Consolidated Financial Statements for the Fiscal Year Ended December 31, 2013

February 18, 2014

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

Bridgestone Corporation Stock exchange listings:Tokyo, Nagoya, Fukuoka
Code number:5108 URL:http://www.bridgestone.co.jp
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Scheduled date of annual shareholders' meeting: March 25, 2014
Scheduled date of securities report submission: March 25, 2014
Scheduled date of dividend payment commencement: March 26, 2014
Supplementary information for the financial statements to be prepared: Yes
Meeting to explain for the quarterly financial statements to be held: Yes

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

1. Consolidated Results for Fiscal 2013(January 1, 2013 - December 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Fiscal 2013	3,568,091	17.4	438,131	53.2	434,793	52.5	202,053	17.7
Fiscal 2012	3,039,738	0.5	285,995	49.5	285,043	59.0	171,605	66.7

(Reference) Comprehensive Income: Fiscal 2013 ¥ 480,288 million (73.4%)
Fiscal 2012 ¥ 276,977 million (－%)

	Net income per share	Diluted net income per share	Net return on Total equity	Ordinary income / Total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal 2013	258.10	257.81	12.7	13.1	12.3
Fiscal 2012	219.26	219.10	13.7	10.0	9.4

(Reference) Equity in earnings of affiliates: Fiscal 2013 ¥ 3,819 million
Fiscal 2012 ¥ 2,145 million

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets	Total equity per share
	Yen in millions	Yen in millions	%	Yen
Fiscal 2013	3,577,045	1,862,963	50.5	2,305.64
Fiscal 2012	3,039,798	1,417,347	45.2	1,754.30

(Reference) Total equity Fiscal 2013 ¥ 1,805,285 million
Fiscal 2012 ¥ 1,373,021 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
Fiscal 2013	471,771	(265,229)	(183,722)	324,596
Fiscal 2012	404,467	(237,928)	(55,351)	269,416

2. Dividends

	Dividend per share					Total dividends	Dividends Pay-out ratio (Consolidated)	Ratio of dividends to total equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen in millions	%	%
Fiscal 2012	―	16.00	―	16.00	32.00	25,045	14.6	2.0
Fiscal 2013	―	27.00	―	30.00	57.00	44,628	22.1	2.8
Fiscal 2014 (Projection)	―	40.00	―	40.00	80.00		22.0	

3. Consolidated Projected Results for Fiscal 2014 (January 1, 2014 - December 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
First half year	1,790,000	5.0	210,000	10.3	201,000	8.7	127,000	8.5	162.23
Fiscal 2014	3,800,000	6.5	460,000	5.0	442,000	1.7	285,000	41.1	364.05

*** Notes**

(1) Changes in principal subsidiaries during fiscal 2013 : No
(Changes in specified subsidiaries involving change in consolidation scope)

(2) Changes in accounting policy, changes in accounting estimates, and restatements
1) Changes due to revisions of accounting policy, etc. : Yes
2) Changes in accounting policy other than 1) : No
3) Changes in accounting estimates : Yes
4) Restatements : No
(Note) These are subject to Article 14-7 of "the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, etc." For further details, please refer to "Consolidated Financial Statements (5) Notes to the consolidated financial statements (Changes in accounting policy, etc.)" on page 21.

(3) Outstanding number of shares (common stock)
1) Outstanding number of shares at period end (including treasury stock):
December 31, 2013 813,102,321 shares
December 31, 2012 813,102,321 shares

2) Number of shares of treasury stock at period end
December 31, 2013 30,115,568 shares
December 31, 2012 30,440,507 shares

3) Average outstanding number of shares (during the fiscal year)
December 31, 2013 782,860,668 shares
December 31, 2012 782,661,458 shares

(Reference) Summary of Non-consolidated Results
(January 1, 2013 - December 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Fiscal 2013	1,006,602	7.2	205,311	47.4	221,849	42.4	90,198	(1.9)
Fiscal 2012	939,399	(3.3)	139,264	146.8	155,753	135.0	91,960	171.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2013	115.22	115.09
Fiscal 2012	117.50	117.41

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets	Total equity per share
	Yen in millions	Yen in millions	%	Yen
Fiscal 2013	1,895,359	1,345,357	70.9	1,716.16
Fiscal 2012	1,700,914	1,242,016	73.0	1,585.50

(Reference) Total equity Fiscal 2013 ¥ 1,343,736 million
Fiscal 2012 ¥ 1,240,917 million

<u>* Status of implementation of audit procedures</u>

This kessan tanshin document is outside the scope of audit procedures based on the Financial Instruments and Exchange Act. As of the time of its disclosure, audit procedures with respect to the financial statements were in the process of being implemented.

<u>* Statement regarding appropriate use of forward-looking statements and other notes</u>

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 statements are not guarantees of future business performance. For further details, please see page 4, "Projections for fiscal 2014."

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1. Operating Results

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

(1) Analysis of Operating Results

[Operating results for fiscal 2013]

1) Sales and earnings

	Fiscal 2013	Fiscal 2012	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	3,568.0	3,039.7	528.3	17
Operating income	438.1	285.9	152.1	53
Ordinary income	434.7	285.0	149.7	53
Net income	202.0	171.6	30.4	18

During fiscal 2013 (January 1 to December 31, 2013), the Companies' operating environment was as follows. The domestic economy showed signs of gradual recovery supported by improved exportations and effectiveness of economic and monetary policies with maintaining the correction of the appreciated Japanese yen. The United States economy has also shown signs of recovery. Although the European economy has shown signs that it had bottomed out, it remained stagnant. The Asian economic expansion showed signs of a slowdown, particularly in China and India. Overall, recovery by many overseas economies was continuously weak.

Under these operating conditions, the Companies continued working to realize the ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu in all aspects of our business." Stepping up our efforts on a global scale, the Companies were trying to anticipate market trends and competitors' movements, enhance technology and promoting innovation to increase the sales of highly competitive products and services, and construction and enhancing business models that will extend beyond the mere sales of products. Moreover, the Companies were striving to rapidly implement a range of initiatives to increase the sales 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 2013 were ¥3,568.0 billion, an increase of 17% from fiscal 2012; operating income was ¥438.1 billion, an increase of 53%; ordinary income was ¥434.7 billion, an increase of 53%; and net income was ¥202.0 billion, an increase of 18% due to recognition as an extraordinary loss related to US antitrust laws of ¥44.7 billion, loss related to recall of ¥22.5 billion, plant restructuring costs in Japan of ¥8.6 billion and others.

2) Segment Information

		Fiscal 2013	Fiscal 2012	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	3,036.9	2,557.2	479.6	19
	Operating income	399.4	260.4	139.0	53
Diversified Products	Net Sales	546.2	499.0	47.1	9
	Operating income	38.5	25.5	13.0	51
Consolidated Results	Net Sales	3,568.0	3,039.7	528.3	17
	Operating income	438.1	285.9	152.1	53

In the tires segment, the Companies worked to maximize sales momentum by introducing appealing new products globally, enhancing strategic products and reinforcing fundamental competencies such as specification optimization, and responding promptly to demand fluctuation in each region.

