

CONSOLIDATED BALANCE SHEETS

Bridgestone Corporation and Subsidiaries
December 31, 2009 and 2008

	Note	2009	2008	2009
	2		Millions of yen	Thousands of U.S. dollars
Assets				
Current Assets:				
Cash and cash equivalents		¥ 236,270	¥ 114,075	\$ 2,565,364
Notes and accounts receivable, less allowance for doubtful accounts of ¥18,419 million (\$199,989 thousand) in 2009 and ¥16,491 million in 2008	7	465,542	462,185	5,054,745
Inventories	5,7	435,284	577,574	4,726,210
Deferred tax assets	14	58,558	70,593	635,809
Other current assets		78,803	97,695	855,624
Total Current Assets		1,274,457	1,322,122	13,837,752
Property, Plant and Equipment:				
Land	7	150,512	141,194	1,634,224
Buildings and structures		724,023	677,488	7,861,270
Machinery and equipment		1,935,441	1,804,228	21,014,560
Construction in progress		86,133	99,370	935,212
		2,896,109	2,722,280	31,445,266
Accumulated depreciation		(1,819,507)	(1,668,603)	(19,755,776)
Net Property, Plant and Equipment		1,076,602	1,053,677	11,689,490
Investments and Other Assets:				
Investments in securities	6	198,857	127,606	2,159,142
Investments in and advances to affiliated companies		15,966	14,854	173,355
Long-term loans receivable, less allowance for doubtful accounts of ¥747 million (\$8,111 thousand) in 2009 and ¥845 million in 2008		7,923	8,335	86,026
Deferred tax assets	14	134,307	133,658	1,458,274
Other assets		100,327	108,218	1,089,327
Total Investments and Other Assets		457,380	392,671	4,966,124
Total Assets		¥ 2,808,439	¥ 2,768,470	\$ 30,493,366

See notes to consolidated financial statements.

	Note	2009	2008	2009
	2		Millions of yen	Thousands of U.S. dollars
Liabilities and Equity				
Current Liabilities:				
Short-term debt	7	¥ 140,586	¥ 323,837	\$ 1,526,450
Current portion of long-term debt	7	101,790	30,524	1,105,212
Notes and accounts payable		299,968	365,694	3,256,981
Income taxes payable		11,290	12,758	122,584
Accrued expenses		160,226	147,566	1,739,696
Provision for voluntary tire recall	18	—	4,506	—
Deferred tax liabilities	14	1,198	1,349	13,008
Other current liabilities		47,639	53,745	517,252
Total Current Liabilities		762,697	939,979	8,281,183
Long-term Liabilities:				
Long-term debt	7	543,950	421,600	5,906,080
Accrued pension and liability for retirement benefits	8	284,758	312,318	3,091,835
Deferred tax liabilities	14	37,335	16,316	405,375
Provision for environmental remediation		3,921	788	42,573
Other liabilities		54,981	57,473	596,971
Total Long-term Liabilities		924,945	808,495	10,042,834
Total Liabilities		1,687,642	1,748,474	18,324,017
Contingent Liabilities and Commitments	16,18			
Equity:				
Common stock authorized—1,450,000,000 shares, issued—813,102,321 shares in 2009 and 2008	3,9	126,354	126,354	1,371,922
Capital surplus		122,647	122,658	1,331,672
Stock acquisition rights		337	134	3,659
Retained earnings		1,006,859	1,003,996	10,932,237
Net unrealized gain (loss) on available-for-sale securities		100,697	45,456	1,093,345
Deferred gain (loss) on derivative instruments		(845)	(839)	(9,175)
Foreign currency translation adjustments		(214,264)	(251,949)	(2,326,428)
Treasury stock—at cost, 28,797,299 shares in 2009 and 28,818,808 shares in 2008		(54,847)	(54,891)	(595,516)
Total		1,086,938	990,919	11,801,716
Minority interests		33,859	29,077	367,633
Total Equity		1,120,797	1,019,996	12,169,349
Total Liabilities and Equity		¥2,808,439	¥2,768,470	\$30,493,366

