

In August 2006, the Sumitomo Rubber Group announced its Long-Term Vision that set out its ideal position 10 years from now. Spurred by this vision, all Group employees will be keeping the “Go-for-Value” concept firmly in mind as they work together toward enhanced corporate value.



TARGETS

In its Long-Term Vision, the Sumitomo Rubber Group has established the goal of becoming a company that consistently generates superior corporate value guided by its world-class product and technological development, front-line capabilities, and industry-leading earnings power. Numerical targets to be achieved by the fiscal year ending December 31, 2015 are consolidated net sales of ¥800 billion and an operating income ratio greater than 10%. The Group’s Medium-Term Management Plan for Fiscal 2006–2008, which will be completed in the fiscal year ending December 31, 2008, is regarded as the first step on the road to accomplishing the Long-Term Vision.

Go for

VISUAL REPRESENTATION OF THE LONG-TERM VISION

Go for Value

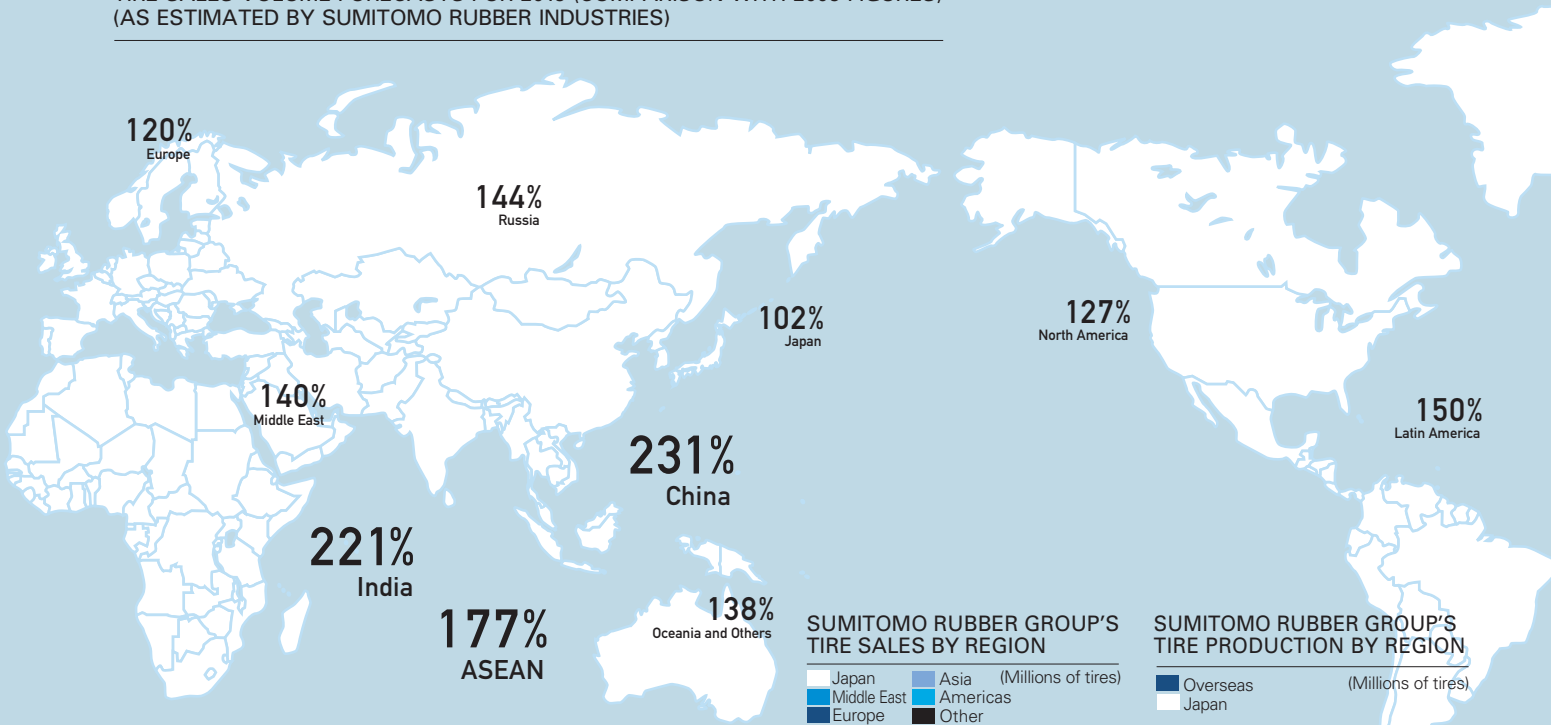
Increasing corporate value for all stakeholders



