Operating and Financial Results and Medium-Term Management Plan

Fiscal period to December 31, 2011

February 14, 2012
The Yokohama Rubber Co., Ltd.
Outline of This Presentation

1. Fiscal performance
   ● Results in the nine-month fiscal period ended December 31, 2011 (a one-time-only nine-month fiscal period that resulted from a switch to calendar-year fiscal accounting, from April–March accounting)
   ● Projections for the fiscal year to December 31, 2012

2. Phase III of our Grand Design 100 medium-term management plan
   ● Grand Design 100 vision and basic policy
   ● Summary of Phase II
   ● Financial targets in Phase III
   ● Issues and themes
   ● Growth strategy
     ◆ Tire operations
     ◆ Diversified operations
     ◆ Technology strategy
     ◆ Reinforcing our corporate foundation and stepping up our commitment to fulfilling our corporate social responsibility
Fiscal Performance and Projections
## Fiscal Performance and Projections

### Sales and Earnings (¥ billion, percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year on year</td>
<td>Year on year</td>
<td>Year on year</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>¥575.0 103.1%</td>
<td>¥557.8 107.3%</td>
<td>¥465.1 –</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥40.0 149.5%</td>
<td>¥26.8 90.8%</td>
<td>¥26.3 –</td>
</tr>
<tr>
<td>Percent of net sales</td>
<td>7.0%</td>
<td>4.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>¥37.0 167.0%</td>
<td>¥22.2 94.8%</td>
<td>¥20.7 –</td>
</tr>
<tr>
<td>Percent of net sales</td>
<td>6.4%</td>
<td>4.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>¥25.0 220.3%</td>
<td>¥11.3 81.5%</td>
<td>¥11.6 –</td>
</tr>
<tr>
<td>Percent of net sales</td>
<td>4.3%</td>
<td>2.0%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

* Amounts for January-March 2011 duplicate amounts included in fiscal results reported for April 2010-March 2011 fiscal year

### Dividends (yen per share; year-end dividends subject to shareholder approval)

<table>
<thead>
<tr>
<th></th>
<th>FY2012 (planned)</th>
<th>April–Dec. 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim</td>
<td>¥6.00</td>
<td>¥3.00</td>
</tr>
<tr>
<td>Year-end (planned)</td>
<td>¥7.00</td>
<td>¥4.00</td>
</tr>
<tr>
<td>Annual total (planned)</td>
<td>¥13.00</td>
<td>¥7.00</td>
</tr>
</tbody>
</table>
Medium-Term Management Plan

Phase III
Medium-Term Management Plan

Phase III

Grand Design 100 Vision and Basic Policy
Grand Design 100 Vision and Basic Policy

To Mark the Yokohama Centennial in 2017

- Evoke a distinctive global identity in building corporate value and in building a strong market presence

Long-Term Financial Targets

- Net sales: ¥1 trillion
- Operating income: ¥100 billion
- Operating return on sales: 10%

Basic Policy

- Deliver the best products at competitive prices and on time
- Assert world-class strengths in technologies for protecting the environment
- Foster a customer-oriented corporate culture that honors rigorous standards of corporate ethics
Medium-Term Management Plan

Phase III

Summary of Phase II
Summary of Phase II (April 1, 2009–December 31, 2011)

Deteriorating Business Environment

- Global demand weakened in the wake of the Lehman Shock, and our unit sales declined
- The yen continued to strengthen, diminishing yen-denominated sales and reducing our operating income by a cumulative ¥16.7 billion
- Prices for raw materials continued to rise, raising our costs by a cumulative ¥31.9 billion

We made progress in positioning our company to generate profits, even in an adverse business environment.

In comparison with Phase I, aggregate operating income was about 15% higher and the operating margin 1 point higher in Phase II despite a decline of about 7% in aggregate net sales.
Summary of Phase II (cont’d.)

