



for you, for the earth

あなたのために、地球のために。

1888

J. B. Dunlop invents
pneumatic tire



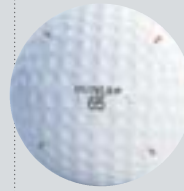
The world's
first pneumatic
tire



J.B. Dunlop

1900

Dunlop Rubber Co.,
Ltd. established in
the United Kingdom



DUNLOP 65
(released in 1935)

1930

Starts production of Japan's
first golf balls and
tennis balls

1961

Launches FORT
tennis balls



FORT

1952

Starts production of
blankets for offset
printing presses



DUNLOP FORT

1935

Starts production of
motorcycle tires

1954

Develops Japan's first tubeless
tire, the DUNLOP FORT

1964

Starts production of golf clubs

1910

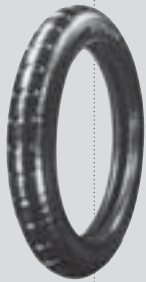
Starts production of bicycle tires
and tubes and solid tires for
rickshaws

1911

Starts production of rubber
tubing, gloves and water
pillows

1913

Produces Japan's
first automotive tire



The first Japan-made tire



A poster for a bicycle tire in 1920

1966

Starts production of the SP3,
Japan's first radial tire



A poster for radial
tires in the late 1960s



SP3

1967

Starts production of
marine fenders

1900

1910

1920

1930

1940

1950

1960

October 1909

Establishes Dunlop Rubber (Far East) Ltd.



Kobe Factory around 1920

1917

Establishes corporate entity in
Japan and changes the corporate
name to Dunlop Rubber (Far East)
Co., Ltd.

1937

Changes the corporate name to
Japan Dunlop Rubber Co., Ltd.

1944

Starts operations of the
Izumiohtsu factory

1945

Damage to the Kobe
Factory by wartime aerial
attacks

1960

Start of The Sumitomo Group's
capital participation



Signing ceremony in 1960

1961

Starts operations of the
Nagoya Factory

1963

Changes corporate name to
Sumitomo Rubber Industries, Ltd.

Sumitomo Rubber Group

— A Century of Achievements

1976

Develops Japan's first Formula-1 racing tire



Denovo 2

1979

Releases the Denovo 2 runflat tire



A poster for the first Dunlop Phoenix Tournament (1974)



Tour Special Metal Mix W

1996

Releases the world's first metal powder-mixed, three-piece golf ball, the Tour Special Metal Mix W



DRS

1998

Announces Digital Rolling Simulation (DRS), a tire design technology that applies simulation technology using a supercomputer

2006

Releases the LE MANS LM703 tire mounted with the world's first special noise-absorbing sponge



LE MANS LM703

Releases the ENASAVE ES801 tire made 70% from non-fossil resources



ENASAVE ES801

2008

Releases the ENASAVE 97 tire made 97% from non-fossil resources



ENASAVE 97

2000

Launches the new XXIO brand golf goods



First-generation XXIO driver and iron

2010

2000

2000

Starts operations of the Zhongshan, China factory



Signing ceremony for the business integration with The Ohtsu Tire & Rubber Co., Ltd.

2003

Merges with The Ohtsu Tire & Rubber Co., Ltd., spins off the Sports business and Industrial and Other Products business to establish SRI Sports Limited and SRI Hybrid Limited

2004

Starts operations of the Changshu/Suzhou, China factory

2005

Integrates the replacement tire divisions of Dunlop and Falken

2006

Announces The Sumitomo Rubber Group Long-Term Vision

Starts operations of the Thailand factory

Starts operations of the Vietnam factory

SRI Sports listed on the first section of the Tokyo Stock Exchange

2007

SRI Sports acquires Cleveland

Starts operations of the expanded production area of the Thailand factory

2008

Achieves zero emissions at 18 factories in Japan and overseas, 12 of which attain complete zero emissions

Acquires the ISO 14001 certification for all factories in Japan and overseas



Signing ceremony for business alliance with The Goodyear Tire & Rubber Company

1994

Introduces Japan's first vibration-control equipment for bridge cables using high damping rubber



1983

Introduces OMNICOURT, Japan's first sand-filled artificial turf for tennis courts



1980

1980

Starts operations of the Malaysia factory

1981

Completes a full-scale business alliance with The Ohtsu Tire & Rubber Co., Ltd.



Announcement of business alliance with The Ohtsu Tire & Rubber Co., Ltd.

1975

Listed on the second section of the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange

1976

Starts operations of the Miyazaki Factory

1983

Acquires Dunlop U.K.'s European tire business



Signing ceremony for business alliance with Dunlop U.K.

1984

Acquires six tire plants, in the United Kingdom, West Germany and France, as well as the Dunlop Tyre Technical Division

1986

Acquires Dunlop Tire Corporation in the United States

Completes construction of the Okayama Tire Proving Ground

1987

Shift of listing from the second to first section of the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange

The Sumitomo Rubber Group Today

The Sumitomo Rubber Group is comprised of Sumitomo Rubber Industries, Ltd., which embraces the Group's Tire business and is the core of its operations; SRI Sports Ltd., which is the main company of the Group's Sports business; SRI Hybrid Ltd., which entails the Industrial and Other Products business; and affiliated companies.

Tire Business

- Sumitomo Rubber Industries engages in the manufacture and sale of tires primarily consisting of the Dunlop, Falken and Goodyear brands.
- Forming a global tire business alliance with The Goodyear Tire & Rubber Company in 1999, Sumitomo Rubber Industries has established joint ventures with them for production and sales activities in Europe and North America, as well as for sales in Japan, while also promoting tire technology exchange and jointly procuring raw materials and manufacturing equipment.

Composition of net sale **82.8 %**



Sports Business

- Servicing the golf equipment market, SRI Sports manufactures and markets such items as clubs and balls. In its tennis equipment activities, the company offers several products including rackets and balls.
- In December 2007, SRI Sports acquired the leading U.S. golf club maker Roger Cleveland Golf Company, Inc. and its five group companies ("Cleveland") and added the Cleveland brand to its mainstay XXIO and SRIXON golf brands to expand its product lineup.
- SRI Sports was listed on the first section of the Tokyo Stock Exchange in 2006.

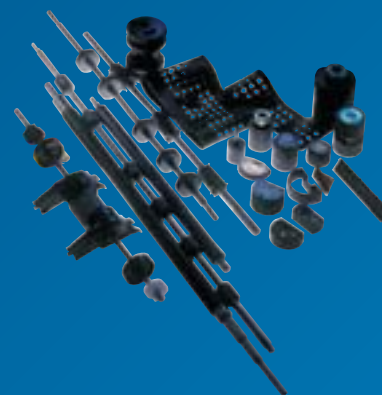
Composition of net sales **12.3 %**



Industrial and Other Products Business

- SRI Hybrid offers a wide variety of products encompassing precision rubber parts for printers and photocopiers, high damping rubber, artificial turf for sporting use, flooring materials, rubber gloves, rubber gas tubes, blankets for offset printing presses, civil engineering and marine products, and medical rubber parts, covering diverse needs that range from daily life use to industrial applications.

Composition of net sales **4.9 %**



The Sumitomo Rubber Group's Long-Term Vision —Go for Value—

In its Long-Term Vision, the Sumitomo Rubber Group aims to become a corporate group that consistently generates superior corporate value in various business sectors by 2015. It will accomplish this aim through its proprietary driving forces, namely: front-line operational skills, leading development capabilities and technological expertise, in addition to having the industry's top earnings power.

In pursuit of achieving the goals of its Long-Term Vision, the Group will make maximum use of rubber's potential as a material in its three business segments of Tire, Sports and Industrial and Other Products. The Sumitomo Rubber Group will continue to take on the challenge of creating new benefits in an effort to enhance stakeholder value.

In its mainstay Tire business, Sumitomo Rubber Industries is striving to increase its overseas tire production ratio from 25% to 60% compared with performance in 2005, while aiming to double sales in the overseas replacement market by 2015. By doing so, the Company will gain a competitive position in the global tire market.

Long-Term Vision

Aiming to become a corporate group that consistently generates superior corporate value in various business sectors

Action Image for Long-Term Vision

Go for Value

Striving to generate value for all stakeholders

The Driving Force to Create Value

World-class front-line operational skills, development capabilities and technological expertise

Industry-leading earnings power

The Sumitomo Rubber Group's Three Major Pillars

- The Sumitomo Business Philosophy
- Pioneering Spirit
- The Free and Vigorous Exchange of Ideas

Consolidated Financial Highlights

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

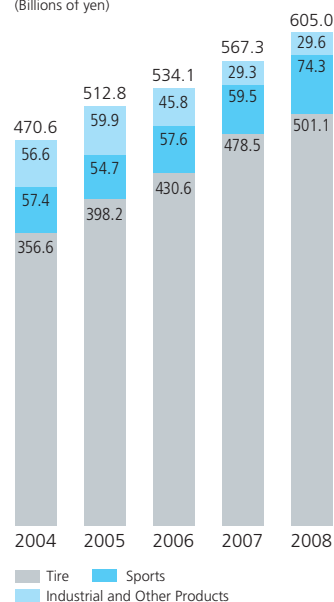
	Millions of yen					Thousands of U.S. dollars (Note 1)
Years ended December 31	2008	2007	2006	2005	2004	2008
For the year:						
Net sales	¥604,974	¥567,307	¥534,086	¥512,838	¥470,562	\$6,648,066
Operating income	25,659	45,126	36,790	49,926	45,526	281,967
Net income	1,021	19,499	27,586	25,640	19,169	11,220
Capital expenditures	49,601	53,205	45,308	40,415	36,881	545,066
Free cash flows	(32,188)	(8,573)	(10,051)	(3,894)	(5,566)	(353,714)
At year-end:						
Total assets	639,941	671,117	606,938	563,442	520,157	7,032,319
Net assets	202,642	250,799	223,852	—	—	2,226,836
Shareholders' equity	—	—	—	174,267	145,492	—
	Yen					U.S. dollars (Note 1)
Per share amounts:						
Net income	¥ 3.89	¥ 74.31	¥ 105.13	¥ 97.10	¥ 78.64	\$ 0.043
Cash dividends paid	18.00	20.00	20.00	20.00	14.00	0.198
	Percent					

Key ratios:					
Operating income ratio	4.2%	8.0%	6.9%	9.7%	9.7%
ROE	0.5	9.1	14.7	16.0	15.0
Equity ratio	28.3	33.9	33.3	30.9	28.0

Notes 1. U.S. dollar amounts are converted solely for convenience at the rate of ¥91 per US\$1.00, the approximate exchange rate prevailing at December 31, 2008.
2. From 2006, Sumitomo Rubber has applied "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) by the Accounting Standards Board of Japan (ASBJ) and the "Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance" (ASBJ Guidance No. 8, December 9, 2005).
3. Capital expenditure figures include both tangible assets and intangible assets.

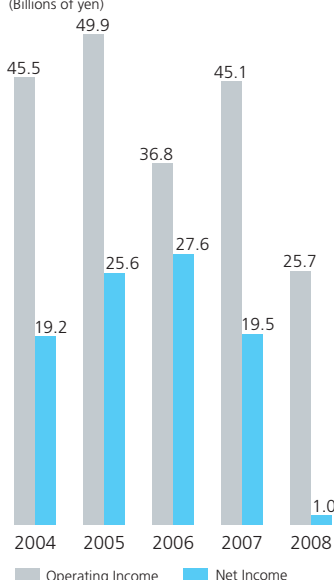
NET SALES

(Billions of yen)



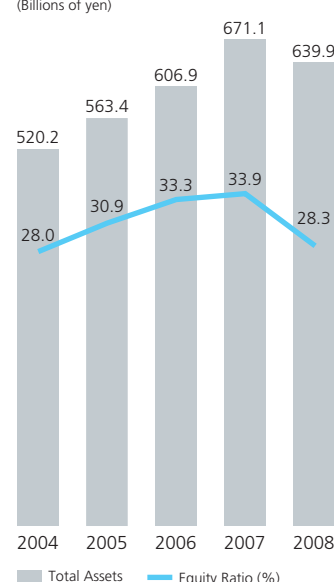
OPERATING INCOME AND NET INCOME

(Billions of yen)



TOTAL ASSETS AND EQUITY RATIO

(Billions of yen)



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Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this annual report with respect to Sumitomo Rubber Industries, Ltd.'s current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Sumitomo Rubber. These statements are based on the Company's and the Group's assumptions and beliefs in light of the information currently available to them. Sumitomo Rubber cautions that a number of potential risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements and advises readers not to place undue reliance on them.



On the occasion of our 100th anniversary, we will give full scope to our ability to make across-the-board structural reforms, and by doing so, we will make this the starting point of a new step forward for the next 100 years.

Tetsuji Mino

Tetsuji Mino
President

Fiscal 2008 Overview

Q Looking back on fiscal 2008, ended December 31, 2008, please give us your thoughts on the business environment and an overview of your results.

In the fiscal year ended December 31, 2008, the Sumitomo Rubber Group faced drastic changes in its business environment. In the first half of fiscal 2008, prices of raw materials such as crude oil and natural rubber hovered at a historically high level. However, in the second half of the year, demand for all products dropped, and the fall in demand for automobiles was particularly notable. In addition, the abrupt appreciation of the yen substantially impacted our export business.

Under these conditions, the Group strived to develop and release new products, while taking sales expansion measures in overseas markets. We also promoted the streamlining of product distribution and the enhancement of manufacturing capacity at overseas factories, in addition to our efforts to pass the excess portion of the surging raw material procurement costs on to sales prices.

As a result, consolidated net sales for fiscal 2008 rose 6.6% year on year to ¥604,974 million. Consolidated operating income, however, was affected by a sudden worsening of the earnings environment and decreased 43.1% to ¥25,659 million, while consolidated net income dropped 94.8% to ¥1,021 million.

Numerical Targets in the Long-Term Vision

(Millions of yen)

	2005 Result	2006 Result	2007 Result	2008 Result	2015 Target
Net Sales	¥512,838	¥534,086	¥567,307	¥604,974	¥800,000
Tire Business	¥398,170	¥430,620	¥478,483	¥501,063	¥630,000
Sports Business	¥54,748	¥57,649	¥59,518	¥74,289	¥100,000
Industrial and Other Products Business	¥59,920	¥45,817	¥29,306	¥29,622	¥70,000
Operating Income Ratio	9.7%	6.9%	8.0%	4.2%	10% or greater
Net Income Ratio	5.0%	5.2%	3.4%	0.2%	5% or greater
ROA (operating income base)	9.2%	6.3%	7.1%	3.9%	10% or greater
ROE	16.0%	14.7%	9.1%	0.5%	15% or greater
Interest-Bearing Debt	¥205,751	¥219,372	¥239,573	¥275,746	¥200,000
Equity Ratio	30.9%	33.3%	33.9%	28.3%	40.0%
Debt-to-Equity Ratio	1.2 times	1.1 times	1.1 times	1.5 times	0.7 times

Tire Business

Q Please provide an overview of the Tire business and your future strategies.

Like other sectors, the tire industry has also been impacted by the global economic downturn. We experienced a substantial drop in sales in the fourth quarter of fiscal 2008 due to the rapid fall in global demand. Recognizing tires as consumable products, we are still hoping for steady demand in the replacement market. However, the outlook for demand in the original equipment market remains uncertain, given ongoing, large-scale production cuts by automakers.

In the midst of such a crisis, we will implement structural reform based on the following three key measures, and through these efforts, we will recover from the current predicament and strengthen our business foundation.

1. Grasp market changes to streamline product development through selection and concentration
2. Establish a manufacturing system that will prevail in the current low factory utilization environment
3. Review our organizational structure with a particular focus on profitability

Furthermore, to increase earnings, we will implement six urgent measures that will take effect in fiscal 2009.

(1) Reduction of capital investment

In the last five years, we have made capital investments—mainly for the establishment and expansion of factories in China and Thailand—that far exceeded the total amount of depreciation. Looking ahead, we will for the foreseeable future review our production systems commensurate with the level of current tire demand. To that end, we decided to postpone capital spending aimed at increasing production capacity at the factory in Thailand. By doing so, we will reduce total capital investment for fiscal 2009 to ¥38 billion.

(2) Promotion of cost-cutting measures at production departments

Despite the decline in production, we will realize expenditure cuts through the implementation of cost-reduction activities across all manufacturing facilities, including overseas factories.

(3) Optimization of tire production systems both in Japan and overseas

We will accelerate a production shift to overseas factories with the aim of further reducing distribution costs and mitigating currency exchange risks.

(4) Drastic review of product line to maximize earnings

The Group will strive to maximize profits, mainly by streamlining unsuccessful businesses.

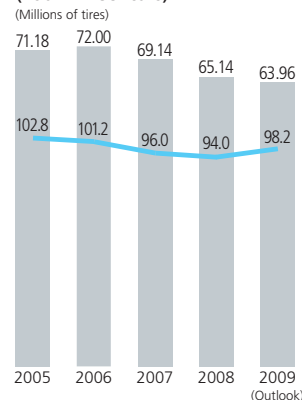
(5) Reduction of personnel costs

We will also cut compensation to managers, in addition to reducing directors' bonuses and remuneration. Simultaneously, we will enhance operational efficiency at administrative sections.

(6) Cutbacks in spending

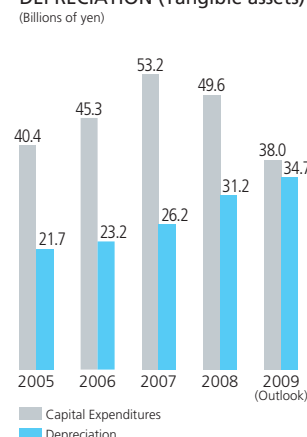
We will make cutbacks in marketing costs while streamlining our distribution system. Additionally, we will implement across-the-board cost-reduction measures at Head Office administration divisions.

SALES VOLUME IN THE DOMESTIC TIRE REPLACEMENT MARKET (Four-wheel cars)

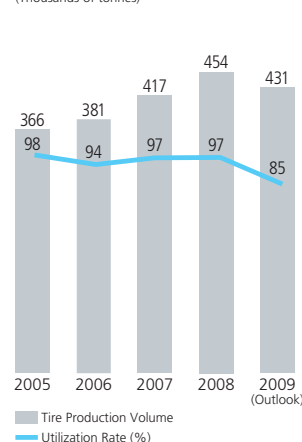


Source: Japan Automotive Tyre Manufacturers Association

CAPITAL EXPENDITURES AND DEPRECIATION (Tangible assets)



TIRE PRODUCTION VOLUME



Sports Business

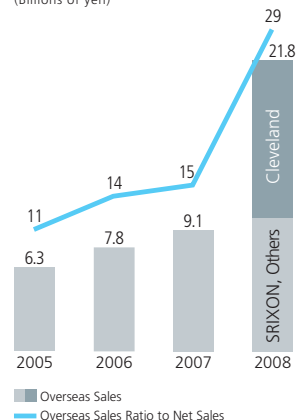
Q Please give us an overview of the Sports business and future strategies for this segment.

