

NEWS RELEASE



YOKOHAMA

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For immediate release

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Yokohama Rubber Posts Net Loss in Latest Fiscal Year *Sales decline 6% in year to March 31, 2009, amid slumping demand for tires and for diversified products*

Tokyo—The Yokohama Rubber Co., Ltd., today announced a net loss of 5.7 billion yen for the fiscal year ended March 31, 2009. That loss compares with net income of 21.1 billion yen in the previous fiscal year, and it reflects a sharp decline in operating profitability and a reversal of deferred tax assets. Operating income declined 61.3%, to 12.8 billion yen, on a 6.2% decline in net sales, to 517.3 billion yen.

Sales declined in tires and in diversified products. Yokohama's Tire Group posted sales declines in Japan in original equipment tires and in replacement tires, and tire sales were also generally weak in overseas markets, where the appreciation of the yen weighed heavily on the yen-denominated sales totals. In Yokohama's Multiple Business (diversified products) Group, sales declines in hoses, sealants, aerospace products, and golf equipment more than offset gains in laminated bearings for protecting structures from earthquakes.

Yokohama's downturn in profitability resulted from the sales declines and the appreciation of the yen and also from productivity declines in tires and hoses associated with slumping demand and from the continuing upward trend in raw material costs. The adverse effect of the appreciation of the yen on profitability included translation losses on foreign-currency receivables and on overseas subsidiaries' yen-denominated liabilities.

Management has proposed a 3-yen reduction in the year-end dividend, to 4 yen. The interim dividend was the same as in the previous year, at 6 yen, so the proposed reduction would reduce the aggregate dividends for the full year 3 yen, to 10 yen.

By business segment, operating income in Yokohama's Tire Group declined 62.0%, to 9.9 billion yen, on a 4.8% decline in sales, to 399.7 billion yen. The upward trend in raw material costs and the appreciation of the yen aggravated the adverse effect of the sales decline on profitability. Operating income in the Multiple Business Group declined 51.5%, to 3.4 billion yen, on a 10.7% decline in sales, to 117.5 billion yen. As in the Tire Group, operating profitability suffered from the upward trend in raw material costs and from the appreciation of the yen, as well as from the decline in sales.

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Management projects improvements in profitability in the fiscal year to March 31, 2010. That projection is despite expectations of a further decline in net sales and is attributable mainly to an expected overall decline in raw material costs compared with the previous year. Yokohama's projections call for a return to after-tax profitability supported by an increase in operating income. Management projects net income of 7.0 billion, an improvement of 12.7 billion yen, on operating income of 17.0 billion yen, up 32.7%. It projects net sales of 490.0 billion yen, down 5.3%. Dampening the outlook for sales are slumping demand, caused by the global economic slowdown, and the appreciation of the yen.

Financial Highlights

Millions of yen

Years ended March 31,	2009	2008	2007
Net sales	517,262	551,431	497,396
Operating income	12,808	33,118	21,069
Ordinary income	371	25,164	20,084
Income (loss) before Income taxes and minority interests	(3,165)	20,478	26,038
Net income (loss)	(5,654)	21,060	16,363
Depreciation and amortization	28,683	27,238	22,165
Additions to property, plant and equipment	43,340	27,292	40,638
Total assets	473,376	526,191	536,322
Total net assets	144,159	181,538	186,528
Interest-bearing debt	179,379	165,614	167,473
Net cash provided by operating activities	19,690	41,648	36,738
Net cash used in investing activities	(39,031)	(33,734)	(35,122)
Net cash used in financing activities	16,738	(4,008)	(1,007)
Cash and cash equivalents at end of period	16,239	19,530	14,812
Per share (yen):			
Net income: basic	(16.87)	62.81	48.79
Dividends	10.00	13.00	12.00

Results by Business Segment and by Region

Millions of yen

Years ended March 31,	2009	2008	2007
Sales to third parties			
Tires	399,728	419,834	372,708
Multiple Business	117,534	131,596	124,687
Operating income			
Tires	9,890	26,049	14,670
Multiple Business	3,418	7,044	6,797
Eliminations	(500)	24	(397)
Sales to third parties			
Japan	359,318	387,217	369,740
North America	101,789	111,995	98,136
Asia	23,639	22,992	13,897
Other Regions	32,514	29,226	15,621
Operating income			
Japan	4,441	22,900	17,469
North America	4,036	6,713	3,804
Asia	1,994	2,793	122
Other Regions	1,542	1,047	393
Eliminations	792	(335)	(721)

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.