BRIDGESTONE
Your Journey, Our Passion

ANNUAL REPORT 2015

Financial Review

CONTENTS

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

Forward-Looking Statements
The descriptions of projections and plans that appear in this annual report are "forward-looking statements." They involve known and unknown risks and uncertainties in regard to such factors as product liability, currency exchange rates, raw material costs, labor-management relations, and political stability. These and other variables could cause the Bridgestone Group's actual performance and results to differ from management's projections and plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unless otherwise noted, all figures are taken from the consolidated financial statements and notes. U.S. dollar figures have been translated solely for the convenience of readers outside Japan at the rate of ¥120.61 to $1, the prevailing exchange rate on December 31, 2015. Financial disclosures by the Bridgestone Corporation are in accordance with accounting principles generally accepted in Japan.

RESULTS OF OPERATIONS

Business environment

In fiscal 2015, the operating environment surrounding the Companies was as follows: the Japanese domestic economy continued its gradual recovery with an improvement in company financial performance and the employment environment while the appreciation of the U.S. dollar and lower crude oil prices continued. The U.S. economy continued its steady recovery supported by an increase in consumer spending. The European economy, which has been affected by geopolitical risks, has also been recovering. In Asia, economic growth speed has been slow, particularly in China. Overall, many international economies were slowly recovering while the political and economic situation remained unstable.

Net sales

Net sales rose by 3%, or ¥116.3 billion ($964 million), to ¥3,790.3 billion ($31.4 billion), primarily due to an increase in unit sales of tires and depreciation of the yen. As a result, year-on-year gains in sales were recorded in both the tire segment and the diversified products segment.

The average yen/dollar exchange rate in fiscal 2015 was ¥121, compared with ¥106 in the previous year, while the average yen/euro exchange rate in fiscal 2015 was ¥134, compared with ¥140 in the previous year.

Operating income

Due in large part to the decline in raw materials prices and the depreciation of the yen, operating income rose by 8%, or ¥39.2 billion ($325 million), to ¥517.2 billion ($4,289 million). As a result, the operating income margin increased by 0.6 percentage point, from 13.0% to 13.6%.

Operating Income Margin

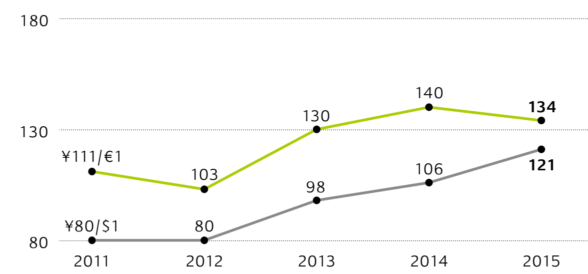
2015	2014	2013	2012	2011
				% of net sales
13.6	13.0	12.3	9.4	6.3

Net Sales

¥ billion

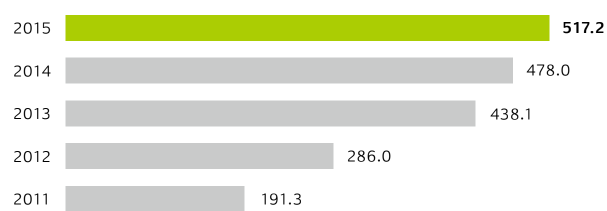
Currency Exchange Rates

Annual average rates



Operating Income

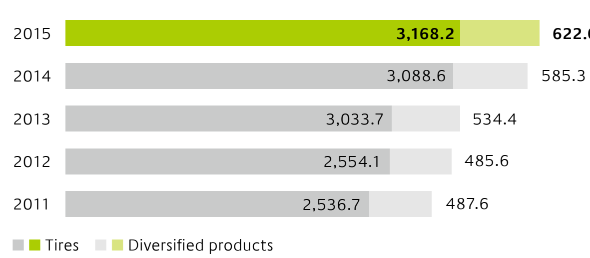
¥ billion



Sales of Tires and Diversified Products

Net of inter-segment transactions

¥ billion



Performance by business segment

The tire segment includes tires for passenger cars, trucks and buses, construction and mining vehicles, aircraft, and motorcycles, as well as tubes, wheels, related accessories, the retreading business, and automotive maintenance services. Including inter-segment transactions, the tire segment's sales in fiscal 2015 increased by 3% from the previous fiscal year to ¥3,174.4 billion ($26.3 billion). Operating income also increased by 8% to ¥472.8 billion ($3,920 million).

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

In Japan, due to a decline in demand for winter tires as a result of a mild winter, unit sales of tires for passenger cars and light trucks decreased from the previous year, while unit sales of tires for trucks and buses were flat, due in part to an increase in sales of tires for new vehicles.

In the Americas, North American unit sales of tires for passenger cars and light trucks recorded steady year-on-year growth, and unit sales of tires for trucks and buses registered strong year-on-year gains.

In Europe, unit sales of tires for passenger cars and light trucks and unit sales of tires for trucks and buses both increased from the previous year.

In China and the Asia Pacific region, unit sales of tires for passenger cars and light trucks and unit sales of tires for trucks and buses increased. In China, unit sales of tires for passenger cars and light trucks recorded steady gains year on year, while unit sales of tires for trucks and buses decreased substantially.

In the specialty tire business, sales of large and ultra-large off-the-road radial tires for construction and mining vehicles were down year on year due to a delayed recovery in demand stemming from tire inventory adjustments at mines.

The diversified products segment includes functional chemical products, a wide range of industrial items, sporting goods, and bicycles. Many of these products are made from rubber or rubber-derived materials.

In the diversified products segment, net sales totaled ¥635.0 billion ($5,265 million), an increase of 6% from fiscal 2014. Due to increased profits resulting from business diversification initiatives at Bridgestone Americas, Inc., operating income was ¥44.5 billion ($369 million), an increase of 6% from fiscal 2014.

Composition of Sales by Business Segment

Net of inter-segment transactions

	2015	2014
		% of net sales
Tires	**83.6**	84.1
Diversified products	**16.4**	15.9
	100.0	100.0

Performance by market

In Japan, net sales totaled ¥661.9 billion ($5,488 million), a decrease of 5% from fiscal 2014. In the Americas, net sales totaled ¥1,919.5 billion ($15.9 billion), an increase of 10% from fiscal 2014. In Europe, net sales totaled ¥419.9 billion ($3,481 million), a decrease of 3% from fiscal 2014. In other regions, net sales totaled ¥788.9 billion ($6,541 million), a decline of 1% from fiscal 2014.

Composition of Sales by Market

Net of inter-segment transactions

	2015	2014
		% of net sales
Japan	**17.5**	18.9
The Americas	**50.6**	47.5
Europe	**11.1**	11.8
Other	**20.8**	21.8
	100.0	100.0

Other income and expenses

The total of other income and other expenses equaled a loss of ¥39.1 billion ($324 million), compared with the corresponding loss of ¥285 million in the previous year.

Net interest-related expenses increased by ¥2,485 million ($21 million), to ¥2,131 million ($18 million). In the previous fiscal year, gain on sales of property, plant and equipment was ¥8.6 billion, and gain on sales of investment securities was ¥5.9 billion. In fiscal 2015, gain on sales of property, plant and equipment was ¥5.3 billion ($44 million), gain on sales of investment securities was ¥15.5 billion ($128 million), loss on disposals of property, plant and equipment was ¥6.4 billion ($53 million), and loss on deconsolidation of subsidiaries was ¥43.5 billion ($361 million).

Income before income taxes and minority interests increased by ¥406 million ($3 million) to ¥478.2 billion ($3,965 million).

Net income

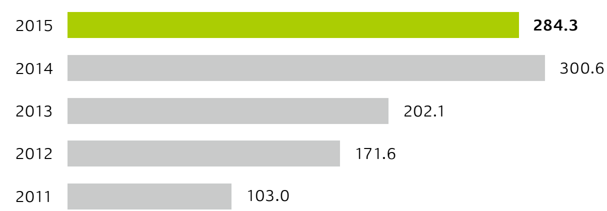
Net income decreased by ¥16.3 billion ($135 million) to ¥284.3 billion ($2,357 million) from ¥300.6 billion in the previous fiscal year. Minority interests increased to ¥11.4 billion ($94 million). As a result, the net return on sales declined from 8.2% in the previous fiscal year to 7.5%.

Net Return on Sales

2015	2014	2013	2012	2011
				% of net sales
7.5	8.2	5.7	5.7	3.4

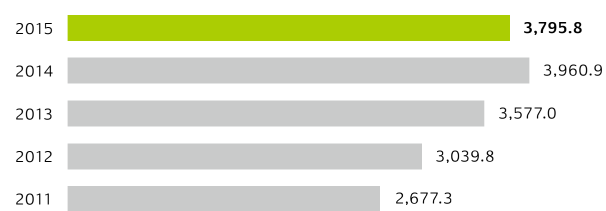
Net Income

¥ billion



Total Assets

¥ billion



Note: Certain overseas subsidiaries applied IAS 19 "Employee Benefits" (amended on June 16, 2011). As this change in accounting policy is applied retrospectively, the amount of total assets for 2012 reflects the retrospective application.

FINANCIAL CONDITION

Assets

Total current assets decreased by 4%, or ¥69.1 billion ($573 million), compared with the prior year-end, to ¥1,808.6 billion ($15.0 billion).

Although cash and cash equivalents increased by ¥36.5 billion ($303 million), the decline in current assets was due to an increase of ¥21.9 billion ($182 million) in allowance for doubtful accounts, a decline of ¥53.0 billion ($440 million) in notes and accounts receivable, and a decrease in the total of finished products, work in process, and raw materials and supplies of ¥41.8 billion ($347 million).

In fixed assets, capital expenditure of ¥253.6 billion ($2,102 million) exceeded depreciation and amortization of ¥202.3 billion ($1,678 million). However, due to the influence of the appreciation of the yen (compared with the spot rate on the final day of the previous fiscal year) on the conversion of foreign currency amounts into yen, net property, plant and equipment decreased by ¥40.3 billion ($334 million), and deferred tax assets decreased by ¥41.4 billion ($343 million).

Consequently, the total of property, plant and equipment and investments and other assets decreased by ¥96.0 billion ($796 million), or 5%, compared with the previous fiscal year-end, to ¥1,987.3 billion ($16.5 billion).

Total assets decreased by ¥165.1 billion ($1,369 million), or 4%, compared with the previous fiscal year-end, to ¥3,795.8 billion ($31.5 billion).

Liabilities

In current liabilities, short-term borrowings and other interest-bearing debt decreased by ¥71.9 billion ($596 million), notes and accounts payable decreased by ¥16.2 billion ($134 million), accounts payable–other decreased by ¥26.8 billion ($222 million), and accrued expenses decreased by ¥12.0 billion ($100 million). Consequently, total current liabilities decreased by 14%, or ¥141.1 billion ($1,170 million), to ¥835.1 billion ($6,924 million).

In long-term liabilities, warranty reserve increased by ¥1.3 billion ($11 million). However, long-term borrowings and other interest-bearing debt decreased by ¥79.6 billion ($660 million), deferred tax liabilities (long term) decreased by ¥19.2 billion ($159 million), and net defined benefit liability decreased by ¥55.0 billion ($456 million). Consequently, total long-term liabilities decreased by 19%, or ¥159.3 billion ($1,321 million), to ¥678.7 billion ($5,627 million).

Total interest-bearing debt, which is recorded in current liabilities and long-term liabilities, decreased by ¥151.4 billion ($1,255 million), or 26%, compared with the prior fiscal year-end, to ¥441.6 billion ($3,661 million).

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

Equity

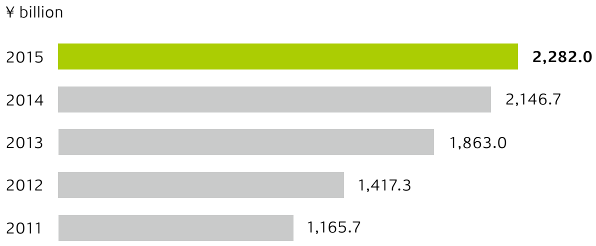
Total equity at December 31, 2015, amounted to ¥2,282.0 billion ($18.9 billion). This was ¥135.4 billion ($1,122 million), or 6%, higher than at the previous fiscal year-end.

Cash dividends paid were ¥94.0 billion ($779 million), and foreign currency translation adjustments decreased by ¥94.5 billion ($784 million). However, net income was ¥284.3 billion ($2,357 million), net unrealized gain on available-for-sale securities increased by ¥56.7 billion ($470 million), and remeasurements of defined benefit plans increased by ¥98.0 billion ($813 million).

