

# Consolidated Financial Statements for the Fiscal Year Ended December 31, 2010

February 18, 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 TANSHIN". 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

Stock exchange listings: Tokyo, Osaka, Nagoya, Fukuoka

Code number: 5108

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

Representative: Shoshi Arakawa, Chairman of the Board, CEO and President

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Scheduled date of annual shareholders' meeting:

March 29, 2011

Scheduled date of securities report submission:

March 29, 2011

Scheduled date of dividend payment commencement:

March 30, 2011

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

## 1. Consolidated Results for Fiscal 2010 (January 1, 2010 - December 31, 2010)

(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	%
Fiscal 2010	2,861,615	10.2	166,450	119.8	147,905	171.6	98,913	—
Fiscal 2009	2,597,002	(19.7)	75,711	(42.4)	54,457	(26.9)	1,043	(90.0)

	Net income per share	Diluted net income per share	Net return on Total equity	Ordinary income / Total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal 2010	126.19	126.16	8.9	5.4	5.8
Fiscal 2009	1.33	1.33	0.1	2.0	2.9

(Reference) Equity in earnings of affiliates: Fiscal 2010 ¥1,476 million  
Fiscal 2009 ¥1,151 million

(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
Fiscal 2010	2,706,639	1,176,147	42.2	1,458.01
Fiscal 2009	2,808,439	1,120,797	38.7	1,385.43

(Reference) Total equity Fiscal 2010 ¥1,141,128 million  
Fiscal 2009 ¥1,086,601 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
Fiscal 2010	247,736	(170,556)	(82,528)	216,924
Fiscal 2009	338,681	(188,256)	(33,610)	236,270

## 2. Dividends

	Dividend per share					Total dividends	Dividends Pay-out ratio (Consolidated)	Ratio of dividends to total equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total			
Fiscal 2009	—	8.00	—	8.00	16.00	12,548	1,203.0	1.2
Fiscal 2010	—	10.00	—	10.00	20.00	15,670	15.8	1.4
Fiscal 2011 (Projection)	—	10.00	—	10.00	20.00		19.1	

## 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
First half year	1,470,000	6.1	45,000	(42.6)	37,000	(45.6)	23,000	(48.3)	29.39
Fiscal 2011	3,180,000	11.1	140,000	(15.9)	124,000	(16.2)	82,000	(17.1)	104.77

#### 4. Others

(1) Significant changes in subsidiaries during period

(changes in specified subsidiaries involving change in consolidation scope): No

(2) Changes in accounting principles, procedures, method of presentation associated with preparation of the consolidated financial statements (matters to be included in the section, Changes in basic important matters for preparation of consolidated financial statements)

1) Changes due to revisions of accounting standards etc. : Yes

2) Changes other than 1) : No

(Note) For details, refer to "Changes in accounting principles" on page 24.

(3) Outstanding number of shares (common stock)

1) Outstanding number of shares at term end (including treasury stock):

December 31, 2010 813,102,321 shares

December 31, 2009 813,102,321 shares

2) Number of shares of treasury stock at term end

December 31, 2010 30,439,281 shares

December 31, 2009 28,797,299 shares

(Note) Refer to "Per share information", on page 35, for number of shares that is basis for calculating net income per share.

#### (Reference) Summary of Non-consolidated Results (January 1, 2010 - December 31, 2010)

(1) Non-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	%
Fiscal 2010	895,623	19.5	58,490	385.2	67,441	194.9	50,331	226.6
Fiscal 2009	749,215	(26.0)	12,054	(77.6)	22,867	(60.5)	15,412	(58.0)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2010	64.21	64.19
Fiscal 2009	19.65	19.65

(2) Non-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
Fiscal 2010	1,664,467	1,143,880	68.7	1,460.86
Fiscal 2009	1,666,668	1,114,695	66.9	1,420.82

(Reference) Total equity

Fiscal 2010

¥1,143,365 million

Fiscal 2009

¥1,114,359 million

\* 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 results to differ substantially from management's projections and plans. For further details, please see page 6, "Projections for fiscal 2011."

2. Information about Bridgestone Corporation (the "Company") and certain of its subsidiaries' alleged cartel activities regarding the sale of marine hoses and improper monetary payments is included on page 12-13, "3.Management Policies, (2) Management Strategies and Tasks" and page 25, "4.Consolidated Financial Statements, Additional information"

## 1. Operating Results

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

(1) Analysis of Operating Results  
[Operating results for fiscal 2010]  
1) Sales and earnings

	Fiscal 2010	Fiscal 2009	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	2,861.6	2,597.0	264.6	10
Operating income	166.4	75.7	90.7	120
Ordinary income	147.9	54.4	93.4	172
Net income	98.9	1.0	97.8	—

In fiscal 2010, the Companies' operating environment was plagued by rising raw materials and materials prices and the appreciating Japanese yen. Despite these challenges, the domestic economy showed signs of slight recovery. Due in part to the effects of government economic stimulus measures, the United States is gradually recovering, and the business climate in Europe showed signs of slight recovery. In Asia, the rate of recovery continued to accelerate throughout all regions, particularly in China.

Under these operating conditions, the Companies continued working to achieve the goal of becoming the world's undisputed No. 1 tire and rubber company both in name and reality. Stepping up their efforts on a global basis, the Companies focused on increasing sales of highly competitive products, strengthening supply capacity, improving manufacturing productivity, enhancing technology and effectively utilizing their 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 their ability in ways such as responding quickly to market trends, increasing sales of strategic products, constructing and enhancing a business model that will extend beyond the mere sale of products, and developing eco-friendly products and businesses.

As a result, net sales, operating income and ordinary income totaled ¥2,861.6 billion, ¥166.4 billion and ¥147.9 billion, an increase of 10%, 120% and 172% from fiscal 2009, respectively. Net income was ¥98.9 billion, while it was ¥1.0 billion during fiscal 2009.

Further, in the previous fiscal year, the Companies recognized as an extraordinary loss the plant restructuring costs in Oceania of ¥10.6 billion.

## 2) Segment Information

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

### a) By business segment

		Fiscal 2010	Fiscal 2009	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	2,379.5	2,152.9	226.6	11
	Operating income	153.1	75.2	77.9	104
Diversified Products	Net Sales	494.6	454.1	40.5	9
	Operating income	13.3	0.4	12.8	—
Consolidated Results	Net Sales	2,861.6	2,597.0	264.6	10
	Operating income	166.4	75.7	90.7	120

In the tire segment, the Companies worked to maximize their sales momentum by introducing appealing new products worldwide, particularly those that have been identified as strategic and important to the Companies' future growth.

In Japan, unit sales of tires increased greatly over fiscal 2009 due to the recovery in demand. In the Americas, the unit sales of passenger cars, light trucks, trucks and buses in North America tire operations exceeded greatly those of fiscal 2009 due to the recovery in demand. There was a great increase from 2009 in unit sales of such strategic products as UHP (ultra-high-performance) tires in the replacement sector. In Europe, unit sales of tires for passenger cars, light trucks, trucks and buses increased greatly over fiscal 2009 due to the recovery in demand, and unit sales of strategic products, led by runflat tires, UHP tires and winter tires, grew significantly over fiscal 2009 in the replacement sector. 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 fiscal 2009. As a result, net sales and operating income in the tire segment in fiscal 2010 totaled ¥2,379.5 billion and ¥153.1 billion, an increase of 11% and 104% from fiscal 2009, respectively.

In the diversified products segment, due to the recovery in demand, net sales totaled ¥494.6 billion, an increase of 9% from fiscal 2009. Operating income was ¥13.3 billion, while it was ¥0.4 billion during fiscal 2009.

b) By geographic segment

		Fiscal 2010	Fiscal 2009	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Japan	Net Sales	1,154.6	1,011.9	142.6	14
	Operating income	61.6	14.3	47.2	328
The Americas	Net Sales	1,223.9	1,132.8	91.0	8
	Operating income	48.3	34.4	13.8	40
Europe	Net Sales	383.8	362.5	21.3	6
	Operating income (loss)	7.1	(11.9)	19.0	—
Other	Net Sales	611.9	511.5	100.4	20
	Operating income	44.9	32.9	12.0	37
Consolidated Results	Net Sales	2,861.6	2,597.0	264.6	10
	Operating income	166.4	75.7	90.7	120

In Japan, sales in both the tire segment and the diversified products segment exceeded those of fiscal 2009. As a result, net sales and operating income totaled ¥1,154.6 billion and ¥61.6 billion, an increase of 14% and 328%, respectively, from fiscal 2009.

In the Americas, net sales and operating income totaled ¥1,223.9 billion ¥48.3 billion, an increase of 8% and 40%, respectively, from fiscal 2009.

In Europe, net sales totaled ¥383.8 billion, an increase of 6% from fiscal 2009, and operating income was ¥7.1 billion, while operating loss was ¥11.9 billion during fiscal 2009.

In other regions, net sales totaled ¥611.9 billion and operating income was ¥44.9 billion, an increase of 20% and 37%, respectively, from fiscal 2009.

[Projections for fiscal 2011]

In 2011, although a moderate recovery has become apparent, the Companies will likely experience challenging conditions because of the continuing economic uncertainties and the rising prices of raw materials and materials. In addition, the Group is expected to face rapid changes in the structures of demand and competition worldwide.

Despite such a challenging business environment, management predicts that unit sales of tires in Japan will increase over the previous year. In the diversified products segment, sales are forecasted to increase over 2010.

In the Americas, management anticipates that unit sales of tires in the North American tire business will increase over the previous year, and in Europe it also forecasts that unit sales of tires will increase over 2010.

