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For immediate release

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Yokohama Rubber to Manufacture Steel Radial Tires for Truck/buses in China

Tokyo - The Yokohama Rubber Co., Ltd., today announced that it established “Suzhou Yokohama Tire Co., Ltd.” earlier this month in Suzhou City, Jiangsu Province, China with 100% capitalization of “Yokohama Rubber (China) Co., Ltd.” that was established November 2005 as the company controlling overall Chinese operations of Yokohama Rubber. Beginning October 2007, the new company will manufacture and sell steel radial tires for truck/buses (TB) with a planned annual production capacity of 350,000 tires. The amount of total investment is approximately US\$81 million.

Yokohama Rubber has so far sold TB-use steel radial tires in the replacement tire market in China by exporting the tires from Japan. Those tires have been given high marks as representative branded products with superior durability and wear resistance meeting the requirements of the distribution environment in China. However, the company has not necessarily been satisfying full Chinese demand in the context of global increase in tire demand.

Construction of the new plant is for the purpose of fundamentally improving this situation while making it possible to proactively respond to the expected future strong growth of the Chinese market. For Yokohama Rubber, the program of this time is positioned as the construction of the phase 1 part of a larger plant, and the company plans to gradually expand the plant in following the future trend in local demand. With this plan in mind, the company secured a site area that is more than 4 times larger than that for the phase 1 part.

In constructing the new plant, Yokohama Rubber will employ small-scale processing methods that require relatively smaller amount of investment. The methods also feature compactness in size of the whole facility to reduce the time from the commencement of construction to the start-up of tire

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production. The plant will also introduce “Low Temperature and High Torque Mixing”, a new mixing method making it possible to achieve massive improvement in tire durability and wear resistance. Yokohama Rubber plans to increase sales of the products of the new plant mainly for use with high-performance trucks and buses so that the high quality image of Yokohama brand tires can be preserved.

The new plant will become the fourth TB-use steel radial tire plant of Yokohama Rubber that has a similar plant in Japan, the U.S. and Thailand. Also, the company already has a manufacturing base in China: Hangzhou Yokohama Tire Co., Ltd., a Hangzhou City, Zhejiang Province-based company that manufactures and markets radial tires for passenger cars.

Outline of the new company

Corporate name:	Suzhou Yokohama Tire Co., Ltd.
Established:	April 2006
Location:	Suzhou City, Jiangsu Province
Line of business:	Production and sale of truck/bus tires
Operation start:	October 2007 (tentative plan)
Production capacity:	350,000 tires a year
Area size:	74,000 square meters for the phase 1 part (with usage rights to 300,000 square meters)
Total investment:	US\$81.3 million
Paid-in capital:	US\$27.1 million (100% by Yokohama Rubber (China) Co., Ltd.)
No. of employees:	Approximately 500 (tentative plan)