

**Revised “Medium-Term Business Plan ’08”  
&  
Urgent Measures for Profitability improvement**

**May 11<sup>th</sup>, 2009**

**TOYO TIRE & RUBBER CO., LTD**

# 1. Revised Basic Corporate Policies and Strategies

## Basic Policies

1. Transparent management
2. Technology-oriented management
3. Structural reform to achieve global growth

## Revised Basic Strategies

### *Global Growth*

1. Structural reform & work restructuring  
(Centralize management resources on core business)
2. Market development
3. Advanced technologies & product development contributing to global environment

## 2. Activities for Priority Project Team

### 1. Structural reform & work restructuring

- 1) **Delivery Reform Team** ··· **Build more effective logistic system**
- 2) **Profitability Improvement Team in OE business**
  - **Establish high value added business under reduced car production**
- 3) **Cost Reduction Team for facility**
  - **Fundamental review for production facilities and procurement**

### 2. Market development

- 1) **China Business Promotion Team**
  - **Analyzing Chinese market and promoting sales strategies**
- 2) **Globalization Team for Nitto brand**
  - **Global launch of Nitto brand**
- 3) **New market development team for DiverTech Business**
  - **Propose new technologies and business theme in the fields of environment and new energies**
- 4) **Strategic product development team for Tire Business**
  - **Propose strategic new products**

### 3. Climate Change & Measures for Profit Improvement

#### Drastic change in climate

- Serious reduction of car production
- Decreasing demands for tires due to recession
- Difficulty in financing

#### External factor

- Government effective measures  
Ex.) 1) Policy of fixed highways toll of 1,000 yen  
2) Support for eco-friendly cars purchaser
- Capital & financial support from Government

#### Internal efforts

- Cost cut (4 billion yen)
- Labor cost cut (2 billion yen)
- Down hold of Capital Investment  
(Half of original Mid-Term '08)
- Stock reduction (4 billion yen)
- Cost rationalization
- Improve sales efficiency (Product Mix)

### Business Alliance with Bridgestone

# 4. Urgent Measures for Profit improvement

Urgent Measures (Reinforce the management base for year 2009 & 2010)

- ① **Build the optimal personnel structure**  
matching production & sales scale
- ② **Emphasis on cash flow management**  
(Capital investment down hold, reduction of  
stock and interest-bearing debt)
- ③ **Revise sales policies**  
(Optimum Sales plan for each market)
- ④ **Centralize management resources in DiverTech business**

