

# Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2011

November 8, 2011

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSIN." The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

## Bridgestone Corporation

Code number:5108

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Scheduled date of quarterly securities report submission:

November 11, 2011

Scheduled date of dividend payment commencement:

-

Supplementary information for the quarterly financial statements to be prepared:

Yes

Meeting to explain for the quarterly financial statements to be held:

No

Stock exchange listings: Tokyo, Osaka, Nagoya, Fukuoka

URL:<http://www.bridgestone.co.jp>

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Results for the First Three Quarters of Fiscal 2011 (January 1, 2011 - September 30, 2011)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Nine months ended September 30, 2011	2,234,433	6.8	143,399	26.4	129,866	28.7	81,952	22.8
Nine months ended September 30, 2010	2,091,246	11.6	113,405	838.1	100,875	—	66,762	—

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 30, 2011	104.71	104.66
Nine months ended September 30, 2010	85.14	85.11

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets	Total equity per share
	Yen in millions	Yen in millions	%	Yen
As of September 30, 2011	2,647,130	1,168,466	42.8	1,448.60
As of December 31, 2010	2,706,639	1,176,147	42.2	1,458.01

(Reference) Total equity

As of September 30, 2011

¥1,133,763 million

As of December 31, 2010

¥1,141,128 million

## 2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2010	—	10.00	—	10.00	20.00
FY 2011	—	10.00			
FY 2011 (Projection)			—	10.00	20.00

(Note) Revision of the projections at the time of the announcement of the first three quarters results of fiscal 2011: No

## 3. Consolidated Projected Results for Fiscal 2011 (January 1, 2011 - December 31, 2011)

(Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
FY 2011	3,130,000	9.4	194,000	16.6	180,000	21.7	115,000	16.3	146.93

(Note) Revision of the projections at the time of the announcement of the first three quarters results of fiscal 2011: No

#### 4. Others

- (1) Changes in principal subsidiaries during the third quarter : No  
(Note) Changes in specified subsidiaries involving change in consolidation scope
- (2) Application of simplified and special accounting treatments: Yes  
(Note) Application of simplified and special accounting treatments for quarterly consolidated financial statements
- (3) Changes in accounting principles, procedures, method of presentation  
1) Changes due to revisions of accounting standards, etc. : Yes  
2) Changes other than 1) : No  
(Note) Changes in accounting principles, procedures, method of presentation associated with the preparation of the quarterly consolidated financial statements (matters to be included in the section, changes in basic important matters for preparation of quarterly consolidated financial statements)
- (4) Outstanding number of shares (common stock)
- |   |                    |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): |                    |
| September 30, 2011  | 813,102,321 shares |
| December 31, 2010   | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end                       |                    |
| September 30, 2011  | 30,440,567 shares  |
| December 31, 2010   | 30,439,281 shares  |
| 3) Average outstanding number of shares (during the first three quarters) |                    |
| First Three Quarters ended September 30, 2011                             | 782,662,324 shares |
| First Three Quarters ended September 30, 2010                             | 784,164,221 shares |

#### \* Implementation status about the quarterly review

These financial statements are exempt from quarterly review procedures as required by the Financial Instruments and Exchange Act. A part of quarterly review based on Financial Instruments and Exchange Act were not completed at the time of the disclosure of these financial statements.

#### \* Statement regarding appropriate use of forward-looking statements and other notes

1. The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans.
2. Information about Bridgestone Corporation and certain of its subsidiaries' cartel activities regarding the sale of marine hoses and improper monetary payments is included on page 9, "3. Consolidated Quarterly Financial Statements, (4) Additional Information."

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## 1. Qualitative Information for the First Three Quarters of Fiscal 2011

The Bridgestone Corporation is referred to as the "Company," and the Company and its subsidiaries are referred to as the "Companies."

