

March 15, 2004
For immediate release

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Yokohama Rubber to Set up New Company to Manufacture and Market Passenger Car Sealant in China

Tokyo (March 15, 2004) – The Yokohama Rubber Co., Ltd. announced that it obtained an approval from the authority of Chekiang Province, China, for the establishment of a company in Hangzhou City in the province to manufacture and market sealant for passenger cars. In the Phase I program, Yokohama Rubber will construct a new production base with an annual production capacity of 1,000 tons to begin manufacture and marketing by January 2005. Furthermore, in line with the market expansion, the Phase II program will be initiated to double the production capacity within three years. The planned amount of investment is \$1.5 million in Phase I and \$2.2 million in Phase II .

The plant of the new company, Yokohama Hamatite (Hangzhou) Co., Ltd. will be constructed in an adjoining site of the plant of Hangzhou Yokohama Tire Co., Ltd., a joint-venture company established in January 2002. Yokohama Rubber will pay the new company's whole capital of \$1.3 million.

In the past, Yokohama Rubber has relied on its export from Japan to market passenger car sealant in all over China, while studying the possibility of local production to meet Chinese automotive demand that is expected to continue to increase. The new company will be the fourth sealant production base of Yokohama Rubber in addition to Hiratsuka Plant in Japan and YH America, Inc. and Yokohama Rubber (Thailand) Co., Ltd.

Outline of the new company

Corporate name: Yokohama Hamatite (Hangzhou) Co., Ltd..

Paid-in capital: \$1.3 million

Location of Head Office and Plant: Hangzhou Economy and Technology Development District

Production capacity: 2,000 tons/year (in 2007)

Scheduled start of operation: January 2005

Total investment: \$3.7 million

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