

Business Performance for the Fiscal Year Ended March 31, 2004

TOYO TIRE & RUBBER CO.,LTD.

May 12, 2004

Outline of Business Performance for the Fiscal Year Ended March 31, 2004

Progress on the Medium-Term Business Plan in FY2004

Projected Business Development in FY2005 Based on the Medium-Term Business Plan

Prospects for Business Performance in the Fiscal Year Ending March 2005

Future business forecasts are provided for the purpose of assisting individuals in making investment decisions. They are based on management's assumptions in light of the information currently available, and involve risks and uncertainties. The forecasts are not intended as an assurance or guarantee.

Please keep in mind that actual results may differ from the forecasts described herein.

Outline of Business Performance for the Fiscal Year Ended March 31, 2004

Consolidated Business Results for the Fiscal Year Ended March 31, 2004

Million yen

	Fiscal year ended Mar. 31, 2003	Fiscal year ended Mar. 31, 2004	2004/2003 (%)
Net sales	255,157	256,142	100.4%
Operating income	13,543	7,679	56.7%
Recurring profit	12,082	9,197	76.1%
Net income	3,656	5,520	151.0%

Factors Contributing to Increase/Decrease in Recurring Profit

100 million yen

Increase in Recurring Profit: 28

Sales-related factors	21
Cost-cutting results	6
Amelioration of net interest expense	1

Decrease in Recurring Profit: 56

Overall increase in raw material costs	28
Foreign exchange loss	13
Overall increase in selling, general and administrative expenses	15

