

NEWS RELEASE



YOKOHAMA

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Yokohama Posts 3.7-Fold Increase in Interim Operating Income *Strong earnings prompt increase in dividend*

Tokyo—The Yokohama Rubber Co., Ltd., announced today a 3.7-fold increase in interim operating income over the same period of the previous year. That result is for the six months ended September 30, 2007, the first half of the company's present fiscal year. Profitability surged as strong sales growth in markets outside Japan more than offset the continuing upward trend in raw material costs and an increase in logistics expenses. Also contributing to the surge in profitability were price increases for Yokohama's tire and diversified products and the weakening of the yen.

Interim operating income at Yokohama totaled 12.1 billion yen, and interim net income rose 3.9-fold over the same period of the previous year, to 13.0 billion yen. Net income benefited from a tax benefit realized in connection with improved profitability in Yokohama's North American tire operations, as well as from the upturn in operating profitability. Yokohama's interim net sales increased 13.9%, to 253.3 billion yen.

Driving the growth in profitability was a robust fiscal performance by Yokohama's Tire Group. Interim operating income in the Tire Group increased 8-fold, to 9.0 billion yen, reflecting a 16.2% increase in sales, to 188.7 billion yen, and improved profitability at Yokohama's subsidiaries in the United States and in Asian nations besides Japan. The sales growth occurred despite a small decline in sales of replacement tires in Japan and consisted mainly of gains in markets outside Japan.

Interim operating income in Yokohama's Multiple Business Group increased 19.3%, to 3.0 billion yen, on a 7.7% increase in sales, to 64.6 billion yen. Leading the sales growth were gains in conveyor belts and marine fenders, largely in connection with resource-development projects.

For the full year, Yokohama retains the projections it announced on August 9. It projects full-year increases of 39.3% in net income, to 22.8 billion yen; 51.9% in operating income, to 32.0 billion yen; and 8.6% in net sales, to 540.0 billion yen.

Yokohama's strong first-half profitability has prompted the company to raise its interim dividend 1 yen, to 6 yen. Management plans to maintain the year-end dividend at 7 yen. The annual dividend would thus rise 1 yen over the previous year, to 13 yen.

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Financial Highlights

Millions of yen

	Fiscal 2008 first half	Fiscal 2007 first half	Fiscal 2007
	April 1–Sept. 30, 2007	April 1–Sept. 30, 2006	April 1, 2006– March 31, 2007
Net sales	253,327	222,440	497,396
Operating income	12,117	3,304	21,069
Income before income taxes and minority interests	10,648	6,949	26,038
Net income	13,026	3,361	16,363
Total net assets	196,302	170,476	186,528
Total assets	545,251	505,691	536,322
Interest-bearing debt	176,224	168,467	167,473
Net cash provided by operating activities	13,894	8,507	36,738
Net cash used in investing activities	(15,956)	(14,109)	(35,122)
Net cash used in financing activities	2,738	3,706	(1,007)
Cash and cash equivalents at end of period	16,300	11,961	14,812
Per share (yen):			
Net income: basic	38.85	10.02	48.79

Results by Business Segment and by Region

Millions of yen

	Fiscal 2008 first half	Fiscal 2007 first half	Fiscal 2007
	April 1–Sept. 30, 2007	April 1–Sept. 30, 2006	April 1, 2006– March 31, 2007
Sales to third parties			
Tires	188,747	162,458	372,708
Multiple Business	64,579	59,981	124,687
Operating income			
Tires	9,044	1,126	14,670
Multiple Business	2,989	2,505	6,797
Eliminations	83	(327)	(397)
Sales to third parties			
Japan	176,167	163,721	369,740
North America	53,689	46,138	98,136
Asia	10,743	-	13,897
Other Regions	12,726	12,580	15,621
Operating income			
Japan	7,911	1,489	17,469
North America	3,672	1,836	3,804
Asia	1,096	-	122
Other Regions	432	59	393
Eliminations	(995)	(81)	(721)

Notes:

1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. Under Results by Region for the six months ended September 30, 2006, and for the 12 months ended on March 31, 2007, North America refers to the United States and Canada; Asia to the Philippines, Thailand, China, and Taiwan; and Other Regions to Oceania and Europe. For the six months ended September 30, 2006, Other Regions includes the Philippines, Thailand, China, and Taiwan, as well as Oceania and Europe.