The ratio of shareholders' equity, excluding stock acquisition rights and minority interests, to total assets at the end of December 2015 was 58.2%, an increase of 5.8 percentage points from the previous fiscal year-end. The ratio of total debt to debt and shareholders' equity was 16.6% at December 31, 2015, compared with a ratio of 22.2% at the previous fiscal year-end.

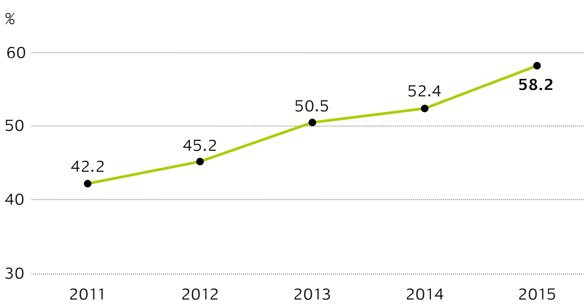
Net return on shareholders' equity (ROE) was 13.3%, a decrease of 2.2 percentage points compared with the previous fiscal year. Net return on total assets (ROA) was 7.3%, a decrease of 0.6 percentage point compared with the previous fiscal year.

Total Equity



Note: Certain overseas subsidiaries applied IAS 19 "Employee Benefits" (amended on June 16, 2011). As this change in accounting policy is applied retrospectively, the amount of total equity for 2012 reflects the retrospective application.

Ratio of Shareholders' Equity to Total Assets



ELEVEN-YEAR SUMMARY

Bridgestone Corporation and Subsidiaries
Years ended December 31

	2015	2014	2013	2012
			Millions of yen, except per share data and financial ratios	
Net sales	**¥ 3,790,251**	¥ 3,673,965	¥ 3,568,091	¥ 3,039,738
Overseas sales	**3,128,343**	2,979,922	2,893,251	2,343,546
Tires (net of inter-segment transactions)	**3,168,219**	3,088,627	3,033,660	2,554,126
Diversified products (net of inter-segment transactions)	**622,032**	585,338	534,431	485,612
Operating income	**517,248**	478,038	438,132	285,995
Net income	**284,294**	300,589	202,054	171,606
Total equity	**2,282,012**	2,146,658	1,862,964	1,417,348
Total assets	**3,795,847**	3,960,908	3,577,045	3,039,799
Ratio of shareholders' equity to total assets	**58.2**	52.4	50.5	45.2
Per share in yen:				
Net income				
Basic	**362.99**	383.84	258.10	219.26
Diluted	**362.52**	383.39	257.81	219.10
Shareholders' equity	**2,820.48**	2,650.47	2,305.64	1,754.30
Cash dividends	**130.00**	100.00	57.00	32.00
Capital expenditure	**253,581**	296,396	274,862	245,644
Depreciation and amortization	**202,334**	188,333	176,180	155,066
Research and development costs	**94,978**	94,147	89,098	82,801

*1 Solely for the convenience of readers, the Japanese yen amounts in this annual report are translated into U.S. dollars at the rate of ¥120.61 to $1, the approximate year-end rate.
*2 Due to the adoption of the new accounting standard for presentation of equity, minority interests, stock acquisition rights and deferred gain (loss) on derivative instruments are included in equity from fiscal 2006.
*3 As described in Note 3. (26) "Application of IAS 19 'Employee Benefits' (amended on June 16, 2011)," certain overseas subsidiaries applied IAS 19 "Employee Benefits" (amended on June 16, 2011). As this change in accounting policy is applied retrospectively, the amount of total equity and total assets for 2012 reflect the retrospective application.

Net Return on Shareholders' Equity

2015	2014	2013	2012	2011
% of simple average of year-end shareholders' equity				
13.3	15.5	12.7	13.7	9.1

Net Return on Total Assets

2015	2014	2013	2012	2011
% of simple average of year-end total assets				
7.3	8.0	6.1	6.0	3.8

Cash flow

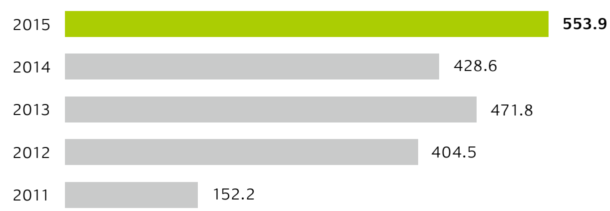
Consolidated cash and cash equivalents increased by ¥36.5 billion ($303 million), to ¥426.7 billion ($3,538 million), compared with an increase of ¥65.6 billion during the previous year.

Net cash provided by operating activities was ¥553.9 billion ($4,593 million), an increase of ¥125.3 billion ($1,039 million) from the previous fiscal year. Income taxes paid was ¥126.9 billion ($1,052 million). However, income before income taxes and minority interests was ¥478.2 billion ($3,965 million), compared with ¥477.8 billion in the previous year, and depreciation and amortization totaled ¥202.3 billion ($1,678 million), compared with ¥188.3 billion in the previous year.

Cash Flow

Net cash provided by operating activities

¥ billion



2011	2010	2009	2008	2007	2006	2005
						Millions of yen, except per share data and financial ratios
¥ 3,024,356	¥ 2,861,615	¥ 2,597,002	¥ 3,234,406	¥ 3,390,219	¥ 2,991,275	¥ 2,691,376
2,330,154	2,189,765	1,982,192	2,448,300	2,589,006	2,213,880	1,945,283
2,536,731	2,377,305	2,151,314	2,622,890	2,750,374	2,393,165	2,152,950
487,625	484,310	445,687	611,516	639,845	598,110	538,426
191,322	166,450	75,712	131,551	249,962	190,876	213,851
102,970	98,914	1,044	10,412	131,630	85,121	180,796
1,165,672	1,176,147	1,120,797	1,019,996	1,410,225	1,221,846	1,128,597
2,677,344	2,706,640	2,808,439	2,768,470	3,359,255	3,053,440	2,709,962
42.2	42.2	38.7	35.8	40.8	38.6	41.6
131.56	126.19	1.33	13.33	168.69	109.10	226.92
131.50	126.16	1.33	13.33	168.65	109.07	226.86
1,444.53	1,458.01	1,385.43	1,263.30	1,757.23	1,511.43	1,443.43
22.00	20.00	16.00	24.00	26.00	24.00	24.00
201,390	182,648	178,204	275,301	272,381	261,335	203,670
158,044	170,663	180,547	187,420	173,585	145,349	127,609
83,982	85,154	85,766	93,252	86,748	86,687	79,415

Net cash used in investing activities decreased by ¥72.3 billion ($600 million), compared with the previous year, to ¥233.4 billion ($1,935 million). Payments for purchase of tangible fixed assets were ¥255.2 billion ($2,116 million), compared with ¥288.4 billion during the prior year.

Net cash used in financing activities increased by ¥170.9 billion ($1,417 million), compared with the prior year, to ¥238.8 billion ($1,980 million). Proceeds from long-term borrowings were ¥24.6 billion ($204 million), compared with ¥99.4 billion in the previous year. However, net decrease in short-term borrowings and commercial paper amounted to ¥61.1 billion ($507 million), compared with net increase in short-term borrowings and commercial paper of ¥6.9 billion in the previous year; repayments of long-term borrowings were ¥97.4 billion ($808 million), compared with ¥121.7 billion in the previous year; and cash dividends paid totaled ¥93.9 billion ($779 million), compared with ¥54.8 billion in the previous year.

Capital financing and liquidity

In addition to borrowings from financial institutions, the Companies continue to seek to diversify sources of financing through direct financing such as domestic straight bonds, commercial paper, medium-term notes in overseas markets, and securitization of receivables and leases as well as to diversify risks and to minimize interest costs.

DIVIDEND

Comprising interim dividends of ¥60.0 ($0.50) and year-end dividends of ¥70.0 ($0.58) per share, annual dividends for fiscal 2015 totaled ¥130.0 ($1.08) per share.

PROJECTION FOR FISCAL 2016

In fiscal 2016, the Companies' operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstocks, an ongoing lack of clarity in the global economic situation, and international political conditions that remain unstable.

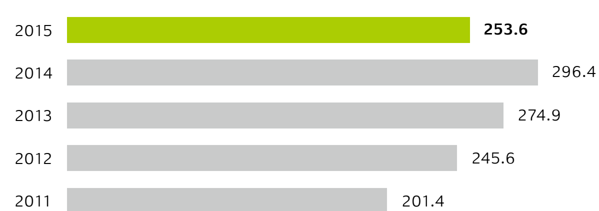
Amid such a challenging business environment, the Companies project the following results through the implementation of Mid-Term Management Plan initiatives.

Management forecasts consolidated net sales in fiscal 2016 of ¥3,750.0 billion, a decrease of 1% from fiscal 2015. Management expects operating income to increase by 1%, to ¥520.0 billion, with net income rising to ¥309.0 billion. Projected annual dividends in fiscal 2016 are ¥140 per share.

These performance forecasts are based on assumed average exchange rates of ¥115 against the dollar and ¥127 against the euro, compared with the full-year average rates recorded in fiscal 2015 of ¥121 and ¥134, respectively.

Capital Expenditure

¥ billion



OPERATIONAL RISKS

The status of the Companies as documented in this report is subject to diverse risks from both operational and accounting perspectives. This section provides an overview of the major categories of risk that may have a bearing on investors' decisions.

Management is aware of these risks, and systematic efforts are made to prevent or minimize the impact of related adverse events on operations. Nonetheless, the potential exists for unforeseen or unpredictable events related to the risk factors described below to affect the operations, business results and financial position of the Companies. All references to possible future developments in the following text are as of March 24, 2016.

MAJOR CATEGORIES OF OPERATIONAL RISK

Demand and macroeconomic conditions

The Companies conduct research and development (R&D), purchasing, manufacturing, logistics, marketing, sales, procurement, and other functional activities on a global basis. Operating results and financial position are thus subject to trends in demand, interest rates, exchange rates, share prices, and other economic variables in different countries and regions. In the fiscal year ended December 31, 2015, the consolidated sales split by market (for external customers only) was 51% from operations in the Americas, 17% from Japan, and 11% from Europe. An economic downturn in any of these regions could exert a major adverse effect on the operating results and financial position of the Companies.

The core tire business segment accounts for 84% of consolidated net sales. In addition, operations in the diversified products business segment also include a substantial volume of business in automotive products. The operating results and financial position of the Companies are thus heavily exposed to business conditions in the global automobile industry.

Demand for replacement tires in each country where the Companies operate depends on national trends in consumer spending, automotive fuel prices, and a range of other local market variables. Any combination of trends that might cause demand for replacement tires to decline, or to grow at a slower rate, could adversely affect the operating results and financial position of the Companies.

Demand for large and ultra-large off-the-road radial tires for construction and mining vehicles, which are the core of the Companies' solution business, and for certain industrial materials-related products, such as conveyor belts, are affected by businesses in the resource industries and in the civil engineering and construction industries. Trends in those business conditions that might cause demand to decline, or to grow at a slower rate, could adversely affect the operating results and financial position of the Companies.

Moreover, demand for winter tires (which make a certain contribution to sales in such regions as Japan, Europe, and North America) is closely related to seasonal weather trends. A mild winter and a decline in demand in these regions could adversely affect to some extent the operating results and financial position of the Companies.

Legal, regulatory, and litigation risk

The Companies' operations around the world are subject to diverse national (and, in Europe, supranational) laws and regulations governing all aspects of business activity, including trade, investment, foreign exchange transactions, anticompetitive practices, and environmental protection.

Laws and regulations that affect the Companies' business activities have been established and introduced. These include labeling systems and regulations regarding tire performance and regulations regarding chemicals in Japan and overseas. Accordingly, new or revised laws and regulations could limit the scope of business activities, raise operating costs, or otherwise adversely affect the operating results and financial position of the Companies.

The Companies' operating results and financial position could be adversely affected by unavoidable, significant changes in investment plans or operational plans due to unpredictable legal or regulatory changes, etc., in Japan or in overseas markets.

The Companies could be subject to lawsuits or to investigations by governmental authorities in regard to their business activities in Japan or in overseas markets. In the event that an important lawsuit is filed or investigation by governmental authorities is commenced, the Companies' operating results and financial position could be affected.

OPERATIONAL DISRUPTIONS

Natural disasters, wars, terrorist actions, civil strife, and social and political unrest

Globally dispersed operations expose the Companies to a broad range of natural and man-made risks that could constitute force majeure, including natural disasters such as earthquakes and floods, wars, terrorist actions, civil strife, boycotts, epidemics, energy supply problems, and general social or political unrest. Such events have the potential to adversely affect the operating results and financial position of the Companies.

Also, such factors as abrupt, substantial fluctuations in political or economic matters in Japan or overseas could hinder the continuation of the Companies' business activities. Such events have the potential to affect the Companies' operating results and financial position.