Operations Established or Expanded during Phase I and Phase II

- **United States**:
  - Expanded passenger car tire plant
  - Expanded hose plant

- **Japan**:  
  - Expanded off-the-road tire plant in Onomichi
  - Expanded passenger car tire plant in Shinshiro-Minami
  - Expanded passenger car tire plant in Shinshiro-Minami further
  - Began expansion work at hose plant in Ibaraki

- **Germany**:  
  - Established marketing company for diversified products

- **Russia**:  
  - Built passenger car tire plant

- **China**:  
  - Built truck-and-bus tire plant in Suzhou
  - Established tire marketing company in Shanghai
  - Built conveyor belt plant in Shandong
  - Expanded hose plant in Hangzhou
  - Expanded passenger car tire plant in Hangzhou
  - Established marketing company for diversified products in Shanghai
  - Began construction of R&D center in Hangzhou
  - Began construction of hose plant in Hangzhou

- **Thailand**:  
  - Expanded passenger car tire plant
  - Expanded passenger car tire plant further
  - Established company to manage tire business
  - Built plant to process natural rubber
  - Expanded passenger car tire plant further

- **India**:  
  - Established company to manage tire business

- **Vietnam**:  
  - Expanded passenger car tire plant
  - Expanded passenger car tire plant further

- **Philippines**:  
  - Expanded passenger car tire plant

- **Brazil**:  
  - Established company to manage tire business

- **Philippines**:  
  - Expanded passenger car tire plant

- **India**:  
  - Established company to manage tire business

- **Germany**:  
  - Established marketing company for diversified products

- **Japan**:  
  - Expanded off-the-road tire plant in Onomichi
  - Expanded passenger car tire plant in Shinshiro-Minami
  - Expanded passenger car tire plant in Shinshiro-Minami further
  - Began expansion work at hose plant in Ibaraki

- **Thailand**:  
  - Expanded passenger car tire plant
  - Expanded passenger car tire plant further
  - Established company to manage tire business
  - Built plant to process natural rubber
  - Expanded passenger car tire plant further

- **Philippines**:  
  - Expanded passenger car tire plant

- **Brazil**:  
  - Established company to manage tire business
Expanded Tire Production Capacity

We expanded our global production capacity a modest 9% during the three fiscal periods of Phase II. The expansion centered on China, mainly to serve domestic demand, and Thailand, mainly to serve export markets. The overseas share of total capacity increased to 38%, from 34%.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mie (TB and LT)</td>
<td>5,900</td>
<td>5,900</td>
<td>5,900</td>
<td>5,900</td>
</tr>
<tr>
<td>Mishima (PC)</td>
<td>13,900</td>
<td>13,900</td>
<td>13,900</td>
<td>13,900</td>
</tr>
<tr>
<td>Shinshiro (PC)</td>
<td>14,100</td>
<td>14,100</td>
<td>14,100</td>
<td>14,100</td>
</tr>
<tr>
<td>Shinshiro-Minami (PC)</td>
<td>2,800</td>
<td>2,400</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Japan total</td>
<td>36,700</td>
<td>36,300</td>
<td>35,900</td>
<td>35,900</td>
</tr>
<tr>
<td>Outside Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA (PC)</td>
<td>6200</td>
<td>5600</td>
<td>5600</td>
<td>5600</td>
</tr>
<tr>
<td>USA (TB)</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Phillippines (PC)</td>
<td>7000</td>
<td>7000</td>
<td>6900</td>
<td>6,900</td>
</tr>
<tr>
<td>China (PC)</td>
<td>5100</td>
<td>3100</td>
<td>3000</td>
<td>3,000</td>
</tr>
<tr>
<td>China (TB)</td>
<td>340</td>
<td>340</td>
<td>340</td>
<td>200</td>
</tr>
<tr>
<td>Thailand (PC and LT)</td>
<td>3200</td>
<td>2400</td>
<td>1900</td>
<td>1,800</td>
</tr>
<tr>
<td>Thailand (TB)</td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Outside Japan total</td>
<td>22,690</td>
<td>19,290</td>
<td>18,590</td>
<td>18,350</td>
</tr>
<tr>
<td>Total</td>
<td>59,390</td>
<td>55,590</td>
<td>54,490</td>
<td>54,250</td>
</tr>
</tbody>
</table>

PC: Passenger car  LT: Light truck  TB: Truck and bus
### Summary of Phase II (cont’d.)

