

TIRE GROUP

¥372.7 billion — 74.9% of net sales



MULTIPLE BUSINESS GROUP

¥124.7 billion — 25.1% of net sales

● TIRE GROUP

PRINCIPAL PRODUCTS

Tires for passenger cars and light trucks, for trucks and buses, and for construction and mining equipment, industrial vehicles, aircraft, and other applications; aluminum alloy wheels and other peripheral products



A focus on environmentally friendly tires

Yokohama's DNA line of fuel-saving tires anchors the company's product portfolio in Japan. DNA tires contribute to fuel economy—and to minimizing the output of carbon dioxide—while providing superior performance in regard to the fundamental criteria of handling and comfort. Recent progress in extending DNA tires' useful life has further increased their environmental benefits.

Global scope in high-performance tires

We began marketing our high-performance ADVAN tires worldwide in 2005 as a global brand for raising our market profile. ADVAN tires feature state-of-the-art advances in maximizing every aspect of tire value. They are a true showcase of Yokohama's leadership in tire technology.

Fiscal 2007 net sales: **¥497.4 billion**

● MULTIPLE BUSINESS GROUP

PRINCIPAL PRODUCTS

Hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, pneumatic marine fenders, aircraft products, golf products



Japan's market leader in high-pressure hoses and in construction and automotive sealants

Yokohama asserts unmatched strengths in high-pressure hoses for construction equipment, in sealants for buildings, and in windshield sealants for automobiles.

A world leader in marine hoses and marine fenders

The company is the world's largest supplier of pneumatic fenders for protecting ship hulls. It is also a leading supplier of marine hoses for loading and unloading crude oil.

Lightweight, high-strength aircraft products

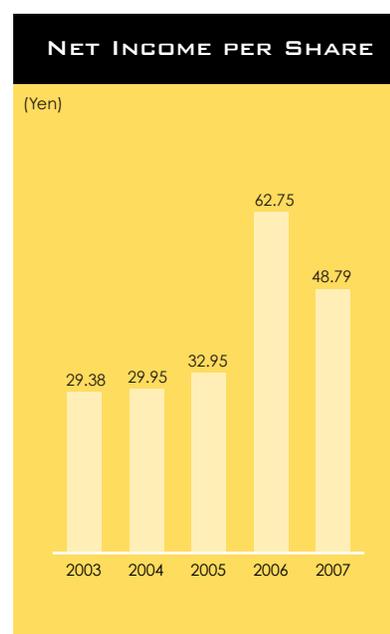
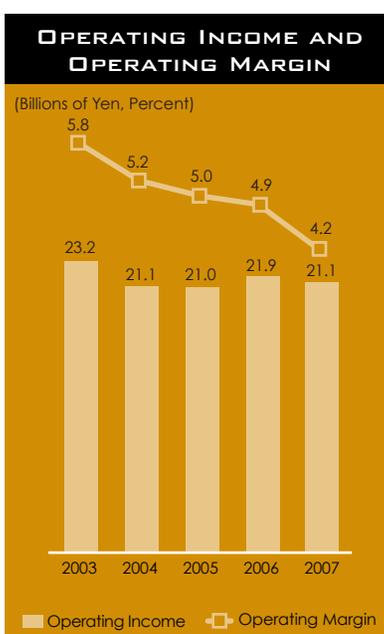
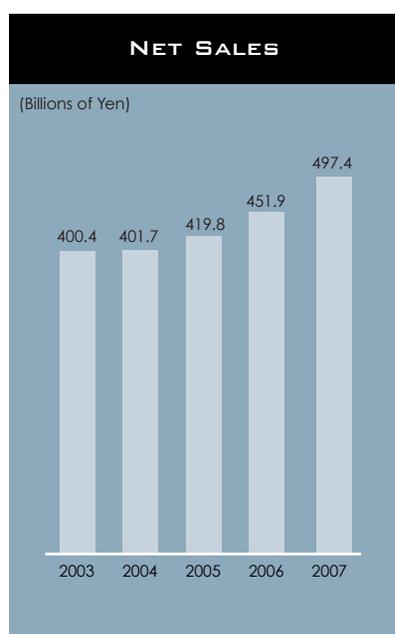
Yokohama supplies lavatory modules for the Boeing 737 airliner and drinking-water and wastewater tanks for the Airbus A380. Underlying the competitiveness of Yokohama's aircraft products are the company's unique strengths in fabricating lightweight, high-strength items from fiber-reinforced plastic.

FINANCIAL HIGHLIGHTS

Fiscal Years Ended March 31

	Millions of Yen		Percent change	Thousands of U.S. Dollars
	2007	2006		2007
Net sales	¥ 497,396	¥ 451,911	+10.1 %	\$ 4,213,427
Operating income	21,070	21,947	(4.0)	178,481
Income before income taxes and minority interests	26,038	22,673	+14.8	220,571
Net income	16,363	21,447	(23.7)	138,614
	Change			
Total assets	¥ 536,322	¥ 502,014	¥ 34,308	\$ 4,543,179
Total net assets	186,528	174,609	11,919	1,580,078
	Yen		U.S. Dollars	
	2007	2006	2007	
Per share:				
Net income: Basic	¥48.79	¥62.75	¥(13.96)	\$0.41
Cash dividends	12.00	10.00	2.00	0.10

Note: Throughout this report, the U.S. dollar amounts have been translated from Japanese yen, solely for the convenience of readers, at the rate of ¥118.05 = US\$1.00, the approximate exchange rate prevailing on March 31, 2007.



