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## Bridgestone Corporation Announces Business and Financial Results for First Quarter of Fiscal 2006

Tokyo (May 1, 2006) - Bridgestone Corporation (the "Company") today announced its unaudited consolidated business and financial results for the period January 1 to March 31, 2006, the first quarter of the present fiscal year (January 1 to December 31, 2006). These results are for the Company and its consolidated subsidiaries, collectively referred to below as the "Companies." The Company had 439 consolidated subsidiaries and 196 equity method affiliates at March 31, 2006.

Here is a summary of the Companies' first quarter results in 2006 and management's revised projections for the Companies' sales and earnings performance for the first half of fiscal year 2006. Solely for the convenience of readers, the dollar figures have been calculated at US\$1 = ¥117.47, the exchange rate on March 31.

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### I. Overall Results

#### A. Sales and earnings

|                  | FY06 Q1   | FY05 Q1   | Increase (decrease) |     |
|------------------|-----------|-----------|---------------------|-----|
|                  | ¥ billion | ¥ billion | ¥ billion           | %   |
| Net sales        | 704.6     | 603.9     | 100.7               | 17  |
| Operating income | 47.4      | 44.0      | 3.4                 | 8   |
| Ordinary income  | 41.7      | 42.0      | (0.2)               | (1) |
| Net income       | 27.1      | 26.1      | 1.0                 | 4   |

A defining trend of the business environment in the first quarter was a global upward movement in the cost of crude oil and other raw materials. The Japanese economy continued to recover on the back of improving corporate earnings and increases in capital spending and personal consumption. In the United States, the economy was favorable as personal

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consumption and capital spending continued to increase. Economic recovery proceeded gradually in Europe. Strong economic growth continued in China, while other Asian economies expanded steadily.

Amid such a business environment, the Companies continued to execute initiatives worldwide to expand sales of high-value-added products and release appealing new products. Additionally, the Companies continued group-wide efforts to increase production capacity, enhance productivity and make the most of their strengths in research and technology.

As a result, net sales in the first quarter increased 17% from the same period of the previous year (the previous first quarter), to ¥704.6 billion [\$6.0 billion], while operating income increased 8%, to ¥47.4 billion [\$404 million] and ordinary income decreased 1%, to ¥41.7 billion [\$355 million]. Net income grew 4%, to ¥27.1 billion [\$231 million].

## **B. Segment Information**

*Note:*

*The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

### **a. By business segment**

|                      |                  | FY06 Q1   | FY05 Q1   | Increase (decrease) |    |
|----------------------|------------------|-----------|-----------|---------------------|----|
|                      |                  | ¥ billion | ¥ billion | ¥ billion           | %  |
| Tires                | Sales            | 560.8     | 479.6     | 81.2                | 17 |
|                      | Operating income | 35.4      | 34.1      | 1.2                 | 4  |
| Diversified Products | Sales            | 150.3     | 131.2     | 19.0                | 15 |
|                      | Operating income | 11.5      | 9.6       | 1.9                 | 20 |
| Consolidated Results | Sales            | 704.6     | 603.9     | 100.7               | 17 |
|                      | Operating income | 47.4      | 44.0      | 3.4                 | 8  |

In the tire segment, the Companies' operating income in the first quarter increased 4% over the previous first quarter, to ¥35.4 billion [\$301 million], on an increase of 17% in sales, to ¥560.8 billion [\$4.8 billion]. The earnings contribution from this sales growth offset in part the adverse effect on earnings of rising raw material costs. The Companies worked to maximize their sales momentum by introducing appealing new products worldwide and improving product mix through increased sales of high-value-added products. Elsewhere,

the Companies improved and expanded production sites around the world.

In the diversified products segment, the Companies' operating income in the first quarter increased 20% over the previous first quarter, to ¥11.5 billion [\$98 million], on an increase of 15% in sales, to ¥150.3 billion [\$1.3 billion]. Business was especially strong in automotive components and in the building materials operations in the United States.