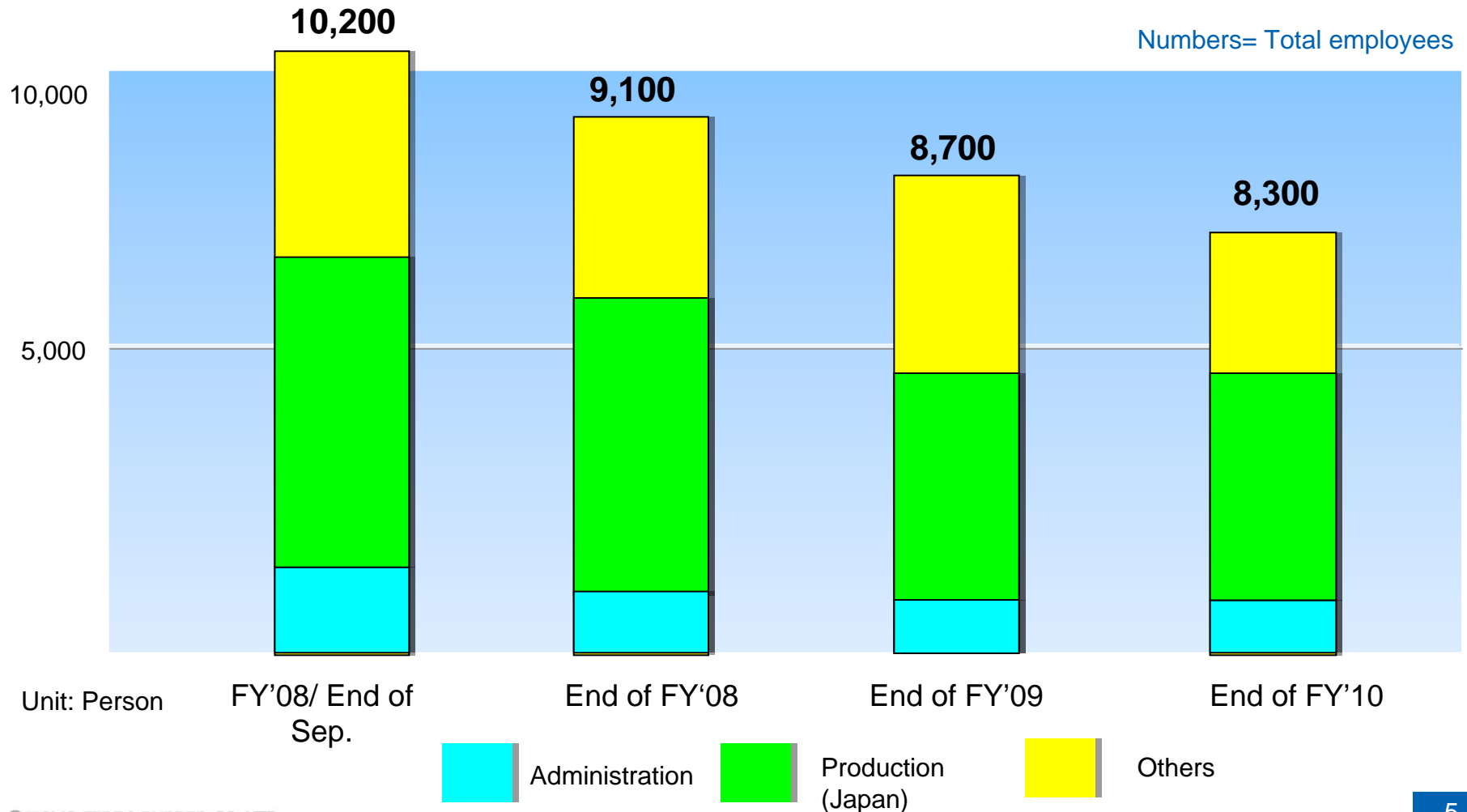


**Review Action Plan**

Step for new growth after year 2011

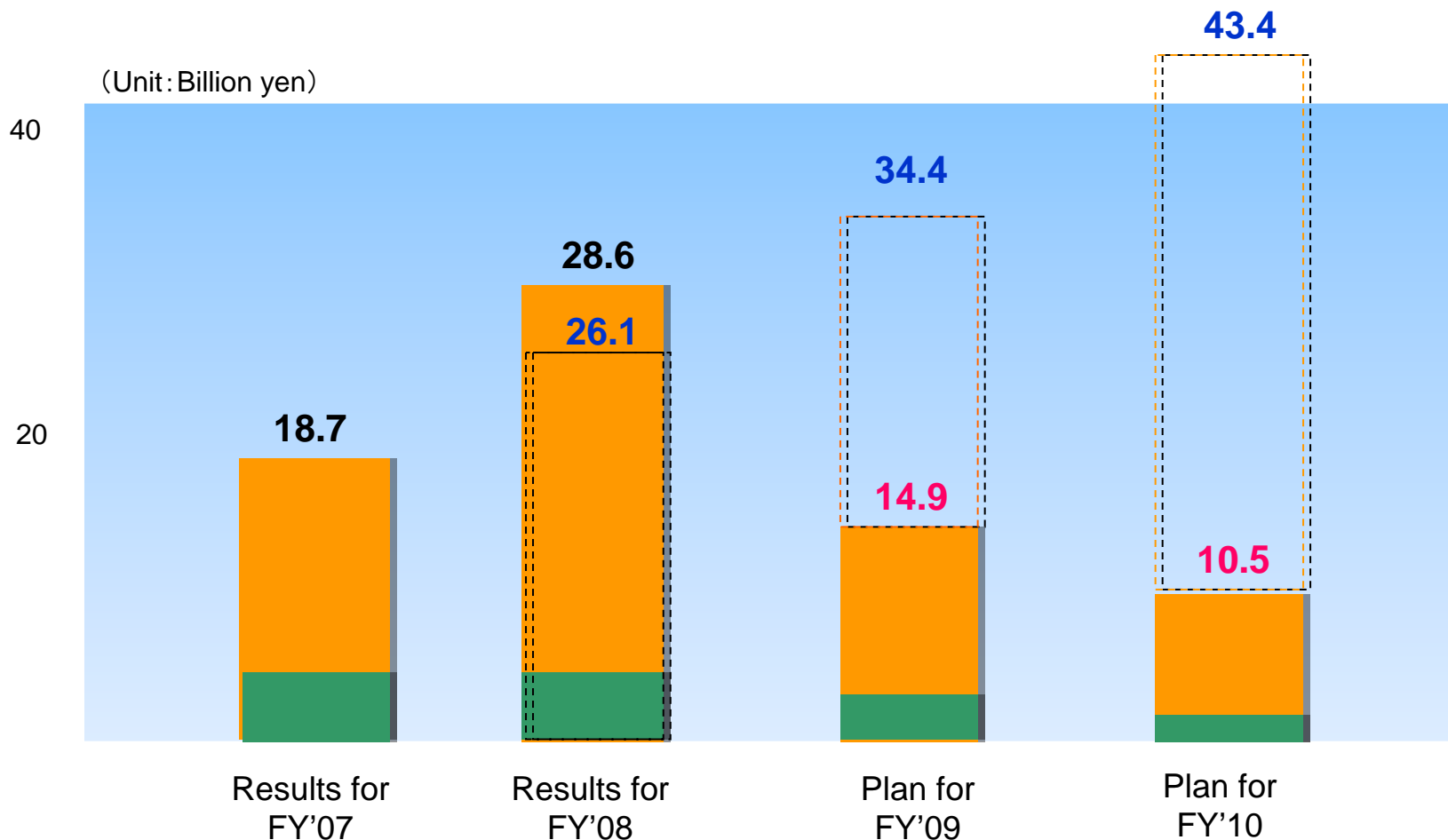
