

Securities Code: 5108
Bridgestone Corporation
1-1, Kyobashi 3-chome, Chuo-ku
Tokyo, Japan

March 2, 2020

Notice of the 101st Annual Shareholders' Meeting

Dear Shareholders,

You are cordially invited to attend Bridgestone Corporation's 101st Annual Shareholders' Meeting, as described in this letter.

If you are unable to attend the meeting, you may exercise your voting rights in writing (by mailing) or via an electromagnetic means (through the Internet, etc.). Please review the Reference to Exercise of Voting Rights provided below, then (1) indicate your vote of approval or disapproval on the enclosed Exercise of Voting Rights form and return the form to us, or (2) exercise your voting rights on the Web site (<https://www.web54.net>) or otherwise by 5:30 p.m. on Monday, March 23, 2020.

Very truly yours,

Masaaki Tsuya
Chairman of the Board
CEO and Representative Executive Officer

The 101st Annual Shareholders' Meeting

1. Date and time: Tuesday, March 24, 2020, at 10:00 a.m. (Reception opens at 8:30 a.m.)
2. Location: "Aoi," the Main Ballroom, 2nd Floor, Palace Hotel Tokyo
1-1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
*The venue has been changed this time.
*Please refer to the guide map for the Annual Shareholders' Meeting on the last page (only available in Japanese).
3. Purpose of the meeting
Matters to be reported:
 1. Business Report and Consolidated Financial Statements for the 101st Fiscal Year (January 1, 2019 through December 31, 2019) and Audit Reports of the Accounting Auditor and the Audit Committee for the Consolidated Financial Statements
 2. Financial Statements for the 101st Fiscal Year (January 1, 2019 through December 31, 2019)Matters to be resolved:
 - Proposal 1** Appropriation of Surplus
 - Proposal 2** Election of Thirteen (13) Members of the Board

The details of the respective proposals are as per "Reference to Exercise of Voting Rights" provided from page 5 onwards.

(1) Guidance for Exercise of Voting Rights

Guidance for Exercise of Voting Rights

| Attending the Annual Shareholders' Meeting | Unable to Attend the Annual Shareholders' Meeting | |
|--|---|--|
| If you attend the meeting in person, please submit your Exercise of Voting Rights forms to the receptionist. To save resources, please bring this Notice to the meeting. | Mail Please review the Reference to Exercise of Voting Rights, indicate your vote of approval or disapproval on the enclosed Exercise of Voting Rights form, and return the form to us. | The Internet Please refer to Exercise of Voting Rights via the Internet provided below, and cast your vote of approval or disapproval. |
| Meeting Date and Time | Exercise Deadline | Exercise Deadline |
| Tuesday, March 24, 2020 at 10:00 a.m. (Reception opens at 8:30 a.m.) | The form must arrive at the Company by no later than 5:30 p.m. on Monday, March 23, 2020. | Your vote will be accepted until 5:30 p.m. on Monday, March 23, 2020. |

Please refer to the next 

*If any shareholder has exercised his/her voting rights multiple times via the Internet, etc., only the final execution shall be deemed as his/her effective exercise of voting rights. If any shareholder has exercised his/her voting rights both by sending the Exercise of Voting Rights form and via the Internet, etc., only the latter one to arrive at the Company shall be deemed effective, provided, however, that only the exercise of voting rights via the Internet, etc., shall be deemed effective if both arrive at the Company on the same day.

Guidance for Platform for Electronic Exercise of Voting Rights

Institutional investors may use the "ICJ platform," a platform for electronic exercise of voting rights by institutional investors, which is operated by Investor Communications Japan, Inc. (ICJ).

Conditions for the exercise of voting rights by proxy

Each shareholder is allowed to exercise his/her voting rights through a proxy, who shall be one of the shareholders with voting rights of the Company. Such shareholder or his/her proxy shall submit a document certifying the proxy right (e.g., power of attorney) to the Company.

Handling of requests for the Exercise of Voting Rights form by shareholders who have approved in advance the sending of Notices of Annual Shareholders' Meeting via an electromagnetic means

If you have approved the sending of Notices via an electromagnetic means and wish the delivery of an Exercise of Voting Rights form, please contact the dedicated phone service, which is stated in Other Inquiries described on page 3 (Transfer Agent Business Center, Sumitomo Mitsui Trust Bank, Limited).

“Exercise of Voting Rights via the Internet”

- 1 Please access the Web site for exercising voting rights designated by the Company.

[Web site for exercising voting rights]

<https://www.web54.net>

- 2 Enter the “Exercise of Voting Rights Code” and “Password” printed at the right of the Exercise of Voting Rights form and follow the instructions on the screen.

Exercise deadline: Your vote will be accepted until 5:30 p.m. on Monday, March 23, 2020.

System Requirements

- 1 Depending on the Internet access environment of your PC or mobile phone, the service you subscribed, or the models you use, you may not be able to use the Web site to exercise voting rights. For details, please contact the staff in charge by calling the dedicated phone number of Stock Transfer Agent Department “Web Support,” Sumitomo Mitsui Trust Bank, Limited, as shown below.
- 2 To connect your communication device to the Internet, you may have to pay a connection fee and telecommunication charges to your service provider and a carrier. Such a fee or charges shall be borne by you.

Contact

| | |
|---|---|
| Inquiries on the Operation of Your PC and Other Communication Terminals | The Stock Transfer Agent Department “Web Support” Helpline by Sumitomo Mitsui Trust Bank, Limited Phone number in Japan: 0120-652-031 (Reception time: 9:00 a.m.–9:00 p.m.) |
|---|---|

| | |
|-----------------|--|
| Other Inquiries | The Transfer Agent Business Center Helpline by Sumitomo Mitsui Trust Bank, Limited Phone number in Japan: 0120-782-031 (Reception time: 9:00 a.m.–5:00 p.m. (Except for Saturdays, Sundays and national holidays)) |
|-----------------|--|

(2) Matters Related to Disclosure via the Internet

The following matters that are not stated in this Notice of the 101st Annual Shareholders' Meeting are provided to the shareholders by posting relevant information on the Company's Web site in accordance with the relevant provisions of the laws and regulations and the Articles of Incorporation.

- "Major Business Locations," "Employees," "Shares of Bridgestone Corporation," "Stock Acquisition Rights," "Matters Related to the Outside Directors," "Matters Related to the Independent Auditors" and "Systems to Ensure the Propriety of Business Operations ('Internal Control Systems')" in the Business Report.
- "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements.
- "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements.

Notes:

- If you attend the meeting in person, please submit your Exercise of Voting Rights forms to the receptionist.
- We anticipate the reception area will be crowded right before opening of the meeting, so please plan to arrive to the venue early.
- If you exercise your voting rights on the Web site (<https://www.web54.net>), please refer to "Exercise of Voting Rights via the Internet." described on page 3.
- Please bring this Notice of the 101st Annual Shareholders' Meeting to the venue on the day of the meeting.
- Should any revision be needed with regard to the Reference to Exercise of Voting Rights, the Business Report, the Consolidated Financial Statements and/or the Financial Statements, the Company will post such revision on the Company's Web site (<https://www.bridgestone.com/>).

Reference to Exercise of Voting Rights

Proposals and Reference Information

Proposal 1 Appropriation of Surplus

It is proposed to disburse the year-end dividend for the year according to the schedule shown below in view of the year's closing results, and the interest of promoting corporate strength, future business development and other aspects.

With regard to appropriation of other capital surplus, it is proposed that the Company reverse part of general reserve and transfer the reversal amount to unappropriated retained earnings as follows, in connection with the cancellation of treasury stock.

1. Matters related to year-end dividends

(1) Disbursement of dividends to shareholders and total amount thereof

It is proposed that a total amount of 56,324,653,360 yen (eighty (80) yen per share) be disbursed.

Accordingly, the fiscal year's total dividend, including the interim dividend, would be one hundred and sixty (160) yen per share.

(2) Effective date of the disbursement of dividends from surplus

It is proposed to set the effective date for the disbursement of dividends to be March 25, 2020.

2. Matters related to appropriation of other capital surplus

(1) Item of surplus to be decreased and the amount thereof

General reserve 200,000,000,000 yen

(2) Item of surplus to be increased and the amount thereof

Unappropriated retained earnings 200,000,000,000 yen

[Reference] Dividends

| | Dividend per share | | | | |
|-----------------------------|--------------------|-----------------|-----------------|-----------|------------|
| | 1st quarter end | 2nd quarter end | 3rd quarter end | Year-end | Total |
| Fiscal 2018 | — Yen | 80.00 Yen | — Yen | 80.00 Yen | 160.00 Yen |
| Fiscal 2019 | — | 80.00 | — | 80.00 | 160.00 |
| Fiscal 2020 (Projection) | — | 80.00 | — | 80.00 | 160.00 |

Cautionary Notes Concerning Forward-Looking Statements

Forecasts based on our projections and plans for the future in this document contain unpredictable elements that may cause fluctuations. As such, they do not constitute guarantees by the Company of the achievement of those forecasts.

Proposal 2 Election of Thirteen (13) Members of the Board

The term of office of all the eleven (11) current Members of the Board expires at the close of this Shareholders' Meeting. Accordingly, it is proposed that thirteen (13) nominees be appointed as Members of the Board.

In order to maintain the proper composition of the Board of Directors, each candidate has been determined through strict selection procedures at the Nominating Committee of the Company, in accordance with the "Nominating Policy for Appointment to the Board" prescribed by the Committee (as described on page 16).

The table below lists the nominees for Members of the Board.

| Nominee No. | Name | | | Current position and assignment in the Company | Attendance at the Board of Directors for the year | Attendance at statutory meetings for the year |
|-------------|--------------------|----------------|---|--|---|--|
| 1 | Masaaki Tsuya | Renomination | | Chairman of the Board CEO and Representative Executive Officer | 100% (15 of 15) | - |
| 2 | Shuichi Ishibashi | New Nomination | | Vice Chair and Representative Executive Officer | - | - |
| 3 | Akihiro Eto | Renomination | | Member of the Board, President, COO and Representative Executive Officer | 100% (11 of 11) | - |
| 4 | Scott Trevor Davis | Renomination | Outside Director, Independent Director | Member of the Board, Chairperson of the Nominating Committee, Member of the Compensation Committee | 100% (15 of 15) | Nominating Committee: 100% (21 of 21) Compensation Committee: 100% (14 of 14) |
| 5 | Yuri Okina | Renomination | Outside Director, Independent Director | Member of the Board, Chairperson of the Compensation Committee, Member of the Nominating Committee | 100% (15 of 15) | Nominating Committee: 95% (20 of 21) Compensation Committee: 100% (14 of 14) |
| 6 | Kenichi Masuda | Renomination | Outside Director, Independent Director | Member of the Board, Member of the Nominating Committee, Member of the Compensation Committee | 100% (15 of 15) | Nominating Committee: 100% (21 of 21) Compensation Committee: 100% (14 of 14) |
| 7 | Kenzo Yamamoto | Renomination | Outside Director, Independent Director | Member of the Board, Chairperson of the Audit Committee | 100% (15 of 15) | Audit Committee: 100% (15 of 15) |
| 8 | Keikou Terui | Renomination | Outside Director, Independent Director | Member of the Board, Member of the Audit Committee | 100% (15 of 15) | Audit Committee: 100% (15 of 15) |
| 9 | Seiichi Sasa | Renomination | Outside Director, Independent Director | Member of the Board, Member of the Audit Committee | 100% (15 of 15) | Audit Committee: 100% (15 of 15) |
| 10 | Yojiro Shiba | Renomination | Outside Director, Independent Director | Member of the Board, Member of the Audit Committee | 100% (15 of 15) | Audit Committee: 93% (14 of 15) |
| 11 | Yoko Suzuki | Renomination | Outside Director, Independent Director | Member of the Board, Member of the Audit Committee | 100% (15 of 15) | Audit Committee: 100% (15 of 15) |
| 12 | Hideo Hara | New Nomination | | Fellow (responsible for technology public relations) | - | - |

| Nominee No. | Name | | | Current position and assignment in the Company | Attendance at the Board of Directors for the year | Attendance at statutory meetings for the year |
|-------------|------------------|--------------|--|---|---|---|
| 13 | Tsuyoshi Yoshimi | Renomination | | Member of the Board, Member of the Audit Committee (full-time) | 100% (11 of 11) | Audit Committee: 100% (10 of 10) |

Notes:

1. Mr. Akihiro Eto was newly elected as a Member of the Board at the 100th Annual Shareholders' Meeting held on March 22, 2019, and accordingly, the total number of the Board of Directors meetings he was able to attend is different from that of other candidates.

2. Mr. Tsuyoshi Yoshimi was newly elected as a Member of the Board at the 100th Annual Shareholders' Meeting held on March 22, 2019 and appointed as a member of the Audit Committee on the same day, and accordingly, the total number of the Board of Directors meetings he was able to attend is different from that of other candidates.

Nominees for Members of the Board

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions |
|--|---|--|
| 1 |  <p data-bbox="368 512 526 568">Masaaki Tsuya (June 22, 1952)</p> <div data-bbox="325 595 568 624" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <ul data-bbox="296 647 608 846" style="list-style-type: none"> • The term of office as Member of the Board: 12 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 37,000 | <p data-bbox="635 371 1358 427">April 1976 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)</p> <p data-bbox="635 427 1214 456">January 2006 Director, Division of the Executive Office</p> <p data-bbox="635 456 1066 486">March 2006 Vice President and Officer</p> <p data-bbox="635 486 1134 542">March 2008 Member of the Board, Vice President and Senior Officer</p> <p data-bbox="635 542 1102 598">September 2011 Representative Board Member Senior Vice President</p> <p data-bbox="635 620 1198 649">March 2012 CEO and Representative Board Member</p> <p data-bbox="635 649 1206 705">March 2013 CEO and Representative Board Member, Concurrently Chairman of the Board</p> <p data-bbox="635 705 1225 761">March 2016 to Present Chairman of the Board CEO and Representative Executive Officer (Important concurrent positions)</p> <p data-bbox="635 761 1134 817">Chairman of the Board, Bridgestone Americas, Inc.</p> |
| <p data-bbox="284 853 767 882">(Reason for nomination as Member of the Board)</p> <p data-bbox="284 882 1441 1095">Since Mr. Masaaki Tsuya joined the Company, he has accumulated abundant business experience through the engagement in such fields as international relations, human resources and public relations, and promotion of internal control, and as the top executive officer, has strongly promoted management reforms including strengthening corporate governance since his appointment as CEO and Representative Board Member in 2012. Since 2013, he has been concurrently serving as the Chairman of the Board and playing a leading role as the Chairman in enhancing deliberations and enabling appropriate decision making at the Board of Directors. The Company has determined that Mr. Masaaki Tsuya qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by continuously utilizing his global business experience and insight for corporate management.</p> | | |
| 2 |  <p data-bbox="357 1348 537 1404">Shuichi Ishibashi (January 19, 1954)</p> <div data-bbox="325 1431 568 1460" style="border: 1px solid black; padding: 2px; text-align: center;">New Nomination</div> <ul data-bbox="296 1482 560 1538" style="list-style-type: none"> • Number of shares owned: 10,200 | <p data-bbox="635 1207 1358 1263">April 1977 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)</p> <p data-bbox="635 1263 1145 1292">January 2004 Director, Consumer Tires Business</p> <p data-bbox="635 1292 1066 1321">January 2005 Vice President and Officer</p> <p data-bbox="635 1321 1134 1350">July 2012 Vice President and Senior Officer</p> <p data-bbox="635 1350 1018 1379">January 2014 Senior Vice President</p> <p data-bbox="635 1379 1050 1408">January 2016 Executive Vice President</p> <p data-bbox="635 1408 1273 1438">March 2016 Executive Vice President and Executive Officer</p> <p data-bbox="635 1438 1281 1494">January 2019 to Present Vice Chair and Representative Executive Officer</p> |
| <p data-bbox="284 1545 767 1574">(Reason for nomination as Member of the Board)</p> <p data-bbox="284 1574 1441 1729">Since Mr. Shuichi Ishibashi joined the Company, he has accumulated abundant business experience through the engagement in such fields as the tire business in the Americas and Japan, diversified products business and global marketing strategy. Since his appointment as Executive Officer in 2016, he has played a role in management reforms through solutions business, original equipment business, and technology and quality management. The Company has determined that Mr. Shuichi Ishibashi continuously qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by utilizing his global business experience and insight for corporate management.</p> | | |

