



## OUR VISION

annual report 2008  
operational review

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The Bridgestone Group consists of the parent company and 437 consolidated subsidiaries. In this publication, Bridgestone Corporation denotes the parent company.

**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 Group's actual performance and results to differ from management's projections and plans.



## **OUR VISION TO THE SOLID ULTIMATE GOAL**

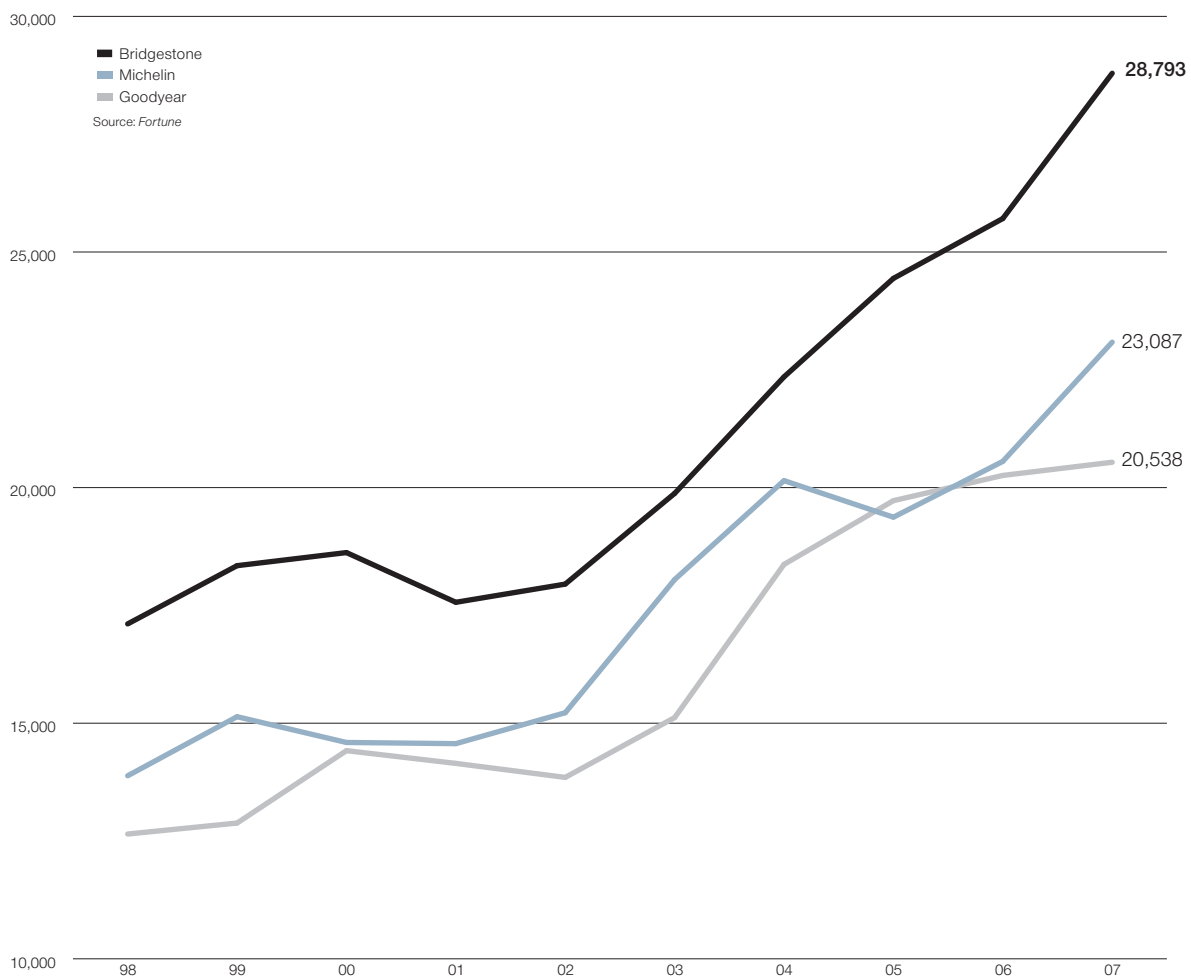
The Bridgestone Group is one of the world's largest manufacturers of tires and rubber products. Since the parent company was established in 1931, the Bridgestone Group has grown in tandem with the automotive industry.

## **A FIRM STEP TOWARD OUR NO. 1 POSITION**

Aiming to respond appropriately to the ongoing, dramatic changes in the operating environment and to be a truly global enterprise, the Bridgestone Group will strive to become the “World’s undisputed No. 1 tire and rubber company in both name and substance.”

## GLOBAL SALES TREND

USD million



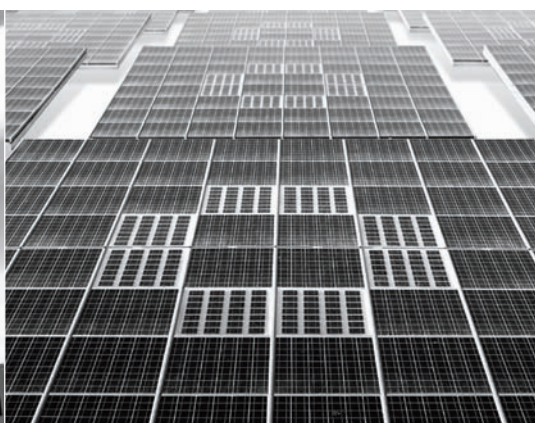




## TIRES MEETING A WIDE ARRAY OF NEEDS

Tires account for about 80% of the sales of the Bridgestone Group. The Group produces and markets a variety of tires, including those for passenger cars, trucks, buses, motorcycles, construction and mining vehicles, and aircraft.





## DIVERSIFIED PRODUCTS IN A RANGE OF SETTINGS

The Bridgestone Group also produces a wide range of other products for businesses and consumers. The Group's products and technologies support an extensive range of industrial and consumer activities.





# MESSAGE TO OUR STAKEHOLDERS

## OUR VISION TO THE SOLID ULTIMATE GOAL



Shoshi Arakawa, Chairman of the Board, CEO and President



## A REVIEW OF OUR RESULTS AND THE OPERATING ENVIRONMENT IN 2008

The Bridgestone Group faced a challenging operating environment in the fiscal year ended December 31, 2008, and, regrettably, our results fell short of our initial plans. Net sales were down 5%, to ¥3,234.4 billion, while operating income was down 47%, to ¥131.6 billion, and net income declined 92%, to ¥10.4 billion.

In the first half of 2008, higher raw material and energy costs put pressure on profits. In the second half, natural rubber and crude oil prices began to decline, while the yen appreciated rapidly. The financial crisis in the United States triggered a global economic recession, and beginning in the fall of 2008, demand declined at an unprecedented pace. In response, it became necessary for the Bridgestone Group to implement urgent countermeasures.

I believe that our operating environment will remain severe for some time. My fundamental approach to management in this type of environment is to reemphasize the importance of our business' Basics and Principles, proceed on the assumption that operating conditions are subject to continuous change, and strive to incorporate those changes into an enhanced management system. This approach will drive our response not only to those changes we are now facing, but also to changes that may occur in the years ahead.

## SHORT-TERM CHALLENGES

Our most important short-term management challenge is the need to implement urgent countermeasures to the rapid decline in demand stemming from the global economic crisis. Accordingly, we have reduced production at certain plants, postponed investment in some capital projects, and accelerated our focus on strategic businesses.

On the other hand, the changes in our operating environment affect not only the Bridgestone Group but every company in our

industry, and, indeed, every industry in the world. We will aggressively utilize these changes and turn them into opportunities that can further differentiate our operations from those of our competitors. For example, with the slowdown in demand—which has led to idle production capacity—we have the opportunity to rigorously reevaluate production capabilities and processes in a manner that is simply not possible when our capacity is fully engaged. This opportunity will enable us to dramatically improve production efficiencies while enhancing quality.

Furthermore, we will study ways to increase management efficiency (including through internal reorganization), work to develop new business models, and reinforce our operations, efforts which cannot be implemented as effectively under more “normal” operating environments. We see this global financial crisis as an opportunity for the Bridgestone Group to enlarge its influence in the industry and prepare itself for even greater growth when the economic recovery occurs.

## MANAGEMENT OBJECTIVES

My ultimate management goal is to establish the Bridgestone Group as the world's undisputed No. 1 tire and rubber company in both name and substance.