#### Phase II Financial Results and Targets (¥ billion, percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥550.0</td>
<td>¥465.1</td>
<td>¥557.8</td>
<td>¥519.7</td>
<td>¥466.4</td>
</tr>
<tr>
<td>Year on year</td>
<td>89.5%</td>
<td>107.3%</td>
<td>111.4%</td>
<td>90.2%</td>
<td><strong>Reference</strong></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥38.5</td>
<td>¥26.3</td>
<td>¥26.8</td>
<td>¥29.5</td>
<td>¥21.5</td>
</tr>
<tr>
<td>Percent of net sales</td>
<td>7.0%</td>
<td>5.7%</td>
<td>4.8%</td>
<td>5.7%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>¥20.7</td>
<td>¥22.2</td>
<td>¥23.4</td>
<td>¥18.7</td>
<td><strong>Reference</strong></td>
</tr>
<tr>
<td>Percent of net sales</td>
<td>4.5%</td>
<td>4.0%</td>
<td>4.5%</td>
<td>4.0%</td>
<td><strong>Reference</strong></td>
</tr>
</tbody>
</table>

* Amounts for January-March 2011 duplicate amounts included in fiscal results reported for April 2010-March 2011 fiscal year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average exchange rates</strong></td>
<td>¥/US$ 95</td>
<td>¥/US$ 79</td>
<td>¥/US$ 80</td>
<td>¥/US$ 86</td>
</tr>
<tr>
<td></td>
<td>¥/euro 125</td>
<td>¥/euro 111</td>
<td>¥/euro 111</td>
<td>¥/euro 131</td>
</tr>
</tbody>
</table>

### Reference

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating return on total assets</strong></td>
<td>-</td>
<td>5.4%</td>
<td>6.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Interest-bearing debt</strong></td>
<td>¥162.0</td>
<td>-</td>
<td>¥146.8</td>
<td>¥154.7</td>
</tr>
<tr>
<td><strong>Asset turnover ratio (times)</strong></td>
<td>-</td>
<td>1.13</td>
<td>1.10</td>
<td>0.99</td>
</tr>
<tr>
<td><strong>Debt/equity ratio (times)</strong></td>
<td>1.0</td>
<td>-</td>
<td>0.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Qualitative Initiatives in Phase II
Organization and human resources

• We inaugurated an **overseas training program for newly hired employees** in 2009 to foster globally competent human resources.

• We integrated our Japanese wholesaling companies for tires in July 2009 as **Yokohama Tire Japan Co., Ltd.**, to streamline our operations in tire marketing.

• We integrated our Japanese marketing companies for industrial products in October 2010 as **Yokohama Industrial Products Japan Co., Ltd.**, to sharpen our marketing focus in that product sector.

• We established an **electronic materials division** in April 2011 to maximize the earnings contribution of our promising product lines in that sector.

• We established a subsidiary, **Yokohama Peer Support Co., Ltd.**, in January 2012 to provide employment to disabled persons.
Medium-Term Management Plan

Phase III

Financial Targets
Phase III Financial Targets

Cumulative and Annual Targets for FY2012 to FY2014
Years ended December 31
¥ billion, percent
Exchange rate assumptions in regard to Phase III: US$1 = ¥75, 1 euro = ¥95

Phase III Targets
January 2012–December 2014

- **Net sales**: ¥1,800B
- **Operating income**: ¥150B
- **Operating margin**: 8.3%

Phase II Results
April 2009–December 2011

- **Net sales**: ¥1,451.2B
- **Operating income**: ¥77.2B
- **Operating margin**: 5.3%

