

NEWS RELEASE



YOKOHAMA

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For immediate release

Contact:
Corporate Communications Dept.
The Yokohama Rubber Co., Ltd.
36-11, Shimbashi 5-chome
Minato-ku, Tokyo 105-8685
Phone: 81-3-5400-4531
Fax: 81-3-3432-8430

Operating Income Rises 4.7% in Latest Fiscal Year at Yokohama Rubber on Record Sales

Company also posts highest-ever net income

Tokyo—The Yokohama Rubber Co., Ltd., announced today that it posted a 4.7% increase in operating income, to 21.9 billion yen, in the fiscal year ended March 31, 2006. Net sales increased 7.7%, to 451.9 billion yen, their highest level ever. Operating profitability benefited from growth in unit sales of tires, progress in reducing costs, price increases, and the weakening of the yen relative to the dollar. Net income climbed 89.4%, to 21.4 billion yen, also a highest-ever figure. The increase in net income included a 4.3 billion yen extraordinary gain in connection with changes in the parent company's pension plan. It also included a tax benefit in connection with an earlier write-down of equity in a U.S. subsidiary. Management has proposed a year-end dividend of 6 yen. Together with the interim dividend of 4 yen, that would raise the annual dividend 2 yen, to 10 yen.

By business segment, operating income declined 0.4% in Yokohama's Tire Group, to 18.1 billion yen, despite a 9.1% increase in sales, to 335.7 billion yen, and increased 41.9% in the Multiple Business Group (diversified products), to 3.9 billion yen, on a 3.8% increase in sales, to 116.1 billion yen. Yokohama's tires sales increased in Japan, led by strong growth in snow tires in an especially snowy winter. They increased overseas, too, led by growth in North America. The decline in operating income in the tire segment reflected higher raw material costs. In diversified products, the sales growth occurred as gains in high-pressure hoses, sealants, and aerospace products more than offset a decline in golf products. Yokohama succeeded in improving the structure of earnings notably in aerospace products and in industrial products.

Management projects that operating income in the year to March 31, 2007, will decline 4.3%, to 21 billion yen, on an increase of 7.3% in net sales, to 485 billion yen. High and rising raw material costs are the reason for the projected decline in operating profitability. Yokohama's projections call for net income to decline 51.0%, to 10.5 billion yen.

横浜ゴム株式会社 広報部 広報・IRグループ
〒105-8685 東京都港区新橋5丁目36番11号 TEL:(03) 5400-4531 FAX:(03) 3432-8430

THE YOKOHAMA RUBBER CO., LTD. CORPORATE COMMUNICATIONS DEPT.
36-11, Shimbashi 5-chome, Minato-ku, Tokyo 105-8685, Japan Telephone: 81-3-5400-4531 Facsimile: 81-3-3432-8430

Financial Highlights

Millions of yen

Years ended March 31,	2006	2005	2004
Net sales	451,911	419,789	401,718
Operating income	21,947	20,955	21,073
Ordinary income	19,015	17,114	17,258
Income before Income Taxes	22,673	16,337	16,931
Net income	21,447	11,322	10,331
Depreciation and amortization	20,491	19,616	19,199
Additions to property, plant and equipment	29,067	27,533	23,735
Shareholders' equity	170,675	136,312	127,832
Total assets	502,014	432,717	429,350
Interest-bearing debt	163,021	151,757	159,700
Net cash provided by operating activities	31,860	33,609	25,892
Net cash used in investing activities	(29,184)	(24,237)	(21,234)
Net cash used in financing activities	(3,113)	(12,007)	(4,749)
Cash and cash equivalents at end of period	14,289	13,836	16,473
Per share (yen):			
Net income: basic	62.65	32.95	29.95
Dividends	10.00	8.00	8.00

Results by Business Segment and by Region

Millions of yen

Years ended March 31,	2006	2005	2004
Sales to third parties			
Tires	335,734	307,860	288,629
Multiple Business	116,177	111,928	113,089
Operating income			
Tires	18,109	18,177	15,280
Multiple Business	3,941	2,777	5,759
Eliminations	(102)	0	33
Sales to third parties			
Japan	348,666	329,282	319,152
North America	82,186	72,085	67,078
Other Regions	21,059	18,421	15,488
Operating income			
Japan	19,622	17,336	18,966
North America	2,561	2,105	1,132
Other Regions	241	1,079	799
Eliminations	(478)	434	175

Notes:

1. Yokohama Rubber 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, and Other Regions refers to Oceania, Europe, and Asia.