Many regard the Bridgestone Group to be No. 1 “in name” based on objective criteria such as sales revenue or the global reach of our operations.

Tires are an internationally standardized product, so to survive the competition in the global tire industry, we believe that, at a minimum, in order for such an enterprise to be successful, it must have a scope of operations that can address the needs of global demand and it must be large enough—substantial enough—to weather the “ups and downs” of a global economy.

On the other hand, in the changing management environment that is being faced by the entire tire industry, not only must the

scale of operations be world class, but the substance—the quality—of those operations and its management must also be of the highest levels in order to sustain profitable growth.

The most obvious evidence of being a leader “in substance” is profitability. Accordingly, I am focusing on reinforcing and maintaining an “earnings structure that generates steady profits” and on management oriented toward “balanced profitability and asset efficiency.” Specifically, in line with our focus on asset efficiency, our management objective is to achieve a consolidated group ROA of 6% by 2012, and to strengthen further asset efficiency thereafter.

The growth strategies we will continue to implement in order to achieve those management goals described above are to expand the reach and depth of our strategic products, to reinforce our fundamental competencies, and to expand our business domains; all of these strategies are critical components of the Group’s fundamental management policy.

Our efforts to achieve those objectives will be complemented by our commitment to corporate social responsibility (CSR). It is my belief that CSR activities include many initiatives that are indispensable in bolstering our capabilities as a corporation. CSR activities play an essential role in the achievement of our corporate philosophy, and I consider the enhancement of our CSR activities to be an important management focus.

#### **MID-TERM MANAGEMENT PLAN—MTP2008**

The Group has developed its Mid-term Management Plan (MTP) as a tool to assist it in achieving the ultimate management goal mentioned above. Details of the plan are provided in the special strategy section of this report. Here I will provide an overview of our approach to the plan.

MTP2008, which was announced in October 2008 (covering 2009 through 2013), is an update of MTP2007, which covered the five years from 2008 to 2012.

Rolling updates are a distinctive feature of MTPs at Bridgestone. Each year we flexibly add or update initiatives to take into account changes in the business environment, while holding steady the fundamental direction of the Bridgestone Group, its objectives, and the growth strategies we have embraced to realize those objectives.

We are confident that as global economies recover, the Bridgestone Group will be well positioned for growth and will emerge stronger than ever before.

Although the quantitative management objectives of MTP2008 were announced in the midst of severe global economic problems, they are even more challenging than the objectives contained in MTP2007. The reason is that the impact of those economic problems has not been incorporated into the plan due to the difficulty of measuring their influence over the medium term.

These objectives, however, are not based on an unrealistically optimistic outlook. Rather, we believe that sound decision making requires that management formulate a plan and refrain from lowering targets or slowing down the speed of implementation, even if it is expected that the challenging conditions, which cannot be controlled, will continue for some time. For the Bridgestone Group, the MTP is both a map of where we are headed, and a guide as to how we will get there.

It is, in fact, because we are in such a difficult economic and business environment that we will closely follow the MTP roadmap, strive to get through the difficult period, and move boldly into the future.

#### **ORGANIZATIONAL STRATEGY AND HUMAN RESOURCES**

I believe that the SBU (strategic business unit) system is the optimal system for Bridgestone’s global operations. The MTP and the SBU system complement each other as management tools that will be indispensable in the achievement of our ultimate management goal. The SBUs can swiftly identify and respond to market and customer needs worldwide, while the Global Management Platform (GMP) supports the SBUs by providing various specialized functions.

The current state of each SBU and the GMP determines where each organization needs to be in the future. Then, guided by the vision set for the Bridgestone Group by the Global Head Office (GHO), the SBUs, the GMP, and the GHO coordinate to formulate truly effective initiatives. Moreover, to support the effective implementation of those initiatives, the leaders of the SBUs and GMP have full ownership of their respective management responsibilities and functions. The essence of our MTP is not the singular achievement of the numerical objectives themselves but rather the implementation of initiatives that are developed through the use of the SBU system.

Furthermore, the reason why I focus on the SBUs is that the use of this organizational system facilitates change in such areas as corporate culture and organizational constitution. Since the introduction of the SBU system, employees are increasingly aware of the key role they play in achieving objectives, and new and encouraging results have been seen in a variety of facets of our business. Moreover, the system has also strengthened our approach to our markets and customers.

It goes without saying that human resources are the driving force of corporate growth. The activation of our organization through the SBU system also plays a major role in strengthening our human resources.

## CORPORATE VALUE AND SHAREHOLDER RETURN

The Company positions shareholder interests as an important management issue. Accordingly, while bolstering our management foundation, we work to improve our results and increase our corporate value.

This commitment is incorporated in our fundamental management principles of building an “earnings structure that generates steady profits” and a “high-profit system with a balance between profitability and asset efficiency.”

On the other hand, it is our policy to maintain stable, steady dividends as a direct return of profits to shareholders. In line with this policy, we have maintained stable dividend payments over the past 10 years, despite fluctuations in our performance. For the fiscal year ended December 2008, we will pay a year-end dividend of ¥11 per share, resulting in total dividends for the year of ¥24 per share.

In regard to retained earnings, our approach is to allocate them to the maintenance and enhancement of production and sales systems in Japan and overseas and to R&D activities. In this way, we work to bolster our foundation to ensure a stable management and business environment over the long term.

## OUTLOOK

We expect the management environment to remain challenging in the fiscal year ending December 2009. As a result, for 2009 we are forecasting net sales of ¥2,530.0 billion, down 22%; operating income of ¥45.0 billion, down 66%; and net income of ¥3.0 billion, down 71%.

Our management environment and results certainly do not lend themselves to an optimistic outlook, but neither are we overly pessimistic. There is no question that the current situation is difficult, but I am confident that the Bridgestone Group will ride out these challenging times and return to a path of growth. We will strive to use the changes in our operating environment in order to trigger internal evolutions. To that end, we need to steadily implement the MTP. We know what we need to do; now we need to execute and focus on delivering results. We are confident that as global economies recover, the Bridgestone Group will be well positioned for growth and will emerge stronger than ever before.

The Bridgestone Group will continue to pursue the various operational activities that have made it an industry leader, including proactive responses to enhancing the environment, the quality of its products and services, and its commitment to CSR. As we achieve these goals, we believe we will meet the expectations of our shareholders, investors, and all of our other stakeholders.

I ask for your continued support and understanding in the years ahead.

April 2009



Shoshi Arakawa  
Chairman of the Board, CEO and President

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## **PERFORMANCE**

### **FISCAL YEAR 2008 CONSOLIDATED RESULTS**

Due to the global economic recession, the Group faced not only declines in unit demand but also unprecedented rapid changes in the structure of demand and competition. In response to these changes in the business environment, the Group worked to streamline its investments and to reduce costs while consolidating initiatives, reevaluating priorities, and continuing its commitment to enhancing safety and quality.



# FINANCIAL HIGHLIGHTS

Bridgestone Corporation and Subsidiaries  
Years ended December 31, 2008, 2007, and 2006

- Net sales totaled ¥3,234.4 billion, a 5% decrease from fiscal 2007
- Operating income totaled ¥131.6 billion, down 47%
- Net income amounted to ¥10.4 billion, a 92% decrease

	2008	2007	2006	2008/2007	2008
	Millions of yen			Percent change	Thousands of U.S. dollars <sup>1</sup>
Net Sales	¥3,234,406	¥3,390,219	¥2,991,275	-4.6%	\$35,531,209
Overseas Sales	2,448,300	2,589,006	2,213,880	-5.4	26,895,529
Operating Income	131,551	249,962	190,876	-47.4	1,445,139
Net Income	10,412	131,630	85,121	-92.1	114,380
Total Equity	1,019,996	1,410,225	1,221,846	-27.7	11,205,053
Total Assets	2,768,470	3,359,255	3,053,440	-17.6	30,412,721
Capital Expenditures	275,301	272,381	261,335	1.1	3,024,289
Depreciation and Amortization	187,420	173,585	145,349	8.0	2,058,882
Research and Development	93,252	86,748	86,687	7.5	1,024,410
Net Return on Shareholders' Equity (ROE)(%)	0.9	10.3	7.4	—	—
Net Return on Total Assets (ROA)(%)	0.3	4.1	3.0	—	—

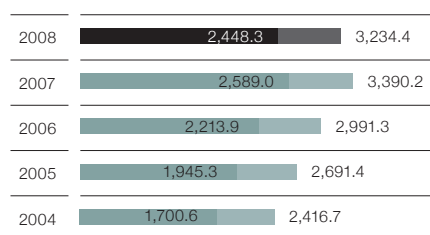
  

Per Share Data	Yen			Percent change	U.S. dollars <sup>1</sup>
Net Income					
Basic	¥ 13.33	¥ 168.69	¥ 109.10	-92.1%	\$ 0.15
Diluted	13.33	168.65	109.07	-92.1	0.15
Shareholders' Equity <sup>2</sup>	1,263.30	1,757.23	1,511.43	-28.1	13.88
Cash Dividends	24.00	26.00	24.00	-7.7	0.26

<sup>1</sup> Solely for the convenience of readers, the Japanese yen amounts in this annual report are translated into U.S. dollars at the rate of ¥91.03 to \$1, the approximate year-end rate.  
<sup>2</sup> Shareholders' equity is equity excluding stock acquisition rights and minority interests.

