

**Yokowo reinforces its expanded production system as a result of growth in orders
for "In-vehicle Antenna for ETC"**

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■ Summary

Yokowo plans to strengthen its production system in global perspective to keep pace with the significant growth in orders for "In-vehicle ETC Antenna".

■ Market Trend

Electronic Toll Collection System (ETC), which has fully gone operational March 2001, realizes automatic toll transaction utilizing radio communication without any need to stop at the tollgate.

For the service to come into widespread use, infrastructure building has been set forward since its launch. Consequently, ETC has already become available at around 900 major tollgates nationwide at the end of last year, and will be deployed at almost all 1,300 tollgates at the end of this year.

As for the in-vehicle ETC Antenna, it has been also prevailing rapidly from this spring. There are several major reasons as follows.

1. In a trend towards its price reduction, in-vehicle antenna has started to come onto the market one after another with its price below 20,000 yen, which is less than half the price during initial phase.
2. In addition to various kinds of ongoing discount services, "ETC Monitor Campaign" was established on June 18th under the auspices of the Land, Infrastructure and Transportation Ministry. This service supports ETC lease as a trial operation by monitors (5,000 yen as subsidiary purchasing money) and has proved to have a profound effect on the market.
3. Sales promotion by automobile manufactures and retail stores etc., and discount services by audio manufactures have made a great contribution to its dissemination. Registered cars in July surpassed 200,000 and amounted to 1,350,000 in cumulative total at the end of July.



■ Our Present Condition & Future Plan

We have engaged in OEM supply of the in-vehicle antenna together with the roadside antenna since its initial stage of the ETC service. Compact and high-performance in-vehicle antenna (*1 specification as below), which we have developed with the full use of our own antenna and microwave technologies, has received a good reputation at the market and showed a steady growth in orders. As a result of the significant growth in orders from this spring, actual delivery performance has reached a total volume of 100,000 in the first quarter, which is definitely equivalent to last year's annual volume.

Considering that ETC antenna is much more likely to be installed at the product line of the automobile manufacturer and to become more available as a DSRC system, it is expected that ETC service continues to be in high demand, which definitely requires further expansion of the production capacity. Consequently, the production system with total volume of 60,000 per month is scheduled to reach the level where it can produce as many as 100,000 per month by starting a production in China coupled with the current domestic production system.

Plan for reinforcing the production capacity (as of October 2003)

<Japan> Gunma Tomioka Factory: 30,000 per month

<China> China Factory in Dongguan Yokowo Car Components Co., Ltd.: 70,000 per month

Total 100,000 per month

In anticipation of increasingly fierce cost competition, we are designed to enforce the cost competitiveness with newly developed products more miniaturized and lower cost than ever.

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