2018

Business Report for the 100th Fiscal Period

Bridgestone Corporation

Note:

This English translation of the Business Report for the 100th 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 thanks 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 achieving Dan-Totsu in all aspects of our business.

In 2018, the Group strengthened the framework of its corporate philosophy and global CSR commitment by formulating and introducing three new policies (Global Sustainable Procurement Policy, Global Human Rights Policy, and Bridgestone Code of Conduct). By more clearly demonstrating the Group's principles to diverse stakeholders and by putting them into practice, we strive to create customer value and social value.
The year 2018 was a great milestone for the Group, having marked the 50th year since the establishment of our company motto and the receiving of the Deming Prize, which inspired us to embark on the modernization of our operations. Additionally, 2018 was brought the 30th anniversary year since the acquisition of Firestone, a major stride toward globalization. With these important events, we revisited our origins and reconfirmed our corporate DNA, a precious inheritance for the future. Also in 2018, the year in which the first Olympic Winter Games were held since Bridgestone became a Worldwide Olympic Partner, Bridgestone became a Worldwide Paralympic Partner.

Throughout our business, we 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

It is important to mention also that the Group transitioned to a new management structure in January 2019 intended to achieve the following three goals: 1) Accelerate the adoption and operationalization of our Management Reforms, 2) Facilitate the “Generation Change” necessary to ensure the sustainability of the Bridgestone Group, including developing a robust succession plan, and 3) Strengthen our ability to take full advantage of the opportunities presented by our participation as a Worldwide Olympic and Paralympic Partner during the Olympic and Paralympic Games Tokyo 2020, including enhancing our global brand reputation. Aiming to move to a higher level, the new structure will steadily promote management reform as a global management team.

I would greatly appreciate our shareholders for their continued support and encouragement in the years ahead.

February 2019
Masaaki Tsuya
Chairman of the Board
CEO and Representative Executive Officer

(Attachment to the Notice of the 100th Annual General Meeting of Shareholders)

Business Report

(January 1, 2018 through December 31, 2018)

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 domestic economy during this fiscal year. However, an unclear situation continued due to the uncertainty of overseas economies. While the U.S. economy remained on a solid recovery path, the European economy sustained a gentle recovery. In Asia, a stalling of the momentum of the recovery of the Chinese economy was cited. Overall, overseas economies continued moderate recovery in the midst of the continued political and economic instability. In addition, tire demand for mining vehicles increased in line with recovering mineral prices.

Under these operating conditions, the Group continued its work to realize the ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu 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 technology, business model, and design, including the development of highly competitive products and services in global markets, as well as building and enhancing its solutions businesses to generate customer value and social value 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 ¥3,650.1 billion in fiscal year 2018, in line with the level in fiscal year 2017, operating income of ¥402.7 billion, a 4% decrease year-on-year, ordinary income of ¥381.1 billion, a 5% decrease year-on-year, and profit attributable to owners of parent of ¥291.6 billion, a 1% increase year-on-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 increased steadily compared to fiscal year 2017, while the unit sales of tires for trucks and buses stayed at a level similar to that of fiscal year 2017. In the Americas, the unit sales of tires for passenger cars and light trucks remained more or less at the level of fiscal year 2017 in the North America tire business, while the unit sales of tires for trucks and buses showed a positive upward trend compared to fiscal year 2017. In Europe, the unit sales of tires for passenger cars and light trucks increased steadily compared to fiscal year 2017, and the unit sales of tires for trucks and buses displayed an upward trend and exceeded the level of fiscal year 2017. In China, Asia, and Oceania, the unit sales of tires for passenger cars, light trucks, and tires for trucks and buses decreased compared to fiscal year 2017. In the specialty tire business, there was a significant increase in the sales of large and ultra-large off-the-road radial tires for construction and mining vehicles compared to fiscal year 2017.

As a result of tire sales as above, net sales in the tires segment during fiscal year 2018 were ¥3,051.4 billion, an increase of 1% from fiscal year 2017, while operating income was ¥393.9 billion, an increase of 2% from fiscal year 2017.

In **the diversified products segment**, the chemical and industrial 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 the “chemical and industrial products” business. Additionally, the Group has made progress with its management reform in the diversified products business overseas, and the sports, cycle, and Active and Healthy Lifestyle (AHL)-related businesses that have undergone organizational restructuring.

As a result, net sales were ¥618.7 billion, a decrease of 1% from fiscal year 2017, while operating income was ¥8.9 billion, a decrease of 72% from fiscal year 2017, due to a decrease in the profit of domestic businesses and Bridgestone Americas Inc. (BSAM)-diversified products.

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)

The Group aims to achieve the corporate mission of "Serving Society with Superior Quality." It conducts R&D activities in accordance with the Mid-Term Management Plan (MTP) to establish a fiercely competitive business on a global basis through innovation in technology and business models, and by strengthening design capabilities that creatively link corporate activities with customers and the society. Moreover, the Group promotes the optimization of its R&D structure on a global basis and proactively cooperates with external parties to further enhance the effectiveness of R&D activities.

The tires segment operates based on the development philosophy of "safety and peace-of-mind" for stakeholders and seeks to create new added value through commitment to the environment, safety, and comfort. The Group developed the world's first polymer called "High Strength Rubber" that is both pliable and strong. This new material opens possibilities for new kinds of tires that offer lighter weight, high durability, long-life, and fuel efficiency, and overturns what has been expected of tires traditionally. This new polymer bonds rubber and resins at the molecular level using Bridgestone

Corporation's (the "Company") proprietary synthetic technology and its features exceed those found in the natural rubber. As a result, the Group believes that this new material will lead to the creation of products that are also environmentally-friendly. In the digitization of a value chain, development of analytics, forecasting, high-precision processing, and sensing technologies using the Company's own information and communication technology (ICT) are in progress in varying fields. These efforts lead to implementation of the "smart factory concept" that will enable the Group to optimize its capabilities and speed and efficiency in providing customers with high-quality tires.

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 infrastructures. For example, these activities include advancements in the commercialization of products, such as the "Smart Siphon" drainage system that contributes to improving the flexibility of water supply equipment placement in buildings and a resin pipe called "Raku-Raku corrugated coated pipe," where its tangle-resistant feature can improve work efficiency at construction sites, with excellent scratch-resistant properties.

In collaboration with external parties, the Group aims to develop strong materials, going beyond the reach of current technologies, while participating in the "Impulsing Paradigm Change through Disruptive Technologies Program (ImPACT)" to develop a hybrid rubber material that enables production of lighter and thinner tires that can achieve fuel efficiency while sustaining high strength. Meanwhile, research efforts continue on the diversification of natural rubber supply and the Group is partnering with the Italian company Versalis S.p.A., to drive R&D activities that lead to commercial production of tires that are made from guayule natural rubber.

Additionally, the Group has reinforced its R&D activities to strengthen the competitiveness of its solutions business to deliver customer value and social value beyond the boundary of existing services. The Company combines technology from both the tire and diversified products domains, along with ICT, and packages them as a new service to our customers. In the fleet solutions business, the Group upgraded the "Tirematics" sold in European markets, which is a real-time monitoring system of air pressure and temperature of truck and bus tires, and released it in the Asia and Oceania regions as well. By operating the "Tirematics" with the Company's digital tool called "Toolbox," which is a digital platform for managing information on tires, it is possible to monitor and analyze the full lifecycle of tires, and thereby contribute to customers' business operations through improving productivity, increasing asset value, and optimizing costs.

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 ¥268.4 billion in fiscal year 2018.

In **the tires segment,** the Group continued with construction of new plants in Thailand for aircraft tires and for off-the-road radial tires for construction and mining vehicles. In addition, the Group shifted its focus to the production of high-value-added products and improvement of product quality and plant productivity at existing plants located primarily in the U.S. and Europe through a capital investment of ¥236.5 billion in fiscal year 2018.

In **the diversified products segment,** the Group made capital investments of ¥31.8 billion in fiscal year 2018, 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 2018, the Group raised funds by using long-term borrowings of ¥15.8 billion and other methods.

At the period-end, the total interest-bearing debt (see note below) was ¥408.4 billion, a decrease of ¥50.5 billion as compared to the previous period-end, primarily due to the effect of long-term debt repayments of ¥44.9 billion.

