

# Strategy for Optimizing Tire Production

Despite moving past the period of sluggish demand caused by worldwide deceleration of the economy after the financial crisis, the environment surrounding the tire business saw intensifying global competition and raw material price hikes. Amid such circumstances, the Sumitomo Rubber Group is accelerating business development on a global scale with the aim of achieving its Long-Term Vision.

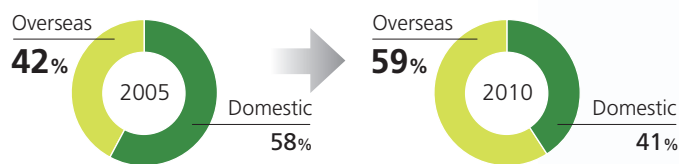
## Shifting to Growing Markets

Confronting a stagnant growth rate in domestic car ownership, Sumitomo Rubber Industries must promote an international strategy for its Tire business. To that end, on the sales front, the Company established sales subsidiaries in Russia, the Middle East and Latin America, where the potential for growth is large, while expanding sales in the burgeoning Asian market. In the mega markets of North America and Europe, the Company has expanded marketing channels by leveraging the Falken brand. As a result, the overseas sales ratio in 2010 rose to 59%, making unexpectedly fast progress toward the Long-Term Vision goal of 65%

by 2015. In tandem with the reinforcement of overseas sales network structure, the Company is striving to increase the ratio of production accounted for by factories in Indonesia, China and Thailand, promoting the establishment of an optimal production system to enhance cost-competitiveness

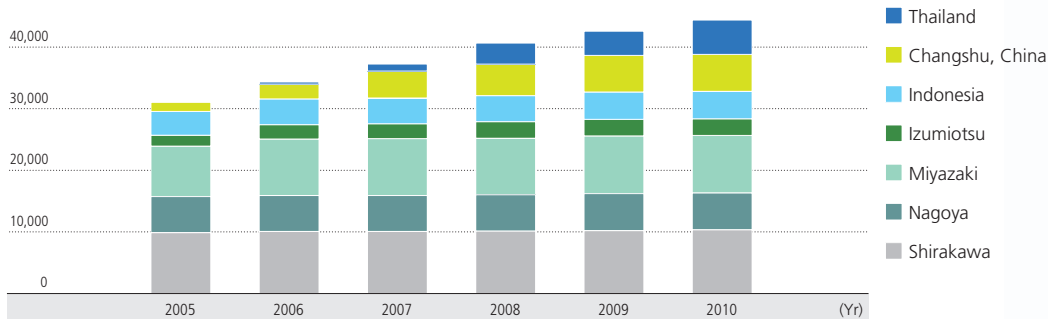
and working to reduce distribution costs and foreign exchange risks. In 2010, Sumitomo Rubber Industries' overseas tire production ratio reached 43%. The Company will strive to further enhance its production capacity in growing markets.

### Tire Sales by Region\*



### Tire Production Capacity

(tons/month)  
50,000

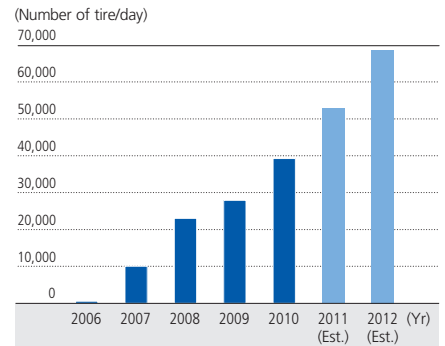


## Thai Factory Expands Production

As a key strategy for global business growth, Sumitomo Rubber Industries aims to double sales of replacement tires in Asia from the 2009 level by 2015. In addition to this specific objective, the Company needs to further reinforce its supply system to meet burgeoning demand in Asian countries. Therefore, the Company is planning to increase the daily production capacity at its factory in

Thailand to approximately 70,000 tires, or 2.5 times the 2009 capacity, by the end of 2012. Potentially, this plant's daily production capacity could be expanded to approximately 100,000 tires. In light of this, the Company will endeavor to make the factory in Thailand its largest export hub.

### Production Capacity at the Factory in Thailand



## Construction of New Factory in China Commences

In September 2010, Sumitomo Rubber Industries commenced the construction of a new tire factory in Changsha City, Hunan, China. In 2009, China has edged out the United States to become the world's largest automobile market and is expected to record a high annual growth rate of around 10% over the next five years. Ahead of this trend, Sumitomo Rubber Industries established a factory in Changshu City, Jiangsu, in 2004

to conduct production and sales activities. However, the Company concluded that it was necessary to establish a new factory in order to meet ongoing market expansion. Plans are for this factory to commence operations in July 2012. The Company expects the factory's daily production capacity to reach 15,000 tires by the end of 2014 and 30,000 tires by the end of 2017.

Aiming to expand sales in growing markets, the Sumitomo Rubber Group will make every effort to optimize the supply-demand balance on a global scale while strengthening cost-competitiveness.



Shirakawa, Nagoya, Miyazaki, Izumiotsu factories



The groundbreaking ceremony



Rendering