2015
Business Report for the 97th Fiscal Period

Bridgestone Corporation

Note:
This English translation of the Business Report for the 97th Fiscal Period is for convenience only. If there are any differences between this translation and the Japanese original, the Japanese original supersedes this translation.

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Message to Shareholders

First, I would like to convey my thanks to all of our shareholders for your support of the Bridgestone Group.

The Group's operating environment is undergoing substantial changes in a wide range of areas, including international relations, politics, economics, environmental issues and technical innovation, and I realize that social structures and consumer attitudes also are changing significantly. Under these circumstances,, based on the corporate philosophy outlined in "The Bridgestone Essence", the Group remains firmly committed to the principles of "Lean & Strategic" operations (a streamlined current structure in a balance with strategic goals in the mid- to long-term) and "Optimize on a Group and Global Basis." In relation, the Group will continue implementing management reforms with "Strategic Business Unit (SBU) organization" and "Mid-Term Management Plan" as reforming tools, in order to pursue the ultimate goals of becoming "a truly global company" and achieving "Dan-Totsu in all aspects of our business."

Furthermore, the following three points will be priority tasks in managing the Group's business operations.

1. **Cultivating a global corporate culture—The Group will continue to promote a consistent group and global brand strategy; accelerate innovation of technology, business models and designs; and promote continuous improvements.**
2. **Developing human resources capable of global management—The Group will continue to promote the diversification of its human resources through active development and promotion of talent across regions including early-career employees and women, as well as the designation of English as an official company language.**
3. **Upgrading the global management structure— To continue to build the global management structure, the Group will focus on three primary approaches: enhance governance systems, restructure the tire business SBUs and expand the diversified product business.**

Highlighting a renewed commitment to enhancing governance systems, the Company received the 1st Corporate Governance of the Year® honorable Grand Prize from the Japan Association of Corporate Directors for the first time in 2015. While the Group recognizes this award as an achievement of its management reforms, it will pursue further improvements on governance systems in order to continue to enhance the quality of management and promote improvement in business operations.

To support these key initiatives, the Group will promote continuous improvements and management reforms. I respectfully ask all of our shareholders for their continued support as we pursue our goal to further strengthen Bridgestone's business operations.

March 2016

Masaaki Tsuya
CEO and Representative Board Member; concurrently Chairman of the Board

* "Dan-Totsu" is the Japanese term for "the absolute and clear leader"

(Attachment to the Notice of the 97th Annual General Meeting of Shareholders)

Business Report

(January 1, 2015 through December 31, 2015)

I. CURRENT STATUS OF THE BRIDGESTONE GROUP

1. Business Developments and Results of Operations

The Bridgestone Group (the “Group”) operating environment during this fiscal year was impacted by a variety of significant factors with the U.S. dollar continuing to stay strong and crude oil prices remaining low. The domestic economy showed signs of gradual recovery due to improvements in corporate profits, as well as the employment and wage environment. The U.S. economy is continuing on a solid recovery path, driven by an increase in consumer spending. Although the European economy is showing signs of recovery, the presence of geopolitical risk was felt. In Asia, signs of slowdown are emerging in the Chinese economy and other regional markets. Overall, many overseas economies continued a weak recovery in the midst of the continued political and economic instability.

Under these operating conditions, the Group continued to focus its efforts on achieving the ultimate goal of becoming “a truly global company” and becoming “Dan-Totsu in all aspects of its business.” By increasing its efforts on a global scale, the Group has worked to better anticipate market trends and competitors’ movements. The Group focused on enhancing technology and promoting innovation to increase the sales of highly competitive products and services. The Group continued to build and enhance business models that would have impact beyond the mere sales of products. Moreover, the Group strove to rapidly implement a range of initiatives to increase the sale of strategic products, strengthen supply capacity, improve manufacturing productivity, effectively utilize our management resources, and develop eco-friendly products and businesses.

As a result, net sales in fiscal 2015 were ¥3,790.2 billion, an increase of 3% from fiscal 2014; operating income was ¥517.2 billion, an increase of 8%; ordinary income was ¥507.3 billion, an increase of 10%; and net income was ¥284.2 billion, a decrease of 5%.

Further, the Group deconsolidated its subsidiaries in Venezuela (Bridgestone Firestone Venezolana, C.A. and its subsidiaries) and recorded related loss of ¥43.5 billion as Extraordinary Loss.

(1) Developments and results by business segment

In **the tires segment**, the Group worked to maximize sales momentum by introducing world-class products, enhancing strategic products, reinforcing fundamental competencies such as specification optimization, and responding promptly to demand fluctuation in each region.

In Japan, due to decreasing demand for winter tires associated with a mild winter, total unit sales for passenger car and light truck tires decreased compared to fiscal 2014 and unit sales for truck and bus tires remained unchanged from fiscal 2014 due to a sales increase of original equipment tires. In the Americas, unit sales for passenger car and light truck tires increased steadily and unit sales for truck and bus tires increased steadily in North America compared to fiscal 2014. In Europe, unit-sales for passenger car and light truck tires and unit sales for truck and bus tires increased strongly compared to fiscal 2014. In China and Asia Pacific, unit sales for passenger car and light truck tires increased strongly and unit sales for truck and bus tires increased steadily compared to fiscal 2014. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles decreased compared to fiscal 2014 due to sluggish demand leading to inventory adjustment at mines.

As a result, net sales and operating income in the tires segment during fiscal 2015 totaled ¥3,174.4 billion and ¥472.7 billion, an increase of 3% and 8%, respectively, from fiscal 2014.

In **the diversified products segment**, net sales totaled ¥635.0 billion, an increase of 6% from fiscal 2014 due to the depreciation of the Japanese yen, and operating income was ¥44.5 billion, an increase of 6% from fiscal 2014 due to an increase in the profit of the Bridgestone Americas, Inc. (BSAM)-diversified products.

<table>
<tr><th>Business segments</th><th colspan="2">Products and operations</th></tr>
<tr><td>Tires</td><td colspan="2">Tires and tire tubes for passenger cars, trucks and buses, construction and mining vehicles, industrial machinery, agricultural machinery, aircraft, motorcycles and scooters; tire-related products; retreading materials and services; automotive maintenance and repair services; raw materials for tires; and others</td></tr>
<tr><td rowspan="5">Diversified products</td><td>Chemical and industrial products</td><td>Vehicle parts, polyurethane foam and related products, electronic precision parts, industrial materials-related products, civil engineering and construction materials and equipment, and others</td></tr>
<tr><td>BSAM-diversified products</td><td>A Bridgestone Americas, Inc. business that supplies commercial roofing materials and other materials</td></tr>
<tr><td>Sporting goods</td><td>Golf balls, golf clubs and other sporting goods</td></tr>
<tr><td>Bicycles</td><td>Bicycles, bicycle-related goods and others</td></tr>
<tr><td>Others</td><td>Finance and other services</td></tr>
</table>

(2) Research and development (R&D)

The Group aims to achieve the corporate mission of “Serving Society with Superior Quality.” It conducts R&D activities in accordance with the Mid-Term Management Plan, with the objective of establishing a competitive business model on a global basis through innovation in technology and business models and by strengthening design capabilities that creatively link corporate activities with customers and society. Moreover, the Group promotes the optimization in its R&D structure, a foundation of its overall business activities, on a global basis in order to further enhance the effectiveness of R&D activities.

The tires segment is based on the development philosophy of “peace-of-mind” for stakeholders, seeking to create new added value through the core elements of environment and comfort.

The Group has developed a new product using the “ULTIMAT EYE” tire analysis technology which enables the evaluation, prediction, and visualization of contact conditions between the tire and the ground. It is a high-value-added tire which achieves a perfect balance of tire performance at an exceptional level, and has been well received by the market.

Looking ahead to an increasingly mobile society, Bridgestone Corporation (the "Company") has developed the Contact Area Information Sensing (CAIS) concept. This new tire-sensing technology is the world's first road condition determination technology put in practice which senses changes in road conditions, such as snowfall, by collecting and analyzing tire contact area data. This technology enables more efficient road management, which can contribute to a safer driving experience and help reduce costs for users.

The Group has accelerated R&D activity to explore renewable natural rubber from Guayule to replace natural rubber harvested from Hevea trees. As a major step toward the "expansion and diversification of renewable resources," the Group successfully developed the first tires using natural rubber made from Guayule.

In **the diversified products segment**, the Group continues to strengthen its product lineups in key operational fields. At the same time, the Group is conducting R&D activities to deliver products that improve customer satisfaction by accurately meeting constantly changing needs and to develop a business that supports social infrastructures. For instance, the Group has developed a hydrogen fueling hose with high-pressure resistance for installation at hydrogen stations for fuel cell vehicles that will support societies of the future.

Additionally, the Company has reinforced its R&D activities to strengthen the competitiveness of its solution business to deliver value to customers beyond the boundary of existing services. As an example of solution business, in addition to the "B-TAG" system which allows remote monitoring of tire pressure and temperature, the Group developed a conveyor belt wear monitoring system capable of automatically measuring the thickness of conveyor belts at mining sites. The Group combined technology from both the tire and diversified products domains, along with information technology, and packages them as a new service to our customers.

2. Capital Investment

The Group makes strategic investments in strengthening supply capacity, quality, and productivity, as well as saving energy and expanding R&D facilities. Consequently, the Group's capital investment amounted to ¥253.5 billion in fiscal 2015.

In the tires segment, the Group continued with construction of new plants in Russia and Vietnam for radial tires for passenger cars, and in the U.S. and Thailand for off-the-road radial tires for construction and mining vehicles. In addition, the Group shifted its focus to the production of high-value-added products at existing plants and improved the product quality and plant productivity through a capital investment of ¥229.8 billion in fiscal 2015.

In the diversified products segment, the Group made capital investments amounting to ¥23.6 billion in fiscal 2015, including strengthening its vehicle parts business in the U.S.

3. Financing

The Group continues to diversify its funding sources and to secure long-term financing. To that end, in fiscal 2015, the Group raised funds by borrowing long-term debt of ¥24.5 billion, and other methods.

At the period-end, the total interest-bearing debt (see note below) was ¥441.5 billion, a decrease of ¥151.4 billion as compared to the previous period-end, primarily due to the effect of long-term debt repayments of ¥97.4 billion.

Note: Interest-bearing debt includes short-term debt, bonds, long-term debt and obligations under finance leases.

4. Management Tasks

The Group's operating environment is undergoing substantial change in a wide range of areas, including international relations, politics, economics, environmental issues, and technological innovation. Social structures and consumer attitudes are also changing significantly.

In this setting, the Group follows a corporate philosophy that consists of the mission "Serving Society with Superior Quality" and four foundations for fulfilling this mission: "Seijitsu-Kyocho [Integrity and Teamwork]"; "Shinshu-Dokuso [Creative Pioneering]"; "Genbutsu-Genba [Decision Making Based on Verified, On-Site Observations]"; and "Jukuryo-Danko [Decisive Action after Thorough Planning]." Based on this corporate philosophy, the Group will pursue its ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu in all aspects of our business."

To achieve the goals outlined above, the Group remains firmly committed to the principles of "Lean & Strategic" and "Optimize on a Group and Global basis." In other words, the Group maintains an optimum balance between short-term and mid- to long-term management measures, with a focus on "Lean" in the short-term and "Strategic" in the mid- and long-terms. At the same time, the Group continues to implement management reforms, giving the highest priority to optimization on a group and global basis.

In accordance with this fundamental approach, the Group makes full use of "the Strategic Business Unit (SBU) organization" and "the Mid-Term Management Plan (MTP)" as tools to improve the quality and the speed of management reforms.

The 2015 MTP announced in October 2015 includes three priority items: "cultivating global corporate culture"; "developing human resources capable of global management"; and "upgrading the global management structure."

In regard to the first item, "cultivating a global corporate culture," the Group ensures group and global consistency, promoting the brand strategy as a part of a fully integrated marketing strategy. In addition, the Group tries to foresee market trends, increase sales of highly competitive products and services, and construct and enhance business models that will extend beyond the mere sale of products in an operating environment undergoing significant changes. To this end, the Group will reinforce its corporate structure to promote innovations in both technologies and business models by taking actions such as the optimization of global R&D structure and the establishment of the Global Mining and Agricultural Solution Company as of January 1, 2016. The Group will also make ongoing efforts to improve all aspects of its management. By taking these measures, the Group creates value for the customer and ensures its competitive advantage.

To achieve the second item, “developing human resources capable of global management,” the Group will implement measures that include personnel relocation on a global scale and global educational programs. Further, the Group is advancing the development of a work environment and human resources structure that allows a variety of personnel to demonstrate their full potential. To attain this objective, the Group has designated English as the official company language in international meetings, including Global EXCO (Global Executive Committee), the highest body of global business execution.

