

Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2014

November 10, 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 TANSBIN." The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

Bridgestone Corporation

Code number:5108

Stock exchange listings: Tokyo, Nagoya, Fukuoka

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

Representative: Masaaki Tsuya, CEO and Representative Board Member Concurrently Chairman of the Board

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Scheduled date of quarterly securities report submission: November 12, 2014

Scheduled date of dividend payment commencement: -

Supplementary information for the quarterly financial statements to be prepared: Yes

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

(for institutional investors and analysts)

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

1. Consolidated Results for the First Three Quarters of Fiscal 2014 (January 1, 2014 - September 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Nine months ended September 30, 2014	2,665,106	2.3	342,468	7.4	339,048	9.3	225,670	15.2
Nine months ended September 30, 2013	2,606,056	17.1	318,928	56.1	310,161	57.6	195,858	69.0

(Note) Comprehensive Income: Nine months ended September 30, 2014 ¥220,909 million[(36.3%)]
Nine months ended September 30, 2013 ¥347,065 million [146.5%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 30, 2014	288.17	287.83
Nine months ended September 30, 2013	250.19	249.91

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of September 30, 2014	3,633,680	2,026,593	54.0
As of December 31, 2013	3,577,045	1,862,963	50.5

(Reference) Total equity As of September 30, 2014 ¥1,962,377 million
As of December 31, 2013 ¥1,805,285 million

2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2013	—	27.00	—	30.00	57.00
FY 2014	—	40.00	—		
FY 2014 (Projection)				40.00	80.00

(Note) Changes from the latest forecasts released: No

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
FY 2014	3,650,000	2.3	475,000	8.4	454,000	4.4	293,000	45.0	374.16

(Note) Changes from the latest forecasts released: No

* Notes

- (1) Changes in principal subsidiaries during the nine months ended September 30, 2014 : No
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and restatements
- | | |
|---|------|
| 1) Changes due to revisions of accounting standards, etc. | : No |
| 2) Changes in accounting policy other than 1) | : No |
| 3) Changes in accounting estimates | : No |
| 4) Restatements | : No |
- (4) Outstanding number of shares (common stock)
- | | |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): | |
| September 30, 2014 | 813,102,321 shares |
| December 31, 2013 | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end | |
| September 30, 2014 | 29,963,970 shares |
| December 31, 2013 | 30,115,568 shares |
| 3) Average outstanding number of shares (during the first three quarters) | |
| First Three Quarters ended September 30, 2014 | 783,103,443 shares |
| First Three Quarters ended September 30, 2013 | 782,829,415 shares |

* Implementation status about the quarterly review

Although these financial statements are exempt from quarterly review procedures as required by the Financial Instruments and Exchange Act, a part of quarterly review based on Financial Instruments and Exchange Act were completed at the time of the disclosure of these financial statements.

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

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans, and the statements are not guarantees of future business performance.

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1. Qualitative Information for the First Three Quarters of Fiscal 2014

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

(1) Explanation of Consolidated Operating Results

1) Sales and earnings

	FY 2014 3Q (Nine months ended September 30, 2014)	FY 2013 3Q (Nine months ended September 30, 2013)	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	2,665.1	2,606.0	59.0	2
Operating income	342.4	318.9	23.5	7
Ordinary income	339.0	310.1	28.8	9
Net income	225.6	195.8	29.8	15

In the first three quarters of fiscal 2014 (January 1 to September 30, 2014), the Companies' operating environment was as follows: the domestic economy showed signs of gradual recovery due to the effectiveness of economic and monetary policies despite a temporary demand fluctuation associated with an increase in consumption tax rate while the Japanese yen was weakening. The United States economy continues gradual recovery due to an increase in consumer spending. The European economy has been affected by geopolitical risks, although it has shown the signs of recovery. The Asian economic expansion continues to slow down, particularly in China and India. In addition, economic stagnation continued in Thailand. Overall, recovery by many overseas economies was continuously weak.

Under these operating conditions, the Companies continued their work to realize the ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.” Stepping up efforts on a global scale, the Companies were working harder than ever to anticipate market trends and competitors' movements, as well as enhance technologies and promote innovation to increase the sales of highly competitive products and services, and building and enhancing business models to 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 management resources, and develop eco-friendly products and businesses.

As a result, net sales in the first three quarters of fiscal 2014 were ¥2,665.1 billion, an increase of 2% from the first three quarters of fiscal 2013; operating income was ¥342.4 billion, an increase of 7%; ordinary income was ¥339.0 billion, an increase of 9%; and net income was ¥225.6 billion, an increase of 15%.

