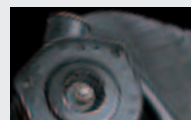
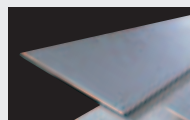
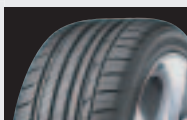


TOYO

2006

GLOBAL CHALLENGE



ANNUAL REPORT 2006

Year Ended March 31, 2006

MOBILITY & AMENITY

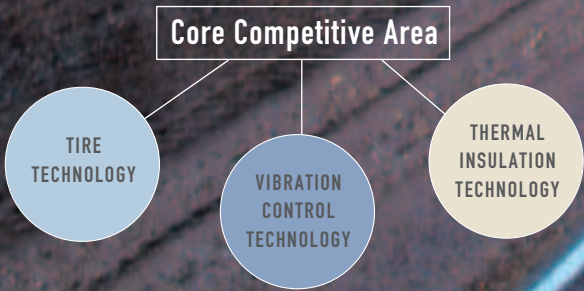
Our commitment is to create value and contribute to society by working to serve customers with better, more affordable products.

PROFILE

Founded in 1945, Toyo Tire & Rubber Co., Ltd. (Toyo) is one of the world's leading manufacturers of products that include automotive tires and parts, as well as of industrial rubber and flexible and rigid polyurethane products for automotive and industrial uses. Today, the Toyo Group is active in over 100 countries and regions. Through its unique business model, it maintains market leadership by supplying highly original products and services that meet the changing needs of customers throughout the world. Having earned a global reputation for the quality of its products, the Toyo Group is now working to build a reputation for high executive standards through a high level of management transparency.

A MANAGEMENT VISION FOR THE 21ST CENTURY

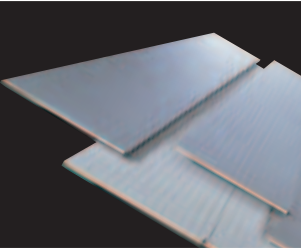
The Toyo Group is determined to enhance its value to humanity and society by continually creating unique, world-class technologies in its core competitive areas of tires, vibration control and thermal insulation.



CORE BUSINESSES



TIRE COMPANY The Tire Company handles a wide spectrum of products, ranging from car tires and studless tires to tires for commercial vehicles, trucks, buses, industrial vehicles and heavy construction machinery. Its activities are broadly divided into sales to motor vehicle manufacturers, sales of replacement tires for the Japanese market, and overseas operations. As a leading supplier of cutting-edge products, its mission is to provide value to its customers with innovative products and services.



CHEMICAL & INDUSTRIAL PRODUCTS COMPANY Products handled by the Chemical & Industrial Products Company include seismic isolation bearings for buildings, bridge bearings, thermal insulation materials made from rigid polyurethane foam, flexible polyurethane foam, waterproof and sealing sheets, and components for IT equipment. The Company's aim is to provide optimal solutions that meet the needs of society through the creation of superior products in the areas of vibration control, thermal insulation and advanced functional products.



AUTOMOTIVE PARTS COMPANY The Automotive Parts Company has gained an excellent reputation with motor vehicle manufacturers as a supplier of quality products, especially anti-vibration rubber parts and seat cushions. The goal of the Automotive Parts Company is to become the world's top manufacturer of vibration control products with the best functions and quality at the lowest possible prices. Its key asset for the attainment of this goal is its extensive knowledge of anti-vibration technology, a core area of technology for Toyo.

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FINANCIAL HIGHLIGHTS

Toyo Tire & Rubber Co., Ltd. and Consolidated subsidiaries.
Years ended March 31.

For the Year	Millions of Yen		Thousands of U.S. dollars
	2006	2005	2006
Net sales	¥300,249	¥269,974	\$2,555.963
Tires	200,705	173,945	1,708.564
Chemical & Industrial Products	41,238	39,898	351.051
Automotive Parts	56,667	54,500	482.396
Other Businesses	1,639	1,631	13.952
Operating income	13,095	12,068	111.476
Income before income taxes	9,818	12,694	83.579
Net income	5,378	7,480	45.782
At Year-Ended			
Total assets	¥323,508	¥284,464	\$2,753.963
Current assets	118,178	113,092	1,006.027
Property, plant and equipment	131,808	116,924	1,122.057
Intangible assets	2,491	2,775	21.205
Investments and other assets	71,031	51,673	604.674
Shareholders' equity	91,815	74,724	781.604
Per Share of Common Stock			
Yen		U.S. dollars	
Net income	¥25.58	¥35.61	\$0.22
Cash dividends	9.00	9.00	0.08

Note: 1. The U.S. dollar amounts above and elsewhere in this annual report represent translations of Japanese yen figures calculated, for convenience only, at the exchange rate of ¥117.47 = U.S.\$1, prevailing on March 31, 2006.
2. The Company's fiscal year runs from April 1 through March 31 of the following year.



During the first year of the Medium-term Business Plan 2005, the Toyo Group has successfully made progress in a number of areas, including record-high sales.



MESSAGE FROM THE
PRESIDENT

THE RECORD HIGH SALES

During this fiscal year, the business environment that the Toyo Group found itself in was harsher than originally expected on account of fiercer market competition and higher material costs, particularly those for natural rubber and petroleum. The Group, based on its Medium-term Business Plan 2005, has focused on various issues, including the expansion of the global business, concentration of management resources toward core businesses, further organizational restructuring, lower costs, development of the fundamental technologies and technologies that differentiate the Group from others. As a result, for fiscal 2005, which ended in March 2006, although consolidated net income fell 28.1% year on year to ¥5.378 billion, consolidated net sales hit a historic high of ¥300.249 billion, having increased 11.2% year on year. Furthermore, operating income grew 8.5% to ¥13.094 billion.

EFFORTS ON THE MEDIUM-TERM BUSINESS PLAN 2005

The Toyo Group launched its Medium-term Business Plan 2005 in April 2005 and under the slogan of “Global Challenge” and working as a single unit, the whole Group is striving to become a globally competitive corporate group.

In the tire business, in response to growing demand throughout the world, the Group implemented aggressive marketing strategies in major overseas markets, particularly North America and Europe, during fiscal 2005, the first year of the business plan. In December 2005, Toyo Group completed construction of its first fully owned tire production base in North America, Toyo Tire North America Inc., which is located in the state of Georgia. Construction began in fiscal 2004, and the plant started operations from March 2006. In addition, in the Japanese market, Toyo Group made efforts to expand sales of high

RESULTS IN 2006		(¥ billion)
Net Sales	300.2	
Operating Income	13.1	
Net Income	5.3	

THE MEDIUM-TERM BUSINESS PLAN 2005
Setting the Course for Sustainable Growth

Management Slogan

Corporate social responsibility (CSR), risk management, quality management and environmental management are essential management requirements and prerequisites for participation in market competition.

To survive against fierce competition and be of value to society, we must continually accept challenges.

Global Challenge

1. Expansion of our corporate value through global growth
2. Concentration of management resources into core activities with growth and income potential
3. Structural reform of our business operations
4. Development of differentiated technologies and basic technologies with the potential to generate business and income.



Under the slogan “Global Challenge,” we will promote global business operations by not only elevating the Tire Company but also the Chemical and Industrial Products Company and the Automotive Parts Company.

MESSAGE FROM THE PRESIDENT

value-added products by strengthening the Group’s lineup of tires for minivans and launching domestic sales in Japan of Nitto brand tires, which have been highly accepted in the U.S. market. The Group worked to increase sales of snow tires.

In the chemical and industrial product business, while having facilitated business tie-ups in both the flexible polyurethane business and waterproof vulcanized rubber sheet business, the Group has transferred its rubber lining business and polyurethane sole liquid concentrate business. In addition, we have successfully increased our profitability by strengthening sales activities and steadily reducing our costs in response to the significant rise in the raw material costs.

In the automotive parts business, in addition to improving profitability by restructuring domestic production bases in the seat-cushion business, the Group founded its fourth overseas production base for anti-vibration rubber parts—the Chinese subsidiary Toyo Automotive Parts (Guangzhou) Co. Ltd. With the opening of this Chinese subsidiary in May 2006, the Group has made progress toward strengthening its global supply capability.

NEW INITIATIVES FOR FISCAL YEAR 2006

Although the Group has started the second year of its 3-year Medium-term Business Plan 2005, there have been greater than expected changes in the business environment, including changes in demand in the North American tire market as a result of higher gas prices, fiercer competition on a global scale and the higher raw material costs. There are also greater demands for corporate social responsibility, including paying greater attention to the environment, enhancement of risk management, contribution to society, improvement of product safety and establishment of accident-free workplaces.

Under these conditions, in order to reach the various targets in the Medium-term Business Plan 2005, it is considered necessary to expand efforts beyond the existing plan. The following three focuses and additional measures were adopted as projects for the whole company in April 2006.

- Overcome the challenges from the demand shifts, higher material costs and accelerate New Total Cost Revolution activities (“New TCR”).
- Speed up the establishment of the business management system that fits with the slogan “Global Challenge” in order to respond to global changes.
- Strive to increase brand recognition, implement technical reforms, and work to strength the brand power on a global scale.

By implementing theses measures, the management strategy and structural reforms set out in the Medium-term Business Plan 2005 will be on the right track. We will strive to meet targets for the final year of the business plan.

IMPORTANT ISSUES AND EARNINGS FORECAST

As noted above, the Group expects the business environment in 2006 to remain challenging; however, the Group has designated fiscal 2006 as the year to reach the targets in the Medium-term Business Plan 2005, and we will accelerate our efforts to reach these goals.

In the tire business, the Group will establish an optimal supply and production system in Japan, North America and China, by stepping into the full production in the new North American plant and increased production at existing plants in Japan and joint venture production bases in China in order to realize a 30-million-unit production system, which is an important part of the Group’s action plan. In addition, the Group is striving to improve its earnings structure by further expanding sales of high-value-added goods in both domestic and overseas markets and promoting New TCR.

In the chemical and industrial product business, the Group will further accelerate its efforts on “Selection and Concentration” and will move forward with expanding business on a business-unit basis, cutting costs and concentrating management resources on core businesses.

In the automotive parts business, while focusing on stabilizing the business of the North American subsidiary and launching full operations of the Chinese production subsidiary, both of which are responsible for anti-vibration rubber products, the Group intends to enhance its domestic business profitability by further streamlining costs of the subsidiaries in the seat cushion business, which was introduced last year.

In addition, the Group has strengthened its compliance system and internal controls by establishing “Charter of Conduct for Toyo Group” and “Our Five Commitments—The Code of Conduct for Toyo Group” as its basic rules for conduct.

By implementing the above, the Group expects to reach net sales of ¥333.0 billion, operating income of ¥11.3 billion and net income of ¥13.6 billion in fiscal 2006. These figures reflect the revisions to earnings, announced on May 26, which was the result of the transfer of the rental business, Itami shopping-mall, developed by the Group.

We are working to continue to increase the corporate value in line with the expectations from all our stakeholders. We hope to receive your continued support, cooperation and understanding regarding our business strategy.

YOSHIO KATAOKA,
PRESIDENT AND CHIEF EXECUTIVE OFFICER

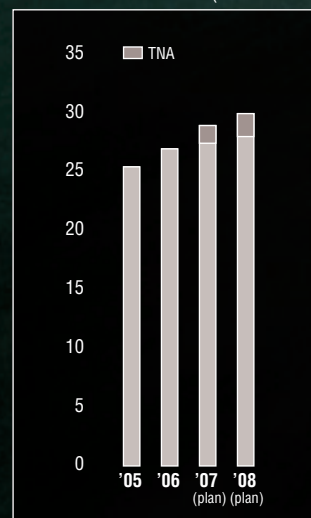
TARGETS IN 2008		(¥ billion)
Net Sales	300.0	
Operating Income	18.5	
Asset Turnover Ratio (time)	1 or more	
ROA(%)	6.0	
Equity Ratio (%)	30 or more	
Interest-Bearing Liabilities	less than 75.0	

LAUNCH OF OPERATIONS AT THE NEW TIRE FACTORY IN NORTH AMERICA

The Toyo Group moved forward with the construction of a new factory in the U.S. in order to further strengthen its position in the North American market. The new tire manufacturing subsidiary Toyo Tire North America Inc. (TNA) was completed in December 2005 and started operations in March 2006.

TIRE PRODUCTION VOLUME

(million tires)



COMPLETION OF A U.S. TIRE MANUFACTURING BASE

The Toyo Group has launched its own marketing activities in the U.S. market, the largest automobile market in the world, and has created a firm position for its brand in various fields including those for SUV tires and high-performance tires. After the completion ceremony for the TNA's tire production base in December 2005, which was constructed in Bartow County, Georgia, U.S., in order to strengthen marketing activities that integrate the production and sales systems in a



Craig Lesser, Commissioner of the Georgia Department of Economic Development and President Kataoka at the opening ceremony of TNA.



Opening Ceremony of TNA



Establishing a Tire Production Facility in North America

Toyo Tire North America Inc. in Georgia, USA, introduced a new production method developed by Toyo. It was completed in December 2005.

response to strong growth in demand in the US market, TNA launched operations in March 2006. The plant is the Toyo Group's first tire production base in the U.S. and has received high expectations from the local community. Around 700 people, including many state officials, local people, people related to the construction and the Group's vendors and customers from the U.S. and also from throughout the world attended the completion ceremony.

IMPLEMENTED A NEW TIRE PRODUCTION METHOD

TNA has implemented the company's proprietary new tire production method "Advanced Tire Operation Module (A.T.O.M.)", which is characterized by high quality, compactness, diversified small-quantity production and automation. This new method enables the production plan to change flexibly in line with the market demand changes. The location of the factory is convenient for transportation either by road, air, or train and the efficiency of supplying tires to the points of demand has been increased.