Note: Interest-bearing debt includes short-term debt, commercial paper, 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 global corporate social responsibility (CSR) structure "Our Way to Serve" are the core of the Group's business and they are supported by newly established global policies, which are the Global Sustainable Procurement Policy, the Global Human Rights Policy, and the 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 our business."

To achieve the goals outlined above, the Group remains firmly committed to the principles of "Lean & Strategic" and "Optimize on a Group and Global basis." In other words, the Group maintains an optimum balance between short-term and mid- to long-term management measures, with a focus on "Lean" in the short-term and "Strategic" in the mid- 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 10%, and ROE 12%;" and "Each SBU: OP 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 group and global consistency, promoting the brand strategy as a part of a fully integrated marketing strategy. In addition to being a Worldwide Olympic Partner, as a Worldwide Paralympic Partner from October 2018, the Group built “Team Bridgestone” in each region and country, embodying the Group’s global Olympic message entitled “Chase Your Dream,” and continued to strengthen the global brand, particularly through the Olympic Winter Games PyeongChang 2018. In addition, the Group implemented some organizational changes and integrated the Olympic and Paralympic related business with the Sports and Cycle business in October 2018 to enhance activities in the Olympics, Paralympics, and AHL areas and reinforce Bridgestone brand globally.

Furthermore, the Group accelerates innovation through the use of ICT and company-wide value chain in an operating environment undergoing significant changes. The Group is striving to optimize global R&D structures and promote innovations in both technologies and business models 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 customer value and social value and ensures 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.

To enhance governance systems, the Group has shifted to the “Company with

Nominating Committee, etc." model of corporate governance in March 2016, to further improve its internal control systems and speed of decision-making. Aiming to evolve both the efficiency and effectiveness of management and business execution, the Group will continue to develop and enhance the global management system, including clarifying authority and responsibility, optimizing allocation of decision-making authority, and reviewing the SBU organization structure, under the lead of the Global EXCO.

To expand the diversified products business, the chemical and industrial 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 the "chemical and industrial products" business. Additionally, the Group is advancing its management reform in the diversified products business overseas, and the sports, cycle, and AHL-related businesses that have undergone organizational restructuring.

The year 2018 marked the 50th anniversary since the Group established the business creed and received the Deming Prize, which was the important turning point for modernizing its operations and management style. It also was the 30th anniversary of the acquisition of the Firestone Tire & Rubber Company, which was a critical leap forward for the globalization of the business. The Group believes that definite progress has been made in pursuing targeted management reform.

In order to step up the efforts on management reform, in January 2019, the Group identified three focal points, (1) continuous efforts to advance management reform, (2) bringing in the next generation of management, and (3) enhancement of preparation efforts for the Olympic and Paralympic Games Tokyo 2020, and transitioned to a new management structure by sophisticating the concept of leaders working as one team. 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."

5. Assets and Operating Results

	Unit	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Net Sales	Yen in millions	3,673,964	3,790,251	3,337,017	3,643,427	3,650,111
Profit Attributable to Owners of Parent	Yen in millions	300,589	284,294	265,550	288,275	291,642
Net Income per Share	Yen	383.84	362.99	339.04	375.67	387.95
Total Assets	Yen in millions	3,960,908	3,795,846	3,716,030	3,959,038	3,863,699

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.

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

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

Company	Location	Capital	Ownership	Primary Operations
Bridgestone do Brasil Industria e Comercio Ltda.	Brazil	BRL in thousands 458,787	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Argentina S.A.I.C.	Argentina	ARS in thousands 201,241	(100.0%) 100.0%	Manufacture and sale of tires
Bridgestone Europe NV/SA	Belgium	EUR in thousands 1,197,120	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 UK Ltd.	United Kingdom	GBP in thousands 18,335	(100.0%) 100.0%	Sale of tires and automotive components
Bridgestone France S.A.S.	France	EUR in thousands 74,090	(100.0%) 100.0%	Manufacture and sale of tires and sale of automotive components
Bridgestone 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

Company	Location	Capital	Ownership	Primary Operations
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
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 of off-the-road tires for mining and construction vehicles
Firestone Polymers, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of synthetic rubber
Firestone Building Products Company, LLC	U.S.	USD in thousands 1	(100.0%) 100.0%	Manufacture and sale of commercial roofing material and other products
Bridgestone Treasury Singapore Pte. Ltd.	Singapore	USD in thousands 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 Offices and Plants

Bridgestone Corporation

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

Technical Center	Kodaira, Tokyo and Totsuka-ku, Yokohama		
Nasu Plant	Nasushiobara, Tochigi	Shimonoseki Plant	Shimonoseki, Yamaguchi
Tochigi Plant	Nasushiobara, Tochigi	Kitakyushu Plant	Wakamatsu-ku, Kitakyushu
Tokyo 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	124,498	271
Diversified products	19,011	569
Total	143,509	840

II. SHARES OF BRIDGESTONE CORPORATION AS OF DECEMBER 31, 2018

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:** 97,604 shareholders
4. **Major Shareholders**

Name of Shareholders	Number of Shares Owned (in thousands)	Percentage Owned
Ishibashi Foundation	76,693	10.20%
The Master Trust Bank of Japan, Ltd. (Trust account)	53,665	7.14%
Japan Trustee Services Bank, Ltd. (Trust account)	38,187	5.08%
Hiroshi Ishibashi	22,000	2.93%
Nippon Life Insurance Company	17,624	2.34%
Nagasaka Corporation	16,325	2.17%
Sumitomo Mitsui Banking Corporation	16,064	2.14%
Japan Trustee Services Bank, Ltd. (Trust account9)	13,165	1.75%
SMBC Nikko Securities Inc.	12,988	1.73%
Japan Trustee Services Bank, Ltd. (Trust account5)	12,061	1.60%

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

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)	18,000 common stocks	¥1,264 (Note)	¥1	May 1, 2009, to Apr. 30, 2029	180 units 5 persons
The 8th Stock Acquisition Rights (Mar. 30, 2010)	24,000 common stocks	¥1,400 (Note)	¥1	May 6, 2010, to Apr. 30, 2030	240 units 5 persons
The 9th Stock Acquisition Rights (Mar. 29, 2011)	29,000 common stocks	¥1,656 (Note)	¥1	May 2, 2011, to Apr. 30, 2031	290 units 6 persons
The 10th Stock Acquisition Rights (Mar. 27, 2012)	54,000 common stocks	¥1,648 (Note)	¥1	May 1, 2012, to Apr. 30, 2032	540 units 6 persons
The 11th Stock Acquisition Rights (Mar. 26, 2013)	66,000 common stocks	¥3,313 (Note)	¥1	May 1, 2013, to Apr. 30, 2033	660 units 6 persons
The 12th Stock Acquisition Rights (Mar. 25, 2014)	42,900 common stocks	¥3,153 (Note)	¥1	May 1, 2014, to Apr. 30, 2034	429 units 8 persons
The 13th Stock Acquisition Rights (Mar. 24, 2015)	38,300 common stocks	¥4,099 (Note)	¥1	May 1, 2015, to Apr. 30, 2035	383 units 8 persons

The 14th Stock Acquisition Rights (Apr. 21, 2016)	59,700 common stocks	¥2,884 (Note)	¥1	May 7, 2016, to May 6, 2036	597 units 7 persons
The 15th Stock Acquisition Rights Plan A (Apr. 27, 2017)	51,800 common stocks	¥3,577 (Note)	¥1	May 13, 2017, to May 12, 2037	518 units 6 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	—
Kazuhisa Nishigai	Member of the Board	—
Narumi Zaitsu	Member of the Board Member of the Audit Committee (full-time)	—
Kenichi Togami	Member of the Board Member of the Audit Committee (full-time)	—
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 Sompo 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 of Financial and Economic Initiative
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)

Name	Position and assignment	Important concurrent positions
Yojiro Shiba	Member of the Board (Outside Director) Member of the Audit Committee	Director, 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 Auditor of Ito-Yokado Co., Ltd.

Note 1: Positions, assignments and important concurrent positions, etc. are as of December 31, 2018.

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. Kenichi Togami 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 Members of the Board Mr. Narumi Zaitsu and Mr. Kenichi Togami as full-time Members 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 as full-time Members of the Audit Committee who are well versed in the Company's internal organization and business execution as well as those who possess expertise in industry-specific fields.