In regard to the third item, “upgrading the global management structure,” the Group is focused on three primary activities: enhancing governance systems; restructuring tire business SBUs; and expanding the diversified product business.

To enhance governance systems, the Board of Directors, in a meeting held on October 14, 2015, decided to present the introduction of the “Company with Nominating Committee, etc.” model of corporate governance, a shift from the current “Company with Board of Company Auditors” structure to the Annual Shareholder’s Meeting to be held in March 2016. By implementing the “Company with Nominating Committee, etc.” model of corporate governance, the Group will further improve its internal control systems, speed of decision making and business execution to enhance both the efficiency and effectiveness of management and business execution.

To restructure tire business SBUs, the European SBU was expanded to include the Middle East, Africa and Turkey in September 2015. Going forward, the Group will continue to optimize the global management system.

To expand the diversified product business, the Group works to ensure further growth and improvements of the diversified product business by promoting major businesses, such as conveyor belts and anti-vibration rubber products business, on a global basis. The Group will further strengthen its solution business, including services, beyond the mere combination of various products, including tires.

In addition, the Group will increase efforts to build systems that support the fulfillment of its responsibilities to stakeholders. To meet this objective, the Group has enhanced its corporate philosophy structure, beginning with the refinement of corporate philosophy in 2011. Subsequently, the Group developed the Environmental Mission Statement and the Safety Mission Statement, and completed the series of initiatives with the establishment of the Quality Mission Statement in 2015. Going forward, the Group will expand, sustain and enhance its business activities with this corporate philosophy structure on a Group-wide basis. As for internal control, the Group will conduct reviews of its policy when needed for the development of internal control systems that ensure appropriate operations. In regard to CSR, the Group's corporate social responsibility activities will heighten the effectiveness of activities in the areas including environmental protection; product safety; compliance; rigorous risk management such as disaster prevention and safety initiatives; employee education; and corporate citizenship activities. Following the plea agreement the Company entered with the U.S. Department of Justice for anti-competitive activities associated with the sales of automotive anti-vibration rubber products in February 2014, the Company continues to pursue higher levels of corporate governance and compliance.

5. Assets and Operating Results

	Unit	FY 2012	FY 2013	FY 2014	FY 2015
Net Sales	Yen in millions	3,039,738	3,568,091	3,673,964	3,790,251
Net Income	Yen in millions	171,605	202,053	300,589	284,294
Net Income per Share	Yen	219.26	258.10	383.84	362.99
Total Assets	Yen in millions	3,039,798	3,577,045	3,960,908	3,795,846

Note 1: Net income per share is calculated using the average number of shares during each period.

Note 2: Net sales for fiscal 2013 increased significantly from fiscal 2012, primarily due to increased sales volume of tires and the depreciation of the Japanese yen. Total assets for fiscal 2013 increased significantly from fiscal 2012, primarily due to the continuing depreciation of the Japanese yen. Net income for fiscal 2014 significantly increased from fiscal 2013 due to the loss related to the U.S. antitrust law in the previous period.

Additionally, total assets for fiscal 2014 increased significantly from fiscal 2013 mainly due to the continuing depreciation of the Japanese yen.

Note 3: Certain overseas subsidiaries applied IAS 19 "Employee Benefits" (revised in June 16, 2011) from fiscal 2013. As this change in accounting policy is applied retrospectively, the amount of total assets and other information for fiscal 2012 reflect the retrospective application.

6. Major Subsidiaries

Company	Location	Capital	Ownership	Primary Operations
Bridgestone Tire Japan Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 710	100.0%	Management of domestic sale of tires for replacement market and sale of tires
Bridgestone Retail Japan Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 300	(100.0%) 100.0%	Sale of tires and automotive parts
Bridgestone Diversified Chemical Products Co., Ltd.	Chuo-ku, Tokyo	Yen in millions 310	100.0%	Manufacture and sale of synthetic resin products
Bridgestone Diversified Products Japan Co., Ltd.	Minato-ku, Tokyo	Yen in millions 400	100.0%	Sale of and work on industrial rubber products and building materials
Bridgestone Sports Co., Ltd.	Minato-ku, Tokyo	Yen in millions 3,000	100.0%	Manufacture and sale of sporting goods
Bridgestone Cycle Co., Ltd.	Ageo, Saitama	Yen in millions 1,870	100.0%	Manufacture and sale of bicycles
Bridgestone Finance Corporation	Chuo-ku, Tokyo	Yen in millions 50	100.0%	Lending, purchasing of sales receivables and entrusted processing of accounting and payroll calculation
Bridgestone Americas, Inc.	U.S.	USD in thousands 127,000	100.0%	Management of Americas operations

Company	Location	Capital	Ownership	Primary Operations
Bridgestone Americas Tire Operations, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Retail Operations, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Sale of tires and automotive components, and automotive maintenance and repair services
Bridgestone Bandag, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of retreading materials and provision of related services
Bridgestone Canada Inc.	Canada	CAD in thousands 127,552	(100.0%) 100.0%	Manufacture and sale of tires and sale of automotive components
Bridgestone de Mexico, S.A. de C.V.	Mexico	MXN in thousands 455,997	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone do Brasil Industria e Comercio Ltda.	Brazil	BRL in thousands 458,787	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Argentina S.A.I.C.	Argentina	ARS in thousands 201,241	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Europe NV/SA	Belgium	EUR in thousands 724,668	100.0%	Management of European, Middle East and Africa tire operations and sale of tires
Bridgestone Deutschland GmbH	Germany	EUR in thousands 14,000	(100.0%) 100.0%	Sale of tires and automotive components
Bridgestone Poznan Sp. z o.o.	Poland	PLN in thousands 558,058	(100.0%) 100.0%	Manufacture and sale of tires

Company	Location	Capital	Ownership	Primary Operations
Bridgestone UK Ltd.	United Kingdom	GBP in thousands 18,335	(100.0%) 100.0%	Sale of tires and automotive components
Bridgestone France S.A.S.	France	EUR in thousands 74,090	(100.0%) 100.0%	Manufacture and sale of tires and sale of automotive components
Bridgestone Italia Sales S.R.L.	Italy	EUR in thousands 6,000	(100.0%) 100.0%	Sale of tires and automotive components
Bridgestone Hispania S.A.	Spain	EUR in thousands 56,726	(99.8%) 99.8%	Manufacture and sale of tires and sale of automotive components
Bridgestone Middle East & Africa FZE	U.A.E.	AED in thousands 17,000	100.0%	Management of Middle East and Africa tire operations and sale of tires
Bridgestone South Africa (Pty) Ltd.	South Africa	ZAR in thousands 206	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Asia Pacific Pte. Ltd.	Singapore	SGD in thousands 1,156,247	100.0%	Management of China and Asia Pacific tire operations and sale of tires
Bridgestone (China) Investment Co., Ltd.	China	USD in thousands 204,558	100.0%	Management of Chinese tire operations and sale of tires
Bridgestone India Private Ltd.	India	INR in thousands 7,737,041	(100.0%) 100.0%	Manufacture and sale of tires
Thai Bridgestone Co., Ltd.	Thailand	THB in thousands 400,000	(69.2%) 69.2%	Manufacture and sale of tires
Bridgestone Tire Manufacturing (Thailand) Co., Ltd.	Thailand	THB in thousands 6,921,000	(100.0%) 100.0%	Manufacture and sale of tires

Company	Location	Capital	Ownership	Primary Operations
P.T. Bridgestone Tire Indonesia	Indonesia	USD in thousands 24,960	(54.3%) 54.3%	Manufacture and sale of tires
Bridgestone Australia Ltd.	Australia	AUD in thousands 205,819	(100.0%) 100.0%	Sale of tires
Bridgestone C.I.S. LLC	Russia	RUB in thousands 600,592	80.0%	Sale of tires
Bridgestone Earthmover Tyres Pty. Ltd.	Australia	AUD in thousands 7,000	100.0%	Sale of off-the-road tires for mining and construction vehicles
Firestone Polymers, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of synthetic rubber
Firestone Building Products Company, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of commercial roofing material and other products
Bridgestone Treasury Singapore Pte. Ltd.	Singapore	USD in thousands 50,700	100.0%	Lending and purchasing of sales receivables

Note: Figures in the parentheses in the "Ownership" column represent the percentage of indirect ownership.

7. Major Offices and Plants

Bridgestone Corporation

Headquarters	3-1-1 Kyobashi, Chuo-ku, Tokyo

Technical Center	Kodaira, Tokyo and Totsuka-ku, Yokohama		
Nasu Plant	Nasushiobara, Tochigi	Shimonoseki Plant	Shimonoseki, Yamaguchi
Tochigi Plant	Nasushiobara, Tochigi	Kitakyushu Plant	Wakamatsu-ku, Kitakyushu
Tokyo Plant	Kodaira, Tokyo	Tosu Plant	Tosu, Saga
Yokohama Plant	Totsuka-ku, Yokohama	Saga Plant	Miyaki-gun, Saga
Iwata Plant	Iwata, Shizuoka	Kurume Plant	Kurume, Fukuoka
Seki Plant	Seki, Gifu	Amagi Plant	Asakura, Fukuoka
Hikone Plant	Hikone, Shiga	Kumamoto Plant	Tamana, Kumamoto
Hofu Plant	Hofu, Yamaguchi		

Subsidiaries

Please see section “6. Major Subsidiaries”.

8. Employees

Business segments	Number of employees	Increase (decrease) from the previous period-end
Tires	125,940	(761)
Diversified products	18,363	432
Total	144,303	(329)

9. Major Lenders and Debt Balance (Bridgestone Corporation)

Lenders	Debt Balance (Yen in millions)
Sumitomo Mitsui Banking Corporation	30,000
Mizuho Bank, Ltd.	27,426
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,938
Nippon Life Insurance Company	10,000
Sumitomo Mitsui Trust Bank, Limited	5,000
Mitsubishi UFJ Trust and Banking Corporation	5,000
Others	4,221
Total	92,586

II. SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2015

1. **Total Number of Shares Authorized to be Issued:** 1,450,000,000 shares
2. **Total Number of Shares Issued and Outstanding:** 813,102,321 shares
3. **Number of Shareholders:** 86,186 shareholders
4. **Major Shareholders**

Name of Shareholders	Number of Shares owned (in thousands)	Percentage owned
Ishibashi Foundation	76,693	9.79%
Japan Trustee Services Bank, Ltd. (Trust account)	42,457	5.42%
The Master Trust Bank of Japan, Ltd. (Trust account)	36,195	4.62%
Hiroshi Ishibashi	23,000	2.94%
Sumitomo Mitsui Banking Corporation	18,000	2.30%
Nippon Life Insurance Company	17,625	2.25%
Nagasaka Corporation	16,325	2.08%
The Bank Of New York Mellon SA/NV 10	11,371	1.45%
State Street Bank And Trust Company 505223	10,863	1.39%
State Street Bank West Client-Treaty 505234	10,060	1.28%

Note 1: Shares held by trust banks include shares owned in the trustees' capacity.

Note 2: The Company holds 29,875 thousand in treasury stock, which is not included in the above table.