PROMOTING A 30-MILLION-UNIT PRODUCTION SYSTEM

In addition to launching operations of TNA, achieving a group-wide 30-million-unit production system is considered to be an important part of the action plan. Also important are initiatives to strengthen production systems of joint venture production bases in China and to expand production capacity in Japan. While the Group needs to keep eyes on the global price competition and the possible demand shift in the North American tire market triggered by the higher gasoline prices, our approach is to expand sales of high-value-added products by developing new marketing activities and to create the most appropriate demand and supply system in Japan, China and the U.S. The establishment of a stable supply system through the launch of TNA will further strengthen the Group's business foundation in the North American market. While enhancing the Group's position in the U.S. market by developing marketing activities that integrate sales and production, TNA is also working to expand the Group's global business.

CHALLENGE FOR GLOBAL EXPANSION

In addition to establishing strong tire business foundation in North America, the Toyo Group is aggressively promoting the tire business enhancement and reorganization both in Japan and in Europe while is accelerating the overseas business expansion initiatives for chemical and industrial products as well as the automotive parts.

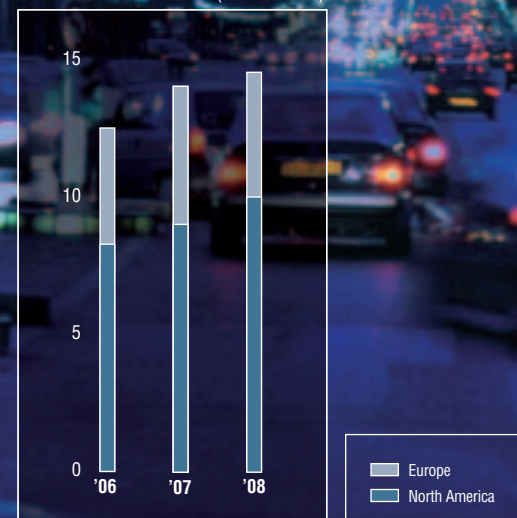
STRENGTHENING MARKETING AND SALES ACTIVITIES FOR TIRES IN THE NORTH AMERICAN MARKET

The Group's tire business has developed two brands—Toyo and Nitto—for the North American market and has received high evaluation from the market as a result of development of high-value-added products by having captured the market needs correctly. The shipping volume has also been steadily increasing. In order to further expand sales of Toyo products and Nitto brand products (developed in the North American market) and to improve the brand value of both brands, the Group has spun off the Nitto brand tire sales department from Toyo Tire (U.S.A.) Corp, the tire sales subsidiary for the U.S., and created Nitto Tire North America Incorporated.

We aim to increase the brand value of Nitto tires in the

TIRE SALES PLAN IN NORTH AMERICA AND EUROPE

(million tires)



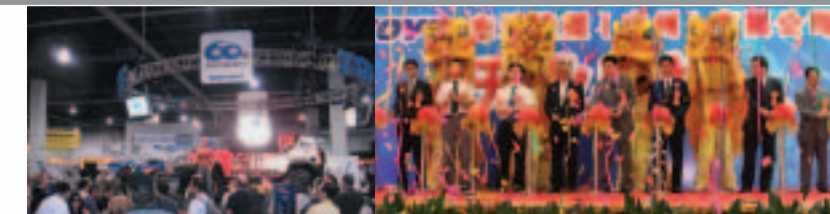
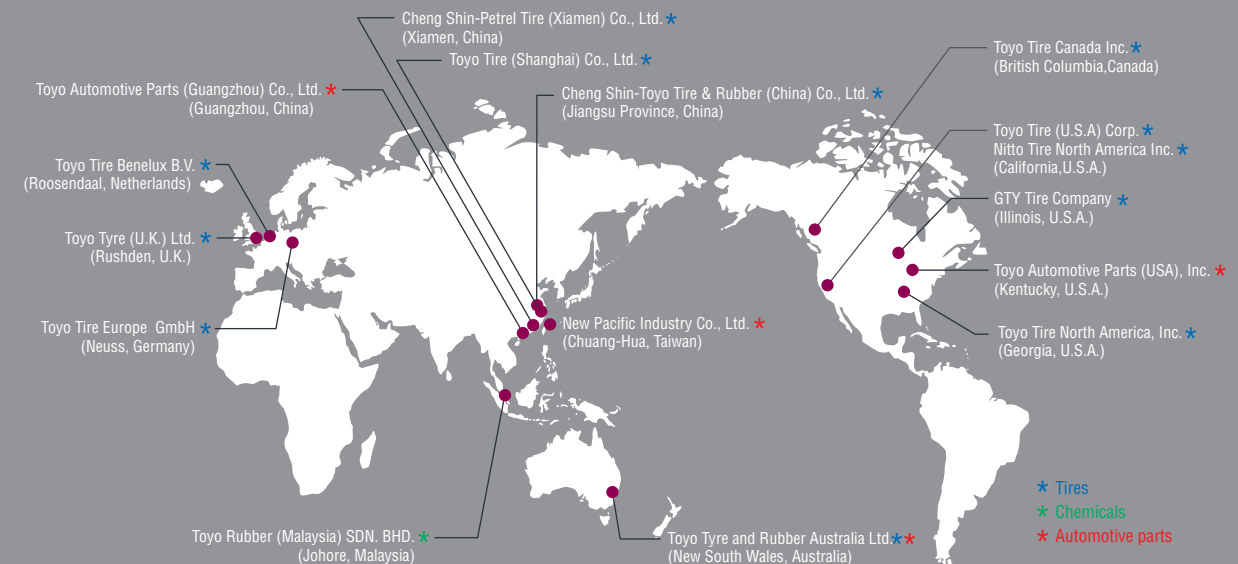
U.S. in the field of SUV tires in addition to the traditional high performance tires amid steady expansion of the company's sales. By establishing this new company, the Group is aiming for speedy, flexible and independent management in its marketing and sales operations. It further aims to expand sales, particularly of TNA products introduced since the launch of the company.

STRENGTHENING SALES AND MARKETING ACTIVITIES IN EUROPE AND JAPAN

In July 2005, the Group restructured its European sales organization and established Toyo Tyre (U.K.) Ltd. in Rushden, England and Toyo Tire Benelux B.V. in Roosendaal, Netherlands, as a subsidiary of Toyo Tire Europe GmbH (TTE) that was earlier established in January 2005. This reorganization in Europe, comprising various markets with different characteristics, was undertaken with the goals of

- (1) establish the brand position through unified marketing,
- (2) accelerating decision making through delegation of power, and
- (3) winning customers' trust by increasing the company's commitment to the market. Furthermore, the Group is working to strengthen the Toyo brand through appropriate marketing activities and speedy business decisions.

In addition, the Group has established Nitto Japan, a domestic sales company for the Nitto brand, which has earned high appraisal in the U.S., and is developing creative marketing and sales activities for the domestic Japanese market as in the North American market. We plan to create the brand position as soon as possible.



SEMA Show 2005

Toyo Automotive Parts (Guangzhou) Co., Ltd.

DEVELOPMENT OF GLOBAL PROMOTIONS

The Group has actively taken part in both domestic and overseas automobile related events including the following: the world's largest automobile aftermarket product tradeshow SEMA Show 2005, which was held in Nevada in the U.S.

According to a survey by the Group regarding the use of the products of the various vendors at the event, the Toyo Group's products were used on the largest percentage of cars exhibited at the event for the seventh consecutive year.

In addition, the Group's brand position in the U.S. is steadily improving as can be seen by the results of a survey of tire dealers regarding brand attributes, such as superior lineup, quality and innovation, conducted by Tire Review, a tire industry publication in the U.S. In the survey, the Group's tires were ranked overall number 1 in the field of consumer tires (tires for passenger cars, light trucks and SUVs) for the fifth consecutive year, and captured the overall number-1 position in the field of commercial tires (tires for trucks and buses).

In Europe, the Group's tires performed well at the world famous endurance race "Nürburgring 24 hours race," which helped improve the brand image of the Group tires by proving the high performance of the Group's tires.

GLOBAL EXPANSION OF THE CHEMICAL AND INDUSTRIAL PRODUCT BUSINESS AND AUTOMOTIVE PARTS BUSINESS

In the chemical and industrial product business, the Group is actively expanding overseas businesses of its air spring systems for railway cars and IT-related devices. The Group is aggressively spreading sales activities in the field of air spring systems for railway cars in order to increase their actual sales record. In the field of IT equipment, the Hong-Kong sales subsidiary is actively working to expand sales of OA equipment to Japanese manufacturers.

The Group is actively developing to establish a global supply system for anti-vibration rubber parts for cars, and has completed new factory, the Toyo Automotive Parts (Guangzhou) Co., Ltd. in the capital of Guang Dong prefecture Guangzhou. This is the Group's fourth overseas production facility. The others are located in Australia, Taiwan and North America. Production in the new factory has already commenced. The automobile production in China is growing recently which caused the yearly increase of the demand for our anti-vibration rubber car parts. We plan to strengthen our supply system for this market.

OUR APPROACH TOWARD CSR

The Toyo Group considers CSR-related efforts as the basic requirement for being part of global market. In addition to thoroughly implementing a governance system, compliance system and risk management in Japan and in all overseas locations, the Group is expanding its contributions to the protection of the environment and regional societies.

TOYO GROUP ENVIRONMENTAL PROTECTION FUND

The Company established the fund in 1992 in order to contribute to solving environmental problems and is continuing to support NPO (non-profit organization) that are involved in environmental protection. The fund was proposed by employees and employs a matching contribution system where the employees' contributions will be matched by the company. More than 80% of employees have made contributions to the fund. During fiscal 2005, the fund subsidized ¥18.421 million to 31 NPO groups.

Fiscal 2005 is the 60th anniversary of the company and taking this opportunity and given the fact that currently the Group is getting more and more globalized, we begun to support overseas NPOs, such as those undertaking environmental

and/or educational activities in Bartow County, Georgia, U.S. where the Group's new production facility in the U.S. is located. In fiscal 2006, the fund expects to subsidize ¥26.825 million to 55 organizations of which numbers are the highest in our history.

THE ENVIRONMENTAL, QUALITY AND SOCIAL REPORT 2006

Over the past couple of years, company is required to perform CSR activities that are not limited to environmental issues but also compliance, fair employment and social contributions. We have implemented such social demands into our management and publicly report such efforts. Through fiscal 2004, the Group had been issuing Environmental and Quality Report on top of the traditional Environmental Report with a hope to produce products and services that contribute to the society through a combination of the environmental protection and quality assurance. From fiscal 2005, the Group has been issuing Environmental, Quality, and Social Report that contains more information on efforts to fulfill its social responsibilities. The report explains the attitudes and efforts of the Group, including overseas companies, related to the environment, quality and society.

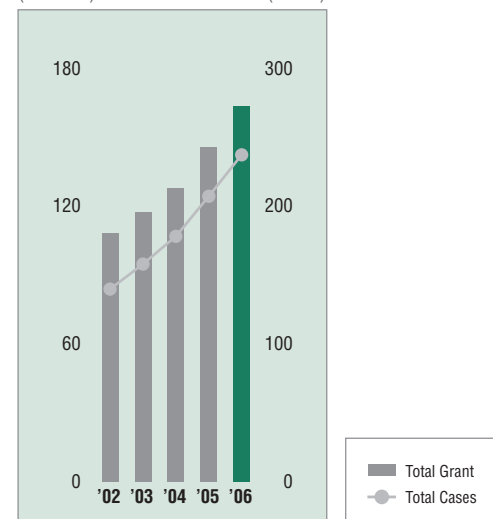
DEVELOPMENT OF ENVIRONMENT

FRIENDLY PRODUCTS

The Group is approaching to develop high-value-added products that impose less a burden on the environment and are more economical and safe. In fiscal 2005, the Group established the new basic technology "e-balance" for bus and truck tires. The new technology contributes to reduction in CO₂

GRANT AND ACTUAL CASES

(¥ billion) (cases)



Environment, Quality, and Social Report 2005



A supported NPO involved in nature/environmental education



"Keep Bartow Beautiful," the U.S. NPO supported by Toyo



emissions and natural resource conservation and dramatically improves the basic attributes of wear resistance, uneven wear resistance, fuel consumption and durability. New products such as studless tires that enhance fuel-efficiency for trucks and buses and tires for stepless buses have already been developed and been well received.

ESTABLISHING CORPORATE CONDUCT CHARTER AND INDIVIDUAL CODE OF CONDUCT

The Toyo Group has clearly stated the basic rules regarding what conduct by employees adheres to laws, regulations, corporate charter and corporate ethics, by creating both a corporate charter of conduct "Charter of Conduct for Toyo Group" and the personal code of conduct "Our Five Commitments—The Code of Conduct for Toyo Group" in November 2005.

As part of the basic policy of the 2005 Medium-term Business Plan, the Toyo Group has already set "corporate social responsibility, risk management, and quality and environment based business" as preconditions for business and as requirements to take part in the market competition and is striving to establish sound corporate management. As a glob-

al company organization, the Toyo Group takes these as the basic principles to perform its social responsibility and will make sure to comply with these rules at all employees level throughout the whole organization who should always act fair and faithfully.

STRENGTHENING THE SYSTEM OF INTERNAL CONTROLS

In addition to creating a corporate charter of conduct and personal code of conduct, the Toyo Group has established an Audit office to conduct internal audits in April 2006. In cooperation with each corporate division, the Audit office undertakes periodic audits related to issues such as each Group company's conduct of business and compliance while supervising the companies and providing advice on how to improve performance. The office is also striving to deepen cooperation with both auditors and auditing companies in order to conduct appropriate audits. Furthermore, while improving and expanding the functions of committees such as those related to quality assurance, environment/safety, sanitation/disaster prevention, technology and human resources, the office is working to increase the performance level of the whole Group.

TIRE COMPANY



TOYO TEO plus

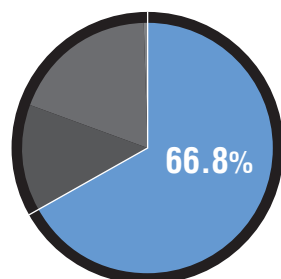


TOYO sponsored a team in the Nürburgring 24 Hour-Race in May 2005.



