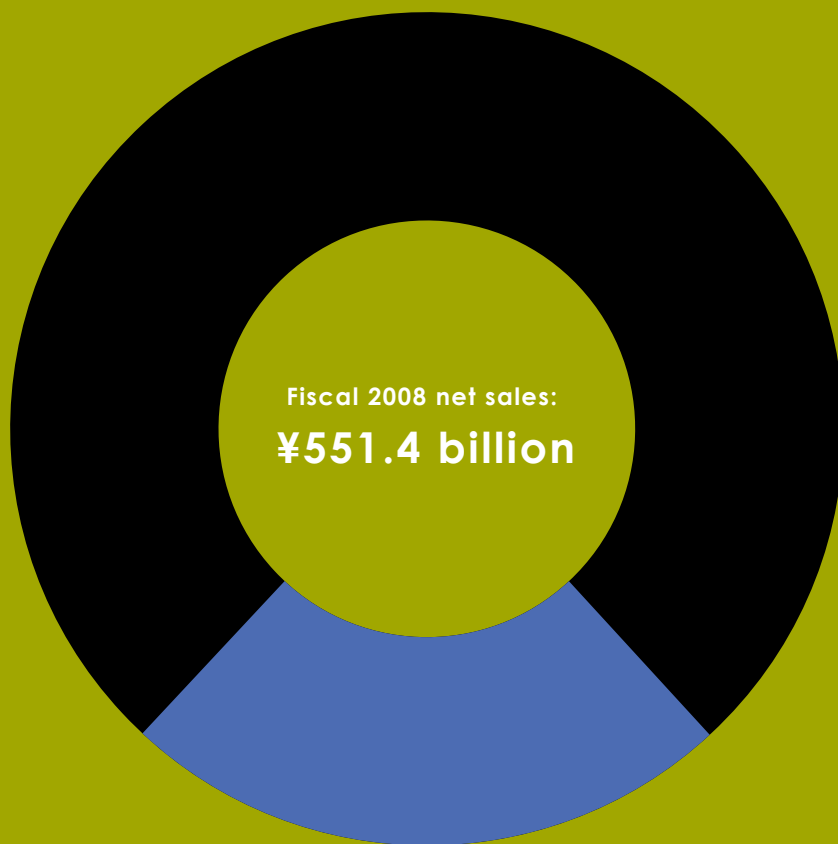


Tire Group

¥419.8 billion — 76.1% of net sales



Multiple Business Group

¥131.6 billion — 23.9% 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.

○ Multiple Business Group

Principal products

Hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, pneumatic marine fenders, aerospace 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 off-the-road 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

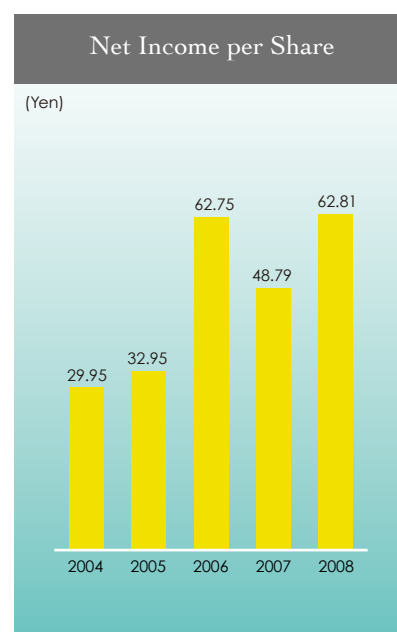
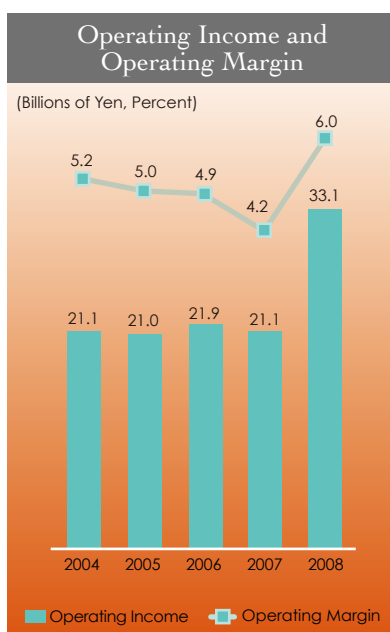
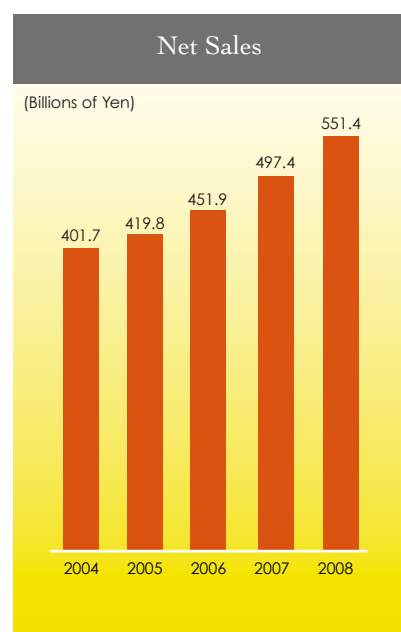
Yokohama supplies lavatory modules for the Boeing 737 airliner and drinking-water and wastewater tanks for the Airbus A380. Underlying the competitiveness of Yokohama's aircraft products are the company's unique strengths in fabricating lightweight, high-strength items from fiber-reinforced plastic.

