

CONSOLIDATED BALANCE SHEETS

Bridgestone Corporation and Subsidiaries
December 31, 2008 and 2007

	Note	2008	2007	2008
	2		Millions of yen	Thousands of U.S. dollars
Assets				
Current Assets				
Cash and cash equivalents		¥ 114,075	¥ 250,553	\$ 1,253,158
Notes and accounts receivable, less allowance for doubtful accounts of ¥16,491 million (\$181,160 thousand) in 2008 and ¥16,176 million in 2007	7	462,185	582,970	5,077,282
Inventories	5,7	577,574	563,680	6,344,875
Deferred tax assets	14	70,593	73,689	775,492
Other current assets		97,695	94,743	1,073,218
Total Current Assets		1,322,122	1,565,635	14,524,025
Property, Plant and Equipment				
Land	7	141,194	149,662	1,551,071
Buildings and structures		677,488	687,486	7,442,470
Machinery and equipment		1,804,228	1,870,066	19,820,147
Construction in progress		99,370	157,044	1,091,618
		2,722,280	2,864,258	29,905,306
Accumulated depreciation		(1,668,603)	(1,688,982)	(18,330,254)
Net Property, Plant and Equipment		1,053,677	1,175,276	11,575,052
Investments and Other Assets				
Investments in securities	6	127,606	321,439	1,401,802
Investments in and advances to affiliated companies		14,854	24,601	163,177
Long-term loans receivable, less allowance for doubtful accounts of ¥845 million (\$9,283 thousand) in 2008 and ¥757 million in 2007		8,335	11,401	91,563
Deferred tax assets	14	133,658	132,122	1,468,285
Other assets		108,218	128,781	1,188,817
Total Investments and Other Assets		392,671	618,344	4,313,644
Total Assets		¥ 2,768,470	¥ 3,359,255	\$ 30,412,721

See notes to consolidated financial statements.

	Note	2008	2007	2008
	2		Millions of yen	Thousands of U.S. dollars
Liabilities and Equity				
Current Liabilities				
Short-term debt	7	¥ 323,837	¥ 281,904	\$ 3,557,475
Current portion of long-term debt	7	30,524	107,839	335,318
Notes and accounts payable		365,694	414,979	4,017,291
Income taxes payable		12,758	37,361	140,152
Accrued expenses		147,566	187,994	1,621,070
Provision for voluntary tire recall	18	4,506	5,664	49,500
Deferred tax liabilities	14	1,349	2,698	14,819
Other current liabilities		53,745	49,619	590,410
Total Current Liabilities		939,979	1,088,058	10,326,035
Long-term Liabilities				
Long-term debt	7	421,600	437,222	4,631,440
Accrued pension and liability for retirement benefits	8	312,318	280,855	3,430,935
Deferred tax liabilities	14	16,316	70,084	179,238
Provision for environmental remediation		788	2,495	8,657
Other liabilities		57,473	70,316	631,363
Total Long-term Liabilities		808,495	860,972	8,881,633
Total Liabilities		1,748,474	1,949,030	19,207,668
Contingent Liabilities and Commitments				
	16,18			
Equity				
	3,9			
Common stock				
Authorized—1,450,000,000 shares, issued—813,102,321 shares in 2008 and 2007		126,354	126,354	1,388,048
Capital surplus		122,658	122,079	1,347,446
Stock acquisition rights		134	40	1,472
Retained earnings		1,003,996	1,042,202	11,029,287
Net unrealized gain on available-for-sale securities		45,456	183,578	499,352
Deferred gain (loss) on derivative instruments		(839)	126	(9,217)
Foreign currency translation adjustments		(251,949)	(40,700)	(2,767,758)
Treasury stock—at cost, 28,818,808 shares in 2008 and 32,751,102 shares in 2007		(54,891)	(62,383)	(602,999)
Total		990,919	1,371,296	10,885,631
Minority Interests		29,077	38,929	319,422
Total Equity		1,019,996	1,410,225	11,205,053
Total liabilities and equity		¥2,768,470	¥3,359,255	\$30,412,721