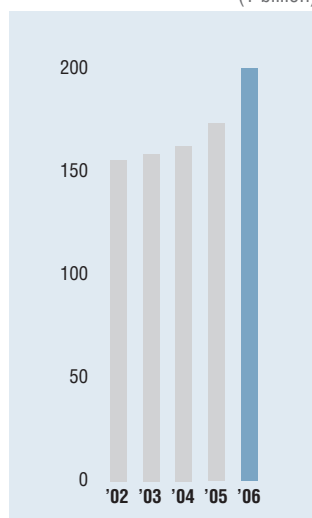
TOYO sponsored an entry in various drift competitions in US.

SALES COMPOSITION OF TIRE COMPANY



NET SALES OF TIRE COMPANY

(¥ billion)



ESTABLISHING THE GLOBAL BUSINESS SYSTEM

The basic policy in the Medium-term Business Plan 2005 for the tire company is "to establish stable and profitable tire business structure with growth potential by creating value for the customer and to strive to become a global corporation."

In particular, the items of the action plan focus on:

1. Establishing global supply system.
2. Expanding overseas business.
3. Enhancing comprehensive sales abilities for domestic businesses.
4. Focusing on the product development which carries new technology and new production method in order to differentiate the Group from others.

While looking ahead of the market needs, the Group will further promote marketing which matches with those needs. The Toyo Group is building the business structure that integrates production, development and sales. The Group aims to improve its profitability and also to expand by focusing on the business development in Japan, U.S., China and Europe.

EFFORTS DURING FY2005

With respect to the drive to a 30-million-unit supply system, as a result of the production capacity expansion in Kuwana plant in Japan, together with an improved production system at joint venture in China and the completion of the new North American TNA factory, the production capacity increased in line with the Group's initial targets.

In the North America market, the higher gas prices and the fiercer price competition appear to have affected the demand trends and accordingly, the Toyo Group introduced high quality products in response to these changes. In the European market, while strengthening sales activities through the reorganized sales subsidiaries, the Toyo Group launched sales of the high-valued-added tire and worked to improve its brand image.

Consequently, the sales have increased 7.1% year on year, to 12 million units in the North American and European markets which almost matches with the numbers in the initial targets.

In the Japanese market, the Toyo Group worked to increase sales of both snow tires and high-value-added products by expanding sales of Nitto tires in Japan and expanding its lineup of tires for minivans.

EFFORTS IN FY2006

In fiscal 2006, the Toyo Group expects that the fiercer competition and higher raw material costs will continue and affect its business. In addition to items appearing in the Medium-term Business Plan 2005, in the North American market, the Toyo Group will work to expand marketing activities that put emphasis on the high quality of A.T.O.M. and also to expand sales to new areas. In the European and Chinese markets the Group aims to win the customers' trust through unique marketing activities that differentiate it from competitors and also aims to strengthen its brand power. Efforts will be made in the domestic market to integrate the comprehensive sales abilities with product planning, development and business strategy that correctly reflect customer needs in order to achieve more powerful branding.

In addition, while promoting the cost-cutting efforts which support the above activities, the Toyo Group works to establish supply chain management on a global level, mainly in North America and in Europe, and to tie the logistics division of each company with the purchasing department at headquarters.



PROXES T1R



TRANPATH A/T



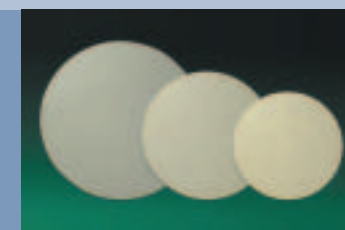
TRANPATH XWD



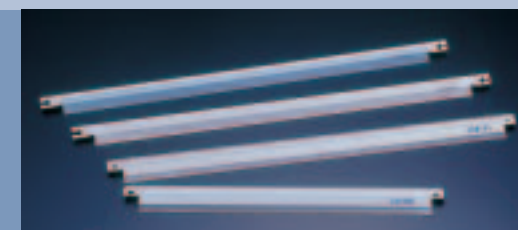
NT 420S

CHEMICAL & INDUSTRIAL PRODUCTS COMPANY

Thermal Insulation Panels

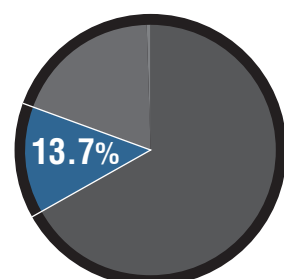


Polishing pads for CMP

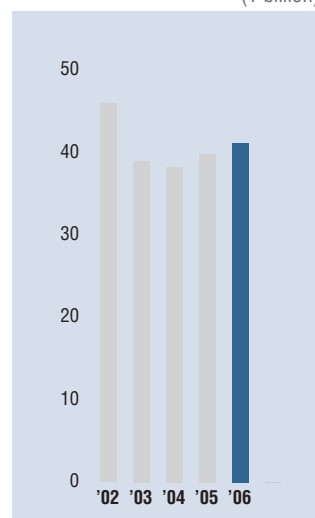


Toner blades

SALES COMPOSITION OF CHEMICAL & INDUSTRIAL PRODUCTS COMPANY



NET SALES OF CHEMICAL & INDUSTRIAL PRODUCTS COMPANY (¥ billion)



STRUCTURAL REFORM OF THE BUSINESS

The basic goal for the chemical and industrial product company included in the Medium-term Business Plan 2005 is to undertake speedy and bold reform by "aiming to become a company that meets society's needs by leveraging the rubber and polyurethane technology specifically in the areas of vibration, insulation and high performance technologies."

The items in the action plan focus on:

1. Thoroughly implement the business selection process.
2. Focusing management resources on core businesses.

By accelerating the implementation of these strategies, the Toyo Group is reorganizing its business.



Inspection of polishing pads for CMP

EFFORTS IN FY2005

During fiscal 2005, by immediately acting on the "Selection and Concentration" that has been a traditional focus, the Toyo Group has established business tie-ups in the fields of flexible polyurethane and including its rubber lining business and liquid polyurethane sole liquid concentrate business.

In the field of flexible polyurethane foam, the Toyo Group has decided on a full business tie-up with Toyo Quality One Corp, with which the Group already has a business tie-up in western Japan. The goal of this alliance is to strengthen the Toyo Group's competitiveness in mature markets by not only increasing efficiency in procurement, production and logistics but also deepening the technology alliance. In the field of waterproof vulcanized rubber sheet used on rooftops, the Toyo Group has established business tie-up with Mitsubishi Belting Ltd. regarding the mutual supply of OEM products, aiming to improve the Group's competitiveness.

It has been decided to transfer the rubber lining business in accordance with the policy of "selection and concentration" incorporated in the Medium-term Business Plan 2005. This decision was the result of a shrinking market and fiercer international competition. In addition to efforts in the core business areas, such as rigid polyurethane, diversification of production to target new areas, such as the IT equipment and semiconductor industries was carried out under the Medium-term Business Plan 2005. The result was

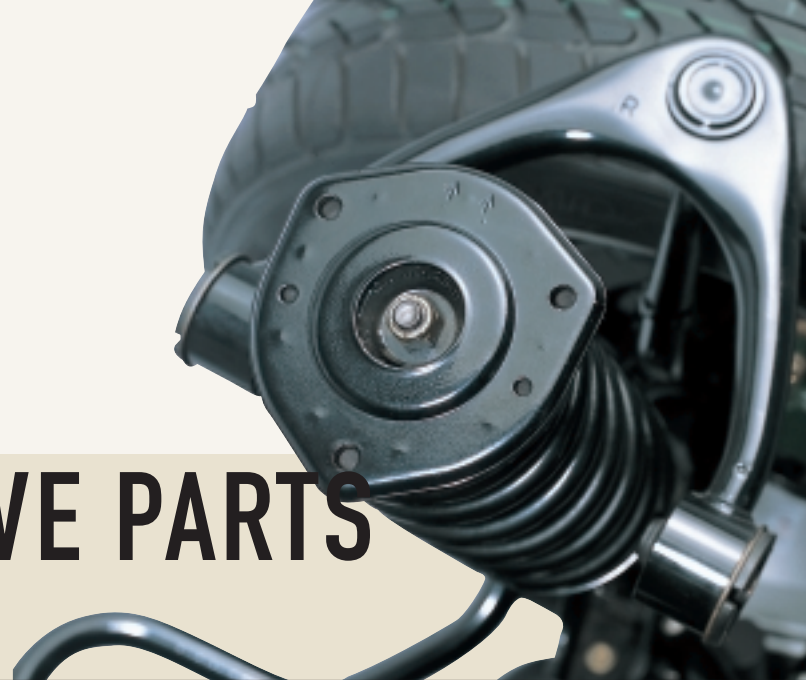
enhanced sales capabilities and sales expansion, and the sales ratio for fiscal 2005 grew to 46%, compared with 40% in fiscal 2004.

Furthermore, by steadily reaping the benefits of efforts to reduce costs and the revise retail prices in response to price increases for raw materials, the Toyo Group has been able to increase profitability, while simultaneously reorganizing business segments.

EFFORTS FOR FY2006

In 2006, while maximizing the benefits of selection and concentration undertaken in fiscal 2005, the Toyo Group will make a review all of its business segments, regardless of the existing structure, taking into account changes in the business environment, and will strive to further increase the speed of selection and concentration.

AUTOMOTIVE PARTS COMPANY



Hydraulic Upper Mounting

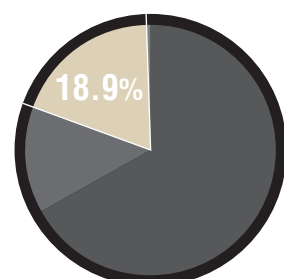


Seat cushion for automobiles



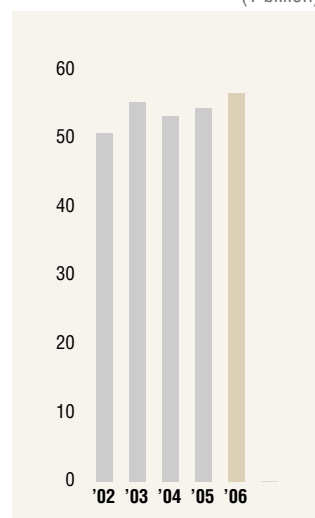
Toyo Automotive Parts (Guangzhou) Co., Ltd.

SALES COMPOSITION OF AUTOMOTIVE PARTS COMPANY



NET SALES OF AUTOMOTIVE PARTS COMPANY

(¥ billion)



MOVEMENT TOWARDS A GLOBAL SUPPLIER

The policy for the automotive parts company in the Medium-term Business Plan 2005 is to further develop the business and to move from the stage of "select and concentrate" to "strategic business development" with a goal to create a highly profitable company.

The items in the action plan focus on:

1. Expanding the anti-vibration rubber parts business.
2. Developing products that reflect changes in the automobile market.
3. Structural reforming in the seat cushion business.

EFFORTS DURING FY2005

In fiscal 2005, the company restructured its seat cushion business while having worked to streamline the anti-vibration rubber parts business.

For the anti-vibration rubber part business, the Group founded the Toyo Automotive Parts (Guangzhou) Co. Ltd. (TAG), the fifth overseas production base, in the capital of Guang Dong prefecture Guangzhou in China. The opening ceremony for the plant was held in May 2006, and in Guangzhou, the site of remarkable growth of the automobile industry, the Group has started delivering products to local operations of Japanese car manufacturers, which has further strengthened the Group's position as a global supplier. In addition, Toyo

Automotive Parts (USA), Inc. (TAP), a manufacturing base in the U.S., has been able to boost production capacity and improved profits.

In the seat cushion business, seat cushion operations of the wholly-owned subsidiary Toyo Soflan Co., Ltd. were transferred to the wholly-owned subsidiary Chubu Soflan. In addition, the chemical and industrial products operations of Toyo Soflan Co., Ltd. were transferred to the newly founded company Soflan RG.

This reorganization enables the Group to more quickly respond to changes in the business environment, including the higher material prices and/or fiercer competition, as well as to facilitate efficiency through optimal production and to pursue the improvement of the management practices.

EFFORTS FOR FY2006

In fiscal 2006, for the anti-vibration rubber parts business, efforts will be made to increase orders of high-value-added products, such as liquid-sealed engine mounts, and to accelerate streamlining of the Kuwana plant, the central production factory, in order to improve the profitability of the domestic business. With respect to the overseas operation, since the beginning of fiscal 2006, the North America production base appears to have been benefiting from improved profitability, and the Group will continue its efforts on taking selective orders as well as on improving the retail prices in order to stabilize

this business segment. Furthermore the Group will focus on launching the full operations at TAG.

In the seat cushion business, while leveraging the integration effects after the reorganization of production bases in fiscal 2005, the Toyo Group will take immediate actions to bring itself to the next stage.



Body mountings

Engine mounting

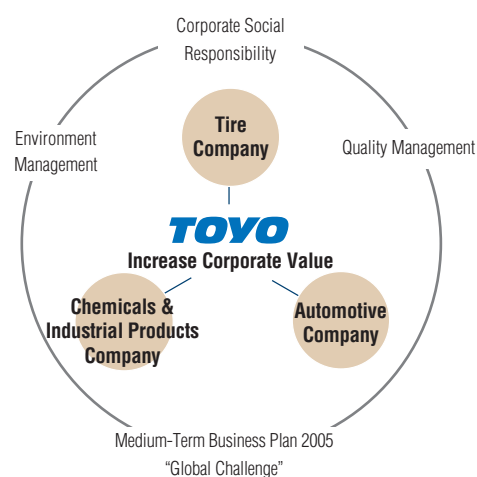
CORPORATE DIVISION

TOTAL COST REVOLUTION ACTIVITIES—REFORM OF THE COST STRUCTURE THROUGHOUT THE COMPANY

In the Medium-term Business Plan 2005, the Corporate Division has included “promoting reform of the cost structure throughout the Company,” “further developing the ‘company’ system,” “building a human resource system that will foster a new corporate culture,” and “promoting CSR on a global scale” as action plan items based on the fundamental strategies of “demonstrating leadership and continually reforming management,” “realizing the optimal group management system in order to maximize corporate value,” and “creating an organizational culture that stresses implementation, speed and innovation related to reform and ideals.”