# 5. Urgent Measures

## ① Build the optimal personnel structure matching production & sales scale

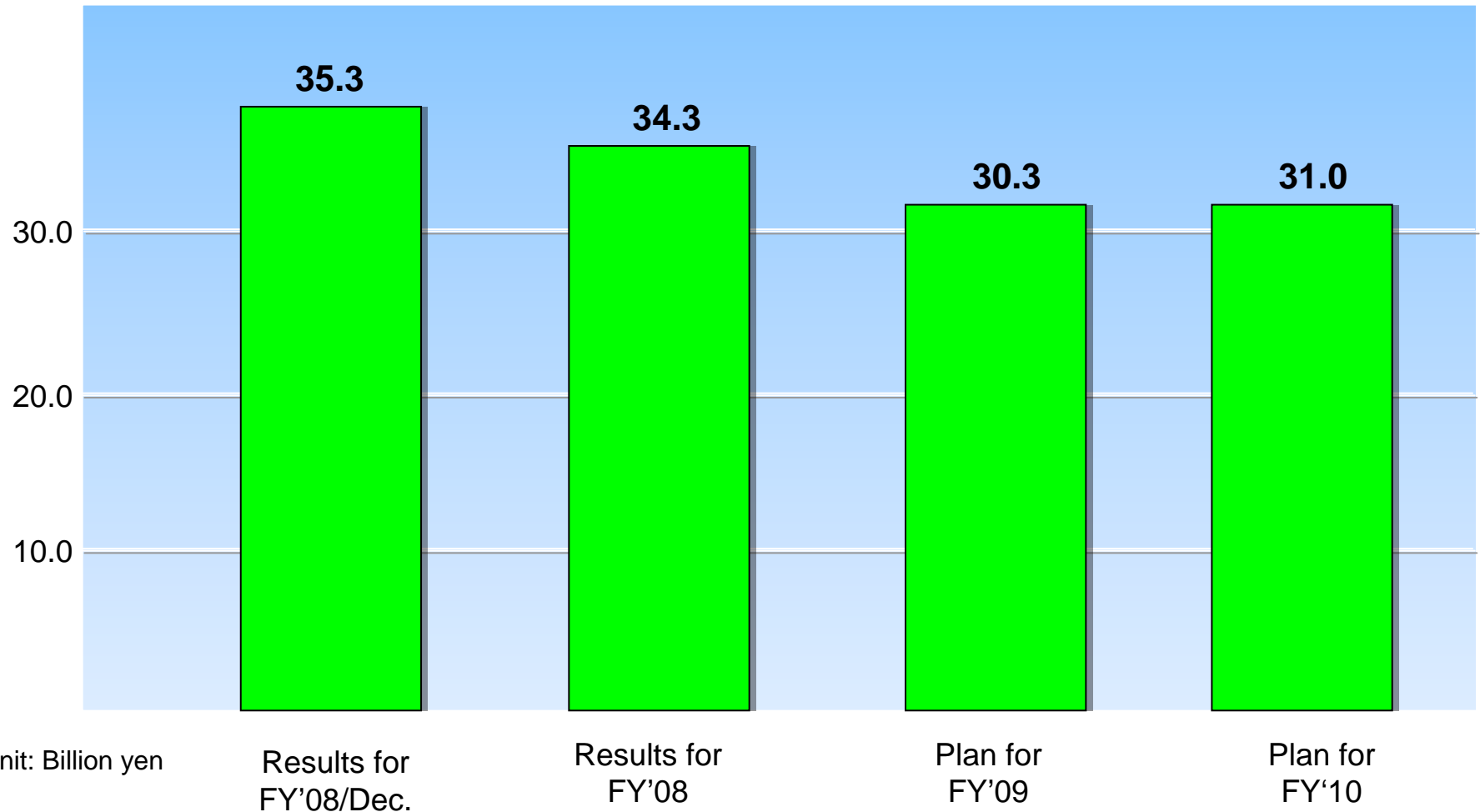


## ②-1 Revised capital investment

Red: Revised plan  
Blue: Original plan



