

NEWS RELEASE



YOKOHAMA

May 12, 2008
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: 81-3-5400-4570

Yokohama Rubber Posts 57% Increase in Operating Income in Latest Fiscal Year

Sales up solidly in tires and in diversified products

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its operating income increased 57.2%, to 33.1 billion yen, in the fiscal year ended March 31, 2008. Underlying that increase was a 10.9% increase in net sales, to 551.4 billion yen. Yokohama posted sales gains in its Tire Group and in its Multiple Business (diversified products) Group.

Leading the sales growth were robust gains in tire markets outside Japan. The double-digit sales growth more than offset the still-rising prices for raw materials and the upward trend in logistics costs. Operating profitability also benefited from the weakening of the yen during the fiscal year.

Yokohama's net income increased 28.7%, to 21.1 billion yen. That increase occurred despite translation losses on foreign currency-denominated receivables, which resulted from the fiscal year-end appreciation of the yen, and valuation losses on investment securities. It reflected the rise in operating profitability and tax benefits associated with improved profitability in Yokohama's North American operations.

Management at Yokohama has proposed a fiscal year-end dividend of 7 yen. Together with the interim dividend of 6 yen, that would raise the annual dividend 1 yen, to 13 yen.

Operating income climbed 77.6% in Yokohama's Tire Group, to 26.0 billion yen, on sales growth of 12.6%, to 419.8 billion yen. Progress in expanding production capacity at Yokohama's tire plants in Asia supported the company's strong unit sales growth in markets outside Japan. Also contributing to the increased operating income in the Tire Group was improved profitability at subsidiaries in the United States and in Asian nations besides Japan.

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

In Yokohama's Multiple Business Group, operating income rose 3.6%, to 7.0 billion yen, on a 5.5% increase in sales, to 131.6 billion yen. Leading the sales growth were gains in high-pressure hoses for construction and mining equipment, in conveyor belts, and in marine fenders. Those gains occurred largely in connection with resource-development projects.

Management at Yokohama expects the worsening business environment to affect profitability adversely in the fiscal year to March 31, 2009. Prices for raw materials appear likely to continue rising, and the recent appreciation of the yen will also diminish earnings. The company's projections call for net income to decline 38.3%, to ¥13.0 billion, on a 21.5% decline in operating income, to 26.0 billion yen, and a 2.5% increase in net sales, to 565.0 billion yen.

Financial Highlights

Millions of yen

Years ended March 31,	2008	2007	2006
Net sales	¥551,431	¥497,396	¥451,911
Operating income	33,118	21,069	21,947
Income before Income Taxes	20,478	26,038	22,673
Net income	21,060	16,363	21,447
Depreciation and amortization	27,238	22,165	20,491
Additions to property, plant and equipment	27,292	40,638	29,067
Total assets	526,191	536,322	502,014
Total net assets	181,538	186,528	174,609
Interest-bearing debt	165,614	167,473	163,021
Net cash provided by operating activities	41,648	36,738	31,860
Net cash used in investing activities	(33,734)	(35,122)	(29,184)
Net cash used in financing activities	(4,008)	(1,007)	(3,113)
Cash and cash equivalents at end of period	19,530	14,812	14,289
Per share (yen):			
Net income: basic	62.81	48.79	62.75
Dividends	13.00	12.00	10.00

Results by Business Segment and by Region

Millions of yen

Years ended March 31,	2008	2007	2006
Sales to third parties			
Tires	¥419,834	¥372,708	¥335,734
Multiple Business	131,596	124,687	116,177
Operating income			
Tires	26,049	14,670	18,109
Multiple Business	7,044	6,797	3,941
Eliminations	24	(397)	(102)
Sales to third parties			
Japan	¥387,217	¥369,740	¥348,666
North America	111,995	98,136	82,186
Asia	22,992	13,897	8,807
Other Regions	29,226	15,621	12,252
Operating income			
Japan	22,900	17,469	19,622
North America	6,713	3,804	2,561
Asia	2,793	122	(134)
Other Regions	1,047	393	375
Eliminations	(335)	(721)	(478)

Notes:

1. Yokohama 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; Asia to the Philippines, Thailand, China, and Taiwan; and Other Regions to Oceania and Europe.