Industry Segment Information

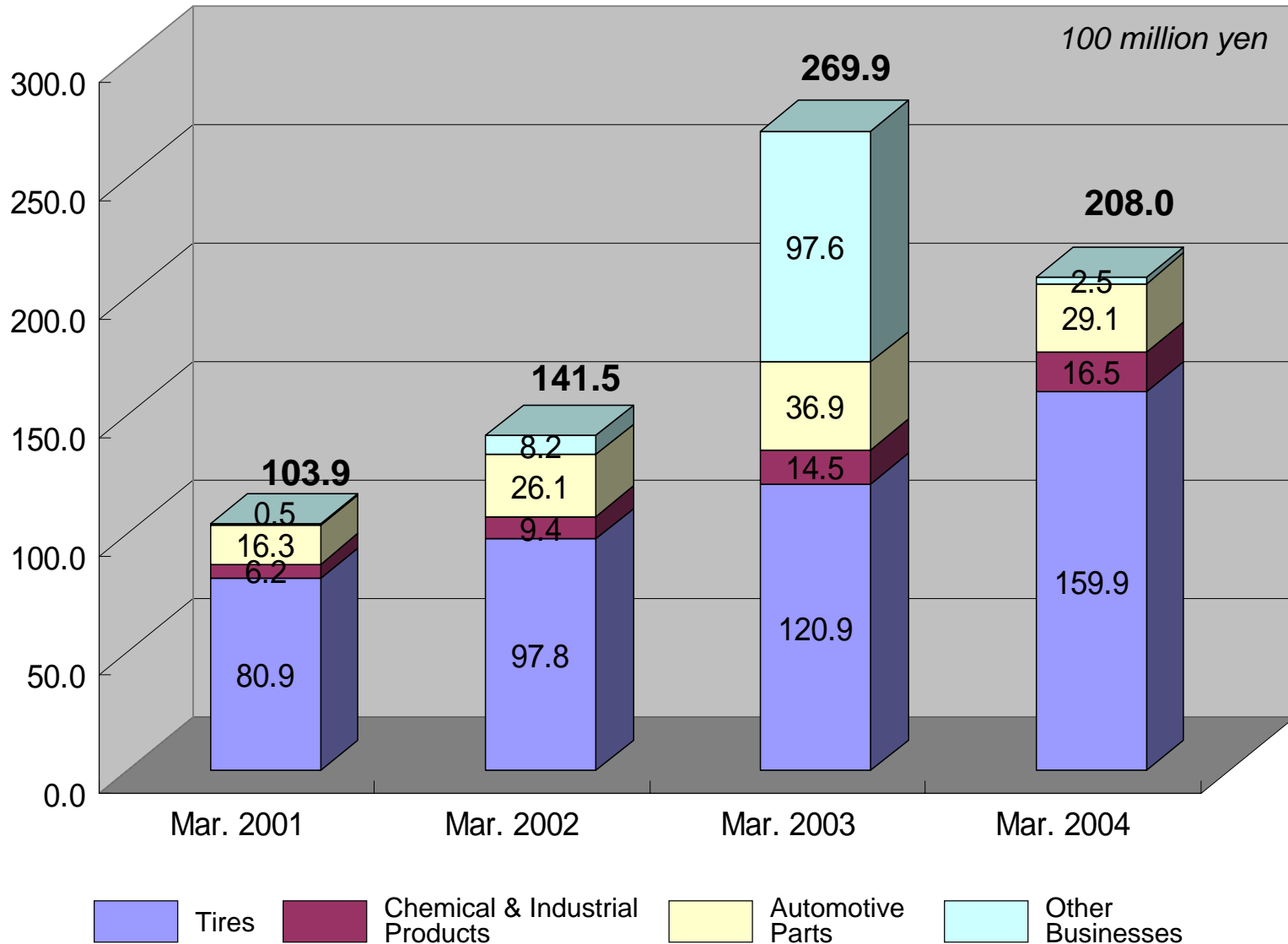
Net Sales and Operating Income

Million yen

	Net sales			Operating income		
	Fiscal year ended Mar. 31, 2003	Fiscal year ended Mar. 31, 2004	2004/2003 (%)	Fiscal year ended Mar. 31, 2003	Fiscal year ended Mar. 31, 2004	2004/2003 (%)
Tires	159,237	162,911	102.3%	12,541	6,833	54.5%
Chemical & Industrial Products	39,088	38,301	98.0%	208	155	74.5%
Automotive Parts	55,314	53,267	96.3%	702	137	19.5%
Other Businesses	1,517	1,661	109.5%	88	552	627.3%
Total	255,157	256,142	100.4%	13,543	7,679	56.7%