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions | | | | | | | | | | | | | | | | | | |
|-----------------------|--|---|------------|--|--------------|--|-----------------------|--|-----------------------|--|----------------|-----------------------|--------------|--------------------------|------------|--|--------------|---|-----------------------|--|
| 3 |  <p data-bbox="371 483 521 539">Akihiro Eto (April 7, 1960)</p> <div data-bbox="325 562 568 595" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <ul data-bbox="295 616 606 815" style="list-style-type: none"> • The term of office as Member of the Board: 1 year • Attendance at the Board of Directors for the year: 100% 11 of 11 • Number of shares owned: 7,600 | <table data-bbox="635 338 1332 674" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; vertical-align: top;">April 1986</td> <td>Joined Bridgestone Corporation</td> </tr> <tr> <td style="vertical-align: top;">January 2010</td> <td>Director, Corporate Planning Division</td> </tr> <tr> <td style="vertical-align: top;">July 2010</td> <td>Vice President and Officer</td> </tr> <tr> <td style="vertical-align: top;">September 2012</td> <td>Vice President and Senior Officer</td> </tr> <tr> <td style="vertical-align: top;">September 2014</td> <td>Senior Vice President</td> </tr> <tr> <td style="vertical-align: top;">January 2016</td> <td>Executive Vice President</td> </tr> <tr> <td style="vertical-align: top;">March 2016</td> <td>Executive Vice President and Executive Officer</td> </tr> <tr> <td style="vertical-align: top;">January 2019</td> <td>President, COO and Representative Executive Officer</td> </tr> <tr> <td style="vertical-align: top;">March 2019 to Present</td> <td>Member of the Board, President, COO and Representative Executive Officer</td> </tr> </table> <p data-bbox="284 819 1439 1010">(Reason for nomination as Member of the Board) Since Mr. Akihiro Eto joined the Company, he has accumulated abundant business experience through the engagement in such fields as OE sales, finance, Europe business, corporate planning, and the Diversified Products business. Since his appointment as Executive Officer in 2016, he has played a role in management reforms through the tire business and corporate planning. The Company has determined that Mr. Akihiro Eto continuously qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by utilizing his global business experience and insight for corporate management.</p> | April 1986 | Joined Bridgestone Corporation | January 2010 | Director, Corporate Planning Division | July 2010 | Vice President and Officer | September 2012 | Vice President and Senior Officer | September 2014 | Senior Vice President | January 2016 | Executive Vice President | March 2016 | Executive Vice President and Executive Officer | January 2019 | President, COO and Representative Executive Officer | March 2019 to Present | Member of the Board, President, COO and Representative Executive Officer |
| April 1986 | Joined Bridgestone Corporation | | | | | | | | | | | | | | | | | | | |
| January 2010 | Director, Corporate Planning Division | | | | | | | | | | | | | | | | | | | |
| July 2010 | Vice President and Officer | | | | | | | | | | | | | | | | | | | |
| September 2012 | Vice President and Senior Officer | | | | | | | | | | | | | | | | | | | |
| September 2014 | Senior Vice President | | | | | | | | | | | | | | | | | | | |
| January 2016 | Executive Vice President | | | | | | | | | | | | | | | | | | | |
| March 2016 | Executive Vice President and Executive Officer | | | | | | | | | | | | | | | | | | | |
| January 2019 | President, COO and Representative Executive Officer | | | | | | | | | | | | | | | | | | | |
| March 2019 to Present | Member of the Board, President, COO and Representative Executive Officer | | | | | | | | | | | | | | | | | | | |
| 4 |  <p data-bbox="341 1267 552 1323">Scott Trevor Davis (December 26, 1960)</p> <div data-bbox="325 1346 568 1379" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="325 1402 568 1435" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="325 1458 568 1491" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="295 1512 606 1666" style="list-style-type: none"> • The term of office as Member of the Board: 9 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 0 | <table data-bbox="635 1122 1439 1424" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; vertical-align: top;">April 1990</td> <td>Researcher, The Japan Institute of Labour (currently The Japan Institute for Labour Policy and Training)</td> </tr> <tr> <td style="vertical-align: top;">April 2001</td> <td>Professor, Department of International Economics, Reitaku University</td> </tr> <tr> <td style="vertical-align: top;">April 2006 to Present</td> <td>Professor, Department of Global Business, College of Business, Rikkyo University</td> </tr> <tr> <td style="vertical-align: top;">March 2011 to Present</td> <td>Member of the Board as Outside Director, Bridgestone Corporation</td> </tr> </table> <p data-bbox="635 1346 1439 1424">(Important concurrent positions) Professor, Department of Global Business, College of Business, Rikkyo University Outside Director, Sompo Holdings, Inc.</p> <p data-bbox="284 1671 1439 1883">(Reason for nomination as Outside Director) Mr. Scott Trevor Davis has excellent academic knowledge in the field of sociology and international business administration, as well as abundant wisdom regarding CSR in Japan and overseas, and has been contributing to appropriate decision making of the Board of Directors as Outside Director since 2011. He has been playing a leading role in enhancing deliberations, etc. as Chairperson of the Nominating Committee and as Chairperson of the Governance Committee, as well as participating in active deliberations as a member of the Compensation Committee. The Company has determined that Mr. Scott Trevor Davis would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</p> | April 1990 | Researcher, The Japan Institute of Labour (currently The Japan Institute for Labour Policy and Training) | April 2001 | Professor, Department of International Economics, Reitaku University | April 2006 to Present | Professor, Department of Global Business, College of Business, Rikkyo University | March 2011 to Present | Member of the Board as Outside Director, Bridgestone Corporation | | | | | | | | | | |
| April 1990 | Researcher, The Japan Institute of Labour (currently The Japan Institute for Labour Policy and Training) | | | | | | | | | | | | | | | | | | | |
| April 2001 | Professor, Department of International Economics, Reitaku University | | | | | | | | | | | | | | | | | | | |
| April 2006 to Present | Professor, Department of Global Business, College of Business, Rikkyo University | | | | | | | | | | | | | | | | | | | |
| March 2011 to Present | Member of the Board as Outside Director, Bridgestone Corporation | | | | | | | | | | | | | | | | | | | |

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions |
|--|---|--|
| 5 |  <p data-bbox="360 483 533 535">Yuri Okina (March 25, 1960)</p> <div data-bbox="325 562 568 591" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="325 611 568 640" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="325 660 568 689" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="293 712 608 882" style="list-style-type: none"> • The term of office as Member of the Board: 6 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 0 | <p data-bbox="635 315 1390 394">April 1984 Joined Bank of Japan April 1992 Joined The Japan Research Institute, Limited May 2003 Director of Industrial Revitalization Commission, Industrial Revitalization Corporation of Japan (part-time position)</p> <p data-bbox="635 423 1362 501">October 2005 Council Member, Science Council of Japan June 2006 Research Director, Chief Economist, The Japan Research Institute, Limited</p> <p data-bbox="635 508 1398 613">April 2010 Visiting Professor, Waseda University March 2014 Member of the Board as Outside Director, Bridgestone Corporation to Present Vice Chairman of the Institute, The Japan Research Institute, Limited</p> <p data-bbox="635 642 1139 692">September 2014 Invited Professor, Keio University</p> <p data-bbox="635 698 1369 777">to Present Chairperson of the Institute, The Japan Research Institute, Limited April 2018 to Present</p> <p data-bbox="635 784 1278 862">(Important concurrent positions) Chairperson of the Institute, The Japan Research Institute, Limited Outside Director, Marubeni Corporation</p> |
| <p data-bbox="284 927 719 949">(Reason for nomination as Outside Director)</p> <p data-bbox="284 954 1433 1115">Ms. Yuri Okina has significant research experience regarding financial systems and financial administration, as well as abundant knowledge of economics and financial situations, and has been contributing to appropriate decision making of the Board of Directors as Outside Director since 2014. Since 2016, she has been playing a leading role in enhancing deliberations and exercising authorities, etc. as Chairperson of the Compensation Committee, and participating in active deliberations as a member of the Nominating Committee. The Company has determined that Ms. Yuri Okina continuously qualifies for Outside Director in view of these experiences, insights and achievements.</p> | | |
| 6 |  <p data-bbox="360 1368 533 1420">Kenichi Masuda (January 11, 1963)</p> <div data-bbox="325 1447 568 1476" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="325 1496 568 1525" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="325 1545 568 1574" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="293 1597 608 1767" style="list-style-type: none"> • The term of office as Member of the Board: 4 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 0 | <p data-bbox="635 1205 1070 1232">April 1988 Lawyer, Admitted in Japan</p> <p data-bbox="635 1261 1118 1339">to Present Lawyer, Admitted in New York September 1993</p> <p data-bbox="635 1346 1426 1451">to Present Partner, Anderson Mori (Japanese law firm: currently Anderson Mori & Tomotsune) January 1997 Adjunct Lecturer, Graduate Schools for Law and Politics, The University of Tokyo</p> <p data-bbox="635 1458 1342 1536">March 2011 Outside Corporate Auditor, Bridgestone Corporation March 2016 Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 1543 1417 1621">April 2019 to Present Visiting Professor, Graduate Schools for Law and Politics, The University of Tokyo</p> <p data-bbox="635 1628 1294 1697">(Important concurrent positions) Partner of Anderson Mori & Tomotsune Outside Corporate Auditor of LIFENET INSURANCE COMPANY Audit & Supervisory Board Member, Mercuria Investment Co., Ltd.</p> |
| <p data-bbox="284 1778 719 1800">(Reason for nomination as Outside Director)</p> <p data-bbox="284 1805 1437 2018">Mr. Kenichi Masuda has abundant professional career and experience as a lawyer at law firms in Japan and overseas, as well as his expertise as represented by his current experience of teaching corporate law at a graduate school of law, and has been contributing to audits as Outside Corporate Auditor since 2011. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director. He has also been participating in active deliberations as a member of the Nominating Committee and Compensation Committee, and playing a leading role as Chairperson of the Compliance Committee. The Company has determined that Mr. Kenichi Masuda would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</p> | | |

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions |
|---|--|--|
| 7 |  <p data-bbox="355 483 539 539">Kenzo Yamamoto (January 21, 1954)</p> <div data-bbox="325 562 568 591" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="325 613 568 642" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="325 665 568 694" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="293 712 608 913" style="list-style-type: none"> • The term of office as Member of the Board: 4 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 1,400 | <p data-bbox="635 255 1441 920"> April 1976 Joined Bank of Japan December 2003 General Manager for the Americas and Chief Representative in New York, Bank of Japan July 2005 Director-General, Payment and Settlement Systems Department, Bank of Japan July 2006 Director-General, Financial System and Bank Examination Department, Bank of Japan May 2008 Executive Director, Bank of Japan June 2012 Chairman, NTT Data Institute of Management Consulting, Inc. August 2013 Board Member, Quality Control Oversight Board, The Japanese Institute of Certified Public Accountants July 2014 to Present Committee Member, Risk Committee, Mitsubishi UFJ Financial Group, Inc. March 2016 to Present Member of the Board as Outside Director, Bridgestone Corporation June 2018 to Present Representative, Office KY Initiative February 2019 to Present Director, TOMIYAMA CULTURAL FOUNDATION July 2019 to Present Outside Director, SUMITOMO LIFE INSURANCE COMPANY Present (Important concurrent positions) Representative, Office of Financial and Economic Initiative Outside Director, SUMITOMO LIFE INSURANCE COMPANY </p> |
| <p data-bbox="284 954 719 981">(Reason for nomination as Outside Director)</p> <p data-bbox="284 981 1414 1111">Mr. Kenzo Yamamoto has abundant expertise on financial market and financial systems, as well as his deep insight regarding corporate management and risk management. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director and playing a leading role as Chairperson of the Audit Committee. The Company has determined that Mr. Kenzo Yamamoto continuously qualifies for Outside Director in view of these experiences, insights and achievements.</p> | | |
| 8 |  <p data-bbox="371 1368 523 1424">Keikou Terui (July 27, 1953)</p> <div data-bbox="325 1447 568 1476" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="325 1498 568 1527" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="325 1550 568 1579" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="293 1597 608 1798" style="list-style-type: none"> • The term of office as Member of the Board: 4 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 3,300 | <p data-bbox="635 1144 1441 1776"> April 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI)) July 2008 Director-General for Technology Policy Coordination, Minister's Secretariat, METI January 2011 Director-General, Kanto Bureau of Economy, Trade and Industry, METI April 2012 Director-General for Regional Economic and Industrial Policy, METI August 2013 to Present President, Japan Utility Telemetering Association October 2013 Senior Research Associate, Chemicals Evaluation and Research Institute, Japan June 2014 to Present Director, Union of Japanese Scientists and Engineers March 2016 to Present Member of the Board as Outside Director, Bridgestone Corporation June 2016 to Present Director, Chemicals Evaluation and Research Institute, Japan August 2018 to Present Director, Japan Industrial Safety Competency Center (Important concurrent position) Outside Director, Ube Industries, Ltd. Outside Director, ORGANO CORPORATION </p> |
| <p data-bbox="284 1836 719 1863">(Reason for nomination as Outside Director)</p> <p data-bbox="284 1863 1441 1991">Mr. Keikou Terui has broad insight regarding industrial technology fields, as well as his abundant administrative experience in industrial policies at the Ministry of Economy, Trade and Industry. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director, and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Keikou Terui would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</p> | | |

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions |
|--|---|--|
| 9 |  <p style="text-align: center;">Seiichi Sasa (October 12, 1953)</p> <div style="text-align: center; margin-bottom: 5px;"><input type="checkbox"/> Renomination</div> <div style="text-align: center; margin-bottom: 5px;"><input type="checkbox"/> Outside Director</div> <div style="text-align: center; margin-bottom: 5px;"><input type="checkbox"/> Independent Director</div> <ul style="list-style-type: none"> • The term of office as Member of the Board: 4 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 3,900 | <p>April 1976 Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.) (Resigned in June 1978)</p> <p>March 1983 Certified Public Accountant, Admitted to Present</p> <p>September Adjunct Lecturer, Graduate School of Political Studies, 2005 Gakushuin University</p> <p>December 2007 Examiner for Financial Accounting, Certified Public Accountant Examination</p> <p>June 2008 Executive Director, KPMG AZSA LLC</p> <p>March 2016 Member of the Board as Outside Director, Bridgestone to Present Corporation</p> <p>September Visiting Professor, Hitotsubashi University 2017</p> <p>(Important concurrent positions) Certified Public Accountant (Representative, Sasa Seiichi Certified Public Accountant Office)</p> |
| <p>(Reason for nomination as Outside Director)</p> <p>Mr. Seiichi Sasa has abundant professional career and experience of accounting audit and consulting as a Certified Public Accountant, as well as his expertise as represented by his current experience of teaching accounting and audit at a university and graduate school and former appointment as an Examiner of Certified Public Accountant Examination. Since 2016, he has been contributing to appropriate decision making of the Board of Directors as Outside Director and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Seiichi Sasa would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</p> | | |
| 10 |  <p style="text-align: center;">Yojiro Shiba (August 7, 1950)</p> <div style="text-align: center; margin-bottom: 5px;"><input type="checkbox"/> Renomination</div> <div style="text-align: center; margin-bottom: 5px;"><input type="checkbox"/> Outside Director</div> <div style="text-align: center; margin-bottom: 5px;"><input type="checkbox"/> Independent Director</div> <ul style="list-style-type: none"> • The term of office as Member of the Board: 2 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 0 | <p>April 1974 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>March 2003 Managing Executive Officer, Mizuho Bank, Ltd.</p> <p>May 2005 Executive Officer, Oriental Land Co., Ltd.</p> <p>June 2007 Executive Director and Senior Executive Officer, Oriental Land Co., Ltd.</p> <p>April 2009 Representative Director and Executive Vice President Officer, Oriental Land Co., Ltd.</p> <p>June 2013 External Director, AMUSE INC.</p> <p>June 2015 Director and Vice Chairman, AMUSE INC.</p> <p>June 2017 Director, Vice Chairman, AMUSE INC.</p> <p>March 2018 Member of the Board as Outside Director, Bridgestone to Present Corporation</p> <p>April 2019 Representative Director and President, AMUSE INC.</p> <p>June 2019 to Director and Vice Chairman, AMUSE INC. Present</p> <p>(Important concurrent position) Director and Vice Chairman, AMUSE INC.</p> |
| <p>(Reason for nomination as Outside Director)</p> <p>Mr. Yojiro Shiba has insights into the creation of value and establishment of business from the perspective of customers based on his deep insight as the result of abundant corporate management experience in the financial industry and entertainment business industry. Since 2018, he has been contributing to appropriate decision making of the Board of Directors as Outside Director and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Yojiro Shiba continuously qualifies for Outside Director in view of these experiences, insights and achievements.</p> | | |

