

NEWS RELEASE



YOKOHAMA

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For immediate release

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Midterm Earnings Rise at Yokohama Rubber

The Yokohama Rubber Co., Ltd., posted a 10.7% increase in operating income, to 4.8 billion yen, in the interim fiscal period ended September 30. That increase is over the first half of the previous year, and it benefited from a 6.1% increase in net sales, to 201.3 billion yen. Growth in unit sales of tires and progress in reducing costs more than offset increases in raw-material costs. Leading the sales growth were gains in Yokohama's tire operations in North America and in Europe. The company also registered growth in sales of tires in Japan. A decline in income taxes was the chief reason for a 12.6 billion yen increase in net income, to 13.4 billion yen.

By business segment, operating income increased 5.7% in Yokohama's Tire Group, to 3.7 billion yen, on a 7.6% increase in sales, to 145.7 billion yen, and increased 36.3% in the Multiple Business Group (diversified products), to 1.1 billion yen, on a 2.3% increase in sales, to 55.6 billion yen. The sales growth in diversified products occurred as gains in conveyor belts, high-pressure hoses, and sealants more than offset a decline in golf equipment.

Management projects that operating income in the year to March 31, 2006, will increase 9.8% over the previous year, to 23 billion yen, on an increase of 6.5% in net sales, to 447 billion yen. Their projections call for net income to increase 85.5%, to 21 billion yen. Management has proposed paying a year-end dividend of 6 yen. That is in addition to the 4 yen interim dividend announced today, and it would result in a 2 yen increase in the annual dividend.

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Financial Highlights

Millions of yen

	Fiscal 2006 first half	Fiscal 2005 first half	Fiscal 2005
	April 1–Sept. 30, 2005	April 1–Sept. 30, 2004	April 1, 2004– March 31, 2005
Net sales	201,260	189,722	419,789
Operating income	4,786	4,325	20,955
Ordinary income	4,033	3,402	17,114
Net income	13,363	719	11,322
Shareholders' equity	157,362	126,852	136,312
Total assets	450,913	423,368	432,717
Interest-bearing debt	154,583	166,066	151,757
Net cash provided by operating activities	14,166	9,113	33,609
Net cash used in investing activities	(12,623)	(11,210)	(24,237)
Net cash used in financing activities	(3,595)	(589)	(12,007)
Cash and cash equivalents at end of period	12,151	13,827	13,836
Per share (yen):			
Net income: basic	39.06	2.10	32.95

Results by Group

Millions of yen

	Fiscal 2006 first half	Fiscal 2005 first half	Fiscal 2005
	April 1–Sept. 30, 2005	April 1–Sept. 30, 2004	April 1, 2004– March 31, 2005
Tires			
Sales	145,669	135,356	307,860
Operating income	3,712	3,512	18,177
Multiple Business			
Sales	55,591	54,366	111,928
Operating income	1,090	800	2,777

Results by Region

Millions of yen

Japan			
Sales	153,408	146,493	329,282
Operating income	4,077	2,824	17,336
North America			
Sales	38,257	34,324	72,085
Operating income	1,068	795	2,105
Other Regions			
Sales	9,595	8,904	18,421
Operating income	95	490	1,079

Notes:

- (1) Yokohama Rubber has prepared this information in accordance with accounting principles generally accepted in Japan.
- (2) The preparers of these figures have rounded all amounts, except per share amounts, to the nearest million yen.
- (3) The figures presented for sales under Results by Group are net of intersegment transactions; the figures presented for operating income are inclusive of those transactions.
- (4) Under Results by Region, North America refers to the United States and Canada, and Other Regions refers to Oceania, Europe, and Asia.