Phase I Results
April 2006–March 2009

- **Net sales**: ¥1,566.0B
- **Operating income**: ¥67.0B
- **Operating margin**: 4.3%

<table>
<thead>
<tr>
<th></th>
<th>Phase III total</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥1,800.0</td>
<td>¥630.0</td>
<td>¥595.0</td>
<td>¥575.0</td>
</tr>
<tr>
<td><strong>Year on year</strong></td>
<td></td>
<td>105.9%</td>
<td>103.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥150.0</td>
<td>¥60.0</td>
<td>¥50.0</td>
<td>¥40.0</td>
</tr>
<tr>
<td><strong>Percent of net sales</strong></td>
<td></td>
<td>9.5%</td>
<td>8.4%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
Medium-Term Management Plan

Phase III

Issues and Themes in Phase III
Phase III Issues

Forecast for the Business Environment in Phase III

● Worldwide
  • The debt crisis in the European Union will undermine economic vitality there and could affect the global economy adversely
  • The world’s principal emerging economies are poised to display resurgent vitality and continue growing over the medium term

● Japan
  • Slowing economic growth worldwide and the persistently strong yen threaten to undermine Japan’s export momentum
  • The rises scheduled for Japan’s national sales tax bode ill for domestic demand, though demand associated with rebuilding in the regions affected by the March 2011 earthquake will stimulate GDP growth

● Other
  • Raw material prices present the risk of continuing upward movement or of disruptive fluctuations

Issues that Had Become Manifest During Phase II

● Growth in global tire demand left us with insufficient supply capacity
● Growth in some sectors in our diversified operations was slower than our product and technological strengths warranted

Shape our business foundation to support a flexible response to changes in the business environment, and lay the groundwork for resurgent growth in Phase IV
Phase III Aims

**Phase I**
April 2006–March 2009
- Robust global demand

**Profitable Growth**

**Phase II**
April 2009–December 2011
- Global financial crisis
- Uncertain market outlook
- Weakening demand
- Volatile raw material prices
- Severe threats to the natural environment

**Quality Growth**

**Phase III**
January 2012–December 2014
- Further reinforcement of our corporate robustness
- Responsiveness that will enable us to cope with change and risk in the business environment

**Robust and Responsive Growth**

Copyright © 2012, The Yokohama Rubber Co., Ltd. All rights reserved
Changes in the business environment are likely to delay until 2019 or 2020 our attainment of our sales target of ¥1 trillion.

We expect to attain on schedule our operating income target of ¥100 billion and to attain ahead of schedule our 10% target for operating return on sales.
Medium-Term Management Plan

Phase III

Growth Strategy in Phase III
Basic Approach in Phase III

Fortify our operations to generate a strong cash flow, and invest heavily in expanding production capacity, especially in tires

Expand our supply capacity to keep up with demand in fast-growing economies

Pursue operating return on sales of 10% by strengthening our cost competitiveness and our branding

Growth strategy: Tires
• Undertake large-scale capital spending to increase our supply capacity
• Deploy high-value-added products globally

Growth strategy: Diversified products
• Build on three core technologies to assert leadership in selected product categories
• Foster business in new market sectors

Technology strategy
• Develop technologies for safeguarding the earth, society, and individuals
• Refine high-functionality tire technologies
• Help achieve our corporate goal of supplying the best products at competitive prices and on time

Strengthening our corporate foundation
• Conduct companywide activities on a cross-functional basis to broaden the benefits of our Mudadori cost-cutting activities

Corporate social responsibility
• Continue working to maximize benefits for the natural environment, for society, and for individuals
Medium-Term Management Plan

Phase III

◆ Growth strategy: Tires
  ◆ Growth strategy: Diversified products
  ◆ Technology strategy
  ◆ Reinforcing our corporate foundation
  ◆ Corporate social responsibility
Growth Strategy: Tires

Asserting a Distinctive Presence in the Global Marketplace

**Japan**
Amid downward-trending demand, bolster our competitiveness by strengthening our capabilities in technology and in product development.