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2009, 2008, and 2007

	Note	2009	2008	2007	2009
	2			Millions of yen	Thousands of U.S. dollars
Net Sales	17	¥2,597,002	¥3,234,406	¥3,390,219	\$28,197,633
Cost of Sales		1,766,950	2,216,530	2,259,149	19,185,125
Gross profit		830,052	1,017,876	1,131,070	9,012,508
Selling, General and Administrative Expenses		754,340	886,325	881,108	8,190,445
Operating income	17	75,712	131,551	249,962	822,063
Other Income (Expenses):					
Interest and dividend income		6,117	10,814	10,510	66,417
Interest expense		(26,065)	(33,901)	(33,047)	(283,008)
Foreign currency exchange loss		(3,286)	(23,050)	(3,509)	(35,678)
Gain on sales of property, plant and equipment	13	4,056	10,034	—	44,039
Impairment loss	13	—	(10,632)	—	—
Loss on disposals of property, plant and equipment		(5,483)	(4,327)	—	(59,533)
Loss on valuation of investments in securities		(3,767)	(6,502)	—	(40,901)
Loss on provision for environmental remediation	13	(3,279)	—	—	(35,603)
Plant restructuring costs in Oceania	13	(10,618)	—	—	(115,288)
Plant restructuring costs in the Americas	13	—	(2,079)	—	—
Loss related to EU competition law case	13	—	(7,486)	—	—
Loss related to voluntary tire replacement	13,18	—	—	(3,338)	—
Other—net		1,979	(10,925)	(4,900)	21,488
Total		(40,346)	(78,054)	(34,284)	(438,067)
Income before Income Taxes and Minority Interests		35,366	53,497	215,678	383,996
Income Taxes:	14				
Current		21,694	41,346	75,921	235,548
Deferred		7,524	(1,350)	1,647	81,694
Total		29,218	39,996	77,568	317,242
Income before minority interests		6,148	13,501	138,110	66,754
Minority Interests		(5,104)	(3,089)	(6,480)	(55,418)
Net Income		¥ 1,044	¥ 10,412	¥ 131,630	\$ 11,336
	2			Yen	U.S. dollars
Per Share of Common Stock:					
Basic	11	¥ 1.33	¥13.33	¥168.69	\$0.01
Diluted	11	1.33	13.33	168.65	0.01
Cash dividends applicable to the year		16.00	24.00	26.00	0.17

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2009, 2008, and 2007

	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, 2007		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
Effect of application for ASBJ Practical Issues Task Force No. 18	3					136					136		136
Net income for the year						1,044					1,044		1,044
Cash dividends						(14,902)					(14,902)		(14,902)
Retirement benefit obligations						16,585					16,585		16,585
Purchase of treasury stock		(7)								(10)	(10)		(10)
Disposal of treasury stock		28		(11)						54	43		43
Net change in the year					203		55,241	(6)	37,685		93,123	4,782	97,905
Balance at December 31, 2009		784,305	¥126,354	¥122,647	¥337	¥1,006,859	¥ 100,697	¥ (845)	¥(214,264)	¥(54,847)	¥1,086,938	¥33,859	¥1,120,797

	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, 2008		\$1,371,922	\$1,331,791	\$1,455	\$10,901,151	\$ 493,551	\$(9,110)	\$(2,735,603)	\$(595,993)	\$10,759,164	\$315,711	\$11,074,875
Effect of application for ASBJ Practical Issues Task Force No. 18	3				1,476					1,476		1,476
Net income for the year					11,336					11,336		11,336
Cash dividends					(161,802)					(161,802)		(161,802)
Retirement benefit obligations					180,076					180,076		180,076
Purchase of treasury stock									(109)	(109)		(109)
Disposal of treasury stock				(119)					586	467		467
Net change in the year				2,204		599,794	(65)	409,175		1,011,108	51,922	1,063,030
Balance at December 31, 2009		\$1,371,922	\$1,331,672	\$3,659	\$10,932,237	\$1,093,345	\$(9,175)	\$(2,326,428)	\$(595,516)	\$11,801,716	\$367,633	\$12,169,349