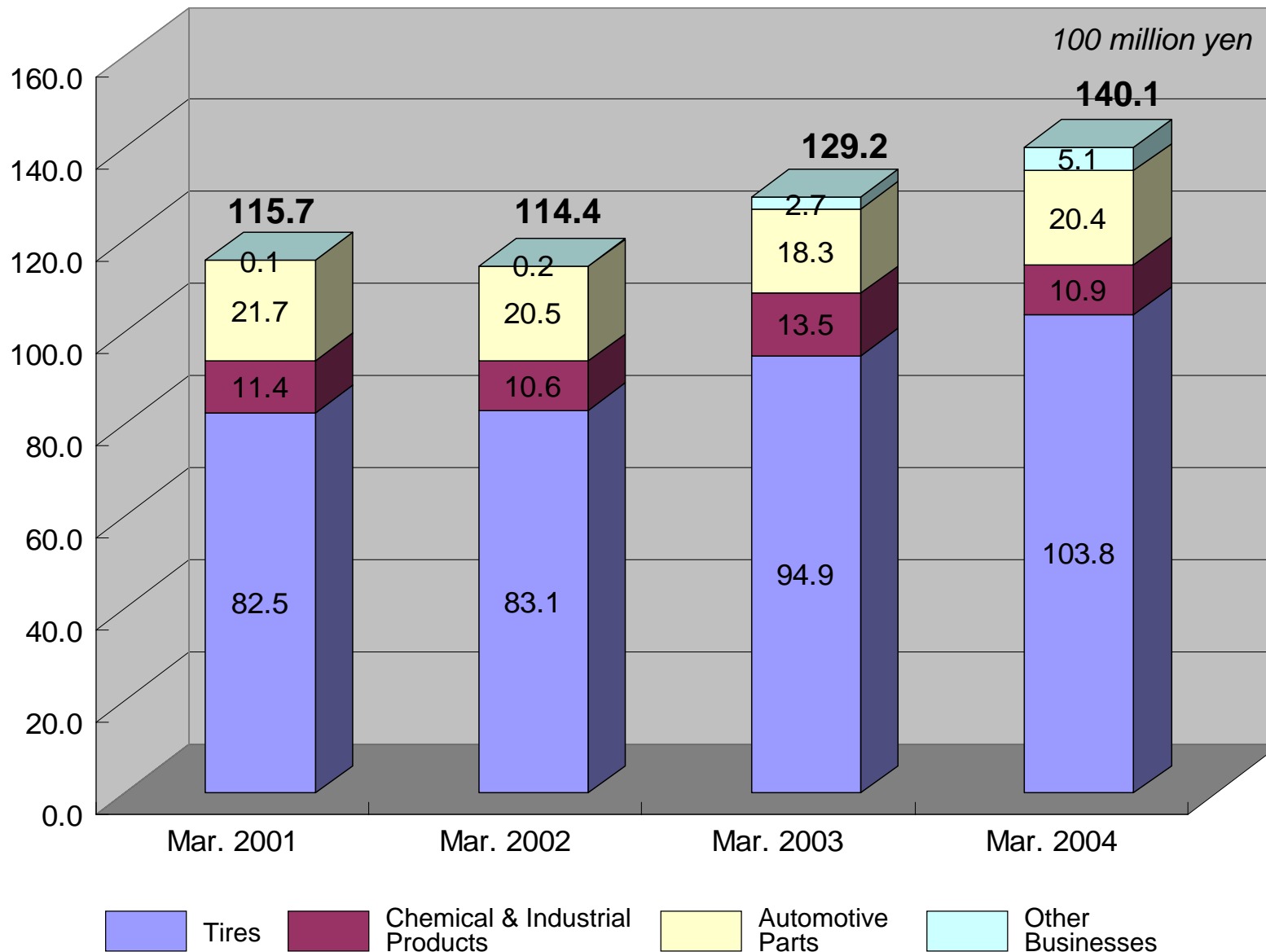
Industry Segment Information

Capital investment (tangible)

