

TRI Forms Joint Venture for **Construction Machines' Structural Members in Russia**

Tokai Rubber Industries, Ltd. (TRI) (Head office: Komaki City, Aichi Prefecture, President: Yoshiaki Nishimura) announces that it will form a joint venture company to manufacture and distribute structural members for construction machines such as steel pipes and high-pressure rubber hoses in Tver Oblast, Russian Federation by pooling capital together with Marubeni-Itochu Steel Inc. (Head office: Chuo Ward, Tokyo Prefecture, President: Kenichiro Ushino) and its special agent for steel pipes, Nikko Corporation (Head office: Urayasu City, Chiba Prefecture, President: Tatsuo Nakatsuka), and Kihara Manufacturing Company Limited (Head office: Joso City, Ibaragi Prefecture, President: Harunobu Kihara)

In Russia, energy and natural resources have been developed rapidly as the center of its industry as well as infrastructure, creating solid demand for construction machines. With the backdrop of such market environment, Japanese construction machine makers are going to launch the production of medium-sized hydraulic shovels in Russia in the near future. Therefore, we, as suppliers of structural members for construction machines, have decided to jointly establish a new company in order to produce the components locally.

Under the new company, TRI will be in charge of manufacturing high-pressure rubber hoses while Nikko will make steel pipe members and Kihara will cover hydraulic piping. This will be the first production base for TRI established in Russia.

<Outline of the new company>

Name: Nikko TRI Eurasia LLC (temporary)

Location: Tver, Tver Oblast, Russian Federation (170 km northwest of the capital, Moscow)

Capital Stock: 100 million rubles (about 250 million yen[※])

Investment Ratio: 50% owned by Nikko Corporation

25% owned by Marubeni-Itochu Steel Inc.

20% owned by Tokai Rubber Industries, Ltd.

5% owned by Kihara Manufacturing Company Limited

Business Description: Processing and distribution of structural steel pipes, high-pressure rubber hoses, and high-pressure piping for construction machines

Start of Operation: April 2013 (planned)

(※) Calculated 2.5 yen / ruble

<Outline of Marubeni-Itochu Steel Inc.>

Location: Nihon-Bashi 1-chome Building, 1-4-1 Nihon-Bashi, Chuo Ward, Tokyo

Capital Stock: 30 billion yen

Investment Ratio: 50% owned by Marubeni Corporation, 50% owned by Itochu Corporation

Business Description: Processing and distribution of various steel materials

Payroll: 8,297 (consolidated, as of April 1, 2012)

Establishment: October 2001

<Outline of Nikko Corporation>

Location: 1-9-2 Mihama, Urayasu-Shi, Chiba Prefecture

Capital Stock: 420 million yen

Investment Ratio: 100% owned by Marubeni-Itochu Steel Inc.

Business Description: Manufacturing and distribution of carbon steel pipes and stainless steel pipes

Payroll: 279 (as of March 31, 2012)

Establishment: May 1952

<Outline of Tokai Rubber Industries, Ltd.>

Location: 3-1 Higashi, Komaki-Shi, Aichi Prefecture

Capital Stock: 12,145 million yen

Investment Ratio: 49.53% owned by Sumitomo Electric Industries, Ltd.

10.48% owned by Maruyasu Industries Co., Ltd. etc.

Business Description: Manufacturing and distribution of automobile parts such as anti-vibration rubber and hoses, IT-related parts, and industrial materials, etc.

Payroll: 13,894 (consolidated, as of March 31, 2012)

Establishment: December 1929

<Outline of Kihara Manufacturing Company Limited>

Location: 5166 Uchimoriya-Machi, Joso-Shi, Ibaragi Prefecture

Capital Stock: 100 million yen

Business Description: Manufacturing and distribution of pipe products for automobiles and construction machines

Payroll : 295 (As of November, 2012)

Establishment: July 1954