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## Bridgestone Corporation Announces Business and Financial Results for Fiscal 2006

Tokyo (February 20, 2007) - Bridgestone Corporation (the "Company") today announced its consolidated business and financial results for the fiscal year ended December 31, 2006. These results are for the Company and its consolidated subsidiaries, collectively referred to below as the "Companies." The Company had 441 consolidated subsidiaries and 184 equity method affiliates as of December 31, 2006, compared to 440 consolidated subsidiaries and 198 equity method affiliates as of December 31, 2005.

Here is a summary of the Companies' results in 2006 and management's projections for the Companies' sales and earnings performance in 2007. Solely for the convenience of readers, the dollar figures have been calculated at US\$1 = ¥119.11, the exchange rate on December 31, the end of the 2006 fiscal year.

### I. Summary of Business and Financial Performance

#### A. Overall results

##### 1. Sales and earnings

	FY2006	FY2005	Increase (decrease)	
	¥ billion	¥ billion	¥ billion	%
Net sales	2,991.2	2,691.3	299.9	11
Operating income	190.8	213.8	(22.9)	(11)
Ordinary income	159.5	198.1	(38.5)	(19)
Net income	85.1	180.7	(95.6)	(53)

A defining trend of the business environment in fiscal 2006 was continued global upward movement in the cost of crude oil and other raw materials. The Japanese economy continued to recover as a result of gradually expanding personal consumption, improving corporate earnings and increases in capital spending. In the United States, while personal consumption and capital

spending showed an overall increase, the economy appears to be slowing and there are concerns about the economy's future direction based on such indicators as a decrease in housing construction. Economic recovery proceeded in Europe, supported by domestic demand. Strong economic growth continued in China while other Asian economies expanded steadily.

Amid this business environment, the Companies continued to execute initiatives worldwide expanding sales of high-value-added products and launching appealing new products. Additionally, the Companies continued group-wide efforts to increase production capacity in strategic product lines, enhance productivity and benefit from their strengths in research and technology.

As a result, net sales in fiscal 2006 increased 11% over the previous year, to ¥2,991.2 billion [\$25.1 billion]. Operating income decreased 11%, to ¥190.8 billion [\$1,602 million] due in part to the significant impact of high prices for natural rubber, crude oil and other raw materials despite the exchange gain on the weaker Japanese Yen. Ordinary income decreased 19%, to ¥159.5 billion [\$1,339 million], and net income decreased 53%, to ¥85.1 billion [\$714 million].

The Companies accrued pretax ¥21.7 billion [\$186 million, calculated at the average exchange rate for 2006 of ¥116.52/US\$1] as an extraordinary loss during the fiscal 2006 in connection with the announced closure of two tire plants in the Americas. Further, results for the fiscal 2005 included an extraordinary gain of ¥82.8 billion [\$695 million] arising mostly from the return to the Japanese government of the substitutional portion of an employee pension plan, an extraordinary loss of ¥36.3 billion [\$305 million] due mainly to a payment made in connection with a settlement agreement between Ford Motor Company and Bridgestone Firestone North American Tire, LLC and tax gains of ¥40.9 billion [\$343 million] in line with the recognition of deferred tax assets through the reversal of a valuation allowance.

## 2. Segment Information

Note:

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

### a. By business segment

		FY2006	FY2005	Increase (decrease)	
		¥ billion	¥ billion	¥ billion	%
Tires	Sales	2,396.9	2,156.7	240.1	11
	Operating income	139.0	167.9	(28.8)	(17)
Diversified Products	Sales	626.8	564.7	62.1	11
	Operating income	51.7	45.8	5.8	13
Consolidated Results	Sales	2,991.2	2,691.3	299.9	11
	Operating income	190.8	213.8	(22.9)	(11)

In the tire segment, the Companies' sales in fiscal 2006 increased 11% over the previous year, to ¥2,396.9 billion [\$20.1 billion], while operating income declined 17%, to ¥139.0 billion [\$1,167 million], due in great part to the significant impact of high 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 strategic production sites around the world.

In the diversified products segment, the Companies' operating income in fiscal 2006 increased 13% over the previous year, to ¥51.7 billion [\$434 million], on an increase of 11% in sales, to ¥626.8 billion [\$5.3 billion]. Business was especially strong in the commercial building materials operations in the United States and in automotive components in Japan.