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, Mr. Narumi Zaitsu, and Mr. Kenichi Togami 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
Kazuhisa Nishigai	Representative Executive Officer	COO Concurrently Chief Technology Officer Responsible for Technology
Shuichi Ishibashi	Executive Vice President and Executive Officer	Chief Quality Management Officer Responsible for Quality Management; Concurrently responsible for Global Original Equipment and Global Business Strategy; Concurrently responsible for Global Solutions Business and Diversified Products; Concurrently responsible for Global Solutions Business
Akihiro Eto	Executive Vice President and Executive Officer	Responsible for Japan Tire SBU; Concurrently responsible for Group Strategy Planning; Concurrently Chief Financial Officer Finance
Asahiko Nishiyama	Executive Vice President and Executive Officer	Responsible for Olympics・Paralympics, Sports・Cycle & Active Healthy Lifestyle; Concurrently Chairman of Bridgestone Sports Co., Ltd.; Concurrently Chairman of Bridgestone Cycle Co., Ltd.
Gordon Knapp	Senior Vice President and Executive Officer	Member of the Board, CEO, and President of Bridgestone Americas, Inc.
Paolo Ferrari	Senior Vice President and Executive Officer	Member of the Board, CEO, and President of Bridgestone Europe NV/SA Chairman of Bridgestone Americas, Inc.

Note 1: Positions, assignments and important concurrent positions, etc., are as of December 31, 2018.

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

Note 3: Mr. Kazuhisa Nishigai resigned from a Representative Executive Officer and an Executive Officer position on December 31, 2018.

Note 4: On January 1, 2019, the Executive Vice President Mr. Akihiro Eto was appointed as the President, COO and Representative Executive Officer, Executive Vice President Mr. Shuichi Ishibashi was appointed as the Vice Chair and Representative Executive Officer, the Senior Vice President and Executive Officer Mr. Gordon Knapp was appointed as the Vice Chair and Executive Officer, and the Senior Vice President and Executive Officer Mr. Paolo Ferrari was appointed as the Executive Vice President and Executive Officer.

Note 5: Mr. Asahiko Nishiyama resigned from an Executive Officer position on February 15, 2019.

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		228	13
	(of which Outside Directors)	130	9
Executive Officer		577	7
Total		805	20

Note: The figures above include remuneration paid to one Member of the Board and four Executive Officers who resigned during the current period.

(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

Remuneration setting

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.

Note: The Company has discontinued stock-compensation-type stock options in March 2018 and has newly initiated PSU. The Company expects that initiating the PSU, in which the number of stocks issued as remuneration varies depending on the Company’s performance, contributes to incentivizing and motivating Members of the Board and Executive Officers who are authorized to perform business operations to achieve mid-term goals and improve long-term corporate values. The PSU would also contribute to sharing risk and reward of the change in stock price with shareholders by Members of the Board and Executive Officers holding shares while being in their posts. The PSU is the plan for Members of the Board and Executive Officers who are authorized to perform business operations, and its remuneration payout ratio varies from 0% to 200% based on achievement of the Company’s targeted consolidated return on equity (ROE) and operating profit. The Company’s policy takes income taxes to be paid by the Members of the Board under the PSU scheme into consideration and therefore, remuneration is paid in the form of the

Company's stocks (50%) and cash (50%). The Compensation Committee deliberates and determines the consolidated ROE and operating profit targets.

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%–38%	26%–31%

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 setting 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: 93% (14 out of 15 meetings) Nominating Committee: 95% (19 out of 20 meetings) Compensation Committee: 86% (12 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: 93% (14 out of 15 meetings) Nominating Committee: 100% (20 out of 20 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% (18 out of 18 meetings) Audit Committee: 100% (4 out of 4 meetings) Compensation Committee: 100% (11 out of 11 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.

Positions	Names	Attendance at meetings	Primary activities
Member of the Board	Kenzo Yamamoto	Board of Directors: 100% (15 out of 15 meetings) Audit 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 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.
Member of the Board	Keikou Terui	Board of Directors: 93% (14 out of 15 meetings) Nominating Committee: 100% (2 out of 2 meetings) Audit Committee: 100% (10 out of 10 meetings) Compensation Committee: 100% (3 out of 3 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% (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 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% (11 out of 11 meetings) Audit Committee: 100% (10 out of 10 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.

Positions	Names	Attendance at meetings	Primary activities
Member of the Board	Yoko Suzuki	Board of Directors: 100% (11 out of 11 meetings) Audit Committee: 100% (10 out of 10 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.

Note 1: Mr. Kenichi Masuda was a member of the Audit Committee until March 23, 2018, and appointed as a member of the Nominating Committee and the Compensation Committee on the same date. As such, the total number of meetings to attend is different from that of other Outside Directors.

Note 2: Mr. Keikou Terui was a member of the Nominating Committee and the Compensation Committee until March 23, 2018, and appointed as a member of the Audit Committee on the same date. As such, the total number of meetings to attend is different from that of other Outside Directors.

Note 3: Mr. Yojiro Shiba and Ms. Yoko Suzuki were newly elected as members of the Board at the 99th Annual Shareholders' Meeting held on March 23, 2018, and appointed as members of the Audit Committee on the same date. As such, the total number of meetings to attend is different from that of other Outside Directors.

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 Bridgestone Corporation to the independent auditors	¥295 million
(of which amount of compensation for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act)	¥176 million
Total amount of compensation to be paid by Bridgestone Corporation and its subsidiaries to the independent auditors	¥511 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 Officer and oversee the implementation work.

Operational status for the year ended December 31, 2018

・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 Officer 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 ended December 31, 2018

・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 ended December 31, 2018

・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 ended December 31, 2018

・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 ended December 31, 2018
・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 ended December 31, 2018
・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 Officer reports 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 ended December 31, 2018
・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 ended December 31, 2018 ・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 ended December 31, 2018

- 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. In particular, the activities included establishing the "Bridgestone Code of Conduct" as the code of conduct to be applied by the Group globally. 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 Officer 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 Officer 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 2018, the 2017 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 antisocial forces, and systems for J-SOX Act compliance are developed and implemented within each subsidiary.

Operational status for the year ended December 31, 2018

- 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 individually by taking the business activities of each group company and the level of governance maturity into consideration.
- A framework for reporting to the Company
  The Company stipulates a framework for reporting necessary information related to the status of business operations within a group company to the Representative Executive Officer 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 Officer to report on matters at the Board of Directors' meeting, 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 of internal audits performed at group companies in Japan and overseas, and where necessary, shares information with the Internal Audit Department of each group company.
- Risk management systems, compliance systems, systems against antisocial forces, and systems for J-SOX Act compliance within each subsidiary
  As mentioned in 3(4) above, the Company develops and implements necessary systems, including systems to be implemented at group companies.

Consolidated Balance Sheet

	Current Year (As of December 31, 2018)	Previous Year (As of December 31, 2017) (for reference)
	Yen in millions	Yen in millions
(Assets)		
Current Assets:		
Cash and deposits	440,378	511,895
Notes and accounts receivable	601,417	503,412
Short-term investments	153,853	221,680
Merchandise and finished products	407,608	397,253
Work in process	37,904	36,787
Raw materials and supplies	171,720	156,142
Deferred tax assets	55,973	59,854
Other	121,286	117,071
Allowance for doubtful accounts	(21,729)	(17,062)
Total Current Assets	**1,968,413**	**1,987,036**
Fixed Assets:		
Tangible fixed assets		
Buildings and structures	550,399	555,770
Machinery, equipment and vehicles	491,035	517,639
Land	167,742	163,452
Construction in progress	171,980	146,160
Other	87,213	90,023
Total tangible fixed assets	**1,468,371**	**1,473,046**
Intangible fixed assets		
Goodwill	41,381	43,781
Other	60,072	61,248
Total intangible fixed assets	**101,454**	**105,029**
Investments and other assets		
Investments in securities	219,970	278,802
Long-term loans receivable	11,465	6,141
Deferred tax assets	33,154	40,578
Net defined benefit asset	371	1,345
Other	62,022	68,649
Allowance for doubtful accounts	(1,524)	(1,591)
Total investments and other assets	**325,459**	**393,925**
Total Fixed Assets	**1,895,285**	**1,972,002**
Total	**3,863,699**	**3,959,038**