SRI Sports is striving to expand its business in the global market with the aim of achieving net sales of over ¥100 billion as early as possible. After the acquisition of major U.S. golf club maker Cleveland in December 2007, SRI Sports completed the integration of its sales network. Currently, the company is forming new systems for material procurement, distribution and administration. On the domestic front, The XXIO fifth-generation golf goods under SRI Sports' mainstay XXIO brand recorded the highest level of domestic sales* for both golf clubs and irons in 2008.

The golf goods markets in Japan and North America are anticipated to be stagnant against the backdrop of the global economic slowdown. Under such circumstances, we will concentrate on increasing the market share of our golf goods both in Japan and overseas. Simultaneously, SRI Sports will strive to create synergies from its business integration with Cleveland as well as to commence full-scale operations at a tennis ball factory in Thailand. On top of its thorough cost-reduction measures, SRI Sports will improve profitability through these efforts.

* Based on a survey by GfK Marketing Services Japan Ltd.

OVERSEAS SALES IN THE SPORTS BUSINESS
(Billions of yen)



Industrial and Other Products Business

Q What is the current situation in the Industrial and Other Products business?

Sales of civil engineering/marine facility-related products, such as marine fenders, as well as medical rubber parts were strong. In addition, artificial turf for sporting use and GRAFT vibration-control technology using extra-high damping rubber enjoyed brisk demand. However, sales of this segment's mainstay precision rubber parts for printers and photocopiers were stagnant on the back of the global economic recession. In order to overcome these adverse conditions, SRI Hybrid will implement across-the-board cost-reduction measures to secure profit. Together with this, the company will cultivate new businesses and develop new products by leveraging its expertise in rubber materials and processing technology to further reinforce its business foundation.

For the Next 100 Years

Q The Sumitomo Rubber Group will commemorate its 100th anniversary in October 2009. With regard to this momentous occasion, please tell us your plans for further growth.

Over the past 100 years, we faced a number of downturns and challenges, learning how to respond to the changing times with an innovative, entrepreneurial spirit. While prospering through the fruits of such successes, we also added a new imaginative strength in establishing a firm corporate foundation. Aiming for the next 100 years, what we need to do is to pass down the keys to the Group's corporate value: namely, our established technological capabilities, our *monozukuri* (manufacturing) spirit and our well of human resources, all of which will create new worth. With this in mind, we will promote schemes on this occasion to facilitate the passing on of the following three key elements to the next generation, to create new impetus for creativity.



Succession and Creation of Technological Capabilities: Tyre Technical Center

We have completed the first construction phase of the Tyre Technical Center, which is a part of the Group's 100th anniversary project. This center will become the core of the Group's R&D activities for tire technology. In particular, we are going to promote the development of environment-conscious products such as fuel-efficient tires. For our eco-friendly tire development activities, please refer to the special feature section on pages 8–9 of this report.

Succession and Creation of the *Monozukuri* Spirit: Shirakawa Manufacturing Training Center

We established the Shirakawa Manufacturing Training Center within the premises of the Shirakawa factory. The main objectives at this center will be: (1) to pass our proprietary tire manufacturing technology and philosophy on to the next generation, as the baby boomers begin to retire at domestic factories; and (2) to have a shared vision for *monozukuri* at domestic and at overseas factories, given the rapid expansion of overseas facilities in recent years.

Succession and Creation of Human Resources: Love Your Work! Project

With the aim of having the same target shared among all employees for the purpose of achieving its long-term vision, the Sumitomo Rubber Group launched an in-house campaign called the "Love Your Work! Project." Marking the third year since its start, we will implement business operations with the slogan of "Friendly to People and Realizing Dreams" in 2009. This slogan was created after across-the-board discussions about the uniqueness of the Sumitomo Rubber Group. Specifically, we will carry out this project by focusing on three themes: products, the environment, and work/life balance. For products, we will commercialize new products based on ideas accumulated through a contest; for the environment, we will promote environmental contribution activities in areas surrounding our operations; and for the work/life situation, we aim to strike a proper balance between work and personal life through enhanced business efficiency.

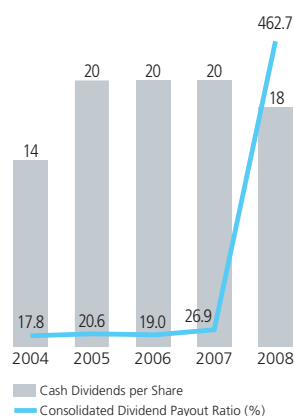
To Our Shareholders

Q Finally, do you have a message you would like to deliver to shareholders and investors?

First, we regret to announce that annual cash dividends for the fiscal year under review were set at ¥18 per share, down ¥2 from the previous fiscal year, reflecting deteriorated performance results. We respectfully ask for the understanding of all shareholders and investors.

Currently, the Sumitomo Rubber Group is facing severe business conditions. However, we have overcome a number of previous crises, including the Great Hanshin-Awaji Earthquake in 1995. Based on our daring spirit, cultivated through a long history of success, we will give full scope to our ability to cope with the current situation by effecting across-the-board structural reforms. By doing so, we will turn our 100th anniversary into the starting point for a new step forward. We sincerely ask for your continued understanding and support.

CASH DIVIDENDS PER SHARE
(Yen)



Feature: Driving the Future of Eco-Friendly Tires

With the aim of achieving its Long-Term Vision, the Sumitomo Rubber Group is pursuing corporate value from two approaches: economic and social. As a part of its quest for social value, Sumitomo Rubber Industries proactively engages in the development of environmentally friendly products such as fuel-efficient tires.

The Key to Developing Eco-Friendly Products: Reduction of Rolling Resistance

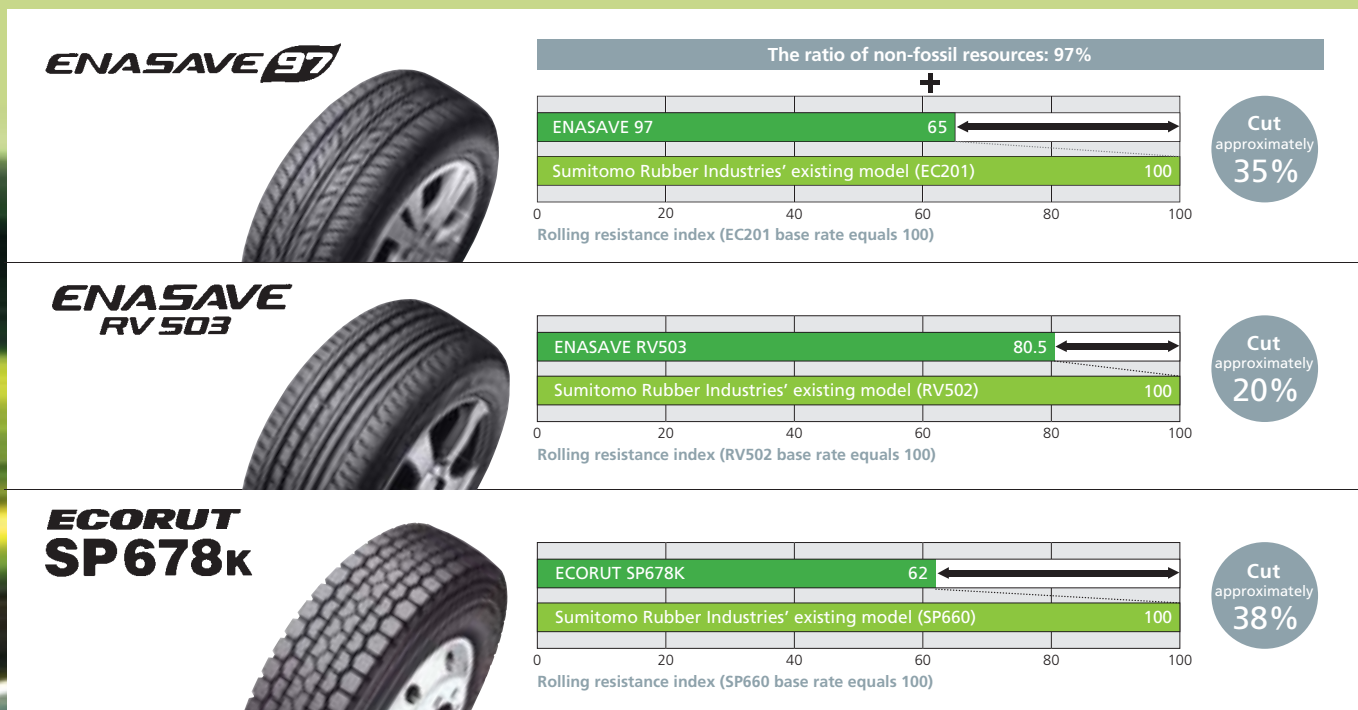
What the tire can do to help address worldwide environmental issues is to have its rolling resistance reduced. Based on this conviction, Sumitomo Rubber Industries set the reduction of rolling resistance as its top priority in tire product development and strengthened its efforts in this area.

The ENASAVE 97 tire launched in 2008 is an all-new eco-friendly tire that raises the content of non-fossil resources to 97%, while reducing its rolling resistance by approximately 35% compared with conventional tires. As a result, the ENASAVE 97 tire can lower automobile fuel consumption by approximately 7%. This feature can significantly cut CO₂ emissions in the use of tires.

The Company is planning to develop fuel-efficient products based on the modified natural rubber technology cultivated in

the ENASAVE 97 tire as well as through new expertise such as polymer technology, and it will introduce these new products over the next few years. By doing so, Sumitomo Rubber Industries aims to reinforce its position in this sector. As part of the first stage of new product introduction, the Company developed the ENASAVE RV503 fuel-efficient tire for minivans and commenced sales in February 2009. The ENASAVE RV503 tire successfully reduces around 20% of the rolling resistance compared with the existing products.

Furthermore, Sumitomo Rubber Industries reduced rolling resistance by approximately 38% in the ECORUT SP678K tire for trucks and buses, released in 2007. This new tire was developed based on rubber compounding simulation technology that analyzes the inner physical mechanisms of rubber on the nano-level.



Introduction of the Sumitomo Rubber Industries Eco-Friendly Product Standards

Aiming to further contribute to the global environment, Sumitomo Rubber Industries introduced its own standards in 2008 for the development of eco-friendly performance in tires. All of the Company's flagship tires for the domestic replacement market will fulfill these standards by 2015. For overseas replacement markets, the Company plans to release fuel-efficient tires that meet the in-house standards from 2010.



Top-Priority Development Projects

Based on its standards for environmentally conscious products, Sumitomo Rubber Industries is promoting the development of various eco-friendly tires. Among a number of development projects, the Company places particular emphasis on a tire that is 100% free of fossil resources and a fuel-efficient tire with a 50% reduction of rolling resistance.

Tires 100% Free of Fossil Resources

The challenge for the ENASAVE 97 tire is how to convert the remaining 3% of fossil resources into natural ingredients. It is difficult to replace such materials as rubber antioxidants and vulcanization accelerators with natural components using the current technology. Sumitomo Rubber Industries believes it can accomplish this conversion by promoting its R&D activities for biomass materials as well as by leveraging its biotechnology know-how. When tires that are 100% free of fossil resources are realized, the Company can offer an ultimate eco-tire that minimizes environmental burdens both in terms of materials and fuel efficiency. Overcoming various technical issues, Sumitomo Rubber Industries will aim to launch the product in 2013.

Sumitomo Rubber Industries Eco-Friendly Product Standards

	Eco-Friendly Items	Appraisal Items
When Manufactured / Disposed	Non-fossil resources	Ratio of non-fossil resources
	Resource conservation	Coefficient reduction (Lighter weight, anti-wear performance)
	Recycling / Reuse	Retreading
When in Use	Fuel economy	Rolling resistance value
	Safe and comfortable	Noise, braking, performance on icy roads

Fuel-Efficient Tires with 50% Reduction of Rolling Resistance

The EU commission is planning to introduce to its member countries a new requirement to be implemented by 2010. The new regulation will set a corporate average CO₂ emission limit per vehicle to 130g per kilometer. When fuel-efficient tires with a 50% reduction of rolling resistance are developed, they can enhance fuel efficiency by approximately 10% compared with conventional tires. Such features have attracted the attention of original equipment manufacturers, and Sumitomo Rubber Industries is frequently receiving requests for early commercialization. To this end, the Company will address the issues and challenges of the technical aspects and production process by amalgamating its technological capabilities across the board so that it can commercialize the tire by 2015.

Having inherited the pioneering spirit of J.B. Dunlop, the inventor of the world's first pneumatic tire in 1888, Sumitomo Rubber Industries will boldly take on the challenge of developing tires that can contribute to global environmental preservation.

Establishment of Tyre Technical Center

Sumitomo Rubber Industries is building the Tyre Technical Center as part of its 100th anniversary project. This facility will utilize "clean energy" generated by natural energies such as wind power, solar power and biomass that can contribute to CO₂ emissions reduction. In addition, the Company is aiming to upgrade the eco-friendly aspects of its facilities by installing solar power generators. Upon the completion of construction, Sumitomo Rubber Industries will accelerate the development of next-generation, eco-friendly products such as tires that are 100% free of fossil resources and fuel-efficient tires featuring a 50% reduction of rolling resistance.



Artist's rendition of the Tyre Technical Center

TIRE BUSINESS

Fiscal 2008 Results

Sales in the Tire business grew 4.7% year on year to ¥501,063 million for the fiscal year under review, while operating income dropped 55.8% to ¥15,849 million.

The increase in net sales was attributable to the favorable performance in overseas markets. However, operating income declined, reflecting a significant rise in raw material prices and profit deterioration in the export business due to a stronger yen in the second half of fiscal 2008, as well as the abrupt weakening of demand on a global scale since October 2008.

Domestic Replacement Market

During the fiscal year under review, domestic car ownership took a downward turn for the first time, putting the Japanese tire replacement market in a weaker demand environment compared with the previous fiscal year.

Under the Dunlop brand, Sumitomo Rubber Industries strived to enhance its lineup by releasing a variety of products, in addition to the existing VEURO VE302 premium comfort tire for passenger cars that features a special noise-absorbing sponge and the ECORUT SP678K truck and bus tire that provides excellent fuel efficiency. New products include the ENASAVE 97 new-generation eco-tire with a newly enhanced non-fossil resources ratio of 97%, the DSX-2 new-generation studless snow tire that realizes stable braking performance on

icy roads and the SP001 studless snow tire for trucks and buses.

Sumitomo Rubber Industries also introduced new products under the Falken and Goodyear brands: The ZIEX ZE912 passenger car tire provides for an active and pleasurable sporting lifestyle, while the EAGLE RV-S minivan tire and the EAGLE RS Sport tire satisfy the needs of professional drivers.

Despite such efforts, sales in the overall domestic replacement market fell below that of the previous fiscal year due to a contraction in consumer spending as well as a demand shift from premium products to lower-priced items.

Original Equipment Market

During the fiscal year under review, automobile production in Japan was driven by strong exports and topped



the previous year's demand until the third quarter. In the fourth quarter, however, exports experienced a substantial downturn due to the global economic slump. Under such circumstances, Sumitomo Rubber Industries strived to efficiently supply products that would meet each automaker's needs. As a result, sales topped those of the previous fiscal year.

Overseas Replacement Market

Sales in the overseas tire replacement market saw a substantial growth year on year despite the impact of a strong yen. This was attributable to robust demand in Asia and the Middle East, favorable achievements in sales channel development in North America and marketing expansion by a local sales subsidiary in Russia. In addition, sales in

China, Thailand and Indonesia grew substantially, owing to production capacity enhancement in local factories.

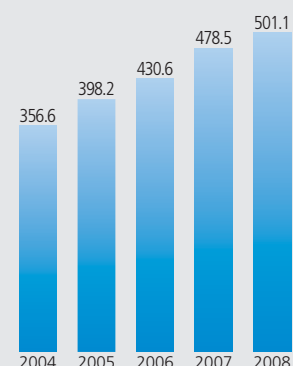
Fiscal 2009 Outlook

In fiscal 2009, despite the plateauing effect of raw material prices, Sumitomo Rubber Industries anticipates a harsh business environment on the back of significant decreases expected in auto production due to stagnant demand in both domestic and overseas markets. Amid such conditions, the Company will make every effort to reduce manufacturing and other costs by promoting an overall cost-reduction campaign. Together with this, Sumitomo Rubber Industries will accelerate the transition to an optimal production system in pursuit of trimming distribution costs and avoiding foreign exchange risks.

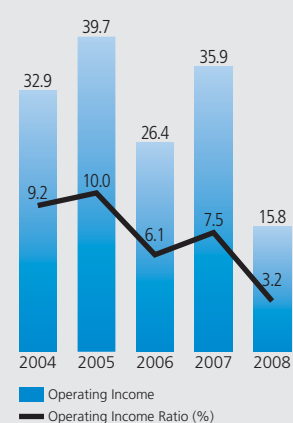
Year-on-Year Increase/Decrease in Tire Sales Volume

	2007	2008
Domestic original equipment	+3%	+0%
Overseas original equipment	+46%	+14%
Domestic replacement	-5%	-2%
Overseas replacement	+17%	+16%
Total	+8%	+7%
Total sales volume (millions of tires)	81.70	87.34

NET SALES
(Billions of yen)



OPERATING INCOME
(Billions of yen)



VEURO VE302

ZIEX ZE912

EAGLE RV-S



Expansion of the Enasave Eco-Tire Series Lineup

Compared with the existing product^{*1}, the newly developed Dunlop ENASAVE RV503 fuel-efficient tire for minivans reduces rolling resistance by approximately 20%.

Thanks to the modified natural rubber technology cultivated in the development of the ENASAVE 97, an eco-tire made from 97% non-fossil resources, as well as newly developed polymer technology, the ENASAVE RV503 tire achieves both excellent fuel efficiency and outstanding grip performance on wet roads—characteristics that minivan drivers have long desired. In addition, by using its proprietary simulation technology, Sumitomo Rubber Industries achieved outstanding quietness for the ENASAVE RV503 tire, while also applying such features as asymmetric pattern and flexible ply structure^{*2} expressly for minivan use, providing a steady, comfortable ride.