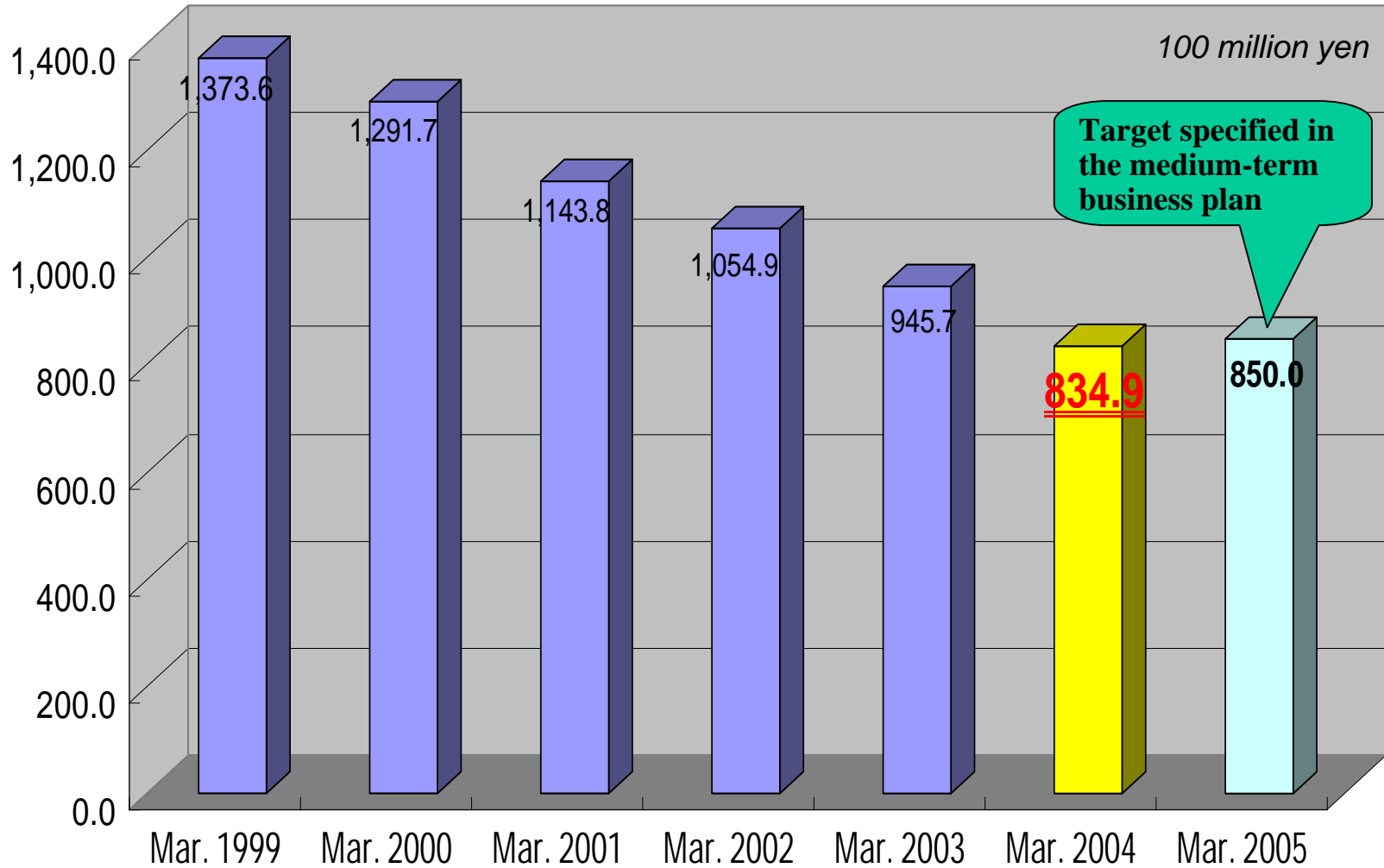


Industry Segment Information

Depreciation



Change in Interest-Bearing Debt



Progress on the Medium-Term Business Plan in FY2004

I. Strengthening the Domestic Replacement Tire Business

Increased ratio of specialized tires for specific vehicle types, centering on the TRANPATH MP3

Implementation of a product and business mix strategy focused on profitability

Promotion of a brand strategy with the introduction of the global brand PROXES in Japan

II. Implementing Global SCM

Improved accuracy of the weekly production planning system

Promotion of the global SCM project in collaboration with CAC Corporation

III. Strengthening the Technology and Production Systems

Adoption of new manufacturing systems to ensure mass production

Promotion of the three-million-tire production expansion project

Exploration of next-generation tires

IV. Strategies for Key Markets

Preparation for a new production facility in North America (TNA Project)

Increased production capacity at the Kunshan JV and the completion of a new production facility at Xiamen JV

Promotion of marketing activities in China

Effort to increase brand equity in the European market

I. Strengthening the “Select-and-Focus” Capabilities of Each Business Unit

Further promotion of the “Select-and-Focus” strategy

Establishment of a start-to-finish system in each business unit

Restructuring rigid polyurethane board production facilities

II. Improving Technology and Production Response Capabilities

Introduction of Toyota production system (TPS)

Improved productivity through new production systems

III. Strengthening Sales and Marketing Capabilities

Developing new customers and improving profitability by acquiring Soflan U-Board Co., Ltd.

Increasing sales with CFC-free and next generation CFC substitutes

IV. Accelerating Overseas Operations

Establishment of a sales subsidiary in Hong Kong and strengthening the OA equipment parts business in China

Receipt of orders for airsprings and delivery for installation in Taiwan Bullet Train vehicles

Receipt of an anti-corrosion rubber lining order for an overseas natural resource development project (completed in April 2004)

I. Global Strategy

Expanding orders for anti-vibration rubber products in North America and establishing local production capabilities

II. Further Improving the Quality Assurance System

Taking aggressive measures to develop a “zero-major-quality-issue”

- **Won Toyota Quality Control Award for the second consecutive year**

III. Strengthening the Foundation of the Anti-Vibration Rubber Product Business for Greater Profitability

Smooth transfer of the anti-vibration rubber business from Toyoda Gosei to Toyo

Promotion of overseas procurement of metal fittings

Development of No.1 anti-vibration rubber products

IV. Improving the Profitability of the Seat Cushion Business

Restructuring facilities by re-arranging production lines

I. Efforts to Establish Toyo as a Technological Leader

Completion of the Technology Navigation Project and the Production Navigation Project

Starting a tire-automotive parts modularization project

II. Further Promoting the Corporatewide Cost-Cutting Program TCR30

Started centralized purchasing by Purchasing Administration Headquarters

Coordinated efforts combining the business plans of each Company

III. Evolution of the Company System

Completed design of the new performance management system TRVA

Established a cash-pooling system utilizing a finance subsidiary

Improvements in administrative departments

➤ **Effort to introduce shared services**

IV. Strengthening Corporate Functions

Complete implementation of risk management, disaster prevention and safety organization strategy

Strengthening corporate governance

Completion and promotion of the Marketing Navigation Project

Projected Business Development in FY2005 Based on the Medium-Term Business Plan

I. Strengthening the Domestic Replacement Tire Business

Further implementation of a sales strategy focusing on quality rather than quantity

Promotion of targeted marketing activities

- **Make TRANPATH MP3 the “RV category No.1” tire**

Improving sales efficiency by adopting sales innovation programs

II. Implementing Global SCM

Establishing Global SCM to support expansion of North American operations and the reform of European strategies