**b. By geographical segment**

|                      |                  | FY06 Q1   | FY05 Q1   | Increase (decrease) |      |
|----------------------|------------------|-----------|-----------|---------------------|------|
|                      |                  | ¥ billion | ¥ billion | ¥ billion           | %    |
| Japan                | Sales            | 296.7     | 268.6     | 28.1                | 10   |
|                      | Operating income | 29.6      | 27.8      | 1.8                 | 7    |
| The Americas         | Sales            | 314.2     | 252.1     | 62.1                | 25   |
|                      | Operating income | 12.9      | 7.3       | 5.5                 | 76   |
| Europe               | Sales            | 96.6      | 85.7      | 10.8                | 13   |
|                      | Operating income | 3.1       | 5.0       | (1.8)               | (37) |
| Other                | Sales            | 147.6     | 107.8     | 39.8                | 37   |
|                      | Operating income | 4.8       | 5.6       | (0.8)               | (14) |
| Consolidated Results | Sales            | 704.6     | 603.9     | 100.7               | 17   |
|                      | Operating income | 47.4      | 44.0      | 3.4                 | 8    |

Sales in Japan increased 10%, to ¥296.7 billion [\$2.5 billion], and operating income increased 7%, to ¥29.6 billion [\$252 million], despite increasing raw material costs. Unit sales of tires in the domestic market were strong, while unit exports of truck and bus tires were also robust. Unit exports of passenger car and light truck tires decreased compared with the previous first quarter due to the effects of increasing production capacity at overseas factories. Performance in diversified products exceeded the previous first quarter on the whole due mainly to steady growth in automotive components.

In the Americas, the Companies' sales in the first quarter increased 25%, to ¥314.2 billion [\$2.7 billion], and operating income increased 76%, to ¥12.9 billion [\$110 million], due to efforts to address increasing raw material costs. In North America, unit sales of passenger car and light truck tires declined in both the original equipment and replacement sectors due to decrease in demand. Unit sales of truck and bus tires increased, led by growth in the original equipment sector. Business also improved in diversified and Latin American

operations.

Sales in Europe increased 13%, to ¥96.6 billion [\$0.8 billion], while operating income declined 37%, to ¥3.1 billion [\$26 million], due to the significant negative impact of rising raw material costs. Unit sales of passenger car and light truck tires increased in the original equipment and replacement sectors. Unit sales of truck and bus tires also increased, led by growth in the replacement sector.

In other regions, sales grew 37%, to ¥147.6 billion [\$1.3 billion], spurred by vigorous marketing efforts. A decrease of 14% in operating income to ¥4.8 billion [\$41 million] was recorded due in part to the rising cost of raw materials.

### C. Cash Flow

|  |                         | FY06 Q1   | FY05 Q1   | Increase<br>(decrease) |
|--|-------------------------|-----------|-----------|------------------------|
|  |                         | ¥ billion | ¥ billion | ¥ billion              |
| Net cash provided by (used in)<br>operating activities   |                         | (12.9)    | 7.8       | (20.7)                 |
| Net cash used in<br>investing activities                 |                         | (68.6)    | (48.6)    | (20.0)                 |
| Net cash provided by<br>financing activities             |                         | 29.6      | 20.0      | 9.5                    |
| Effect of exchange rates<br>on cash and cash equivalents |                         | 1.3       | 0.8       | 0.4                    |
| Net decrease<br>in cash and cash equivalents             |                         | (50.6)    | (19.9)    | (30.7)                 |
| Cash and cash<br>equivalents                             | At beginning of quarter | 213.5     | 263.7     | (50.1)                 |
|  | At end of quarter       | 162.9     | 243.8     | (80.9)                 |

The Companies' cash and cash equivalents in the first quarter declined ¥50.6 billion [\$431 million], compared with a decrease of ¥19.9 billion [\$169 million] in the previous first quarter, to ¥162.9 billion [\$1,387 million].