### (1) Qualitative Information on Consolidated Operating Results

#### 1) Sales and earnings

	FY 2011 3Q	FY 2010 3Q	Increase (Decrease)	
	(Nine months ended September 30, 2011)	(Nine months ended September 30, 2010)	Yen in billions	%
Net sales	Yen in billions 2,234.4	Yen in billions 2,091.2	143.1	7
Operating income	143.3	113.4	29.9	26
Ordinary income	129.8	100.8	28.9	29
Net income	81.9	66.7	15.1	23

In the first three quarters of fiscal 2011(January 1 to September 30, 2011), the Companies' operating environment was plagued by raw material prices remaining relatively high level and the appreciating Japanese yen. Despite these challenges, the domestic economy showed signs of recovery, in spite of the impact of the Great East Japan Earthquake on March 11, 2011. While the United States economy was gradually recovering, and the business climate in Europe was showing signs of slight recovery, the recovery trend for both the United States and Europe was weakening. In Asia, the recovery or expansion continued to accelerate, particularly in China and India.

Under these operating conditions, the Companies continued working to achieve the goal of becoming the World's undisputed No. 1 tire and rubber company in both name and reality. Stepping up our efforts on a global basis, the Companies focused on increasing the sales of highly competitive products, strengthening supply capacity, improving manufacturing productivity, enhancing technology and effectively utilizing our management resources. Moreover, within an operating environment that is evolving at an unprecedented speed, including the changing structures for demand and competition, the Companies have been striving to rapidly implement a range of initiatives to enhance our ability to respond quickly to market trends, increase the sales of strategic products, construct and enhance a business model that will extend beyond the mere sale of products, and develop eco-friendly products and businesses. Additionally, the Companies have implemented price increases to respond to the rising prices of raw materials. The Companies also suffered as a result of the Great East Japan Earthquake, however, the Companies strived to implement all the initiatives to minimize the impact of the disaster to the Companies' business results while also providing necessary products and services required for disaster recovery.

As a result, net sales in the first three quarters of fiscal 2011 was ¥2,234.4 billion, an increase of 7% over the first three quarters of fiscal 2010, operating income was ¥143.3 billion, an increase of 26%, ordinary income was ¥129.8 billion, an increase of 29% and net income was ¥81.9 billion, an increase of 23%.

## 2) Segment Information

		FY 2011 3Q (Nine months ended September 30, 2011)	FY 2010 3Q (Nine months ended September 30, 2010)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	1,870.1	1,730.6	139.4	8
	Operating income	136.0	104.0	32.0	31
Diversified Products	Net Sales	375.7	369.2	6.4	2
	Operating income	7.3	9.4	(2.0)	(22)
Consolidated Results	Net Sales	2,234.4	2,091.2	143.1	7
	Operating income	143.3	113.4	29.9	26

In the tire segment, the Companies worked to maximize sales momentum by introducing appealing new products worldwide, particularly those that have been identified as strategic and important to the Companies' future growth. The Companies also revised product prices in response to the rising cost of raw materials.

In Japan, unit sales of replacement tires for passenger cars and light trucks grew significantly compared to fiscal 2010. However, from the decline in vehicle production volume due to the Great East Japan Earthquake, unit sales of tires for new vehicles were substantially down from the first three quarters of fiscal 2010. The unit sales of tires for trucks and buses grew significantly. In the Americas, the unit sales of passenger and light truck tires in North America decreased compared to the first three quarters of fiscal 2010 due to a decline in the sales of replacement tires. However, there was an increase from the first three quarters of 2010 in unit sales of strategic products such as runflat tires, UHP (ultra-high-performance) tires and winter tires in the replacement market. Additionally, unit sales of tires for trucks and buses grew significantly. In Europe, unit sales of tires for passenger cars and light trucks increased from the first three quarters of fiscal 2010 due to an increase in the sales of the replacement tires. Unit sales of tires for trucks and buses grew firmly compared to the first three quarters of fiscal 2010 led by an increase of original equipment tires. In the specialty tire business, unit sales of large and ultralarge off-the-road radial tires for construction and mining vehicles significantly exceeded those of the first three quarters of fiscal 2010.

As a result, net sales and operating income in the tire segment during the first three quarters of fiscal 2011 totaled ¥1,870.1 billion and ¥136.0 billion, an increase of 8% and 31% from the first three quarters of fiscal 2010, respectively.

In the diversified products segment, net sales totaled ¥375.7 billion, an increase of 2% from the first three quarters of fiscal 2010. Operating income was ¥7.3 billion, a decrease of 22% from the first three quarters of fiscal 2010, due to decline of profit in domestic business.

