

TIRES

SEALANTS & ADHESIVES

AIRCRAFT COMPONENT
TECHNOLOGY

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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On the cover

Yokohama showcases original advanced technologies in the AERO-Y EV concept vehicle; for example, fin tires for reducing aerodynamic drag, weight-reducing and high-strength body design technology born of the Company's R&D in aircraft components, and sealants and adhesives that accommodate composite materials.

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 highs for net sales, operating income, and net income in 2013. Net income increased 7.3% over the previous year, to ¥35.0 billion, on a 14.0% increase in operating income, to ¥56.6 billion, and a 7.5% increase in net sales, to ¥601.6 billion. That performance occasioned a ¥2 increase in our annual dividend, to ¥22.

Characterizing the economic environment were generally favorable trends. Economic recovery got under way in the United States. In Japan, the Abe government's proactive economic policies stimulated growth, corporations reported an improving business outlook overall, and consumer spending turned upward. Business conditions in the tire sector improved as the yen weakened and as raw material prices declined.

Driving our robust sales and earnings performance were a recovery in tire business overseas, led by gains in North America and China, and strong sales in the Japanese market for replacement tires. Also contributing to the sales and earnings gains were

strong sales in industrial products, led by automotive hoses, marine hoses and pneumatic marine fenders, and conveyor belts. In addition, earnings benefited from a decline in raw material costs and from the weakening of the yen against the US dollar.

Two thousand fourteen is the third year in Phase III of our Grand Design 100 medium-term management plan. We launched Grand Design 100 in 2006 with an eye to increasing our annual net sales to ¥1 trillion and our annual operating income to ¥100 billion by 2017, our corporate centennial.

Grand Design 100 comprises four three-year segments, each focused on a strategic theme. Our theme for Phase III is Robust and Responsive Growth, and our three-year quantitative targets center on achieving cumulative operating income of ¥150 billion on cumulative net sales of ¥1.8 trillion. More than two years into Phase III, we are on track to exceed our three-year targets for sales and earnings.

Our projections for 2014 call for net income to rise 7.1%, to ¥37.5 billion, on an 11.2% increase in operating income, to ¥63.0 billion, and a 7.5% increase in net sales, to ¥647.0 billion. Underlying those projections are our expectations of continuing recovery in North American and Chinese demand and of continuing positive results in Japan from the government's economic policies. We plan to maintain the annual dividend at ¥22—an interim dividend of ¥10 and a year-end dividend of ¥12.

We at Yokohama are committed to achieving sustainable growth as a global organization. And we are undertaking a diversity of programs and measures for attaining that goal in accordance with our Grand Design 100 medium-term management plan. We invite your careful attention to our progress.