(Cash flow by operating activities)

Net cash used in operating activities totaled ¥12.9 billion [\$110 million], compared with net cash provided by operating activities of ¥7.8 billion [\$66 million] in the previous first quarter. The principal factors to this result included a decrease in notes and accounts payable of ¥42.9 billion [\$365 million], compared with a decrease of ¥7.8 billion [\$66 million] in the previous first quarter; and an increase of inventories of ¥40.7 billion [\$346 million], compared with an increase of ¥32.0 billion [\$272 million] in the previous first quarter. These factors offset income before income taxes and minority interests of ¥43.4 billion [\$369 million], compared with ¥42.0 billion

[\$358 million] in the previous first quarter; and a decrease in notes and accounts receivable of ¥33.6 billion [\$286 million], compared with an increase of ¥0.2 billion [\$2 million] in the previous first quarter.

(Cash flow by investing activities)

Net cash used in investing activities increased ¥20.0 billion [\$170 million] compared with the previous first quarter, to ¥68.6 billion [¥584 million]. Expenditures included payments of ¥63.6 billion [\$541 million] for purchase of property, plant and equipment, compared with payments of ¥48.7 billion [\$415 million] in the previous first quarter.

(Cash flow by financing activities)

Net cash provided by financing activities increased ¥9.5 billion [\$81 million] compared to the previous first quarter, to ¥29.6 billion [\$252 million]. The net increase in borrowings and bonds was ¥43.9 billion [\$374 million], compared with an increase of ¥27.6 billion [\$235 million] in the previous first quarter.

## **II. Projections**

Below is a summary of management's projections for consolidated sales and earnings in the first half (January 1 to June 30, 2006) of the current fiscal year. These projections are revisions to the projections announced by the Company on February 17, 2006. Those revisions are due to the expectation that the Companies will incur losses due to the weaker-than-expected Japanese Yen against the US dollar and the euro, and the likelihood of a loss of US\$170 million for the potential closure of Oklahoma City plant by the end of December 2006, of which US\$140 will be set aside as an extraordinary loss during the first half of the current fiscal year. The notice of potential closure of Oklahoma City plant was announced on April 28 by Bridgestone Firestone North American Tire, LLC, which is a subsidiary of Bridgestone Americas Holding, Inc., whose parent company is Bridgestone Corporation.

Also, the summary shows the management's projections for non-consolidated sales and earnings in the first half (January 1 to June 30, 2006) of the current fiscal year. These projections are revisions to the projections announced by the Company on February 17, 2006 due in part to the current expectation that the Yen will be weaker against the US dollar and the euro.

Regarding consolidated sales and earnings for the full year (January 1 to December 31, 2006), revisions to those projections, if any, would be made at the time the Companies announce their first-half business and financial results for fiscal 2006.

The stronger-than-expected sales performance has been continuing with robust demand for

tires, especially in markets outside Japan. Profitability is still an issue, however, as prices for natural rubber remain high and as rising prices for crude oil and other basic materials increase the prices of other raw materials used in the Companies' products.

**[Consolidated]**

|                  | (Revised)<br>FY06 1H<br>Projections | FY05 1H<br>Results | Increase (decrease) |      | (Reference)<br>(Initial)<br>FY06 1H<br>Projections |
|------------------|-------------------------------------|--------------------|---------------------|------|--|
|                  |                                     |                    | ¥ billion           | %    | ¥ billion  |
| Net sales        | 1,430.0                             | 1,256.2            | 173.8               | 14   | 1,390.0  |
| Operating income | 77.0                                | 92.0               | (15.1)              | (16) | 70.0   |
| Ordinary income  | 61.0                                | 88.6               | (27.7)              | (31) | 54.0   |
| Net income       | 30.0                                | 101.7              | (71.7)              | (71) | 33.0   |

Note: Fiscal 2005 first half results include an extraordinary gain of ¥80.8 billion [\$688 million] arising mostly from the return to the Japanese government of the substitutional portion of an employee pension plan at the Company and certain domestic consolidated subsidiaries; and an extraordinary loss of ¥2.9 billion [\$25 million] due to impairment losses on fixed assets. Excluding these factors, management forecasts net income for the first half to decrease 47%, not 71%, compared with the previous first half.

