



2013: Introduction of 100%
Fossil Resource-Free Tire

1913: Production of Japan's First
Automobile Tire

2008: Debut of 97% Fossil
Resource-Free Tire, ENASAVE 97

for you, for the earth

あなたのために、地球のために。

With roots that date back to the establishment of Japan's first modern rubber factory by Dunlop U.K. in October 1909, the Sumitomo Rubber Group has realized a number of "Japan's first" achievements over the years since then. They include the production of automobile tires and golf balls, as well as the development of radial tubeless tires, thus contributing to the advancement of the modern Japanese rubber industry. Today, the Group aims to create new value in its three business segments of Tire, Sports and Industrial and Other Products.

In the Sumitomo Rubber Group Long-Term Vision, which targets fiscal 2015 as the final year, the Group aims to consistently generate superior corporate value in various business sectors through its efforts to enhance stakeholder value. It will accomplish this aim through its proprietary competencies, namely: front-line operational skills, leading development capabilities, and technological expertise, in addition to possessing the industry's top earnings power.

Through its CSR message, "for you, for the earth," the Sumitomo Rubber Group expresses its desire to contribute to the realization of a sustainable society, proactively promoting business operations to become a corporate group that earns the trust of society.



Composition of net sales

82.7%

Tire Business



12.4%

Sports Business



4.9%

Industrial and Other Products Business



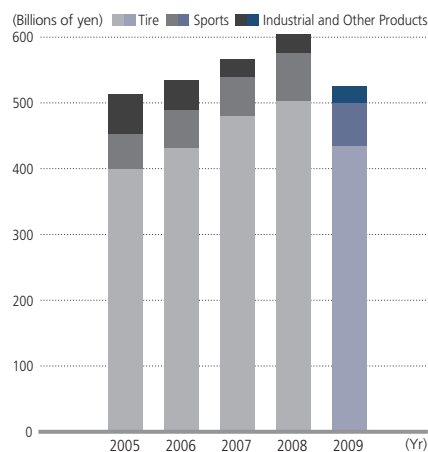
Consolidated Financial Highlights

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

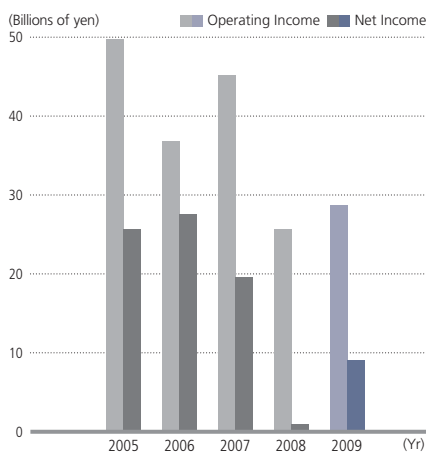
| Years ended December 31 | Millions of yen | | | | | Thousands of U.S. dollars (Note 1) |
|---------------------------|-----------------|----------|----------|----------|----------|------------------------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2009 |
| For the year: | | | | | | |
| Net sales | ¥524,535 | ¥604,974 | ¥567,307 | ¥534,086 | ¥512,838 | \$ 5,701,467 |
| Operating income | 28,739 | 25,659 | 45,126 | 36,790 | 49,926 | 312,380 |
| Net income | 9,093 | 1,021 | 19,499 | 27,586 | 25,640 | 98,837 |
| Capital expenditures | 32,484 | 49,601 | 53,205 | 45,308 | 40,415 | 353,087 |
| Free cash flows | 30,265 | (32,188) | (8,573) | (10,051) | (3,894) | 328,968 |
| At year-end: | | | | | | |
| Total assets | 613,230 | 639,941 | 671,117 | 606,938 | 563,442 | 6,665,543 |
| Net assets | 209,052 | 202,642 | 250,799 | 223,852 | — | 2,272,304 |
| Shareholders' equity | — | — | — | — | 174,267 | — |
| | | | | | | U.S. dollars (Note 1) |
| Per share amounts: | | | | | | |
| Net income | ¥ 34.66 | ¥ 3.89 | ¥ 74.31 | ¥ 105.13 | ¥ 97.10 | \$ 0.377 |
| Cash dividends paid | 18.00 | 18.00 | 20.00 | 20.00 | 20.00 | 0.196 |
| | | | | | | Yen |
| Key ratios: | | | | | | |
| Operating income ratio | 5.5% | 4.2% | 8.0% | 6.9% | 9.7% | |
| ROE | 4.9 | 0.5 | 9.1 | 14.7 | 16.0 | |
| Equity ratio | 30.5 | 28.3 | 33.9 | 33.3 | 30.9 | |
| | | | | | | Percent |

- Notes 1. U.S. dollar amounts are converted solely for convenience at the rate of ¥92 per US\$1.00, the approximate exchange rate prevailing at December 31, 2009.
 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.

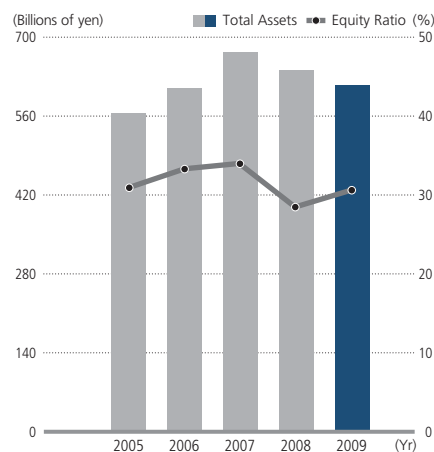
NET SALES



OPERATING INCOME AND NET INCOME



TOTAL ASSETS AND EQUITY RATIO



Contents

| | | | |
|---|----|--|----|
| Consolidated Financial Highlights | 1 | Corporate Governance | 21 |
| Interview with the President | 2 | Directors, Corporate Auditors and Executive Officers | 23 |
| Feature: Strategy for Eco-Friendly Tires | 7 | Financial Section | 24 |
| Review of Operations | 10 | Global Network | 48 |
| CSR Activities | 17 | Investor Information | 49 |
| R&D Activities and Intellectual Property Strategies | 20 | | |

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.



To secure a position as a corporate group with “genuine value” that meets society’s expectations over the next 100 years, we will carry out structural reforms that enable us to firmly grasp the changing times. In so doing, we will make steady progress in achieving our Long-Term Vision.

Fiscal 2009 Overview

Q. Please give us your thoughts on the business environment and an overview of fiscal 2009 performance.

In the fiscal year under review, the Sumitomo Rubber Group was confronted with a business environment of unprecedented severity. In addition to a 30% year-on-year decrease in domestic automobile production that had a major impact on the sales of original equipment tires, demand in the replacement tire market also dropped substantially both in Japan and overseas. Furthermore, our Sports and Industrial and Other Products businesses were significantly affected by weak private-sector consumption and a slump in corporate capital investment.

Under such circumstances, the Group took urgent measures to boost profits to promptly bolster earnings. Such measures included: “drastic cutbacks of capital investment” based on reevaluation of

each project’s priority; “review of product lineups” in consideration of profitability; taking a creative approach to “enhance cost reduction”; the “improvement of administrative sections’ productivity” by conducting operational improvement activities; and “cutbacks in spending” by thoroughly reviewing current business operations. At the same time, we commenced structural reform to secure profit amid conditions of sluggish sales volume.

As a result of our efforts, although consolidated net sales for fiscal 2009 fell 13.3% year on year to ¥524,535 million, on the consolidated earnings front, operating income grew 12.0% to ¥28,739 million, and net income rose ¥8,072 million, up from ¥1,021 million in the previous fiscal year, to ¥9,093 million.

Q. Please provide details of the structural reform conducted in the fiscal year under review.

In conditions that are changing at breathtaking speed, we endeavored to further reinforce earnings capabilities by undertaking a comprehensive review of our conventional systems, organization and operational processes. During the fiscal year under review, we took the following measures to realize structural reform.

1. Reorganization and reinforcement of the sales network structure in the domestic replacement tire market

In pursuit of enhanced customer services and strengthened sales and earnings capabilities, we decided to streamline the number of domestic sales agencies that serve the domestic replacement tire market. The number of these agencies, which operate under our subsidiary, Dunlop Falken Tyres Ltd., was reduced in stages: from 22 to 19 on January 1, 2010, and then to 11 agencies on July 1 of the same year.

2. Merger of consolidated subsidiaries

On January 1, 2010, we absorbed the abovementioned subsidiary,

Dunlop Falken Tyres Ltd., as well as SRI Hybrid Limited, a subsidiary that handled production and sales of industrial products. Our intent was to further enhance operational efficiencies and business structure by concentrating management resources.

3. Production shift of main items from the Izumiotsu Factory

As countermeasures against such risks as large earthquakes, we decided to transfer production of radial passenger-car tires from the Izumiotsu Factory to three other domestic factories. All employees involved in production at the Izumiotsu Factory will keep their jobs by transferring to other business sites based on discussions held with the labor union.

Making ongoing efforts to implement comprehensive structural reform, the Group will realize a more agile and flexible organization to maximize operational efficiencies and reduce fixed costs. Together with this, we will strive to cut various expenditures through IT-based business streamlining.

Medium- to Long-Term Management Strategies

Q. Please tell us about the objectives and outline of the medium-term management plan announced recently.

| ▶ NUMERICAL TARGETS IN THE MEDIUM-TERM MANAGEMENT PLAN AND THE LONG-TERM VISION | | | | |
|---|-------------------|-------------|-------------|------------------|
| | (Billions of yen) | | | |
| | 2008 Result | 2009 Result | 2012 Target | 2015 Target |
| Net sales | 605.0 | 524.5 | 700.0 | 800.0 |
| Operating income | 25.7 | 28.7 | 62.0 | 10% or greater |
| Operating income ratio | 4.2% | 5.5% | 8.9% | |
| Net income | 1.0 | 9.1 | 28.0 | 5% or greater |
| Net income ratio | 0.2% | 1.7% | 4.0% | |
| Interest-bearing debt | 275.7 | 261.6 | 260.0 | 200.0 |
| Equity ratio | 28.3% | 30.5% | 35.0% | 40.0% |
| Debt-to-equity ratio | 1.5 times | 1.4 times | 1.1 times | 0.7 times |
| ROA (operating income base) | 3.9% | 4.7% | 9.0% | 10.0% or greater |
| ROE | 0.5% | 4.9% | 13.0% | 15.0% or greater |

We established the Sumitomo Rubber Group Long-Term Vision in 2006 as our 10-year strategy for growth. In this plan we set numerical targets that include consolidated net sales of ¥800 billion, an operating income ratio of 10% or greater and a net income ratio of 5% or greater in 2015. However, as we are all aware, the global recession from the second half of fiscal 2008 through fiscal 2009 caused intense market turbulence, and our sales, particularly in the Tire business, dropped substantially. Given this situation, we reviewed the growth strategies in our Long-Term Vision and established a medium-term management plan.

In this medium-term management plan, we aim to achieve consolidated net sales of ¥700 billion, an operating income ratio of 8.9% and

▶ ACTION PLANS TO REALIZE THE MEDIUM-TERM MANAGEMENT PLAN

Tire Business

- (1) Acceleration of development and commercialization of fuel-efficient tires
- (2) Establishment of an optimal global tire production structure
- (3) Cost reduction from new perspectives
- (4) Securing the quality and stable procurement of natural rubber

Sports Business

Development of overseas businesses through synergy with Cleveland

Industrial and Other Products Business

Acceleration of business development for damping rubber and medical rubber parts

net income ratio of 4.0%. This is based on our anticipation that demand for tires, which fell from 2008 to 2009, will bounce back in 2010 to the 2008 level. Consequently, we expect that by 2012 we will see sales growth in the Tire, Sports and Industrial and Other Products businesses.

I believe that achieving our numerical targets stated in the Long-Term Vision is a distinct possibility so long as we are able to accomplish the goals set out in this medium-term management plan by fiscal 2012, its final year. The biggest challenge will be how to recover our earnings—which have fallen over the last two years—by 2012. To that end, we will strive to improve our earnings by strengthening products and cost competitiveness. Simultaneously, as the key to realizing this objective is the promotion of structural reform, we have positioned structural reform as a tenet of the medium-term management plan and set up action plans for each business.

Q. Please provide details of the Tire business action plan.

In the Tire business, we will focus on accelerating the development and commercialization of fuel-efficient tires; establishing an optimal global production structure; taking cost reduction measures from new perspectives; and securing the quality and stable procurement of natural rubber.

Acceleration of the Development and Commercialization of Fuel-Efficient Tires

Against the backdrop of a new tire labeling system commencing in January 2010 in Japan, it is obvious that the spread of fuel-efficient tires will gain momentum. We also anticipate growing demand for better-performing fuel-efficient tires in the original equipment market. We are fully aware that winning the competition to develop these tires is absolutely vital to our future as a tire manufacturer. Given this situation, we will strive to improve our capabilities in material development and production technology and to accelerate the development and commercialization of eco-friendly tires, including those that are fuel-efficient and fossil resource-free. A specific instance of such initiatives is the Material Development Headquarters, established in 2010. (For details of our strategy for eco-tires, please see pages 7-9.)

Establishment of an Optimal Global Tire Production Structure

It is critical to establish our advantage in overseas markets so as to realize future growth. Indeed, we have already launched sales subsidiaries

and commenced full-scale sales activities in such areas as Russia, Latin America and the Middle East, where demand expansion is anticipated. In North America, we will further reinforce the marketing capabilities of Falken Tire Corporation, while establishing Falken Tyre Europe GmbH in Germany in pursuit of expanded product sales under the Falken brand in Europe.

In line with strengthening our overseas sales network structure, we will promote the shift of production bases to overseas locations. As a major global business growth strategy, we are advancing a plan to double sales in the Asian replacement market by 2015. This plan will be underpinned by enhanced production at our factory in Thailand. Aiming for sales expansion in growth markets, Sumitomo Rubber Industries will make ongoing efforts in various fields to realize an optimal supply and demand balance and strengthened cost competitiveness, while eyeing the establishment of new supply bases mainly in emerging nations such as the BRICs.

Cost Reduction from New Perspectives

For the reduction of fixed costs, we will take across-the-board measures, including action to be taken at the head office, sales offices and factories, by promoting “problem visualization.” We firmly intend to cut costs dramatically for small-inch tires, which are expected to achieve growth in Japan and the rest of Asia.

Securing the Quality and Stable Procurement of Natural Rubber

In the development of eco-friendly tires, it is essential to secure the high quality and stable procurement of natural rubber. With this in mind, at the end of 2009 we decided to establish a natural rubber plantation and a processing factory jointly with a local company in Thailand. This is expected to further accelerate our R&D activities for eco-friendly tires, including the development of new rubber materials for fuel-efficient tires.



Q. Please give us an overview of the Sports business action plan.

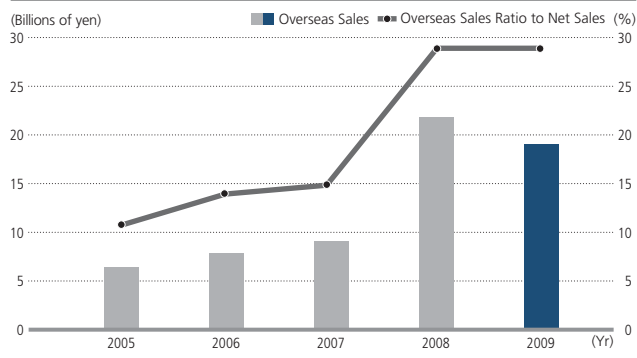
In December 2007, Group company SRI Sports Limited acquired the U.S. golf club maker, Roger Cleveland Golf Company, Inc. and its five group companies in order to accelerate business growth in overseas markets. In the United States, the world's largest golf market, we are concentrating on sales expansion for SRIXON golf balls by leveraging Cleveland's marketing channels. Owing to such efforts, we doubled our market share to 4%*1 in 2009. Gaining further momentum, we will strive to increase our share.

In the Long-Term Vision, our target for the Sports business is to achieve net sales of ¥100 billion by 2015. It is our conviction that achieving this goal will cement our position as one of the top three global golf goods companies. We will aggressively work toward this objective by making maximum use of Sumitomo Rubber Group's product development capabilities to introduce the industry's top

*1 Research conducted by Golf Datatech, LLC

XXIO brand for the Japanese market as well as Cleveland's marketing capabilities in the United States.

OVERSEAS SALES IN THE SPORTS BUSINESS



CSR Initiatives

Q. Please provide us with an overview of your CSR activities.

Addressing corporate social responsibility (CSR) is indispensable for us to realize our Long-Term Vision. We have therefore positioned CSR activities as a key management issue. In February 2008, we established our CSR Activities' Fundamental Philosophy. Based on the philosophy underlying the implementation of our G-E-N-K-I activities, which proactively contribute to the environment and communities, we are promoting five action guidelines that include:

"Green: Green initiative"; "Ecology: Ecological process"; "Next: Next-generation product development"; "Kindness: Kindness to employees"; and "Integrity: Integrity for stakeholders."

Particularly for our environmental preservation activities, we have achieved zero emissions*2 at all factories in Japan and overseas, switched the fuel used at tire factories to natural gas, and developed eco-friendly products including tires comprised 97% of fossil

resource-free materials. These achievements have received wide recognition, and accordingly, we have been certified as an Eco-First Company.*³ In addition, in the 13th Environmental Management Survey, conducted by Nikkei, Inc. and announced in December 2009, we moved up from the 29th position in the previous fiscal year to 13th place in the manufacturing industry category.

Furthermore, we adopted a corporate slogan for our CSR activities: “for you, for the earth” on the occasion of our 100th anniversary in

October 2009. With this in mind, we will make ongoing efforts to contribute to the environment and communities in order to become a trusted corporate citizen and part of a sustainable society—proactively disclosing details of our CSR activities both inside and outside the Group. (For details of CSR activities, please see pages 17-19.)

*² Zero emissions is achieved when the total landfill waste is less than 1% of total waste, and more than 99% of total waste is recycled.

*³ Companies that were certified by the Environment Minister for their commitment and achievements in playing a leading role in environmental activities in their industry

To Our Shareholders

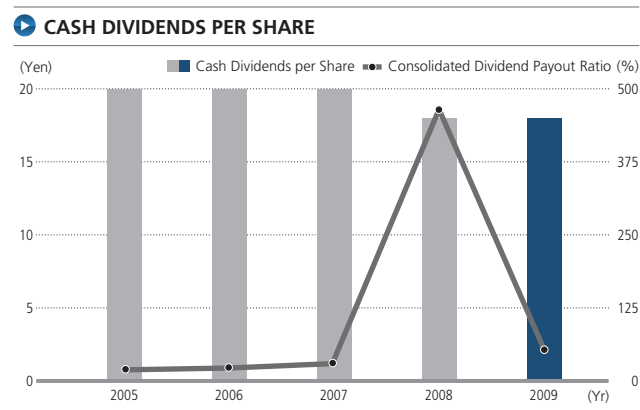
Q. Finally, do you have a message that you would like to deliver to shareholders and investors?

During the fiscal year under review, we announced that annual cash dividends were set at ¥18 per share, comprising ¥10 per share for the interim dividend, which included ¥2 per share as a commemorative dividend for our 100th anniversary, and ¥8 per share for the year-end dividend.