## ②—2 Stock reduction (Total amount of tire stocks)



Unit: Billion yen

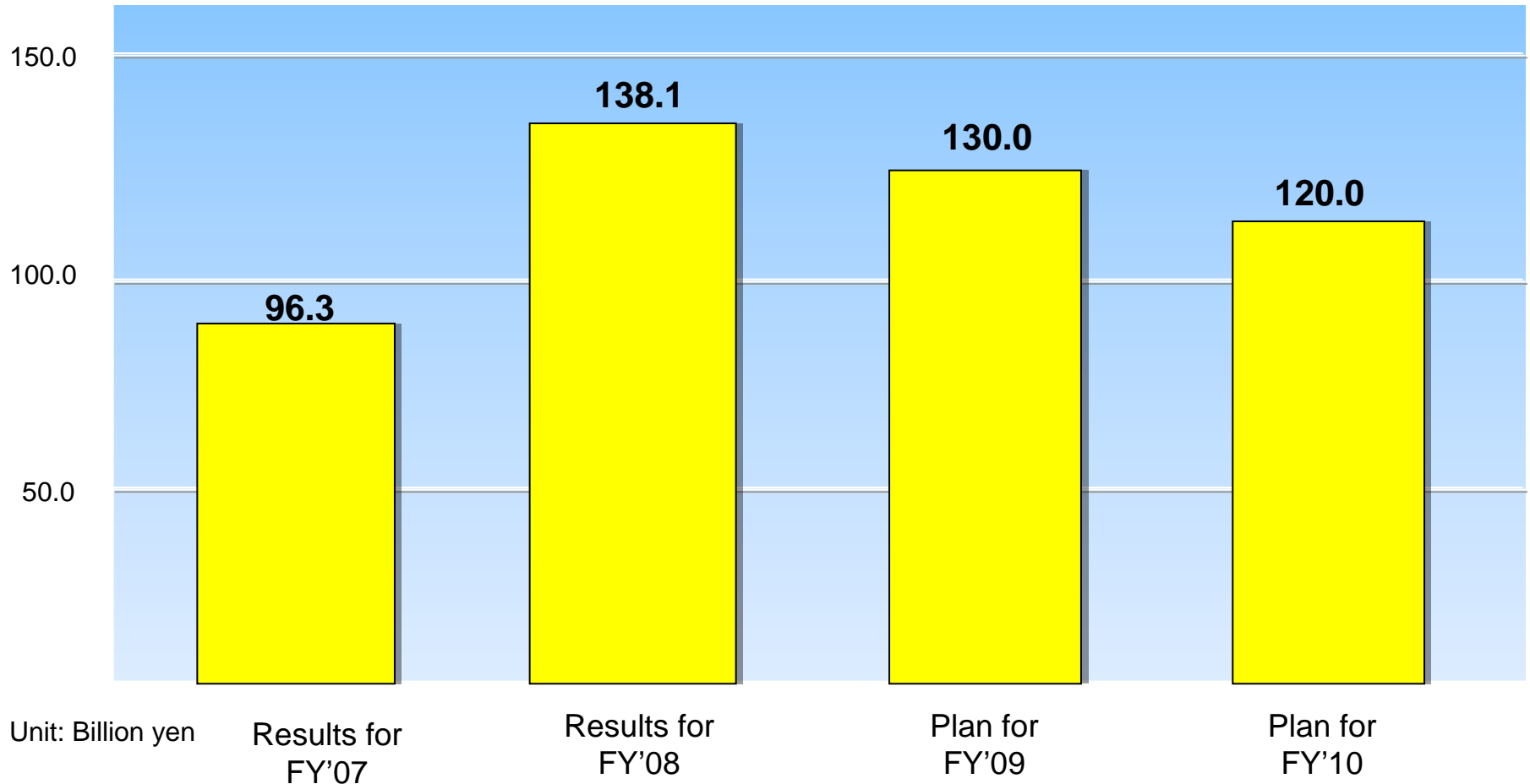
Results for  
FY'08/Dec.