The Companies' projections of overall results are as follows.

		Fiscal 2011 projections	Fiscal 2010	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
First half	Net sales	1,470.0	1,385.9	84.0	6
	Operating income	45.0	78.4	(33.4)	(43)
	Ordinary income	37.0	67.9	(30.9)	(46)
	Net income	23.0	44.5	(21.5)	(48)
Full-year	Net sales	3,180.0	2,861.6	318.3	11
	Operating income	140.0	166.4	(26.4)	(16)
	Ordinary income	124.0	147.9	(23.9)	(16)
	Net income	82.0	98.9	(16.9)	(17)
Exchange rate	First half	Yen yen/dollar	Yen 91	—	(10)
		110	121		(9)
	Full-year	yen/dollar	88		(5)
		yen/euro	116		(5)

### Forward-Looking Statements

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

(2) Analysis of Financial Position

1) Cash flow

		Fiscal 2010	Fiscal 2009	Increase (Decrease)
		Yen in billions	Yen in billions	Yen in billions
Net cash provided by operating activities		247.7	338.6	(90.9)
Net cash used in investing activities		(170.5)	(188.2)	17.7
Net cash used in financing activities		(82.5)	(33.6)	(48.9)
Effect of exchange rate changes on cash and cash equivalents		(13.9)	5.3	(19.3)
Net increase (decrease) in cash and cash equivalents		(19.3)	122.1	(141.5)
Cash and cash equivalents	At beginning of year	236.2	114.0	122.1
	At end of year	216.9	236.2	(19.3)

The Companies' cash and cash equivalents decreased ¥19.3 billion during 2010, to ¥216.9 billion, compared with an increase of ¥122.1 billion during the prior year.

(Cash flow by operating activities)

Net cash provided by operating activities decreased ¥90.9 billion during 2010, compared with the prior year, to ¥247.7 billion. The principal contributors in that cash provided included income before income taxes and minority interests of ¥141.6 billion, compared with ¥35.3 billion during the prior year; depreciation and amortization of ¥170.6 billion, compared with ¥180.5 billion during the prior year. These contributors offset income taxes paid of ¥22.4 billion, compared with ¥19.7 billion in the prior year.

(Cash flow by investing activities)

Net cash used in investing activities decreased ¥17.7 billion compared with the prior year, to ¥170.5 billion. Expenditures included payments of ¥177.9 billion for purchase of tangible assets, compared with payments of ¥191.2 billion during the prior year.

(Cash flow by financing activities)

Net cash used in financing activities increased ¥48.9 billion compared with the prior year, to ¥82.5 billion. The major contributor was payments for redemption of bonds of ¥74.6 billion, compared with ¥18.5 billion during the prior year.

2) Trends in cash flow indicators

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Ratio of total equity to total assets (%)	35.8	38.7	42.2
Total equity ratio on market value basis (%)	37.6	45.4	45.4
Interest-bearing debt / cash flow ratio (years)	7.1	2.3	2.7
Interest coverage ratio	3.2	13.4	12.7

(Note) *Ratio of total equity to total assets : Total equity / total assets*

*Total equity ratio on market value basis : Market capitalization / total assets*

*Interest-bearing debt / cash flow ratio : Interest-bearing debt / net cash provided by operating activities*

*Interest coverage ratio : Net cash provided by operating activities / interest payments*

- \* All indices are calculated using consolidated financial figures.
- \* Market capitalization is calculated as closing share price at the end of period x number of shares outstanding at the end of period (excluding treasury stock).
- \* For net cash provided by operating activities, the figure for net cash provided by operating activities in the consolidated statements of cash flows is used. For interest-bearing debt, the sum for all liabilities in the consolidated balance sheets for which interest is paid is used. For interest payments, the figure for interest paid in the consolidated statements of cash flows is used.



(3) Basic policy for the appropriation of profits and dividends for the fiscal 2010 and 2011

Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening its management base in preparation for future business developments while working to improve business results. The Company's basic aim is to continue paying stable dividends and meet the expectations of shareholders, in light of overall considerations of business results and financial position in the fiscal period under review and in the future.

The Company pays dividends twice a year, comprising year-end and interim cash dividends. Year-end cash dividends are subject to approval by a resolution of the annual shareholders' meeting, while interim cash dividends are subject to approval by a resolution of the Board of Directors.

Further, the Company strives to strengthen the long-term stability of its management base by using retained earnings to improve and expand production and sales systems and advance R&D activities in Japan and overseas.

For the fiscal 2010, the Company plans to pay a cash dividend of ¥20 per share, comprising a year-end cash dividend of ¥10 per share and an interim cash dividend of ¥10 per share.

For the fiscal 2011, the Company plans to pay a cash dividend of ¥20 per share, comprising a year-end cash dividend of ¥10 per share and an interim cash dividend of ¥10 per share.

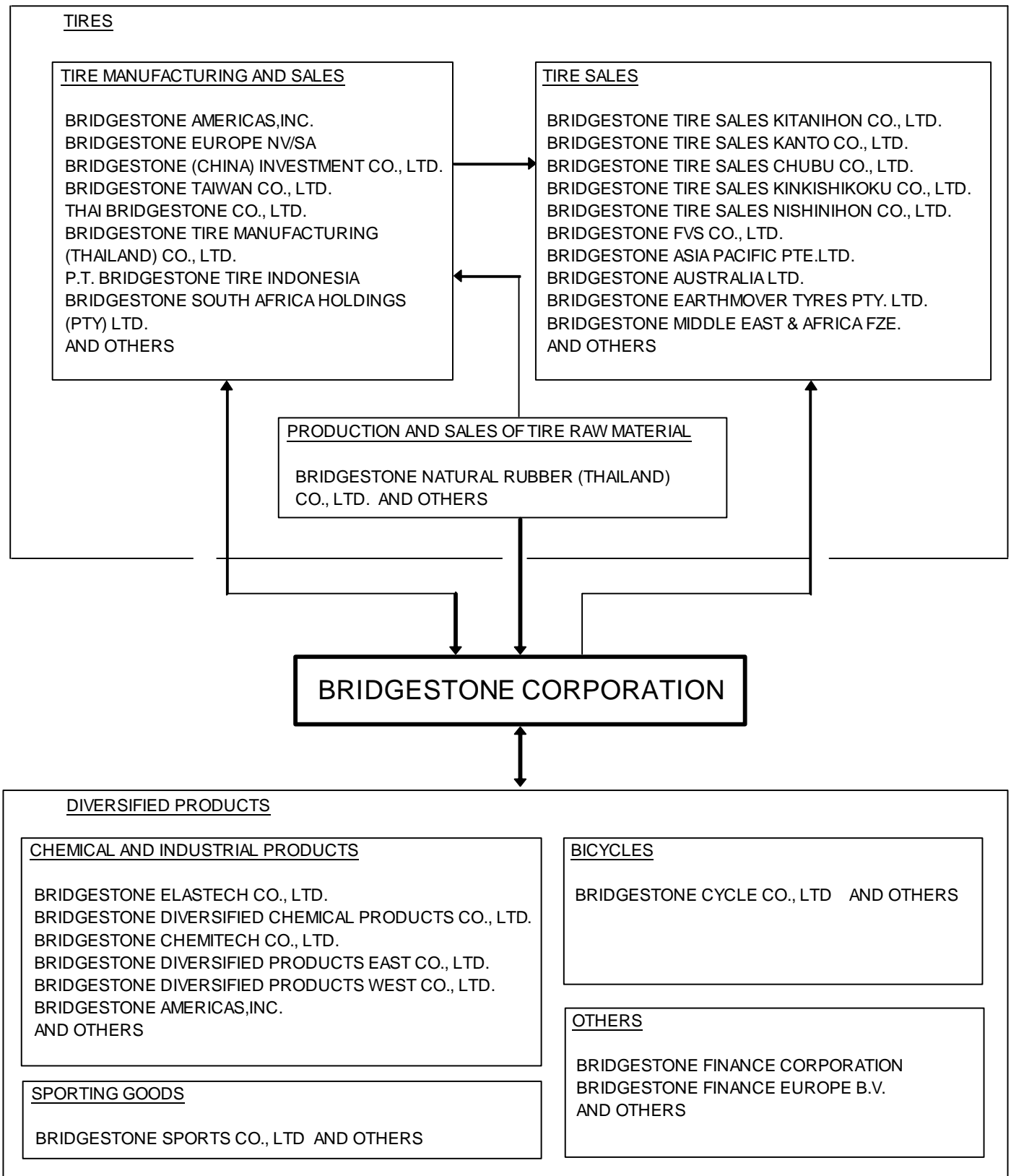
(4) Business and other risks

Inclusion has been omitted because there has been no significant change to the "Business and other risks" included in the Company's most recent securities report ("Yuka Shoken Hokokusho," filed on March 30, 2010).

## 2. BRIDGESTONE Group's Major Subsidiaries and Business Relation Flowchart

AS OF DECEMBER 31, 2010

→ Flow of products and services



All of the above-mentioned companies are our consolidated subsidiaries.

### 3. Management Policies

#### (1) Basic Management Policies

Guided by a spirit of “Trust and Pride,” the Bridgestone Group adheres to the “Bridgestone Way” corporate philosophy, which calls on the Group to realize the mission of “serving society with superior quality.” Based on that corporate philosophy, the Group will pursue the ultimate goal of the group management, which is “to become the undisputed world No.1 tire and rubber company both in name and reality.” Further, as a responsible global company, Bridgestone will respect the social culture and values of the various countries in which it conducts business activities, comply with laws and statutory regulations, protect the global environment, and contribute to society.