*(Note 1) The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

*(Note2) The Companies have two reportable segments: Tires and Diversified products, applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." (ASBJ Guidance No. 20 of March 21, 2008)*

## **(2) Qualitative Information on Consolidated Financial Position**

Assets, Liabilities, and Net assets positions at the end of the first three quarters of fiscal 2011 were as follows.

### **(Assets)**

In assets, while merchandise and finished products and raw materials and supplies increased ¥68.4 billion and ¥37.2 billion, cash and deposits, tangible assets and investments in securities each decreased ¥68.5 billion, ¥54.1 billion and ¥36.0 billion respectively. As a result, assets decreased ¥59.5 billion compared with the end of the previous fiscal year, to ¥2,647.1 billion.

### **(Liabilities)**

In liabilities, while commercial paper and long-term borrowings increased ¥12.9 billion and ¥40.3 billion, short-term borrowings, accounts payable-other and accrued pension and liability for retirement benefits decreased ¥41.9 billion, ¥44.3 billion and ¥31.8 billion, respectively. As a result, liabilities decreased ¥51.8 billion compared with the end of the previous fiscal year, to ¥1,478.6 billion.

### **(Net assets)**

In net assets, while net income contributed ¥81.9 billion of increase, dividend payments, net unrealized gain on available-for-sale securities and foreign currency translation adjustments decreased ¥15.6 billion, ¥22.6 billion and ¥59.7 billion each. As a result, net assets decreased ¥7.6 billion compared with the end of the previous fiscal year, to ¥1,168.4 billion.

Consequently, the ratio of total equity to total assets increased 0.6% compared with the end of the previous fiscal year, to 42.8%.

## **(3) Qualitative Information on Projections of Consolidated Results**

There are no changes in consolidated projections announced on August 8, 2011.

## **2. Other Information**

### **(1) Overview of changes in principal subsidiaries during the Third Quarter**

Not applicable

### **(2) Overview of application of simplified and special accounting treatments**

#### 1) Simplified treatment

(Calculation for depreciation of tangible fixed assets)

Mainly, based on a plan that takes account of the acquisition, sale and removal of fixed assets during the fiscal year, the scheduled amount of depreciation on a consolidated basis for the fiscal year was allocated.

#### 2) Special treatment

(Calculation for income tax expense)

Income tax expense (including its deferral recognition in the same line) was calculated based upon an estimated effective tax rate for fiscal 2011.

### **(3) Overview of changes in accounting principles, procedures and method of presentation**

#### **Adoption of the “Accounting Standard for Asset Retirement Obligations”**

Starting from the first quarter of fiscal 2011, the Companies have adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21 of March 31, 2008). Although the impact of this adoption on operating income and ordinary income is not material, ¥2,471 million of loss on adjustment for changes of accounting standard for asset retirement obligations is recorded to extraordinary loss.

#### **Adoption of the “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”**

Starting from the first quarter of fiscal 2011, the Companies have adopted the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16 of March 10, 2008), and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force No.24, March 10, 2008). There is no impact on gain or loss during the period as a result of this adoption.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Balance Sheet

(Yen in millions)

	FY 2011 3Q (As of September 30, 2011)	FY 2010 (As of December 31, 2010) <b>Summary</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	116,824	185,334
Notes and accounts receivable	432,156	426,935
Short-term investments	98,002	113,228
Merchandise and finished products	322,395	253,908
Work in process	40,555	31,362
Raw materials and supplies	179,573	142,314
Other	149,162	133,768
Allowance for doubtful accounts	(8,591)	(9,884)
<b>Total Current Assets</b>	<b>1,330,079</b>	<b>1,276,968</b>
<b>Fixed Assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	321,588	341,190
Machinery, equipment and vehicles, net	334,434	378,430
Other, net	296,453	287,003
<b>Total tangible assets</b>	<b>952,477</b>	<b>1,006,624</b>
Intangible assets	28,053	31,061
<b>Investments and other assets</b>		
Investments in securities	181,313	217,340
Other	156,726	176,232
Allowance for doubtful accounts	(1,519)	(1,588)
<b>Total investments and other assets</b>	<b>336,520</b>	<b>391,984</b>
<b>Total Fixed Assets</b>	<b>1,317,051</b>	<b>1,429,671</b>
<b>Total</b>	<b>2,647,130</b>	<b>2,706,639</b>