III. STOCK ACQUISITION RIGHTS OF BRIDGESTONE CORPORATION

1. Status of Stock Acquisition Rights as of the Period-End

(1) Stock acquisition rights held by directors (excluding outside directors)

Name of stock acquisition rights (date of approval)	Class and number of shares to be issued or transferred upon exercise of stock acquisition rights	Issue price (per stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 7th Stock Acquisition Rights (Mar. 26, 2009)	14,000 common stocks	¥1,264 (Note)	¥1	May 1, 2009, to Apr. 30, 2029	140 units 3 persons
The 8th Stock Acquisition Rights (Mar. 30, 2010)	19,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	190 units 3 persons
The 9th Stock Acquisition Rights (Mar. 29, 2011)	19,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	190 units 3 persons
The 10th Stock Acquisition Rights (Mar. 27, 2012)	42,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	420 units 3 persons
The 11th Stock Acquisition Rights (Mar. 26, 2013)	47,000 common stocks	¥3,313 (Note)	¥1	May 1, 2013, to Apr. 30, 2033	470 units 3 persons
The 12th Stock Acquisition Rights (Mar. 25, 2014)	27,900 common stocks	¥3,153 (Note)	¥1	May 1, 2014, to Apr. 30, 2034	279 units 3 persons
The 13th Stock Acquisition Rights (Mar. 24, 2015)	21,300 common stocks	¥4,099 (Note)	¥1	May 1, 2015, to Apr. 30, 2035	213 units 3 persons

(2) Stock acquisition rights held by outside directors

Name of stock acquisition rights (date of approval)	Class and number of shares to be issued or transferred upon exercise of stock acquisition rights	Issue price (per stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 8th Stock Acquisition Rights (Mar. 30, 2010)	1,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	10 units 1 person
The 9th Stock Acquisition Rights (Mar. 29, 2011)	2,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	20 units 2 persons
The 10th Stock Acquisition Rights (Mar. 27, 2012)	2,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	20 units 2 persons

(3) Stock acquisition rights held by officers other than directors (corporate auditors)

Name of stock acquisition rights (date of approval)	Class and number of shares to be issued or transferred upon exercise of stock acquisition rights	Issue price (per stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 7th Stock Acquisition Rights (Mar. 26, 2009)	6,000 common stocks	¥1,264 (Note)	¥1	May 1, 2009, to Apr. 30, 2029	60 units 1 person
The 8th Stock Acquisition Rights (Mar. 30, 2010)	6,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	60 units 1 person
The 9th Stock Acquisition Rights (Mar. 29, 2011)	8,500 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	85 units 2 persons

Name of stock acquisition rights (date of approval)	Class and number of shares to be issued or transferred upon exercise of stock acquisition rights	Issue price (per stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 10th Stock Acquisition Rights (Mar. 27, 2012)	3,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	30 units 1 person
The 11th Stock Acquisition Rights (Mar. 26, 2013)	3,000 common stocks	¥3,313 (Note)	¥1	May 1, 2013, to Apr. 30, 2033	30 units 1 person

2. Status of Stock Acquisition Rights Issued during the Current Period

(1) Stock acquisition rights issued to employees of Bridgestone Corporation

Name of stock acquisition rights (date of approval)	Class and number of shares to be issued or transferred upon exercise of stock acquisition rights	Issue price (per stock acquisition right)	Exercise price (per share)	Exercise period	Number of stock acquisition rights (units) and number of holders
The 13th Stock Acquisition Rights (Mar. 24, 2015)	142,500 common stocks	¥4,099 (Note)	¥1	May 1, 2015, to Apr. 30, 2035	1,425 units 51 persons

(2) Stock acquisition rights issued to directors, corporate auditors and employees of subsidiaries.

None applicable.

Note: The Company and those to whom stock acquisition rights are offset on the date of allocation, the receivables and payables for the issue price payments and the same amount of remuneration for services.

IV. DIRECTORS AND CORPORATE AUDITORS OF BRIDGESTONE CORPORATION

1. Directors and Corporate Auditors

Names	Positions	Titles as corporate officers, responsibilities, or posts Important concurrent posts
Masaaki Tsuya	Representative Board Member Concurrently Chairman of the Board	CEO Concurrently Chairman, BIOC
Kazuhisa Nishigai	Representative Board Member	COO Concurrently Chief Technology Officer Responsible for Technology; Concurrently Vice Chairman, BIOC
Narumi Zaitsu	Member of the Board	Senior Vice President Responsible for Japan Tire Business: Concurrently responsible for Japan Tire Production
Sakie Tachibana Fukushima	Member of the Board	President and Representative Director of G&S Global Advisors Inc. Outside Director of Ajinomoto Co., Inc. Outside Director of J. Front Retailing Co., Ltd. Outside Director of Mitsubishi Corporation
Scott Trevor Davis	Member of the Board	Professor, Department of Global Business, College of Business, Rikkyo University Outside Director of Seven & i Holdings Co., Ltd. Outside Director of Sompo Japan Nipponkoa Holdings, Inc. Outside Corporate Auditor of Nissen Holdings Co., Ltd
Yuri Okina	Member of the Board	Vice Chairman of the Institute, the Japan Research Institute, Limited Outside Director of Nippon Yusen Kabushiki Kaisha Outside Director of Seven Bank, Ltd.
Keiko Unotoro	Member of the Board	Professor, Faculty of Business Administration, Toyo Gakuen University Outside Director of Olympus Corporation
Mikio Masunaga	Corporate Auditor	Full-time
Masahito Tsuji	Corporate Auditor	Full-time
Kenichi Masuda	Corporate Auditor	Lawyer (Partner, Anderson Mori & Tomotsune) Outside Corporate Auditor of LIFENET INSURANCE COMPANY

Names	Positions	Titles as corporate officers, responsibilities, or posts Important concurrent posts
Tomoko Watanabe	Corporate Auditor	Patent Attorney (Representative, Watanabe Tomoko International Patent Office)

Note 1: The information above is as of December 31, 2015.

Note 2: Directors Sakie Tachibana Fukushima, Scott Trevor Davis, Yuri Okina, and Keiko Unotoro are outside directors as set forth in Article 2-15 of the Companies Act.

Note 3: Corporate auditors Kenichi Masuda and Tomoko Watanabe are outside corporate auditors as set forth in Article 2-16 of the Companies Act.

Note 4: The Company has notified the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the Fukuoka Stock Exchange of director Sakie Tachibana Fukushima, director Scott Trevor Davis, director Yuri Okina, director Keiko Unotoro, corporate auditor Kenichi Masuda, and corporate auditor Tomoko Watanabe as independent directors/auditors whose requirements are specified by the respective financial instruments exchanges.

Note 5: Corporate auditor Masahito Tsuji has a respectable knowledge of finance and accounting, derived from his long professional career in the Company.

Note 6: The Company has entered into agreements with director Sakie Tachibana Fukushima, director Scott Trevor Davis, director Yuri Okina, director Keiko Unotoro, corporate auditor Kenichi Masuda, and corporate auditor Tomoko Watanabe to limit their liability with regard to the damage compensation liability of Paragraph 1 of Article 423 of the Companies Act. Such agreements are based upon Paragraph 2 of Article 27 and Paragraph 2 of Article 35 of its Articles of Incorporation, which were stipulated pursuant to Paragraph 1 of Article 427 of the Companies Act. Under the agreements, the maximum amount of their liability shall be the higher of either 10 million yen or the minimum liability amount prescribed in Paragraph 1 of Article 425 of the Companies Act.

2. Directors' and Corporate Auditors' Remuneration for the Current Period

(1) Total amounts of remuneration, subtotals by types of remuneration and the number of recipients by the categories of directors and corporate auditors

Categories	Total amounts of remuneration (Yen in millions)	Remuneration by types (Yen in millions)			Number of recipients (in persons)
		Monthly payments	Bonuses	Stock options	
Member of the Board	455	261	106	87	9
(of which outside directors)	62	62	―	―	5
Corporate Auditor	99	99	―	―	4
(of which outside corporate auditors)	27	27	―	―	2
Total	554	361	106	87	13

Note 1: The figures above include remuneration paid to two Members of the Board, including one outside director who retired during the current period.

(2) Amounts of remuneration on a consolidated basis paid to those directors or corporate auditors who are paid more than 100 million yen

Names	Categories	Companies	Remuneration by type, on consolidated basis (Yen in millions)			Total amounts of remuneration (Yen in millions)
			Monthly payments	Bonuses	Stock options	
Masaaki Tsuya	Member of the Board	Bridgestone Corporation	78	50	35	163
Kazuhisa Nishigai	Member of the Board	Bridgestone Corporation	68	37	35	141

(3) Policy and process for setting directors' and corporate auditors' remuneration

i) Policy for setting directors' and corporate auditors' remuneration

The Company has adopted "Principles for Remuneration Setting," with four elements: to attract and cultivate superior talent, to support a competitive remuneration level, to provide motivation for the execution of business strategies, and to provide motivation for enhancing shareholder value. Based on these principles, the Company sets remunerations for directors and corporate auditors that reflect factors such as our performance results and business size, and also takes into consideration the remuneration levels of other major global companies in Japan.

(a) Three components comprise remuneration for directors: monthly payments, bonuses and stock options. While monthly payments are fixed in nature, bonuses vary depending upon the Company's performance. In addition, stock-compensation-type stock options are varying remunerations designed to provide motivation for increased mid- to long-term corporate value and to promote the sharing of value with shareholders.

Outside director remuneration is composed of fixed monthly payments. This remuneration system takes into consideration that outside directors are officers who do not execute day-to-day business operations but instead contribute to mid- to long-term business results and corporate value by providing experience-based input to management decisions.

Directors can exercise their stock options from the day after their retirement date.

(b) The sole component of remuneration for corporate auditors is a fixed monthly payment. Because corporate auditors audit the performance of the Members of the Board and operate independently of those Members, remuneration does not vary according to the Company's performance.

The Company discontinued retirement benefit plans for directors and corporate auditors in March 2009 and March 2010, respectively.

ii) Process for setting directors' and corporate auditors' remuneration

The Company aims to ensure a transparent and fair remuneration program. To that end, it has established the Compensation Committee. Only outside directors may be members of the committee; corporate auditors are observers. The committee and subcommittee discuss the entire range of issues regarding

remuneration, including the basic principles, the program plans, and remuneration amounts, reflecting factors that include the business environment and our performance results, and take into consideration the remuneration levels and trends of other major global companies in Japan. The draft resolution for directors' remuneration, approved by the Compensation Committee, is discussed and determined by the Board of Directors; corporate auditors' remuneration by the Board of corporate auditors.
Actual amounts of remuneration must undergo the approval process that the Companies Act requires before being determined.

(a) Monthly remuneration paid to directors is determined by the Board of Directors, within the upper limit of ¥35 million per month, a total for all the directors, resolved at the 83rd Annual General Meeting of Shareholders held on March 28, 2002. Monthly remuneration paid to corporate auditors is determined by the corporate auditors, within the upper limit of ¥12 million per month, a total for all the corporate auditors, resolved at the 91st Annual General Meeting of Shareholders held on March 30, 2010.

(b) Variable remuneration, namely bonuses and stock-compensation-type stock options paid or granted to directors, is determined by the Board of Directors within the limit determined by the Annual General Meeting of Shareholders held annually.

The total amount of directors' remuneration is determined by the Compensation Committee and the Board of Directors and for corporate auditors' remuneration by the Board of Corporate Auditors, the Compensation Committee and the Board of Directors determines remuneration for corporate auditors, subject to approval by the General Meeting of Shareholders.

3. Outside Directors and Outside Corporate Auditors

(1) Main activities of outside directors and outside corporate auditors

Positions	Names	Attendance at meetings	Primary activities
Member of the Board	Sakie Tachibana Fukushima	17 out of 17 (Board of Directors meeting)	Provided input to guide decisions made by the Board of Directors, principally based on her extensive knowledge and experience in global business management.
Member of the Board	Scott Trevor Davis	17 out of 17 (Board of Directors meeting)	Provided input to guide decisions made by the Board of Directors, principally based on his high insight in the fields of social science, international business and domestic and overseas CSR.
Member of the Board	Yuri Okina	17 out of 17 (Board of Directors meeting)	Provided input to guide decisions made by the Board of Directors, principally based on her extensive research experience in financial systems and financial administration.
Member of the Board	Keiko Unotoro	12 out of 13 (Board of Directors meeting)	Provided input to guide decisions made by the Board of Directors, principally based on her extensive administrative experience and knowledge in competition laws and government policies.
Corporate Auditor	Kenichi Masuda	17 out of 17 (Board of Directors meeting) 16 out of 16 (Board of Corporate Auditors meeting)	Provided input to guide decisions made by the Board of Directors, based on his professional perspective as a lawyer.
Corporate Auditor	Tomoko Watanabe	17 out of 17 (Board of Directors meeting) 16 out of 16 (Board of Corporate Auditors meeting)	Provided input to guide decisions made by the Board of Directors, based on his professional perspective as a patent attorney.

Note 1: Ms. Keiko Unotoro was newly elected as a Member of the Board at the 96th Annual General Meeting of Shareholders held on March 24, 2015, and therefore, her number of attendance at the board meetings is different from those of other Members of the Board.

V. INDEPENDENT AUDITORS

1. Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

2. Independent Auditors Compensation for the Current Period

Amount of compensation to be paid by Bridgestone Corporation to the independent auditors	¥251 million
Total amount of compensation to be paid by Bridgestone Corporation and its subsidiaries to the independent auditors	¥401 million

Note 1: The Board of Corporate Auditors checks and reviews details of the audit plan, audit activities carried out to date, trends in remuneration paid underlying any rational model applied to audit fee estimation, and non-audit fees in consideration of "Practical Guidelines on Cooperation with Independent Auditors" issued by the Japan Audit & Supervisory Board Members Association. Subsequently, the Board of Corporate Auditors agrees to the audit fees as stipulated in Article 399, Paragraph 1 of the Companies Act.

Note 2: The audit agreement entered into by the independent auditors and the Company does not separately stipulate the compensation amounts for the audit under the Companies Act, the audit under the Financial Instruments and Exchange Act, and the audit on consolidated financial statements in the English language. Furthermore, those three amounts cannot be practically distinguished from one another. Hence, the above amounts indicate the total amounts to be paid to the independent auditors.

Note 3: The Company has paid consideration to the independent auditors for services (nonauditing services) other than those set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act. Such services include advice and guidance on the International Financial Reporting Standards.