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2008, 2007, and 2006

	Note	2008	2007	2006	2008
	2			Millions of yen	Thousands of U.S. dollars
Net Sales	17	¥3,234,406	¥3,390,219	¥2,991,275	\$35,531,209
Cost of Sales		2,216,530	2,259,149	2,005,536	24,349,445
Gross profit		1,017,876	1,131,070	985,739	11,181,764
Selling, General and Administrative Expenses		886,325	881,108	794,863	9,736,625
Operating income	17	131,551	249,962	190,876	1,445,139
Other Income (Expenses)					
Interest and dividend income		10,814	10,510	7,588	118,796
Interest expense		(33,901)	(33,047)	(22,920)	(372,416)
Foreign currency exchange loss		(23,050)	(3,509)	(5,512)	(253,213)
Gain on sales of property, plant and equipment	13	10,034	—	6,357	110,227
Gain on sales of investments in securities		—	—	1,733	—
Impairment loss on assets	13	(10,632)	—	(5,774)	(116,797)
Loss on disposals of property, plant and equipment		(4,327)	—	—	(47,534)
Loss on valuation of investments in securities		(6,502)	—	—	(71,427)
Plant restructuring costs in the Americas	13	(2,079)	—	(21,743)	(22,839)
Loss related to EU competition law case	13	(7,486)	—	—	(82,237)
Loss related to voluntary tire replacement	13,18	—	(3,338)	—	—
Other—net		(10,925)	(4,900)	(10,453)	(120,014)
Total		(78,054)	(34,284)	(50,724)	(857,454)
Income before income taxes and minority interests		53,497	215,678	140,152	587,685
Income Taxes	14				
Current		41,346	75,921	56,669	454,201
Deferred		(1,350)	1,647	(5,404)	(14,830)
Total		39,996	77,568	51,265	439,371
Income before minority interests		13,501	138,110	88,887	148,314
Minority Interests		(3,089)	(6,480)	(3,766)	(33,934)
Net Income		¥ 10,412	¥ 131,630	¥ 85,121	\$ 114,380
	2			Yen	U.S. dollars
Per Share of Common Stock					
Basic	11	¥13.33	¥168.69	¥109.10	\$0.15
Diluted	11	13.33	168.65	109.07	0.15
Cash dividends applicable to the year		24.00	26.00	24.00	0.26

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2008, 2007, and 2006

	Note	Outstanding number of shares of common stock Thousands	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity Millions of yen
Balance at January 1, 2006		781,354	¥126,354	¥122,079		¥ 935,823	¥ 144,187	—	¥(102,038)	¥(97,808)	¥1,128,597		¥1,128,597
Reclassified balance at December 31, 2005	3										—	¥34,932	34,932
Net income for the year						85,121					85,121		85,121
Cash dividends						(20,300)					(20,300)		(20,300)
Bonuses to directors						(784)					(784)		(784)
Retirement of treasury stock						(38,081)				38,081	—		—
Retirement benefit obligations						(74,536)					(74,536)		(74,536)
Purchase of treasury stock		(1,384)								(3,378)	(3,378)		(3,378)
Disposal of treasury stock		187				(26)				358	332		332
Net Change in the year							26,063	¥ 23	38,017		64,103	7,759	71,862
Balance at December 31, 2006		780,157	126,354	122,079	—	887,217	170,250	23	(64,021)	(62,747)	1,179,155	42,691	1,221,846
Net income for the year						131,630					131,630		131,630
Cash dividends						(19,506)					(19,506)		(19,506)
Retirement benefit obligations						42,880					42,880		42,880
Purchase of treasury stock		(10)								(26)	(26)		(26)
Disposal of treasury stock		204				(19)				390	371		371
Net Change in the year					¥ 40		13,328	103	23,321		36,792	(3,762)	33,030
Balance at December 31, 2007		780,351	126,354	122,079	40	1,042,202	183,578	126	(40,700)	(62,383)	¥1,371,296	38,929	1,410,225
Net income for the year						10,412					10,412		10,412
Cash dividends						(20,290)					(20,290)		(20,290)
Retirement benefit obligations						(28,328)					(28,328)		(28,328)
Purchase of treasury stock		(11)								(20)	(20)		(20)
Disposal of treasury stock		3,944		579						7,512	8,091		8,091
Net Change in the year					94		(138,122)	(965)	(211,249)		(350,242)	(9,852)	(360,094)
Balance at December 31, 2008		784,284	¥126,354	¥122,658	¥134	¥1,003,996	¥ 45,456	¥(839)	¥(251,949)	¥(54,891)	¥ 990,919	¥29,077	¥1,019,996

	Note	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity Thousands of U.S. dollars
Balance at December 31, 2007	2	\$1,388,048	\$1,341,085	\$ 439	\$11,448,995	\$ 2,016,676	\$ 1,384	\$ (447,105)	\$(685,302)	\$15,064,220	\$ 427,650	\$15,491,870
Net income for the year					114,380					114,380		114,380
Cash dividends					(222,894)					(222,894)		(222,894)
Retirement benefit obligations					(311,194)					(311,194)		(311,194)
Purchase of treasury stock									(220)	(220)		(220)
Disposal of treasury stock			6,361						82,523	88,884		88,884
Net Change in the year				1,033		(1,517,324)	(10,601)	(2,320,653)		(3,847,545)	(108,228)	(3,955,773)
Balance at December 31, 2008		\$1,388,048	\$1,347,446	\$1,472	\$11,029,287	\$ 499,352	\$ (9,217)	\$(2,767,758)	\$(602,999)	\$10,885,631	\$ 319,422	\$11,205,053