	(Yen in millions)	
	FY 2011 3Q (As of September 30, 2011)	FY 2010 (As of December 31, 2010) <b>Summary</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	194,539	188,150
Short-term borrowings	255,225	297,176
Commercial paper	33,580	20,608
Current portion of bonds	20,026	21,108
Lease obligations	829	1,035
Income taxes payable	18,189	15,113
Accounts payable-other	94,979	139,333
Other	207,551	194,527
<b>Total Current Liabilities</b>	<b>824,922</b>	<b>877,052</b>
<b>Long-term Liabilities</b>		
Bonds	122,970	125,975
Long-term borrowings	231,754	191,373
Lease obligations	7,305	5,888
Accrued pension and liability for retirement benefits	205,298	237,194
Other	86,412	93,009
<b>Total Long-term Liabilities</b>	<b>653,741</b>	<b>653,440</b>
<b>Total Liabilities</b>	<b>1,478,664</b>	<b>1,530,492</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Common stock	126,354	126,354
Capital surplus	122,629	122,629
Retained earnings	1,186,444	1,111,588
Treasury stock-at cost	(57,247)	(57,245)
<b>Total Shareholders' equity</b>	<b>1,378,180</b>	<b>1,303,326</b>
<b>Net unrealized gain(loss) and translation adjustments</b>		
Net unrealized gain(loss) on available-for-sale securities	89,388	112,064
Deferred gain(loss) on derivative instruments	(34)	(235)
Foreign currency translation adjustments	(333,770)	(274,026)
<b>Total Net unrealized gain(loss) and translation adjustments</b>	<b>(244,416)</b>	<b>(162,197)</b>
Stock acquisition rights	770	514
Minority Interests	33,931	34,503
<b>Total Net Assets</b>	<b>1,168,466</b>	<b>1,176,147</b>
<b>Total</b>	<b>2,647,130</b>	<b>2,706,639</b>

**(2) Consolidated Statements of Income**

First Three Quarters

(Yen in millions)

	FY 2010 3Q (Nine months ended September 30, 2010)	FY 2011 3Q (Nine months ended September 30, 2011)
Net Sales	2,091,246	2,234,433
Cost of Sales	1,415,388	1,545,876
Gross profit	675,858	688,557
Selling, General and Administrative Expenses		
Goods freightage expenses	88,749	99,570
Advertising and promotion expenses	72,312	63,579
Salaries, allowances and bonuses	142,755	140,227
Retirement benefit expenses	13,591	10,118
Depreciation	17,943	17,373
Research and development expenses	62,571	62,054
Other	164,530	152,234
Total selling, general and administrative expenses	562,453	545,158
Operating income	113,405	143,399
Non-operating Income		
Interest income	2,391	3,035
Dividend income	2,286	3,112
Other	10,337	10,612
Total non-operating income	15,015	16,759
Non-operating expenses		
Interest expense	14,349	12,593
Foreign currency exchange loss	1,583	3,600
Other	11,612	14,098
Total non-operating expenses	27,545	30,292
Ordinary income	100,875	129,866
Extraordinary Income		
Gain on sales of tangible assets	-	6,114
Total extraordinary income	-	6,114
Extraordinary Loss		
Impairment loss	-	4,705
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	2,471
Loss on disaster	-	2,462
Loss related to US antitrust law and US Foreign Corrupt Practices Act	-	2,149
Total extraordinary losses	-	11,788
Income before income taxes and minority interests	100,875	124,192
Income taxes	29,499	38,100
Income before minority interests	-	86,092
Minority interests	4,613	4,139
Net income	66,762	81,952

**(3) Notes regarding going concern assumption**

Not applicable

**(4) Additional Information**

Information about Bridgestone Corporation and certain of its subsidiaries' cartel activities regarding the sale of marine hoses and improper monetary payments

In May 2007, the U.S. Department of Justice, the European Commission, the Fair Trade Commission of Japan, and other authorities initiated investigations against the Company and certain of its subsidiaries in connection with international cartel activities regarding the sale of marine hoses. During the course of investigations, the Company uncovered the fact that there have been incidents of improper monetary payments to foreign agents, a part of which may have been provided to foreign governmental officials and other possible forms of improper payments in connection with the sale of marine hoses and other industrial products. The Company has reported the findings of its internal inquiries to the Japanese Public Prosecutors Office and the U.S. Department of Justice.

