

(Translation)

October 30, 2008

Name of Company: Asahi Tec Corporation  
Representative: Hideo Ishii  
President & Representative  
Executive Officer  
Code No: 5606  
Tokyo Stock Exchange 1st Section  
Contact: Yoshio Koyano  
Controller  
(Phone: 0537-36-3103)

### **Announcement of Issuance of New Shares by Third Party Allotment**

Asahi Tec Corporation ("Asahi Tec" or the "Company") hereby announces that the Company's board of directors, at its meeting held on October 30, 2008, passed a resolution to issue new shares by third party allotment as follows:

#### **1. Purpose of Issuance of New Shares by Third Party Allotment**

The Company will allocate the entire proceeds to an equity investment in Metaldyne Corporation, our wholly owned U.S. subsidiary ("Metaldyne") (or to repay the Company's borrowing which the Company may have incurred for the purpose of such equity investment) in order to strengthen the financial base of Metaldyne in the course of its business restructuring and to retire a part of its outstanding notes.

We believe this fund raising, in addition to those implemented as of July 15 and October 15, 2008, is necessary to strengthen the financial base of Metaldyne and to reduce its indebtedness with interest, under the circumstances where the US market and the automotive industry have substantially weakened, where the economy is in a slowdown, and where the world suffers the financial instability accelerated by this current situation, although Metaldyne continues to implement the plans to improve its profitability and reduce its costs.

The third party allotments above as of July 15 and October 15, 2008, were implemented to ensure compliance with the agreements with banks in which Metaldyne is a borrower as well as to strengthen the general financial base (such as to secure cash flow) of Metaldyne. This third party allotment, in addition to the last two allotments, will be conducted primarily to raise funds for the Company and Metaldyne intends to make a tender offer for Metaldyne's outstanding notes and retire the same for the purpose of substantially reducing its indebtedness with interest.

In regard to the third party allotment as of October 15, 2008, although we intended to raise up to JPY 3 billion, the amount actually raised was JPY 1 billion because Metaldyne's income level was higher than expected and we determined that such amount would be sufficient for the

purpose of the planned use of the proceeds of the allotment.

The proceeds of this third party allotment is planned to be used mainly for the tender offer of the notes and for reduction of the indebtedness. By retiring the outstanding notes, Metaldyne may substantially reduce its costs, which could be a significant move due to the current situation where the US market and the automotive industry have substantially weakened as mentioned above. In addition, because of the uncertainty in the global financial market, it is becoming more difficult to obtain credit and the allotment is expected to significantly improve the balance sheet. Under such circumstances, Metaldyne has decided to launch a tender offer of Metaldyne's notes and to reduce its indebtedness at this time.

Since the closing of the tender offer is subject to fulfilling certain conditions (including the tender by 95% or more of the noteholders in the principal amount, which can be waived), and the timing is uncertain, the number of shares to be actually allotted and the timing shall be determined at a later stage. In light of the expeditious fund raising, the third party allotment to the largest shareholder is the most preferable measure and we have already obtained the largest shareholder's consent. Since the exact timing and amount necessary to retire the outstanding notes are not yet determined, the number of shares to be actually allotted and the timing shall be determined at a later stage upon discussion with the allottee, within the period for payment and the number of the shares to be issued as described below. Further, if necessary conditions such as relevant foreign investment regulatory authority's approval are not satisfied by the time of the share issuance with respect to a part of the funds (approximately JPY 1 billion) to be raised in this third party allotment, we plan to borrow up to USD 10 million from the largest shareholder or its affiliate under a certain subordinated loan agreement in lieu of the third party allotment, and contribute the same into Metaldyne, resulting up to USD 50 million contribution from the Company into Metaldyne in total. We will make an announcement on the moving matters as soon as the timing and the number are determined.

## **2. Amount of Capital to be Raised and Use of Proceeds**

### **(1) Amount of Capital to be Raised (approximate amount after deduction of expenses)**

Up to approximately JPY 5,267 million

### **(2) Detailed Use of Proceeds**

All proceeds will be allocated to an equity investment in Metaldyne in order to increase its capital to strengthen the financial based of Metaldyne and reduce its indebtedness with interest (or to repay the Company's borrowing which the Company may have incurred for the purpose of such equity investment). Additionally, as mentioned above, since the exact timing and amount necessary to retire the outstanding notes are not yet determined, we can not specify the number of shares and timing of the payment to be made by the allottee. For this reason, we stated a certain period for the payment.

### **(3) Expected Timing of Use of Proceeds**

From November 2008 to January 2009

#### (4) Rationale for Use of Proceeds

We believe that the amount of this third party allotment is reasonable, for the purpose of strengthening Metaldyne's financial base in the course of its business restructuring and of retiring a part of its outstanding notes in order to reduce its indebtedness with interest.