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions |
|--|--|---|
| 11 |  <p data-bbox="339 483 552 539">Yoko Suzuki (September 21, 1970)</p> <div data-bbox="325 562 568 595" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <div data-bbox="325 613 568 647" style="border: 1px solid black; padding: 2px; text-align: center;">Outside Director</div> <div data-bbox="325 665 568 698" style="border: 1px solid black; padding: 2px; text-align: center;">Independent Director</div> <ul data-bbox="293 714 608 882" style="list-style-type: none"> • The term of office as Member of the Board: 2 years • Attendance at the Board of Directors for the year: 100% 15 of 15 • Number of shares owned: 600 | <p data-bbox="635 286 1070 342">April 1998 to Present Lawyer, Admitted in Japan</p> <p data-bbox="635 342 1129 421">April 1998 to Present Joined Takagi Godo Law Office November 2002 to Present Partner, Suzuki Sogo Law Office</p> <p data-bbox="635 421 1433 499">January 2008 to Present Director, International IC Association of Japan April 2015 to Present Auditor, The Research Institute of Economy, Trade and Industry</p> <p data-bbox="635 499 1342 577">March 2018 to Present Member of the Board as Outside Director, Bridgestone Corporation</p> <p data-bbox="635 577 1337 633">June 2018 to Present Auditor, Hitotsubashi University Collaboration Center</p> <p data-bbox="635 633 1155 701">(Important concurrent position) Partner of Suzuki Sogo Law Office Outside Director, Nippon Pigment Company Limited</p> |
| <p data-bbox="284 887 719 913">(Reason for nomination as Outside Director)</p> <p data-bbox="284 913 1442 1048">Ms. Yoko Suzuki has high expertise as a lawyer, and abundant experience and deep insight as an outside auditor and auditor of other companies and various associations. Since 2018, she has been contributing to appropriate decision making of the Board of Directors as Outside Director and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Ms. Yoko Suzuki would appropriately continue to execute the duties of an Outside Director in view of these experiences, insights and achievements.</p> | | |
| 12 |  <p data-bbox="339 1305 552 1361">Hideo Hara (December 13, 1951)</p> <div data-bbox="325 1384 568 1417" style="border: 1px solid black; padding: 2px; text-align: center;">New Nomination</div> <ul data-bbox="293 1440 560 1496" style="list-style-type: none"> • Number of shares owned: 6,000 | <p data-bbox="635 1108 1358 1164">April 1977 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)</p> <p data-bbox="635 1164 1417 1220">January 2001 Seconded to Bridgestone/Firestone Inc. (currently Bridgestone Americas, Inc.) (The United States)</p> <p data-bbox="635 1220 1385 1299">March 2006 Vice President and Officer Seconded to Bridgestone Americas Holding, Inc. (currently Bridgestone Americas, Inc.) (The United States)</p> <p data-bbox="635 1299 1433 1355">October 2006 Vice President and Officer, Responsible for Original Equipment Tire Sales; Concurrently responsible for Motorsport</p> <p data-bbox="635 1355 1393 1388">March 2010 Seconded to Bridgestone Americas, Inc. (The United States)</p> <p data-bbox="635 1388 1442 1444">March 2015 to Present Fellow (responsible for technology public relations), Bridgestone Corporation</p> |
| <p data-bbox="284 1503 767 1529">(Reason for nomination as Member of the Board)</p> <p data-bbox="284 1529 1442 1711">Since Mr. Hideo Hara joined the Company, he has accumulated abundant business experience through technology development centered on tire design in Japan and Americas, as well as has engaged in such fields as original equipment business, product strategy and enhancement of activities on technology public relations of the Bridgestone Group as a “Technology Spokesperson” since his appointment as Vice President and Officer in 2006. The Company has determined that Mr. Hideo Hara qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by utilizing his broad business experience and insight centered on technology for corporate management going forward.</p> | | |

| Nominee No. | Name (Date of birth) | Brief personal history, position, assignment and important concurrent positions |
|---|--|--|
| 13 |  <p data-bbox="343 481 523 533">Tsuyoshi Yoshimi (May 26, 1964)</p> <div data-bbox="312 562 555 591" style="border: 1px solid black; padding: 2px; text-align: center;">Renomination</div> <ul data-bbox="293 616 571 840" style="list-style-type: none"> • The term of office as Member of the Board: 1 year • Attendance at the Board of Directors for the year: 100% 11 of 11 • Number of shares owned: 1,100 | <p data-bbox="611 338 770 421">April 1988 January 2010 September 2012</p> <p data-bbox="611 450 754 555">October 2013 March 2017 March 2019 to Present</p> <p data-bbox="842 338 1417 533">Joined Bridgestone Corporation Seconded to Bridgestone Asia Pacific Pte. Ltd. (Singapore) Seconded to Bridgestone (China) Investment Co., Ltd. (Shanghai) Director, Finance Division Vice President and Officer, Auditing Member of the Board</p> |
| <p data-bbox="284 846 762 875">(Reason for nomination as Member of the Board)</p> <p data-bbox="284 875 1437 1059">Since Mr. Tsuyoshi Yoshimi joined the Company, he has accumulated abundant business experience through the engagement in such fields as finance, Asia Pacific business, and internal auditing, and since 2019, he has been contributing to appropriate decision making of the Board of Directors as Member of the Board. He also has been in charge of auditing of the entire Bridgestone Group and promoting strengthening of the audit system as a member of the Audit Committee. The Company has determined that Mr. Tsuyoshi Yoshimi continuously qualifies for Member of the Board as he is expected to contribute to the enhancement of corporate value by utilizing his broad business experience and insight for corporate management.</p> | | |

Notes:

1. None of the nominees has any special interest with the Company.
2. Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba and Ms. Yoko Suzuki are the nominees as Outside Directors.
3. To ensure the independence of its Outside Directors, the Company has designated its own “Guidelines for Determining Whether Outside Directors are Sufficiently Independent” (as described on pages 16), in addition to the respective standards stipulated by each of the stock exchanges on which the Company’s shares are listed. Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba and Ms. Yoko Suzuki have fulfilled the Guidelines and the standards, and the Company has notified the respective stock exchanges of them as Independent Directors.
4. NYK LINE, at which Ms. Yuri Okina had served as an Outside Director up to June 2017, received dispositions from the Japan Fair Trade Commission and overseas competition law enforcement authorities from 2014 through 2015 for its involvement in cartel conduct concerning ocean shipping services for cars and other vehicles. Ms. Yuri Okina had not been aware of the occurrence of such illegal conducts until NYK LINE received these dispositions. However, during her term of office as an Outside Director of NYK LINE, she had regularly expressed her views on legal compliance, and after becoming aware of these issues, she had endeavored to reinforce NYK LINE’s legal compliance systems for the eradication of any conducts in violation of competition laws of each country, and for the prevention of the recurrence of such conducts.
5. The term of office of the respective nominees is calculated as at the close of this Shareholders’ Meeting.
6. If Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, Ms. Yoko Suzuki, Mr. Hideo Hara and Mr. Tsuyoshi Yoshimi become the Members of the Board, the Company will enter into an agreement with each of them that limits his/her damage compensation liability of Paragraph 1 of Article 423 of the Companies Act, pursuant to the provision in Paragraph 2 of Article 26 of the Articles of Incorporation of the Company based on Paragraph 1 of Article 427 of the Companies Act. The maximum amount of his/her liability based on said agreement 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.
7. If this proposal is approved, each of Nominating, Audit and Compensation Committees is scheduled to be composed of the following members, respectively.

Nominating Committee:

Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda

Audit Committee:

Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, Ms. Yoko Suzuki, Mr. Hideo Hara, Mr. Tsuyoshi Yoshimi

Compensation Committee:

Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda

(Reference)

[Nominating Policy for Appointment to the Board]

The Company considers the character and judgment of each individual, their experience and expertise and their level of dedication and commitment to performing the duties expected of a member of the Board.

(Outside Directors)

The Company takes into account the following:

- (1) The candidate's expertise, experience and ability to make judgments from an independent perspective.
- (2) The candidate's absence of connections with the Company that would undermine their independence from the Company.*

*Specifically, the candidate's ability to meet the conditions for independence as set out in the Company's "Guidelines for Determining Whether Outside Directors are Sufficiently Independent"

(Members of the Board other than Outside Directors)

The Company takes into account the following:

- (1) The candidate's scope of knowledge and experience regarding the business and its operations.
- (2) The level of the candidate's ability to formulate business plans and targets based upon an insightful understanding of the changing business environment.

[Guidelines for Determining Whether Outside Directors are Sufficiently Independent]

In order to ensure that Bridgestone Corporation ("Bridgestone") achieves the objectivity and transparency necessary for appropriate corporate governance, it is best that outside directors be as independent as possible. Bridgestone has accordingly established these guidelines concerning the requisite independence of Outside Directors. If any of the following items applies to an Outside Director (or to a candidate for such position. The same applies hereafter), they shall be deemed to lack the required level of independence. A person who:

1. In the past was an Executing Person of Bridgestone or a consolidated subsidiary of Bridgestone (collectively, the "Bridgestone Group").¹
2. Is a major shareholder of Bridgestone.²
3. Is an Executing Person of a company or entity to which one of the following is applicable:
 - (1) A major supplier or customer of the Bridgestone Group.³
 - (2) A major lender to the Bridgestone Group.⁴
 - (3) A company or entity of which the Bridgestone Group holds 10% or more of the voting shares.
4. Is a certified public accountant with an auditing firm that is an accounting auditor of the Bridgestone Group.
5. Is a professional, such as a consultant, accountant, tax accountant, lawyer, judicial scrivener, or patent attorney who has received a large amount⁵ of money or other assets from the Bridgestone Group.
6. Is a person who has received a large amount of donation from the Bridgestone Group.⁶
7. Is an Executing Person of another company, which position constitutes an interlocking director or corporate auditor position⁷ for the Outside Director.
8. Has a close relative⁸ to which any of the above items 1 through 7 applies (but other than with respect to item 4 or 5, limited to a significant person⁹).
9. Is a person to which any of the above items 2 through 8 has applied within the last 5 years.
10. Notwithstanding the above, is a person with respect to which any other particular factors exist that could create a conflict of interest with Bridgestone.

Notes: ¹ This means one who is currently an executive director, executive officer, corporate officer or other similar person or employee (each, for purpose of these Guidelines, an “Executing Person”) or who has been an Executing Person of the Bridgestone Group at any time in the past.

² A “major shareholder” shall mean a shareholder holding 5% or more of the voting shares, either in their own name or a third party’s name, as of the end of Bridgestone’s fiscal year. If the major shareholder is an organization such as a company (or other legal entity) or partnership, it shall mean an Executing Person of the organization.

³ A “major supplier or customer” means a supplier or customer of the Bridgestone Group products whose annual total transactions with the Bridgestone Group exceeds 2% of Bridgestone’s consolidated aggregate sales or 2% of the consolidated aggregate sales of the other party. In addition, automobile manufacturers which are customers of the Bridgestone Group tire products, and synthetic rubber manufacturers and steel cord manufacturers which are suppliers to the Bridgestone Group are considered major suppliers or customers regardless of actual annual transaction amounts.

⁴ A “major lender” means a financial institution from which the Bridgestone Group receives loans where the outstanding loan amount as of the end of Bridgestone’s fiscal year exceeds 2% of Bridgestone’s consolidated gross assets or 2% of the financial institution’s consolidated gross assets.

⁵ “Large amount” means the occurrence of either of the following in response to the professional’s provision of services:

- (1) In the event that the professional is providing services to the Bridgestone Group as an individual, the receipt by the professional from the Bridgestone Group of compensation (excluding compensation for services as a director or corporate auditor) of an amount exceeding 10 million yen per year.
- (2) In the event the professional services are provided by an organization such as a company (or other legal entity) or a partnership, the receipt by the organization from the Bridgestone Group of the total amount of compensation exceeding 2% of the annual aggregate income of the organization. Even if not more than 2%, if the organization receives more than 10 million yen per year as compensation for services in which the professional was directly involved, it is considered a “large amount.”

⁶ This means the recipient of a donation exceeding 10 million yen per year from the Bridgestone Group. If the recipient is an organization such as a company (or other legal entity) or a partnership, any member of the organization who is directly involved with the research, education or other activity related to the donation.

⁷ “Interlocking director or corporate auditor position” means an Executing Person of the Bridgestone Group who is an Outside Director or Corporate Auditor for another company, where an Executing Person of such other company is also an Outside Director of Bridgestone.

⁸ A “close relative” means a spouse or a relative within two degrees of family relation.

⁹ A “significant person” means a director, executive officer, corporate officer or an Executing Person who is a division manager or above, or an Executing Person with authority similar to any of the foregoing.

2019

Business Report for the 101st Fiscal Period

Bridgestone Corporation

Note:

This English translation of the Business Report for the 101st 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

I would like to convey my sincere appreciation to all of our shareholders for their support of the Bridgestone Group.

Changes in the business environment of the Group are proceeding at a faster pace and on a larger scale than ever before and we recognize that turbulent times persist. In such an environment, we have continuously based all activities on our corporate philosophy and implemented management reforms to achieve our ultimate goal of becoming a truly global company and Dan-Totsu (the absolute and clear leader) in all aspects of our business.

Underpinned by the management structure we launched in January 2019, we have been steadily undertaking management reforms with respect to globalization and developing our solutions business. We have also been accelerating our development of solutions businesses by acquiring Europe's largest digital fleet solutions provider, TomTom Telematics (currently Webfleet Solutions).

Throughout our business, we will continue to focus on the following three priority issues.

1. Cultivating global corporate culture: Advance brand strategy, innovation, continuous improvement (Kaizen)
2. Developing human resources capable of global management: Advance the development and promotion of diverse talent
3. Upgrading the global management structure: Enhancing governance systems, reinforcing the Diversified Products business

In 2020, the Olympic and Paralympic Games Tokyo 2020 will be held. As a Worldwide Olympic and Paralympic Partner, Bridgestone will lend its support to the operations of the Games and its participating athletes. Throughout this milestone year, we will take our management reforms to the next phase which will involve passing the baton to new

top management and aiming furthermore higher underpinned by the new global management team.

Thank you for your continued support and encouragement in the years ahead.

February 2020

Masaaki Tsuya

Chairman of the Board

CEO and Representative Executive Officer

(Attachment to the Notice of the 101st Annual General Meeting of Shareholders)

Business Report

(January 1, 2019 through December 31, 2019)

I. CURRENT STATUS OF THE BRIDGESTONE GROUP

1. Business Developments and Results of Operations

The Bridgestone Group's (the "Group") operating environment continued to show signs of gradual recovery in the Japanese domestic economy during this fiscal year.

However, an unclear situation continued due to uncertainty in foreign economies. While the U.S. economy remained on a path to recovery, European economies have been slow to recover. Elsewhere in Asia, the Chinese economy continued to slow down gently.

Under these operating conditions, the Group continued its work to realize the ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu (the absolute and clear leader) in all aspects of its business." Stepping up efforts on a global scale, the Group focused on three priority items. In regard to the first priority item, "cultivating global corporate culture," the Group promoted brand strategies through sponsorship and support activities for the Olympic and Paralympic Games Tokyo 2020. The Group also continued with its innovation of technologies, business models and designs, including the development of highly competitive products and services in global markets, as well as building and enhancing its solutions businesses to generate values to society and customers beyond the boundaries of existing services. Moreover, in regard to the second priority item: "developing human resources capable of global management" and the third priority item: "upgrading the global management structure," the Group continuously strives to implement various measures for management reform, aimed at developing diverse human resources and reforming its governance structure by investing the appropriate costs.

As a result, the Group recorded net sales of ¥3,525.6 billion in fiscal year 2019 (a 3% year-on-year decrease). The operating income was ¥326 billion (a 19% year-on-year decrease), ordinary income was ¥316.8 billion (a 17% year-on-year decrease), and profit attributable to owners of the parent was ¥292.5 billion (around the same as the previous fiscal year).

(1) Developments and results by business segment

In **the tires segment**, the Group continued to introduce attractive products and services for international markets, reinforce competitive advantage and enhance differentiation for future growth, and respond promptly to demand fluctuation in each region.

In Japan, the unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both stayed at a level similar to that of fiscal year 2018. In the Americas, the unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased compared to fiscal year 2018. In Europe as well, the unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased compared to fiscal year 2018. In China, other Asian countries, and Oceania, the unit sales of tires for passenger cars and light trucks and of tires for trucks and buses both decreased compared to fiscal year 2018. In the specialty tire business, the unit sales of large and ultra-large off-the-road radial tires for construction and mining vehicles were about the same as fiscal year 2018.

As a result, net sales in the tires segment during fiscal year 2019 were ¥2,953.1 billion (a 3% year-on-year decrease), while operating income was ¥325.8 billion (a 17% year-on-year decrease).

In **the diversified products segment**, the Group's diversified products business is undergoing a radical business restructuring towards 2021, which is the 50th anniversary year of the integration of business activities and establishment of business under the name of "Diversified Products". Additionally, the Group has made progress with its management reforms in its diversified products business outside Japan, as well as its sports, cycle, and Active and Healthy Lifestyle (AHL)-related businesses.

As a result, net sales in the diversified products segment during fiscal year 2019 were ¥588.3 billion (a 5% year-on-year decrease), while operating income was ¥0.1 billion (a 98% year-on-year decrease).

| | | |
|----------------------|--|--|
| Business segments | Products and operations | |
| Tires | 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 | |
| Diversified products | Chemical and industrial products | Vehicle parts, polyurethane foam and related products, electronic precision parts, industrial materials-related products, civil engineering and construction materials and equipment, and others |
| | BSAM-diversified products | A Bridgestone Americas, Inc. business that supplies commercial roofing materials and other materials |
| | Sporting goods | Golf balls, golf clubs and other sporting goods |
| | Bicycles | Bicycles, bicycle-related goods and others |
| | Others | Finance and other services |

(2) Research and development (R&D)

In order to fulfill its mission of “Serving Society with Superior Quality”, the Group aims to contribute to a sustainable society by creating new value through innovation and developing a solutions business aimed at solving social issues, based on the Bridgestone Essence (Corporate Philosophy) Framework and the global CSR structure of “Our Way to Serve”. In order to achieve its mission, the Group engages in R&D that links Dan-Totsu products and services within a service network, and aligns with the Group’s own solutions platform, “Bridgestone T&DPaaS (Bridgestone Tire & Diversified Products as a Solution)”, which will combine the real world and digital technology to help build new society. Moreover, the Group’s R&D organizations promote optimization on a global basis, fuse technologies for tires and diversified products, and proactively collaborate with external parties to further enhance the effectiveness of R&D activities. The Group is also working on renovating its Kodaira Technical Center to form “Bridgestone Innovation Park”, a multi-purpose facility that will accelerate innovation in technology, business models, and design, as well as work together with society, our customers and partners to create value for society and our customers.

In **the tires segment**, Bridgestone has launched “Enliten”, a new innovative lightweight tire technology that balances increasing considerations for the environment with performance demands. “Enliten” is a lighter tire solution that maintains vehicle driving performance and wear performance which is connected to tire life.

Bridgestone has developed “SUSYM” as a next-generation material, which is an innovative polymer that combines rubber and resins at the molecular level with its own catalyzed technologies. “SUSYM” allows the flexibility of rubber and durability of resins to be expressed as needed. “SUSYM” also leads to new possibilities for tires such as being lightweight and durable, and long-lasting and energy efficient, which overturns conventional expectations to tires. The Group expects that “SUSYM” may contribute in various fields that exceed the scope of use as a tire material. In an effort to improve productivity at its factories in order to provide its customers with tires in a faster, better, and more-efficient manner, the Group is also using its own information and communications technology (ICT) to develop analytics, prediction, high-precision processing, and sensing technologies.

In **the diversified products segment**, the Group is advancing its development activities for the commercialization of a next-generation bicycle tire that adopts the “Air Free Concept,” a technology for creating tires that do not need to be inflated with air. The Group conducts R&D activities to deliver products that improve customer satisfaction by meeting constantly changing market needs, and to develop a business that supports social infrastructure. These activities include the “Smart Siphon” drainage system that allows flexibility of water supply equipment placement in buildings, and a resin pipe called “Raku-Raku corrugated coated pipe” that can improve work efficiency at construction sites, with superior scratch-resistance.

