

## Profile

The Yokohama Rubber Co., Ltd., established in 1917, is a leading tire manufacturer. It has also deployed its polymer expertise in several lines of diversified business, including high-pressure hoses, sealants and adhesives, other industrial products, aircraft fixtures and components, and golf equipment. Yokohama is laying a foundation for sustainable growth in tires and in diversified products in Japan and overseas by developing high-functionality products and by expanding its production capacity.

## Basic Philosophy

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.

## Management Policies

Take on the challenge of new technologies to produce new value.  
Develop proprietary business fields to expand the scope of business.  
Create a workplace that values, improves and energizes people.  
Deal fairly with society and value harmony with the environment.

## Action Guidelines

Develop ourselves so that we may give our personal best.  
Trust, challenge and improve one another.  
Nurture a welcoming, open spirit.

## Corporate Slogan

Excellence by nature

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## Forward-Looking Statements

*This annual report contains forward-looking estimates and forecasts based on management's plans, which are subject to unforeseeable risks and uncertainties. The Company's business results could differ significantly from those estimates and forecasts.*

## To Our Stakeholders

We posted record sales and earnings in fiscal 2012 (January 1 to December 31), with net sales of ¥559.7 billion, operating income of ¥49.7 billion, and net income of ¥32.6 billion. Note that 2012 was our first 12-month fiscal period since we shifted to calendar-year accounting in 2011, from April-to-March accounting, and that year-on-year comparisons are therefore unavailable.

Our performance in 2012 reflected strong growth in sales to automakers in Japan in our Tire Group and sales gains in automotive hoses and marine hoses in our Multiple Business (diversified products) Group. Also bolstering our fiscal performance were our success in securing market acceptance for price increases in Japan and overseas

markets and our progress in trimming costs. Shareholders will receive annual dividends of ¥20 per share, a ¥13 increase over the previous fiscal period.

We have been tackling our Grand Design 100 medium-term management plan since April 2006. That plan provides for achieving annual net sales of ¥1.0 trillion and annual operating income of ¥100.0 billion by 2017, our corporate centennial year. It comprises four phases of three years each, and 2012 was the first year of Phase III.

Our theme for Phase III is "Robust and Responsive Growth." We are aiming for aggregate net sales of ¥1.8 trillion and aggregate operating income of ¥150.0 billion in the three years to 2014, which would produce aggregate operating return on sales of 8.3%. Expanding our tire production capacity greatly is a prerequisite for achieving those goals. We have therefore earmarked ¥140.0 billion for investment in expanding production capacity in our tire operations during the three years of Phase III.

Economic recovery appears to be gaining traction in the United States and Japan, and the principal economies of Southeast Asia display renewed vigor. Our fiscal projections for 2013 call for another year of record sales and earnings, with net sales up 12.6%, to ¥630.0 billion; operating income up 18.7%, to ¥59.0 billion; and net income up 10.4%, to ¥36.0 billion. We plan to accompany that performance with a ¥2 increase in the annual dividend, to ¥22. In that and other ways, we will continue striving to fulfill your highest expectations of our company.