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2008, 2007, and 2006

	Note	2008	2007	2006	2008
	2			Millions of yen	Thousands of U.S. dollars
Cash Flows from Operating Activities					
Income before income taxes and minority interests		¥ 53,497	¥ 215,678	¥ 140,152	\$ 587,685
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:					
Depreciation and amortization		187,420	173,585	145,349	2,058,882
Increase (decrease) in allowance for doubtful accounts		3,756	—	—	41,261
Increase (decrease) in accrued pension and liability for retirement benefits		1,500	8,660	20,846	16,478
Interest and dividend income		(10,814)	(10,510)	(7,588)	(118,796)
Interest expense		33,901	33,047	22,920	372,416
Foreign exchange loss and gain		14,465	—	—	158,904
Gain on sales of property, plant and equipment		(10,034)	—	(6,357)	(110,227)
Gain on sales of investments in securities		—	—	(1,733)	—
Impairment loss on assets		10,632	—	5,774	116,797
Loss on disposals of property, plant and equipment		4,327	—	—	47,534
Loss on valuation of investments in securities		6,502	—	—	71,427
Plant restructuring costs in the Americas		2,079	—	21,743	22,839
Loss related to EU competition law case		7,486	—	—	82,237
Loss related to voluntary tire replacement		—	3,338	—	—
Change in assets and liabilities:					
Decrease (increase) in notes and accounts receivable		31,580	(11,779)	(16,782)	346,919
Decrease (increase) in inventories		(144,615)	8,338	(64,622)	(1,588,651)
Increase (decrease) in notes and accounts payable		(11,115)	26,507	6,088	(122,103)
Bonuses paid to directors		—	—	(784)	—
Other		10,720	(30,297)	(41,300)	117,760
Subtotal		191,287	416,567	223,706	2,101,362
Interest and dividends received		10,836	10,503	7,441	119,038
Interest paid		(34,700)	(33,019)	(21,060)	(381,193)
Payments related to voluntary tire replacement		—	(3,338)	—	—
Income taxes paid		(57,650)	(57,141)	(60,945)	(633,308)
Net Cash Provided by Operating Activities		109,773	333,572	149,142	1,205,899
Cash Flows from Investing Activities					
Payments for purchase of property, plant and equipment		(268,334)	(268,630)	(250,223)	(2,947,753)
Proceeds from sales of property, plant and equipment		15,812	3,456	10,834	173,701
Payments for investments in securities, subsidiaries and affiliated companies		(18,105)	(10,608)	(13,091)	(198,890)
Payments for acquisition of newly consolidated subsidiaries		—	(109,565)	—	—
Other		5,319	7,790	(3,228)	58,430
Net Cash Used in Investing Activities		(265,308)	(377,557)	(255,708)	(2,914,512)
Cash Flows from Financing Activities					
Net increase (decrease) in short-term debt		107,678	(19,982)	68,412	1,182,885
Proceeds from long-term debt		86,106	175,083	69,052	945,908
Repayments of long-term debt		(103,452)	(38,835)	(29,169)	(1,136,461)
Cash dividends paid		(20,336)	(19,461)	(20,308)	(223,399)
Proceeds from sale of treasury stock		8,092	—	—	88,894
Payments for purchase of treasury stock		—	—	(3,377)	—
Repayments of lease obligations under capital lease		(1,499)	(1,373)	(2,053)	(16,467)
Other		(226)	(1,351)	(1,160)	(2,483)
Net Cash Provided by Financing Activities		76,363	94,081	81,397	838,877
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(57,306)	2,187	9,858	(629,528)
Net Increase (Decrease) in Cash and Cash Equivalents		(136,478)	52,283	(15,311)	(1,499,264)
Cash and Cash Equivalents at Beginning of Year		250,553	198,270	213,581	2,752,422
Cash and Cash Equivalents at End of Year		¥ 114,075	¥ 250,553	¥ 198,270	\$ 1,253,158

See notes to consolidated financial statements.

SUPPLEMENTAL INFORMATION

Bridgestone Americas Holding, Inc. acquired all outstanding shares of Bandag, Incorporated, which was newly consolidated in 2007.

The breakdown of assets and liabilities of Bandag, Incorporated, at the date of acquisition was as follows:

	Millions of yen
Current Assets	¥ 57,156
Fixed Assets	91,114
Current Liabilities	(15,761)
Fixed Liabilities	(7,965)
Minority Interests	(176)
Net assets acquired	124,368
Cash and cash equivalents	(14,803)
Payments for acquisition of newly consolidated subsidiaries	¥109,565