

NEWS RELEASE



YOKOHAMA

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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

Earnings Down Sharply at Yokohama Rubber in First Nine Months of Fiscal Year

Operating income declines 44% on flat sales

Tokyo—The Yokohama Rubber Co., Ltd., announced today that operating income in the first three quarters of the present fiscal year declined 43.8% from the same period of the previous year, to 17.3 billion yen, on a 0.2% increase in net sales, to 410.6 billion yen. Those results are for the nine months ended December 31, 2008. Net income declined 99.1%, to 222 million yen.

Sales growth in Yokohama's Tire Group offset a decline in the Multiple (diversified) Business Group. Operating profitability suffered from the rise in raw material costs during most of the nine-month period, from the appreciation of the yen, and from the sharp decline in demand for tires and hoses, which undermined productivity in those product sectors. Net income reflected the downturn in operating profitability, the effect of the strengthening yen on foreign currency-denominated sales receivables and on debt liabilities at overseas subsidiaries, and the partial relinquishment of a tax benefit associated with the write-down of unrealized gains on inventories.

Yokohama's Tire Group posted a 2.2% increase in sales over the same period of the previous year, to 319.4 billion yen, though operating income in the group declined 44.6%, to 14.2 billion yen. The sales growth in tires benefited from growth in sales to automakers in Japan during the nine-month period and from overall growth in overseas business. Those gains more than offset the adverse effect of the precipitous decline in demand that began in October 2008. The decline in operating profitability in the Tire Group resulted from the upward trend in raw material prices, the appreciation of the yen, and an increase in selling expenses, which resulted from expanded unit sales volume.

Sales in the Multiple Business Group declined 6.2%, to 91.2 billion yen, and operating income declined 29.3%, to 3.6 billion yen. The group posted sales gains in conveyor belts and in laminated bearings for protecting structures from earthquakes, but sales declined in hoses, sealants, aerospace products, and golf equipment on account of slumping demand. Aggravating the adverse effect of the sales declines on operating profitability were the rising costs for raw materials and the appreciation of the 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5-36-11 TEL:(03) 5400-4531 FAX:(03) 5400-4570

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: 81-3-5400-4570

Management at Yokohama is projecting declines in sales and earnings for the full fiscal year to March 31, 2009. It projects that net sales will decline 5.2% from the previous year, 523.0 billion yen; that operating income will decline 57.7%, to 14.0 billion yen; and that the company will post a net loss of 7.0 billion yen, compared with net income of 21.1 billion yen in the previous year. In response to the deteriorating business environment, Yokohama continues working to trim costs, to reduce expenses, to curtail investment, and to pare inventories. The company announced today that it will take the additional measures of lowering directors' compensation 10% and all other management-level personnel's compensation 5%.

Financial Highlights

| | Millions of yen | | |
|---------------------------------------------------|-------------------------------------------------|-----------------------------------------|----------------------------------|
| | Nine months ended December 31, 2008 | Nine months ended December 31, 2007 | Fiscal 2008 |
| | April 1–December 31, 2008 | April 1–December 31, 2007 | April 1, 2007– March 31, 2008 |
| Net sales | 410,622 | 409,720 | 551,431 |
| Operating income | 17,297 | 30,759 | 33,118 |
| Income before income taxes and minority interests | 7,910 | 27,823 | 20,478 |
| Net income | 222 | 25,734 | 21,060 |
| Total net assets | 157,715 | 195,205 | 181,538 |
| Total assets | 513,151 | 561,513 | 526,191 |
| Per share (yen): | | | |
| Net income: basic | 0.66 | 76.75 | 62.81 |
| | Three months ended December 31, 2008 | Three months ended December 31, 2007 | |
| | October 1–December 31, 2008 | October 1–December 31, 2007 | |
| Net sales | 153,979 | 156,393 | |
| Operating income | 11,683 | 18,642 | |
| Income before income taxes and minority interests | 5,216 | 17,174 | |
| Net income (loss) | (331) | 12,707 | |

Segment Information

Millions of yen

| | Nine months ended December 31, 2008 April 1–December 31, 2008 | Nine months ended December 31, 2007 April 1–December 31, 2007 | Fiscal 2008 April 1, 2007– March 31, 2008 |
|--------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------|
| By business segment | | | |
| Sales to third parties | | | |
| Tires | 319,378 | 312,488 | 419,834 |
| Multiple Business | 91,244 | 97,231 | 131,596 |
| Operating income | | | |
| Tires | 14,198 | 25,606 | 26,049 |
| Multiple Business | 3,606 | 5,101 | 7,044 |
| Eliminations | (507) | 51 | 24 |
| By geographical segment | | | |
| Sales to third parties | | | |
| Japan | 286,128 | 287,579 | 387,217 |
| North America | 79,519 | 83,181 | 111,995 |
| Asia | 19,567 | 17,097 | 22,992 |
| Other Regions | 25,406 | 21,862 | 29,226 |
| Operating income | | | |
| Japan | 10,377 | 23,512 | 22,900 |
| North America | 3,817 | 5,419 | 6,713 |
| Asia | 985 | 1,976 | 2,793 |
| Other Regions | 1,230 | 800 | 1,047 |
| Eliminations | 886 | (949) | (335) |
| | Three months ended December 31, 2008 October 1–December 31, 2008 | Three months ended December 31, 2007 October 1–December 31, 2007 | |
| By business segment | | | |
| Sales to third parties | | | |
| Tires | 125,552 | 123,740 | |
| Multiple Business | 28,426 | 32,652 | |
| Operating income | | | |
| Tires | 10,997 | 16,562 | |
| Multiple Business | 863 | 2,112 | |
| Eliminations | (177) | (32) | |
| By geographical segment | | | |
| Sales to third parties | | | |
| Japan | 106,544 | 111,411 | |
| North America | 29,185 | 29,492 | |
| Asia | 7,363 | 6,353 | |
| Other Regions | 10,885 | 9,135 | |
| Operating income (loss) | | | |
| Japan | 8,804 | 15,600 | |
| North America | 1,849 | 1,746 | |
| Asia | (558) | 880 | |
| Other Regions | 678 | 367 | |
| Eliminations | 909 | 46 | |

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.