	Current Year (As of December 31, 2018)	Previous Year (As of December 31, 2017) (for reference)
	Yen in millions	Yen in millions
(Liabilities)		
Current Liabilities:		
Notes and accounts payable	233,970	232,698
Short-term borrowings	100,627	124,606
Commercial paper	20,955	-
Current portion of bonds	70,000	20,000
Lease obligations	1,686	14,117
Income taxes payable	15,073	66,453
Deferred tax liabilities	3,886	4,817
Provision for sales returns	3,531	3,603
Provision for reorganization of R&D and manufacturing base	4,333	-
Accounts payable - other	182,204	169,144
Accrued expenses	210,734	223,777
Other	44,001	51,328
Total Current Liabilities	**891,006**	**910,545**
Long-term Liabilities:		
Bonds	150,000	220,000
Long-term borrowings	38,041	51,728
Lease obligations	27,182	28,576
Deferred tax liabilities	47,265	53,344
Warranty reserve	28,759	28,419
Provision for environmental remediation	1,511	1,696
Provision for reorganization of R&D and manufacturing base	-	8,322
Net defined benefit liability	196,005	202,864
Other	47,765	50,803
Total Long-term Liabilities	**536,530**	**645,754**
Total Liabilities	**1,427,537**	**1,556,300**
(Net Assets)		
Shareholders' equity:		
Common stock	126,354	126,354
Capital surplus	121,997	122,984
Retained earnings	2,362,736	2,342,822
Treasury stock - at cost	(32,648)	(206,052)
Total Shareholders’ Equity	**2,578,440**	**2,386,108**
Accumulated other comprehensive income:		
Net unrealized gain (loss) on available-for-sale securities	108,888	176,686
Deferred gain (loss) on derivative instruments	1,730	(55)
Foreign currency translation adjustments	(174,850)	(93,479)
Remeasurements of defined benefit plans	(135,696)	(127,112)
Total accumulated other comprehensive income	**(199,928)**	**(43,960)**
Stock acquisition rights	**3,452**	**3,629**
Non-controlling Interests	**54,198**	**56,961**
Total Net Assets	**2,436,162**	**2,402,738**
Total	**3,863,699**	**3,959,038**

Consolidated Statement of Income

	Current Year (Year ended December 31, 2018)		Previous Year (Year ended December 31, 2017) (for reference)	
	Yen in millions		Yen in millions	
Net Sales		**3,650,111**		**3,643,427**
Cost of Sales		**2,268,743**		**2,262,589**
Gross Profit		**1,381,367**		**1,380,838**
Selling, General and Administrative Expenses		**978,635**		**961,791**
Operating Income		**402,732**		**419,047**
Non-operating Income				
Interest income	4,453		6,336	
Dividend income	7,402		7,803	
Settlement received	3,853		—	
Other	14,703	**30,413**	15,225	**29,366**
Non-operating Expenses				
Interest expense	12,810		12,104	
Foreign currency exchange loss	7,041		8,508	
Other	32,160	**52,012**	27,236	**47,849**
Ordinary Income		**381,132**		**400,564**
Extraordinary Income				
Gain on sales of investment securities	16,237		28,595	
Gain on sales of shares of subsidiaries and associates	—		10,616	
Gain on establishment in jointly controlled entity	30,398	**46,635**	—	**39,211**
Extraordinary Loss				
Impairment loss	—		10,122	
Expenses related to relocation of head office of Americas' operations	—		4,745	
Loss related to civil litigation in the Americas	—		4,484	**19,353**
Income before Income Taxes and Non-controlling Interests		**427,768**		**420,422**
Income taxes – current		110,438		124,708
Income taxes – deferred		17,579		(1,702)
Income before Non-controlling Interests		**299,750**		**297,416**
Profit attributable to non-controlling interests		8,108		9,140
Profit Attributable to Owners of the Parent		291,642		288,275

Consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2018) (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	Remeasure-ments of defined benefit plans		
Beginning Balance	**126,354**	**122,984**	**2,342,822**	**(206,052)**	**2,386,108**	**176,686**	**(55)**	**(93,479)**	**(127,112)**	**3,629**	**56,961**
Cumulative effects of changes in accounting policies			20,879		20,879				(20,879)		
Restated Balance	126,354	122,984	2,363,701	(206,052)	2,406,987	176,686	(55)	(93,479)	(147,991)	3,629	56,961
(Changes in the year)											
Cash dividends			(120,278)		(120,278)						
Profit attributable to owners of the parent			291,642		291,642						
Purchase of treasury stock				(8)	(8)						
Disposal of treasury stock			(108)	285	177						
Cancellation of treasury stock		(905)	(172,220)	173,126	–						
Capital increase of consolidated subsidiaries		(80)			(80)						
Net change in the year						(67,798)	1,786	(81,370)	12,294	(177)	(2,763)
Total Changes in the Year	**–**	**(986)**	**(964)**	**173,403**	**171,452**	**(67,798)**	**1,786**	**(81,370)**	**12,294**	**(177)**	**(2,763)**
Ending 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**

Notes to Consolidated Financial Statements

(Basic important matters for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 285 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 UK LTD.
・BRIDGESTONE FRANCE S.A.S.
・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: 10 companies (mainly, increased by acquisition)
Deletions: 13 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: 146 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: 3 companies (mainly, 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.

(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

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

c) Provision for reorganization of R&D and manufacturing base

In order to reserve for outlays related to reorganization of R&D and manufacturing base, the estimated amount of future obligations 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. Designation accounting is used for forward foreign exchange and foreign currency swaps that meet the requirements for designation accounting, and exceptional accounting is used for interest rate swaps that meet the requirements for exceptional accounting.

b) Hedging instrument and items covered

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

c) Hedging policy

Forward foreign exchange transactions are used only to cover actual foreign exchange needs, and foreign exchange swaps are made to match the principal amount and term of the hedged foreign currency-denominated obligation. Interest rate swaps are entered into for the amount of borrowings only. Commodity swaps are entered into for the trade amount of raw materials. It is the 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. However, for items covered by designation or exceptional accounting, the validity of the hedge is not evaluated.

(9) Amortization of goodwill

Goodwill is amortized using the straight-line method over the period for which it is deemed to have effect, but not 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 Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income)

Certain overseas subsidiaries have early adopted ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (revised on February 14, 2018)" from the beginning of fiscal 2018.

Changes in deferred tax assets and deferred tax liabilities resulting from change in tax rate following the enactment of the “Tax Cuts and Jobs Act” by the U.S. federal government on December 22, 2017 were included in the accumulated consolidated net profit of the previous fiscal year. On the other hand, changes in tax effects above recognized through accumulated other comprehensive income were stranded in accumulated other comprehensive income in the previous fiscal year. Due to the adoption of "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income", subsidiaries reclassified stranded tax effects resulting from change in tax rate above from accumulated other comprehensive income to retained earnings. In accordance with the transitional treatment prescribed in this accounting policy, reclassification was made at the beginning of fiscal 2018.

As a result, retained earnings increased by ¥20,879 million and remeasurements of defined benefit plans decreased by ¥20,879 million at the beginning of fiscal 2018. This change in accounting policy has no effect on the consolidated statement of income for the fiscal 2018.

(Notes to the consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets 2,763,293 million yen

2. Assets provided as collateral and collateralized debt obligations

   Assets pledged as collateral (Tangible fixed assets and others) 495 million yen

   There are no obligations corresponding to the preceding.

3. Balance of trade notes (without letter of credit) discounted 324 million yen

(Notes to the consolidated statement of income)

Gain on establishment in jointly controlled entity

BRIDGESTONE AMERICAS, INC. formed TIREHUB, LLC (equity-method affiliate) with THE GOODYEAR TIRE & RUBBER COMPANY by contribution in kind for operating wholesale distribution in the U.S. in July 2018. Based on "Generally Accepted Accounting Principles (US GAAP)", the Group accounted for gain as the amount of difference between the amount of investment and the fair value amount of share acquisition.