**Overseas markets**
Expand our supply capacity to serve growing demand in emerging economies and elsewhere, and achieve profitable growth.

**Consumer**
Develop and deploy tires that are the best in their class in regard to fuel economy and to functionality.

**Commercial**
Assert original technological strengths and establish lifetime support.

**Local integration**
Work toward serving local demand with local production in principal markets.

**Supply chain management**
Complete improvements in Japan and tackle similar improvements worldwide.

**Localized R&D**
- Test course in Thailand
- R&D center in China
- Other
Increase our annual production capacity by about 7 million tires, mainly by:

- Expanding our local production capacity for serving local demand in Russia and China
- Expanding production capacity at our export platforms in the Philippines and Thailand

Raise the overseas share of our global production capacity to 45%

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mie (TB and LT)</td>
<td>5,900</td>
<td>5,900</td>
<td>5,900</td>
<td>5,900</td>
</tr>
<tr>
<td>Mishima (PC)</td>
<td>13,900</td>
<td>13,900</td>
<td>13,900</td>
<td>13,900</td>
</tr>
<tr>
<td>Shinshiro (PC)</td>
<td>14,100</td>
<td>14,100</td>
<td>14,100</td>
<td>14,100</td>
</tr>
<tr>
<td>Shinshiro-Minami (PC)</td>
<td>2,800</td>
<td>2,800</td>
<td>2,800</td>
<td>2,800</td>
</tr>
<tr>
<td><strong>Japan total</strong></td>
<td>36,700</td>
<td>36,700</td>
<td>36,700</td>
<td>36,700</td>
</tr>
<tr>
<td><strong>Outside Japan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA (PC)</td>
<td>6,200</td>
<td>6,200</td>
<td>6,200</td>
<td>6,200</td>
</tr>
<tr>
<td>USA (TB)</td>
<td>600</td>
<td>600</td>
<td>580</td>
<td>500</td>
</tr>
<tr>
<td>Phillippines (PC)</td>
<td>10,000</td>
<td>8,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>China (PC)</td>
<td>6,500</td>
<td>5,100</td>
<td>5,100</td>
<td>5,100</td>
</tr>
<tr>
<td>China (TB)</td>
<td>340</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
<tr>
<td>Thailand (PC and LT)</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Thailand (TB)</td>
<td>400</td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Russia (PC)</td>
<td>1,600</td>
<td>1,400</td>
<td>700</td>
<td>-</td>
</tr>
<tr>
<td><strong>Outside Japan total</strong></td>
<td>29,640</td>
<td>25,990</td>
<td>24,270</td>
<td>22,690</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66,340</td>
<td>62,690</td>
<td>60,970</td>
<td>59,390</td>
</tr>
</tbody>
</table>

PC: Passenger car  LT: Light truck  TB: Truck and bus
Increasing the Pace of Growth in Production Capacity in Phase IV

In addition to the 7-million-tire increase in annual production tire capacity that we plan in Phase III, we plan to increase our annual production capacity by a further 20 million tires in Phase IV. We will allocate ¥140 billion to capital spending for that purpose in Phase III.

New tire plant candidates
Sites in China, India, the United States, and Latin America

Plant-expansion candidates
Philippine, Thai, Russian, and Vietnamese plants
Growth Strategy: Tires (cont’d.)