**[Non-consolidated]**

|                  | (Revised)<br>FY06 1H<br>Projections | FY05 1H<br>Results | Increase (decrease) |      | (Reference)<br>(Initial)<br>FY06 1H<br>Projections |
|------------------|-------------------------------------|--------------------|---------------------|------|--|
|                  |                                     |                    | ¥ billion           | %    | ¥ billion  |
| Net sales        | 430.0                               | 400.2              | 29.8                | 7    | 420.0  |
| Operating income | 40.0                                | 49.3               | (9.4)               | (19) | 34.0   |
| Ordinary income  | 45.0                                | 60.5               | (15.6)              | (26) | 38.0   |
| Net income       | 34.0                                | 84.1               | (50.1)              | (60) | 26.0   |

Note: Note: Fiscal 2005 first half results include an extraordinary gain of ¥71.2 billion [\$606 million] arising mostly from the return to the Japanese government of the substitutional portion of an employee pension plan at the Company and certain domestic consolidated subsidiaries; and an extraordinary loss of ¥1.0 billion [\$9 million] due to impairment losses on fixed assets. Excluding these factors, management forecasts net income for the first half

to decrease 19%, not 60%, compared with the previous first half.

#### Forward-Looking Statements

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. Those variables could cause the Companies' actual performance and results to differ substantially from management's projections and plans.

Bridgestone Corporation, headquartered in Tokyo, is the world's largest manufacturer of tires and other rubber products. Tires account for 80 percent of Bridgestone Group sales worldwide. The company also manufactures industrial rubber and chemical products, sporting goods, and other diversified products. It sells its tires and other products in more than 150 nations.

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**Consolidated Financial Statements**