May 2014



Tadanobu Nagumo (left)
Chairman and CEO and Representative Director

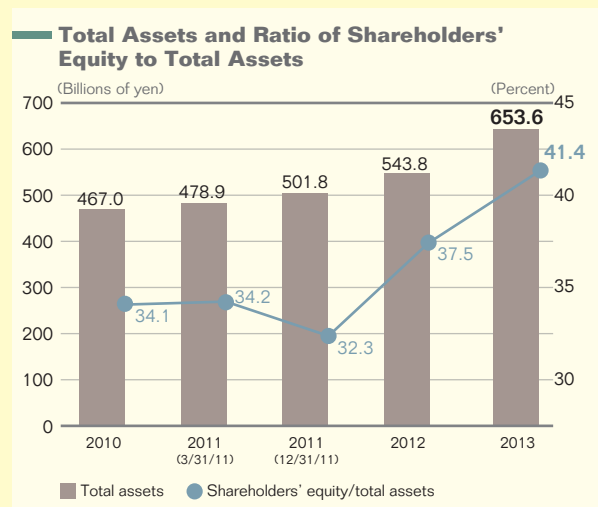
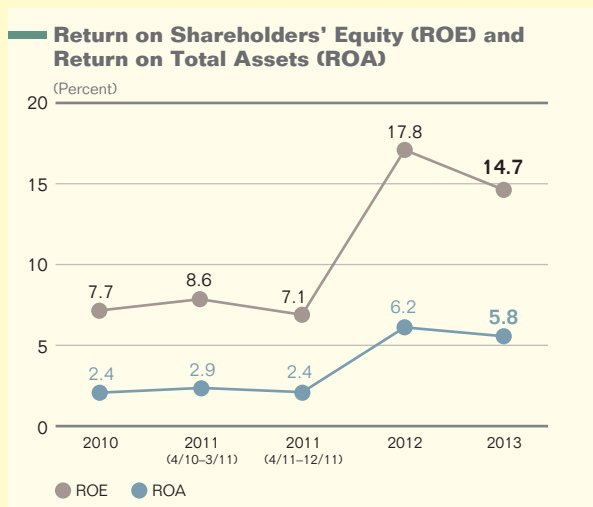
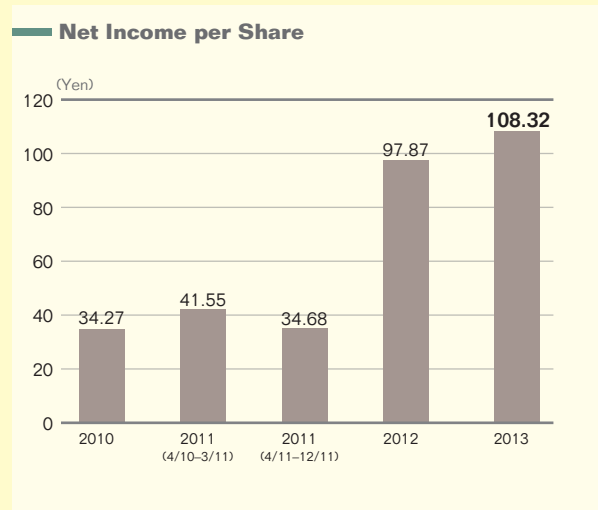
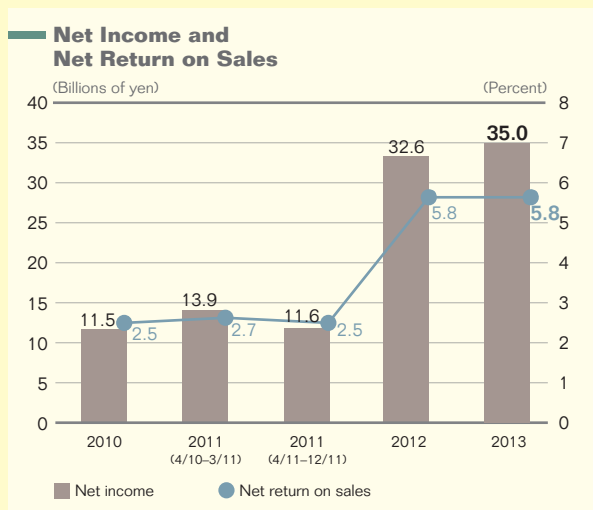
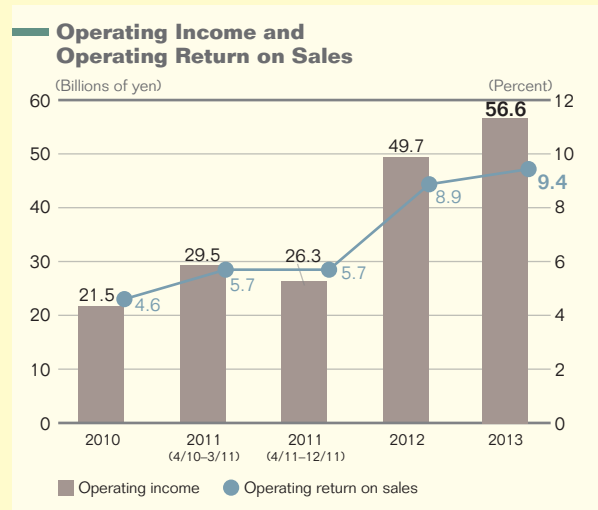
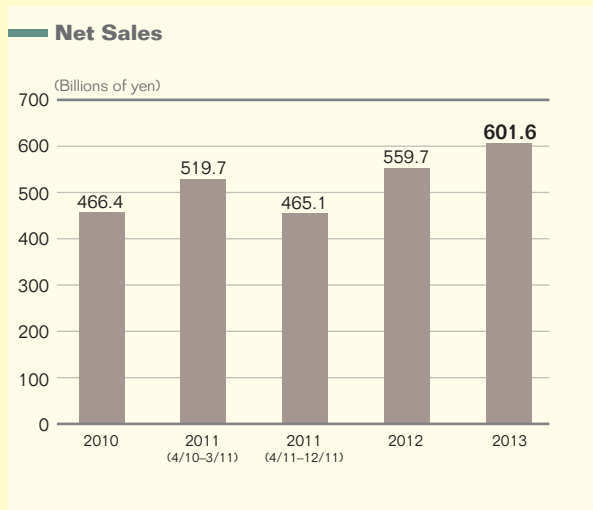