In Japan, total unit sales of tires for passenger cars and light trucks increased firmly compared to fiscal 2012 due to an increase of the sales of replacement tires. The unit sales of tires for trucks and buses increased strongly compared to fiscal 2012. In the Americas, the unit sales of tires for passenger cars and light trucks in North America increased steadily compared to fiscal 2012. The unit sales of tires for trucks and buses increased strongly compared to fiscal 2012. In Europe, the unit sales of tires for passenger cars and light trucks decreased compared to fiscal 2012. The unit sales of tires for trucks and buses increased strongly. In Asia Pacific, the unit sales of tires for passenger cars and light trucks increased steadily compared to fiscal 2012 due to an increase of the sales of replacement tires. The unit sales of tires for trucks and buses increased strongly compared to fiscal 2012. In China, the unit sales of tires for passenger cars and light trucks exceeded sales of fiscal 2012 as well as tires for truck and buses. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles remained unchanged from fiscal 2012.

As a result, net sales and operating income in the tires segment during fiscal 2013 totaled ¥3,036.9 billion and ¥399.4 billion, an increase of 19% and an increase of 53% from fiscal 2012, respectively.

In the diversified products segment, net sales totaled ¥546.2 billion, an increase of 9% from fiscal 2012, and operating income was ¥38.5 billion, an increase of 51% from fiscal 2012 due to an increase in the profit of domestic business.

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

[Projections for fiscal 2014]

The Companies' 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 Companies project the following results through the implementation of Mid-Term Management Plan initiatives.

			Fiscal 2014 projections	Fiscal 2013	Increase (Decrease)	
			Yen in billions	Yen in billions	Yen in billions	%
First half	Net sales		1,790.0	1,705.1	84.8	5
	Operating income		210.0	190.3	19.6	10
	Ordinary income		201.0	184.9	16.0	9
	Net income		127.0	117.0	9.9	9
Full-year	Net sales		3,800.0	3,568.0	231.9	6
	Operating income		460.0	438.1	21.8	5
	Ordinary income		442.0	434.7	7.2	2
	Net income		285.0	202.0	82.9	41
			Yen	Yen		
Exchange rate	First half	yen/dollar	100	96	–	4
		yen/euro	135	126		7
	Full-year	yen/dollar	100	98		2
		yen/euro	135	130		4

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.

(2) Analysis of Financial Position

1) Cash flow

		Fiscal 2013	Fiscal 2012	Increase (Decrease)
		Yen in billions	Yen in billions	Yen in billions
Net cash provided by operating activities		471.7	404.4	67.3
Net cash used in investing activities		(265.2)	(237.9)	(27.3)
Net cash used in financing activities		(183.7)	(55.3)	(128.3)
Effect of exchange rate changes on cash and cash equivalents		32.3	29.3	2.9
Net increase (decrease) in cash and cash equivalents		55.1	140.5	(85.3)
Cash and cash equivalents	At beginning of year	269.4	128.8	140.5
	At end of year	324.5	269.4	55.1

The Companies' cash and cash equivalents increased ¥55.1 billion during 2013, to ¥324.5 billion, compared with an increase of ¥140.5 billion during the prior year.

(Cash flow by operating activities)

Net cash provided by operating activities increased ¥67.3 billion during 2013, compared with the prior year, to ¥471.7 billion. The principal contributors in that cash provided included income before income taxes and minority interests of ¥340.0 billion, compared with ¥268.0 billion during the prior year, depreciation and amortization of ¥176.1 billion, compared with ¥155.0 billion during the prior year. These contributors offset a decrease in income taxes paid of ¥117.6 billion, compared with ¥55.9 billion during the prior year.

(Cash flow by investing activities)

Net cash used in investing activities increased ¥27.3 billion compared with the prior year, to ¥265.2 billion. Expenditures included payments of ¥267.0 billion for purchase of tangible assets, compared with payments of ¥240.1 billion during the prior year.

(Cash flow by financing activities)

Net cash used in financing activities increased ¥128.3 billion compared with the prior year, to ¥183.7 billion. The principal contributors in that cash used included net decrease in short-term borrowings of ¥81.0 billion, compared with a net increase of ¥35.9 billion during the prior year, repayments for long-term borrowings of ¥67.4 billion, compared with ¥52.0 billion during the prior year, payments for redemption of bonds of ¥61.9 billion, compared with ¥39.4 billion during the prior year, payments for cash dividends paid of ¥33.6 billion, compared with ¥21.9 billion during the prior year. These contributors offset proceeds from issuance of bonds of ¥50.0 billion, compared with ¥28.1 billion in the prior year.

2) Trends in cash flow indicators

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Ratio of total equity to total assets (%)	42.2	45.2	50.5
Total equity ratio on market value basis (%)	51.0	57.3	87.1
Interest-bearing debt / cash flow ratio (years)	4.0	1.5	1.2
Interest coverage ratio(times)	8.8	24.2	31.8

(Note) Ratio of total equity to total assets : Total equity / total assets
Total equity ratio on market value basis : Market capitalization / total assets
Interest-bearing debt / cash flow ratio : Interest-bearing debt / cash flow
Interest coverage ratio : cash flow */ interest payments*

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

(3) Basic policy for the appropriation of profits and dividends for the fiscal 2013 and 2014

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

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

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

For the fiscal 2013, the Company plans to pay a cash dividend of ¥57 per share, comprising a year-end cash dividend of ¥30 per share and an interim cash dividend of ¥27 per share.

For the fiscal 2014, the Company plans to pay a cash dividend of ¥80 per share, comprising a year-end cash dividend of ¥40 per share and an interim cash dividend of ¥40 per share.

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

AS OF DECEMBER 31, 2013

→ Flow of products and services

TIRES

TIRE MANUFACTURING AND SALES

BRIDGESTONE AMERICAS TIRE OPERATIONS, LLC
BRIDGESTONE BANDAG, LLC
BRIDGESTONE CANADA INC.
BRIDGESTONE DE MEXICO, S.A. DE C.V.
BRIDGESTONE FIRESTONE VENEZOLANA, C.A.
BRIDGESTONE DO BRASIL INDUSTRIA E COMERCIO LTDA.
BRIDGESTONE ARGENTINA S.A.I.C.
BRIDGESTONE POZNAN SP. Z O.O.
BRIDGESTONE FRANCE S.A.S.
BRIDGESTONE ITALIA S.P.A.
BRIDGESTONE HISPANIA S.A.
THAI BRIDGESTONE CO., LTD.
BRIDGESTONE TIRE MANUFACTURING (THAILAND) CO., LTD.
P.T. BRIDGESTONE TIRE INDONESIA
BRIDGESTONE SOUTH AFRICA (PTY) LTD.
AND OTHERS

TIRE SALES

BRIDGESTONE RETAIL JAPAN CO., LTD.
BRIDGESTONE RETAIL OPERATIONS, LLC
BRIDGESTONE DEUTSCHLAND GMBH
BRIDGESTONE UK LTD.
BRIDGESTONE AUSTRALIA LTD.
BRIDGESTONE C.I.S. LLC
BRIDGESTONE EARTHMOVER TYRES PTY. LTD.
AND OTHERS

PRODUCTION AND SALES OF TIRE RAW MATERIAL

FIRESTONE POLYMERS, LLC
BRIDGESTONE NATURAL RUBBER (THAILAND) CO., LTD.
AND OTHERS

MANAGEMENT AND TIRE SALES

BRIDGESTONE TIRE JAPAN CO., LTD.
BRIDGESTONE AMERICAS, INC.
BRIDGESTONE EUROPE NV/SA
BRIDGESTONE (CHINA) INVESTMENT CO., LTD.
BRIDGESTONE ASIA PACIFIC PTE. LTD.
BRIDGESTONE MIDDLE EAST & AFRICA FZE.