Financial Highlights

Years ended March 31, 2008 and 2007

	Millions of Yen		Percent change	Thousands of U.S. Dollars
	2008	2007		2008
Net sales	¥ 551,431	¥ 497,396	+ 10.9 %	\$ 5,503,853
Operating income	33,119	21,070	+ 57.2	330,559
Income before income taxes and minority interests	20,478	26,038	- 21.4	204,395
Net income	21,060	16,363	+ 28.7	210,206
			Change	
Total assets	¥ 526,192	¥ 536,322	-¥10,130	\$ 5,251,941
Total net assets	181,538	186,528	- 4,990	1,811,941
	Yen		U.S. Dollars	
	2008	2007	2008	
Per share:				
Net income: Basic	¥ 62.81	¥ 48.79	+¥14.02	\$ 0.63
Cash dividends	13.00	12.00	+ 1.00	0.13

Note: Here and throughout this report, the U.S. dollar amounts have been translated from Japanese yen, solely for the convenience of readers, at the rate of ¥100.19 = US\$1.00, the approximate exchange rate on March 31, 2008.



Strong Growth in Overseas Tire Sales Drives 57% Increase in Operating Income



Tadanobu Nagumo

Record sales and earnings

Both operating income and net sales reached record levels in fiscal 2008, ended March 31, 2008. Operating income climbed 57.2%, to ¥33.1 billion, and net sales rose 10.9%, to ¥551.4 billion. Those increases comprised gains in both the Tire Group and the Multiple Business (diversified products) Group, led by especially strong growth in overseas tire business. The sales growth more than offset the continuing upward trend in raw material costs and in logistics expenses and other selling, general and administrative expenses. Also contributing to the upturn in operating profitability was the weakening of the yen, especially against the euro.

Net income increased 28.7%, to ¥21.1 billion, reflecting tax benefits associated with improved profitability in our North American operations. Moderating the increase in net income were translation losses on foreign currency receivables and valuation losses on investment securities. We declared an interim dividend of ¥6 and a year-end dividend of ¥7, which raised the annual dividend ¥1, to ¥13.

A tougher earnings environment ahead

We project that sales will increase 2.5% in fiscal 2009, to ¥565 billion; that operating income will decline 21.5%, to ¥26 billion; and that net income will decline 38.3%, to ¥13 billion. Net sales would thus exceed our target by ¥5 billion, but operating income would fall ¥9 billion short of our target. Those are Phase I targets in our Grand Design 100 medium-range business plan, which we launched in fiscal 2007.

Grand Design 100 provides for raising sales to ¥1 trillion and operating income to ¥100 billion by fiscal 2018. The projected shortfall in operating income reflects our expectations that

raw material prices will continue to rise and that the yen will continue to strengthen. We plan to maintain the annual dividend at ¥13—an interim dividend of ¥6 and a year-end dividend of ¥7.

Priorities in the Tire and Multiple Business groups

The following priorities will guide our efforts in the Tire Group and in the Multiple Business Group as we pursue our revised targets for fiscal 2009.

