

Tire Business

Profile

- Sumitomo Rubber Industries engages in the manufacture and sale of tires primarily consisting of the Dunlop, Falken and Goodyear brands.
- In 1999, Sumitomo Rubber Industries formed a global tire business alliance with The Goodyear Tire & Rubber Company. This alliance helped to generate joint ventures for production and sales activities in Europe and North America, as well as to boost sales in Japan. Other benefits included synergies created through tire technology exchange and the joint procurement of raw materials and manufacturing equipment.



ENASAVE RV503



ENASAVE EC202



ZIEX ZE912



EAGLE LS Premium



Fiscal 2010 Results

Sales in the Tire business grew 18.5% year on year to ¥513,775 million for the fiscal year under review, while operating income surged 75.0% to ¥39,412 million.

With demand for tires rebounding mainly in emerging nations, sales were strong both in Japan and overseas, resulting in increased revenue.

On the earnings front, Sumitomo Rubber Industries recorded a substantial profit increase due to improvements in the sales volume and product mix despite the ongoing appreciation of the yen and impact of a natural rubber price hike.

Domestic Replacement Market

In response to the establishment of the "Guideline for Tire Labeling to Promote the Use of Fuel-Efficient Tires" (tire labeling system)* in January 2010, Sumitomo Rubber Industries promptly enhanced the lineup of the ENASAVE fuel-efficient tire series under the Dunlop brand. Owing to this effort, sales in the domestic replacement market became robust.

Under the Goodyear brand, the EAGLE LS Premium tire boasting outstanding quietness, a more comfortable ride and enhanced environmental performance gained high praise in the market.

Sales in the domestic replacement market rose year on year, buoyed by

increased demand for studless snow tires due to heavy snowfalls.

* A set of guidelines aimed at creating a labeling system that ensures appropriate information provision while establishing the criteria defining fuel-efficient tires based on a grading system rating rolling resistance and wet grip performance.

Original Equipment Market

During the fiscal year under review, automobile production in Japan grew significantly compared with the previous fiscal year. This was owing to an increase in domestic sales backed by support measures enacted by the Japanese government to encourage the purchase of new vehicles; higher exports due to economic growth in emerging nations and slow recovery in U.S. and European economies.

Amid such circumstances, the Company made efforts to meet the demands of original equipment manufacturers. As a result, sales grew substantially from a year earlier.

Overseas Replacement Market

On the back of demand recovery in emerging countries, sales in the overseas replacement market were brisk. In particular, in China, Indonesia and Thailand, where Sumitomo Rubber Industries has manufacturing bases, the Company proactively expanded the marketing of products to meet local demand, and grew sales substantially. In North America, returns increased due to the

expansion of the Falken brand sales channels, while in Europe and Latin America, sales remained strong backed by full-scale operations at local subsidiaries.

Accordingly, sales in the overseas replacement market substantially exceeded those of the previous fiscal year despite the impact of the strong yen.

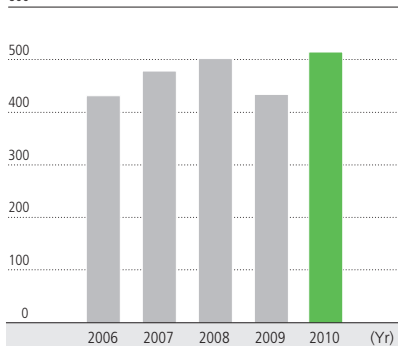
Fiscal 2011 Outlook

In fiscal 2011, Sumitomo Rubber Industries anticipates an increase in sales volume.

However, extremely harsh operating conditions are projected due to an expected sharp hike in raw material prices. In light of this, Sumitomo Rubber Industries will strive to maintain a competitive edge in its development and sale of low fuel consumption tires spreading internationally. In addition, the Company will proactively introduce competitive products in emerging markets in order to expand sales and secure profits. On the production front, Sumitomo Rubber Industries will focus on production capacity reinforcement and cost reductions across the Group.