BRIDGESTONE CORPORATION

DIVERSIFIED PRODUCTS

CHEMICAL AND INDUSTRIAL PRODUCTS

BRIDGESTONE DIVERSIFIED CHEMICAL PRODUCTS CO., LTD.
BRIDGESTONE DIVERSIFIED PRODUCTS EAST CO., LTD.
BRIDGESTONE DIVERSIFIED PRODUCTS WEST CO., LTD.
AND OTHERS

BSAM DIVERSIFIED PRODUCTS

FIRESTONE BUILDING PRODUCTS COMPANY, LLC
AND OTHERS

SPORTING GOODS

BRIDGESTONE SPORTS CO., LTD. AND OTHERS

BICYCLES

BRIDGESTONE CYCLE CO., LTD. AND OTHERS

OTHERS

BRIDGESTONE FINANCE CORPORATION
BRIDGESTONE TREASURY SINGAPORE PTE. LTD.
AND OTHERS

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

* Demerger of sales function division and renaming of European subsidiary

As of January 2014, the sales function of BRIDGESTONE ITALIA S.P.A. was transferred to BRIDGESTONE ITALIA SALES S.R.L., which was newly established through a company demerger. In addition, BRIDGESTONE ITALIA S.P.A. was renamed BRIDGESTONE ITALIA MANUFACTURING S.P.A.

3. Management Policies

(1) Basic Management Policies

The Companies follow a corporate philosophy that consists of a mission, “serving society with superior quality” and four foundations for fulfilling the 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 that corporate philosophy, the Companies will pursue the ultimate goals of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.” Further, as a responsible global company, the Companies will respect the social culture and values of the countries in which it conducts business activities, comply with laws and statutory regulations, protect the global environment, and contribute to society.

(2) Management Strategies and Tasks

The Companies’ operating environment is undergoing substantial change in a wide range of areas, including politics, the economy, the environment, and technical innovation. Social structures and consumer attitudes are also changing significantly.

In this setting, the Companies remain firmly committed to the principles of “Lean & Strategic” and “Optimize on a Group and Global basis.” In other words, the Companies maintain an optimum balance between short-term management measure and mid- and long-term management measures, with a focus on “Lean” in the short-term and “Strategic” in the mid- and long-term. At the same time, the Companies continue to implement management reforms, giving the highest priority to optimization on a group and global basis. In this way, the Companies strive to achieve the goals outlined above.

In accordance with this fundamental approach, the Companies make 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.

In regard to its organizational structure, the Companies will further increase the efficiency of the SBU system to ensure that it can accurately understand the needs of global markets and customers and can meet these needs rapidly.

To succeed in the severe operating environment, it is necessary to make full use of wide-ranging operating resources. To ensure that the MTP fills that role, the Companies use a one-year rolling plan to respond to the turbulent operating environment with precision and speed. In this way, the Companies continue to aim for “the higher level” positions with an appropriate balance between growth and profitability.

The 2013MTP, which was announced in October 2013, 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 global corporate culture,” the Companies ensure overall consistency on a group and global basis, promote the brand strategy as a part of a fully integrated marketing strategy, and accelerate technology and business model innovation. In an operating environment undergoing significant change, the Companies are trying to anticipate market trends, increase sales of highly competitive products and services, and construct and enhance business models that will extend beyond the mere sales of products. In these ways, the Companies create customer value and ensure further development of its competitive advantage and differentiation.

In regard to the second item, “developing human resources capable of global management,” the Companies must utilize ideas from differing perspectives to maintain and extend its competitive advantage and differentiation. Utilizing its strengths in the areas of diversity and its global network, the Companies are accelerating the development and promotion of diverse talent, including women, local / regional staff, and early career employees. Moreover, the Companies advance the participation of local / regional staff in global management roles through the designation of English as an official company language and the restructuring of the SBUs.

In regard to the third item, “upgrading the global management structure,” The Companies promote four activities: “restructuring of the tire business SBUs”, “expansion of the diversified product business”, “enhancement of governance systems,” and “establishing a closer bond / linkage between and among the parts of the entire group.”

In the “restructuring of the tire business SBUs,” to strengthen governance, including management efficiency and risk management, the Companies are considering the restructuring of the tire business SBUs by expanding the European SBU to include the Middle East and Africa and combining the China SBU and the Asia Pacific SBU.

In regard to “expansion of the diversified product business,” the Companies are utilizing the principles of “selection and concentration.” In the selected business, the Companies work to ensure further growth and improvements by enhancing collaboration among businesses and promoting globalization.

In the “enhancement of governance systems”, the Companies work to ensure that management decision is made in a fair and transparent manner. To that end, the Companies strengthen the check and balance functions of the Board of Directors and upgrade the Board committees that support management, such as advisory committees to the Board of Directors. These measures are implemented in stages on a group and global basis. Moreover, in implementing policies, the Companies implement local and regional policies that are responsive to the needs and characteristics of each region and business while maintaining consistency with global strategies and policies.

In “establishing a closer bond / linkage between and among the parts of the entire group”, the Companies strengthen the functions supporting interdivisional activities on a group and global basis and take steps to see that all SBUs can rapidly meet the needs of its markets and customers. Moreover, the Companies strengthen collaboration on a group and global basis through global meetings, such as the Global Executive Committee.

In addition, the Companies will step up efforts to build systems to support the fulfillment of its responsibilities as a corporate group toward all of its stakeholders. The Companies will conduct regular yearly reviews of its policy for the development of internal control systems that ensure appropriate operations. Moreover, the Companies will undertake reviews of that policy as needed and steadily develop systems in accordance with the policy. Centered on the Integrated CSR Enhancement Committee, the Companies’ corporate social responsibility activities will establish systems and heighten the effectiveness of activities in all areas, including rigorous risk management for environmental protection, product safety, compliance and disaster prevention and safety initiatives; employee education; and corporate citizenship activities.