#### (2) Management Strategies and Tasks

Seeking “to become the undisputed world No.1 tire and rubber company both in name and reality” as the ultimate goal of the group management, the Group will advance all business activities based on an awareness of its corporate social responsibility. To that end, the Group has adopted a management stance with four components. First, the Group will always bear in mind business basics and principles. Second, the Group will adhere to the philosophy and spirit it has maintained since its establishment and uphold the “Bridgestone Way” corporate philosophy that calls on the Group to realize the mission of “serving society with superior quality.” Third, the Group will solidify its business footing in Japan. Last, the Group will rigorously proceed with Group and global business development on top of the strong foundation of its Japanese business.

Based on those four components of its management stance, the Group will develop businesses in accordance with four fundamental management policies: 1. To always aim for “the higher level” and to be the best in the world in all of our products and services; 2. To clarify the long-term strategy and to proceed with the integration and expansion of business domains; 3. To aim for the real global corporation, adopting a strategic business unit (SBU) organization; and 4. To aim for the optimum management of the entire Group, utilizing the Mid-Term Management Plan.

The Companies face rapid, major structural changes that significantly affect earnings, including changes in the composition of demand, new competition, and fluctuations in currency exchange rates and the prices of raw materials and materials. Against that backdrop, the Companies believe that it will be difficult to achieve sustained, quality growth solely by pursuing external growth in the scale of net sales and its overseas business. The global economy appears to have shaken off the severe worldwide recession that emerged from the fourth quarter of 2008. Important issues remain, however, including sovereign risk in Europe and concerns about decelerating growth in emerging countries. Overall, the future course of the global economy remains difficult to predict. In light of such volatility in business conditions, the Companies sought to turn change into opportunity with the implementation of the Lean & Strategic concept. On that basis, we rigorously streamlined our balance sheet.

Further, in our MTP 2010, which was announced in October 2010, we have formulated five items as initiatives for “competing on a different ground.”

The first is expansion of strategic tire products and businesses. In passenger tires, including runflat tires, UHP tires, and winter tires, we will incorporate the Group’s leading-edge technologies and take steps to aggressively expand sales on a groupwide basis. In truck and bus tire segment, to meet the needs of customers and society for safety, low fuel consumption, and low cost, we will implement global development of our solutions business utilizing retread technologies, targeting especially strong growth in emerging markets. In large and ultralarge off-the-road radial tires for construction and mining vehicles, we will aggressively invest management resources to meet mining-related demand, which remains robust.

The second initiative is reinforcing fundamental competencies, specifically by leveraging vertical integration and optimizing specifications in order to bolster overall supply chain competitiveness. In vertical integration, we will enhance tire performance and cost from the raw material level, expand our network of retail outlets, and provide customers with the optimal products and services on a timely basis. In addition, we will advance initiatives that fully leverage the Group’s strengths in rapidly responding to market needs. In optimizing specifications, the fundamental task is meeting the quality demanded by the market. On that basis, we will focus on technical development that also contributes to the environment, with a focus on achieving enhanced safety and reducing raw material

consumption (*half weight*). We will strive to maximize those effects through integrated activities that combine product development, production technologies, and procurement/internal manufacturing.

The third initiative is to secure our position in the tire business in emerging countries. Centered on China, India, and Brazil, we will work to establish and expand sales of the ECOPIA brand of eco-friendly tires, to put the solutions business on a sound footing, and implement sales initiatives, such as bolstering our network of retail outlets. In addition, in parallel with these sales initiatives, we will increase production in emerging countries.

The fourth initiative is planning based on the principles of selection and concentration in diversified products business, or non-tire operations. We will work to bolster global development in chemical and industrial products operations, and we will take steps to expand profits, centered on construction materials and hose/belt operations. In eco-friendly EVA film for solar modules, we will work to respond rapidly to substantial demand for solar cells by investing in increased production capacity, and we expect these operations to make a substantial contribution to earnings.

The fifth initiative is to enhance environmental activities and eco-friendly products and businesses. Working toward the realization of a sustainable society that is reducing carbon emissions, resource conservation and ecological conservation, we will set challenging goals and work toward further progress in environmental countermeasures. Specifically, we have already established numerical objectives, such as targets for CO<sub>2</sub> emission reductions, with consideration for such factors as the social and operating environments. By incorporating these into plans for individual eco-friendly products and operations, we have a framework for the achievement of these goals.

These five items comprise our initiatives for "competing on a different ground." They were formulated in accordance with our four fundamental management policies. The Group believes that in order to realize a basic system for implementing those strategies and measures, it must optimize organizational systems on a Group and global basis and undertake a mid-term management plan that is consistent for the Group as a whole. Therefore, the Group will continue to strengthen those aspects of its operations.

As an organizational systems initiative, the Group will gain an accurate understanding of market and customer needs in regions worldwide. Based on that understanding, the Group will evolve and further increase the effectiveness of the SBU system, which was introduced to reflect such needs optimally and rapidly on a Group and global basis. Further, in order to prevail and survive amid tough business conditions, it is critical for the Group to exploit its wide-ranging and diverse management resources to the utmost and in accordance with consistent targets and plans. To realize those objectives, the Group will revise the mid-term management plan on an annual rolling basis, extending it by one year at a time. Those revisions will enable the Group to respond accurately and rapidly to dramatically fluctuating business conditions as it seeks to maintain earnings levels. In other words, the Group will move forward vigorously to build a corporate organization that steadily increases profitability.

In addition, the Group will step up efforts to build systems that will enable the realization of its responsibilities as a company toward all of its stakeholders. The Group will conduct regular yearly reviews of its policy for the development of internal control systems that ensure appropriate operations, which a resolution of the Board of Directors approved in May 2006. Moreover, the Group will undertake reviews of that policy as needed and steadily develop systems in accordance with the policy. For corporate governance systems, the Group will take further steps to ensure that the Company's decision making consistently follows fair and transparent rules. Centering on the Integrated CSR Enhancement Committee, the Group's corporate social responsibility activities will establish systems and heighten the effectiveness of activities in all areas, including rigorous risk management for environmental protection, product safety, compliance and disaster prevention and safety initiatives; internal control improvement; employee education; and corporate citizenship activities.

Since May 2007, the U.S. Department of Justice, the European Commission, the Fair Trade Commission of Japan, and other authorities have been investigating the Company and certain of its subsidiaries in connection with alleged international cartel activities regarding the sale of marine hoses. In February 2008, the Company received orders from the Fair Trade Commission of Japan. The orders, which directed the Company to cease and desist from violating the Antimonopoly Act and to pay surcharges for violating the Act, were finalized. Moreover, in January 2009, the Company was notified by the European Commission of its decision to impose a fine for alleged involvement in an international cartel related to the sale of marine hoses. After careful consideration, the Company has determined that bringing the course of proceedings to an end and subsequently focusing on the reinforcement of its compliance system and the promotion of preventive measures are the appropriate actions to take. Therefore, the Company decided not to appeal to the Court of First Instance of European Commission and has paid the

imposed fine. The investigation by the U.S. Department of Justice is continuing. However, proceedings in the other countries which have investigated have already been finalized.

Further, aside from the abovementioned issue, 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 officers, and other possible forms of improper payments. The Company has been able to confirm that inappropriate payments have been identified in connection with the sale of marine hoses and other industrial products. The Company has submitted the findings of the internal inquiry regarding those incidents of improper monetary payments and other possible forms of improper payments to the Japanese Public Prosecutors Office and the U.S. Department of Justice. The Company plans to continue reporting the findings of inquiries as appropriate.

The Group has taken these issues seriously, and the Group has implemented measures to prevent recurrence, including a withdrawal from the marine hose business, the strengthening of training to ensure all Group employees view compliance as a serious issue pertaining directly to themselves, the strengthening of measures against improper acts, and the tightening of internal controls which contains the corporate-wide organizational change, and strengthening of management auditing framework, and others.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Yen in millions)

	Previous Year (As of December 31, 2009)	Current Year (As of December 31, 2010)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	158,605	185,334
Notes and accounts receivable	483,960	426,935
Short-term investments	83,915	113,228
Merchandise and finished products	271,935	253,908
Work in process	30,214	31,362
Raw materials and supplies	133,134	142,314
Deferred tax assets	58,558	61,487
Other	72,552	72,281
Allowance for doubtful accounts	(18,419)	(9,884)
<b>Total Current Assets</b>	<i>(Note2)</i> 1,274,457	<i>(Note2)</i> 1,276,968
<b>Fixed Assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	358,029	341,190
Machinery, equipment and vehicles, net	422,175	378,430
Land	150,267	147,094
Construction in progress	86,133	89,555
Other, net	59,996	50,353
<b>Total tangible assets</b>	<i>(Note1)</i> 1,076,601	<i>(Note1)</i> 1,006,624
Intangible assets	38,654	31,061
<b>Investments and other assets</b>		
Investments in securities	<i>(Note3)</i> 214,396	<i>(Note3)</i> 217,340
Long-term loans receivable	9,096	6,753
Deferred tax assets	134,306	103,201
Other	61,672	66,277
Allowance for doubtful accounts	(746)	(1,588)
<b>Total investments and other assets</b>	418,726	391,984
<b>Total Fixed Assets</b>	<i>(Note2)</i> 1,533,981	<i>(Note2)</i> 1,429,671
<b>Total</b>	2,808,439	2,706,639

(Yen in millions)