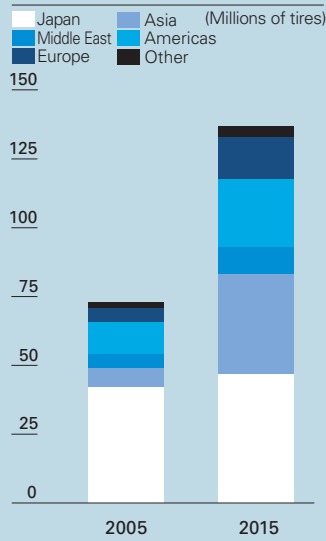
NUMERICAL TARGETS

(Millions of yen)

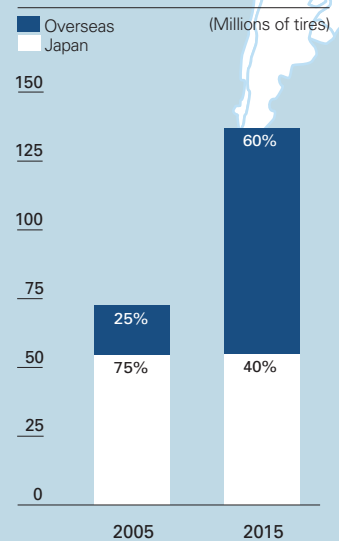
	2005 Result	2006 Result	2008 Target	2015 Target
Net Sales	¥512,838	¥534,086	¥550,000	¥800,000
Tire business	¥398,170	¥430,620	¥450,000	¥630,000
Sports business	¥54,748	¥57,649	¥60,000	¥100,000
Industrial products and new business	¥59,920	¥45,817	¥40,000	¥70,000
Operating Income Ratio	9.7%	6.9%	10% or greater	10% or greater
Net Income Ratio	5.0%	5.2%	5% or greater	5% or greater
ROA (operating income base)	9.2%	6.3%	10% or greater	10% or greater
ROE	16.0%	14.7%	10% or greater	15% or greater
Interest-Bearing Debt	¥205,751	¥219,372	¥200,000	¥200,000
Equity Ratio	30.9%	33.3%	35.0%	40.0%
Debt-to-Equity Ratio	1.2 times	1.1 times	1.0 times	0.7 times



SUMITOMO RUBBER GROUP'S TIRE SALES BY REGION (Millions of tires)



SUMITOMO RUBBER GROUP'S TIRE PRODUCTION BY REGION (Millions of tires)



Value

TIRE BUSINESS MARKET OVERVIEW

Propelled by emerging economies, including those of BRICs countries, the global demand for tires is expected to show a constant increase over the long term. The number of cars owned and tire sales volumes are expected to climb at an average of 3% annually. At the same time, sales for standard and high-value-added products are expected to increase in the tire market reflecting structural changes to car models.

IMPROVING EARNINGS CAPABILITIES: GLOBAL STRATEGY

In the domestic tire market, demand is expected to remain flat. At the same time, the volume of low-priced products

imported from overseas is forecast to increase. Against this backdrop, the Sumitomo Rubber Group has positioned the pursuit of its global strategies as a top priority in an effort to improve earnings capacity. The Sumitomo Rubber Group aims to raise the ratio of tires produced overseas to 60% by 2015 and double its sales in the overseas replacement market compared with the 2005 figure. To that end, the Group will establish a unique, firm foothold in the global tire industry.

Particularly in Asia, the Group will then continue its ongoing capital expenditures to increase production while promptly developing its sales network to secure a threefold sales increase in the Asian replacement market.

Over and above the global alliance with The Goodyear Tire & Rubber Company in North America and Europe,

the Group will reinforce subsidiary Falken Tire Corporation's sales potential in line with the Group's unique sales expansion measures. Furthermore, the Group will attempt to expand sales volume in North America by offering tires through major sales channel TBC Corporation, a company that has a huge sales network throughout the United States.

In Russia, the rapid expansion of the automobile market is expected as a result of the country's accession to the World Trade Organization. The Group is conducting tire market research and providing support for sales promotions at its Moscow Office, which opened in April 2006.

