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For immediate release

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## **Yokohama Rubber's Earnings Surge in Latest Fiscal Year**

*Operating income rises on downturn in raw material costs*

Tokyo—The Yokohama Rubber Co., Ltd., today announced net earnings of 11.5 billion yen for the fiscal year ended March 31, 2010. That gain compares with a net loss of 5.7 billion yen in the previous fiscal year, and it reflects a surge in operating profitability. Operating income rose 67.5%, to 21.5 billion yen, on a 9.8% decline in net sales, to 466.4 billion yen.

Underlying Yokohama's surge in operating income were (1) the reversal of the upward trend in raw material costs of recent years and (2) the company's progress in reducing selling expenses and other costs. Net profitability benefited additionally, meanwhile, from a sharp reduction in losses on currency translation adjustments.

Sales declined 8.1% in Yokohama's Tire Group, to 367.5 billion yen, and declined 15.9% in the company's Multiple Business (diversified products) Group, to 98.8 billion yen. A promising development was renewed growth in sales of tires in Japan and overseas in the fiscal fourth quarter (January 1 to March 31, 2010). Undermining sales in the Multiple Business Group were declines in two core product lines, hoses and conveyor belts. Those declines obscured a strong sales performance in golf products.

Operating income in the Tire Group more than doubled, rising 106.9%, to 20.5 billion yen. The downturn in raw material costs and Yokohama's cost-cutting measures more than compensated for the decline in sales. In the Multiple Business Group, operating income declined 74.3%, to 879 million yen, reflecting the overall weak sales performance.

Yokohama projects a 30.4% decline in net income, to 8.0 billion yen in the fiscal year to March 31, 2011. Management expects net sales to rise 11.5%, to 520.0 billion yen, buoyed by growing demand in an improving economic environment. But it expects operating income to decline 16.1%, to 18.0 billion yen, on account of the appreciation of the yen and resurgent raw material costs.

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**Financial Highlights**

Millions of yen

Years ended March 31,	2010	2009	2008
Net sales	<b>466,358</b>	517,262	551,431
Operating income	<b>21,454</b>	12,808	33,118
Income (loss) before income taxes and minority interests	<b>18,969</b>	(3,165)	20,478
Net income (loss)	<b>11,486</b>	(5,654)	21,060
Depreciation and amortization	<b>28,183</b>	28,683	27,238
Additions to property, plant and equipment	<b>17,471</b>	43,340	27,292
Total assets	<b>466,973</b>	473,376	526,191
Total net assets	<b>163,382</b>	144,159	181,538
Interest-bearing debt	<b>154,674</b>	179,379	165,614
Net cash provided by operating activities	<b>49,845</b>	19,690	41,648
Net cash used in investing activities	<b>▲25,230</b>	(39,031)	(33,734)
Net cash used in financing activities	<b>▲29,434</b>	16,738	(4,008)
Cash and cash equivalents at end of period	<b>11,558</b>	16,239	19,530
Per share (yen):			
Net income (loss): basic	<b>34.27</b>	(16.87)	62.81
Dividends	<b>10.00</b>	10.00	13.00

**Results by Business Segment and by Region**

Millions of yen

Years ended March 31,	2010	2009	2008
<b>Sales to third parties</b>			
Tires	<b>367,517</b>	399,728	419,834
Multiple Business	<b>98,841</b>	117,534	131,596
<b>Operating income</b>			
Tires	<b>20,462</b>	9,890	26,049
Multiple Business	<b>879</b>	3,418	7,044
Eliminations	<b>112</b>	(500)	24
<b>Sales to third parties</b>			
Japan	<b>324,015</b>	359,318	387,217
North America	<b>90,550</b>	101,789	111,995
Asia	<b>21,965</b>	23,639	22,992
Other Regions	<b>29,826</b>	32,514	29,226
<b>Operating income</b>			
Japan	<b>16,842</b>	4,441	22,900
North America	<b>2,158</b>	4,036	6,713
Asia	<b>3,403</b>	1,994	2,793
Other Regions	<b>483</b>	1,542	1,047
Eliminations	<b>▲1,433</b>	792	(335)

## Notes:

1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. Under Results by Region, North America refers to the United States and Canada; Asia to the Philippines, Thailand, China, and Taiwan; and Other Regions to Oceania and Europe.