

# NEWS RELEASE



# YOKOHAMA

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## **Yokohama Rubber Inaugurates Second Phase of Grand Design 100 Medium-Term Management Plan**

*Perspective transcends short-term market fluctuations  
and focus is on quality growth*

Tokyo-The Yokohama Rubber Co., Ltd., announced today that it inaugurated the second phase of its Grand Design 100 medium-term management plan last month. Grand Design 100, launched in April 2006, calls for achieving annual net sales of 1 trillion yen and annual operating income of 100 billion yen by the fiscal year to March 31, 2018, and it comprises four three-year segments. Phase II covers the three years to March 31, 2012.

The chief financial targets in Phase II are to raise net sales to 550 billion yen, to raise operating income to 38.5 billion yen (7.0% of net sales), and to lay the groundwork for further growth by increasing free cash flow to more than 30 billion yen. Yokohama's defining policy for Phase II is quality growth. The company will reinforce its corporate foundation to support renewed growth amid the vagaries of the global economic downturn.

In Yokohama's Tire Group, which will be the main source of the growth envisioned for Phase II, the company will concentrate on expanding its presence in the global marketplace, on expanding and upgrading production capacity to respond flexibly to market trends in different regions, and on integrating regional operations in support of increased globalization. In the Multiple Business (diversified products) Group, Yokohama will concentrate on expanding business in high-pressure hoses; in conveyor belts; and in pelagic products, such as marine hoses, and pneumatic marine fenders, in the global marketplace and asserting distinctive strengths in environmental technologies to develop business in renewable energies and in other new product sectors.

Yokohama will strive in technological strategy to assert strengths in environmental technologies and to support its policy of delivering the best products at competitive prices and on time. The company will reinforce its corporate foundation by addressing corporate social responsibility in management, by undertaking waste reduction through its Muda-dori activities, and by structurally reorganizing its domestic operations.

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Grand Design 100 accompanies its financial targets the vision of evoking a distinctive global identity in building enterprise value and in building a strong market presence. It calls for fulfilling that vision by providing the best products at competitive prices and on time, by asserting world-class strengths in technologies for protecting the environment, and by fostering a customer-oriented corporate culture that honors rigorous standards of corporate ethics.

## **Summary of Grand Design 100 Phase II**

### **Growth Strategy: Tire Group**

#### *Heightened presence in the global marketplace*

Deploy the DNA dB super E-spec, an eco tire to designed to be environmentally friendly in all respects, in the North American and European markets. Win more factory fitments worldwide for the ADVAN line of high-performance tires.

#### *Expanded, responsive production capacity*

Establish a tire plant in the promising Russian market in 2011. Recognizing that China is poised for economic recovery, restart the temporarily suspended expansion project at the Hangzhou Plant.

#### *Globalization*

Devolve marketing responsibilities to locally based operations in principal markets to adapt product development to local needs. Consider outsourcing some tire production to local partners to become more locally responsive to demand in different regions.

### **Growth Strategy: Multiple Business Group**

#### *Stepped-up global marketing in growth sectors, such as high-pressure hoses, conveyor belts, and pelagic products*

Work through a new subsidiary established in Germany in April 2009 to strengthen marketing of high-pressure hoses and pelagic products in Europe. Build supply and marketing capabilities for conveyor belts and for pelagic products in emerging markets, such as China and Russia.

#### *New business in environmental sectors*

Assert distinctive strengths in original technologies to develop new business in environmental sectors, such as high-performance seals for photovoltaic cells and structural adhesives for weight-saving automotive bodies.

## **Technological Strategy**

### *Environmental technologies*

Assign top priority in all product sectors to developing products that minimize the generation of carbon dioxide during stage of the product life cycle, when the output of carbon dioxide is the greatest. In tires, develop tires that minimize rolling resistance and minimize weight.

### *The best products at competitive prices and on time*

Upgrade capabilities in analyzing market trends and for planning products, and build a global framework for research and evaluation. Tailor mass production technology to needs and circumstances in each region. Foster human resources that possess excellent technological capabilities and work systematically to ensure the intergenerational transfer of skills and expertise between engineers.

## **Reinforced Corporate Foundation**

### *Corporate social responsibility*

Aiming to earn the confidence of people in the community at large, strive to safeguard the environment, address social concerns, and honor the human element while pursuing corporate interests. In working to corporate social responsibility, offer a growing range of products that minimize environmental impact, eliminate landfill waste at plants worldwide, and plant 500,000 trees at operations around the world in the Yokohama Forever Forest project.

### *Muda-dori activities*

Continue to promote Muda-dori activities to tap employee initiative in identifying and eliminating waste. Those activities yielded about 24 billion yen in cost savings during Phase I of Grand Design 100. In Phase II, promote the Muda-dori activities even more extensively and position them as a self-sustaining element of the company's corporate culture.

### *Structural reorganization of domestic operations*

Reorganize domestic operations structurally to address the demographic change under way in Japan: the aging of society and the declining number of children per family. Reorganize the Tire Group's domestic sales network for replacement tires and the Multiple Business Group's domestic sales network.