the mentioned expansion, there is demand for new aircrafts around the world of 39,620 aircrafts with the value of USD 5.90 trillion over the next 20 years. (In 2016, there are aircrafts in service of 22,510 aircrafts and in 2035 the figure is expected to be 45,340 aircrafts which comprise of 39,620 new aircrafts and 5,620 retained aircrafts.)

Each region will respond to its unique situation and conditions with specialized airplane requirements. Middle East airlines continue to favor widebody airplanes and premium passenger services to leverage the area's geographic advantages and prominence in business travel. Airlines in Europe and North America are responding to growing competition from low-cost carriers by replacing older, fuel-inefficient airplanes with new and more economical single-aisle models. In Asia, rising demand across the board will require a mix of single-aisle and widebody airplanes.

All regions will face similar challenges of fuel-price volatility, emission-control regimes, and ever-increasing airport and airspace congestion as the growing world fleet tries to keep pace with burgeoning international and local demand for air travel.

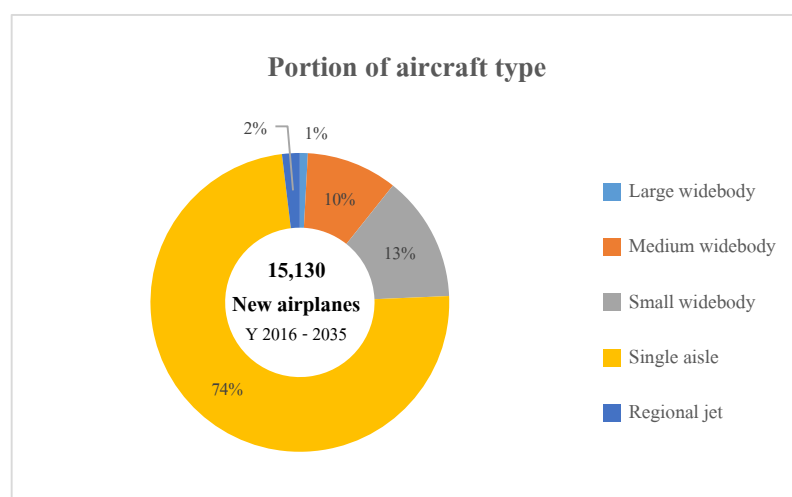
Aviation industry by each region

Asia

The Asia region continues to demonstrate vigorous economic growth at a rate of 4.1 percent per year, outpacing the global average by 2.9 percent. Driven by China and India as the main engines of growth, the region's share of world GDP is projected to rise from 31 percent today to 39 percent by 2035. The significant growth rate in this emerging market is expected to continue. As a result, airlines, airport capacity, and passenger traffic are expected to experience a robust growth rate in the next 20 years. Demand in commercial aviation is also coming from the continuing expansion of the middle class in Asia, where a greater sector of the population is reaching income levels that make flying more affordable. Despite the presence of geopolitical conflict and currency fluctuation, Asia's airlines are estimated to have earned a net profit of \$5.8 billion in 2015 and are projected to earn a net profit of \$6.1 billion in 2016.

Liberalization is responsible for significant expansion in Asia's aviation industry. Changes, such as open skies, enable the air-travel market in the region to expand beyond national boundaries and support airlines in implementing new low-cost carrier (LCC) business models, which is a viable and growing option for this emerging market. In addition to airlines being able to operate to new locations, easing of visa regulations is now allowing passengers to travel more broadly.

To expand outside their home markets, many airlines have created international joint-venture subsidiaries, avoiding restrictions on foreign ownership. Subsidiaries often embrace the LCC model, which was originally designed for short-haul leisure traffic flying single-aisle airplanes at the lowest possible fares. However, the trend is slowly shifting to also target corporate travel, where operating widebody airplanes with a premium cabin in medium haul markets provides a viable alternative to network carriers for business travelers.



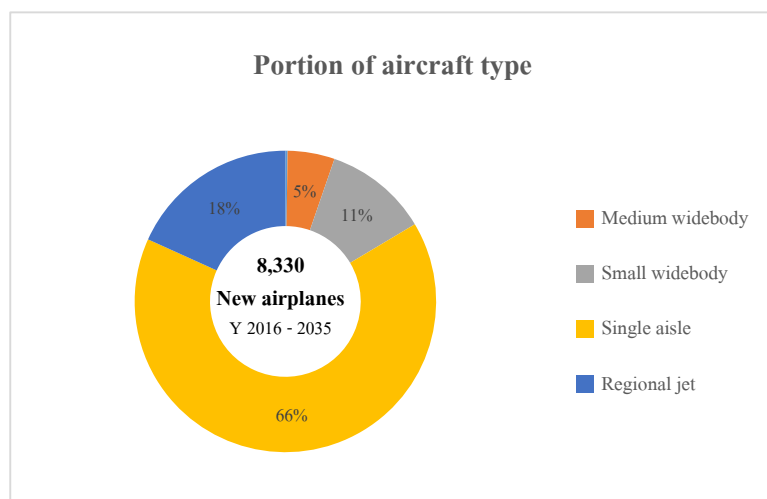
Asia is gaining prominence in global aviation and is expected to become the world's leading travel market. Total air traffic for the region is forecast to grow at an average of 6.0 percent, and by 2035, passenger traffic throughout Asia will constitute 48.7 percent of global passenger traffic. Driven by the region's strong economic development, highly effective industry structure, and increasing accessibility

of air transport services, more than 100 million new passengers are projected to enter the market annually. Within 20 years from now, Asia is expected to demand 15,130 new aircrafts with the value of USD 2.35 trillion. (In 2016, there are aircraft

in service of 6,350 aircrafts and in 2035 the figure is expect to be 16,970 aircrafts which comprise of 15,130 new aircrafts and 1,840 retained aircrafts.)

North America

Despite economic and political uncertainty in various regions of the globe, the North American airline industry is on a trajectory of continued growth in passenger traffic and capacity.



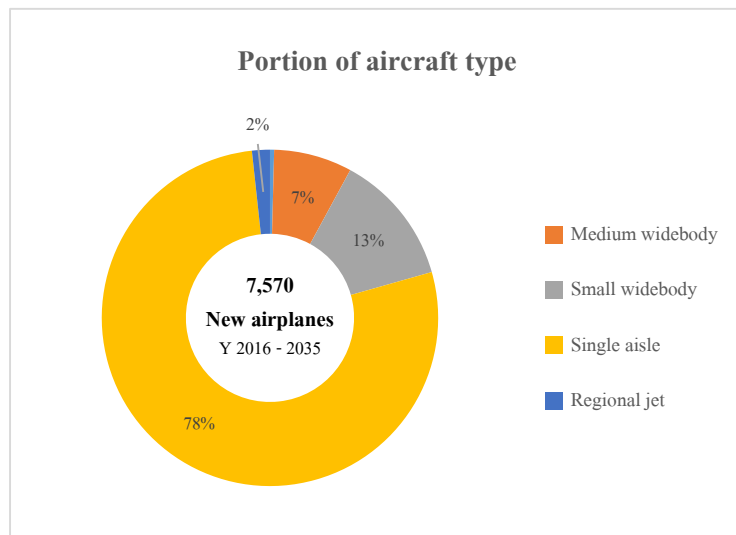
For the first time in more than a half century, there is a new air-services agreement between the United States and Cuba, signed between the respective governments in 2015. Several US airlines have applied for the initial flight frequencies to Cuba: 20 daily round-trip flights to the capital, Havana, and ten round- trips to nine other Cuban international airports. The United States Department of Transportation will award

the initial frequencies to Cuba in the summer of 2016. In addition to the Cuba agreement, the United States and Mexico also signed an expanded air-services agreement in December 2015. Due to these new, expanded air-service agreements with Cuba and Mexico, the traffic forecast between North America and Central America increased 1.1 percentage points to 5.3 percent per annum predicted over the next 20 years.

Within 20 years from now, North America is expected to demand 8,330 new aircrafts that most of them are Single-Aisle Airplane of 5,440.

Europe

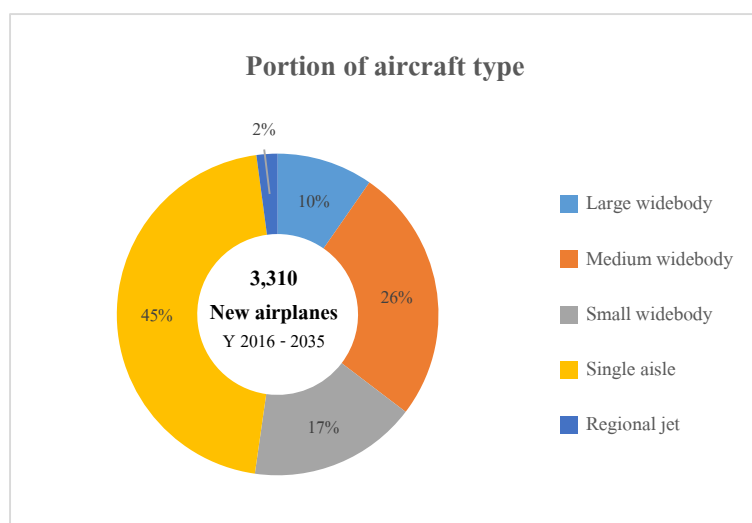
Europe's aviation market remained strong in 2015 despite significant economic uncertainties. Europe's GDP grew by 1.9 percent in 2015 and is forecast to grow by 1.8 percent annually through 2035.