The risk of earthquakes is particularly high in Japan, where the Companies have numerous key facilities. Management systematically promotes the seismic reinforcement of the Companies' facilities in Japan, based on an order of priority determined from the results of site analyses using seismic diagnostics. In addition, a business continuity plan (BCP) has been created and other measures have been taken to promote swift response to an earthquake and the early restoration of operations. The Companies are also moving forward with infection-prevention measures and business continuity planning in regard to the spread of an infectious disease, such as H1N1 influenza.

Despite such preventive measures, such a serious risk could disrupt or reduce the scale of operations or cause damage to facilities, necessitating expensive repairs or restoration work. The costs involved could adversely affect the Companies' operating results and financial condition.

Operational disruptions at those plants where the production of certain products or materials is concentrated have the potential to cause greater problems due to the increased possibility of a supply interruption, which could result in claims for compensation based on breach of supply contracts, or in an erosion of customer confidence in the Companies as a reliable source of supply. Any such developments could have a significantly adverse impact on the operating results and financial position of the Companies.

INFORMATION TECHNOLOGY (IT) SYSTEMS FAILURES

The complex operations of the Companies are increasingly dependent on the smooth, round-the-clock functioning of various computing and IT systems. Failure of such technical systems due to external causes, such as natural disasters or computer viruses, or through human error, could cause significant operational disruption, with the potential for major adverse effects on performance. The Companies have instituted comprehensive measures to safeguard IT and computing systems and related data, and to upgrade network security on an ongoing basis in order to prevent systemic failures.

INDUSTRIAL ACTION

Prolonged strikes or other industrial action could cause operational disruptions and thereby adversely affect the operating results and financial position of the Companies. Management strives to minimize the risk of labor unrest by fostering good labor-management relations throughout global operations.

Corporate and brand image

The Companies strive to enhance their corporate and brand image consistently through global business activities. Systematic efforts are made to ensure compliance with all applicable laws and regulations and to promote the highest ethical standards. Programs are in place across the Companies to prevent industrial incidents, particularly fires and any accidents that could cause occupational injuries, and to respond immediately to any accidents that occur.

Despite such preventive measures, serious ethical lapses or industrial accidents, which are by their nature unpredictable, have the potential to adversely affect the operating results and financial position of the Companies by damaging the image and reputation of the Companies, diminishing the general public's confidence in the Companies, or leading to a drop in share price.

Currency risk

The global distribution of the Companies' R&D, manufacturing, logistics, marketing, and sales facilities requires business transactions in numerous currencies. The Companies employ foreign currency forward contracts to hedge short-term exposure to exchange rate fluctuations between the Japanese yen and the U.S. dollar, euro, and other leading currencies. However, hedging cannot insulate the Companies' operations completely from foreign exchange market trends since these operations include extensive import and export activities worldwide. Fluctuations in exchange rates can thus have an adverse effect on the operating results and financial position of the Companies.

Exchange rate fluctuations also affect the consolidated performance of the Companies because results are reported in yen. Changes in exchange rates affect the values recorded for sales, expenses, assets, and liabilities in all countries outside Japan when translated into yen. In general terms, yen appreciation against other leading currencies tends to depress the financial results, while yen depreciation tends to have a favorable impact.

Competition

The Companies encounter numerous competitors in both the tire and diversified products segments, across the entire product lineup. Competitive price pressures have the potential to adversely affect the operating results and financial position of the Companies. In addition, the Companies face a constant risk of demands for price reductions from large corporate clients.

The Companies strive to maintain profitability in the face of downward price pressures by continually seeking to raise productivity, enhance brand image, develop new markets, and launch new products that provide greater value to customers. However, management cannot guarantee that such efforts will always be sufficient to offset the effects of competition.

The Companies' strategy is based on maintaining a highly competitive technological edge. The Companies target the development and introduction of products equipped with new and advanced technologies, and then aim to persuade customers of the value inherent in such technical advances to secure prices sufficient to ensure that profits fully offset the costs of development. Fierce competition in various fields can sometimes prevent the Companies from recovering development costs through pricing, which can also have an adverse effect on operating results and financial position.

Product defects
The Companies invest considerable resources in establishing and maintaining high quality standards for all products manufactured and sold. Management is particularly sensitive to the importance of quality assurance in tires and other products intimately associated with human safety. The Companies have honed their collective quality assurance capabilities by upgrading information systems related to product performance, collecting pertinent market information, and establishing systems to provide early warning of any potential safety issues that may arise before they become problems.

Nonetheless, such efforts cannot guarantee a zero level of product defects or eliminate the chance of an extensive product recall, because product defects could occur due to unpredictable factors, and the Companies hold customer safety as their highest priority. Any such defects or recalls could result in customer claims for damages, as well as associated litigation costs, replacement costs, and damage to the Companies' reputation. Product liability claims, class-action lawsuits, and other litigation pose a particular risk in the United States.

Raw materials procurement
Disruption of supplies of raw materials has the potential to affect performance adversely. The Companies use large quantities of natural rubber in tires and other rubber products, most of which are supplied from Southeast Asia.

The availability of natural rubber supplies in quantities sufficient for manufacturing purposes is subject to disruption due to natural disasters, wars, terrorist actions, civil strife, and other social or political unrest, in addition to the threat of poor harvests. Supply shortages or capacity constraints are also a potential problem with other basic raw materials.

The Companies rely on in-house upstream raw materials operations and on third-party suppliers for important raw materials. Any disruption of activity at those operations or suppliers and any other events that impede the Companies' plants that use those raw materials could adversely affect the Companies' operating results and financial condition. Increases in the costs of raw materials due to tight supply, trade for speculative purposes, and other reasons are also potentially detrimental to the operating results and financial position of the Companies. Management cannot guarantee that price rises can always be passed on to customers, or that ongoing efforts to raise productivity will be sufficient to compensate for any sharp increases in raw materials costs.

Pension costs
Pension-related costs and obligations are reliant on actuarial assumptions concerning a number of variables, including discount rates and the expected long-term rates of investment return on pension assets. There could be a material impact on the operating results and financial position of the Companies if actual results were to differ significantly from initial assumptions, or if deteriorating conditions in financial markets or other factors were to necessitate a change in the underlying assumptions.

Intellectual property
The Companies treat intellectual property as an important business resource. Systematic efforts are made to employ intellectual property effectively in improving the competitive position of the Companies, to protect intellectual property rights from infringement, and to avoid infringing the intellectual property rights of other parties.

Despite such safeguards, any actual or alleged infringement of third-party intellectual property rights by the Companies could have a negative impact on the use of certain materials or technologies by the Companies, and could potentially also trigger the payment of compensatory damages. Any such outcome could have a negative effect on the operating results and financial position of the Companies.

Conversely, if claims by the Companies of intellectual property rights infringement against third parties are not upheld, the Companies could also suffer direct or indirect losses through the diminished differentiation or competitiveness of their products in global markets.

CONSOLIDATED BALANCE SHEET

Bridgestone Corporation and Subsidiaries
December 31, 2015 and 2014

ASSETS	Note	2015	2014	2015
	2		Millions of yen	Thousands of U.S. dollars
Current Assets:				
Cash and cash equivalents	14	**¥ 426,727**	¥ 390,181	**$ 3,538,073**
Marketable securities	5,14	**151,063**	124,085	**1,252,492**
Notes and accounts receivable	6,14	**488,833**	541,866	**4,053,006**
Inventories	4	**555,740**	597,537	**4,607,744**
Deferred tax assets	13	**79,550**	91,250	**659,564**
Other current assets		**140,001**	144,161	**1,160,774**
Allowance for doubtful accounts		**(33,357)**	(11,431)	**(276,570)**
Total Current Assets		**1,808,557**	1,877,649	**14,995,083**
Property, Plant and Equipment:	6			
Land		**172,458**	172,522	**1,429,881**
Buildings and structures		**1,068,204**	1,038,359	**8,856,679**
Machinery and equipment		**2,604,347**	2,605,442	**21,593,126**
Construction in progress		**179,598**	208,780	**1,489,081**
Total		**4,024,607**	4,025,103	**33,368,767**
Accumulated depreciation		**(2,520,716)**	(2,480,928)	**(20,899,726)**
Net Property, Plant and Equipment		**1,503,891**	1,544,175	**12,469,041**
Investments and Other Assets:				
Investments in securities	5,14	**282,025**	269,660	**2,338,322**
Investments in and advances to affiliated companies		**17,469**	19,207	**144,839**
Long-term loans receivable		**5,275**	5,253	**43,736**
Deferred tax assets	13	**49,117**	90,475	**407,238**
Other assets		**135,393**	161,005	**1,122,568**
Allowance for doubtful accounts		**(5,880)**	(6,516)	**(48,752)**
Total Investments and Other Assets		**483,399**	539,084	**4,007,951**
Total Assets		**¥ 3,795,847**	¥ 3,960,908	**$ 31,472,075**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Note	2015	2014	2015
	2		Millions of yen	Thousands of U.S. dollars
Current Liabilities:				
Short-term debt	6,14	**¥ 63,918**	¥ 130,660	**$ 529,956**
Current portion of long-term debt	6,14	**93,128**	98,249	**772,142**
Notes and accounts payable	14	**345,606**	388,585	**2,865,484**
Income taxes payable	14	**50,524**	46,490	**418,904**
Accrued expenses		**226,294**	238,330	**1,876,245**
Deferred tax liabilities	13	**1,803**	1,821	**14,949**
Provision for sales returns		**3,063**	3,017	**25,396**
Provision for recall		**1,197**	7,895	**9,925**
Provision for plant restructuring in Japan		**—**	861	**—**
Other current liabilities		**49,582**	60,291	**411,093**
Total Current Liabilities		**835,115**	976,199	**6,924,094**
Long-term Liabilities:				
Long-term debt	6,14	**284,531**	364,085	**2,359,100**
Net defined benefit liability	7	**259,521**	314,568	**2,151,737**
Deferred tax liabilities	13	**48,864**	68,068	**405,140**
Provision for environmental remediation		**2,166**	2,465	**17,959**
Other liabilities		**83,638**	88,865	**693,458**
Total Long-term Liabilities		**678,720**	838,051	**5,627,394**
Total Liabilities		**1,513,835**	1,814,250	**12,551,488**
Contingent Liabilities and Commitments	16			
Equity:	8			
Common stock Authorized—1,450,000,000 shares, issued—813,102,321 shares in 2015 and 2014		**126,354**	126,354	**1,047,625**
Capital surplus		**123,025**	123,008	**1,020,023**
Stock acquisition rights		**2,470**	1,946	**20,479**
Retained earnings		**2,014,497**	1,842,914	**16,702,570**
Treasury stock—at cost, 29,878,493 shares in 2015 and 29,965,086 shares in 2014		**(56,212)**	(56,367)	**(466,064)**
Accumulated other comprehensive income	19			
Net unrealized gain on available-for-sale securities		**192,324**	168,172	**1,594,594**
Deferred loss on derivative instruments		**(776)**	(2,189)	**(6,434)**
Foreign currency translation adjustments		**(55,407)**	39,108	**(459,390)**
Remeasurements of defined benefit plans		**(134,736)**	(165,315)	**(1,117,121)**
Total		**2,211,539**	2,077,631	**18,336,282**
Minority interests		**70,473**	69,027	**584,305**
Total Equity		**2,282,012**	2,146,658	**18,920,587**
Total Liabilities and Equity		**¥3,795,847**	¥3,960,908	**$31,472,075**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2015 and 2014

	Note	2015	2014	2015
	2		Millions of yen	Thousands of U.S. dollars
Net Sales	17	**¥3,790,251**	¥3,673,965	**$31,425,678**
Cost of Sales		**2,293,937**	2,289,626	**19,019,460**
Gross profit		**1,496,314**	1,384,339	**12,406,218**
Selling, General and Administrative Expenses		**979,066**	906,301	**8,117,618**
Operating income	17	**517,248**	478,038	**4,288,600**
Other Income (Expenses):				
Interest and dividend income		**14,249**	14,309	**118,141**
Penalty income		**4,783**	—	**39,657**
Interest expense		**(12,118)**	(14,663)	**(100,473)**
Foreign currency exchange gain (loss)		**(10,437)**	(6,130)	**(86,536)**
Gain on sales of property, plant and equipment	12	**5,278**	8,615	**43,761**
Gain on sales of investment securities		**15,481**	5,925	**128,356**
Loss on disposals of property, plant and equipment		**(6,398)**	—	**(53,047)**
Loss on deconsolidation of subsidiaries	12	**(43,506)**	—	**(360,716)**
Other—net		**(6,421)**	(8,341)	**(53,238)**
Total		**(39,089)**	(285)	**(324,095)**
Income before Income Taxes and Minority Interests		**478,159**	477,753	**3,964,505**
Income Taxes:	13			
Current		**155,360**	124,385	**1,288,118**
Deferred		**27,124**	43,320	**224,890**
Total		**182,484**	167,705	**1,513,008**
Income before minority interests		**295,675**	310,048	**2,451,497**
Minority Interests		**(11,381)**	(9,459)	**(94,362)**
Net Income		**¥ 284,294**	¥ 300,589	**$ 2,357,135**