The Group is also fully leveraging ICT and other cutting-edge technologies in an effort to create new value to society and customers that goes beyond the scope of its existing businesses. In the area of transport solutions, the Group acquired the digital fleet solutions business of Tom Tom N.V., a Dutch company, and rebranded it to “Webfleet Solutions”. The Group is combining this with its tire expertise and data to develop technologies that help improve the safety, efficiency, and productivity of drivers and transport providers.

The Group is engaged in joint development products between industry, academia, and government that fuse diverse areas of technology. In the domain of new mobility

solutions, the Group, along with the Japan Aerospace Exploration Agency and Toyota Motor Corporation, is participating in international space exploration missions. As part of this initiative, the Group has begun researching tires for mobility devices needed for manned moon exploration activities. In the domain of wireless power supplies for in-wheel motors, the Group participates in the Japan Science and Technology Agency's research project (led by Tokyo University). As part of this project, the Group has begun researching tires that are compatible with wireless power supplies. Such tires would help commercialize wireless power supplies for electric vehicles that can be used while the vehicle is in motion. In the drive toward more barrier-less infrastructure, the Group is working with Yokohama National University, the Japan Transportation Planning Association, and Advance Co., Ltd. to research and develop "PlusStop", a barrier-less bus stop curb system that facilitates smoother boarding and deboarding for passengers by reducing the height and size of the doorway-curb gap at bus stops. The Group is also researching barrier-less concept tires to address curb gaps. The Athlete's Village for the Olympic and Paralympic Games Tokyo 2020 will be equipped with this barrier-less curb system. The Group is also engaged in R&D activities to make use of recycled carbon black produced from pyrolyzed waste tires, an ongoing initiative to help realize a circular economy, and to boost productivity for commercializing guayule-derived natural rubber, an initiative to diversify natural rubber sources.

2. Capital Investment

The Group makes strategic investments in expanding the supply of high-value-added products, optimizing its service structure, and improving quality and productivity, as well as expanding R&D facilities and continuing to build a solution business model.

Consequently, the Group's capital investment amounted to ¥289.2 billion in fiscal year 2019.

In **the tires segment**, the Group opened a new plant in Thailand for the manufacturing of off-the-road radial tires for construction and mining vehicles, while the construction of a new plant in Thailand for aircraft tires is still undergoing. In addition, the Group shifted its focus to the production of high-value-added products and improvement of product quality and plant productivity at existing plants located primarily in the U.S. and Europe through a capital investment of ¥261 billion in fiscal year 2019.

In **the diversified products segment**, the Group made capital investments of ¥28.2 billion in fiscal year 2019, including investments in the domestic chemical and industrial products' business.

3. Financing

The Group continues to diversify its funding sources and to secure long-term financing. To that end, in fiscal year 2019, the Group raised funds using various method, including the issuance of ¥200 billion of corporate bonds.

At the end of fiscal year 2019, the total interest-bearing debt (see note below) was ¥597.4 billion, an increase of ¥188.9 billion compared to the end of fiscal year 2018.

Note: Interest-bearing debt includes short-term debt, commercial paper, corporate 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 mission "Serving Society with Superior Quality." To fulfill this mission, the Group has established "The Bridgestone Essence (Corporate Philosophy)," which is one of the key components of the Bridgestone Essence Framework, and underpinned by four foundations: "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]." Other components of the framework include the Safety Mission Statement, the Quality Mission Statement, and the Environmental Mission Statement. The Bridgestone Essence Framework and the Group's global corporate social responsibility (CSR) structure, "Our Way to Serve", are the core of the Group's business, and they are supported by the Group's Global Sustainable Procurement Policy, Global Human Rights Policy, and Code of Conduct. With its updated and reinforced corporate governance structure, the Group will continue to pursue its ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu

in all aspects of its 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- to 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. The Group also aims to meet the management targets, such as consistently delivering and achieving “Growth: Exceed the industry average;” “Overall: ROA 6%, OP ratio 10%, and ROE 12%;” and “Each SBU: OP ratio 10% (Respectively).”

In accordance with this fundamental approach, the Group makes full use of the “Strategic Business Unit (SBU) organization” and the MTP as tools to continue to focus on three priority items: “cultivating global corporate culture;” “developing human resources capable of global management;” and “upgrading the global management structure,” to improve the quality and the speed of management reforms.

In regard to the first priority item, “cultivating a global corporate culture”, the Group ensures consistency on a group-wide and global level, promoting its brand strategies as a part of a fully integrated marketing strategy. As a Worldwide Olympic and Paralympic Partner, the Group has established “Team Bridgestone” in each region and country who engage in initiatives under the Group’s message of “Chase Your Dream”. In addition to supporting the 2020 Tokyo Olympic and Paralympic athletes and administrators, the Group, aiming at contributing to building a society where diverse individuals can live in harmony with one another, hopes to use the games as an opportunity to communicate its advanced technology and innovation to the entire world, and reinforce the Bridgestone brand globally.

Furthermore, as the automotive industry is evolving towards CASE and MaaS, the Group is accelerating its innovation through the use of ICT and a group-wide value chain. Based on Bridgestone T&DPaaS of the Group’s own solutions platform to support the mobility society, the Group is striving to optimize global R&D structures and promote innovations in technologies, business models and designs in order to globally expand the Group’s highly competitive products and services and strengthen and develop business solutions. The Group will also make ongoing efforts to improve all

aspects of its management. By taking these measures, the Group creates values to society and customers and ensure its competitive advantage.

To achieve the second item, “developing human resources capable of global management,” the Group will implement measures, such as programs to nurture global leaders. Further, the Group is enhancing the development of a work environment and human resources structure that allows diverse 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 Executive Committee (Global EXCO) Meetings, the highest body of global business execution.

In regard to the third item, “upgrading the global management structure,” the Group is focused on enhancing governance systems and expanding the diversified products business.

In terms of enhancing the governance system, the process of enhancement and reform has been implemented on an ongoing basis since the Company was first established in order to respond over time to the changing conditions and issues deemed important, and in order to ensure that the quality of management and the transparency of decision making processes was constantly improved. The Group will fully employ its governance structure in order to further strengthen internal controls, promote timely decision making, and continue to realize the ever more effective and efficient planning and execution of our business activities.

To expand the diversified products business, the Group’s diversified products business is undergoing a radical restructuring towards 2021, which is the 50th anniversary year of the integration of business activities and establishment of the business under the name of “Diversified Products”. The planned restructuring includes developing business bases, establishing SBU for managing the Japan tires and diversified products businesses. Additionally, the Group is advancing management reforms in its diversified products business outside Japan, as well as its sports, cycle, and AHL-related businesses.

In order to step up efforts on management reform, the Group will continue to take the concept of leaders working as one team to a more sophisticated level by transitioning to a new global management structure from March 2020 onwards. The goals of this

transition are 1) to encourage management reform and enhance continuity, and 2) to further boost corporate value by leveraging the Olympics and Paralympics to the greatest extent possible. Under the new management structure, the Group will continue to advance its management reform in working toward its ultimate goal of becoming a truly global company and achieving Dan-Totsu in all aspects of our business.

Lastly, there have been accidents occurred in bicycles and electric power-assisted bicycles with built-in locking mechanisms* manufactured by one of our group companies, Bridgestone Cycle Co., Ltd. during the period from September 2003 to May 2015. The damage to the handle lock case etc. caused the lock to malfunction and causing the handle bars inoperable while the bicycle was in motion. The Group began conducting free inspections and repairs of the affected bicycles from June 2019. The Group takes this incident seriously and will continue to provide safe and reliable products to our customers.

* The built-in locking mechanism refers to a bicycle locking-unlocking mechanism combining a handlebar lock and a rear-wheel lock. This mechanism enables users to simultaneously lock or unlock the two locks in an interlocking manner.

5. Assets and Operating Results

| | Unit | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|---|-----------------|-----------|-----------|-----------|-----------|-----------|
| Net Sales | Yen in millions | 3,790,251 | 3,337,017 | 3,643,427 | 3,650,111 | 3,525,600 |
| Profit Attributable to Owners of Parent | Yen in millions | 284,294 | 265,550 | 288,275 | 291,642 | 292,598 |
| Net Income per Share | Yen | 362.99 | 339.04 | 375.67 | 387.95 | 404.95 |
| Total Assets | Yen in millions | 3,795,846 | 3,716,030 | 3,959,038 | 3,840,269 | 3,946,505 |

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

Note 2: The significant decrease in net sales in fiscal year 2016 as compared to fiscal year 2015 is mainly due to the continuing appreciation of the Japanese yen.

Note 3: BRIDGESTONE EUROPE NV/SA, a consolidated overseas subsidiary of the Company, has

adopted International Financial Reporting Standards (IFRS) in its consolidated financial statements from fiscal year 2017. The changes in accounting policy resulting from the adoption of IFRS are applied retrospectively, and therefore, total assets and other items for fiscal year 2016 are adjusted retrospectively.

Note 4 At the beginning of fiscal year 2019, the Group adopted new accounting standards including the ASBJ's "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28 – February 16, 2018). This new standard was applied retrospectively to the total asset amount for fiscal year 2018.

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 |

| Company | Location | Capital | Ownership | Primary Operations |
|--|----------------|-----------------------------|--------------------|---|
| 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 |
| 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 |

| Company | Location | Capital | Ownership | Primary Operations |
|---|--------------|--------------------------------|--------------------|--|
| Bridgestone Europe NV/SA | Belgium | EUR in thousands 1,557,120 | 100.0% | Management of Europe, Russia, Middle East and Africa tire operations and sale of tires |
| Bridgestone Poznan Sp. z o.o. | Poland | PLN in thousands 558,058 | (100.0%) 100.0% | Manufacture and sale of tires |
| Bridgestone Hispania Manufacturing S.L.U. | Spain | EUR in thousands 3 | (100.0%) 100.0% | Manufacture and sale of tires |
| Bridgestone Middle East & Africa FZE | U.A.E. | AED in thousands 17,000 | (100.0%) 100.0% | Sale of tires |
| Bridgestone South Africa (Pty) Ltd. | South Africa | ZAR in thousands 206 | (87.5%) 87.5% | Manufacture and sale of tires |
| Bridgestone Asia Pacific Pte. Ltd. | Singapore | SGD in thousands 1,623,781 | 100.0% | Management of China and Asia Pacific tire operations and sale of tires |
| Bridgestone (China) Investment Co., Ltd. | China | USD in thousands 347,664 | 100.0% | Management of China tire operations and sale of tires |
| Bridgestone (Wuxi) Tire Co., Ltd. | China | USD in thousands 255,040 | (100.0%) 100.0% | Manufacture 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 |
| P.T. Bridgestone Tire Indonesia | Indonesia | IDR in thousands 10,358,400 | (54.3%) 54.3% | Manufacture and sale of tires |

| Company | Location | Capital | Ownership | Primary Operations |
|--|-----------|-----------------------------|--------------------|--|
| Bridgestone Australia Ltd. | Australia | AUD in thousands 205,819 | (100.0%) 100.0% | Sale of tires |
| Bridgestone Mining Solutions Australia Pty. Ltd. | Australia | AUD in thousands 7,000 | 100.0% | Sale and related services of off-the-road tires for mining and construction vehicles and conveyor belts etc. |
| 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 450,700 | 100.0% | Lending and purchasing of sales receivables |

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

7. Major Business Locations

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 AC Tire 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 | 123,995 | (503) |
| Diversified products | 19,594 | 583 |
| Total | 143,589 | 80 |

II. SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2019

- | | |
|--|----------------------|
| 1. Total Number of Shares Authorized to Be Issued: | 1,450,000,000 shares |
| 2. Total Number of Shares Issued and Outstanding: | 761,536,421 shares |
| 3. Number of Shareholders: | 102,779 shareholders |
| 4. Major Shareholders | |

| Name of Shareholders | Number of Shares Owned (in thousands) | Percentage Owned |
|--|---------------------------------------|------------------|
| Ishibashi Foundation | 76,693 | 10.89% |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 53,687 | 7.63% |
| Japan Trustee Services Bank, Ltd. (Trust account) | 32,219 | 4.58% |
| Hiroshi Ishibashi | 21,000 | 2.98% |
| Nippon Life Insurance Company | 17,624 | 2.50% |
| Nagasaka Corporation | 16,325 | 2.32% |
| SMBC Nikko Securities Inc. | 15,503 | 2.20% |
| Japan Trustee Services Bank, Ltd. (Trust account5) | 12,468 | 1.77% |
| Japan Securities Finance Co., Ltd. | 11,500 | 1.63% |
| State Street Bank West Client – Treaty 505234 | 9,675 | 1.37% |

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

Note 2: The Company holds 57,478 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) and executive officers

| Name of stock acquisition rights (date of resolution) | 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) | 8,000 common stocks | ¥1,264 (Note) | ¥1 | May 1, 2009, to Apr. 30, 2029 | 80 units 2 persons |
| The 8th Stock Acquisition Rights (Mar. 30, 2010) | 8,500 common stocks | ¥1,400 (Note) | ¥1 | May 6, 2010, to Apr. 30, 2030 | 85 units 2 persons |
| The 9th Stock Acquisition Rights (Mar. 29, 2011) | 13,500 common stocks | ¥1,656 (Note) | ¥1 | May 2, 2011, to Apr. 30, 2031 | 135 units 4 persons |
| The 10th Stock Acquisition Rights (Mar. 27, 2012) | 29,000 common stocks | ¥1,648 (Note) | ¥1 | May 1, 2012, to Apr. 30, 2032 | 290 units 4 persons |
| The 11th Stock Acquisition Rights (Mar. 26, 2013) | 35,000 common stocks | ¥3,313 (Note) | ¥1 | May 1, 2013, to Apr. 30, 2033 | 350 units 4 persons |
| The 12th Stock Acquisition Rights (Mar. 25, 2014) | 23,700 common stocks | ¥3,153 (Note) | ¥1 | May 1, 2014, to Apr. 30, 2034 | 237 units 6 persons |
| The 13th Stock Acquisition Rights (Mar. 24, 2015) | 25,200 common stocks | ¥4,099 (Note) | ¥1 | May 1, 2015, to Apr. 30, 2035 | 252 units 6 persons |

| | | | | | |
|--|----------------------|---------------|----|-------------------------------|------------------------|
| The 14th Stock Acquisition Rights (Apr. 21, 2016) | 39,500 common stocks | ¥2,884 (Note) | ¥1 | May 7, 2016, to May 6, 2036 | 395 units 6 persons |
| The 15th Stock Acquisition Rights Plan A (Apr. 27, 2017) | 45,800 common stocks | ¥3,577 (Note) | ¥1 | May 13, 2017, to May 12, 2037 | 458 units 8 persons |
| The 15th Stock Acquisition Rights Plan B (Apr. 27, 2017) | 4,200 common stocks | ¥3,671 (Note) | ¥1 | July 6, 2017, to July 5, 2037 | 42 units 1 person |

(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 9th Stock Acquisition Rights (Mar. 29, 2011) | 1,000 common stocks | ¥1,656 (Note) | ¥1 | May 2, 2011, to Apr. 30, 2031 | 10 units 1 person |
| The 10th Stock Acquisition Rights (Mar. 27, 2012) | 1,000 common stocks | ¥1,648 (Note) | ¥1 | May 1, 2012, to Apr. 30, 2032 | 10 units 1 person |

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

IV. Matters Related to the Directors of the Company

1. Names, etc. of the Members of the Board

| Name | Position and assignment | Important concurrent positions |
|--------------------|--|---|
| Masaaki Tsuya | Member of the Board Concurrently Chairman of the Board | — |
| Akihiro Eto | Member of the Board | — |
| Scott Trevor Davis | Member of the Board (Outside Director) Chairperson of the Nominating Committee Member of the Compensation Committee | Professor, College of Business, Rikkyo University Outside Director of Sampo Holdings, Inc. |
| Yuri Okina | Member of the Board (Outside Director) Chairperson of the Compensation Committee Member of the Nominating Committee | Chairperson of the Institute, The Japan Research Institute, Limited Outside Director of Marubeni Corporation |
| Kenichi Masuda | Member of the Board (Outside Director) Member of the Nominating Committee Member of the Compensation Committee | Lawyer (Partner of Anderson Mori & Tomotsune) Outside Corporate Auditor of LIFENET INSURANCE COMPANY Outside Audit & Supervisory Board Member of Mercuria Investment Co., Ltd. |
| Kenzo Yamamoto | Member of the Board (Outside Director) Chairperson of the Audit Committee | Representative, Office KY Initiative Outside Director of SUMITOMO LIFE INSURANCE COMPANY |
| Keikou Terui | Member of the Board (Outside Director) Member of the Audit Committee | Outside Director of Ube Industries, Ltd. Outside Director of ORGANO CORPORATION |
| Seiichi Sasa | Member of the Board (Outside Director) Member of the Audit Committee | Certified Public Accountant (Representative of Sasa Seiichi Certified Public Accountant Office) |
| Yojiro Shiba | Member of the Board (Outside Director) Member of the Audit Committee | Director and Vice Chairman of AMUSE Inc. |
| Yoko Suzuki | Member of the Board (Outside Director) Member of the Audit Committee | Lawyer (Partner of Suzuki Sogo Law Office) Outside Director of Nippon Pigment Company Limited |

| Name | Position and assignment | Important concurrent positions |
|------------------|---|--------------------------------|
| Tsuyoshi Yoshimi | Member of the Board Member of the Audit Committee (full-time) | |

Note 1: Positions, assignments and important concurrent positions, etc. are as of December 31, 2019.

Note 2: Of the Members of the Board, Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, and Ms. Yoko Suzuki are Outside Directors as prescribed in Item 15 of Article 2 of the Companies Act.