The Association of European Airline reports that member airlines carried approximately 307 million passengers, 4.3 percent more passenger traffic in 2015 than in 2014.

There is demand for new aircraft in Europe of 7,570 aircrafts with the value of USD 1.10 trillion over the next 20 years. Single-Aisle Airplane is the most popular type with demanding amount of 5,880.

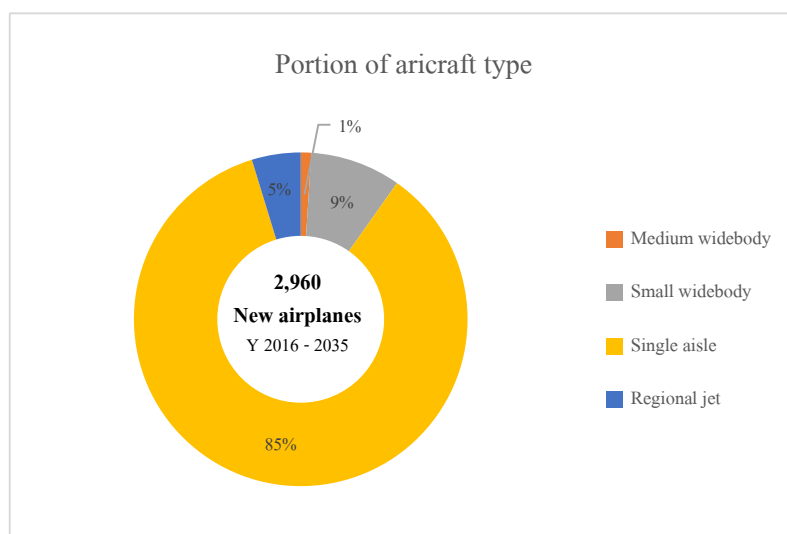
Middle East



Located at the crossroads of Asia, Africa, and Europe, airlines in the Middle East are well positioned to compete for traffic connecting these continents. However, lower oil prices challenged many Middle East economies in 2015 and 2016

Within 20 years from now, Middle East is expected to demand 3,310 aircrafts that most of them are Single-Aisle Airplane of 1,510.

Latin America



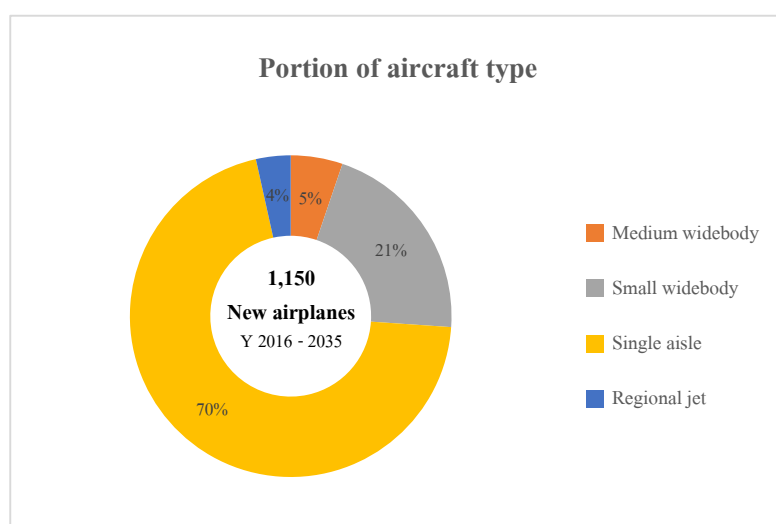
Several countries in Latin America have adapted to support growth of aviation industry. Brazil is proposing to raise the maximum-permitted level of foreign ownership of Brazilian airlines and preparing to make an open-skies agreement with USA. In addition, Mexico and the United States reached a liberalized air-services agreement in late 2015 that is on track for approval. These developments produce new

opportunities for cooperation through partnerships and alliances.

Passenger traffic growth for Latin America and the Caribbean is forecast to average 5.8 percent per year for the next 20 years. The fastest growth is expected within intraregional flows; as economic conditions improve. Traffic within South America is forecast to average 6.0 percent per year through 2035.

Within 20 years from now, Latin America is expected to demand 2,960 aircrafts that most of them are Single-Aisle Airplane of 2,530.

Africa

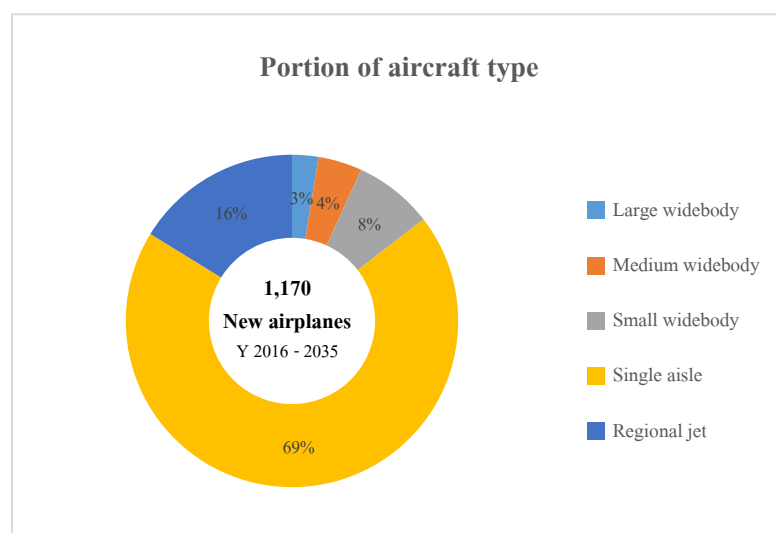


A combination of external and domestic factors caused Africa's economic activity to slow from 3.4 percent in 2014 to 3.0 percent in 2015. The region has benefitted from a much-improved business and macroeconomic environment, high commodity prices, and highly accommodative global financial conditions. However, 2015 saw a shift in external conditions with lower commodity prices, a slowdown in major

trading partners, changes in foreign exchange rates and tightening borrowing conditions. Domestic factors, such as electricity shortages and political instability and conflict, contributed to unfavorable conditions in some middle-income countries. The World Bank estimated the decline is projected to be short term, with a rebound commencing in 2017.

Air traffic to, from, and within Africa is expected to grow by about 6.1 percent annually over the next 20 years and expected to open more new international routes. Flights between Africa and Europe continue to account for the largest share of the region's air travel. Adding in the traffic between Africa and the Middle East and within Africa, a virtual tie for the second largest traffic flows, the top three constitute more than 86 percent of the total capacity. Within 20 years from now, Africa is expected to demand 1,150 aircrafts.

C.I.S.



Year 2016 will prove to be another trying year for Russia and the Commonwealth of Independent States (CIS). With a projected 2.3 percent decline in the Russian GDP, only modest improvements in energy pricing, and continuing economic sanctions, the region will continue to struggle toward growth gains. As a consequence of the economic and political challenges within the region and internationally, aviation

demand within the CIS is projected to grow at a modest 3.1 percent through 2020. But owing to the unique geographic demands of the CIS- member countries, which span twelve time zones, domestic traffic over 1000 kilometers has seen an impressive 13.9 percent increase in passengers carried in 2015 compared to the previous year. While the ruble remains weak against the US dollar and the euro, Russians and other CIS citizens will spend more of their discretionary income in domestic markets. As the political and economic situation improves, international travel will rebound along with a requirement in the region for more twin-aisle airplanes. International traffic is expected to grow at an annual rate of 4.8 percent over the next 20 years.

Within 20 years from now, C.I.S. is expected to demand 1,170 aircrafts that most of them are Single-Aisle airplanes of 810.