The Sumitomo Rubber Group positioned fiscal 2010 as its key year to embark on a path toward new growth over the next 100 years. The Group’s business environment is expected to remain harsh against the backdrop of a further appreciation of the yen and raw material price hikes. Despite such adverse circumstances, we will make Groupwide efforts to carry out structural reform that paves the way for accomplishing the medium-term management plan and the Long-Term Vision.

Promoting dialogues with society and stakeholders, the Sumitomo Rubber Group will aim to remain as a corporate

group that can meet society’s expectations through its “genuine value.” We sincerely ask for your continued understanding and support.



Strategy for Eco-Friendly Tires

Reflecting growing concern over global warming, competition in the development of fuel-efficient tires and other eco-friendly tires is expected to intensify. Amid such circumstances, Sumitomo Rubber Industries engages in the development and product enhancement of eco-friendly tires, specifically in the three areas of fuel-efficient tires, fossil resource-free tires, and runflat tires.

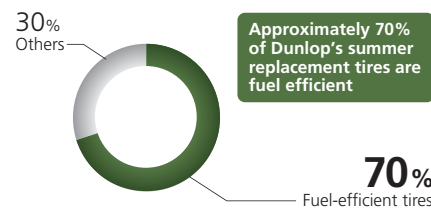
1. Fuel-Efficient Tires

In January 2010, a system that labels tires according to their fuel efficiency commenced in Japan. Before starting this system, each company had its own standards for "fuel-efficient tires," making it difficult to distinguish differences in performance. Thanks to this new system, however, categorization based on unified industry standards enables the clear differentiation of performance characteristics. The introduction of the labeling system will likely further accelerate the popularization of fuel-efficient tires. The ENASAVE series, which is the Company's eco-friendly flagship brand, includes three items in all 105 sizes that conform to the system's standard of fuel efficiency. Therefore, approximately

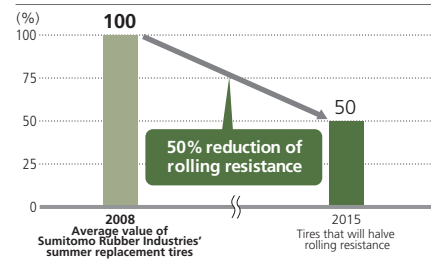
70% of Dunlop's summer replacement tires are fuel-efficient tires.

In addition, in its medium- to long-term technological theme for fuel-efficient tires, Sumitomo Rubber Industries is focusing on the development of a tire that reduces rolling resistance by 50%. When realized, the new tire will enhance an automobile's fuel efficiency by approximately 10% compared with conventional products, and therefore, early commercialization is expected. To complete development by 2015, Sumitomo Rubber Industries is leveraging its digital simulation technologies to move forward on R&D activities on both the materials and fuel efficiency fronts.

▶ PERCENTAGE OF FUEL-EFFICIENT TIRES



▶ DEVELOPMENT OF TIRES THAT HALVED ROLLING RESISTANCE



■ Fuel-Efficient Tire Labeling System

Established by the Japan Automobile Tyre Manufacturers Association (JATMA) as the industry's voluntary standard, this labeling system defines fuel-efficient tires as tires that meet a certain value in both good rolling resistance and wet grip performance. In tandem with this, a system is being created that provides appropriate labeling information for consumers.





2. Fossil Resource-Free Tires



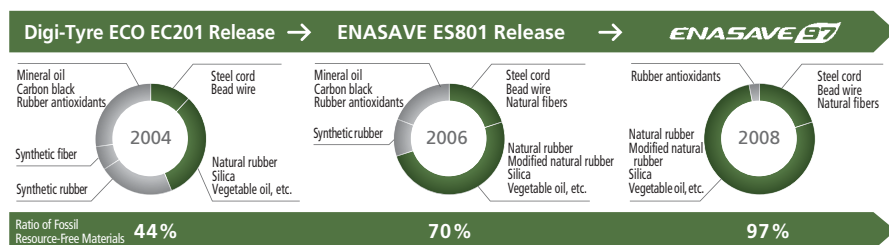
One of Sumitomo Rubber Industries' proprietary approaches is eco-friendly tires that make use of fossil resource-free materials. The Company is currently working to reduce the proportion of fossil resource-based materials from almost 60% in conventional tires. Efforts to accomplish this reduction are undertaken as an original project themed, "What the tire can do to

help realize a recycling society." After conducting various research projects, Sumitomo Rubber Industries succeeded in the development of technology that makes efficient use of modified natural rubber, and in 2006, it introduced the ENASAVE ES801 tire, of which 70% is made from fossil resource-free materials. Then in 2008, the Company developed EN rubber, the "third rubber" made mainly from natural rubber and featuring airtightness and durability equivalent to synthetic rubber, and also completed the development of the ENASAVE 97 tire comprised 97% of fossil resource-free materials. Compared with the

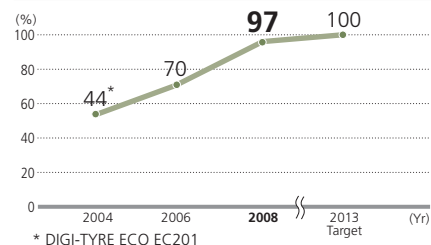
previous model, the Digi-Tyre ECO EC201 tire, the ENASAVE 97 tire reduced rolling resistance by 35%, while decreasing CO₂ emissions per vehicle-kilometer driven by 36% through its entire product lifecycle, from raw materials and production to utilization, disposition and recycling.

Furthermore, Sumitomo Rubber Industries is currently striving to develop tires that are 100% free of fossil resources by 2013. Sumitomo Rubber Industries makes every effort to research biomass and other materials to replace the remaining 3% of fossil materials being used—research that will help complete the development of the ultimate eco-tire.

▶ WHAT IS NON-FOSSIL MATERIAL TECHNOLOGY?—A TECHNOLOGY TO REPLACE SUCH FOSSIL RESOURCES AS PETROLEUM AND COAL WITH OTHER NATURAL RESOURCES



▶ HISTORY OF DEVELOPMENT OF TIRES MADE FROM FOSSIL RESOURCE-FREE MATERIALS AND TARGET



■ Team ENASAVE: A Customer-Participation-Type Afforestation Promotion Activity

Team ENASAVE is a campaign that plants one mangrove seedling for each set (four tires) of Dunlop ENASAVE eco-friendly tires purchased by a customer. In 2009, in Ranong Province, Thailand, a total of 137,424 seedlings were planted.

- Name of afforestation project: Dunlop "Creation of Mangrove Forest for the Future Project"
- Afforestation Location: Ranong Province, Thailand
- Supported by: OISCA International, the Ministry of Natural Resources and Environment, Thailand, Ranong Province and other organizations



We plant trees in cooperation with local people in Ranong Province, Thailand



3. Runflat Tires



Runflat tires are able to run for some distance, even when flat. Given this, they can be considered eco-friendly as they conserve resources and improve fuel efficiency by reducing the weight of automobiles—they eliminate the need to carry a heavy spare tire.

In the 1970s, Dunlop developed the world's first runflat tire system. Then, in 1995, they developed the first-generation runflat tire with reinforced sidewalls. This tire could use standard wheels and was available with the

practical application of Dunlop Self-Supporting Technology (DSST), a technology compatible with standard tires. Following this achievement, in 2000, Dunlop developed the second-generation runflat tire by adopting a unique shape, the CTT profile, and in 2003, it developed the third-generation runflat tire, for which a new low-heat-generation component was developed and adopted. These efforts contributed to the realization of reduced weight and a more comfortable ride.

In 2009, the fourth-generation runflat tire was released, realizing a ride comfort equivalent to or better than standard tires, while securing runflat performance. When tires go flat while driving, the flat tire will flex significantly with each rotation, generating heat in

the reinforcement layer. In order to address this issue, Sumitomo Rubber Industries applied a heat-control technology and succeeded in improving the tire's driving distance when flat by 2.3 times compared with third-generation products. This enabled a 30% reduction in the thickness of the reinforcement layer, thus realizing ride comfort equivalent to or better than standard tires.

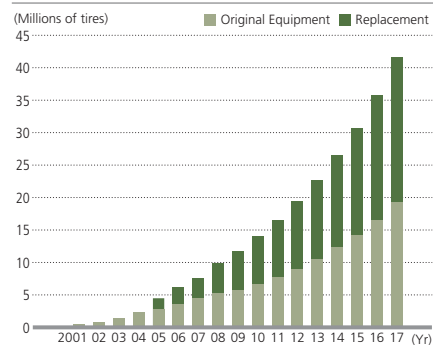
Demand for runflat tires was approximately 10 million units worldwide in 2008, and demand is expected to rise to 40 million over the next 10 years. Given this situation, Sumitomo Rubber Industries will make every effort to advance the development of runflat tires, contributing to society from the aspects of both safety and the environment.

HISTORY OF RUNFLAT TIRE TECHNOLOGY DEVELOPMENT

| | | | | | |
|----------------|-----------------------------|-----------------|--------------|---------------------|---|
| 1970 DENOVO | 1972 DENOVO2 (DENLOC) | 1979 TD tire | 1995 DSST | 2000 CTT runflat | 2003 Low-heat-generation component for CTT runflat adopted |
|----------------|-----------------------------|-----------------|--------------|---------------------|---|



WORLDWIDE DEMAND FOR RUNFLAT TIRES (INTERNAL ESTIMATE)



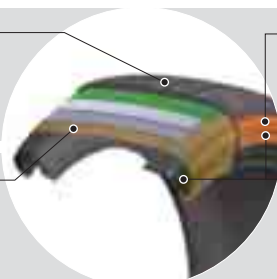
Heat-Control Technology Applied to the Fourth-Generation Runflat Tires

CTT profile

Adopting the involute function, the new tire realizes runflat performance with a reinforcement layer in the sidewalls and enhances general performance, including ride comfort through a round tread profile, while achieving lighter weight.

Aramid case

A rigid aramid case reduces deflection when the tire goes flat and curbs heat generation in the reinforcement layer of the sidewalls.



Dimpled side

Dimples on the sidewalls generate turbulent airflow, displaying excellent heat-release effects.



Heat conductivity enhancement compound

Enhanced heat conductivity in the reinforcement layer in the sidewalls; the rubber used in the sidewalls will dissipate the heat concentrated in the reinforcement layer while driving with a flat tire.

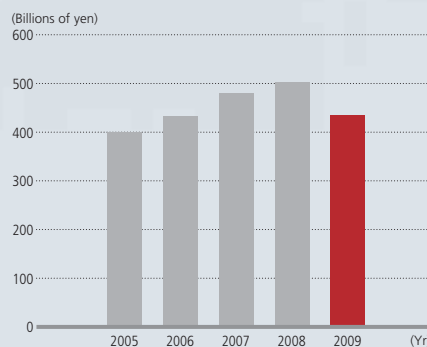
TIRE BUSINESS



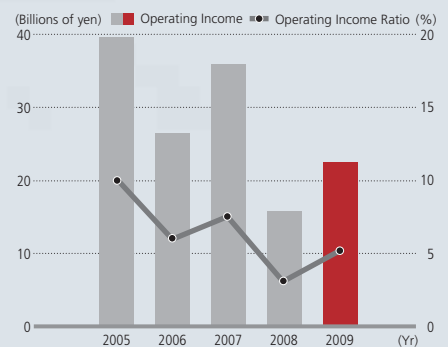
Profile

- Sumitomo Rubber Industries engages in the manufacture and sale of tires primarily consisting of the Dunlop, Falken and Goodyear brands.
- In 1999, Sumitomo Rubber Industries formed a global tire business alliance with The Goodyear Tire & Rubber Company. This alliance helped to generate joint ventures for production and sales activities in Europe and North America, as well as to boost sales in Japan. Other benefits included synergies created with tire technology exchange and joint procurement of raw materials and manufacturing equipment.

▶ NET SALES



▶ OPERATING INCOME



Fiscal 2009 Results

Sales in the Tire business fell 13.5% year on year to ¥433,411 million for the fiscal year under review, while operating income surged 42.1% to ¥22,518 million.

The decline in net sales was attributable to an approximate 30% year-on-year decrease in domestic automobile production, which exerted a substantial impact on tire sales for new cars, and a large drop in demand both in Japanese and overseas replacement markets. However, operating income was buoyed by a drop in raw material prices from the second half of fiscal 2008 and urgent measures taken to increase profits. These factors contributed to offsetting the drop in domestic sales and profitability deterioration in the export business caused by the appreciation of the yen.

Domestic Replacement Market

Amid increasing awareness of environmental issues in society, Sumitomo Rubber Industries released the ENASAVE RV503 minivan tire and the ENASAVE EC202 passenger car tire. Both of these new products, launched under the Dunlop brand, pursue enhanced fuel efficiency through an approximate 20% decrease in rolling resistance compared with the respective tires that preceded them.

In the Goodyear brand, Sumitomo Rubber Industries introduced the EAGLE F1

ASYMMETRIC tire, a top-quality flagship product, and the ICE NAVI ZEA II studless tire, which features greater performance not only on icy roads but also on snow or dry roads. Both tires have received high praise in their markets.

Despite such achievements, sales in the domestic replacement market declined year on year, reflecting stagnant private-sector consumption, particularly in the first half of fiscal 2009.

Original Equipment Market

During the fiscal year under review, automobile production in Japan dropped significantly in the first half of fiscal 2009 due to the slowdown of the world economy. Despite a slight recovery in production in the second half of the year due to tax incentive policies and other measures taken by numerous countries, full-year automobile production fell below that of the previous fiscal year. Amid such circumstances, Sumitomo Rubber Industries' domestic sales and exports in the original equipment market declined year on year.

Overseas Replacement Market

A significant drop in demand was seen in the first half of fiscal 2009 on the back of a worldwide slowdown in private-sector consumption. In the second half of the year,

however, markets in Asia, the Middle East and Latin America were witness to a gradual recovery, while in Europe and the United States, Sumitomo Rubber Industries succeeded in counteracting sales decreases. As a result, the full-year sales volume remained almost on par with the previous fiscal year. Despite such efforts, sales declined year on year due to the appreciation of the yen.

Fiscal 2010 Outlook

In fiscal 2010, Sumitomo Rubber Industries anticipates an increase in sales volume. However, operating conditions are expected to remain harsh against the backdrop of the strong yen and another hike in raw material prices. Under such circumstances, Sumitomo Rubber Industries will strive to maximize its production efficiencies and restructure its organization to pursue profitability even under low facility utilization. On the sales front, the Company will consolidate its leading position in the fuel-efficient tire market, which is currently showing a full-scale expansion, by highlighting its superior innovation. In overseas markets, Sumitomo Rubber Industries will proactively aim for an increase in sales by establishing a local sales subsidiary in Europe to expand sales channels as well as by introducing new products under the Falken brand in North America.

YEAR-ON-YEAR INCREASE/DECREASE IN TIRE SALES VOLUME

| | 2008 | 2009 |
|--|-------|-------|
| Domestic original equipment | +0% | -33% |
| Overseas original equipment | +14% | -10% |
| Domestic replacement | -2% | -6% |
| Overseas replacement | +16% | -6% |
| Total | +7% | -12% |
| Total sales volume (millions of tires) | 87.34 | 76.49 |

DUNLOP
ENASAVE EC202

FALKEN
ZIE X ZE912

GOODYEAR
EAGLE F1 ASYMMETRIC



Completion of Tyre Technical Center

In October 2009, Sumitomo Rubber Industries finished construction of the Tyre Technical Center, commemorating its 100th anniversary while aiming for continued growth over the next century. Equipped with state-of-the-art tire testing machines and measuring devices, the Tyre Technical Center is positioned as a core facility of the Sumitomo Rubber Group's R&D activities for tire technologies. In addition to its advanced R&D features, the Center is equipped with an eco-friendly solar power generator. The Tyre Technical Center will continue to be the focal point of Sumitomo Rubber Industries' efforts to further accelerate the development of fuel-efficient and other eco-friendly tires.



Panel featuring the history of tire technology



Friction energy measuring equipment



Rooftop solar panels



The Tyre Technical Center

Shirakawa Manufacturing Training Center Opens

In April 2009, the Shirakawa Manufacturing Training Center, constructed as part of Sumitomo Rubber Industries' 100th anniversary project, opened within the premises of the Shirakawa Factory. This facility was established for the purpose of passing on to the next generation proprietary tire manufacturing technology and the Company's philosophy, while preparing for further global business development. Specifically, this facility provides training seminars for production management supervisors and would-be overseas representatives, as well as training to standardize production technologies through the use of a real manufacturing facility. In response to concerns about the natural environment, the Shirakawa Manufacturing Training Center implemented solar power generation, rooftop greening measures and the establishment of a biotope.



Panel featuring the history of tire manufacturing technology



Training facilities



Rooftop solar panels



The Shirakawa Manufacturing Training Center and biotope

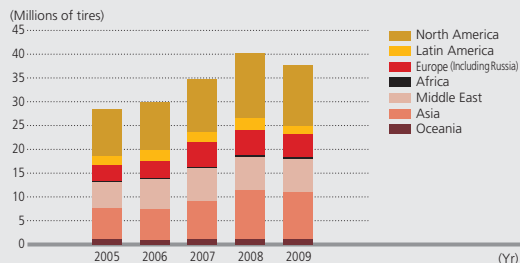
Establishment of Tire Sales Company in Europe



Falken Tyre Europe GmbH

As part of the global development of its Tire business, Sumitomo Rubber Industries established Falken Tyre Europe GmbH in Offenbach, Germany. The local sales subsidiary commenced business operations in January 2010. To enhance customer satisfaction, Falken Tyre Europe GmbH will launch products that accurately meet market needs while proactively expanding sales activities. In this way, Sumitomo Rubber Industries aims to further increase sales of Falken and Ohtsu brand products in the European replacement market.

SALES VOLUME IN THE OVERSEAS TIRE REPLACEMENT MARKET



Sumitomo Rubber Industries Receives Environmental Achievement of the Year Award in Europe

In February 2009, Sumitomo Rubber Industries was honored with the Environmental Achievement of the Year award at Tire Technology Expo 2009 held in Hamburg, Germany. This award was given in recognition of the Company's commitments to make commercially available tires that will be 100% fossil resource free by 2013. The Tire Technology Expo has been held annually since 2001 in Europe to present and exhibit technologies related to tire manufacturing. The presentation of this award is based on Sumitomo Rubber Industries' forward-looking efforts to produce products that reduce environmental burden as well as the Company's advanced technological capabilities.



The trophy



Commutation ceremony

ENASAVE RV503 Receives Good Design Award

Dunlop's ENASAVE RV503 fuel-efficient tire for minivans received the Good Design Award 2009 sponsored by the Japan Industrial Design Promotion Organization. The Good Design Award is granted not only for external beauty but also for overall product characteristics, including function, quality and safety. This is the fourth consecutive year that Dunlop's passenger car tires have received this award, underscoring the advanced quality behind Dunlop's tire engineering technology.