Note 3: There are no special interests between the Company and the organizations in which each Outside Director holds concurrent position(s).

Note 4: The Company has designated Members of the Board, Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, and Ms. Yoko Suzuki as Independent Directors as stipulated by the Tokyo Stock Exchange, the Nagoya Stock Exchange, and the Fukuoka Stock Exchange, and notified the respective stock exchanges to that effect.

Note 5: Member of the Audit Committee Mr. Seiichi Sasa has abundant professional experience in accounting audit and consulting as a Certified Public Accountant, as well as considerable knowledge in finance and accounting.

Note 6: Member of the Audit Committee Mr. Tsuyoshi Yoshimi was in charge of accounting operations of the Company for many years and has considerable knowledge in finance and accounting.

Note 7: The Company has selected Member of the Board Mr. Tsuyoshi Yoshimi as a full-time member of the Audit Committee. Coordination with the internal audit department and day-to-day gathering of information through attendance at important meetings are important for enhancing the effectiveness of audits. Therefore, the Company has appointed Members of the Board who are well versed in the Company's internal organization and business execution as full-time Members of the Audit Committee.

Note 8: The Company has entered into an agreement with each of Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba, Ms. Yoko Suzuki, and Mr. Tsuyoshi Yoshimi that limits his/her damage compensation liability of Paragraph 1 of Article 423 of the Companies Act, pursuant to Paragraph 2 of Article 26 of the Articles of Incorporation of the Company based on the provision in Paragraph 1 of Article 427 of the Companies Act. The maximum amount of his/her liability based on said agreement 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. Names, etc. of the Executive Officers

| Name | Position | Assignment and important concurrent positions |
|---------------------|---|--|
| Masaaki Tsuya | Representative Executive Officer | CEO |
| Akihiro Eto | Representative Executive Officer | President COO Concurrently responsible for BSJP |
| Shuichi Ishibashi | Vice Chair and Representative Executive Officer | Responsible for G Solutions Strategy: Concurrently responsible for G Original Equipment and Bridgestone T&DPaaS Strategy |
| Gordon Knapp | Vice Chair and Executive Officer | Member of the Board, CEO and President, COO of Bridgestone Americas, Inc. |
| Paolo Ferrari | Executive Vice President and Executive Officer | Responsible for G Digital Strategy Member of the Board, CEO and President of Bridgestone Europe NV/SA Chairman of Bridgestone Americas, Inc. |
| Christine Karbowiak | Executive Vice President and Executive Officer | Responsible for G Public Relations, Government Relations and Sustainability Vice Chair, CAO, CRO and Executive Vice President of Bridgestone Americas, Inc. |
| Masato Banno | Senior Vice President and Executive Officer | Responsible for Technology, Quality Management: Concurrently responsible for Products and Technology Development |
| Masahiro Higashi | Senior Vice President and Executive Officer | Responsible for G-MAA Solutions and GBE |

Note 1: Positions, assignments and important concurrent positions, etc. are as of December 31, 2019.

Note 2: Of the Executive Officers, Mr. Masaaki Tsuya and Mr. Akihiro Eto concurrently serve as Members of the Board.

Note 3: On January 1, 2020, Senior Vice President and Executive Officer Mr. Masahiro Higashi was appointed as Vice Chair and Representative Executive Officer.

Note 4: Mr. Gordon Knapp resigned from his post as an Executive Officer on January 15, 2020.

Note 5: Meanings of abbreviations

CAO: Chief Administrative Officer

CRO: Chief Risk Officer

MAA: Mining, Aircraft, Agriculture

GBE: Global Business Enhancement

In the column of "Assignment and important concurrent positions", G refers to global.

3. Remuneration of Members of the Board and Executive Officers for the Current Period

(1) Total amount of remuneration and the number of recipients by the categories of Members of the Board and Executive Officers

| Categories | Total amount of remuneration (Yen in millions) | Number of recipients (in persons) |
|------------------------------|---|--------------------------------------|
| Member of the Board | 216 | 14 |
| (of which Outside Directors) | 138 | 8 |
| Executive Officer | 565 | 9 |

Note 1: The figures above include remuneration paid to three Members of the Board and one Executive Officer who resigned during the current period.

Note 2: Compensation for Members of the Board who hold concurrent positions as Executive Officers is divided into compensation for their Board Member role and compensation for their Executive Officer role. Each type of compensation is included in the above figures.

(2) Policy and process for setting Board Members' and Executive Officers' remuneration

i. Policy for setting Board Members' and Executive Officers' remuneration

Principles for remuneration setting

1. Attract and cultivate superior talent
2. Support a competitive remuneration level
3. Provide motivation for the execution of business strategies
4. Provide motivation for enhancing shareholder value

Setting of remuneration

The Company sets remuneration for Members of the Board and Executive Officers that reflects factors such as the Company's performance results and business size and commensurate with roles and level of responsibilities undertaken. The policy is structured to consider the remuneration levels of other major global companies in Japan, which were selected for comparison from the point of view of sales volume, overseas sales ratio, and operating profit ratio.

Remuneration for Members of the Board

- (a) Remuneration for Members of the Board who hold concurrent positions as

Executive Officers is comprised of fixed and variable components.

- Fixed remuneration: Fixed remuneration is made up of base remuneration for duties and remuneration based on the roles and responsibilities of the Members of the Board and Executive Officers.
- Variable remuneration: Variable remuneration is comprised of the group-wide performance based bonus and the Performance Share Unit (PSU) Plan, which is a performance-based stock compensation plan.

(b) Remuneration for Members of the Board who do not hold concurrent positions as Executive Officers is fixed and comprised of base remuneration and allowance for Members of the Board. The policy is structured to consider their contributions towards mid- to long-term business performance and enhancement of corporate values by overseeing the management and operation of the Company without actually being involved in day-to-day operations.

Remuneration for Executive Officers

Remuneration for Executive Officers is comprised of fixed and variable components.

- Fixed remuneration: Fixed remuneration is made up of the base remuneration for their duties and remuneration based on the roles and responsibility of the Executive Officer.
- Variable remuneration: Variable remuneration is comprised of the group-wide performance-based bonus, performance-based bonus in their responsible area, and PSU.

Composition ratio of remuneration for Members of the Board and Executive Officers who hold concurrent positions as Executive Officers

| Fixed remuneration | Variable remuneration | |
|---|---|---|
| Monthly remuneration (Base payment and additional payment for Members of the Board and Executive Officers) | Short-term incentives (Group-wide performance-based bonus and performance-based bonus in their responsible area) | Long-term incentives (Performance-based stock compensation plan) |
| 30%-44% | 29%-40% | 26%-32% |

Note 1: The table above represents ratios for when the performance-based remunerations are within the standard range.

Note 2: The percentages above may not apply when Members of the Board or Executive Officers hold concurrent positions as Executives of subsidiaries and receive remuneration from those subsidiaries.

ii. Process for determining Board Members' and Executive Officers' remuneration

The Compensation Committee, composed solely of Outside Directors, determines remuneration of Members of the Board and Executive Officers. The Compensation Committee determines the compensation policy for the Company's Members of the Board and Executive Officers, and based on the policy, the committee deliberates on the basic remuneration principles, compensation plans, and remuneration matters in general, and determines the amounts for each position. If any Members of the Board or Executive Officers hold concurrent positions as Executives for any subsidiaries, the Compensation Committee also deliberates on the remuneration to be paid by those subsidiaries.

4. Matters Related to the Outside Directors

Main activities of outside directors

| Positions | Names | Attendance at meetings | Primary activities |
|---------------------|--------------------|--|--|
| Member of the Board | Scott Trevor Davis | Board of Directors: 100% (15 out of 15 meetings) Nominating Committee: 100% (21 out of 21 meetings) Compensation Committee: 100% (14 out of 14 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his high insight in the fields of sociology, international business administration, and domestic and overseas CSR. As the Chairperson of the Nominating Committee and the Governance Committee, he played a leading role in enhancing deliberations. As a member of the Compensation Committee, he participated in active deliberations. |
| Member of the Board | Yuri Okina | Board of Directors: 100% (15 out of 15 meetings) Nominating Committee: 95% (20 out of 21 meetings) Compensation Committee: 100% (14 out of 14 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on her extensive research experience in the financial systems and financial administration. As the Chairperson of the Compensation Committee, she played a leading role in enhancing deliberations and exercising authorities. As a member of the Nominating Committee, she participated in active deliberations. |
| Member of the Board | Kenichi Masuda | Board of Directors: 100% (15 out of 15 meetings) Nominating Committee: 100% (21 out of 21 meetings) Compensation Committee: 100% (14 out of 14 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his professional perspective as a lawyer. As a member of the Nominating Committee and the Compensation Committee, he participated in active deliberations. He played a leading role as the Chairperson of the Compliance Committee. |
| Member of the Board | Kenzo Yamamoto | Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (15 out of 15 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive experience in the financial markets and financial systems. He played a leading role as the Chairperson of the Audit Committee and promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge. |

| Positions | Names | Attendance at meetings | Primary activities |
|---------------------|--------------|---|---|
| Member of the Board | Keikou Terui | Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (15 out of 15 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive knowledge and administrative experience in the industry technology fields. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge. |
| Member of the Board | Seiichi Sasa | Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (15 out of 15 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his expertise as a certified public accountant. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge. |
| Member of the Board | Yojiro Shiba | Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 93% (14 out of 15 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on his extensive experience in the financial industry and entertainment business industry. As a member of the Audit Committee, he promoted strengthening of the audit system from an objective viewpoint, leveraging his broad knowledge. |
| Member of the Board | Yoko Suzuki | Board of Directors: 100% (15 out of 15 meetings) Audit Committee: 100% (15 out of 15 meetings) | Provided necessary input to guide decisions made by the Board of Directors and actively participated in discussions at the meetings of the Board of Directors, principally based on her professional perspective as a lawyer. As a member of the Audit Committee, she promoted strengthening of the audit system from an objective viewpoint, leveraging her broad knowledge. |

V. MATTERS RELATED TO THE 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 the Company to the independent auditors | ¥297 million |
| (of which amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act) | ¥275 million |
| Total amount of compensation to be paid by the Company and its subsidiaries to the independent auditors | ¥548 million |

Note 1: The Audit Committee 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. Subsequently, the Audit Committee agrees to the audit fees set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act 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, they are included in the amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.

Note 3: The Company has paid consideration to the independent auditors for services (non-auditing 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 IFRS.

Note 4: Major overseas subsidiaries are subject to be audited 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 Non-reappointment of the Independent Auditor

The Audit Committee dismisses the independent auditor with a unanimous resolution in the event where it determines the independent auditor fails under any items of Article 340, Paragraph 1 of the Companies Act. In this case, the members of the Audit Committee chosen by the Audit Committee must report its decision and the reason for dismissal to the first General Meeting of Shareholders after the dismissal.

In addition, the Board of Directors submits a proposal for dismissal or non-reappointment of the independent auditor at a General Meeting of Shareholders, in the event where the Audit Committee 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 THE PROPRIETY OF BUSINESS OPERATIONS (INTERNAL CONTROL SYSTEMS)

At the Company's Board of Directors' meeting held on March 23, 2018, the following matters were resolved regarding the development of internal control systems pursuant to the provisions of Items (i)(b) and (e) of Paragraph (1) of Article 416 of the Companies Act.

1. Fundamental principles for the development of the Company's internal control systems

Under the corporate mission of "Serving Society with Superior Quality," the Company continues its work to realize the ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu in all aspects of its business."

As part of the initiatives undertaken, segregation between oversight and execution of the duties, oversight by the Board of Directors, and appropriate and more efficient business operations are all regarded as the fundamental principles that the Company should consider in the refinement of its internal control systems.

With the understanding of the above, the Company's Board of Directors determines policies for development and implementation of internal control systems.

In order to realize the enhancement of internal control systems and speed of decision-making and subsequently reach a new height of the efficiency and effectiveness of management and business execution in accordance with the policies on the development of the internal control systems, the Company's Board of Directors delegates the development and implementation of internal control systems that are in line with the set policies to the Representative Executive Officers and oversee the implementation work.

Operational status for the year ending December 31, 2019

· In order to realize the enhancement of internal control systems and speed of decision-making in accordance with the policies set by the Board of Directors, the Company develops and implements its internal control systems while making continuous improvements. The Board of Directors oversees their progress through reports received from the Representative Executive Officers and audits conducted by the Audit Committee, which are also reported to the Board of Directors.

2. Matters that are necessary in the execution of duties by the Audit Committee

- (1) In order to assist the work of the Audit Committee, the Company appoints a Corporate Officer dedicated to audit, and under the Corporate Officer, establishes a department dedicated to assist the Audit Committee with their duties.

Decisions on the selection and replacement of the Corporate Officer dedicated to audit are made based on prior consultations and/or requests from the Audit Committee. The same applies when the Audit Committee requests replacement of the Corporate Officer.

The performance assessment of the Corporate Officer dedicated to audit takes the performance evaluations conducted by the Audit Committee into consideration.

Operational status for the year ending December 31, 2019

- The Company appointed a Corporate Officer dedicated to audit and established a department dedicated to assist the Audit Committee with their duties.
- Decisions on the selection and replacement of the Corporate Officer who is dedicated to audit are made based on prior consultations and/or agreements with the Audit Committee.
- The performance assessment of the Corporate Officer dedicated to audit takes the performance evaluations conducted by the Audit Committee into consideration.

- (2) A person designated by the Audit Committee is required to report on matters predetermined by the Audit Committee periodically or without delay.

The Company prohibits unfavorable treatment of Members of the Board, Executive Officers, Corporate Officers, and employees of the Company, and the Members of the Board, Corporate Auditors, Corporate Officers, and employees of subsidiaries for reporting matters to the Audit Committee.

Operational status for the year ending December 31, 2019

- The business divisions of the Company report on items that are selected for periodic reporting by the Audit Committee and any ad-hoc reporting items are reported on a regular basis without delay. In addition, internal policies prohibit any unfavorable treatment of the reporting party, and it is confirmed that such protection is appropriately in place.

- (3) All the expenses associated with the execution of duties by the Audit Committee are fully compensated.

Operational status for the year ending December 31, 2019

- Setting the budget for executing duties, as resolved by the Audit Committee, and utilizing the budget are stipulated in the Company's internal policies. It is confirmed that the budgeting processes are operating appropriately.

- (4) In order to ensure an effective audit by the Audit Committee, opportunities are created for Members of the Audit Committee to gain an understanding of the flow of important decision-making practices in the Company and the status of business operations.

Operational status for the year ending December 31, 2019

- The Company provides Members of the Audit Committee with opportunities to understand how important decisions are made within the Company by ensuring, for example, that Members of the Audit Committee attend important committee meetings, have the access to inspect relevant documents, or receive reports on matters upon their request, as well as ensuring opportunities are created for Members of the Audit Committee to gain an understanding of business operations.

3. Systems to ensure that the execution of duties by Executive Officers complies with relevant laws and regulations and the Articles of Incorporation, and matters that are necessary for the appropriate execution of business operations by the Company and the corporate group consisting the Company and its subsidiaries.

- (1) Information concerning execution of duties by Executive Officers is documented without delay and adequately retained. Any significant information related to the execution of business is reported to the Board of Directors without delay.

Operational status for the year ending December 31, 2019

- The Company stipulates rules concerning retention of documents such as approval forms that are important sources of information for the execution of duties by Executive Officers, meeting minutes of important committee meetings, and the documentation retention method. It is confirmed that such documents are retained properly. In addition, the Representative Executive Officers report on important information related to execution of duties during the Board of Directors' meeting in a timely manner while continuously making improvements in its practices.

- (2) A risk management system is developed and implemented to manage risks of incurring losses.

Operational status for the year ending December 31, 2019

- The Company stipulates rules concerning risk management systems in its internal policies and confirms that such systems are functioning effectively within the Group globally. In addition, through discussions held within working groups that are subordinate to the Global EXCO, risk management systems are further refined by continuously making improvements on a global scale.

- (3) In order to ensure the efficient execution of duties by Executive Officers, under the appropriate delegation of authority from the Board of Directors to the Representative Executive Officer, internal policies are maintained, and appropriate authorities required for the execution of duties are reallocated.

Operational status for the year ending December 31, 2019

- The Company delegates authorities appropriately to realize both the enhancement of internal control systems and the speed of decision-making.

- (4) In order to ensure that execution of duties by the Executive Officers, Corporate Officers, and employees complies with relevant laws and regulations and the Articles of Incorporation, systems for J-SOX Act compliance are developed and implemented in accordance with “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”).

Operational status for the year ending December 31, 2019

➤ Compliance systems

The Company continues to deliberate compliance matters at the Compliance Committee, which is established as an advisory committee to the Board of Directors, including all Independent Directors, and implement activities effectively based on the recommendations from the Committee. These activities include the continued development of the Bridgestone Code of Conduct, which applies to the Group on a global basis. The Company will further strengthen its systems, making continuous improvement through discussions held between the Global Legal Department and compliance functions.

➤ Implementation of a reporting framework

The Company stipulates a framework for reporting necessary information to the Representative Executive Officers periodically or on an as-needed basis (reporting to committees such as Global EXCO and a flow of communication and information in emergency situations) in its internal policies. In addition, there is a system in place for the Representative Executive Officers to report on matters at the Board of Directors’ meeting, where necessary.

➤ Implementation of systems against antisocial forces

Under the Representative Executive Officer and CEO policy, the Company appoints and assigns the Chief Risk Officer at each office as a responsible person to promote internal systems, and also provides training to all employees every year.

➤ Implementation of systems for the J-SOX Act compliance

The Company develops and implements appropriate systems for the J-SOX Act compliance in accordance with the internal policies. In March 2019, the 2018 internal control system report was submitted to the head of the Kanto Local Finance Bureau.