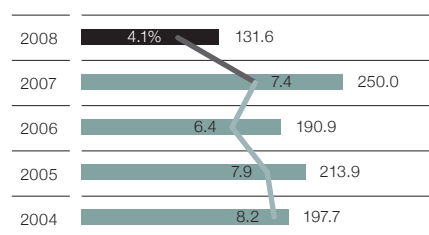
## Net Sales/Overseas Sales

¥ billion



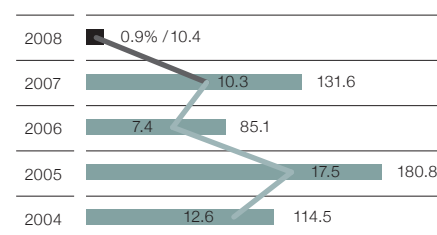
## Operating Income/Operating Income Margin

¥ billion / %



## Net Income/ROE

¥ billion / %



Note: Net sales exclude inter-segment transactions.

# SEGMENT HIGHLIGHTS

Bridgestone Corporation and Subsidiaries  
Years ended December 31, 2008, 2007, 2006, 2005, and 2004

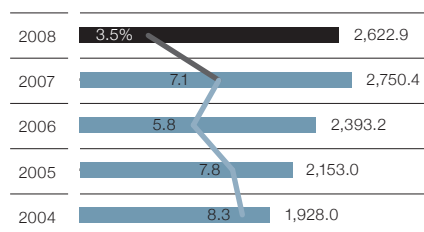
## Business Segments

81%

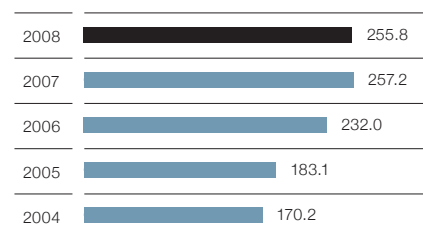
### TIRE BUSINESS

In the tire segment, the Group worked to maximize its sales momentum by introducing appealing new products in domestic and overseas markets and bolstered its operations, primarily in products identified as strategic products, through carefully determined steps, such as improving and expanding strategic production sites around the world. However, the fourth quarter, in particular, was marked by a dramatic decline in global automotive production and by sluggish demand in the replacement market, which had a major effect on sales. As a result, net sales in the tire segment totaled ¥2,622.9 billion, a 5% decrease from fiscal 2007, due in part to the exchange impact of the stronger Japanese yen. With a significant impact from such factors as sharply higher prices for raw materials, operating income decreased 52%, to ¥92.8 billion.

Net Sales/Operating Income Margin  
¥ billion / %



Capital Expenditures  
¥ billion

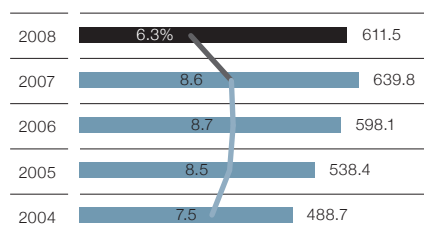


19%

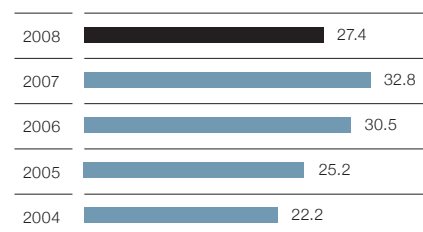
### DIVERSIFIED PRODUCTS BUSINESS

In the diversified products segment, net sales totaled ¥611.5 billion, a 4% decrease from fiscal 2007, due in part to the appreciation of the Japanese yen. Sharply higher prices for raw materials had a significant effect on operating income, which was down 29%, to ¥38.7 billion.

Net Sales/Operating Income Margin  
¥ billion / %



Capital Expenditures  
¥ billion



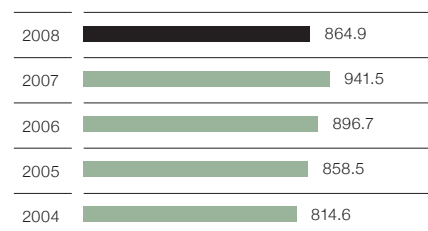
Note: Net sales exclude inter-segment transactions.

## Geographic Segments

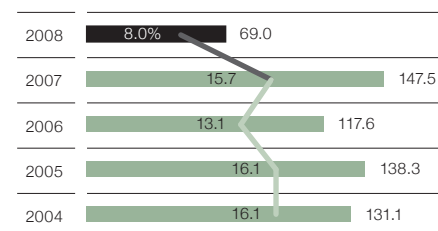
**JAPAN**

27%

Net Sales  
¥ billion



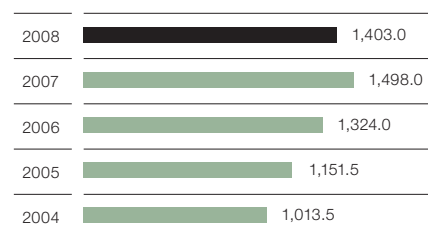
Operating Income/Operating Income Margin  
¥ billion/%



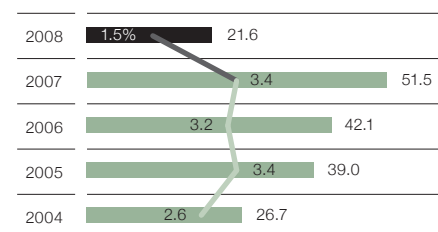
**THE AMERICAS**

43%

Net Sales  
¥ billion



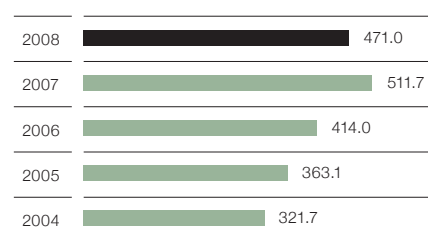
Operating Income/Operating Income Margin  
¥ billion/%



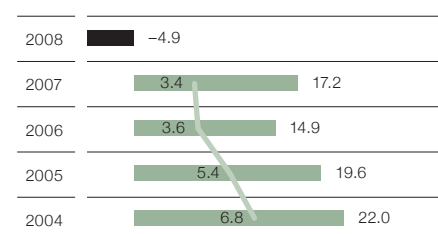
**EUROPE**

15%

Net Sales  
¥ billion



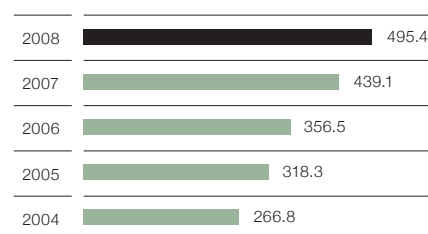
Operating Income/Operating Income Margin  
¥ billion/%



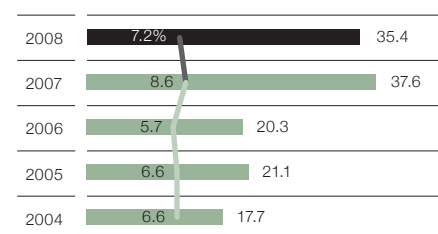
**OTHERS**

15%

Net Sales  
¥ billion



Operating Income/Operating Income Margin  
¥ billion/%



Note: Net sales exclude inter-segment transactions.