ENASAVE RV503

Launch of Dunlop ENASAVE EC202 Fuel-Efficient Tire

In October 2009, Sumitomo Rubber Industries launched the ENASAVE EC202 tire under the Dunlop brand. Compared with conventional products,* this new tire pursues enhanced fuel efficiency with an approximate 20% reduction in rolling resistance. Adopting a newly developed rubber material, the ENASAVE EC202 realizes a fuel efficiency that meets users' needs, while maintaining the tire's basic performance at a high level. In addition, with two-layered sidewalls and a new tread pattern design, the ENASAVE EC202 ensures superior comfort and safety.

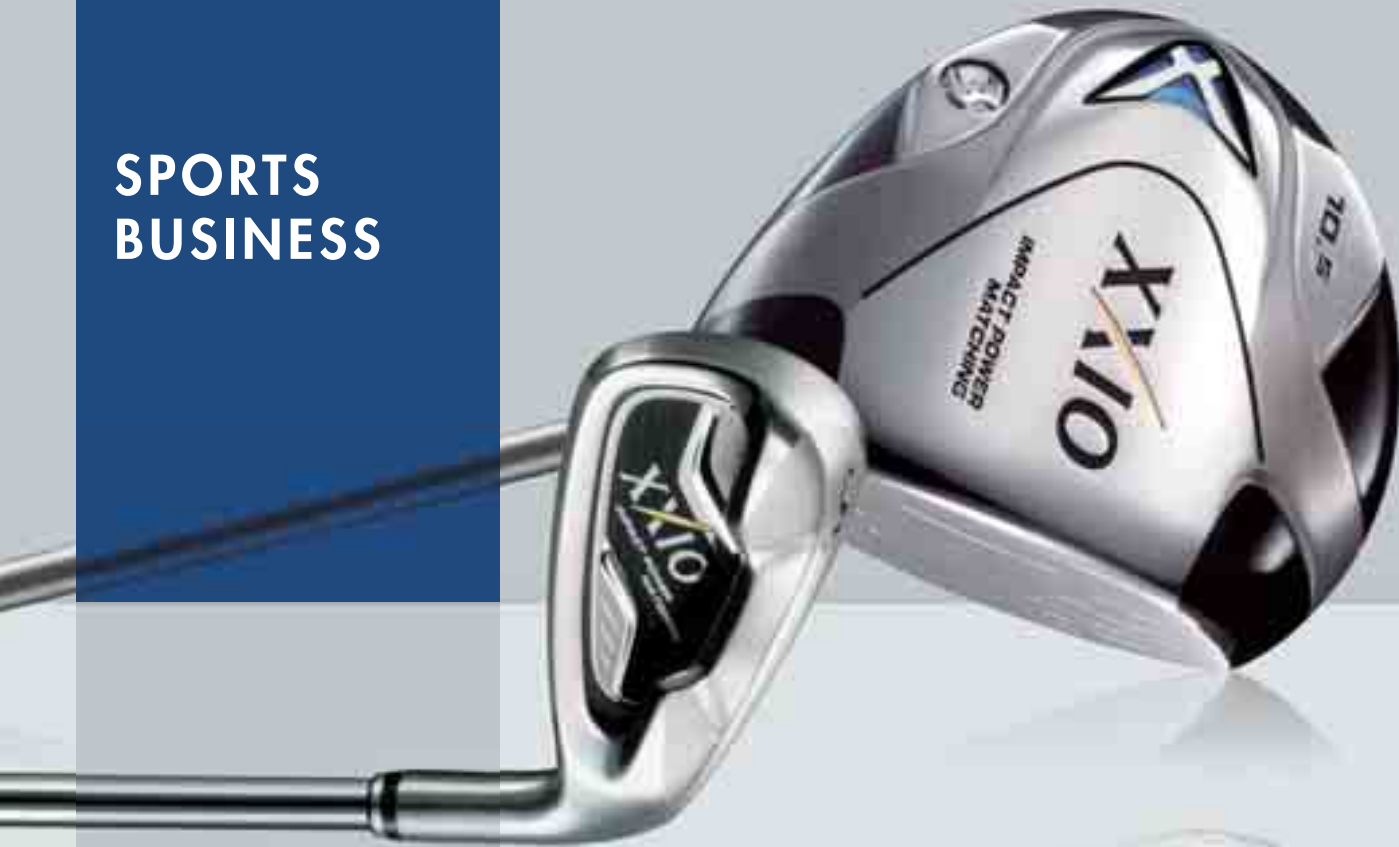
* DIGI-TYRE ECO EC201



ENASAVE EC202

ENASAVE EC202 (for lightweight, compact vehicles)

SPORTS BUSINESS



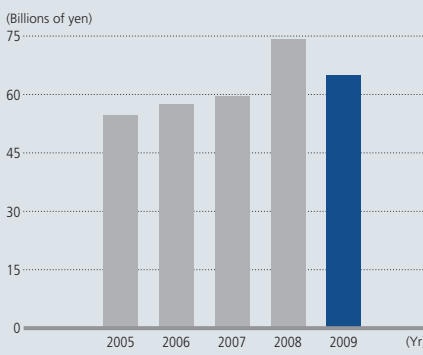
Profile

- SRI Sports Limited, a company spun off from Sumitomo Rubber Industries in 2003, manufactures and markets such items as golf clubs and golf 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 Golf") and added the Cleveland Golf 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.

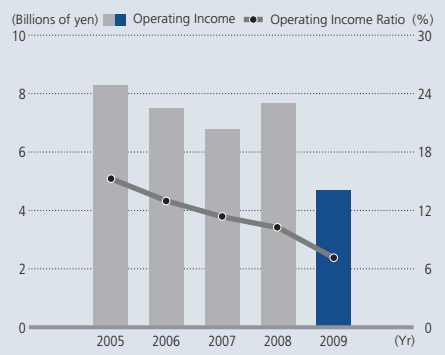
XXIO

The flagship XXIO brand golf goods are a favorite among golfers in Japan, South Korea and China.

NET SALES



OPERATING INCOME



Fiscal 2009 Results

Sales in the Sports business declined 12.2% year on year to ¥65,220 million, and operating income dropped 38.7% to ¥4,735 million.

Golf

During the fiscal year under review, the number of visitors to golf courses remained almost on par with the previous fiscal year both in Japan and overseas. In addition, sluggish private-sector consumption from the beginning of the year under review directly affected store-front sales, leading to a business environment of unparalleled severity, particularly in the golf club market.

Despite such circumstances, The XXIO—the fifth-generation of top-selling golf clubs—maintained their overwhelming popularity in the domestic market. In mid-December 2009, SRI Sports aggressively boosted sales activities by releasing its New XXIO sixth-generation golf clubs and expanding product lineups under the SRIXON brand.

Overseas, SRI Sports steadily introduced new golf club products under the Cleveland Golf brand. Leveraging its business alliance with Cleveland, SRI Sports strived to rein-

force promotional activities and make maximum use of sales channels. In so doing, it succeeded in steadily increasing the U.S. and European market share held by its SRIXON golf balls.

However, sales of overall golf goods fell below those of the previous fiscal year due to the worldwide recession.

Tennis

In tennis products, following the release of tennis balls and clothing, SRI Sports was active in building its product lineup for tennis rackets under the SRIXON brand. However, store-front sales of tennis goods were weak due to stagnant market conditions as well as the extensive closing of schools, reflecting the spread of the new influenza virus since autumn 2009. As a result, sales of overall tennis goods fell slightly below the level of the previous fiscal year.

Fiscal 2010 Outlook

In the face of the ongoing economic recession, SRI Sports will focus on its collaboration with Cleveland to enhance the market share of its golf clubs and golf balls both in Japan and overseas.



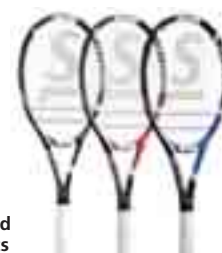
SRIXON

Golf goods under the SRIXON brand, introduced for professional and semiprofessional use, are preferred among leading golfers throughout the world.



Cleveland Golf

Introduced in 1979 in the United States, Cleveland Golf's wedges enjoy a high share of the U.S. golf club market.



SRIXON brand tennis rackets



SRI Sports' tennis balls boast the top share* in Japan

* Surveyed by Yano Research Institute Ltd.

SALES BREAKDOWN

(Billions of yen)

| | 2008 | 2009 | Year-on-Year |
|-----------------------|------|------|--------------|
| Clubs | 39.0 | 31.5 | -19% |
| Balls | 12.1 | 12.3 | +1% |
| Shoes and accessories | 10.4 | 9.1 | -12% |
| Golf goods | 61.5 | 52.9 | -14% |
| Tennis goods | 7.0 | 6.7 | -4% |
| Licensing revenue | 0.4 | 0.4 | -14% |
| Sport goods | 68.9 | 60.0 | -13% |
| Others | 5.4 | 5.2 | -3% |
| Total | 74.3 | 65.2 | -12% |

SRI Sports Establishes Golf Goods Sales Subsidiaries in China and Hong Kong

Aiming to reinforce marketing activities for sales expansion in the growing Chinese golf goods market, SRI Sports established wholly owned subsidiaries in Changshu City, Jiangsu and Hong Kong, China, with operations commenced in March 2010. Through these subsidiaries, SRI Sports conducts targeted sales activities in the Chinese market and at the same time strengthens promotional activities to enhance its brand profile in China. By doing so, SRI Sports is striving to boost its market share, especially for golf clubs and golf balls.

INDUSTRIAL AND OTHER PRODUCTS BUSINESS

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



Profile

- 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, ramps for wheelchair use, rubber gas tubes, printer blankets, civil engineering and marine products, medical rubber parts, industrial items and other products. They cover diverse needs that range from use in daily life to industrial applications.



Medical rubber stoppers manufactured under thorough quality control



GRAST

The GRAST vibration-control technology that uses high damping rubber is adopted in a wide range of fields, including dampers for single-unit houses and high-rise buildings

Fiscal 2009 Results

During the fiscal year under review, sales in the Industrial and Other Products business fell 12.6% year on year to ¥25,904 million, while operating income dropped 21.7% to ¥1,419 million.

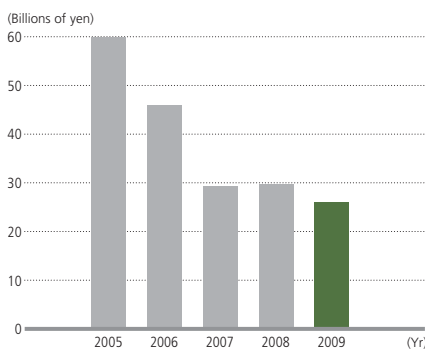
In fiscal 2009, SRI Hybrid's high damping rubber, jointly developed with a housing maker, was adopted as a standard part of that maker's product series. This was in addition to SRI Hybrid's aggressive business development in growth fields, including medical rubber parts—highly anticipated for sales expansion both in Japan and overseas—for which SRI Hybrid cultivated new customers by taking advantage of its high quality. However, sales of its mainstay precision rubber parts for printers and photocopiers, as well as building materials, were stagnant due to sluggish

private-sector consumption and corporate capital investment.

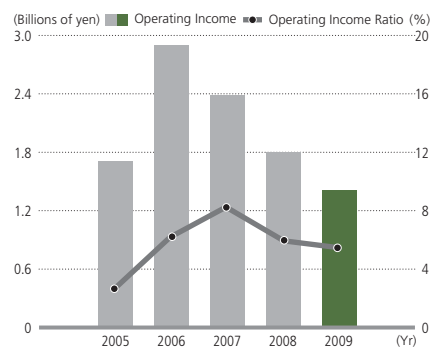
Fiscal 2010 Outlook

A quick improvement in the overall business environment cannot be expected. However, in view of signs of a partial recovery in the sales of precision rubber parts for printers and photocopiers, we will strive to boost sales through aggressive marketing activities. For medical rubber parts, we aim to further expand sales by offering safe, high-quality products. This effort will be backed by its second medical rubber parts factory, completed in March 2010. Furthermore, for the GRAST vibration control technology that uses high damping rubber, we will focus our efforts on the earthquake-proofing business for residential homes and office buildings.

NET SALES



OPERATING INCOME



CSR Activities



The Sumitomo Rubber Group promotes CSR activities under the assumption that not only should efforts be made to raise economic value, but that it is essential to enhance social value as well. These endeavors are undertaken in order to realize sustainable growth and the creation of value, as stated in the Group's Long-Term Vision.

Promotion and Vitalization of CSR Activities

In February 2008, the Sumitomo Rubber Group established the CSR Activities' Fundamental Philosophy with the aim of further strengthening its CSR operations. Based on the philosophy underlying the implementation of its G-E-N-K-I activities—which proactively contribute to the environment and communities—in order to become a trusted corporate citizen and part of a sustainable society, the Group is promoting five action guidelines that include: “Green: Green initiative”; “Ecology: Ecological process”; “Next:

Next-generation product development”; “Kindness: Kindness to employees”; and “Integrity: Integrity for stakeholders.”

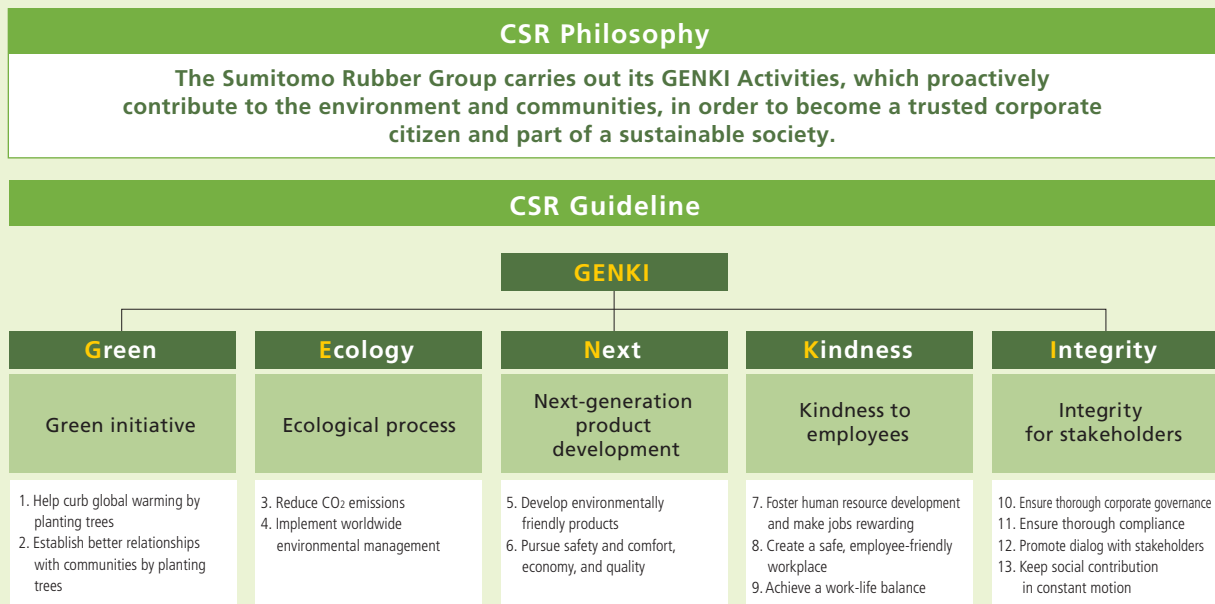
In addition, the Group has established the CSR Promotion Office in July 2008 as a dedicated entity to build a structure for CSR management. The CSR Promotion office strives to enhance the vitality of contributions to the Group's CSR activities, including employee education and information disclosure outside the Group.

When promoting CSR activities, the Group emphasizes the importance of facil-

itating communications with stakeholders both inside and outside the Group. To that end, the Group is striving to deepen cooperation with various organizations and autonomous bodies in local communities, while asking for opinions from external professionals with regard to CSR activity content and process.

Through dialogue with its stakeholders, the Sumitomo Rubber Group recognizes the role that society expects it to perform. The Group will therefore continue to carry out its unique CSR activities.

► FUNDAMENTAL PHILOSOPHY OF THE SUMITOMO RUBBER GROUP'S CSR ACTIVITIES





CSR Topics

Factory in Thailand Receives the 3R Promotion Council Chairman's Award

On October 23, 2009, Sumitomo Rubber (Thailand) Co., Ltd. received the Chairman's Award from the Reduce, Reuse & Recycle (3R) Promotion Council. This award was presented in recognition of efforts made to achieve notable results in its 3R initiatives.

In November 2006, Sumitomo Rubber (Thailand) commenced the production of automobile tires. In 2007, as part of its activities that focus on the establishment of environmental systems and rules, the company moved to manage waste storage spaces, standardize waste separation methods that had differed according to each manufacturing process, and

audit and select a recycling company. Owing to its efforts in various activities, Sumitomo Rubber (Thailand) succeeded in cutting its landfill waste from 83 tons to zero in 2008, while reducing CO₂ emissions by approximately 11,000 tons. The company also donates to local communities a certain percentage of profit made on the sale of recyclable waste. In addition, the company proactively conducts local environmental improvement activities, including the donation of collected paper containers to volunteer groups and tree-planting on nearby idle land. Sumitomo Rubber (Thailand) makes ongoing efforts to implement these activities.



Establishment of the Eco-First Promotion Council to Promote Environmental Preservation Activities

In March 2009, in accordance with the Eco-First Program established by the Ministry of the Environment, Sumitomo Rubber Industries made an "Eco-First Commitment" to the Environment Minister for the implementation of the Group's environmental preservation activities. On December 9 of the same year, Sumitomo Rubber industries was one of 23 environmentally advanced companies that founded the Eco-First Promotion Council in what was a further declaration that they would promote environmental preservation activities. Acknowledged by the Ministry of

the Environment as Eco-First Companies, these 23 companies established this council in pursuit of the steady implementation of each Eco-First Commitment made to the Environment Minister. The Eco-First Promotion Council also aims to develop the Eco-First Program by promoting strong environmental activities that are both advanced and unique, and to implement them steadily. Simultaneously, the Council reinforces collaboration with environmental authorities as well as between Eco-First Companies.



Kakogawa Factory Receives the Environment Minister's Award for Its Global Warming Prevention Activities

The Kakogawa Factory's efforts to drastically cut greenhouse gases and to promote other environmental preservation activities were awarded the 2009 Environmental Minister's Award for Global Warming Prevention Activities.

Under the Kakogawa Factory Environmental Policy, the Factory established the Factory Environment Administration Committee headed by the factory manager, and made every effort to carry out environmental preservation activities. Accordingly, the Kakogawa

Factory reduced total CO₂ emissions by 49% and CO₂ emissions per unit by 55% over three years, from 2006 to 2008. Furthermore, it was hugely successful in reducing the volume of organic solvents, industrial waste and industrial wastewater. This reward was presented in recognition of these accomplishments.

The Kakogawa Factory also received an award for excellent energy management and the contributions it had made in improving the spread of energy management practices in different industries.



For details of the Group's CSR activities, please read the Sumitomo Rubber Group CSR Report. It is also available on the Group website.

<http://www2.srigroup.co.jp/english/index.html>



Promotion of the One Million Trees Project for Local Forests

Setting up “Green” as one of the guidelines of its CSR Activities’ Fundamental Philosophy, the Sumitomo Rubber Group is promoting a tree-planting campaign at both domestic and overseas bases as well as in local communities.

