

All for Growth

Focusing Our Energy on Growth



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

Contents

- | | |
|--|---|
| 1. To Our Stakeholders | 24. Corporate Governance |
| 2. Financial Highlights | 26. Global Network |
| 4. A Word from the President | 28. Principal Operations in Japan |
| 8. Grand Design 100: Phase IV | 29. Directors, Corporate Auditors, and Corporate Officers |
| 12. Yokohama at a Glance | 31. Financial Section |
| 13. Business Results and Trends | 66. Investor Information |
| 13. • Tire Group | 67. Stock Information |
| 15. • Multiple Business Group | |
| 18. Corporate Philosophy and
Corporate Social Responsibility | |
| 20. Special Feature: Hands-On Participation in Fostering
Community Vitality | |

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 a third consecutive year of record highs for net sales, operating income, and net income in 2014. Net income increased 15.7% over the previous year, to ¥40.5 billion, on a 4.3% increase in operating income, to ¥59.1 billion, and a 3.9% increase in net sales, to ¥625.2 billion. We shared our strong earnings with Yokohama stockholders with a ¥4 increase in our annual dividend, to ¥26.

Our fiscal performance in 2014 benefited from modest economic recovery in Japan, where the employment picture and corporate earnings improved. We also benefited from continuing progress toward economic recovery in Europe and from solid consumer spending in the United States. Those positive trends more than offset slowing economic growth in China and in several emerging economies.

Japan's tire industry benefited in 2014 from the weakening of the yen and from a downward trend in raw material prices. We contended, however, with escalating price competition worldwide.

At Yokohama, we are working to fulfill the goals of our medium-term management plan, Grand Design 100, which we adopted in 2006. Grand Design 100 comprises four three-year phases, and we have just entered the culminating Phase IV. Our original targets as established in 2006 were to achieve annual net sales of ¥1 trillion and operating income of ¥100 billion by 2017 and thus achieve an operating profit margin of 10% by that year.

In Phase IV, we will work in the spirit of All for Growth—Focusing Our Energy on Growth to consolidate our momentum and our potential. That will include working to resolve issues that arose during the first three phases, to culminate Grand Design 100 on a positive note, and to set the stage for progress in our company's second century. Our chief financial targets in Phase IV are to achieve annual net sales of ¥770.0 billion and annual operating income of ¥80.0 billion by 2017 and to thereby attain an operating profit margin of at least 10.4%.

Our fiscal projections for 2015 call for a 7.6% increase in net sales, to ¥673.0 billion; an 8.4% increase in operating income, to ¥64.0 billion; and an 11.1% decline in net income, to ¥36.0 billion. Those projections reflect our expectation that economic recovery will gain momentum in Japan and our realization that any of several possible events could affect the business environment greatly; for example, sudden shifts in currency exchange rates or in crude oil prices, worsening strife in Ukraine, a recurrence of the debt crisis in Europe, and a rise in US interest rates.

We at Yokohama are committed to achieving the targets of Grand Design 100, and we are tackling a comprehensive range of operational strategies and related measures for that purpose. Our progress in fulfilling Grand Design 100 will ensure that Yokohama continues to grow and develop as a global corporation. And we thank you, our stakeholders, for your attention to our efforts and for your continuing goodwill.

May 2015



Tadanobu Nagumo (*right*)
Chairman and CEO and Representative Director



Hikomitsu Noji
President and Representative Director



FINANCIAL HIGHLIGHTS

For the years ended December 31, 2014, 2013 and 2012, the nine months ended December 31, 2011, and the years ended March 31, 2011. 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.