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## STRATEGY

### BRIDGESTONE MTP2008

In formulating MTP2008, we incorporated key changes in the operating environment, especially the rising costs of raw materials and energy. We aim for optimum management of the entire group, utilizing this Mid-term Management Plan (MTP). We are driving toward the management goal “To be the world’s undisputed No. 1 tire and rubber company in both name and substance.”

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# BASIC APPROACH TO FORMULATING MTP2008

## BACKGROUND TO MTP2008

MTP2008 is an update of MTP2007 that incorporates changes in the business environment.

This type of rolling update is a key feature of management planning at Bridgestone. Throughout the update process, however, our fundamental approach, direction, and goals remain unchanged. The purpose of the updates is to increase our ability to meet our targets by responding rapidly to changes in the environment and updating initiatives as needed.

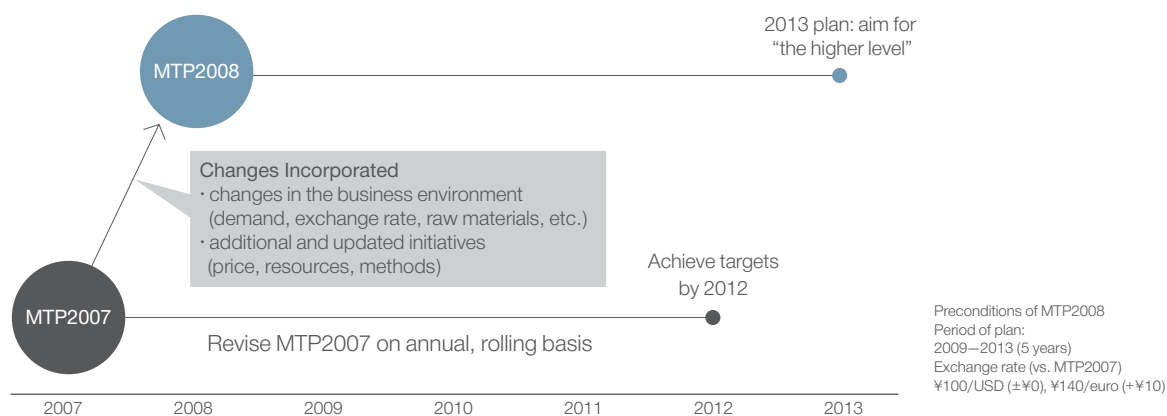
Under MTP2008, we are looking ahead to 2013 with a focus on always aiming for “the higher level.” This includes strengthening and accelerating initiatives that were included in MTP2007, as well as adding new measures. At this point, however, it is difficult to predict the effects over the medium term of the current economic problems. As a result, the new plan does not incorporate these factors into our performance targets.

## BASIC APPROACH TO FORMULATING MTP2008

In formulating MTP2008, we incorporated certain changes in the business environment, especially the rising costs of raw materials and energy.

The increase in raw material and crude oil costs has influenced the structure of demand in the rubber and tire industries, leading to significant changes in the needs of customers. MTP2008 incorporates initiatives to respond to those changes.

Moreover, the importance of responding to the environment and enhancing CSR initiatives continues to increase, and that growing importance is also reflected in MTP2008.



## BASIC APPROACH TO FORMULATING MTP2008

### OVERVIEW AND QUANTITATIVE TARGETS OF MTP2008

As with the previous plan, MTP2008 calls for the implementation of specific initiatives in accordance with three fundamental management strategies.

**KEY STRATEGY 1:** Always aim for “the higher level” and strive to be the best in the world in all of our products and services

- We pursue growth in strategic tire products.
  - Runflat Tires, UHP Tires, Winter Tires
  - High-Value-Added Tires for Trucks and Buses—GREATEC and Low-Profile Tires
  - Specialty Tires—Large and Ultralarge Off-the-Road, Aircraft, and Motorcycle Radials
- We continue to strengthen eco-friendly products and businesses.
  - Eco-Friendly Tires
  - Eco-Friendly Diversified Products
- We develop solutions for the customers business drawing on our retread capabilities.
- We optimize business domains in the Diversified Products SBU.
- We further enhance our CSR system.
- We continue to strengthen our environmental activities.

**KEY STRATEGY 2:** Integrate and expand business domains based on a clear long-term strategy

- We enhance competitiveness of entire supply chain by making full use of Global Logistics Center functions.
- We pursue the internal manufacturing of raw materials (vertical integration).

**KEY STRATEGY 3:** Achieve a truly global business through SBUs

- We respond appropriately and rapidly to the changing global operating environment through eight integrated SBUs.

### Performance Plan in MTP2008

In management, we will strive to establish and reinforce a “robust earnings structure capable of generating stable results.”

- Management target “ROA 6%”—no change from MTP2007  
(Target can be achieved in 2012)
- Aim to exceed 2012 operating income target specified in MTP2007 forecast
- Continue current level for capital expenditure through 2013 → Level above that of MTP2007

#### MTP2008 Targets

	2011	2012	2013
ROA	Over 5%	Forecast 6%	Improve further
Net Sales		¥4,300 billion	Improve further
Operating Income		¥410 billion	Improve further

# INITIATIVES AND PROGRESS OF MTP2008

## KEY STRATEGY 1

Always aim for “the higher level” and strive to be the best in the world in all of our products and services



## GROWTH IN STRATEGIC TIRE PRODUCTS

Our strategic tire products are defined as “products with high-growth potential in business domains where the Bridgestone Group has a strong competitive advantage.”

We have identified two categories of strategic tire products: “areas in which the Bridgestone Group can sustain a lead over its competitors by reinforcing its products,” and “areas in which the Group can establish a competitive edge through advanced technologies and sophisticated business models to ensure its competitiveness over the long term.” The first category includes strategic tire products for passenger cars and high-value-added tires for trucks and buses. The second category includes radial tires for large construction and mining vehicles, aircraft, and motorcycles.

### Runflat Tires, UHP Tires, Winter Tires

We anticipate substantial growth in the markets for runflat tires, UHP (ultra-high-performance) tires, and winter tires, and we are targeting growth in sales of our products that exceeds growth in the market. Our runflat and UHP tires have been newly approved as original equipment by such automakers as BMW and Audi. Moving forward, we will continue working to expand our presence in the original equipment market by further differentiating our products and technologies from those of our competitors.

Runflat tires have enjoyed acceptance on account of their contributions to safety, and we anticipate substantial growth in sales of these products in the years ahead. Since 1987 through April 2008, the Bridgestone Group’s cumulative sales of runflat tires surpassed 10 million units. This represents a doubling in only 20 months after the milestone of 5 million units was reached in August 2006.

Currently, we produce runflat tires at six plants in four countries—Japan, the United States, Poland, and South Africa. Moving forward, we will continue working to enhance

#### What Are Runflat Tires?

Runflats are tires that continue to function safely at a specified speed for a specified mileage even after a loss of air pressure. In addition, because runflat tires eliminate the need for a spare tire (emergency-use tire), they help to conserve resources and support improved fuel efficiency due to reduced vehicle weight. They also offer car designers greater freedom through an increase in available space.



## INITIATIVES AND PROGRESS OF MTP2008

### KEY STRATEGY 1

our production system in order to develop the optimal supply system to meet demand in each market.

Advanced technologies will play a key role in our efforts to increase sales. In 2007, for example, Bridgestone Corporation unveiled COOLING FIN, a new technology that enhances the post-puncture durability of runflat tires. This new concept is based on fins—radial protrusions located on the external surface of a tire—that work by promoting increased air movement at the sidewall, which in turn helps to cool the tire. This new technology makes it easier to develop runflats for certain SUVs, minivans, and large passenger cars, which have larger tire cross-sections that generate greater sidewall heat. COOLING FIN technology also makes it possible to reduce the thickness of the rubber used to reinforce the tire sidewall, facilitating reductions in weight as well as more comfortable ride characteristics.

The Bridgestone Group will continue to work aggressively to expand sales through the introduction of leading-edge technologies such as COOLING FIN, thereby enhancing its presence in the global market.