Hikomitsu Noji
President and Representative Director

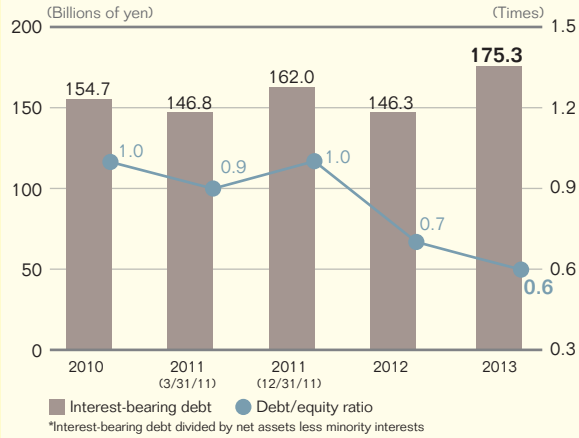


FINANCIAL HIGHLIGHTS

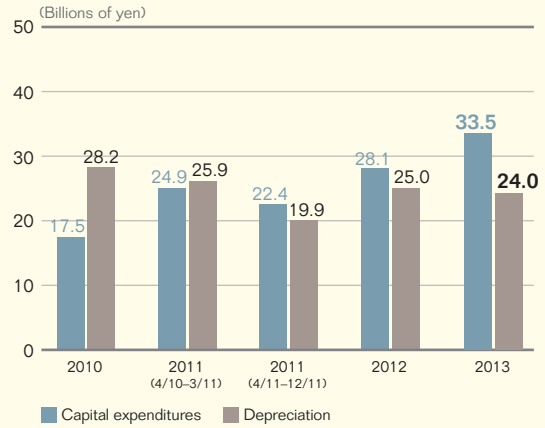
For the years ended December 31, 2013 and 2012, the nine months ended December 31, 2011, and the years ended March 31, 2011 and 2010. Yokohama shifted in 2011 to calendar-year fiscal accounting, from April-to-March fiscal accounting. That resulted in a one-time-only nine-month fiscal period ended December 31, 2011.



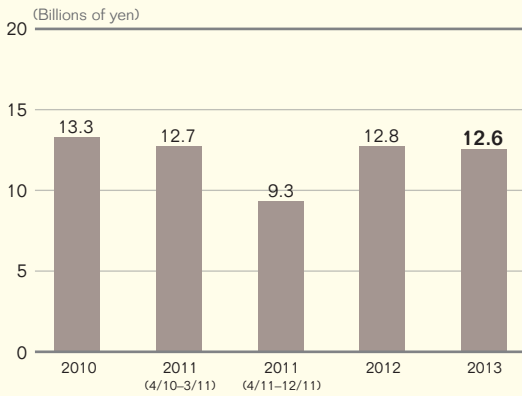
Interest-Bearing Debt and Debt/Equity Ratio*



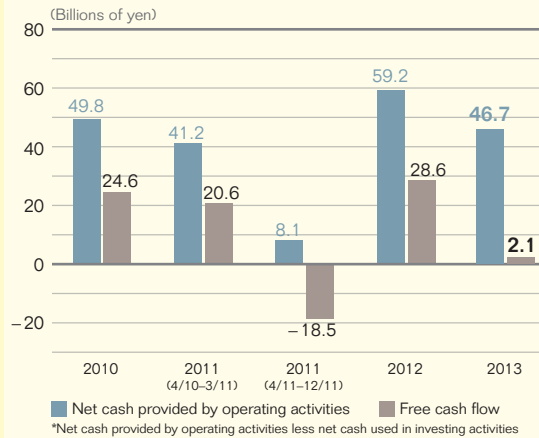
Capital Expenditures and Depreciation



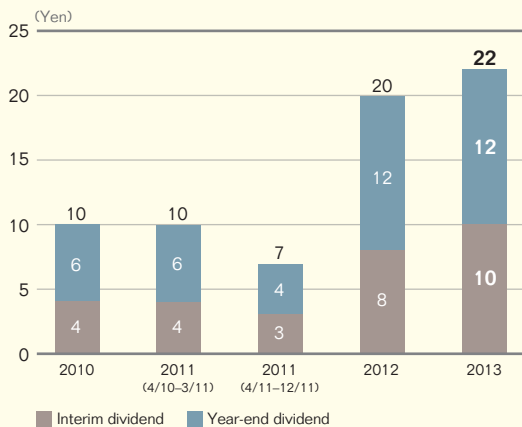
R&D Expenditures



Net Cash Provided by Operating Activities and Free Cash Flow*



Cash Dividends per Share



Employees