	Note	2015	2014	2015
	2		Yen	U.S. dollars
Per Share of Common Stock:				
Basic	10	**¥362.99**	¥383.84	**$3.01**
Diluted	10	**362.52**	383.39	**3.01**
Cash dividends applicable to the year		**130.00**	100.00	**1.08**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2015 and 2014

	Note	2015	2014	2015
	2		Millions of yen	Thousands of U.S. dollars
Income before minority interests		**¥295,675**	¥310,048	**$2,451,497**
Other comprehensive income	19			
Net unrealized gain (loss) on available-for-sale securities		**24,138**	(32,537)	**200,133**
Deferred gain (loss) on derivative instruments		**1,268**	(598)	**10,513**
Foreign currency translation adjustments		**(97,829)**	131,197	**(811,119)**
Remeasurements of defined benefit plans		**30,371**	(64,354)	**251,812**
Share of other comprehensive income in affiliates		**(2,752)**	(59)	**(22,817)**
Total Other Comprehensive Income		**(44,804)**	33,649	**(371,478)**
Comprehensive income	19	**¥250,871**	¥343,697	**$2,080,019**
Comprehensive income attribute to:				
Shareholders of Bridgestone Corporation		**¥245,922**	¥327,592	**$2,038,985**
Minority interests		**4,949**	16,105	**41,034**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2015 and 2014

	Note	Outstanding number of shares of common stock	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total	Minority interests	Total equity
								Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans			
	2	Thousands												Millions of yen
Balance at January 1, 2014		782,987	¥126,354	¥122,866	¥1,621	¥1,597,140	¥(56,645)	¥200,704	¥(1,093)	¥ (86,177)	¥ (97,864)	¥1,806,906	¥56,058	¥1,862,964
Net income for the year						300,589						300,589		300,589
Cash dividends						(54,815)						(54,815)		(54,815)
Purchase of treasury stock		(3)					(12)					(12)		(12)
Disposal of treasury stock		153		142			290					432		432
Net change in the year					325			(32,532)	(1,096)	125,285	(67,451)	24,531	12,969	37,500
Balance at December 31, 2014		783,137	¥126,354	¥123,008	¥1,946	¥1,842,914	¥(56,367)	¥168,172	¥(2,189)	¥ 39,108	¥(165,315)	¥2,077,631	¥69,027	¥2,146,658
Cumulative effects of changes in accounting policies						(18,729)						(18,729)		(18,729)
Restated Balance at January 1, 2015		783,137	¥126,354	¥123,008	¥1,946	¥1,824,185	¥(56,367)	¥168,172	¥(2,189)	¥ 39,108	¥(165,315)	¥2,058,902	¥69,027	¥2,127,929
Net income for the year						284,294						284,294		284,294
Cash dividends						(93,982)						(93,982)		(93,982)
Purchase of treasury stock		(2)					(12)					(12)		(12)
Disposal of treasury stock		89		17			167					184		184
Net change in the year					524			24,152	1,413	(94,515)	30,579	(37,847)	1,446	(36,401)
Balance at December 31, 2015		**783,224**	**¥126,354**	**¥123,025**	**¥2,470**	**¥2,014,497**	**¥(56,212)**	**¥192,324**	**¥ (776)**	**¥ (55,407)**	**¥(134,736)**	**¥2,211,539**	**¥70,473**	**¥2,282,012**

	Note	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total	Minority interests	Total equity
							Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans			
	2												Thousands of U.S. dollars
Balance at December 31, 2014		$1,047,625	$1,019,882	$16,135	$15,279,944	$(467,349)	$1,394,345	$(18,149)	$ 324,252	$(1,370,657)	$17,226,028	$572,316	$17,798,344
Cumulative effects of changes in accounting policies					(155,286)						(155,286)		(155,286)
Restated Balance at January 1,2015		$1,047,625	$1,019,882	$16,135	$15,124,658	$(467,349)	$1,394,345	$(18,149)	$324,252	$(1,370,657)	$17,070,742	$572,316	$17,643,058
Net income for the year					2,357,135						2,357,135		2,357,135
Cash dividends					(779,223)						(779,223)		(779,223)
Purchase of treasury stock						(99)					(99)		(99)
Disposal of treasury stock			141			1,384					1,525		1,525
Net change in the year				4,344			200,249	11,715	(783,642)	253,536	(313,798)	11,989	(301,809)
Balance at December 31, 2015		**$1,047,625**	**$1,020,023**	**$20,479**	**$16,702,570**	**$(466,064)**	**$1,594,594**	**$ (6,434)**	**$(459,390)**	**$(1,117,121)**	**$18,336,282**	**$584,305**	**$18,920,587**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2015 and 2014

	Note	2015	2014	2015
	2		Millions of yen	Thousands of U.S. dollars
Cash Flows from Operating Activities:				
Income before income taxes and minority interests		**¥ 478,159**	¥ 477,753	**$ 3,964,505**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization		**202,334**	188,333	**1,677,589**
Amortization of goodwill		**2,147**	1,246	**17,801**
Increase (decrease) in allowance for doubtful accounts		**1,389**	205	**11,516**
Increase (decrease) in net defined benefit liability		**(15,205)**	(26,290)	**(126,067)**
Interest and dividend income		**(14,249)**	(14,309)	**(118,141)**
Interest expense		**12,118**	14,663	**100,473**
Foreign currency exchange loss (gain)		**6,442**	7,516	**53,412**
Penalty income		**(4,783)**	—	**(39,657)**
Gain on sales of property, plant and equipment		**(5,278)**	(8,615)	**(43,761)**
Gain on sales of investments in securities		**(15,481)**	(5,925)	**(128,356)**
Loss on disposals of property, plant and equipment		**6,398**	—	**53,047**
Loss on deconsolidation of subsidiaries		**43,506**	—	**360,716**
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable		**(14,408)**	(4,264)	**(119,459)**
Decrease (increase) in inventories		**(537)**	2,292	**(4,452)**
Increase (decrease) in notes and accounts payable		**(19,522)**	7,735	**(161,861)**
Other		**18,145**	(20,168)	**150,444**
Subtotal		**681,175**	620,172	**5,647,749**
Interest and dividends received		**14,047**	14,323	**116,466**
Interest paid		**(12,483)**	(14,791)	**(103,499)**
Penalty received		**4,783**	—	**39,657**
Payment related to US antitrust laws		**—**	(43,652)	**—**
Payment related to recall		**(6,698)**	(11,668)	**(55,534)**
Payment related to plant restructuring in Japan		**—**	(7,700)	**—**
Income taxes paid		**(126,885)**	(128,062)	**(1,052,027)**
Net Cash Provided by Operating Activities		**553,939**	428,622	**4,592,812**
Cash Flows from Investing Activities:				
Payments for purchase of property, plant and equipment		**(255,230)**	(288,382)	**(2,116,159)**
Proceeds from sales of property, plant and equipment		**7,599**	10,910	**63,005**
Payments for purchase of intangible assets		**(3,989)**	(2,587)	**(33,074)**
Proceeds from sales of investments in securities		**17,777**	6,926	**147,392**
Payments of long-term loans receivable		**(1,276)**	(479)	**(10,580)**
Proceeds from collection of long-term loans receivable		**1,212**	3,645	**10,049**
Other		**526**	(35,729)	**4,362**
Net Cash Used in Investing Activities		**(233,381)**	(305,696)	**(1,935,005)**
Cash Flows from Financing Activities:				
Net increase (decrease) in short-term debt		**(61,098)**	6,894	**(506,575)**
Proceeds from long-term debt		**24,556**	169,367	**203,598**
Repayments of long-term debt		**(97,401)**	(185,478)	**(807,570)**
Proceeds from minority interests for additional shares		**1,969**	934	**16,325**
Repayments of obligations under finance leases		**(7,430)**	(1,153)	**(61,603)**
Cash dividends paid		**(93,928)**	(54,798)	**(778,775)**
Cash dividends paid to minority		**(5,646)**	(4,121)	**(46,812)**
Other		**173**	420	**1,435**
Net Cash Used in Financing Activities		**(238,805)**	(67,935)	**(1,979,977)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**(35,339)**	10,594	**(293,003)**
Net Increase (Decrease) in Cash and Cash Equivalents		**46,414**	65,585	**384,827**
Cash and Cash Equivalents at Beginning of Year		**390,181**	324,596	**3,235,063**
Decrease in Cash and Cash Equivalents Resulting from Exclusion of Subsidiaries from Consolidation		**(9,868)**	—	**(81,817)**
Cash and Cash Equivalents at End of Year		**¥ 426,727**	¥ 390,181	**$ 3,538,073**

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Bridgestone Corporation and Subsidiaries

NOTE 1 NATURE OF OPERATIONS

Bridgestone Corporation and its subsidiaries (hereinafter referred to collectively as the "Companies") engage in developing, manufacturing and marketing tires and diversified products. The Companies market their products worldwide and operate manufacturing plants in every principal market. Development activities take place primarily in Japan, the United States of America (the "U.S.") and Europe. Tire operations include retread business, automotive maintenance and repairs, retail business and raw material supplies, as well as tire development, manufacturing and marketing. Diversified products include industrial products, chemical products, automotive components, construction materials, electronic equipment, bicycles and sporting goods.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards and the accounting principles generally accepted in the U.S. ("U.S. GAAP").

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Bridgestone Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.61 to $1, the approximate rate of exchange on December 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

The consolidated financial statements include the accounts of the Companies in which the Company has effective control. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are also eliminated.

Investments in affiliated companies, primarily those owned 20% to 50%, are accounted for under the equity method with appropriate adjustments for intercompany profits and dividends. Share of profit of entities accounted for using the equity method is included in other income (expenses) in the consolidated statements of income.

The number of consolidated subsidiaries and affiliated companies for 2015 and 2014 is summarized below:

	2015	2014
Consolidated subsidiaries	**300**	310
Affiliated companies	**145**	143

(2) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or U.S. GAAP tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (i) amortization of goodwill; (ii) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (iii) expensing capitalized development costs of R&D; (iv) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (v) exclusion of minority interests from net income, if contained in net income.

(3) Unification of accounting policies applied to foreign affiliated companies for the equity method

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the affiliate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliated companies in accordance with either International Financial Reporting Standards or U.S. GAAP tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (i) amortization of goodwill; (ii) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (iii) expensing capitalized development costs of R&D; (iv) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (v) exclusion of minority interests from net income, if contained in net income.

(4) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include highly liquid investments with original maturities of three months or less.

(5) Allowance for doubtful accounts

Allowance for doubtful accounts is established in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(6) Inventories

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

Meanwhile, inventories held by subsidiaries in the U.S. are substantially stated at the lower of cost, determined principally by the last-in, first-out method, or market value.

(7) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

Available–for–sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available–for–sale securities are stated at cost determined by the moving–average method. For other–than–temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(8) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is computed substantially by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to property, plant and equipment of the Company's overseas subsidiaries. Maintenance, repair and minor renewals are charged to income as incurred.

(9) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of the discounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group, or the net selling price at disposition.

(10) Goodwill

Goodwill recorded by subsidiaries, and the excess of cost of the Company's investments in subsidiaries and affiliated companies over its equity at the respective dates of acquisition, are mainly being amortized on a straight-line basis over a reasonable economical life of up to 20 years.

(11) Provision for sales returns

Provision for sales returns is estimated and recorded principally to provide for future losses on the return of snow tires.

(12) Provision for recall

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

(13) Provision for product warranties

Provision for product warranties, included in other liabilities, is estimated and recorded at the time of sale to provide for future potential costs, such as costs related to after–sales services, in amounts considered to be appropriate based on the Companies' past experience.

(14) Provision for environmental remediation

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

(15) Retirement and pension plans

The Company and its domestic subsidiaries have contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees of their employees' benefits. Certain of the Company's overseas subsidiaries have funded defined benefit pension plans and defined contribution pension plans.

Effective April 1, 2000, the Company adopted an accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. For the Company and its domestic subsidiaries, actuarial gains and losses are amortized on a straight-line basis over 10 years and past service costs are amortized on a straight-line basis over 10 years within the average remaining service period. For certain overseas subsidiaries, actuarial gains and losses are amortized on a straight-line basis over 8 to 12 years in case actuarial gains and losses exceed 10% of the larger of retirement benefit obligations or pension plan assets and past service costs are amortized on a straight-line basis over 3 to 12 years within the average remaining service period. In addition, at certain consolidated subsidiaries in the Americas, an estimated total amount of expenses for post-retirement benefits in addition to pensions is allotted based on the number of years of service provided by the employees.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(i) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (net defined benefit liability) or asset (net defined benefit asset).

