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Bridgestone Corporation Announces Business and Financial Results for First Three Quarters of Fiscal 2005

Tokyo (November 2, 2005)—Bridgestone Corporation (the “Company”) today announced its consolidated business and financial results for January 1 to September 30, 2005, the first three quarters of the present fiscal year (January 1 to December 31, 2005). These results are for Bridgestone Corporation and its consolidated subsidiaries, collectively referred to below as the “Companies.” The Company had 439 consolidated subsidiaries and 199 equity method affiliates as of September 30, 2005

Here is a summary of those results and of management’s projections for the Companies’ sales and earnings performance for the full fiscal year. Solely for the convenience of readers, the dollar figures have been calculated at US\$1 = ¥113.19, the exchange rate on September 30, the end of the third quarter of the fiscal year.

I. Summary of Business and Financial Performance

A. Overall Results

	January- September 2005	January- September 2004	Increase (decrease)	
	¥ billion	¥ billion	¥ billion	%
Net sales	1,920.8	1,758.8	161.9	9
Operating income	153.4	138.3	15.1	11
Ordinary income	144.7	128.7	16.0	12
Net income	159.3	80.4	78.8	98

A defining trend of the business environment in the first three quarters (January 1, 2005-September 30, 2005) was continued global upward movement in the cost of crude oil and other raw materials. In Japan, the domestic economy continued to recover on the whole, with improving corporate earnings and increases in personal consumption and

capital spending. In the United States, despite concerns about the devastating impact of hurricanes Katrina and Rita, expanding private-sector demand drove steady economic growth as personal consumption and capital spending continued to rise. Economic recovery proceeded gradually in Europe. Strong economic growth continued in China, while other Asian economies also expanded steadily.

Amid such a challenging business environment, the Companies continued to release appealing new products, execute initiatives to expand sales worldwide, and boost global production capacity. Additionally, the Companies sought to enhance productivity, improve logistics efficiencies, and make the most of their strengths in research and technology.

As a result, net sales in the first three quarters increased 9% over the same period of the previous year, to ¥1,920.8 billion [\$17.0 billion], while operating income increased 11%, to ¥153.4 billion [\$1,355 million] and ordinary income increased 12%, to ¥144.7 billion [\$1,278 million]. Net income grew 98%, to ¥159.3 billion [\$1,407 million]. This increase was due mainly to an extraordinary gain of ¥81.7 billion [\$722 million] arising mostly from the return of the substitutional portion of an employee pension plan covering Bridgestone Corporation and some consolidated Japanese subsidiaries to the Japanese government.

A total of \$240 million (¥25.9 billion) was recorded as extraordinary loss in the third quarter as Bridgestone Firestone North American Tire, LLC ("Firestone"), a subsidiary which manufactures and sells tires in North America, agreed to pay the Ford Motor Company the amount to settle all outstanding financial issues associated with Firestone's August 2000 voluntary safety recall and Ford's May 2001 tire replacement program.

Performance in the Americas is on a recovery track. Going forward, stable profits are projected, and accordingly, the Companies recognized deferred tax assets through reversal of valuation allowance. Tax gains in line with this recognition have been included in income taxes.

B. Segment Information

Note:

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

1. By business segment

		January- September 2005	January- September 2004	Increase (decrease)	
		¥ billion	¥ billion	¥ billion	%
Tires	Sales	1,528.8	1,398.7	130.1	9
	Operating income	117.8	109.2	8.5	8
Diversified Products	Sales	413.9	380.1	33.8	9
	Operating income	35.4	28.4	6.9	24
Consolidated Results	Sales	1,920.8	1,758.8	161.9	9
	Operating income	153.4	138.3	15.1	11

In the tire segment, the Companies' operating income in the first three quarters increased 8% from the same period in the previous year, to ¥117.8 billion [\$1,041 million], on an increase of 9% in sales, to ¥1,528.8 billion [\$13.5 billion]. The earnings contribution from this sales growth offset the rising cost of raw materials and other factors. The Companies achieved sales growth by introducing appealing new products on a global basis, increasing their marketing efforts, and improving their product mix. Strong demand in overseas markets also contributed to the sales growth.

In the diversified products segment, the Companies' operating income in the first three quarters increased 24% over the same period of the previous year, to ¥35.4 billion [\$313 million], on an increase of 9% in sales, to ¥413.9 billion [\$3.7 billion]. Business was especially strong in the building materials operations in the United States and in precision components for office equipment in Japan.

