

NEWS RELEASE



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Sales and Earnings Up at Yokohama Rubber in First Nine Months of Fiscal Year

Company posts growth in tire business and in diversified operations

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its sales and earnings increased in the first three quarters of the present fiscal year, the nine months ended December 31, 2010. Net sales increased 13.5% over the same period of the previous fiscal year, to 390.4 billion yen; operating income increased 52.2%, to 26.3 billion yen; and net income increased 25.2%, to 11.3 billion yen.

Yokohama posted sales gains in tires and in high-pressure hoses, sealants, and other diversified products. The sales growth more than compensated for the adverse effect on earnings of rising prices for raw materials and the appreciation of the yen. Also contributing to improved profitability were a rise in capacity utilization rates and progress in trimming costs.

In Yokohama's tire operations, sales increased 13.7%, to 310.2 billion yen, and operating income rose 37.4%, to 23.2 billion yen. The sales growth comprised gains in Japan and overseas, which more than offset the adverse effect on profitability of rising raw material prices and the strengthening yen. Business in Japan benefited from a general upturn in tire demand. That upturn reflected a rebound from curtailed purchasing amid economic weakness. It also reflected strong demand for winter tires occasioned by heavy snowfall. Yokohama made the most of the upturn in demand with successful product launches. Its new-product offerings in Japan centered on fuel-saving summer and winter tires that proved highly popular. The company also achieved sales growth in overseas markets, most notably in the United States and in China.

Sales in Yokohama's industrial products operations increased 18.2%, to 62.4 billion, and operating income rose 36.1-fold, to 2.1 billion yen. Business in those operations centers on high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic rubber-and-steel fittings for structures, marine hoses, and marine fenders. Leading the sales growth were strong gains in high-pressure hoses for construction equipment and in automotive window sealants.

In other products, sales declined 2.9%, to 17.9 billion yen, and operating income rose 2.8-fold, to 1.1 billion yen. Yokohama's business in this category centers on aircraft products and golf products. The company posted sales growth in replacement lavatory modules for commercial airliners. That growth and progress in trimming costs more than offset the adverse effect on profitability of a sales decline in golf products.

Financial Highlights

Millions of yen

	Fiscal 2011 first three quarters April 1–December 31, 2010	Fiscal 2010 first three quarters April 1–December 31, 2009	Fiscal 2010 April 1, 2009–March 31, 2010
Net sales	390,408	344,020	466,358
Operating income	26,345	17,311	21,454
Income before income taxes and minority interests	18,553	15,037	18,969
Net income	11,322	9,044	11,486
Total net assets	168,656	156,819	163,382
Total assets	483,215	475,599	466,973
Per share (yen):			
Net income: basic	33.79	26.98	34.27

Segment Information

Millions of yen

	Fiscal 2011 first three quarters April 1–December 31, 2010	Fiscal 2010 first three quarters April 1–December 31, 2009
<i>By business segment</i>		
Sales to third parties		
Tires	310,174	272,874
Industrial products	62,370	52,754
Other	17,862	18,390
Operating income		
Tires	23,157	16,852
Industrial products	2,128	59
Other	1,072	386
Eliminations	(12)	13
<i>By geographical segment</i>		
Sales to third parties		
Japan	262,002	240,374
North America	80,764	65,951
Asia	21,359	16,029
Other regions	26,282	21,664
Operating income		
Japan	16,323	16,158
North America	4,351	535
Asia	3,880	1,985
Other regions	806	355
Eliminations	984	(1,723)

Notes:

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