March 2013



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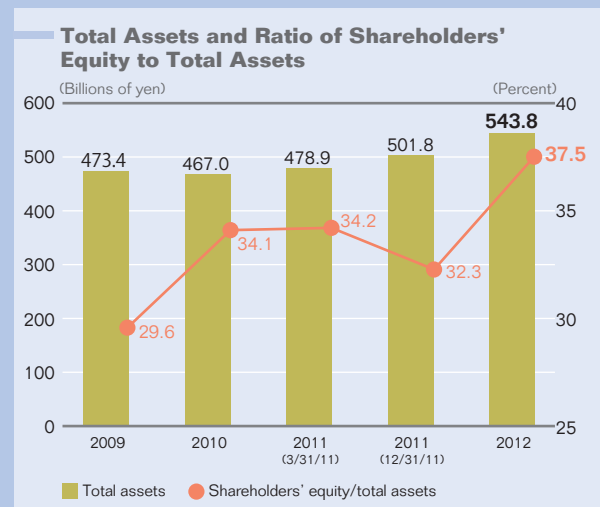
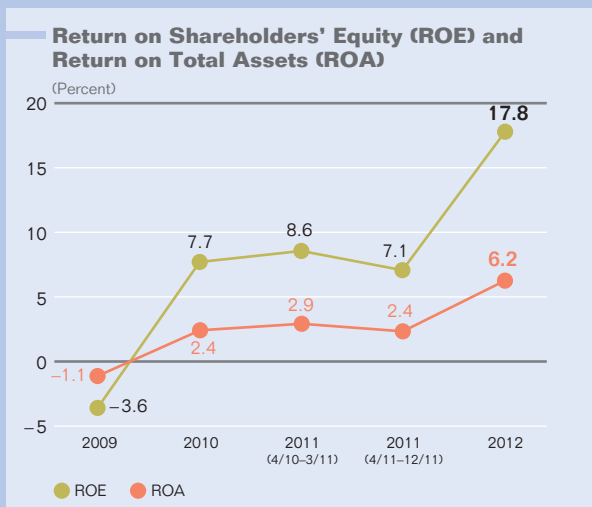
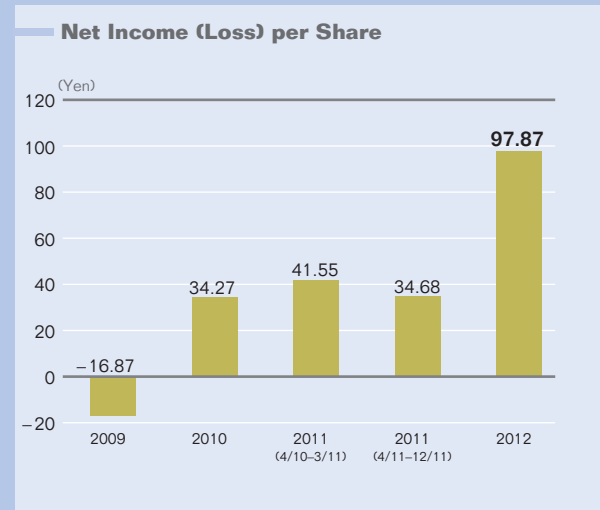
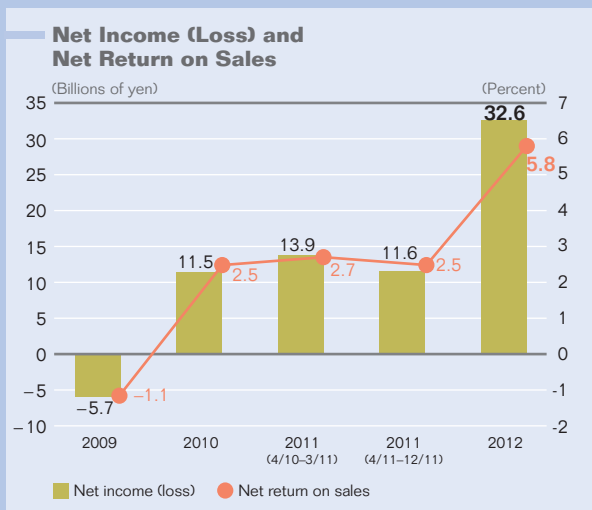
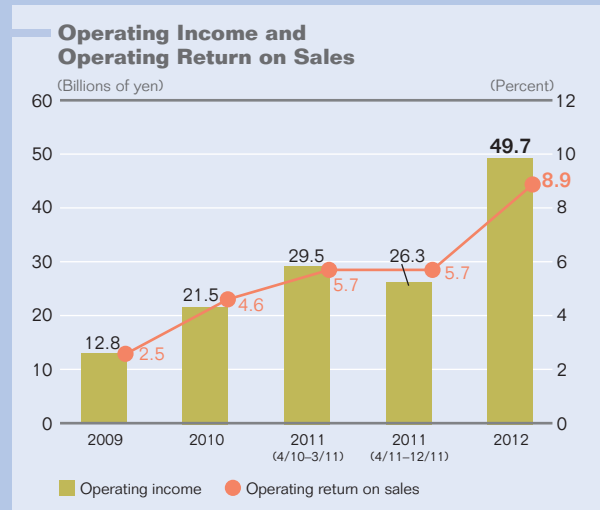
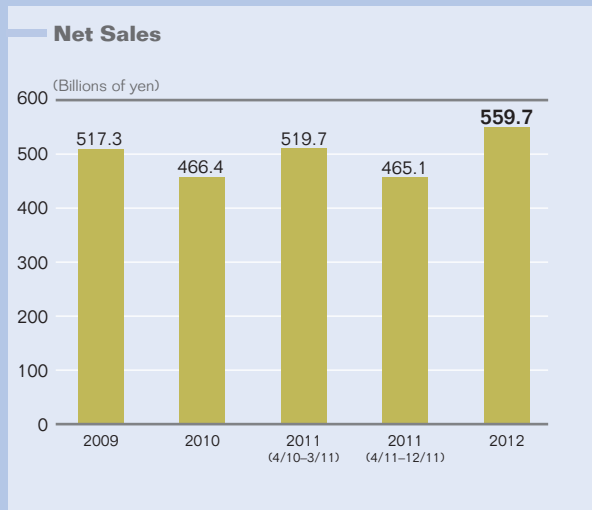
Tadanobu Nagumo (left)  
Chairman and CEO and Representative Director

A handwritten signature in dark ink, appearing to read 'H. Noji'.