- (5) In order to ensure proper execution of business operations at subsidiaries, policies are communicated across the Group; authorities are appropriately reallocated; a reporting framework for subsidiaries to report their execution of business to the Company is developed and implemented; and audits are conducted globally.

Risk management systems, compliance systems, systems against organized crime and other violent groups, and systems for J-SOX Act compliance are developed and implemented within each subsidiary.

Operational status for the year ending December 31, 2019

- **Communication of policies**
The Company establishes internal policies on communicating its management policies to ensure that they are communicated appropriately across the Group globally. Where necessary, the policies are revised through discussions held in the Global EXCO.
- **Reallocation of authorities**
Regarding important matters that the Company should coordinate in cooperation with its group companies and matters for which decisions are made by group companies, the Company delegates appropriate levels of authority on a case-by-case basis, taking the business activities of each group company and its level of governance maturity into consideration.
- **A framework for reporting to the Company**
The Company stipulates a framework for necessary information related to the status of business operations within a group company to the Representative Executive Officers periodically or on an as-needed basis (reporting to committees such as Global EXCO and a flow of communication and information in urgent situations) in its internal policies. In addition, there is a system in place for the Representative Executive Officers to report on matters at Board of Directors' meetings, where necessary.
- **Global audits**
The Company conducts global audits on areas determined by risk assessment and analysis. In addition, the Internal Auditing Office collects information about internal audits performed at group companies in Japan and other countries, and where necessary, shares information with the Internal Audit Department of each group company.
- **Risk management systems, compliance systems, systems against organized crime and other violent groups, and systems for J-SOX Act compliance within each subsidiary**
As mentioned in 3(4) above, the Company develops and implements the necessary systems, including systems to be implemented at group companies.

Consolidated Balance Sheet

| | Current Year (As of December 31, 2019) | Previous Year (As of December 31, 2018) (for reference) |
|---|---|---|
| | Yen in millions | Yen in millions |
| (Assets) | | |
| Current Assets: | | |
| Cash and deposits | 441,255 | 440,378 |
| Notes and accounts receivable | 583,223 | 601,417 |
| Short-term investments | 136,044 | 153,853 |
| Merchandise and finished products | 406,119 | 407,608 |
| Work in process | 39,360 | 37,904 |
| Raw materials and supplies | 150,943 | 171,720 |
| Other | 135,496 | 121,286 |
| Allowance for doubtful accounts | (21,377) | (21,729) |
| Total Current Assets | 1,871,066 | 1,912,440 |
| Fixed Assets: | | |
| Tangible fixed assets | | |
| Buildings and structures | 591,612 | 550,399 |
| Machinery, equipment and vehicles | 502,568 | 491,035 |
| Land | 188,317 | 167,742 |
| Construction in progress | 188,058 | 171,980 |
| Other | 91,603 | 87,213 |
| Total tangible fixed assets | 1,562,160 | 1,468,371 |
| Intangible fixed assets | | |
| Goodwill | 91,410 | 41,381 |
| Other | 113,639 | 60,072 |
| Total intangible fixed assets | 205,049 | 101,454 |
| Investments and other assets | | |
| Investments in securities | 141,820 | 219,970 |
| Long-term loans receivable | 7,980 | 11,465 |
| Deferred tax assets | 77,081 | 65,698 |
| Net defined benefit asset | 7,797 | 371 |
| Other | 74,686 | 62,022 |
| Allowance for doubtful accounts | (1,138) | (1,524) |
| Total investments and other assets | 308,228 | 358,003 |
| Total Fixed Assets | 2,075,438 | 1,927,829 |
| Total | 3,946,505 | 3,840,269 |

| | Current Year (As of December 31, 2019) | Previous Year (As of December 31, 2018) (for reference) |
|---|---|---|
| | Yen in millions | Yen in millions |
| (Liabilities) | | |
| Current Liabilities: | | |
| Notes and accounts payable | 202,048 | 233,970 |
| Short-term borrowings | 76,745 | 100,627 |
| Commercial paper | 58,696 | 20,955 |
| Current portion of bonds | - | 70,000 |
| Lease obligations | 12,094 | 1,686 |
| Income taxes payable | 40,497 | 15,073 |
| Provision for sales returns | 3,337 | 3,531 |
| Provision for recall | 4,534 | - |
| Accounts payable - other | 175,562 | 182,204 |
| Accrued expenses | 193,756 | 215,068 |
| Other | 71,039 | 44,001 |
| Total Current Liabilities | 838,312 | 887,119 |
| Long-term Liabilities: | | |
| Bonds | 350,000 | 150,000 |
| Long-term borrowings | 34,249 | 38,041 |
| Lease obligations | 65,673 | 27,182 |
| Deferred tax liabilities | 34,977 | 27,723 |
| Warranty reserve | 2,687 | 28,759 |
| Provision for environmental remediation | 874 | 1,511 |
| Net defined benefit liability | 201,412 | 196,005 |
| Other | 74,026 | 47,765 |
| Total Long-term Liabilities | 763,902 | 516,988 |
| Total Liabilities | 1,602,215 | 1,404,107 |
| (Net Assets) | | |
| Shareholders' equity: | | |
| Common stock | 126,354 | 126,354 |
| Capital surplus | 121,997 | 121,997 |
| Retained earnings | 2,535,720 | 2,362,736 |
| Treasury stock - at cost | (232,330) | (32,648) |
| Total Shareholders' Equity | 2,551,742 | 2,578,440 |
| Accumulated other comprehensive income: | | |
| Net unrealized gain (loss) on available-for-sale securities | 55,363 | 108,888 |
| Deferred gain (loss) on derivative instruments | (342) | 1,730 |
| Foreign currency translation adjustments | (189,271) | (174,850) |
| Remeasurements of defined benefit plans | (129,054) | (135,696) |
| Total accumulated other comprehensive income | (263,303) | (199,928) |
| Stock acquisition rights | 3,275 | 3,452 |
| Non-controlling Interests | 52,576 | 54,198 |
| Total Net Assets | 2,344,290 | 2,436,162 |
| Total | 3,946,505 | 3,840,269 |

Consolidated Statement of Income

| | Current Year (Year ended December 31, 2019) | | Previous Year (Year ended December 31, 2018) (for reference) | |
|---|---|------------------|---|------------------|
| | Yen in millions | | Yen in millions | |
| Net Sales | | 3,525,600 | | 3,650,111 |
| Cost of Sales | | 2,201,684 | | 2,268,743 |
| Gross Profit | | 1,323,916 | | 1,381,367 |
| Selling, General and Administrative Expenses | | 997,817 | | 978,635 |
| Operating Income | | 326,098 | | 402,732 |
| Non-operating Income | | | | |
| Interest income | 6,529 | | 4,453 | |
| Dividend income | 6,357 | | 7,402 | |
| Settlement received | 4,980 | | 3,853 | |
| Other | 10,151 | 28,018 | 14,703 | 30,413 |
| Non-operating Expenses | | | | |
| Interest expense | 10,311 | | 12,810 | |
| Foreign currency exchange loss | 8,013 | | 7,041 | |
| Other | 18,969 | 37,293 | 32,160 | 52,012 |
| Ordinary Income | | 316,823 | | 381,132 |
| Extraordinary Income | | | | |
| Gain on sales of fixed assets | 30,608 | | — | |
| Gain on sales of investment in securities | 76,646 | | 16,237 | |
| Gain on refund of PIS/COFINS for prior periods | 8,880 | | — | |
| Gain on establishment in jointly controlled entity | — | 116,134 | 30,398 | 46,635 |
| Extraordinary Loss | | | | |
| Impairment loss | 13,665 | | — | |
| Loss on retirement of fixed assets | 4,621 | | — | |
| Loss related to recall | 7,420 | 25,706 | — | — |
| Income before Income Taxes and Non-controlling Interests | | 407,251 | | 427,768 |
| Income taxes – current | | 113,474 | | 110,438 |
| Income taxes – deferred | | (5,170) | | 17,579 |
| Income before Non-controlling Interests | | 298,947 | | 299,750 |
| Profit attributable to non-controlling interests | | 6,349 | | 8,108 |
| Profit Attributable to Owners of the Parent | | 292,598 | | 291,642 |

Consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2019)

(Yen in millions)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | Stock acquisition rights | Non-controlling interests |
|--|----------------------|-----------------|-------------------|--------------------------|-----------|---|--|--|---|--------------------------|---------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock - at cost | Total | Net unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivative instruments | Foreign currency translation adjustments | Remeasurements of defined benefit plans | | |
| Beginning Balance | 126,354 | 121,997 | 2,362,736 | (32,648) | 2,578,440 | 108,888 | 1,730 | (174,850) | (135,696) | 3,452 | 54,198 |
| Cumulative effects of changes in accounting policies | | | (1,768) | | (1,768) | | | | | | |
| Restated Balance | 126,354 | 121,997 | 2,360,967 | (32,648) | 2,576,671 | 108,888 | 1,730 | (174,850) | (135,696) | 3,452 | 54,198 |
| (Changes in the year) | | | | | | | | | | | |
| Cash dividends | | | (117,701) | | (117,701) | | | | | | |
| Profit attributable to owners of the parent | | | 292,598 | | 292,598 | | | | | | |
| Purchase of treasury stock | | | | (200,003) | (200,003) | | | | | | |
| Disposal of treasury stock | | | (144) | 321 | 177 | | | | | | |
| Net change in the year | | | | | | (53,524) | (2,072) | (14,420) | 6,642 | (177) | (1,621) |
| Total Changes in the Year | — | — | 174,752 | (199,681) | (24,929) | (53,524) | (2,072) | (14,420) | 6,642 | (177) | (1,621) |
| Ending Balance | 126,354 | 121,997 | 2,535,720 | (232,330) | 2,551,742 | 55,363 | (342) | (189,271) | (129,054) | 3,275 | 52,576 |

Notes to Consolidated Financial Statements

(Basic important matters for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 280 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 POZNAN SP. Z O.O.
- BRIDGESTONE HISPANIA MANUFACTURING S.L.U.
- BRIDGESTONE MIDDLE EAST & AFRICA FZE
- BRIDGESTONE SOUTH AFRICA (PTY) LTD.
- BRIDGESTONE ASIA PACIFIC PTE. LTD.
- BRIDGESTONE (CHINA) INVESTMENT CO., LTD.
- BRIDGESTONE (WUXI) TIRE 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 MINING SOLUTIONS AUSTRALIA PTY. LTD.
- FIRESTONE POLYMERS, LLC
- FIRESTONE BUILDING PRODUCTS COMPANY, LLC
- BRIDGESTONE TREASURY SINGAPORE PTE. LTD.

Changes in the scope of consolidation

Additions: 18 companies (mainly, increased by acquisition)

Dispositions: 23 companies (mainly, decreased by liquidation)

(2) There are no non-consolidated subsidiaries.

2. Scope of application of equity-method accounting

(1) Number of equity-method affiliates: 143 companies

Names of principal companies:

- TIREHUB, LLC
- BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.

Changes in the scope of equity-method accounting

Additions: 1 company (increased by share acquisition)

Deletions: 4 companies (mainly, decreased by liquidation)

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

3. Fiscal year of consolidated subsidiaries

The fiscal year for BRIDGESTONE INDIA PRIVATE LTD. ends on March 31. Its financial statements are prepared on the basis of a provisional settlement of accounts performed as of the date of the consolidated financial statements.

4. 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.
Note that investments provided to limited investment partnerships and other organizations are based on the most recent available financial statements according to the financial reporting dates specified in contracts with the partnership. They incorporate a net amount of equivalent equity.

- (2) Valuation policies and methods for derivatives
In principle, fair value.
- (3) Valuation policies and methods for inventories
Inventories are principally stated at the 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, or net selling value.
- (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
In order to provide for future losses on the return of snow tire, etc., 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 future losses on testing, repairs, etc. of recalled standard bicycles and power-assist bicycles, the estimated amount of future losses is recorded.
- d) Warranty reserve
Warranty reserve, included in other liabilities, is estimated and recorded at the time of sale to provide for future potential costs, such as costs related to after-sales services, in amounts considered to be appropriate based on past experience of the Company and its subsidiaries (collectively, the "Group").
- 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 costs
Past service costs are treated as expenses 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 occurred (10 years for the Company and its domestic subsidiaries, 3 to 13 years for its overseas subsidiaries).
Actuarial gain/loss for 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 (7 to 13 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 non-controlling interests in a separate component of net assets.

(8) Hedge accounting

a) Hedge accounting method

Deferred hedge accounting is applied.

b) Hedging instrument and items covered

| <u>Instruments</u> | <u>Items covered</u> |
|------------------------------------|--|
| 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 Group's 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.

(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 exceeding 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)

Adoption of ASU No. 2014-09 Revenue from Contracts with Customers

Certain overseas subsidiaries that apply generally accepted accounting principles in the United States of America (U.S. GAAP) have adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (revised on May 28, 2014) from the beginning of fiscal year 2019. Applying ASU No. 2014-19, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A retrospective adjustment to retained earnings of the period of initial application is made to recognize the cumulative effect of initially applying the ASU No. 2014-09. As a result of applying this new standard, Current Liabilities - Other increased by 17,210 million yen, Current Liabilities - Accounts payable - other decreased by 19,980 million yen, Long-term Liabilities - Other increased by 25,759 million yen, Long-term Liabilities - Warranty reserve decreased by 25,759 million yen, and Retained earnings increased by 229 million yen at the beginning of fiscal year 2019. The effect of this adjustment to fiscal year 2019's operating income, ordinary income, and income before income taxes and non-controlling interests was insignificant. This adjustment's effect on net assets per share and fiscal year 2019's net income per share was also insignificant.

Adoption of IFRS 16 Leases

Certain overseas subsidiaries that apply IFRS have adopted IFRS 16 *Leases* (released on January 13, 2016) from the beginning of fiscal year 2019. IFRS 16 essentially requires lessees to recognize the right-of-use assets and lease liabilities at commencement of all leases. A retrospective adjustment to retained earnings of the period of initial application is made to recognize the cumulative effect of initially applying IFRS 16. As a result of applying this new standard, assets increased by 49,606 million yen, liabilities increased by 51,605 million yen, and retained earnings decreased by 1,998 million yen. The increase in assets was mainly due to tangible fixed assets, and the increase in liabilities was mainly due to lease obligations. The effect of this adjustment of fiscal year 2019's operating income, ordinary income, and income before income taxes and non-controlling interests was insignificant. This adjustment's effect on net assets per share and fiscal year 2019's net income per share was also insignificant.

(Changes in presentation)

Changes accompanying the enforcement of the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

From fiscal year 2019, the presentation of deferred taxes has changed due to an order from Japan's Ministry of Justice (MOJ) that partially amended the Ordinance for Enforcement of the Companies Act and the Rules of Corporate Accounting (Ordinance from the MOJ Ordinance No. 5 – March 26, 2018), which was issued in conjunction with the ASBJ's "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." ASBJ Statement. As a result of the change, deferred tax assets are presented under investments and other assets while deferred tax liabilities are presented under long-term liabilities.

(Notes to the consolidated balance sheet)

| | |
|--|-----------------------|
| 1. Accumulated depreciation of tangible fixed assets | 2,872,530 million yen |
| 2. Assets provided as collateral and collateralized debt obligations | |
| Assets pledged as collateral (Tangible fixed assets and others) | 493 million yen |
| There are no obligations corresponding to the preceding. | |
| 3. Balance of trade notes (without letter of credit) discounted | 253 million yen |

(Notes to the consolidated statement of income)

1. Gain on sales of fixed assets

This was mainly due to the gains on sales of land.

2. Gain on refund of PIS/COFINS for the prior periods

Brazil's Supreme Federal Court decided to revise the method for calculating turnover, the figure on which an entity's social contribution taxes (PIS/COFINS) are based. In response, Bridgestone do Brasil Industria e Comercio Ltda. (a subsidiary in Brazil) recognized excess tax payments and their equivalent interest as income.

3. Impairment loss

The Group classifies the assets it uses for its business based on the categories used within the Group to manage those assets. Assets to be disposed of (assets that are planned for disposal, sales and etc.) and idle assets are grouped by property. In fiscal year 2019, the book prices of assets for business whose profitability decreased, assets to be disposed of, and idle assets not expected to be used again were reduced to recoverable amounts. Those reductions were recognized as a 13,665 million yen impairment loss under Extraordinary Losses. A breakdown of that impairment loss is: 6,099 million yen for machinery, equipment and vehicles; 4,064 million yen for buildings and structures; 1,536 million yen for land, 1,256 million yen for construction in progress; 536 million yen for other tangible fixed assets; and 172 million yen for other intangible fixed assets.

| Purpose | Categories | Locations | Amount (millions of yen) |
|--------------------------|--|-------------------------------------|-----------------------------|
| Assets for business | Machinery, equipment and vehicles; Buildings and structures; Construction in progress; Tools, equipment and fixtures; and some others | Japan, Indonesia, China, and others | 6,193 |
| Assets to be disposed of | Machinery, equipment and vehicles; Buildings and structures; Land; Construction in progress; and some others | USA, Japan, and others | 6,556 |
| Idle assets | Machinery, equipment and vehicles; and some others | China and others | 915 |

The recoverable amounts for assets for business were estimated based on their value-in-use. Their future cash flow was calculated at a discount rate of 7.5-13.3%. The recoverable amounts for assets to be disposed of and idle assets were estimated based on their net realizable value. The recoverable amount for assets to be disposed of was estimated based on their residual value. The recoverable amounts of assets to be sold off and idle assets were estimated based on the prices they were expected to fetch when sold.

4. Loss related to recall

The Group conducted a recall of certain models of standard bicycles and power assist bicycles manufactured by Bridgestone Cycle Corporation, a Bridgestone consolidated subsidiary. The Group recorded the expenses it incurred for the inspections, repairs, etc. of the affected bicycles.