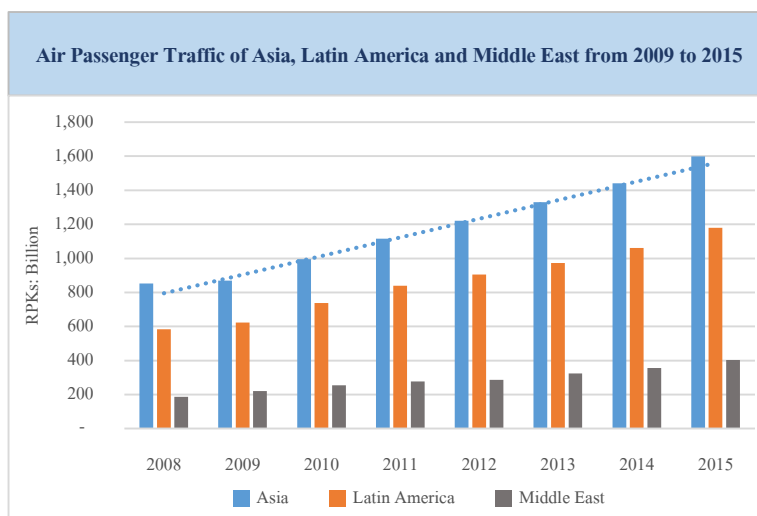
Type of airplane and example models

Type of plane	Example model
Large widebody	B747, A380
Medium widebody	B777, B777X, B787, A340, A350
Small widebody	B767, B787, A310, A330, A350
Single aisle	B707, B757, B717, B727, B737, A318, A319, A319neo, A320, A320neo, A321, A321neo
Regional jet	AVIC ARJ-700, Bombardier CRJ, Mitsubishi MRJ

Historical Passenger Traffic

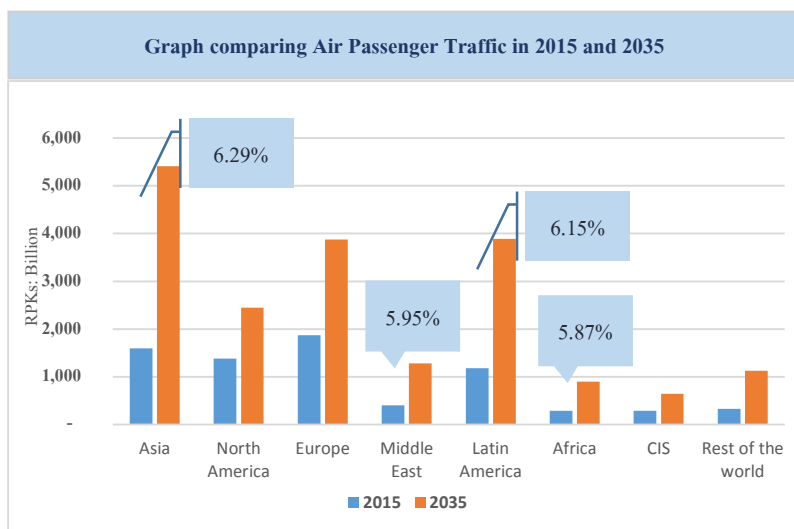
Passenger traffic continues to show impressive expansion and resilience on a global scale. 2015 marked a continued acceleration in growth and the sixth year of above-trend growth, despite an economic backdrop characterized by tepid GDP growth. Globally, load factors are around 80 percent and utilization remains at or near record levels. Passenger traffics divided to major regions globally are Asia, North America, Europe, Middle East, Africa and

Commonwealth of Independent States (CIS). The three regions with the highest CAGR for passenger traffic are Asia, Latin America and Middle East, respectively



From air passenger traffic graph by Boeing, one of the highest-revenue aircraft manufacturer, passenger traffic has grown continuously since 2008 to 2015. Demand growth outpaced capacity in all major world regions except for the Middle East, where double-digit traffic growth was surpassed by even higher-capacity additions. One likely reason for the strong market performance can be found in the composition of GDP growth in many parts of the world. Large markets such as the United States, Europe, or China all see relative strength in the consumer related parts of the economy. Although a sharp slowdown in specific and less travel-intensive sectors are a drag on overall GDP numbers, most citizens enjoy improved consumption opportunities and are willing to increase spending on services such as travel and tourism. This trend is reinforced by the removal of structural impediments to travel, such as visa restrictions, unlocking demand for travel warranted by rising income levels of an expanding global middle class. Another key factor is the increased efficiency of airline business models in bringing air travel to consumers around the world. Low-cost carriers continue to expand into new markets while other airlines use their geographic location to increase ease of global travel or offer new routes, enabled by new-technology airplanes and more efficient operations. In addition, current low fuel prices allow airlines to manage capacity and fares to meet and stimulate demand more effectively.

Passenger Traffic Forecast

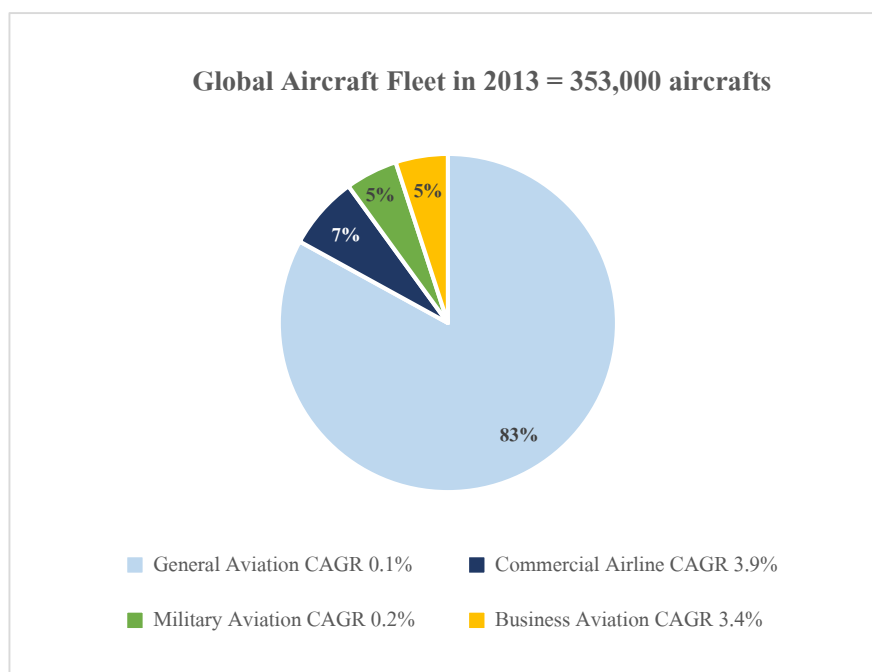


From the graph comparing number of air passenger traffic in 2015 and 2035 by Boeing, there is a trend that forecast in 2035 will grow from 2015 substantially showing high confidence level in air tourism, which absorb growth in tourism segment in all over the world. The region with the highest CAGR from 2015 to 2035 of 6.29% is Asia, which have had high continuous growth since 2009 since it is deemed as a region with the

highest growth in tourism, which directly resulted in higher passenger traffic demand. The second region is 6.15% of Latin America whereas Middle East and Africa come in as the third and the fourth with 5.95% and 5.87%, respectively. The latter two regions are deemed important for global air passenger traffic although they are not in the same level with Asia, which all these forecasts are in consistent with history passenger traffic information abovementioned.

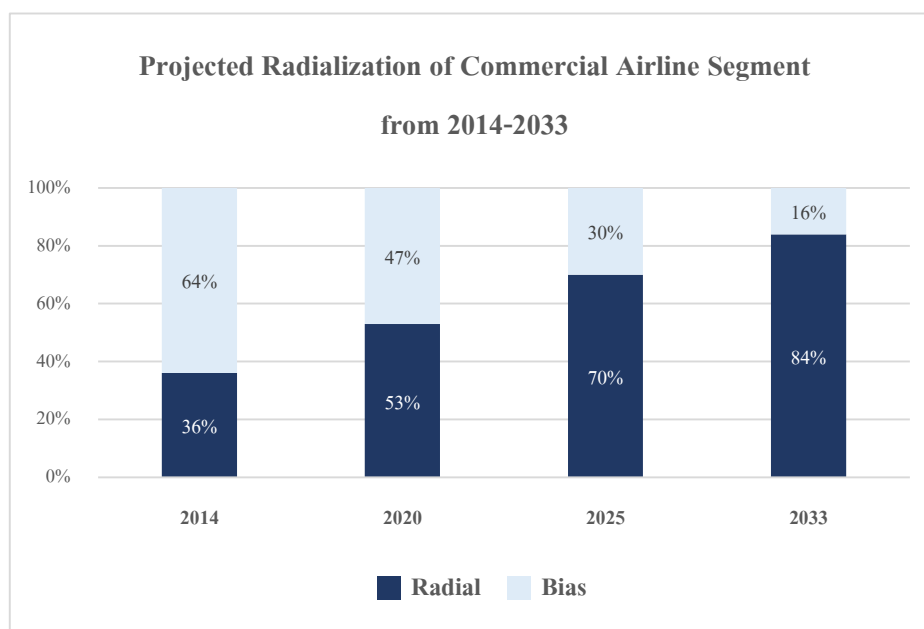
The growth forecast of air passenger traffic in the next 20 years will positively impact confidence in aviation business since increased demands for air passenger traffic and needs for aircrafts will directly make the aviation-related business grow more that aviation parts businesses will be supported from the growth of this business.

In year 2013, the global air fleet equals approximately 353,000 aircrafts. The general aviation has a proportion of 83% (with CAGR equals to 0.2% from 2013-2020) and commercial airline has a proportion of 7% (with CAGR equals to 3.9% from 2013-2020) only. From the management interview, the tire demand for the commercial airline has proportion of 60% due to continuous growth in aviation industry. The commercial airline will be used more frequent than other types of aircraft.



Source: Flight Global

In the year 2014 – 2033, the forecasted proportion of radial aviation tire is increasing for the next 20 years, whereas, the demand for bias aviation tire will decline for the commercial airline due to radial aviation tire has higher quality than the bias aviation tire (See more details in Annex 3 “Differences between bias tire and radial tire”). In year 2033, GYT has forecasted that the market share for radial aviation tire will be 84% as the table shown below:



Source: Goodyear

Market size for aviation tire

According to a study of the company “MarketsandMarkets” the size of the aviation tire market is projected to grow from approximately USD1.1 Billion in year 2015 to approximately USD1.4 Billion by year 2020.