Gains in Tires and Multiple Business Products Power Double-Digit Sales Growth



Yasuo Tominaga (left) and Tadanobu Nagumo

HIGHEST-EVER SALES TOTAL

Rising prices for raw materials depressed operating income 4.0% in the fiscal year ended March 31, 2007, to ¥21.1 billion. That decline occurred despite record sales, which benefited from unit sales gains and the weakening of the yen. Net sales increased 10.1%, to ¥497.4 billion. Powering the growth in sales were solid gains in both the Tire Group and the Multiple Business Group. Net income declined 23.7%, to ¥16.4 billion. That decline reflected an ¥11.0 billion tax benefit realized in the previous year in connection with earlier write-downs of our equity in a U.S. subsidiary.

We declared an interim dividend of ¥4 and a year-end dividend of ¥8. The year-end dividend includes a ¥2 commemorative dividend to mark our 90th anniversary, in October 2007. It raises the annual dividend ¥2, to ¥12.

OUTLOOK FOR 35% INCREASE IN OPERATING INCOME IN THE FISCAL YEAR TO MARCH 2008

Our projections for the fiscal year to March 2008 call for increases of 35.3% in operating income, to ¥28.5 billion, and 7.0% in net sales, to ¥532.0 billion. Underlying those projections are prospects for increased sales of tires, supported by expanded production capacity at our Thai and Philippine plants.

We expect net income to rise 6.9%, to ¥17.5 billion. That expectation reflects increased interest expense and a projected decline in foreign exchange gains. We plan to maintain

the annual dividend at ¥12, comprising an interim dividend of ¥5 and a year-end dividend of ¥7.

GRAND DESIGN 100

Grand Design 100, our medium-range management plan, took effect in the fiscal year ended March 31, 2007. The phase I targets in that plan include raising operating income to ¥35 billion and net sales to ¥560 billion by the fiscal year to March 2009. We have identified overriding priorities for the Tire Group and for the Multiple Business Group in respect to fulfilling those targets:

<TIRE GROUP>

- Secure market acceptance for tire price increases to partially offset the adverse earnings effect of rising raw material costs.
- Promote value-added products, especially in connection with performance and features for minimizing environmental impact.
- Expand production capacity.

<MULTIPLE BUSINESS GROUP>

- Secure market acceptance for price increases.
- Expand global production capacity for selected products.
- Step up activity in product development.
- Strengthen competitiveness in golf equipment.

PRICE HIKES FOR TIRES

We have raised prices for tires annually since 2004 in markets worldwide. The latest increases, in February and April 2007, pertained to replacement tires in the Japanese market.

VALUE-ADDED TIRE PRODUCTS

Our ZEN tires for trucks and buses, launched in April 2007, improve fuel economy while providing greatly increased durability. In July 2007, we will launch the DNA dB super E-spec line of tires for passenger cars. We have increased the non-petrochemical proportion of the materials in those tires to 80%, and we have achieved new gains in fuel economy and quiet ride. Our marketing will promote those and other new products aggressively while continuing to promote products under our global flagship brand, ADVAN.

EXPANDED TIRE PRODUCTION CAPACITY

We have raised our target for expanding production capacity by March 2009 to 56.85 million tires. That is an increase of 300,000 tires over the target that we announced in May 2006. Expansion work is under way at our Thai plant, which produces tires for passenger cars and light trucks and for trucks and buses, and in Japan at our Shinshiro-Minami Plant, which produces high-performance tires for passenger cars and sport-utility vehicles. We are also working to increase output at other Yokohama tire plants.

EXPANDED PRODUCTION CAPACITY FOR CONVEYOR BELTS AND AUTOMOTIVE SEALANTS, TOO

Along with securing higher prices for our products, expanding production capacity is crucial to increasing sales and earnings in the Multiple Business Group. Demand is rising for conveyor belts and for automotive sealants, and we are therefore expanding production capacity for those products in China.

INNOVATIVE NEW PRODUCTS

A gratifying example of product development in the Multiple Business Group is our New Porous Elastic Road Surface, which contains tire scrap. That material rendered service on a pilot basis in November 2006 in a highway near Tokyo. The material reduces road noise about 90% in comparison with conventional asphalt paving.

Other new products of special note are our thermoplastic hoses for fuel cells and our sensor-equipped, dynamically pressurized wheelchair cushions for preventing bed sores. We are also working on promising technologies in electronic materials.

NEW GOLF DRIVERS

Our T³ RED line of drivers, launched in August 2006, provides increased range. We complemented that line in February 2007 with the T³ 502 Silver, designed for weekend golfers. Both lines of T³ drivers have generated brisk sales and have fortified our market presence in golf equipment.

INTRODUCTION OF TAKEOVER-DEFENSE MEASURES

Takeover-defense measures adopted by our board of directors on May 10, 2007, and approved by the shareholders at the General Meeting of Shareholders on June 28, 2007, will help forestall takeover attempts detrimental to our corporate value and the interests of shareholders. The procedures require anyone who seeks to acquire more than 20% of our outstanding shares to explain their purpose and to present a viable and convincing business plan. They oblige any prospective purchaser of that much equity to provide management with

the opportunity to review any such investment in advance and to determine whether we should adopt countermeasures.

STRENGTHENED FRAMEWORK FOR FULFILLING CORPORATE SOCIAL RESPONSIBILITY

In January 2007, we established an office to coordinate measures for strengthening internal controls and for ensuring accurate financial reporting. We are working throughout our organization to maximize our contribution to environmental quality and to ensure compliance with rigorous standards of corporate ethics.

We continue to address issues and opportunities in the spirit of delivering the best products at competitive prices and on time and with an eye to achieving the goals of Grand Design 100. All of us at Yokohama remain dedicated to fulfilling your highest expectations of our company.

June 2007



Yasuo Tominaga
Chairman and Representative Director



Tadanobu Nagumo
President and Representative Director