However, during the first year of the Medium-term Business Plan 2005, there were major changes in the business environment, including price hikes of raw materials, fiercer price competition on a global scale and changes in demand within the North American tire market in response to increases in the price of gasoline.

Amidst this business environment, we have adopted the following three new measures and are focusing on implementing them in order to realize the Medium-term Business Plan 2005 over the next two years:



1. Working to further accelerate the reform of the cost structure throughout the company—New Total Cost Revolution (New TCR) activities.
2. Quickly establishing a management system that is appropriate for “global challenge.”
3. Striving to strengthen our brand strength on a global level.

Regarding New TCR activities, costs will be reduced through the following four reforms:

1. Structural reforms based on moving forward with the selection and concentration of business.
2. Production reforms based on developing and deepening TPM and shortening the time to vulcanize tires and rubber products.
3. Procurement reforms in order to ensure a supply of raw materials and reduce the effects of price hikes.
4. Reforms to cost management activities that will strengthen improvement activities and accelerate the PDCA cycle that continually reduces costs.

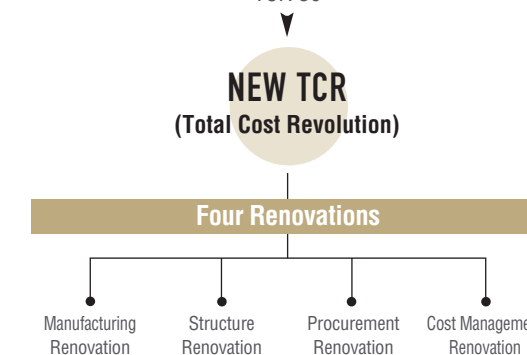
DISPOSAL OF THE ITAMI SHOPPING-MALL

The Toyo Group decided to transfer the Itami shopping-mall rental business, which it had developed on the site of a former factory in Itami, in May 2006. While this was a long-term investment for the

Company, under business conditions where global competition is becoming fiercer, it was thought that it would be advantageous to more quickly recover the initial investment and capture the gains and to use these cash flows in order to develop the business related to next generation products.

COMPANY-WIDE STRUCTURAL RENOVATION

New company-wide cost-cutting activities following TCR 30



RESEARCH AND DEVELOPMENT DIVISION

The Toyo Group is working to develop technologies with the goal of creating “a pleasant environment,” centered on tires, vibration control and insulation technology. The Group’s technology development organization consists of the following parts: the Technical Research Center, which conducts basic research; the Toyo Technical Center, which develops tire technology; the Tire Testing Course and Winter Tire Testing Course, which assess and test tires; the Soflan Technical Center, which develops urethane technology; the Automotive Parts Technical Center and Automotive Parts Technical Center East Japan, which develop automotive parts technology; and the High-Polymer Processing Technology Center, which specializes in the development and processing of advanced functional films and sheets.

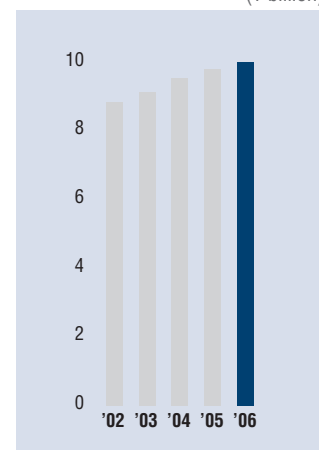
The basic strategy for the Research and Development Division included in the Medium-term Business Plan 2005 is to quickly research and develop “next desired products” and the “next desired technology,” which will lead to success. The following are the major items in the action plan:

1. Creating new businesses by finding and promoting research projects in cutting edge new industrial fields.
2. Strengthening the Toyo Group’s basic technical ability in order to always be a global leader.
3. Promoting technological development that differentiates the Toyo Group from its rivals and can contribute to existing product lines.
4. Undertaking intellectual properties strategies that are tied to the business strategy and technology strategy.
5. Creating a system for gathering information and developing human resources that is based on an awareness of the fierce global competition.

In particular, as the corporate R&D center, the Technical Research Center must make progress in developing new products and important technologies that will dramatically reduce costs by demonstrating leadership, strengthening cooperation between each company so that the greatest priority can be given to establishing both a intellectual property management system and human resource system. In the future, the Toyo Group will continuously work to develop new products supported by technology that is indispensable to increasing the Company’s brand strength throughout the world and that differentiates the Toyo Group from its rivals.

R&D EXPENDITURE

(¥ billion)



FIVE-YEAR SUMMARY

Toyo Tire & Rubber Co., Ltd. and Consolidated subsidiaries.

In Millions of yen except per share figures

	2002	2003	2004	2005	2006
For the fiscal year ended March 31:					
Net sales	¥ 253,811	¥ 255,158	¥ 256,143	¥ 269,974	¥ 300,249
Tires	156,080	159,237	162,912	173,945	200,705
Chemical & Industrial Products	46,049	39,089	38,302	39,898	41,238
Automotive Parts	50,864	55,315	53,267	54,500	56,667
Other Businesses	818	1,517	1,662	1,631	1,639
Percentage of sales					
Tires	61.5%	62.4%	63.6%	64.4%	66.9%
Chemical & Industrial Products	18.2%	15.3%	15.0%	14.8%	13.7%
Automotive Parts	20.0%	21.7%	20.8%	20.2%	18.9%
Other Businesses	0.3%	0.6%	0.6%	0.6%	0.5%
Sales by market					
Domestic	190,381	184,003	182,839	187,828	193,570
Overseas	63,430	71,155	73,304	82,146	106,679
Percentage of sales by market					
Domestic	75.0%	72.1%	71.4%	69.6%	64.5%
Overseas	25.0%	27.9%	28.6%	30.4%	35.5%
Income before income taxes	5,446	6,938	8,225	12,694	9,818
Net income	3,261	3,657	5,520	7,480	5,378
Capital expenditure	15,729	27,615	21,233	22,362	33,722
Per share of common stock (Yen)					
Net income	¥ 15.58	¥ 17.33	¥ 26.24	¥ 35.61	¥ 25.58
Cash dividends	5.00	7.00	7.00	9.00	9.00
At the year end:					
Total assets	¥ 256,410	¥ 259,206	¥ 284,237	¥ 284,464	¥ 323,508
Shareholders' equity	58,637	58,314	73,931	74,724	91,815
Current ratio	83.5%	86.6%	101.9%	97.2%	93.8%
Number of employees	6,320	6,280	6,263	6,377	6,618

MANAGEMENT’S DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL SUMMARY

The Toyo Tire & Rubber Group is composed of Toyo Tire & Rubber Co. Ltd., 45 consolidated subsidiaries, and 6 equity-method subsidiaries. Divisions consist of the tire division that handles the manufacturing and sales of various types of tire, tire tubes, and aluminum foil and other businesses related to these activities, the chemical and industrial products division that handles the manufacturing and sales of industrial rubber products and synthetic resins products, and the automotive parts division that handles the manufacturing and sales of automotive parts, including anti-vibration rubber parts and seat cushions but excluding tire-related products. In addition, the Group has expanded its business activities to include other services, and the supply, maintenance, fund raising for, and operation of metal molds and facilities related to the other business.

In fiscal 2005, consolidated sales for the Toyo Tire & Rubber Group were ¥300,249 million, an increase of 11.2% compared to the previous fiscal year. All three divisions recorded an increase in sales, with sales for the tire business increasing 15.4% year on year, those for the chemical and industrial product business expanding 3.4%, and those for the automotive parts business growing 4.0%.

Overseas sales grew 28.2% year on year to ¥131,710 million. Sales in North America, including Canada, increased 23.0% to ¥81,600 million, which accounted for 27.2% of total net sales, an increase of 2.6 percentage points compared to the previous fiscal year, and sales in other regions, including Europe, the Middle East, Oceana, and Southeast Asia, expanded 37.6% to ¥50,110 million, which was 16.7% of total sales, an increase of 3.2 percentage points compared to the previous fiscal year. Overseas sales accounted for 43.9% of total sales, which was 5.8 percentage points greater than for the previous fiscal year.

Regarding sales by region, in Japan sales increased 3.1% year on year to ¥193,570 million, for North America sales grew 23.0% to ¥81,600 million, and for other regions, including Europe and Southeast Asia, sales expanded 58.7% to ¥25,079 million.

COST OF GOODS SOLD AND SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Costs of goods sold increased 13.3% year on year to ¥212,469 million, and the cost of sales ratio increased 1.3 percentage points to 70.8%. Although selling and general administrative expenses rose 6.2% to ¥74,685 million, its percentage of sales improved 1.1 percentage points to 24.9%.

OPERATING INCOME

Operating income grew 8.5% to ¥13,095 million, with the operating margin remaining almost unchanged at 4.4% compared to 4.5% for the previous fiscal year.

OTHER REVENUES AND EXPENSES

Other revenues and expenses totaled ¥3,277 million in deficit, which has mainly due to unrealized foreign exchange losses of

¥1,550 million and a loss on impaired assets of ¥1,254 million as a result of the enforcement of stricter asset impairment accounting this fiscal year.

NET INCOME BEFORE TAXES

As a result of the above, net income before taxes fell 22.7% to ¥9,818 million.

TAXES

The Group has adopted tax effect accounting using an asset-liability method. While details of deferred tax assets and liabilities which are based on this are given in the financial notes, the total taxes for the fiscal year increased ¥1,011 million compared to the previous fiscal year, amounting to ¥4,041 million.

NET INCOME

Therefore, net income after taxes fell 28.1% to ¥5,378 million. In addition, return on equity (ROE) fell to 6.5%, compared to 10.0% for the previous fiscal year.

TRENDS BY SEGMENTS

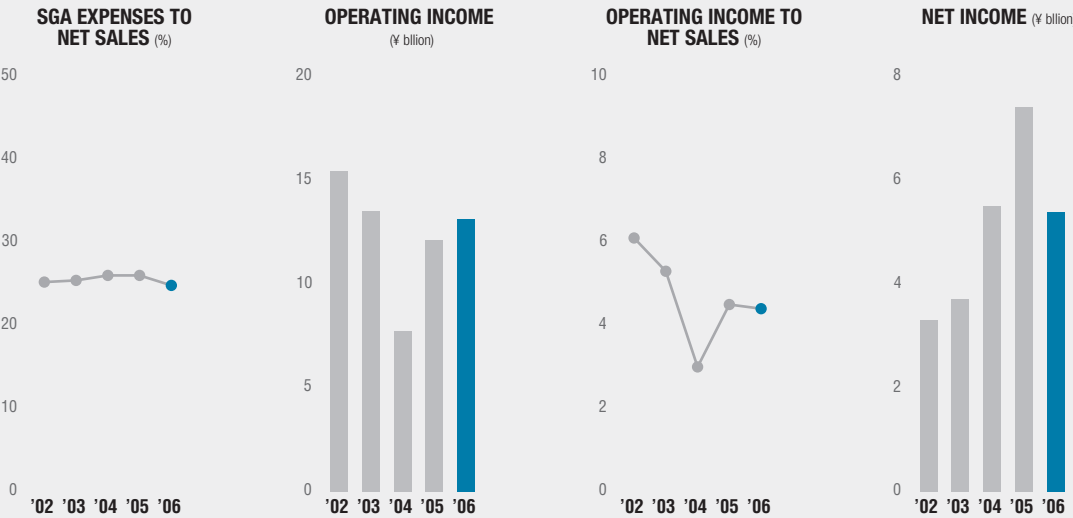
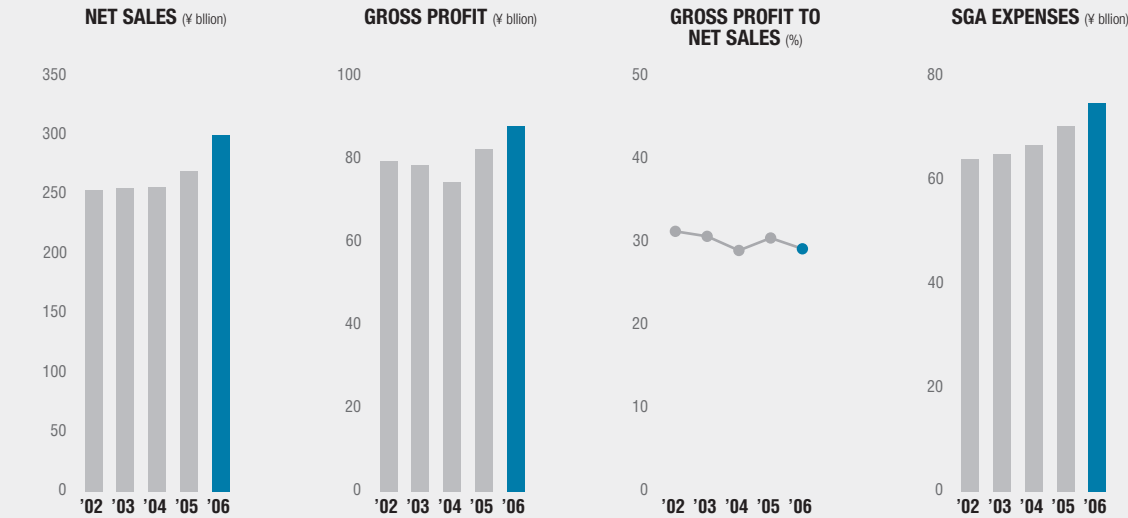
The composition of sales by business is as follows; tire segment, 66.8%; chemical and industrial product segment, 13.7%; automotive parts segment, 18.9%; and others segment, 0.6%.

TIRES

Sales for the tire business increased 15.4% to ¥200,704 million, its operating income grow 10.9% to ¥12,310 million, and the division recorded an operating margin of 6.1% compared to 6.4% for the previous fiscal year.