The third party allotments mentioned above as of July 15 and October 15, 2008, were implemented to maintain compliance with the agreements with banks in which Metaldyne is a borrower as well as to strengthen the general financial base (such as to secure cash flow) of Metaldyne. This third party allotment, in addition to the last two allotments, will be conducted mainly to raise funds for the Company and for Metaldyne to make a tender offer for Metaldyne's outstanding notes and retire the same for the purpose of substantially reducing its indebtedness with interest.

### 3. Financial Performance and Equity Finance for the Past Three Years

#### (1) Financial Performance for the Past Three Years (Consolidated)

(Million Yen)

Fiscal Year Ended	99th FY	100th FY	101st FY
	March 31, 2006	March 31, 2007	March 31, 2008
Sales Volume	57,994	145,702	315,885
Ordinary Income (Loss)	2,013	3,276	3,340
Current Earnings (Loss)	1,447	(162)	(8,602)
Net Income (Loss)	(282)	(665)	(34,818)
Net Income (Loss) per Share (in yen)	(3.74)	(6.40)	(137.91)
Dividend per Share (in yen)	-	-	-
Net Assets per Share (in yen)	161.69	190.39	81.94

**(2) Outstanding Shares and Potential Shares (as of October 15, 2008)**

Type	Number of Common Shares	Ratio to Outstanding Shares
Outstanding Common Shares	347,321,632 shares (among which shares with voting right: 346,315,000 shares)	100%
Potential Shares upon Current Conversion Price or Exercise Price	101,274,922 shares	24.74%

- Note: 1. Potential Shares include the number of common shares to be converted from 28,572,000 shares of the outstanding Class A Preferred Shares, 10,526,316 shares of the outstanding Class B Preferred Share and 179,179 shares of the outstanding Class C Preferred Shares as well as the number of common shares to be delivered upon exercise of stock options.
2. Potential Shares' Ratio to Outstanding Shares includes common shares in the ratio of 9.59% which are to be converted from the outstanding Class A, Class B and Class C Preferred Shares.

**(3) Recent Movement of the Share Price of Asahi Tec****(i) Share Price for the Past Three Years**

(Yen)

FY ended	March 31, 2006	March 31, 2007	March 31, 2008
Opening Price	228	320	207
Highest Price	387	473	238
Lowest Price	196	180	74
Closing Price	318	208	88

**(ii) Share Price for the Past Six Months**

(Yen)

	May	June	July	August	September	October
Opening Price	85	84	76	71	59	50
Highest Price	91	90	77	73	46	50
Lowest Price	83	83	65	61	43	25
Closing Price	83	87	73	61	46	36

**(iii) Share Price on the Date Prior to Resolution**

(Yen)

	October 29, 2008
Opening Price	38
Highest Price	39
Lowest Price	36
Closing Price	36

**(4) The Equity Finance Being Proposed**

## New Shares Issued by Third Party Allotment

Date of Issuance	From November 17, 2008 to January 13, 2009
Amount of Funds to be Raised	Up to approximately JPY 5,220,000,000 (approximate amount after deduction of expenses) (Total Issue Price JPY 5,267,522,000 in the maximum)
Outstanding Shares prior to Offering	Common Shares                    308,044,137 shares Class A Preferred Shares    28,572,000 shares Class B Preferred Shares    10,526,316 shares Class C Preferred Shares     179,179 shares
Shares to be Issued This Time	Common Shares                    The number of shares agreed with and paid by the allottee within approximately 138,619,000shares
Outstanding Shares after the Proposed Offering	Common Shares                    Up to 446,663,137shares Class A Preferred Shares    28,572,000 shares Class B Preferred Shares    10,526,316 shares Class C Preferred Shares     179,179 shares
Allottee	RHJ International SA/NV

**(5) Equity Finance for the Past Three Years**

## Third Party Allotment

Date of Issuance	October 15, 2008
Amount of Funds to be Raised	Approximately JPY 1,031,000,000 (approximate amount after deduction of expenses) (Total Issue Price JPY1,051,100,600)
Outstanding Shares prior to Offering	Common Shares 282,407,537 shares Class A Preferred Shares 28,572,000 shares Class B Preferred Shares 10,526,316 shares Class C Preferred Shares 179,179 shares
Shares to be Issued This Time	Common Shares 25,636,600 shares
Outstanding Shares after the Proposed Offering	Common Shares 308,044,137 shares Class A Preferred Shares 28,572,000 shares Class B Preferred Shares 10,526,316 shares Class C Preferred Shares 179,179 shares
Allottee	RHJ International SA/NV
Initial Use of Proceeds	To make capital contribution to Metaldyne Corporation, our wholly owned U.S. subsidiary
Expected Timing of Disbursement	October 15, 2008
Current Status of Use	All used

