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NEXT Market Expansion

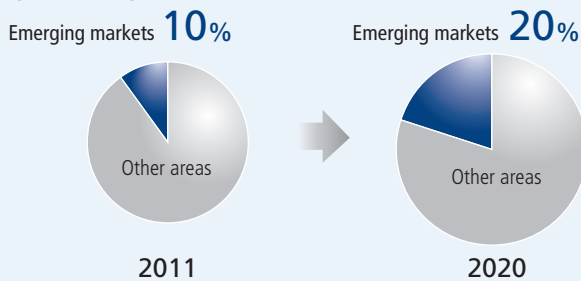
—Taking on the Challenges of New Markets

Entering Emerging Markets

Sumitomo Rubber Industries anticipates that the global tire market will expand an average 4% per year and that by 2020, annual demand for tires will reach approximately two billion units. In particular, demand in emerging markets, including the Chinese market, is growing at a remarkable pace. Therefore, we expect that demand in such markets will account for over half of global demand by 2020. Based on these projections, we aim to raise the proportion of tire sales accounted for by emerging markets other than China from 2011's 10% to 20% by 2020.

Concrete steps now being undertaken include the ongoing construction of a new factory in Brazil that aims to begin production in October 2013. Also, we have established a tire manufacturing and sales joint venture in Turkey with a local partner. Moreover, we are striving to expand sales of Falken brand tires in India while considering the construction of local factory as a follow-up on our 2012 establishment of a local sales subsidiary. Finally, we also intend to examine establishing production bases in Russia and Africa.

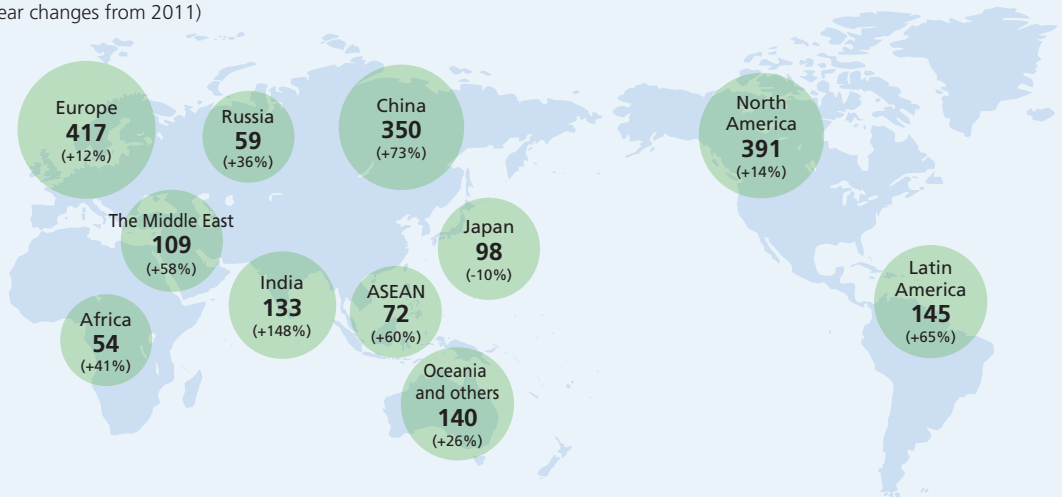
■ Proportion of Tire Sales Accounted for by Emerging Markets (excl. China)



■ Forecast of Tire Demand in 2020 (millions of tires)

(Figures in parentheses are year-on-year changes from 2011)

Growing an average 4% per year, global annual demand in 2020 will reach approximately two billion tires. Emerging markets in particular will display notable growth.



Joint Venture in Turkey Established

In Turkey, we established a tire manufacturing and sales joint venture that serves as a supply base for markets in the Middle East, North Africa and Russia—where we anticipate further growth—in addition to serving European markets. With Japanese automakers expected to step up production in Turkey, we anticipate corresponding growth in the country's original equipment and replacement tire markets.

Construction of a new factory is now under way with the aim of kicking off production in July 2015. Simultaneously, we will begin selling replacement tires in Turkey in 2013 with our local partner acting as dealer.

■ Overview of the Joint Venture

Company name: Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.S.
 Location: Cankiri, Turkey
 Initial capital: US\$30 million (approx. ¥2.4 billion)
 Investment ratio: Sumitomo Rubber Industries, Ltd.: 80%,
 Abdulkadir Özcan Otomotiv Lastik: 20%
 Established: February 2013
 Start of production: July 2015
 Main business: Manufacture and sale of radial tires for passenger cars and tires for light trucks
 Production capacity: 30,000 tires per day (by the end of 2019)
 Total investment: Approx. ¥40 billion

Joint Sales Subsidiary in India Established

In India, the sales subsidiary Falken Tyre India Private Limited was established as a joint venture between Sumitomo Rubber Asia (Tyre) PTE. Ltd., a wholly owned subsidiary in charge of sales in Asia, and Singapore-based Stamford Tyres Corporation Ltd. Falken Tyre India will focus on introducing new products while pursuing marketing activities aimed at precisely satisfying local needs and thereby expand sales of replacement tires.