In 2009, on the occasion of its 100th anniversary, the Group commenced the One Million Trees Project for Local Forests aiming to plant one million trees over the next 20 years by further expanding existing tree-

planting activities. In particular, the Team ENASAVE Campaign, in which the Group plants one mangrove tree for each customer’s purchase of a set (four tires) of ENASAVE fuel-efficient tires, resulted in the planting of 137,424 mangrove trees in Thailand during the fiscal year under review. The One Million Trees Project for Local Forests has been carried out at business sites and other regions around the world at a pace exceeding the initial plan.

| ▶ PROGRESS OF THE ONE MILLION TREES PROJECT (Trees) | | |
|---|------------------------|-------------|
| | 2009 Cumulative Result | 2029 Target |
| Acorn Project | 23,265 | 400,000 |
| Mangroves | 137,424 | 330,000 |
| Domestic Site Forestation | 14,749 | 200,000 |
| Overseas Site Forestation | 31,226 | 70,000 |
| Total | 206,664 | 1,000,000 |

Implementation of the First CSR Recognition Commendation

The Sumitomo Rubber Group established the CSR commendation system to deepen understanding and appreciation of CSR activities by recognizing the achievements of individuals and workplaces, and to expand the scale of these activities.

All subsidiaries, workplaces and employees of the Group are eligible to receive awards. The Group set up two sections: “Workplace” and “Individual,” under the two categories of “Environmental Contribution” and “Social Contribution,” widely screening CSR activities of the entire Group based on recommendations by contributors themselves or other people.

In accordance with stringent criteria for selection, including activity continuity and results, the Group selected five recipients for the Top Excellence Award, six for the Excellence Award and nine for the Incentive Award. The awards ceremony was held in December 2009 for the Top Excellence and Excellence Awards, and the winner of the Workplace Award section and the Individual Award section received their awards from the president of Sumitomo Rubber Industries.

The Group will continue its CSR recognition commendation activities.



The Sumitomo Rubber Group Receives the Incentive Award for Its Company-NPO Business Collaboration

In December 2009, Sumitomo Rubber Industries, together with the non-profit organization, Kobe Empowerment Center, received the Incentive Award for Company-NPO Business Collaboration from Hyogo Prefecture. This was in recognition of the results produced from its ongoing dialogue and collaboration with this organization. This partnership first began in 2008 when the Group made requests to the Kobe Empowerment Center that included support in setting

up an office for the disbursement of excess equipment from the establishment of the new Tyre Technical Center. It also requested information about volunteer work as well as staff and lecturers for volunteer seminars. In addition to providing information on volunteer activities, the establishment of Sumitomo Rubber Industries’ CSR Fund in July 2009 spurred an exchange of opinions about the subsidy system, among other ongoing dialogues and business collaboration efforts.



Dialogue with Stakeholders

In order to receive reviews and opinions on its CSR activities from the viewpoint of stakeholders and to reflect this feedback in future activities, the Sumitomo Rubber Group held a dialogue with stakeholders. To that end, we asked for opinions from Ms. Yukiko Furuya, a Board Member of the Nippon Association of

Consumer Specialists, in December 2009 with regard to the role of CSR activities from the perspective of consumers, and Professor Kanji Tanimoto (on the right in the photograph) of the Graduate School of Commerce and Management, Hitotsubashi University, in January 2010 regarding CSR management.



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 the Sumitomo Rubber Industries' R&D organization and facilities as its core, the Sumitomo Rubber Group promotes R&D activities in wide-ranging fields—the tire, sports, industrial and other product businesses—in close cooperation with its subsidiaries and affiliates around the world. In addition, Sumitomo Rubber Industries 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 Company formed dedicated project teams to carry out joint research for specific themes. Furthermore, the Tyre Technical Center, completed in 2009, is the key facility of the Group's R&D activities for tire technology as Sumitomo Rubber Industries promotes the development of next-generation, eco-friendly tires.

Total R&D expenses in the fiscal year under review amounted to ¥17,983 million, which accounted for 3.4% of consolidated net sales.

Tire Business

To promote the development of next-generation, eco-friendly tires, Sumitomo Rubber Industries released the ENASAVE EC202 fuel-efficient tire under the Dunlop brand. The ENASAVE EC202 covers a wide variety of car models, from lightweight compact vehicles to sedans.

In fiscal 2009, R&D expenses in the Tire business totaled ¥14,896 million.

Sports Business

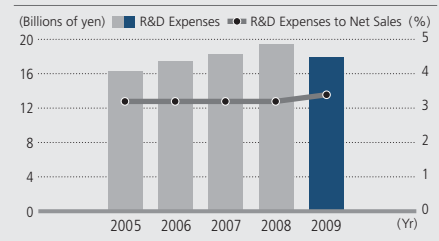
With an R&D section at both SRI Sports and Cleveland, SRI Sports develops, evaluates and tests new technologies and products using cutting-edge computer simulation capability. R&D expenses in the Sports business amounted ¥1,370 million.

Industrial and Other Products Business

In the Industrial and Other Products business, the Sumitomo Rubber Group works to expand busi-

ness in the field of precision rubber parts for printers and photocopiers, blankets for offset printing presses, artificial turf, rubber gloves, civil engineering and marine products, high damping rubber and medical rubber parts. At the same time, the Group develops products that meet consumer needs. Reflecting these approaches, R&D expenses in the Industrial and Other Products business were ¥1,717 million in the fiscal year under review.

R&D EXPENSES



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 as well as accelerate business operations, 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 a corporate system with a Board of Auditors and maintains directors, a general meeting of shareholders, accounting auditors and the following bodies.

The Company's Board of Directors deliberates and determines matters of managerial importance and supervises directors' execution of operations. As of March 30, 2010, the Board of Directors was comprised of 11 members, two of whom were external directors.

Corporate auditors independently conduct auditing of directors' execution of operations. As of March 30, 2010, the Company adopted a structure of five corporate auditors, two of whom were full-time corporate auditors. Full-time corporate auditors attend important internal meetings and confirm important documents for approval.

The Board of Auditors is comprised of all of the

Company's corporate auditors. From the aspect of reinforcing the management auditing function, three of the five corporate auditors serve as external auditors, securing a structure to conduct fair and objective audits.

In addition to the abovementioned organizations stipulated under Japan's Corporation Law, the Company established a Management Committee comprised of internal directors and executive officers appointed by the president. With the attendance of full-time corporate auditors, the Management Committee makes prompt managerial decisions based on discussions or the reporting of matters considered to be important to management.

Furthermore, the Company adopted an executive officer system in March 2003. This system was put in place with the aim of establishing a management structure that promotes the separation of management supervision and execution, clarifies the rights and responsibilities of each business and

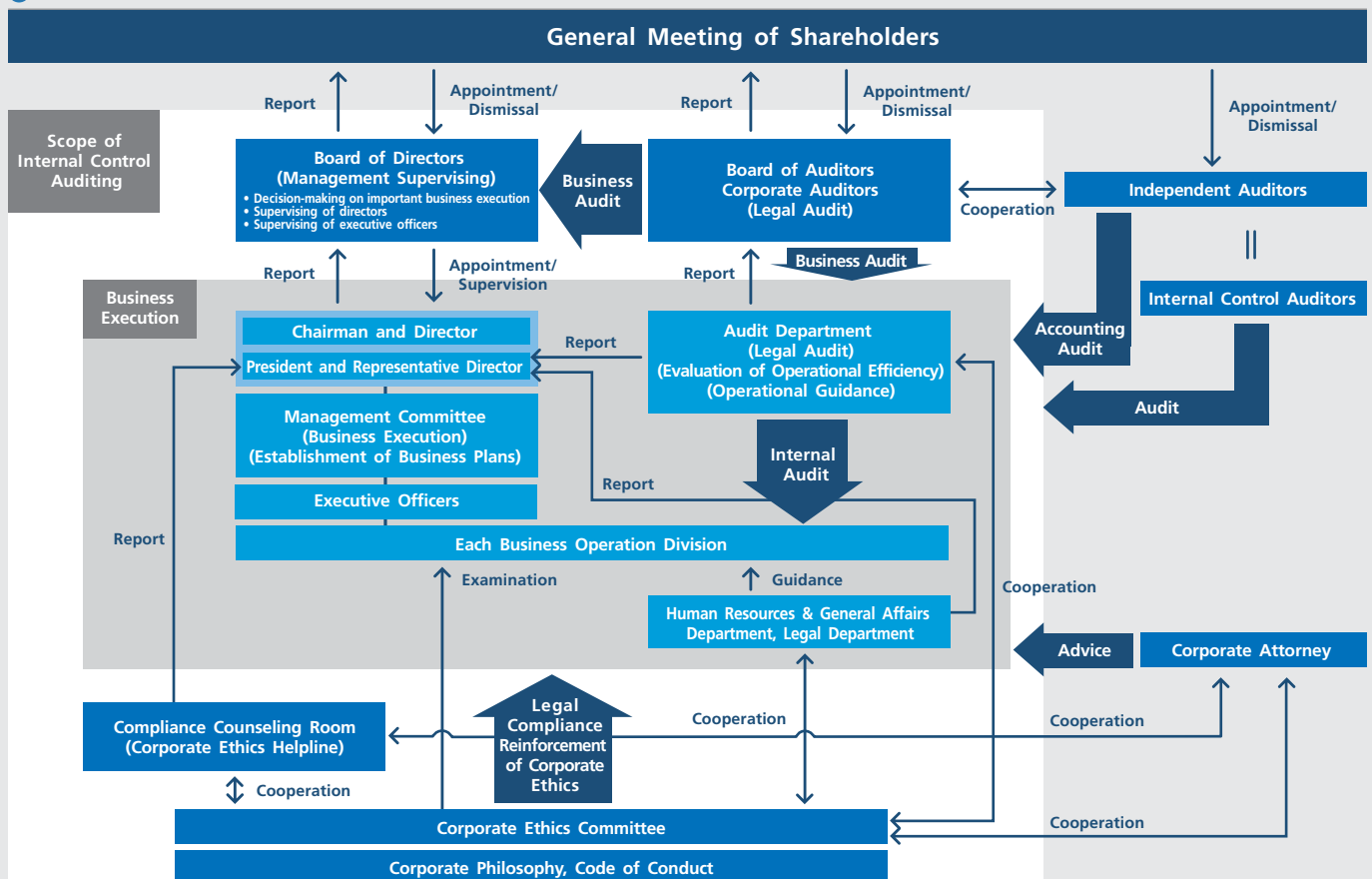
promptly responds to changes in the business environment. As of March 30, 2010, there were 18 executive officers, 10 of whom did not serve concurrently as directors.

Internal Audit and Audit by Corporate Auditors

Sumitomo Rubber Industries' internal audit function is effectively the responsibility of the Audit Department. Under the direct control of the president, the Audit Department is comprised of 11 staff and one full-time assistant to the corporate auditors. In accordance with audit policies and annual internal audit plans, the Audit Department 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

CORPORATE GOVERNANCE

(As of March 30, 2010)



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, from the period under review, the Company commenced evaluation of its internal control system covering the Group's financial reporting, in accordance with the Japan's Financial Instruments and Exchange Law. Corporate auditors, the Audit Department and independent auditors facilitate closer collaboration as needed to fulfill their duties.

Accounting Audit

The Company entered into an audit agreement with KPMG AZSA & Co. for the implementation of accounting audits under the Corporation and the Financial Instruments and Exchange Laws. For the fiscal year ended December 31, 2009, the Company's accounting audit was conducted by three certified public accountants (CPAs). These three CPAs were supported by 11 additional CPAs and 14 others.

Relationships with External Directors and Corporate Auditors

As of March 30, 2010, the Company's relationships with external directors and corporate auditors are as follows.

Hiroshi Izumitani, one of the Company's external corporate auditors, has a concurrent position of corporate auditor at Nomura Research Institute, Ltd. (NRI). Mr. Izumitani and NRI have no special interest with the Company.

Tadao Kagono, one of the Company's external corporate auditors, is a professor at Kobe University's Graduate School of Business Administration as well as a corporate auditor at both Santen Pharmaceutical Co., Ltd. and NTN Corporation. Mr. Kagono, the university and these companies have no special interests with Sumitomo Rubber Industries.

Keizo Kosaka, one of the Company's external directors, holds the concurrent positions of external corporate auditor at Toyo Aluminium K.K. and

Keyence Corporation, in addition to serving as a lawyer. Mr. Kosaka, these companies and his legal firm have no special interests with Sumitomo Rubber Industries.

Katsuhide Kurasaka and Shintaro Mitake, an external director and an external corporate auditor for Sumitomo Rubber Industries, respectively, hold the concurrent positions of managing director and corporate auditor at Sumitomo Electric Industries, Ltd. Though Sumitomo Rubber Industries purchases tire materials from the company, the terms and conditions of trading are not affected by their concurrent positions. Messrs. Kurasaka and Mitake have no special interests with the Company.

MAJOR ACTIVITIES OF EXTERNAL DIRECTORS AND CORPORATE AUDITORS (From January 1, 2009 to December 31, 2009)

| Name | Status | Activities |
|-------------------|-------------------|--|
| Norio Okayama | Director | Attendance at the Board of Directors' meetings: 14 times |
| Keizo Kosaka | Director | Attendance at the Board of Directors' meetings: 11 times |
| Kimio Toma | Corporate auditor | Attendance at the Board of Directors' meetings: 14 times |
| | | Attendance at the Board of Auditors' meetings: 13 times |
| Hiroshi Izumitani | Corporate auditor | Attendance at the Board of Directors' meetings: 12 times |
| | | Attendance at the Board of Auditors' meetings: 11 times |
| Tadao Kagono | Corporate auditor | Attendance at the Board of Directors' meetings: 14 times |
| | | Attendance at the Board of Auditors' meetings: 13 times |

- Notes: 1. The Board of Directors' meetings were held 14 times during fiscal 2009, and the Board of Auditors' meetings were held 13 times.
 2. Messrs. Norio Okayama and Kimio Toma retired from their positions at the general meeting of shareholders held on March 30, 2010.
 3. Mr. Keizo Kosaka was newly appointed as a director at the general meeting of shareholders held on March 27, 2009 and took office. The Board of Directors' meetings were held 11 times after March 27, 2009 in fiscal 2009.

Internal Control System

Implementation and Status of The Internal Control System

At a Board of Directors' meeting, Sumitomo Rubber Industries resolved and disclosed its basic policy regarding the development of its internal control system based on Japan's Corporation Law. The Company has also been promoting the development of system to meet internal control over financial reporting in accordance with the Japan's Financial Instruments and Exchange Law. During the fiscal year under review, management evaluated the status of the Company's internal control over financial reporting as of December 31, 2009 and published "Internal Control Report" to confirm the system's validity. After the report was deemed to be appropriate by the Company's independent auditors in its internal control auditing report, Sumitomo Rubber Industries attached it to its annual securities report for the fiscal year ended December 31, 2009, as a reference.

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

With regard to a variety of management risks that could exert a significant impact on the Company's

business operations, including issues with product quality, legal requirements, the business environment, credit, accidents and disasters, each division and department undertakes an advance analysis of potential risks and formulates appropriate countermeasures, which are discussed at management meetings in accordance with the risk management rules. When considering risk analysis and countermeasures formulation, the Company requests on an as-needed basis advice and instruction from specialists such as corporate attorneys. For cross-departmental risks, each administration department will work in close collaboration with related divisions and departments in their respective areas of operation to conduct Companywide countermeasures.

Furthermore, Sumitomo Rubber Industries established a Risk Management Committee based on its risk management rules. The Risk Management Committee controls Companywide risk management activities and investigates such activities to confirm whether the risk management system is effectively functioning.

In the case that significant risks materialize, or are expected to materialize, the Company president will establish a risk control headquarters based on the risk management rules.

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 | Yasuyuki Sasaki |
| Director and Managing Executive Officer | Takaki Nakano |
| Director and Managing Executive Officer | Ikuji Ikeda |
| Director and Senior Executive Officer | Yoshinori Yamada |
| Director and Senior Executive Officer | Hiroaki Tanaka |
| Director and Senior Executive Officer | Yasushi Nojiri |
| Director | Keizo Kosaka |
| Director | Katsuhide Kurasaka |

Corporate Auditors

| | |
|-------------------------------|--------------------|
| Corporate Auditor (Full-time) | Katsuhiko Nakagawa |
| Corporate Auditor (Full-time) | Toshiyuki Noguchi |
| Corporate Auditor | Hiroshi Izumitani |
| Corporate Auditor | Tadao Kagono |
| Corporate Auditor | Shintaro Mitake |

Executive Officers

| | |
|--------------------------|-------------------|
| Senior Executive Officer | Kenji Onga |
| Senior Executive Officer | Takahiro Fukumoto |
| Senior Executive Officer | Kozaburo Nakaseko |
| Executive Officer | Minoru Nishi |
| Executive Officer | Yasutaka Ii |
| Executive Officer | Masafumi Takami |
| Executive Officer | Yutaka Kuroda |
| Executive Officer | Hiroki Ishida |
| Executive Officer | Yasushi Tanaka |
| Executive Officer | Satoru Yamamoto |

Financial Section

11-Year Summary of Consolidated Financial Data

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

| | Millions of yen | | | |
|--|-----------------|-------------|-------------|-------------|
| Years ended December 31 | 2009 | 2008 | 2007 | 2006 |
| For the year: | | | | |
| Net sales | ¥524,535 | ¥604,974 | ¥567,307 | ¥534,086 |
| Cost of sales | 334,249 | 412,824 | 368,783 | 342,856 |
| Selling, general and administrative expenses | 161,547 | 166,491 | 153,398 | 154,440 |
| Operating income | 28,739 | 25,659 | 45,126 | 36,790 |
| Net income (loss) | 9,093 | 1,021 | 19,499 | 27,586 |
| Depreciation and amortization | 37,425 | 35,475 | 30,165 | 27,052 |
| Capital expenditures | 32,484 | 49,601 | 53,205 | 45,308 |
| Cash flows from operating activities | 64,525 | 25,879 | 56,594 | 23,872 |
| Cash flows from investing activities | (34,260) | (58,067) | (65,167) | (33,923) |
| Cash flows from financing activities | (22,781) | 34,088 | 8,692 | 14,687 |
| At year-end: | | | | |
| Total assets | ¥613,230 | ¥639,941 | ¥671,117 | ¥606,938 |
| Net assets | 209,052 | 202,642 | 250,799 | 223,852 |
| Shareholders' equity | — | — | — | — |
| Interest-bearing debt | 261,572 | 275,746 | 239,573 | 219,372 |
| Yen | | | | |
| Per share amounts: | | | | |
| Net income (loss) | ¥ 34.66 | ¥ 3.89 | ¥ 74.31 | ¥ 105.13 |
| Net income—diluted | — | — | — | — |
| Cash dividends paid | 18.00 | 18.00 | 20.00 | 20.00 |
| Percent | | | | |
| Key ratios: | | | | |
| Operating income ratio | 5.5% | 4.2% | 8.0% | 6.9% |
| ROE | 4.9 | 0.5 | 9.1 | 14.7 |
| ROA (operating income base) | 4.7 | 3.9 | 7.1 | 6.3 |
| Equity ratio | 30.5 | 28.3 | 33.9 | 33.3 |
| Number of employees | 20,832 | 20,369 | 18,410 | 16,031 |
| 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 ¥92 per US\$1.00, the approximate exchange rate prevailing at December 31, 2009.