Results for  
FY'08

Plan for  
FY'09

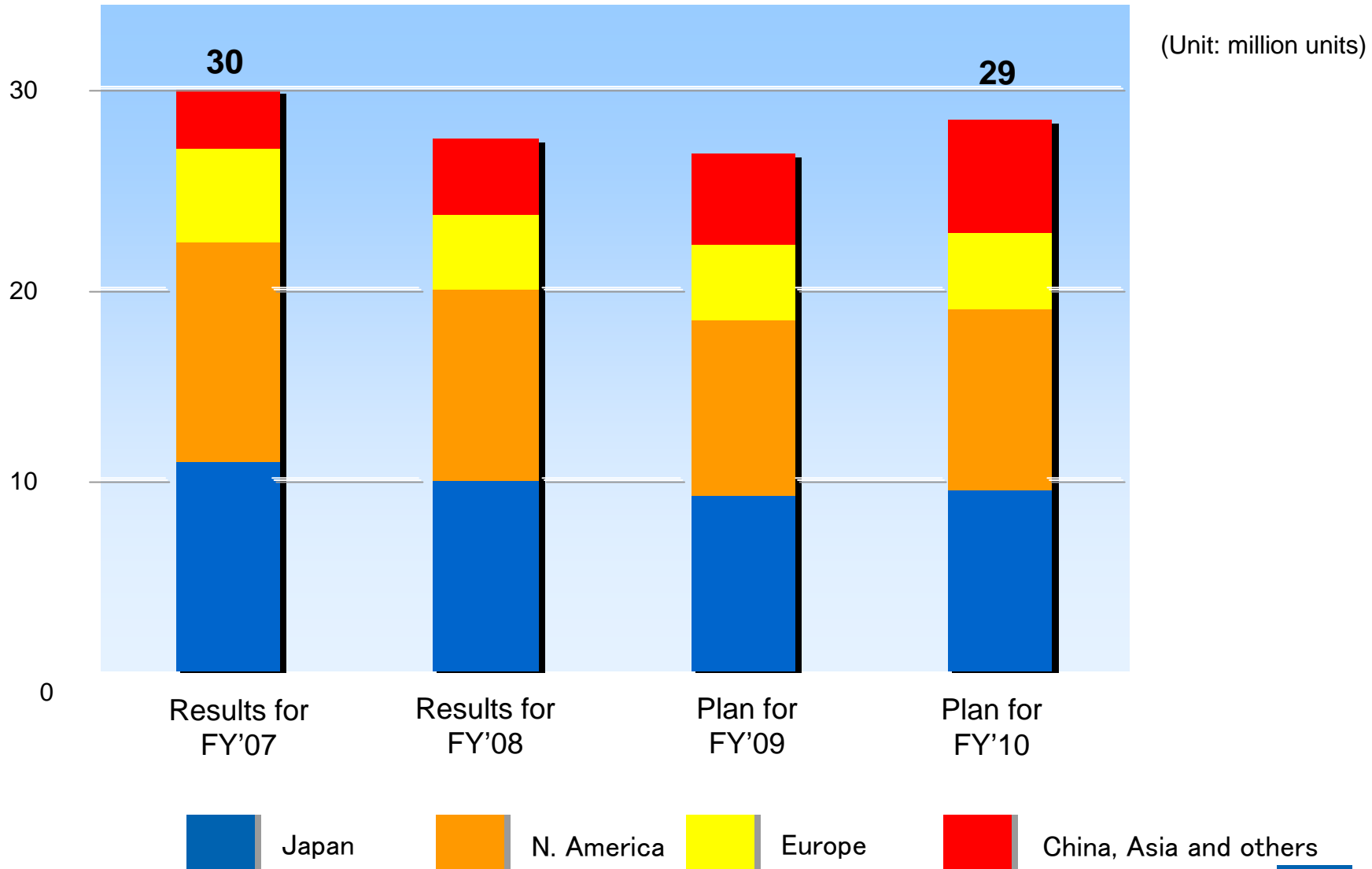
Plan for  
FY'10

## ②—3 Reduction of interest-bearing debt



# 5. Urgent Measures

## ③ Revised sales policies (Tire sales plan for each market)



# 5. Urgent Measures

## ④ Centralize management resources in DiverTech business

**Anti-vibration rubber for Car,  
Railway car and Industries**



**Air suspension for  
Truck, Bus and Railway car**



**Anti-vibration rubber for  
construction**



- **Polishing Business - CMP Pad**
- **High performance rubber products**



# 5. Urgent Measures

## Progress for efforts for recovering earnings

|  | Current situation | FY2009  | FY2010                   |
|--|-------------------|---|--------------------------|
|  |                   | Plan  | Plan                     |
| Build production system<br>(Personnel structure) | ○                 | 8700 jobs   | 8300 jobs                |
| Streamline in operation<br>(Labor cost cut)      | ○                 |   |                          |
| Capital Investment<br>holddown                   | ○                 | Investment plan for 3 years<br>104→54 (billion yen) |                          |
| Stock reduction                                  | △                 | Cut 4<br>billion yen                                |                          |
| Cost cut   | ○                 | Cut 4<br>billion yen                                |                          |
| interest-bearing debt                            | △                 |   | Below 120<br>billion yen |