	Previous Year (As of December 31, 2009)	Current Year (As of December 31, 2010)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	165,289	188,150
Short-term borrowings	169,081	297,176
Commercial paper	1,914	20,608
Current portion of bonds	70,449	21,108
Lease obligations	931	1,035
Income taxes payable	11,290	15,113
Deferred tax liabilities	1,197	902
Provision for sales returns	—	3,693
Accounts payable-other	135,325	139,333
Accrued expenses	160,225	150,372
Other	46,991	39,558
<b>Total Current Liabilities</b>	<b>762,696</b>	<b>877,052</b>
<b>Long-term Liabilities</b>		
Bonds	138,827	125,975
Long-term borrowings	399,916	191,373
Lease obligations	5,206	5,888
Deferred tax liabilities	37,334	38,999
Accrued pension and liability for retirement benefits	284,758	237,194
Warranty reserve	18,192	17,039
Provision for environmental remediation	3,921	4,780
Provision for recall of merchandise	—	1,367
Other	36,788	30,823
<b>Total Long-term Liabilities</b>	<b>924,945</b>	<b>653,440</b>
<b>Total Liabilities</b>	<b>1,687,641</b>	<b>1,530,492</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Common stock	126,354	126,354
Capital surplus	122,647	122,629
Retained earnings	1,006,859	1,111,588
Treasury stock-at cost	(54,847)	(57,245)
<b>Total Shareholders' equity</b>	<b>1,201,013</b>	<b>1,303,326</b>
<b>Net unrealized gain(loss) and translation adjustments</b>		
Net unrealized gain(loss) on available-for-sale securities	100,696	112,064
Deferred gain(loss) on derivative instruments	(844)	(235)
Foreign currency translation adjustments	(214,263)	(274,026)
<b>Total Net unrealized gain(loss) and translation adjustments</b>	<b>(114,411)</b>	<b>(162,197)</b>
Stock acquisition rights	336	514
Minority Interests	33,859	34,503
<b>Total Net Assets</b>	<b>1,120,797</b>	<b>1,176,147</b>
<b>Total</b>	<b>2,808,439</b>	<b>2,706,639</b>

(2) Consolidated Statements of Income

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Net Sales	2,597,002	2,861,615
Cost of Sales	1,766,950	1,936,309
Gross profit	830,052	925,306
Selling, General and Administrative Expenses		
Goods freightage expenses	117,771	128,331
Advertising and promotion expenses	95,694	96,886
Salaries, allowances and bonuses	188,022	190,031
Retirement benefit expenses	20,914	18,391
Depreciation	25,352	23,850
Research and development expenses	(Note1) 85,766	(Note1) 85,153
Other	220,818	216,210
Total selling, general and administrative expenses	754,340	758,856
Operating income	75,711	166,450
Non-operating Income		
Interest income	2,907	3,504
Dividend income	3,209	3,417
Gain on sales of tangible assets	—	2,954
Other	20,922	11,717
Total non-operating income	27,039	21,594
Non-operating Expenses		
Interest expense	26,065	18,764
Foreign currency exchange loss	3,285	4,595
Other	18,943	16,778
Total non-operating expenses	48,294	40,138
Ordinary income	54,457	147,905
Extraordinary Income		
Gain on sales of tangible assets	(Note2) 4,056	—
Total extraordinary income	4,056	—
Extraordinary Loss		
Loss on disposals of tangible assets	5,482	4,011
Loss on valuation of investments in securities	3,767	—
Loss on recall of merchandise	—	(Note3) 2,217
Loss on provision for environmental remediation	(Note4) 3,278	—
Plant restructuring costs in Oceania	(Note5) 10,618	—
Total extraordinary loss	23,146	6,228
Income before income taxes and minority interests	35,366	141,677
Income taxes - current	21,693	32,633
Income taxes - deferred	7,524	3,920
Total income taxes	29,218	36,554
Minority Interests	5,104	6,209
Net Income	1,043	98,913



(3) Consolidated Statements of Changes in Net Assets

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Shareholders' equity		
Common stock		
Ending Balance of the previous year	126,354	126,354
Changes in the year		
Total changes in the year	—	—
Ending Balance	126,354	126,354
Capital surplus		
Ending Balance of the previous year	122,658	122,647
Changes in the year		
Disposition of treasury stock	(11)	(17)
Total changes in the year	(11)	(17)
Ending Balance	122,647	122,629
Retained earnings		
Ending Balance of the previous year	1,003,995	1,006,859
Effect of application for ASBJ Practical Issues Task Force No .18	136	—
Changes in the year		
Cash dividends	(14,901)	(14,117)
Net income	1,043	98,913
Decreased by retirement benefit obligations	16,585	19,933
Total changes in the year	2,727	104,728
Ending Balance	1,006,859	1,111,588
Treasury stock-at cost		
Ending Balance of the previous year	(54,891)	(54,847)
Changes in the year		
Purchase of treasury stock	(10)	(2,475)
Disposition of treasury stock	53	77
Total changes in the year	43	(2,398)
Ending Balance	(54,847)	(57,245)
Total shareholders' equity		
Ending Balance of the previous year	1,198,117	1,201,013
Effect of application for ASBJ Practical Issues Task Force No .18	136	—
Changes in the year		
Cash dividends	(14,901)	(14,117)
Net income	1,043	98,913
Decreased by retirement benefits obligations	16,585	19,933
Purchase of treasury stock	(10)	(2,475)
Disposition of treasury stock	42	60
Total changes in the year	2,759	102,313
Ending Balance	1,201,013	1,303,326

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
<b>Net unrealized gain(loss) and translation adjustments</b>		
<b>Net unrealized gain(loss) on available- for-sale securities</b>		
Ending Balance of the previous year	45,455	100,696
Changes in the year		
Net Change in the year	55,240	11,367
Total changes in the year	55,240	11,367
Ending Balance	100,696	112,064
<b>Deferred gain(loss) on derivative instruments</b>		
Ending Balance of the previous year	(838)	(844)
Changes in the year		
Net Change in the year	(5)	608
Total changes in the year	(5)	608
Ending Balance	(844)	(235)
<b>Foreign currency translation adjustments</b>		
Ending Balance of the previous year	(251,949)	(214,263)
Changes in the year		
Net Change in the year	37,685	(59,762)
Total changes in the year	37,685	(59,762)
Ending Balance	(214,263)	(274,026)
<b>Stock acquisition rights</b>		
Ending Balance of the previous year	133	336
Changes in the year		
Net Change in the year	203	178
Total changes in the year	203	178
Ending Balance	336	514
<b>Minority Interests</b>		
Ending Balance of the previous year	29,077	33,859
Changes in the year		
Net Change in the year	4,782	644
Total changes in the year	4,782	644
Ending Balance	33,859	34,503

(4) Consolidated Statements of Cash Flows

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes and minority interests	35,366	141,677
Depreciation and amortization	180,546	170,662
Increase(decrease) in allowance for doubtful accounts	1,213	(4,951)
Increase(decrease) in accrued pension and liability for retirement benefits	(3,592)	(3,291)
Increase(decrease) in provision for sales returns	—	3,693
Interest and dividend income	(6,116)	(6,921)
Interest expense	26,065	18,764
Gain on sales of tangible assets	(4,056)	—
Loss on disposals of tangible assets	5,482	4,011
Loss(gain) on valuation of investments in securities	3,767	—
Loss on recall of merchandise	—	2,217
Loss on provision for environmental remediation	3,278	—
Plant restructuring costs in Oceania	10,618	—
Decrease(increase) in notes and accounts receivable	7,021	(62,457)
Decrease(increase) in inventories	163,667	(32,664)
Increase(decrease) in notes and accounts payable	(54,163)	42,561
Other	15,914	9,462
<b>Subtotal</b>	<b>385,013</b>	<b>282,763</b>
Interest and dividends received	6,161	6,844
Interest paid	(25,365)	(19,461)
Payment related to EU competition law case	(7,420)	—
Income taxes paid	(19,707)	(22,410)
<b>Net Cash Provided by Operating Activities</b>	<b>338,681</b>	<b>247,736</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchase of tangible assets	(191,240)	(177,971)
Proceeds from sales of tangible assets	6,793	4,491
Payments for investments in securities	(8,063)	(2,002)
Proceeds from investments in securities	4,138	5,921
Proceeds from redemption of investments in securities	3,000	—
Proceeds from collection of loans receivable	1,518	2,386
Other	(4,402)	(3,382)
<b>Net Cash Used in Investing Activities</b>	<b>(188,256)</b>	<b>(170,556)</b>

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
<b>Cash Flows from Financing Activities</b>		
Net increase(decrease) in short-term borrowings	(194,141)	21,059
Proceeds from long-term borrowings	167,943	14,470
Repayments of long-term borrowings	(48,170)	(37,432)
Proceeds from issuance of bonds	76,316	13,827
Payments for redemption of bonds	(18,572)	(74,615)
Payments for purchase of treasury stock	—	(2,475)
Cash dividends paid	(14,904)	(14,119)
Cash dividends paid to minority	(1,240)	(2,317)
Other	(840)	(925)
<b>Net Cash Provided by(used in) Financing Activities</b>	<b>(33,610)</b>	<b>(82,528)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	5,380	(13,996)
<b>Net Increase(Decrease) in Cash and Cash Equivalents</b>	<b>122,194</b>	<b>(19,345)</b>
Cash and Cash Equivalents at Beginning of Year	114,075	236,270
Cash and Cash Equivalents at End of Year	<i>(Note1)</i> 236,270	<i>(Note1)</i> 216,924

## Notes regarding going concern assumption

Not applicable

## Basic important matters for preparation of consolidated financial statements

### 1. Scope of consolidation

(1) Number of consolidated subsidiaries: 340 companies

Names of principal companies:

Refer to "2. BRIDGESTONE Group's Major Subsidiaries and Business Relation Flowchart"

Changes in scope of consolidation:

Additions: 7 companies (Increased by establishment)

Deletions: 71 companies (Mainly, decreased by merger)

(2) There are no non-consolidated subsidiaries

### 2. Scope of application of equity-method accounting

(1) Number of equity-method affiliates: 157 companies

Main equity-method affiliate

BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.