Since being informed of the investigation by the U.S. Department of Justice (“DOJ”) in May 2012 regarding anti-competitive activities with competitors in relation to the sales of automotive anti-vibration rubber products (“AVP”), the Company has been fully cooperating with the DOJ. Through the investigation, the Company becomes aware that certain employees had engaged in certain acts in violation of the U.S. antitrust laws from 2001 to 2008. Therefore in February 2014, the Company entered into a plea agreement with the DOJ in which the Company agrees to pay a fine of 425 million U.S. Dollars. As a result, the Company has recorded an extraordinary loss of 44.7 billion Japanese Yen for the fourth quarter of fiscal year 2013. The plea agreement is subject to approval by the U.S. Federal District Court.

Following the investigation into the marine hose cartel in May 2007 and the voluntary disclosure of possible inappropriate payments to foreign government officials in February 2008, the Company has engaged in extensive remedial efforts, including reinforcement of compliance trainings, reformation of the corporate governance structure and establishment of corporate rules to prevent improper acts. As a result of these efforts, anti-competitive activities relating to AVP ceased in 2008. The Company remains committed to pursue ever higher levels of its corporate governance and compliance across the entire group companies worldwide in order to regain its trust.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Yen in millions)

		Previous Year (As of December 31, 2012)		Current Year (As of December 31, 2013)
Assets				
Current Assets				
Cash and deposits		226,162		286,558
Notes and accounts receivable		444,669		528,465
Short-term investments		124,010		152,161
Merchandise and finished products		321,012		354,370
Work in process		34,524		37,353
Raw materials and supplies		165,188		165,379
Deferred tax assets		79,333		101,370
Other		89,187		103,594
Allowance for doubtful accounts		(8,074)		(11,871)
Total Current Assets	*(Note2)*	1,476,013	*(Note2)*	1,717,383
Fixed Assets				
Tangible assets				
Buildings and structures, net		352,194		414,442
Machinery, equipment and vehicles, net		376,232		454,423
Land		142,407		152,367
Construction in progress		185,128		237,504
Other, net		62,973		76,321
Total tangible assets	*(Note1)*	1,118,936	*(Note1)*	1,335,060
Intangible assets		34,118		46,826
Investments and other assets				
Investments in securities	*(Note3)*	228,214	*(Note3)*	320,954
Long-term loans receivable		6,604		9,125
Deferred tax assets		110,822		75,524
Other		70,157		77,749
Allowance for doubtful accounts		(5,067)		(5,578)
Total investments and other assets		410,730		477,774
Total Fixed Assets	*(Note2)*	1,563,785	*(Note2)*	1,859,661
Total		3,039,798		3,577,045

(Yen in millions)

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
Liabilities		
Current Liabilities		
Notes and accounts payable	168,568	188,693
Short-term borrowings	182,821	216,660
Commercial paper	40,435	—
Current portion of bonds	60,972	63,794
Lease obligations	864	1,093
Income taxes payable	55,827	54,571
Deferred tax liabilities	1,580	1,402
Provision for sales returns	3,222	3,036
Provision for loss related to US antitrust laws	—	44,790
Provision for recall	—	21,132
Provision for plant restructuring in Japan	—	8,582
Accounts payable-other	149,543	170,235
Accrued expenses	174,138	230,887
Other	52,130	54,405
Total Current Liabilities	890,105	1,059,285
Long-term Liabilities		
Bonds	63,121	50,000
Long-term borrowings	262,330	221,384
Lease obligations	9,546	11,342
Deferred tax liabilities	30,769	58,047
Accrued pension and liability for retirement benefits	302,794	236,747
Warranty reserve	18,473	24,010
Provision for environmental remediation	3,969	3,309
Other	41,341	49,954
Total Long-term Liabilities	732,345	654,795
Total Liabilities	1,622,450	1,714,081
Net Assets		
Shareholders' equity		
Common stock	126,354	126,354
Capital surplus	122,630	122,865
Retained earnings	1,428,747	1,597,140
Treasury stock-at cost	(57,247)	(56,644)
Total Shareholders’ equity	1,620,484	1,789,714
Accumulated other comprehensive income		
Net unrealized gain(loss) on available-for-sale securities	133,439	200,703
Deferred gain(loss) on derivative instruments	(948)	(1,092)
Foreign currency translation adjustments	(246,190)	(86,177)
Post retirement liability adjustments for foreign companies	(133,763)	(97,863)
Total accumulated other comprehensive income	(247,462)	15,570
Stock acquisition rights	1,099	1,621
Minority Interests	43,226	56,057
Total Net Assets	1,417,347	1,862,963
Total	3,039,798	3,577,045

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Yen in millions)

		Previous Year (Year ended December 31, 2012)		Current Year (Year ended December 31, 2013)
Net Sales		3,039,738		3,568,091
Cost of Sales		2,017,237		2,267,663
Gross Profit		1,022,500		1,300,428
Selling, General and Administrative Expenses				
Goods freightage expenses		125,005		148,912
Advertising and promotion expenses		90,597		116,608
Salaries, allowances and bonuses		191,652		226,136
Retirement benefit expenses		16,478		19,259
Depreciation		24,052		28,232
Research and development expenses	*(Note1)*	82,801	*(Note1)*	89,097
Other		205,916		234,048
Total selling, general and administrative expenses		736,505		862,296
Operating Income		285,995		438,131
Non-operating Income				
Interest income		3,502		5,334
Dividend income		5,389		7,175
Share of profit of entities accounted for using equity method		2,145		3,819
Foreign currency exchange gains		722		—
Other		13,542		16,189
Total non-operating income		25,301		32,519
Non-operating Expenses				
Interest expense		16,462		14,825
Foreign currency exchange loss		—		4,111
Other		9,790		16,921
Total non-operating expenses		26,253		35,858
Ordinary Income		285,043		434,793
Extraordinary Income				
Gain on sales of tangible assets	*(Note2)*	3,010	*(Note2)*	5,030
Gain on sales of investment securities		4,054		—
Total extraordinary income		7,065		5,030
Extraordinary Loss				
Impairment loss	*(Note3)*	14,024	*(Note3)*	11,300
Loss on disposals of tangible assets		3,011		4,062
Dismantlement expenses		4,117		3,370
Loss related to US antitrust laws		—	*(Note4)*	44,790
Loss related to recall		—	*(Note5)*	22,504
Plant restructuring costs in Japan		—	*(Note6)*	8,652
Plant restructuring costs in Europe		—	*(Note7)*	5,044
Loss on business withdrawal	*(Note7)*	2,903		—
Total extraordinary losses		24,057		99,725
Income before Income Taxes and Minority Interests		268,051		340,098
Income taxes - current		86,481		123,288
Income taxes - deferred		2,253		3,022
Total income taxes		88,735		126,311
Income before minority interests		179,316		211,733
Minority Interests		7,710		11,733
Net Income		171,605		202,053

Consolidated Statement of Comprehensive Income

(Yen in millions)