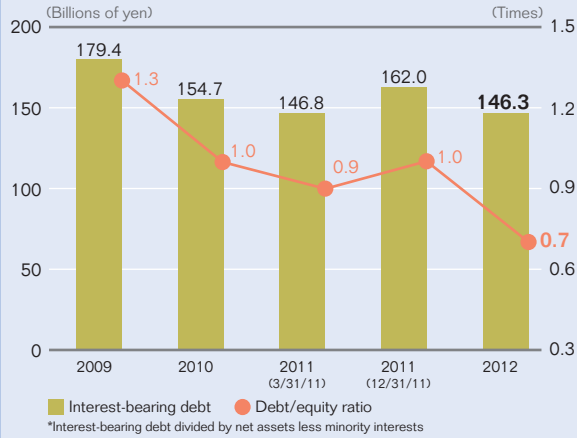
Hikomitsu Noji  
President and Representative Director

# Financial Highlights

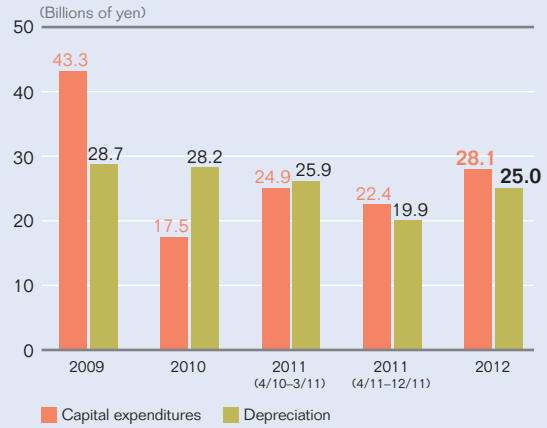
For the year ended December 31, 2012, the nine months ended December 31, 2011, and the years ended March 31, 2011, 2010, and 2009. Yokohama shifted in 2011 to calendar-year fiscal accounting, from April-to-March fiscal accounting. That resulted in a one-time-only nine-month fiscal period ended December 31, 2011.



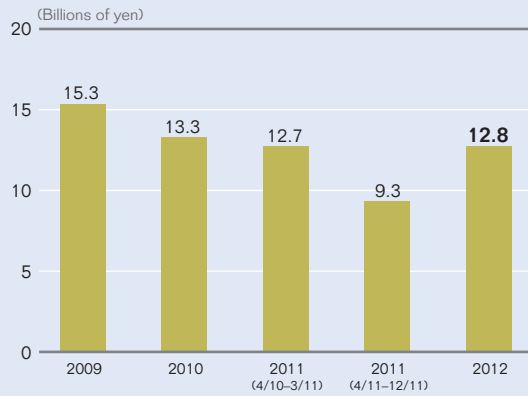
### Interest-Bearing Debt and Debt/Equity Ratio\*



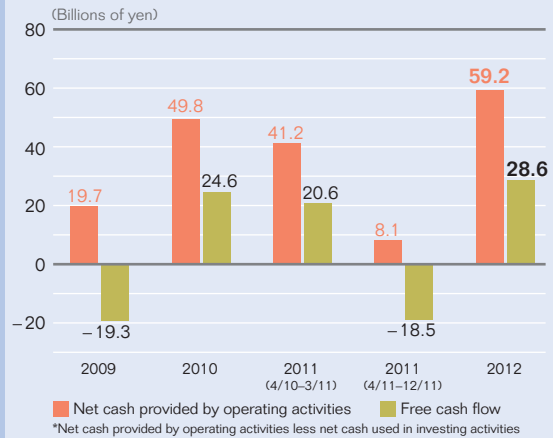
### Capital Expenditures and Depreciation



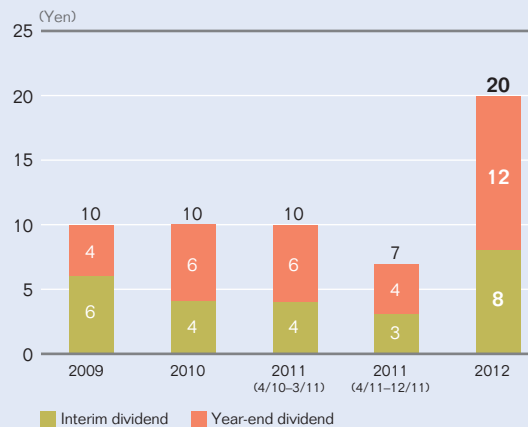
### R&D Expenditures



### Net Cash Provided by Operating Activities and Free Cash Flow\*



### Cash Dividends per Share



### Employees