(ii) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(iii) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (i) and (ii) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (iii) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in December 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (i) and (ii) above, effective December 31, 2014, and for (iii) above, effective January 1, 2015.

With respect to (iii) above, the Company changed the method of attributing the expected benefit to periods from the straight–line basis to a benefit formula basis and the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (iii) above as of January 1, 2015, in retained earnings. As a result, net defined benefit asset as of January 1, 2015, decreased by ¥14,473 million ($119,998 thousand), net defined benefit liability as of January 1, 2015, increased by ¥14,224 million ($117,934 thousand) and retained earnings as of January 1, 2015, decreased by ¥18,729 million ($155,286 thousand). The effect of this change on operating income, ordinary income, and income before income taxes and minority interests for the year ended December 31, 2015, was immaterial. In addition, net assets per share for the year ended December 31, 2015, decreased by ¥23.91 ($0.20), while the effect of the change on basic net income per share and diluted net income per share for the year ended December 31, 2015, were immaterial.

(16) Asset retirement obligations

In March 2008, the ASBJ issued ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(17) Leases

Finance leases are capitalized, and the present value of the related payments is recorded as a liability. Amortization of capitalized leased assets is computed substantially by the declining-balance method based on the term of the lease.

(18) Income taxes

The provision for income taxes is computed based on income before income taxes included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income taxes are measured by applying currently enacted income tax rates to the temporary differences. A valuation allowance is provided for any portion of the deferred tax assets where it is considered more likely than not that they will not be realized.

(19) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign currency exchange gains or losses from translation are recognized in the consolidated statement of income.

(20) Foreign currency financial statements

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

(21) Derivatives and hedging activities

The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Foreign currency forward contracts, currency swap contracts and currency option contracts are utilized by the Companies to reduce foreign currency exchange risks. Interest rate swaps are utilized by the Companies to reduce interest rate risks. Also, commodity swap contracts are utilized by the Companies to reduce commodity price risks. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (i) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income; and (ii) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts which are designated as hedging exposure to variable cash flows of forecasted transactions are measured at fair value, and the unrealized gains or losses are deferred until the underlying transactions are completed. Other foreign currency forward contracts, currency swap contracts and currency option contracts employed to hedge foreign currency exchange exposures to changes in fair value and in cash flow are also measured at fair value but the unrealized gains or losses are recognized in income. Short-term and long-term debt denominated in foreign currencies for which foreign currency forward contracts and currency swap contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the foreign currency forward contracts and currency swap contracts qualify for hedge accounting. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses. The gains or losses on commodity swap contracts used to hedge fluctuations of commodity prices are recognized currently in income.

(22) Per share of common stock

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants and stock options.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

(23) Reclassification

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

(24) Changes in presentation

Consolidated statement of income

Prior to January 1, 2015, “Share of profit of entities accounted for using equity method” in “non–operating income” was disclosed separately in the consolidated statement of income. Since during this fiscal year ended December 31, 2015, the materiality of the amount decreased, such amount was included in “Other–net” in the consolidated statement of income. The amount included in “Other–net” for the year ended December 31, 2014, was ¥4,099 million.

Consolidated statement of cash flows

Prior to January 1, 2015, “Increase (decrease) in allowance for doubtful accounts” was included in “Other” in the cash flows from operating activities section of the consolidated statement of cash flows. Since during this fiscal year ended December 31, 2015, the materiality of the amount increased, such amount was disclosed separately in the cash flows from operating activities section of the consolidated statement of cash flows. The amount included in “Other” for the year ended December 31, 2014, was ¥205 million.

Prior to January 1, 2015, “Share of profit of entities accounted for using the equity method” was disclosed separately in the cash flows from the operating activities section of the consolidated statement of cash flows. Since during this fiscal year ended December 31, 2015, the materiality of the amount decreased, such amount was included in “Other” in the cash flows from the operating activities section of the consolidated statement of cash flows for the year ended December 31, 2015. The amount included in “Other” for the year ended December 31, 2014, was ¥1,490 million.

Prior to January 1, 2015, “Payments of long–term loans receivable” was included in “Other” in the cash flows from the investing activities section of the consolidated statement of cash flows. Since during this fiscal year ended December 31, 2015, the materiality of the amount increased, such amount was disclosed separately in the cash flows from investing activities section of the consolidated statement of cash flows for the year ended December 31, 2015. The amount included in “Other” for the year ended December 31, 2014, was ¥479 million.

Prior to January 1, 2015, “Proceeds from minority interests for additional shares” was included in “Other” in the cash flows from financing activities section of the consolidated statement of cash flows. Since during this fiscal year ended December 31, 2015, the materiality of the amount increased, such amount was disclosed separately in the cash flows from financing activities section of the consolidated statement of cash flows for the year ended December 31, 2015. The amount included in “Other” for the year ended December 31, 2014, was ¥934 million.

(25) Accounting changes and error corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows:

(i) Changes in accounting policies

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(ii) Changes in presentation

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(iii) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(iv) Corrections of prior-period errors

When an error in prior-period financial statements is discovered, those statements are restated.

(26) New accounting pronouncements

Accounting standards for business combinations and consolidated financial statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” revised ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures,” and revised ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements.”

Major accounting changes are as follows:

(i) Transactions with noncontrolling interest

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(ii) Presentation of the consolidated balance sheet

In the consolidated balance sheet, "minority interests" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(iii) Presentation of the consolidated statement of income

In the consolidated statement of income, "income before minority interests" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(iv) Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(v) Acquisition-related costs

Acquisition–related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition–related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition–related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (i) transactions with noncontrolling interest, (ii) presentation of the consolidated balance sheet, (iii) presentation of the consolidated statement of income, and (v) acquisition–related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (ii) presentation of the consolidated balance sheet and (iii) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (ii) presentation of the consolidated balance sheet and (iii) presentation of the consolidated statement of income, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for (i) transactions with noncontrolling interest and (v) acquisition–related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (i) transactions with noncontrolling interest and (v) acquisition–related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first–time application.

In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first–time application. The revised accounting standards and guidance for (ii) presentation of the consolidated balance sheet and (iii) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first–time application of the revised standards and guidance.

The revised standards and guidance for (iv) Provisional accounting treatments for a business combination are effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (i), (ii), (iii) and (v) above from January 1, 2016, and for (iv) above for a business combination which will occur on or after January 1, 2016, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

Accounting standard for revenue from contracts with customers

On May 28, 2014, the Financial Accounting Standards Board (the "FASB") issued an accounting standards update that clarifies the principles for recognizing revenue and provides a comprehensive model for revenue recognition. The comprehensive model centers on the principal that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services. Certain overseas subsidiaries which apply U.S. GAAP expect to apply this accounting standard from January 1, 2017, and are in the process of measuring the effects of applying the accounting standard in future applicable periods.

Implementation guidance on recoverability of deferred tax assets

On December 28, 2015, the ASBJ issued ASBJ Implementation Guidance No. 26, "Guidance on recoverability of deferred tax assets". With regards to the treatment of the recoverability of deferred tax assets, a necessary review was conducted on the following treatments following the provisions of the Japanese Institute of Certified Public Accountants (the "JICPA") Auditing Standards Committee Report No. 66 "Audit Treatment for Determining the Recoverability of Deferred Tax Assets," whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

(i) Treatment of companies that do not fulfill any of the requirements for classification from Category 1 to Category 5
(ii) Requirements for classification as Category 2 and Category 3
(iii) Treatment of temporary differences in future temporary differences that cannot be scheduled for companies applicable to Category 2
(iv) Treatment concerning the reasonable estimable period of temporary differences in future preadjusted taxable income for companies applicable to Category 3
(v) Treatment in cases where a company fulfilling the requirements of Category 4 is also applicable to Category 2 or Category 3

The above implementation "Guidance on recoverability of deferred tax assets" is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for the annual periods ended March 31, 2016.

The Company expects to apply the implementation guidance from the beginning of the annual period beginning on January 1, 2017, and is in process of measuring the effects of applying the implementation guidance in future applicable periods.

NOTE 4 INVENTORIES

Inventories at December 31, 2015 and 2014 consist of the following:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Finished products	**¥370,047**	¥388,394	**$3,068,129**
Work in process	**35,878**	38,309	**297,471**
Raw materials and supplies	**149,815**	170,834	**1,242,144**
Total	**¥555,740**	¥597,537	**$4,607,744**

NOTE 5 MARKETABLE AND INVESTMENT SECURITIES

Information regarding each category of available-for-sale securities at December 31, 2015 and 2014, is as follows:

	Cost	Unrealized gains	Unrealized losses	Fair value	Cost	Unrealized gains	Unrealized losses	Fair value
				2015				2014
								Millions of yen
Securities Classified as:								
Available-for-sale:								
Equity securities	**¥35,942**	**¥244,148**	**¥ (1)**	**¥280,089**	¥37,980	¥229,799	¥ (7)	¥267,772
Debt securities	**—**	**—**	**—**	**—**	11,200	—	(4,856)	6,344
				Thousands of U.S. dollars				
Securities Classified as:								
Available-for-sale:								
Equity securities	**$298,002**	**$2,024,276**	**$ (8)**	**$2,322,270**				
Debt securities	**—**	**—**	**—**	**—**				

In addition to the above, the Companies have available-for-sale securities classified as marketable securities under U.S. GAAP of ¥151,063 million ($1,252,492 thousand) and ¥117,741 million, respectively, for the years ended December 31, 2015 and 2014.

Available-for-sale securities whose fair values are not readily determinable at December 31, 2015 and 2014, are as follows:

	2015	2014	2015
Carrying amount		Millions of yen	Thousands of U.S. dollars
Available-for-sale:			
Equity securities	¥1,936	¥1,888	$16,052

Proceeds from sales of available–for–sale securities for the years ended December 31, 2015 and 2014, are ¥17,861 million ($148,089 thousand) and ¥6,914 million, respectively. Gross realized gains on these sales for the years ended December 31, 2015 and 2014, computed on the moving average cost basis, are ¥15,481 million ($128,356 thousand) and ¥5,925 million, respectively.

The information of available-for-sale securities which were sold during the year ended December 31, 2015, is as follows:

	Proceeds	Realized gains	Realized losses	Proceeds	Realized gains	Realized losses
						2015
			Millions of yen			Thousands of U.S. dollars
Securities Classified as: **Available-for-sale:**						
Equity securities	**¥17,861**	**¥15,481**	**¥—**	**$148,089**	**$128,356**	**$—**

NOTE 6 SHORT-TERM AND LONG-TERM DEBT

Short-term debt at December 31, 2015 and 2014, consists of the following:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Short–term bank loans, weighted average interest rate of 3.1% at December 31, 2015, and 2.6% at December 31, 2014	**¥63,918**	¥130,660	**$529,956**
Total	**¥63,918**	¥130,660	**$529,956**

Long-term debt at December 31, 2015 and 2014, consists of the following:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Borrowings from banks, insurance companies and others, weighted average interest rate of 2.0% at December 31, 2015, and 2.5% at December 31, 2014, denominated mainly in Japanese yen, U.S. dollars and Euros:			
Secured	**¥ 83**	¥ 6,341	**$ 688**
Unsecured	**250,183**	322,426	**2,074,314**
0.2% yen unsecured straight bonds, due 2016	**30,000**	30,000	**248,736**
0.3% yen unsecured straight bonds, due 2018	**20,000**	20,000	**165,824**
0.2% yen unsecured straight bonds, due 2019	**70,000**	70,000	**580,383**
Obligations under finance leases	**7,393**	13,567	**61,297**
Total	**377,659**	462,334	**3,131,242**
Less current portion	**(93,128)**	(98,249)	**(772,142)**
Long-term Debt, Less Current Portion	**¥284,531**	¥364,085	**$2,359,100**

Annual maturities of long-term debt at December 31, 2015, are as follows:

Year ending December 31,	Millions of yen	Thousands of U.S. dollars
2016	**¥ 93,128**	**$ 772,142**
2017	**130,423**	**1,081,361**
2018	**58,045**	**481,262**
2019	**91,521**	**758,818**
2020	**3,207**	**26,590**
2021 and thereafter	**1,335**	**11,069**
Total	**¥377,659**	**$3,131,242**

Notes and accounts receivable and property, plant and equipment were pledged as collateral for certain bank loans. The aggregate carrying amount of the assets pledged as collateral for short–term bank loans of ¥208 million ($1,725 thousand) and long–term bank loans of ¥83 million ($688 thousand) at December 31, 2015, is ¥1,078 million ($8,938 thousand).