(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, 2018	Number of increase	Number of decrease	As of December 31, 2018
Shares issued Common stock (Thousands of shares) (see Note 1)	813,102	—	51,565	761,536
Treasury stock Common stock (Thousands of shares) (see Notes 2 and 3)	61,375	1	51,650	9,726

Note 1: The decrease of shares issued consists of the cancellation of treasury stock of 51,565 thousand shares pursuant to the resolution at the meetings of the Board of Directors.

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

Note 3: The decrease of treasury stock consists of the cancellation of treasury stock of 51,565 thousand shares pursuant to the resolution at the meetings of the Board of Directors and the exercise of stock option rights of 85 thousand shares.

2. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (Yen in millions)	Dividend per share (Yen)	Record date	Effective date
Annual Shareholders' Meeting, March 23, 2018	Common Stock	60,138	80	December 31, 2017	March 26, 2018
Board of Directors' Meeting, August 9, 2018	Common Stock	60,139	80	June 30, 2018	September 3, 2018

(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 22, 2019	Common Stock	60,145	Retained earnings	80	December 31, 2018	March 25, 2019

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: 1,245,600 shares

(Notes to financial instruments)

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

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

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

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

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

Derivative transactions consist of the use of foreign currency forward contracts and currency option contracts for the purpose of hedging foreign currency exchange fluctuation risk on receivables, payables, and forecasted transactions in foreign currencies; currency swap contracts for the purpose of hedging foreign currency exchange fluctuation risk and interest rate fluctuation risk on loans 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 Companies regularly monitor the financial position of significant customers and manage the due dates and the receivables balance of each customer to minimize the risk of defaults resulting from deterioration of a customer's financial position.

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

The maximum credit risk as of December 31, 2018, 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, 2018, are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table (see Note 2):

	Carrying amounts of consolidated balance sheet	Fair value	Difference
	Yen in millions	Yen in millions	Yen in millions
(1) Cash and deposits	440,378	440,378	—
(2) Notes and accounts receivable	601,417		
Allowance for doubtful accounts (*1)	(21,729)		
	579,688	579,688	—
(3) Marketable and investment securities	321,716	321,716	—
Total Assets	1,341,783	1,341,783	—
(1) Notes and accounts payable	233,970	233,970	—
(2) Short-term borrowings	100,627	100,627	—
(3) Accounts payable - other	182,204	182,204	—
(4) Bonds	220,000	220,616	(616)
Total Liabilities	736,802	737,418	(616)
Derivative transactions (*2)	4,731	4,731	—

(*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. In addition, the fair value of certificates of deposit approximates book value because of their short-term maturity.

Liabilities

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

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

(4) 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.

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	47,838
Available-for-sale securities	
Unlisted equity securities	4,268

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	3,163.71 yen
Net income per share	387.95 yen

(Notes to significant subsequent events)

1. Acquisition of treasury stock

The Company resolved to acquire treasury stock at the Board of Directors' meeting held on February 15, 2019 pursuant to the provision of Article 156 of the Companies Act of Japan, as applied pursuant to provisions of Paragraph 3 of Article 165 of the Companies Act of Japan.

(1) Reason for acquisition of treasury stock	To enhance enterprise value by improving capital efficiency
(2) Types of shares to acquire	Common shares of the Company
(3) Total number of shares to be acquired	Up to 57 million shares (7.6% of the total number of issued shares, excluding the treasury stock)
(4) Total acquisition cost	Up to ¥200 billion
(5) Acquisition method	a) Off-exchange purchases of treasury stocks using the trading system (ToSTNeT-3) of the Tokyo Stock Exchange. b) Market purchase on the basis of discretionary trading pertaining to acquisition of treasury stock
(6) Acquisition timing	From February 18, 2019 to December 23, 2019

2. Cancellation of treasury stock

The Company resolved to cancel treasury stock at the Board of Directors' meeting held on February 15, 2019 pursuant to the provision of Article 178 of the Companies Act of Japan.

(1) Types of shares to cancel	Common shares of the Company
(2) Total number of shares to be canceled	All treasury stock repurchased in "1. Acquisition of treasury stock" above
(3) Scheduled effective date of cancellation	January 21, 2020

3. Issuance of bonds

The Company decided to issue domestic unsecured straight bonds based on the comprehensive resolution made on February 15, 2019.

(1) Total amount of issue	Maximum of ¥200 billion Multiple offerings are allowed within this threshold.
(2) Scheduled issuance period	From February 15, 2019 to December 31, 2019
(3) Issue price	¥100 or more per ¥100 of each bond
(4) Coupon rate	Coupon rate is set at the rate of, or lower than the yield on, the Japanese Government Bonds with the same maturity as that of the bond to be issued, plus 1.0%.
(5) Maturity	Up to 10 years
(6) Redemption method	Redeemed in full upon maturity
(7) Use of proceeds	Capital expenditures, capital investments, and funds for the repurchase of treasury stock

4. Share acquisition of the company

On January 22, 2019, Bridgestone Corporation ("Bridgestone") announced that its subsidiary in EMEA, Bridgestone Europe NV/SA, entered into an agreement with TomTom NV ("TomTom") to acquire TomTom Telematics BV, its digital fleet solutions business, for a cash consideration of €910 million. The transaction is anticipated to be completed by the second quarter of 2019 at the latest, subject to satisfaction of customary closing conditions, including applicable regulatory approvals.

TomTom is the number one provider of digital fleet solutions in Europe, a marketplace highly diverse in legal, commercial, and cultural requirements.
TomTom's digital fleet solutions offer an industry-leading data platform for connected vehicles, enabling safer driving, improved productivity and optimized uptime for personal and commercial mobility through recording and transmission of driving data. Combining this digital fleet solution with Bridgestone's tire expertise and global service network not only provides new value to customers and society, but also creates an opportunity that accelerates the Company's effort to become a key partner in the Mobility as a Service landscape.

In addition to reinforcing Bridgestone's broad and leading portfolio, this strategic investment will also strengthen its position as an innovative leader in the field of tire design and tire predictive maintenance service. Bridgestone will gain unprecedented insights into vehicle and tire operating conditions and be able to leverage a growing installed user base of 860,000 vehicles.

About TomTom:
(1) Company name: TomTom N. V.
(2) Location: Amsterdam (The Netherlands)
(3) CEO: Harold Goddijn
(4) Common stock: €47 million (As of the end of fiscal 2017)
(5) TomTom Telematics B. V.'s sales: Approximately €162 million (Fiscal 2017)

Consolidated Statement of Cash Flows (for reference)

	Current Year (Year ended December 31, 2018)	Previous Year (Year ended December 31, 2017)
	Yen in millions	Yen in millions
Cash Flows from Operating Activities		
Income before income taxes and non-controlling interests	427,768	420,422
Depreciation and amortization	200,476	200,377
Amortization of goodwill	4,559	4,560
Increase (decrease) in allowance for doubtful accounts	5,774	249
Increase (decrease) in net defined benefit liability	6,562	1,192
Interest and dividend income	(11,855)	(14,140)
Interest expense	12,810	12,104
Foreign currency exchange loss (gain)	3,332	3,982
Settlement received	(3,853)	—
Loss (gain) on sales of investments in securities	(16,237)	(28,595)
Loss (gain) on sales of shares of subsidiaries and associates	—	(10,616)
Gain on establishment in jointly controlled entity	(30,398)	—
Impairment loss	—	10,122
Expenses related to relocation of head office of Americas' operations	—	4,745
Loss related to civil litigation in the Americas	—	4,484
Decrease (increase) in notes and accounts receivable	(57,384)	(93,946)
Decrease (increase) in inventories	(55,837)	(26,123)
Increase (decrease) in notes and accounts payable	15,322	35,096
Other	301	(31,260)
Subtotal	**501,340**	**492,657**
Interest and dividends received	11,805	14,115
Interest paid	(12,328)	(12,078)
Settlement package received	3,853	—
Payments related to relocation of head office of Americas' operations	—	(4,786)
Payments related to civil litigation in the Americas	—	(4,546)
Income taxes paid	(143,715)	(67,252)
Net Cash Provided by Operating Activities	**360,955**	**418,109**
Cash Flows from Investing Activities		
Payments for purchase of tangible fixed assets	(257,548)	(198,259)
Proceeds from sales of tangible fixed assets	8,234	8,628
Payments for purchase of intangible assets	(5,753)	(6,295)
Payments for purchase of investments in securities	(2,867)	(4,841)
Proceeds from sales of investments in securities	20,524	31,831
Payments of long-term loans receivable	(5,667)	(2,394)
Other	16	(29,447)
Net Cash Used in Investing Activities	**(243,061)**	**(200,777)**
Cash Flows from Financing Activities		
Net increase (decrease) in short-term borrowings and commercial paper	24,347	25,607
Proceeds from long-term borrowings	15,823	37,164
Repayments of long-term borrowings	(44,955)	(131,848)
Proceeds from issuance of bonds	—	150,000
Payments for redemption of bonds	(20,000)	—
Payments of obligations under finance leases	(5,318)	(1,292)
Cash dividends paid	(120,234)	(108,654)
Cash dividends paid to non-controlling interests	(9,035)	(11,015)
Other	277	(150,030)
Net Cash Used in Financing Activities	**(159,094)**	**(190,069)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(26,680)**	**2,794**
Net Increase (Decrease) in Cash and Cash Equivalents	**(67,881)**	**30,056**
Cash and Cash Equivalents at Beginning of Year	**501,797**	**471,741**
Cash and Cash Equivalents at End of Year	**433,916**	**501,797**