Note 4: Major overseas subsidiaries are subject to audit by overseas independent auditors other than the Company's independent auditor. Such overseas independent auditors are qualified as certified public accountants or audit corporations under relevant overseas laws and regulations. As used herein, the term "audit" means those services intended to ensure compliance with overseas laws and regulations equivalent to the provisions in the Companies Act or the Financial Instruments and Exchange Act of Japan.

3. Policy for Determination of Dismissal or Nonreappointment of the Independent Auditor

The Board of Corporate Auditors dismisses the independent auditor with a unanimous resolution in the event where it determines the independent auditor fails under any item of Article 340, Paragraph 1 of the Companies Act.

In addition, the Board of Directors submits a proposal for dismissal or nonreappointment of the independent auditors to a General Meeting of Shareholders, in the event where the Board of Corporate Auditors proposes the dismissal or non-reappointment of the independent auditor as an agenda item for the meeting as it is deemed necessary to ensure a proper audit is performed or to enhance the appropriateness of the audit.

VI. SYSTEMS TO ENSURE COMPLIANCE OF THE DIRECTORS' EXECUTION OF DUTIES WITH LAWS AND REGULATIONS AND THE ARTICLES OF INCORPORATION, AS WELL AS OTHER SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS

1. Details of Resolution

In May 2006, in accordance with Article 362, Paragraph 5 of the Companies Act, the Company determined its policy to develop the internal control systems that are necessary to ensure the propriety of business operations. The policy has been updated as necessary since then. The Policy 2015, which was discussed at the meeting of the Board of Directors held on April 23, 2015, was resolved to be revised as below in consideration of the partial revision of the Ordinance for Enforcement of the Companies Act which became effective from May 1, 2015, at the Board of Directors meeting held on December 18, 2015. The policy shall continue to be revised as and when necessary.

(1) Systems to ensure compliance of the directors' and the employees' execution of duties related to laws and regulations and the articles of incorporation

a. Oversight by the Board of Directors

The Board of Directors determines management's stance and oversees the execution of duties by the Members of the Board in accordance with the Board of Directors Rules. The Board of Directors ensures compliance of the execution of duties by the Members of the Board with respect to laws, regulations, and the articles of incorporation by reviewing Board reports and discussing them in its meetings.

b. Implementation and enforcement of compliance systems

The Company has formulated an approach and basic policies for implementing and enforcing the compliance systems, which call for the Members of the Board and all of its employees to uphold the corporate mission of "Serving Society with Superior Quality" and the four foundations for fulfilling the mission: "Seijitu-Kyocho," "Shinshu-Dokuso," "Genbutsu-Genba," and "Jukuryo-Danko," in addition to compliance with laws, regulations and the articles of incorporation. Recognizing that compliance activities are related to corporate social responsibility (CSR), the Company will also continue to enforce compliance activities under the direction of the Chief Compliance Officer (CCO). Additionally, the Compliance Committee as an advisory body of the Board of Directors will lead the enhancement of the monitoring function of compliance activities in the Company and other Group companies.

c. Implementation of systems against antisocial forces

As reiterated by the CEO of the Group, the Group shall continue to eliminate any relationships whatsoever with antisocial forces or groups that threaten public order and safety. The Group stands firmly against any requests from such antisocial forces or groups. The Company will continue to strengthen its internal systems against any such antisocial forces.

d. Implementation of systems for J-SOX Act compliance

Regarding the “System for Ensuring Appropriateness of Statements on Finance and Accounting and Other information,” set forth in Article 24-4-4 of the Financial Instruments and Exchange Act of Japan (the so-called “J-SOX Act”), the Group will continue to ensure that its system of internal controls is effective and reliable on a Group-wide basis and to further raise the level of internal control throughout the Group.

(2) Systems to preserve and manage information pertaining to the execution of duties by directors

The Company documents, without delay, information related to the execution of duties by the Members of the Board, and ensures appropriate information management.

(3) Rules and other systems regarding risk management

The Company reaffirmed the importance of risk management in corporate social responsibility (CSR) programs and continues to strengthen the system to comprehensively manage risks that could have a major influence on the operating activities of the Company and other Group companies in accordance with the Basic Manual for Risk Management under the leadership of the Chief Risk Officer (CRO).

(4) Systems to ensure the efficient execution of duties by directors

The Company articulates and implements its policies in accordance with the Policy Management Rules, and conducts the efficient execution of duties by the Members of the Board in accordance with the Board of Directors Rules and the Administrative

Authority Rules. The Company will also review and revise such rules as necessary.

(5) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

Each group company conducts business operations and makes decisions in accordance with its company policy, having shared internally the Group management policies which have been approved by appropriate institutions. From the Group optimization perspective, the Company advises or approves certain significant matters of its subsidiaries. In addition, the Company promotes the system implementation described in (1) to (4) above at each subsidiary. Subsidiaries are required to report necessary matters to the Company in accordance with the company's policies. The Company has established the Internal Auditing Office, which performs periodic audits of the management of the Company and the Group companies, to strengthen its organization and business activities. These policies, systems, and activities ensure the propriety of business operations conducted by the Group, namely by the Company and its subsidiaries.

(6) Matters concerning employees requested by a corporate auditor to assist with their duties, the independence of those employees from directors, and policies on operational procedures relating to advances or reimbursement of expenses and policies for processing other expenses or liabilities associated with the execution of duties by the corporate auditors

The Company has established a department dedicated to assisting corporate auditors with their duties, which is independent from directors. All the expenses associated with the execution of duties by the corporate auditors are fully compensated.

(7) Systems for directors and employees of the Company and other Group companies to report to the corporate auditors, other reporting systems to the corporate auditors, and other systems to ensure effective audits by the corporate auditors

The Company provides the corporate auditors with opportunities to attend important committees related to the execution of business operations as well as the meeting of the Board of Directors. The Members of the Board and employees of the Group are required to promptly respond to questions and requests for information from the corporate auditors. In addition, the Company implements systems to immediately report to the corporate auditors any fact that may significantly affect the Company or the group companies, and also prohibits unfavorable treatment of the Members of the Board and employees, including those at the group companies, for reporting to the corporate auditors. Further, the Company responds to requests from the corporate auditors and implements other systems needed to ensure that audits are effective.

2. Details of Operational Status

(1) Systems to ensure compliance of the directors' and the employees' execution of duties related to laws and regulations and the articles of incorporation

a. Oversight by the Board of Directors

The Company determines management's stance and significant matters related to the execution of operations to be resolved at meetings of the Board of Directors in accordance with the articles of incorporation and the Board of Directors Rules and Administrative Authority Rules. The Board of Directors makes decisions on these matters after careful consideration. There is a specialized department that ensures compliance with the Administrative Authority Rules and, while ensuring the appropriateness of (5) below, confirms matters subject to the decision-making of the Board of Directors. Further, this specialized department reports to the Board of Directors, as appropriate and in accordance with the applicable procedures, the status of matters subject to the decision-making of the Board of Directors and the status of operations related to the policy to develop internal control systems. Through these reports, the Board of Directors oversees the execution of duties by the Members of the Board.

b. Implementation and enforcement of compliance systems

The Company, based on its compliance policy, has implemented measures such as operation of a Compliance Consultation Office, which serves as a helpline for employees, and promotion of compliance education for Members of the Board and employees of the Company and Group companies through a specialized compliance department. Additionally, the Compliance Committee, which is as an advisory body of the Board of Directors, and a subcommittee of the CSR Promotion and Integration Committee, for which the Group CEO serves as chairman, confirm and deliberate on the status of Company's and the Group's compliance activities at the Compliance Subcommittee, which is headed by the Chief Compliance Officer.

c. Implementation of systems against antisocial forces

The Company, through a specialized department related to antisocial forces and groups, has thoroughly raised awareness about its policy of taking a resolute stand against any requests from antisocial forces or groups. Further, the Company has implemented measures such as unified management of information, building trust and cooperating with the police and related external organizations, updating its manual for responding to unwarranted requests and reviewing and revising its contracts with clients, and has thoroughly raised awareness throughout the Company about these measures through training and the Company's intranet.

d. Implementation of systems for J-SOX Act compliance

In order to increase the effectiveness of its system of internal controls on a Group-wide basis, the Company offers support and training for improving self-evaluation for entity-level controls through a dedicated J-SOX department. In addition to self-evaluation, periodic audits of internal control activities are conducted by the Internal Auditing Office and the Group Auditing Department to confirm the adequacy of the above measures. In March 2015, the 2014 internal control system report was submitted to the head of the Kanto Local Finance Bureau.

(2) Systems to preserve and manage information pertaining to the execution of duties by directors

The Company documents, without delay, minutes of meetings of the Board of Directors and the Executive Operational Committee and approval of business operations and, based on related rules and procedures, has implemented measures for preventing leaks of confidential information and retains and manages documents in an appropriately searchable manner.

(3) Rules and other systems regarding risk management

The Company identifies risks arising in the course of its business activities and establishes a business continuity plan, which is reviewed and revised as needed, for risks with the potential of giving rise to particularly major accidents and disasters. In addition to facilitating understanding about these risks and rolling out a business continuity plan on a Group-wide basis, a subcommittee of the CSR Promotion and Integration Committee, for which the Group CEO serves as chairman, confirms and deliberates on the status of these activities at the Risk Management Subcommittee, which is headed by the Chief Risk Officer.

(4) Systems to ensure the efficient execution of duties by directors

The Company created, through deliberations by the Board of Directors, a Mid-term policy, based on which it established a medium-term management plan, which is currently being implemented. Moreover, the Company reviews and revises the Policy Management Rules in order to establish a policy management framework suitable for the Company's and the Group's global executive operational system. Additionally, in order to improve the quality and speed of decision-making, the Company reviews and revises the Board of Directors Rules and Administrative Authority Rules and prioritizes critical business issues from amongst the matters subject to the decision-making of the Board of Directors.

(5) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

In accordance with the Board of Directors Rules and Administrative Authority Rules, the Group clarifies and facilitates understanding of the Group management policy approved by the Board of Directors and the Group CEO through the Global Executive Operational Committee, which is the highest-level committee related to the execution of operations at the global level. Based on this understanding, each group company conducts business operations and decision making in accordance with the Administrative Authority Rules, various related procedures, and other company rules. Nonetheless, the Company provides advice and authorization for certain important matters at the Group companies. Additionally, the Company updates the systems noted in (1) through (4) above for each Group company according to the size, characteristics, and location of the Group company and provides information at the Executive Operational Committee, and the Group companies submit necessary reports to the Company in accordance with company rules. Further, the Company's Internal Auditing Office conducts periodic audits of the Company and the Group companies, and the Company is strengthening the auditing system and related activities by promoting cooperation between the Auditing Department of the Company and that of the Group through information sharing sessions.

(6) Matters concerning employees requested by a corporate auditor to assist with their duties, the independence of those employees from directors, and policies on operational procedures relating to advances or reimbursement of expenses and policies for processing other expenses or liabilities associated with the execution of duties by the corporate auditors

Employees in the Corporate Audit Office who do not concurrently hold any posts in other departments assist with the duties of corporate auditors as instructed by those corporate auditors. Employees in the Corporate Audit Office may only transfer to other departments after receiving approval from the designated corporate auditor. Further, a budget of a certain amount is annually established to compensate employees for any expenses incurred in the execution of their duties for the corporate auditors.

(7) Systems for directors and employees of the Company and other Group companies to report to the corporate auditors, other reporting systems to the corporate auditors, and other systems to ensure effective audits by the corporate auditors

The Company provides the corporate auditors with the opportunity to attend important committees related to the execution of duties of the Board of Directors and the Global Executive Operational Committee in accordance with the Board of Directors Rules, various procedures, and other company rules. Items to be deliberated on by these committees are communicated in advance and deliberation results are reported via minutes of the meetings to the corporate auditors. Further, questions and requests for information from the corporate auditors are promptly answered by the Members of the Board and employees, including those at Group companies. Key management indicators necessary for the execution of operations, including business performance, are reported without delay to the corporate auditors. Additionally, the Compliance Department immediately reports to the corporate auditors if facts come to light which would indicate the possibility of an event giving rise to significant damages, if it is discovered that Members of the Board or employees have engaged in serious misconduct or illegal acts, or if other matters with the possibility of resulting in significant consequences are identified. Moreover, in accordance with the protection protocol of the Cartel Whistleblowing Hotline and the Bribery Report Hotline and the protection protocol of the Compliance Consultation Hotline, the Company prohibits unfavorable treatment of the Members of the Board and employees, including those at Group companies, for reporting to the corporate auditors.