Looking at sales by segment, in the tire segment for new cars, as a result of aggressive sales efforts at a time when production of cars in Japan slightly increased, both sales volume and value remained almost unchanged compared to the previous fiscal year. For commercial sales in Japan, sales of snow tires were firm as a result of the introduction of new products and snow throughout Japan at the end of last year. In addition, improvements were made to the product mix, particularly an increase in the sales of high-value-added products as a result of the introduction of and increase in the number of sizes of new products and the introduction of the Nitto brand into the Japanese market. Therefore the value of sales was greater than that for the previous fiscal year although the volume of sales fell as a result of fiercer competition.

As for overseas markets, at a time of broadening global demand for tires, aggressive sales measures, particularly those in important markets, were implemented, and focus was placed on introducing high quality products that meet the market needs.



Therefore, sales were firm in various markets, including North America and Europe, and both the volume and value of sales were dramatically greater than the previous fiscal year. As a result, overall sales of tires were greater than that for the previous fiscal year.

CHEMICAL AND INDUSTRIAL PRODUCTS

Sales in the chemical and industrial product business increased 3.4% to ¥41,238 million. Moreover, operating income grew 163.5% to ¥730 million, with the operating margin increasing to 1.8% from 0.7%.

Looking at major products, in the urethane material segment, in response to weak market conditions for all types of flexible urethane products, sales were flat, but for hard urethane products, sales were greater than the previous year as a result of the completion of liquid natural gas tanks that make use of insulation produced using a new method and an increase in orders for insulation boards for home use, insulation boards for farm use, and urethane liquid concentrate.

In the rubber-related material segment, overall sales increased as a result of the completion of large projects that employ seismic isolation material for buildings, anti-vibration rubber parts for railway cars, an increase in orders for air springs and firm sales of fiber products, and , even though sales of the rubber supports for bridges fell as a result of the decrease in public works. Therefore, overall sales of these products were greater than that for the previous fiscal year.

AUTOMOTIVE PARTS

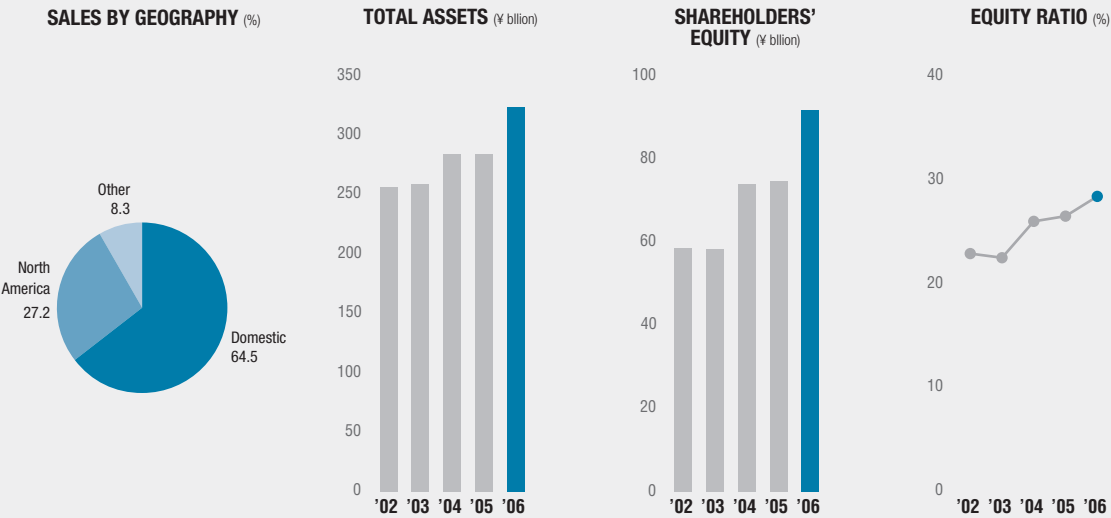
Sales for the automotive parts company increased 4.0% to ¥56,667 million. However, the division recorded an operating loss of ¥493 million which was ¥639 million less than the previous fiscal year.

Looking at major products, for anti-vibration rubber parts, contributions from the substantial increase in production by North American subsidiaries and an increase in the number of products that make use of the Group's anti-vibration rubber parts resulted in larger sales than the previous fiscal year.

In addition, there was firm demand for seat cushions, and sales of air springs substantially increased as demand from trucks and buses increased following the introduction of regulations on exhaust gas. Therefore, while sales of other car products fell, overall sales for the business increased.

FINANCIAL POSITION

The Company has been striving to reduce interest bearing debt. During the period under review, although long-term loans declined, the issuance of corporate bonds and an increase in short-term loans led to an increase in the closing balance of interest-bearing debt of ¥8,670 million to ¥90,184 million. However, compared to the closing balance four years ago, at the end of fiscal 2001, interest bearing debt declined ¥15,304 million.



Total assets at the end of the fiscal year increased ¥39,044 million to ¥323,508 million. The main factors were an increase in investment securities of ¥18,491 million, growth in tangible fixed assets of ¥14,884 million on account of various factors including capital expenditures, and ¥4,356 million more in inventories. While total assets increased, ordinary income declined ¥2,150 million, which resulted in ROA falling to 3.2% from 4.4%, compared to the previous year. Looking at the asset categories, current assets grew 4.5% to ¥118,178 million, and fixed assets increased 19.8% to ¥205,330 million.

For liabilities, short-term liabilities expanded 8.3% to ¥126,028 million. This included an increase in short-term loans of ¥3,552 million to ¥25,897 million. In addition, long-term liabilities increased 12.9% to ¥103,425 million. The balance of bonds increased ¥5,000 million to ¥28,000 million, and long-term loans grew ¥117 million to ¥36,287 million. In addition, deferred tax liabilities increased ¥7,792 million compared to the end of the previous fiscal year, and totaled ¥12,475 million at the end of the fiscal year. Therefore, total liabilities grew 10.3% to ¥229,453 million.

In the equity section, unrealized gains on other investment securities grew ¥10,761 million, to ¥24,311 million, because of an increase in the price of shares held. In addition, retained earnings expanded ¥3,464 million to ¥22,542 million, at the end of the fiscal year, and the adjustment account for foreign exchange grew ¥2,860 million, to ¥904 million in deficit. Therefore, total equity rose 22.9% to 91,814 million, and the shareholders' equity ratio increased 2.1 percentage points to 28.4%.

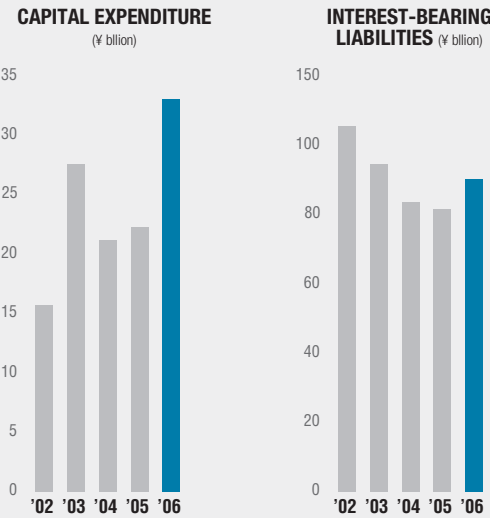
CASH FLOWS

The Company realizes that increasing cash flows from operating activities and continuing to invest in new growth fields are important factors in increasing corporate value. During the fiscal year, cash flow from operating activities grew 13.6% to ¥26,717 million. While ¥9,818 million in pretax net income, ¥16,531 million in depreciation, and a ¥5,177 million decrease in accounts payable boosted cash flow from operating activities, the payment of ¥6,467 million in taxes and an increase in inventories of ¥2,385 million weighted down the cash flow.

Cash flow from investing activities rose 55.8% to ¥28,363 million, as a result of expenditures for the purchase of tangible fixed assets accompanying capital expenditures. Therefore, free cash flow resulted in the outflow of ¥1,647 million.

Furthermore, cash flows from financing activities were a net inflow of ¥5,388 million, compared to a ¥3,542 million outflow for the previous fiscal year, because of fund procurement from long-term loans and the issuance of bonds although some long-term loans were repaid and a dividend was paid.

Overall, the closing balance of cash and cash equivalents, which totals cash flows from the various activities and conversion differences, increased ¥1,892 million to ¥11,697 million, compared to the beginning of the fiscal year.



CONSOLIDATED BALANCE SHEETS

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2006	2005	2006
Current assets:			
Cash and time deposits	¥ 11,702	¥ 9,809	¥ 99,617
Marketable securities (Note 4)	—	5	—
Notes and accounts receivable:			
Trade	44,071	48,492	375,168
Unconsolidated subsidiaries and affiliates	2,836	3,205	24,142
Other	18,172	16,425	154,695
Allowance for doubtful receivables	(602)	(733)	(5,125)
	64,477	67,389	548,880
Inventories (Note 6)	34,451	30,095	293,275
Deferred tax assets (Note 10)	5,047	4,184	42,964
Other current assets	2,501	1,610	21,291
Total current assets	118,178	113,092	1,006,027
Property, plant and equipment (Note 8):			
Land	22,566	22,937	192,100
Buildings and structures	79,561	69,847	677,288
Machinery and equipment	222,329	210,244	1,892,645
Construction in progress	10,070	5,092	85,724
	334,526	308,120	2,847,757
Accumulated depreciation	(202,718)	(191,196)	(1,725,700)
Total property, plant and equipment	131,808	116,924	1,122,057
Intangible assets	2,491	2,775	21,205
Investments and other assets:			
Investment securities (Notes 4 and 8)	52,084	33,925	443,381
Investments in unconsolidated subsidiaries and affiliates	11,040	9,440	93,982
Long-term loans receivable	988	1,169	8,411
Deferred tax assets (Note 10)	2,688	2,491	22,882
Other assets	4,958	5,359	42,207
Allowance for doubtful receivables	(727)	(711)	(6,189)
Total investments and other assets	71,031	51,673	604,674
Total assets	¥ 323,508	¥ 284,464	¥ 2,753,963

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	2006	2005	2006
Current liabilities:			
Short-term bank loans (Note 7)	¥ 13,781	¥ 5,472	\$ 117,315
Current portion of long-term debt (Notes 7 and 8)	12,116	16,872	103,141
Notes and accounts payable:			
Trade	66,414	62,041	565,370
Unconsolidated subsidiaries and affiliates	1,847	1,639	15,723
Other	21,195	17,829	180,429
	89,456	81,509	761,522
Accrued expenses	5,772	5,514	49,136
Income and enterprise taxes payable	1,505	3,721	12,812
Customers' deposits	2,269	1,982	19,316
Deferred tax liabilities (Note 10)	—	55	—
Other current liabilities	1,129	1,217	9,611
Total current liabilities	126,028	116,342	1,072,853
Long-term liabilities:			
Long-term debt due after one year (Notes 7 and 8)	64,287	59,170	547,263
Long-term deposits (Note 8)	9,500	9,500	80,872
Severance and retirement benefits (Note 9)	16,219	17,311	138,069
Deferred tax liabilities (Note 10)	12,475	4,683	106,197
Other long-term liabilities	944	973	8,036
Total long-term liabilities	103,425	91,637	880,437
Contingent liabilities (Note 12)			
Minority interests in consolidated subsidiaries	2,240	1,761	19,069
Shareholders' equity (Note 13):			
Common stock			
Authorized—400,000,000 shares			
Issued—209,284,712 shares	23,975	23,975	204,095
Capital surplus	21,997	21,997	187,256
Retained earnings	22,542	19,078	191,896
Net unrealized holding gains on securities	24,311	13,550	206,955
Other comprehensive loss	(48)	(72)	(409)
Foreign currency translation adjustments	(905)	(3,765)	(7,704)
Treasury stock, at cost			
2005—160,643 shares		(39)	
2006—195,322 shares	(57)		(485)
Total shareholders' equity	91,815	74,724	781,604
Total liabilities, minority interests and shareholders' equity	¥ 323,508	¥ 284,464	\$ 2,753,963

CONSOLIDATED STATEMENTS OF INCOME

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2005	2006
Net sales	¥ 300,249	¥ 269,974	\$ 2,555,963
Cost of sales	212,469	187,584	1,808,708
Gross profit	87,780	82,390	747,255
Selling, general and administrative expenses	74,685	70,322	635,779
Operating income	13,095	12,068	111,476
Other income (expenses):			
Interest and dividend income	558	469	4,750
Interest expense	(1,452)	(1,258)	(12,361)
Gain (loss) on disposal of property, plant and equipment	676	156	5,755
Gain on sale of investment securities	—	2,082	—
Loss on liquidation of subsidiaries and affiliates	(57)	—	(485)
Loss on impairment of fixed assets (Note 14)	(1,255)	—	(10,684)
Equity in net income of unconsolidated subsidiaries and affiliates	714	885	6,078
Foreign exchange gain (loss)	(1,550)	306	(13,195)
Amortization of net transition obligation (Note 9)	—	(2,148)	—
Other net	(911)	134	(7,755)
Income before income taxes	9,818	12,694	83,579
Income taxes (Note 10):			
Current	4,631	5,833	39,423
Deferred	(590)	(781)	(5,023)
	4,041	5,052	34,400
Minority interests in income	(399)	(162)	(3,397)
Net income	¥ 5,378	¥ 7,480	\$ 45,782

	Yen		U.S. dollars (Note 1)
	2006	2005	2006
Net income per share	¥ 25.58	¥ 35.61	\$ 0.22
Dividends per share	9.00	9.00	0.08

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2006 and 2005

	Millions of yen							
	Number of shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Net unrealized holding gains on securities	Other comprehensive loss	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2004	209,285	¥23,975	¥21,997	¥13,093	¥18,409	¥ —	¥(3,517)	¥ (26)
Net income	—	—	—	7,480	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	(248)	—
Decrease in net unrealized holding gains on securities	—	—	—	—	(4,859)	—	—	—
Increase in other comprehensive loss	—	—	—	—	—	(72)	—	—
Cash dividends	—	—	—	(1,464)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(31)	—	—	—	—
Treasury stock	—	—	—	—	—	—	—	(13)
Balance at March 31, 2005	209,285	23,975	21,997	19,078	13,550	(72)	(3,765)	(39)
Net income	—	—	—	5,378	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	2,860	—
Increase in net unrealized holding gains on securities	—	—	—	—	10,761	—	—	—
Increase in other comprehensive loss	—	—	—	—	—	24	—	—
Cash dividends	—	—	—	(1,882)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(32)	—	—	—	—
Treasury stock	—	—	—	—	—	—	—	(18)
Balance at March 31, 2006	209,285	¥23,975	¥21,997	¥22,542	¥24,311	¥ (48)	¥ (905)	¥ (57)