Changes in the scope of equity-method accounting

Additions: 2 companies (Mainly, increased by acquisition)

Deletions: 4 companies (Mainly, decreased by liquidation)

(2) There are no non-consolidated subsidiaries or affiliates to which equity-method accounting is not applied.

### 3. Fiscal year of consolidated subsidiaries

Consolidated subsidiary BRIDGESTONE RIHGA,LTD. ends its fiscal year on October 31. Further, BRIDGESTONE TVS INDIA PRIVATE LTD. ends its fiscal year on March 31. Consolidated results are adjusted as necessary to reflect important transactions taking place between the respective fiscal year-ends of subsidiaries and the fiscal year-end of the Bridgestone Group.

### 4. Accounting standards

(1) Valuation standards and methods for investments in securities

Available-for-sale-securities

With market value — Fair value based on the market price, etc., at the fiscal year end.

(Unrealized gain and loss are recorded in their entirety under net assets, and the moving average method is used to calculate the cost of securities sold.)

Without market value — Primarily the moving average cost method.

(2) Valuation standards and methods for derivatives

In principle, fair value.

(3) Valuation standards and methods for inventories

Inventories are substantially stated at cost basis determined by the moving-average method and adjustment method of the cost basis to net recoverable value is applied, if lower, while inventories held by subsidiaries in the Americas are substantially stated at the lower of cost, which is determined principally by the last-in, first-out method.

(4) Depreciation method for fixed assets

For tangible assets, the declining-balance method is used at domestic subsidiaries, and the straight-line method is used at overseas subsidiaries.

For intangible assets, the straight-line method is used.

(5) Accounting standards for reserves and allowances

a) Allowance for doubtful accounts

In order to reserve for loss from the nonrepayment of claims, the actual credit loss rate is used to calculate the amount to be recorded for general claims, and for designated claims for which there is a concern of nonrepayment, an amount based on the evaluation of potential loss in the receivables outstanding is recorded.

b) Provision for sales returns

In order to provide for future losses on the return of snow tires, historical losses are used to estimate the amount of future, and that amount is recorded.

(Additional information)

Previously, losses on returned snow tires were subtracted from sales in the period in which the returns occurred. However, following the integration of domestic tire sales companies, historical data has been accumulated and the accuracy of analyses has increased, making it possible to rationally calculate the return rate. Accordingly, the amount of future return-related losses is estimated based on the historical return rate, and that amount is recorded as provision for sales returns.

Consequently, in comparison with the previous method, the use of the new method has resulted in a decrease of ¥3,693 million in each of gross profit, operating income, ordinary income, and income before income taxes and minority interests.

c) Accrued pension and liability for retirement benefits

In order to reserve for retirement benefits for employees, an amount based on the estimated amount of projected benefit obligations and pension plan assets as of the fiscal year end is recorded.

Transitional obligation is treated as an expense using the straight-line method over 10 years. Prior service cost is treated as an expense using the straight-line method over a fixed number of years based on the average remaining years of service in the year in which they occur (10 years for domestic companies, 3 to 12 years for overseas companies).

Actuarial gain/loss at domestic companies is treated as an expense using the straight-line method over a fixed number of years (10 years) based on the average remaining years of service in the year in which they occur, recorded from the following year. For certain overseas subsidiaries, unrecognized actuarial gain/loss at the beginning of the fiscal year that exceed 10% of the larger of retirement benefit obligations or pension plan assets is treated as an expense using the straight-line method over a fixed number of years (7 to 12 years) based on the average remaining years of service.

In addition, at certain consolidated subsidiaries in the Americas, an estimated total amount of expenses for post-retirement benefits in addition to pensions is allotted based on the number of years of service provided by the employee.

At certain overseas subsidiaries, unrecognized amounts of actuarial gain/loss not yet treated as expenses are recorded on the balance sheet.

d) Warranty reserve

Warranty reserve, included in other liabilities, is estimated and recorded at the time of sale to provide for future potential costs, such as costs related to after-sales services, in amounts considered to be appropriate based on the Companies' past experience.

e) Provision for environmental remediation

In order to reserve for outlays for legally required removal and disposal of asbestos, etc., an estimated amount of future obligations is recorded.

f) Provision for recall of merchandise

In order to reserve for outlays for recall of merchandise, an estimated amount is recorded in the bicycle business.

(6) Standards for the conversion of foreign currency-denominated assets and liabilities into yen

Short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign currency exchange gain and loss from translation are recognized in income.

The balance sheet accounts of the Company's overseas subsidiaries are translated into Japanese yen at the current exchange rate at the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as foreign currency translation adjustments and minority interests in a separate component of equity. Revenue and expense accounts of the Company's overseas subsidiaries are translated into Japanese yen at the average annual exchange rate.

(7) Hedge accounting

a) Hedge accounting method

Deferred hedge accounting is applied. Designation accounting is used for forward foreign exchange and foreign exchange swaps that meet the requirements for designation accounting, and exceptional accounting is used for interest rate swaps that meet the requirements for exceptional accounting.

b) Hedging methods and items covered

<u>Method</u>	<u>Items covered</u>
Forward foreign exchange contracts	Foreign currency-denominated monetary claims and obligations, and scheduled foreign currency-denominated transactions
Foreign exchange swaps	Borrowings and corporate bonds
Interest rate swaps	Borrowings
Commodity swaps	Raw materials

c) Hedging policy

Forward foreign exchange transactions are used only to cover actual foreign exchange needs, and foreign exchange swaps are made to match the principal amount and tenor of the hedged foreign currency-denominated obligation. Interest rate swaps are entered into for the amount of borrowings only. Commodity swaps are entered into for the trade amount of raw materials. It is the Company's policy not to use any derivative transactions for speculative purposes.

d) Method for evaluating the validity of hedges

The validity of hedges is evaluated based on a comparison of total fluctuations in the cash flow or fluctuations in the market value of the hedged item with the total fluctuations in the cash flow or fluctuations in the market value of the hedging instrument. However, for items covered by designation or exceptional accounting, the validity of the hedge is not evaluated.

(8) Amortization of goodwill

Goodwill is amortized using the straight-line method over the period for which it is deemed to have effect, but not to exceed 20 years.

(9) Other significant items related to the preparation of consolidated financial statements

Accounting treatment of consumption tax, etc.

Consumption tax and local consumption taxes are excluded.

5. Valuation of assets and liabilities at consolidated subsidiaries

Assets and liabilities at consolidated subsidiaries are all presented using the fair value method.

6. Definition of cash and cash equivalents for Consolidated Statements of Cash Flow

Cash and cash equivalents included in the consolidated statement of cash flows consists of cash on hand, deposits that can be withdrawn at any time or are easily convertible, and short-term investments maturing within three months from the date of acquisition and for which the risk from price movements is deemed negligible.

## Changes in accounting principles

### 1. Adoption of the “Accounting Standard for Business Combinations”

Starting from the current fiscal year, the Companies adopt the “Accounting Standard for Business Combinations” (ASBJ Statement No.21 of December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 of December 26, 2008), the partial amendments to the “Accounting Standard for Research and Development Costs” (ASBJ Statement No.23 of December 26, 2008), the “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 of December 26, 2008) the “Accounting Standard for the Equity Method of Accounting for Investments” (ASBJ Statement No.16; part issued on December 26, 2008), and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10 of December 26, 2008).

### 2. Adoption of the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)”

Starting from the current fiscal year, the Companies adopt the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No.19 of July 31, 2008). Amortization of the actuarial gains and losses will begin in fiscal 2011, and this adoption has no impact on operating income, ordinary income and income before income taxes and minority interests in fiscal 2010. Further, the impact of this adoption on retirement benefit obligations is not material.



## Additional Information

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

Since May 2007, the U.S. Department of Justice, the European Commission, the Fair Trade Commission of Japan, and other authorities have been investigating the Company and certain of its subsidiaries in connection with alleged international cartel activities regarding the sale of marine hoses. In February 2008, the Company received orders from the Fair Trade Commission of Japan. The orders, which directed the Company to cease and desist from violating the Antimonopoly Act and to pay surcharges for violating the Act, were finalized. Moreover, in January 2009, the Company was notified by the European Commission of its decision to impose a fine of €58.5 million for alleged involvement in an international cartel related to the sale of marine hoses. After careful consideration, the Company has determined that bringing the course of proceedings to an end and subsequently focusing on the reinforcement of its compliance system and the promotion of preventive measures are the appropriate actions to take. Therefore, the Company decided not to appeal to the Court of First Instance of European Commission and has paid the imposed fine. Regarding this matter, the Company has recorded ¥7,485 million as an expense related to the European Commission fine in the fiscal year ended December 31, 2008. 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. The investigation by the U.S. Department of Justice is continuing. In the future, there is a possibility that fines will be imposed by the U.S. Department of Justice, but at this point, there are a number of uncertain factors regarding the calculation of a specific reserve, and as a result expenses have not been recorded. Proceedings in the other countries which have investigated have already been finalized.