	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
Income before Minority Interests	179,316	213,786
Other Comprehensive Income		
Unrealized gain on available-for-sale securities	35,687	67,259
Deferred gain (loss) on derivative instruments	—	(392)
Foreign currency translation adjustments	88,018	163,444
Post retirement liability adjustment for foreign companies	(27,563)	35,864
Share of other comprehensive income in affiliates	1,519	326
Total other comprehensive income	97,661	266,501
Comprehensive Income	276,977	480,288
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	265,279	465,086
Minority Interests	11,698	15,202

(3) Consolidated Statement of Changes in Net Assets

Previous Year (Year ended December 31, 2012)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total
Beginning balance	126,354	122,629	1,279,978	(57,248)	1,471,713
Cumulative effects of changes in accounting policies			(922)		(922)
Restated balance	126,354	122,629	1,279,056	(57,248)	1,470,791
(Cange in the year)					
Cash dividends			(21,914)		(21,914)
Net income for the year			171,605		171,605
Purchase of treasury stock				(10)	(10)
Disposal of treasury stock		0		12	12
Net changes in the year					
Total changes in the year	—	0	149,691	1	149,692
Ending balance	126,354	122,630	1,428,747	(57,247)	1,620,484

	Accumulated other comprehensive income				Stock acquisition right	Minority interests
	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Postretirement liability adjustments for foreign consolidated companies		
Beginning balance	97,750	(890)	(331,784)	(106,211)	770	34,324
Cumulative effects of changes in accounting policies						(688)
Restated balance	97,750	(890)	(331,784)	(106,211)	770	33,636
(Cange in the year)						
Cash dividends						
Net income for the year						
Purchase of treasury stock						
Disposal of treasury stock						
Net changes in the year	35,688	(57)	85,594	(27,551)	328	9,590
Total changes in the year	35,688	(57)	85,594	(27,551)	328	9,590
Ending balance	133,439	(948)	(246,190)	(133,763)	1,099	43,226

Current Year (Year ended December 31, 2013) (Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total
Beginning balance	126,354	122,630	1,428,747	(57,247)	1,620,484
(Cange in the year)					
Cash dividends			(33,661)		(33,661)
Net income for the year			202,053		202,053
Purchase of treasury stock				(14)	(14)
Disposal of treasury stock		234		617	852
Net changes in the year					
Total changes in the year	—	234	168,392	602	169,230
Ending balance	126,354	122,865	1,597,140	(56,644)	1,789,714

	Accumulated other comprehensive income				Stock acquisition right	Minority interests
	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Postretirement liability adjustments for foreign consolidated companies		
Beginning balance	133,439	(948)	(246,190)	(133,763)	1,099	43,226
(Cange in the year)						
Cash dividends						
Net income for the year						
Purchase of treasury stock						
Disposal of treasury stock						
Net changes in the year	67,264	(144)	160,013	35,899	522	12,830
Total changes in the year	67,264	(144)	160,013	35,899	522	12,830
Ending balance	200,703	(1,092)	(86,177)	(97,863)	1,621	56,057

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
Cash Flows from Operating Activities		
Income before income taxes and minority interests	268,051	340,098
Depreciation and amortization	155,065	176,179
Increase in allowance for doubtful accounts	959	2,556
Increase(decrease) in accrued pension and liability for retirement benefits	(3,796)	(12,445)
Interest and dividend income	(8,891)	(12,510)
Interest expense	16,462	14,825
Foreign currency exchange gains(losses)	(186)	(2,245)
Equity in earning of affiliates	(787)	(2,064)
Gain on sales of tangible assets	(3,010)	(5,030)
Gain on sales of investment securities	(4,054)	―
Impairment loss	14,024	11,300
Loss on disposals of tangible assets	3,011	4,062
Dismantlement expenses	4,117	3,370
Loss related to US antitrust laws	―	44,790
Loss related to recall	―	22,504
Plant restructuring costs in Japan	―	8,652
Plant restructuring costs in Europe	―	5,044
Loss on business withdrawal	2,903	―
Decrease(increase) in notes and accounts receivable	43,792	(48,419)
Decrease(increase) in inventories	47,596	43,916
Increase(decrease) in notes and accounts payable	(42,986)	14,050
Other	(24,091)	(16,850)
Subtotal	468,180	591,784
Interest and dividends received	8,943	12,479
Interest paid	(16,701)	(14,825)
Income taxes paid	(55,955)	(117,667)
Net Cash Provided by Operating Activities	404,467	471,771
Cash Flows from Investing Activities		
Payments for purchase of tangible assets	(240,144)	(267,033)
Proceeds from sales of tangible assets	11,178	10,086
Purchase of intangible assets	(4,845)	(7,533)
Proceeds from investments in securities	4,822	3,659
Payments of loans receivable	(1,271)	(3,067)
Proceeds from collection of loans receivable	1,070	1,246
Other	(8,738)	(2,589)
Net Cash Used in Investing Activities	(237,928)	(265,229)

(Yen in millions)

	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
Cash Flows from Financing Activities		
Net increase(decrease) in short-term borrowings	(35,918)	(81,076)
Proceeds from long-term borrowings	68,785	12,833
Repayments of long-term borrowings	(52,068)	(67,443)
Proceeds from issuance of bonds	28,183	50,000
Payments for redemption of bonds	(39,465)	(61,976)
Proceeds from minority interests for additional shares	—	1,932
Cash dividends paid	(21,912)	(33,654)
Cash dividends paid to minority	(2,116)	(4,268)
Other	(839)	(68)
Net Cash Provided by(used in) Financing Activities	(55,351)	(183,722)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	29,388	32,361
Net Increase(Decrease) in Cash and Cash Equivalents	140,576	55,179
Cash and Cash Equivalents at Beginning of Year	128,840	269,416
Cash and Cash Equivalents at End of Year	*(Note1)* 269,416	*(Note1)* 324,596

(5) Notes regarding going concern assumption

Not applicable

(Basic important matters for preparation of consolidated financial statements)

1. Scope of consolidation
   1) Number of consolidated subsidiaries: 311 companies
      Names of principal companies:
        Refer to “2. BRIDGESTONE Group’s Major Subsidiaries and Business Relation Flowchart”
      Changes in scope of consolidation:
        Additions: 9 companies (Increased by establishments)
        Deletions: 14 companies (Mainly, decreased by mergers)
   2) There are no non-consolidated subsidiaries

2. Scope of application of equity-method accounting
   1) Number of equity-method affiliates: 146 companies
      Main equity-method affiliate
        BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.
      Changes in the scope of equity-method accounting
        Additions: 1 companies (Increased by share acquisition)
        Deletions: 3 companies (Mainly, decreased by disposal)
   2) There are no non-consolidated subsidiaries or affiliates to which equity-method accounting is not applied.

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 are recorded in their entirety under net assets, and the moving average method is used to calculate the cost of securities sold.)
        Without market value ― Primarily the moving average cost method.

   2) Valuation policies and methods for derivatives
      In principle, fair value.