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.

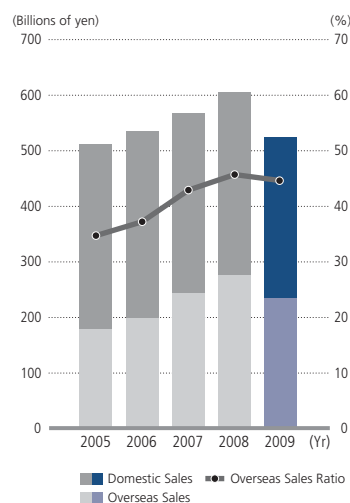
4. From 2006, Sumitomo Rubber has applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) by the Accounting Standards Board of Japan (ASBJ) and the "Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation 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) |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 2009 |
| ¥512,838 | ¥470,562 | ¥450,491 | ¥447,893 | ¥434,463 | ¥423,247 | ¥509,215 | \$5,701,467 |
| 307,538 | 288,684 | 281,392 | 286,755 | 279,074 | 273,451 | 351,492 | 3,633,141 |
| 155,374 | 136,352 | 131,333 | 129,394 | 132,813 | 124,355 | 133,971 | 1,755,946 |
| 49,926 | 45,526 | 37,766 | 31,744 | 22,576 | 25,441 | 23,752 | 312,380 |
| 25,640 | 19,169 | 13,095 | 8,239 | (7,207) | 5,335 | 4,929 | 98,837 |
| 25,755 | 25,098 | 24,313 | 25,163 | 24,645 | 25,275 | 32,911 | 406,794 |
| 40,415 | 36,881 | 29,171 | 30,557 | 25,372 | 19,944 | 41,634 | 353,087 |
| 38,984 | 32,056 | 44,225 | 50,700 | 42,359 | 36,086 | 20,327 | 701,359 |
| (42,878) | (37,622) | (28,545) | (31,269) | (25,284) | (21,685) | 43,403 | (372,391) |
| (3,376) | 7,609 | (20,821) | (19,628) | (15,172) | (25,690) | (64,559) | (247,620) |
| ¥563,442 | ¥520,157 | ¥481,553 | ¥477,293 | ¥514,415 | ¥523,560 | ¥441,707 | \$6,665,543 |
| — | — | — | — | — | — | — | 2,272,304 |
| 174,267 | 145,492 | 110,395 | 101,633 | 107,391 | 109,995 | 97,475 | — |
| 205,751 | 201,929 | 210,681 | 220,085 | 241,600 | 252,143 | 223,727 | 2,843,174 |
| | | | | | | | U.S. dollars (Note 1) |
| ¥ 97.10 | ¥ 78.64 | ¥ 55.07 | ¥ 33.97 | ¥ (29.71) | ¥ 23.24 | ¥ 22.57 | \$ 0.377 |
| — | — | — | — | — | — | 20.63 | — |
| 20.00 | 14.00 | 12.00 | 10.00 | 10.00 | 10.00 | 9.00 | 0.196 |
| | | | | | | | Percent |
| 9.7% | 9.7% | 8.4% | 7.1% | 5.2% | 6.0% | 4.7% | |
| 16.0 | 15.0 | 12.4 | 7.9 | — | 5.1 | 5.1 | |
| 9.2 | 9.1 | 7.9 | 6.4 | 4.4 | 5.3 | 4.5 | |
| 30.9 | 28.0 | 22.9 | 21.3 | 20.9 | 21.0 | 22.1 | |
| 17,433 | 16,737 | 15,573 | 15,312 | 15,123 | 15,348 | — | |
| 263,043,057 | 263,043,057 | 242,543,057 | 242,543,057 | 242,543,057 | 242,543,057 | 218,288,751 | |

Management's Discussion and Analysis

DOMESTIC AND OVERSEAS SALES



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 19 equity-method affiliates (9 nonconsolidated subsidiaries and 10 affiliated companies).

In fiscal 2009, ended December 31, 2009, two subsidiary companies were newly included in the Company's scope of consolidation, while two subsidiary companies were excluded. The newly consolidated subsidiaries are tire sales companies in the Middle East and Europe, and their new status as consolidated subsidiaries is due to their increased importance to Group business. As for the exclusion from consolidation of two subsidiaries, one was due to the restructuring of domestic sales subsidiaries in the Industrial and Other Products business, and the other was due to the realignment of overseas sales subsidiaries in the Sports business.

During the fiscal year under review, the number of the Group's equity-method affiliates declined by 19 due to the restructuring of the domestic tire retail network.

BUSINESS ENVIRONMENT

The world economy remained harsh in the beginning of fiscal 2009, reflecting the financial crisis and global recession. However, newly emerging nations such as China and India were a step ahead on the path to business recovery, and industrialized nations gradually followed suit after bottoming out. On the other hand, the Japanese economy was substantially impacted by the slowdown of the world economy due to its high degree of dependence on exports, resulting in sub-zero growth in the first quarter of fiscal 2009. This decline was followed by a recovery thanks to the overseas economic rebound and the Japanese government's measures to boost the economy. However, the second half of fiscal 2009 marked the sharpest appreciation of the yen against the U.S. dollar in 14 years. Therefore, the overall Japanese economy remained weak in the fiscal year under review.

The environment surrounding the Group remained harsh, as demonstrated by a large negative impact on the sales of tires for original equipment markets due to a 30% year-on-year drop in automobile production in Japan. Demand in the replacement tire market substantially dropped both in Japan and overseas. Furthermore, the Sports business and the Industrial and Other Products business also faced a decline in demand of unprecedented severity due to weak private-sector consumption and cutbacks in corporate capital investment.

REVENUES AND EARNINGS

In fiscal 2009, consolidated net sales fell 13.3% from the previous fiscal year to ¥524,535 million. Overseas sales declined 15.3% to ¥233,955 million, and the overseas sales ratio was down 1.1 percentage points to 44.6%.

Cost of sales dropped 19.0% year on year to ¥334,249 million. The cost to sales ratio was down 4.5 percentage points to 63.7% due to the decline in raw material prices, while gross operating profit decreased 1.0% to ¥190,286 million. Selling, general and administrative expenses fell 3.0% year on year to ¥161,547 million. The ratio of selling, general and administrative expenses to net sales climbed 3.3 percentage points to 30.8%.

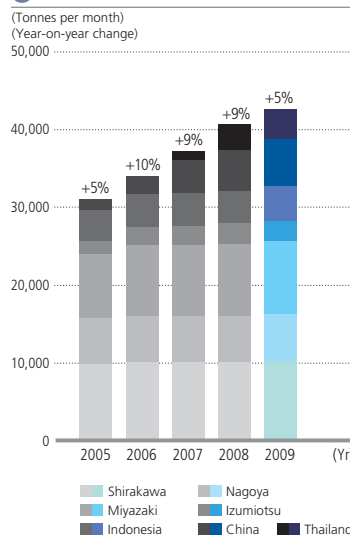
As a result, operating income for the fiscal year under review grew 12.0% to ¥28,739 million, while the operating income ratio rose 1.3 percentage points to 5.5%.

Net other income (expenses) declined from a negative ¥12,789 million in fiscal 2008 to a negative ¥11,443 million. Major factors included the posting of a gain on exchange compared to an exchange loss in the previous fiscal year. Furthermore, in addition to an increased equity in loss of unconsolidated subsidiaries and affiliates, which resulted from losses in line with the closure of the factory operated under a European joint venture with The Goodyear Tire & Rubber Company, the Company posted a ¥1,961 million loss on fixed asset impairment, reflecting the decision to shift production of main items from the Izumiotsu Factory.

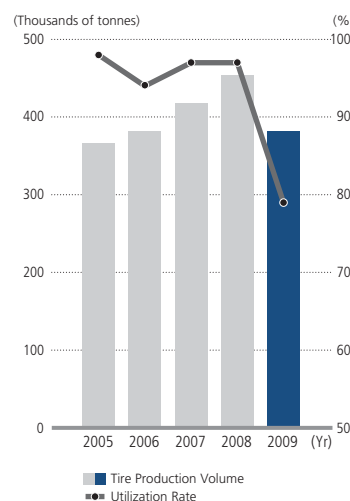
Reflecting these factors, income before income taxes and minority interests in consolidated subsidiaries jumped 34.4% year on year to ¥17,296 million. Income taxes dropped 39.4% to ¥6,277 million, representing an effective tax rate of 36.3%, a decrease of 44.2 percentage points. After deducting minority interests in consolidated subsidiaries, net income surged 790.6% to ¥9,093 million.

Net income per share was ¥34.66, and ROE (net income base) grew 4.4 percentage points to 4.9%.

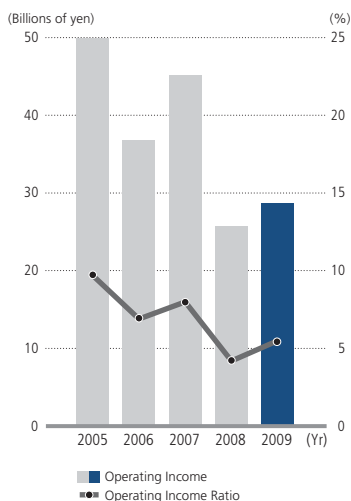
TIRE PRODUCTION CAPACITY



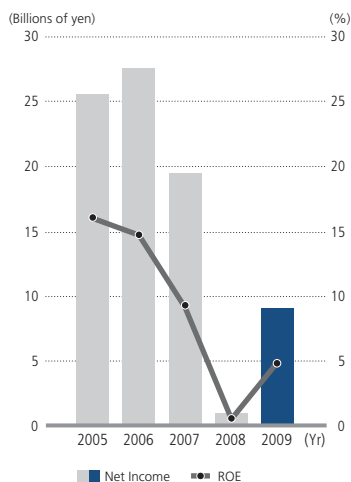
TIRE PRODUCTION VOLUME



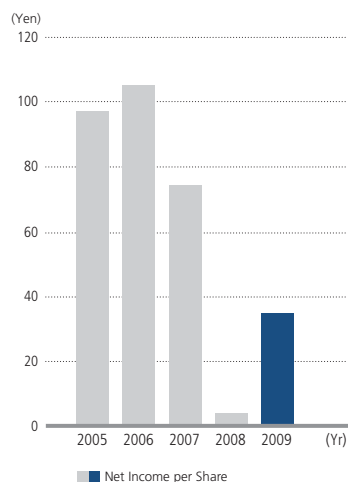
OPERATING INCOME



NET INCOME



NET INCOME PER SHARE



RESULTS BY INDUSTRY SEGMENT

Tire Business

Sales in the Tire business fell 13.5% year on year to ¥433,411 million, while operating income jumped 42.1% to ¥22,518 million. Despite the decrease in raw material prices, sales volume dropped significantly from the previous fiscal year due to sluggish demand from the second half of 2008. In order to address this situation, the Company strived to develop and commercialize new customer-oriented products, including those that raise the level of environmental and safety performance, while taking aggressive measures to expand sales in overseas markets. Furthermore, the Company made across-the-board efforts to secure profit by streamlining business operations and reducing costs.

Sports Business

Sales in the Sports business declined 12.2% year on year to ¥65,220 million, and operating income dropped 38.7% to ¥4,735 million. During the fiscal year under review, The XXIO—the fifth-generation of top-selling golf clubs—enjoyed ongoing popularity. However, the Sports business recorded a decrease in revenues and earnings due to the sluggish economy, despite efforts to leverage advantages from the business alliance with Cleveland in the Company's sales expansion activities.

Industrial and Other Products Business

Sales in the Industrial and Other Products business fell 12.6% to ¥25,904 million, and operating income dropped 21.7% to ¥1,419 million. Precision rubber parts for printers and photocopiers as well as building materials recorded a decrease in revenues and earnings due to stagnant private-sector consumption and corporate capital investment.

R&D EXPENSES

Research and development expenses declined 7.1% year on year to ¥17,983 million, and its ratio to consolidated net sales was 3.4%, up 0.2 of a percentage point from the previous fiscal year. The Tire business accounted for ¥14,896 million of these expenses, down 7.0% from the previous fiscal year, the Sports business ¥1,370 million, down 3.3%, and the Industrial and Other Products business ¥1,717 million, down 10.6%.

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 2009 was ¥18.00 per share, which was comprised of a ¥10 interim dividend, including ¥2 per share as commemorative dividend, and ¥8 per share for the year-end dividend. The dividend payout ratio on a consolidated basis was 51.9%.

FINANCIAL POSITION

Total assets as of December 31, 2009 were down 4.2% year on year to ¥613,230 million.

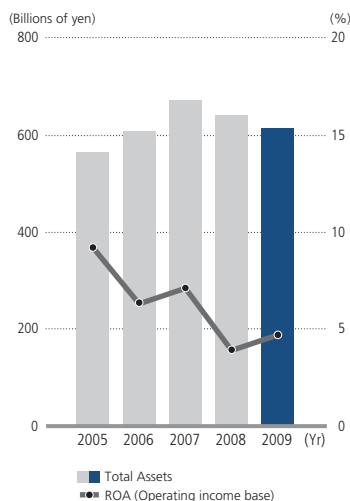
Total current assets declined 6.1% to ¥255,374 million, mainly reflecting the decrease in inventories.

Total noncurrent assets decreased 2.8% year on year to ¥357,856 million due to the decrease in property, plant and equipment caused by restrained capital investment in such items as machinery and equipment.

As of the end of the fiscal year under review, total liabilities fell 7.6% to ¥404,178 million. Interest-bearing debt as of the fiscal 2009 year-end decreased ¥14,374 million to ¥261,572 million, and the debt-to-equity ratio improved from 1.5 times as of the previous fiscal year-end to 1.4 times.

Total net assets at the fiscal year-end rose 3.2% to ¥209,052 million, and net assets per share were ¥712.91, up from ¥689.70 at the previous fiscal year-end. As a result, the equity ratio (total net assets minus minority interests to total assets) at the end of fiscal 2009 grew 2.2 percentage points to 30.5%. ROA (operating income base) edged up 0.8 of a percentage point to 4.7%.

TOTAL ASSETS



CAPITAL EXPENDITURES

During the fiscal year under review, the Sumitomo Rubber Group made capital expenditures of ¥32,484 million (including leased tangible assets), focusing mainly on the Tire business. This represented a 34.5% decrease from the previous fiscal year. The Tire business accounted for ¥29,379 million, down 37.5% year on year. This capital expenditure was used for facility renovation aimed at boosting and streamlining production and improving labor efficiency. The Sports business spent ¥1,195 million, down 29.6% from the previous fiscal year, for the improvement of golf ball production efficiency at SRI Sports Limited, and the Industrial and Other Products business used ¥1,910 million, up 108.7% year on year, to improve the production facilities of precision medical rubber parts 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 a significant decline in production due to rapidly deteriorated global demand since October 2008, the Sumitomo Rubber Group reviewed investments made to increase production in the Tire business over the past few years, and shrank the size of its capital expenditures. The Group will also curb investments in fiscal 2010, planning for capital expenditures of ¥36,400 million.

CASH FLOWS

Net cash provided by operating activities surged 149.3% year on year to ¥64,525 million, due mainly to increased income before income taxes and minority interests as well as decreased inventories and income taxes paid.

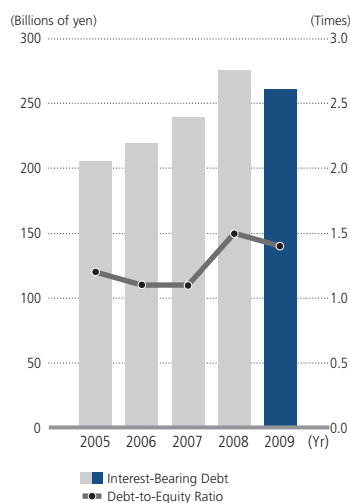
Net cash used in investing activities dropped 41.0% to ¥34,260 million. This was mainly attributable to the capital expenditure cutback implemented in order to respond to significantly reduced production in the Tire business.

Net cash used in financing activities was ¥22,781 million, a turnaround from net cash provided by financing activities of ¥34,088 million in the previous fiscal year. Net fund procurement and repayment, including short-term borrowings, the redemption of bonds and long-term debt, was a net repayment of ¥16,726 million. Dividends paid of ¥4,722 million also contributed to the result.

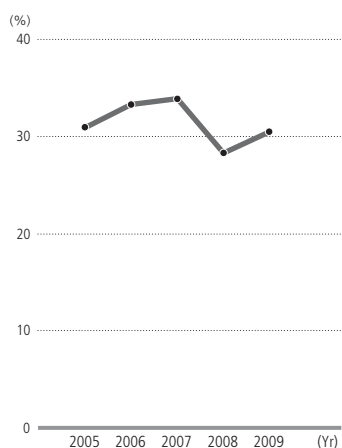
These activities, along with the effect of exchange rate changes on cash and cash equivalents as well as changes in the scope of consolidation and reporting entities, resulted in cash and cash equivalents at the end of the fiscal year under review jumping 48.6% to ¥27,527 million.

Free cash flow (net cash provided by operating activities less net cash used in investing activities) was a positive balance of ¥30,265 million. This was mainly attributable to income before income taxes and minority interests; decreased inventories and capital investment cutbacks to meet significant production reduction. The Sumitomo Rubber Group will aim to expand the 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.

INTEREST-BEARING DEBT



EQUITY RATIO



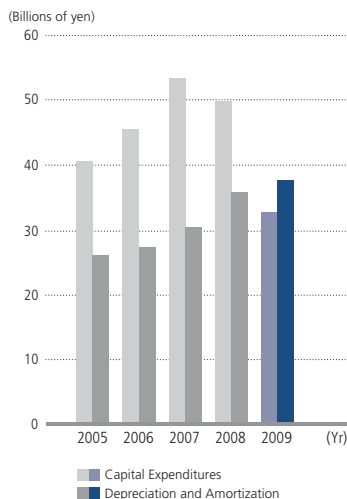
OUTLOOK

Looking at the future of the world economy, China and India are expected to be back on track for vigorous business growth. On the other hand, it is anticipated that the real economy in Europe and the United States will remain sluggish. The business environment surrounding the Sumitomo Rubber Group is also anticipated to remain harsh on the back of further appreciation of the yen and raw material price hikes.

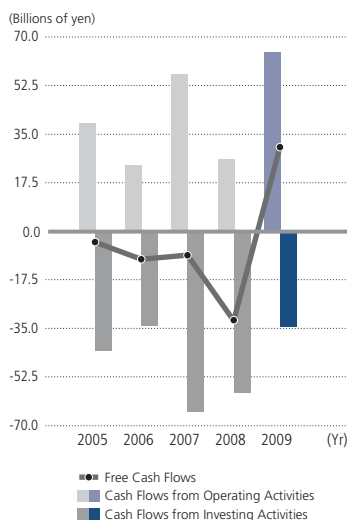
With the aim of addressing such a severe business environment, the Group will further promote its across-the-board structural reform. This initiative will be undertaken to realize a more agile and flexible organization to maximize operational efficiencies and reduce fixed costs. In addition, we will strive to cut various expenditures through IT-based business streamlining.