**b. By geographical segment**

		FY2006	FY2005	Increase (decrease)	
Japan	Sales	¥ billion 1,255.6	¥ billion 1,162.3	¥ billion 93.2	% 8
	Operating income	117.5	138.3	(20.7)	(15)
The Americas	Sales	1,333.5	1,157.9	175.6	15
	Operating income	42.0	38.9	3.0	8
Europe	Sales	418.4	366.9	51.5	14
	Operating income	14.8	19.6	(4.7)	(24)
Other	Sales*	441.2	375.5	65.6	17
	Operating income	20.2	21.0	(8.0)	(4)
Consolidated Results	Sales	2,991.2	2,691.3	299.9	11
	Operating income	190.8	213.8	(22.9)	(11)

\*Note: In line with a change in the contractual relationship of certain inter-segment transactions in fiscal 2006 in other regions, sales amounts for the previous year have been restated for the purpose of comparison.

Sales in Japan increased 8%, to ¥1,255.6 billion [\$10.5 billion], while operating income decreased 15%, to ¥117.5 billion [\$986 million], due primarily to the significant impact of high raw material costs. Unit sales of tires in the domestic market exceeded those in the previous year. Unit exports of truck and bus tires were also strong, while unit exports of passenger car and light truck tires decreased. This is partly the result of capacity expansions in overseas plants intended to help supply global market segments. Performance in diversified products exceeded the previous year due to steady growth mainly in automotive components.

In the Americas, the Companies' sales in fiscal 2006 increased 15%, to ¥1,333.5 billion [\$11.2 billion] due in part to higher sales due to better brand and product mix and higher selling prices, as well as the exchange gain on the weaker Japanese Yen. Operating income increased 8%, to ¥42.0 billion [\$353 million], despite the impact of 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 an industry-wide decrease in demand. Unit sales of truck and bus tires increased mainly in the original equipment sectors, led by "pre-buy" activities in anticipation of new 2007 environmental regulations (engine emission requirements). Sales also

improved in the diversified and Latin American operations over the prior year.

Sales in Europe increased 14%, to ¥418.4 billion [\$3.5 billion] due in part to the exchange gain on the weaker Japanese Yen, while operating income decreased 24%, to ¥14.8 billion [\$124 million], due mostly to the significant impact of rising raw material costs and expenditures related to reinforcing sales and improving logistics efficiency. Unit sales of passenger car and light truck tires remained on a par with the previous year in both the original equipment and replacement sectors. Unit sales of truck and bus tires exceeded the prior year in both the original equipment and replacement sectors.

In other regions, sales grew 17%, to ¥441.2 billion [\$3.7 billion], spurred by vigorous marketing efforts as well as the exchange gain on the weaker Japanese Yen. Operating income decreased 4% to ¥20.2 billion [\$170 million] due in part to the significant increase in raw material costs.

## **B. Dividends**

Management has proposed a year-end dividend of ¥12 [\$0.10] per share. Including an interim dividend of ¥12 [\$0.10], the annual dividend is expected to be ¥24 [\$0.20] per share.

## **C. Financial Position**

### 1. Cash Flow

		FY2006	FY2005	Increase (decrease)
		¥ billion	¥ billion	¥ billion
Net cash provided by operating activities		149.1	148.9	0.1
Net cash used in investing activities		(255.7)	(216.9)	(38.7)
Net cash provided by financing activities		81.3	10.2	71.1
Effect of exchange rate changes on cash and cash equivalents		9.8	7.5	2.3
Net decrease in cash and cash equivalents		(15.3)	(50.1)	34.8
Cash and cash equivalents	At beginning of year	213.5	263.7	(50.1)
	At end of year	198.2	213.5	(15.3)

The Companies' cash and cash equivalents declined ¥15.3 billion [\$128 million] during 2006, to ¥198.2 billion [\$1,664 million], compared with a decrease of ¥50.1 billion [\$421 million] during the prior year.

(Cash flow by operating activities)

Net cash provided by operating activities increased ¥0.1 billion [\$1 million] compared with the prior year, to ¥149.1 billion [\$1,252 million]. The principal contributors to that increase included depreciation and amortization of ¥145.3 billion [\$1,220 million], compared with ¥127.6 billion [\$1,071 million] during the prior year; income before income taxes and minority interests of ¥140.1 billion [\$1,176 million], compared with ¥244.5 billion [\$2,053 million] during the prior year; and an increase in accrued pension and liability for retirement benefits of ¥20.8 billion [\$175 million], compared with a decrease of ¥100.8 billion [\$846 million] during the prior year. Those contributors offset an increase of ¥64.6 billion [\$542 million] in inventories, compared with an increase of ¥57.4 billion [\$482 million] in the prior year; and ¥60.9 billion [\$511 million] in income taxes paid, compared with ¥68.5 billion [\$575 million] in the prior year.