DOMESTIC REPLACEMENT MARKET

In the domestic replacement market, the Group will reinforce brand power and product competitiveness; increase directly operated stores and improve the efficiency of the Group's overall sales operations; and develop distribution systems. With these efforts, the Group will win outstanding customer value.

ORIGINAL EQUIPMENT MARKET

With regard to tires for the original equipment market, it is expected that Japanese automakers will boost production and that automobile production volume in Asian countries will grow. Under these circumstances, the Group will offer sophisticated technical proposals and ensure product quality backed up by improved cost competitiveness and enhanced supply systems. Based on these efforts, the Group will maintain its reputation as one of the most reliable global suppliers.

STRENGTHENED DEVELOPMENT AND TECHNOLOGICAL CAPABILITIES

As is the case with automobiles, tire development necessitates concern being shown for the safety, environment and quality. The Sumitomo Rubber Group Long-Term

Vision drew up six technical product development goals: tires with less noise; more fuel-efficient tires; tires made from non-petroleum-based materials; runflat tires; and tires manufactured by the new *Taiyo* cell production system and through simulation. The Group has focused on the development of non-petroleum-based tires in particular. In 2006, the Group released the ENASAVE ES801 eco-tire, which raised the ratio of non-petroleum-based materials to 70% and received a number of prestigious industry awards in Japan. Currently, the Group is in the process of developing an upgraded product under the ENASAVE brand for release in 2008 that increases the ratio of non-petroleum-based materials to 97%. In addition to these efforts, the Group will aggressively conduct R&D into technical issues that anticipate what cutting-edge automobile models will look like in 2025.

On the manufacturing technology front, the Group will expand and improve its innovative, proprietary *Taiyo* cell production system that compactly integrates the automated processes from parts manufacture to inspection. This has contributed greatly to improvements in product quality and performance and realized higher investment efficiency while using approximately 30% of the area needed for the installation of the conventional production facilities. Products manufactured by the *Taiyo* cell production system steadily grew, exceeding 2.5 million tires by the end of 2006. This figure is expected to surpass 5 million by the end of 2007.

REINFORCED FRONT-LINE CAPABILITIES

The term "front-line capabilities" refers to each employee using his or her skills and ingenuity to proactively discover and solve business-related problems. The Group's value will not be improved without greater front-line capabilities. In the manufacturing division, improving cost competitiveness to minimize the impact of escalating raw material prices is an issue. Given these conditions, the Group will implement thorough overall cost reductions by

enhancing front-line capabilities.

In January 2007, the Group established a manufacturing training center to improve front-line capabilities in the manufacturing division. This serves to integrate and build on the on-site training sessions that have been held separately at each factory. Taking into consideration upcoming changes in labor conditions, including globalized business operations and the generation shift at factories in Japan, it was essential to introduce the new integrated training center to enhance personnel value in the manufacturing division. The Group will conduct effective technical training sessions for manufacturing engineers as well as effective programs for managers at this production center to improve leadership abilities and teaching skills.

SPORTS BUSINESS

In the Sports business, the Group plans to focus on golf and tennis goods to increase its share of overseas sales to total sales from 14% in 2006 to 30% by 2015 and is targeting net sales of ¥100 billion, up 74% from 2006. In its efforts to achieve this goal, the Group will leverage its simulation technology to develop high-performance products, increase awareness of the SRIXON brand in Japan and overseas, and strengthen the sales network in Europe, North America, Southeast Asia and Australia.

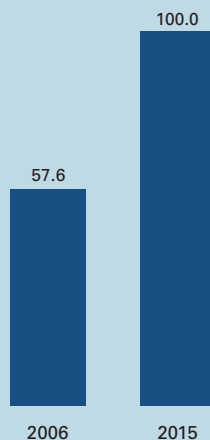
INDUSTRIAL PRODUCTS AND NEW BUSINESS

In Industrial products and new business, the Group aims to increase net sales by 53% compared with the 2006 mark of ¥70 billion by 2015. To this end, the Group will expand the precision rubber parts and anti-vibration businesses by utilizing high-damping rubbers and improving earnings capabilities in the artificial turf and rubber glove businesses.

In addition to these efforts, the Group will make effective use of the material and processing technologies it possesses primarily in rubber to develop new businesses in the environmental, information and health sectors.

SALES IN SPORTS BUSINESS

(Billions of yen)



SALES IN INDUSTRIAL PRODUCTS AND NEW BUSINESS

(Billions of yen)

