

(Translation of report file with Tokyo Stock Exchange on February 15, 2017)

Notice of reduction of capital and capital reserve

Osaka, Japan - February 15, 2017 - Toyo Tire & Rubber Co., Ltd. (hereinafter referred to as "the Company"; President: Takashi Shimizu) announced today that it has resolved, at its meeting of the Board of Directors held on 15 February, 2017, to submit a proposal on the reduction of capital and capital reserve to the 101th annual shareholders meeting to be held on March 30, 2017 as described below.

1. Purpose of reduction of capital and capital reserve

The Company's basic policy is to pay appropriate dividends based on a stable earnings structure from a long-term perspective. Based on this policy, while striving to supplement the available amount required for distribution as shareholder dividends, the Company will reduce capital and capital reserve under the provisions of Article 448 Paragraph 1 of the Companies Act and transfer this to other capital surplus and retained earnings carried forward to boost the flexibility and mobility of future capital policies.

2. Overview of reduction of capital and capital reserve

(1) Reduced capital and capital reserve

A reduction of 20,885,843,918 yen of 28,507,000,916 yen in capital, to 7,621,156,998 yen.

A reduction of 2,568,864,180 yen of 2,568,864,180 yen (entire amount) in capital reserve, to 0 yen.

(2) Method of reduction of capital and capital reserve

Transfer of entire reduced capital amount to other capital surplus and entire reduced capital reserve amount to retained earnings carried forward.

3. Schedule of reduction of capital and capital reserve

(1) Board of Directors resolution date: February 15, 2017

(2) Creditor objection statement notice: February 21, 2017 (tentative)

(3) Creditor objection statement final deadline: March 21, 2017 (tentative)

(4) Ordinary shareholder meeting resolution date: March 30, 2017 (tentative)

(5) Effective date: March 30, 2017 (tentative)

4. Future outlook

This is a transfer of net assets between accounts with no fluctuation in the Company's net assets, and will have no impact on business performance. There will also be no change to the previously announced year-end projected dividend of 25 yen per share for the year ended December 2016. This matter will require approval at the 101st ordinary meeting of shareholders scheduled for March 30, 2017.