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long–term or short–term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any additional collateral.

Effective January 2016, Bridgestone Americas, Inc. ("BSAM") and its major subsidiaries in the U.S. entered into separate fourteenth amended and restated revolving credit agreements with a syndicate of banks providing an aggregate borrowing commitment of $1,100 million. The revolving credit agreements consist of two tranches, each of which has an aggregate borrowing commitment of $550 million, and which expire in January 2017 and January 2018, respectively. These agreements contain certain customary affirmative and negative covenants, the most restrictive of which includes (i) the maintenance by BSAM and its major subsidiaries of their consolidated tangible net worth and (ii) restrictions on entering into additional debt arrangements and the sale of assets. The above agreements replaced the separate thirteenth amended and restated revolving credit agreements, whose expiration dates are January 2016 and January 2017. As of December 31, 2015, BSAM's outstanding balance under the twelfth amended and restated revolving credit agreement was $16 million.

NOTE 7 RETIREMENT AND PENSION PLANS

Employees serving with the Company and its domestic subsidiaries are generally entitled to a lump-sum payment at retirement and, in certain cases, annuity payments at retirement, provided by funded defined benefit pension plans based on the rate of pay at the time of termination, years of service and certain other factors. There are defined contribution pension plans available for the employees as well provided by the Company and certain of its domestic subsidiaries.

Employees serving with certain of the Company's overseas subsidiaries are entitled to either (1) funded defined benefit pension plans, corporate pension plans, lump-sum payment plans and others, or (2) defined contribution pension plans. There are escalated payment plans for voluntary retirement at certain specific ages prior to the mandatory retirement age.

(1) The changes in defined benefit obligation for the years ended December 31, 2015 and 2014, are as follows:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Balance at beginning of year (as previously reported)	**¥793,416**	¥665,525	**$6,578,360**
Cumulative effect of accounting change	**28,697**	—	**237,932**
Balance at beginning of year (as restated)	**822,113**	665,525	**6,816,292**
Service cost	**21,260**	19,300	**176,271**
Interest cost	**24,599**	23,737	**203,955**
Actuarial (gains) losses	**(39,885)**	83,596	**(330,694)**
Benefits paid	**(46,262)**	(57,598)	**(383,567)**
Effect of foreign exchange translation	**(5,869)**	58,955	**(48,661)**
Others	**(8,303)**	(99)	**(68,842)**
Balance at end of year	**¥767,653**	¥793,416	**$6,364,754**

Service cost includes net periodic benefit costs of certain subsidiaries that have adopted a simplified method.

(2) The changes in plan assets for the years ended December 31, 2015 and 2014, are as follows:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Balance at beginning of year	**¥583,242**	¥499,094	**$4,835,768**
Expected return on plan assets	**31,614**	28,115	**262,118**
Actuarial (losses) gains	**(33,389)**	7,079	**(276,834)**
Contributions from the employer	**46,957**	48,722	**389,329**
Benefits paid	**(40,103)**	(51,293)	**(332,502)**
Effect of foreign exchange translation	**(2,989)**	50,204	**(24,782)**
Others	**2,087**	1,321	**17,303**
Balance at end of year	**¥587,419**	¥583,242	**$4,870,400**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Funded defined benefit obligation	**¥ 685,496**	¥ 710,891	**$ 5,683,575**
Plan assets	**(587,419)**	(583,242)	**(4,870,400)**
	98,077	127,649	**813,175**
Unfunded defined benefit obligation	**82,157**	82,525	**681,179**
Net liability arising from defined benefit obligation	**180,234**	210,174	**1,494,354**
Net defined benefit liability	**178,409**	222,385	**1,479,222**
Net defined benefit asset	**—**	(14,032)	**—**
Others	**1,825**	1,821	**15,132**
Net liability arising from defined benefit obligation	**¥ 180,234**	¥ 210,174	**$ 1,494,354**

In addition to liability for retirement benefits noted above, a liability for postretirement benefits of ¥81,112 million ($672,515 thousand) and ¥92,183 million ($764,687 thousand) is included in the consolidated balance sheet at December 31, 2015 and 2014, respectively.

(4) The components of net periodic benefit costs for the years ended December 31, 2015 and 2014, are as follows:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Service cost	**¥ 21,260**	¥ 19,300	**$ 176,271**
Interest cost	**24,599**	23,737	**203,955**
Expected return on plan assets	**(31,614)**	(28,115)	**(262,118)**
Amortization of prior service cost	**588**	(1,940)	**4,875**
Recognized actuarial (gains) losses	**21,448**	13,934	**177,830**
Net periodic benefit costs	**¥ 36,281**	¥ 26,916	**$ 300,813**

Service cost includes net periodic benefit costs of certain subsidiaries that have adopted a simplified method.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of December 31, 2015 and 2014

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Prior service cost	**¥ 998**	¥ 484	**$ 8,275**
Actuarial (gains) losses	**37,729**	(93,217)	**312,818**
Others	**412**	404	**3,416**
Total	**¥39,139**	¥(92,329)	**$324,509**

In addition to other comprehensive income on defined retirement benefit plans noted above, other comprehensive income for postretirement benefits of a credit of ¥10,852 million ($89,976 thousand) and a debit of ¥11,127 million ($92,302 thousand) at certain overseas subsidiaries in the Americas is included in the consolidated statement of comprehensive income at December 31, 2015 and 2014, respectively.

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of December 31, 2015 and 2014

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Unrecognized prior service cost	**¥ (2,893)**	¥ (3,891)	**$ (23,986)**
Unrecognized actuarial (gains) losses	**(199,822)**	(237,551)	**(1,656,761)**
Others	**(2)**	(414)	**(17)**
Total	**¥(202,717)**	¥(241,856)	**$(1,680,764)**

In addition to accumulated other comprehensive income on defined retirement benefit plans noted above, accumulated other comprehensive income for postretirement benefits of a debit of ¥3,414 million ($28,306 thousand) and a debit of ¥14,266 million ($118,341 thousand) at certain overseas subsidiaries in the Americas is included in the consolidated balance sheet at December 31, 2015 and 2014, respectively.

(7) Plan assets

a. Components of plan assets

Plan assets consisted of the following:

	2015	2014
		%
Debt investments	**52%**	50%
Equity investments	**26**	27
Cash and cash equivalents	**2**	2
Alternative investments	**12**	12
Others	**8**	9
Total	**100%**	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended December 31, 2015 and 2014, are set forth as follows:

	2015	2014
		%
The Company and domestic subsidiaries		
Discount rate	**1.0% to 1.4%**	1.1% to 1.7%
Expected long–term rate of return on plan assets	**2.5%**	2.5%
Overseas subsidiaries		
Discount rate	**3.6% to 4.4%**	3.3% to 4.0%
Expected long–term rate of return on plan assets	**1.0% to 6.8%**	1.0% to 7.3%

(9) Defined contribution pension plans

The Company and certain of its domestic and overseas subsidiaries paid costs for defined contribution pension plans of ¥9,002 million ($74,637 thousand) and ¥7,573 million ($62,820 thousand), respectively, for the years ended December 31, 2015 and 2014.

NOTE 8 EQUITY

Significant provisions in the Companies Act of Japan (the "Act") that affect financial and accounting matters are summarized below:

(i) Dividends:

The Act allows Japanese companies to pay dividends at any time during the fiscal year in addition to the year–end dividend upon resolution at the shareholders' meeting. Additionally, for Japanese companies that meet certain criteria including having a Board of Directors, having independent auditors, having an Audit & Supervisory Board, and the term of service of the directors being prescribed as one year rather than the normal two–year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Board of Directors of companies with board committees (including appointment committee, compensation committee and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Act, even though such companies have an audit committee instead of an Audit & Supervisory Board. The Company is organized as a company with board committees. The Act permits Japanese companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Act continues to provide certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

(ii) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus:

The Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (of retained earnings) or as additional paid-in capital (of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(iii) Treasury Stock and Treasury Stock Acquisition Rights:

The Act also provides for Japanese companies to repurchase/dispose of treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Act, stock acquisition rights are presented as a separate component of equity. The Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

NOTE 9 STOCK-BASED COMPENSATION

The stock options outstanding as of December 31, 2015, are as follows:

Date of approval	Persons granted		Number of options granted (Thousands of shares)	Date of grant	Exercise price	Exercise period
March 27, 2008 at the general shareholders meeting and the board of directors	Directors Selected employees	7 80	234.5	May 1, 2008	¥1,936 ($16.05)	from April 1, 2010 to March 31, 2015
March 26, 2009 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	9 20	110	May 1, 2009	¥1 ($0.01)	from May 1, 2009 to April 30, 2029
March 30, 2010 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	8 25	118.5	May 6, 2010	¥1 ($0.01)	from May 6, 2010 to April 30, 2030
March 29, 2011 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	9 36	154.5	May 2, 2011	¥1 ($0.01)	from May 2, 2011 to April 30, 2031
March 27, 2012 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	9 35	202	May 1, 2012	¥1 ($0.01)	from May 1, 2012 to April 30, 2032
March 26, 2013 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	4 36	196	May 1, 2013	¥1 ($0.01)	from May 1, 2013 to April 30, 2033
March 25, 2014 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	4 46	131.9	May 1, 2014	¥1 ($0.01)	from May 1, 2014 to April 30, 2034
March 24, 2015 at the general shareholders meeting and the board of directors	Directors Corporate officers not doubling as directors	3 48	142.5	May 1, 2015	¥1 ($0.01)	from May 1, 2015 to April 30, 2035

The stock option activity is as follows:

	March 27, 2008	March 26, 2009	March 30, 2010	March 29, 2011	March 27, 2012	March 26, 2013	March 25, 2014	March 24, 2015
Non-vested (Thousands of shares)								
Outstanding at December 31, 2014	—	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—	142.5
Expired	—	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—	142.5
Outstanding at December 31, 2015	—	—	—	—	—	—	—	—
Vested (Thousands of shares)								
Outstanding at December 31, 2014	74.1	97	116	149.5	196	194.5	131.9	—
Vested	—	—	—	—	—	—	—	142.5
Exercised	66.1	19.5	1	2.5	—	—	—	—
Expired	8	—	—	—	—	—	—	—
Outstanding at December 31, 2015	—	77.5	115	147	196	194.5	131.9	142.5
Exercise price	¥1,936 ($16.05)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise	¥4,676 ($38.77)	¥4,600 ($38.14)	¥4,399 ($36.47)	¥4,399 ($36.47)	—	—	—	—
Fair value price at grant date	¥399 ($3.31)	¥1,264 ($10.48)	¥1,400 ($11.61)	¥1,656 ($13.73)	¥1,648 ($13.66)	¥3,313 ($27.47)	¥3,153 ($26.14)	¥4,099 ($33.99)

The fair value price is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	March 24, 2015
Volatility of stock price	**33.279%**
Estimated remaining outstanding period	**10 years**
Estimated dividend per share	**¥100 ($0.83)**
Risk-free interest rate	**0.358%**

NOTE 10 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended December 31, 2015 and 2014, is as follows:

	Net income	Weighted-average shares	EPS	
	For the year ended December 31, 2015			
	Millions of yen	Thousands of shares	Yen	U.S. dollars
Basic EPS Net income available to common shareholders	**¥284,294**	**783,205**	**¥362.99**	**$3.01**
Effect of dilutive securities Stock options		**1,022**		
Diluted EPS Net income for computation	**¥284,294**	**784,227**	**¥362.52**	**$3.01**

	Net income	Weighted-average shares	EPS
	For the year ended December 31, 2014		
	Millions of yen	Thousands of shares	Yen
Basic EPS Net income available to common shareholders	¥300,589	783,112	¥383.84
Effect of dilutive securities Stock options		927	
Diluted EPS Net income for computation	¥300,589	784,039	¥383.39

NOTE 11 RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to income as incurred.

Research and development costs are ¥94,978 million ($787,480 thousand) and ¥94,147 million for the years ended December 31, 2015 and 2014, respectively.

NOTE 12 OTHER INCOME (EXPENSES)

Gain on sales of property, plant and equipment

Gain on sales of property, plant and equipment for the years ended December 31, 2015 and 2014, mainly consists of gain on sales of land.

Loss on deconsolidation of subsidiaries

During the year ended December 31, 2015, under US GAAP, BSAM has recorded related expenses based on the deconsolidation of Venezuelan subsidiaries, Bridgestone Firestone Venezolana, C.A. ("BFVZ") and its subsidiary from its consolidated financial statements because an other–than–temporary lack of exchangeability between the Bolivar and the U.S. dollar is restricting the subsidiaries' ability to purchase raw materials and pay dividends on a sustainable basis.