Further, aside from the above-mentioned issue, 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. The Company has been able to confirm that inappropriate payments have been identified 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. The impact that these incidents may have on financial results is unclear at this time

Notes

(Consolidated Balance Sheet)

Previous Year (As of December 31, 2009)		Current Year (As of December 31, 2010)	
Note 1	Accumulated depreciation of tangible assets ¥1,819,506 million	Note 1	Accumulated depreciation of tangible assets ¥1,855,649 million
Note 2	Assets pledged as collateral ¥9,049 million (Obligations corresponding to the preceding Short-term bank borrowings ¥1,570 million Long-term bank borrowings ¥186 million)	Note 2	Assets pledged as collateral ¥8,871 million (Obligations corresponding to the preceding Short-term bank borrowings ¥1,654 million Long-term bank borrowings ¥295 million)
Note 3	Assets or liabilities related to non-consolidated subsidiaries and affiliates Investments in securities ¥15,539 million	Note 3	Assets or liabilities related to non-consolidated subsidiaries and affiliates Investments in securities ¥14,362 million
4	Guarantees Guarantees on employees' bank borrowings, etc. ¥221 million	4	Guarantees Guarantees on employees' bank borrowings, etc. ¥196 million
5	Balance of trade notes discounted ¥1,584 million	5	Balance of trade notes discounted ¥1,387 million

(Consolidated Statements of Income)

Previous Year (Year ended December 31, 2009)		Current Year (Year ended December 31, 2010)	
Note 1	Research and development expenses General and administrative expenses ¥85,766 million	Note 1	Research and development expenses General and administrative expenses ¥85,153 million
Note 2	Gain on sales of tangible assets Gain on sales of tangible assets mainly consists of gain on sales of land.  —		—
Note 4	Loss on provision for environmental remediation The Companies have increased the provision for environmental remediation in preparation for rising cost of waste disposal based on related legal requirements.		—
Note 5	Plant restructuring costs in Oceania Some of the Company's overseas subsidiaries in Oceania record costs of their plant closures as a part of tire manufacturing rationalization.		—
		Note 3	Loss on recall of merchandise In the bicycle business, an estimated amount of outlays for recall of merchandise is recorded.

(Consolidated Statements of Changes in Net Assets)

Previous Year (Year ended 31 December 2009)

1. Type and total number of shares issued / Type and number of treasury stock

	As of December 31, 2008	Increase	Decrease	As of December 31, 2009
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see notes 1 & 2)	28,818	6	28	28,797

Notes 1: The increase of treasury stock consists of the purchase of 6 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The decrease of treasury stock consists of 27 thousand shares used for the exercise of stock options, 1 thousand shares for sales according to the requests from the shareholders who have odd-lot shares.

2. Stock acquisition rights

	Details	Type of shares to be used as stock acquisition rights	Number of shares to be used for Stock acquisition rights				Outstanding amount as of fiscal year end (yen in millions)
			As of December 31, 2008	Increase	Decrease	As of December 31, 2009	
Filing company	Stock acquisition rights as stock options	—	—	—	—	—	336
Total		—	—	—	—	—	336

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (yen in millions)	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2009	Common Stock	8,627	¥11	December 31, 2008	March 27, 2009
Board of Directors, August 7, 2009	Common Stock	6,274	¥8	June 30, 2009	September 1, 2009

(2) Dividends whose record date is in the current year and effective date is in the following fiscal year

Resolution	Type	Total dividends (yen in millions)	Source	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 30, 2010	Common Stock	6,274	Retained earnings	¥8	December 31, 2009	March 31, 2010

Current Year (Year ended 31 December 2010)

1. Type and total number of shares issued / Type and number of treasury stock

	As of December 31, 2009	Increase	Decrease	As of December 31, 2010
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see notes 1 & 2)	28,797	1,682	40	30,439

Notes 1: The increase of treasury stock consists of the purchase of 1,674 thousand shares according to the requests from the shareholders due to the Company's merger with its subsidiary and the purchase of 7 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The decrease of treasury stock consists of 40 thousand shares used for the exercise of stock options.

2. Stock acquisition rights

	Details	Type of shares to be used as stock acquisition rights	Number of shares to be used for Stock acquisition rights				Outstanding amount as of fiscal year end (yen in millions)
			As of December 31, 2009	Increase	Decrease	As of December 31, 2010	
Filing company	Stock acquisition rights as stock options	—	—	—	—	—	514
Total		—	—	—	—	—	514

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (yen in millions)	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 30, 2010	Common Stock	6,274	¥8	December 31, 2009	March 31, 2010
Board of Directors, August 6, 2010	Common Stock	7,843	¥10	June 30, 2010	September 1, 2010

(2) Dividends whose record date is in the current year and effective date is in the following fiscal year

Resolution	Type	Total dividends ( yen in millions )	Source	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting , March 29, 2011	Common Stock	7,826	Retained earnings	¥10	December 31, 2010	March 30, 2011

(Consolidated Statements of Cash Flows)

Previous Year (Year ended December 31, 2009)		Current Year (Year ended December 31, 2010)	
Note 1	Relationship between cash and cash equivalents at fiscal year end and amount shown in Consolidated Balance Sheet	Note 1	Relationship between cash and cash equivalents at fiscal year end and amount shown in Consolidated Balance Sheet
	(As of December 31, 2009)		(As of December 31, 2010)
	Yen in millions		Yen in millions
Cash and deposits	158,605	Cash and deposits	185,334
Short-term investments	83,915	Short-term investments	113,228
Current Assets – other (money held in trust)	–	Current Assets – other (money held in trust)	5,500
<u>Total</u>	<u>242,520</u>	<u>Total</u>	<u>304,062</u>
Time deposits, bonds, etc. with terms of more than three months	(6,250)	Time deposits, bonds, etc. with terms of more than three months	(87,138)
<u>Cash and cash equivalents</u>	<u>236,270</u>	<u>Cash and cash equivalents</u>	<u>216,924</u>

(Segment Information)

(1) Information by business segment

Previous Year (Year ended December 31, 2009)

(Yen in millions)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Net sales:					
External customers	2,151,314	445,687	2,597,002	—	2,597,002
Inter-segment	1,651	8,487	10,139	(10,139)	—
Total	2,152,965	454,175	2,607,141	(10,139)	2,597,002
Operating expenses	2,077,760	453,709	2,531,470	(10,179)	2,521,290
Operating income	75,204	466	75,671	40	75,711
Identifiable assets	2,417,504	393,634	2,811,138	(2,699)	2,808,439
Depreciation and amortization	156,921	23,624	180,546	—	180,546
Capital expenditures	159,675	21,706	181,382	—	181,382

Current Year (Year ended December 31, 2010)

(Yen in millions)

	Tires	Diversified Products	Total	Elimination or Corporate	Consolidated
Net sales:					
External customers	2,377,305	484,310	2,861,615	—	2,861,615
Inter-segment	2,267	10,376	12,644	(12,644)	—
Total	2,379,572	494,687	2,874,259	(12,644)	2,861,615
Operating expenses	2,226,443	481,322	2,707,765	(12,600)	2,695,165
Operating income	153,129	13,364	166,494	(44)	166,450
Identifiable assets	2,321,573	388,061	2,709,634	(2,994)	2,706,639
Depreciation and amortization	148,694	21,968	170,662	—	170,662
Capital expenditures	159,972	22,860	182,833	—	182,833

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.

(2) Information by geographic segment

Previous Year (Year ended December 31, 2009)

(Yen in millions)

	Japan	The Americas	Europe	Other	Total	Elimination or Corporate	Consolidated
Net sales:							
External customers	680,346	1,123,670	359,657	433,328	2,597,002	—	2,597,002
Inter-segment	331,605	9,192	2,907	78,258	421,964	(421,964)	—
Total	1,011,952	1,132,863	362,564	511,586	3,018,966	(421,964)	2,597,002
Operating expenses	997,553	1,098,367	374,525	478,680	2,949,127	(427,837)	2,521,290
Operating income (loss)	14,398	34,496	(11,961)	32,905	69,838	5,872	75,711
Identifiable assets	1,216,397	862,590	443,480	479,525	3,001,994	(193,554)	2,808,439

Current Year (Year ended December 31, 2010)

(Yen in millions)

	Japan	The Americas	Europe	Other	Total	Elimination or Corporate	Consolidated
Net sales:							
External customers	755,647	1,212,796	380,872	512,298	2,861,615	—	2,861,615
Inter-segment	398,991	11,145	3,010	99,692	512,840	(512,840)	—
Total	1,154,639	1,223,942	383,883	611,990	3,374,455	(512,840)	2,861,615
Operating expenses	1,092,957	1,175,550	376,754	567,015	3,212,279	(517,113)	2,695,165
Operating income	61,681	48,391	7,129	44,974	162,176	4,273	166,450
Identifiable assets	1,195,171	799,356	432,737	507,620	2,934,885	(228,245)	2,706,639

- Notes: 1 Country and area classifications are based on geographic proximity.  
2 Major countries and areas included in each geographic segment are as follows:  
The Americas: United States, Canada, Mexico, Venezuela, Brazil, etc.  
Europe: Germany, United Kingdom, France, Italy, Spain, etc.  
Other: Asia Pacific, Africa, etc.