(Cash flow by investing activities)

Net cash used in investing activities increased ¥38.7 billion [\$325 million] compared with the prior year, to ¥255.7 billion [\$2,147 million]. Expenditures included payments of ¥250.2 billion [\$2,101 million] for purchase of property, plant and equipment, compared with payments of ¥196.4 billion [\$1,649 million] during the prior year.

(Cash flow by financing activities)

Net cash provided by financing activities increased ¥71.1 billion [\$597 million] compared with the prior year, to ¥81.3 billion [\$683 million]. The major contributors included a net increase of ¥64.8 billion [\$544 million] in proceeds from long-term borrowings, compared with ¥35.2 billion [\$296 million] in the prior year and ¥64.0 billion [\$537 million] in proceeds from short-term borrowings and commercial paper, compared with ¥123.1 billion [\$1,033 million] in the prior year. These increases offset repayments of long-term borrowings of ¥29.1 billion [\$244 million], compared with ¥90.8 billion [\$762 million] during the prior year.

## 2. Trends in Cash Flow Indicators

	FY2004	FY2005	FY2006
Shareholders' equity/total assets (%)	40.1	41.6	38.6
Market capitalization*/total assets (%)	70.2	70.8	67.8
Interest-bearing debt/net cash provided by operating activities (years)	2.0	3.9	4.7
Net cash provided by operating activities/interest payments** (times)	21.0	10.1	7.1

\* Share price on last trading day of December multiplied by number of shares outstanding (after deducting treasury stock)

\*\* Interest payments as listed on Statements of Cash Flows

## II. Projections

The operating environment is expected to remain challenging in 2007, however it is expected that the world economy will continue to show steady growth. Profitability is still an issue, however, as the cost of raw materials, led by rising prices of natural rubber, crude oil and other materials remains high. Additionally, changes in demand and increasing competition are also expected to contribute to these global business challenges.

In Japan, management expects unit sales of tires for the domestic market to remain on par with the previous year. They also project unit exports of tires to exceed those in 2006.

In the Americas, management projects an increase in unit sales of passenger car and light truck tires over the previous year. They also project unit sales to remain on par with the previous year in truck and bus tires.

In Europe, management expects unit sales gains in passenger car, light truck, truck and bus tires over the prior year.

Below is a summary of management's projections for consolidated sales and earnings for fiscal 2007.

		FY2007 Projections	FY2006 Results	Increase (decrease)		
		¥ billion	¥ billion	¥ billion	%	
First half	Net sales	1,470.0	1,424.8	45.2	3	
	Operating income	76.0	84.1	(8.1)	(10)	
	Ordinary income	58.0	70.8	(12.8)	(18)	
	Net income	35.0	32.8	2.1	7	
Full year	Net sales	3,080.0	2,991.2	88.7	3	
	Operating income	191.0	190.8	0.1	-	
	Ordinary income	152.0	159.5	(7.5)	(5)	
	Net income	90.0	85.1	4.8	6	
Exchange rate-Actual (FY2005) or assumed (FY2006)	First-half average	Yen/dollar	Yen 110	Yen 116	/	(5)
		Yen/euro	140	142		(1)
	Full-year average	Yen/dollar	110	116		(5)
		Yen/euro	140	146		(4)

Management plans to provide an annual dividend of ¥24 per share in 2007, comprising an interim dividend of ¥12 per share and a year-end dividend of ¥12.