Consolidated Balance Sheet

	Current Year (As of December 31, 2015)	Previous Year (As of December 31, 2014) (for reference)
	Yen in millions	Yen in millions
(Assets)		
Current Assets:		
Cash and deposits	387,652	390,444
Notes and accounts receivable	488,832	541,866
Short-term investments	217,348	149,239
Merchandise and finished products	370,046	388,393
Work in process	35,877	38,308
Raw materials and supplies	149,815	170,834
Deferred tax assets	79,550	91,249
Other	112,790	118,742
Allowance for doubtful accounts	(33,357)	(11,430)
Total Current Assets	**1,808,557**	**1,877,649**
Fixed Assets:		
Tangible fixed assets		
Buildings and structures	537,244	527,171
Machinery, equipment and vehicles	523,389	543,765
Land	172,458	172,522
Construction in progress	179,597	208,780
Other	91,200	91,935
Total tangible fixed assets	**1,503,891**	**1,544,174**
Intangible fixed assets	**68,388**	**71,624**
Investments and other assets		
Investments in securities	299,129	288,455
Long-term loans receivable	5,638	5,664
Deferred tax assets	49,116	90,475
Net defined benefit asset	—	14,031
Other	67,004	75,348
Allowance for doubtful accounts	(5,880)	(6,515)
Total investments and other assets	**415,009**	**467,459**
Total Fixed Assets	**1,987,289**	**2,083,258**
Total	**3,795,846**	**3,960,908**

	Current Year (As of December 31, 2015)	Previous Year (As of December 31, 2014) (for reference)
	Yen in millions	Yen in millions
(Liabilities)		
Current Liabilities:		
Notes and accounts payable	181,973	198,166
Short-term borrowings	125,908	221,478
Current portion of bonds	30,000	―
Lease obligations	1,137	7,431
Income taxes payable	50,523	46,489
Deferred tax liabilities	1,803	1,820
Provision for sales returns	3,062	3,017
Provision for recall	1,196	7,894
Provision for plant restructuring in Japan	―	860
Accounts payable – other	164,491	191,240
Accrued expenses	226,294	238,329
Other	48,723	59,469
Total Current Liabilities	**835,114**	**976,198**
Long-term Liabilities:		
Bonds	90,000	120,000
Long-term borrowings	188,275	237,948
Lease obligations	6,256	6,136
Deferred tax liabilities	48,864	68,067
Warranty reserve	29,371	28,038
Provision for environmental remediation	2,165	2,465
Net defined benefit liability	259,521	314,567
Other	54,266	60,827
Total Long-term Liabilities	**678,720**	**838,051**
Total Liabilities	**1,513,835**	**1,814,250**
(Net Assets)		
Shareholders' equity:		
Common stock	126,354	126,354
Capital surplus	123,025	123,008
Retained earnings	2,014,497	1,842,914
Treasury stock - at cost	(56,212)	(56,367)
Total Shareholders' equity	**2,207,664**	**2,035,908**
Accumulated other comprehensive income:		
Net unrealized gain (loss) on available-for-sale securities	192,324	168,172
Deferred gain (loss) on derivative instruments	(776)	(2,189)
Foreign currency translation adjustments	(55,406)	39,108
Remeasurements of defined benefit plans	(134,736)	(165,314)
Total accumulated other comprehensive income	**1,404**	**39,776**
Stock acquisition rights	**2,469**	**1,945**
Minority Interests	**70,473**	**69,026**
Total Net Assets	**2,282,011**	**2,146,657**
Total	**3,795,846**	**3,960,908**

Consolidated Statement of Income

	Current Year (Year ended December31, 2015)		Previous Year (Year ended December 31, 2014) (for reference)	
	Yen in millions		Yen in millions	
Net Sales		**3,790,251**		**3,673,964**
Cost of Sales		**2,293,937**		**2,289,625**
Gross profit		**1,496,313**		**1,384,339**
Selling, General and Administrative Expenses		**979,065**		**906,300**
Operating income		**517,248**		**478,038**
Nonoperating Income				
Interest income	5,916		6,326	
Dividend income	8,332		7,982	
Penalty income	4,783			
Other	17,689	**36,721**	19,910	**34,218**
Nonoperating Expenses				
Interest expense	12,118		14,662	
Foreign currency exchange loss	10,437		6,130	
Other	24,110	**46,666**	28,251	**49,044**
Ordinary income		**507,303**		**463,212**
Extraordinary Income				
Gain on sales of tangible fixed assets	5,277		8,614	
Gain on sales of investments in securities	15,480	**20,758**	5,925	**14,540**
Extraordinary Loss				
Loss on disposals of tangible fixed assets	6,397		—	
Loss on deconsolidation of subsidiaries	43,505	**49,903**	—	—
Income before income taxes and minority interests		**478,159**		**477,753**
Income taxes – current		155,360		124,384
Income taxes – deferred		27,123		43,319
Income before minority interests		**295,675**		**310,048**
Minority interests		11,380		9,458
Net income		284,294		**300,589**

Consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2015) (Yen in millions)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Minority Interests
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans		
Beginning Balance	**126,354**	**123,008**	**1,842,914**	**(56,367)**	**2,035,908**	**168,172**	**(2,189)**	**39,108**	**(165,314)**	**1,945**	**69,026**
Cumulative effects of changes in accounting policies			(18,729)		(18,729)						
Restated Balance	**126,354**	**123,008**	**1,824,184**	**(56,367)**	**2,017,179**	**168,172**	**(2,189)**	**39,108**	**(165,314)**	**1,945**	**69,026**
(Changes in the year)											
Cash dividends			(93,981)		(93,981)						
Net income for the year			284,294		284,294						
Purchase of treasury stock				(12)	(12)						
Disposal of treasury stock		16		167	184						
Net change in the year						24,151	1,412	(94,515)	30,578	524	1,446
Total Changes in the Year	**―**	**16**	**190,312**	**155**	**190,484**	**24,151**	**1,412**	**(94,515)**	**30,578**	**524**	**1,446**
Ending Balance	**126,354**	**123,025**	**2,014,497**	**(56,212)**	**2,207,664**	**192,324**	**(776)**	**(55,406)**	**(134,736)**	**2,469**	**70,473**

Notes to Consolidated Financial Statements

(Basic important matters for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 300 companies

Names of principal companies:

・BRIDGESTONE TIRE JAPAN CO., LTD
・BRIDGESTONE RETAIL JAPAN CO., LTD
・BRIDGESTONE DIVERSIFIED CHEMICAL PRODUCTS CO., LTD
・BRIDGESTONE DIVERSIFIED PRODUCTS JAPAN CO., LTD.
・BRIDGESTONE SPORTS CO., LTD.
・BRIDGESTONE CYCLE CO., LTD.
・BRIDGESTONE FINANCE CORPORATION
・BRIDGESTONE AMERICAS, INC.
・BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC
・BRIDGESTONE RETAIL OPERATIONS, LLC
・BRIDGESTONE BANDAG, LLC
・BRIDGESTONE CANADA INC.
・BRIDGESTONE DE MEXICO, S.A. DE C.V.
・BRIDGESTONE DO BRASIL INDUSTRIA E COMERCIO LTDA.
・BRIDGESTONE ARGENTINA S.A.I.C.
・BRIDGESTONE EUROPE NV/SA
・BRIDGESTONE DEUTSCHLAND GMBH
・BRIDGESTONE POZNAN SP. Z O.O.
・BRIDGESTONE UK LTD.
・BRIDGESTONE FRANCE S.A.S.
・BRIDGESTONE ITALIA SALES S.R.L.
・BRIDGESTONE HISPANIA S.A.
・BRIDGESTONE MIDDLE EAST & AFRICA FZE
・BRIDGESTONE SOUTH AFRICA (PTY) LTD.
・BRIDGESTONE ASIA PACIFIC PTE. LTD.
・BRIDGESTONE (CHINA) INVESTMENT CO., LTD.
・BRIDGESTONE INDIA PRIVATE LTD.
・THAI BRIDGESTONE CO., LTD.
・BRIDGESTONE TIRE MANUFACTURING (THAILAND) CO., LTD.
・P.T. BRIDGESTONE TIRE INDONESIA
・BRIDGESTONE AUSTRALIA LTD.
・BRIDGESTONE C.I.S. LLC
・BRIDGESTONE EARTHMOVER TYRES PTY. LTD.
・FIRESTONE POLYMERS, LLC
・FIRESTONE BUILDING PRODUCTS COMPANY, LLC
・BRIDGESTONE TREASURY SINGAPORE PTE. LTD.

Changes in the scope of consolidation
Additions: 5 companies (mainly, increased by establishment)
Deletions: 15 companies (mainly, decreased by deconsolidation)

(2) Name of principal unconsolidated company

BRIDGESTONE FIRESTONE VENEZOLANA, C.A.

(Reason for deconsolidation)

Under US GAAP, the company has deconsolidated Venezuelan subsidiaries, Bridgestone Firestone Venezolana, C.A. (“BFVZ”) and its subsidiary from its consolidated financial statements because other-than-temporary lack of exchangeability between the Bolivar and the U.S. dollar is restricting the subsidiary’s ability to purchase raw materials and pay dividends on a sustainable basis.

2. Scope of application of equity-method accounting

(1) Number of equity-method affiliates: 145 companies

Name of principal company:
BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.

Changes in the scope of equity-method accounting
Additions: 2 companies (increased by establishment)

(2) Name of principal unconsolidated subsidiary to which the equity-method is not applied

BRIDGESTONE FIRESTONE VENEZOLANA, C.A.

(Reason for not applying the equity method)

Under US GAAP, the company has not applied the equity method to Venezuelan subsidiaries, BFVZ and its subsidiary because other-than-temporary lack of exchangeability between the Bolivar and the U.S. dollar is restricting the subsidiary´s ability to purchase raw materials and pay dividends on a sustainable basis.

3. Summary of significant accounting policies

(1) Valuation policies 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, net of tax are recorded in 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 policies and methods for derivatives

In principle, fair value.

(3) Valuation policies and methods for inventories

Inventories are principally stated at lower of cost determined by the moving-average method or net selling value. Meanwhile, 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 fixed assets, the declining-balance method is used at BRIDGESTONE CORPORATION (the “Company”) and its domestic subsidiaries, and the straight-line method is used at its overseas subsidiaries. For intangible fixed assets, the straight-line method is used.

(5) Accounting policies for reserves and allowances

a) Allowance for doubtful accounts

In order to reserve for loss from the nonpayment 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 nonpayment, an amount based on the evaluation of potential loss in the receivables outstanding is recorded.

b) Provision for sales returns

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

c) Provision for recall

In order to reserve for outlays related to check and replacement of object tires, an estimated amount of future obligations is recorded.

d) Warranty reserve

Warranty reserve 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 past experience of the Company and its subsidiaries (collectively, the “Companies”).

e) Provision for environmental remediation

In order to reserve for outlays for legally required removal and disposal of polychlorinated biphenyl (PCB) and other, the estimated amount of future obligations is recorded.

(6) Accounting policies for retirement benefit

a) Method of attributing projected benefit to periods

To attribute projected benefit to periods of service up to the end of the current fiscal year, the Company, its domestic subsidiaries, and certain overseas subsidiaries attribute the benefit under the benefit formula basis. In addition, at certain overseas subsidiaries, an estimated total amount of expenses for postretirement benefits except for pensions is allotted based on the number of years of service provided by the employees.

b) Method of recognizing unrecognized actuarial gain/loss and past service cost

Past 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 of the employees in the year in which the past service costs occur (10 years for the Company and its domestic subsidiaries, 3 to 12 years for its overseas subsidiaries)

Actuarial gain/loss at the Company and its domestic subsidiaries 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 of the employees in the year in which the gain/loss occurs, recorded from the following fiscal year.

For certain of its overseas subsidiaries, unrecognized actuarial gain/loss at the beginning of the fiscal year that exceeds 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 (8 to 12 years) based on the average remaining years of service of the employees.

(7) Accounting policies for the translation of foreign currency-denominated assets and liabilities into Japanese yen

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

Assets and liabilities of the Company's overseas subsidiaries are translated into Japanese yen at the current exchange rate at the consolidated balance sheet date. Revenue and expense accounts of the Company's overseas subsidiaries are translated into Japanese yen at the average annual exchange rate. Differences arising from such translation are shown as foreign currency translation adjustments and minority interests in a separate component of net assets.

(8) Hedge accounting

a) Hedge accounting method

Deferred hedge accounting is applied. Designation accounting is used for forward foreign exchange and foreign currency 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 instrument and items covered

Instruments	Items covered
Forward foreign exchange contracts	Foreign currency-denominated monetary claims and obligations and forecasted foreign currency-denominated transactions
Foreign currency swaps	Borrowings and 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 term 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 Companies' policy not to use any derivative transactions for speculative purposes.

d) Method for evaluating the effectiveness 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.

(9) 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.

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

Accounting treatment of consumption tax

Consumption tax and local consumption taxes are excluded.