Sumitomo Rubber Industries will continue to introduce new products under the environment-friendly ENASAVE brand.

^{*1} LE MANS RV RV502

^{*2} To apply different ply structures depending on tire size to match each vehicle's size and weight



ENASAVE RV503

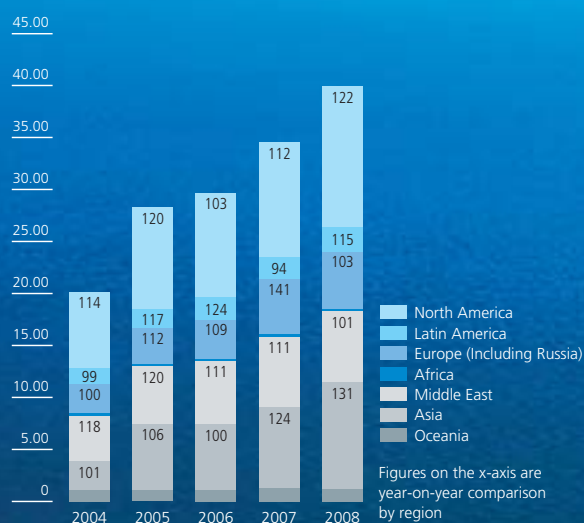
Overseas Sales Network Expansion

With the aim of reinforcing overseas sales in the replacement markets as a part of its global strategies in the Tire business, Sumitomo Rubber Industries established sales subsidiaries in the Middle East and Latin America. With its insight into consumer needs, the Company will carry out marketing activities with the most suitable products in each region to win customer satisfaction.

In the Middle East, Sumitomo Rubber Industries established Sumitomo Rubber Middle East FZE in Dubai, United Arab Emirates. Commencing business operations in January 2009, Sumitomo Rubber Middle East FZE aims to expand sales of replacement tires for passenger cars, light trucks and trucks.

In Latin America, Sumitomo Rubber Latin America Limitada was established in Santiago, Chile, and plans are for it to commence operations in October 2009.

SALES IN OVERSEAS REPLACEMENT MARKETS
(Millions of tires)



The New *Taiyo* Production System

Sumitomo Rubber (Thailand) Co., Ltd.



Taiyo is Sumitomo Rubber Industries' proprietary tire production system that compactly integrates the automated processes from component manufacture to final product inspection. This system has enhanced high-speed uniformity by 50% compared with the conventional method, contributing greatly to improvements in product quality and performance. While using only about 30% of existing production facility space, this system can reduce energy consumption by approximately 35%.

Sumitomo Rubber (Thailand) Co., Ltd., the first overseas tire production subsidiary to install the *Taiyo* production system, commenced sales of original equipment tires in May 2008.

The total number of tires manufactured by the *Taiyo* production system topped 10 million at the end of 2008.

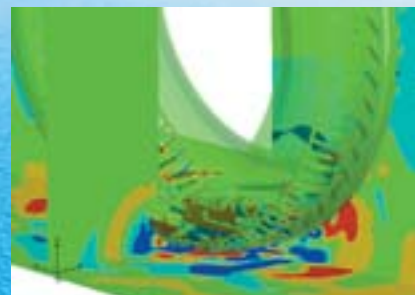


Strip-wound tread of the *Taiyo* production system

Digital Rolling Simulation (DRS) Technologies Constructing Digi-Tyre

Sumitomo Rubber Industries has developed various simulation technologies that include: DRS, which simulates tires by using accurate tire models; DRS II, which simulates rolling tires in conditions very close to the actual ones, including the influence of the road surface and vehicle operation; and DRS III, which simulates tire noise, reflecting tire structure and air-pressure changes inside the tire. Furthermore, Sumitomo Rubber Industries developed Digi-Compound technology to simulate rubber compounds themselves. All of these innovations are great achievements, and they enable the Company to realize an integrated system, from development of compounds to tire design, under the general denotation, "Digi-Tyre Simulation Technology."

In 2008, a new tire pattern noise simulation technology to observe sound radiating from running tires was introduced. This achievement completed the development of DRS technologies.



Tire pattern noise simulation

SPORTS BUSINESS

Fiscal 2008 Results

Sales in the Sports business grew 24.8% year on year to ¥74,289 million, while operating income climbed 13.9% to ¥7,719 million.

In the mainstay domestic golf business, golf goods demand declined, although the number of visitors to golf courses remained on par with the previous fiscal year.

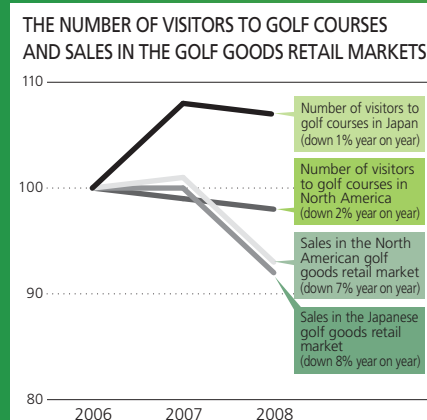
Under such circumstances, sales of golf clubs were strong throughout the fiscal year under review. In the product lineup, The XXIO, the fifth-generation of top-selling golf clubs, were particularly

popular and marked the highest domestic sales volume* for drivers and irons in 2008. In addition, SRI Sports launched new products under the SRIXON brand to expand sales. Furthermore, sales of the XXIO XD golf balls were brisk, while the XXIO Premium golf balls saw robust demand, mainly in the gift market.

Overseas, the golf goods market deteriorated on a global scale. However, sales topped the previous fiscal year, owing to the acquisition of the U.S. golf club maker Cleveland in December 2007.

In tennis products, SRI Sports carried out proactive marketing activities by introducing new products in the Diacuster and AERO GEL series under

the Dunlop brand and some under the Babolat brand. Furthermore, the company's tennis balls boasted a high share in the domestic market and maintained robust sales during the fiscal year under review.



* Based on a survey by GfK Marketing Services Japan Ltd.

XXIO

The XXIO brand golf goods are very popular among golfers in Japan, South Korea and Taiwan. The XXIO fifth-generation golf clubs and irons marked the highest domestic sales volume in 2008.



Fiscal 2009 Outlook

SRI Sports plans to reinforce sales under the XXIO and SRIXON brands in Japan and the SRIXON and Cleveland brands overseas. However, the company anticipates decreased sales and profits for fiscal 2009, reflecting a further worsening environment in both domestic and overseas markets.



Dunlop tennis balls boast top share in the Japanese market

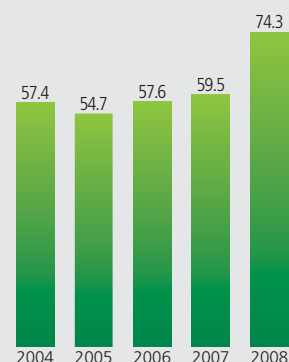
SRIXON



Golf goods under the SRIXON brand were introduced for professional and semiprofessional use, and they are widely used by leading golf players throughout the world. With the integration of its sales network with Cleveland, SRI Sports will gain further brand recognition in the global market.

NET SALES

(Billions of yen)



OPERATING INCOME

(Billions of yen)

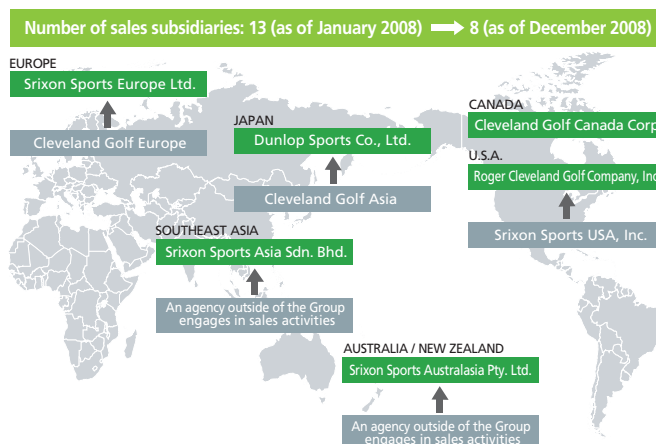


Promotion of Synergy with Cleveland

SRI Sports is striving to create synergies in collaboration with Cleveland, which was acquired in December 2007.

On the marketing front, SRI Sports is aiming for reinforced sales capabilities and efficiencies by integrating its SRIXON strategic international brand with Cleveland's worldwide sales network. Along with this, the two companies integrated their material procurement and product distribution systems with the aim of reducing costs and building a rapid-response supply system.

Leveraging diverse synergies from its business collaboration with Cleveland, SRI Sports will continue to develop competitive products and implement promotion activities to play a leading role in the global golf market.



Cleveland
GOLF



Dunlop Diacuster series tennis rackets meet the diverse needs of players

INDUSTRIAL AND OTHER PRODUCTS BUSINESS

Fiscal 2008 Results

During the fiscal year under review, sales in the Industrial and Other Products business rose 1.1% year on year to ¥29,622 million, while operating income declined 25.7% to ¥1,813 million.

Sales of civil engineering/marine facility-related products such as marine fenders as well as medical rubber parts were strong. In addition, artificial turf for sporting use and GRAFT vibration-control technology using extra-high damping rubber showed brisk demand. However, sales of this segment's mainstay precision rubber parts for printers and photocopiers were stagnant on the

back of the global economic recession and the impact of the strong yen.

Fiscal 2009 Outlook

For fiscal 2009, SRI Hybrid anticipates decreased revenue and earnings in the Industrial and Other Products business due to the impact of the global economic downturn. Given this situation,

SRI Hybrid will make every effort to reduce overall costs in all departments, including production, development, sales and administration, in order to maintain earnings capability.

Dunlop's natural rubber glove lineup boasts a wide variety of items, from household use to medical testing applications.

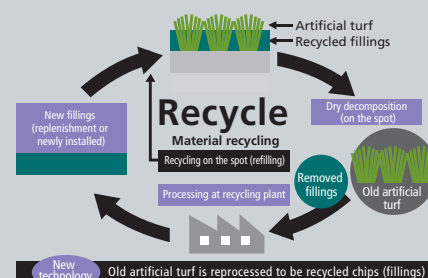


Installing Long-Pile Hybrid-Turf in Jingu Stadium for Professional Baseball

Long-pile, sand-filled and minute rubber chip-filled Hybrid-Turf is used at sports facilities nationwide, including training pitches for J. League professional soccer teams and Top League professional rugby teams, as well as in baseball stadiums. In 2008, the long-pile Hybrid-Turf ET-62, which uses a new-generation monofilament with triangle sections, was adopted at Jingu Stadium, the home field of a professional baseball team in Tokyo.

Development of New Long-Pile Turf with Enhanced Recyclability

Old long-pile turf has generally been disposed of as waste, since it is difficult to remove sand and rubber chips from turf for recycling purposes. However, SRI Hybrid developed a new recycling-type, long-pile turf with new fillings. The filling is not made from sand and rubber chips but from the same material as the artificial turf itself, and therefore the filling can be recycled either by simply removing it from the turf and reusing it as filling or recycling it together with the turf as new filling. Furthermore, the filling's shape and hardness can be flexibly designed, so it is possible to customize the new recycling-type long-pile turf according to the requirements of each sport.





GRAST Vibration-Control Technology

The GRAST vibration-control technology using high damping rubber with great energy absorption capacity is adopted in a wide range of fields, including dampers for large bridge cables, single-unit houses and high-rise buildings.

Joint Development of Seismic Energy-Absorbing Panels for Houses with Sumitomo Forestry Co., Ltd.

Thanks to a new, rigid, high damping rubber developed by SRI Hybrid's proprietary GRAST vibration-control technology, the seismic energy-absorbing panel's capability of transforming seismic energy into thermal energy emissions has improved significantly compared with conventional earthquake-proof technologies. To that end, the panel was granted a 5.0 certification from the Minister of Land, Infrastructure and Transportation in its wall strength factor, used to measure the seismic capacity of walls.



Seismic energy-absorbing panel

Marine fenders play an important role in various marine activities



Hyper-Omega fender

Precision rubber parts for printers and photocopiers that require accuracy on a micrometer scale

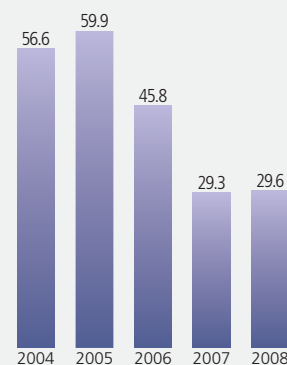


High-performance, high-quality medical rubber stoppers manufactured under thorough quality control



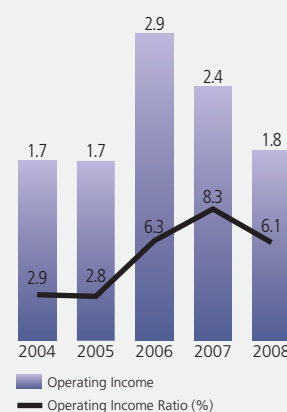
NET SALES

(Billions of yen)



OPERATING INCOME

(Billions of yen)



Environmental Preservation and Contributions to Local Communities

The Sumitomo Rubber Group positions environmental preservation as one of its top priorities. Accordingly, the entire Group has continued to make progress across all of its business activities in the area of environmental management. The Group also voluntarily and actively contributes to local communities, mainly in the areas where it carries out its business operations.



Environment Minister Tetsuo Saito (left) and Sumitomo Rubber Industries' President Tetsuji Mino

Eco-First Company Certification from the Ministry of the Environment

In accordance with the Eco-First System established by the Ministry of the Environment, Sumitomo Rubber Industries made an "Eco-First Commitment" pledge to the Environment Minister in March 2009 with regard to the Group's environmental preservation activities. Upon the declaration of its commitment, Sumitomo Rubber Industries received the Eco-First Company certification.

The Sumitomo Rubber Group's Eco-First Commitment encompasses: (1) Acceleration of global warming prevention activities to reduce its CO₂ emissions below 58% by 2010 compared with the 1990 figure; (2) Making active contributions to the creation of a recycling-oriented society by achieving zero landfill waste at all domestic and overseas factories by 2010; and (3) Promotion of eco-friendly product development activities with the aim of releasing a tire that is 100% free of fossil resources by 2013 and a fuel-efficient tire featuring a 50% reduction in rolling resistance by 2015.

Encouraged by this certification, the Sumitomo Rubber Group will continue to further promote its environmental preservation activities.



LNG satellite base at the Miyazaki Factory

Completion of Shift to Gas at All Tire Factories

In December 2008, Sumitomo Rubber Industries switched the fuel source for the boiler at its mainstay tire manufacturing facility in Miyazaki from heavy oil to natural gas. This will reduce annual CO₂ emissions from the Miyazaki Factory by 18%. However, a natural gas pipeline has not yet reached the Miyazaki Factory, so Sumitomo Rubber Industries established a liquefied natural gas (LNG) satellite base on the premises of the facility to transfer LNG by tanker.

With completion of the shift to natural gas at the Miyazaki Factory, all four of the Group's domestic tire production factories and all three of its overseas factories have accomplished the switch from heavy oil to natural gas.



SRI Engineering Co., Ltd.

SRI Engineering Co., Ltd. Receives Reduce, Reuse & Recycle Promotion Council Chairman's Award

SRI Engineering Co., Ltd. was established in 2005 through the merger of Sumitomo Rubber Industries' mold design/development department and the Company's mold production subsidiary. In the same year, SRI Engineering commenced zero emission activities and in 2007 realized the recycling of plaster and cast sand used in the mold production process. Spurred by this achievement, SRI Engineering made further efforts to improve its design and operation processes and succeeded in reducing a significant amount of waste per mold. As a result, SRI Engineering attained complete zero emissions in May 2008 and a 100% recycling ratio. Complete zero emissions is achieved when 0% of waste is disposed of in landfills. To that end, SRI Engineering received the Reduce, Reuse & Recycle Promotion Council Chairman's Award, and the Sumitomo Rubber Group attained zero emissions at all the factories in its major manufacturing companies in Japan and overseas, marking the industry's first such achievement.



Uzugamori area on Mt. Rokko (Nos. 32 and 33 are activity areas of the Sumitomo Rubber Group)



Event site



The winning car and members of the Wakamatsu Daiichi High School Automobile Club

Developing Sumitomo Rubber Genki No Mori on Mt. Rokko

The Sumitomo Rubber Group entered into an agreement with the Ministry of Land, Infrastructure and Transport with regard to forestation activities to prevent landslides on Mt. Rokko. Cooperating with the Ministry's Rokko Mountain Range Greenbelt Development Project, the Sumitomo Rubber Group will mainly plant deciduous trees at two forestation candidate sites of approximately four hectares in the Uzugamori area of Mt. Rokko.

With the aim of contributing to global warming prevention, the Sumitomo Rubber Group is carrying out the "Sumitomo Rubber Forest Factory—Acorn Project." In this project, the Group will nurture oak trees from acorns collected by its employees. The development of the Sumitomo Rubber GENKI no Mori project is a part of the Group's forestation activities.

Traffic Safety Event in Shanghai, China

In May 2008, Sumitomo Rubber Industries' tire manufacturing and sales companies in China—Sumitomo Rubber (Changshu) Co., Ltd. and Sumitomo Rubber (Suzhou) Co., Ltd.—held a traffic safety event in Shanghai jointly with Shanghai Spiritual Civilization Development Committee Office and Shanghai Public Security Department Transport Police. In this event, the two companies made presentations featuring the safety aspects of Dunlop tires, while organizing a quiz contest regarding traffic safety knowledge and providing traffic safety educational sessions for children.

Sumitomo Rubber (Changshu) Co., Ltd. and Sumitomo Rubber (Suzhou) Co., Ltd. will continue to carry out extensive traffic safety campaigns, contributing to the advancement of motorization and enhanced safety in China.

Solar Car with Dunlop Tires Wins World Solar-Car Rallye

In July 2008, the Automobile Club of Wakamatsu Daiichi High School won the World Solar-Car Rallye held in Ogata Village, Akita Prefecture in the Stock Class (Standard Lead Battery Section) of the Full-Size Category. This achievement marked the school's fifth straight victory in this event. The winning car was equipped with Dunlop tires, provided by Sumitomo Rubber Industries every year since 1996.

Continued Selection for the FTSE4GOOD Global Index

In 2008, Sumitomo Rubber Industries was again selected for inclusion in the "FTSE4Good Global Index," a global social responsibility investment (SRI) index. Created by the global index company FTSE International Limited, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social, ethical and environmental criteria and are positioned to capitalize on the benefits of responsible business practice.