## **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

	FY2005		FY2006		Increase (decrease)
	(As of 31 December 2005)		(As of 31 December 2006)		
	Yen in million	%	Yen in million	%	Yen in
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and deposits	199,008		183,319		(15,689)
Notes and accounts receivable	531,174		565,581		34,407
Short-term investments	5,000		10,454		5,454
Inventories	464,972		549,525		84,553
Deferred tax assets	49,698		74,834		25,136
Other	82,012		83,799		1,787
Allowance for doubtful accounts	(16,232)		(16,874)		(642)
Total Current Assets	1,315,633	48.5	1,450,639	47.5	135,006
<b>Fixed Assets:</b>					
<b>Tangible assets</b>					
Building and structures	255,278		279,088		23,810
Machinery and equipment	331,828		393,063		61,235
Land	133,250		137,485		4,235
Construction in progress	89,785		128,934		39,149
Other	58,233		64,841		6,608
Tangible assets	868,376	32.1	1,003,413	32.9	135,037
<b>Intangible assets</b>					
Rights and other	17,139		18,821		1,682
Intangible assets	17,139	0.6	18,821	0.6	1,682
<b>Investments and other assets</b>					
Investments in securities	304,739		339,931		35,192
Long-term loans receivable	16,815		13,024		(3,791)
Deferred tax assets	138,084		163,262		25,178
Other	49,835		65,158		15,323
Allowance for doubtful accounts	(663)		(811)		(148)
Investments and other assets	508,812	18.8	580,565	19.0	71,753
Total Fixed Assets	1,394,328	51.5	1,602,799	52.5	208,471
Total	2,709,962	100.0	3,053,439	100.0	343,477

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

	FY2005 (As of 31 December 2005)		FY2006 (As of 31 December 2006)		Increase (decrease)
	Yen in million	%	Yen in million	%	Yen in million
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Notes and accounts payable	206,977		212,493		5,516
Short-term borrowings	210,628		285,102		74,474
Commercial paper	11,770		8,998		(2,772)
Current portion of bonds	6,000		33,012		27,012
Income taxes payable	35,082		30,757		(4,325)
Deferred tax liabilities	2,000		1,408		(592)
Provision for voluntary tire recall	6,276		6,482		206
Accounts payable - other	156,377		173,390		17,013
Accrued expenses	177,965		180,665		2,700
Other	42,694		46,134		3,440
Total Current Liabilities	855,773	31.6	978,444	32.1	122,671
<b>Long-term Liabilities:</b>					
Bonds	147,001		128,518		(18,483)
Long-term borrowings	204,340		249,224		44,884
Deferred tax liabilities	72,566		77,239		4,673
Accrued pension and liability for retirement benefits	194,619		329,675		135,056
Warranty reserve	18,284		21,270		2,986
Provision for environmental remediation	5,886		4,418		(1,468)
Other	47,960		42,801		(5,159)
Total Long-term Liabilities	690,659	25.5	853,149	27.9	162,490
Total Liabilities	1,546,433	57.1	1,831,593	60.0	285,160
<b>Minority Interests</b>					
Minority Interests	34,932	1.3	—	—	(34,932)
<b>Shareholders' Equity</b>					
Common stock	126,354	4.7	—	—	(126,354)
Capital surplus	122,078	4.5	—	—	(122,078)
Retained earnings	935,823	34.5	—	—	(935,823)
Net unrealized gain on available-for-sale securities	144,186	5.3	—	—	(144,186)
Foreign currency translation adjustments	(102,038)	(3.8)	—	—	102,038
Treasury stock-at cost	(97,808)	(3.6)	—	—	97,808
Total Shareholders' Equity	1,128,596	41.6	—	—	(1,128,596)
Total	2,709,962	100.0	—	—	(2,709,962)
<b>Net Assets</b>					
<b>Shareholders' equity:</b>					
Common stock	—		126,354		126,354
Capital surplus	—		122,078		122,078
Retained earnings	—		887,216		887,216
Treasury stock-at cost	—		(62,746)		(62,746)
Total Shareholders' equity	—	—	1,072,903	35.1	1,072,903
<b>Net unrealized gains(losses) and translation adjustments:</b>					
Net unrealized gains on available-for-sale securities	—		170,249		170,249
Deferred gains on derivative instruments	—		22		22
Foreign currency translation adjustments	—		(64,020)		(64,020)
Total Net unrealized gains(losses) and translation adjustments	—	—	106,251	3.5	106,251
<b>Minority Interests:</b>					
Total Net Assets	—	—	1,221,846	40.0	1,221,846
Total	—	—	3,053,439	100.0	3,053,439