#### **High-Value-Added Tires for Trucks and Buses—GREATEC and Low-Profile Tires**

Bridgestone GREATEC tires are single tires with an ultralow aspect ratio that are used on the rear wheels of large trucks and buses. These tires allow for replacing dual-tire configurations on trucks and buses with single-tire configurations. The weight of a GREATEC tire and rim is less than the aggregate weight of two conventional tires and rims. In formulating MTP2008, we did not change our final target for GREATEC sales, and moving forward we will strive to expand sales. To that end, we plan to strengthen our efforts targeting OEM sales and to bolster our lineup to support growth in commercial fleet sales.

We are considering the establishment of additional plants for the production of truck and bus tires in Europe, thereby raising the supply self-sufficiency ratio. In January 2009, the Bridgestone Group's second plant in Europe for radial truck and bus tires began mass production in Poland.

#### **Specialty Tires—Large and Ultralarge Off-the-Road, Aircraft, and Motorcycle Radials**

##### [Large and Ultralarge Off-the-Road Radials](#)

Large and ultralarge radial tires for mining vehicles are used around the world at such sites as mines and quarries. From the fourth quarter of 2008, our operating environment has undergone dramatic changes and become extremely challenging. In particular, small and medium-sized tires have been adversely affected by reduced construction demand and by reduced production by OEMs. In large and ultralarge tires, demand had exceeded supply. However, the environment has worsened, and leading mining companies have announced plans to reduce production due to the rapid decline of market conditions in the mining industry. As a result, we expect demand to decline. Nonetheless, over the medium to long term, demand for mining resources is expected to be firm. There are large numbers of mines in Central and South America, especially in Peru, Chile, and Mexico. For Bridgestone, Peru





Ultralarge off-the-road radial tires



GREATEC tires

is a key market for the sale of off-the-road tires on account of ongoing large-scale investment projects in that country's mining industry. On September 1, 2008, Bridgestone officially opened a newly established sales company in Peru, which specializes in tires for mining and construction vehicles.

To meet demand for large and ultralarge off-the-road radials, the first stage of Bridgestone's eagerly awaited Kitakyushu Plant in Japan will start production in September 2009. Developing and producing radial tires for construction and mining vehicles requires advanced technologies, and customers have very high expectations for these products. Accordingly, we will reinforce the position of the Kitakyushu Plant and the Shimonoseki Plant as global supply bases for these tires. We are also moving forward with increased production at the Saga Plant, which will supply steel cord to the Kitakyushu Plant. As a supplier of the materials that support the differentiation of our products, the Saga Plant plays a key role in the vertical integration of our operations and the strengthening of our supply chain.

The Bridgestone Group has the technical capabilities to supply the most appropriate tires to customers based on an analysis of usage conditions and vehicle characteristics, as well as the production capacity to meet robust demand. In addition, the Group's strengths include a network that enables it to provide on-site tire repairs and consulting services on the proper use and maintenance of these tires. With large off-the-road tire operations consolidated in the Specialty Tire SBU, we have established a system that provides a global response to customer needs.

#### Aircraft Radials

Aircraft tires are subjected to harsh operating conditions, including repeated takeoffs and landings while supporting a heavy aircraft moving at high speeds. As a result, the production of aircraft tires requires a comprehensive range of advanced technical capabilities. Aircraft

## INITIATIVES AND PROGRESS OF MTP2008

### KEY STRATEGY 1



Aircraft radial tires



Motorcycle radial tires

manufacturers endeavor to make aircraft lighter, reduce their operating costs, and further improve their safety. To those ends, in recent years they have increasingly installed radial tires as standard fitments on new models of aircraft. Aircraft radial tires not only contribute to lower fuel expenses and lower CO<sub>2</sub> emissions but also increase the number of landings before tires need to be changed. As a result, the tires do not need to be changed as often and operating costs, including maintenance performed by the airline, are reduced. We will work to increase sales of our leading-edge RRR (Revolutionarily Reinforced Radial) tires for aircraft to Airbus and Boeing as standard fitments on new models of aircraft. Also, as described in a recent press release made jointly by Bridgestone and the ANA Group, RRR tires were installed for the first time on Boeing 777-300ER aircraft because of the tires' enhanced safety as well as their enhanced fuel efficiency stemming from weight savings.

Our aircraft radial tires have been well received by aircraft manufacturers. For example, our tires are installed on the state-of-the-art Airbus A380 wide-body aircraft. Furthermore, our tires will be standard equipment on all next-generation Boeing 787 aircraft.

Moreover, retread services are also an essential part of the aircraft tire business, and Bridgestone can provide comprehensive services extending from new tires to retreads, all through a global network.

In the past, Bridgestone produced new radial tires for aircraft only at its Kurume Plant. However, in response to the growth in global demand, we started production of aircraft radial tires at the Tokyo Plant in August 2008. A project to increase production capacity is now under way at the Tokyo Plant. The final phase of the project is scheduled for completion by the end of 2011. When complete, the project will increase radial aircraft tire production capacity by about 2.5 times.

### Motorcycle Radials

In 2008, Bridgestone tires marked their second successive win in the MotoGP class of the FIM Road Racing World Championship, which represents the pinnacle of two-wheel road racing. We have utilized the technologies and brand strength garnered through MotoGP in product development activities, and by developing and marketing products incorporating the latest technologies, we have maintained a strong competitive edge in both the original equipment and replacement markets. Due to the global economic slowdown, there is a possibility that we may reduce production for OEM sales, but nonetheless we anticipate firm demand over the medium to long term.

The BATTLAX BT-016 HYPERSPORT, which was launched in January 2008, was developed for large sport motorcycles, a sector that has seen growing demand in recent years. This new tire incorporates technology cultivated through the development of tires for MotoGP. In the future, Bridgestone will consider to respond to increase of market demand and will work to increase sales of its broad lineup, including the BATTLAX series.

## ECO-FRIENDLY PRODUCTS AND SERVICES

### Eco-Friendly Tires

Social awareness of the environment is increasing, and the Bridgestone Group considers environmental issues to be an extremely important aspect of its CSR initiatives. ECOPIA is Bridgestone's flagship brand of eco-friendly tires. These tires, which are lighter and offer lower rolling resistance without sacrificing wet-weather performance, help to reduce fuel consumption and contribute to lower CO<sub>2</sub> emissions. MTP2008 includes initiatives to expand the lineup of these products and to introduce them around the world. The first ECOPIA tire for passenger cars, the ECOPIA EP100, was released in April 2008 in Japan. Beginning in April 2009, an extensive range of Turanza ER300 ECOPIA tires will be gradually introduced to the European market. Bridgestone has chosen the name ECOPIA to denote those tires in its product lineup that are highly fuel efficient. The official launch of ECOPIA EP100 was made at the Chicago Auto Show as the first aftermarket product in the ECOPIA tire lineup for the North American market. The tire will be available in March in the first phase of a two-phase rollout in 2009.

The Bridgestone Group plans to further expand its range of ECOPIA tires and extend their use in the original equipment market. In 2008, Bridgestone began supplying ECOPIA EP25 tires as standard equipment for Toyota Motor Corporation's iQ super-compact car. We have set a target of incorporating the technology used in ECOPIA in about 40% of our core summer tire product lines by 2013 in the Japanese domestic market.

In line with its commitment to being a global company that supports the natural environment, Bridgestone will continue to actively implement environmental management activities, such as the development of tires that contribute to reduced fuel consumption and reduced CO<sub>2</sub> emissions.



ECOPIA EP100

## INITIATIVES AND PROGRESS OF MTP2008

### KEY STRATEGY 1

#### **Eco-Friendly Diversified Products**

In diversified products operations, our eco-friendly products include EVA (Ethylene Vinyl Acetate) film for solar modules, which will have a high priority in the allocation of resources, and electronic paper, in which we will work to reinforce the fundamental technologies.

EVA film for solar modules is used to attach the silicon cell, which converts solar rays into electricity, to the backing sheet and glass surface of the solar module. EVA film becomes transparent when heated, and it is also waterproof and UV resistant, which makes it an ideal adhesive film for solar modules installed outdoors.

Solar power generation using photovoltaic cells offers a clean alternative power source, and this process is drawing attention as a means of contributing to environmental conservation. This has led to an increase in demand for photovoltaic cells, and as a result demand for EVA film is also increasing rapidly.