(Changes in accounting policies)

Application of Accounting Standard and Guidance for Retirement Benefits

For the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17 2012 , hereinafter the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015, hereinafter “Retirement Benefits Guidance”), the Company has additionally applied the provisions set forth in the main clauses of paragraph 35 of the Retirement Benefits Accounting Standard and paragraph 67 of the Retirement Benefits Guidance from the current fiscal year. With this application, calculation methods for retirement benefit obligations and service costs were revised as follows. The method for attributing projected benefits to periods changed from the straight-line basis to the benefit formula basis. In addition, determination of the discount rate changed from a method based on the number of years approximating the average remaining years of service of the employees to a method using a single weightedaverage discount rate reflecting the estimated period and amount of benefit payment.

In accordance with the transitional treatment prescribed in Section 37 of the Retirement Benefits Accounting Standard, the effect of the accounting change in retirement benefit obligations and service costs was adjusted in retained earnings at the beginning of the current fiscal year.

As a result, net defined benefit asset decreased by ¥14,472 million, net defined benefit liability increased by ¥14,223 million and retained earnings decreased by ¥18,729 million at the beginning of the current fiscal year. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests for the current fiscal year was immaterial.

The impact of this change on net assets per share in current fiscal year was ¥23.91. The effect of this change on net income per share and diluted net income per share in current fiscal year was immaterial.

(Changes in Presentations)

Consolidated Statement of Income

“Share of profit of entities accounted for using equity method”, which was presented separately in the previous fiscal year, is included in “Other” of Nonoperating Income in the current fiscal year, because the materiality decreased. The amount of “Share of profit of entities accounted for using equity method” in the current fiscal year is 3,639 million yen.

(Additional Information)

Bridgestone Retail Operations, LLC (“BSRO”), a wholly owned subsidiary of the Company, entered into an Agreement and Plan of Merger, dated as of October 26, 2015, with The Pep Boys — Manny, Moe & Jack (“Pep Boys”) under which BSRO would acquire all of the outstanding shares of Pep Boys. On December 30, 2015, Pep Boys terminated the Merger Agreement to accept an unsolicited offer of $18.50 per share from Icahn Enterprises L.P. after BSRO decided not to match that offer. In connection with the termination of the Merger Agreement, BSRO received a termination fee of JPY 4,783 million from Pep Boys.

(Notes to the consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets — 2,520,716 million yen

2. Assets provided as collateral and collateralized debt obligations

Assets pledged as collateral (Tangible fixed assets and others)		1,078 million yen
Obligations corresponding to the preceding	Short-term borrowings	208 million yen
	Long-term borrowings	82 million yen

3. Guarantees

Guarantees on employees’ bank borrowings — 1 million yen

4. Balance of trade notes (without letter of credit) discounted — 565 million yen

(Notes to the consolidated statement of income)

Gain on sales of tangible fixed assets

1. Gain on sales of tangible fixed assets mainly consists of gain on sales of land.

Loss on deconsolidation of subsidiaries

2. Under US GAAP, the company has recorded related expenses based on the deconsolidation of Venezuelan subsidiaries, Bridgestone Firestone Venezolana, C.A. (“BFVZ”) and its subsidiary from its consolidated financial statements because other-than-temporary lack of exchangeability between the Bolivar and the U.S. dollar is restricting the subsidiary’s ability to purchase raw materials and pay dividends on a sustainable basis.

(Notes to the consolidated statement of changes in equity)

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

	As of January 1, 2015	Number of increase	Number of decrease	As of December 31, 2015
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see Notes 1 and 2)	29,965	2	89	29,878

Note 1: The number of increase consists of the purchase of 2 thousand shares according to the requests from the shareholders who have odd-lot shares.

Note 2: The number of decrease consists of 89 thousand shares used for the exercise of stock options and others.

2. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders’ Meeting, March 24, 2015	Common Stock	46,988	60	December 31, 2014	March 25, 2015
Board of Directors, August 7, 2015	Common Stock	46,993	60	June 30, 2015	September 1, 2015

(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 (Yen)	Record date	Effective date
Annual Shareholders’ Meeting, March 24, 2016	Common Stock	54,825	Retained earnings	70	December 31, 2015	March 25, 2016

3. The category and number of shares to be allocated to stock acquisition rights at the fiscal year end (excluding those for which the beginning of their exercise periods has not yet occurred)

Common stock: 1,004,400 shares

(Notes to financial instruments)

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

The Companies raise the necessary funds mainly by bank borrowings or issuance of bonds based on funding requirements of their business activities. The Companies invest temporary cash surpluses only in highly secured financial instruments. The Companies follow the policy of using derivative financial instruments not for speculative purposes but for managing financial risks as described later.

(2) Details of financial instruments used and the exposures to risk

Receivables, such as notes and accounts receivable, are exposed to customer credit risk. Receivables in foreign currencies are exposed to foreign currency exchange fluctuation risk. Marketable securities consist primarily of the reservation of receivables liquidation that are exposed to customer credit risk or certificates of deposit regarded as marketable securities in accordance with US GAAP. Investments in securities consist primarily of equity securities of business partners and are exposed to market price fluctuation risk.

Payment terms of payables, such as notes and accounts payable are approximately less than one year. Payables in foreign currencies are exposed to foreign currency exchange fluctuation risk. Borrowings, bonds, and obligations under finance leases are mainly for the purpose of obtaining working capital and preparing for capital expenditures. Some borrowings and bonds with floating interest rates are exposed to interest rate fluctuation risk.

Derivative transactions consist of the use of foreign currency forward contracts and currency option contracts for the purpose of hedging foreign currency exchange fluctuation risk on receivables, payables, and forecasted transactions in foreign currencies; currency swap contracts for the purpose of hedging foreign currency exchange fluctuation risk and interest rate fluctuation risk on loans, borrowings and bonds in foreign currencies; interest rate swap contracts for the purpose of hedging interest rate fluctuation risk on borrowings; and commodity swap contracts for the purpose of hedging commodity price fluctuation risk. Hedging instruments and hedged items, hedge policy, the assessment method for hedge effectiveness, and other items related to hedge accounting are described in "Basic important matters for preparation of consolidated financial statements, 3. Summary of significant accounting policies, (8) Hedge accounting."

(3) Risk management of financial instruments

a. Management of credit risk

The Companies regularly monitor the financial position of significant customers and manage the due dates and the receivables balance of each customer to minimize the risk of defaults resulting from deterioration of a customers financial position.

The Companies enter into derivative transactions only with highly rated financial institutions in order to minimize counterparty risk.

The maximum credit risk on December 31, 2015 is represented by the book value of the financial instruments exposed to credit risk in the consolidated balance sheet.

b. Management of market risk

The Company and certain of its subsidiaries use principally foreign currency forward contracts to hedge foreign currency exchange fluctuation risk identified by currency on a monthly basis for receivables and payables in foreign currencies, and when receivables and payables in foreign currencies are expected from forecasted transactions, foreign currency forward contracts and currency option contracts may be used. In addition, currency swap contracts are used to hedge foreign currency exchange fluctuation risk and interest rate fluctuation risk on loans, borrowings and bonds in foreign currencies; interest rate swap contracts are used to hedge interest rate fluctuation risk on borrowings; and commodity swap contracts are used to hedge commodity price fluctuation risk.

With respect to marketable and investment securities, the Company regularly monitors fair market values and financial positions of the issuers with whom it has business relations, and appropriately reviews the status of these securities considering the relationships with the issuers.

Derivative transactions are carried out under internal regulations by the responsible divisions, and details of transactions are reported to the responsible corporate officers.

c. Management of liquidity risk in financing activities

The Companies practice money management effectively by recognizing the fund position beforehand based on cash flow projections. The Companies also strive to diversify sources of financing in order to reduce liquidity risk.

(4) Supplementary explanation on fair value of financial instruments

Fair values of financial instruments include market prices and values calculated reasonably when there is no market price. As variable factors are incorporated in calculating the relevant fair values, such values may change depending on the different assumptions.

2. Fair values of financial instruments

Carrying amounts of consolidated balance sheets, fair value, and unrealized gain/loss of the financial instruments as of December 31, 2015, are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table (see Note 2):

	Carrying amounts of consolidated balance sheet	Fair value	Difference
	Yen in millions	Yen in millions	Yen in millions
(1) Cash and deposits	387,652	387,652	−
(2) Notes and accounts receivable	488,832		
Allowance for doubtful accounts (*1)	(33,357)		
	455,475	455,475	−
(3) Marketable and investment securities	497,437	497,437	−
Total Assets	1,340,565	1,340,565	−
(1) Notes and accounts payable	181,973	181,973	−
(2) Short-term borrowings	125,908	125,908	−
(3) Income taxes payable	50,523	50,523	−
(4) Accounts payable-other	164,491	164,491	−
(5) Bonds	120,000	120,407	(407)
(6) Long-term borrowings	188,275	190,623	(2,348)
Total Liabilities	831,171	833,927	(2,755)
Derivative transactions (*2)	1,411	1,411	−

(*1) This item comprises the allowance for doubtful accounts in respect to notes and accounts receivable, short-term loan receivable, and others.

(*2) Receivables and payables arising from derivative transactions are presented net. If the net amount is a liability, it is written in parentheses ( ).

Notes

1. Calculation method of fair values of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable

The fair values approximate book values because of their short-term maturities.

(3) Marketable and investment securities

The fair values of the reservation of receivables liquidation are based on values calculated reasonably, the fair values of equity securities are based on the market prices at the stock exchanges, and the fair values of bonds are based on the market prices at the stock exchanges or on the prices disclosed by financial institutions. In addition, the fair value of certificates of deposit approximates book value because of their short-term maturity.

Liabilities

(1) Notes and accounts payable, (2) Short-term borrowings, (3) Income taxes payable and (4) Accounts payable-other

The fair values approximate book values because of their short-term maturities.

(5) Bonds

The fair values of bonds with market prices are based on the market prices. The fair values of bonds without market prices are determined by discounting the aggregated values using an assumed interest rate, taking account of the credit exposure and maturities.

(6) Long-term borrowings

The fair values of long-term bank borrowings are determined by discounting the aggregated values of the principal and interest using an assumed interest rate as if the same type of borrowings were newly made.

<u>Derivative transactions</u>

The fair value of derivative transactions is measured at the quoted price principally obtained from financial institutions, etc.

2. Financial instruments whose fair values are extremely difficult to calculate

	Carrying amounts of consolidated balance sheets Yen in millions
Investments in affiliates	17,105
Available-for-sale securities	
Unlisted equity securities	1,935

It is extremely difficult to calculate the fair value because there is no market price. Therefore, these items are not included in “(3) Marketable and investment securities.”

(Notes to per-share information)

Total net assets per share	2,820.48 yen
Net income per share	362.99 yen

Consolidated Statement of Cash Flows (for reference)

	Current Year (Year ended December 31, 2015)	Previous Year (Year ended December 31, 2014)
	Yen in millions	Yen in millions
Cash Flows from Operating Activities		
Income before income taxes and minority interests	478,159	477,753
Depreciation and amortization	202,333	188,332
Amortization of goodwill	2,146	1,245
Increase (decrease) in allowance for doubtful accounts	1,388	205
Increase (decrease) in net defined benefit liability	(15,204)	(26,290)
Interest and dividend income	(14,249)	(14,308)
Interest expense	12,118	14,662
Foreign currency exchange loss (gain)	6,442	7,516
Penalty income	(4,783)	—
Gain on sales of tangible fixed assets	(5,277)	(8,614)
Loss (gain) on sales of investments in securities	(15,480)	(5,925)
Loss on disposals of tangible fixed assets	6,397	—
Loss on deconsolidation of subsidiaries	43,505	—
Decrease (increase) in notes and accounts receivable	(14,408)	(4,263)
Decrease (increase) in inventories	(536)	2,292
Increase (decrease) in notes and accounts payable	(19,522)	7,734
Other	18,145	(20,167)
Subtotal	**681,175**	**620,172**
Interest and dividends received	14,046	14,322
Interest paid	(12,483)	(14,791)
Penalty received	4,783	—
Payment related to US antitrust laws	—	(43,651)
Payment related to recall	(6,697)	(11,668)
Payment related to plant restructuring in Japan	—	(7,700)
Income taxes paid	(126,885)	(128,061)
Net Cash Provided by Operating Activities	**553,938**	**428,621**
Cash Flows from Investing Activities		
Payments for purchase of tangible fixed assets	(255,229)	(288,382)
Proceeds from sales of tangible fixed assets	7,598	10,910
Payments for purchase of intangible assets	(3,988)	(2,587)
Proceeds from sales of investments in securities	17,776	6,926
Payments of long-term loans receivable	(1,276)	(479)
Proceeds from collection of long-term loans receivable	1,212	3,645
Other	526	(35,729)
Net Cash Used in Investing Activities	**(233,380)**	**(305,696)**
Cash Flows from Financing Activities		
Net increase (decrease) in short-term borrowings and commercial paper	(61,097)	6,894
Proceeds from long-term borrowings	24,556	99,367
Repayments of long-term borrowings	(97,400)	(121,670)
Proceeds from issuance of bonds	—	70,000
Payments for redemption of bonds	—	(63,807)
Proceeds from minority interests for additional shares	1,969	934
Payments of obligations under finance leases	(7,429)	(1,152)
Cash dividends paid	(93,928)	(54,798)
Cash dividends paid to minority interests	(5,646)	(4,121)
Other	172	419
Net Cash Used in Financing Activities	**(238,805)**	**(67,935)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(35,339)**	**10,594**
Net increase (decrease) in Cash and Cash Equivalents	**46,413**	**65,585**
Cash and Cash Equivalents at Beginning of Year	**390,181**	**324,596**
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation	**(9,867)**	—
Cash and Cash Equivalents at End of Year	**426,727**	**390,181**

Notes

1. Definition of cash and cash equivalents for Consolidated Statement of Cash Flows

   Cash and cash equivalents included in the consolidated statement of cash flows consist 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.