Net Sales

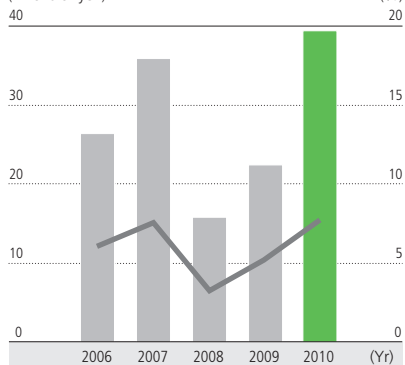
(Billions of yen)



Operating Income

(Billions of yen)

(%)



■ Operating Income — Operating Income Ratio

Year-on-Year Increase/Decrease in Tire Sales Volume

	2009	2010
Domestic original equipment	-33%	+17%
Overseas original equipment	-10%	+53%
Domestic replacement	-6%	+6%
Overseas replacement	-6%	+21%
Total	-12%	+19%
Total sales volume (millions of tires)	76.49	90.87

Topics

Launch of LE MANS 4 Fuel-Efficient Tire with Special Noise-Absorbing Sponge

The LE MANS 4*1 is fuel-efficient tire that balances comfort with environment-friendliness, safety and economic efficiency—expectations held by a number of users. Employing Sumitomo Rubber Industries' proprietary "special noise-absorbing sponge," the LE MANS 4 tire produces 13%*2 less noise, thereby realizing excellent quietness, while improving fuel efficiency 3.8%*2 and enhancing braking performance on wet roads by 9%*2 thanks to newly developed "low-heat-generating adhesive rubber." Furthermore, the contact pressure distribution of the new LE MANS 4 has been optimized through the use of a new tread pattern, improving its product life 17%.*2

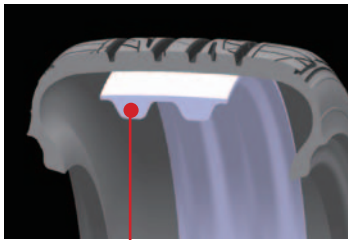
*1 Pattern code: LE MANS LM704

*2 Comparison with the existing LE MANS LM703 tire



LE MANS 4

Reduction of Noise Level



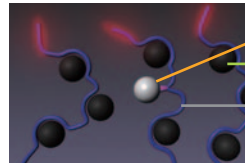
Special noise-absorbing sponge

Special sponge reduces resonance inside the tire.



Reduction of Rolling Resistance

Conventional component (image)



Unattached polymer terminal parts generate extra heat

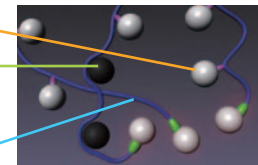
Silica

Carbon black

Polymer

New modified polymer

Low-heat-generating adhesive rubber (image)



New modified polymer used in "low-heat-generating adhesive rubber" curbs extra heat generation by attaching the terminals of polymer molecules to silica.

Enhanced Durability



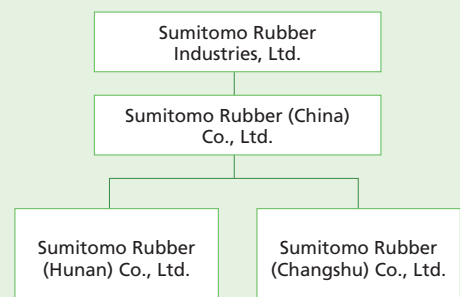
Contact ground shape and pressure simulation

The LE MANS 4's contact pressure is equally distributed.

Establishment of Tire Subsidiaries in China

Establishing Sumitomo Rubber (Hunan) Co., Ltd., Sumitomo Rubber Industries commenced construction of another tire factory in China with the aim of going on stream in July 2012. Reinforcing its supply system in China, where demand for automobile tires is burgeoning, the Company will strive to further expand the Tire business in China.

For business operations in China, Sumitomo Rubber Industries also established Sumitomo Rubber (China) Co., Ltd. as a wholly owned subsidiary with the aim of conducting integrated business operations on behalf of Sumitomo Rubber (Hunan) and Sumitomo Rubber (Changshu) Co., Ltd., which absorbed Sumitomo Rubber (Suzhou) Co., Ltd.



Sumitomo Rubber Industries Receives "Tire Technology of the Year" Award in Europe for Fourth-Generation Runflat Tire Technology

Reflecting the solid reputation enjoyed by its fourth-generation runflat tire technology released in 2009, Sumitomo Rubber Industries received the Tire Technology of the Year award at the Tire Technology Expo 2010 held in Cologne, Germany. This commendation was attributable to the technology's realizing excellent ride comfort equivalent to or better than that of standard tires, while maintaining its great runflat performance. This was the second commendation the Company received at the Tire Technology Expo, having been recognized for the Environmental Achievement of the Year award in the previous year for its commitment to developing fossil resource-free tires.



The trophy



Our presentation at the commendation ceremony

Favorable Customer Feedback for "Team ENASAVE" Customer-Participation-Type Tree-Planting Campaign

Team ENASAVE is a campaign that plants mangrove seedlings on behalf of customers who buy tires in the Dunlop ENASAVE series, a low fuel consumption tire lineup (ENASAVE 97, ENASAVE RV503 and ENASAVE EC202) that meets the requirements of the tire labeling system. Since the campaign's commencement in 2009, the number of seedlings planted has expanded to a total of 790,573 by the end of 2010 thanks to the support of a large number of customers. In 2011, the Company will expand the tree-planting area from Thailand to include Indonesia.