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

## Consolidated Statements of Income

	FY2005 (Year ended 31 December 2005)			FY2006 (Year ended 31 December 2006)			Increase (decrease)	
	Yen in million		%	Yen in million		%	Yen in million	%
<b>Net Sales</b>		2,691,375	100.0		2,991,275	100.0	299,900	—
<b>Cost of Sales</b>		1,751,940	65.1		2,005,536	67.0	253,596	1.9
Gross profit		939,435	34.9		985,739	33.0	46,304	(1.9)
<b>Selling, General and Administrative Expenses</b>		725,584	27.0		794,862	26.6	69,278	(0.4)
Operating income		213,850	7.9		190,876	6.4	(22,974)	(1.5)
<b>Non-operating Income</b>								
Interest income	3,610			4,568				
Dividend income	2,419			3,019				
Other	16,671	22,700	0.9	15,621	23,209	0.8	509	(0.1)
<b>Non-operating Expenses</b>								
Interest expense	15,226			22,919				
Foreign currency exchange loss	2,588			5,511				
Other	20,632	38,447	1.4	26,074	54,506	1.9	16,059	0.5
Ordinary income		198,103	7.4		159,579	5.3	(38,524)	(2.1)
<b>Extraordinary Income</b>								
Gain on sales of tangible assets	4,318			6,356				
Gain on sales of investments in securities	—			1,733				
Gain on return of substitutional portion of the governmental pension program	78,572	82,890	3.1	—	8,089	0.3	(74,801)	(2.8)
<b>Extraordinary Loss</b>								
Impairment losses on assets	4,009			5,774				
Plant restructuring costs in the Americas	—			21,743				
Loss related to voluntary tire replacement	26,503			—				
Loss on provision for environmental remediation	5,886	36,399	1.4	—	27,517	0.9	(8,882)	(0.5)
Income before income taxes and minority interests		244,594	9.1		140,152	4.7	(104,442)	(4.4)
Income taxes - current	58,465			56,669				
Income taxes - deferred	1,793	60,259	2.3	(5,404)	51,265	1.8	(8,994)	(0.5)
Minority Interests		3,539	0.1		3,766	0.1	227	—
Net Income		180,796	6.7		85,120	2.8	(95,676)	(3.9)

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

## Consolidated Statements of Cash Flows

	FY2005 (Year ended 31 December 2005)	FY2006 (Year ended 31 December 2006)	Increase (decrease)
	Yen in million	Yen in million	Yen in million
<b>Cash Flows from Operating Activities</b>			
Income before income taxes and minority interests	244,594	140,152	(104,442)
Depreciation and amortization	127,608	145,348	17,740
Increase (Decrease) in accrued pension and liability for retirement benefits	(100,838)	20,846	121,684
Interest and dividend income	(6,029)	(7,588)	(1,559)
Interest expense	15,226	22,919	7,693
Gain on sales of tangible assets	(4,318)	(6,356)	(2,038)
Gain on sales of investments in securities	—	(1,733)	(1,733)
Impairment losses on assets	4,009	5,774	1,765
Loss related to voluntary tire replacement	26,503	—	(26,503)
Plant restructuring costs in the Americas	—	21,743	21,743
Loss on provision for environmental remediation	5,886	—	(5,886)
Increase in notes and accounts receivable	(47,234)	(16,781)	30,453
Increase in inventories	(57,481)	(64,621)	(7,140)
Increase in notes and accounts payable	47,942	6,088	(41,854)
Bonuses paid to directors	(699)	(784)	(85)
Other	285	(41,300)	(41,585)
<b>Subtotal</b>	<b>255,455</b>	<b>223,705</b>	<b>(31,750)</b>
Interest and dividends received	6,057	7,440	1,383
Interest paid	(14,739)	(21,060)	(6,321)
Payment related to voluntary tire replacement	(29,213)	—	29,213
Income taxes paid	(68,577)	(60,944)	7,633
<b>Net Cash Provided by Operating Activities</b>	<b>148,982</b>	<b>149,141</b>	<b>159</b>
<b>Cash Flows from Investing Activities</b>			
Payments for purchase of tangible assets	(196,494)	(250,223)	(53,729)
Proceeds from sales of tangible assets	7,699	10,834	3,135
Payments for purchase of intangible assets	(1,294)	(1,484)	(190)
Payments for investments in securities	(20,471)	(13,091)	7,380
Proceeds from sales of investments in securities	—	2,535	2,535
Payments for acquisition of loans receivable	(3,061)	—	3,061
Proceeds from collection of loans receivable	3,030	5,539	2,509
Other	(6,324)	(9,818)	(3,494)
<b>Net Cash Used in Investing Activities</b>	<b>(216,915)</b>	<b>(255,708)</b>	<b>(38,793)</b>
<b>Cash Flows from Financing Activities</b>			
Net increase in short-term borrowings	123,122	64,055	(59,067)
Proceeds from long-term borrowings	35,230	64,840	29,610
Repayments of long-term borrowings	(90,805)	(29,168)	61,637
Proceeds from issuance of bonds	28,977	35,756	6,779
Payments for redemption of bonds	(17,920)	(27,188)	(9,268)
Payments for purchase of treasury stock	(46,966)	(3,377)	43,589
Proceeds from sale of assets on sale-leaseback transactions	6,681	—	(6,681)
Payment for repurchase of assets on sale-leaseback transactions	(2,904)	—	2,904
Repayments of financial lease obligations	(7,643)	(2,053)	5,590
Cash dividends paid	(16,772)	(20,308)	(3,536)
Cash dividends paid to minority	—	(1,491)	(1,491)
Other	(743)	332	1,075
<b>Net Cash Provided by Financing Activities</b>	<b>10,255</b>	<b>81,397</b>	<b>71,142</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>7,531</b>	<b>9,857</b>	<b>2,326</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(50,145)</b>	<b>(15,311)</b>	<b>34,834</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>263,726</b>	<b>213,581</b>	<b>(50,145)</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>213,581</b>	<b>198,269</b>	<b>(15,311)</b>