	Thousands of U.S. dollars (Note 1)						
	Common stock	Capital surplus	Retained earnings	Net unrealized holding gains on securities	Other comprehensive loss	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2005	\$204,095	\$187,256	\$162,407	\$115,349	\$ (613)	\$(32,051)	\$ (332)
Net income	—	—	45,782	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	24,347	—
Increase in net unrealized holding gains on securities	—	—	—	91,606	—	—	—
Increase in other comprehensive loss	—	—	—	—	204	—	—
Cash dividends	—	—	(16,021)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	(272)	—	—	—	—
Treasury stock	—	—	—	—	—	—	(153)
Balance at March 31, 2006	\$204,095	\$187,256	\$191,896	\$206,955	\$ (409)	\$(7,704)	\$ (485)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2006 and 2005

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2006	2005	2006
Cash flows from operating activities:			
Income before income taxes	¥ 9,818	¥ 12,694	\$ 83,579
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	16,531	15,831	140,725
Loss on impairment of fixed assets	1,255	—	10,684
Equity in net income of unconsolidated subsidiaries and affiliates	(714)	(885)	(6,078)
Foreign exchange loss (gain)	1,941	(282)	16,523
Decrease in accrued retirement benefits for employees	(1,105)	—	(9,407)
Amortization of net transition obligation	—	2,148	—
Interest and dividend income	(558)	(469)	(4,750)
Interest expense	1,452	1,258	12,361
Gain on disposal of property, plant and equipment	(676)	(156)	(5,755)
Loss on liquidation of subsidiaries and affiliates	57	—	485
Gain on sale of investment securities	(78)	(2,082)	(664)
Decrease in notes and accounts receivable	5,177	11,314	44,071
(Increase) decrease in deposits paid in assignment of receivables	1,767	(9,102)	15,042
Increase in inventories	(2,385)	(3,812)	(20,303)
Increase in notes and accounts payable	2,243	3,799	19,094
Other, net	(1,008)	(684)	(8,581)
Interest and dividends received	1,000	649	8,513
Interest paid	(1,533)	(1,321)	(13,050)
Income taxes paid	(6,467)	(5,381)	(55,052)
Net cash provided by operating activities	26,717	23,519	227,437
Cash flows used in investing activities:			
Additions to property, plant and equipment	(30,445)	(21,944)	(259,173)
Additions to intangible assets	(301)	(692)	(2,562)
Proceeds from sales of intangible assets	362	—	3,082
Proceeds from sales and redemption of investment securities	88	3,139	749
Proceeds from sales of property, plant and equipment	1,845	1,412	15,706
Investments in securities	(22)	(219)	(187)
Proceeds from sales of consolidated subsidiaries	(58)	—	(494)
Other, net	167	93	1,421
Net cash used in investing activities	(28,364)	(18,211)	(241,458)
Cash flows provided by financing activities:			
Proceeds from long-term debt	17,274	10,355	147,050
Payments of long-term debt	(17,157)	(10,209)	(146,054)
Proceeds from (repayments of) commercial paper	—	(500)	—
Increase (decrease) in short-term bank loans	7,225	(1,653)	61,505
Dividends paid	(1,886)	(1,464)	(16,055)
Dividends paid to minority shareholders	(48)	(58)	(409)
Other, net	(20)	(13)	(170)
Net cash provided by financing activities	5,388	(3,542)	45,867
Effect of foreign exchange on cash and cash equivalents	(1,849)	289	(15,740)
Increase in cash and cash equivalents	1,892	2,055	16,106
Cash and cash equivalents at beginning of the year	9,805	7,750	83,468
Cash and cash equivalents at end of the year (Note 15)	¥ 11,697	¥ 9,805	\$ 99,574

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of Toyo Tire & Rubber Co., Ltd. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2006, which was ¥117.47 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

Consolidation and investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies (together the "Companies"), over which the Company has power of control through majority voting rights or existence of certain conditions evidencing control by the Company. Investments in affiliates, over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted by the equity method.

The consolidated financial statements include the accounts of the Company and its 45 (42 in 2005) significant majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation. Investments in 6 (7 in 2005) affiliates are accounted for by the equity method.

Significant differences between the cost of investments in consolidated subsidiaries and the equity in their net assets at dates of acquisition is, with minor exceptions, amortized over five years.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

15 of the Company's subsidiaries are consolidated using a fiscal period ending December 31. Significant transactions occurring during the January 1 to March 31 period are adjusted in these consolidated financial statements.

Allowance for doubtful receivables

Allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based upon the actual rate of historical bad debts, and for certain doubtful receivables, the uncollectable amount has been individually estimated.

Inventories

With respect to the Company and its domestic consolidated subsidiaries, materials are principally stated at the lower of cost or market value. Cost is determined principally by the moving-average method. Finished products, work in process and supplies are stated at average cost. With respect to foreign consolidated subsidiaries, inventories are stated principally at the lower of first-in, first-out cost or market value.

Property, plant and equipment

Property, plant and equipment are carried at cost. Depreciation of property, plant and equipment, except for buildings, of the Company and its domestic consolidated subsidiaries is computed principally by the declining balance method at rates based on the estimated useful lives of the assets. Depreciation of property, plant and equipment of foreign consolidated subsidiaries is computed principally by the straight-line method at rates based on the estimated useful lives of the assets.

- Depreciation of certain tools and equipment of the Company and its productive consolidated subsidiaries is computed by the straight-line method.
- Depreciation of buildings of the Company and its consolidated subsidiaries is computed by the straight-line method.
- Expenditures for maintenance and repairs, including minor replacements and betterments, are charged to income as incurred.

The principle estimated useful lives are as follows;

- Buildings and structures 3-50 years
- Machinery and equipment 2-17 years

Software costs

Software costs are included in intangible assets and depreciated by the straight-line method over the estimated useful life of five years.

Goodwill

Goodwill is charged to income as incurred.

Securities

The Company classifies securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Securities with no available fair market value are stated at moving-average cost. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on sale of such securities are computed using book values prior to adoption of this accounting standard.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, the foreign currency receivables or payables are translated at the contracted rate.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the asset or liability for which the swap contract was executed.

Research and development

Research and development expenses are charged to income as incurred. Such expenses for the years ended March 31, 2006 and 2005 were ¥10,051 million (\$85,562 thousand) and ¥9,791 million.

Note issue expenses

Note issue expenses are deferred and amortized over a three-year period.

Severance and retirement benefits

The Companies provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The Companies provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the year.

Actuarial gains and losses are recognized in expenses using the straight-line method within the average of the estimated remaining service lives (mainly 15 years) commencing with the following period.

With respect to the retirement benefits for directors and corporate auditors, the liability for lump-sum payments is stated at the amount which would be required if they retired as of the balance sheet date. Included in the liability for severance and retirement benefits at March 31, 2006 and 2005 are ¥175 million (\$1,490 thousand) and ¥182 million for directors and statutory auditors of the Companies.

Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Translation of foreign currencies

- 1) Translation of Foreign Currencies
- Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rate.
- 2) Translation of Foreign Currency Statements (Accounts of overseas subsidiaries and affiliates)
- Balance sheet accounts of consolidated overseas subsidiaries and affiliates are translated into Japanese yen at the year-end rate except for shareholders' equity accounts, which are translated at the historical rates. Revenue and expense accounts of consolidated overseas subsidiaries and affiliates are translated at the average exchange rate for the year except for transactions with the Company, which are translated at the rates used by the Company.

Leases

Except for leases with covenants transferring ownership of the properties to lessees, the Company and its domestic consolidated subsidiaries do not capitalize finance leases.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2006 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

Consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Net income per share

Computations of basic net income per share of common stock are based on the weighted average number of shares outstanding during each financial period. Diluted net income per share is not disclosed for there were no dilutive common stock equivalents.

Dividends per share

In accordance with the Commercial Code of Japan, the declaration of dividends and the appropriation of unappropriated retained earnings are approved at the general meeting of shareholders held after the end of the fiscal year. Therefore, cash dividends per share shown in the consolidated statements of income reflect the final dividends approved after the end of the relevant fiscal year.

3. Accounting Changes

Effective April 1, 2005, the Companies adopted the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standards Board of Japan on October 31, 2003).

The effect of adopting the new accounting standard was to decrease income before income taxes by ¥1,255 million (US\$10,684 thousand).

The effects of adopting the new accounting standard on business segment information are described in Note 16.

Effective April 1, 2004, the Company changed its accounting policy for translating revenue and expense accounts of consolidated overseas subsidiaries into Japanese yen from at the year-end rate to at the average exchange rate for the year. This change was made to represent the actual conditions of the accrual of revenue and expense accounts with the increase in importance of consolidated overseas subsidiaries. The effect of this change was to increase sales to customers by ¥1,381 million, and to decrease income before income taxes by ¥4 million.

The effects of this change on business segment information are described in Note 16.

4. Securities

1) The following tables summarize acquisition costs, book values (fair values) of securities with available fair values as of March 31, 2006 and 2005:

Available-for-sale securities with available fair values exceeding acquisition costs			
	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Acquisition cost:			
Equity securities	¥ 10,375	¥ 10,347	\$ 88,320
Bonds	—	5	—
Other	78	78	664
	10,453	10,430	88,984
Book value:			
Equity securities	51,270	33,160	436,452
Bonds	—	5	—
Other	148	100	1,260
	51,418	33,265	437,712
Difference:			
Equity securities	40,895	22,813	348,132
Bonds	—	—	—
Other	70	22	596
	¥ 40,965	¥ 22,835	\$ 348,728

Available-for-sale securities with available fair values not exceeding acquisition costs			
	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Acquisition cost:			
Equity securities	¥ 71	¥ 86	\$ 604
Book value:			
Equity securities	69	80	587
Difference:			
Equity securities	(2)	(6)	(17)

2) The following table summarizes book values of securities with no available fair values as of March 31, 2006 and 2005:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Available-for-sale securities:			
Non-listed equity securities	¥ 597	¥ 582	\$ 5,082

3) Available-for-sale securities with maturities and held-to-maturity debt securities at March 31, 2006 and 2005 mature as follows:

(a) 2006:					
	Within one year	Millions of yen Over one year but within five years	Total	Thousands of U.S. dollars	Total
Bonds	¥ —	¥ —	¥ —	\$ —	—
Other	—	104	104		885
	¥ —	¥ 104	¥ 104	\$	885

(b) 2005:					
	Within one year	Millions of yen Over one year but within five years	Total		
Bonds	¥ 5	¥ —	¥ 5		
Other	—	71	71		
	¥ 5	¥ 71	¥ 76		

4) Total sales of available-for-sale securities in the year ended March 31, 2006 amounted to ¥88 million (\$749 thousand) and the related gains amount-
ed to ¥78 million (\$664 thousand).
Total sales of available-for-sale securities in the year ended March 31, 2005 amounted to ¥3,072 million and the related gains amounted to
¥2,082 million.

5. Derivative Financial Instruments and Hedging Transactions

The Company uses derivative transactions to manage effectively future risks of fluctuations in interest rates and foreign currency exchange rates. The Company uses interest rate swap and interest rate option contracts with respect to interest rates to mitigate interest on loans payable and avoid future risks of fluctuations in interest rates.

The Company uses forward foreign currency and currency option contracts to avoid future risks of fluctuations in foreign exchange rates with respect to foreign currency receivables and payables. The Company does not use such transactions for the purposes of speculation or short-term dealing.

The following summarizes hedging derivative financial instruments used by the Company and items hedged:

Hedging instruments:	Hedged items:
Forward foreign currency and currency option contracts	Foreign currency receivables and payables
Interest rate swap and interest rate option contracts	Interest on loans payable and bonds

The Company hedges future risks of fluctuations in foreign currency exchange rates and interest rates mainly based on internal management regulations.

The Company evaluates hedge effectiveness for the whole hedge term by comparing the cumulative changes in fair value or the cumulative changes in cash flows from hedging instruments and hedged items and the corresponding changes in the hedging derivative instruments.

The derivative transactions are subject to future risks of interest rate changes and foreign currency exchange rate changes, and credit risks which arise from nonfulfillment of contracts by the collapse of the contract partner of the derivative transactions. Since the Companies execute derivative transactions using only counter parties of high credit rating, the Company believes there is almost no credit risk.

The derivative transactions are executed in accordance with internal management regulations and reported to the Board of Directors.

6. Inventories

Inventories at March 31, 2006 and 2005 consisted of the following:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Finished goods	¥ 26,659	¥ 22,928	\$ 226,943
Work in process	2,245	2,221	19,111
Raw materials and supplies	5,547	4,946	47,221
	¥ 34,451	¥ 30,095	\$ 293,275

7. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2006 and 2005 consisted of short-term notes, generally for 365 days, bearing interest at average rates 4.6 percent and 1.3 percent, respectively. In the past, these loans have been renewed regularly from time to time as required.

Long-term debt at March 31, 2006 and 2005 consisted of the following:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Loans, principally from banks and insurance companies, weighted average rate of 1.6 % at March 31, 2006 and 1.4% at March 31, 2005.			
Secured	¥ 15,377	¥ 19,342	\$ 130,902
Unsecured	33,026	33,700	281,144
0.74 % bonds, due 2008	5,000	5,000	42,564
0.41 % bonds, due 2010	3,000	3,000	25,538
1.63 % bonds, due 2010	5,000	5,000	42,564
0.83 % bonds, due 2008	5,000	5,000	42,564
0.99 % bonds, due 2009	5,000	5,000	42,564
1.21 % bonds, due 2012	5,000	—	42,564
	76,403	76,042	650,404
Less amounts due within one year	12,116	16,872	103,141
	¥ 64,287	¥ 59,170	\$ 547,263

Annual maturities of long-term debt at March 31, 2006 are as follows:

Years ended March 31	Millions of yen	Thousands of U.S. dollars
2007	¥ 12,116	\$ 103,141
2008	16,201	137,916
2009	12,561	106,929
2010	8,612	73,312
2011 and thereafter	26,913	229,106
	¥ 76,403	\$ 650,404

8. Pledged Assets

At March 31, 2006, the following assets were pledged as collateral for long-term debt of ¥15,377 million (\$130,902 thousand) and long-term deposits of ¥9,500 million (\$80,872 thousand).