(3) Overseas Sales

Previous Year (Year ended December 31, 2009)

	The Americas	Europe	Other	Total
I. Overseas Sales (Yen in millions)	1,125,659	363,011	493,520	1,982,191
II. Net Sales (Yen in millions)	—	—	—	2,597,002
III. Overseas Sales / Net Sales (%)	43.3	14.0	19.0	76.3

Current Year (Year ended December 31, 2010)

	The Americas	Europe	Other	Total
I. Overseas Sales (Yen in millions)	1,212,926	387,974	588,864	2,189,765
II. Net Sales (Yen in millions)	—	—	—	2,861,615
III. Overseas Sales / Net Sales (%)	42.4	13.6	20.6	76.5

- Notes:
- 1 Country and area classifications are based on geographic proximity.
  - 2 Major countries and areas included in each geographic area are as follows:  
 The Americas: United States, Canada, Mexico, Venezuela, Brazil, etc.  
 Europe: Germany, United Kingdom, France, Italy, Spain, etc.  
 Other: Asia Pacific, Middle East, Africa, etc.
  - 3 Overseas sales are those of the Company and its subsidiaries in countries and areas other than Japan.

(Per share information)

(Yen)

Items	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Total equity per share	1,385.43	1,458.01
Net income per share	1.33	126.19
Diluted net income per share	1.33	126.16

Notes: Total equity per share and diluted net income per share are calculated based on the following:

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Net income per share	(Yen in millions)	(Yen in millions)
Net Income	1,043	98,913
Amount not belonging to common shareholders	—	—
Net income corresponding to common shareholders	1,043	98,913
Average number of shares held by common shareholders during term	(Thousands of shares) 784,287	(Thousands of shares) 783,818
Diluted net income per share	(Thousands of shares)	(Thousands of shares)
Net income adjustments	—	—
Increase of common stock (stock option portion include in the above)	109 (109)	228 (228)
Summary of residual shares with no dilution effect and therefore not included in calculation of diluted net income per share	<p>Stock options (via warrant rights) as a resolution of the annual shareholders' meeting, March 28, 2002 Common Stock 193</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 28, 2003 Common Stock 112</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2004 Common Stock 226</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2005 Common Stock 252</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2006 Common Stock 280</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 29, 2007 Common Stock 260</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting and the board of directors, March 27, 2008 Common Stock 234</p>	<p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2004 Common Stock 225</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2005 Common Stock 252</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2006 Common Stock 280</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 29, 2007 Common Stock 260</p> <p>Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting and the board of directors, March 27, 2008 Common Stock 234</p>

(Lease transactions, transactions with related parties, income taxes, financial instruments, investments in securities, derivative transactions, retirement and pension plans, stock options, business combinations, investment and rental property)

These are deemed to have minor importance and are therefore omitted.

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheet

(Yen in millions)

	Previous Year (As of December 31, 2009)	Current Year (As of December 31, 2010)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	18,187	27,032
Trade notes receivable	2,482	2,296
Trade accounts receivable	282,992	311,424
Short-term investments	80,399	28,299
Merchandise and finished products	36,819	36,206
Work in process	9,245	10,737
Raw materials and supplies	23,738	26,606
Deferred tax assets	12,232	10,774
Short-term loans for subsidiaries and affiliated companies	15,374	15,500
Accounts receivable-other	15,323	16,695
Other	8,845	12,779
Allowance for doubtful accounts	(31)	(198)
<b>Total Current Assets</b>	<b>505,609</b>	<b>498,155</b>
<b>Fixed Assets</b>		
<b>Tangible assets</b>		
Buildings, net	99,572	103,956
Structures, net	8,603	8,414
Machinery and equipment, net	90,357	87,698
Vehicles and carriers, net	1,450	1,256
Tools, furniture and fixtures, net	13,810	11,726
Land	70,609	70,483
Construction in progress	26,331	23,046
<b>Total tangible assets</b>	<b>310,735</b>	<b>306,582</b>
<b>Intangible assets</b>	<b>1,156</b>	<b>1,148</b>
<b>Investments and other assets</b>		
Investments in securities	150,380	140,038
Investments in subsidiaries and affiliated companies	624,556	628,353
Investments in subsidiaries and affiliated companies, other than stock	58,558	72,583
Long-term loans for subsidiaries and affiliated companies	1,455	1,051
Other	14,215	16,559
Allowance for doubtful accounts	—	(3)
<b>Total investments and other assets</b>	<b>849,166</b>	<b>858,581</b>
<b>Total Fixed Assets</b>	<b>1,161,059</b>	<b>1,166,312</b>
<b>Total</b>	<b>1,666,668</b>	<b>1,664,467</b>

(Yen in millions)

	Previous Year (As of December 31, 2009)	Current Year (As of December 31, 2010)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade accounts payable	82,728	106,407
Current portion of bonds	60,000	—
Current portion of long-term borrowings	—	110,000
Lease obligations	173	200
Accounts payable-other	74,976	72,775
Accrued expenses	24,440	25,763
Income taxes payable	539	5,873
Deposits received	6,537	7,124
Other	3,653	2,868
<b>Total Current Liabilities</b>	<b>253,049</b>	<b>331,013</b>
<b>Long-term Liabilities</b>		
Bonds	110,000	110,000
Long-term borrowings	110,000	—
Lease obligations	2,101	2,013
Deferred tax liabilities	29,312	31,964
Accrued pension and liability for retirement benefits	43,073	40,395
Provision for environmental remediation	3,648	4,543
Other	787	657
<b>Total Long-term Liabilities</b>	<b>298,923</b>	<b>189,574</b>
<b>Total Liabilities</b>	<b>551,972</b>	<b>520,587</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Common stock	126,354	126,354
<b>Capital surplus</b>		
Capital reserve	122,078	122,078
Other capital surplus	568	550
<b>Capital Surplus Total</b>	<b>122,647</b>	<b>122,629</b>
<b>Retained earnings</b>		
Legal reserve	31,278	31,278
<b>Other retained earnings</b>		
Reserve for extraordinary write-down	305	294
Reserve for compression of fixed assets	17,995	18,902
General reserve	789,310	789,310
Unappropriated retained earnings	16,378	51,696
<b>Retained earnings total</b>	<b>855,269</b>	<b>891,482</b>
Treasury stock-at cost	(54,846)	(57,244)
<b>Total shareholders' equity</b>	<b>1,049,423</b>	<b>1,083,222</b>
<b>Net unrealized gain(loss) and translation adjustments</b>		
Net unrealized gain on available-for-sale securities	64,952	60,007
Deferred gain(loss) on derivative instruments	(17)	135
<b>Total Net unrealized gain(loss) and translation adjustments</b>	<b>64,935</b>	<b>60,143</b>
Stock acquisition rights	336	514
<b>Total Net Assets</b>	<b>1,114,695</b>	<b>1,143,880</b>
<b>Total</b>	<b>1,666,668</b>	<b>1,664,467</b>

(2) Non-consolidated Statements of Income

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Net Sales	749,215	895,623
Cost of Sales		
Beginning merchandise and finished products	62,250	36,819
Cost of products manufactured	392,967	482,545
Purchase of merchandise and finished products	132,356	162,445
Total	587,574	681,810
Transfer to other accounts	2,797	4,349
Ending merchandise and finished products	36,819	36,206
Cost of merchandise and finished products sold	547,957	641,254
Gross profit	201,258	254,369
Selling, General and Administrative Expenses		
Promotion expenses	12,535	12,275
Goods freightage expenses	46,079	53,873
Advertising expenses	13,165	12,059
Salaries, allowances and bonuses	13,211	14,147
Retirement benefit expenses	1,954	1,754
Office cost	10,064	9,818
Depreciation	3,188	2,901
Research and development expenses	71,575	71,124
Other	17,429	17,924
Total selling, general and administrative expenses	189,203	195,879
Operating income	12,054	58,490
Non-operating Income		
Interest income	317	246
Dividend income	13,116	18,057
Gain on sales of tangible assets	2,804	—
Other	5,884	6,170
Total non-operating income	22,123	24,474
Non-operating Expenses		
Interest expense	2,531	2,290
Loss on disposals of tangible assets	—	1,923
Loss on liquidation of subsidiaries and affiliated companies	—	1,942
Loss on valuation of investments in subsidiaries and affiliated companies, other than stock	2,315	—
Dismantlement expenses	1,379	—
Foreign currency exchange loss	1,253	3,444
Other	3,830	5,922
Total non-operating expenses	11,311	15,523
Ordinary income	22,867	67,441
Extraordinary Loss		
Loss on disposals of tangible assets	3,035	—
Loss on valuation of investments in securities	3,751	—
Loss on provision for environmental remediation	(Note 1) 3,120	—
Total extraordinary loss	9,908	—
Income before income taxes	12,959	67,441
Income taxes - current	(878)	9,523
Income taxes - deferred	(1,574)	7,586
Total income taxes	(2,453)	17,109
Net Income	15,412	50,331

(3) Non-consolidated Statements of Changes in Net Assets

(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Shareholders' equity		
Common stock		
Ending Balance of the previous year	126,354	126,354
Changes in the year		
Total changes in the year	—	—
Ending Balance	126,354	126,354
Capital surplus		
Capital reserve		
Ending Balance of the previous year	122,078	122,078
Changes in the year		
Total changes in the year	—	—
Ending Balance	122,078	122,078
Other capital surplus		
Ending Balance of the previous year	579	568
Changes in the year		
Disposition of treasury stock	(11)	(17)
Total changes in the year	(11)	(17)
Ending Balance	568	550
Retained earnings		
Legal reserve		
Ending Balance of the previous year	31,278	31,278
Changes in the year		
Total changes in the year	—	—
Ending Balance	31,278	31,278
Other retained earnings		
Reserve for extraordinary write-down		
Ending Balance of the previous year	718	305
Changes in the year		
Withdrawal of reserve for extraordinary write-down	(412)	(11)
Total changes in the year	(412)	(11)
Ending Balance	305	294
Reserve for compression of fixed assets		
Ending Balance of the previous year	16,367	17,995
Changes in the year		
Provision of reserve for compression of fixed assets	1,627	907
Total changes in the year	1,627	907
Ending Balance	17,995	18,902
General reserve		
Ending Balance of the previous year	769,310	789,310
Changes in the year		
Provision of general reserve	20,000	—
Total changes in the year	20,000	—
Ending Balance	789,310	789,310