(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, 2019 | Number of increase | Number of decrease | As of December 31, 2019 |
|---|--------------------------|-----------------------|-----------------------|----------------------------|
| Shares issued Common stock (Thousands of shares) | 761,536 | — | — | 761,536 |
| Treasury stock Common stock (Thousands of shares) (see Notes 1, 2 and 3) | 9,726 | 47,839 | 84 | 57,481 |

Note 1: The increase in treasury stock consists of an additional 47,839 thousand shares of treasury stock acquired pursuant to the resolution at the meetings of the Board of Directors.

Note 2: The decrease in treasury stock consists of a decrease of 84 thousand shares due to the exercise of stock options.

Note 3: At a Board of Directors meeting on February 15, 2019, the Company decided to cancel shares of treasury stock, based on Article 178 of the Companies Act. However, the cancellation process for the below treasury stock was not complete as of December 31, 2019.

- i. Book price 193,363 million yen
- ii. Share type Common shares
- iii. Number of shares 47,838,200 shares

It should be noted the cancellation process for the above shares was completed on January 21, 2020.

2. Dividends

(1) Dividend payments

| Resolution | Type | Total dividends (Yen in millions) | Dividend per share (Yen) | Record date | Effective date |
|--|--------------|--------------------------------------|--------------------------------|----------------------|----------------------|
| Annual Shareholders' Meeting, March 22, 2019 | Common Stock | 60,145 | 80 | December 31, 2018 | March 25, 2019 |
| Board of Directors' Meeting, August 9, 2019 | Common Stock | 57,556 | 80 | June 30, 2019 | September 2, 2019 |

(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, 2020 | Common Stock | 56,324 | Retained earnings | 80 | December 31, 2019 | March 25, 2020 |

3. The category and the 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: 1,161,300 shares

(Notes to financial instruments)

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

The Group raises the necessary funds mainly by bank borrowings or issuance of bonds based on funding requirements of their business activities. The Group invests temporary cash surpluses only in highly-secured financial instruments. The Group follows 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 retained portion of accounts receivable securitization that are exposed to customer credit risk or certificates of deposit regarded as marketable securities in accordance with U.S. 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 and borrowings 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, 4. Summary of significant accounting policies, (8) Hedge accounting."

(3) Risk management of financial instruments

a. Management of credit risk

The Group regularly monitors 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 customer's financial position.

The Group enters into derivative transactions only with highly-rated financial institutions in order to minimize counterparty risk.

The maximum credit risk as of December 31, 2019, 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 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 and borrowings 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, 2019, are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table (see Note 2):

| | Carrying amounts of | Fair value | Difference |
|--|---|-----------------|-----------------|
| | consolidated balance sheet Yen in millions | Yen in millions | Yen in millions |
| (1) Cash and deposits | 441,255 | 441,255 | — |
| (2) Notes and accounts receivable | 583,223 | — | — |
| Allowance for doubtful accounts (*1) | (21,377) | — | — |
| | 561,845 | 561,845 | — |
| (3) Marketable and investment securities | 224,997 | 224,997 | — |
| Total Assets | 1,228,099 | 1,228,099 | — |
| (1) Notes and accounts payable | 202,048 | 202,048 | — |
| (2) Short-term borrowings | 76,745 | 76,745 | — |
| (3) Commercial paper | 58,696 | 58,696 | — |
| (4) Income taxes payable | 40,497 | 40,497 | — |
| (5) Accounts payable – other | 175,562 | 175,562 | — |
| (6) Bonds | 350,000 | 350,583 | (583) |
| (7) Lease obligations | 77,768 | 80,005 | (2,236) |
| Total Liabilities | 981,318 | 984,138 | (2,819) |
| Derivative transactions (*2) | (2,082) | (2,082) | — |

(*1) This item comprises the allowance for doubtful accounts in respect to notes and accounts receivable, short-term loans 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 retained portion of accounts receivable securitization 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.

Liabilities

(1) Notes and accounts payable, (2) Short-term borrowings, (3) Commercial paper, (4) Income taxes payable, and (5) Accounts payable-other

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

(6) 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.

(7) Lease obligations

The fair value of lease obligations were calculated based on the present value, which takes the sum of the principal and interest and applies a discount rate equivalent to the interest rate which would apply if a similar new lease transaction were entered into.

Derivative transactions

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 sheet Yen in millions |
|-------------------------------|---|
| Investments in affiliates | 46,839 |
| Available-for-sale securities | |
| Unlisted equity securities | 6,028 |

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 | 3,250.37 yen |
| Net income per share | 404.95 yen |

Consolidated Statement of Cash Flows (for reference)

| | Current Year (Year ended December 31, 2019) | Previous Year (Year ended December 31, 2018) |
|--|--|---|
| | Yen in millions | Yen in millions |
| Cash Flows from Operating Activities | | |
| Income before income taxes and non-controlling interests | 407,251 | 427,768 |
| Depreciation and amortization | 223,100 | 200,476 |
| Amortization of goodwill | 6,886 | 4,559 |
| Increase (decrease) in net defined benefit liability | 16,437 | 6,562 |
| Interest and dividend income | (12,886) | (11,855) |
| Interest expense | 10,311 | 12,810 |
| Foreign currency exchange loss (gain) | 4,719 | 3,332 |
| Loss (gain) on investment in entities accounted for by the equity method | 3,350 | 1,414 |
| Settlement received | (4,980) | (3,853) |
| Loss (gain) on sales of fixed assets | (30,608) | - |
| Loss (gain) on sales of investments in securities | (76,646) | (16,237) |
| Gain on refund of PIS/COFINS for the prior periods | (8,880) | - |
| Gain on establishment in jointly controlled entity | - | (30,398) |
| Impairment loss | 13,665 | - |
| Loss on retirement of fixed assets | 5,552 | - |
| Loss related to recall | 7,420 | - |
| Decrease (increase) in notes and accounts receivable | 23,817 | (57,384) |
| Decrease (increase) in inventories | 11,572 | (55,837) |
| Increase (decrease) in notes and accounts payable | (39,647) | 15,322 |
| Other | (24,845) | 4,661 |
| Subtotal | 535,590 | 501,340 |
| Interest and dividends received | 12,876 | 11,805 |
| Interest paid | (9,276) | (12,328) |
| Settlement package received | 4,980 | 3,853 |
| Income taxes paid | (79,712) | (143,715) |
| Net Cash Provided by Operating Activities | 464,457 | 360,955 |
| Cash Flows from Investing Activities | | |
| Payments for purchase of tangible fixed assets | (270,530) | (257,548) |
| Proceeds from sales of tangible fixed assets | 38,101 | 8,234 |
| Payments for purchase of intangible assets | (9,394) | (5,753) |
| Payments for purchase of investments in securities | (2,642) | (2,867) |
| Proceeds from sales of investments in securities | 87,103 | 20,524 |
| Payments of long-term loans receivable | (2,066) | (5,667) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (110,357) | (2,368) |
| Other | 2,875 | 2,384 |
| Net Cash Used in Investing Activities | (266,910) | (243,061) |
| Cash Flows from Financing Activities | | |
| Net increase (decrease) in short-term borrowings and commercial paper | 35,132 | 24,347 |
| Proceeds from long-term borrowings | 29 | 15,823 |
| Repayments of long-term borrowings | (23,361) | (44,955) |
| Proceeds from issuance of bonds | 200,000 | - |
| Payments for redemption of bonds | (70,000) | (20,000) |
| Repayments of lease obligations | (13,087) | (5,318) |
| Purchase of treasury shares | (200,003) | (8) |
| Cash dividends paid | (117,678) | (120,234) |
| Cash dividends paid to non-controlling interests | (9,953) | (9,035) |
| Other | 321 | 285 |
| Net Cash Used in Financing Activities | (198,601) | (159,094) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 2,456 | (26,680) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,402 | (67,881) |
| Cash and Cash Equivalents at Beginning of Year | 433,916 | 501,797 |
| Cash and Cash Equivalents at End of Year | 435,319 | 433,916 |

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 | 441,255 million yen |
| Short-term investments | 136,044 |
| Total | <u>577,300</u> |
| Time deposits, bonds, etc., with terms of more than three months | <u>(141,981)</u> |
| Cash and cash equivalents —Consolidated Statement of Cash Flows | 435,319 |

Non-consolidated Balance Sheet

| | Current Year (As of December 31, 2019) | Previous Year (As of December 31, 2018) (for reference) |
|---|---|---|
| | Yen in millions | Yen in millions |
| (Assets) | | |
| Current Assets: | | |
| Cash and deposits | 217,929 | 203,940 |
| Trade notes receivable | 762 | 676 |
| Trade accounts receivable | 264,765 | 298,084 |
| Short-term investments | - | 10,000 |
| Merchandise and finished products | 39,032 | 36,244 |
| Work in process | 6,608 | 6,675 |
| Raw materials and supplies | 24,258 | 23,252 |
| Short-term loans for subsidiaries and affiliates | 54,700 | 65,641 |
| Accounts receivable-other | 20,580 | 23,986 |
| Other | 9,064 | 10,018 |
| Allowance for doubtful accounts | (1,572) | (10,101) |
| Total Current Assets | 636,129 | 668,419 |
| Fixed Assets: | | |
| Tangible fixed assets | | |
| Buildings | 88,840 | 82,378 |
| Structures | 6,932 | 6,797 |
| Machinery and equipment | 44,953 | 43,926 |
| Vehicles and carriers | 1,573 | 1,392 |
| Tools, furniture and fixtures | 13,933 | 12,975 |
| Land | 63,883 | 63,085 |
| Construction in progress | 26,664 | 29,316 |
| Total tangible fixed assets | 246,781 | 239,871 |
| Intangible fixed assets | 6,830 | 6,296 |
| Investments and other assets | | |
| Investments in securities | 87,935 | 164,015 |
| Investments in subsidiaries and affiliates | 839,145 | 800,980 |
| Investments in subsidiaries and affiliates, other than stock | 62,941 | 62,588 |
| Long-term loans for subsidiaries and affiliates | 82,899 | 31,046 |
| Deferred tax assets | 8,950 | - |
| Other | 4,149 | 4,698 |
| Allowance for doubtful accounts | (16) | (6) |
| Total investments and other assets | 1,086,005 | 1,063,324 |
| Total Fixed Assets | 1,339,617 | 1,309,492 |
| Total | 1,975,746 | 1,977,911 |

| | Current Year (As of December 31, 2019) | Previous Year (As of December 31, 2018) (for reference) |
|---|---|---|
| | Yen in millions | Yen in millions |
| (Liabilities) | | |
| Current Liabilities: | | |
| Trade accounts payable | 100,561 | 116,024 |
| Current portion of bonds | - | 70,000 |
| Short-term loans payable to subsidiaries and associates | 22,188 | 22,479 |
| Current portion of long-term loans payable to subsidiaries and associates | 246 | 499 |
| Lease obligations | 160 | 88 |
| Accounts payable - other | 64,831 | 71,440 |
| Accrued expenses | 30,262 | 34,038 |
| Income taxes payable | 27,305 | 1,389 |
| Deposits received | 5,716 | 6,137 |
| Other | 5,382 | 3,394 |
| Total Current Liabilities | 256,654 | 325,492 |
| Long-Term Liabilities: | | |
| Bonds | 350,000 | 150,000 |
| Long-term loans payable to subsidiaries and associates | 1,419 | 1,687 |
| Lease obligations | 309 | 84 |
| Deferred tax liabilities | - | 1,199 |
| Accrued pension and liability for retirement benefits | 50,597 | 52,129 |
| Provision for environmental remediation | 848 | 1,451 |
| Asset retirement obligation | 2,687 | 2,680 |
| Other | 1,078 | 676 |
| Total Long-Term Liabilities | 406,940 | 209,909 |
| Total Liabilities | 663,594 | 535,402 |
| (Net Assets) | | |
| Shareholders' Equity: | | |
| Common stock | 126,354 | 126,354 |
| Capital surplus | | |
| Capital reserve | 122,078 | 122,078 |
| Total capital surplus | 122,078 | 122,078 |
| Retained earnings | | |
| Legal reserve | 31,278 | 31,278 |
| Other retained earnings | | |
| Reserve for special depreciation | 2 | 5 |
| Reserve for advanced depreciation of fixed assets | 25,976 | 23,231 |
| Reserve for special account for advanced depreciation of fixed assets | 9,420 | - |
| General reserve | 989,310 | 989,310 |
| Unappropriated retained earnings | 193,190 | 98,480 |
| Total retained earnings | 1,249,180 | 1,142,306 |
| Treasury stock - at cost | (232,329) | (32,647) |
| Total Shareholders' Equity | 1,265,284 | 1,358,092 |
| Net unrealized gain (loss) and translation adjustments: | | |
| Net unrealized gain (loss) on available-for-sale securities | 44,107 | 80,581 |
| Deferred gain (loss) on derivative instruments | (514) | 382 |
| Total net unrealized gain (loss) and translation adjustments | 43,592 | 80,964 |
| Stock acquisition rights | 3,275 | 3,452 |
| Total Net Assets | 1,312,152 | 1,442,509 |
| Total | 1,975,746 | 1,977,911 |

Non-consolidated Statement of Income

| | Current Year (Year ended December 31, 2019) | | Previous Year (Year ended December 31, 2018) (for reference) | |
|---|---|----------------|---|----------------|
| | Yen in millions | | Yen in millions | |
| Net Sales | | 867,267 | | 889,413 |
| Cost of Sales | | 557,473 | | 554,958 |
| Gross Profit | | 309,793 | | 334,454 |
| Selling, General and Administrative Expenses | | 204,405 | | 199,183 |
| Operating income | | 105,388 | | 135,270 |
| Non-operating Income | | | | |
| Interest income | 2,383 | | 2,667 | |
| Dividend income | 104,948 | | 86,115 | |
| Other | 5,189 | 112,521 | 5,033 | 93,816 |
| Non-operating Expenses | | | | |
| Interest expense | 1,540 | | 1,086 | |
| Removal and disassembly expense | 1,770 | | 1,176 | |
| Foreign currency exchange loss | 4,172 | | 3,527 | |
| Other | 7,193 | 14,676 | 5,045 | 10,836 |
| Ordinary Income | | 203,233 | | 218,251 |
| Extraordinary Income | | | | |
| Gain on sales of fixed assets | 27,375 | | 124 | |
| Gain on sales of investments in securities | 58,768 | 86,143 | 3,269 | 3,394 |
| Extraordinary Loss | | | | |
| Impairment loss | 4,193 | | 1,673 | |
| Loss on business of subsidiaries and affiliates | 8,406 | | 5,460 | |
| Loss on retirement of fixed assets | 1,796 | 14,397 | 1,020 | 8,154 |
| Income before Income Taxes | | 274,980 | | 213,490 |
| Income taxes - current | | 45,780 | | 35,666 |
| Income taxes - deferred | | 4,481 | | 1,755 |
| Net Income | | 224,719 | | 176,069 |

Non-consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2019)

(Yen in millions)

| | Shareholders' equity | | | | | | | | | | Net unrealized gain (loss) and translation adjustments | | Stock acquisition rights |
|--|----------------------|-----------------|---------------|----------------------------------|---|---|-----------------|----------------------------------|----------------|-----------|---|--|--------------------------|
| | Common stock | Capital surplus | | Retained earnings | | | | | Treasury stock | Total | Net unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivative instruments | |
| | | Capital reserve | Legal reserve | Other retained earnings | | | | | | | | | |
| | | | | Reserve for special depreciation | Reserve for advanced depreciation of fixed assets | Reserve for special account for advanced depreciation of fixed assets | General reserve | Unappropriated retained earnings | | | | | |
| Beginning Balance | 126,354 | 122,078 | 31,278 | 5 | 23,231 | — | 989,310 | 98,480 | (32,647) | 1,358,092 | 80,581 | 382 | 3,452 |
| (Changes in the year) | | | | | | | | | | | | | |
| Cash dividends | | | | | | | | (117,701) | | (117,701) | | | |
| Reversal of reserve for special depreciation | | | | (2) | | | | 2 | | — | | | |
| Provision of reserve for advanced depreciation of fixed assets | | | | | 2,745 | | | (2,745) | | — | | | |
| Provision of reserve for special account for advanced depreciation of fixed assets | | | | | | 9,420 | | (9,420) | | — | | | |
| Net income for the year | | | | | | | | 224,719 | | 224,719 | | | |
| Purchase of treasury stock | | | | | | | | | (200,003) | (200,003) | | | |
| Disposal of treasury stock | | | | | | | | (144) | 321 | 177 | | | |
| Net change in the year | | | | | | | | | | | (36,474) | (897) | (177) |
| Total Changes in the Year | — | — | — | (2) | 2,745 | 9,420 | — | 94,710 | (199,681) | (92,808) | (36,474) | (897) | (177) |
| Ending Balance | 126,354 | 122,078 | 31,278 | 2 | 25,976 | 9,420 | 989,310 | 193,190 | (232,329) | 1,265,284 | 44,107 | (514) | 3,275 |

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.

Note that investments provided to limited investment partnerships and other organizations are based on the most recent available financial statements according to the financial reporting date specified in contracts with the partnership. They incorporate a net amount of equivalent equity.

(2) Valuation policies and methods for derivatives

Fair value

(3) Valuation policies and methods for inventories

Inventories are principally stated at the 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) 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 benefits are 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.

(3) 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.

(2) Hedging instruments and items covered

| <u>Instruments</u> | <u>Items covered</u> |
|------------------------------------|---|
| 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.

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 presentations)

1. Changes accompanying the enforcement of the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."

From fiscal year 2019, the presentation of deferred taxes has changed due to an order from MOJ that partially amended the Ordinance for Enforcement of the Companies Act and the Rules of Corporate Accounting (Ordinance from the MOJ Ordinance No. 5 – March 26, 2018), which was issued in conjunction with the ASBJ's "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28 – February 16, 2018). As a result of the change, deferred tax assets are presented under investments and other assets while deferred tax liabilities are presented under long-term liabilities.