   3) Valuation policies and methods for inventories
      Inventories are substantially 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 assets, the declining-balance method is used at BRIDGESTONE CORPORATION (the “Company”) and its domestic subsidiaries, and the straight-line method is used at overseas subsidiaries.For intangible 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 nonrepayment of claims, the actual credit loss rate is used to calculate the amount to be recorded for general claims, and for designated claims for which there is a concern of nonrepayment, an amount based on the evaluation of potential loss in the receivables outstanding is recorded.

b) Provision for sales returns

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

c) Provision for loss related to US antitrust laws

Due to the plea agreement with U.S. Department of Justice regarding sales of certain automobile parts, an estimated amount of future obligations is recorded.

d) 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.

e) Provision for plant restructuring in Japan

In order to reserve for plant restructuring costs in Japan, an estimated amount of future obligations is recorded.

f) Accrued pension and liability for retirement benefits

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

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

Actuarial gain/loss at the Company and its domestic companies is treated as an expense using the straight-line method over a fixed number of years (10 years) based on the average remaining years of service of the employees in the year in which the gain/loss occurs, recorded from the following year. For certain of its overseas companies, unrecognized actuarial gain/loss at the beginning of the fiscal year that exceed 10% of the larger of retirement benefit obligations or pension plan assets is treated as an expense using the straight-line method over a fixed number of years (8 to 12 years) based on the average remaining years of service of the employees.

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

At certain overseas companies, unrecognized amounts of actuarial gain/loss not yet treated as expenses are recorded as “Post retirement liability adjustments for foreign companies” under accumulated other comprehensive income on the balance sheet.

g) Warranty reserve

Warranty reserve, included in other liabilities, is estimated and recorded at the time of sale to provide for future potential costs, such as costs related to after-sales services, in amounts considered to be appropriate based on the Companies’ past experience of the Company and its subsidiaries (collectively, the “Companies”).

h) Provision for environmental remediation

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

6) Accounting policies for the conversion of foreign currency-denominated assets and liabilities into yen

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

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

7) Hedge accounting

a) Hedge accounting method

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

b) Hedging instrument and items covered

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

c) Hedging policy

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

d) Method for evaluating the validity of hedges

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

8) Amortization of goodwill

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

9) Definition of cash and cash equivalents for Consolidated Statement of Cash Flow

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

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 policy, etc.)

(Changes due to revisions of accounting standards, etc.)

Due to the application of IAS 19 “Employee Benefits” (revised in June 16, 2011) from the current fiscal year, the method of recognition and presentation of actuarial gains and losses, past service cost and interest cost changed in certain overseas subsidiaries.

Those overseas subsidiaries applied the revision in this policy retrospectively, and the consolidated financial statements for the previous year changed due to the retrospective application. The effect of this retrospective application on the consolidated financial statements for the previous year was immaterial.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

From the current fiscal year, domestic companies changed the depreciation method for tangible assets acquired on or after January 1, 2013 due to the revision of Corporation Tax Act in Japan. The effect of this change on the consolidated statement is immaterial.

(Changes in presentation)

1. Consolidated Statement of Income

In the previous fiscal period, "share of profit of entities accounted for using equity method" was included in "other" under "non-operating income." However, because the amount of "share of profit of entities accounted for using equity method" exceeded 10% of the total amount of non-operating income, it is presented separately from the period under review. To reflect this change in the method of presentation, the consolidated financial statements for the previous fiscal period have been restated.

As a result, ¥15,688 million that was presented in "other" under "non-operating income" in the consolidated financial statements for the previous fiscal period has been restated as ¥2,145 million in "equity-method investment income" and ¥13,542 in "other."

2. Consolidated Statement of Cash Flows

1) "Amortization of goodwill"

In the Cash Flows from Operating Activities section, “Amortization of goodwill” was presented separately in the previous fiscal year. Due to a decline in financial materiality, “Amortization of goodwill” are now presented in “Other.” To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the Cash Flows from Operating Activities section, the ¥1,445 million that had previously been presented as “Amortization of goodwill” in the Consolidated Statement of Cash Flow for the previous fiscal year is now included in “Other.”

2) “Increase(decrease) in allowance for doubtful accounts”, "Foreign currency exchange gains (losses)" and "Equity in earnings (losses) of affiliates"

In the Cash Flows from Operating Activities section, "Increase (decrease) in allowance for doubtful accounts", "Foreign currency exchange gains (losses)" and "Equity in earnings (losses) of affiliates" were included in “Other” in the previous fiscal year. Due to an increase in financial materiality, “Increase (decrease) in allowance for doubtful accounts”, "Foreign currency exchange gains (losses)" and "Equity in earnings (losses) of affiliates" are now presented separately. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the Cash Flows from Operating Activities section, the ¥959 million in “Increase(decrease) in allowance for doubtful accounts”, the ¥(186) million in "Foreign currency exchange gains (losses)" and the ¥787 million in "Equity in earnings (losses) of affiliates" that had previously been included in "Other" are now presented separately.

(Notes to the consolidated financial statements)

(Consolidated Balance Sheet)

Note 1 Accumulated depreciation of tangible asset

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
	¥2,030,296 million	¥2,275,571 million

Note 2 Assets pledged as collateral

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
	¥18,144 million	¥8,109 million

Obligations corresponding to the preceding

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
Short-term bank borrowings	¥1,064 million	¥1,519 million
Long-term bank borrowings	¥4,484	¥6,079

Note 3 Assets or liabilities related to non-consolidated subsidiaries and affiliates

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
Investments in securities	¥14,816 million	¥17,190 million

Note 4 Guarantees

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
Guarantees on employees' bank borrowings	¥10 million	¥3 million

Note 5 Balance of trade notes discounted

	Previous Year (As of December 31, 2012)	Current Year (As of December 31, 2013)
	¥1,379 million	¥1,918 million

(Consolidated Statement of Income)

Note 1 Research and development expenses

	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
General and administrative expenses	¥82,801 million	¥89,097 million

Note 2 Gain on sales of tangible assets

Previous Year (Year ended December 31, 2012)
Gain on sales of tangible assets mainly consists of gain on sales of land.

Current Year (Year ended December 31, 2013)
Gain on sales of tangible assets mainly consists of gain on sales of land.

Note 3 Impairment loss

Previous Year (Year ended December 31, 2012)

The Companies group their operating assets in accordance with the classifications used for internal management. Disposal assets (assets that the Companies plan to dispose of through scrapping or sale) and idle assets are grouped on an individual basis.

In the period under review, for operating assets for which profitability has declined, disposal assets through planned scrapping or sale, and idle assets that are not expected to be used in the future, the carrying amounts were reduced to the recoverable amounts, and the amounts of these reductions were recorded under extraordinary loss as impairment loss of ¥14,024 million. That total included ¥4,260 million for machinery, equipment and vehicles, ¥3,430 million for buildings and structures and ¥6,333 million for others.