In the Tire business, the Group will consolidate its leading position in the fuel-efficient tire market, which is currently showing a full-scale expansion, by highlighting its superior innovations accomplished through cooperation between the technical and sales divisions. In the Sports business, the Group will strive to develop its overseas businesses through the synergy of its business alliance with Cleveland, while accelerating the development of products that drive growth in the Industrial and Other Products business.

CAPITAL EXPENDITURES/ DEPRECIATION AND AMORTIZATION



CASH FLOWS



RISK INFORMATION

The Sumitomo Rubber Group has identified the following key risk factors that may affect 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 influence the value of the Group's exports, raw material 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 44.6% in fiscal 2009, 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 associated with the resolution of claims as well as product recalls or exchanges may arise. Such incidents 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 | 2009 | 2008 | 2009 |
| Assets | | | |
| Current assets: | | | |
| Cash and time deposits (Note 3) | ¥ 28,222 | ¥ 19,187 | \$ 306,761 |
| Notes and accounts receivable (Note 14)— | | | |
| Trade | 126,346 | 117,451 | 1,373,326 |
| Other | 13,978 | 21,882 | 151,935 |
| Allowance for doubtful accounts | (1,900) | (1,800) | (20,652) |
| Securities | 200 | 1,000 | 2,174 |
| Inventories (Note 4) | 74,444 | 95,049 | 809,174 |
| Short-term loans (Note 14) | 365 | 6,384 | 3,967 |
| Deferred tax assets (Note 10) | 9,082 | 8,628 | 98,717 |
| Other | 4,637 | 4,131 | 50,402 |
| Total current assets | 255,374 | 271,912 | 2,775,804 |
| Investments and other assets: | | | |
| Investments in securities (Note 5) | 16,788 | 11,276 | 182,478 |
| Investments in and advances to unconsolidated subsidiaries and affiliates (Note 14) | 47,410 | 57,757 | 515,326 |
| Long-term loans | 382 | 457 | 4,152 |
| Deferred tax assets (Note 10) | 5,415 | 5,153 | 58,859 |
| Long-term prepaid expenses | 3,376 | 4,076 | 36,696 |
| Trademarks (Note 8) | 1,099 | 1,397 | 11,946 |
| Goodwill and other intangible assets | 14,237 | 15,334 | 154,750 |
| Prepaid pension cost (Note 11) | 26,800 | 27,652 | 291,304 |
| Other | 9,776 | 9,986 | 106,260 |
| Allowance for doubtful accounts | (1,400) | (1,350) | (15,217) |
| Total investments and other assets | 123,883 | 131,738 | 1,346,554 |
| Property, plant and equipment (Notes 7 and 9): | | | |
| Land | 35,877 | 37,125 | 389,967 |
| Buildings and structures | 149,967 | 139,335 | 1,630,076 |
| Machinery and equipment | 438,534 | 419,637 | 4,766,674 |
| Leased assets | 1,708 | — | 18,565 |
| Construction in progress | 11,181 | 14,732 | 121,533 |
| Accumulated depreciation | (403,294) | (374,538) | (4,383,630) |
| Net property, plant and equipment | 233,973 | 236,291 | 2,543,185 |
| Total assets | ¥ 613,230 | ¥ 639,941 | \$ 6,665,543 |

The accompanying notes are an integral part of these statements.

Thousands of
U.S. dollars
(Note 1)

| | Millions of yen | | |
|---|-----------------|-----------------|--------------------|
| | 2009 | 2008 | 2009 |
| Liabilities and Net Assets | | | |
| Current liabilities: | | | |
| Short-term borrowings (Note 9) | ¥ 63,592 | ¥ 83,648 | \$ 691,217 |
| Current portion of long-term debt (Note 9) | 23,967 | 43,539 | 260,511 |
| Notes and accounts payable (Note 14)— | | | |
| Trade | 60,495 | 81,380 | 657,554 |
| Construction | 5,482 | 7,148 | 59,587 |
| Other | 23,962 | 22,475 | 260,457 |
| Accrued expenses | 11,551 | 10,720 | 125,554 |
| Allowance for sales returns | 2,396 | 1,820 | 26,043 |
| Accrued income taxes (Note 10) | 4,196 | 3,823 | 45,609 |
| Other | 4,442 | 4,482 | 48,284 |
| Total current liabilities | 200,083 | 259,035 | 2,174,815 |
| Long-term liabilities: | | | |
| Long-term debt (Note 9) | 174,013 | 148,559 | 1,891,446 |
| Deferred tax liabilities (Note 10) | 10,792 | 11,753 | 117,304 |
| Accrued retirement benefits (Note 11) | 10,989 | 10,593 | 119,446 |
| Other | 8,301 | 7,359 | 90,228 |
| Total long-term liabilities | 204,095 | 178,264 | 2,218,424 |
| Contingent liabilities (Note 15) | | | |
| Net Assets | | | |
| Shareholders' equity (Note 19): | | | |
| Common stock— | | | |
| Authorized: 800,000,000 | | | |
| Issued: 263,043,057 shares in 2009 and 2008 | 42,658 | 42,658 | 463,674 |
| Capital surplus | 38,661 | 38,661 | 420,228 |
| Retained earnings | 109,349 | 112,601 | 1,188,576 |
| Less treasury stock, at cost— | | | |
| 2009—699,745 shares | | | |
| 2008—696,200 shares | (534) | (531) | (5,804) |
| Total shareholders' equity | 190,134 | 193,389 | 2,066,674 |
| Valuation and translation adjustments | | | |
| Net unrealized gains on available-for-sale securities | 4,402 | 957 | 47,848 |
| Deferred losses on hedges | (32) | (461) | (348) |
| Translation adjustments | (7,476) | (12,945) | (81,261) |
| Total valuation and translation adjustments | (3,106) | (12,449) | (33,761) |
| Minority interests | 22,024 | 21,702 | 239,391 |
| Total net assets | 209,052 | 202,642 | 2,272,304 |
| Total liabilities and net assets | ¥613,230 | ¥639,941 | \$6,665,543 |

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 | 2009 | 2008 | 2009 |
| Net sales (Note 14) | ¥524,535 | ¥604,974 | \$5,701,467 |
| Cost of sales (Note 14) | 334,249 | 412,824 | 3,633,141 |
| Gross profit | 190,286 | 192,150 | 2,068,326 |
| Selling, general and administrative expenses | 161,547 | 166,491 | 1,755,946 |
| Operating income | 28,739 | 25,659 | 312,380 |
| Other income (expenses): | | | |
| Interest and dividend income | 1,156 | 1,220 | 12,565 |
| Interest expense | (4,722) | (4,766) | (51,326) |
| Loss on sales or disposal of property, plant, and equipment, net | (772) | (759) | (8,391) |
| Exchange loss, net | 244 | (4,757) | 2,652 |
| Equity in loss of unconsolidated subsidiaries and affiliates | (3,519) | (182) | (38,250) |
| Loss on fixed asset impairment (Note 17) | (1,961) | (590) | (21,315) |
| Group restructuring expenses | — | (573) | — |
| Other, net | (1,869) | (2,382) | (20,315) |
| | (11,443) | (12,789) | (124,380) |
| Income before income taxes and minority interests in consolidated subsidiaries | 17,296 | 12,870 | 188,000 |
| Income taxes (Note 10): | | | |
| Current | 8,321 | 7,269 | 90,446 |
| Deferred | (2,044) | 3,093 | (22,217) |
| | 6,277 | 10,362 | 68,229 |
| Income before minority interests in consolidated subsidiaries | 11,019 | 2,508 | 119,771 |
| Minority interests in consolidated subsidiaries | (1,926) | (1,487) | (20,934) |
| Net income | ¥ 9,093 | ¥ 1,021 | \$ 98,837 |
| | | Yen | U.S. dollars (Note 1) |
| Per share amounts: | | | |
| Net income | ¥34.66 | ¥3.89 | \$0.377 |
| Cash dividends paid | 18.00 | 18.00 | 0.196 |

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, 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 |

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, 2008 | ¥42,658 | ¥38,661 | ¥112,601 | ¥(531) | ¥ 957 | ¥(461) | ¥(12,945) | ¥ 21,702 | ¥202,642 |
| Effect arising from the change in accounting policies of foreign subsidiaries | | | (293) | | | | | | (293) |
| Disposal of treasury stock | | (0) | | 0 | | | | | 0 |
| Cash dividends | | | (4,722) | | | | | | (4,722) |
| Net income | | | 9,093 | | | | | | 9,093 |
| Repurchase of treasury stock | | | | (3) | | | | | (3) |
| Effect of change in reporting entities | | | (12) | | | | | | (12) |
| Other | | | (7,318) | | 3,445 | 429 | 5,469 | 322 | 2,347 |
| Balance at December 31, 2009 | ¥42,658 | ¥38,661 | ¥109,349 | ¥(534) | ¥ 4,402 | ¥ (32) | ¥ (7,476) | ¥ 22,024 | ¥209,052 |

Thousands of U.S. dollars (Note 1)

| | 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, 2008 | \$463,674 | \$420,228 | \$1,223,924 | \$(5,771) | \$ 10,402 | \$(5,011) | \$(140,707) | \$ 235,891 | \$2,202,630 |
| Effect arising from the change in accounting policies of foreign subsidiaries | | | (3,185) | | | | | | (3,185) |
| Disposal of treasury stock | | (0) | | 0 | | | | | 0 |
| Cash dividends | | | (51,326) | | | | | | (51,326) |
| Net income | | | 98,837 | | | | | | 98,837 |
| Repurchase of treasury stock | | | | (33) | | | | | (33) |
| Effect of change in reporting entities | | | (130) | | | | | | (130) |
| Other | | | (79,543) | | 37,446 | 4,663 | 59,446 | 3,500 | 25,511 |
| Balance at December 31, 2009 | \$463,674 | \$420,228 | \$1,188,576 | \$(5,804) | \$ 47,848 | \$ (348) | \$ (81,261) | \$ 239,391 | \$2,272,304 |

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 | 2009 | 2008 | 2009 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests in consolidated subsidiaries | ¥ 17,296 | ¥ 12,870 | \$ 188,000 |
| Adjustments to reconcile income before income taxes and minority interests in consolidated subsidiaries to net cash provided by operating activities— | | | |
| Depreciation and amortization | 37,425 | 35,475 | 406,794 |
| Loss on fixed asset impairment | 1,961 | 590 | 21,315 |
| Loss on sales or disposal of property, plant and equipment, net | 772 | 759 | 8,391 |
| Equity in loss of unconsolidated subsidiaries and affiliates | 3,519 | 182 | 38,250 |
| Provision for allowance for doubtful accounts | 248 | 351 | 2,696 |
| Increase in accrued retirement benefits, net of payment | 238 | 569 | 2,587 |
| Decrease (Increase) in prepaid pension costs, net of payment | 851 | (1,044) | 9,250 |
| Interest and dividend income | (1,156) | (1,220) | (12,565) |
| Interest expense | 4,722 | 4,766 | 51,326 |
| (Increase) Decrease in notes and accounts receivable | (5,224) | 9,292 | (56,783) |
| Decrease (Increase) in inventories | 21,312 | (22,044) | 231,652 |
| (Decrease) Increase in notes and accounts payable—trade | (20,850) | 10,935 | (226,630) |
| Increase (Decrease) in accounts payable—other | 1,742 | (3,991) | 18,935 |
| Other | 6,456 | (2,112) | 70,174 |
| Subtotal | 69,312 | 45,378 | 753,392 |
| Interest and dividends received | 1,177 | 6,100 | 12,793 |
| Interest paid | (4,867) | (4,680) | (52,902) |
| Income taxes paid | (1,097) | (20,919) | (11,924) |
| Net cash provided by operating activities | 64,525 | 25,879 | 701,359 |
| Cash flows from investing activities: | | | |
| Capital expenditures | (35,112) | (56,238) | (381,652) |
| Proceeds from sales of property, plant and equipment, net of related outstanding receivables | 699 | 450 | 7,598 |
| Additional acquisition of shares in consolidated subsidiaries and affiliates from minority interests | (194) | (472) | (2,109) |
| Acquisition of shares of newly consolidated subsidiaries | — | (284) | — |
| Acquisition of investments in securities | (15) | (699) | (163) |
| Proceeds from sales of investments in securities | — | 7 | — |
| Acquisition of shares in unconsolidated subsidiaries and affiliates | (438) | (1,107) | (4,761) |
| Net decrease in short-term loans | 19 | 661 | 207 |
| Payments for long-term loans | (59) | (90) | (641) |
| Proceeds from collection of long-term loans | 88 | 88 | 957 |
| Proceeds from withdrawal of time deposits | 1,715 | 969 | 18,641 |
| Payments for purchase of time deposits | (747) | (1,043) | (8,120) |
| Other | (216) | (309) | (2,348) |
| Net cash used in investing activities | (34,260) | (58,067) | (372,391) |
| Cash flows from financing activities: | | | |
| Net (decrease) increase in short-term borrowings | (20,653) | 26,996 | (224,489) |
| Proceeds from long-term debt and newly issued bonds | 47,504 | 39,019 | 516,348 |
| Repayments of long-term debt and redemption of bonds | (43,577) | (25,802) | (473,663) |
| Dividends paid | (4,722) | (5,247) | (51,326) |
| Dividends paid to minority interests | (923) | (870) | (10,033) |
| Net increase in treasury stock | (3) | (7) | (33) |
| Other | (407) | (1) | (4,424) |
| Net cash (used in) provided by financing activities | (22,781) | 34,088 | (247,620) |
| Effect of exchange rate changes on cash and cash equivalents | 59 | (2,969) | 641 |
| Net increase (decrease) in cash and cash equivalents | 7,543 | (1,069) | 81,989 |
| Cash and cash equivalents at beginning of year | 18,526 | 18,361 | 201,370 |
| Increase in cash and cash equivalents due to change in reporting entities | 1,458 | 1,234 | 15,848 |
| Cash and cash equivalents at end of year (Note 3) | ¥ 27,527 | ¥ 18,526 | \$ 299,207 |

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, 2009 and 2008

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 ¥92=U.S.\$1.00, the approximate rate prevailing at December 31, 2009, 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 TIRE CIS Limited Liability Company, whose operations became significant in 2008, is included in the 2008 consolidation. In 2008, 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. Also in 2008, Riviera S.A.S., Belfry Golf, Ltd. and Cleveland Deutschland GmbH transferred their business to Srixon Sports Europe Ltd., and Riviera S.A.S. was liquidated. The Company decided to exclude Belfry Golf, Ltd. and Cleveland Deutschland GmbH from consolidation because their operations became insignificant in 2008.

SUMITOMO RUBBER MIDDLE EAST FREE ZONE ESTABLISHMENT and Falken Tyre Europe GmbH, whose operations became significant in 2009, are included in the 2009 consolidation. Also in 2009, Sumirubber Industries Shikoku, Ltd. was merged with Sumirubber Industries, Ltd., and Cleveland Golf Asia, Ltd. was liquidated.

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 within 20 years. The difference related to Goodyear Dunlop Tires Europe B.V. is being amortized over a 10-year period, and it has just been fully amortized during the fiscal year ended December 31, 2009. The difference related to Cleveland Golf Group is scheduled to be amortized over 15 years from 2008. 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, currency swap 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 a 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 |
| Currency swap contracts | Short-term borrowings and long-term debt |
| 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. Method for assessing hedge 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 hedge.

(6) Inventories

Inventories are mainly stated at the lower of average cost or market. Effective as of the fiscal year ended December 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the "Accounting Standard for Measurement of Inventories" ("ASBJ Statement No. 9" issued by the Accounting Standards Board of Japan on July 5, 2006). As a result of this change, operating income and income before income taxes and others were ¥694 million (\$7,543 thousand) less than they would have been with the previous method.

(7) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts principally at an amount 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 lives of the assets.

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

In fiscal 2009, the Company and its domestic consolidated subsidiaries changed the useful lives of machinery based on a reassessment of the useful lives in light of revisions in the Japanese Corporate Tax Law (the "Tax Law") in 2008. As a result of this change, operating income was ¥1,075 million (\$11,685 thousand) less and income before income taxes and others was ¥1,088 million (\$11,826 thousand) less than they would have been with the previous method.

In fiscal 2008, 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 started to depreciate the remaining balance of an asset over a five-year period using the straight-line method from the year following the fiscal year when the book value decreases to 5% of the acquisition cost determined by the method of depreciation under the Tax Law before revision. As a result of this change, operating income was ¥1,968 million less and income before income taxes and others was ¥1,974 million less than they would have been with the previous method.

(9) Accounting for leases

Leased assets are accounted for using the straight-line method in which it is assumed that the useful life is the lease period and that the residual value of the relevant asset is zero at the end of the leased period. Finance lease transactions executed on or before December 31, 2008 which do not involve a transfer of ownership are accounted for using the same method as that used for operating leases.

In fiscal 2009, in accordance with the Accounting Standard for Lease Transactions ("ASBJ Statement No.13" issued by the Accounting Standards Board of Japan on March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions ("ASBJ

Guidance No.16" issued by the Accounting Standards Board of Japan on March 30, 2007), finance leases which do not transfer ownership were accounted for as purchase and sale transactions. They had been accounted for in the same manner as operating leases with the disclosure of certain "as if capitalized" information until fiscal 2008. This change had no material effect on income or segment information. Any effects from the above-mentioned change for this fiscal year have been insignificant.

(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.

(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 allowance is based on an estimate using 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, 2009 or December 31, 2008.

(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.

(18) Unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

On May 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 provides that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. As a result of this change, the beginning balance of retained earnings was ¥293 million (\$3,185 thousand) less than it would have been without the change. The effect of the change on the income statement and segment information for this fiscal year was insignificant.