ANNEX 2: NUMBER OF AIRPLANES AND AVIATION TIRES FORECASTED FOR THE NEXT 20 YEARS

The Boeing Company estimated number of airplanes in service for the next 20 years as following:

Unit: planes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Large widebody	316	332	347	362	377	392	408	423	438	453	468	484	499	514	529	544	560	575	590	605
Medium widebody	2,071	2,171	2,270	2,370	2,469	2,569	2,668	2,768	2,867	2,967	3,066	3,166	3,265	3,365	3,465	3,564	3,664	3,763	3,863	3,962
Small widebody	3,044	3,190	3,336	3,483	3,629	3,775	3,922	4,068	4,214	4,360	4,507	4,653	4,799	4,946	5,092	5,238	5,385	5,531	5,677	5,823
Single aisle	16,795	17,602	18,409	19,216	20,024	20,831	21,638	22,445	23,252	24,060	24,867	25,674	26,481	27,288	28,096	28,903	29,710	30,517	31,324	32,132
Regional jet	1,420	1,489	1,557	1,625	1,694	1,762	1,830	1,898	1,967	2,035	2,103	2,171	2,240	2,308	2,376	2,445	2,513	2,581	2,649	2,718
Total	23,647	24,783	25,920	27,056	28,193	29,329	30,466	31,602	32,739	33,875	35,012	36,148	37,285	38,421	39,558	40,694	41,831	42,967	44,104	45,240

Number of wheels for each type of airplane

Type	Number of wheels	Landing cycles per day
Large widebody	18	2 - 3
Medium widebody	14	2 - 3
Small widebody	10	2 - 3
Single aisle	6	5 - 8
Regional jet	5	5 - 8

Due to conservatism, IFA has assumed that widebody airplane has 2 landing cycles, whereas narrowbody airplane has 5 landing cycles with landings per tire of 180 approximately (According to management interview, average landings per tire is around 150-180 landings). IFA has evaluated the global aviation tire demand by the following formula:

Global tires demand (A) = (no. of airplanes x no. of wheels x landing cycles per day x 365 days) / Landing per tire

The industry ratio between new tire and retread tires is around 35% and 65%, respectively (Source: Flightglobal)

The estimated global new tires demand (B) = (A) x 35%

With the fact that Goodyear is one of the 3 major players in aviation tire industry, it is assumed that the Goodyear market share is in the range of 20%- 40%. If 20% of the global new tires demand is assumed, number of new tires demand are shown in the table below:

Unit: tires	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Global New Tire Demand	475,237	498,078	520,919	543,760	566,601	589,442	612,283	635,123	657,964	680,805	703,646	726,487	749,328	772,169	795,010	817,851	840,691	863,532	886,373	909,214
20% of the global demand	95,047	99,616	104,184	108,752	113,320	117,888	122,457	127,025	131,593	136,161	140,729	145,297	149,866	154,434	159,002	163,570	168,138	172,706	177,275	181,843

The estimated global retread tires demand (C) = (A) x 65%

With the fact that Goodyear is one of the 3 major players in aviation tire industry, it is assumed that the Goodyear market share is in the range of 20%-40%. If 20% of the global retread tires demand is assumed, number of retread tires are shown in the table below:

Unit: tires	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Global Retread Tire Demand	882,583	925,002	967,421	1,009,840	1,052,259	1,094,677	1,137,096	1,179,515	1,221,934	1,264,353	1,306,771	1,349,190	1,391,609	1,434,028	1,476,446	1,518,865	1,561,284	1,603,703	1,646,122	1,688,540
20% of the global demand	176,517	185,000	193,484	201,968	210,452	218,935	227,419	235,903	244,387	252,871	261,354	269,838	278,322	286,806	295,289	303,773	312,257	320,741	329,224	337,708

Base on production capacity of the Goodyear Group (including GYT after the Investment), the demand of aviation tires in the future is higher than aviation tires produced by the Goodyear Group in each year.

ANNEX 3: DIFFERENCES BETWEEN BIAS TIRE AND RADIAL TIRE

Items	Bias Tire	Radial Tire
Structure	Tire structure consists of many breaker layers, which breaker in each layer will be placed crossly for 40-65 degree of arc with tire circumference, and 1-2 pieces of nylon breaker to hold the carcass with tread and sidewall on the same piece	Structure of tire consists of 1 piece of steel wire that is 90 degree of arc with tire circumference or each steel wire is spread cyclically out of the center, and have steel belts hold the structure of tire.
Steel Belts	Nylon braker	Steel belts
Carcass	Crossed-nylon braker	Steel wire 1 piece
Usage	Typically, when a vehicle runs, there will be elasticity of tire all the time. When the tire tread and the sidewall are on the same layer while side wall pressing down it will make the center of the tread shift up, and when a side wall lifted back, both sides of tread are lifted. This elasticity of the carcass will make area of the tire attracted to road surface not smooth with less adherence, which eventually leads to less resistance to wear since it has to stretch and shrink all the time.	Since the side wall and tread of the tire are independent, the tread will fully adhere and good stretch with road surface while driving. Less stretch and shrink of tire make it more resistance to wear. Moreover, steel belts wire also mitigate problems of sharp stuff pierce through the tire
Life for use	Low resistance to wear	Better resistance to wear than Bias tire with longer life of usage of 1.5 – 2 times
Resistance to sharpness	Belt is made with nylon breaker, which make it less resistant to sharpness	Belt is made with pieces of steel wire, which make it more resistant to sharpness than bias tire
Heat Ventilation	Layers of nylon breaker – harder for heat ventilation	Thinner tire structure because of steel wire – easier for heat ventilation
Design and Structure	More components lead to higher weight, leading to lower number of landings	Fewer components lead to lower weight with increased strength, leading to higher number of landings
Break Efficiency	Longer braking distance	Shorter braking distance
Sound	More tread distortion leads to louder noise	Less tread distortion leads to quieter noise than bias tire for 3 decibels
Adherence to road surface	Tread, sidewall and bead have quite the same level of strength while turning. Some parts of tread will shift above the road surface, which leads to more chance of slip or accidents.	Strong tread and bead but soft sidewall while turning will make less tread distortion, which make tire become better adhere with road surface
Softness of use	Hard sidewall and bead, which can absorb less vibration that leads to less smooth in driving	Soft sidewall, which helps absorb vibration better and adjust for less imbalance of car body when go up or down slope
Fuel efficiency	Weighty (Higher fuel consumption)	Lower weight (Lower fuel consumption)

Source: Michelin, Bridgestone, Tiretruckintertrade, <http://luk888.blogspot.com>

ANNEX 4: RIGHTS AND BENEFITS OF SUPER CLUSTER

The government of Thailand has perceived the significance of a cluster, a concentration of interconnected businesses and related institutions that operate within the same geographic areas. The cluster aims to boost the level of support and cooperation in all facets of the business, in order to strengthen the industrial value chain, enhancing Thailand's investment potentials and competitiveness, and expand socioeconomic development to regional and local levels. Therefore, the cabinet and the Thailand Board of Investment proposed the Cluster-based Special Economic Development Zones Policy, or the Cluster Policy in short, to increase industrial competitiveness in areas with high potentials for targeted manufacture bases using advanced technology.

Super Cluster is one type of initial stage of the Cluster Policy including clusters of businesses using advanced technology, and future industry. Super Cluster can be divided as:

- Automotive and Parts Cluster (7 Provinces: Ayutthaya, Pathum Thani, Chonburi, Rayong, Chachoengsao, Prachinburi, Nakhon Ratchasima)
- Electrical Appliances, Electronics and Telecommunication Equipment Cluster (7 Provinces: Ayutthaya, Pathum Thani, Chonburi, Rayong, Chachoengsao, Prachinburi, Nakhon Ratchasima)
- Eco- friendly Petrochemicals and Chemicals (2 Provinces: Chonburi and Rayong)
- Digital-based Cluster (2 Provinces: Chiang Mai and Phuket)
- Food Innopolis (Details are to be announced)
- Medical Hub (Details are to be announced)

There are some incentives for Super Cluster as following:

Incentives	Super Cluster
Tax	<u>BOI</u> <ul style="list-style-type: none"> • 8-year corporate income tax exemption and an additional 5-year 50% reduction • Import duty exemption on machinery
	<u>Ministry of Finance</u> (Details are to be announced) <ul style="list-style-type: none"> • For Future industries with significant importance, the Ministry of Finance will consider granting 10-15 years corporate income tax exemption • Personal income tax exemption for international specialists to work in the specified area, both Thai and foreign
Non-tax	<ul style="list-style-type: none"> • Consideration of granting Permanent Residence to the leading specialist • Permission for foreigners to own land to implement the promoted activities

Source: The Thailand Board of Investment (BOI)