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	440,378	million yen
Short-term investments	153,853	
Total	594,232	
Time deposits, bonds, etc., with terms of more than three months	(160,316)	
Cash and cash equivalents —Consolidated Statement of Cash Flows	433,916	

Non-consolidated Balance Sheet

	Current Year (As of December 31, 2018)	Previous Year (As of December 31, 2017) (for reference)
	Yen in millions	Yen in millions
(Assets)		
Current Assets:		
Cash and deposits	203,940	218,685
Trade notes receivable	676	919
Trade accounts receivable	298,084	290,802
Short-term investments	10,000	10,000
Merchandise and finished products	36,244	32,315
Work in process	6,675	6,792
Raw materials and supplies	23,252	20,016
Deferred tax assets	11,528	11,996
Short-term loans for subsidiaries and affiliates	65,641	45,320
Accounts receivable-other	23,986	17,742
Other	10,018	7,487
Allowance for doubtful accounts	(10,101)	(41)
Total Current Assets	**679,947**	**662,037**
Fixed Assets:		
Tangible fixed assets		
Buildings	82,378	83,545
Structures	6,797	6,834
Machinery and equipment	43,926	41,380
Vehicles and carriers	1,392	1,103
Tools, furniture and fixtures	12,975	10,643
Land	63,085	63,094
Construction in progress	29,316	22,948
Total tangible fixed assets	**239,871**	**229,549**
Intangible fixed assets	**6,296**	**4,820**
Investments and other assets		
Investments in securities	164,015	248,918
Investments in subsidiaries and affiliates	800,980	727,624
Investments in subsidiaries and affiliates, other than stock	62,588	131,568
Long-term loans for subsidiaries and affiliates	31,046	53,700
Other	4,698	4,734
Allowance for doubtful accounts	(6)	(9,258)
Total investments and other assets	**1,063,324**	**1,157,288**
Total Fixed Assets	**1,309,492**	**1,391,658**
Total	**1,989,439**	**2,053,696**

	Current Year (As of December 31, 2018)	Previous Year (As of December 31, 2017) (for reference)
	Yen in millions	Yen in millions
(Liabilities)		
Current Liabilities:		
Trade accounts payable	116,024	95,999
Current portion of bonds	70,000	20,000
Short-term loans payable to subsidiaries and associates	22,479	22,884
Current portion of long-term loans payable to subsidiaries and associates	499	762
Lease obligations	88	170
Accounts payable - other	71,440	63,933
Accrued expenses	29,705	29,068
Income taxes payable	1,389	53,581
Deposits received	6,137	5,801
Provision for reorganization of R&D and manufacturing base	4,333	—
Other	3,394	4,661
Total Current Liabilities	**325,492**	**296,863**
Long-Term Liabilities:		
Bonds	150,000	220,000
Long-term loans payable to subsidiaries and associates	1,687	2,225
Lease obligations	84	155
Deferred tax liabilities	12,728	27,717
Accrued pension and liability for retirement benefits	52,129	49,749
Provision for environmental remediation	1,451	1,588
Provision for reorganization of R&D and manufacturing base	—	8,322
Asset retirement obligation	2,680	2,219
Other	676	3,120
Total Long-Term Liabilities	**221,438**	**315,099**
Total Liabilities	**546,930**	**611,962**
(Net Assets)		
Shareholders' Equity:		
Common stock	**126,354**	**126,354**
Capital surplus		
Capital reserve	122,078	122,078
Other capital surplus	—	905
Total capital surplus	**122,078**	**122,984**
Retained earnings		
Legal reserve	31,278	31,278
Other retained earnings		
Reserve for special depreciation	5	13
Reserve for advanced depreciation of fixed assets	23,231	23,475
General reserve	989,310	989,310
Unappropriated retained earnings	98,480	214,765
Total retained earnings	**1,142,306**	**1,258,844**
Treasury stock - at cost	**(32,647)**	**(206,051)**
Total Shareholders' Equity	**1,358,092**	**1,302,131**
Net unrealized gain (loss) and translation adjustments:		
Net unrealized gain (loss) on available-for-sale securities	80,581	136,109
Deferred gain (loss) on derivative instruments	382	(137)
Total net unrealized gain (loss) and translation adjustments	**80,964**	**135,971**
Stock acquisition rights	**3,452**	**3,629**
Total Net Assets	**1,442,509**	**1,441,733**
Total	**1,989,439**	**2,053,696**

Non-consolidated Statement of Income

	Current Year (Year ended December 31, 2018)		Previous Year (Year ended December 31, 2017) (for reference)	
	Yen in millions		Yen in millions	
Net Sales		**889,413**		**858,081**
Cost of Sales		**554,958**		**534,882**
Gross Profit		**334,454**		**323,199**
Selling, General and Administrative Expenses		**199,183**		**184,877**
Operating income		**135,270**		**138,322**
Non-operating Income				
Interest income	2,667		4,152	
Dividend income	86,115		120,169	
Other	8,427	**97,210**	5,241	**129,562**
Non-operating Expenses				
Interest expense	1,086		952	
Impairment loss	1,673		1,164	
Foreign currency exchange loss	3,527		5,744	
Other	7,242	**13,529**	10,151	**18,013**
Ordinary Income		**218,951**		**249,871**
Extraordinary Income				
Gain on sales of investments in securities	—	**—**	13,008	**13,008**
Extraordinary Loss				
Loss on business of subsidiaries and affiliates	5,460		7,995	
Loss related to civil litigation in the Americas	—	**5,460**	4,484	**12,480**
Income before Income Taxes		**213,490**		**250,400**
Income taxes - current		35,666		72,072
Income taxes - deferred		1,755		(1,867)
Net Income		**176,069**		**180,194**

Non-consolidated Statement of Changes in Equity

Current Year (Year ended December 31, 2018) (Yen in millions)

	Shareholders' equity										Net unrealized gain (loss) and translation adjustments		
		Capital surplus		Retained earnings									
					Other retained earnings								
	Common stock	Capital reserve	Other capital surplus	Legal reserve	Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	General reserve	Unappropriated retained earnings	Treasury stock	Total	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Stock acquisition rights
Beginning Balance	**126,354**	**122,078**	**905**	**31,278**	**13**	**23,475**	**989,310**	**214,765**	**(206,051)**	**1,302,131**	**136,109**	**(137)**	**3,629**
(Changes in the year)													
Cash dividends								(120,278)		(120,278)			
Reversal of reserve for special depreciation					(8)			8		―			
Reversal of reserve for advanced depreciation of fixed assets						(243)		243		―			
Net income for the year								176,069		176,069			
Purchase of treasury stock									(8)	(8)			
Disposal of treasury stock								(108)	285	177			
Cancellation of the treasury stock			(905)					(172,220)	173,126	―			
Net change in the year											(55,527)	520	(177)
Total Changes in the Year	**―**	**―**	**(905)**	**―**	**(8)**	**(243)**	**―**	**(116,285)**	**173,403**	**55,960**	**(55,527)**	**520**	**(177)**
Ending Balance	**126,354**	**122,078**	**―**	**31,278**	**5**	**23,231**	**989,310**	**98,480**	**(32,647)**	**1,358,092**	**80,581**	**382**	**3,452**

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation policies and methods for assets

(1) Valuation policies and methods for investments in securities

Investments in subsidiaries and affiliates — the moving-average cost method

Available-for-sale securities

With market value — Fair value based on the market price, etc., at the fiscal year end (unrealized gain and loss, net of tax are recorded in net assets, and the moving-average method is used to calculate the cost of securities sold.)