(Yen in millions)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
<b>Unappropriated retained earnings</b>		
Ending Balance of the previous year	37,082	16,378
Changes in the year		
Cash dividends	(14,901)	(14,117)
Withdrawal of reserve for extraordinary write-down	412	11
Provision of reserve for compression of fixed assets	(1,627)	(907)
Provision of general reserve	(20,000)	—
Net income	15,412	50,331
Total changes in the year	(20,704)	35,318
Ending Balance	16,378	51,696
<b>Treasury stock-at cost</b>		
Ending Balance of the previous year	(54,889)	(54,846)
Changes in the year		
Purchase of treasury stock	(10)	(2,475)
Disposition of treasury stock	53	77
Total changes in the year	43	(2,398)
Ending Balance	(54,846)	(57,244)
<b>Total shareholders' equity</b>		
Ending Balance of the previous year	1,048,880	1,049,423
Changes in the year		
Cash dividends	(14,901)	(14,117)
Net income	15,412	50,331
Purchase of treasury stock	(10)	(2,475)
Disposition of treasury stock	42	60
Total changes in the year	543	33,798
Ending Balance	1,049,423	1,083,222
<b>Net unrealized gain(loss) and translation adjustments</b>		
Net unrealized gain(loss) on available- for-sale securities		
Ending Balance of the previous year	33,934	64,952
Changes in the year		
Net Change in the year	31,018	(4,944)
Total changes in the year	31,018	(4,944)
Ending Balance	64,952	60,007
<b>Deferred gain(loss) on derivative instruments</b>		
Ending Balance of the previous year	83	(17)
Changes in the year		
Net Change in the year	(100)	152
Total changes in the year	(100)	152
Ending Balance	(17)	135
<b>Stock acquisition rights</b>		
Ending Balance of the previous year	133	336
Changes in the year		
Net Change in the year	203	178
Total changes in the year	203	178
Ending Balance	336	514

Notes regarding going concern assumption

Not applicable

Notes

(Non-consolidated Statements of Income)

	Previous Year (Year ended December 31, 2009)	Current Year (Year ended December 31, 2010)
Note 1	Loss on provision for environmental remediation The Company has increased the provision for environmental remediation in preparation for rising cost of waste disposal based on related legal requirements.	—

## Senior Management Changes

The Company announced that a meeting of its board of directors convened today approved the following proposals for senior management changes. Further, candidates for the positions of directors and a corporate auditor are subject to approval at the annual shareholders' meeting of scheduled for March 29. Plans call for the election of those candidates on the same day.

1. New Members of the Board of Directors Occupation in parentheses  
 (Subject to approval of Shareholders' Meeting on March 29, 2011)
- |                     |                    |   |
|---------------------|--------------------|---|
| Member of the Board | Kimiko Murofushi   | [Professor, Faculty of Science and Graduate School of Humanities and Sciences, Ochanomizu University] |
| Member of the Board | Scott Trevor Davis | [Professor, Department of Global Business, College of Business, Rikkyo University]                    |
- \* Ms. Kimiko Murofushi and Mr. Scott Trevor Davis are candidates for outside directors as set forth in Article 2-15 of the Corporate Law of Japan.
2. New Member of Corporate Auditors Occupation in parenthesis  
 (Subject to approval of Shareholders' Meeting on March 29, 2011)
- |                                   |                |   |
|-----------------------------------|----------------|---|
| Corporate Auditor (Non-Full-Time) | Kenichi Masuda | [Lawyer Partner, Anderson Mōri & Tomotsune] |
|-----------------------------------|----------------|---|
- \* Mr. Kenichi Masuda is a candidate for outside corporate auditor as set forth in Article 2-16 of the Corporate Law of Japan.
3. Retiring Member of the Board of Directors Plan after retirement in parentheses
- |  |            |  |
|--|------------|--|
| Vice President and Senior Officer<br>Member of the Board<br>Responsible for Quality Management | Toru Tsuda | [Vice President and Officer<br>Seconded to Bridgestone Cycle Co., Ltd.<br>Member of the Board and Executive Vice President of Bridgestone Cycle Co., Ltd.] |
|--|------------|--|
4. Retiring Members of Corporate Auditors Plan after retirement in parentheses
- |                                   |                   |   |
|-----------------------------------|-------------------|---|
| Corporate Auditor (Full-Time)     | Takashi Yasukochi | [Vice President and Officer<br>Japan Tire Production] |
| Corporate Auditor (Non-Full-Time) | Toshiaki Hasegawa |   |
- \* Mr. Toshiaki Hasegawa is an outside corporate auditor as set forth in Article 2-16 of the Corporate Law of Japan.

5. Reappointed Members of the Board of Directors

Current position and responsibilities  
in parentheses

(Subject to approval of Shareholders' Meeting on March 29, 2011)

Chairman of the Board, CEO and President	Shoshi Arakawa	[Chairman of the Board, CEO and President]
Senior Vice President Member of the Board Responsible for Japan Tire Business; Concurrently responsible for Replacement Tire Sales	Kazuhiisa Nishigai	[Senior Vice President Member of the Board Responsible for Japan Tire Business; Concurrently responsible for Replacement Tire Sales]
Vice President and Senior Officer Member of the Board Chief Risk-Management Officer, Chief Human Rights Officer Responsible for Corporate Administration; Concurrently responsible for Diversified Products, Sports and Cycle Business Administration Chief Compliance Officer, Office of Group CEO, Internal Auditing	Masaaki Tsuya	[Vice President and Senior Officer Member of the Board Chief Risk-Management Officer, Chief Human Rights Officer Responsible for Corporate Administration; Concurrently responsible for Diversified Products, Sports and Cycle Business Administration Chief Compliance Officer, Office of Group CEO, Internal Auditing]
Vice President and Senior Officer Member of the Board Responsible for Quality Management	Mikio Masunaga	[Vice President and Senior Officer Member of the Board Responsible for Products Development Motorsport]
Vice President and Senior Officer Member of the Board Responsible for Diversified Products Chemical and Industrial Products Production and Technology Advanced Chemical and Industrial Products Production Technology Development	Kazuo Kakehi	[Vice President and Senior Officer Member of the Board Responsible for Diversified Products]
Member of the Board	Sakie Tachibana Fukushima	[Member of the Board]
Member of the Board	Takao Enkawa	[Member of the Board]

\* Ms. Sakie Tachibana Fukushima and Mr. Takao Enkawa are candidates for outside directors as set forth in Article 2-15 of the Corporate Law of Japan.

6. New Members of Corporate Officers

Current position and responsibilities  
in parentheses

(Effective March 29, 2011)

Vice President and Senior Officer of  
Bridgestone Corporation  
Member of the Board,  
CEO and President of  
Bridgestone Americas, Inc.

Gary Garfield

[Member of the Board,  
CEO and President of  
Bridgestone Americas, Inc.]

Vice President and Senior Officer of  
Bridgestone Corporation  
Member of the Board and  
Chief Operating Officer of  
Bridgestone Americas, Inc.

Eduardo Minardi

[Member of the Board and  
Chief Operating Officer of  
Bridgestone Americas, Inc.]

Vice President and Officer  
Global Production Administration and  
Logistics, Mold Technology and  
Manufacturing;  
Concurrently Director,  
Mold Technology and Manufacturing  
Division;  
Concurrently General Manager,  
SCM Renovation Project Group  
Production Distribution Administration  
Division

Masakazu Sekiguchi

[Director  
Japan Tire Production Division]

Vice President and Officer of  
Bridgestone Corporation  
Member of the Board,  
Chief Administrative Officer and  
Executive Vice President of  
Bridgestone Americas, Inc.

Christine Karbowiak

[Member of the Board,  
Chief Administrative Officer and  
Executive Vice President of  
Bridgestone Americas, Inc.]

Vice President and Officer of  
Bridgestone Corporation  
Member of the Board,  
Chief Quality Officer and Senior Vice  
President—Technology of  
Bridgestone Europe NV/SA

Franco Annunziato

[Member of the Board,  
Chief Quality Officer and Senior Vice  
President—Technology of  
Bridgestone Europe NV/SA]

7. Promotion of Corporate Officer

Current position and responsibilities  
 in parenthesis

(Effective March 29, 2011)

Vice President and Senior Officer  
 Responsible for Products  
 Development  
 Tire Research and Material  
 Development;  
 Concurrently Assistant to Vice  
 President and Officer, Office of Group  
 CEO  
 Technology Relations

Yoshiyuki Morimoto

[Vice President and Officer  
 Tire Research and Material  
 Development;  
 Concurrently Assistant to Vice  
 President and Officer, Office of Group  
 CEO  
 Technology Relations]

8. Retiring Corporate Officer

Plan after retirement in parenthesis

(Effective March 29, 2011)

Vice President and Officer  
 Chemical and Industrial Products  
 Production and Technology  
 Advanced Chemical and Industrial  
 Products Production Technology  
 Development

Satoshi Tagomori

[Chairman, CEO and President of  
 Bridgestone Elastech Co., Ltd.]