III. Strengthening the Technology and Production Systems

Establishing new manufacturing systems to ensure mass production

Completion of the three-million-tire production expansion project

Developing and producing next-generation tires

- **Participation in the PAX system**
- **Developing high performance tires**

IV. Strategies for Key Markets

Promotion of the TNA project and expansion of the North American business

Increasing brand equity in the Chinese market by expanding the product lineup

Reform of European strategies

I. Strengthening the “Select-and-Focus” Capabilities of Each Business Unit

Restructuring facilities based on determination of future business prospects

Actively seeking business collaboration and M&A opportunities to strengthen core businesses

II. Improving Technology and Production Response Capabilities

Shortening production lead time by applying the Toyota production system (TPS) to all products across the board

Promoting cost reduction by widely adopting new production systems

Establishing new technologies toward creating new businesses

III. Strengthening Sales and Marketing Capabilities

Developing new customers

Marketing-oriented business unit management

IV. Accelerating Overseas Operations

Expanding production capacity and business opportunities for the highly functional OA equipment parts business in China

Pursuing business opportunities for subway vehicle airsprings in the metro systems of the world’s major cities

Exploring possibilities for global response via international business collaboration

I. Global Strategy

Sales expansion for anti-vibration rubber products in North America and quick turnaround to profitability

Consider entering the Chinese anti-vibration rubber products market

II. Further Improving the Quality Assurance System

Continue winning favorable ratings from customers

Enhancing the global quality assurance system

III. Strengthening the Foundation of the Anti-Vibration Rubber Product Business for Greater Profitability

Achieving results in the anti-vibration rubber product business acquired from Toyota Gosei

Promoting optimal procurement for metal fittings

Developing No. 1 anti-vibration rubber products with an eye to modularization

IV. Improving the Profitability of the Seat Cushion Business

Promoting thorough cost reduction

I. Efforts to Establish Toyo as a Technological Leader

Implementation of the Production Navigation Project

- **Introduction of TPM**

Starting a new “Underbody Module” product

II. Further Promoting the Corporatewide Cost-Cutting Program TCR30

Expanding centralized procurement and strengthening global procurement

Continued and expanded coordination with each Company

III. Evolution of the Company System

Putting the TRVA management system on track

Evolving from Company-basis to business unit-basis management accounting

IV. Strengthening Corporate Functions

Enhancing the compliance system

- **Effort to introduce the CSR system**

Promoting comprehensive IT security measures

Reviewing the Medium-Term Business Plan 2002 and establishing the new Medium-Term Business Plan 2005

Prospects for Business Performance in the Fiscal Year Ending March 2005

Prospects for the Fiscal Year Ending March 31, 2005

Million yen, except for cash dividends

	Fiscal year ended Mar. 31, 2003		Fiscal year ended Mar. 31, 2004		Fiscal year ending Mar. 31, 2005	
	Amount	2003/2002 (%)	Amount	2004/2003 (%)	Amount	2005/2004 (%)
Net sales	255,157	105.3%	256,142	100.4%	261,000	101.9%
Operating income	13,543	87.9%	7,679	56.7%	9,300	121.1%
Recurring profit	12,082	97.2%	9,197	76.1%	9,300	101.1%
Net income	3,656	112.1%	5,520	151.0%	5,200	94.2%
Cash dividends (yen)	7.0		7.0		7.0	

Forecasts of Factors Contributing to Increase/Decrease in Recurring Profit

100 million yen

Increase in Recurring Profit: 88

Sales-related factors	54
Cost-cutting results	34

Decrease in Recurring Profit: 87

Overall increase in raw material costs	43
Foreign exchange loss	29
Overall increase in selling, general and administrative expenses	10
Non-operating loss	4
Deterioration of net interest expense	1

Prospects for FY 2005 by Industry Segment

Million yen

	Net sales			Operating income		
	Fiscal year ended Mar. 31, 2004	Fiscal year ending Mar. 31, 2005	2005/2004 (%)	Fiscal year ended Mar. 31, 2004	Fiscal year ending Mar. 31, 2005	2005/2004 (%)
Tires	162,911	170,600	104.7%	6,833	7,100	103.9%
Chemical & Industrial Products	38,301	39,900	104.2%	155	900	580.6%
Automotive Parts	53,267	48,900	91.8%	137	700	510.9%
Other Businesses	1,661	1,600	96.3%	552	600	108.7%
Total	256,142	261,000	101.9%	7,679	9,300	121.1%

Mobility & Amenity