ANNEX 5: INFORMATION AND FINANCIAL STATUS REPORT OF GOODYEAR (THAILAND) PUBLIC COMPANY LIMITED

1. Background and General Information

1.1 History and key development

Goodyear (Thailand) Public Company Limited has history and key development as following;

- In 1969, GYT has made an agreement with the Goodyear Tire & Rubber Company, USA with respect to the cooperation of manufacturing technology and management.
- In 1970, GYT obtained its investment promotion from the Board of Investment for a period of 15 years. GYT obtained the tax exemption for manufacturing and retreading of aviation tires thereof.
- On 30 June, 1978, the shares of GYT were offered to the public and listed in the Stock Exchange of Thailand.
- During the Extraordinary General Shareholders' Meeting No. 2/1990 on 28 March 1990, the Shareholders of GYT approved GYT to increase its registered capital from 60 million Baht to 74 million Baht.
- On 20 April 1994, GYT transformed from the private company under the Civil and Commercial Code to the public company under the Public Companies Act of 1992. In that year, the Company received the TIS/ISO 9000 Certificate from the Thai Industrial Standard Institute. Goodyear was the first company in the tire manufacturing industry to obtain this Certificate.
- On 20 November 1995, the share par value of GYT was transformed from 20 Baht to 10 Baht, as approved by the Extraordinary General Shareholders Meeting. This Share par value change was to comply with rules of the Stock Exchange of Thailand and this was approved by the Department of Commercial Registration (now known as Department of Business Development), the Ministry of Commerce in 13 December 1995.

1.2 Overall of business operation

Goodyear (Thailand) Public Company Limited was incorporated as private company according to the Civil and Commercial Code on July 25, 1968 with initial registered capital of 60 million Baht. Since establishment, GYT has the primary objectives to manufacture and market passenger tires, commercial truck tires aviation tires and aviation retread tires. GYT is a joint investment among Thai investors and The Goodyear Tire & Rubber Company, USA. GYT's factory is located at No 50/9, Km. 36, Phaholyothin Road, Tambol KlongNueng, Amphoe KlongLuang, Pathumthani Province.

1.3 Revenue structure

Break down revenue by market as following;

Unit: THB million	2013	% of total revenue	2014	% of total revenue	2015	% of total revenue
Domestic sales	1,575	43.65%	1,606	42.31%	1,738	43.78%
Export sales	2,033	56.35%	2,190	57.69%	2,232	56.22%
Total	3,608	100.00%	3,796	100.00%	3,970	100.00%

Historically revenue related to aviation tires was in the range of 30% of total revenue for GYT. GYT projects that once all three phases of the aviation investment are fully operational that the share of aviation tire revenue will be in the range of 35% to 45% of GYT's total revenue. This long-term estimate is critically dependent on future market growth and Goodyear's ability to further penetrate both consumer and commercial tire markets in Thailand and abroad.

1.4 Product and service

The ground tire's product segments.

- Passenger tires
- SUV tires
- Run-on-flat tires
- Pick-up tires
- 4x4 tires
- Sport tires

The aviation tire's product segments.

- General aviation tires
- Business jet tires
- Commercial aviation tires
- Military aviation tires

In addition, GYT also retread used tires to decrease cost and extend useful life of tires.

1.5 Customer and sales channel

The key customers for Goodyear's aviation tires are the airlines that use commercial aviation tires. Airlines in domestic and Asia Pacific as well as the business jet group are our focused-markets. The distribution channel for aviation tires is distributed through Goodyear affiliated companies in each country. For domestic distribution, GYT conducts sales directly and the volume depends on the economic condition and travelling demands. These are directly linked to the increase or decrease of the flight volumes of each commercial airline.

2. Shareholders' structure

Top 10 shareholders of Goodyear (Thailand) Public Company Limited are shown below:

Rank	Shareholder	Number of share (share)	Portion (%)
1	The Goodyear Tire & Rubber Company	4,942,418	66.79
2	Srifeungfung Family	1,130,544	15.28
	- Boonpermpon Co., Ltd.	419,160	5.66
	- Srikeeree Enterprise Co., Ltd.	209,864	2.84
	- Sripinong Co., Ltd	208,240	2.81
	- Boonsong Co., Ltd.	141,900	1.92
	- Mrs. Darawan Saluck	33,200	0.45
	- Mr. Chainarong Srifeungfung	33,000	0.45
	- Miss Kallayanee Srifeungfung	30,000	0.41
	- Ekkachai Import Export Co., Ltd.	17,224	0.23
	- Mr. Nat Srifeungfung	10,190	0.14
	- Mr. Thawin Srifeungfung	9,000	0.12
	- Miss Chanya Srifeungfung	9,000	0.12
	- Mrs. Arunee Srifeungfung	7,600	0.10
	- Mrs. Boonruean Srifeungfung	1,200	0.02
	- Mrs. Walaiwan Srifeungfung for Mr. Wee Assavapimolwes	748	0.01
	- Mr. Kaida Srifeungfung	180	0.00
	- Mrs. Kanchana Srifeungfung	38	0.00
3	BNP Paribas Securities Services, London Branch	431,900	5.84
4	Aberdeen Growth Fund	87,100	1.18
5	Techaphaiboon Company Limited	73,480	0.99
6	Thai NVDR Company Limited	70,900	0.96
7	Aberdeen Smart Capital RMF	33,400	0.45
8	Worawat Co., Ltd.	33,000	0.45
9	State Street Bank Europe Limited	24,000	0.24
10	Mr. Weerasak Sriseekew	23,300	0.24

Source: SET as of 20 September 2016

Strategic Shareholders under the same controlling person are shown below:

	No. of Shareholders	No. of Shares	% of paid-up capital (Ordinary shares only)
1. Strategic Shareholder			
1.1 Directors, managers, and executive management including related persons and associated persons (Mrs. Boonruen Srifeungfung)	1	1,200	0.02
1.2 Shareholders who have a holding of 5% or above including related persons (Boonpermpoon Co., Ltd.)	1	419,160	5.66
1.3 Others controlling persons (GTR)	1	4,942,418	66.79
2. Share Repurchase	-	-	-
3. Minor shareholders (Non-Strategic shareholders)	499	2,035,350	27.5
4. Shareholders who hold less than 1 board lot	166	1,872	0.03
Total	668	7,400,000	100

3. Management structure

Board of directors as of 30 September 2016 as follow:

Rank	Directors' name	Position
1	Dr. Dhiraporn Srifuengfung	Chairman of the board
2	Mr. Finbarr O'Connor	Executive Director
3	Mr. Phiphat Vorapipat	Executive Director
4	Mr. Christopher (Chris) Delaney	Director
5	Mr. Oliver Gloe	Director
6	Mr. Wee Hong Kek	Director
7	Mr. Athaporn Khaimarn	Independent director / Chairman of the audit committee
8	Mr. Yeap Swee Chuan	Independent director / Audit committee
9	Ms. Chanapun Juangroongruenkit	Independent director / Audit committee

Management name lists as follow:

Rank	Name	Position
1	Mr. Finbarr O'Connor	Managing Director
2	Mr. Leandro Argibay	Finance Director
3	Mr. Hundal Singh	Manufacturing Director
4	Mr. Suphalat Chittamvanich	Supply Chain Director
5	Ms. Supattra Pivorbuth	Human Resources Director
6	Mr. Pairote Suttiprapa	Sales Director
7	Ms. Tipsuda Pettanagul	Marketing Director
8	Mr. Pongsatorn Arbhabhirama	Customer Satisfaction Director
9	Mr. Pisut Dhanabordeepat	OE Sales Leader
10	Ms. Napat Tanyakulsajja	Company Secretary and Legal Counsel
11	Ms. Pakkapim Lakthong	EHS Manager

4. Financial status

Financial report consists of balance sheet, income statement and cash flow statement as well as key financial ratio as at 31 December 2014 and 31 December 2015, which were audited by authorized auditor, and balance sheet, income statement as at 30 June 2016.