	Millions of yen	Thousands of U.S. dollars
Investment securities	¥ 13,797	\$ 117,451
Property, plant and equipment - net of accumulated depreciation	31,921	271,738
	¥ 45,718	\$ 389,189

9. Severance and Retirement Benefits

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2006 and 2005 consists of the following:

	2006	Millions of yen	Thousands of U.S. dollars
		2005	2006
Employees' retirement benefits			
Projected benefit obligation	¥ 36,570	¥ 36,363	\$ 311,313
Unrecognized actuarial differences	1,112	(4,827)	9,466
Less fair value of pension assets	(21,638)	(14,407)	(184,200)
Directors' and corporate auditors' retirement benefits	175	182	1,490
Liability for severance and retirement benefits	¥ 16,219	¥ 17,311	\$ 138,069

Included in the consolidated statements of income for the years ended March 31, 2006 and 2005 are severance and retirement benefit expenses, except for directors' and corporate auditors' benefits, comprised of the following:

	2006	Millions of yen	Thousands of U.S. dollars
		2005	2006
Service costs – benefits earned during the year	¥ 1,622	¥ 1,717	\$ 13,808
Interest cost on projected benefit obligation	487	520	4,146
Expected return on plan assets	(52)	(40)	(443)
Amortization of net transition obligation	—	2,148	—
Amortization of actuarial differences	459	479	3,907
Severance and retirement benefit expenses	¥ 2,516	¥ 4,824	\$ 21,418

The discount rate and the rate of expected return on plan assets used by the Company are 1.5 percent (1.6 percent in 2005) and 1.0 percent, respectively. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years. Actuarial losses are recognized in the income statement using the straight-line method mainly over fifteen years.

10. Income Taxes

The Company and its domestic subsidiaries are subject to corporate, inhabitants and enterprise taxes which, in the aggregate, normally would result in a statutory rate of approximately 40.6 percent for both 2006 and 2005.

Significant components of deferred tax assets and liabilities as of March 31, 2006 and 2005 are as follows:

	2006	Millions of yen	Thousands of U.S. dollars
		2005	2006
Current deferred tax assets			
Unrealized profits	¥ 2,775	¥ 1,769	\$ 23,623
Accrued bonuses	1,151	1,101	9,798
Enterprise tax	166	315	1,413
Accrued expenses	304	250	2,588
Excess of allowance for doubtful receivables	117	171	996
Other	967	656	8,232
Offset to deferred tax liabilities	(414)	(39)	(3,524)
Total current deferred tax assets	5,066	4,223	43,126
Valuation allowance	(19)	(39)	(162)
Net current deferred tax assets	5,047	4,184	42,964
Current deferred tax liabilities			
Adjustment of allowance for doubtful receivables	(14)	(23)	(119)
Other	(5)	(71)	(43)
Offset to deferred tax assets	19	39	162
Total current deferred tax liabilities	—	(55)	—
Net current deferred tax assets	¥ 5,047	¥ 4,129	\$ 42,964

	2006	Millions of yen	Thousands of U.S. dollars
		2005	2006
Non-current deferred tax assets			
Excess of severance and retirement benefits	¥ 6,345	¥ 6,383	\$ 54,014
Unrealized profits	2,220	2,017	18,898
Loss on write-down of investment securities	242	250	2,060
Loss by having set up the employee retirement benefit trust	567	566	4,827
Losses carry forward	117	267	996
Loss on write-down of golf club memberships	156	167	1,328
Excess of allowance for doubtful receivables	101	109	860
Other	923	838	7,857
Offset to deferred tax liabilities	(7,429)	(7,241)	(63,242)
Total non-current deferred tax assets	3,242	3,356	27,598
Valuation allowance	(554)	(865)	(4,716)
Net non-current deferred tax assets	2,688	2,491	22,882
Non-current deferred tax liabilities			
Net unrealized gains on securities	(16,385)	(9,024)	(139,482)
Reserves of the Special Taxation Measures Law	(2,249)	(2,163)	(19,145)
Other	(1,270)	(737)	(10,811)
Offset to deferred tax assets	7,429	7,241	63,242
Total non-current deferred tax liabilities	(12,475)	(4,683)	(106,197)
Net non-current deferred tax (liabilities)	¥ (9,787)	¥ (2,192)	\$ (83,315)

11. Leases

1) Finance leases

Information for non-capitalized finance leases at March 31, 2006 and 2005 was as follows:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Original lease obligations (including finance charges) for machinery, equipment and other	¥ 8,027	¥ 4,989	\$ 68,332
Future minimum payments			
Payments due within one year	¥ 1,175	¥ 923	\$ 10,003
Payments due after one year	3,808	2,424	32,416
	¥ 4,983	¥ 3,347	\$ 42,419

Rental expenses under such non-capitalized finance leases for the years ended March 31, 2006 and 2005 were ¥1,197 million (\$10,190 thousand) and ¥835 million, respectively.

2) Operating leases

(a) As lessee

Lease obligations under operating leases at March 31, 2006 and 2005 were as follows:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Future minimum payments			
Payments due within one year	¥ 672	¥ 170	\$ 5,721
Payments due after one year	6,398	2,683	54,465
	¥ 7,070	¥ 2,853	\$ 60,186

(b) As lessor

Lease receivables under operating leases at March 31, 2006 and 2005 were as follows:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Future minimum payments to be received			
Payments to be received due within one year	¥ 1,185	¥ 1,185	\$ 10,088
Payments to be received due after one year	18,375	19,560	156,423
	¥ 19,560	¥ 20,745	\$ 166,510.6

12. Contingent Liabilities

Contingent liabilities at March 31, 2006 were as follows:

	Millions of yen	Thousands of U.S. dollars
Loan guarantees:		
Chensin-Petrel Tire (Xiamen) Co., Ltd., an equity method affiliate	¥ 2,349	\$ 19,997
Others	238	2,026
	¥ 2,587	\$ 22,023

	Millions of yen	Thousands of U.S. dollars
Obligation to repurchase factored trade receivables	¥ 1,547	\$ 13,169

13. Shareholders' Equity

Under the Commercial Code of Japan (the "Code"), at least 50% of the issue price of new shares, is required to be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid - in capital, which is included in capital surplus.

The Code provides that an amount equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid - in capital equals 25% of common stock. The legal earnings reserve and additional paid - in capital may be used to eliminate or reduce a deficit by resolution of the stockholders' meeting or may be capitalized by res-

olution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid - in capital remains being equal to or exceeding 25% of common stock, they are available for dividends by the resolution of shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Code.

14. Loss on Impairment of Fixed Assets

The Company and consolidated subsidiaries recognized impairment losses for the following groups of assets in the year ended March 31, 2006.

<Domestic>

Use	Type of asset	Location	Amount (Millions of yen)	Thousands of U.S. dollars
Idle assets	Building, Land	Setagaya-ku, Tokyo-to	¥ 300	\$ 2,554
	Land	Tokai-shi, Aichi-ken and Isehara-shi, Kanagawa-ken, etc	207	1,762
Total			¥ 507	\$ 4,316

(Circumstance)

In light of significant decrease in land and building values with no current plans for future use, the Company and consolidated subsidiaries recognized impairment losses, and reduced the book values of the fixed assets.

(Grouping method)

For the purpose of identifying fixed assets that are impaired, the Company and consolidated subsidiaries considered each industry segment, individual assets designated for disposal and individual idle property with no planned use as an independent cash-generating units.

(Calculation method for recoverable amounts, etc)

Recoverable amounts are net realizable values, based on amounts determined by valuations made in accordance with real estate valuation standards in principle.

<United States>

Use	Type of asset	Location	Amount (Millions of yen)	Thousands of U.S. dollars
Machinery for automotive parts	Machinery and Equipment, etc	Kentucky, United States	¥ 748	\$ 6,368

In accordance with SFAS NO.144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the group of assets above was reviewed for impairment as the result of an impairment test based on the SFAS.

As a result, operating activities is continuously negative in the Automotive-Parts business in the United States, the United States subsidiary reduced the book value of the fixed assets such as machinery and equipment to recoverable amounts. The breakdown of impairment losses is Machinery and Equipment ¥590 million (\$5,023 thousand), Building and Structure ¥49 million (\$417 thousand), Tools and Fixtures ¥70 million (\$596 thousand), and Construction in progress ¥39 million (\$332 thousand).

15. Cash Flow Statements

Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2006 and 2005 are as follows:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Cash and time deposits	¥ 11,702	¥ 9,809	\$ 99,617
Less:Time deposits with maturities exceeding three months	(5)	(4)	(43)
Cash and cash equivalents	¥ 11,697	¥ 9,805	\$ 99,574

16. Business Segment information

1) Industry segment information

The Companies' businesses are divided into the Tires segment, the Chemical & Industrial Products segment, the Automotive Parts segment and the Other Businesses segment. The Tires segment manufactures and sells a range of auto, bus and other vehicle and equipment tires. The Chemical & Industrial Products segment manufactures and sells rubber vibration isolators, waterproof sheets and other products. The Automotive Products segment manufactures and sells rubber vibration isolators, automobile cushion seats, and other products. The Other Businesses segment principally includes financial services and realty businesses.

Industry segment information for the years ended March 31 was as follows :

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Net sales			
Tires			
Customers	¥ 200,705	¥ 173,945	\$ 1,708,564
Intersegment	102	84	868
Total	200,807	174,029	1,709,432
Chemical & Industrial Products			
Customers	41,238	39,898	351,051
Intersegment	21	23	179
Total	41,259	39,921	351,230
Automotive Parts			
Customers	56,667	54,500	482,396
Intersegment	—	—	—
Total	56,667	54,500	482,396
Other Businesses			
Customers	1,639	1,631	13,952
Intersegment	454	476	3,865
Total	2,093	2,107	17,817
Eliminations	(577)	(583)	(4,912)
Consolidated net sales	300,249	269,974	2,555,963
Operating expenses			
Tires	188,497	162,931	1,604,639
Chemical & Industrial Products	40,529	39,644	345,016
Automotive Parts	57,160	54,354	486,592
Other Businesses	1,638	1,629	13,944
Eliminations	(670)	(652)	(5,704)
Consolidated operating expenses	287,154	257,906	2,444,487
Operating income			
Tires	12,310	11,098	104,793
Chemical & Industrial Products	730	277	6,214
Automotive Parts	(493)	146	(4,196)
Other Businesses	455	478	3,873
Consolidating adjustments	93	69	792
Consolidated operating income	¥ 13,095	¥ 12,068	\$ 111,476
Assets			
Tires	¥ 196,545	¥ 179,566	\$ 1,673,151
Chemical & Industrial Products	29,252	31,020	249,017
Automotive Parts	35,226	32,251	299,872
Other Businesses	28,593	30,701	243,407
Consolidating adjustments and corporate (See Note (a))	33,892	10,926	288,516
Consolidated assets	¥ 323,508	¥ 284,464	\$ 2,753,963
Depreciation and amortization			
Tires	¥ 12,296	¥ 12,031	\$ 104,673
Chemical & Industrial Products	1,326	1,296	11,288
Automotive Parts	2,408	1,999	20,499
Other Businesses	509	511	4,333
Eliminations	(8)	(6)	(68)
Consolidated depreciation and amortization	¥ 16,531	¥ 15,831	\$ 140,725
Loss on impairment of fixed assets			
Tires	¥ 25	¥ —	\$ 213
Chemical & Industrial Products	12	—	102
Automotive Parts	748	—	6,368
Other Businesses	—	—	—
Consolidating adjustments and corporate (See Note (C))	470	—	4,001
Consolidated loss on impairment of fixed assets	¥ 1,255	¥ —	\$ 10,684
Capital expenditure			
Tires	¥ 27,951	¥ 16,228	\$ 237,942
Chemical & Industrial Products	1,694	2,332	14,421
Automotive Parts	3,622	3,440	30,833
Other Businesses	455	362	3,873
Eliminations	—	—	—
Consolidated capital expenditure	¥ 33,722	¥ 22,362	\$ 287,069

Note (a) : Corporate assets of ¥45,613 million (\$388,295 thousand) and ¥28,522 million at March 31, 2006 and 2005, respectively, are comprised mainly of cash and cash equivalents and investment securities.

Note (b) : As explained in Note 3, the Company changed its accounting policy for translating revenue and expense accounts of consolidated overseas subsidiaries into Japanese yen. The effect of this change for the year ended March 31, 2005 was to increase sales to customers and operating income of the Tires segment by ¥1,272 million and ¥26 million, respectively, and to decrease operating income of the Automotive Parts segment by ¥32 million. The effects of this change on other segments were minor.

Note (b) : The loss on impairment of fixed assets on idle assets, ¥470 million (\$4,001 thousand) can not be allocated in any specific industry so that it is listed in Consolidating adjustments and corporate. The major part of this loss arose from idle assets (sold) which the parent company owns.