2. By geographical segment

		January- September 2005	January- September 2004	Increase (decrease)	
		¥ billion	¥ billion	¥ billion	%
Japan	Sales	814.5	757.0	57.4	8
	Operating income	82.7	80.6	2.0	3
The Americas	Sales	838.5	759.1	79.4	10
	Operating income	41.0	26.1	14.8	57
Europe	Sales	270.6	238.7	31.8	13
	Operating income	14.4	15.6	(1.1)	(8)
Other	Sales	354.8	298.8	56.0	19
	Operating income	16.3	15.3	0.9	6
Consolidated Results	Sales	1,920.8	1,758.8	161.9	9
	Operating income	153.4	138.3	15.1	11

In Japan, despite increasing raw material costs, the Companies' operating income in the first three quarters increased 3%, to ¥82.7 billion [\$731 million] over the same period of the previous year, on an increase of 8% in sales, to ¥814.5 billion [\$7.2 billion]. In the Japanese domestic market, unit sales of tires remained flat versus the first three quarters last year, while unit exports of tires increased. Precision components for office equipment grew remarkably, contributing to sales growth in diversified products.

In the Americas, despite of increasing raw material costs, the Companies' operating income in the first three quarters increased 57% over the same period of the previous year, to ¥41.0 billion [\$362 million], on an increase of 10% in sales, to ¥838.5 billion [\$7.4 billion]. In the North American tire operations, unit sales of passenger car and light truck tires declined from the same period of the previous year in the original equipment sector but increased in the replacement sector. In addition, unit sales of truck and bus tires increased over the same period of the previous year, led by growth in the original equipment sector. Business improved over the same period of the previous year in diversified and Latin American operations.

In Europe, the Companies' operating income in the first three quarters declined 8% from the same period of the previous year, to ¥14.4 billion [\$127 million], on an increase of 13% in sales, to ¥270.6 billion [\$2.4 billion]. The adverse effect on earnings from rising material costs offset the earnings contribution from sales growth. Unit sales of passenger car and light truck tires increased over the same period of the previous year in the original equipment and replacement sectors. Unit sales of truck and bus tires also increased over the first three quarters of the previous year, led by growth in the original equipment sector.

In other regions, the Companies' operating income in the first three quarters increased 6% over the same period of the previous year, to ¥16.3 billion [\$144 million], on an increase of 19% in sales, to ¥354.8 billion [\$3.1 billion]. The earnings contribution from this sales growth, supported by marketing efforts and an improved product mix, offset the adverse effects on earnings of increasing raw material costs.

C. Cash Flow

		January- September 2005	January- September 2004	Increase (decrease)
		¥ billion	¥ billion	¥ billion
Net cash provided by operating activities		89.2	156.3	(67.0)
Net cash used in investing activities		(155.5)	(130.7)	(24.7)
Net cash provided by (used in) financing activities		7.8	(53.6)	61.5
Effect of exchange rate changes on cash and cash equivalents		4.0	1.3	2.7
Net decrease in cash and cash equivalents		(54.3)	(26.7)	(27.5)
Cash and cash equivalents	At beginning of period	263.7	298.2	(34.5)
	At end of period	209.3	271.4	(62.0)

The Companies' cash and cash equivalents decreased ¥54.3 billion [\$480 million] during the first three quarters of fiscal 2005, compared with ¥26.7 billion in the same period of the previous year, to ¥209.3 billion [\$1,849 million].

(Cash flow by operating activities)

Net cash provided by operating activities decreased ¥67.0 billion [\$592 million] from the same period last year, to ¥89.2 billion [\$788 million]. The principal contributors in that cash provided included income before income taxes and minority interests of ¥197.5 billion [\$1,745 million], compared with ¥127.4 billion in the same period of the prior year; depreciation and amortization of ¥94.0 billion [\$830 million], compared with ¥84.1 billion in the same period of last year; and an increase in notes and accounts payable of ¥29.2 billion [\$258 million], compared with a decrease of ¥12.2 billion in the same period of the prior year. Those contributors offset a decrease of ¥90.8 billion [\$802 million] in accrued pension and liability for retirement benefits, compared with an increase of ¥2.9 billion in the same period of the prior year; an increase of inventories of ¥74.9 billion [\$662 million], compared with ¥21.3 billion in the first three quarters of the previous year; and income tax payments of ¥65.9 billion [\$582 million], compared with ¥24.4 billion in the same period of last year.