4.1 Balance sheet as at 31 December 2013, 31 December 2014, 31 December 2014, 31 December 2015 and 30 June 2016

Unit: THB thousand	2014	% of total assets	2015	% of total assets	30 June 2016	% of total assets
Current assets						
Cash and cash equivalents	1,127,220	23.97%	1,268,169	24.58%	1,112,061	22.54%
Short-term investment	76,865	1.63%	82,000	1.59%	68,000	1.38%
Trade and other receivables	760,169	16.16%	893,048	17.31%	732,409	14.84%
Inventories, net	679,648	14.45%	616,513	11.95%	671,480	13.61%
Refundable value added tax	58,534	1.24%	102,935	1.99%	126,450	2.56%
Other current assets	11,459	0.24%	7,885	0.15%	7,266	0.15%
Total current assets	2,713,895	57.70%	2,970,550	57.57%	2,717,666	55.08%
Non-current assets						
Property, plant and equipment, net	1,983,502	42.17%	2,185,195	42.35%	2,212,033	44.83%
Computer software, net	2,061	0.04%	1,195	0.02%	1,004	0.02%
Other non-current assets	3,704	0.08%	3,191	0.06%	3,183	0.06%
Total non-current assets	1,989,267	42.30%	2,189,581	42.43%	2,216,220	44.92%
Total assets	4,703,162	100.00%	5,160,131	100.00%	4,933,886	100.00%
Current liabilities						
Trade and other payables	805,479	17.13%	1,013,620	19.64%	857,837	17.39%
Accrued withholding tax	19,240	0.41%	9,422	0.18%	9,282	0.19%
Current income tax payable	45,739	0.97%	62,396	1.21%	27,010	0.55%
Other current liabilities	12,108	0.26%	4,456	0.09%	3,561	0.07%
Total current liabilities	882,566	18.77%	1,089,894	21.12%	897,690	18.19%
Non-current liabilities						
Deferred tax liabilities	10,293	0.35%	9,537	0.18%	11,301	0.23%
Reserve for saving fund and employee retirement benefits	156,998	2.67%	155,489	3.01%	157,582	3.19%
Total non-current liabilities	167,291	3.02%	165,026	3.20%	168,883	3.42%
Total liabilities	1,049,857	21.79%	1,254,920	24.32%	1,066,573	21.62%

Unit: THB thousand	2014	% of total assets	2015	% of total assets	30 June 2016	% of total assets
Shareholders' equity						
Issues and paid-up share capital	74,000	1.57%	74,000	1.43%	74,000	1.50%
Premium on share capital	92,000	1.96%	92,000	1.78%	92,000	1.86%
Retained earnings: Appropriated - Legal reserve	7,400	0.16%	7,400	0.14%	7,400	0.15%
Retained earnings: Unappropriated	3,479,905	74.52%	3,731,811	72.32%	3,693,913	74.87%
Total shareholders' equity	3,653,305	78.21%	3,905,211	75.68%	3,867,313	78.38%
Total liabilities and shareholders' equity	4,703,162	100.00%	5,160,131	100.00%	4,933,886	100.00%

4.2 Statement of income for the period of 1 January 2014 – 31 December 2014, 1 January 2015 – 31 December 2015 and 1 January 2016 – 30 June 2016

Unit: THB thousand	2014	% of sales	2015	% of sales	30 June 2016	% of sales
Sales	3,796,131	100.00%	3,970,576	100.00%	1,909,710	100.00%
Cost of sales	3,048,198	80.30%	3,108,505	78.29%	1,492,129	78.13%
Gross profit	747,934	19.70%	862,071	21.71%	417,581	21.87%
Selling and administration expense	465,253	12.26%	391,796	9.87%	282,728	14.80%
Other income	15,290	0.40%	12,854	0.32%	5,932	0.31%
Income from insurance reimbursement	-	0.00%	-	0.00%	-	0.00%
Income tax expense	59,814	1.58%	97,645	2.46%	30,683	1.61%
Net profit	238,158	6.27%	385,484	9.71%	110,102	5.77%

4.3 Statement of cash flow for the year ended 31 December 2014 and 31 December 2015

Unit: THB thousand	2014	2015
Cash flow from operating activities	307,073	589,784
Investing activities		
Restrict short term investment	(8,000)	(5,135)
CAPEX paid	(120,390)	(363,893)
Cash paid for software	(1,011)	-
CAPEX received	442	3,475
Cash flow from investing activities	(128,958)	(365,553)
Financing activities		
Dividend paid	(148,000)	(148,000)
Cash flow from financing activities	(148,000)	(148,000)
Net cash flow	30,114	76,231
Beginning cash flow	1,073,502	1,127,220
Gain from exchange rate	23,603	64,718
Ending cash	1,127,220	1,268,169

4.4 Key financial ratio

	2014	2015	
Liquidity ratio			
Account receivable turnover	5.92	5.36	times
Days Sales Outstanding (DSO)	61.66	68.10	days
Inventory turnover	4.95	4.80	times
Days Inventory Outstanding (DIO)	73.74	76.04	days
Account payable turnover	5.91	4.90	times
Days Payable Outstanding (DPO)	61.76	74.49	days
Cash cycle	73.64	69.65	days
Profitability ratio			
Gross profit margin	19.70	21.71	%
Net profit margin	6.27	9.71	%
Return on equity	6.58	10.20	%
Return on assets	5.19	7.82	%

4.5 Financial position as at 31 December 2015

Assets

As at 31 December 2015, GYT had total assets of THB 5,160 million, mainly comprising of property, plant and equipment (net) of THB 2,185 million or 42.35% of total assets and cash and cash equivalent of THB 1,268 million or 24.58 % of total assets.

Liabilities

As at 31 December 2015, GYT had total liabilities of THB 1,255 million, mainly was account payable and other payable of THB 1,014 million or 19.65% of total assets.

Equity

As at 31 December 2015, GYT had paid up capital of THB 74 million, premium on share capital of THB 92 million and retained earnings – unappropriated of 3,732 million.

4.6 Operating result as at 31 December 2015

Overall operating result

For the period from 1 January 2015 to 31 December 2015, GYT had revenue of THB 3,971 million, increased from 2014 by THB 175 million or 4.61%. Gross profit was THB 862 million or 21.71% of revenue, increased from 2014 by THB 114 million or 15.24%. Net profit was THB 385 million or 9.71% of revenue, increased from 2014 by THB 147 million or 61.76%.

Liquidity

Year 2015, Days Sales Outstanding (DSO) increased from 61.66 days in 2014 to 68.09 days in 2015. Days Inventory Outstanding (DIO) increased from 73.74 days in 2014 to 76.04 days in 2015. However, Days Payable Outstanding (DPO) increased from 61.76 days in 2014 to 74.49 days in 2015 that result to decreasing of cash cycle from 73.64 days to 69.65 days.

ANNEX 6: INFORMATION AND FINANCIAL STATUS REPORT OF THE GOODYEAR TIRE AND RUBBER COMPANY

1. General Information

1.1 Overall business operation

The Goodyear Tire and Rubber Company is one of the top tire manufacturers in the world with 49 production bases in 22 countries including the United States of America. GYT operates as a manufacturer and distributor of many kinds of tire which are passenger, truck and aviation tires as well as retread business marketing in many countries all over the world, headquartered in Ohio – USA.

1.2 Product and service

The product segments of ground tires.

- Passenger tires
- SUV tires
- High-performance tires
- Sport tires
- Pick-up/ van/ truck tires
- Off-road tires
- Commercial tires

The aviation tire's product segments.

- General aviation tires
- Business jet tires
- Commercial aviation tires
- Military aviation tires

1.3 Customer and sales channel

The Goodyear Tire and Rubber Company manufactures several kinds of tires to meet the demands of customers in many regions globally such as Asia Pacific, America, Europe, etc., and to make those customers confident that the products will have expected benefits by the use of innovative technology and efficient usage with reliable quality resistant to climate changes.

2. Shareholders' structure

Top 10 shareholders of The Goodyear Tire and Rubber Company are shown below

Rank	Major Shareholders	Number of share (share)	Portion (%)
1	Vanguard Group, Inc. (The)	23,666,446	8.90%
2	STATE STREET CORP	11,555,437	4.35%
3	Lsv Asset Management	8,826,368	3.32%
4	Adage Capital Partners GP L.L.C	8,485,852	3.19%
5	BlackRock Institutional Trust Company, N.A.	8,171,372	3.07%
6	AJO, LP	6,207,684	2.33%
7	Citadel Advisors LLC	6,193,438	2.33%
8	Diamond Hill Capital Management Inc	5,827,832	2.19%
9	Lyrical Asset Management LP	5,316,960	2.00%
10	Marcato Capital Management LLC	4,928,477	1.85%

Source: Nasdaq as of June 30, 2016

3. Management structure

Board of director as at 30 September 2016 are as following;

Rank	Directors' name	Position
1	William J. Conaty	Retired Senior Vice President
2	James A. Firestone	Executive Vice President and President
3	Werner Geissler	Retired Vice Chairman
4	Peter S. Hellman	Retired President
5	Laurette T. Koellner	Retired President
6	Richard J. Kramer	Chairman of the Board
7	W. Alan McCollough	Retired Chairman and Chief Executive Officer
8	John E. McGlade	Retired Chairman, President and Chief Executive Officer
9	Michael J. Morell	Retired Deputy Director
10	Roderick A. Palmore	Retired Executive Vice President, General Counsel, Chief Compliance and Risk Management Officer and Secretary General Mills, Inc.
11	Stephanie A. Streeter	Former Chief Executive Officer
12	Thomas H. Weidemeyer	Retired Senior Vice President and Chief Operating Officer
13	Michael R. Wessel	President

Management name list are as following;

Rank	Name	Position
1	Richard J. Kramer	Chairman of the Board, Chief Executive Officer and President
2	Laura K. Thompson	Executive Vice President and Chief Financial Officer
3	David L. Bialosky	Senior Vice President, General Counsel and Secretary
4	Paul Fitzhenry	Senior Vice President
5	Richard Kellam	Senior Vice President
6	Scott H. King	Senior Vice President
7	John T. Lucas	Senior Vice President
8	Joseph Zekoski	Senior Vice President and Chief Technical Officer
9	Bertram Bell	Assistant Secretary and Associate General Counsel
10	Richard J. Noechel	Senior Vice President, Business Transformation
11	Mark W. Putilar	Vice President and Chief Procurement Officer
12	Peter R. Rapin	Vice President and Treasurer
13	Daniel T. Young	Assistant Secretary and Senior Legal Counsel
14	Christopher R. Delaney	President
15	Jean-Claude Kihn	President
16	Stephen R. McClellan	President
17	Scott A. Honnold	Vice President
18	Michel Rzonzeŧ	Vice President
19	Daniel L. Smytka	Chief Operating Officer

4. Financial Status

Financial report consists of balance sheet, income statement and cash flow statement as at 31 December 2013, 31 December 2014 and 31 December 2015, which were audited by authorized auditor, and balance sheet, income statement as at 30 June 2016.

