

NEWS RELEASE



YOKOHAMA

August 9, 2007
For immediate release

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Yokohama Rubber's Fiscal 2008 First-Quarter Earnings More than Double on 14% Increase in Net Sales

*Company raises projections for interim and
full-year sales and earnings*

The Yokohama Rubber Co., Ltd., posted a 150.2% increase in net income, to 3.1 billion yen, in the three months ended June 30—the first quarter of the present fiscal year. That increase is over the same period of the previous year, and it reflects increases of 130.6% in operating income, to 4.3 billion yen, and 13.8% in net sales, to 121.6 billion yen. Sales expanded solidly in Yokohama's Tire Group, led by growth in markets outside Japan, and in its Multiple Business (diversified products) Group.

Operating income in Yokohama's Tire Group tripled in the first quarter, to 3.1 billion yen, as sales increased 15.9%, to 90.7 billion yen. Leading the sales growth were gains in North America, Europe, and Asian nations besides Japan. The sales growth, coupled with the weakening of the yen and price hikes for Yokohama tires, more than offset the continuing upward trend in prices for natural rubber and other raw materials.

In the Multiple Business Group, operating income increased 14.3%, to 1.1 billion yen, as sales increased 8.1%, to 30.9 billion yen. Sales growth was especially robust in industrial products and in aircraft products, and Yokohama also posted sales gains in hoses and sporting goods.

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The stronger-than-expected fiscal results in the first quarter have prompted Yokohama to raise its interim and full-year fiscal projections. Management now projects that net income will increase 123.1% in the six months to September 30, 2007, to 7.5 billion yen (projection announced on May 10, 2007: decline 34.5%, to 2.2 billion yen), on increases of 172.4% in operating income, to 9.0 billion yen (projection announced on May 10, 2007: increase 66.5%, to 5.5 billion yen), and 13.3% in net sales, to 252.0 billion yen (projection announced on May 10, 2007: increase 9.7%, to 244.0 billion yen). For the full year to March 31, 2008, management projects that net income will increase 39.3%, to 22.8 billion yen (projection announced on May 10, 2007: increase 6.9%, to 17.5 billion yen), on increases of 51.9% in operating income, to 32.0 billion yen (projection announced on May 10, 2007: increase 35.3%, to 28.5 billion yen), and 8.6% in net sales, to 540.0 billion yen (projection announced on May 10, 2007: increase 7.0%, to 532.0 billion yen).

Financial Highlights

Millions of yen

	Three months ended June 30, 2007	Three months ended June 30, 2006	Fiscal 2007
	April 1–June 30, 2007	April 1–June 30, 2006	April 1, 2006– March 31, 2007
Net sales	¥121,602	¥ 106,838	¥497,396
Operating income	4,259	1,847	21,069
Ordinary income	5,882	2,050	20,084
Income before income taxes	5,921	2,018	26,038
Net income	3,137	1,254	16,363
Shareholders' equity	191,075	170,491	186,528
Total assets	542,296	501,903	536,322
Per share (yen):			
Net income: basic	9.36	3.74	48.79

Results by Business Segment and by Region

Millions of yen

	Three months ended June 30, 2007	Three months ended June 30, 2006	Fiscal 2007
	April 1–June 30, 2007	April 1–June 30, 2006	April 1, 2006– March 31, 2007
Sales to third parties			
Tires	¥90,676	¥78,216	¥372,708
Multiple Business	30,926	28,621	124,687
Operating income			
Tires	3,069	1,013	14,670
Multiple Business	1,146	1,003	6,797
Eliminations	43	(170)	(397)
Sales to third parties			
Japan	88,122	78,828	369,740
North America	24,217	22,461	98,136
Asia	4,814	-	13,897
Other Regions	4,447	5,548	15,621
Operating income			
Japan	4,369	1,286	17,469
North America	188	572	3,804
Asia	619	-	122
Other Regions	53	17	393
Eliminations	(971)	(28)	(721)

Notes:

1. Yokohama Rubber has prepared this information in accordance with accounting principles generally accepted in Japan.
2. Under Results by Region for the three months ended June 30, 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 three months ended June 30, 2006, Other Regions includes the Philippines, Thailand, China and Taiwan, as well as Oceania and Europe.