Addressing these priorities is also crucial to reinforcing our footing for Phase II of Grand Design 100, which begins in fiscal 2010.

<Tire Group>

- Secure market acceptance for price increases.
- Strengthen our position in value-added products.
- Globalize operations more thoroughly.
- Expand production capacity.

<Multiple Business Group>

- Secure market acceptance for price increases.
- Expand production capacity.
- Step up product development in new market sectors.
- Expand business in golf equipment.

Cutting costs and raising prices

Rising prices for raw materials have inflated our costs about ¥56.5 billion over the past five years. And prices continue to rise for natural rubber and for synthetic rubber and other petrochemical products. Raw material costs have risen too much for us to offset entirely through internal cost-cutting measures, so we have accompanied those measures with price increases for our tire products and diversified products and with efforts to secure acceptance for those increases in the marketplace.

Mass-market gains in fuel economy with the DNA Earth-1 tire

Our DNA Earth-1 tire went on sale this spring as a mass-market offering of our revolutionary orange-oil compounding. As with the premium-grade DNA dB super E-spec tire, the tread on the Earth-1 contains natural rubber to reduce rolling resistance, and we compound the rubber with orange oil to overcome natural rubber's traditional shortcoming in regard to grip. The Earth-1 is available in 70 sets of size specifications, and we are targeting sales of one million Earth-1 tires in fiscal 2009.

ADVAN fitments on premium-grade cars

We continue to promote ADVAN as our global flagship brand. This spring, we won factory fitments for ADVAN tires on a top-end Mercedes-Benz model, the C63 AMG, and on Volkswagen's Touareg sport-utility vehicle. We will continue working to place ADVAN tires on the world's high-profile vehicle models and thereby heighten the brand's visibility in the global marketplace.

Augmented tire marketing in Thailand and Brazil

We established a tire-marketing company in Thailand this February and another in Brazil in April. Tire demand is surging in both nations.

Accelerated production expansion in off-the-road tires

Expansion continues at our Onomichi Plant, which produces tires for off-the-road vehicles. The latest phase of expansion there will increase monthly capacity to 2,500 tons by fiscal 2011—a 2.2-fold increase over fiscal 2007 and a year ahead of our original schedule.

Our tire production capacity is also expanding in truck and bus tires. Our Suzhou Plant, scheduled to open this July, will produce those tire in China's Jiangsu Province.

Expanded production capacity in the Multiple Business Group, too

Demand for hoses for off-the-road equipment is rising, and we are responding by expanding production capacity for those hoses at our Ibaraki Plant. We will expand that plant's daily production capacity for hoses to 100,000 meters by April 2010, from 90,000 meters in fiscal 2008.

In another line of diversified products, we are expanding production capacity for lavatory modules for Boeing passenger airliners at our Hiratsuka Plant. That is to meet growing demand in aircraft manufacturing and in retrofitting.

New product horizons

We are laying a foundation for lasting growth in the Multiple Business Group by developing products in new market sectors. Promising technologies that we are moving to commercialize include the New Porous Elastic Road Surface, a paving material that reduces road noise, and wheelchair cushions for preventing bedsore-like irritation. Products under development include plastic tubing for fuel cells and new electronic materials.

Broadened line of golf equipment

New club models launched in the second half of the past fiscal year sparked growth in unit sales. The main new models are the TR Driver MODEL 500, designed for competition golfers, and the egg spoon fairway woods, designed to help weekend golfers achieve greater distance.

Sharpened focus on corporate ethics

Our company was the subject of an investigation by Japan's Fair Trade Commission in the past fiscal year. The investigation was in regard to anticompetitive practices in marine hoses. We are determined to prevent the recurrence of any conduct inconsistent with the highest standards of corporate ethics.

In tune with the community

We remain committed to delivering the best products at competitive prices and on time, to achieving the goals of Grand Design 100, and to earning a reputation as a contributing member of the community. That includes asserting leadership in safeguarding the environment. In November 2007, we inaugurated the Yokohama Forever Forest project, which provides for planting 500,000 trees at 18 Yokohama plants worldwide. Harmonizing with the environment will shape our every effort in addressing the issues and opportunities that lie ahead.

June 2008



Tadanobu Nagumo
President and Representative Director