**Consolidated Balance Sheet (Unaudited)**

|   | FY2005 1Q             |              | FY2006 1Q             |              | FY2005                   |              | Increase        |
|---|-----------------------|--------------|-----------------------|--------------|--------------------------|--------------|-----------------|
|   | (As of 31 March 2005) |              | (As of 31 March 2006) |              | (As of 31 December 2005) |              | (decrease)      |
|   | Yen in million        | %            | Yen in million        | %            | Yen in million           | %            | Yen in million  |
| <b>Assets</b>   |                       |              |                       |              |                          |              |                 |
| <b>Current Assets:</b>                                |                       |              |                       |              |                          |              |                 |
| Cash and deposits                                     | 229,275               |              | 158,337               |              | 199,008                  |              | (40,671)        |
| Notes and accounts receivable                         | 462,698               |              | 499,318               |              | 531,174                  |              | (31,856)        |
| Inventories   | 409,317               |              | 508,253               |              | 464,972                  |              | 43,281          |
| Other   | 111,265               |              | 124,387               |              | 120,478                  |              | 3,909           |
| <b>Total Current Assets</b>                           | <b>1,212,557</b>      | <b>51.3</b>  | <b>1,290,297</b>      | <b>47.1</b>  | <b>1,315,633</b>         | <b>48.5</b>  | <b>(25,336)</b> |
| <b>Fixed Assets:</b>                                  |                       |              |                       |              |                          |              |                 |
| Tangible assets                                       | 753,038               |              | 882,655               |              | 868,376                  |              | 14,279          |
| Other   | 399,576               |              | 567,367               |              | 525,951                  |              | 41,416          |
| <b>Total Fixed Assets</b>                             | <b>1,152,614</b>      | <b>48.7</b>  | <b>1,450,023</b>      | <b>52.9</b>  | <b>1,394,328</b>         | <b>51.5</b>  | <b>55,695</b>   |
| <b>Total</b>  | <b>2,365,171</b>      | <b>100.0</b> | <b>2,740,320</b>      | <b>100.0</b> | <b>2,709,962</b>         | <b>100.0</b> | <b>30,358</b>   |
| <b>Liabilities</b>                                    |                       |              |                       |              |                          |              |                 |
| <b>Current Liabilities:</b>                           |                       |              |                       |              |                          |              |                 |
| Notes and accounts payable                            | 274,257               |              | 303,719               |              | 363,354                  |              | (59,635)        |
| Short-term borrowings and current portion of bonds    | 188,599               |              | 270,945               |              | 228,399                  |              | 42,546          |
| Accrued expenses                                      | 169,036               |              | 176,984               |              | 177,965                  |              | (981)           |
| Other   | 74,319                |              | 74,497                |              | 86,053                   |              | (11,556)        |
| <b>Total Current Liabilities</b>                      | <b>706,212</b>        | <b>29.8</b>  | <b>826,147</b>        | <b>30.1</b>  | <b>855,773</b>           | <b>31.6</b>  | <b>(29,626)</b> |
| <b>Long-term Liabilities:</b>                         |                       |              |                       |              |                          |              |                 |
| Bonds   | 133,085               |              | 127,363               |              | 147,001                  |              | (19,638)        |
| Long-term borrowings                                  | 188,851               |              | 228,085               |              | 204,340                  |              | 23,745          |
| Accrued pension and liability for retirement benefits | 285,464               |              | 195,460               |              | 194,619                  |              | 841             |
| Other   | 63,368                |              | 154,548               |              | 144,698                  |              | 9,850           |
| <b>Total Long-term Liabilities</b>                    | <b>670,770</b>        | <b>28.4</b>  | <b>705,458</b>        | <b>25.8</b>  | <b>690,659</b>           | <b>25.5</b>  | <b>14,799</b>   |
| <b>Total Liabilities</b>                              | <b>1,376,983</b>      | <b>58.2</b>  | <b>1,531,605</b>      | <b>55.9</b>  | <b>1,546,433</b>         | <b>57.1</b>  | <b>(14,828)</b> |
| <b>Minority Interests</b>                             |                       |              |                       |              |                          |              |                 |
| Minority Interests                                    | 32,278                | 1.4          | 33,709                | 1.2          | 34,932                   | 1.3          | (1,223)         |
| <b>Shareholders' Equity</b>                           |                       |              |                       |              |                          |              |                 |
| Common stock  | 126,354               | 5.3          | 126,354               | 4.6          | 126,354                  | 4.7          | —               |
| Capital Surplus                                       | 122,078               | 5.2          | 122,078               | 4.5          | 122,078                  | 4.5          | —               |
| Retained earnings                                     | 802,632               | 33.9         | 913,477               | 33.3         | 935,823                  | 34.5         | (22,346)        |
| Net unrealized gain on available-for-sale securities  | 103,100               | 4.4          | 172,316               | 6.3          | 144,186                  | 5.3          | 28,130          |
| Foreign currency translation adjustments              | (147,186)             | (6.2)        | (96,221)              | (3.5)        | (102,038)                | (3.8)        | 5,817           |
| Treasury stock — at cost                              | (51,070)              | (2.2)        | (62,999)              | (2.3)        | (97,808)                 | (3.6)        | 34,809          |
| <b>Total Shareholders' Equity</b>                     | <b>955,909</b>        | <b>40.4</b>  | <b>1,175,005</b>      | <b>42.9</b>  | <b>1,128,596</b>         | <b>41.6</b>  | <b>46,409</b>   |
| <b>Total</b>  | <b>2,365,171</b>      | <b>100.0</b> | <b>2,740,320</b>      | <b>100.0</b> | <b>2,709,962</b>         | <b>100.0</b> | <b>30,358</b>   |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