4.1 Balance sheet as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016

Unit: million USD	2013	% of total assets	2014	% of total assets	2015	% of total assets	30 Jun 16	% of total assets
Current Assets								
Cash and Cash Equivalents	2,996	17.09%	2,161	11.98%	1,476	8.98%	1,138	6.75%
Account Receivable	2,435	13.89%	2,126	11.78%	2,033	12.37%	2,475	14.68%
Inventories	2,816	16.07%	2,671	14.80%	2,464	14.99%	2,686	15.93%
Prepaid Expense Other Current Assets	254	1.45%	201	1.11%	168	1.02%	169	1.00%
Total Current Assets	8,501	48.50%	7,159	39.68%	6,141	37.36%	6,468	38.36%
Non - Current Assets								
Goodwill	668	3.81%	601	3.33%	555	3.38%	560	3.32%
Intangible Assets	138	0.79%	138	0.76%	138	0.84%	138	0.82%
Deferred Income Taxes	300	1.71%	2,253	12.49%	2,141	13.02%	2,028	12.03%
Other Assets	600	3.42%	740	4.10%	687	4.18%	706	4.19%
Property, Plant and Equipment	7,320	41.76%	7,153	39.64%	6,777	41.23%	6,960	41.28%
Total Non - Current Assets	9,026	51.50%	10,885	60.32%	10,298	62.64%	10,392	61.64%
Total Assets	17,527	100.00%	18,044	100.00%	16,439	100.00%	16,860	100.00%
Current Liabilities								
Accounts Payable - Trade	3,097	17.67%	2,878	15.95%	2,769	16.84%	2,643	15.68%
Compensation and Benefits	758	4.32%	724	4.01%	666	4.05%	605	3.59%
Other Current Liabilities	1,083	6.18%	950	5.26%	886	5.39%	855	5.07%
Notes Payable and Overdrafts	14	0.08%	30	0.17%	49	0.30%	145	0.86%
Long Term Debt and Capital Leases due within One Year	73	0.42%	148	0.82%	587	3.57%	346	2.05%
Total Current Liabilities	5,025	28.67%	4,730	26.21%	4,957	30.15%	4,594	27.25%
Non - Current Liabilities								
Long Term Debt and Capital Leases	6,162	35.16%	6,216	34.45%	5,120	31.15%	5,745	34.07%
Compensation and Benefits	2,673	15.25%	1,676	9.29%	1,468	8.93%	1,393	8.26%
Deferred Income Taxes	256	1.46%	90	0.50%	91	0.55%	90	0.53%
Other Long Term Liabilities	966	5.51%	905	5.02%	661	4.02%	630	3.74%
Total Non - Current Liabilities	10,057	57.38%	8,887	49.25%	7,340	44.65%	7,858	46.61%
Total Liabilities	15,082	86.05%	13,617	75.47%	12,297	74.80%	12,452	73.86%

Unit: million USD	2013	% of total assets	2014	% of total assets	2015	% of total assets	30 Jun 16	% of total assets
Shareholders' Equity								
Preferred Stock	500	2.85%	-	0.00%	-	0.00%		0.00%
Common Stock	248	1.41%	269	1.49%	267	1.62%	262	1.55%
Capital Surplus	2,847	16.24%	3,141	17.41%	3,093	18.82%	2,964	17.58%
Retained Earnings	1,958	11.17%	4,331	24.00%	4,570	27.80%	4,918	29.17%
Accumulated Other Comprehensive Loss	(3,947)	-22.52%	(4,131)	-22.89%	(4,010)	-24.39%	(3,962)	-23.50%
Minority Shareholders' Equity	839	4.79%	817	4.53%	222	1.35%	226	1.34%
Total shareholders' equity	2,445	13.95%	4,427	24.53%	4,142	25.20%	4,408	26.14%
Total liabilities and shareholders' equity	17,527	100.00%	18,044	100.00%	16,439	100.00%	16,860	100.00%

4.2 Statement of income for the period of 1 January 2013 – 31 December 2013, 1 January 2014 – 31 December 2014 and 1 January 2015 – 30 December 2015 and 1 January 2016 – 30 June 2016

Unit: million USD	2013	% of Sales	2014	% of Sales	2015	% of Sales	30 Jun 16	% of Sales
Sales	19,540	100.00%	18,138	100.00%	16,443	100.00%	7,570	100.00%
Cost of Goods Sold	15,422	78.93%	13,906	76.67%	12,164	73.98%	5,514	72.84%
Gross profit	4,118	21.07%	4,232	23.33%	4,279	26.02%	2,056	27.16%
Selling, Administrative and General Expense	2,816	14.41%	2,815	15.52%	2,728	16.59%	1,267	16.74%
Interest Expense	392	2.01%	428	2.36%	412	2.51%	195	2.58%
Loss on Deconsolidation of Venezuelan Subsidiary	-	0.00%	-	0.00%	646	3.93%	-	0.00%
Other Expense (Income)	97	0.50%	302	1.67%	(115)	-0.70%	26	0.34%
Income before Income Taxes	813	4.16%	687	3.79%	608	3.70%	568	7.50%
United States and Foreign Tax (Benefit) Expense	138	0.71%	(1,834)	-10.11%	232	1.41%	171	2.26%
Net Income	675	3.45%	2,521	13.90%	376	2.29%	397	5.24%
Less: Minority Shareholders' Net Income	46	0.24%	69	0.38%	69	0.42%	-	0.00%
Goodyear Net Income	629	3.22%	2,452	13.52%	307	1.87%	397	5.24%
Less: Preferred Stock Dividends	29	0.15%	7	0.04%	-	0.00%	11	0.15%
Goodyear Net Income available to Common Shareholders	600	3.07%	2,445	13.48%	307	1.87%	386	5.10%

**4.3 Statement of cash flows for the year ended 31 December 2013, December 2014, 31 December 2015, and
30 June 2016**

Unit: million USD	2013	2014	2015	30 Jun 16
Cash Flows from Operating Activities:				
Net Income	675	2,521	376	397
Depreciation and Amortization	722	732	698	355
Provisions for Deferred Income Taxes	(34)	(1,970)	79	87
Loss on Deconsolidation of Venezuelan Subsidiary	-	-	646	-
Net Gains on Asset Sales	(8)	(3)	(71)	(1)
Other Transactions	(1,043)	(1,216)	(126)	(7)
Change in Accounts Receivable	79	75	(31)	(417)
Change in Inventories	366	(35)	(89)	(176)
Change in Accounts Payable	(30)	(41)	78	(93)
Change in Compensation and Benefits	243	223	66	(104)
Other Current Liabilities	(28)	(40)	(28)	(68)
Other Assets and Liabilities	(4)	94	89	(93)
Total Cash Flows from Operating Activities	938	340	1,687	(120)
Cash Flows from Investing Activities:				
Capital Expenditures	(1,168)	(923)	(983)	(466)
Asset Dispositions	25	18	62	1
Decrease in Cash Due to Deconsolidation of Venezuelan Subsidiary	-	-	(320)	
Short Term Securities Acquired	(105)	(72)	(77)	(34)
Short Term Securities Redeemed	89	95	69	23
Other Transactions	23	31	(13)	11
Total Cash Flows from Investing Activities	(1,136)	(851)	(1,262)	(465)
Cash Flows from Financing Activities:				
Short Term Debt and Overdrafts Incurred	31	46	103	124
Short Term Debt and Overdrafts Paid	(120)	(24)	(84)	(36)
Long Term Debt Incurred	1,913	1,842	2,819	3,283
Long Term Debt Paid	(681)	(1,555)	(3,315)	(2,931)
Common Stock Issued	26	39	53	3
Common Stock Repurchased	(4)	(234)	(180)	(150)
Common Stock Dividends Paid	(12)	(60)	(68)	(38)
Preferred Stock Dividends Paid	(29)	(15)	-	-
Transactions with Minority Interests in Subsidiaries	(26)	(49)	(9)	(7)
Other Transactions	(16)	(1)	(304)	(23)
Total Cash Flows from Financing Activities	1,082	(11)	(985)	225
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(169)	(313)	(125)	22
Net Change in Cash and Cash Equivalents	715	(835)	(685)	(338)

Unit: million USD	2013	2014	2015	30 Jun 16
Cash and Cash Equivalents at Beginning of the Year	2,281	2,996	2,161	1,476
Cash and Cash Equivalents at End of the Year	2,996	2,161	1,476	1,138

4.4 Key financial ratio

	2014	2015	
Liquidity ratio			
Account receivable turnover	8.05	8.04	times
Days Sales Outstanding (DSO)	45.34	45.40	days
Inventory turnover	5.07	4.73	times
Days Inventory Outstanding (DIO)	72.00	77.17	days
Account payable turnover	4.65	4.31	times
Days Payable Outstanding (DPO)	78.49	84.69	days
Cash cycle	38.85	37.88	days
Profitability ratio			
Gross profit margin	23.37	26.07	%
Net profit margin	13.52	1.87	%
Return on equity	71.36	7.16	%
Return on assets	13.79	1.78	%

Remark: Key financial ratio is calculated by the IFA

4.5 Financial position as at 31 December 2015

Assets

At 31 December 2015, GTR had total assets of USD 16,439 million, mainly comprising property, plant and equipment, net of USD 6,777 million or 41.23% of total assets and inventory of USD 2,464 million or 14.99% of total assets.