FTSE4Good

For details of the Sumitomo Rubber Group's environmental and social contribution activities, please refer to the CSR Report, which is available at:

http://www3.srigroup.co.jp/CACHE/index_e.cfm

R&D Activities and Intellectual Property Strategies

Constantly targeting new value creation, the Sumitomo Rubber Group engages proactively in research and development (R&D). In addition to these efforts, the Group preserves the fruits of its research as intellectual property and has established structures to fully capitalize on its intellectual property rights.

R&D Activities

With a core of Sumitomo Rubber Industries' R&D organization and facilities, the Group promotes R&D activities in wide-ranging fields—the tire, sports and industrial and other product businesses—in close cooperation with its subsidiaries and affiliates around the world. In addition, the Group has pursued the exchange of technology in its Tire business based on a global alliance with The Goodyear Tire & Rubber Company since 1999. In conjunction with this, the Group formed dedicated project teams to carry out joint research for specific themes. Furthermore, we are constructing the Tyre Technical Center, which is going to be the key facility of the Group's R&D activities for tire technology. The Tyre Technical Center will engage in the development of next-generation, eco-friendly tires.

Total R&D expenses in the fiscal year under review amounted to ¥19,351 million, which accounted for 3.2% of consolidated net sales.

Tire Business

Leveraging its proprietary technologies, Sumitomo Rubber Industries released environmentally friendly products including the ENASAVE RV503 fuel-efficient tire for mini-vans under the Dunlop brand. In fiscal 2008, R&D expenses in the Tire business totaled ¥16,013 million.

Sports Business

Establishing an R&D section both in SRI Sports and Cleveland, SRI Sports develops, evaluates and tests new technologies and products with cutting-edge computer simulation capability. R&D expenses in the Sports business amounted ¥1,417 million.

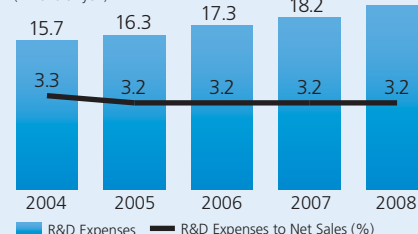
Industrial and Other Products Business

In the Industrial and Other Products business, SRI Hybrid endeavors to expand businesses in the field of precision rubber parts for printers and photocopiers, blankets for offset printing presses, artificial turf, rubber gloves, civil engi-

neering and marine products, high damping rubber and medical rubber parts. At the same time, the company develops products that meet consumer needs. Reflecting these approaches, R&D expenses in the Industrial and Other Products business were ¥1,920 million in the fiscal year under review.

R&D EXPENSES

(Billions of yen)



Intellectual Property Strategies

The Sumitomo Rubber Group carries out intellectual property activities in order to support each business. Activities include the acquisition and utilization of intellectual property rights, namely patents, designs and trademarks, as well as the prevention of rights infringements.

Globalization Initiatives

With the aim of realizing its Long-Term Vision for business expansion in the overseas market, the Sumitomo Rubber Group expanded its intellectual property business in Russia and CIS countries, Asia and South America, in addition to Japan, Europe and the United States.

The following are three main activities to be conducted in each country.

- (1) Securing industrial property rights (patents, designs and trademarks)
- (2) Exercising rights against products that infringe on the Group's intellectual property
- (3) Eliminating inappropriate use of rights by third parties to ensure the Group's legitimate business activities

The Group is particularly aware of cases that fall under (3), in which third parties around the world apply for trademarks that may infringe the Group's main brands. The Group's business operations may be affected

if such cases were to be neglected. Therefore, the Group takes countermeasures against such infringements as soon as they are detected.

Enhancement of Business Efficiency and Streamlining of Intellectual Property Ownership

Owing to the abovementioned globalization activities, the Group is required to handle expanding businesses related to intellectual property rights. Against this backdrop, the Group will carry out its business operations in accordance with the following objectives.

- (1) Authorization of all effective technology and streamlining of unprofitable rights
- (2) Building a stronger relationship with patent offices

The Group calculated its patent commercialization rate in trying to expand it to meet the objectives in (1). The rate is figured by dividing the number of commercialized patents by the number of patents held. While enhancing the commercialization rate by accelerating the application and authorization of technologies to be commercialized as well as renouncing unused patents, the Group will endeavor to boost the cost performance of its intellectual property rights.

The intellectual property business must have a cooperative relationship with patent offices

both in Japan and overseas. It is particularly necessary to reinforce communications with patent offices overseas in pursuit of globalization and efficient business operations.

In 2008, the Group started to dispatch its Intellectual Property Department members to patent offices in each country of business to cooperate with local agencies regarding authorization and litigation matters. By doing so, the Group aims to (a) reinforce relationships with patent offices, (b) enhance business quality and efficiency and (c) improve the business skills of Intellectual Property Department members.

Effective Utilization of Patent Information

In order to maintain and control Sumitomo Rubber Group's patents, a database was compiled covering all intellectual property rights and placed under the Patent Control System. Data are regarded as administrative and technological information, so they are disclosed to each development division to support their technological development activities.

The Sumitomo Rubber Group values its competitors' patent information as a way of monitoring technical advances and preventing its products from infringing on other companies' rights. To that end, the Group distributes the weekly patent bulletins necessary to keep each technical division informed.

Corporate Governance

Sumitomo Rubber Industries' basic management policy is to enhance its corporate value as a promising and reliable global company for the benefit of all stakeholders, including shareholders. Under this policy, the Company considers the enhancement of corporate governance as a major management objective in its efforts to better fulfill its social responsibility and enhance its transparency. This policy will help to strengthen Group management and establish deep relationships of trust with society, while ensuring Groupwide business efficiency.

Corporate Governance Structure Overview of Corporate Governance Structure

Sumitomo Rubber Industries has adopted an auditing system that is driven by its Board of Auditors. This Board is composed of five corporate auditors, three of whom are external appointments. This effectively facilitates a fair and objective system and enhances the overall audit function. The Company's Board of Directors deliberates and determines matters of managerial importance and supervises the execution of operations. As of March 27, 2009, the Board of Directors was comprised of 12 members, two of whom were external directors. In an effort to better promote the separation of supervisory and executive management functions and to clarify the responsibilities and authority of each business, Sumitomo Rubber Industries also introduced an executive officer system in March 2003. Through these means, the Company has established the organizational tools to promptly and appropriately respond to changes in its operating environment.

Internal Audit and Audit by Corporate Auditors

Sumitomo Rubber Industries' internal audit function is effectively the responsibility of the Audit Office. Under the direct control of the president, the Audit Office is comprised of six staff. In accordance with audit policies and

annual internal audit plans, the Audit Office implements on-site audits of the Group as a whole, including the Head Office, major business sites and subsidiaries, to evaluate the efficacy, efficiency and degree of compliance adequacy in connection with the execution of operations at each division and department and related Group companies. On completion of an internal audit, the results and any recommendations for improvement are reported to the president and the Board of Auditors in an effort to ensure reciprocal collaboration. In addition, reporting meetings are held on a periodic basis or as needs require among corporate auditors, the Audit Office and independent auditors to facilitate the exchange of information as well as closer collaboration.

Accounting Audit

The Company entered into an audit agreement with KPMG AZSA & Co. for the implementation of accounting audits under the Corporation Law and the Financial Instruments and Exchange Law. For the fiscal year ended December 31, 2008, the Company's accounting audit was conducted by three certified public accountants (CPAs). These three CPAs were supported by ten additional CPAs and eight others.

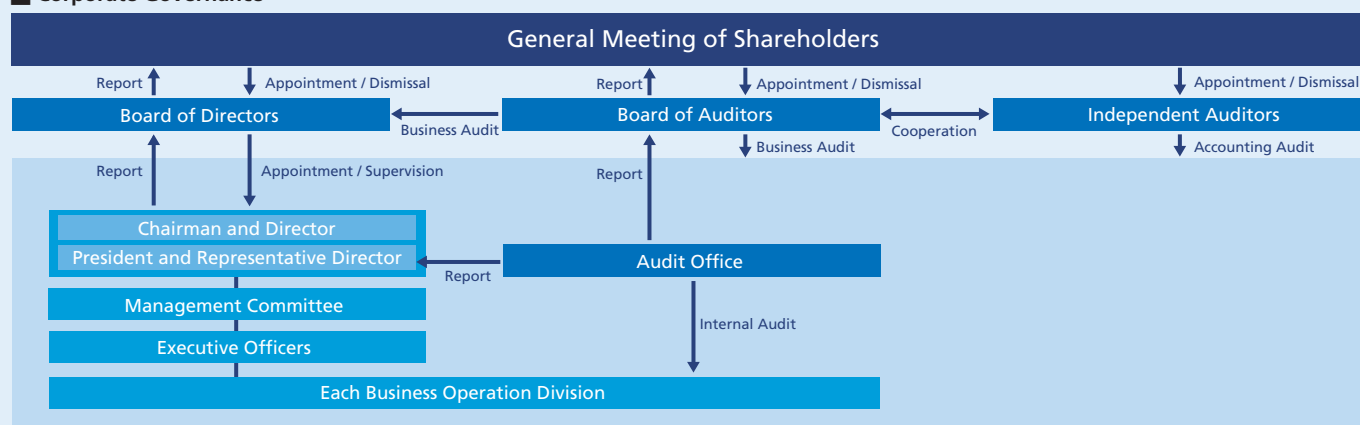
Relationships with External Directors and Corporate Auditors

Norio Okayama, one of the Company's external directors, is special advisor of Sumitomo Electric

Industries, Ltd. Kimio Toma, one of Sumitomo Rubber Industries' external corporate auditors, is also an advisor for Sumitomo Electric Industries as well as an external corporate auditor for Sumitomo Densetsu Co., Ltd. Although Sumitomo Rubber Industries purchases products from the two companies, terms and conditions of trading are not affected by their concurrent positions. While Hiroshi Izumitani, another external corporate auditor, holds the concurrent positions of advisor to Murata Manufacturing Co., Ltd. and of external corporate auditor for Nomura Research Institute, Ltd., there is no special interest between the said two companies and the Company. Furthermore, Tadao Kagono, the Company's external corporate auditor, is an external corporate auditor to both Santen Pharmaceutical Co., Ltd. and NTN Corporation. These companies also have no special interests with Sumitomo Rubber Industries.

Keizo Kosaka, the Company's external director appointed at its annual general meeting of shareholders on March 27, 2009, also serves as external director for Toyo Aluminium K.K. and Keyence Corporation, given his knowledge of corporate legal affairs as a lawyer. These companies also have no special interests with Sumitomo Rubber Industries.

Corporate Governance



■ **Major Activities of External Directors and Corporate Auditors**
(April 1, 2008 to December 31, 2008)

Name	Status	Major activities
Norio Okayama	Director	Attendance at the Board of Directors meetings: 11 times out of 12 meetings Offering advice and comments based on a wealth of knowledge as an experienced business manager
Kimio Toma	Corporate auditor	Attendance at the Board of Directors meetings: 10 times out of 12 meetings Attendance at the Board of Auditors meetings: 10 times out of 12 meetings Offering advice and comments based on a wealth of knowledge, mainly regarding corporate auditing
Hiroshi Izumitani	Corporate auditor	Attendance at the Board of Directors meetings: 12 times out of 12 meetings Attendance at the Board of Auditors meetings: 12 times out of 12 meetings Offering advice and comments based on a wealth of knowledge, primarily regarding business management, finance and accounting
Tadao Kagono	Corporate auditor	Attendance at the Board of Directors meetings: 10 times out of 12 meetings Attendance at the Board of Auditors meetings: 11 times out of 12 meetings Offering advice and comments based on a wealth of knowledge, mainly as an academic expert

Implementation and Status of the Internal Control System

The Sumitomo Rubber Group is establishing a corporate structure to address the development and operation of an internal control system as stipulated in the Corporation Law, as well as internal control regarding financial reporting as required by the Financial Instruments and Exchange Law. To this end, the Group set up an Internal Control Project Management Office in January 2007 to promote all employees' understanding of internal control matters, while sharing information across the board. Together with this, the Group is reinforcing its information security system, reviewing its risk control structure and establishing related regulations.

Compliance and Risk Management Compliance System

Based on compliance with social norms, which are stipulated in the Company's Code of Conduct, Sumitomo Rubber Industries maintains the guideline that corporate activities must adhere to laws and ordinances, social norms and public decency. In addition, the Company strives to increase awareness and ensure strict legal compliance. In order to fulfill its corporate social responsibility, Sumitomo Rubber Industries established the basic objective of complying with laws and its Articles of Incorporation while establishing a strict code of corporate ethics and ensuring sound business operations. To that end, the Company formulated its "Regulations on Corporate Ethics Activities" and established

the Corporate Ethics Committee in February 2003. In addition, Sumitomo Rubber Industries set up a compliance counseling room directly controlled by the president as a corporate ethics helpline for employees. This enables the Corporate Ethics Committee to investigate any problems that arise and give sufficient attention to ensure that those employees who come forward are not penalized. Furthermore, the Company pays close attention to legal aspects by taking advice from a corporate attorney as circumstances demand.

Risk Management System

In the conduct of its business activities, the Sumitomo Rubber Group constantly confronts a variety of risks. These include but are not limited to risks relating to the Group's business operations, legal requirements, the environment, accidents and disasters. With regard to factors that have the potential to materially impact the Group's business activities, each division and department undertakes an analysis of potential risks and formulates appropriate countermeasures, which are discussed at management meetings. With regard to the environment, accidents and disasters, the Occupational Health and Safety Management Committee formulates appropriate countermeasures, which are deliberated at management meetings as and when required. In support of its risk management activities, the Group also receives advice from specialists such as corporate attorneys when necessary.

Directors, Corporate Auditors and Executive Officers

(As of March 27, 2009)

Board of Directors

Chairman and Director	Mitsuaki Asai
President and Representative Director	Tetsuji Mino
Executive Vice President and Representative Director	Hisao Takahashi
Representative Director and Managing Executive Officer	Toshiyuki Noguchi
Director and Managing Executive Officer	Yasuyuki Sasaki
Director and Senior Executive Officer	Takaki Nakano
Director and Senior Executive Officer	Yoshinori Yamada
Director and Senior Executive Officer	Hiroaki Tanaka
Director and Senior Executive Officer	Ikuji Ikeda
Director and Senior Executive Officer	Yasushi Nojiri
Director	Norio Okayama
Director	Keizo Kosaka

Corporate Auditors

Corporate Auditor (Full-time)	Masashi Mine
Corporate Auditor (Full-time)	Katsuhiko Nakagawa
Corporate Auditor	Kimio Toma
Corporate Auditor	Hiroshi Izumitani
Corporate Auditor	Tadao Kagono

Executive Officers

Senior Executive Officer	Kenji Onga
Executive Officer	Takahiro Fukumoto
Executive Officer	Kozaburo Nakaseko
Executive Officer	Minoru Nishi
Executive Officer	Yasutaka Ii
Executive Officer	Masafumi Takami
Executive Officer	Yutaka Kuroda

Financial Section

11-Year Summary of Consolidated Financial Data

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

	Millions of yen			
Years ended December 31	2008	2007	2006	2005
For the year:				
Net sales	¥604,974	¥567,307	¥534,086	¥512,838
Cost of sales	412,824	368,783	342,856	307,538
Selling, general and administrative expenses	166,491	153,398	154,440	155,374
Operating income	25,659	45,126	36,790	49,926
Net income (loss)	1,021	19,499	27,586	25,640
Depreciation and amortization	35,475	30,165	27,052	25,755
Capital expenditures	49,601	53,205	45,308	40,415
Cash flows from operating activities	25,879	56,594	23,872	38,984
Cash flows from investing activities	(58,067)	(65,167)	(33,923)	(42,878)
Cash flows from financing activities	34,088	8,692	14,687	(3,376)
At year-end:				
Total assets	¥639,941	¥671,117	¥606,938	¥563,442
Net assets	202,642	250,799	223,852	—
Shareholders' equity	—	—	—	174,267
Interest-bearing debt	275,746	239,573	219,372	205,751
Yen				
Per share amounts:				
Net income (loss)	¥ 3.89	¥ 74.31	¥ 105.13	¥ 97.10
Net income—diluted	—	—	—	—
Cash dividends paid	18.00	20.00	20.00	20.00
Percent				
Key ratios:				
Operating income ratio	4.2%	8.0%	6.9%	9.7%
ROE	0.5	9.1	14.7	16.0
ROA (operating income base)	3.9	7.1	6.3	9.2
Equity ratio	28.3	33.9	33.3	30.9
Number of employees	20,369	18,410	16,031	17,433
Number of shares issued	263,043,057	263,043,057	263,043,057	263,043,057

Notes: 1. U.S. dollar amounts are converted solely for convenience at the rate of ¥91 per US\$1.00, the approximate exchange rate prevailing at December 31, 2008.

2. In 1999, the Company changed its reporting entity due to the global alliance in the Tire business with Goodyear. The change reduced its net sales, operating income, total assets and interest-bearing debt but the effect to net income and shareholders' equity was immaterial. The Company changed its amortization method for past service liability of the contributory defined pension plan. This change reduced net income by ¥3,545 million.

3. In 2000, the Company changed the accounting policy for technical aid income and expense. As a result of these changes, net sales increased by ¥2,728 million and operating income increased by ¥1,665 million, however, there were no effects on net income.

4. From 2006, Sumitomo Rubber has applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) by the Accounting Standards Board of Japan (ASBJ) and the "Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance" (ASBJ Guidance No. 8, December 9, 2005).

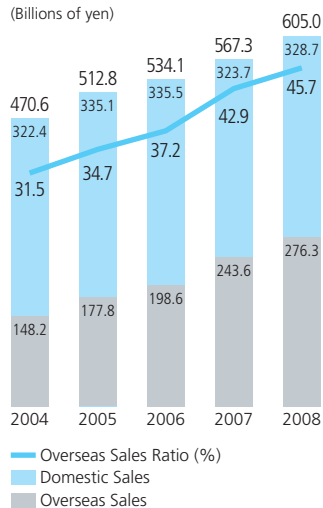
5. Depreciation and amortization, and capital expenditure figures include both tangible assets and intangible assets.