○: As Scheduled

△: Behind Schedule

## 1. Tire Business

- ① **Expansion of Asian market concentrating on China**
  - Volume expansion with sales & production system improvement
- ② **Expansion in domestic market**
  - 1) **Sales reinforcement**
    - Establish unified sales strategies
    - Further lean operation for cost cut
  - 2) **Reinforcement for product development**
    - Reflecting market trends
    - Launching new eco brand
- ③ **Profit improvement in North America Business**
  - Structural reform for stable earnings
  - Change product strategies and expand sales channel from Niche market to Broad market
  - Expand sales of high-quality and -accuracy TNA products
- ④ **Nitto brand global launch**    ••• Expand Nitto brand sales in global markets

## 2. DiverTech Business

- ① **Complete restructuring domestic anti-vibration rubber business**
  - **Restructuring sites centering on Kuwana Plant**
  - **Cost reduction for metal fitting procurement and early establishment of mold design technologies**
  - **Establish order acceptance system for high performance rubber products**
  - **Manufacturing innovation aiming for profitability**
  
- ② **Establish global business structure focusing on anti-vibration business**
  - **Establish better profitability in overseas operation**
  - **Build new global scheme**

## 1. Tire Business

- ① Development of super low fuel consumption tires
- ② Development of high-accurate & low cost engineering methods

## 2. DiverTech Business

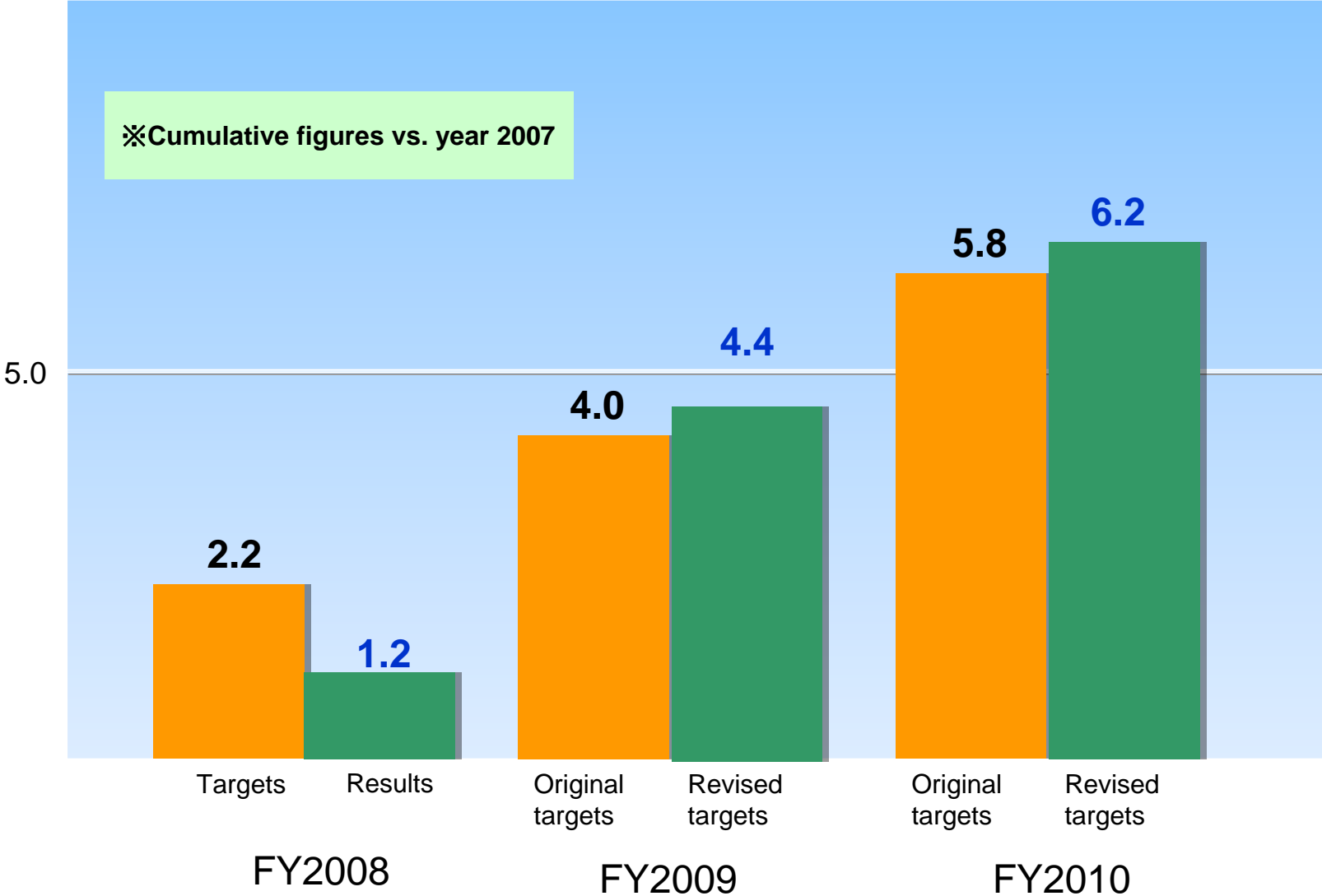
- ① Development of advanced engine mount (Electric & fuel-battery car)
- ② Small quantities & various types/ Mechanization method