(Cash flow by investing activities)

Net cash used in investing activities increased ¥24.7 billion [\$218 million] versus the same period last year, to ¥155.5 billion [\$1,374 million]. Expenditures included payments of ¥147.3 billion [\$1,301 million] for purchase of property, plant and equipment, compared with payments of ¥129.4 billion in the first three quarters of last year.

(Cash flow by financing activities)

Net cash provided by financing activities increased ¥61.5 billion [\$543 million] versus the same period in the previous year, to ¥7.8 billion [\$69 million]. The major contributors included payments for purchase of treasury stock totaled ¥38.8 billion [\$343 million], compared with ¥57.2 billion in the same period last year. However, these were offset by contributions of ¥66.6 billion [\$588 million] in proceeds from borrowings and the issuance of bonds, compared with ¥14.0 billion in the same period of the previous year.

II. Projections

Management has revised its projection for net income for the full year (January to December 2005), as shown below, based on extraordinary loss recorded in the Americas in the third quarter and tax gains recorded in line with a recognition of deferred tax assets. There are no changes in other projections made on August 9, 2005.

[Consolidated]

	(Revised) FY2005 Projections	FY2004 Results	Increase (decrease)	(Reference) (August 9) FY2005 Projections
	¥ billion	¥ billion	¥ billion	¥ billion
Net sales	2,600.0	2,416.6	183.3	2,600.0
Operating income	198.0	197.6	0.3	198.0
Ordinary income	183.0	181.5	1.4	183.0
Net income	180.0	114.4	65.5	163.0

[Non-consolidated]

	(Revised) FY2005 Projections	FY2004 Results	Increase (decrease)	(Reference) (August 9) FY2005 Projections
	¥ billion	¥ billion	¥ billion	¥ billion
Net sales	835.0	789.0	46.0	835.0
Operating income	100.0	109.9	(10.0)	100.0
Ordinary income	110.0	124.7	(14.7)	110.0
Net income	117.0	84.3	32.7	117.0

Forward-Looking Statements

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

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

- end -

Consolidated Financial Statements

Consolidated Balance Sheet (Unaudited)

	FY2004 3Q		FY2005 3Q		FY2004		Increase
	(As of 30 September 2004)		(As of 30 September 2005)		(As of 31 December 2004)		(decrease)
	Yen in million	%	Yen in million	%	Yen in million	%	Yen in million
Assets							
Current Assets:							
Cash and deposits	257,808		194,418		252,796		(58,378)
Notes and accounts receivable	447,111		469,509		460,534		8,975
Inventories	380,697		470,830		373,419		97,411
Other	114,185		132,874		106,848		26,026
Total Current Assets	1,199,803	52.2	1,267,633	49.1	1,193,598	51.1	74,035
Fixed Assets:							
Tangible assets	713,063		808,520		743,609		64,911
Other	383,920		505,379		396,499		108,880
Total Fixed Assets	1,096,984	47.8	1,313,900	50.9	1,140,109	48.9	173,791
Total	2,296,787	100.0	2,581,533	100.0	2,333,708	100.0	247,825
Liabilities							
Current Liabilities:							
Notes and accounts payable	255,106		316,924		295,998		20,926
Short-term borrowings and current portion of bonds	189,345		224,944		171,705		53,239
Accrued expenses	169,593		182,511		156,804		25,707
Other	85,045		72,666		90,483		(17,817)
Total Current Liabilities	699,092	30.5	797,047	30.9	714,992	30.6	82,055
Long-term Liabilities:							
Bonds	133,044		141,962		133,146		8,816
Long-term borrowings	188,001		194,768		174,721		20,047
Accrued pension and liability for retirement benefits	275,308		200,121		279,734		(79,613)
Other	65,318		115,920		63,729		52,191
Total Long-term Liabilities	661,673	28.8	652,773	25.3	651,332	27.9	1,441
Total Liabilities	1,360,765	59.3	1,449,821	56.2	1,366,324	58.5	83,497
Minority Interests							
Minority Interests	32,425	1.4	33,279	1.3	32,402	1.4	877
Shareholders' Equity							
Common stock	126,354	5.5	126,354	4.9	126,354	5.4	-
Capital Surplus	122,078	5.3	122,078	4.7	122,078	5.2	-
Retained earnings	806,751	35.1	918,372	35.6	837,764	35.9	80,608
Net unrealized gain on available-for-sale securities	82,252	3.6	143,054	5.5	102,612	4.4	40,442
Foreign currency translation adjustments	(142,969)	(6.2)	(121,667)	(4.7)	(152,300)	(6.4)	30,633
Treasury stock-at cost	(90,871)	(4.0)	(89,759)	(3.5)	(101,528)	(4.4)	11,769
Total Shareholders' Equity	903,596	39.3	1,098,432	42.5	934,980	40.1	163,452
Total	2,296,787	100.0	2,581,533	100.0	2,333,708	100.0	247,825

