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For immediate release

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First-Quarter Sales Edge Up at Yokohama Rubber
Revenues increase 1.3%, but continuing increases in raw material costs depress operating income 3.3%

The Yokohama Rubber Co., Ltd., posted a 1.3% increase in net sales, to 123.1 billion yen, in the three months ended June 30—the first quarter of fiscal 2009, April 1, 2008, to March 31, 2009. That increase is over the first quarter of the previous year, and it occurred as continuing expansion in Yokohama's Tire Group more than offset a sales decline in the Multiple (diversified) Business Group. Leading the business expansion in tires were sales gains in the original equipment market in Japan and increased sales in the replacement market in emerging economies and natural resource-exporting nations, including Russia and Latin American and Middle Eastern nations. The sales decline in the Multiple Business Group occurred despite growth in high-pressure hoses for off-the-road equipment, in conveyor belts, and in marine fenders. It resulted from a business reverse in aircraft products, which reflected a weakening of government demand.

Operating income declined 3.3%, to 4.1 billion yen, as the continuing rise in raw material costs and in logistics expenses more than offset the increase in net sales. Net income declined 7.2%, to 2.9 billion yen. Yokohama's adoption of a new accounting standard resulted in a loss on inventory valuations. Partially offsetting the downturn in profitability was an increase in nonoperating income. That increase consisted mainly of a translation gain on foreign-currency receivables, which resulted from the weakening of the yen during the quarter.

By business segment, sales increased 2.5% over the same period of the previous year in Yokohama's Tire Group, to 93.0 billion yen, and operating income increased 5.6%, to 3.2 billion yen. Improved profitability at Yokohama's production subsidiaries in Thailand, the Philippines, and China supplemented the earnings contribution of overall sales growth. In the Multiple Business Group, sales declined 2.4%, to 30.2 billion yen, and operating income declined 12.1%, to 1.0 billion yen. The Multiple Business Group has a high degree of exposure to the dollar, and the weakening of the dollar against the yen, compared with the same period of the previous year, affected profitability adversely. Also weighing on profitability was the continuing rise in raw material costs.

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Management abides by the full-year fiscal projections that Yokohama announced in May. The yen has weakened further against the dollar and the euro than management had anticipated, and that has ameliorated the adverse earnings impact of the continuing rise in raw materials costs. As announced earlier, management projects that net sales will increase 2.5%, to 565.0 billion in the fiscal year to March 31, 2009; that operating income will decline 21.5%, to 26.0 billion; and that net income will decline 38.3%, to 13.0 billion yen.

Financial Highlights

Millions of yen

| | Three months ended June 30, 2008 | Three months ended June 30, 2007 | Fiscal 2008 |
|--|-------------------------------------|-------------------------------------|----------------------------------|
| | April 1–June 30, 2008 | April 1–June 30, 2007 | April 1, 2007– March 31, 2008 |
| Net sales | ¥123,147 | ¥121,602 | ¥551,431 |
| Operating income | 4,118 | 4,259 | 33,118 |
| Income before income taxes and minority interests | 5,738 | 5,921 | 20,478 |
| Net income | 2,909 | 3,137 | 21,060 |
| Total net assets | 178,075 | 191,075 | 181,538 |
| Total assets | 518,459 | 542,296 | 526,191 |
| Per share (yen): | | | |
| Net income: basic | 8.68 | 9.36 | 62.81 |

Results by Business Segment and by Region

Millions of yen

| | Three months ended June 30, 2008 | Three months ended June 30, 2007 | Fiscal 2008 |
|-------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| | April 1–June 30, 2008 | April 1–June 30, 2007 | April 1, 2007– March 31, 2008 |
| Sales to third parties | | | |
| Tires | ¥92,951 | ¥90,676 | ¥419,834 |
| Multiple Business | 30,196 | 30,926 | 131,596 |
| Operating income | | | |
| Tires | 3,242 | 3,069 | 26,049 |
| Multiple Business | 1,008 | 1,146 | 7,044 |
| Eliminations | (133) | 43 | 24 |
| Sales to third parties | | | |
| Japan | 86,146 | 88,122 | 387,217 |
| North America | 23,121 | 24,217 | 111,995 |
| Asia | 5,609 | 4,814 | 22,992 |
| Other Regions | 8,270 | 4,447 | 29,226 |
| Operating income | | | |
| Japan | 1,789 | 4,369 | 22,900 |
| North America | 1,335 | 188 | 6,713 |
| Asia | 1,022 | 619 | 2,793 |
| Other Regions | 373 | 53 | 1,047 |
| Eliminations | (402) | (971) | (335) |

Notes:

- Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
- 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.