

October 26, 2004
For immediate release

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Yokohama Rubber to Invest ¥10 billion to Expand its Yearly Tire Production Capacity in Philippines to 7 Million

Tokyo—The Yokohama Rubber Co., Ltd., today announced that it would invest some 10 billion yen in Yokohama Tire Philippines, Inc. (YTPI) in order to increase the subsidiary's annual production capacity to 7 million tires by September 2006. It is the third-phase expansion of YTPI and the expanded production lines are scheduled to begin operation one after another from October 2005. YTPI was established in 1996 as a joint-venture company between Yokohama Rubber, which invested 80 per cent of the capital, and JFE Shoji Trading Corporation (then Kawasho Corporation), which invested the remaining 20 per cent, for manufacturing passenger car tires for export markets. At present, YTPI makes passenger car tires with internal diameters of 13 to 18 inches and tires for sports utility vehicles, and exports some 90 per cent of those tires to Europe, Middle East and ASEAN countries.

YTPI's production capacity was expanded to 3 million tires a year in September 2004 as a result of its second-phase expansion program that began in April 2003. However, Yokohama Rubber has recently decided to more than double the expanded capacity by fully utilizing the subsidiary's plant lot area, because even the expanded production capacity is still not enough to satisfy increasingly active demand from overseas customers that have highly evaluated the tire quality and timely supply system of YTPI, and also because it has become necessary to strengthen the production of high-inch tires with internal diameters of 18 inches and larger. At the same time, Yokohama Rubber plans to increase sales of SUV tires by introducing new production lines. Together with the additional expansion of this time, Yokohama Rubber will further improve and introduce the small-scale production line that has already been employed by Hangzhou Yokohama Tire Co., Ltd. in China in order to build a highly efficient production system that can flexibly follow changes in market situation and customer demand.

The new expansion program of YTPI is part of Yokohama Rubber's ongoing program to strengthen production capabilities in Asia and Japan and to materialize a high-quality, low-cost production system that should be common among production bases in the region. Separately from YTPI, in the area of passenger car tires, Hangzhou Yokohama Tire Co., Ltd., which started operation in May 2003 with the first-phase production capacity of 700,000 tires a year, will also more than double the capacity to 1.5 million by the end of this year. In addition, the annual production capacity of Shinshiro Minami Plant in Japan, which started operation in December 2003 as a new plant specialized in the manufacture of high value-added high-inch tires based on a cluster of cutting edge technologies, will reach 700,000 tires in April 2005, a goal of the first-phase operation. In the area of truck and bus tires, on the other hand, Yokohama Tire Manufacturing (Thailand) Co., Ltd. will begin the first-phase operation in April 2005 with an annual production capacity of 350,000 tires. The subsidiary has a plant lot area of 225,000 square meters and plans to further increase production volume in the coming years.

Outline of Yokohama Tire Philippines, Inc.

Location:	Clark Special Economic Zone, The Republic of Philippines
Established:	April 1996
Paid-in capital:	¥2.5 billion (80% from Yokohama Rubber, 20% from JFE Corporation)
President:	Kazuo Watanabe (from Yokohama Rubber)
Lines of operation:	Manufacturing and marketing of tires for passenger cars and sports utility vehicles
Plant lot area:	165,000 square meters
Number of employees:	681 (as of the end of March 2004)