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2009, 2008, and 2007

	Note	2009	2008	2007	2009
	2			Millions of yen	Thousands of U.S. dollars
Cash Flows from Operating Activities:					
Income before income taxes and minority interests		¥ 35,366	¥ 53,497	¥ 215,678	\$ 383,996
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:					
Depreciation and amortization		180,547	187,420	173,585	1,960,337
Increase (decrease) in allowance for doubtful accounts		1,214	3,756	—	13,181
Increase (decrease) in accrued pension and liability for retirement benefits		(3,593)	1,500	8,660	(39,012)
Interest and dividend income		(6,117)	(10,814)	(10,510)	(66,417)
Interest expense		26,065	33,901	33,047	283,008
Foreign exchange loss and gain		—	14,465	—	—
Gain on sales of property, plant and equipment		(4,056)	(10,034)	—	(44,039)
Impairment loss		—	10,632	—	—
Loss on disposals of property, plant and equipment		5,483	4,327	—	59,533
Loss on valuation of investments in securities		3,767	6,502	—	40,901
Loss on provision for environmental remediation		3,279	—	—	35,603
Plant restructuring costs in Oceania		10,618	—	—	115,288
Plant restructuring costs in the Americas		—	2,079	—	—
Loss related to EU competition law case		—	7,486	—	—
Loss related to voluntary tire replacement		—	—	3,338	—
Change in assets and liabilities:					
Decrease (increase) in notes and accounts receivable		7,021	31,580	(11,779)	76,232
Decrease (increase) in inventories		163,668	(144,615)	8,338	1,777,068
Increase (decrease) in notes and accounts payable		(54,163)	(11,115)	26,507	(588,089)
Other		15,915	10,720	(30,297)	172,801
Subtotal		385,014	191,287	416,567	4,180,391
Interest and dividends received		6,162	10,836	10,503	66,905
Interest paid		(25,366)	(34,700)	(33,019)	(275,418)
Payments related to EU competition law case		(7,421)	—	—	(80,575)
Payments related to voluntary tire replacement		—	—	(3,338)	—
Income taxes paid		(19,707)	(57,650)	(57,141)	(213,974)
Net Cash Provided by Operating Activities		338,682	109,773	333,572	3,677,329
Cash Flows from Investing Activities:					
Payments for purchase of property, plant and equipment		(191,241)	(268,334)	(268,630)	(2,076,450)
Proceeds from sales of property, plant and equipment		6,793	15,812	3,456	73,757
Payments for investments in securities, subsidiaries and affiliated companies		(8,064)	(18,105)	(10,608)	(87,557)
Proceeds from sales of investment in securities		4,138	—	—	44,929
Proceeds from redemption of investment securities		3,000	—	—	32,573
Payments for acquisition of newly consolidated subsidiaries		—	—	(109,565)	—
Other		(2,883)	5,319	7,790	(31,302)
Net Cash Used in Investing Activities		(188,257)	(265,308)	(377,557)	(2,044,050)
Cash Flows from Financing Activities:					
Net increase (decrease) in short-term debt		(195,730)	107,678	(19,982)	(2,125,190)
Proceeds from long-term debt		231,873	86,106	175,083	2,517,622
Repayments of long-term debt		(52,768)	(103,452)	(38,835)	(572,942)
Cash dividends paid		(14,905)	(20,336)	(19,461)	(161,835)
Proceeds from sale of treasury stock		—	8,092	—	—
Repayments of obligations under finance leases		—	(1,499)	(1,373)	—
Other		(2,080)	(226)	(1,351)	(22,584)
Net Cash Provided by Financing Activities		(33,610)	76,363	94,081	(364,929)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		5,380	(57,306)	2,187	58,415
Net Increase (Decrease) in Cash and Cash Equivalents		122,195	(136,478)	52,283	1,326,765
Cash and Cash Equivalents at Beginning of Year		114,075	250,553	198,270	1,238,599
Cash and Cash Equivalents at End of Year		¥ 236,270	¥ 114,075	¥ 250,553	\$ 2,565,364

See notes to consolidated financial statements.

SUPPLEMENTAL INFORMATION

Bridgestone Americas, 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