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

Consolidated Statements of Income (Unaudited)

	FY2004 3Q (Nine months ended 30 September 2004)		FY2005 3Q (Nine months ended 30 September 2005)		Increase (decrease)		FY2004 (Year ended 31 December 2004)	
	Yen in million	%	Yen in million	%	Yen in million	%	Yen in million	%
Net Sales	1,758,852	100.0	1,920,838	100.0	161,986	-	2,416,685	100.0
Cost of Sales	1,121,531	63.8	1,249,502	65.0	127,971	1.2	1,533,251	63.4
Gross profit	637,321	36.2	671,335	35.0	34,014	(1.2)	883,434	36.6
Selling, General and Administrative Expenses	499,017	28.3	517,852	27.0	18,835	(1.3)	685,737	28.4
Operating income	138,304	7.9	153,483	8.0	15,179	0.1	197,697	8.2
Non-operating Income	12,873	0.7	17,444	0.9	4,571	0.2	19,742	0.8
Interest income and dividend income	3,364		4,197				4,936	
Other	9,508		13,247				14,806	
Non-operating Expenses	22,400	1.3	26,149	1.4	3,749	0.1	35,845	1.5
Interest expense	8,142		10,734				11,330	
Foreign currency exchange loss	1,202		3,220				1,656	
Other	13,055		12,194				22,857	
Ordinary income	128,777	7.3	144,778	7.5	16,001	0.2	181,593	7.5
Extraordinary Income	1,935	0.1	81,757	4.3	79,822	4.2	2,522	0.1
Gain on sales of tangible assets	1,935		3,185				2,522	
Gain on return of substitutional portion of the governmental pension program	-		78,572				-	
Extraordinary Loss	3,271	0.2	28,990	1.5	25,719	1.3	3,240	0.1
Impairment losses on fixed assets	-		3,019				-	
Loss related to voluntary tire replacement (Note)	3,271		25,970				3,240	
Income before income taxes and minority interests	127,441	7.2	197,545	10.3	70,104	3.1	180,876	7.5
Income taxes	43,507	2.4	35,493	1.9	(8,014)	(0.5)	62,818	2.6
Minority Interests	3,437	0.2	2,689	0.1	(748)	(0.1)	3,605	0.2
Net Income	80,496	4.6	159,362	8.3	78,866	3.7	114,453	4.7

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

(Note) Loss related to voluntary tire replacement

A U.S. subsidiary and the Ford Motor Company have reached a joint settlement of all outstanding financial issues associated with August 2000 voluntary safety recall and Ford's May 2001 tire replacement program. Under this agreement, the subsidiary will pay Ford \$240 million (Yen 25.9 billion) for the settlement.

Consolidated Statements of Cash Flows (Unaudited)

	FY2004 3Q (Nine months ended 30 September 2004)	FY2005 3Q (Nine months ended 30 September 2005)	Increase (decrease)	FY2004 (Year ended 31 December 2004)
	Yen in million	Yen in million	Yen in million	Yen in million
Cash Flows from Operating Activities				
Income before income taxes and minority interests	127,441	197,545	70,104	180,876
Depreciation and amortization	84,172	94,022	9,850	111,490
Increase (decrease) in accrued pension and liability for retirement benefits	2,934	(90,880)	(93,814)	12,452
(Increase) decrease in notes and accounts receivable	(21,378)	5,392	26,770	(39,872)
Increase in inventories	(21,377)	(74,982)	(53,605)	(21,991)
Increase (decrease) in notes and accounts payable	(12,231)	29,235	41,466	17,460
Income taxes paid	(24,403)	(65,976)	(41,753)	(27,838)
Other	21,194	(5,085)	(26,279)	6,150
Net Cash Provided by Operating Activities	156,352	89,269	(67,083)	238,729
Cash Flows from Investing Activities				
Payments for purchase of tangible assets	(129,457)	(147,365)	(17,908)	(179,565)
Other	(1,332)	(8,173)	(6,841)	(351)
Net Cash Used in Investing Activities	(130,789)	(155,539)	(24,750)	(179,916)
Cash Flows from Financing Activities				
Net increase (decrease) in borrowings and bonds	14,046	66,656	52,610	(14,536)
Payments for purchase of treasury stock	(57,253)	(38,845)	18,408	(67,934)
Cash dividends paid	(13,200)	(16,745)	(3,545)	(13,258)
Other	2,722	(3,216)	(5,938)	1,586
Net Cash Provided by (Used in) Financing Activities	(53,686)	7,848	61,534	(94,142)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,338	4,077	2,739	791
Net Decrease in Cash and Cash Equivalents	(26,785)	(54,343)	(27,558)	(34,538)
Cash and Cash Equivalents at Beginning of Period	298,264	263,726	(34,538)	298,264
Cash and Cash Equivalents at End of Period	271,479	209,383	(62,096)	263,726