2) Geographic segment information

Geographic segment information for the years ended March 31 was as follows:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Net sales			
Domestic operations			
Customers	¥ 193,570	¥ 187,828	\$ 1,647,825
Intersegment	72,244	60,011	615,000
Total	265,814	247,839	2,262,825
North America operations			
Customers	81,600	66,340	694,645
Intersegment	—	—	—
Total	81,600	66,340	694,645
Other operations			
Customers	25,079	15,806	213,493
Intersegment	15	154	127
Total	25,094	15,960	213,620
Eliminations	(72,259)	(60,165)	(615,127)
Consolidated net sales	300,249	269,974	2,555,963
Operating expenses			
Domestic operations	251,936	237,300	2,144,683
North America operations	81,547	65,201	694,194
Other operations	23,996	15,423	204,273
Eliminations	(70,325)	(60,018)	(598,663)
Consolidated operating expenses	287,154	257,906	2,444,487
Operating income			
Domestic operations	13,878	10,539	118,142
North America operations	53	1,139	451
Other operations	1,098	537	9,347
Consolidating adjustments and corporate	(1,934)	(147)	(16,464)
Consolidated operating income	¥ 13,095	¥ 12,068	\$ 111,476
Assets			
Domestic	¥ 219,241	¥ 208,782	\$ 1,866,357
North America operations	50,536	33,611	430,204
Other operations	16,452	12,920	140,053
Consolidating adjustments and corporate (See Note (b))	37,279	29,151	317,349
Consolidated assets	¥ 323,508	¥ 284,464	\$ 2,753,963

Note (a) : The main countries or areas included in North America and Other were as follows:

North America: United States of America and Canada
Other: Europe, Oceania and other

Note (b) : Corporate assets of ¥45,613 million (\$388,295 thousand) and ¥28,522 million at March 31, 2006 and 2005, respectively, are comprised mainly of cash and cash equivalents and investment securities.

Note (c) : As explained in Note 3, the Company changed its accounting policy for translating revenue and expense accounts of consolidated overseas subsidiaries into Japanese yen. The effect of this change for the year ended March 31, 2005 was to increase sales to customers and operating income of North America by ¥1,887 million and ¥29 million, respectively, and to decrease sales to customers and operating income of the other segment by ¥506 million and ¥34 million, respectively.

3) Overseas sales information

Overseas sales information, which includes the export net sales of the Company and domestic subsidiaries and the net sales of its overseas subsidiaries, for the years ended March 31 was as follows:

	2006	Millions of yen 2005	Thousands of U.S. dollars 2006
Net sales			
North America	¥ 81,600	¥ 66,339	\$ 694,645
Other	50,110	36,406	426,577
Total	¥ 131,710	¥ 102,745	\$ 1,121,222
Consolidated net sales	¥ 300,249	¥ 269,974	\$ 2,555,963
Percentage of consolidated net sales	43.9%	38.1%	43.9%

Note (a) : The main countries or areas included in North America and Other were as follows:

North America: United States of America and Canada
Other: Europe, Near East, Oceania, Southeast Asia and other

Note (b) : As explained in Note 3, the Company changed its accounting policy for translating revenue and expense accounts of consolidated overseas subsidiaries into Japanese yen. The effect of this change for the year ended March 31, 2005 was to increase sales of the North America by ¥1,887 million and to decrease sales of the other segment by ¥506 million.

17. Subsequent events

1) On June 30, 2006, the Company sold the fixed assets and the subsidiary, related to the lease business of Itami shopping-mall in order to liquidate assets and concentrate management resources on core business strategies, based on the approval by the Board of Directors of the Company on May 26, 2006.

1. Outline of the fixed assets to be sold

- (1) Buyer: Icity , Co., Ltd.
- (2) Contents of assets: The land leased for Itami shopping-mall (beneficial interest in real estate trust)
- (3) Location: 1-1-1 Fujinoki, Itami-shi, Hyogo-ken, etc
- (4) Date of sale: June 30, 2006
- (5) Selling price: ¥5,050 million
- (6) Means of sale: Entrust targeted land and sell its beneficial interest in real estate trust

2. Outline of the subsidiary to be sold

- (1) Buyer:
 - Corporate name: Mitsubishi Corporation
 - Headquarter Location: 2-3-1 Marunouchi, Chiyoda-ku, Tokyo-to
- (2) Date of sale: June 30, 2006
- (3) Name of the subsidiary etc
 - Corporate name: Icity Co., Ltd
 - Location: 1-17-18 Edohori, Nishi-ku, Osaka-hu
 - Description of business: Real estate rental
 - Content of business: Lease of land
 - Number of common shares issued: 5 million
 - Shareholder composition: Toyo Tire and Rubber Co., Ltd. (100%)

- (4) Number of shares to be sold etc
 - Number of shares to be sold: 5 million
 - Selling price: ¥4,892 million
 - Loss: ¥305 million
 - Voting ratio after sale: 0%

3. Extraordinary profit according to this transfer

As a result of this transfer extraordinary profit is as follows:

(1) Extraordinary profit:	¥9,202 million
(2) The breakdown of extraordinary profit:	
The sale of beneficial interest in real estate trust:	¥4,630 million
Realization the unrealized profit recognized previous period (profit caused by the investment in kind in subsidiary):	¥4,877 million
Loss caused by the sale of shares:	¥ (305) million
	¥9,202 million

2) Appropriation of earnings

The annual shareholders' meeting of the Company, which was held on June 29, 2006, resolved the following year-end appropriation of non-consolidated retained earnings:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥9.00 = US\$ 0.08 per share)	¥ 1,882	\$ 16,021
Bonuses to directors and corporate auditors	¥ 30	\$ 255

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Toyo Tire & Rubber Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Toyo Tire & Rubber Co., Ltd. and consolidated subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toyo Tire & Rubber Co., Ltd. and subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

- (1) As discussed in Note 3 to the consolidated financial statements, effective April 1, 2005, Toyo Tire & Rubber Co., Ltd. and consolidated domestic subsidiaries adopted the new accounting standard for impairment of fixed assets.
- (2) As discussed in Note 17 to the consolidated financial statements, the Company sold the fixed assets and the subsidiary, related to the lease business of Itami shopping-mall based on the approval by the Board of Directors of the Company on May 26, 2006.
- (3) As discussed in Note 3 to the consolidated financial statements, effective April 1, 2004, Toyo Tire & Rubber Co., Ltd. changed its accounting policy for translating revenue and expense accounts of consolidated overseas subsidiaries into Japanese yen.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion; such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan

June 30, 2006

CORPORATE DATA

Worldwide Network

NORTH AMERICA
Toyo Tire (U.S.A.) Corp.
(Consolidated subsidiary)
6261 Katella Avenue, Suite2B, Cypress, CA 90630, U.S.A.
Telephone: 714-236-2080 Fax:714-229-6199
http://www.toyo.com/
Distribution Centers: California, Texas, Illinois, Georgia, Pennsylvania

Toyo Tire North America, Inc.
(Consolidated subsidiary)
3660 Highway 411 N.E., White, GA 30184, U.S.A.
Telephone: 678-721-7200 Fax: 770-382-6199
http://www.toyotires.us/

Nitto Tire North America, Inc.
(Consolidated subsidiary)
6021 Katella Avenue, Suite 250, Cypress, CA 90630, U.S.A.
Telephone: 714-236-1863 Fax:714- 252-0008
http://www.nittotire.com/

Toyo Tire International, Inc.
(Consolidated subsidiary)
6261 Katella Avenue. Suite2B, Cypress, CA 90630, U.S.A.
Telephone: 714-236-2080 Fax: 714-229-6199

GTY Tire Company
(Production base, Joint venture)
Mt.Vernon Plant, P.O.Box 1029, Hishway 142
South Mt.Vernon, IL 62864-1029, U.S.A.
Telephone: 618-246-2263 Fax: 618-246-2493

Toyo Automotive Parts (U.S.A.), Inc.
(Consolidated subsidiary)
512 Page Drive, Franklin, KY 42134, U.S.A.
Telephone: 270-598-4100 Fax: 270-586-4846

Toyo Tire Canada Inc.
(Consolidated subsidiary)
7791 Nelson Road, Unit #120, Richmond, B.C. V6W 1G3, Canada
Telephone: 604-304-1941 Fax: 604-304-1943
http://www.toyocanada.com/
Distribution Centers: Vancouver, Toronto, Montreal

NT Mexico S. de R.L. de C.V.
(Consolidated subsidiary)
860 Kuhn Drive Suite 106, Chula Vista, CA 91914 U.S.A.
Telephone: 619-691-1077 Fax: 619-691-1078

EUROPE
Toyo Tire Europe GmbH
(Consolidated subsidiary)
Hellersbergstrasse 10a, 41460 Neuss, Germany
Telephone: 02131-7753-0 Fax: 02131-7753-226
http://www.toyo.de/ http://www.toyotire-europe.com/

Toyo Tyre (U.K.) Ltd.
(Consolidated subsidiary)
Toyo House, Shipton Way, Rushden, Northants, NN10 6GL,
UNITED KINGDOM
Telephone: 1933-411144 Fax: 1933-410945
http://www.toyo.co.uk/

Toyo Tire Benelux B.V.
(Consolidated subsidiary)
Kooldreef 2-6, 4703 Re Roosendaal, Netherlands
Telephone: 165-556475 Fax: 165-555829
http://www.toyotire-benelux.com/

OCEANIA
Toyo Tyre and Rubber Australia Ltd.
(Consolidated subsidiary)
6-14 Cosgrove Road, Enfield, N.S.W. 2136, Australia
Telephone: 02-9642-0177 Fax: 02-9742-5519
http://www.toyo.com.au
Branch offices: Sydney, Newcastle, Brisbane, Townsville,
Melbourne, Perth, Adelaide
Factories: Minto, Enfield, Sunshine

CHINA
Toyo Tire (Shanghai) Co.,Ltd.
(Consolidated subsidiary)
Room B, 23Floor, Majesty Building 138 Pu-Dong Avenue,
Shanghai, 20010 China
Telephone: 021-5882-0880 Fax: 021-5887-8846
http://www.toyo-tire.com.cn

Cheng Shin-Toyo Tire & Rubber (China) Co.,Ltd.
(Production base, Joint venture)
Kunshan Economical and Technical Development Zone, Kunshan City,
Jiangsu Province, China
Telephone: 0520-7673888 Fax: 0520-7672342

Cheng Shin-Petrel Tire (Xiamen) Co.,Ltd.
(Production base, Joint venture)
Haicang Xinyang Industrial District, Xiamen, China
Telephone: 592-6537357 Fax: 592-6537356

Toyo Automotive Parts (Guangzhou) Co., Ltd.
(Consolidated subsidiary)
No.10, St.2, Hefeng Erzong Lu, Yonghe Economic Zone,
GETDD, Guangzhou, China
Telephone: 020-82986828 Fax: 020-82986838

SOUTH EAST ASIA
New Pacific Industry Co., Ltd.
(Production base, Joint venture)
44, Sec.1, Chung-Shan Road, Chung-Chuang
Village, Hua-Tan, Chang-Hua, Taiwan, R.O.C.
Telephone: 04-7869711 Fax:04-7863284

Toyo Rubber (Malaysia) Sdn. Bhd.
(Consolidated subsidiary)
Plo 557, Jalan Keluli 3, Kawasan Perindustrian Pasir Gudang,
81700, Pasir Gudang, Johor Darul Takzim, Malaysia
Telephone: 07-2528000 Fax: 07-2518816
http://www.toyorubber-my.com/

Management

BOARD OF DIRECTORS

Yoshio Kataoka*

Toru Matsuo*

Kazuo Nagai

Yutaka Ebuchi

Yasuo Onodera

Kenji Nakakura

Kenji Takada

Masahiro Ushio

* Representative Director

CORPORATE AUDITORS

Takamichi Nagahara

Kazunari Maeda

Yasutaka Hosoi

Shuji Tsuyuki

Investor Information

HEAD OFFICE:

17-18, Edobori 1-chome, Nishi-ku,
Osaka 550-8661, Japan
Telephone: (06)6441-8801
Fax: (06)6445-2225

FACILITIES:

Sales Offices:
The Company, its consolidated subsidiaries,
and its affiliates, consolidated and unconsoli-
dated, have 50 sales offices in Japan and 28
sales offices overseas.

Research Institutions:

The Company has 8 research institutions in
Japan.

Manufacturing Plants:

The Company, its consolidated subsidiaries,
and its affiliates, consolidated and unconsoli-
dated, operate 17 plants in Japan and 10
plants overseas.

EXECUTIVE OFFICER

Yoshio Kataoka*
President and Chief Executive Officer
President, Tire Company

Toru Matsuo*
Senior Managing Executive Officer
Chief Financial Officer

Shozo Kibata
Senior Managing Executive Officer
President, Toyo Tire North America Inc

Kazuo Nagai
Managing Executive Officer
Vice President, Tire Company

Yutaka Ebuchi
Managing Executive Officer
Replacement Tire Sales

Yasuo Onodera
Managing Executive Officer
Corporate Strategy Planning

Kenji Nakakura
Managing Executive Officer
Tire Planning

Kenji Takada
Managing Executive Officer
Chief Technology Officer

CONSOLIDATED SUBSIDIARIES:

Toyo Tire & Rubber Co.,Ltd. has a total of 45
consolidated subsidiaries, 30 in Japan and 15
overseas.

ESTABLISHMENT:

August 1, 1945

COMMON STOCK LISTING:

May 1945
Tokyo, Osaka, Nagoya

PAID-IN CAPITAL:

¥23,975 million

NUMBER OF SHAREHOLDERS:

15,471

NUMBER OF EMPLOYEES:

6,618

Masahiro Ushio
President, Automotive Parts Company

Yukio Komai
President, Chemical & Industrial Products
Company

Mitsuaki Hashiyama
Corporate R&D Div.

Hiroshi Shibata
Vice President, Chemical & Industrial Products
Company

Takuya Kakuno
Tire Overseas Sales

Masaharu Yoshimoto
President, Toyo Tire (U.S.A.) Corp

Masanori Kan
Purchasing

Susumu Nishihata
Tire Technology

As of June 29, 2006

TRANSFER AGENT:

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi, 1-chome Chiyoda-ku, Tokyo
100-8212, Japan

INDEPENDENT AUDITORS:

KPMG AZSA & Co.

ANNUAL MEETING:

The annual meeting of shareholders of the
Company is normally held in June of each year
in Osaka, Japan.

HOME PAGE ADDRESS:

http://www.toyo-rubber.co.jp

TOYO TIRE & RUBBER CO., LTD.

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