

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.

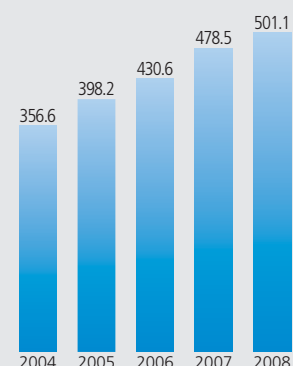
Fiscal 2009 Outlook

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.

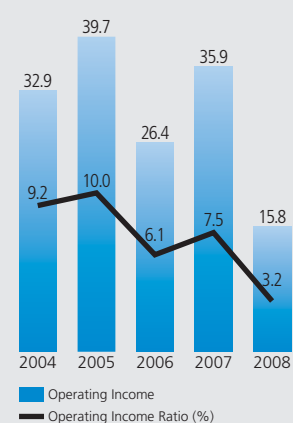
Year-on-Year Increase/Decrease in Tire Sales Volume

	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



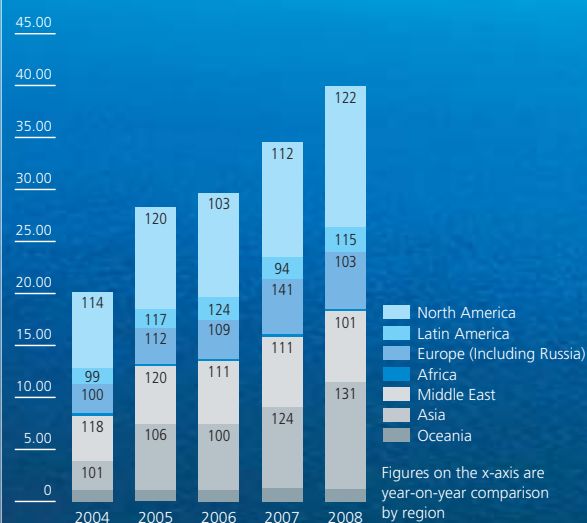
Overseas Sales Network Expansion

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.

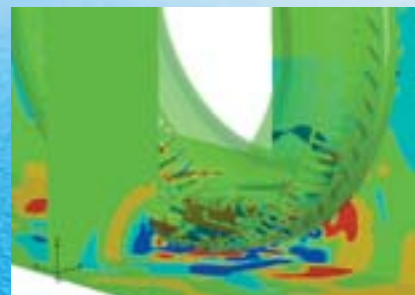


Strip-wound tread of the *Taiyo* production system

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.

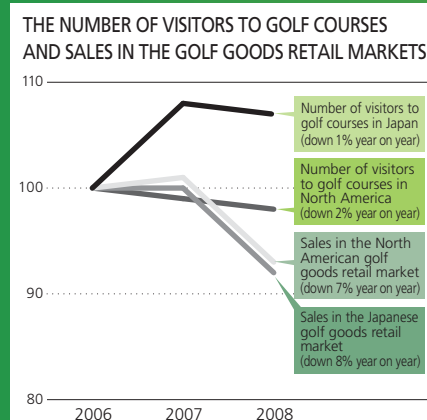
Under such circumstances, sales of golf clubs were strong throughout the fiscal year under review. In the product lineup, The XXIO, the fifth-generation of top-selling golf clubs, were particularly

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.



Calculated based on the 2006 figures as the base index of 100 (SRI Sports Limited survey)

* 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

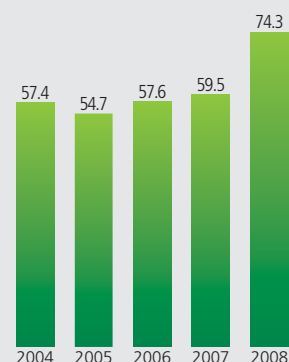
SRIXON



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.

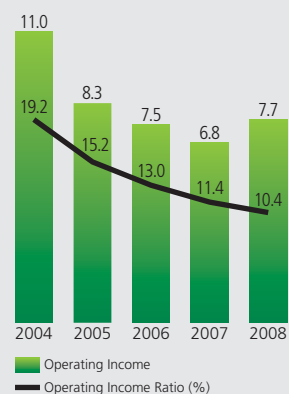
NET SALES

(Billions of yen)



OPERATING INCOME

(Billions of yen)

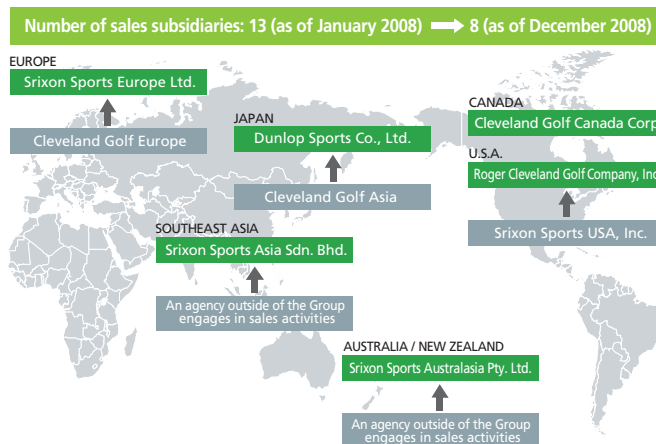


Promotion of Synergy with Cleveland

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.



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.

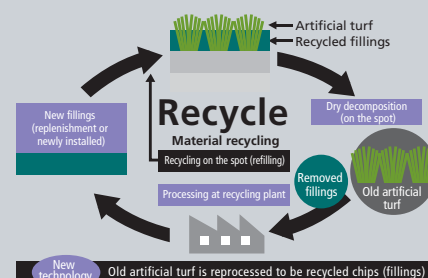


Installing Long-Pile Hybrid-Turf in Jingu Stadium for Professional Baseball

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.

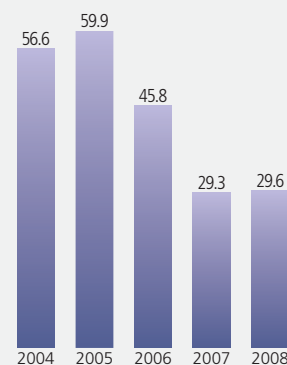
Joint Development of Seismic Energy-Absorbing Panels for Houses with Sumitomo Forestry Co., Ltd.

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.

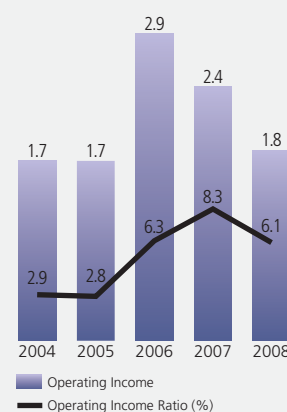


Seismic energy-absorbing panel

NET SALES (Billions of yen)



OPERATING INCOME (Billions of yen)



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

