

- Three Business Domains

**The Sumitomo Rubber Group is comprised of three principal companies: the Tire business of Sumitomo Rubber Industries, Ltd. as its core, the Sports business of SRI Sports Ltd., and the Industrial Products business of SRI Hybrid Ltd.**

- Three Major Pillars

**THE SUMITOMO BUSINESS PHILOSOPHY**

Positioned as a member of the Sumitomo Group in 1963, Sumitomo Rubber Industries is guided by the Sumitomo Business Philosophy, a principle that “steadiness and reliability are of the greatest importance.”

**DUNLOP’S PIONEERING SPIRIT**

The history of Sumitomo Rubber Industries dates back to 1909 with Japan’s first modern rubber factory established by Dunlop U.K. Since its inauguration, the company has consistently pursued new challenges, resulting in the production of Japan’s first radial tires and golf balls.

**THE FREE AND VIGOROUS EXCHANGE OF IDEAS**

Free and vigorous discussions play an important role within the Sumitomo Rubber Group.

Our corporate culture is also defined by a keen sense of teamwork as we work toward our established goals.

- **Global Alliance with The Goodyear Tire & Rubber Company**

Sumitomo Rubber Industries, Ltd. formed a global tire business alliance with The Goodyear Tire & Rubber Company in 1999. Consistent with the agreement, the company engages in the production and sale of tires through a joint venture in Europe and North America and has set up two domestic joint ventures to market Goodyear brand tires. Furthermore, separate joint-venture companies have been established to promote technology exchange, and joint procurement of raw materials and manufacturing equipment, respectively.

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

Guided by its Long-Term Vision and the momentum provided by its world-class product and technological development, front-line capabilities, and industry-leading earnings power, the Sumitomo Rubber Group strives to consistently generate superior corporate value.

- **Global Pursuits**

In its flagship Tire business, the Group aims to double sales of replacement tires in its overall overseas operations and to secure a threefold sales increase particularly in Asia by 2015. With the accomplishment of these goals, the Group is confident of securing a position in its own right in the global market.

## CONTENTS

Sumitomo Rubber Group At a Glance	6	R&D Activities and Intellectual Property Strategies	20
To Our Shareholders	8	Corporate Governance	21
Sumitomo Rubber Group Long-Term Vision —Go for Value—	10	Directors, Auditors and Executive Officers	22
Review of Operations	14	Financial Section	23
Environmental Preservation and Contributions to Local Communities	18	Global Network	48
		Investor Information	49

## CONSOLIDATED FINANCIAL HIGHLIGHTS

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

Thousands of  
U.S. dollars  
(Note 1)

Years ended December 31	2006	2005	2004	2003	2002	2006
Millions of yen						
<b>For the year:</b>						
Net sales	¥534,086	¥512,838	¥470,562	¥450,491	¥447,893	\$4,488,118
Operating income	36,790	49,926	45,526	37,766	31,744	309,160
Net income	27,586	25,640	19,169	13,095	8,239	231,815
Capital expenditures	45,308	40,415	36,881	29,171	30,557	380,739
<b>At year-end:</b>						
Total assets	606,938	563,442	520,157	481,553	477,293	5,100,320
Net assets	223,852	—	—	—	—	1,881,110
Shareholders' equity	—	174,267	145,492	110,395	101,633	—
Yen						
U.S. dollars (Note 1)						
<b>Per share amounts:</b>						
Net income	¥ 105.13	¥ 97.10	¥ 78.64	¥ 55.07	¥ 33.97	\$ 0.883
Cash dividends paid	20.00	20.00	14.00	12.00	10.00	0.168
%						
<b>Key ratios:</b>						
Operating income ratio	6.9%	9.7%	9.7%	8.4%	7.1%	
ROE	14.7	16.0	15.0	12.4	7.9	
Equity ratio	33.3	30.9	28.0	22.9	21.3	

Notes: 1. U.S. dollar amounts are converted solely for convenience at the rate of ¥119 per US\$1.00, the approximate exchange rate prevailing at December 31, 2006.

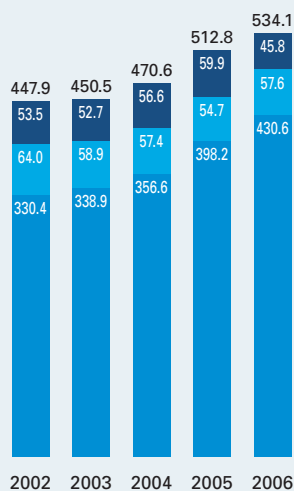
2. For 2006, Sumitomo Rubber has applied Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, December 9, 2005) by the Accounting Standards Board of Japan (ASBJ) and its Implementation Guidance - Guidance on Accounting Standards for Presentation of Net Assets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

3. Capital expenditure figures include both tangible assets and intangible assets.

### NET SALES

(Billions of yen)

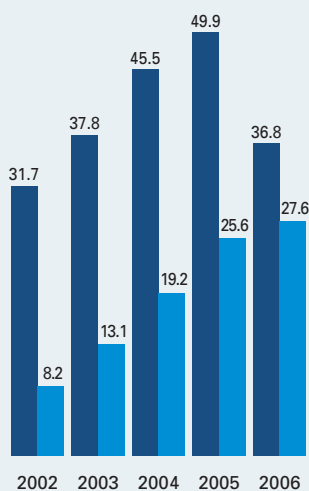
■ Tires  
■ Sports  
■ Industrial and Other Products



### OPERATING INCOME AND NET INCOME

(Billions of yen)

■ Operating Income  
■ Net Income



### TOTAL ASSETS AND EQUITY RATIO

(Billions of yen)

■ Total Assets  
— Equity Ratio (%)