## Third Party Allotment

Date of Issuance	July 15, 2008
Amount of Funds to be Raised	JPY 1,770,000,000 (approximate amount after deduction of expenses) (Total Issue Price JPY 1,800,000,000)
Outstanding Shares prior to Offering	Common Shares 259,907,537 shares Class A Preferred Shares 28,572,000 shares Class B Preferred Shares 10,526,316 shares Class C Preferred Shares 179,179 shares
Shares to be Issued This Time	Common Shares 22,500,000 shares
Allottee	RHJ International SA/NV
Initial Use of Proceeds	To make capital contribution to Metaldyne Corporation, our wholly owned U.S. subsidiary
Expected Timing of Disbursement	July 15, 2008
Current Status of Use	All Used

## Public Offering

Date of Issuance	March 5, 2007
Amount of Funds Raised	JPY 8,523,900,000 (approximate amount after deduction of expenses) (Total Issue Price JPY 8,877,000,000)
Outstanding Shares prior to Offering	Common Shares 226,901,537 shares Class A Preferred Shares 28,572,000 shares Class B Preferred Shares 10,526,316 shares Class C Preferred Shares 179,179 shares
Shares Issued in the Offering	Common Shares 33,000,000 shares
Initial Use of Proceeds	To make capital contribution or loan to Metaldyne Corporation, a subsidiary of the Company, in order for it to repay its borrowings etc.
Expected Timing of Disbursement	March 13, 2007
Current Status of Use	All Used

## Third Party Allotment

Date of Issuance	January 11, 2007
Amount of Funds Raised	JPY 45,791,860,046 (approximate amount after deduction of expenses) (Total Issue Price JPY 45,801,860,046)
Outstanding Shares prior to Offering	Common Shares 60,300,081 shares Class A Preferred Shares 28,572,000 shares Class B Preferred Shares 10,526,316 shares
Shares Issued in the Offering	Common Shares 166,581,405 shares Class C Preferred Shares 179,179 shares
Allottee	Common Shares: RHJ International SA/NV, Mitsui & Co., Ltd., Metaldyne Investment Fund I, LLC and others, 29 persons in total Class C Pref Shares: Chrysler, LLC, Masco Corporation
Initial Use of Proceeds	To use for acquisition of Metaldyne Corporation.
Expected Timing of Disbursement	January 11, 2007
Current Status of Use	All Used

## Third Party Allotment

Date of Issuance	March 28, 2006
Amount of Funds Raised	JPY 2,970,000,060 (approximate amount after deduction of expenses) (Total Issue Price JPY 3,000,000,060)
Outstanding Shares prior to Offering	Common Shares 60,273,313 shares Class A Preferred Shares 28,572,000 shares
Shares Issued in the Offering	Class B Preferred Shares 10,526,316 shares
Allottee	RHJ International SA/NV
Initial Use of Proceeds	Repay debt that was borrowed for the purpose of business acquisition
Expected Timing of Disbursement	March 28, 2006
Current Status of Use	All Used



#### 4. Major Shareholders and Shareholding Percentage

Prior to Offering (as of October 15, 2008)		After Offering	
RHJ International SA/NV	45.30%	RHJ International SA/NV	60.94%
Mitsui & Co., Ltd.	16.42%	Mitsui & Co., Ltd.	11.73%
Metaldyne Investment Fund I, LLC	9.82%	Metaldyne Investment Fund I, LLC	7.01%
Credit Suisse Securities (USA) LLC, Special for Excl Bene	2.63%	Credit Suisse Securities (USA) LLC, Special for Excl Bene	1.88%
CHUO MITSUI Growth Capital Investment Limited Partnership II	2.10%	CHUO MITSUI Growth Capital Investment Limited Partnership II	1.50%
Japan Casting III LP 104020	1.64%	Japan Casting III LP 104020	1.17%
CBNYDFA Internatinal Cap Portfolio	0.72%	CBNYDFA Internatinal Cap Portfolio	0.52%
Masco Corporation	0.62%	Masco Corporation	0.44%
HIP Side-by-Side Partners, L.P.	0.59%	HIP Side-by-Side Partners, L.P.	0.42%
Mitsubishi Fuso Truck and Bus Corporation	0.48%	Mitsubishi Fuso Truck and Bus Corporation	0.34%

Note: Shareholding percentages as of October 15, 2008 are calculated based on the number of shares held by each shareholder as of September 30, 2008 and take into account the newly issued 25,636,600 shares pursuant to the third party allotment effective October 15, 2008.

The percentages after the offering are based upon the assumption that the allottee will pay for all of the 138,619,000 shares.

#### 5. Expected Impact on Financial Performance

The impact on the financial performance of the Company for this fiscal year by this third party allotment is being reviewed by the Company.