Deploying High-Value-Added Products Globally in the Consumer Sector

Promote all products under our corporate-namesake brand

Deploy distinctive, high-value products under focused brands

High-performance flagship brand

Environmentally oriented tires

Winter tires

Sport-utility vehicle tires

Raise our market profile by winning factory fitments on globally prominent vehicle models
Deploying High-Value-Added Products Globally in the Commercial Sector

- Promote **large tires for off-the-road equipment** in nations that are large producers of mineral ores
- Devote special effort to promoting radial tires in sizes of 49 inches and larger

- Expand business in **advanced-functionality tires** for trucks and buses, such as **ultralow-profile tires**, that incorporate **original technology**
- Expand business in **retreaded tires** for trucks and buses and for light trucks
Medium-Term Management Plan

Phase III

- Growth strategy: Tires
- **Growth strategy: Diversified products**
- Technology strategy
- Reinforcing our corporate foundation
- Corporate social responsibility
Growth Strategy: Diversified Products

Asserting Leadership in Carrying, Affixing, and Buffering

Transcend traditional product categories in asserting market leadership in products based on **three core technologies**

**Carrying**
- Solid loads
- Fluid loads (liquid and gaseous)
  - Conveyor belts
  - High-pressure hoses
  - Water tanks

**Affixing**
- Construction sealants
- Window sealants
- Hard coatings

**Buffering**
- Rubber bearings
- Wheelchair cushions
- Marine fenders

Continue to **realign our manufacturing operations in Japan** and to **expand manufacturing overseas**
Generate business opportunities by applying and combining telecommunications and measurement technologies innovatively

- **New value-added in marine products**
  - Maneuvering-support system for ships

- **New possibilities in sporting goods and related services**
  - Diagnostic system for golf swings
Medium-Term Management Plan

Phase III

- Growth strategy: Tires
- Growth strategy: Diversified products
- **Technology strategy**
  - Reinforcing our corporate foundation
  - Corporate social responsibility
Contribute toward protecting the global environment through advances in reducing rolling resistance and in reducing tire weight. And **safeguard society and individuals** in accordance with the BluEarth concept.

**Noise**
- Reduce **pass-by noise** outside the vehicle and **road noise** inside the vehicle

**Aerodynamics**
- Conduct wind-tunnel testing and computer simulations to **minimize tires’ air drag**
- Use our **Advanced Inner Liner**, which minimizes **air seepage**, with a broadening range of tires

**Environmental quality**
- Develop and deploy technologies for **conserving energy** and **reducing adverse environmental impact**
- **Develop natural rubber** in cooperation with Songkla University, in Thailand, for contributing to **environmental quality** and to **community vitality**
Technology Strategy (cont’d.)

Refining High-Functionality Technologies

Support our quest for **safer and more-enjoyable driving** by strengthening our capabilities in rubber compounding and in developing tread patterns and tire profiles. Make the most of analytical and re-creation technologies for **multiscalar simulations**, and supplement our efforts by tapping third-party resources, such as Japan’s **SPring-8 synchrotron radiation facility** and **K Computer supercomputing project**

- Elucidate the mechanism of **friction and wear**
- Improve **overall handling** and **wet-surface performance**
- Improve **performance on snow and ice**
Fortify our ability to offer products of value to customers by strengthening our product planning and development functions and by undertaking rigorous cost cutting.

Reinforce our ability to offer valuable products at competitive prices and in a timely manner by bolstering our capabilities in creating basic technologies, in converting those technologies into products, and in moving products into mass production.

- Heighten our competence in market analysis and product planning
- Build a global framework for developing and evaluating products
  - Establish an R&D center in China
- Develop manufacturing processes that are optimally suited to product and market strategies
- Nurture superior technical personnel and work systematically to ensure the transfer of skills and know-how from one generation to the next

New R&D center in Hangzhou, China
Medium-Term Management Plan

Phase III

◆ Growth strategy: Tires
◆ Growth strategy: Diversified products
◆ Technology strategy
◆ **Reinforcing our corporate foundation**
◆ Corporate social responsibility
We inaugurated our *Mudadori* activities in 2006, the first year of Phase I of Grand Design 100. The activities are a program for tapping employee initiative in identifying and acting on opportunities for cutting costs. They generated aggregate savings of ¥51.5 billion in the six years of Phase I and Phase II of Grand Design 100.

In Phase III of Grand Design 100, we are supplementing the ongoing *Mudadori* program with *Mudadori* projects for tackling designated priority themes.