2. Reconciliation between cash and cash equivalents at the fiscal year end and the amount shown in the Consolidated Balance Sheet

Cash and deposits — Consolidated Balance Sheet	387,652 million yen
Short-term investments	217,348
Total	605,000
Time deposits, bonds, etc., with terms of more than three months	(178,273)
Cash and cash equivalents —Consolidated Statement of Cash Flows	426,727

Non-consolidated Balance Sheet

	Current Year (As of December 31, 2015)	Previous Year (As of December 31, 2014) (for reference)
	Yen in millions	Yen in millions
(Assets)		
Current Assets:		
Cash and deposits	91,392	86,398
Trade notes receivable	1,126	1,859
Trade accounts receivable	277,590	333,691
Short-term investments	66,286	25,155
Merchandise and finished products	34,791	33,176
Work in process	6,328	6,780
Raw materials and supplies	17,930	18,573
Deferred tax assets	13,252	19,615
Short-term loans for subsidiaries and affiliates	81,052	40,843
Accounts receivable-other	19,607	24,077
Other	13,964	14,441
Allowance for doubtful accounts	(916)	(72)
Total Current Assets	**622,406**	**604,540**
Fixed Assets:		
Tangible fixed assets		
Buildings	90,482	92,002
Structures	6,401	6,426
Machinery and equipment	45,481	46,768
Vehicles and carriers	899	985
Tools, furniture and fixtures	9,946	9,866
Land	63,215	63,581
Construction in progress	15,519	18,741
Total tangible fixed assets	**231,946**	**238,371**
Intangible fixed assets	**2,601**	**2,446**
Investments and other assets		
Investments in securities	270,895	260,083
Investments in subsidiaries and affiliates	668,144	667,228
Investments in subsidiaries and affiliates, other than stock	137,141	123,840
Long-term loans for subsidiaries and affiliates	81,281	77,558
Other	9,190	20,140
Allowance for doubtful accounts	(11,990)	(3,785)
Total investments and other assets	**1,154,663**	**1,145,066**
Total Fixed Assets	**1,389,211**	**1,385,884**
Total	**2,011,618**	**1,990,424**

	Current Year (As of December 31, 2015)	Previous Year (As of December 31, 2014) (for reference)
	Yen in millions	Yen in millions
(Liabilities)		
Current Liabilities:		
Trade accounts payable	90,082	104,940
Current portion of bonds	30,000	—
Current portion of long-term borrowings	20,160	—
Lease obligations	182	131
Accounts payable-other	59,687	73,288
Accrued expenses	27,406	30,673
Income taxes payable	34,941	33,059
Deposits received	6,317	6,079
Provision for recall	1,853	9,310
Provision for plant restructuring in Japan	—	860
Other	3,758	11,066
Total Current Liabilities	**274,390**	**269,411**
Long-Term Liabilities:		
Bonds	90,000	120,000
Long-term borrowings	72,426	92,580
Lease obligations	313	190
Deferred tax liabilities	32,855	50,637
Accrued pension and liability for retirement	44,550	33,161
Provision for environmental remediation	2,038	2,336
Provision for loss on business of subsidiaries	—	11,324
Asset retirement obligation	2,225	2,201
Other	4,323	7,533
Total Long-Term Liabilities	**248,733**	**319,964**
Total Liabilities	**523,124**	**589,375**
(Net Assets)		
Shareholders' equity:		
Common stock	**126,354**	**126,354**
Capital surplus		
Capital reserve	122,078	122,078
Other capital surplus	946	929
Total capital surplus	**123,025**	**123,008**
Retained earnings		
Legal reserve	31,278	31,278
Other retained earnings		
Reserve for special depreciation	57	90
Reserve for advanced depreciation of	23,163	22,105
General reserve	929,310	919,310
Unappropriated retained earnings	172,171	121,233
Total retained earnings	**1,155,982**	**1,094,019**
Treasury stock-at cost	**(56,211)**	**(56,366)**
Total Shareholders' equity	**1,349,149**	**1,287,014**
Net unrealized gain (loss) and translation		
Net unrealized gain (loss) on	136,727	113,161
Deferred gain (loss) on derivative	147	(1,072)
Total net unrealized gain (loss) and	**136,874**	**112,089**
Stock acquisition rights	**2,469**	**1,945**
Total Net Assets	**1,488,494**	**1,401,049**
Total	**2,011,618**	**1,990,424**

Non-consolidated Statement of Income

	Current Year (Year ended December 31, 2015)		Previous Year (Year ended December 31, 2014) (for reference)	
	Yen in millions		Yen in millions	
Net Sales		**912,670**		**990,746**
Cost of Sales		**534,689**		**603,077**
Gross profit		**377,980**		**387,668**
Selling, General and Administrative Expenses		**188,833**		**192,525**
Operating income		**189,147**		**195,142**
Nonoperating Income				
Interest income	3,116		1,986	
Dividend income	43,952		38,658	
Other	4,333	**51,402**	8,282	**48,926**
Nonoperating Expenses				
Interest expense	593		756	
Dismantlement expenses	2,293		1,510	
Loss on disposals of tangible fixed assets	1,543		1,475	
Foreign currency exchange loss	3,726		3,461	
Other	5,491	**13,647**	9,150	**16,354**
Ordinary income		**226,901**		**227,714**
Extraordinary Income				
Gain on sales of investments in securities	15,446	**15,446**	5,876	**5,876**
Extraordinary Loss				
Loss on valuation of investments in securities	—		29,056	
Loss on business of subsidiaries and affiliates	2,115	**2,115**	20,958	**50,015**
Income before income taxes		**240,232**		**183,575**
Income taxes - current		62,530		57,795
Income taxes - deferred		6,681		13,238
Net Income		**171,020**		**112,542**

Non-consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2015) (Yen in millions)

	Shareholders' equity										Net unrealized gain (loss) and translation adjustments		
		Capital surplus		Retained earnings									
					Other retained earnings								
	Common stock	Capital reserve	Other capital surplus	Legal reserve	Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	General reserve	Unappropriated retained earnings	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Stock acquisition rights
Beginning Balance	**126,354**	**122,078**	**929**	**31,278**	**90**	**22,105**	**919,310**	**121,233**	**(56,366)**	**1,287,014**	**113,161**	**(1,072)**	**1,945**
Cumulative effects of changes in accounting policies								(15,075)		(15,075)			
Restated Balance	**126,354**	**122,078**	**929**	**31,278**	**90**	**22,105**	**919,310**	**106,157**	**(56,366)**	**1,271,938**	**113,161**	**(1,072)**	**1,945**
(Changes in the year)													
Cash dividends								(93,981)		(93,981)			
Reversal of reserve for special depreciation					(33)			33		―			
Provision of reserve for advanced depreciation of fixed assets						1,057		(1,057)		―			
Provision of general reserve							10,000	(10,000)		―			
Net income for the year								171,020		171,020			
Purchase of treasury stock									(12)	(12)			
Disposal of treasury stock			16						167	184			
Net change in the year											23,566	1,219	524
Total Changes in the Year	**―**	**―**	**16**	**―**	**(33)**	**1,057**	**10,000**	**66,013**	**155**	**77,210**	**23,566**	**1,219**	**524**
Ending Balance	**126,354**	**122,078**	**946**	**31,278**	**57**	**23,163**	**929,310**	**172,171**	**(56,211)**	**1,349,149**	**136,727**	**147**	**2,469**

Notes to Non-consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation policies and methods for assets

(1) Valuation policies and methods for investments in securities

Investments in subsidiaries and affiliates — the moving average cost method

Available-for-sale securities

With market value — Fair value based on the market price, etc., at the fiscal year end (Unrealized gain and loss, net of tax are recorded in 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 policies and methods for derivatives

Fair value

(3) Valuation policies and methods for inventories

Inventories are principally stated at lower of cost, determined by the moving-average method, or net selling value.

2. Depreciation method for fixed assets

(1) Tangible fixed assets

The declining-balance method

(2) Intangible fixed assets

The straight-line method

3. Accounting policies for reserves and allowances

(1) Allowance for doubtful accounts

In order to reserve for loss from the nonpayment 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 nonpayment, an amount based on the evaluation of potential loss in the receivables outstanding is recorded.

(2) Provision for recall

In order to reserve for outlays related to check and replacement of object tires, an estimated amount of future obligations is recorded.

(3) 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 current fiscal year end is recorded.

a) Method of attributing projected benefits to periods

Projected benefit is attributed to periods of service up to the end of the current fiscal year on a benefit formula basis.

b) Method of recognizing unrecognized actuarial gain/loss and past service cost

Past service cost is treated as an expense using the straight-line method over a fixed number of years (10 years) within the average remaining years of service of the employees in the year in which the past service costs occur.

Actuarial gain/loss is treated as an expense using the straight-line method over a fixed number of years (10 years) within the average remaining years of service of the employees in the year in which the gain/loss occurs, recorded from the following fiscal year.

(4) Provision for environmental remediation

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

4. Accounting policies for the translation of foreign currency-denominated assets and liabilities into Japanese yen

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.

5. Hedge accounting

(1) Hedge accounting method

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

(2) Hedging instruments and items covered

Instruments	Items covered
Forward foreign exchange contracts	Foreign currency-denominated monetary claims and obligations and forecasted foreign currency-denominated transactions
Foreign currency swaps	Borrowings and bonds
Interest rate swaps	Borrowings
Commodity swaps	Raw materials

(3) 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 term 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.

(4) Method for evaluating the effectiveness 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.

6. Accounting treatment of consumption tax

Consumption tax and local consumption taxes are excluded. Suspense consumption taxes paid and received are offset and net amount is recorded within accounts receivable-other in current assets.

(Changes in accounting policy)

Application of Accounting Standard and Guidance for Retirement Benefits

The Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the "Retirement Benefits Accounting Standard") and the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015, hereinafter the "Retirement Benefits Guidance") from the current fiscal year. With this application, calculation methods for retirement benefit obligations and service costs were revised as follows. The method for attributing projected benefits to periods changed from the straight-line basis to the benefit formula basis. In addition, determination of the discount rate changed from a method based on the number of years approximating the average remaining years of service of the employees to a method using a single weighted average discount rate reflecting the estimated period and amount of benefit payment.

In accordance with the transitional treatment prescribed in Section 37 of the Retirement Benefits Accounting Standard, the effect of the accounting change in retirement benefit obligations and service costs was adjusted in retained earnings at the beginning of current fiscal year.

As a result, as of the beginning of the current fiscal year, accrued pension and liability for retirement benefits increased by ¥11,150 million, prepaid pension cost in "Other" in "Investments and other assets" decreased by ¥12,222 million, and retained earnings decreased by ¥15,075 million. The effects of this change on operating income, ordinary income, and income before income taxes were immaterial.

The impact of this change on net assets per share in current fiscal year was ¥19.25. The effects of the change on net income per share and diluted net income per share in current fiscal year were immaterial.

(Changes in Presentations)

Non-consolidated Statement of Income

"Dismantlement expenses" of 1,510 million yen and "Loss on disposals of tangible fixed assets" of 1,475 million yen were included in "Other" of Non-operating Expenses in the previous fiscal year. These accounts are presented separately since their materialities have increased during the current fiscal year.