**Consolidated Statements of Income (Unaudited)**

|   | FY2005 1Q                             |       | FY2006 1Q                             |       | increase          |       | FY2005                           |       |
|---|---------------------------------------|-------|---------------------------------------|-------|-------------------|-------|----------------------------------|-------|
|   | (Three months ended<br>31 March 2005) |       | (Three months ended<br>31 March 2006) |       | (decrease)        |       | (Year ended<br>31 December 2005) |       |
|   | Yen in<br>million                     | %     | Yen in<br>million                     | %     | Yen in<br>million | %     | Yen in million                   | %     |
| <b>Net Sales</b>  | 603,937                               | 100.0 | 704,676                               | 100.0 | 100,739           | —     | 2,691,375                        | 100.0 |
| <b>Cost of Sales</b>  | 390,062                               | 64.6  | 467,193                               | 66.3  | 77,131            | 1.7   | 1,751,940                        | 65.1  |
| Gross profit  | 213,875                               | 35.4  | 237,483                               | 33.7  | 23,608            | (1.7) | 939,435                          | 34.9  |
| <b>Selling, General and Administrative Expenses</b>                           | 169,852                               | 28.1  | 189,988                               | 27.0  | 20,136            | (1.1) | 725,584                          | 27.0  |
| Operating income  | 44,022                                | 7.3   | 47,494                                | 6.7   | 3,472             | (0.6) | 213,850                          | 7.9   |
| <b>Non-operating Income :</b>   | 4,809                                 | 0.8   | 4,230                                 | 0.6   | (579)             | (0.2) | 22,700                           | 0.9   |
| Interest income and dividend income   | 822                                   |       | 981                                   |       |                   |       | 6,029                            |       |
| Other   | 3,987                                 |       | 3,249                                 |       |                   |       | 16,671                           |       |
| <b>Non-operating Expenses :</b>   | 6,782                                 | 1.1   | 9,967                                 | 1.4   | 3,185             | 0.3   | 38,447                           | 1.4   |
| Interest expense  | 3,162                                 |       | 5,108                                 |       |                   |       | 15,226                           |       |
| Foreign currency exchange loss  | 121                                   |       | 1,278                                 |       |                   |       | 2,588                            |       |
| Other   | 3,498                                 |       | 3,580                                 |       |                   |       | 20,632                           |       |
| Ordinary income   | 42,049                                | 7.0   | 41,757                                | 5.9   | (292)             | (1.1) | 198,103                          | 7.4   |
| <b>Extraordinary Income :</b>   | —                                     | —     | 1,681                                 | 0.3   | 1,681             | 0.3   | 82,890                           | 3.1   |
| Gains on sales of tangible assets   | —                                     |       | 1,681                                 |       |                   |       | 4,318                            |       |
| Gains on return of substitutional portion of the governmental pension program | —                                     |       | —                                     |       |                   |       | 78,572                           |       |
| <b>Extraordinary Loss :</b>   | —                                     | —     | —                                     | —     | —                 | —     | 36,399                           | 1.4   |
| Impairment losses on assets   | —                                     |       | —                                     |       |                   |       | 4,009                            |       |
| Loss related to voluntary tire replacement                                    | —                                     |       | —                                     |       |                   |       | 26,503                           |       |
| Loss on provision for environmental remediation                               | —                                     |       | —                                     |       |                   |       | 5,886                            |       |
| Income before income taxes and minority interests                             | 42,049                                | 7.0   | 43,439                                | 6.2   | 1,390             | (0.8) | 244,594                          | 9.1   |
| Income taxes  | 15,009                                | 2.5   | 15,470                                | 2.2   | 461               | (0.3) | 60,259                           | 2.3   |
| Minority Interests  | 899                                   | 0.2   | 795                                   | 0.1   | (104)             | (0.1) | 3,539                            | 0.1   |
| Net Income  | 26,139                                | 4.3   | 27,173                                | 3.9   | 1,034             | (0.4) | 180,796                          | 6.7   |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