In response to this growth in demand, Bridgestone will increase production capacity at the Iwata Plant. We have allocated about ¥5.4 billion for investment in this project, and we plan to begin increasing production in the first half of 2011. As a result, our production capacity for EVA film will reach about 3,000 tons per month, about three times the current level. EVA film is a product that is representative of Bridgestone's commitment to environmental management activities. In the future, we will consider further increases in production capacity in line with demand for solar modules, which is expected to see ongoing growth.

Electronic paper, which contributes to the conservation of paper resources, is an environmentally friendly product that is expected to record growth in the years ahead. In October 2004, Bridgestone achieved a world first with the successful development of electronic paper for use in price tags that do not require electrical power to maintain the image. This has drawn considerable attention in the marketplace, and we plan to start full-scale commercialization initiatives in December 2009, including potential applications in the field of information distribution.

In addition, in 2007 we succeeded in developing an A3-size full-color electronic paper display, the largest in the world, and the world's thinnest flexible full-color electronic paper. These are examples of how we are reinforcing our competitive advantage through the groundbreaking use of leading-edge technology.





EVA film



Tire retreading process

## DEVELOPMENT OF “SOLUTIONS BUSINESS” DRAWING ON RETREAD CAPABILITIES

To develop our “solutions business,” we will utilize our 2007 acquisition of Bandag, Incorporated, and expand our tire retread operations on a global basis. Retreading involves removing used tire treads and applying freshly vulcanized new treads so that the body of the tire can be reused safely. Following the acquisition of Bandag, the Group can now provide a comprehensive range of technically advanced, high-quality products and services, extending from original equipment tires to retread tires. At the same time, we can now undertake the global development of a high-quality “solutions business” that helps fleet customers control their total tire-related costs.

This business is taking on a growing role in truck and bus tire sales in Europe and North America. Meanwhile, the same trend can be seen in growth markets, such as Asia. Moving forward, the Group will implement a global retread business expansion strategy tailored to the maturity of specific markets. In North America, the retread business is already well established. Targeting further development in a “package-type” business incorporating new tires and retreads, we established Bridgestone Bandag Tire Solution (BBTS). Through BBTS, which is an integration of our existing new-tire sales operations and Bandag’s retread operations, we will work to further raise the level of service to customers.

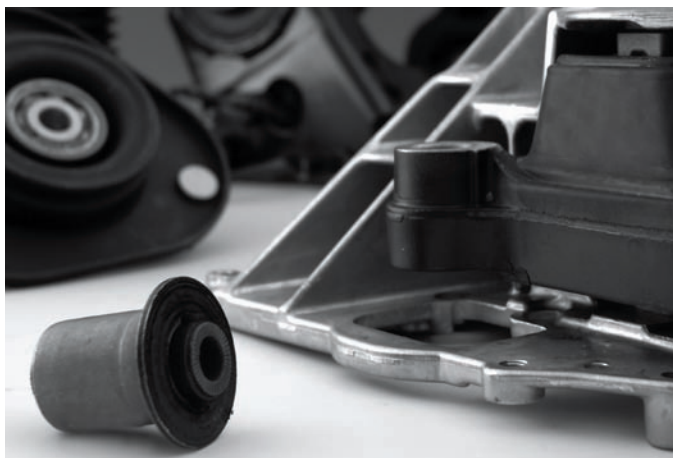
In Japan, aiming to further bolster our “solutions business”—which includes new tires, retreads, and maintenance services—we established Bridgestone Bandag Mobility Solutions Co., Ltd. in early 2009. This followed the opening of the first Bandag Retread Factory in 2008. This initiative, which features compact production lines suitable for high-variety, small-lot operations utilizing the Bandag retread system, provides bases for integrated production, sales, and service operations for retread tires at locations close to customers. Bandag Retread Factory operations are handled in accordance with standards

### What Is Bridgestone Bandag, LLC?

Bridgestone Bandag, LLC, which is the successor company to Bandag, Incorporated and is now part of the Bridgestone Group, is one of the world’s leading companies in the retread tire sector. Based in the state of Iowa in the United States, it has built a strong presence and has solid name recognition in the global market. Bridgestone Bandag and its subsidiaries and affiliated companies use Bridgestone Bandag’s advanced technical skills and know-how to manufacture retreading materials and equipment at 10 production bases in the United States, Belgium, Brazil, and Mexico. These are supplied to a global network of more than 900 dealers across 90 countries that produce and market retread tires and supply tire management services.

## INITIATIVES AND PROGRESS OF MTP2008

### KEY STRATEGY 1



Antivibration rubber



Steel cord conveyor belts

set by Bridgestone, and the operations demonstrate a high level of quality control. Over the next few years, we plan to open about 20 of these bases around Japan. Moreover, we are implementing Eco Value Pack, a new proposal-based business designed to achieve reductions in customers' total tire-related costs. Eco Value Pack includes new tires and retread tires, as well as tire management services for the purpose of making the best use of those tires.

In Asia (including China), we anticipate continued growth in the retread business in the years ahead. We will further utilize our existing channels and strengthen our "solutions business" to provide combinations of new tires, retreads, and services.

As in North America, the use of retreads is firmly established in Europe. Targeting further growth in the new tire/retread package business, we will proceed in stages with the integration of Bandag and Bridgestone operations. In this way, we will aim for steady growth through increases in the service levels provided by our existing operations.

#### OPTIMIZING BUSINESS DOMAINS IN THE DIVERSIFIED PRODUCTS SBU

We are reconsidering the optimal business domains in the Diversified Products SBU. To that end, we are executing "selection" and "concentration" initiatives. In areas identified for "concentration," we will aggressively invest management resources under the key concept of globalization in order to reinforce business foundations. Meanwhile, in areas identified for "selection," we will implement appropriately timed withdrawals from these businesses, while taking into serious consideration the impact this decision may have on our customers and suppliers.

In "concentration" businesses, our products include EVA film, polyurethane foam seat pads, automotive antivibration rubber, and conveyor belts. In the past year, we took a key step to enhance our capabilities in antivibration rubber for automobiles. In December 2008,

we concluded a joint venture agreement with Sundaram Industries Ltd., of India, bolstering our operational foundation in that market, where automotive demand is increasing. Sundaram Industries is a member of the TVS Group, a prominent business group in India, and is a leader in antivibration rubber for automobiles in that market, where it has a strong presence. With production and sales sites in Japan, the United States, China, and Thailand, Bridgestone supplies antivibration rubber to automakers with global operations. We believe the joint venture will facilitate the production and sale of high-quality products boasting technical superiority at competitive costs in the expanding Indian market, and will also serve to strengthen our global supply chain.

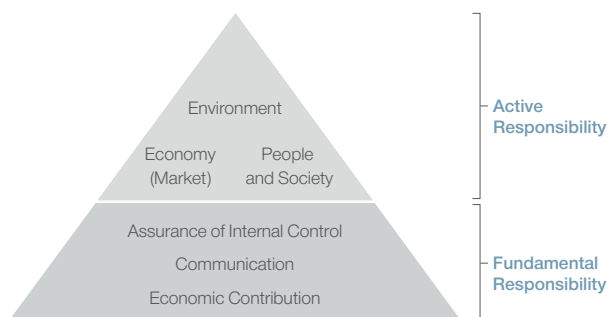
Conveyor belts are another business area identified for “concentration,” and we plan to expand production capacity at our Yokohama Plant for steel cord conveyor belts used in such businesses as mining. We plan to begin production under the project in 2011 with a gradual increase in production volume. Steel cord conveyor belts are generally used to transport minerals at mines and ports. Bridgestone expects mineral demand to remain firm, especially overseas. Accordingly, we will work to supply high-quality products that can withstand severe usage conditions while promoting a user-centered marketing approach by offering on-site maintenance and guidance on product use and management.

In these types of “concentration” businesses, we expect steady growth and profits, and accordingly we plan aggressive capital investment to support that growth.

## CSR SYSTEM

Corporate social responsibility (CSR) is an area where the Bridgestone Group is committed to always aiming for a higher level of achievement. CSR activities are a vital part of reinforcing our capabilities as a company, and enhancing our CSR initiatives is an important management issue in regard to the realization of our corporate philosophy. Under MTP2007, we identified 22 specific themes and established a system to enhance the level of group-wide responses to CSR initiatives. Under MTP2008, we have identified the divisions responsible for each theme, and moving forward we will formulate specific plans for further group-wide implementation. The first SBUs with this responsibility will be the Japan Tire

Structure of 22 Themes for CSR Reinforcement



## INITIATIVES AND PROGRESS OF MTP2008

### KEY STRATEGY 1



SBU and the Diversified Products SBU, and this system will subsequently be expanded to overseas tire SBUs.