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

Segment Information (Unaudited)

1. Business Segment Information

FY2004 3rd Quarter (Nine months ended 30 September 2004)

(Yen in million)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Sales					
(1)Sales to external customers	1,396,287	362,565	1,758,852	-	1,758,852
(2)Intersegment sales and transfers	2,484	17,546	20,031	(20,031)	-
Total	1,398,772	380,111	1,778,884	(20,031)	1,758,852
Operating expenses	1,289,475	351,617	1,641,093	(20,544)	1,620,548
Operating income	109,297	28,494	137,791	513	138,304

FY2005 3rd Quarter (Nine months ended 30 September 2005)

(Yen in million)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Sales					
(1)Sales to external customers	1,526,651	394,186	1,920,838	-	1,920,838
(2)Intersegment sales and transfers	2,231	19,740	21,971	(21,971)	-
Total	1,528,882	413,927	1,942,809	(21,971)	1,920,838
Operating expenses	1,410,996	378,497	1,789,494	(22,139)	1,767,355
Operating income	117,886	35,429	153,315	167	153,483

FY2004 (Year ended 31 December 2004)

(Yen in million)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Sales					
(1)Sales to external customers	1,927,989	488,696	2,416,685	-	2,416,685
(2)Intersegment sales and transfers	3,838	24,083	27,921	(27,921)	-
Total	1,931,827	512,779	2,444,607	(27,921)	2,416,685
Operating expenses	1,771,535	476,286	2,247,822	(28,833)	2,218,988
Operating income	160,291	36,493	196,785	911	197,697

2. Geographical Segment Information

FY2004 3rd Quarter (Nine months ended 30 September 2004)

(Yen in million)

	Japan	The Americas	Europe	Other	Total	Elimination or Corporate	Consolidated
Sales							
(1)Sales to external customers	571,063	755,057	235,910	196,821	1,758,852	-	1,758,852
(2)Intersegment sales and transfers	186,025	4,054	2,845	101,996	294,921	(294,921)	-
Total	757,088	759,112	238,755	298,818	2,053,774	(294,921)	1,758,852
Operating expenses	676,409	732,935	223,091	283,426	1,915,862	(295,314)	1,620,548
Operating income	80,679	26,176	15,664	15,392	137,912	392	138,304

FY2005 3rd Quarter (Nine months ended 30 September 2005)

(Yen in million)

	Japan	The Americas	Europe	Other	Total	Elimination or Corporate	Consolidated
Sales							
(1)Sales to external customers	590,089	833,842	267,731	229,174	1,920,838	-	1,920,838
(2)Intersegment sales and transfers	224,457	4,740	2,898	125,648	357,745	(357,745)	-
Total	814,546	838,583	270,630	354,823	2,278,583	(357,745)	1,920,838
Operating expenses	731,770	797,566	256,149	338,476	2,123,962	(356,607)	1,767,355
Operating income	82,776	41,016	14,480	16,346	154,620	(1,137)	153,483

FY2004 (Year ended 31 December 2004)

(Yen in million)

	Japan	The Americas	Europe	Other	Total	Elimination or Corporate	Consolidated
Sales							
(1)Sales to external customers	814,625	1,013,519	321,695	266,844	2,416,685	-	2,416,685
(2)Intersegment sales and transfers	254,237	5,418	3,900	138,538	402,095	(402,095)	-
Total	1,068,862	1,018,938	325,596	405,382	2,818,780	(402,095)	2,416,685
Operating expenses	937,743	992,280	303,579	387,718	2,621,320	(402,332)	2,218,988
Operating income	131,119	26,658	22,017	17,664	197,459	237	197,697