**Consolidated Statements of Cash Flows (Unaudited)**

|   | FY2005 1Q<br>(Three months ended<br>31 March 2005) | FY2006 1Q<br>(Three months ended<br>31 March 2006) | increase<br>(decrease) | FY2005<br>(Year ended<br>31 December 2005) |
|---|--|--|------------------------|--|
|   | Yen in million                                     | Yen in million                                     | Yen in million         | Yen in million                             |
| <b>Cash Flows from Operating Activities :</b>                       |  |  |                        |  |
| Income before income taxes and minority interests                   | 42,049   | 43,439   | 1,390                  | 244,594                                    |
| Depreciation and amortization                                       | 30,497   | 35,399   | 4,902                  | 127,608                                    |
| (Increase) decrease in notes and accounts receivable                | (249)  | 33,623   | 33,872                 | (47,234)                                   |
| Increase in inventories   | (32,085)   | (40,703)   | (8,618)                | (57,481)                                   |
| Increase (decrease) in notes and accounts payable                   | (7,830)  | (42,952)   | (35,122)               | 47,942                                     |
| Income taxes paid   | (40,415)   | (28,881)   | 11,534                 | (68,577)                                   |
| Other   | 15,840   | (12,865)   | (28,705)               | (97,869)                                   |
| <b>Net Cash Provided by (Used in) Operating Activities</b>          | <b>7,806</b>                                       | <b>(12,939)</b>                                    | <b>(20,745)</b>        | <b>148,982</b>                             |
| <b>Cash Flows from Investing Activities :</b>                       |  |  |                        |  |
| Payments for purchase of tangible assets                            | (48,765)   | (63,631)   | (14,866)               | (196,494)                                  |
| Other   | 115  | (5,037)  | (5,152)                | (20,421)                                   |
| <b>Net Cash Used in Investing Activities</b>                        | <b>(48,650)</b>                                    | <b>(68,669)</b>                                    | <b>(20,019)</b>        | <b>(216,915)</b>                           |
| <b>Cash Flows from Financing Activities :</b>                       |  |  |                        |  |
| Net increase in borrowings and bonds                                | 27,694   | 43,935   | 16,241                 | 78,604                                     |
| Cash dividends paid   | (8,475)  | (10,517)   | (2,042)                | (16,772)                                   |
| Other   | 833  | (3,815)  | (4,648)                | (51,576)                                   |
| <b>Net Cash Provided by Financing Activities</b>                    | <b>20,053</b>                                      | <b>29,601</b>                                      | <b>9,548</b>           | <b>10,255</b>                              |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b> | <b>877</b>   | <b>1,326</b>                                       | <b>449</b>             | <b>7,531</b>                               |
| <b>Net Decrease in Cash and Cash Equivalents</b>                    | <b>(19,913)</b>                                    | <b>(50,680)</b>                                    | <b>(30,767)</b>        | <b>(50,145)</b>                            |
| <b>Cash and Cash Equivalents at Beginning of Period</b>             | <b>263,726</b>                                     | <b>213,581</b>                                     | <b>(50,145)</b>        | <b>263,726</b>                             |
| <b>Cash and Cash Equivalents at End of Period</b>                   | <b>243,813</b>                                     | <b>162,900</b>                                     | <b>(80,913)</b>        | <b>213,581</b>                             |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

## Ségment Information (Unaudited)

### 1. Business Segment Information

FY2005 1st Quarter (Three months ended 31 March 2005)

(Yen in million)

|                                     | Tires   | Diversified Products | Total   | Elimination or Corporate | Consolidated |
|-------------------------------------|---------|----------------------|---------|--------------------------|--------------|
| Sales                               |         |                      |         |                          |              |
| (1)Sales to external customers      | 478,848 | 125,089              | 603,937 | —                        | 603,937      |
| (2)Intersegment sales and transfers | 809     | 6,135                | 6,944   | (6,944)                  | —            |
| Total                               | 479,657 | 131,225              | 610,882 | (6,944)                  | 603,937      |
| Operating expenses                  | 445,461 | 121,596              | 567,058 | (7,143)                  | 559,915      |
| Operating income                    | 34,195  | 9,628                | 43,823  | 199                      | 44,022       |

FY2006 1st Quarter (Three months ended 31 March 2006)

(Yen in million)

|                                     | Tires   | Diversified Products | Total   | Elimination or Corporate | Consolidated |
|-------------------------------------|---------|----------------------|---------|--------------------------|--------------|
| Sales                               |         |                      |         |                          |              |
| (1)Sales to external customers      | 560,132 | 144,544              | 704,676 | —                        | 704,676      |
| (2)Intersegment sales and transfers | 736     | 5,757                | 6,493   | (6,493)                  | —            |
| Total                               | 560,868 | 150,301              | 711,170 | (6,493)                  | 704,676      |
| Operating expenses                  | 525,413 | 138,719              | 664,133 | (6,951)                  | 657,181      |
| Operating income                    | 35,454  | 11,582               | 47,037  | 457                      | 47,494       |