Millions of yen							Thousands of U.S. dollars (Note 1)
2004	2003	2002	2001	2000	1999	1998	2008
¥470,562	¥450,491	¥447,893	¥434,463	¥423,247	¥509,215	¥653,525	\$6,648,066
288,684	281,392	286,755	279,074	273,451	351,492	456,705	4,536,528
136,352	131,333	129,394	132,813	124,355	133,971	169,032	1,829,571
45,526	37,766	31,744	22,576	25,441	23,752	27,770	281,967
19,169	13,095	8,239	(7,207)	5,335	4,929	5,034	11,220
25,098	24,313	25,163	24,645	25,275	32,911	40,218	389,835
36,881	29,171	30,557	25,372	19,944	41,634	46,754	545,066
32,056	44,225	50,700	42,359	36,086	20,327	58,814	284,385
(37,622)	(28,545)	(31,269)	(25,284)	(21,685)	43,403	(43,213)	(638,099)
7,609	(20,821)	(19,628)	(15,172)	(25,690)	(64,559)	(4,871)	374,594
¥520,157	¥481,553	¥477,293	¥514,415	¥523,560	¥441,707	¥614,197	\$7,032,319
—	—	—	—	—	—	—	2,226,836
145,492	110,395	101,633	107,391	109,995	97,475	96,091	—
201,929	210,681	220,085	241,600	252,143	223,727	311,574	3,030,176
Yen							U.S. dollars (Note 1)
¥ 78.64	¥ 55.07	¥ 33.97	¥ (29.71)	¥ 23.24	¥ 22.57	¥ 23.06	\$ 0.043
—	—	—	—	—	20.63	—	—
14.00	12.00	10.00	10.00	10.00	9.00	9.00	0.198
Percent							
9.7%	8.4%	7.1%	5.2%	6.0%	4.7%	4.2%	
15.0	12.4	7.9	—	5.1	5.1	5.3	
9.1	7.9	6.4	4.4	5.3	4.5	4.4	
28.0	22.9	21.3	20.9	21.0	22.1	15.6	
16,737	15,573	15,312	15,123	15,348	—	—	
263,043,057	242,543,057	242,543,057	242,543,057	242,543,057	218,288,751	218,288,751	

Management's Discussion and Analysis

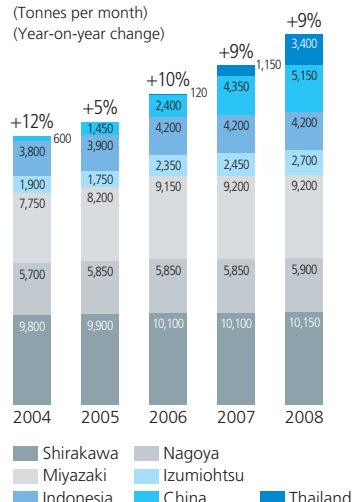
DOMESTIC AND OVERSEAS SALES

(Billions of yen)



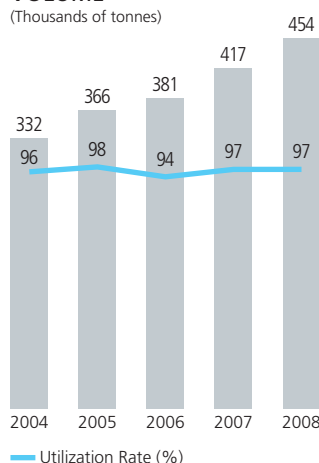
TIRE PRODUCTION CAPACITY

(Tonnes per month)
(Year-on-year change)



TIRE PRODUCTION VOLUME

(Thousands of tonnes)



SCOPE OF CONSOLIDATION

The Sumitomo Rubber Group's consolidated financial statements include those of Sumitomo Rubber Industries and its 74 consolidated subsidiaries as well as 38 equity-method affiliates (28 nonconsolidated subsidiaries and 10 affiliated companies).

In fiscal 2008, ended December 31, 2008, one subsidiary company was newly included in the Company's scope of consolidation, while six subsidiary companies were excluded. The newly consolidated subsidiary is a tire sales company in Russia, and its new consolidated status is due to its increased importance in the Group's business. The exclusion from consolidation of one of the six subsidiaries was due to the merger of SRI Research and Development, Ltd. with Sumitomo Rubber Industries, and the exclusion of the remaining five reflected the restructuring of sales companies in Japan and overseas Sports businesses.

BUSINESS ENVIRONMENT

Amid increasing uncertainty in business trends due to soaring crude oil and raw material prices, the Japanese economy remained weak during fiscal 2008, reflecting global financial instability caused by the U.S. subprime loan crisis. When such financial conditions worsened further in October 2008, the real economy rapidly deteriorated as exports and corporate capital investment dropped substantially, while personal consumption became stagnant.

The environment surrounding the Group was harsh, with unprecedented increases in raw material prices affecting its profits in the first half of fiscal 2008. In addition, in the second half of the fiscal year under review, a slump in global demand for many products, including automobiles, and a substantial profit deterioration in the export business due to the rapid appreciation of the Japanese yen affected the Group's performance.

REVENUES AND EARNINGS

In fiscal 2008, consolidated net sales rose 6.6% from the previous fiscal year to ¥604,974 million. Overseas sales increased 13.4% to ¥276,269 million, and the overseas sales ratio was up 2.8 percentage points to 45.7%.

Cost of sales grew 11.9% year on year to ¥412,824 million. The cost to sales ratio rose 3.2 percentage points to 68.2% due to soaring raw material prices, while gross operating profit declined 3.2% to ¥192,150 million. Selling, general and administrative expenses increased 8.5% to ¥166,491 million. The ratio of selling, general and administrative expenses to net sales edged up 0.5 of a percentage point to 27.5%.

As a result, operating income for the fiscal year under review dropped 43.1% to ¥25,659 million, while the operating income ratio decreased 3.8 percentage points to 4.2%.

Net other income (expenses) rose from a negative ¥4,700 million in fiscal 2007 to a negative ¥12,789 million in the period under review. Major factors included a substantial increase in exchange loss due to the appreciation of the yen, as well as equity in loss of unconsolidated subsidiaries and affiliates reflecting fallen revenues in joint ventures collaboratively owned with The Goodyear Tire & Rubber Company.

Reflecting these factors, income before income taxes and minority interests in consolidated subsidiaries fell 68.2% to ¥12,870 million. Income taxes dropped 44.7% to ¥10,362 million, representing an effective tax rate of 80.5%, an increase of 34.2 percentage points. After deducting minority interests in consolidated subsidiaries, net income was ¥1,021 million, down 94.8% year on year.

Net income per share was ¥3.89, and ROE (net income base) fell 8.6 percentage points to 0.5%.

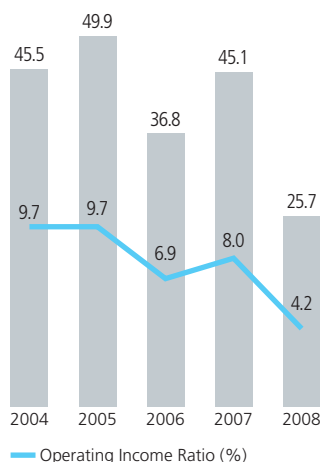
RESULTS BY INDUSTRY SEGMENT

Tire Business

Sales in the Tire business rose 4.7% year on year to ¥501,063 million, while operating income dropped 55.8% to ¥15,849 million. This was due to unprecedented raw material price hikes and profit deterioration in the export business, reflecting the appreciation of the Japanese yen in the second half of fiscal 2008. Compared with the previous fiscal year, such factors caused the Group's overall raw material costs to rise by approximately ¥36.7 billion and brought about ¥5 billion in foreign currency exchange losses. With the aim of absorbing the impact of decreased earnings,

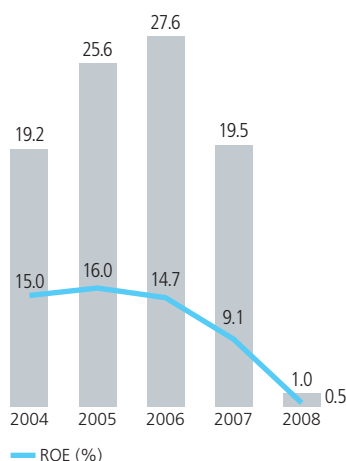
OPERATING INCOME

(Billions of yen)



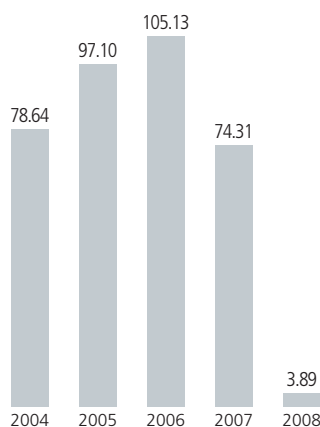
NET INCOME

(Billions of yen)



NET INCOME PER SHARE

(Yen)



Sumitomo Rubber Industries strived to develop and release new products, while implementing proactive sales expansion promotion activities in overseas markets. Furthermore, the Company pushed to streamline product distribution and increase production overseas. Together with this, the Company engaged in various measures, including the optimization of sales prices, in pursuit of securing profits.

Sports Business

Sales in the Sports business grew 24.8% year on year to ¥74,289 million, and operating income expanded 13.9% to ¥7,719 million. Amid deteriorating golf goods markets both in Japan and overseas, demand for The XXIO golf clubs remained robust in the domestic market. Overseas, SRI Sports acquired U.S. golf club maker Cleveland in December 2007. These factors resulted in an increase in sales and profits.

Industrial and Other Products Business

Sales in the Industrial and Other Products business rose 1.1% from the previous fiscal year to ¥29,622 million, while operating income decreased 25.7% to ¥1,813 million. During the fiscal year under review, sales of civil engineering/marine facility-related products such as marine fenders and medical rubber parts were favorable. In addition, artificial turf for sporting use and GRAFT vibration-control technology using extra-high damping rubber showed brisk demand. However, sales of this segment's mainstay precision rubber parts for printers and photocopiers were stagnant on the back of the global economic recession and the impact of the strong yen. As a result, decreased revenues and earnings were recorded in this segment.

R&D EXPENSES

Research and development expenses climbed 6.2% year on year to ¥19,351 million, representing 3.2% of consolidated net sales. The Tire business accounted for ¥16,013 million of these expenses, up 6.0% from the previous fiscal year, the Sports business ¥1,417 million, up 12.9%, and the Industrial and Other Products business ¥1,920 million, up 3.1%.

DIVIDENDS

Sumitomo Rubber Industries recognizes the return of gains to shareholders as a priority issue. While comprehensively assessing the standards for dividend payout ratios on a consolidated basis, performance prospects and retained earnings, the Group has adopted a basic policy of steadily rewarding shareholders over the long term. In addition, the Company has decided to distribute retained earnings twice a year as dividends. The year-end dividend payment is resolved at the General Shareholders' meetings, while the interim dividend payment is determined by the Board of Directors.

The full-year dividend for fiscal 2008 was ¥18.00 per share, a decrease of ¥2.00 from the previous fiscal year. The dividend payout ratio on a consolidated basis was 462.7%.

FINANCIAL POSITION

Total assets as of December 31, 2008 were down 4.6% year on year to ¥639,941 million.

Total current assets grew 1.8% to ¥271,912 million, mainly reflecting the increase in inventories.

Total investments and other assets fell 19.1% to ¥131,738 million, mainly attributable to a decrease in investments in securities due to stagnant securities markets.

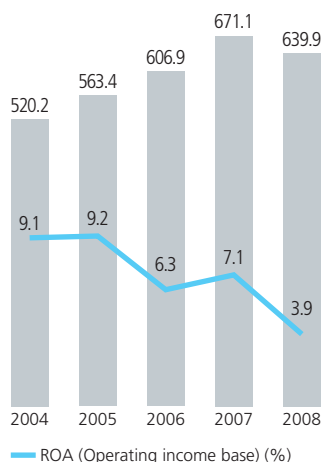
Total property, plant and equipment declined 2.1% year on year to ¥236,291 million.

As of the end of the fiscal year under review, total liabilities climbed 4.0% to ¥437,299 million. Interest-bearing debt as of the fiscal 2008 year-end increased ¥36,173 million to ¥275,746 million, and the debt-to-equity ratio deteriorated from 1.1 times as of the previous fiscal year-end to 1.5 times.

Total net assets at the fiscal year-end dropped 19.2% to ¥202,642 million, and net assets per share were ¥689.70. As a result, the equity ratio (net assets minus minority interests in consolidated subsidiaries to total assets) at the end of fiscal 2008 fell 5.6 percentage points to 28.3%. ROA (operating income base) declined 3.2 percentage points to 3.9%.

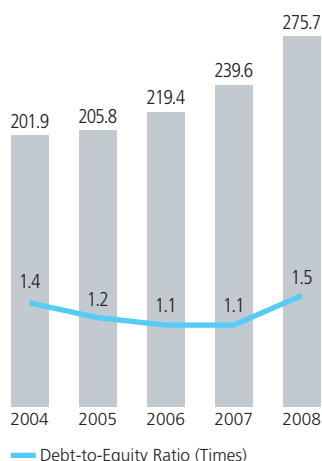
TOTAL ASSETS

(Billions of yen)



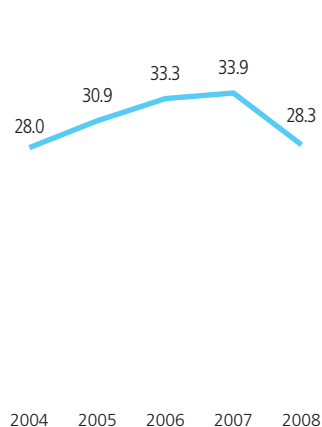
INTEREST-BEARING DEBT

(Billions of yen)



EQUITY RATIO

(%)



CAPITAL EXPENDITURES

During the fiscal year under review, the Sumitomo Rubber Group made capital expenditures of ¥49,601 million, focusing mainly on the Tire business. This represented a 6.8% decrease from the previous fiscal year. The Tire business accounted for ¥46,987 million, which was used for facility renovation aimed at boosting and streamlining production and the improvement of labor efficiency. The Sports business spent ¥1,698 million for the improvement of golf ball production efficiency at SRI Sports Limited, and the Industrial and Other Products business used ¥915 million to improve the production facilities of precision rubber parts for printers and photocopiers at SRI Hybrid Limited. The necessary funds were furnished by a combination of cash on hand, borrowings and corporate bonds.

With the aim of addressing rapidly worsened global demand since October 2008, the Sumitomo Rubber Group is reviewing the aggressive capital expenditures it has made to increase production in the Tire business over the past few years. To that end, the Group will cut its capital expenditures in the fiscal year ending December 31, 2009 to ¥38,000 million. The Sumitomo Rubber Group will continue to review its capital investment plan carefully to further reduce expenditures.

CASH FLOWS

Net cash provided by operating activities dropped 54.3% year on year to ¥25,879 million, mainly comprising significantly decreased income before income taxes and minority interests as well as an increase in inventories and income taxes paid.

Net cash used in investing activities declined 10.9% to ¥58,067 million. During the fiscal year under review, total cash outflow in investing activities decreased year on year despite proactive capital investment. This was mainly due to a cash outflow of ¥9,032 million for SRI Sports' acquisition of Cleveland in fiscal 2007.

Net cash provided by financing activities jumped 292.2% to ¥34,088 million. Net fund procurement, including short-term borrowings, the redemption of bonds and long-term debt, was ¥40,213 million. Dividends paid also contributed to the result.

These activities, along with the effect of exchange rate changes on cash and cash equivalents as well as changes in the scope of consolidation and reporting entities, resulted in cash and cash equivalents at the end of the fiscal year edging up 0.9% to ¥18,526 million.

Free cash flow (net cash provided by operating activities less net cash used in investing activities) was a negative ¥32,188 million. This was mainly attributable to the increase in capital investment and inventories. Although the Sumitomo Rubber Group will continue to carry out capital investment, the Group will aim to expand inflow of cash from operating activities by increasing sales volumes and improving profitability at the same time. By doing so, the Group will make every effort to ensure both business growth and secured cash liquidity, as well as to enhance its financial standing.

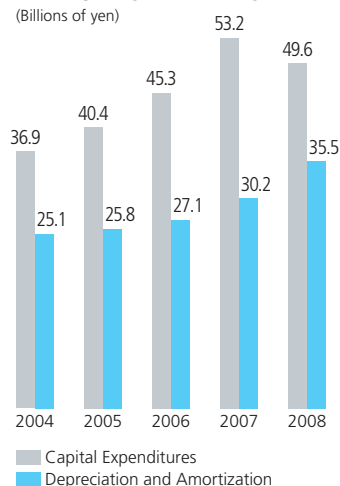
OUTLOOK

Looking at the future of the economy, the fear is that conditions will become increasingly severe. Under these circumstances, it is anticipated that the Japanese economy will contract due to negative growth, reflecting the concurrent slowdown of the world economy. Despite the plateauing raw material prices, the business environment surrounding the Sumitomo Rubber Group may become increasingly harsh. This is based on an assumption of a sluggish employment and income environment, declining corporate profits, and weakening personal consumption and capital investment. In particular, a significant production decrease is expected in the automobile sector due to sluggish demand in both the domestic and overseas markets.

Amid such circumstances, the Sumitomo Rubber Group will commemorate its 100th anniversary in fiscal 2009. In pursuit of a reinvigorated corporate structure aimed at securing profitability under this harsh business environment, and to take the first steps forward toward the next 100 years, the Group will resolutely carry out structural reform, including human resource development, organizational capabilities enhancement and business efficiency improvement. With this in mind, the Group will make further efforts to reduce manufacturing costs and other expenditures through an overall cost reduction campaign, while cutting distribution costs and foreign currency exchange risks by promoting the shift to optimal production systems. Furthermore, the Group will strive to develop and release products that excel at environment friendliness and meet market needs from a long-term perspective, while developing a management platform that will accelerate toward the next 100 years.

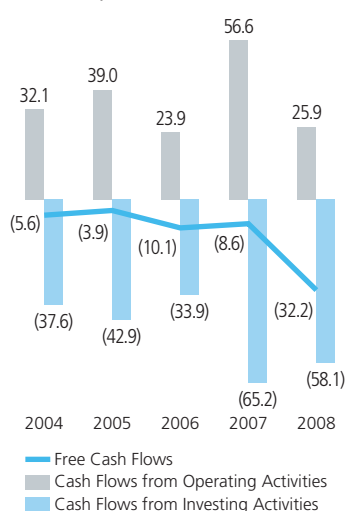
CAPITAL EXPENDITURES/ DEPRECIATION AND AMORTIZATION

(Billions of yen)



CASH FLOWS

(Billions of yen)



RISK INFORMATION

The Sumitomo Rubber Group has identified the following key risk factors that may impact its business performance and financial position.