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

## Segment Information

### 1. Business Segment Information

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
Assets	2,285,669	434,182	2,719,851	(9,889)	2,709,962
Depreciation expenses	109,483	18,125	127,608	—	127,608
Impairment losses	2,966	1,043	4,009	—	4,009
Capital expenditure	183,120	25,229	208,350	—	208,350

FY2006 (Year ended 31 December 2006)

(Yen in million)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Sales					
(1)Sales to external customers	2,393,165	598,109	2,991,275	—	2,991,275
(2)Intersegment sales and transfers	3,780	28,760	32,541	(32,541)	—
Total	2,396,946	626,870	3,023,816	(32,541)	2,991,275
Operating expenses	2,257,876	575,118	2,832,994	(32,595)	2,800,398
Operating income	139,069	51,752	190,822	54	190,876
Assets	2,585,496	479,516	3,065,012	(11,573)	3,053,439
Depreciation expenses	129,285	16,063	145,348	—	145,348
Impairment losses	5,774	—	5,774	—	5,774
Capital expenditure	231,995	30,519	262,514	—	262,514

## 2. Geographical Segment Information

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
Assets	1,338,435	820,285	366,252	370,933	2,895,906	(185,944)	2,709,962

FY2006 (Year ended 31 December 2006)

(Yen in million)

	Japan	The Americas	Europe	Other	Total	Elimination or Corporate	Consolidated
Sales							
(1)Sales to external customers	896,742	1,324,038	413,952	356,541	2,991,275	—	2,991,275
(2)Intersegment sales and transfers	358,863	9,533	4,536	84,668	457,602	(457,602)	—
Total	1,255,605	1,333,572	418,489	441,210	3,448,877	(457,602)	2,991,275
Operating expenses	1,138,027	1,291,520	403,612	420,954	3,254,115	(453,716)	2,800,398
Operating income	117,578	42,052	14,876	20,255	194,762	(3,886)	190,876
Assets	1,366,801	968,641	453,361	490,254	3,279,058	(225,619)	3,053,439

## Nonconsolidated Financial Highlights (Parent Company)

	FY2005 (Year ended 31 December 2005)		FY2006 (Year ended 31 December 2006)		Increase (decrease)	
	Yen in million	%	Yen in million	%	Yen in million	%
<b>Statements of income</b>						
Net sales	855,023	100.0	945,892	100.0	90,869	—
Operating income	115,758	13.5	95,211	10.1	(20,547)	(3.4)
Ordinary income	124,450	14.6	99,523	10.5	(24,927)	(4.1)
Net income	116,308	13.6	61,552	6.5	(54,756)	(7.1)
<b>Per Share Data</b>	Yen		Yen		Yen	%
Net income						
Basic	146.41		78.90		(67.51)	(46.1)
Diluted	146.37		78.87		(67.50)	(46.1)
Cash dividends	24.00		24.00		0.00	0.0

	FY2005 (As of 31 December 2005)		FY2006 (As of 31 December 2006)		Increase (decrease)	
	Yen in million		Yen in million		Yen in million	%
Total assets	1,639,674		1,711,188		71,514	4.4
Net Assets	1,041,650		1,088,264		46,614	4.5
	Shares in thousand		Shares in thousand		Shares in thousand	%
Common stock issued and outstanding	781,358		780,161		(1,197)	(0.2)
	%		%		%	
Net income to Net Assets	11.7		5.8		(5.9)	

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