Without market value — Primarily the moving-average cost method.

(2) Valuation policies and methods for derivatives

Fair value

(3) Valuation policies and methods for inventories

Inventories are principally stated at 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) Provision for reorganization of R&D and manufacturing base

In order to reserve for outlays related to reorganization of R&D and manufacturing base, the estimated amount of future obligations is recorded.

(3) Accrued pension and liability for retirement benefits

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

a) Method of attributing projected benefits to periods

Projected 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.

(4) Provision for environmental remediation

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

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

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

5. Hedge accounting

(1) Hedge accounting method

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

(2) Hedging instruments and items covered

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

(3) Hedging policy

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

(4) Method for evaluating the effectiveness of hedges

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

6. Accounting treatment of consumption tax

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

(Changes in presentations)

Non-consolidated Statement of Income

"Impairment loss" of ¥1,164 million was included in "Other" under "Non-operating Expenses" in the previous fiscal year. However, it increased in financial materiality and is presented as a separate line item in the current fiscal year. "Dismantlement expenses," which was presented on a separate line under "Non-operating Expenses" in the previous fiscal year, has been included in "Other" in the current fiscal year due to its decreased financial materiality. The balance of "Dismantlement expenses" amounted to ¥1,176 million in the current fiscal year.

(Notes to the non-consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets 1,027,231 million yen

2. Guarantees

Guarantees on commercial papers issued by BRIDGESTONE EUROPE NV/SA	20,955 million yen

Guarantees on borrowings and trade accounts payable of BRIDGESTONE HUIZHOU SYNTHETIC RUBBER CO., LTD.	1,098 million yen
Guarantees on bank borrowings of employees in consolidated subsidiary (mortgages), etc.	35 million yen
Total	22,089 million yen

3. Balance of trade notes (without letter of credit) discounted 292 million yen

4. Short-term monetary receivables from subsidiaries and affiliates 314,955 million yen
Long-term monetary receivables from subsidiaries and affiliates 31,046 million yen
Short-term monetary payables to subsidiaries and affiliates 107,716 million yen
Long-term monetary payables to subsidiaries and affiliates 1,687 million yen

(Notes to the non-consolidated statement of income)

1. Transactions with subsidiaries and affiliates

Sales	648,674 million yen
Purchases, etc.	253,257 million yen
Transactions other than operating transactions	110,228 million yen

2. 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, 2018	Number of increase	Number of decrease	As of December 31, 2018
Common stock (Thousands of shares)	61,372	1	51,650	9,723

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

2: The decrease of treasury stock consists of the cancellation of treasury stock of 51,565 thousand shares pursuant to the resolution at the meetings of the Board of Directors and the exercise of stock option rights of 85 thousand shares.

(Notes to deferred income tax)

Deferred tax assets	
Accrued pension and liability for retirement benefits	15,957 million yen
Investments in securities	5,902
Investments in subsidiaries and affiliates (related to the restructuring of European operations)	10,863
Depreciable assets	12,103
Accrued expenses	7,431
Other	22,273
Deferred tax assets subtotal	74,532
Valuation allowance	(32,646)
Total deferred tax assets	41,886
Deferred tax liabilities	
Reserve for advanced depreciation on fixed assets	(10,243) million yen
Net unrealized gain on available-for-sale securities	(32,380)
Other	(462)
Total deferred tax liabilities	(43,085)
Deferred tax liabilities, net	(1,199)

(Notes to transactions with related parties)

Subsidiaries and affiliates, etc.

Attribute	Company name	Percentage of ownership	Relationship with counterparty	Details of transaction	Transaction amount (Yen in millions) (Note 1)	Account item	Ending balance (Yen in millions) (Note 1)
Subsidiary	BRIDGESTONE TIRE JAPAN CO., LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Sales of the Company's products (Note 2)	159,237	Trade accounts receivable	63,777
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)	72,174	Trade accounts receivable	30,786
Subsidiary	BRIDGESTONE AMERICAS, INC.	Direct ownership 100.00%	Lending Officers serving concurrently	Lending (Note 3)	—	Short-term loans for subsidiaries and affiliates	11,100
						Long-term loans for subsidiaries and affiliates	16,650
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)	88,828	Trade accounts receivable	28,972
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)	54,776	Trade accounts receivable	19,999
				debt guarantee (Note 4)	20,955	—	—
Subsidiary	BRIDGESTONE ASIA PACIFIC PTE. LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Borrowing (Note 3)	22,567	Short-term loans payable to subsidiaries and associates	22,479
Subsidiary	BRIDGESTONE (CHINA) INVESTMENT CO., LTD.	Direct ownership 100.00%	Sales of the Company's products Officers serving concurrently	Lending (Note 3)	22,567	Short-term loans for subsidiaries and affiliates	22,479

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.

(Notes to per-share information)

Total equity per share	1,914.12 yen
Net income per share	234.21 yen

(Notes to significant subsequent events)

1. Acquisition of treasury stock

The Company resolved to acquire treasury stock at the Board of Directors' meeting held on February 15, 2019 pursuant to the provision of Article 156 of the Companies Act of Japan, as applied pursuant to provisions of Paragraph 3 of Article 165 of the Companies Act of Japan.

(1) Reason for acquisition of treasury stock	To enhance enterprise value by improving capital efficiency
(2) Types of shares to acquire	Common shares of the Company
(3) Total number of shares to be acquired	Up to 57 million shares (7.6% of the total number of issued shares, excluding the treasury stock)
(4) Total acquisition cost	Up to ¥200 billion
(5) Acquisition method	a) Off-exchange purchases of treasury stocks using the trading system (ToSTNeT-3) of the Tokyo Stock Exchange. b) Market purchase on the basis of discretionary trading pertaining to acquisition of treasury stock
(6) Acquisition timing	From February 18, 2019 to December 23, 2019

2. Cancellation of treasury stock

The Company resolved to cancel treasury stock at the Board of Directors' meeting held on February 15, 2019 pursuant to the provision of Article 178 of the Companies Act of Japan.

(1) Types of shares to cancel	Common shares of the Company
(2) Total number of shares to be canceled	All treasury stock repurchased in "1. Acquisition of treasury stock" above
(3) Scheduled effective date of cancellation	January 21, 2020

3. Issuance of bonds

The Company decided to issue domestic unsecured straight bonds based on the comprehensive resolution made on February 15, 2019.

(1) Total amount of issue	Maximum of ¥200 billion Multiple offerings are allowed within this threshold.
(2) Scheduled issuance period	From February 15, 2019 to December 31, 2019
(3) Issue price	¥100 or more per ¥100 of each bond
(4) Coupon rate	Coupon rate is set at the rate of, or lower than the yield on, the Japanese Government Bonds with the same maturity as that of the bond to be issued, plus 1.0%.
(5) Maturity	Up to 10 years
(6) Redemption method	Redeemed in full upon maturity
(7) Use of proceeds	Capital expenditures, capital investments, and funds for the repurchase of treasury stock

（TRANSLATION）

INDEPENDENT AUDITOR'S REPORT

February 15, 2019

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:

Masashi Aizawa

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

Shinji Dobata

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2018 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, 2018 to December 31, 2018, 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, 2018, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

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

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

（TRANSLATION）

INDEPENDENT AUDITOR'S REPORT

February 15, 2019

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:

Masashi Aizawa

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

Shinji Dobata

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2018 of Bridgestone Corporation (the "Company"), and the related statements of income and changes in equity for the 100th fiscal year from January 1, 2018 to December 31, 2018, 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, 2018, 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 100th business year (from January 1, 2018 to December 31, 2018). 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 15, 2019

Audit Committee, Bridgestone Corporation
Kenzo Yamamoto
Keikou Terui
Seiichi Sasa
Yojiro Shiba
Yoko Suzuki
Narumi Zaitsu (full-time)
Kenichi Togami (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 2019

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

(Consolidated)			Fiscal 2019 projections	Fiscal 2018	Increase (Decrease)	
			Yen in billions	Yen in billions	Yen in billions	%
Full-year	Net sales		3,690.0	3,650.1	39.8	1
	Operating income		410.0	402.7	7.2	2
	Ordinary income		400.0	388.1	18.8	5
	Profit attributable to owners of parent		300.0	291.6	8.3	3
			Yen	Yen		
Full-year	Exchange rate	yen/dollar	108	110	–	(2)
		yen/euro	123	130		(5)

DIVIDENDS

	Dividend per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year - end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	–	70.00	–	80.00	150.00
Fiscal 2018	–	80.00	–	80.00	160.00
Fiscal 2019 (Projection)	–	80.00	–	80.00	160.00

TOPICS

Cultivating global corporate culture

Advance brand strategy

Hosting “Bridgestone × Olympic × Paralympic a GO GO!”