Tree-planting activity in Ranong Province, Thailand



Launch of SPORTMAX ENASAVE Eco-Friendly Tire for Motorcycles

Sumitomo Rubber Industries has introduced the SPORTMAX ENASAVE radial tire. This is the Company's first eco-friendly, next-generation touring radial tire for motorcycles. Applying newly developed technologies including a "quartered multiple compound," "leaf pattern" and "low-heat-generating profile," the SPORTMAX ENASAVE improved fuel efficiency 2% to 3% compared with conventional products,* while realizing excellent gripping performance both on wet and dry roads.

* SPORTMAX ROADSMART



<Front> <Rear>
SPORTMAX ENASAVE

Sports Business

Profile

- SRI Sports Limited, a company spun off from Sumitomo Rubber Industries in 2003, plays a central role in the manufacturing and marketing of such items as golf clubs and golf balls. In its tennis equipment activities, the company offers several products, including rackets and balls.
- In its mainstay golf product lineups, SRI Sports has introduced the XXIO, SRIXON and Cleveland Golf brands in response to differing demands with regard to individual regions and products.
- SRI Sports is listed on the first section of the Tokyo Stock Exchange.



XXIO

The flagship XXIO brand golf goods are a favorite among golfers in Japan, South Korea and China.



SRIXON

Golf goods under the SRIXON brand, introduced for professional and semiprofessional use, are preferred by leading golfers throughout the world, contributing to their tournament wins.



Cleveland GOLF

Introduced in 1979 in the United States, Cleveland Golf's wedges enjoy a high share of the U.S. golf club market.



SRI Sports' tennis balls boast the top share* in Japan.

* Surveyed by Yano Research Institute Ltd.

Fiscal 2010 Results

Sales in the Sports business declined 3.1% year on year to ¥63,225 million, while operating income grew 29.1% to ¥6,114 million. Despite decreased revenue due to stagnant market conditions, the Company secured increased income owing to its cost reduction efforts.

Golf

During the fiscal year under review, the number of visitors to golf courses decreased compared with the previous fiscal year due mainly to bad weather. In addition, sluggish consumption in the golf goods market led to a severe business environment.

Amid such circumstances, SRI Sports' New XXIO—the sixth generation in this line of top-selling golf clubs—achieved top market share in terms of annual domestic store-front sales,*1 and the Cleveland Golf CG15 wedge series registered sales growth due to vigorous marketing activities. Furthermore, sales of the SRIXON Z-STAR golf ball series grew significantly thanks to the popularity of professional golfer Ryo Ishikawa, who uses the product. Overseas, sales of the CG15 series remained strong, and it gained the leading share of wedge sales on an annual basis in the U.S. market.*2

Despite such factors, overall sales of golf goods fell below those of the previous fiscal year due to the shrinking market.

*1 Surveyed by Yano Research Institute Ltd.

*2 Surveyed by Golf DataTech, LLC

Tennis

Sales of tennis balls were stagnant due to an unusually hot summer, which led to a drop in enthusiasm for playing tennis. With regard to tennis rackets, SRI Sports introduced the Dunlop BIOMIMETIC series while striving to expand sales of the Pure Drive series developed by Babolat, a French tennis goods company with which SRI Sports entered into a sales contract in Japan. However, overall sales tennis goods fell below the level of the previous fiscal year.

Fiscal 2011 Outlook

In the face of ongoing economic recession, SRI Sports will make continuous efforts to release new products to meet demand in the different marketing areas of Japan, Europe, the United States, Australia and Asian countries, while implementing sales strategies tailored to each region. Together with this, SRI Sports will strive to expand its share of the markets for golf clubs and balls.

Topics

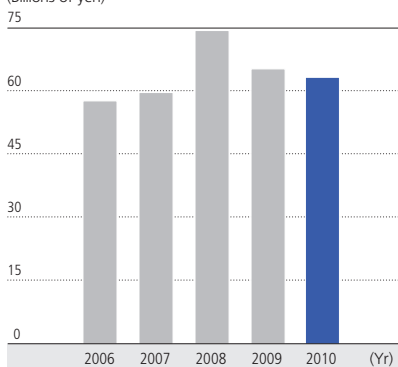
SRI Sports Establishes Golf Goods Sales Subsidiary in South Korea

Aiming to reinforce marketing activities in support of sales expansion in the world's third largest golf market (SRI Sports' presumption), SRI Sports established a sales subsidiary in South Korea jointly with a local company. Through this subsidiary, SRI Sports conducts targeted sales activities in South Korea while simultaneously strengthening promotional activities to enhance its brand profile for the XXIO, SRIXON and Dunlop products in South Korea. By doing so, SRI Sports is striving to boost its market share, especially for golf clubs and balls.