■ Overview of Falken Tyre India Private Limited

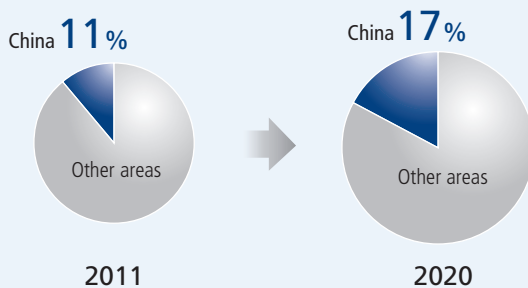
Company name: Falken Tyre India Private Limited
 Location: Haryana, India
 Capital: INR550 million (Approx. US\$10 million = ¥800 million)
 Investment ratio: Sumitomo Rubber Asia (Tyre) PTE. Ltd.: 60%,
 Stamford Tyres Corporation Ltd.: 40%
 Established: November 2012

Business Growth in the Chinese Market

In China, the replacement tire market is growing in step with the rising rate of car ownership. Aiming to seize this chance for business growth, we intend to secure top brand recognition along with a market share exceeding 10%. To this end, we will pursue initiatives to expand sales of tires for the original equipment market, strengthen sales structures for the replacement market, extend our product lineup and increase our local production volume. Through these and other efforts, we aim to raise the proportion of tire sales accounted for by our operations in China from 2011's 11% to around 17% by 2020.

As for specific measures on the production front, we will boost production at our Changshu factory and the recently constructed Hunan factory, which started operations in 2012. Plans call for raising the combined capacity of these factories, by 2015, to approximately double the Changshu factory's 2011 capacity. On the sales front, we will promote the local production of high-value-added tires to ensure the provision of such tires on a timely basis

■ Proportion of Tire Sales Accounted for by Chinese Operations

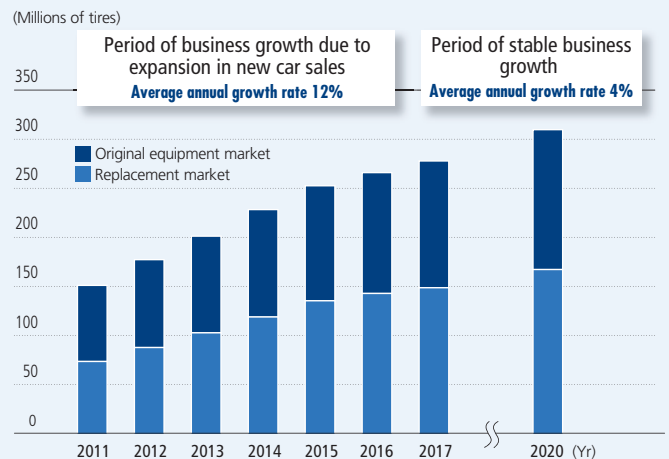


while strengthening retail channels by implementing such steps as increasing the number of flagship stores to 1,000 locations by 2015. In this way, the Company aims to increase brand value and achieve sales expansion.



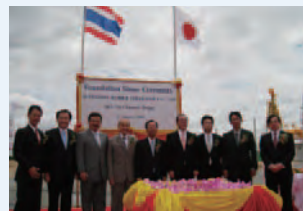
Artist's rendering of the Hunan factory

■ Tire Sales Volume in China (for passenger cars and light trucks)



Expansion of Tires for Agricultural Machinery in Asia

In Thailand, one of the world's largest rice exporters, demand for tires for agricultural machinery is rapidly rising due to such factors as an increase in Japanese agricultural machinery manufacturers' local production. In response, we are constructing a factory for agricultural machinery-use tires in Thailand, aiming to start production in May 2014. Beginning with entry into Thailand, we will accelerate the expansion of such operations in Asia, thereby contributing to the development of world agriculture and the fight to ensure food security. By 2015, we aim to achieve ¥8 billion in annual sales of tires for agricultural machinery in Thailand, and ¥20 billion in combined Thai and domestic sales.



The groundbreaking ceremony



Artist's rendering of the completed factory

■ Overview of the Agricultural Machinery Tire Factory in Thailand

Location: Amata City Industrial Estate, Rayong Province, Thailand
 Total investment: Approx. ¥10 billion
 Start of production: May 2014
 Production capacity: Approx. 800 tons (50,000 tires) per month (by the end of 2017)
 Site area: Approx. 130,000m²