USE	Classification	Location	Amount (Yen in millions)
Operating assets	Machinery, equipment and vehicles, buildings and structures, etc.	Japan North Americe, etc.	4,653
Disposal assets	Machinery, equipment and vehicles, buildings and structures, etc.	Japan	6,066
Idle assets	Machinery, equipment and vehicles, etc.	Japan, etc.	3,305

The recoverable amount of operating assets is measured by value in use, which is calculated by discounting future cash flows at a discount rate of 4.3 to 7.5%. The recoverable amounts of disposal assets and idle assets are measured at the net selling price. Assets to be scrapped are evaluated at memorandum value, and assets to be sold and idle assets are evaluated at the estimated selling price.

Current Year (Year ended December 31, 2013)

The Companies group their operating assets in accordance with the classifications used for internal management. Disposal assets (assets that the Companies plan to dispose of through scrapping or sale) and idle assets are grouped on an individual basis.

In the period under review, for operating assets for which profitability has declined, disposal assets through planned scrapping or sale, and idle assets that are not expected to be used in the future, the carrying amounts were reduced to the recoverable amounts, and the amounts of these reductions were recorded under extraordinary loss as impairment loss of ¥11,300 million. That total included ¥3,291 million for machinery, equipment and vehicles, ¥1,724 million for buildings and structures, ¥415 million for land and ¥5,869 million for others.

USE	Classification	Location	Amount (Yen in millions)
Operating assets	Machinery, equipment and vehicles, buildings and structures, etc.	China, Japan, etc.	5,145
Disposal assets	Machinery, equipment and vehicles, etc.	Poland, Japan	6,049
Idle assets	Land	Japan	104

The recoverable amount of operating assets is measured by value in use, which is calculated by discounting future cash flows at a discount rate of 5.1 to 13.5%. The recoverable amounts of disposal assets and idle assets are measured at the net selling price. Assets to be scrapped are evaluated at memorandum value, and assets to be sold and idle assets are evaluated at the estimated selling price.

Note 4 Loss related to US antitrust laws

Current Year (Year ended December 31, 2013)

The Company has recorded the related loss as a result of entering into the plea agreement with U.S. Department of Justice regarding certain automobile parts.

Note 5 Loss related to recall

Current Year (Year ended December 31, 2013)

Due to the Company implemented a recall for certain medium-size and large-size truck and bus tires manufactured by the Tochigi Plant and by BRIDGESTONE (SHENYANG) TIRE CO., LTD., a consolidated subsidiary, the expenses related to the check, replacement, etc. of the recalled tires were recorded.

Note 6 Plant restructuring costs in Japan

Current Year (Year ended December 31, 2013)

The Company has recorded the expenses besed on the decision of the Kuroiso Plant closing as a part of production realignments in Japan.

Note 7　Plant restructuring costs in Europe

Current Year (Year ended December 31, 2013)

BRIDGESTONE EUROPE NV/SA (BSEU), the Company's regional head quarter in Europe, has recorded expenses related to a plan to increase the competitiveness of the Bari Plant of BRIDGESTONE ITALIA S.P.A., BSEU's Italian subsidiary. The steps were taken in accordance with the approval of the government, unions, and other parties. On March 4, 2013, BSEU had decided to close the Bari Plant. However, under the new plan, operations could possibly be continued if productivity and costs reach the target levels that have been agreed upon.

Note 8　Loss on business withdrawal

Previous Year (Year ended December 31, 2012)

As a result of the decision to withdraw from the electronic paper business, related expenses have been recorded.

(Consolidated Statement of Changes in Net Assets)

Previous Year (Year ended 31 December 2012)

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

	As of December 31, 2011	Increase	Decrease	As of December 31, 2012
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see note 1 & 2)	30,441	5	6	30,440

Notes 1: The increase of treasury stock consists of the purchase of 5 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The decrease of treasury stock consists of 6 thousand shares used for the exercise of stock options and other.

2. Stock acquisition rights

	Details	Type of shares to be used as stock acquisition rights	Number of shares to be used for Stock acquisition rights				Outstanding amount as of fiscal year end (yen in millions)
			As of December 31, 2011	Increase	Decrease	As of December 31, 2012	
Filing company	Stock acquisition rights as stock options	—	—	—	—	—	1,099
Total		—	—	—	—	—	1,099

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (yen in millions)	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 27, 2012	Common Stock	9,391	¥12	December 31, 2011	March 28, 2012
Board of Directors, August 7, 2012	Common Stock	12,522	¥16	June 30, 2012	September 3, 2012

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

Resolution	Type	Total dividends (yen in millions)	Source	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2013	Common Stock	12,522	Retained earnings	¥16	December 31, 2012	March 27, 2013

Current Year（Year ended 31 December 2013)

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

	As of December 31, 2012	Increase	Decrease	As of December 31, 2013
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see notes 1 & 2)	30,440	4	329	30,115

Notes 1: The increase of treasury stock consists of the purchase of 4 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The decrease of treasury stock consists of 329 thousand shares used for the exercise of stock options and other.

2. Stock acquisition rights

	Details	Type of shares to be used as stock acquisition rights	Number of shares to be used for Stock acquisition rights				Outstanding amount as of fiscal year end (yen in millions)
			As of December 31, 2012	Increase	Decrease	As of December 31, 2013	
Filing company	Stock acquisition rights as stock options	—	—	—	—	—	1,621
Total		—	—	—	—	—	1,621

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (yen in millions)	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 26, 2013	Common Stock	12,522	¥16	December 31, 2012	March 27, 2013
Board of Directors, August 9, 2013	Common Stock	21,138	¥27	June 30, 2013	September 2, 2013

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

Resolution	Type	Total dividends (yen in millions)	Source	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 25, 2014	Common Stock	23,489	Retained earnings	¥30	December 31, 2013	March 26, 2014

(Consolidated Statement of Cash Flows)

Note 1 Relationship between cash and cash equivalents at fiscal year end and amount shown in Consolidated Balance Sheet

(Yen in millions)

	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
	(As of December 31, 2012)	(As of December 31, 2013)
Cash and deposits	226,162	286,558
Short-term investments	124,010	152,161
Total	350,172	438,719
Time deposits, bonds, etc. with terms of more than three months	(80,756)	(114,123)
Cash and cash equivalents	269,416	324,596

(Segment Information)

1. Overview of reporting segments

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

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

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

2. Methods of calculating amounts for Sales and Income (Loss), assets and other items by reporting segment

The accounting treatment methods for each reported business segment are broadly similar to those outlined in "Basic important matters for preparation of consolidated financial statements". Reporting segment income figures are on an operating income basis. Internal sales and transfers between segments are mainly based on prices for third-party transactions.

3. Information regarding Sales and Income (Loss), assets and other items by reporting segment

Consolidated Results for Fiscal 2012(January 1, 2012 - December 31, 2012) (Yen in millions)

	Tires	Diversified Products	Total	Adjustments (notes)	Consolidated
Net sales:					
External customers	2,554,126	485,611	3,039,738	−	3,039,738
Inter-segment	3,089	13,455	16,545	(16,545)	−
Total	2,557,216	499,067	3,056,283	(16,545)	3,039,738
Segment income (Operating income)	260,488	25,514	286,003	(7)	285,995
Segment assets	2,672,865	368,872	3,041,738	(1,939)	3,039,798
Other					
Depreciation and amortization	136,513	18,552	155,065	−	155,065
Amortization of goodwill	960	484	1,445	−	1,445
Investment for equity-method affiliates	14,613	207	14,820	(4)	14,816
Increase in tangible and intangible fixed assets	223,672	22,459	246,131	−	246,131

Notes: The adjustments are as follows.