NOTE 13 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 35.5% and 37.9% for each of the years ended December 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at December 31, 2015 and 2014, are as follows:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets:			
Net defined benefit liability	**¥ 87,482**	¥ 104,045	**$ 725,330**
Accrued expenses	**38,888**	37,833	**322,428**
Unrealized intercompany profits	**27,979**	31,374	**231,979**
Net operating loss carryforwards for tax purposes	**46,902**	56,512	**388,873**
Other	**57,932**	69,260	**480,325**
Less valuation allowance	**(36,643)**	(36,606)	**(303,814)**
Total	**222,540**	262,418	**1,845,121**
Deferred Tax Liabilities:			
Reserve for deferred gain related fixed assets for tax purposes	**(12,458)**	(13,857)	**(103,292)**
Unrealized gain on available-for-sale securities	**(51,857)**	(62,185)	**(429,956)**
Depreciation	**(40,559)**	(32,043)	**(336,282)**
Other	**(39,666)**	(42,497)	**(328,878)**
Total	**(144,540)**	(150,582)	**(1,198,408)**
Net deferred tax assets	**¥ 78,000**	¥ 111,836	**$ 646,713**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended December 31, 2015, with the corresponding figures for 2014, is as follows:

	2015	2014
		%
Normal effective statutory tax rate	**35.5%**	37.9%
Expenses not deductible for income tax purposes and income not taxable—net	**(1.6)**	(3.6)
Lower income tax rates applicable to income in certain consolidated subsidiaries	**(1.7)**	(2.8)
Tax credit for research and development costs of domestic companies	**(1.3)**	(1.3)
Change in valuation allowance for deferred tax assets	**0.4**	1.3
Tax adjustment of overseas companies	**2.8**	0.4
Other—net	**4.1**	3.2
Actual Effective Tax Rate	**38.2%**	35.1%

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, from approximately 35.5% to 33.0% for temporary differences expected to be realized during the year ended December 31, 2016, and 32.1% thereafter.

The effect of these changes was to decrease deferred tax liabilities, net of deferred tax assets, by ¥2,952 million ($24,476 thousand) and deferred gain (loss) on derivative instruments by ¥5 million ($41 thousand), and increase net unrealized gain on available–for–sale securities by ¥5,486 million ($45,485 thousand) and remeasurements of defined benefit plans by ¥31 million ($257 thousand) in the consolidated balance sheet as of December 31, 2015, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥2,560 million ($21,225 thousand).

NOTE 14 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 secure financial instruments. The Companies follow the policy of using derivative financial instruments not for speculative purposes, but for managing financial risks as described later.

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

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

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

Derivative transactions consist of the use of foreign currency forward contracts and currency option contracts for the purpose of hedging foreign currency exchange fluctuation risk on receivables, payables and forecasted transactions in foreign currencies; currency swap contracts for the purpose of hedging foreign currency exchange fluctuation risk and interest rate fluctuation risk on loans, borrowings and bonds in foreign currencies; interest rate swap contracts for the purpose of hedging interest rate fluctuation risk on borrowings; and commodity swap contracts for the purpose of hedging commodity price fluctuation risk. Hedging instruments and hedged items, hedge policy, assessment method for hedge effectiveness and others related to hedge accounting are described at Note 3. (21) "Derivative and hedging activities" and Note 15 "Derivatives."

(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 default resulting from deterioration of customers' financial position.

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

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

b. Management of market risk

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

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

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

c. Management of liquidity risk in financing activities

The Companies practice money management effectively by recognizing the fund position beforehand based on cash flow projection. 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. The contract amounts described in Note 15 "Derivatives" do not indicate the amounts of market risk related to derivative transactions.

2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain (loss) of the financial instruments as of December 31, 2015 and 2014, are as follows:
Financial instruments whose fair values are not readily determinable are excluded from the following table.

	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
						2015
			Millions of yen			Thousands of U.S. dollars
(1) Cash and cash equivalents	¥ 426,727	¥ 426,727	¥ —	$ 3,538,073	$ 3,538,073	$ —
(2) Notes and accounts receivable	488,833			4,053,006		
Allowance for doubtful accounts*1	33,357			276,570		
	455,476	455,476	—	3,776,436	3,776,436	—
(3) Marketable and investment securities	431,152	431,152	—	3,574,762	3,574,762	—
Total	¥1,313,355	¥1,313,355	¥ —	$10,889,271	$10,889,271	$ —
(1) Short-term debt	¥ 63,918	¥ 63,918	¥ —	$ 529,956	$ 529,956	$ —
(2) Current portion of long-term debt	93,128	93,144	(16)	772,142	772,274	(132)
(3) Notes and accounts payable	345,606	345,606	—	2,865,484	2,865,484	—
(4) Income taxes payable	50,524	50,524	—	418,904	418,904	—
(5) Long-term debt	284,531	287,271	(2,740)	2,359,100	2,381,818	(22,718)
Total	¥ 837,707	¥ 840,463	¥(2,756)	$ 6,945,586	$ 6,968,436	$(22,850)
Derivative transactions*2	¥ 1,412	¥1,412	¥ —	$11,707	$11,707	$ —

	Carrying amount	Fair value	Unrealized gain (loss)
			2014
			Millions of yen
(1) Cash and cash equivalents	¥ 390,181	¥ 390,181	¥ —
(2) Notes and accounts receivable	541,866		
Allowance for doubtful accounts*1	11,431		
	530,435	530,435	—
(3) Marketable and investment securities	391,857	391,857	—
Total	¥1,312,473	¥1,312,473	¥ —
(1) Short-term debt	¥ 130,660	¥ 130,660	¥ —
(2) Current portion of long-term debt	98,249	98,249	—
(3) Notes and accounts payable	388,585	388,585	—
(4) Income taxes payable	46,490	46,490	—
(5) Long-term debt	364,085	368,057	(3,972)
Total	¥1,028,069	¥1,032,041	¥(3,972)
Derivative transactions*2	¥ (11,392)	¥ (11,392)	¥ —

*1 This comprises the allowance for doubtful accounts with respect to notes and accounts receivable, short-term loan receivable and others.
*2 Receivables and payables arising from derivative transactions are presented net. If the net amount is a liability, it is written in parentheses ( ).

Notes

1. Calculation methods of fair values of financial instruments, investments in securities, and derivative transactions are as follows:

Assets

(1) Cash and cash equivalents, and (2) Notes and accounts receivable
The fair values approximate book values because of their short-term maturities.

(3) Marketable and investment securities
The fair values of the reservation of receivables liquidation are based on values calculated reasonably, the fair values of equity securities are based on the market prices at the securities exchanges, and the fair values of bonds are based on the market prices at the securities exchanges or on the prices disclosed by financial institutions. Information on available-for-sale securities is described in Note 5 "Marketable and investment securities."

Liabilities

(1) Short-term debt, (2) Current portion of long-term debt, and (4) Income taxes payable
The fair values of bonds with market prices are based on the market prices. The fair values of others approximate book values because of their short-term maturities.

(3) Notes and accounts payable
The fair values approximate book values because of their short-term maturities.

(5) Long-term debt
The fair values of bonds with market prices are based on the market prices.
The fair values of bonds without market prices and long-term bank borrowings are determined by discounting the aggregated values of the principal and interest using an assumed interest rate as if identical debt was newly issued.

Derivative transactions

Information of derivative transactions is described in Note 15 "Derivatives."

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

	Carrying amount		
	2015	2014	2015
	Millions of yen		Thousands of U.S. dollars
Available-for-sale securities			
Unlisted equity securities	¥1,936	¥1,888	$16,052

It is extremely difficult to calculate their fair values because there are no market prices. Therefore, these items are not included in "(3) Marketable and investment securities."

3. Redemption schedule of monetary assets and investments in securities with contractual maturities

	Due 2016	Due 2017 to 2020	Due 2021 to 2025	Due 2026 and thereafter
	2015			
	Millions of yen			
Cash and cash equivalents	¥426,727	¥—	¥—	¥—
Notes and accounts receivable	488,833	—	—	—
Marketable and investment securities				
Available-for-sale securities with contractual maturities				
Public bonds	—	—	—	—
Corporate bonds	—	2	—	—
Other	66,286	—	—	—
	Thousands of U.S. dollars			
Cash and cash equivalents	$3,538,073	$—	$—	$—
Notes and accounts receivable	4,053,006	—	—	—
Marketable and investment securities				
Available-for-sale securities with contractual maturities				
Public bonds	—	—	—	—
Corporate bonds	—	17	—	—
Other	549,590	—	—	—

4. Please see Note 6 "Short-term and long-term debt" for annual maturities of long-term debt.

NOTE 15 DERIVATIVES

The Companies enter into foreign currency forward contracts, currency swap contracts and currency option contracts to hedge foreign currency exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Companies enter into interest rate swap contracts to manage their interest rate exposures on certain liabilities. In addition, the Companies enter into commodity swap contracts to hedge the risk of fluctuation of commodity prices for raw materials.

All derivative transactions are entered into to hedge foreign currency, interest and commodity price exposures that arise in the course of the Companies' business. Accordingly, the market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Because the counterparties to these derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk. Derivative transactions entered into by the Companies have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

The contract or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to credit or market risk.

The outstanding balances of derivative contracts which do not qualify for hedge accounting at December 31, 2015 and 2014, are as follows:

	Contract amount	Fair value	Unrealized gain (loss)
			2015
			Millions of yen
Foreign Currency Forward Contracts:			
Sell:			
U.S. dollar	**¥50,399**	**¥ 333**	**¥ 333**
Euro	**20,476**	**299**	**299**
Australian dollar	**11,993**	**(147)**	**(147)**
Russian ruble	**9,513**	**997**	**997**
Other	**13,219**	**354**	**354**
Buy:			
U.S. dollar	**28,546**	**687**	**687**
Japanese yen	**20,786**	**(1,756)**	**(1,756)**
Poland zloty	**384**	**11**	**11**
Thai baht	**42**	**—**	**—**
Other	**2,793**	**41**	**41**
Currency Swap Contracts:			
U.S. dollar receipt, Japanese yen payment	**¥67,949**	**¥(1,960)**	**¥(1,960)**
Chinese yuan receipt, Japanese yen payment	**14,813**	**618**	**618**
Poland zloty receipt, Japanese yen payment	**10,582**	**(892)**	**(892)**
Euro receipt, Japanese yen payment	**10,277**	**1,023**	**1,023**
Euro receipt, U.S. dollar payment	**10,160**	**1,559**	**1,559**
Thai baht receipt, Japanese yen payment	**9,742**	**(452)**	**(452)**
Other	**13,797**	**467**	**467**

	Contract amount	Fair value	Unrealized gain (loss)
			2014
			Millions of yen
Foreign Currency Forward Contracts:			
Sell:			
U.S. dollar	¥61,130	¥(3,331)	¥(3,331)
Euro	23,387	(505)	(505)
Australian dollar	12,680	85	85
Russian ruble	21,188	4,765	4,765
Other	32,386	(366)	(366)
Buy:			
U.S. dollar	24,605	346	346
Japanese yen	22,860	(2,731)	(2,731)
Poland zloty	3,406	(15)	(15)
Thai baht	6,889	8	8
Other	2,544	(20)	(20)
Currency Swap Contracts:			
U.S. dollar receipt, Japanese yen payment	¥43,306	¥(4,818)	¥(4,818)
Chinese yuan receipt, Japanese yen payment	2,996	(473)	(473)
Poland zloty receipt, Japanese yen payment	10,582	(2,155)	(2,155)
Euro receipt, Japanese yen payment	11,190	(20)	(20)
Euro receipt, U.S. dollar payment	10,155	542	542
Thai baht receipt, Japanese yen payment	9,742	(1,426)	(1,426)
Other	48,906	345	345

	Contract amount	Fair value	Unrealized gain (loss)
			2015
			Thousands of U.S. dollars
Foreign Currency Forward Contracts:			
Sell:			
U.S. dollar	$417,868	$ 2,761	$ 2,761
Euro	169,770	2,479	2,479
Australian dollar	99,436	(1,219)	(1,219)
Russian ruble	78,874	8,266	8,266
Other	109,601	2,935	2,935
Buy:			
U.S. dollar	236,680	5,696	5,696
Japanese yen	172,341	(14,559)	(14,559)
Poland zloty	3,184	91	91
Thai baht	348	—	—
Other	23,157	340	340
Currency Swap Contracts:			
U.S. dollar receipt, Japanese yen payment	$563,378	$(16,251)	$(16,251)
Chinese yuan receipt, Japanese yen payment	122,817	5,124	5,124
Poland zloty receipt, Japanese yen payment	87,737	(7,396)	(7,396)
Euro receipt, Japanese yen payment	85,209	8,482	8,482
Euro receipt, U.S. dollar payment	84,238	12,926	12,926
Thai baht receipt, Japanese yen payment	80,773	(3,748)	(3,748)
Other	114,394	3,872	3,872