With respect to the marine hose cartel, the Company received orders from the Fair Trade Commission of Japan in February 2008 which directed the Company to cease and desist from violating the Antimonopoly Act and to pay surcharges for violating the Act. The Company has responded to the order accordingly. Moreover, in January 2009, the Companies were notified by the European Commission of its decision to impose a fine of €58.5 million for involvement in an international cartel related to the sale of marine hoses, and have paid the imposed fine.

In September 2011, the Company entered into a plea agreement with the U.S. Department of Justice. Under the plea agreement, the Company agreed to plead guilty to an antitrust conspiracy and a conspiracy to violate the Foreign Corrupt Practices Act, and to pay a fine of \$28 million. The plea agreement was approved by the U.S. District Court in October 2011, finalizing the penalty against the Company, and the Company has paid the fine accordingly. The Company has recorded ¥2,149 million as an expense in connection with this fine in the third quarter of fiscal year 2011.

Proceedings initiated in other countries with respect to the marine hose cartel have already been finalized. In regard to the class action lawsuit brought in the United States in connection with the marine hose cartel, a final approval of proposed settlements was granted by the Court. Further, the Company has handled other individual civil claims in an appropriate manner.

**(5) Segment Information**

## 1. Overview of reporting segments

The Companies' reportable segments are components of the Companies whose separate financial information is obtainable, and the Board of Directors and the Management Committee regularly consider these segments in order to decide the allocation of business resources and evaluate business performance.

The Companies' reporting segments consist mainly of Tire business including the production and sale of tires and tubes, sale of wheels and accessories, the production and sale of retread material and services, auto maintenance, and Diversified products business including Chemical and Industrial Products, BSAM Diversified Products (Note), sporting goods, bicycles, etc.

Thus, the Companies have two reportable segments: Tires and Diversified products.

(Note)BSAM Diversified Products: A business under BRIDGESTONE AMERICAS, INC. supplying commercial roofing materials etc.

## 2. Information regarding Sales and Income (Loss) by Reporting Segment

FY 2011 First Three Quarters (Nine months ended September 30, 2011)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (note)	Consolidated
Net sales:					
External customers	1,868,199	366,234	2,234,433	—	2,234,433
Inter-segment	1,905	9,478	11,384	(11,384)	—
Total	1,870,105	375,712	2,245,817	(11,384)	2,234,433
Segment income (Operating income)	136,047	7,349	143,396	3	143,399

(Note) Adjustments of segment income refer to elimination of intersegment transactions.

## 3. Information regarding Impairment Loss on Fixed Assets and Goodwill by Reporting Segment

FY 2011 First Three Quarters (Nine months ended September 30, 2011)

(Impairment Loss on Fixed Assets)

Impairment loss is recorded ¥226.0 billion and ¥244.5 billion in Tire business and Diversified products segment, respectively.

**Additional Information**

Starting from the first quarter of fiscal 2011, the Companies have adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." (ASBJ Guidance No.20 of March 21, 2008)

(Reference)

## Information by business segment

FY 2010 First Three Quarters (Nine months ended September 30, 2010)

(Yen in millions)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Net sales:					
External customers	1,729,174	362,071	2,091,246	—	2,091,246
Inter-segment	1,459	7,194	8,654	(8,654)	—
Total	1,730,634	369,266	2,099,900	(8,654)	2,091,246
Operating income	104,019	9,436	113,456	(50)	113,405

Notes: 1 Business segment classifications are those used in internal administration.

2 The major products and business of each business segment are as follows:

Tires: Tires and tubes, wheels and accessories, retread material and services, auto maintenance, etc.

Diversified products: Chemical products, industrial products, sporting goods, bicycles, etc.

**(6) Notes regarding to significant changes in the amount of shareholders' equity**

Not applicable