2) Segment Information

		FY 2014 3Q (Nine months ended September 30, 2014)	FY 2013 3Q (Nine months ended September 30, 2013)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	2,234.7	2,211.6	23.0	1
	Operating income	310.5	290.2	20.3	7
Diversified Products	Net Sales	442.3	405.5	36.8	9
	Operating income	31.9	28.6	3.2	12
Consolidated Results	Net Sales	2,665.1	2,606.0	59.0	2
	Operating income	342.4	318.9	23.5	7

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, due to last-minute demand associated with an increase in consumption tax rate, the unit sales of tires for passenger cars and light trucks increased steadily and the unit sales of tires for trucks and buses increased substantially compared to the first three quarters of fiscal 2013. In the Americas, the unit sales of tires for passenger cars and light trucks in North America increased steadily and the unit sales of tires for trucks and buses increased strongly compared to the first three quarters of fiscal 2013. In Europe, the unit sales of tires for passenger cars and light trucks remained unchanged from the first three quarters of fiscal 2013 and the unit sales of tires for trucks and buses increased firmly compared to the first three quarters of fiscal 2013. In Asia Pacific, the unit sales of tires for passenger cars and light trucks remained unchanged from the first three quarters of fiscal 2013 and the unit sales of tires for trucks and buses increased firmly compared to the first three quarters of fiscal 2013. In China, the unit sales of tires for passenger cars and light trucks increased strongly and the unit sales of tires for trucks and buses decreased compared to the first three quarters of fiscal 2013. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles decreased compared to the first three quarters of fiscal 2013 due to the delay in demand recovering caused by tire inventory adjustment in mines.

As a result, net sales and operating income in the tires segment during the first three quarters of fiscal 2014 totaled ¥2,234.7 billion and ¥310.5 billion, an increase of 1% and of 7% from the first three quarters of fiscal 2013, respectively.

In the diversified products segment, net sales totaled ¥442.3 billion, an increase of 9% from the first three quarters of fiscal 2013, and operating income was ¥31.9 billion, an increase of 12% from the first three quarters of fiscal 2013 due to an increase in the profit of BSAM Diversified Products and domestic business.

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

(2) Explanation of Consolidated Financial Position

Assets, liabilities, and net assets positions at the end of the first three quarters of fiscal 2014 were as follows.

(Assets)

In assets, while short-term investments decreased ¥48.9 billion, merchandise and finished products and tangible fixed assets increased ¥43.7 billion and ¥72.7 billion respectively. As a result, assets increased ¥56.6 billion compared with the end of the previous fiscal year, to ¥3,633.6 billion.

(Liabilities)

In liabilities, while short-term borrowings increased ¥16.6 billion, provision for loss related to US antitrust laws, accounts payable-other, and accrued pension and liability for retirement benefits decreased ¥44.7 billion, ¥54.0 billion, and ¥32.3 billion respectively. As a result, liabilities decreased ¥106.9 billion compared with the end of the previous fiscal year, to ¥1,607.0 billion.

(Net assets)

In net assets, cash dividends paid were ¥54.8 billion and net unrealized gain on available-for-sale securities decreased ¥36.6 billion, while net income was ¥225.6 billion. As a result, net assets increased ¥163.6 billion compared with the end of the previous fiscal year, to ¥2,026.5 billion.

Consequently, the ratio of total equity to total assets increased 3.5% compared with the end of the previous fiscal year, to 54.0%.

(3) Explanation of Projections of Consolidated Results

There are no changes in consolidated projections announced on August 8, 2014.

2. Other Information (Notes)

(1) Application of special accounting treatments for consolidated quarterly financial statements

(Calculation for income tax expense)

Income tax expense was calculated based upon an estimated effective tax rate for fiscal 2014.

3. Consolidated Quarterly Financial Statements**(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2013 (As of December 31, 2013)	FY 2014 3Q (As of September 30, 2014)
Assets		
Current Assets		
Cash and deposits	286,558	327,062
Notes and accounts receivable	528,465	510,129
Short-term investments	152,161	103,178
Merchandise and finished products	354,370	398,158
Work in process	37,353	40,115
Raw materials and supplies	165,379	162,422
Other	204,965	198,384
Allowance for doubtful accounts	(11,871)	(11,697)
Total Current Assets	1,717,383	1,727,754
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	414,442	473,755
Machinery, equipment and vehicles, net	454,423	499,350
Other, net	466,193	434,664
Total tangible fixed assets	1,335,060	1,407,770
Intangible fixed assets	46,826	66,255
Investments and other assets		
Investments in securities	320,954	278,204
Other	162,399	159,295
Allowance for doubtful accounts	(5,578)	(5,600)
Total investments and other assets	477,774	431,899
Total Fixed Assets	1,859,661	1,905,925
Total Assets	3,577,045	3,633,680

(Yen in millions)