As we approach the Olympic and Paralympic Games Tokyo 2020, we host events to promote the Olympic and Paralympic Movement with stakeholders in local communities. Going forward, we will continue to plan sports events and Paralympic sports experiences so participants can enjoy with Olympians and Para-athletes in various local communities.

Advance brand strategy

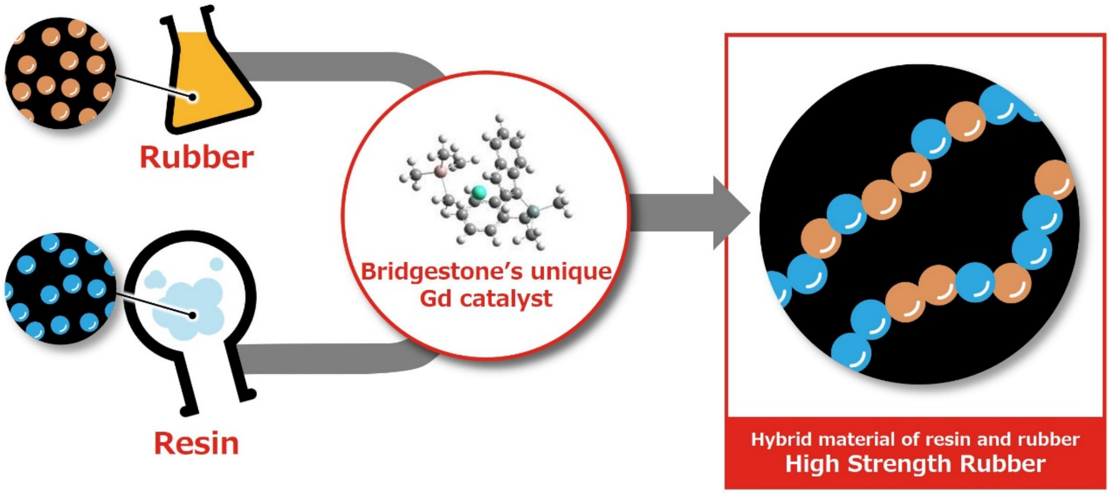
Teams using Bridgestone tires won the championships of the 2018 AUTOBACS SUPER GT Series in GT500 and GT300 classes

TEAM KUNIMITSU (drivers: Naoki Yamamoto and Jenson Button) and K2 R&D LEON RACING (drivers: Haruki Kurosawa and Naoya Gamou), for which Bridgestone supplies tires, won the championships of the 2018 AUTOBACS SUPER GT Series in the GT500 and GT300 classes, respectively. This was the second time, since 2013, that teams using Bridgestone tires won the series championships in both categories.

Advance innovation (technology, business model & design)

Developed world's first polymer using advanced synthetic technology for forming hybrid polymer

Bridgestone has successfully developed the world's first[*1] polymer to bond rubber and resins at the molecular level. This new polymer boasts unprecedented durability with crack resistance that is over five times higher[*2], abrasion resistance that is more than 2.5 times higher[*3], and tensile strength that is more than 1.5 times higher[*4] than natural rubber, which itself has higher destruction resistance than common synthetic rubber. This is a promising next-generation tire material with the potential to create tires that achieve the required levels of performance while using less material.



*1. Source: Bridgestone Corporation

*2. The figure is based on tests using JIS K 6270 (a strain-controlled method for testing the tensile fatigue properties of vulcanized rubber and thermoplastic rubber).

*3. The figure is based on tests using JIS K 6264-2 (a revised Lambourn abrasion test for determining the abrasion resistance of vulcanized rubber and thermoplastic rubber).

*4. The figure is based on tests using JIS K 6251 (a test for determining the tensile properties of vulcanized rubber and thermoplastic rubber).

Advance innovation (technology, business model & design)

Developed a new rubber sole for a sports prosthetic foot by applying tire technology

Bridgestone developed a new rubber sole for the sports prosthetic foot worn by Yukako Hata Para-triathlete, a member of TEAM BRIDGESTONE, when running. In pursuit of high gripping performance and durability satisfying her needs, Bridgestone designed and adopted a new pattern and rubber by applying its long cultivated tire development technology and is supporting Hata, who aspires to compete in the Tokyo 2020 Paralympic Games.

*The product categories covered by the Bridgestone sponsorship agreement include: tires (all) and tire services, self-propelled bicycle, Diversified Products (e.g. seismic isolation bearings) and raw materials (natural rubber, steel cords).

Advance innovation (technology, business model & design)

Acquired digital fleet solutions business

On January 22, 2019, Bridgestone Group entered into an agreement with TomTom N.V. based in the Netherlands to acquire its digital fleet solutions business. This business enables safer driving, improving productivity and optimizing uptime for personal and commercial mobility through management and provision of data on vehicle fleets. By digitally connecting the Group's strengths in excellent products and services, we will offer innovative solutions as part of our commitment to value creation for the benefit of our customers and society.

Continuous kaizen

Bridgestone Group Global TQM Conference

The year 2018 marked the 50th anniversary of the establishment of the company motto and receiving of the Deming Prize. A total of 326 Group members gathered from across the globe for the annual conference in this commemorative year. At the conference, 16 projects selected at more than 100 qualifying events at Group sites worldwide were presented and four superior examples of innovation and improvement activities were commended and were presented with TQM Awards & Grand Prizes and four received Impression Awards.

Continuous Kaizen

Introduced the Global Platform for Sustainable Natural Rubber (GPSNR)

The Tire Industry Project (TIP), an initiative under the World Business Council for Sustainable Development (WBCSD) in which Bridgestone has a leading role, announced establishment of the Global Platform for Sustainable Natural Rubber (GPSNR). This new framework is designed to ensure that production and use of natural rubber worldwide fully reflect consideration to the natural environment and social issues.

Developing human resources capable of global management

Initiatives for utilization of diverse human resources

Bridgestone is promoting creation of a work environment in which individuals who have diverse values and personalities can work comfortably and demonstrate their abilities. Bridgestone was selected for the fifth consecutive year from 2013 as a “Nadeshiko Brand,” by which the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) jointly publicize enterprises that are exceptional in encouraging women’s success in the workplace. Moreover, Bridgestone was included in the MSCI Japan Empowering Women Index for the second consecutive year.

Furthermore, with respect to initiatives concerning gender diversity, Bridgestone for the first time received the “gold” rating, the highest-level assessment in the PRIDE Index, developed by “work with Pride,” a voluntary organization whose objective is to help realize LGBT-friendly workplaces in Japan, for evaluating companies’ and organizations’ initiatives concerning LGBT.

Upgrading the global management structure

New management structure

The Group transitioned to a new management structure in January 2019 intended to achieve the following three goals: 1) Accelerate the adoption and operationalization of our Management Reforms, 2) Facilitate the “Generation Change” necessary to ensure the sustainability of the Bridgestone Group, including developing a robust succession plan, and 3) Strengthen our ability to take full advantage of the opportunities presented by our participation as a Worldwide Olympic and Paralympic Partner during the build up to the Olympic and Paralympic Games Tokyo 2020 including enhancing our global brand reputation. We are committed to continuously evolving the Global EXCO as well as our management team and organizational structure in order to more rapidly advance our Management Reforms, always aiming for “one step higher”.

Shareholders’ Notes

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

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

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

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

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

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

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

Unit amount of stocks: 100 shares