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:

| | 2009 | Millions of yen 2008 | Thousands of U.S. dollars 2009 |
|--|---------|-------------------------|--------------------------------------|
| Cash and time deposits | ¥28,222 | ¥19,187 | \$306,761 |
| Securities | 200 | 1,000 | 2,174 |
| Time deposits with a maturity of over three months | (894) | (1,661) | (9,717) |
| Cash and cash equivalents | ¥27,527 | ¥18,526 | \$299,207 |

4. Inventories

Inventories as of December 31, 2009 and 2008 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|-----------------|-----------------|----------------|---------------------------|
| | 2009 | 2008 | 2009 |
| Finished goods | ¥49,741 | ¥59,341 | \$540,663 |
| Raw materials | 15,153 | 24,322 | 164,707 |
| Work-in-process | 3,723 | 5,568 | 40,467 |
| Supplies | 5,827 | 5,818 | 63,337 |
| | ¥74,444 | ¥95,049 | \$809,174 |

5. Investments in Securities

As of December 31, 2009 and 2008, 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 |
|--------------------------------|-----------------|---------|---------------------------|
| | 2009 | 2008 | 2009 |
| Available-for-sale securities: | | | |
| Cost | ¥ 8,646 | ¥ 8,647 | \$ 93,978 |
| Book value | 15,822 | 10,199 | 171,978 |
| Unrealized gains | 7,571 | 2,940 | 82,293 |
| Unrealized losses | (395) | (1,388) | (4,293) |

6. Derivative Financial Instruments

Fair value information regarding derivative financial instruments as of December 31, 2009 and 2008 was as follows:

| | Millions of yen | | | | | | Thousands of U.S. dollars | | |
|------------------------------------|-----------------|------------|------------------------|-----------------|------------|------------------------|---------------------------|------------|------------------------|
| | 2009 | | | 2008 | | | 2009 | | |
| | 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 | ¥ 543 | ¥ 4 | ¥ 4 | ¥170 | ¥152 | ¥(18) | \$ 5,902 | \$ 43 | \$ 43 |
| To sell foreign currencies | 6,062 | (130) | (130) | 626 | 594 | 31 | 65,891 | (1,413) | (1,413) |
| Currency swap contracts: | 3,295 | (71) | (71) | — | — | — | 35,815 | 35,043 | (772) |
| | | | ¥ (197) | | | ¥ 13 | | | \$ (2,142) |

| | Millions of yen | | | | | | Thousands of U.S. dollars | | |
|--|-----------------|------------|------------------------|-----------------|------------|-----------------|---------------------------|------------|------------------------|
| | 2009 | | | 2008 | | | 2009 | | |
| | Contract amount | Fair value | Unrealized gain (loss) | Contract amount | Fair value | Unrealized gain | Contract amount | Fair value | Unrealized gain (loss) |
| Interest rate related contracts: | | | | | | | | | |
| Interest rate swap contracts | | | | | | | | | |
| Receive variable rate, give fixed rate | ¥20,552 | ¥(540) | ¥ (60) | ¥21,820 | ¥(474) | ¥ 70 | \$223,391 | \$(5,870) | \$(651) |
| Give variable rate, receive fixed rate | 42,600 | 429 | 58 | 59,600 | 371 | 50 | 463,043 | 4,663 | 630 |
| | | | ¥ (2) | | | ¥120 | | | \$ (22) |

7. Property, Plant and Equipment

Depreciation expenses for the years ended December 31, 2009 and 2008 were ¥33,378 million (\$362,804 thousand) and ¥31,201 million, respectively.

8. Trademarks

For the years ended December 31, 2009 and 2008, amortization expenses for capitalized trademarks were ¥351 million (\$3,815 thousand) and ¥341 million, respectively.

9. Short-Term Borrowings and Long-Term Debt

Short-term borrowings, other than commercial paper, of ¥51,592 million (\$560,782 thousand) and ¥67,648 million as of December 31, 2009 and 2008 bore interest ranging from 0.05% to 4.62% and from 0.95% to 7.76% per annum, respectively.

Commercial paper, included in short-term borrowings, of ¥12,000 million (\$130,435 thousand) as of December 31, 2009 and ¥16,000 million as of December 31, 2008 bore interest ranging from 0.125% to 0.129% and from 1.21% to 1.60% per annum, respectively.

Finance lease obligations, included in short-term borrowings, were ¥299 million (\$3,250 thousand) as of December 31, 2009.

Long-term debt as of December 31, 2009 and 2008 comprised the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2009 | 2008 | 2009 |
| 1.15% unsecured bonds due 2009 payable in Japanese yen | — | ¥ 20,000 | — |
| 1.08% unsecured bonds due 2010 payable in Japanese yen | ¥ 10,000 | 10,000 | \$ 108,696 |
| 0.74% unsecured bonds due 2011 payable in Japanese yen | 20,000 | 20,000 | 217,391 |
| 1.83% unsecured bonds due 2013 payable in Japanese yen | 10,000 | 10,000 | 108,696 |
| 1.84% unsecured bonds due 2014 payable in Japanese yen | 10,000 | 10,000 | 108,696 |
| 1.25% unsecured bonds due 2014 payable in Japanese yen | 10,000 | — | 108,696 |
| 2.19% unsecured bonds due 2017 payable in Japanese yen | 5,000 | 5,000 | 54,348 |
| 2.17% unsecured bonds due 2018 payable in Japanese yen | 10,000 | 10,000 | 108,696 |
| 2.07% unsecured bonds due 2019 payable in Japanese yen | 10,000 | — | 108,696 |
| Loans payable to banks and other financial institutions due from 2010 to 2019, with interest of 0.64% to 5.41% for 2009 and 2008 | | | |
| Secured | 13,000 | 16,112 | 141,304 |
| Unsecured | 98,069 | 90,986 | 1,065,965 |
| Current portion of long-term debt and finance lease obligations | 1,911 | — | 20,772 |
| | 197,980 | 192,098 | 2,151,956 |
| Less portion due within one year | 23,967 | 43,539 | 260,511 |
| | ¥174,013 | ¥148,559 | \$1,891,445 |

The aggregate annual maturities of long-term debt as of December 31, 2009 were as follows:

| Years ending December 31 | Millions of yen | Thousands of U.S. dollars |
|--------------------------|-----------------|---------------------------|
| 2010 | ¥ 23,967 | \$ 260,511 |
| 2011 | 36,038 | 391,717 |
| 2012 | 19,832 | 215,565 |
| 2013 | 24,387 | 265,076 |
| 2014 | 51,793 | 562,967 |
| 2015 and thereafter | 41,963 | 456,120 |
| | ¥197,980 | \$2,151,956 |

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 that bank or financial institutions. Default provisions in the agreements grant certain rights of possession to the banks and other financial institutions.

As of December 31, 2009, property, plant and equipment amounting to ¥24,612 million (\$267,522 thousand), net of accumulated depreciation, was pledged as collateral for long-term debt and short-term borrowings amounting to ¥13,000 million (\$141,304 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, 2009 and 2008.

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, 2009 and 2008 were as follows:

| | 2009 | 2008 |
|---|--------------|--------|
| Normal cumulative statutory tax rate | 40.4% | 40.4% |
| Equity in loss of unconsolidated subsidiaries and affiliates | 8.2 | — |
| Dividends, eliminated for consolidation, from foreign subsidiaries and affiliates | 2.4 | 23.7 |
| Expenses not deductible for tax purposes | 1.8 | 2.7 |
| Depreciation of goodwill | 1.1 | — |
| Difference in statutory tax rates of foreign subsidiaries | (9.2) | (3.8) |
| Foreign tax credits | (3.6) | (23.5) |
| Tax credits for research and development costs | (3.6) | (5.1) |
| Valuation allowance | (0.4) | 48.5 |
| Other | (0.8) | (2.4) |
| Effective tax rate per consolidated statements of income | 36.3% | 80.5% |

Significant components of deferred tax assets and liabilities as of December 31, 2009 and 2008 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------|------------------------------|
| | 2009 | 2008 | 2009 |
| Deferred tax assets: | | | |
| Provision for doubtful accounts | ¥ 1,126 | ¥ 1,073 | \$ 12,239 |
| Unrealized profits | 5,562 | 6,190 | 60,457 |
| Tax loss carryforwards | 6,325 | 5,842 | 68,750 |
| Provision for accrued retirement benefits | 1,851 | 1,649 | 20,120 |
| Loss on impairment of fixed assets | 2,297 | 1,669 | 24,967 |
| Accrued business enterprise tax | 349 | 713 | 3,793 |
| Accrued bonuses | 886 | 859 | 9,630 |
| Allowance for sales returns | 968 | 735 | 10,522 |
| Unrealized intercompany profits on inventories | 1,101 | 886 | 11,967 |
| Loss on impairment of investment securities | — | 548 | — |
| Advertising | 804 | 669 | 8,739 |
| Undistributed losses of consolidated subsidiaries | 841 | — | 9,141 |
| Depreciation | 436 | — | 4,739 |
| Write-down of investment in affiliates | — | 304 | — |
| Incentive bonuses | 851 | 811 | 9,250 |
| Foreign tax credits | 320 | 727 | 3,478 |
| Loss on impairment of golf club memberships | 339 | 341 | 3,685 |
| Other | 3,872 | 4,103 | 42,088 |
| Total deferred tax assets | ¥ 27,928 | ¥ 27,119 | \$ 303,565 |
| Less valuation allowance | (9,694) | (10,551) | (105,369) |
| Net deferred tax assets | ¥ 18,234 | ¥ 16,568 | \$ 198,196 |
| Deferred tax liabilities: | | | |
| Deferred gains on sales of property, plant and equipment | ¥ (2,366) | ¥ (2,547) | \$ (25,717) |
| Unrealized gains on available-for-sale securities | (2,814) | (619) | (30,587) |
| Provision for accrued retirement benefits | (5,783) | (7,656) | (62,859) |
| Unrealized gain on land of a consolidated subsidiary | (1,328) | (1,384) | (14,435) |
| Other | (2,240) | (2,541) | (24,348) |
| Total deferred tax liabilities | ¥(14,531) | ¥(14,747) | \$(157,946) |

Deferred income taxes, net, as of December 31, 2009 are included in the following accounts:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|------------------------------|
| | 2009 | 2009 |
| Current assets—deferred tax assets | ¥ 9,082 | \$ 98,717 |
| Investments and other assets—deferred tax assets | 5,415 | 58,859 |
| Current liabilities—deferred tax liabilities | (2) | (22) |
| Long-term liabilities—deferred tax liabilities | (10,792) | (117,304) |

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 rate of pay at the time of retirement, 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.

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 rates of pay at the time of retirement 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, 2009 and 2008 consisted of the following:

| | 2009 | Millions of yen 2008 | Thousands of U.S. dollars 2009 |
|---|------------------|-------------------------|--------------------------------------|
| Benefit obligation | ¥(48,852) | ¥(48,548) | \$(531,000) |
| Fair value of plan assets | 55,389 | 49,904 | 602,054 |
| Funded status: | | | |
| Benefit obligation in excess of plan assets | 6,537 | 1,356 | 71,054 |
| Unrecognized actuarial differences | 11,760 | 18,472 | 127,826 |
| Unrecognized prior service cost | (2,486) | (2,769) | (27,022) |
| Subtotal | 15,811 | 17,059 | 171,858 |
| Prepaid pension cost | 26,800 | 27,652 | 291,304 |
| Accrued retirement benefits | ¥(10,989) | ¥(10,593) | \$(119,446) |

The Company and certain consolidated subsidiaries abolished the retirement benefit plans for directors and statutory auditors in March, 2005. The accrued retirement benefits for directors and statutory auditors, amounting to ¥325 million (\$3,533 thousand) and ¥343 million as of December 31, 2009 and 2008 respectively, were excluded from the above table.

Retirement and pension costs of the Company and its consolidated subsidiaries for the years ended December 31, 2009 and 2008 were as follows:

| | 2009 | Millions of yen 2008 | Thousands of U.S. dollars 2009 |
|--|---------------|-------------------------|--------------------------------------|
| Service cost | ¥2,309 | ¥ 2,205 | \$25,098 |
| Interest cost | 834 | 844 | 9,065 |
| Expected return on plan assets | (917) | (1,083) | (9,967) |
| Amortization of actuarial differences | 1,388 | (36) | 15,087 |
| Amortization of prior service cost | (287) | (288) | (3,120) |
| Severance and retirement benefit expenses | ¥3,327 | ¥ 1,642 | \$36,163 |
| Contributions to the defined contribution pension plan | 633 | 616 | 6,880 |
| Net periodic benefit costs | ¥3,960 | ¥ 2,258 | \$43,043 |

The discount rate used by the Company and the domestic consolidated subsidiaries was mainly 2.0% in 2009 and 2008, and the expected return on plan assets was mainly 2.5% in 2009 and 2008. 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 prior service cost is mainly 15 years.

12. Research and Development Expenses

Research and development expenses for the years ended December 31, 2009 and 2008 were ¥17,983 million (\$195,467 thousand) and ¥19,351 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, flooring for gymnasiums, all-weather tennis courts, track and field facilities, marine fenders, precision rubber parts for office machines, and blankets for offset printing presses.

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

| Years ended December 31 | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------------|-----------------|-----------------|------------------------------|
| | 2009 | 2008 | 2009 |
| Net sales: | | | |
| Tires— | | | |
| Sales to unaffiliated customers | ¥433,411 | ¥501,063 | \$4,710,989 |
| Intersegment sales and transfers | 61 | 283 | 663 |
| | 433,472 | 501,346 | 4,711,652 |
| Sports— | | | |
| Sales to unaffiliated customers | 65,220 | 74,289 | 708,913 |
| Intersegment sales and transfers | 345 | 400 | 3,750 |
| | 65,565 | 74,689 | 712,663 |
| Industrial and Other Products— | | | |
| Sales to unaffiliated customers | 25,904 | 29,622 | 281,565 |
| Intersegment sales and transfers | 670 | 1,559 | 7,283 |
| | 26,574 | 31,181 | 288,848 |
| Adjustments and eliminations | (1,076) | (2,242) | (11,696) |
| | ¥524,535 | ¥604,974 | \$5,701,467 |
| Operating income: | | | |
| Tires | ¥ 22,518 | ¥ 15,849 | \$ 244,761 |
| Sports | 4,735 | 7,719 | 51,467 |
| Industrial and Other Products | 1,419 | 1,813 | 15,424 |
| | 28,672 | 25,381 | 311,652 |
| Adjustments and eliminations | 67 | 278 | 728 |
| | ¥ 28,739 | ¥ 25,659 | \$ 312,380 |
| Identifiable assets: | | | |
| Tires | ¥521,233 | ¥547,914 | \$5,665,576 |
| Sports | 55,227 | 58,309 | 600,293 |
| Industrial and Other Products | 23,287 | 23,648 | 253,120 |
| | 599,747 | 629,871 | 6,518,989 |
| Corporate assets and eliminations | 13,483 | 10,070 | 146,554 |
| | ¥613,230 | ¥639,941 | \$6,665,543 |
| Capital expenditures: | | | |
| Tires | ¥ 30,031 | ¥ 49,651 | \$ 326,424 |
| Sports | 1,435 | 1,995 | 15,598 |
| Industrial and Other Products | 1,955 | 910 | 21,250 |
| | 33,421 | 52,556 | 363,272 |
| Corporate assets and eliminations | 0 | 0 | 0 |
| | ¥ 33,421 | ¥ 52,556 | \$ 363,272 |
| Depreciation and amortization: | | | |
| Tires | ¥ 34,588 | ¥ 32,542 | \$ 375,957 |
| Sports | 1,804 | 1,750 | 19,609 |
| Industrial and Other Products | 1,033 | 1,183 | 11,228 |
| | 37,425 | 35,475 | 406,794 |
| Corporate assets and eliminations | 0 | 0 | 0 |
| | ¥ 37,425 | ¥ 35,475 | \$ 406,794 |

| Years ended December 31 | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|-------|---------------------------|
| | 2009 | 2008 | 2009 |
| Loss on asset impairment: | | | |
| Tires | ¥ 1,618 | ¥ 522 | \$ 17,587 |
| Sports | 101 | 68 | 1,098 |
| Industrial and Other Products | 242 | 0 | 2,630 |
| | 1,961 | 590 | 21,315 |
| Corporate assets and eliminations | 0 | 0 | 0 |
| | ¥ 1,961 | ¥ 590 | \$ 21,315 |

a. Assets included in "Corporate assets and eliminations" of ¥13,738 million (\$149,326 thousand) and ¥10,314 million at December 31, 2009 and 2008, respectively, consist mainly of cash and time deposits, investment securities and administration divisions owned by the Company.

b. Changes in accounting policies and estimates

As stated in "Notes to Consolidated Financial Statements" Note 2(6), in fiscal 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" ("ASBJ Statement No. 9" issued by the Accounting Standards Board of Japan on July 5, 2006). The effect of this change was to decrease operating income by ¥672 million (\$7,304 thousand) in the Tires segment and ¥22 million (\$239 thousand) in the Industrial and Other Products segment in fiscal 2009 compared to the amounts that would have been recorded without the adoption.

As stated in "Notes to Consolidated Financial Statements" Note 2(8), in fiscal 2009, the Company and its domestic consolidated subsidiaries changed the estimate of the useful lives of machinery. The effect of this change was to decrease operating income by ¥1,012 million (\$11,000 thousand) in the Tires segment, ¥34 million (\$370 thousand) in the Sports segment and ¥29 million (\$315 thousand) in the Industrial and Other Products segment in fiscal 2009 compared to the amounts that would have been recorded without the change.

In fiscal 2008, in accordance with the revised Tax Law, for the tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries started to depreciate the remaining balance of an assets over five years after the book value of the asset decreases to 5% of the acquisition cost determined by the method of depreciation under the Tax Law before revision. The effect of this change was to decrease operating income by ¥1,839 million in the Tires segment, ¥45 million in the Sports segment and ¥84 million in the Industrial and Other Products segment in fiscal 2008 compared to the amounts that would have been recorded with the previous method.

(2) Information by geographic area

| Years ended December 31 | Millions of yen | | Thousands of U.S. dollars |
|-----------------------------------|-----------------|-----------|---------------------------|
| | 2009 | 2008 | 2009 |
| Net sales: | | | |
| Japan— | | | |
| Sales to unaffiliated customers | ¥ 395,245 | ¥ 496,644 | \$ 4,296,141 |
| Sales between geographic areas | 59,203 | 39,717 | 643,511 |
| | 454,448 | 536,361 | 4,939,652 |
| Asia— | | | |
| Sales to unaffiliated customers | 53,782 | 55,079 | 584,587 |
| Sales between geographic areas | 45,208 | 56,315 | 491,391 |
| | 98,990 | 111,394 | 1,075,978 |
| Other— | | | |
| Sales to unaffiliated customers | 75,507 | 53,252 | 820,728 |
| Sales between geographic areas | 1,172 | 912 | 12,739 |
| | 76,679 | 54,164 | 833,467 |
| | 630,117 | 701,919 | 6,849,097 |
| Adjustments and eliminations | (105,582) | (96,945) | (1,147,630) |
| | ¥ 524,535 | ¥ 604,974 | \$ 5,701,467 |
| Operating income: | | | |
| Japan | ¥ 20,278 | ¥ 18,753 | \$ 220,413 |
| Asia | 8,897 | 3,720 | 96,707 |
| Other | (94) | 3,225 | (1,022) |
| | 29,081 | 25,698 | 316,098 |
| Adjustments and eliminations | (342) | (39) | (3,718) |
| | ¥ 28,739 | ¥ 25,659 | \$ 312,380 |
| Identifiable assets: | | | |
| Japan | ¥ 607,671 | ¥ 643,804 | \$ 6,605,120 |
| Asia | 125,946 | 118,728 | 1,368,978 |
| Other | 55,046 | 43,776 | 598,326 |
| | 788,663 | 806,308 | 8,572,424 |
| Corporate assets and eliminations | (175,433) | (166,367) | (1,906,881) |
| | ¥ 613,230 | ¥ 639,941 | \$ 6,665,543 |

Changes in Accounting Policies and Estimates

As stated in "Notes to Consolidated Financial Statements" Note 2(6), in fiscal 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" ("ASBJ Statement No. 9" issued by the Accounting Standards Board of Japan on July 5, 2006). In the fiscal year ended December 31, 2009, the effect of this change was to decrease operating income by ¥694 million (\$7,543 thousand) in Japan compared to the amounts that would have been recorded without the adoption.