#### 6. Reasonableness of Terms of Issuance, etc.

##### (1) Basis for Calculation of Issue Price

The issue price (JPY 38 per share) is determined as an appropriate price in light of the necessary amount to raise and the below mentioned dilution effect in this third party allotment, while the average closing price of the common stock of the Company on the Tokyo Stock Exchange for ten (10) trading days immediately prior to the date of the board

resolution is 36 (which is 105.6 % of the closing price as of October 29).

## (2) Reason for Having Decided that Issuance Volume and Dilution Effect are Reasonable

As stated above, the issue price is determined at an appropriate level in light of the market price of our common shares, and the number of shares to be issued is determined based upon the amount of funds to be raised. Although the newly issued shares by this third party allotment will have the effect of diluting the current outstanding shares by 39.9%, the allottee does not intend to trade the shares on a short-term basis, and will make consideration to avoid unwanted confusion in the market. The Company plans to use the amount of capital raised to make an equity investment in Metaldyne, our wholly owned U.S. subsidiary, and retire a part of its outstanding notes, in order to strengthen its financial basis and to reduce its indebtedness with interest. By strengthening Metaldyne's financial basis, its business activities will stabilize which will add value to the whole Asahi Tec group, continuing its global strategy of growth. Therefore, we believe that the number of shares to be issued pursuant to the third party allotment and the degree of dilution due to such issuance are also reasonable for existing shareholders.

## 7. Reason for Selecting Allottee

### (1) Overview of Allottee

(i)	Commercial Name	RHJ International SA/NV
(ii)	Business	Holding Company
(iii)	Formation Date	June 28, 2004
(iv)	Head Office	326 Avenue Louise, 1050 Brussels, Belgium
(v)	Title and Name of Representative	Timothy C. Collins, Co-CEO
(vi)	Capital Amount	JPY 88,491million (as of March 31, 2008)
(vii)	Outstanding Shares	85,545,547 shares
(viii)	Net Asset	JPY 261,102 million (consolidated)
(ix)	Total Asset	JPY 758,310 million (consolidated)
(x)	Fiscal Year	From April 1 to March 31 of each year
(xi)	Number of Employees	24,615 persons (consolidated)
(xii)	Large Shareholders and Holding Ratio (as of March 31, 2008)	1. Timothy C. Collins : 15.37% 2. BlackRock Group : 5.91% 3. Davis Selected Advisors L.P.: 5.048% 4. Third Avenue Management LLC : 5.001% 5. Lord Rothschild (Jacob) : 4.74%

	6. Bank of America Corporation: 4.00% 7. Ziff Asset Management LP: 3.21% 8. Mitsubishi Corporation : 2.93%	
Relationship (xiii) between Allottee and the Company	Capital Relationship (As of October 15, 2008)	Prior to Allotment, holding 45.30% of the voting rights of the Company.  Class A Preferred Shares: 22,858,000 shares Class B Preferred Shares: 10,526,316 shares Common Shares: 123,527,719 shares  (Details after the Allotment) Class A Preferred Shares: 22,858,000 shares Class B Preferred Shares: 10,526,316 shares Common Shares: Up to 262,146,719 shares
	Trade Relationship	No relationship
	Human Relationship	No relationship
	Related Party	The allottee owns 45.30% of the voting rights of the Company, and is the "parent company" of the Company.

## (2) Reason for Selecting Allottee

In light of the size and expeditious manner of the capital raising, we believe that it was the most practical approach to obtain the understanding and support from the largest shareholder and allot the shares to the same in order to launch a tender offer and to retire Metaldyne's notes and consequently strengthen its financial base.

## (3) Allottee's Policy for Holding Shares

We are advised by the allottee that, if the allottee subscribes to the shares of the Company through the third party allotment, the allottee intends to hold the shares of the Company for the mid-term or long-term. In addition, we are seeking assurance from the allottee that it will give us a written report without delay if it should transfer, within two (2) years, the newly issued and allotted shares pursuant to this third party allotment.

- End -

## (Attachment) Terms of Share Issuance

- (1) Type and Number of Shares Issued: Common stock; up to 138,619,000 shares
- (2) Issue Price: JPY 38 per share
- (3) Total Amount of Issue Price: Up to JPY 5,267,522,000
- (4) Amount of Issue Price to be Credited into Capital:  
JPY 19 per share (Up to JPY 2,633,761,000 in total )
- (5) Method of Allotment: Third Party Allotment
- (6) Subscription Application Date: November 16, 2008
- (7) Payment Period: From November 17, 2008 to January 13, 2009
- (8) Delivery Date of Share Certificates: Not yet determined
- (9) Party and Number of Shares to be Allotted:  
RHJ International SA/NV; up to 138,619,000 shares
- (10) Other items stated in the securities registration statement with respect to the relevant shares:  
N/A

- End -