## 3. R&D center

- ① Search seeds in environment & new energy fields
- ② Development of high performance resin materials
  - ⇒ New anti-vibration module materials (Electric car)
- ③ Development of natural rubber modification technologies
  - ⇒ New material for eco-friendly & high performance

# 8. Revised Mid-Term Plan '08 "Global Cost Revolution"

(Unit: Billions of yen)



# 9. Revised Numerical Targets for the TOYO TIRES GROUP

Unit: Billions of yen

|   | FY2010 Targets          | Revised FY2010 Targets |
|---|-------------------------|------------------------|
| Net Sales   | 410                     | 300                    |
| Operating Income  | 23.5                    | 11                     |
| Ordinary Income   | 20.8                    | 9                      |
| Total Assets Turnover (times)                                       | Over 1.0                | Over 1.0               |
| ROA<br>(Return On Assets ratio)                                     | 6.0%                    | 3.0%                   |
| Capital Ratio   | Over 30.0%              | Over 25.0%             |
| Interest-Bearing Debt   | 135                     | Below 120              |
| Investment<br>* 3 years cumulative<br>*property,plant and equipment | 104                     | 54                     |
| Exchange Rate Assumption  | 1\$=100yen<br>1€=160yen | 1\$=95yen<br>1€=125yen |

# 10. Revised Numerical Targets by Business Division

Unit: Billions of yen

| Item   |  | Tires        | DiverTech & Others |
|--|--|--------------|--------------------|
| Net Sales  | FY2010 Targets   | 337          | 73                 |
|  | Revised FY2010 Targets                                 | 240          | 60                 |
|  | Change in %  | Approx.30% ↓ | Approx.20% ↓       |
| Ordinary Income  | FY2010 Targets   | 20.3         | 3.2                |
|  | Revised FY2010 Targets                                 | 9.5          | 1.5                |
| Investment<br>* 3 years cumulative<br>*property,plant and<br>equipment | "Midium-Term<br>business Plan"<br>'08 Targets          | 90.4         | 13.6               |
|  | "Revised "Midium-Term<br>business Plan"<br>'08 Targets | 45           | 9                  |

***TOYO TIRES***  
*driven to perform*