TRI Develops its New Mid-term Management Plan, “2015 TRI GROUP VISION.”

Tokai Rubber Industries, Ltd. (TRI) (Head office: Komaki City, Aichi Prefecture, President: Yoshiaki Nishimura) has developed its mid-term management plan until the fiscal 2015 named the “2015 TRI GROUP VISION” (2015V for short).

1. Review of the ongoing mid-term management plan (2012V)

In recent years, we have been operating our businesses based on the “2012 TRI GROUP VISION” (2012V for short). This ongoing mid-term management plan was drafted in 2007 and upholds “Create,” “Innovate,” and “Challenge” as vision themes with our managerial strategy ranging from expanding our overseas businesses for automotive supplies, significantly increasing the sales ratio of general industrial products, and promptly creating new products and new businesses.

However, we were forced to review our numerical targets set in this 2012V due to the global recession caused by the Lehman shock in 2008. In addition, we have been undergoing tough business environments such as the appreciating yen and production slump in the manufacturing industry. Therefore, we even find it difficult to achieve the revised numerical targets except the automobile supply business that can expect production recovery.

2. Concept in drafting the 2015V

As for the future world economy, we expect to see technological innovations in consideration of the environmental conservation as well as the economic stagnation in Japan and other developed nations, and the growth shift to emerging economies. We also acknowledge that our surrounding environment will continue to change significantly. Based on this recognition and challenges remaining in the 2012V, we began to consider developing the 2015V.

In the drafting process, we forecast the economic situation and our business environment in 2020, ten years from now and envisioned our ideal status to be achieved in 2020. We then focused on the standpoint of “what we should do by 2015” in order to accomplish our goals.

3. Forecasting our environment in 2020

In the world economy in 2020, emerging economies, especially in Asia, will achieve more accelerated economic growth, prompting intensified competition over natural resources and energy and aggravating the Earth’s environment. This leads us to anticipate that the technological innovation will be considerably accelerated in the fields of environment and energy.

Meanwhile, declining birth rate and aging society will further advance in Japan, which will result in assistance technologies being developed significantly in the areas of medical care, nursing care, and health.

Judging from these aspects, we recognize that environmental energy, life innovation, and information communications will be the promising growth markets and serve as the pillars of Japan’s national growth strategy.
4. **Ideal status to be achieved in 2020**

Given such observations, we regard in the 2015V the following 6 areas of “automobile,” “ICT,” “infrastructure,” “housing environment,” “medical/nursing care and health” as the growth markets and are determined to strengthen the product competitiveness of our existing businesses as well as developing and launching new products in these fields.

We also identify our “ideal status” in 2020 which is to become a company that is able to continue providing “happiness” to our customers worldwide and creating new values for their “safety, security and comfort” by utilizing our core technologies cultivated since our foundation.

We aim to achieve our group’s consolidated sales of 1 trillion yen in the early 2020s through these efforts.

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**[Our image towards the early 2020s]**

*TRI aims to become:

- A company continuously providing “happiness” to our worldwide customers based on our global No.1 technologies.
- A company continuously creating new values for people’s “safety, security and comfort.”*
5. The overall 2015 VISION

In order to realize this “ideal status,” we have set the 5 years of fiscal 2011 to fiscal 2015 as the period of “innovate and growth” in the 2015 VISION, aiming to “grow our existing businesses continuously,” “develop our businesses in new markets and fields,” and to “establish our business foundation towards 2020. For implementing these measures, we are determined to make our all-out efforts across the entire group and tackle the following priority tasks.

| 2015 VISION |
| "Innovate and Growth" |
| Sustainable growth of existing businesses |
| Business development in new markets and fields |
| Establishment of business foundation towards 2020 |

Priority tasks to realize our aims in 2020

- To strengthen our research and development capability to nurture and create new businesses
- To enhance our sales structure by establishing our corporate and product brand
- To acquire overwhelming competitiveness against local makers from emerging economies
- To build systems for securing and nurturing global human resources

6. Priority implementation items in each business segment

(1) Automotive supply

- For strengthening global competitiveness
  - To reach out to non-Japanese automakers with the intensified overseas local development system
  - To strengthen our global supply system by expanding overseas production bases
- To develop products for eco-friendly vehicles (HEV), electric vehicles (EV), fuel cell vehicles (FCV), no idling vehicles, and compact cars
  - To develop materials with the super low fuel permeability (new products complying with stricter fuel evaporation/emission regulations)
(2) General industrial products

IT electronics
【Existing businesses】～For expanding our product lines for emerging economies～
■ To develop and place on the market low-end LBP products for emerging economies
■ To build the optimum delivery system for our customers’ overseas bases
【New market / New fields】～For developing products for new market and fields～
■ To develop and launch highly-functional products for the POD（print on demand）market.

Industrial materials
【Existing businesses】～For expanding sales globally～
■ To further expand sales of high-pressure hose in China and India
■ To initiate the promotion of anti-vibration rubber products for railway vehicles in North America, India, and Europe
■ Sales expansion and global development of seismic damper products for housing
【New market / New fields】～For developing products and applying existing technologies in compliance with environmental regulations～
■ To develop the next generation high-pressure hose products that comply with the global environmental regulation standards
■ To develop and put on the market vibration-control and sound insulation devices for railway vehicles (for inside use)

(3) New businesses
～For creating new products using our advanced technologies that were developed based on our core technologies cultivated since our foundation～
■ Functional films ⇒ High-performance heat-shield and thermal-insulation film
■ SR censor ⇒ Body pressure detection censor, active mattress that prevents bedsores, nursing care assistance robot, next generation flexible input interface
■ Functional members ⇒ Next generation lightweight automotive members, HEV・EV・FCV members
■ ECO ⇒ Manufacturing wall-surface greening products and high-quality natural rubber

7. Numerical Targets for the 2015V

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<tbody>
<tr>
<td>Consolidated Sales Amount</td>
<td>420 billion yen</td>
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<tr>
<td>Consolidated Operating Profit</td>
<td>34 billion yen</td>
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<tr>
<td>Operating Profit Margin</td>
<td>8%</td>
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<tr>
<td>Consolidated ROE（Net Profit／Shareholders’ Equity）</td>
<td>10%</td>
</tr>
<tr>
<td>Consolidated ROA（Operating Profit／Total Assets）</td>
<td>8%</td>
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