

# NEWS RELEASE



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## **Yokohama Rubber Reports Gains in Sales and Earnings in Fiscal First Half**

Tokyo-The Yokohama Rubber Co., Ltd., announced today that its sales in the first half of the present fiscal year increased 17.9% over the same period of the previous fiscal year, to 238.3 billion yen.

Yokohama posted interim operating income of 8.3 billion yen and interim net income of 1.2 billion yen, compared with an operating deficit of 2.4 billion yen and a net deficit of 3.9 billion yen in the first half of the previous fiscal year. These figures are for the six months to September 30, 2010, the first half of the fiscal year to March 31, 2010.

Leading Yokohama's business upturn was strong sales growth in tires, in high-pressure hoses, and in sealants. That growth more than offset the adverse effect on earnings of rising prices for raw materials and the appreciation of the yen. Earnings further benefited from rises in capacity utilization rates and from Yokohama's progress in cost-cutting programs.

Sales in Yokohama's tire operations increased 18.5% over the first half of the previous fiscal year, to 184.9 billion yen, and interim operating income totaled 6.1 billion yen, compared with an operating deficit of 2.5 billion yen in the first half of the previous fiscal year. Business was especially robust in the United States and in China, notwithstanding the challenge posed by the strengthening yen. Yokohama also recorded sales growth in Japan, both in the original equipment market and in the replacement market.

In Yokohama's industrial products business, sales increased 24.2% over the first half of the previous fiscal year, to 41.4 billion yen, and interim operating income totaled 1.6 billion yen, compared with an operating deficit of 183 million yen in the first half of the previous fiscal year. That business centers on high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic rubber-and-steel fittings for protecting structures from earthquakes, marine hoses, and marine fenders. The sales and earnings gains in those operations in the fiscal first half reflected vigorous growth in high-pressure hoses for construction equipment and in automotive window sealants.

Sales in other products, including aircraft products and golf products, declined 5.2% from the first half of the previous fiscal year, to 12.0 billion yen, and operating income increased 74.0%, to 611 million yen. Business in aircraft products expanded, led by gains in replacement lavatory units and other products for commercial airliners. More than offsetting that expansion was a sales decline in golf products.

Yokohama projects that net sales will increase 11.5% in the fiscal year to March 31, 2011, to 520.0 billion yen; that operating income will increase 18.9%, to 25.5 billion yen; and that net income will increase 0.1%, to 11.5 billion yen. The projection for operating income is 41.7% higher and that for net income 43.8% higher than the projections released by Yokohama on May 12, 2010. Yokohama has retained the earlier projection for net sales, as the appreciation of the yen appears likely to offset unit sales growth. The heightened earnings expectations reflect progress in expanding sales volume and in trimming costs.

## Financial Highlights

Millions of yen

	<b>FY2011 1st half</b> April 1–Sept. 30, 2010	FY2010 1st half April 1–Sept. 30, 2009	FY2010 April 1, 2009–March 31, 2010
Net sales	<b>238,284</b>	202,065	466,358
Operating income	<b>8,273</b>	(2,354)	21,454
Income before income taxes and minority interests	<b>3,324</b>	(3,022)	18,969
Net income	<b>1,211</b>	(3,930)	11,486
Net assets	<b>158,517</b>	146,795	163,382
Total assets	<b>461,182</b>	462,950	466,973
Per share (yen):			
Net income: basic	<b>3.61</b>	(11.73)	34.27
	<b>FY2011 2nd quarter</b> July 1–Sept. 30, 2010	FY2010 2nd quarter July 1–Sept. 30, 2009	
Net sales	<b>120,860</b>	106,887	
Operating income	<b>2,365</b>	1,724	
Income before income taxes and minority interests	<b>222</b>	(1,274)	
Net income	<b>(408)</b>	(2,161)	

## Results by Business Segment and by Region

Millions of yen

	<b>FY2011 1st half</b> April 1–Sept. 30, 2010	FY2010 1st half April 1–Sept. 30, 2009
Sales to third parties		
Tires	<b>184,875</b>	156,053
Industrial products	<b>41,379</b>	33,319
Other	<b>12,029</b>	12,692
Operating income		
Tires	<b>6,098</b>	(2,532)
Industrial products	<b>1,572</b>	(183)
Other	<b>611</b>	351
Eliminations	<b>(9)</b>	10
Sales to third parties		
Japan	<b>157,321</b>	140,553
North America	<b>52,069</b>	40,499
Asia	<b>15,624</b>	9,642
Other regions	<b>13,268</b>	11,369
Operating income (loss)		
Japan	<b>2,822</b>	94
North America	<b>3,267</b>	(900)
Asia	<b>1,726</b>	476
Other regions	<b>56</b>	(55)
Eliminations	<b>400</b>	(1,969)
	<b>FY2011 2nd quarter</b> July 1–Sept. 30, 2010	FY2010 2nd quarter July 1–Sept. 30, 2009
Sales to third parties		
Tires	<b>92,256</b>	82,243
Industrial products	<b>22,457</b>	18,111
Other	<b>6,145</b>	6,533
Operating income		
Tires	<b>793</b>	1,156
Industrial products	<b>1,222</b>	167
Other	<b>360</b>	398
Eliminations	<b>(11)</b>	0
Sales to third parties		
Japan	<b>78,813</b>	74,597
North America	<b>28,197</b>	22,245
Asia	<b>8,108</b>	5,515
Other regions	<b>5,739</b>	4,529
Operating income (loss)		
Japan	<b>(772)</b>	1,895
North America	<b>1,791</b>	202
Asia	<b>382</b>	375
Other regions	<b>(93)</b>	(83)
Eliminations	<b>1,058</b>	(666)

*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.