As stated in the "Notes to Consolidated Financial Statements" Note 2(8), in fiscal 2009, the Company and domestic consolidated subsidiaries have changed the estimate of the useful lives of machinery. The effect of this change was to decrease operating income by ¥1,075 million (\$11,685 thousand) in Japan compared to the amounts that would have been recorded with the previous method.

In fiscal 2008, in accordance with the revised Tax Law, for the tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries started to depreciate the remaining balance of an asset over five years after the book value of the asset decreases to 5% of the acquisition cost determined by the method of depreciation under the Tax Law before revision. The effect of this change was to decrease operating income by ¥1,968 million and increase operating expense by the same amount in Japan compared to the amount that would have been recorded with the previous method.

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

| Years ended December 31 | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2009 | 2008 | 2009 |
| Net sales: | | | |
| North America | ¥ 74,545 | ¥ 85,870 | \$ 810,272 |
| Europe | 23,739 | 33,273 | 258,033 |
| Asia | 65,356 | 72,810 | 710,391 |
| Other areas | 70,315 | 84,316 | 764,293 |
| Total | ¥ 233,955 | ¥276,269 | \$ 2,542,989 |
| Percentage | | | |
| Percentage of such sales in consolidated net sales | 44.6% | 45.7% | |

14. Related Party Transactions

Significant balances and transactions with a principal shareholder, unconsolidated subsidiaries and affiliates as of December 31, 2009 and 2008 and for the years then ended were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|---------|---------------------------|
| | 2009 | 2008 | 2009 |
| Notes and accounts receivable: | | | |
| Trade | ¥ 1,043 | ¥ 3,904 | \$ 11,337 |
| Other | 226 | 485 | 2,456 |
| | 1,269 | 4,389 | 13,793 |
| Short-term loans | 118 | 5,755 | 1,283 |
| Long-term loans (included in investments in and advances to unconsolidated subsidiaries and affiliates) | 2,871 | 2,871 | 31,207 |
| Notes and accounts payable: | | | |
| Trade | 4,311 | 5,650 | 46,859 |
| Other | 262 | 496 | 2,848 |
| | 4,573 | 6,146 | 49,707 |
| Sales | 2,611 | 19,255 | 28,380 |
| Purchases | ¥11,788 | ¥25,986 | \$ 128,130 |

(Supplementary information)

ASBJ Statement No. 11, "Accounting Standard for Related Party Disclosures," and ASBJ Guidance No. 13, "Guidance on Accounting Standard for Related Party Disclosures," issued by the Accounting Standards Board of Japan on October 17, 2006, require certain additional related party disclosures effective for years beginning on or after April 1, 2008. Pursuant to the new accounting standards, a financial summary of Goodyear Dunlop Tires Europe B.V., a significant affiliated company, is disclosed for the year ended December 31, 2009.

The summary of the financial statements of Goodyear Dunlop Tires Europe B.V. was as follows:

| | Millions of U.S. dollars |
|--------------------------|--------------------------|
| Current assets | \$1,855 |
| Noncurrent assets | 875 |
| Current liabilities | 941 |
| Noncurrent liabilities | 1,334 |
| Shareholders' equity | 455 |
| Net sales | 5,044 |
| Loss before income taxes | (49) |
| Net loss | (72) |

15. Contingent Liabilities

As of December 31, 2009 and 2008, the Company and its consolidated subsidiaries were contingently liable for the following:

| | 2009 | Millions of yen 2008 | Thousands of U.S. dollars 2009 |
|---|---------------|-------------------------|--------------------------------------|
| Trade notes discounted | ¥3,194 | ¥2,283 | \$34,717 |
| Guarantees and arrangements similar to guarantees of indebtedness of employees, unconsolidated subsidiaries and affiliates | 161 | 182 | 1,750 |

16. Leases

The original costs of leased assets under finance lease transactions which do not transfer ownership of the leased assets to the lessee and the related accumulated depreciation, assuming they were calculated using the straight-line method over the term of the lease, as of December 31, 2009 and 2008 were as follows:

| As of December 31, 2009 | 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 | ¥8,756 | ¥3,910 | ¥4,846 | \$ 95,174 | \$42,500 | \$52,674 |
| Other | 762 | 253 | 509 | 8,283 | 2,750 | 5,533 |
| Total | ¥9,518 | ¥4,163 | ¥5,355 | \$103,457 | \$45,250 | \$58,207 |

| As of December 31, 2008 | Millions of yen | | |
|-------------------------|------------------|--------------------------|---------------------|
| | Acquisition cost | Accumulated depreciation | Net leased property |
| Machinery and equipment | ¥10,409 | ¥4,067 | ¥6,342 |
| Other | 1,027 | 349 | 678 |
| Total | ¥11,436 | ¥4,416 | ¥7,020 |

Finance lease transactions executed on or before December 31, 2008 which do not involve a transfer of ownership are accounted for using the same method as that used for operating leases.

Lease payments under finance lease transactions which do not transfer ownership of the leased assets to the lessee for the years ended December 31, 2009 and 2008 amounted to ¥1,554 million (\$16,891 thousand) and ¥1,806 million, respectively.

The balances of future finance lease payments, including interest, as of December 31, 2009 and 2008, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------|-----------------|--------|---------------------------|
| | 2009 | 2008 | 2009 |
| Due within one year | ¥1,228 | ¥1,595 | \$13,348 |
| Due later | 4,127 | 5,427 | 44,859 |
| | ¥5,355 | ¥7,022 | \$58,207 |

The balances of future lease payments under non-cancelable operating leases, including interest, as of December 31, 2009 and 2008 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------|-----------------|--------|---------------------------|
| | 2009 | 2008 | 2009 |
| Due within one year | ¥ 805 | ¥ 738 | \$ 8,750 |
| Due later | 2,427 | 3,113 | 26,380 |
| | ¥3,232 | ¥3,851 | \$35,130 |

17. Impairment Loss

The Company and its domestic subsidiaries recognized impairment loss for the following asset groups for the year ended December 31, 2009.

| Group | Location | Assets | Millions of yen | Thousands of U.S. dollars |
|--------------------------|--------------------------------|---------------------------------|-----------------|---------------------------|
| | | | Impairment loss | |
| Rental property | Ono City, Hyogo and other | Land and building | ¥ 308 | \$ 3,348 |
| Idle assets | Izumiotu City, Osaka and other | Buildings, structures and other | 73 | 793 |
| Assets to be disposed of | Izumiotu City, Osaka and other | Buildings, structures and other | 1,580 | 17,174 |

The Company and its consolidated subsidiaries group their assets at the lowest level for which cash flows are independently identifiable. Rental properties, unused assets, and assets to be disposed of decided by the Board of the Directors are tested for recoverability by the individual asset.

The book values of certain assets were reduced to recoverable amounts and impairment losses were recognized because (1) the market price of assets in certain asset groups fell significantly; (2) the fair value of assets in certain idle asset groups declined substantially; and (3) the Company decided to dispose of certain assets. The recoverable amount for the assets in each group of assets is the higher of net realizable value or use value. The recoverable amounts of certain business assets were measured at the net realizable value of the memorandum value since it was difficult to calculate the selling prices. The recoverable amount for land was measured mainly at net realizable value based on the publicly assessed land value. The recoverable amount for certain rental properties was measured at use value based on the present value of the expected cash flow using a discount rate of 9.9%.

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

| Group | Location | Assets | Millions of yen |
|-----------------|-------------------------------------|---------------------------------------|-----------------|
| | | | Impairment loss |
| Sports business | Nishinomiya City, Hyogo and other | Buildings, structures and other | ¥ 69 |
| Rental property | Hiroshima City, Hiroshima and other | Land, buildings, structures and other | 391 |
| Idle assets | Kagoshima City, Kagoshima | Land | 130 |

18. Loss on Voluntary Recall of Products

To provide for direct expenses and related expenses for the voluntarily recall of products, an amount based upon the loss already incurred and the 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 30, 2010:

| | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
| Balance at December 31, 2009 | ¥89,546 | \$973,326 |
| Appropriations— | | |
| Cash dividends (¥8 per share outstanding at December 31, 2009) | (2,099) | (22,815) |
| Balance after appropriations | ¥87,447 | \$950,511 |

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. and consolidated subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

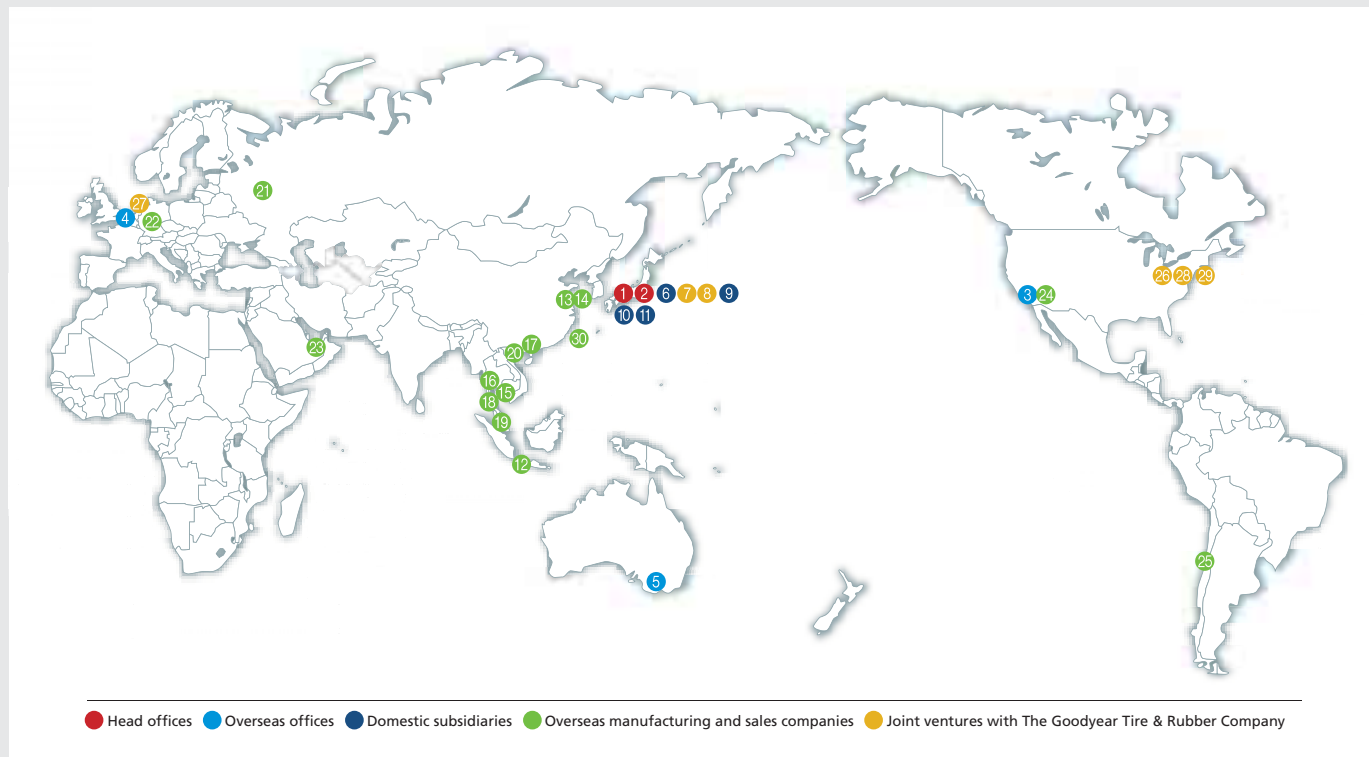
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sumitomo Rubber Industries, Ltd. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to Note 2(6) to the consolidated financial statements, effective as of the fiscal year ended December 31, 2009, Sumitomo Rubber Industries, Ltd. and its domestic consolidated subsidiaries have adopted new accounting standards for measurement of inventories.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2009 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 30, 2010



Domestic Offices and Facilities

1 Head Office
3-6-9, Wakinohama-cho
Chuo-ku, Kobe,
Hyogo 651-0072, Japan
Tel: (078) 265-3000
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
Izumitsu Factory
Miyazaki Factory
Ichijima Factory
Kakogawa Factory
Tyre Technical Center
Golf Science Center
Okayama Tire Proving Ground
Nayoro Tire Proving Ground
Asahikawa Tire Proving Ground
Central Training Center
Shirakawa Manufacturing
Training Center

Overseas Offices

- 3 Los Angeles Office**
California, U.S.A.
- 4 Brussels Office**
Diegem, Belgium
- 5 Melbourne Office**
Somerton, Victoria, Australia

Major Subsidiaries

- 6 Dunlop Falken Tyres Ltd.***
Koto-ku, Tokyo, Japan
- 7 Goodyear Japan Ltd.**
Minato-ku, Tokyo, Japan
- 8 Dunlop Goodyear Tyres Ltd.**
Koto-ku, Tokyo, Japan
- 9 SRI Tire Trading Ltd.**
Koto-ku, Tokyo, Japan
- 10 SRI Sports Ltd.**
Chuo-ku, Kobe, Japan
- 11 SRI Hybrid Ltd.***
Chuo-ku, Kobe, Japan
- 12 P.T. Sumi Rubber Indonesia**
Jakarta, Indonesia

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

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

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

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

17 Zhongshan Sumirubber Precision Rubber Ltd.
Guangdong Province, China

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

19 Sumitomo Rubber Asia (Tyre) Pte, Ltd.
Singapore, Singapore

20 Sumirubber Vietnam, Ltd.
Haiphong, Vietnam

21 Dunlop Tire CIS LLC
Moscow, Russia

22 Falken Tyre Europe GmbH
Offenbach, Germany

23 Sumitomo Rubber Middle East FZE
Dubai, UAE

24 Falken Tire Corporation
California, U.S.A.

25 Sumitomo Rubber Latin America Limitada
Santiago, Chile

Major Affiliates

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

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

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

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

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

*On January 1, 2010, Sumitomo Rubber Industries, Ltd. absorbed Dunlop Falken Tyres Ltd. and SRI Hybrid Ltd. through merger operations.

Paid-in Capital

¥42,658,014 thousand

Number of Shares of Common Stock

Authorized: 800,000,000

Issued: 263,043,057

Number of Shareholders

19,589

Major Shareholders

| | |
|--|--------|
| Sumitomo Electric Industries, Ltd. | 26.81% |
| The Master Trust Bank of Japan, Ltd. (Trust Account)... | 7.80% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 7.52% |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 3.99% |
| Sumitomo Corporation | 3.66% |
| Sumitomo Mitsui Banking Corporation | 1.99% |
| The Bank of New York – Jasdectreaty Account | 1.57% |
| 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. | 1.03% |

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 699,745 shares of treasury stock.

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

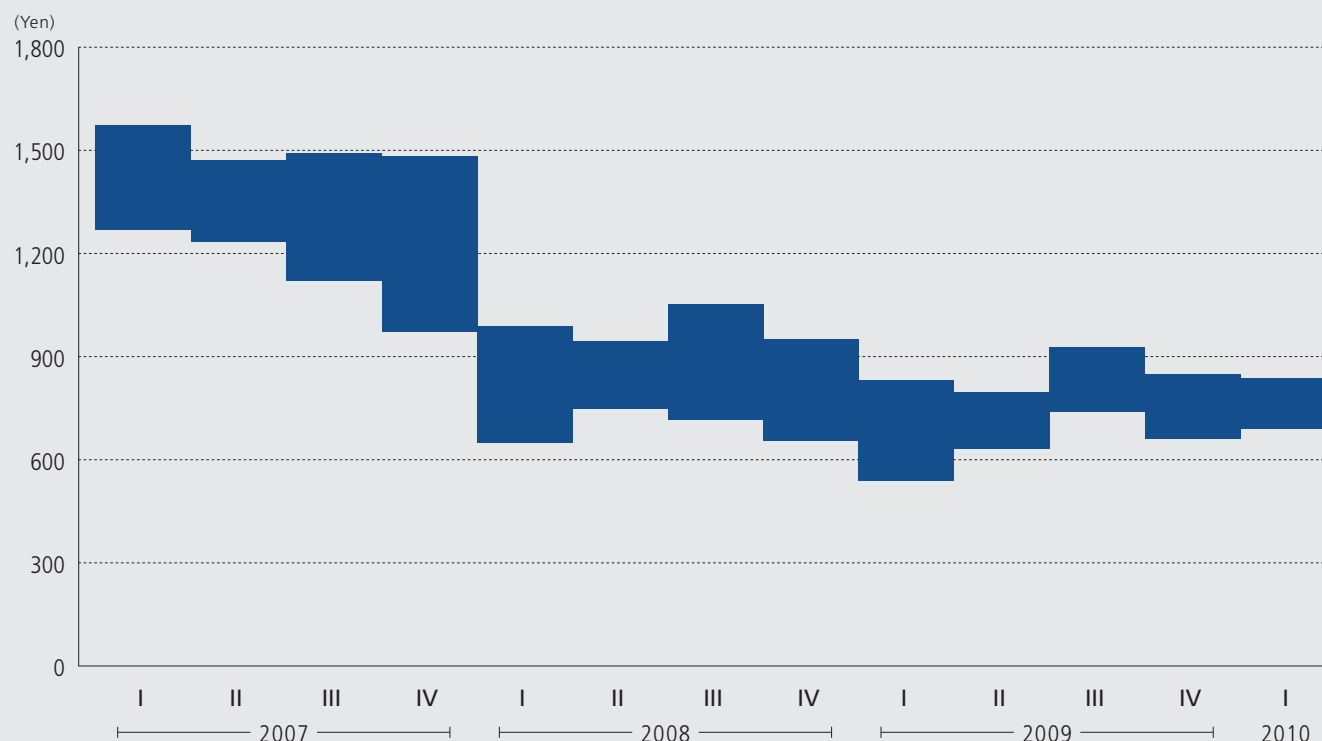
KPMG AZSA & Co.
3-6-5, Kawaramachi,
Chuo-ku, Osaka
541-0048, Japan

Investor Relations

Sumitomo Rubber Industries, Ltd.
Public Relations Department
3-6-9, Wakinohama-cho, Chuo-ku, Kobe,
Hyogo 651-0072, Japan
Tel: (078) 265-3004
Fax: (078) 265-3113
e-mail: PR.az@srigroup.co.jp
<http://www.srigroup.co.jp/>

SRI Sports Limited
(Tokyo Stock Exchange 1st Section,
Ticker Symbol: 7825)
Corporate Planning Department
3-6-9, Wakinohama-cho, Chuo-ku, Kobe,
Hyogo 651-0072, Japan
Tel: (078) 265-3040
Fax: (078) 265-3135
e-mail: sri-sports.ir@sri-sports.co.jp
<http://www.sri-sports.co.jp/>

STOCK PRICE



 **SUMITOMO RUBBER GROUP**

 **SUMITOMO RUBBER INDUSTRIES, LTD.**

Public Relations Department
3-6-9, Wakinohama-cho, Chuo-ku, Kobe, Hyogo 651-0072, Japan
TEL. (078) 265-3004 FAX. (078) 265-3113
<http://www2.srigroup.co.jp/english/>



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



FTSE4Good



Printed with odor-free soy ink

PRINTED IN JAPAN
2010.5. (印)186