### ENVIRONMENTAL ACTIVITIES

We will aggressively implement a range of enhancement activities in environmental and conservation management, which is one of Bridgestone's 22 CSR themes. In June 2008, we announced an action plan for the "MAKE CARS GREEN" campaign. This is an environmental activity that seeks to raise awareness about the need for greener motoring around the world. As a global partner of the Federation Internationale de l'Automobile (FIA), the Bridgestone Group hopes to promote the initiative on a worldwide scale.

In September 2008, we started the W-BRIDGE (Waseda-Bridgestone Initiative for Development of Global Environment) project, a collaborative research project targeting environmental issues. This new type of project is being undertaken in order to formulate responses to environmental issues, which are common concerns of humanity. Bridgestone and Waseda University will provide a framework for research and action, including not only industry and academia but also such community members as environmental NGOs and civic organizations. In this way, a new cooperative framework for the support of community members will be realized. The project results will be made widely available and will also be used in Bridgestone's environmental management activities. In this way, we will strive to actively contribute to the resolution of environmental issues.

# INITIATIVES AND PROGRESS OF MTP2008

## KEY STRATEGY 2

Integrate and expand business domains based on a clear long-term strategy



### STRENGTHEN COMPETITIVENESS OF ENTIRE SUPPLY CHAIN (MAKE FULL USE OF GLC FUNCTIONS)

To supply society with high-quality products and services, the Group is working to raise supply chain competitiveness throughout the tire business. The Global Logistics Center (GLC) was established in October 2006 with the aim of establishing the optimal operational system for the entire supply chain, based on integrated planning and management from tire product planning to raw materials and facilities procurement, production, and distribution.

Merits of the GLC system include:

- rapid responses to market changes
- reduced lead times from planning to launch
- smooth product generation changes and increased efficiency in resource utilization
- optimization of resources related to raw materials, production, and distribution
- increased speed and efficiency in administration through information sharing.

Under MTP2008, we will strive to promote full utilization of GLC functions, clarify domains, and raise competitiveness through the entire supply chain.

#### The Global Logistics Center (GLC)



establish optimal operational system

#### Bridgestone Supply Chain

Product Strategy

Procurement  
(raw materials,  
equipment)

Tire Production

Tire Distribution



## INITIATIVES AND PROGRESS OF MTP2008

### KEY STRATEGY 2



Synthetic rubber plant in China



Carbon black plant in Mexico

### INTERNAL MANUFACTURING OF RAW MATERIALS (VERTICAL INTEGRATION)

The Bridgestone Group is working to strengthen vertical integration, with an emphasis on the integrated and effective use of resources from upstream to downstream. The aim of vertical integration is to supply markets with final products created through an efficient, high-quality manufacturing process based on a production system that is integrated from raw materials to finished goods. In raw materials, we are strengthening the development and production of strategic raw materials that offer high added value and facilitate differentiation from the operations of competitors. For example, eco-friendly tires for trucks and buses are made with high-purity natural rubber, tires made possible by improved production methods at our internal plants in rubber-producing countries. Moreover, we use internally produced steel cord in large and ultralarge off-the-road tires and large tires for trucks and buses. And in production divisions, we have steadily expanded production bases to meet increased future demand, with an emphasis on overall optimization of group operations on a global basis. Recent initiatives include the October 2008 opening of a plant in Mexico for the production of carbon black, a raw material used as a reinforcing material in tires. In December 2008, we officially opened a plant for the production of synthetic rubber in Guangdong Province, China.

However, increasing the ratio of internally produced materials is not, in itself, one of our goals, and accordingly we have not set a specific performance target for this ratio. Moreover, with consideration for overall Group profit, in certain cases we will acquire externally produced raw materials that offer high quality at good prices. Accordingly, our policy is to build a raw materials procurement strategy with a balance between internally and externally produced materials, and, on that basis, to implement stable procurement of ever higher-quality materials at competitive costs.

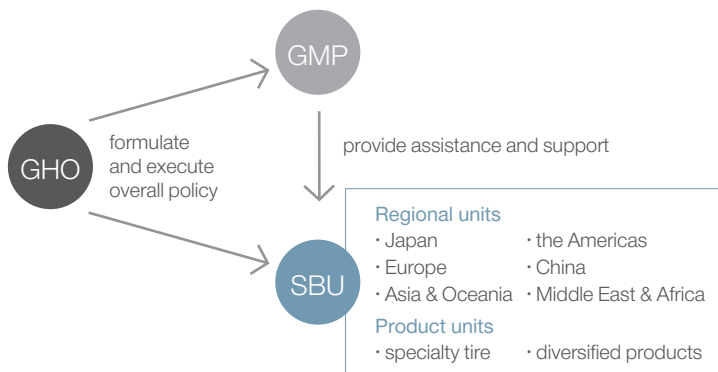
# INITIATIVES AND PROGRESS OF MTP2008

## KEY STRATEGY 3

Achieve a truly global business through SBUs



The Group's SBU system is designed to respond appropriately and rapidly to customer needs in markets around the world and to realize a management system that supports optimization of the Group's global operations. We have eight SBUs, with six focused mainly on the tire business in specific geographic regions—Japan, the Americas, Europe, China, Asia & Oceania, and Middle East & Africa—and two responsible for our specialty tire and diversified products operations. In addition, we have two key group-wide organizations, the Global Head Office (GHO) and the Global Management Platform (GMP). The GHO is responsible for establishing Group policies and the vision for each division. The GMP provides assistance and support to SBUs in certain specialized business areas. The SBUs are fundamental to the Group's organizational strategy and are indispensable in optimizing the Group's operations on a global basis. Moreover, progress in the SBU system is a fundamental part of our MTPs and will play a key role in our ability to meet our performance targets.





# COUNTERMEASURES TO RAPID CHANGES IN BUSINESS ENVIRONMENT

From the beginning of the fourth quarter of fiscal 2008, the economic problems that began in the United States have spread to markets around the world at a rapid pace, significantly affecting the operations and results of the Bridgestone Group. At Bridgestone, however, we operate on the assumption that operating conditions are constantly subject to change, and that management value is determined by the extent to which those changes are incorporated into management activities and the manner in which they are used to trigger a process of internal reform. This approach will drive our response not only to those changes we are now facing but also to changes that may occur in the years ahead.

We aim for the optimum management for the Group utilizing the MTP, a mid-term group management tool used to realize an organization that can respond appropriately to changes in operating conditions, and through the use of this tool, we can respond accurately and swiftly to various dramatic changes in operating conditions. Accordingly, even in the challenging business environment that we currently face, we will not change our ultimate direction or our management policies formulated in our MTP. Our basic approach is to implement initiatives in accordance with the fundamental “Lean and Strategic” stance. Furthermore, we will implement some MTP measures ahead of schedule, utilizing them, in effect, as urgent countermeasures. We will also implement necessary short-term countermeasures.

## SHORT-TERM URGENT COUNTERMEASURES

We will implement the following urgent countermeasures, as well as additional countermeasures as needed.

### 1. Adjust production in order to achieve appropriate inventory levels

We expect to reduce planned tire rubber production weight in fiscal 2009 by 0.4 million tons year over year, to 1.46 million tons.

### 2. Reduce capital investment by prioritizing initiatives

Current plans for capital investment in fiscal 2009 call for a reduction of about ¥80.0 billion from the previously planned level for 2009, which was announced in October 2008.

### 3. Reduce fixed costs

Current plans for fixed costs in fiscal 2009 include a reduction of expenses and an increase in efficiency in motorsports activities, combined with our continuing focus on enhancing safety and quality. In addition, reductions will be made in travel and other business expenses and in personnel expenses for directors, corporate officers, and managers.

## INITIATIVES SELECTED FOR ACCELERATED PROGRESS

### 1. Enhance eco-friendly products and businesses

In particular, eco-friendly products and businesses will be a focus of further development initiatives. We will move ahead with a full-fledged global rollout of eco-friendly ECOPIA brand tires, including the start of sales in North America in 2009.

In addition, the market for EVA film for solar modules continues to record growth, and accordingly we will aggressively bolster our supply system.