Risk factors relating to future business results were determined based on information available to management as of the end of the fiscal year under review. The Group recognizes that such risks may occur, and it strives to address them accordingly.

Exchange Rate Fluctuations

Exchange rate fluctuations impact the value of the Group's exports, raw materials procurement, foreign currency-denominated assets, liabilities and financial statements. The appreciation of the yen against foreign currencies such as the U.S. dollar may have an adverse effect on the Group's business performance and financial position. Since the Group has raised its consolidated overseas sales ratio from 25.2% in fiscal 2001 to 45.6% in fiscal 2008, the possibility exists that its results may be further affected by exchange rate fluctuations. The Sumitomo Rubber Group utilizes forward-exchange contracts and maintains a balance in its export and import activities on an individual currency basis with the aim of minimizing its exposure to exchange rate fluctuations. Such precautions, however, may not be sufficient to avoid all possible exchange rate fluctuation risks.

Changes in Raw Material Prices

The Sumitomo Rubber Group's principal raw materials are natural rubber, petrochemicals and metals. The Group's operating results may thus be affected by price increases in natural rubber, crude oil, steel and other related materials.

Changes in Interest Rates

Promoting the reduction of interest-bearing debt to improve its financial standing, the Group also implements countermeasures to minimize the risk of changes in interest rates by using diversified financing methods and interest rate swaps. Despite these efforts, the Group's operating results and financial position may be affected in the event of rising fund procurement costs due to an increase in interest rates in the medium and long term.

Product Quality

In accordance with prescribed quality standards, the Sumitomo Rubber Group undertakes full-scale measures to assure product quality. Yet it is difficult to reduce the number of defective products and customer complaints to zero. To offset the possibility of any claims for damages resulting from defective products, the Group retains appropriate indemnity insurance. Despite this initiative, there is the possibility that a claim may occur that cannot be compensated by insurance. Furthermore, costs may arise associated with the resolution of claims as well as product recalls or exchanges. Such incidences may affect the Group's operating results, financial position and social standing.

Alliance with Goodyear

Based on its alliance with Goodyear, the Group operates several joint ventures. Under the alliance, these joint ventures engage in tire production and sales in Europe and North America and tire sales in Japan, as well as the promotion of tire technology exchanges and procurement. The Group also maintains cross-shareholdings with Goodyear. As each joint venture is included in the Group's scope of consolidation as a consolidated subsidiary or an equity-method affiliate, changes in the alliance with Goodyear or the operating results of joint ventures may impact the Group's operating results.

Disasters

Concentrating on Japan and other Asian countries, the Sumitomo Rubber Group develops its business on a global scale. The Group's operating results may be affected directly or indirectly by such events as natural disasters, disease, war and terrorism. Such events may have a negative impact on the Group's operating results.

Consolidated Balance Sheets

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
December 31	2008	2007	2008
Assets			
Current assets:			
Cash and time deposits (Note 3)	¥ 19,187	¥ 19,147	\$ 210,846
Notes and accounts receivable (Note 14)—			
Trade	117,451	131,454	1,290,670
Other	21,882	16,593	240,462
Allowance for doubtful accounts	(1,800)	(1,650)	(19,780)
Securities	1,000	—	10,989
Inventories (Note 4)	95,049	80,068	1,044,495
Short-term loans (Note 14)	6,384	7,011	70,154
Deferred tax assets (Note 10)	8,628	10,587	94,813
Other	4,131	3,815	45,395
Total current assets	271,912	267,025	2,988,044
Investments and other assets:			
Investments in securities (Note 5)	11,276	24,398	123,912
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 14)	57,757	74,405	634,692
Long-term loans	457	541	5,022
Deferred tax assets (Note 10)	5,153	4,676	56,626
Long-term prepaid expenses	4,076	4,502	44,791
Trademarks (Note 8)	1,397	1,856	15,352
Goodwill and other intangible assets	15,334	16,343	168,505
Prepaid pension cost (Note 11)	27,652	26,608	303,868
Other	9,986	10,853	109,737
Allowance for doubtful accounts	(1,350)	(1,400)	(14,835)
Total investments and other assets	131,738	162,782	1,447,670
Property, plant and equipment (Notes 7 and 9):			
Land	37,125	38,643	407,967
Buildings and structures	139,335	136,909	1,531,154
Machinery and equipment	419,637	413,300	4,611,396
Construction in progress	14,732	13,623	161,890
Accumulated depreciation	(374,538)	(361,165)	(4,115,802)
Net property, plant and equipment	236,291	241,310	2,596,605
Total assets	¥ 639,941	¥ 671,117	\$ 7,032,319

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings (Note 9)	¥ 83,648	¥ 60,122	\$ 919,209
Current portion of long-term debt (Note 9)	43,539	25,504	478,451
Notes and accounts payable (Note 14)—			
Trade	81,380	77,053	894,286
Construction	7,148	10,367	78,549
Other	22,475	27,001	246,978
Accrued expenses	10,720	12,240	117,802
Allowance for sales returns	1,820	1,952	20,000
Accrued income taxes (Note 10)	3,823	12,221	42,011
Other	4,482	6,684	49,252
Total current liabilities	259,035	233,144	2,846,538
Long-term liabilities:			
Long-term debt (Note 9)	148,559	153,947	1,632,516
Deferred tax liabilities (Note 10)	11,753	15,450	129,154
Accrued retirement benefits (Note 11)	10,593	10,404	116,407
Other	7,359	7,373	80,868
Total long-term liabilities	178,264	187,174	1,958,945
Contingent liabilities (Note 15)			
Net Assets			
Shareholders' equity (Note 19):			
Common stock—			
Authorized: 800,000,000			
Issued: 263,043,057 shares in 2008 and 2007	42,658	42,658	468,769
Capital surplus	38,661	38,661	424,846
Retained earnings	112,601	109,673	1,237,374
Less treasury stock, at cost—			
2008—696,200 shares			
2007—688,541 shares	(531)	(524)	(5,835)
Total shareholders' equity	193,389	190,468	2,125,154
Valuation and translation adjustments			
Net unrealized gains on available-for-sale securities	957	8,585	10,516
Deferred losses on hedges	(461)	(314)	(5,066)
Translation adjustments	(12,945)	29,041	(142,252)
Total valuation and translation adjustments	(12,449)	37,312	(136,802)
Minority interests	21,702	23,019	238,484
Total net assets	202,642	250,799	2,226,836
Total liabilities and net assets	¥639,941	¥671,117	\$7,032,319

Consolidated Statements of Income

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended December 31	2008	2007	2008
Net sales (Note 14)	¥604,974	¥567,307	\$6,648,066
Cost of sales (Note 14)	412,824	368,783	4,536,528
Gross profit	192,150	198,524	2,111,538
Selling, general and administrative expenses	166,491	153,398	1,829,571
Operating income	25,659	45,126	281,967
Other income (expenses):			
Interest and dividend income	1,220	1,198	13,407
Interest expense	(4,766)	(3,287)	(52,374)
Loss on sales or disposal of property, plant, and equipment, net	(759)	(1,550)	(8,341)
Exchange loss, net	(4,757)	(1,195)	(52,275)
Equity in (loss) earnings of unconsolidated subsidiaries and affiliates	(182)	3,646	(2,000)
Loss on asset impairment (Note 17)	(590)	(725)	(6,484)
Loss on voluntary recall of products (Note 18)	—	(500)	—
Loss on transition to defined contribution plans from defined benefit plans (Note 11)	—	(25)	—
Group restructuring expenses	(573)	—	(6,297)
Other, net	(2,382)	(2,262)	(26,174)
	(12,789)	(4,700)	(140,538)
Income before income taxes and minority interests in consolidated subsidiaries	12,870	40,426	141,429
Income taxes (Note 10):			
Current	7,269	16,787	79,879
Deferred	3,093	1,943	33,989
	10,362	18,730	113,868
Income before minority interests in consolidated subsidiaries	2,508	21,696	27,561
Minority interests in consolidated subsidiaries	(1,487)	(2,197)	(16,341)
Net income	¥ 1,021	¥ 19,499	\$ 11,220
		Yen	U.S. dollars (Note 1)
Per share amounts:			
Net income	¥ 3.89	¥ 74.31	\$ 0.043
Cash dividends paid	18.00	20.00	0.198

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains on available- for-sale securities	Deferred losses on hedges	Translation adjustments	Minority interests	Total net assets
Balance at December 31, 2006	¥42,658	¥38,660	¥ 90,896	¥(483)	¥ 9,641	¥ (64)	¥20,695	¥21,849	¥223,852
Disposal of treasury stock		1							1
Cash dividends			(5,248)						(5,248)
Net income			19,499						19,499
Repurchase of treasury stock				(41)					(41)
Other			4,526		(1,056)	(250)	8,346	1,170	12,736
Balance at December 31, 2007	¥42,658	¥38,661	¥109,673	¥(524)	¥ 8,585	¥(314)	¥29,041	¥23,019	¥250,799

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains on available- for-sale securities	Deferred losses on hedges	Translation adjustments	Minority interests	Total net assets
Balance at December 31, 2007	¥42,658	¥38,661	¥109,673	¥(524)	¥ 8,585	¥(314)	¥ 29,041	¥23,019	¥250,799
Disposal of treasury stock		0		2					2
Cash dividends			(5,247)						(5,247)
Net income			1,021						1,021
Repurchase of treasury stock				(9)					(9)
Effect of change in reporting entities			(5)						(5)
Increase due to merger of non-consolidated subsidiaries, net			43						43
Other			7,116		(7,628)	(147)	(41,986)	(1,317)	(43,962)
Balance at December 31, 2008	¥42,658	¥38,661	¥112,601	¥(531)	¥ 957	¥(461)	¥(12,945)	¥21,702	¥202,642

Thousands of U.S. dollars (Note 1)

Balance at December 31, 2007	\$468,769	\$424,846	\$1,205,197	\$(5,758)	\$ 94,340	\$(3,451)	\$ 319,132	\$252,958	\$2,756,033
Disposal of treasury stock		0		22					22
Cash dividends			(57,659)						(57,659)
Net income			11,220						11,220
Repurchase of treasury stock				(99)					(99)
Effect of change in reporting entities			(55)						(55)
Increase due to merger of non-consolidated subsidiaries, net			473						473
Other			78,198		(83,824)	(1,615)	(461,384)	(14,474)	(483,099)
Balance at December 31, 2008	\$468,769	\$424,846	\$1,237,374	\$(5,835)	\$ 10,516	\$(5,066)	\$(142,252)	\$238,484	\$2,226,836

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended December 31	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests in consolidated subsidiaries	¥ 12,870	¥ 40,426	\$ 141,429
Adjustments to reconcile income before income taxes and minority interests in consolidated subsidiaries to net cash provided by operating activities—			
Depreciation and amortization	35,475	30,165	389,835
Loss on asset impairment	590	725	6,484
Loss on sales or disposal of property, plant and equipment, net	759	1,550	8,341
Loss on transition to defined contribution plans from defined benefit plans	—	25	—
Equity in loss (earnings) of unconsolidated subsidiaries and affiliates	182	(3,646)	2,000
Provision for (Reversal of) allowance for doubtful accounts	351	(356)	3,857
Increase (Decrease) in accrued retirement benefits, net of payment	569	(204)	6,253
Increase in prepaid pension costs, net of payment	(1,044)	(3,230)	(11,473)
Decrease in pension premiums payable for transition to defined contribution plan	—	(2,182)	—
Interest and dividend income	(1,220)	(1,198)	(13,407)
Interest expenses	4,766	3,287	52,374
Decrease (Increase) in notes and accounts receivable	9,292	(7,089)	102,110
Increase in inventories	(22,044)	(8,700)	(242,242)
Increase (Decrease) in notes and accounts payable	10,935	(2,154)	120,165
Decrease in accounts payable	(3,991)	—	(43,857)
Other	(2,112)	6,173	(23,209)
Subtotal	45,378	53,592	498,660
Interest and dividends received	6,100	11,738	67,033
Interest paid	(4,680)	(3,246)	(51,429)
Income taxes paid	(20,919)	(5,490)	(229,879)
Net cash provided by operating activities	25,879	56,594	284,385
Cash flows from investing activities:			
Capital expenditures	(56,238)	(52,421)	(618,000)
Proceeds from sales of property, plant and equipment, net of related outstanding receivables	450	913	4,945
Additional acquisition of shares in consolidated subsidiaries and affiliates from minority interests	(472)	(677)	(5,187)
Acquisition of shares of newly consolidated subsidiaries	(284)	(9,032)	(3,121)
Acquisition of investments in securities	(699)	(100)	(7,681)
Proceeds from sales of investments in securities	7	156	77
Acquisition of shares of unconsolidated subsidiaries and affiliates	(1,107)	(966)	(12,165)
Proceeds from sales of investment in consolidated subsidiaries and affiliates	—	44	—
Net decrease (increase) in short-term loans	661	(281)	7,264
Payments for long-term loans	(90)	(75)	(989)
Proceeds from collection of long-term loans	88	96	967
Proceeds from withdrawal of time deposits	969	—	10,648
Payments for purchase of time deposits	(1,043)	(1,766)	(11,462)
Other	(309)	(1,058)	(3,395)
Net cash used in investing activities	(58,067)	(65,167)	(638,099)
Cash flows from financing activities:			
Net increase in short-term borrowings	26,996	2,204	296,659
Proceeds from long-term debt and newly issued bonds	39,019	29,000	428,780
Repayments of long-term debt and redemption of bonds	(25,802)	(16,839)	(283,538)
Dividends paid	(5,247)	(5,248)	(57,659)
Dividends paid to minority interests	(870)	(842)	(9,560)
Subscription by minority interests for issuance of common stock of consolidated subsidiaries	—	459	—
Payments for purchases of treasury stock, net	(7)	(41)	(77)
Other	(1)	(1)	(11)
Net cash provided by financing activities	34,088	8,692	374,594
Effect of exchange rate changes on cash and cash equivalents	(2,969)	(13)	(32,627)
Net (decrease) increase in cash and cash equivalents	(1,069)	106	(11,747)
Cash and cash equivalents at beginning of year	18,361	18,152	201,769
Increase in cash and cash equivalents due to change in reporting entities	1,234	103	13,560
Cash and cash equivalents at end of year (Note 3)	¥ 18,526	¥ 18,361	\$ 203,582

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries
December 31, 2008 and 2007

1. Major Policies Applied in Preparing Consolidated Financial Statements

The accompanying consolidated financial statements are a translation of the financial statements publicly issued in Japan and have been modified to enhance foreign readers' understanding. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the notes to the consolidated financial statements include financial information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The U.S. dollar amounts appearing in the consolidated financial statements are included solely for convenience. These U.S. dollar translations should not be construed as representations that the Japanese yen amounts actually represent U.S. dollars or have been or could be converted into U.S. dollars. The rate of ¥91=U.S.\$1.00, the approximate rate prevailing at December 31, 2008, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

2. Significant Accounting Policies

(1) Consolidation and accounting for investments in affiliates

The consolidated financial statements consist of the accounts of Sumitomo Rubber Industries, Ltd. (the "Company") and, with minor exceptions, those of its majority-owned subsidiaries at the relevant balance sheet dates. All significant intercompany transactions and accounts are eliminated in consolidation. Investments in unconsolidated subsidiaries and affiliates (companies in which the Company has a 20% to 50% ownership interest) are, with minor exceptions, accounted for on an equity basis. Using an equity basis, investments are stated at cost plus/minus the Company's equity in undistributed earnings or losses. Consolidated net income includes the Company's equity in current earnings or losses of such companies after the elimination of unrealized intercompany profits.

Dunlop Golf Shop Co., Ltd., whose operations became significant in 2007, is included in the 2007 consolidation. Srixon Sports Manufacturing (Thailand) Co., Ltd., which was established during fiscal 2007, is included in consolidation. SRI Sports Ltd., a subsidiary of the Company, acquired all stocks issued by Roger Cleveland Golf Company, Inc., Cleveland Golf Canada Corp., Riviera S.A.S., Cleveland Golf Deutschland GmbH, Belfry Golf, Ltd. and Cleveland Golf Asia Ltd. (Cleveland Golf Group) in 2007, and their balance sheets are included in consolidation. SRI TECH MIYAZAKI, Ltd. was liquidated in 2007. Dunlop Sports NS Co., Ltd. was merged with Dunlop Sports Co., Ltd. SRI Medical, Ltd. was merged with SRI Hybrid Limited. Falken Tire Holdings, Inc. was merged with Falken Tire Corporation.

Dunlop Tire CIS Limited Liability Company, whose operations became significant in 2008, is included in the 2008 consolidation. SRI Research and Development Ltd. was merged with Sumitomo Rubber Industries, Ltd.; Dunlop Sports Kyusyu Co., Ltd. was merged with Dunlop Sports Co., Ltd.; and Srixon Sports USA Inc. was merged with Roger Cleveland Golf Company, Inc., respectively in 2008. Riviera S.A.S., Belfry Golf, Ltd. and Cleveland Deutschland GmbH transferred their business to Srixon Sports Europe Ltd. in 2008. Riviera S.A.S. was liquidated in 2008. The Company decided to exclude Belfry Golf, Ltd. and Cleveland Deutschland GmbH from consolidation, because their operations became insignificant in 2008.

All consolidated subsidiaries are consolidated using the same fiscal period as that of the Company.

If there is a change in the reporting entity, the consolidated financial statements are not restated. The effect of the change is directly debited or credited to retained earnings during the period.

The differences between the cost of and the underlying net equity in investments in consolidated subsidiaries and affiliates accounted for on an equity basis are recognized when those companies are initially included in consolidation or accounted for by the equity method. Generally, such differences are amortized using the straight-line method over a 5-year period. However, there are some exceptions to this policy. The difference related to Goodyear Dunlop Tires Europe B.V. is being amortized over a 10-year period, and the difference related to Cleveland Golf Group is scheduled to be amortized over 15 years from 2008. The difference related to Falken Tire Corporation, in compliance with SFAS No. 142 of the United States of America, is not being amortized (see note 2. (10)). Minor differences are charged or credited to income as incurred.

(2) Consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with original maturities of three months or less are considered to be cash and cash equivalents.

(3) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at current rates at the balance sheet date, and the resulting translation gains or losses are charged to income to the extent that they are not hedged by forward exchange contracts.

In preparing the accompanying consolidated financial statements, the asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, and shareholders' equity is translated at historical exchange rates. Revenue and expense accounts of foreign subsidiaries and affiliates are translated at the average rates of exchange prevailing during the year. The resulting translation adjustments are shown as a component of net assets.