(Note1) Adjustments of segment income refer to elimination of inter-segment transactions.

(Note2) Adjustments of segment assets refer to elimination of inter-segment receivables and payables.

Consolidated Results for Fiscal 2013(January 1, 2013 - December 31, 2013) (Yen in millions)

	Tires	Diversified Products	Total	Adjustments (notes)	Consolidated
Net sales:					
External customers	3,033,660	534,430	3,568,091	―	3,568,091
Inter-segment	3,242	11,787	15,030	(15,030)	―
Total	3,036,902	546,218	3,583,121	(15,030)	3,568,091
Segment income (Operating income)	399,496	38,560	438,057	74	438,131
Segment assets	3,175,922	402,226	3,578,149	(1,104)	3,577,045
Other					
Depreciation and amortization	158,722	17,456	176,179	―	176,179
Amortization of goodwill	922	57	980	―	980
Investment for equity-method affiliates	16,977	217	17,194	(4)	17,190
Increase in tangible and intangible fixed assets	255,907	19,067	274,974	―	274,974

Notes: The adjustments are as follows.
(Note1) Adjustments of segment income refer to elimination of inter-segment transactions.
(Note2) Adjustments of segment assets refer to elimination of inter-segment receivables and payables.

(Per share information)

(Yen)

Items	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
Total equity per share	1,754.30	2,305.64
Net income per share	219.26	258.10
Diluted net income per share	219.10	257.81

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

	Previous Year (Year ended December 31, 2012)	Current Year (Year ended December 31, 2013)
Net income per share	(Yen in millions)	(Yen in millions)
Net Income	171,605	202,053
Amount not belonging to common shareholders	―	―
Net income corresponding to common shareholders	171,605	202,053
Average number of shares held by common shareholders during term	(Thousands of shares) 782,661	(Thousands of shares) 782,860
Diluted net income per share	(Thousands of shares)	(Thousands of shares)
Net income adjustments	―	―
Increase of common stock (stock option portion include in the above)	583 (583)	878 (878)
Summary of residual shares with no dilution effect and therefore not included in calculation of diluted net income per share	Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2005 Common Stock 252 Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 30, 2006 Common Stock 280 Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 29, 2007 Common Stock 260 Stock options (via stock acquisition rights) as a resolution of the annual shareholders' meeting, March 27, 2008 Common Stock 230	――――――――

(Significant subsequent events)

Not applicable

5. Other

(1) Senior Management Changes

Bridgestone Corporation announced that its board of directors has approved the following proposals for senior management changes today.

1) New Member of the Board of Directors — Current occupation in parentheses

(To be appointed after approval at the Company's annual Shareholders' Meeting on March 25, 2014)

Member of the Board	Yuri Okina	[Research Director, Chief Senior Economist, the Japan Research Institute, Limited]

* Ms. Yuri Okina is candidate for outside director as set forth in Article 2-15 of the Companies Act.

2) New Member of Corporate Auditors — Current occupation in parentheses

(To be appointed after approval at the Company's annual Shareholders' Meeting on March 25, 2014)

Corporate Auditor (full-time)	Masahito Tsuji	[Vice President and Officer Assistant to Vice President and Senior Officer, Responsible for Global Head Office]

3) Retiring Member of the Board of Directors — Plan after retirement in parenthesis

(Effective March 25, 2014)

Member of the Board	Takao Enkawa	[External Advisor]

* Mr. Takao Enkawa is an outside director as set forth in Article 2-15 of the Companies Act.

4) Retiring Corporate Auditor — Plan after retirement in parenthesis

(Effective March 25, 2014)

Corporate Auditor (full-time)	Katsuji Hayashi	[Advisor]

* Mr. Katsuji Hayashi is an outside corporate auditor as set forth in Article 2-16 of the Companies Act.

5) Reappointed Members of the Board of Directors Current occupation in parentheses
(To be appointed after approval at the Company's annual Shareholders' Meeting on March 25, 2014)

CEO and Representative Board Member Concurrently Chairman of the Board	Masaaki Tsuya	[CEO and Representative Board Member Concurrently Chairman of the Board]
COO and Representative Board Member Concurrently responsible for Japan Tire Business	Kazuhisa Nishigai	[COO and Representative Board Member Concurrently responsible for Japan Tire Business]
Senior Vice President Member of the Board Chief Technology Officer Responsible for Technology; Concurrently responsible for CSR and Quality Management	Yoshiyuki Morimoto	[Senior Vice President Member of the Board Chief Technology Officer Responsible for Technology; Concurrently responsible for CSR and Quality Management Environment]
Senior Vice President Member of the Board Responsible for International Tire Business Operations International Tire Business Operations	Narumi Zaitsu	[Senior Vice President Member of the Board Responsible for International Tire Business Operations]
Member of the Board	Sakie Tachibana Fukushima	[Member of the Board]
Member of the Board	Kimiko Murofushi	[Member of the Board]
Member of the Board	Scott Trevor Davis	[Member of the Board]

* Ms. Sakie Tachibana Fukushima, Ms. Kimiko Murofushi, and Mr. Scott Trevor Davis are candidates for outside directors as set forth in Article 2-15 of the Companies Act.

6) New Members of Corporate Officers

Current positions and responsibilities in parentheses

(Effective March 25, 2014)

Vice President and Officer Internal Auditing; Concurrently Director, Internal Auditing Office, Diversified Products, Sports and Cycle Business Administration Division; Concurrently General Manager, Diversified Products, Sports and Cycle Business Administration Office; Concurrently Assistant to Vice President and Officer, Innovation Development	Kenichi Togami	[Director, Internal Auditing Office, Diversified Products, Sports and Cycle Business Administration Division; Concurrently General Manager, Diversified Products, Sports and Cycle Business Administration Office; Concurrently Assistant to Vice President and Officer, Innovation Development]
Vice President and Officer Environment; Concurrently Director, eco-Activities Promotion Division	Akira Matsuda	[Director, eco-Activities Promotion Division]
Vice President and Officer of Bridgestone Corporation Member of the Board and Chief Operating Officer of Bridgestone Americas, Inc.	Gordon Knapp	[Member of the Board and Executive Vice President of Bridgestone Americas, Inc.]

* Bridgestone Corporation announced above changes on January 31, 2014

7) Retiring Corporate Officer

Plan after retirement in parenthesis

(Effective March 25, 2014)

Vice President and Officer Internal Manufacturing Management	Isaku Motohashi	[Advisor]

* Bridgestone Corporation announced above change on January 31, 2014