	FY 2013 (As of December 31, 2013)	FY 2014 3Q (As of September 30, 2014)
Liabilities		
Current Liabilities		
Notes and accounts payable	188,693	200,478
Short-term borrowings	216,660	233,331
Current portion of bonds	63,794	—
Lease obligations	1,093	1,152
Income taxes payable	54,571	47,757
Provision for loss related to US antitrust laws	44,790	—
Provision for recall	21,132	12,879
Provision for plant restructuring in Japan	8,582	2,826
Accounts payable-other	170,235	116,159
Other	289,731	294,051
Total Current Liabilities	1,059,285	908,637
Long-term Liabilities		
Bonds	50,000	120,000
Long-term borrowings	221,384	225,111
Lease obligations	11,342	11,160
Accrued pension and liability for retirement benefits	236,747	204,422
Other	135,321	137,754
Total Long-term Liabilities	654,795	698,449
Total Liabilities	1,714,081	1,607,087
Net Assets		
Shareholders' Equity		
Common stock	126,354	126,354
Capital surplus	122,865	123,008
Retained earnings	1,597,140	1,767,996
Treasury stock - at cost	(56,644)	(56,363)
Total Shareholders' Equity	1,789,714	1,960,995
Accumulated Other Comprehensive Income		
Net unrealized gain(loss) on available-for-sale securities	200,703	164,068
Deferred gain(loss) on derivative instruments	(1,092)	(1,745)
Foreign currency translation adjustments	(86,177)	(62,634)
Postretirement liability adjustments for foreign consolidated companies	(97,863)	(98,306)
Total Accumulated Other Comprehensive Income	15,570	1,382
Stock Acquisition Rights	1,621	1,945
Minority Interests	56,057	62,269
Total Net Assets	1,862,963	2,026,593
Total Liabilities and Net Assets	3,577,045	3,633,680

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive IncomeConsolidated Statement of Income
First Three Quarters

(Yen in millions)

	FY 2013 3Q (Nine months ended September 30, 2013)	FY 2014 3Q (Nine months ended September 30, 2014)
Net Sales	2,606,056	2,665,106
Cost of Sales	1,662,489	1,665,532
Gross Profit	943,567	999,573
Selling, General and Administrative Expenses		
Goods freightage expenses	110,237	111,046
Advertising and promotion expenses	79,041	86,782
Salaries, allowances and bonuses	166,967	175,274
Retirement benefit expenses	14,366	14,049
Depreciation	20,432	21,525
Research and development expenses	65,297	67,205
Other	168,295	181,222
Total selling, general and administrative expenses	624,639	657,105
Operating Income	318,928	342,468
Non-operating Income		
Interest income	3,870	3,962
Dividend income	5,601	6,404
Other	13,462	14,928
Total non-operating income	23,114	25,294
Non-operating Expenses		
Interest expense	11,515	11,131
Foreign currency exchange loss	5,174	5,035
Other	15,190	12,547
Total non-operating expenses	31,880	28,714
Ordinary Income	310,161	339,048
Extraordinary Income		
Gain on sales of tangible fixed assets	4,360	5,641
Gain on sales of investment securities	—	5,167
Total extraordinary income	4,360	10,809
Extraordinary Loss		
Plant restructuring costs in Japan	5,226	—
Plant restructuring costs in Europe	4,655	—
Total extraordinary losses	9,881	—
Income before Income Taxes and Minority Interests	304,640	349,858
Income Taxes	99,702	117,141
Income before Minority Interests	204,938	232,716
Minority Interests	9,080	7,046
Net Income	195,858	225,670

Consolidated Statement of Comprehensive Income
First Three Quarters

(Yen in millions)

	FY 2013 3Q (Nine months ended September 30, 2013)	FY 2014 3Q (Nine months ended September 30, 2014)
Income before Minority Interests	204,938	232,716
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	56,118	(36,640)
Deferred gain (loss) on derivative instruments	386	(451)
Foreign currency translation adjustments	85,094	26,434
Postretirement liability adjustment for foreign companies	483	(401)
Share of other comprehensive income in affiliates	43	(748)
Total other comprehensive income	142,126	(11,807)
Comprehensive Income	347,065	220,909
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	335,909	211,482
Minority Interests	11,155	9,426

(3) Notes to the Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

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

Not applicable

(Segment Information)

Information about Sales and Income (Loss) by reportable segment

FY 2013 First Three Quarters (Nine months ended September 30, 2013)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	2,209,297	396,759	2,606,056	—	2,606,056
Inter-segment	2,365	8,774	11,140	(11,140)	—
Total	2,211,663	405,533	2,617,197	(11,140)	2,606,056
Segment income (Operating income)	290,238	28,603	318,841	86	318,928

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

FY 2014 First Three Quarters (Nine months ended September 30, 2014)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	2,232,042	433,064	2,665,106	—	2,665,106
Inter-segment	2,666	9,332	11,998	(11,998)	—
Total	2,234,708	442,396	2,677,105	(11,998)	2,665,106
Segment income (Operating income)	310,553	31,900	342,453	14	342,468

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