FY2005 (Year ended 31 December 2005)

(Yen in million)

|                                     | Tires     | Diversified Products | Total     | Elimination or Corporate | Consolidated |
|-------------------------------------|-----------|----------------------|-----------|--------------------------|--------------|
| Sales                               |           |                      |           |                          |              |
| (1)Sales to external customers      | 2,152,949 | 538,426              | 2,691,375 | —                        | 2,691,375    |
| (2)Intersegment sales and transfers | 3,838     | 26,341               | 30,179    | (30,179)                 | —            |
| Total                               | 2,156,787 | 564,767              | 2,721,555 | (30,179)                 | 2,691,375    |
| Operating expenses                  | 1,988,875 | 518,890              | 2,507,766 | (30,241)                 | 2,477,525    |
| Operating income                    | 167,911   | 45,876               | 213,788   | 61                       | 213,850      |

## 2. Geographical Segment Information

FY2005 1st Quarter (Three months ended 31 March 2005)

(Yen in million)

|                                     | Japan   | The Americas | Europe | Other   | Total   | Elimination or Corporate | Consolidated |
|-------------------------------------|---------|--------------|--------|---------|---------|--------------------------|--------------|
| Sales                               |         |              |        |         |         |                          |              |
| (1)Sales to external customers      | 197,377 | 250,668      | 84,841 | 71,050  | 603,937 | —                        | 603,937      |
| (2)Intersegment sales and transfers | 71,240  | 1,464        | 916    | 36,804  | 110,424 | (110,424)                | —            |
| Total                               | 268,617 | 252,132      | 85,757 | 107,854 | 714,362 | (110,424)                | 603,937      |
| Operating expenses                  | 240,797 | 244,806      | 80,714 | 102,162 | 668,482 | (108,567)                | 559,915      |
| Operating income                    | 27,819  | 7,325        | 5,042  | 5,692   | 45,880  | (1,857)                  | 44,022       |

FY2006 1st Quarter (Three months ended 31 March 2006)

(Yen in million)

|                                     | Japan   | The Americas | Europe | Other   | Total   | Elimination or Corporate | Consolidated |
|-------------------------------------|---------|--------------|--------|---------|---------|--------------------------|--------------|
| Sales                               |         |              |        |         |         |                          |              |
| (1)Sales to external customers      | 213,239 | 312,075      | 95,386 | 83,974  | 704,676 | —                        | 704,676      |
| (2)Intersegment sales and transfers | 83,536  | 2,170        | 1,235  | 63,683  | 150,625 | (150,625)                | —            |
| Total                               | 296,776 | 314,245      | 96,622 | 147,658 | 855,302 | (150,625)                | 704,676      |
| Operating expenses                  | 267,115 | 301,337      | 93,433 | 142,771 | 804,656 | (147,475)                | 657,181      |
| Operating income                    | 29,660  | 12,908       | 3,188  | 4,887   | 50,645  | (3,150)                  | 47,494       |

FY2005 (Year ended 31 December 2005)

(Yen in million)

|                                     | Japan     | The Americas | Europe  | Other   | Total     | Elimination or Corporate | Consolidated |
|-------------------------------------|-----------|--------------|---------|---------|-----------|--------------------------|--------------|
| Sales                               |           |              |         |         |           |                          |              |
| (1)Sales to external customers      | 858,478   | 1,151,512    | 363,131 | 318,253 | 2,691,375 | —                        | 2,691,375    |
| (2)Intersegment sales and transfers | 303,856   | 6,446        | 3,819   | 179,689 | 493,811   | (493,811)                | —            |
| Total                               | 1,162,334 | 1,157,958    | 366,950 | 497,942 | 3,185,187 | (493,811)                | 2,691,375    |
| Operating expenses                  | 1,024,027 | 1,118,993    | 347,327 | 476,852 | 2,967,200 | (489,675)                | 2,477,525    |
| Operating income                    | 138,307   | 38,964       | 19,623  | 21,090  | 217,986   | (4,136)                  | 213,850      |