2. Non-consolidated Statement of Income

A "Removal and disassembly expense" of ¥1,176 million was included in "Other" under "Non-operating Expenses" in the previous fiscal year. However, it is presented as a separate line item in the current fiscal year due to its materiality.

(Notes to the non-consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets 1,038,662 million yen

2. Guarantees

| | |
|---|--------------------|
| Guarantees on commercial papers issued by BRIDGESTONE EUROPE NV/SA | 58,696 million yen |
| Guarantees on borrowings and trade accounts payable of BRIDGESTONE HUIZHOU SYNTHETIC RUBBER CO., LTD. | 1,396 million yen |
| Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc. | 29 million yen |
| Total | 60,122 million yen |

3. Balance of trade notes (without letter of credit) discounted 253 million yen

4. Short-term monetary receivables from subsidiaries and affiliates 276,139 million yen
 Long-term monetary receivables from subsidiaries and affiliates 82,899 million yen
 Short-term monetary payables to subsidiaries and affiliates 98,169 million yen
 Long-term monetary payables to subsidiaries and affiliates 1,419 million yen

(Notes to the non-consolidated statement of income)

1. Transactions with subsidiaries and affiliates
 Sales 631,998 million yen
 Purchases, etc. 255,892 million yen
 Transactions other than operating transactions 123,505 million yen

2. Gain on sales of fixed assets
 This was mainly due to the gains on sales of land.

3. Impairment loss
 The Company classifies the assets it uses for its business based on the categories used within the Company to manage those assets. Assets to be disposed of (assets that are planned for disposal, sales and etc.) and idle assets are grouped by property. In fiscal year 2019, the book prices of business-use assets whose profitability decreased and assets to be disposed of were reduced to recoverable amounts. Those reductions were recognized as a 4,193 million yen impairment loss under Extraordinary Loss. A breakdown of that impairment loss is: 1,732 million yen for machinery, equipment and vehicles; 970 million yen for land, 707 million yen for construction in progress; 512 million yen for buildings and structures; and 270 million yen for other tangible fixed assets.

| Purpose | Categories | Locations | Amount (millions of yen) |
|--------------------------|---|--|-----------------------------|
| Assets for business | Machinery, equipment and vehicles; Construction in progress; and some others | Tamana, Kumamoto; Iwata, Shizuoka; and others | 2,581 |
| Assets to be disposed of | Land; Buildings and structures; and some others | Komatsu, Ishikawa; Higashi Kurume, Tokyo; and others | 1,611 |

The recoverable amounts for assets for business were estimated based on their value-in-use. Their future cash flow was calculated at a discount rate of 8.5%. The recoverable amount for assets to be disposed of was estimated based on their net realizable value. The recoverable amount for assets to be disposed of was estimated based on their residual value. The recoverable amount of assets to be sold off was estimated based on the prices they were expected to fetch when sold.

4. Loss on business of subsidiaries and affiliates
 Taking into consideration of 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, 2019 | Number of increase | Number of decrease | As of December 31, 2019 |
|---------------------------------------|-----------------------------|-----------------------|-----------------------|-------------------------------|
| Common stock (Thousands of shares) | 9,723 | 47,839 | 84 | 57,478 |

Note 1: The increase in treasury stock consists of an additional 47,839 thousand shares of treasury stock acquired, pursuant to resolutions at Board of Directors meetings and other.

Note 2: The decrease in treasury stock consists of a decrease of 84 thousand shares due to the exercise of stock options and other.

Note 3: At a Board of Directors meeting on February 15, 2019, the Bridgestone group decided to cancel shares of treasury stock, based on Article 178 of the Companies Act. However, the cancellation process for the below treasury stock was not complete as of December 31, 2019.

- i. Book price 193,363 million yen
- ii. Share type Common shares
- iii. Number of shares 47,838,200 shares

It should be noted the cancellation process for the above shares was completed on January 21, 2020.

(Notes to deferred income tax)

Deferred tax assets

| | |
|--|--------------------|
| Accrued pension and liability for retirement benefits | 15,485 million yen |
| Investments in securities | 3,006 |
| Investments in subsidiaries and affiliates (related to the restructuring of European operations) | 10,863 |
| Depreciable assets | 13,306 |
| Accrued expenses | 5,910 |
| Other | 26,562 |
| Deferred tax assets subtotal | 75,134 |
| Valuation allowance | (32,139) |
| Total deferred tax assets | 42,994 |

Deferred tax liabilities

| | |
|---|----------------------|
| Reserve for advanced depreciation of fixed assets | (11,453) million yen |
| Reserve for special account for advanced depreciation of fixed assets | (4,153) |
| Net unrealized gain on available-for-sale securities | (18,144) |
| Other | (292) |
| Total deferred tax liabilities | (34,044) |
| Deferred tax liabilities, net | 8,950 |

(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) | 165,290 | Trade accounts receivable | 56,258 |
| 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) | 68,334 | Trade accounts receivable | 28,979 |
| 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) | 84,621 | Trade accounts receivable | 18,632 |
| 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) | 101,308 | Trade accounts receivable | 30,709 |
| | | | | Lending (Note 3) | 70,105 | Long-term loans payable for subsidiaries and affiliates | 81,469 |
| | | | | Debt guarantee (Note 4) | 58,696 | — | — |
| | | | | Subscription to capital increase (Note 5) | 44,812 | — | — |
| Subsidiary | BRIDGESTONE ASIA PACIFIC PTE. LTD. | Direct ownership 100.00% | Sales of the Company's products Officers serving concurrently | Borrowing (Note 3) | 24,144 | Short-term loans payable to subsidiaries and associates | 22,188 |
| Subsidiary | BRIDGESTONE (CHINA) INVESTMENT CO., LTD. | Direct ownership 100.00% | Sales of the Company's products Officers serving concurrently | Lending (Note 3) | 24,144 | Short-term loans for subsidiaries and affiliates | 22,188 |

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

(Notes)

1. Consumption tax is not included in the transaction amounts, but is included in the ending balances.
2. Sales price is determined based on the market price.
3. Interest rates are determined based on the market.
4. Rate of guarantee is determined reasonably in consideration of market interest rates and other rates.
5. The Company subscribed to all the shares issued for capital increase by the subsidiary.

(Notes to per-share information)

| | |
|------------------------|--------------|
| Total equity per share | 1,859.05 yen |
| Net income per share | 311.00 yen |

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 14, 2020

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC

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

Hitoshi Matsumoto

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

Yasuhiko Haga

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

Shinji Dobata

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

Fujiharu Akiko

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, 2019 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, 2019 to December 31, 2019, 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, 2019, 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.

INDEPENDENT AUDITOR'S REPORT

February 14, 2020

To the Board of Directors of
Bridgestone Corporation:

Deloitte Touche Tohmatsu LLC

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

Hitoshi Matsumoto

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

Yasuhiko Haga

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

Shinji Dobata

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

Fujiharu Akiko

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, 2019 of Bridgestone Corporation (the "Company"), and the related statements of income and changes in equity for the 101st fiscal year from January 1, 2019 to December 31, 2019, 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, 2019, 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)

Audit Committee's Audit Report

Audit Report

The Audit Committee has conducted audits of the Members of the Board and Executive Officers with regard to their performance of duties during the 101st business year (from January 1, 2019 to December 31, 2019). A report covering the method and results of the audit follows.

1. Method and Contents of Audit

The Audit Committee received reports regularly from the Members of the Board, Executive Officers, 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 related to matters set forth in Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act of Japan and the systems based on such resolutions (internal control systems). At the same time, the Audit Committee conducted audits using the following methods:

(1) In accordance with the audit policy, assignment of duties and other matters established by the Audit Committee, and in collaboration with the internal audit division and other relevant functions, the Audit Committee attended important meetings, received reports on the status of performance of duties from the Members of the Board, Executive Officers and other relevant personnel, 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, the Audit Committee endeavored to facilitate a mutual understanding and exchanged information with the Members of the Board, Corporate Auditors and other relevant personnel of each subsidiary and received reports on their respective business as necessary.

(2) The Audit Committee 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. In addition, the Audit Committee was notified by the Independent Auditors that they had established a "system to ensure that 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, the Audit Committee 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 equity 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 equity 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 duties by the Members of the Board or the Executive Officers.

(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 in the business report nor the performance by the Members of the Board and Executive Officers of their duties concerning the internal control systems.

(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 14, 2020

Audit Committee, Bridgestone Corporation
Kenzo Yamamoto
Keikou Terui
Seiichi Sasa
Yojiro Shiba
Yoko Suzuki
Tsuyoshi Yoshimi (full-time)

Note: Kenzo Yamamoto, Keikou Terui, Seiichi Sasa, Yojiro Shiba, and Yoko Suzuki are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

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

Reference Information

PROJECTIONS FOR FISCAL 2020

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 feedstock, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.

Amid such an environment, the Group projects the following overall business results through the steady implementation of Mid-Term Management Plan initiatives.

| (Consolidated) | | Fiscal 2020 projections | Increase (Decrease) Ratio (Notes) | |
|----------------|---|----------------------------|---|-----|
| Full-year | | Yen in billions | % | |
| | Revenue | 3,550.0 | 1 | |
| | Adjusted operating profit | 360.0 | 5 | |
| | Profit attributable to owners of parent | 230.0 | (4) | |
| Full-year | Exchange Rate | Yen | % | |
| | | yen/dollar | 108 | (1) |
| | | yen/euro | 121 | (1) |

Notes: (1) The Company calculates the consolidated projected results pursuant to the International Financial Reporting Standards (IFRS) given that it has opted to voluntarily apply the IFRS beginning with the 1st quarter of fiscal 2020.

(2) The actual values per the IFRS for fiscal 2019 used in determining changes from the previous year constitute approximate values, and may vary depending on accounting audit results.

Cautionary Notes Concerning Forward-Looking Statements

Forecasts based on our projections and plans for the future in this document contain unpredictable elements that may cause fluctuations. As such, they do not constitute guarantees by the Company of the achievement of those forecasts. Accordingly, actual business results may differ substantially from the Company's current assessment.

TOPICS

Cultivating global corporate culture

Advance brand strategy

2019 Bridgestone World Solar Challenge

In the 2019 Bridgestone World Solar Challenge (BWSC), two teams supplied with Bridgestone "ECOPIA with ologic" fuel-efficient tires for solar cars finished in the first place in the respective classes that they participated in. The BWSC is the world's foremost solar car race, which travels 3,000 km from the northern coast to the southern coast of Australia in about five days using solar power as the energy source.

Bridgestone announced that it will continue to support the BWSC through 2030 as the title sponsor and support aspiring young engineers taking on challenges in chase of their dreams.



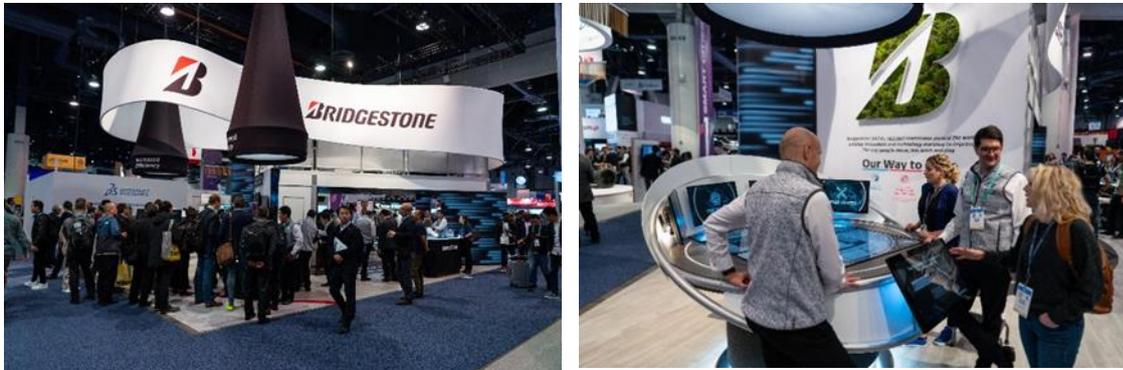
Agoria Solar Team of Belgium, the winning team in the Challenger Class in 2019

Cultivating global corporate culture

Advance brand strategy

CES® 2020

Bridgestone made its first-ever appearance at the annual CES® 2020, the world's largest international consumer electronics trade show, held in Las Vegas in January 2020, where the company's exhibit showcased a number of mobility solutions. Bridgestone will contribute to the realization of sustainable society by providing solutions to the problems that society faces.



Bridgestone's booth at CES® attracted many visitors

Cultivating global corporate culture

Advance brand strategy

The Olympic and Paralympic Games Tokyo 2020

Bridgestone is one of only six Worldwide Olympic and Paralympic Partners and is committed to supporting these activities through to 2024, including the upcoming Olympic and Paralympic Games Tokyo 2020. In addition to helping and celebrating the world's greatest athletes as they chase their dreams, we want to inspire and empower people of all abilities around the world to take on challenges and persevere in pursuit of their goals. This desire is our motivation to overcome the challenges in our own journey.



Team Bridgestone



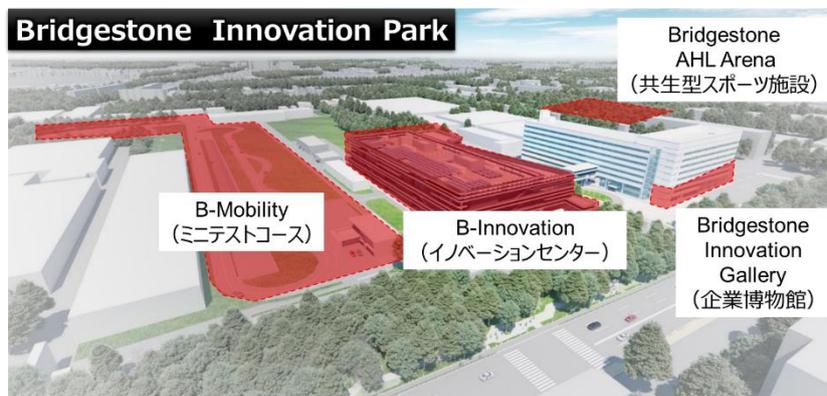
Bridgestone x Olympics x Paralympics a GO GO! event in Sendai

Cultivating global corporate culture

Advance innovation (technology, business model & design)

Bridgestone Innovation Park

Bridgestone is reconstructing its technological development operations in Kodaira, Tokyo. The Bridgestone Innovation Park is a multi-facility complex to accelerate innovation and work with society, customers and partners in creating new value. The company will open facilities in the complex successively from June 2020.



Rendering of Bridgestone Innovation Park facilities
Bridgestone Innovation Gallery is scheduled to open in June 2020

Cultivating global corporate culture

Advance innovation (technology, business model & design)

PlusStop, a System to Make Bus Boarding Easy

Bridgestone has put PlusStop, a system to minimize the gap between the bus boarding entrance and the curb, into practical use. The system allows all people, including senior citizens, individuals using baby strollers and those with wheelchairs, to get on and off the bus safely and smoothly, thereby supporting safe transportation.



PlusStop allows wheelchair users to get on and off the bus more smoothly

Cultivating global corporate culture

Continuous Improvement (Kaizen)

Group Global TQM Conference

As part of its traditional total quality management (TQM) activity, Bridgestone has been holding the Group Global TQM Conference since 2009. The 10th conference was held in 2019 at the Country Music Hall of Fame and Museum in Nashville, Tennessee in the United States. A total of 270 group members gathered from across the globe to watch presentations on 16 improvement activities selected from among the Group's sites of business worldwide, of which four especially superior activities were presented with TQM Awards and Grand Prizes and three others were presented with Impression Awards.



Teams gathering from different parts of the world gave presentations in English, a common language

Developing human resources capable of global management

Utilizing diverse human resources

Initiatives for utilization of diverse human resources

Bridgestone was selected for the sixth consecutive year from 2013 as a “Nadeshiko Brand,” for its activities to encourage women’s success in the workplace. The company also received the “gold” rating, the highest-level assessment in the PRIDE Index 2019, for the second consecutive year for its LGBT-friendly initiatives. Bridgestone will continue promoting creation of a work environment in which individuals who have diverse values and personalities can work comfortably and demonstrate their abilities.



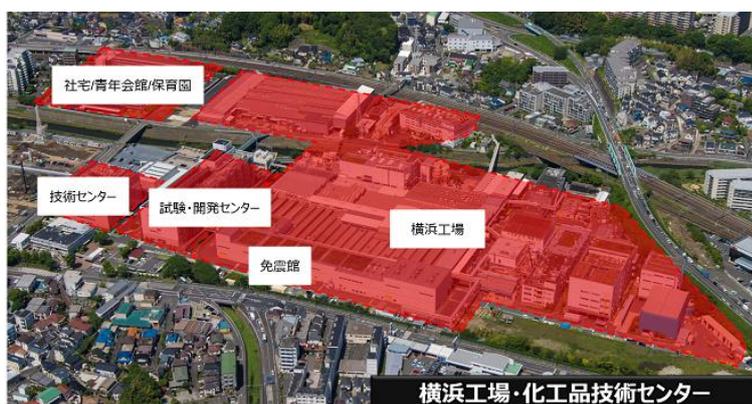
Upgrading the global management structure

Reinforcing the diversified products business

Renovation of Yokohama Plant/Chemical and Industrial Products Technical Center

Bridgestone has renovated its Yokohama Plant and Chemical and Industrial Products Technical Center in Yokohama into an urban base that combines the functions of R&D, production and employee welfare.

We are accelerating innovation aimed at the future in coordination with the reconstruction of the R&D base in Kodaira, Tokyo.



Yokohama Plant/Chemical and Industrial Products Technical Center