(Notes to the non-consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets 1,019,596 million yen

2. Guarantee

Guarantees on trade accounts payable of BRIDGESTONE HUIZHOU SYNTHETIC RUBBER CO., LTD.	238 million yen
Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	65 million yen
Total	304 million yen

3. Balance of trade notes (without letter of credit) discounted 460 million yen

4. Short-term monetary receivables from subsidiaries and affiliates 317,777 million yen

   Long-term monetary receivables from subsidiaries and affiliates 81,281 million yen

   Short-term monetary payables to subsidiaries and affiliates 68,536 million yen

(Notes to the non-consolidated statement of income)

1. Transactions with subsidiaries and affiliates

   Sales 685,738 million yen

   Purchases, etc. 243,237 million yen

   Transactions other than operating transactions 68,257 million yen

2. Loss on business of subsidiaries and affiliates

   Taking into consideration the financial condition of certain subsidiaries and affiliates, related losses have been recorded.

(Notes to the non-consolidated statement of changes in equity)

Type and number of treasury stock

	As of January 1, 2015	Number of increase	Number of decrease	As of December 31, 2015
Common stock (Thousands of shares)	29,961	2	89	29,875

Note 1: The number of increase consists of the purchase of 2 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The number of decrease consists of 89 thousand shares used for the exercise of stock options.

(Notes to deferred income tax)

Deferred tax assets	
Accrued pension and liability for retirement benefits	14,346 million yen
Investments in securities	11,298
Investments in subsidiaries and affiliates (related to the restructuring of European operations)	11,395
Depreciable assets	10,787
Accrued expenses	5,562
Other	23,424
Deferred tax assets subtotal	76,815
Valuation allowance	(35,927)
Total deferred tax assets	40,888
Deferred tax liabilities	
Reserve for advanced depreciation on fixed assets	(10,950) million yen
Net unrealized gain on available-for-sale securities	(49,130)
Other	(409)
Total deferred tax liabilities	(60,491)
Deferred tax liabilities, net	(19,603)

(Notes to transactions with related parties)

Subsidiaries and affiliates, etc.

Attribute	Company name	Percentage of ownership	Relationship with counterparty	Details of transaction	Transaction amount (Yen in millions) (Note 1)	Account item	Ending balance (Yen in millions) (Note 1)
Subsidiary	BRIDGESTONE TIRE JAPAN CO., LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Sales of the Company's products (Note 2)	159,239	Trade accounts receivable	58,519
Subsidiary	BRIDGESTONE DIVERSIFIED PRODUCTS JAPAN CO.,LTD.	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 2)	64,805	Trade accounts receivable	30,203
Subsidiary	BRIDGESTONE FINANCE CORPORATION	Direct ownership 100.00%	Lending, etc. Officers serving concurrently	Lending (Note 3,4)	28,539	Short-term loans for subsidiaries and affiliates	27,297
Subsidiary	BRIDGESTONE AMERICAS, INC.	Direct ownership 100.00%	Lending Officers serving concurrently	Lending (Note 3)	18,091	Long-term loans for subsidiaries and affiliates	30,152
Subsidiary	BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC	Indirect ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 2)	95,116	Trade accounts receivable	20,509
Subsidiary	BRIDGESTONE EUROPE NV/SA	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Sales of the Company's products (Note 2)	61,802	Trade accounts receivable	21,438
Subsidiary	BRIDGESTONE (CHINA) INVESTMENT CO., LTD.	Direct ownership 100.00%	Sales of the Company's products, etc. Officers serving concurrently	Lending (Note 3)	22,858	Short-term loans for subsidiaries and affiliates	24,425

Transaction conditions and policies for determination of transaction conditions, etc.

(Note)

1. Consumption tax is not included in the transaction amounts, but is included in the ending balances.
2. The sales price is determined based on the market price.
3. The interest rates are determined based on the market.
4. The transaction amount is the average balance in the current fiscal year.

(Notes to per-share information)

Total equity per share	1,897.31 Yen
Net income per share	218.36 Yen

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 17, 2016

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kohei Kan

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yasuyoshi Ichikawa

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masashi Aizawa

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Shinji Dobata

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2015 of Bridgestone Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from January 1, 2015 to December 31, 2015, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridgestone Corporation and its consolidated subsidiaries as of December 31, 2015, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 17, 2016

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kohei Kan

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yasuyoshi Ichikawa

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masashi Aizawa

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Shinji Dobata

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2015 of Bridgestone Corporation (the "Company"), and the related statements of income and changes in equity for the 97th fiscal year from January 1, 2015 to December 31, 2015, and a summary of significant accounting policies and other explanatory information and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of Bridgestone Corporation as of December 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

（TRANSLATION）

Board of Corporate Auditors Meeting Audit Report

Audit Report

With respect to the performance of the Members of the Board of their duties during the 97th business year (from January 1, 2015, to December 31, 2015), the Board of Corporate Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Corporate Auditor, and hereby report as follows:

1. Method and Contents of Audit by the Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors has established the audit policies, assignment of duties and other matters, and received a report from each Corporate Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Corporate Auditors has received reports from the Members of the Board, other relevant personnel, and the Independent Auditors regarding the status of performance of their duties, and requested explanations as necessary.

(2) In conformity with the Corporate Auditor auditing standards established by the Board of Corporate Auditors, and in accordance with the audit policies, assignment of duties and other relevant matters, each Corporate Auditor endeavored to facilitate a mutual understanding with the Members of the Board, the internal audit division, employees and other relevant personnel, and endeavored to collect information and maintain and improve the audit environment, and conducted their audits in the following ways:

(i) Each Corporate Auditor has attended the Board of Directors and other important meetings, received reports on the status of performance of duties from the Members of the Board and other relevant personnel and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. Also, with respect to the subsidiaries, each Corporate Auditor endeavored to facilitate a mutual understanding and exchanged information with the Members of the Board and Corporate Auditors and other relevant personnel of each subsidiary and received from subsidiaries reports on their respective business as necessary.

(ii) Each Corporate Auditor received reports regularly from the Member of the Board, employees and other relevant personnel and requested explanations from them as necessary, and expressed their opinions regarding the status of the establishment and operation of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the performance of the Members of the Board of their duties as described in the business report complied with all laws, regulations and the Articles of

Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems (internal control systems) based on such resolutions.

(iii) In addition, each Corporate Auditor monitored and verified whether the Independent Auditors maintained their independence and properly conducted their audits, received a report from the Independent Auditors on the status of performance of duties, and requested explanations as necessary. Each Corporate Auditor was notified by the Independent Auditors that they had established a "system to ensure that the performance of the duties of the Independent Auditors were properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005) and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and its supplemental schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) and their supplemental schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statements of income, the consolidated statement of changes in net assets and notes to the consolidated financial statements) for the business year under consideration.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

(i) We acknowledge that the business report and its supplemental schedules fairly present the status of the Company in conformity with the applicable laws, regulations and the Articles of Incorporation of the Company.

(ii) We acknowledge that no misconduct or material fact constituting a violation of any law, regulation or the Articles of Incorporation of the Company was found with respect to the performance of the Members of the Board of their duties.

(iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. In addition, we did not find any matters to be mentioned with respect to the description concerning the internal control systems in the business report.

We also acknowledge that the design and operation of the internal control systems continue to be under successive review and improvement.

(2) Results of Audit of Non-consolidated Financial Statements and their Supplemental Schedules

We acknowledge that the methods and results of audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are appropriate.

February 17, 2016

Bridgestone Corporation Board of Corporate Auditors

Corporate Auditor (full-time): Mikio Masunaga
Corporate Auditor (full-time): Masahito Tsuji
Outside Corporate Auditor: Kenichi Masuda
Outside Corporate Auditor: Tomoko Watanabe

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Reference Information

PROJECTIONS FOR FISCAL 2016

The Group's operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstocks, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.
Amid such a challenging business environment, the Group projects the following results through the implementation of Mid-Term Management Plan initiatives.

(Consolidated)			Fiscal 2016 projections	Fiscal 2015	Increase (Decrease)	
			Yen in billions	Yen in billions	Yen in billions	%
Full-year	Net sales		3,750.0	3,790.2	(40.2)	(1)
	Operating income		520.0	517.2	2.7	1
	Ordinary income		487.0	507.3	(20.3)	(4)
	Profit attributable to owners of parent		309.0	2,842	24.7	9
			Yen	Yen		
Full-year	Exchange rate	yen/dollar	115	121	―	(5)
		yen/euro	127	134		(5)

DIVIDENDS

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	―	40.00	―	60.00	100.00
Fiscal 2015	―	60.00	―	70.00	130.00
Fiscal 2016 (Projection)	―	70.00	―	70.00	140.00

Note: 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 Bridgestone Group’s actual performance and results to differ substantially from management’s projections and plans, and the statement are not guarantees of future business performance.

TOPICS

Cultivating a global corporate culture: Acceleration of innovation

Proposing “NVH solution” that creates new values for customers

The Company promotes the innovation in both technology and its business model. Always open to our customers’ opinions, the Company works to create new oppotunities for a sustainably mobile world, with its eyes on changing societal trends. While the Company supplies vehicle parts including tires, anti-vibration rubber, seat pads, etc., it proposes its customers utilize these products and technology jointly as an “NVH solution,” ultimately to realize an even better mobile society through the creation of new benefits for customers that cannot be realized by using a single part alone.

* Stands for noise (N), vibration (V) and harshness (H).

ECOPIA EP500 ologic awarded Director General Prize of Agency of Natural Resources and Energy

The Company’s next-generation fuel-efficient tire “ECOPIA EP500 ologic” was praised for its excellent fuel efficiency and won the Director General Prize of Agency of Natural Resources and Energy in the category of Product and Business Model at the Energy Conservation Grand Prize for Excellent Energy Conservation Equipment 2015 sponsored by the Energy Conservation Center, Japan.

ECOPIA EP500 ologic

Upgrading the global management structure: Enhancement of governance systems

Awarded Grand Prize at the 1st Corporate Governance of the Year

The Company was selected as Grand Prize Company of the 1st Corporate Governance of the Year® 2015 hosted by the Japan Association of Corporate Directors. The prize acknowledges Japanese companies which successfully utilize corporate governance to realize their growth strategies. The Company’s initiatives and achievements in corporate governance were comprehensively evaluated in the selection of this award.

Award Ceremony

The 3rd from the left: Mr. Yoshihiko Miyauchi, Chairman, Japan Association of Corporate Directors

The 2nd from the right: Mr. Masaaki Tsuya, CEO and Representative Board Member, Concurrently Chairman of the Board, Bridgestone Corporation

Upgrading the global management structure: Expansion of the diversified product business

Developing industry's first system of proprietary double-wheel drive

Bridgestone Cycle Co., Ltd., a Group company, developed the proprietary electric-assisted system "DUAL DRIVE" in 2015 that is optimized for commuting to school. This is the industry's first double-wheel drive system that combines front-wheel motor and rear-wheel belt drive, presenting a new option for school bicycle markets.

Albelt-e: an electric-assisted school bicycle with DUAL DRIVE

Offering "Solution Services" that support the "best golf experience"

Bridgestone Sports Co., Ltd., a Group company, began to offer "Solution Services" that provide its customers the "best golf experience" in August 2015. At four Bridgestone Golfer's Store locations opened based in Japan, comprehensive assistance such as advanced products, proprietary analysis technology and advice by experts are provided to support the golfing life of each and every customer.

Technical advice by an expert

Corporate Citizenship Activities

Committed to corporate citizenship activities that contribute to the betterment of society

Since April 2011, employees of the Group companies and their families have engaged in company-led volunteer activities in areas devastated by the Great East Japan Earthquake. 2015 marked the five year anniversary of the launch of this program. Since 2013, employees also have supported the activities of "Iwaki OtentoSUN Project" in Iwaki, Fukushima Prefecture, including the installation of solar power generation panels and agricultural revitalization through the cultivation of organic cotton. A diverse variety of volunteer activities also have supported the Yume No Tsubasa [Wing for Dreams] Project, providing long-term assistance to children who lost their guardians in the earthquake.

Yume No Tsubasa Project

The Company donated support funds for recovery efforts on areas devastated by heavy rain across Kanto and Tohoku in September 2015.

Shareholders’ Notes

Fiscal year: January 1 to December 31
Annual Shareholders’ Meeting: March of each year

Shareholder returns (in the event that the payment of year-end dividends is approved at the Annual Shareholders’ Meeting)
Date of Right Allotment: December 31 of each year
Payment begins: Next business day after the Annual Shareholders’ Meeting

Interim dividends (in the event that the payment of interim dividends is approved by the Board of Directors)
Date of Right Allotment: June 30 of each year
Payment begins: September of each year

Shareholders’ Register Manager (Special account management institution)
Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

Mailing Address
Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agent Department
8-4, Izumi 2-chome, Suginami-ku, Tokyo, Japan 168-0063
(Tel): 0120-782-031 (Toll free)

Agent Office: Sumitomo Mitsui Trust Bank, Limited, headquarters and all other Japanese branches

Method of public notice of the Company’s website
http://www.bridgestone.co.jp/

Unit amount of stocks: 100 shares