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Formulation of New Mid-term Business Plan – “Mid-term ’14 GO BEYOND”

Toyo Tire & Rubber Co., Ltd. (Akira Nobuki, president) announces the formulation of its new three-year mid-term business plan “Mid-term ’14 GO BEYOND” with 2014 as the start point and 2016—three-years later—as a midpoint at which to achieve specific targets, while looking forward five years to 2018.

In May 2011, the company announced “Vision 2020,” our vision for the Toyo Tires group in 2020, as well as “Mid-term ’11,” in which we identified our goals for the first five years of the period leading up to 2015 and based on which we have grown our business. Over the past three-year period, while aided by the tail wind of a favorable external environment, including correction of the strong yen and stabilization of raw material prices, in response to changes in the business climate we were able to achieve our Mid-term ’11 targets ahead of schedule by boosting our supply capacity and steadily implementing other measures based on the initial plan, while improving our product and market mixes and using our own portfolio as a strength in strategically utilizing our resources.

Given the changes to the environment that have occurred in a brief period of time, based on anticipated future global economic trends we have created a new mid-term growth scenario for the future, and have formulated this new mid-term business plan as a declaration of our intent to take on the challenge of an even higher business stage.

We will work to achieve the growth scenario we have drawn up, and based on the slogan “GO BEYOND” all company employees will join as one to go beyond where we are today and strive to become a unique company whose presence shines through globally.

■ “Mid-term ’14” Business Objectives

Year ending December 2016	Consolidated	Tire Business Unit	Diver Tech Business Unit, Other
Net Sales	470 billion yen	380 billion yen	90 billion yen
Operating Income	52 billion yen	46 billion yen	6 billion yen
Operating Margin	11.1%	12.1%	6.7%
ROA	10% or above	—	—
Capital Investment	130 billion yen	105 billion yen	25 billion yen

(Assumed exchange rate 1US\$=100 yen; 1€=135 yen)

Capital investment means cumulative amount from FY204 to FY2016)

■ Management Policy

Financial Policy	Emphasis on balanced fund procurement accompanying soundness of financial strength and growth investments, maintaining a D/E ratio of 0.9 or less.
Shareholder Return Policy	Return of a stable, ongoing dividend upon securing internal reserves in order to fortify the company’s financial strength and growth.

Dividend Payout	Dividend payout of more than 20% as an index, upon consideration of various conditions.
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■Tire Business Strategy

Product Strategy	<ul style="list-style-type: none"> * Fortify revenue base by optimizing product mix and expanding sales. In the global market, aggressively boost sales in the SUV/CUV/pickup truck category and further solidify the company's unique presence. * Strengthen product development capacity in truck & bus tire category. Achieve top-class product competitiveness through differentiating technology.
Market Strategy	<ul style="list-style-type: none"> * Bolster market mix adapted to market movement. 〔North America〕 Focus on supply capacity and sales force as source of revenue. 〔Japan, Europe, Middle East〕 Identify market characteristics and develop foundation in the medium term. 〔China, Southeast Asia, Central and South America〕 Launch strategies for the unique themes of each market.
Brand Strategy	<ul style="list-style-type: none"> * North America Further establish overwhelming presence in North America through off-road racing sponsorships and digital communications. * Globally Boost identity in global marketplace through influential content in the form of AC Milan Premium Sponsorship.
Supply Strategy	<ul style="list-style-type: none"> * Increase supply capacity globally and boost overseas production ratio. * Realize an optimal supply system through efficient & effective operation of a flexible supply foundation.
Technology Strategy	<ul style="list-style-type: none"> * Further elevate technical superiority. Balance both aesthetic quality and high performance through differentiating technology. Speed up development and boost cost competitiveness.

■Diver Tech Business Strategy

Automotive rubber products business unit	<ul style="list-style-type: none"> * Secure position as a global supplier. * Build up a global supply system.
Automotive urethane products business unit	<ul style="list-style-type: none"> * Sales strategy focused on technological prowess. * Reconstruct a domestic supply system.
Chemical & industrial products business unit	<ul style="list-style-type: none"> * Expand and deeply cultivate priority businesses. * Cultivate developing markets.

■Corporate Function Strategy

Environmental Initiatives	<ul style="list-style-type: none"> * Increase lineup of environmentally friendly products. * Reduce environmental burden of business activities.
Involvement in Society	<ul style="list-style-type: none"> * Reinforce the Group's human resource base and work environment. * Enhance philanthropic programs. * Further promote global procurement.

Corporate Governance	<ul style="list-style-type: none">* Strengthen group governance.* Thorough compliance.
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