- Management designates the priority themes
- Vice presidents and other directors assume leadership of the project teams
- The teams tackle their projects on a companywide, cross-functional basis
Medium-Term Management Plan

Phase III

- Growth strategy: Tires
- Growth strategy: Diversified products
- Technology strategy
- Reinforcing our corporate foundation
- **Corporate social responsibility**
Corporate Social Responsibility

Building a Trusted Identity as a Contributing Member of the Global Community

Grand Design 100 Basic Policy

- Deliver the best products at competitive prices and on time
- Assert world-class strengths in technologies for protecting the environment
- Foster a customer-oriented corporate culture that honors rigorous standards of corporate ethics

We will focus on seven themes in Phase III of Grand Design 100 in regard to fulfilling our corporate social responsibility, based on the ISO 26000 guidelines:

- Environmental protection
- Workplace safety
- Safety and quality in products and service
- Human rights and labor practices
- Supplier relations
- Stakeholder communication
- Corporate governance and ethical compliance
Special Emphases in Phase III (partial listing)

- Develop **products that minimize environmental impact**
- Work to eliminate landfill waste at plants
- Work to help **preserve biodiversity**
  - We are taking measures to preserve biodiversity in the vicinities of our operations around the world

- Foster **a safety-oriented corporate culture** with an eye to eliminating accidents
- Undertake thoroughgoing and unflagging **risk assessment**

Products in our BluEarth series of environmentally attuned tires

Biological survey work under way near our Mie Plant, in Japan
Special Emphases in Phase III (partial listing)

- Press ahead with tree plantings worldwide in **the Yokohama Forever Forest project**
  - Plant 500,000 trees at plants and other operations worldwide
  - Consider working with Yokohama National University’s professor emeritus Akira Miyawaki in a **project to develop lifesaving forest sylvan breakwaters** in areas affected by the March 2011 tsunami

- Support **the relief effort** in areas affected by the Great East Japan Earthquake
  - Dispatch employee volunteers and, in Phase III of Grand Design 100, provide support for economic and social renewal in the affected areas

---

Stakeholder communication

Growing seedlings from acorns collected at site of tsunami in northeastern Japan

Bucket brigade clearing rubble left by Great East Japan Earthquake

Globalize our framework for ensuring compliance with rigorous standards of corporate ethics
Medium-Term Management Plan

Phase III

Financial Targets for 2014
### Financial Targets for 2014 and Phase III

**¥ billion, percent**  
Exchange rate assumptions: US$1 = ¥75, 1 euro = ¥95

<table>
<thead>
<tr>
<th></th>
<th>Phase III total</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥1,800.0</td>
<td>¥630.0</td>
<td>¥595.0</td>
<td>¥575.0</td>
</tr>
<tr>
<td><strong>Year on year</strong></td>
<td></td>
<td>105.9%</td>
<td>103.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>¥150.0</td>
<td>¥60.0</td>
<td>¥50.0</td>
<td>¥40.0</td>
</tr>
<tr>
<td><strong>Percent of net sales</strong></td>
<td></td>
<td>8.3%</td>
<td>9.5%</td>
<td>8.4%</td>
</tr>
<tr>
<td><strong>Operating return on total assets</strong></td>
<td>More than 9.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest-bearing debt</strong></td>
<td>Less than ¥220.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asset turnover ratio (times)</strong></td>
<td>More than 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt/equity ratio (times)</strong></td>
<td>Less than 1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**December 31, 2014**

- Operating return on total assets: More than 9.0%
- Interest-bearing debt: Less than ¥220.0
- Asset turnover ratio (times): More than 1
- Debt/equity ratio (times): Less than 1
Nothing in this presentation constitutes a recommendation or invitation to sell or buy shares of The Yokohama Rubber Co., Ltd.

All plans, projections, and other content described in this presentation that are not historical results reflect judgments based on presently available information, and they are subject to known and unknown risks and to other unforeseeable events. The company’s actual performance could therefore differ significantly from management’s expectations.