

A PLAN FOR ACCELERATED SUCCESS

In fiscal 2000 Sumitomo Rubber designed and has carried out its Medium-Term Five-Year Management Plan for fiscal 2001-2005. Aside from net sales, accomplishment of the plan's goals is in sight and as a result the Group has forged a path to being a profitable and financially sound company. The Group gained the necessary strength to increase production in order to catch up to the strong worldwide demand for tires. Based upon a long-term growth scenario, the Group has conceived a corporate image for the next 10 years, and has formulated a New Medium-Term Management Plan for fiscal 2006-2008 as a course of action to achieve its goals.

Long-Term Image for SRI Group

With the aim of constructing a long-term image, the Group conducted stakeholder surveys and held employee discussions about the corporate image 10 years in the future. The consensus gained from these efforts was a desire for "continued growth" and "increased corporate value." The Group adopted "GO for VALUE" as a motivational slogan to drive efforts to increase

corporate value for all stakeholders, including customers, shareholders and employees. In addition, we coined the two catch phrases "Mastering our footing" and "Pursuit of manufacturing" as sub-concepts. With tires as the footing on which our business began, we seek to master our core business. As a manufacturer that believes the greatest value of our existence is the ability to deliver products that satisfy our customers, we aim to further our pursuit of excellence in manufacturing.

New Medium-Term Management Plan Targets

The Group set targets to attain strong profitability and to establish both improved financial standing and continual growth. The Group foresees continued growth in net sales for each of our businesses based upon strategies set forth in the New Medium-Term Management Plan. The net sales target for fiscal 2008 has been set at ¥550 billion. Furthermore, we aim to produce strong operating income results regardless of the external environment, consistently maintaining an operating

income ratio of 10% or greater.

We plan to achieve growth exceeding the industry average, while continuing to invest proactively. The Group will quickly reap harvests on investments while simultaneously improving financial structure. With a newly set ROA target guiding reform, the Group plans to improve asset efficiency and slash the interest-bearing debt balance at the end of 2004 by ¥40 billion, to the ¥160 billion range by the end of fiscal 2008. We intend to lift the shareholders' equity ratio to 35%, reduce the debt-to-equity ratio below 1.0 times and construct a more stable corporate foundation.

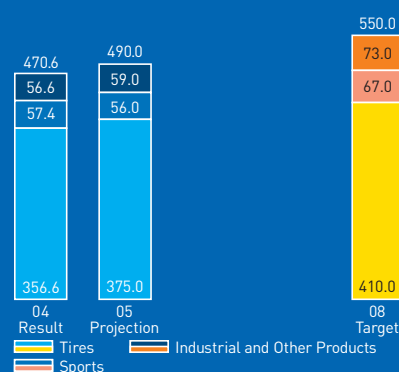
Business Image and Growth Strategy

In order to reach our targets, the Group will apply the growth strategies laid out in the New Medium-Term Management Plan to our Tire, Sports and Industrial and Other Products businesses. We aim to enhance the corporate value of the Group through our collective strength. We will continue to promote our global expansion strategy from the previous Medium-Term Five-Year Management Plan, based on our alliance

NUMERICAL TARGET
(Millions of yen)

	2004 Result	2005 Projection	2008 Target
Net sales	¥470,562	¥490,000	¥550,000
Operating income ratio	9.7%	9.4%	Consistently over 10%
Net income ratio	4.1%	4.1%	5% or greater
Interest-bearing debt	¥201,929	¥200,000	¥160,000 (range)
Shareholders' equity ratio	28.0%	30.0%	35.0%
Debt-to-equity ratio	1.4 times	1.2 times	Under 1.0 times
ROA (operating income base)	9.1%	8.7%	Consistently over 10%
ROE	15.0%	13.0%	Consistently over 10%

SALES TARGET BY INDUSTRY SEGMENT
(Billions of yen)



with Goodyear. The strategy of the New Medium-Term Management Plan has growth in the booming Asian market as its central thrust, and while further expanding our core Tire business, we also aim to develop our Sports business and our Industrial and Other Products business. Concerning the technological expertise that supports our goals, we will continue to nurture and evolve our strengths and unique skills.

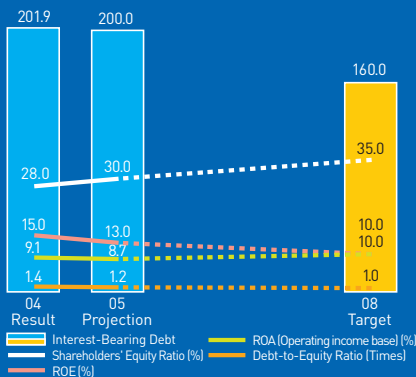
Tire Business

For the business environment facing our core Tire business, high growth in automobiles is forecast for the global market until 2008, with China, Southeast Asia and South America leading the way and strong growth also expected in Russia and Eastern Europe. Against this backdrop, we believe that the so-called BRICs (Brazil, Russia, India and China) strategy is vital.