The outstanding balances of derivative contracts which qualify for hedge accounting at December 31, 2015 and 2014, are as follows:

	Primary hedged item	Contract amount	Fair value
			2015
			Millions of yen
Foreign Currency Forward Contracts:			
Sell:			
U.S. dollar	Accounts receivable	**¥19,661**	**¥26**
Euro		**6,876**	**87**
Australian dollar		**3,466**	**(37)**
Other		**1,528**	**148**
Buy:			
Hungarian forint	Accounts payable	**2,095**	**10**
Danish Krone		**562**	**—**
U.S. dollar		**444**	**(6)**
Czech koruna		**296**	**—**
Other		**1**	**—**

	Primary hedged item	Contract amount	Fair value
			2014
			Millions of yen
Foreign Currency Forward Contracts:			
Sell:			
U.S. dollar	Accounts receivable	¥21,226	¥(1,350)
Euro		8,229	(299)
Australian dollar		6,339	28
Other		52	(25)
Buy:			
U.S. dollar	Accounts payable	762	24
Other		11	1

	Primary hedged item	Contract amount	Fair value
			2015
			Thousands of U.S. dollars
Foreign Currency Forward Contracts:			
Sell:			
U.S. dollar	Accounts receivable	**$163,013**	**$ 216**
Euro		**57,010**	**721**
Australian dollar		**28,737**	**(307)**
Other		**12,669**	**1,227**
Buy:			
Hungarian forint	Accounts payable	**17,370**	**83**
Danish Krone		**4,660**	**—**
U.S. dollar		**3,681**	**(50)**
Czech koruna		**2,454**	**—**
Other		**8**	**—**

NOTE 16 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

At December 31, 2015, the Companies have the following contingent liabilities:

	2015	
	Millions of yen	Thousands of U.S. dollars
Trade notes discounted	¥565	$4,685
Guarantees and similar items of bank borrowings	2	17
Total	**¥567**	**$4,702**

(b) Operating lease commitments

The Companies lease certain land, machinery, vehicles, computer equipment, office space and other assets. The minimum lease commitments under noncancelable operating leases at December 31, 2015, are as follows:

	2015	
	Millions of yen	Thousands of U.S. dollars
Due within one year	¥ 43,218	$ 358,328
Due after one year	196,839	1,632,029
Total	**¥240,057**	**$1,990,357**

NOTE 17 SEGMENT INFORMATION

For the years ended December 31, 2015 and 2014

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

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

The Companies' reportable segments consist mainly of Tire business that comprises the manufacture and sale of tires and tubes, sale of wheels and accessories, the manufacture and sale of retread material and services, auto maintenance, and Diversified products business that comprises Chemical and Industrial Products, BSAM Diversified Products*, sporting goods, bicycles, etc. Thus, the Companies have two reporting segments: Tires and Diversified products.

* BSAM Diversified Products: A business under BRIDGESTONE AMERICAS, INC. supplying commercial roofing materials and others.

2. Methods of measurement for the amounts of sales and income (loss), assets, and other items for each reportable segment

The accounting policies for each reportable segment are consistent with those outlined in Note 3 "Summary of significant accounting policies." Reportable segment income figures are on an operating income basis. Internal sales and transfers between segments are mainly based on prices for third-party transactions.

3. Information about sales and income (loss), assets and other items by reportable segment

	Tires	Diversified products	Total	Reconciliations*	Consolidated
					Year ended December 31, 2015
					Millions of yen
Net Sales:					
External customers	**¥3,168,219**	**¥622,032**	**¥3,790,251**	**¥ —**	**¥3,790,251**
Inter-segment	**6,227**	**13,017**	**19,244**	**(19,244)**	**—**
Total	**3,174,446**	**635,049**	**3,809,495**	**(19,244)**	**3,790,251**
Segment income (Operating income)	**¥ 472,763**	**¥ 44,519**	**¥ 517,282**	**¥ (34)**	**¥ 517,248**
Segment assets	**¥3,345,495**	**¥452,275**	**¥3,797,770**	**¥ (1,923)**	**¥3,795,847**
Other					
Depreciation and amortization	**¥ 181,783**	**¥ 20,551**	**¥ 202,334**	**¥ —**	**¥ 202,334**
Amortization of goodwill	**1,204**	**943**	**2,147**	**—**	**2,147**
Investment for equity-method affiliates	**16,884**	**224**	**17,108**	**(3)**	**17,105**
Increase in property, plant and equipment and intangible assets	**229,886**	**23,695**	**253,581**	**—**	**253,581**

	Tires	Diversified products	Total	Reconciliations*	Consolidated
					Year ended December 31, 2014
					Millions of yen
Net Sales:					
External customers	¥3,088,627	¥585,338	¥3,673,965	¥ —	¥3,673,965
Inter-segment	4,749	16,528	21,277	(21,277)	—
Total	3,093,376	601,866	3,695,242	(21,277)	3,673,965
Segment income (Operating income)	¥ 435,837	¥ 42,187	¥ 478,024	¥ 14	¥ 478,038
Segment assets	¥3,517,404	¥445,601	¥3,963,005	¥ (2,097)	¥3,960,908
Other					
Depreciation and amortization	¥ 170,872	¥ 17,461	¥ 188,333	¥ —	¥ 188,333
Amortization of goodwill	649	597	1,246	—	1,246
Investment for equity-method affiliates	18,599	199	18,798	(2)	18,796
Increase in property, plant and equipment and intangible assets	268,376	44,725	313,101	—	313,101

	Tires	Diversified products	Total	Reconciliations*	Consolidated
					Year ended December 31, 2015
					Thousands of U.S. dollars
Net Sales:					
External customers	**$26,268,295**	**$5,157,383**	**$31,425,678**	**$ —**	**$31,425,678**
Inter-segment	**51,629**	**107,927**	**159,556**	**(159,556)**	**—**
Total	**26,319,924**	**5,265,310**	**31,585,234**	**(159,556)**	**31,425,678**
Segment income (Operating income)	**$ 3,919,767**	**$ 369,115**	**$ 4,288,882**	**$ (282)**	**$ 4,288,600**
Segment assets	**$27,738,123**	**$3,749,896**	**$31,488,019**	**$ (15,944)**	**$31,472,075**
Other					
Depreciation and amortization	**$ 1,507,197**	**$ 170,392**	**$ 1,677,589**	**$ —**	**$ 1,677,589**
Amortization of goodwill	**9,982**	**7,819**	**17,801**	**—**	**17,801**
Investment for equity-method affiliates	**139,989**	**1,857**	**141,846**	**(25)**	**141,821**
Increase in property, plant and equipment and intangible assets	**1,906,027**	**196,460**	**2,102,487**	**—**	**2,102,487**

* The reconciliations are as follows:
1 Reconciliations of segment income refer to elimination of inter-segment transactions.
2 Reconciliations of segment assets refer to elimination of inter-segment receivables and payables.

4. Related information

1. Information about products and services

Information has been omitted, as the classification is the same as that for reportable segments.

2. Information about geographical areas

(1) Sales

Japan	The Americas	United States*	Europe	Other	Total
					Year ended December 31, 2015
					Millions of yen
¥661,908	**¥1,919,549**	**¥1,543,990**	**¥419,887**	**¥788,907**	**¥3,790,251**
					Thousands of U.S. dollars
$5,488,003	**$15,915,339**	**$12,801,509**	**$3,481,361**	**$6,540,975**	**$31,425,678**

Japan	The Americas	United States*	Europe	Other	Total
					Year ended December 31, 2014
					Millions of yen
¥694,043	¥1,746,345	¥1,370,865	¥434,126	¥799,451	¥3,673,965

Note: Sales are classified by country or region based on the location of customers.
* The figure for the United States is included in that of the Americas.

(2) Property, plant and equipment

Japan	The Americas	United States*1	Europe	Other	China*2	Total
						Year ended December 31, 2015
						Millions of yen
¥340,007	**¥577,518**	**¥459,329**	**¥148,089**	**¥438,277**	**¥164,817**	**¥1,503,891**
						Thousands of U.S. dollars
$2,819,061	**$4,788,309**	**$3,808,382**	**$1,227,834**	**$3,633,837**	**$1,366,528**	**$12,469,041**

Japan	The Americas	United States*1	Europe	Other	China*2	Total
						Year ended December 31, 2014
						Millions of yen
¥350,512	**¥587,389**	**¥449,749**	**¥161,641**	**¥444,633**	**¥171,801**	**¥1,544,175**

*1 The figure for the United States is included in that of the Americas.
*2 The figure for China is included in that of Other.

3. Information about major customers

The Companies are not required to disclose information on external customers since there are no sales to a single external customer amounting to 10% or more of the Companies' net sales.

5. Information about amortization of goodwill and unamortized balance

	Tires	Diversified products	Reconciliations	Consolidated
				Year ended December 31, 2015
				Millions of yen
Amortization	**¥ 1,204**	**¥ 943**	**¥—**	**¥ 2,147**
Unamortized Balance	**2,845**	**17,377**	**—**	**20,222**
				Thousands of U.S. dollars
Amortization	**$ 9,982**	**$ 7,819**	**$—**	**$17,801**
Unamortized Balance	**23,588**	**144,076**	**—**	**167,664**

	Tires	Diversified products	Reconciliations	Consolidated
				Year ended December 31, 2014
				Millions of yen
Amortization	¥ 649	¥ 597	¥—	¥ 1,246
Unamortized Balance	3,672	18,426	—	22,098

Amortization of negative goodwill and unamortized balance due to business combination before April 1, 2010, was as follows:

	Tires	Diversified products	Reconciliations	Consolidated
				Year ended December 31, 2014
				Millions of yen
Amortization	¥117	¥—	¥—	¥117
Unamortized Balance	—	—	—	—

NOTE 18 SUBSEQUENT EVENTS

Cash dividend

On March 24, 2016, the shareholders of the Company approved payment of a cash dividend of ¥70.0 ($0.58) per share, or a total of ¥54,826 million ($454,573 thousand), to shareholders of record at December 31, 2015.

NOTE 19 OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended December 31, 2015 and 2014, are as follows:

	2015	2014	2015
		Millions of yen	Thousands of U.S. dollars
Net Unrealized Gain (Loss) on Available-for-sale Securities:			
Gains (losses) arising during the year	**¥ 29,290**	¥ (27,069)	**$ 242,849**
Reclassification adjustment to profit or loss	**(15,481)**	(5,921)	**(128,356)**
Amount before income tax effect	**13,809**	(32,990)	**114,493**
Income tax effect	**10,329**	453	**85,640**
Total	**¥ 24,138**	¥ (32,537)	**$ 200,133**
Deferred Gain (Loss) on Derivative Instruments:			
Gains (losses) arising during the year	**¥ 3,212**	¥ 3,723	**$ 26,631**
Reclassification adjustment to profit or loss	**(986)**	(4,191)	**(8,175)**
Reclassification adjustment to acquisition cost of assets	**9**	(636)	**75**
Amount before income tax effect	**2,235**	(1,104)	**18,531**
Income tax effect	**(967)**	506	**(8,018)**
Total	**¥ 1,268**	¥(598)	**$ 10,513**
Foreign Currency Translation Adjustments:			
Adjustments arising during the year	**¥(112,568)**	¥ 131,149	**$(933,323)**
Reclassification adjustment to profit or loss	**14,739**	48	**122,204**
Total	**¥ (97,829)**	¥ 131,197	**$(811,119)**
Remeasurements of Defined Benefit Plans:			
Gains (losses) arising during the year	**¥ 28,547**	¥(115,221)	**$ 236,688**
Reclassification adjustment to profit or loss	**21,446**	11,764	**177,813**
Amount before income tax effect	**49,993**	(103,457)	**414,501**
Income tax effect	**(19,622)**	39,103	**(162,689)**
Total	**¥ 30,371**	¥ (64,354)	**$ 251,812**
Share of Other Comprehensive Income in Affiliates:			
Gains (losses) arising during the year	**¥ (3,595)**	¥ (196)	**$(29,807)**
Reclassification adjustment to profit or loss	**843**	137	**6,990**
Total	**¥ (2,752)**	¥(59)	**$(22,817)**
Total Other Comprehensive Income	**¥ (44,804)**	¥ 33,649	**$(371,478)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bridgestone Corporation:

We have audited the accompanying consolidated balance sheet of Bridgestone Corporation and its subsidiaries as of December 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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.

Opinion

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

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

March 24, 2016

Member of
Deloitte Touche Tohmatsu Limited

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May 2016