Liabilities

As at 31 December 2015, GTR had total liabilities of USD 12,297 million, mainly was Long Term Debt and Capital Leases of USD 5,120 million or 31.15% of total assets.

Equity

As at 31 December 2015, GTR had shareholder's equity of USD 4,142 million or 25.20% of total assets.

4.6 Operating result as at 31 December 2015

Overall operating result

For the period from 1 January 2015 to 31 December 2015, GTR had sales revenue of USD 16,443 million, decreased from 2014 by USD 1,695 million or 9.35% and cost of goods sold of USD 12,156 million. Gross profit was USD 4,279 million increased from 2014 by USD 47 million, and Goodyear net income available to common shareholders was USD 307 million or 1.87% of sales revenue, decreased from 2014 by USD 2,138 million or 87.44%.

Liquidity

Year 2015, Days Sales Outstanding (DSO) increased from 45.34 days in 2014 to 45.40 days in 2015. Days Inventory Outstanding (DIO) increased from 72.00 days in 2014 to 77.17 days in 2015. However, Days Payable Outstanding (DPO) increased from 78.49 days in 2014 to 84.69 days in 2015 that result to a decrease of cash cycle from 38.85 days in 2014 to 37.88 days in 2015.

ANNEX 7: INFORMATION AND FINANCIAL STATUS REPORT OF GOODYEAR ORIENT COMPANY (PRIVATE) LIMITED

1. General Information

1.1 Overall of business operation

Goodyear Orient Company Private Limited (GOCPL), founded in 1917 and headquartered in Singapore, is a wholly owned subsidiary of the Goodyear Tire and Rubber Company. GOCPL facilitates the purchase of natural rubber and distributes it to affiliates of Goodyear Group all over the world. Moreover, it also engages in the marketing and trading of aviation and automotive tires and other tire-related products.

GOCPL, as a supplier and purchaser of natural rubber, has major responsibilities as follows;

- Find trustworthy and reliable supplier, which must be approved by GOCPL.
- Review quality of natural rubber to meet the standard of Goodyear Group such as manufacturing plants and processes.
- Negotiates natural rubber supply agreement as well as price, discount and payment terms with suppliers.
- Manage and negotiate with delivery agent to ensure that a delivery process is in line with agreements in timely and cost-efficient manner.

1.2 Customer and sales channel

GOCPL operates as a supplier, purchaser, distributor and marketer of several types of aviation and automotive tires. GOCPL sources tires from third parties and affiliates in the Goodyear Group, and markets and sells them to third party customers and affiliates in the Asia Pacific region. GOCPL is also responsible for global natural rubber procurement operations of the Goodyear Group.

2. Shareholders' structure

GOCPL is wholly owned by The Goodyear Tire and Rubber Company

3. Financial status

Financial report consists of balance sheet, income statement and cash flow statement as at 31 December 2013, 31 December 2014 and 31 December 2015, which were audited by authorized auditor.

3.1 Balance sheet as at 31 December 2013, 31 December 2014 and 31 December 2015

(Unit: USD million)	2013	% of total assets	2014	% of total assets	2015	% of total assets
Current assets						
Cash and cash equivalent	50	7.37%	44	7.20%	39	6.43%
Trade and other receivables	454	66.61%	393	64.35%	400	65.30%
Inventories, net	11	1.55%	9	1.50%	9	1.42%
Other current assets	4	0.62%	3	0.54%	3	0.53%
Total current assets	519	76.15%	449	73.59%	451	73.67%
Non-current assets						
Goodwill	-	0.00%	-	0.00%	-	0.00%
Deferred expenses	4	0.56%	3	0.54%	3	0.54%
Assets available-for-sales	2	0.36%	2	0.40%	2	0.40%
Investment in subsidiaries	150	22.09%	150	24.66%	150	24.58%
Property, plant and equipment, net	6	0.86%	6	0.98%	6	0.95%
Total non-current assets	162	23.79%	161	26.39%	161	26.31%
Total assets	681	100.00%	610	100.00%	612	100.00%
Current liabilities						
Trade and other payables	286	41.99%	197	32.24%	161	26.37%
Current income tax payable	5	0.68%	6	1.02%	5	0.80%
Total current liabilities	291	42.67%	203	33.25%	166	27.18%
Non-current liabilities						
Other liabilities	-	0.00%	0	0.02%	0	0.02%
Total non-current liabilities	-	0.00%	0	0.02%	0	0.02%
Total liabilities	291	42.67%	203	33.28%	166	27.19%
Shareholder's equity	390	57.33%	407	66.72%	446	72.90%
Total shareholder's equity	390	57.33%	407	66.72%	446	72.90%
Total liabilities and shareholder's equity	681	100.00%	610	100.00%	612	100.00%

3.2 Statement of income for the period of 1 January 2013 – 31 December 2013, 1 January 2014 – 31 December 2014 and 1 January 2015 – 30 December 2015

(Unit: USD million)	2013	% of sales	2014	% of sales	2015	% of sales
Sales	1,569	100.00%	959	100.00%	746	100.00%
Cost of sales	(1,517)	96.67%	(904)	94.23%	(690)	92.50%
Gross profit	52	3.33%	55	5.77%	56	7.50%
Selling and administration expense	(12)	0.74%	(14)	1.46%	(13)	1.79%
Other income	6	0.36%	6	0.64%	6	0.86%
Other profit (Loss)	(0)	(0.02%)	(0)	(0.02%)	0	0.01%
Income tax expense	(3)	0.17%	(5)	0.55%	(5)	0.64%
Net Profit	43	2.76%	42	4.38%	44	5.94%

3.3 Statement of cash flow for the year ended 31 December 2014 and 31 December 2015

(Unit: USD million)	2014	2015
Cash flow from operating activities	73	29
Investing activities		
Additions to property, plant and equipment	(1)	(2)
Dividend received from subsidiary	3	3
Cash flow from investing activities	2	1
Financing Activities		
Dividend Paid	(25)	(6)
Disbursement of loan to related corporations	(56)	(29)
Cash flow used in financing activities	(81)	(35)
Net cash flow	(6)	(5)
Beginning cash flow	50	44
Ending cash	44	39

3.4 Key financial ratio

	2014	2015	
Liquidity ratio			
Account receivable turnover	4.67	4.82	times
Days Sales Outstanding (DSO)	78.16	75.73	days
Inventory turnover	90.4	76.67	times
Days Inventory Outstanding (DIO)	4.04	4.76	days
Account payable turnover	4.03	4.17	times
Days Payable Outstanding (DPO)	90.57	87.53	days
Cash cycle	(8.37)	(7.04)	days
Profitability ratio			
Gross profit margin	5.77	7.50	%
Net profit margin	4.38	5.94	%
Return on equity	10.32	9.87	%
Return on assets	6.89	7.19	%

Remark: Key financial ratio is calculated by the IFA

3.5 Financial position as at 31 December 2015

Assets

As at 31 December 2015, GOCPL had total assets of USD 612 million, mainly comprising trade and other receivables of USD 400 million or 65.30% of total assets and investment in subsidiaries of USD 150 million or 24.58% of total assets.

Liabilities

As at 31 December 2015, GOCPL had total liabilities of USD 166 million, mainly was trade and other payables of USD 161 million or 26.37% of total assets.

Equity

As at 31 December 2015, GOCPL had shareholder's equity of USD 446 million.

3.6 Operating result as at 31 December 2015

Overall operating result

For the period from 1 January 2015 to 31 December 2015, GOCPL had revenue of USD 746 million, decreased from 2014 by USD 213 million or 22.21% and cost of sales of USD 690 million. Gross profit was USD 56 million, increased slightly from 2014 with net profit of USD 44 million or 5.94% of revenue.

Liquidity

Year 2015, Days Sales Outstanding (DSO) decreased from 78.16 days in 2014 to 75.73 days in 2015 because of economic reason. Days Inventory Outstanding (DIO) increased from 4.04 days in 2014 to 4.76 days in 2015 whereas days Payable Outstanding (DPO) decreased from 90.57 days in 2014 to 87.53 days in 2015. All of these result to an increase in cash cycle from minus 8.37 days in 2014 to minus 7.04 days in 2015.

