

NEWS RELEASE



YOKOHAMA

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Earnings Rebound at Yokohama Rubber in First Nine Months of Fiscal Year

Net income surges despite weakening sales

Tokyo—The Yokohama Rubber Co., Ltd., announced today that it posted net income of 9.0 billion yen in the first three quarters of the present fiscal year, the nine months ended December 31, 2009. That compares with net income of just 222 million yen in the same period of the previous fiscal year. Underlying the rebound in net income was a 0.1% increase in operating income, to 17.3 billion yen. The improvement in profitability occurred despite a 16.2% decline in net sales, to 344.0 billion yen, and reflected a downward trend in raw material prices, reductions in selling and other expenses, and smaller losses on currency translation.

Sales declined 14.6% in Yokohama's Tire Group, to 272.8 billion yen, and 22.0% in the company's Multiple (diversified) Business Group, to 71.2 billion yen. The sales decline in the Tire Group reflected weak sales in Yokohama's largest markets, Japan and North America, and occurred despite sales gains in China and Russia. Weak demand undercut sales in the Multiple Business Group, especially in high-pressure hoses and in conveyor belts. Affecting sales adversely in both groups was the appreciation of the yen against the U.S. dollar and against the euro.

Operating income increased 18.0% in Yokohama's Tire Group, to 16.8 billion yen. That increase occurred as declining raw material prices and cost reductions more than offset the effect of lower sales. In the Multiple Business Group, operating income declined 86.3%, to 495 million yen. That decline reflected the appreciation of the yen, as well as the decrease in sales.

Management at Yokohama abides by the fiscal projections it released in October 2009 for the full fiscal year to March 31, 2010. Those projections call for net income to total 7.0 billion yen, compared with a net loss of 5.7 billion yen in the previous fiscal year; for operating income to increase 32.7%, to 17.0 billion yen; and for net sales to decline 10.1%, to 465.0 billion yen.

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Financial Highlights

Millions of yen

	Fiscal 2010 first three quarters April 1–December 31, 2009	Fiscal 2009 first three quarters April 1–December 31, 2008	Fiscal 2009 April 1, 2008– March 31, 2009
Net sales	344,020	410,622	517,262
Operating income	17,311	17,297	12,808
Income (loss) before income taxes and minority interests	15,037	7,910	(3,165)
Net income (loss)	9,044	222	(5,654)
Total net assets	156,819	157,715	144,159
Total assets	475,599	513,151	473,376
Per share (yen): Net income: basic	26.98	0.66	(16.87)
	Fiscal 2010 third quarter October 1– December 31, 2009	Fiscal 2009 third quarter October 1– December 31, 2008	
Net sales	141,954	153,979	
Operating income	19,666	11,683	
Income before income taxes and minority interests	18,060	5,216	
Net income (loss)	12,975	(331)	

Segment Information

Millions of yen

	Fiscal 2010 first three quarters April 1–December 31, 2009	Fiscal 2009 first three quarters April 1–December 31, 2008	Fiscal 2009 April 1, 2008– March 31, 2009
By business segment			
Sales to third parties			
Tires	272,832	319,378	399,728
Multiple Business	71,187	91,244	117,534
Operating income			
Tires	16,759	14,198	9,890
Multiple Business	495	3,606	3,418
Eliminations	56	(507)	(500)
By geographical segment			
Sales to third parties			
Japan	240,374	286,128	359,318
North America	65,951	79,519	101,789
Asia	16,029	19,567	23,639
Other Regions	21,664	25,406	32,514
Operating income			
Japan	16,158	10,377	4,441
North America	535	3,817	4,036
Asia	1,985	985	1,994
Other Regions	355	1,230	1,542
Eliminations	(1,723)	886	792
	Fiscal 2010 third quarter October 1– December 31, 2009	Fiscal 2009 third quarter October 1– December 31, 2008	
By business segment			
Sales to third parties			
Tires	116,806	125,552	
Multiple Business	25,148	28,426	
Operating income			
Tires	19,306	10,997	
Multiple Business	320	863	
Eliminations	38	(177)	
By geographical segment			
Sales to third parties			
Japan	99,821	106,544	
North America	25,451	29,185	
Asia	6,386	7,363	
Other Regions	10,295	10,885	
Operating income (loss)			
Japan	16,064	8,804	
North America	1,436	1,849	
Asia	1,508	(558)	
Other Regions	410	678	
Eliminations	246	909	

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.