(4) Marketable securities and investments in securities

Securities classified as available-for-sale securities are stated at fair market value with unrealized gains and losses, net of applicable taxes, recorded as a component of net assets. Securities with no fair market value are stated at cost. Losses on significant declines in the fair value of securities that are not temporary are charged to income. The cost of securities sold is determined based on the average cost of all shares of the securities held at the time of sale.

(5) Derivative financial instruments and hedging

The Company and its consolidated subsidiaries use derivative financial instruments, which include foreign exchange forward contracts and interest rate swap contracts, in order to offset risks associated with fluctuations in currency exchange rates and interest rates with respect to financial assets and liabilities in accordance with internal policies and procedures.

a. Hedge accounting

The Company and its consolidated subsidiaries have adopted a method for hedging instruments that defers the recognition of gain or loss resulting from change in the fair value of the derivative financial instrument until the related gain or loss on the hedged item is recognized.

All derivatives are stated at fair value. However, when foreign exchange forward contracts meet certain conditions, accounts receivable and accounts payable covered by these contracts are translated using the contract rate. In addition, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged item.

Hedging instruments and hedged items are summarized as follows:

Hedging instruments	Hedged items
Foreign exchange forward contracts	Accounts receivable and accounts payable in foreign currencies and forecasted transactions
Interest rate swap contracts	Short-term borrowings and long-term debt, bonds

b. Hedging policy

The Company and its consolidated subsidiaries use financial instruments to hedge market or interest rate fluctuation risks in accordance with their internal policies and procedures.

c. Assessment method of hedging effectiveness

The Company and its consolidated subsidiaries evaluate the effectiveness of their hedging activities by comparing the cumulative changes in fair value or the cumulative changes in cash flow on hedging instruments with those of the related hedged items from the commencement of the hedges.

(6) Inventories

Inventories are principally stated at the lower of cost or market. Cost is determined using the average cost method.

(7) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts principally at an amount computed based on the historical bad debt ratio during certain reference periods plus the estimated uncollectible amount of certain individual accounts.

(8) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed using the straight-line method, except for assets held at the Company's head office, the Nagoya factory and some domestic consolidated companies. These latter assets are depreciated using the declining-balance method over the estimated useful life of the asset.

The estimated useful lives of the major classes of depreciable assets range from 2 years to 60 years for buildings and structures and from 2 years to 20 years for machinery and equipment, respectively.

In accordance with the revised Tax Law, for tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries have started to depreciate the remaining balance of the assets over a five-year period using the straight-line method from the fiscal year following the year when the book value of the assets decreases to 5% of the acquisition costs under the method of depreciation under the Tax Law before revision. As a result of this change operating income was ¥1,968 million (\$21,626 thousand) less and income before income taxes and others was ¥1,974 million (\$21,703 thousand) less than they would have been with the previous method.

(9) Accounting for leases

Finance leases which do not transfer ownership of the leased property to the lessee at the end of the lease term are principally accounted for as operating leases.

(10) Intangible assets

Intangible assets are stated at cost, less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful life of the asset.

Goodwill and other intangible assets with indefinite useful lives held by U.S. subsidiaries are not amortized but under certain circumstances, tested for impairment on an annual basis under certain circumstances and written down when impaired. Intangible assets with definite useful lives are amortized over their respective estimated useful lives and reviewed for impairment.

(11) Research and development expenses

Research and development expenses are charged to income when incurred.

(12) Allowance for sales returns

An allowance for sales returns is provided for losses incurred on the return of snow tires sold during the fiscal year but returned subsequent to the balance sheet date, the estimation of which is based on the average rate of such returns in prior years.

(13) Accrued retirement benefits

Liabilities and expenses for retirement and severance benefits are accounted for based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. Accrued retirement benefits for directors and statutory auditors of certain consolidated subsidiaries, which are included in long-term liabilities—other, are recorded at an amount equivalent to 100% of such benefits that the subsidiaries would be required to pay at the balance sheet date based on their internal rules. Payments of benefits are subject to resolution at the shareholders' meeting.

(14) Income taxes

The income statements of the Company and its consolidated subsidiaries include many items for financial reporting purposes which, in case of costs and expenses, are not currently tax deductible and, in the case of income, are not currently taxable. The Company and its consolidated subsidiaries have adopted interperiod income tax allocation using the asset and liability method of accounting with respect to all such temporary differences, including tax loss carryforwards.

(15) Per share amounts

Net income per share is computed based on the average number of shares outstanding during each period. Diluted net income per share is not presented because there were no outstanding common stock equivalents as of December 31, 2008 or December 31, 2007.

(16) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(17) Reclassifications

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

3. Cash Flow Information

Reconciliations of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are as follows:

		Millions of yen	Thousands of U.S. dollars
	2008	2007	2008
Cash and time deposits	¥19,187	¥19,147	\$210,846
Securities	1,000	—	10,989
Time deposits with a maturity of over three months	(1,661)	(786)	(18,253)
Cash and cash equivalents	¥18,526	¥18,361	\$203,582

4. Inventories

Inventories as of December 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Finished goods	¥59,341	¥50,470	\$ 652,099
Work-in-process	24,322	19,149	267,275
Raw materials	5,568	5,083	61,187
Supplies	5,818	5,366	63,934
	¥95,049	¥80,068	\$1,044,495

5. Investments in Securities

As of December 31, 2008 and 2007, the cost, book value and related unrealized gains and losses pertaining to available-for-sale securities with readily determinable fair values of marketable equity securities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Available-for-sale securities:			
Cost	¥ 8,647	¥ 8,563	\$ 95,022
Book value	10,199	22,947	112,077
Unrealized gains	2,940	14,680	32,308
Unrealized losses	(1,388)	(296)	(15,253)

6. Derivative Financial Instruments

Fair value information regarding derivative financial instruments as of December 31, 2008 and 2007 was as follows:

	Millions of yen						Thousands of U.S. dollars		
	2008			2007			2008		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Currency related contracts:									
Forward foreign exchange contracts									
To buy foreign currencies	¥ 170	¥ 152	¥ (18)	¥ 302	¥ 296	¥ (5)	\$1,868	\$1,670	\$(198)
To sell foreign currencies	626	594	31	—	—	—	6,879	6,527	341
	¥ 13			¥ (5)			\$ 143		

	Millions of yen						Thousands of U.S. dollars		
	2008			2007			2008		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Interest rate related contracts:									
Interest rate swap contracts									
Receive variable rate, give fixed rate	¥21,820	¥(474)	¥ 70	¥20,000	¥(545)	¥(545)	\$239,780	\$(5,209)	\$ 769
Give variable rate, receive fixed rate	59,600	371	50	59,600	321	850	654,945	4,077	550
	¥120			¥ 305			\$1,319		

7. Property, Plant and Equipment

Depreciation expenses for the years ended December 31, 2008 and 2007 were ¥ 31,201 million (\$342,868 thousand) and ¥26,182 million, respectively.

8. Trademarks

For the years ended December 31, 2008 and 2007, amortization expenses for capitalized trademarks were ¥341 million (\$3,747 thousand) and ¥299 million, respectively.

9. Short-Term Borrowings and Long-Term Debt

Short-term borrowings, other than commercial paper, of ¥67,648 million (\$743,385 thousand) and ¥45,622 million as of December 31, 2008 and 2007 bore interest ranging from 0.95% to 7.76% and from 0.82% to 7.48% per annum, respectively.

Commercial paper, included in short-term borrowings, of ¥16,000 million (\$175,824 thousand) as of December 31, 2008 and ¥14,500 million as of December 31, 2007 bore interest ranging from 1.21% to 1.60% and from 0.79% to 0.95% per annum, respectively.

Long-term debt as of December 31, 2008 and 2007 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
0.84% unsecured bonds due 2008 payable in Japanese yen	¥ —	¥ 10,000	\$ —
1.15% unsecured bonds due 2009 payable in Japanese yen	20,000	20,000	219,780
0.67% unsecured bonds due 2008 payable in Japanese yen	—	5,000	—
1.08% unsecured bonds due 2010 payable in Japanese yen	10,000	10,000	109,890
0.74% unsecured bonds due 2011 payable in Japanese yen	20,000	20,000	219,780
1.83% unsecured bonds due 2013 payable in Japanese yen	10,000	10,000	109,890
2.19% unsecured bonds due 2017 payable in Japanese yen	5,000	5,000	54,944
1.84% unsecured bonds due 2018 payable in Japanese yen	10,000	—	109,890
2.17% unsecured bonds due 2018 payable in Japanese yen	10,000	—	109,890
Loans payable to banks and other financial institutions due from 2009 to 2019, with interest of 0.65% to 4.97% for 2008 and 2007:			
Secured	16,112	21,272	177,055
Unsecured	90,986	78,178	999,848
	192,098	179,450	2,110,967
Less portion due within one year	43,539	25,504	478,451
	¥148,559	¥153,947	\$1,632,516

The aggregate annual maturities of long-term debt as of December 31, 2008 were as follows:

Years ending December 31	Millions of yen	Thousands of U.S. dollars
2009	¥ 43,539	\$ 478,451
2010	23,114	254,000
2011	36,260	398,462
2012	19,514	214,440
2013	24,113	264,978
2014 and thereafter	45,558	500,636
	¥192,098	\$2,110,967

Substantially all loans from banks and other financial institutions are under agreements which provide that under certain conditions a borrower may be required to provide collateral (or additional collateral) or guarantors with respect to the loans, and that collateral, whether furnished as security for short-term or long-term loans or otherwise, may be treated by the lender as collateral for all indebtedness to the bank or other financial institutions. Default provisions of the agreements grant certain rights of possession to the banks and other financial institutions.

As of December 31, 2008, property, plant and equipment amounting to ¥27,521 million (\$302,429 thousand), net of accumulated depreciation, was pledged as collateral for long-term debt and short-term borrowings amounting to ¥16,112 million (\$177,055 thousand).

10. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of different income taxes in Japan which, in the aggregate, indicate a normal cumulative statutory tax rate of approximately 40.4% for the years ended December 31, 2008 and 2007.

Significant differences between the normal cumulative statutory tax rate and the effective tax rate in the consolidated statements of income for the years ended December 31, 2008 and 2007 were as follows:

	2008	2007
Normal cumulative statutory tax rate	40.4%	40.4%
Dividends, eliminated for consolidation, from foreign subsidiaries and affiliates	23.7	11.3
Expenses not deductible for tax purposes	2.7	0.9
Equity in earnings of unconsolidated subsidiaries and affiliates	—	(3.6)
Foreign tax credits	(23.5)	(2.9)
Valuation allowance	48.5	1.3
Tax credits for research and development costs	(5.1)	(2.6)
Difference in statutory tax rates of foreign subsidiaries	(3.8)	—
Other	(2.4)	1.5
Effective tax rate per consolidated statements of income	80.5%	46.3%

Significant components of deferred tax assets and liabilities as of December 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Provision for doubtful accounts	¥ 1,073	¥ 155	\$ 11,791
Unrealized profits	6,190	6,556	68,022
Tax loss carryforwards	5,842	2,497	64,198
Provision for accrued retirement benefits	1,649	1,627	18,121
Loss on impairment of fixed assets	1,669	1,324	18,341
Accrued business enterprise tax	713	1,143	7,835
Accrued bonuses	859	893	9,440
Allowance for sales returns	735	788	8,077
Unrealized intercompany profits on inventories	886	678	9,736
Loss on impairment of investments	548	668	6,022
Advertising	669	600	7,352
Write-down of investment in affiliates	304	—	3,341
Directors' accrued retirement benefits	—	218	—
Loss on voluntary recall of products	—	202	—
Incentive bonus	811	—	8,912
Foreign tax credit	727	—	7,989
Loss on impairment of golf club memberships	341	—	3,747
Other	4,103	3,901	45,087
Total	¥ 27,119	¥ 21,250	\$ 298,011
Less valuation allowance	10,551	3,603	115,945
Total	¥ 16,568	¥ 17,647	\$ 182,066
Deferred tax liabilities:			
Deferred gain on sales of property, plant and equipment	¥ (2,547)	¥ (2,626)	\$ (27,989)
Unrealized gains on available-for-sale securities	(619)	(5,788)	(6,802)
Provision for accrued retirement benefits	(7,656)	(7,011)	(84,132)
Unrealized gain on land of a consolidated subsidiary	(1,384)	(1,384)	(15,209)
Other	(2,541)	(1,104)	(27,923)
Total	¥(14,747)	¥(17,913)	\$ (162,055)

Deferred income taxes, net, as of December 31, 2008 are included in the following accounts:

	Millions of yen	Thousands of U.S. dollars
	2008	2008
Current assets—deferred tax assets	¥ 8,628	\$ 94,813
Investments and other assets—deferred tax assets	5,153	56,626
Current liabilities—deferred tax liabilities (Current liabilities—other)	(207)	(2,275)
Long-term liabilities—deferred tax liabilities	(11,753)	(129,154)

11. Accrued Retirement Benefits

Upon terminating employment, employees of the Company and the domestic consolidated subsidiaries are entitled, under most circumstances, to lump-sum indemnities or pension (annuity) payments. For an employee who voluntarily retires under normal circumstances, a minimum payment amount is calculated based on the current rate of pay, length of service and conditions under which the employee retires. In calculating the payment amount for an employee who retires involuntarily, including an employee who retires due to reaching the mandatory retirement age, the Company or the domestic consolidated subsidiaries may grant additional benefits.

On July 1, 2007, some of its domestic consolidated subsidiaries transferred a portion of their lump-sum benefit plans to defined contribution pension plans.

Most of the foreign subsidiaries have defined benefit pension plans or severance indemnity plans that cover substantially all of their employees and under which the cost of benefits is currently funded or accrued. Benefits awarded under these plans are based primarily on current rates of pay and length of service.

The liabilities for severance and retirement benefits included in the liabilities section of the consolidated balance sheets as of December 31, 2008 and 2007 consisted of the following:

	2008	2007	Thousands of U.S. dollars 2008
Benefit obligation	¥(48,548)	¥(49,059)	\$ (533,495)
Fair value of plan assets	49,904	71,076	548,396
Funded status:			
Benefit obligation in excess of plan assets	1,356	22,017	14,901
Unrecognized actuarial differences	18,472	(2,752)	202,989
Unrecognized prior service cost	(2,769)	(3,061)	(30,429)
Subtotal	17,059	16,204	187,461
Prepaid pension cost	27,652	26,608	303,868
Accrued retirement benefits	¥(10,593)	¥(10,404)	\$ (116,407)

The Company and certain consolidated subsidiaries abolished the retirement benefit plans for directors and statutory auditors and provided a reserve of ¥191 million (\$2,099 thousand) and ¥413 million as of December 31, 2008 and 2007 respectively, which were included in long-term liabilities—other. Certain consolidated subsidiaries still keep their own retirement benefits plans for directors and statutory auditors. The accrued retirement benefits for directors and statutory auditors, amounting to ¥343 million (\$3,769 thousand) and ¥164 million as of December 31, 2008 and 2007 respectively, were excluded from the above table.

Retirement and pension costs of the Company and its consolidated subsidiaries for the years ended December 31, 2008 and 2007 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2008	2007	2008
Service cost	¥ 2,205	¥ 2,116	\$ 24,231
Interest cost	844	858	9,275
Expected return on plan assets	(1,083)	(1,646)	(11,901)
Amortization of actuarial differences	(36)	(1,200)	(396)
Amortization of prior service cost	(288)	(292)	(3,165)
Severance and retirement benefit expenses	¥ 1,642	¥ (164)	\$ 18,044
Transition loss into the defined contribution pension plan	—	25	—
Contributions to the defined contribution pension plan	616	601	6,769
Net periodic benefit costs	¥ 2,258	¥ 462	\$ 24,813

The discount rate used by the Company and the domestic consolidated subsidiaries was mainly 2.0% in 2008 and 2007, and the expected return on plan assets was mainly 2.5% in 2008 and 2007. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years. Actuarial losses are recognized in the statements of income using the straight-line method, mainly over a period of 15 years. The amortization periods for transition charges at prior service cost is 15 years.

12. Research and Development Expenses

Research and development expenses for the years ended December 31, 2008 and 2007 were ¥19,351 million (\$212,648 thousand) and ¥18,223 million, respectively.

13. Segment Information

The Company and its consolidated subsidiaries operate principally in three industries: Tires, Sports and Industrial and Other Products.

Operations in the Tires segment involve the production and sale of a wide range of tires for a variety of vehicles and applications such as passenger cars, trucks, buses, motorcycles and industrial applications. Operations in the Sports segment involve the production and sale of a variety of sporting goods, principally golf balls, golf clubs, golf bags and tennis balls. Operations in the Industrial and Other Products segment involve the production and sale of a variety of rubber and rubber-based products, including vibration-control products, industrial flooring coating, marine fenders, precision rubber parts for office machines, blankets for offset printing presses and flooring for gymnasiums, all-weather tennis courts, and track and field facilities.

In accordance with Japanese accounting standards, capital expenditures included in the segment information comprise the acquisition of tangible assets, depreciable assets such as long-term prepaid expenses, trademarks and other intangible assets.