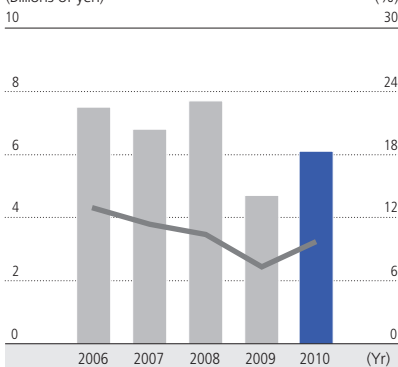
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



■ Operating Income — Operating Income Ratio

Sales Breakdown

(Billions of yen)

	2009	2010	Year-on-Year
Clubs	31.6	29.8	-6%
Balls	12.3	12.9	+5%
Shoes and accessories	9.1	8.7	-4%
Golf goods	52.9	51.4	-3%
Tennis goods	6.7	6.5	-4%
Licensing revenue	0.4	0.4	+8%
Sport goods	60.0	58.2	-3%
Others	5.2	5.0	-4%
Total	65.2	63.2	-3%

Industrial and Other Products Business

Profile

- Sumitomo Rubber Industries offers a wide variety of products encompassing rubber gloves, portable ramps for wheelchair use, rubber gas tubes, precision rubber parts for printers and photocopiers, offset printing blankets, medical rubber parts, high damping rubber, civil engineering and marine products, artificial turf for sporting use, flooring materials, industrial items and other products. The Company covers diverse needs that range from daily life to industrial applications.



Precision rubber parts for printers and photocopiers

Precision rubber parts for printers and photocopiers require accuracy on a micrometer scale. With production bases in Japan, China and Vietnam, Sumitomo Rubber Industries meets the needs of a wide variety of customers.



Medical rubber parts

Exercising thorough quality control, Sumitomo Rubber Industries offers safe and high-quality medical rubber parts.



The GRAST vibration-control technology, which uses high damping rubber, is in use in a wide range of fields, including the creation of dampers for single-unit houses and high-rise buildings.

Fiscal 2010 Results

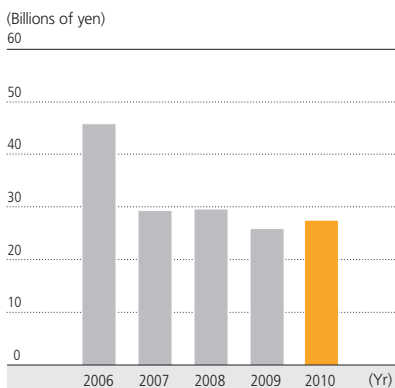
During the fiscal year under review, sales in the Industrial and Other Products business rose 6.4% year on year to ¥27,549 million, while operating income surged 49.6% to ¥2,123 million.

Sales of the mainstay precision rubber parts for printers and photocopiers largely surpassed those of the previous fiscal year, owing to major customers' production increases. Sales of medical rubber parts exceeded those of the previous fiscal year due to growing demand for prefilled syringes. In addition, sales of daily-use products, including rubber gloves, rubber gas tubes and portable ramps for wheelchair use grew, reflecting the Company's efforts to cultivate new customers. However, sales of infrastructure-related products, such as flooring materials and artificial turf for sporting use, remained on par with the previous fiscal year due to slow recovery in capital investment and public spending.

Fiscal 2011 Outlook

In fiscal 2011, operating conditions are anticipated to remain harsh in view of several issues, including a sluggish domestic market and hikes in raw material prices. Amid such circumstances, Sumitomo Rubber Industries expects to expand sales of a new "Ki kara Umareta" (literally, "made from trees") rubber glove series launched in 2010; rubber gas tubes; and civil engineering and marine products in emerging markets. In 2011,

Net Sales



sales of precision rubber parts for printers and photocopiers as well as medical rubber parts are expected to remain strong on the back of major customer's increasing production and ongoing business growth, respectively. For portable ramps for wheelchair use, artificial turf for sporting use and flooring materials, Sumitomo Rubber Industries expects to acquire new customers by introducing new products. In addition, the Company will focus on the seismic retrofitting area for high damping rubber.

Operating Income