While the global tire market is forecast to grow at an annual rate of 3.5%, especially strong growth is expected in China and Southeast Asia. The Group has taken a strategy emphasizing growth in Asia and

GO for VALUE

IMPROVING FINANCIAL POSITION (Billions of yen)



has made progress in establishing factories and sales operations in Indonesia and China. Demand for our products remains strong and we believe there is still abundant room for sales growth.

Accordingly, Sumitomo Rubber deemed the establishment of a further base in the ASEAN region to be an urgent matter and announced plans to construct a new factory in Thailand, making it the Group's third base in Asia. Combining the production capacity of this new Thailand factory with expanded capacity at our Changshu factory in China will enable us to attain the capacity necessary to reach our fiscal 2008 sales target. Buoyed by the increased production capacity from the new Thailand factory, the Group has set a target of securing over 10% market share in the ASEAN region. By utilizing our revolutionary *Taiyo* cell production system in the new Thailand factory, we can carry out a high quality, efficient production process.

As a result, the Group plans to rapidly expand its overseas production capacity as a percent of total capacity, aiming to boost the current figure of 15% to the level of

28% by fiscal 2008. The increased capacity at overseas factories will primarily be used to supply Japanese automakers with tires for their new vehicles and is part of our reinvigorated efforts to respond to the expanding global market.

Business reforms in our domestic Tire business have been effective in improving profitability. The Group will make efforts to accelerate this momentum and will aim to grow by implementing strategies tailored to the unique features of each business segment. The Group has progressed through sequential steps to revitalize its domestic Tire business, including merging its replacement tire market sales subsidiaries, Dunlop Tyres Ltd. and Falken Tires Ltd., in January 2005. The Group will continue consolidating their sales agents, reorganizing their sales depots and revamping their distribution systems. In order to maximize the effects of consolidation and to improve profitability, the Group is also preparing to make innovations to its sales network structure.

Sports Business

Supported by the continuing popularity of its hit XXIO golf clubs, the domestic Sports business made a strong showing in the midst of an overall shrinking market. However, the Group sees limited growth potential for the current domestic-centered business structure. While continuing to pursue stable growth centered on golf clubs and balls in the domestic market, we aim to further expand business by strengthening our sales in the U.S. and other overseas markets.

Industrial and Other Products Business

The Industrial and Other Products business will continue to pursue stable growth and secure profits in the key businesses that we have focused on for several years: high-precision rubber parts for office automation equipment, sand- and rubber chip-filled artificial Hybrid-Turf, and rubber gloves. Like the home anti-vibration MGEO structure released in November 2004, the Group plans to continue developing new products born from the synergy of its foremost technologies.

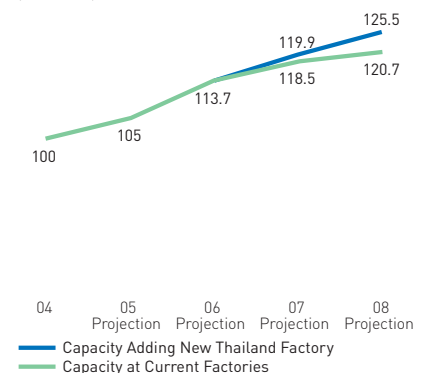
RESTRUCTURING OF DOMESTIC REPLACEMENT TIRE BUSINESS

DUNLOP/FALKEN MERGER



IMPROVE CUSTOMER SERVICE AND REINVIGORATE SALES AND PROFITABILITY

INCREASE IN TIRE PRODUCTION CAPACITY
[Radial passenger car tires and radial SUV tires]
[2004=100]



Technological Development

We will manufacture even better products by advancing simulation technology, the base technology for tire design and further utilizing it in design and development efforts. By combining our proprietary run-flat tire technology with our various other technologies, we will continue to promote our "spareless" proposals. The Group is working to develop new technology desired of future tires, exemplified by non-petroleum tires, and we are utilizing project teams in our unceasing drive to develop environmentally friendly products that will please our customers.

The *Taiyo* cell production system will be further developed and more widely implemented, enabling us to increase our supply of high quality tires.

GO for VALUE

DOMESTIC AND OVERSEAS TIRE PRODUCTION CAPACITY
(Tonnes per month)