(1) Information by industry segment

	Millions of yen		Thousands of U.S. dollars
Years ended December 31	2008	2007	2008
Net sales:			
Tires—			
Sales to unaffiliated customers	¥501,063	¥478,483	\$5,506,187
Intersegment sales and transfers	283	281	3,110
	501,346	478,764	5,509,297
Sports—			
Sales to unaffiliated customers	74,289	59,518	816,363
Intersegment sales and transfers	400	376	4,395
	74,689	59,894	820,758
Industrial and Other Products—			
Sales to unaffiliated customers	29,622	29,306	325,516
Intersegment sales and transfers	1,559	2,623	17,132
	31,181	31,929	342,648
Adjustments and eliminations	(2,242)	(3,280)	(24,637)
	¥604,974	¥567,307	\$6,648,066
Operating income:			
Tires	¥ 15,849	¥ 35,893	\$ 174,165
Sports	7,719	6,780	84,824
Industrial and Other Products	1,813	2,441	19,923
	25,381	45,114	278,912
Adjustments and eliminations	278	12	3,055
	¥ 25,659	¥ 45,126	\$ 281,967
Identifiable assets:			
Tires	¥547,914	¥554,241	\$6,021,033
Sports	58,309	62,034	640,758
Industrial and Other Products	23,648	23,591	259,868
	629,871	639,866	6,921,659
Corporate assets and eliminations	10,070	31,251	110,660
	¥639,941	¥671,117	\$7,032,319
Capital expenditures:			
Tires	¥ 49,651	¥ 51,578	\$ 545,615
Sports	1,995	3,178	21,923
Industrial and Other Products	910	1,025	10,000
	52,556	55,781	577,538
Corporate assets and eliminations	—	11	—
	¥ 52,556	¥ 55,792	\$ 577,538
Depreciation and amortization:			
Tires	¥ 32,542	¥ 27,466	\$ 357,604
Sports	1,750	1,483	19,231
Industrial and Other Products	1,183	1,200	13,000
	35,475	30,149	389,835
Corporate assets and eliminations	—	16	—
	¥ 35,475	¥ 30,165	\$ 389,835
Loss on asset impairment:			
Tires	¥ 522	¥ 486	\$ 5,737
Sports	68	39	747
Industrial and Other Products	—	200	—
	590	725	6,484
Corporate assets and eliminations	—	—	—
	¥ 590	¥ 725	\$ 6,484

(2) Information by geographic area

	Millions of yen		Thousands of U.S. dollars
Years ended December 31	2008	2007	2008
Net sales:			
Japan—			
Sales to unaffiliated customers	¥ 496,644	¥ 488,163	\$ 5,457,626
Sales between geographic areas	39,717	33,249	436,451
	536,361	521,412	5,894,077
Asia—			
Sales to unaffiliated customers	55,079	42,542	605,264
Sales between geographic areas	56,315	42,671	618,846
	111,394	85,213	1,224,110
Other—			
Sales to unaffiliated customers	53,252	36,601	585,187
Sales between geographic areas	912	167	10,022
	54,164	36,768	595,209
	701,919	643,393	7,713,396
Adjustments and eliminations	(96,945)	(76,086)	(1,065,330)
	¥ 604,974	¥ 567,307	\$ 6,648,066
Operating income:			
Japan	¥ 18,753	¥ 37,757	\$ 206,077
Asia	3,720	3,515	40,879
Other	3,225	3,218	35,440
	25,698	44,490	282,396
Adjustments and eliminations	(39)	636	(429)
	¥ 25,659	¥ 45,126	\$ 281,967
Identifiable assets:			
Japan	¥ 643,804	¥ 621,291	\$ 7,074,769
Asia	118,728	116,963	1,304,703
Other	43,776	45,926	481,055
	806,308	784,180	8,860,527
Corporate assets and eliminations	(166,367)	(113,063)	(1,828,208)
	¥ 639,941	¥ 671,117	\$ 7,032,319

(3) Sales outside Japan by the Company and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars
Years ended December 31	2008	2007	2008
Net sales:			
North America	¥ 85,870	¥ 76,282	\$ 943,626
Europe	33,273	26,790	365,637
Asia	72,810	58,503	800,110
Other areas	84,316	82,065	926,550
Total	¥276,269	¥243,640	\$3,035,923
	Percentage		
Percentage of such sales in consolidated net sales	45.7%	42.9%	

14. Related Party Transactions

Significant balances and transactions with a principal shareholder, unconsolidated subsidiaries and affiliates as of December 31, 2008 and 2007 and for the years then ended were as follows:

	Millions of yen	Thousands of U.S. dollars
	2008	2007
Notes and accounts receivable:		
Trade	¥ 3,904	¥ 5,224
Other	485	622
	4,389	5,846
Short-term loans	5,755	5,350
Long-term loans (included in investments in and advances to unconsolidated subsidiaries and affiliates)	2,871	2,871
Notes and accounts payable:		
Trade	5,650	5,316
Other	496	988
	6,146	6,304
Sales	19,255	19,442
Purchases	¥25,986	¥26,614

15. Contingent Liabilities

As of December 31, 2008 and 2007, the Company and its consolidated subsidiaries were contingently liable for the following:

	Millions of yen	Thousands of U.S. dollars
	2008	2007
Trade notes discounted	¥2,283	¥3,775
Guarantees and arrangements similar to guarantees of indebtedness of employees, unconsolidated subsidiaries and affiliates	182	203

16. Leases

The original costs of leased assets under non-capitalized finance leases and the related accumulated depreciation, assuming they were calculated using the straight-line method over the term of the lease, as of December 31, 2008 and 2007 were as follows:

As of December 31, 2008	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	¥10,409	¥4,067	¥6,342	\$114,385	\$44,692	\$69,693
Other	1,027	349	678	11,285	3,835	7,450
Total	¥11,436	¥4,416	¥7,020	\$125,670	\$48,527	\$77,143

As of December 31, 2007	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net leased property
Machinery and equipment	¥8,743	¥3,394	¥5,349
Other	796	228	568
Total	¥9,539	¥3,622	¥5,917

Lease payments under non-capitalized finance leases for the years ended December 31, 2008 and 2007 amounted to ¥1,806 million (\$19,846 thousand) and ¥1,534 million, respectively.

The balances of future finance lease payments, including interest, as of December 31, 2008 and 2007, were as follows:

	Millions of yen	Thousands of U.S. dollars
	2008	2007
Due within one year	¥1,595	¥1,483
Due later	5,427	4,434
	¥7,022	¥5,917

The balances of future lease payments under noncancelable operating leases, including interest, as of December 31, 2008 and 2007 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 738	¥ 546	\$ 8,110
Due later	3,113	2,622	34,209
	¥3,851	¥3,168	\$42,319

17. Impairment Loss

The Company and its domestic subsidiaries recognized impairment loss for the following property groups for the year ended December 31, 2008.

Group	Location	Assets	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Sports business	Nishinomiya City, Hyogo and other	Buildings, structures and other	¥ 69	\$ 758
Rental property	Hiroshima City, Hiroshima and other	Land, buildings, structures and other	391	4,298
Idle assets	Kagoshima City, Kagoshima	Land	130	1,429

The Company and the consolidated subsidiaries group their assets at the lowest level for which cash flows are independently identifiable. Rental properties and unused assets are tested for recoverability by the individual asset. The Company recognized impairment losses in the aggregate of ¥590 million (\$6,484 thousand) on buildings, machinery and other in 2008, described above. Impairment losses were recognized for assets for which the market value fell considerably below the book value due to the decrease in the price of land or the business that became idle with a falling market value.

Impairment losses were recognized for the asset group in which market prices or use value of the assets decreased significantly. When determining the market price, the assets of groups of high importance are assessed by the valuation amount based on real estate appraisal standards. Use value is based on the present value of expected cash flows using a discount rate of 11.0% in 2008.

The Company and its domestic subsidiaries recognized impairment loss for the following property groups for the year ended December 31, 2007.

Group	Location	Assets	Millions of yen
			Impairment loss
Industrial business	Kakogawa City, Hyogo	Machinery and other	¥ 200
Sports business	Minoh City, Osaka	Buildings, machinery and other	39
Rental property	Miyakonojo City, Miyazaki and other	Land and buildings	265
Idle assets	Kohoku-ku, Yokohama City	Land, buildings, structures and other	221

18. Loss on Voluntary Recall of Products

To provide for direct recall expenses and related expenses for the voluntarily recall of products, an amount based upon loss already incurred and loss that can be reasonably estimated to be incurred after the current period is recorded.

19. Subsequent Events

Appropriations of retained earnings

The following appropriations of retained earnings of the Company were proposed and approved at the general meeting of shareholders held on March 27, 2009:

	Millions of yen	Thousands of U.S. dollars
Balance at December 31, 2008	¥93,773	\$1,030,473
Appropriations—		
Cash dividends (¥8 per share outstanding at December 31, 2008)	(2,099)	(23,066)
Balance after appropriations	¥91,674	\$1,007,407

Independent Auditors' Report

To the Board of Directors of
Sumitomo Rubber Industries, Ltd.:

We have audited the accompanying consolidated balance sheets of Sumitomo Rubber Industries, Ltd. (the "Company") and its consolidated subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sumitomo Rubber Industries, Ltd. and its consolidated subsidiaries as of December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

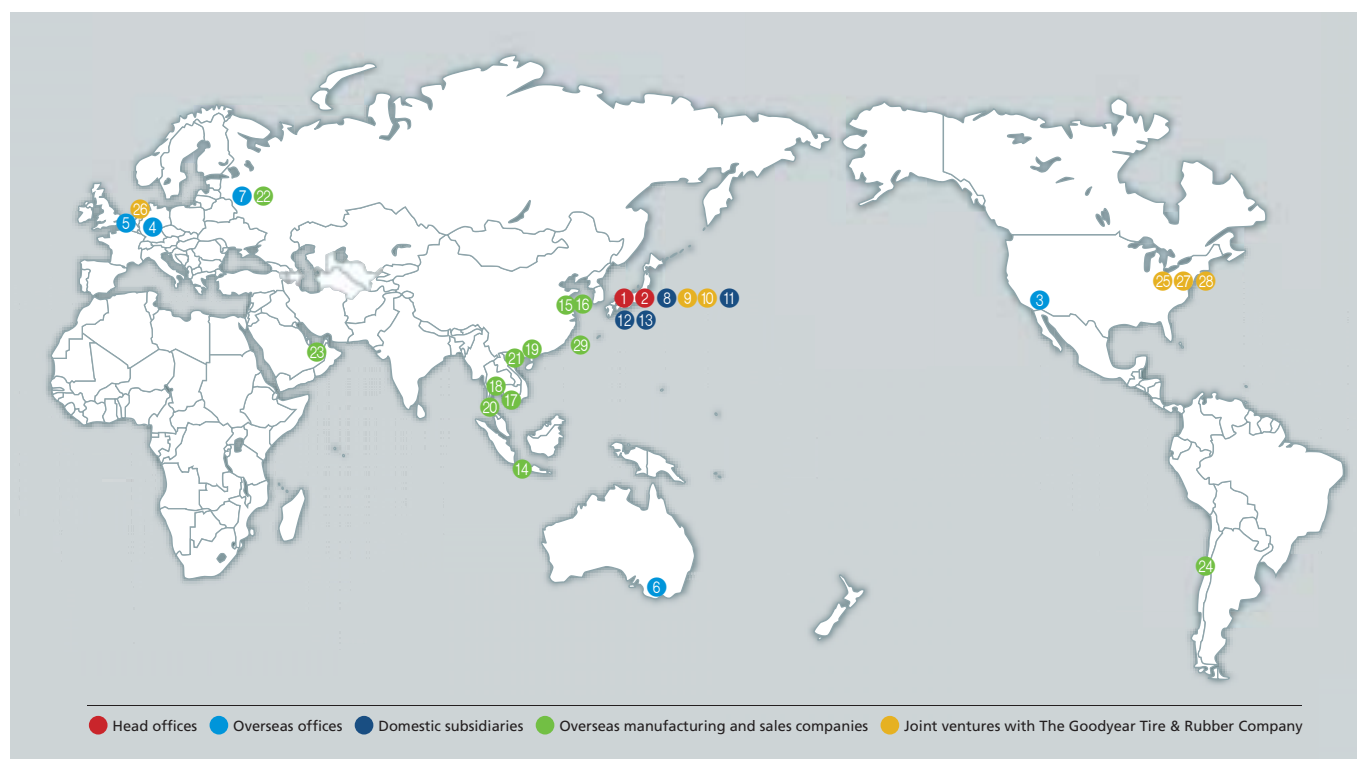
The U.S. dollars amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
March 27, 2009

Global Network

(As of December 31, 2008)



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Hyogo 651-0072, Japan
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Fax: (078) 265-3111

2 Tokyo Head Office
3-3-3, Toyosu, Koto-ku,
Tokyo 135-6005, Japan
Tel: (03) 5546-0111
Fax: (03) 5546-0140

Facilities

Nagoya Factory
Shirakawa Factory
Izumiohtsu Factory
Miyazaki Factory
Ichijima Factory
Kakogawa Factory
Golf Science Center
Okayama Tire Proving Ground
Nayoro Tire Proving Ground
Asahikawa Tire Proving Ground
Central Training Center

Overseas Offices

3 Los Angeles Office
California, U.S.A.
4 Germany Office
Offenbach, Germany
5 Brussels Office
Diegem, Belgium
6 Melbourne Office
Somerton, Victoria, Australia
7 Moscow Office
Moscow, Russia

Major Subsidiaries

8 Dunlop Falken Tyres Ltd.
Koto-ku, Tokyo, Japan
9 Goodyear Japan Ltd.
Minato-ku, Tokyo, Japan
10 Dunlop Goodyear Tires Ltd.
Koto-ku, Tokyo, Japan
11 SRI Tire Trading Ltd.
Koto-ku, Tokyo, Japan
12 SRI Sports Ltd.
Chuo-ku, Kobe, Japan

13 SRI Hybrid Ltd.
Chuo-ku, Kobe, Japan

14 P.T. Sumi Rubber Indonesia
Jakarta, Indonesia

15 Sumitomo Rubber (Changshu) Co., Ltd.
Jiangsu Province, China

16 Sumitomo Rubber (Suzhou) Co., Ltd.
Jiangsu Province, China

17 Sumitomo Rubber (Thailand) Co., Ltd.
Rayong, Thailand

18 Dunlop Tire (Thailand) Co., Ltd.
Bangkok, Thailand

19 Zhongshan Sumirubber Precision Rubber Ltd.
Guangdong Province, China

20 Sumirubber Malaysia Sdn. Bhd.
Sungai Petani, Kedah, Malaysia

21 Sumirubber Vietnam, Ltd.
Haiphong, Vietnam

22 Dunlop Tire CIS LLC
Moscow, Russia

23 Sumitomo Rubber Middle East FZE
Dubai, UAE

24 Sumitomo Rubber Latin America Limitada
Santiago, Chile

Major Affiliates

25 Goodyear Dunlop Tires North America, Ltd.
Ohio, U.S.A.

26 Goodyear Dunlop Tires Europe B.V.
Amsterdam, Netherlands

27 Goodyear-SRI Global Purchasing Company
Ohio, U.S.A.

28 Goodyear-SRI Global Technology LLC
Ohio, U.S.A.

29 Kuo Chu Rubber Co., Ltd.
Taipei, Taiwan

Investor Information

(As of December 31, 2008)

Paid-in Capital

¥42,658,014 thousand

Number of Shares of Common Stock

Authorized: 800,000,000

Issued: 263,043,057

Number of Shareholders

19,867

Major Shareholders

Sumitomo Electric Industries, Ltd.	26.74%
Japan Trustee Services Bank, Ltd. (Trust Account)	10.41%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8.91%
Sumitomo Corporation	3.65%
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	3.64%
Sumitomo Mitsui Banking Corporation	1.98%
The Nomura Trust and Banking Co., Ltd. (Mutual Fund Account)	1.32%
The Goodyear Tire & Rubber Company	1.30%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Company, Limited, Beneficiary Trust Account, Toyota Motor Corporation Retirement Benefit Trust Account)	1.05%
The Sumitomo Trust and Banking Co., Ltd.	1.02%

Stock Exchange Listings

Tokyo, Osaka

Ticker Symbol

5110

Transfer Agent and Special Account Management Institution

The Sumitomo Trust &
Banking Co., Ltd.
5-33, 4-chome,
Kitahama, Chuo-ku,
Osaka 541-0041, Japan

Independent Auditors

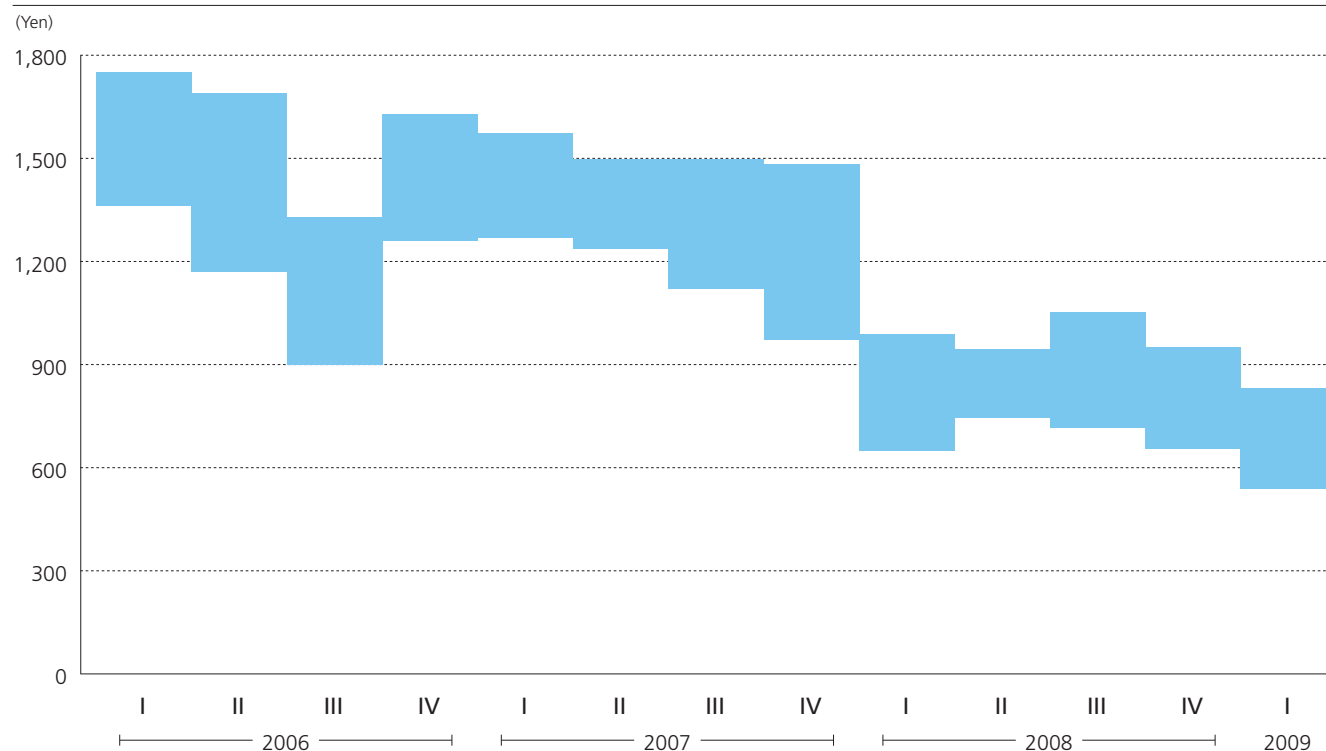
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Ticker Symbol: 7825)
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<http://www.sri-sports.co.jp/>

Stock Price



SUMITOMO RUBBER GROUP

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Received the Eco-First Company certification from the Minister of the Environment



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