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For immediate release

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Yokohama Rubber to Double Passenger Car Tire Production Capacity in China to 1.4 Million Units by End of 2004

Tokyo – The Yokohama Rubber Co., Ltd., announced today that Hangzhou Yokohama Tire Co., Ltd., will raise annual production capacity to 1.4 million tires by the end of 2004. This Chinese joint venture with YHI Holdings Pte. Ltd. and Hangzhou Rubber (Group) Co. is based in Hangzhou City. Buoyant tire sales in the consumer market and active inquiries from automakers prompted Hangzhou Yokohama Tire to bring forward by two years its second stage plans to boost production. The second stage should cost around \$26 million. The company will accordingly raise capitalization from \$12 million, to \$20 million.

Yokohama Rubber established this joint venture in December 2001 to manufacture passenger tires. Under initial plans, the first stage of construction was to start in May 2003. The second stage was to begin in 2006. Each stage represented production capacity of 700,000 tires.

The second stage will cover production of larger and upmarket tires as well as tires for sport utility vehicles, whose popularity is soaring in China. The company has already secured a neighboring property for the expansion. The second stage of construction will increase total plant floor space from 50,000 square meters, to 133,000 square meters. On completing the second stage, the company will employ 500 employees. It currently has 300. Construction will start in March 2004.

Production under the first stage began in May this year, as planned. There have been some slight delays owing to the effects of the SARS outbreak in China, but full production will start at the end of 2003. The company mainly manufactures large and upmarket tires with diameters of 14 to 17 inches.