## **2. Strengthen initiatives for strategic tire products**

Bridgestone is highly competitive in the field of radial tires for construction and mining vehicles. We will strive to respond to changing customer requirements swiftly. In large and ultralarge off-the-road radial tires, mining demand is declining from its previous levels, and the previous imbalance between demand and supply is being reduced. Nonetheless, demand remains firm. The Kitakyushu Plant, a new production facility, is under construction, and preparations are under way to commence production, as planned, in September 2009.

In aircraft radials, we will move forward, as planned, with the second stage of investment to increase production capacity at the Tokyo Plant.

## **3. Develop a “solutions business” utilizing retread tires**

Utilizing the Bandag retread system, we are expanding operations on a global basis in the retread and “solutions business.” We are implementing strategies tailored to the degree of maturity of each market. In the United States and Europe, both SBUs will take the initiative in business development, while in Asia, we will establish an organization that will support the business development of the SBUs.

In Japan, operations at the first retreading factory, which is located in Aichi Prefecture, began in December 2008, and we are moving ahead with measures targeting the opening of new facilities. Moreover, we have opened the Retread Tire Learning Center. This facility is not just a facility for the education and training of Bridgestone personnel. It also simultaneously has the function of serving as a showcase for the purpose of fostering greater customer understanding of the retread and “solutions business.”

In the retread and “solutions business,” we believe that we have a business model that can meet the needs of markets and society. These needs include reducing customers’ total tire-related costs, reducing CO<sub>2</sub> emissions in tire production, and conserving resources. Utilizing these facilities, we will actively promote the retread and “solutions business” in Japan.

## **4. Strengthen retail channels through vertical integration**

To realize high-quality sales activities, the Group is bolstering its retail networks in Europe, China, and other major markets. In the United States, the company-owned retail channel is well established, and the focus will be on expansion into additional demographically desirable areas. In Japan, we have already taken steps to strengthen the retail channel, and in conjunction with the recent changes in the market environment, we are proceeding with channel development tailored to current needs.

We opened the first “GREEN PIT” Tire Kan store in November 2008. These stores will offer a sales channel that can respond to major changes in the market environment. These include changes in customer composition, such as the increase in the number of senior citizens who are driving, and changes in customer awareness, such as the increase in customer concern about conservation and environmental issues. The domestic market is evolving at an accelerating pace, but this new channel will enable us to approach these changes as opportunities and work to provide products at a faster pace with an even greater emphasis on the customer viewpoint.



# BOARD OF DIRECTORS, CORPORATE AUDITORS, AND CORPORATE OFFICERS

As of April 1, 2009

## Board of Directors

### Shoshi Arakawa

Chairman of the Board

### Osamu Inoue

### Junya Sato

### Kazuhisa Nishigai

### Masaaki Tsuya

### Mikio Masunaga

### Kazuo Kakehi

### Mark A. Emkes

Chairman, CEO and President of  
Bridgestone Americas, Inc.

### Toru Tsuda

## Board of Corporate Auditors

### EXECUTIVE MEMBERS

### Yukimitsu Ushio

### Takashi Yasukouchi

### NON-EXECUTIVE MEMBERS

### Hiroshi Ishibashi

### Toshiaki Hasegawa

### Yo Takeuchi

### Masayuki Takase

## Corporate Officers

### MEMBERS OF THE BOARD

### SERVING CONCURRENTLY

### AS CORPORATE OFFICERS

### Shoshi Arakawa

CEO and President

### Osamu Inoue

Senior Vice President  
Responsible for Global Logistics Center  
and Motorsport;  
Concurrently Responsible for  
Quality Management

### Junya Sato

Senior Vice President  
Responsible for Japan Tire Sales;  
Concurrently Responsible for  
Replacement Tire Sales;  
Concurrently Responsible for  
Original Equipment  
Tire Sales

### Kazuhisa Nishigai

Vice President and Senior Officer  
Responsible for Production Technology  
Advanced Production Technology Development

### Masaaki Tsuya

Vice President and Senior Officer  
Chief Risk-Management Officer  
Responsible for Corporate Administration  
Chief Compliance Officer, Office of Group CEO,  
Internal Auditing

### Mikio Masunaga

Vice President and Senior Officer  
Responsible for Products Development  
Motorsport

### Kazuo Kakehi

Vice President and Senior Officer  
Responsible for Diversified Products

### Toru Tsuda

Vice President and Senior Officer  
Seconded to Bridgestone Europe NV/SA  
Chairman, CEO and President of Bridgestone  
Europe NV/SA

### VICE PRESIDENT AND SENIOR OFFICERS

### Yukio Kanai

Responsible for Diversified Products,  
Sports and Cycle Business Administration

### Takashi Urano

Responsible for International Tire  
Business Operations;  
Concurrently Director, International Tire  
Administration Division

### Yasumi Kawasaki

Responsible for Japan Tire Production

### Kiyoshi Nomura

Responsible for Global Production  
Administration and Logistics, Procurement,  
Internal Manufacturing Management  
Internal Manufacturing Management

### VICE PRESIDENT AND OFFICERS

### Koki Takahashi

Chief Financial Officer, Finance;  
Chief Information Officer, IT and Network

### Naomi Eto

General Affairs and Corporate Communications;  
Concurrently Director, Corporate  
Communications Division

### Yasuo Ryuto

Original Equipment Tire Sales;  
Concurrently Director, O.E. Tire Sales Division

### Yoichi Sato

Quality;  
Concurrently Director,  
Tire Quality Assurance Division

### Yoshiharu Inoue

Safety and Environment

### Hideki Yokoyama

Central Research;  
Concurrently Vice Director,  
Human Resources Division

### Hideo Hara

Tire Products Strategy

### Isaku Motohashi

Global Production Administration and Logistics,  
Mold Technology and Manufacturing;  
Concurrently Director, Global Production  
Administration and Logistics Division

### Fumihiko Yanaga

Tire Production Technology;  
Concurrently Director, Plant Design and  
Coordination Division

### Masato Hiruma

Tire Products Development

### Yoshiyuki Morimoto

Tire Research and Material Development

### Natsuki Fujii

Diversified Products

### Satoshi Tagomori

Chemical and Industrial Products Production  
and Technology  
Advanced Chemical and Industrial Products  
Production Technology Development

### Shuichi Ishibashi

Replacement Tire Sales Planning and  
Administration  
Commercial Tires Solutions Business

### Asahiko Nishiyama

Seconded to Bridgestone Americas, Inc.  
Vice Chairman of Bridgestone Americas, Inc.

### Narumi Zaitso

Seconded to Bridgestone Americas, Inc.  
Vice Chairman of Bridgestone Americas, Inc.

# CORPORATE GOVERNANCE, COMPLIANCE, AND RISK MANAGEMENT

## APPROACH TO CORPORATE GOVERNANCE

Continually enhancing corporate governance is viewed as one of management's most important focus points to ensure that the Bridgestone Group fulfills its founding mission as stated in the corporate philosophy of "Serving society with superior quality."

## OVERSIGHT AND OPERATIONAL EXECUTION

In accordance with the responsibility and authority delineated under the Administrative Authority Rules, as well as with the Policy Management Rules, Bridgestone Corporation develops and communicates fair, transparent decision making and management policies. Bridgestone has adopted a corporate officer system to more clearly distinguish between management and operational responsibilities. This system allows the Board of Directors to focus more effectively on overseeing the execution of business operations. There were seven directors as of December 31, 2008.

## INTERNAL AUDIT FUNCTIONS

Bridgestone employs a corporate auditor governance model as laid down in the Corporate Law of Japan. The corporate auditors audit the execution of business operations by the directors, while

the Board of Directors oversees the executives. As of December 31, 2008, the Board of Corporate Auditors had six members, including three outside auditors. A substitute corporate auditor was elected at the General Meeting of Shareholders held on March 26, 2009.

The corporate auditors conduct internal audits based on policies determined by the Board of Corporate Auditors. Directorial conduct oversight involves a number of auditing activities, including attending meetings of the Board of Directors and other executive meetings, interviews with directors to ascertain the status of operations, reviews of important business documents, and on-site audits of business offices.

Moreover, the corporate auditors meet with representative directors to exchange information and opinions and hold liaison meetings with executive corporate auditors of major subsidiaries in Japan. A dedicated support staff unit assists the corporate auditors.

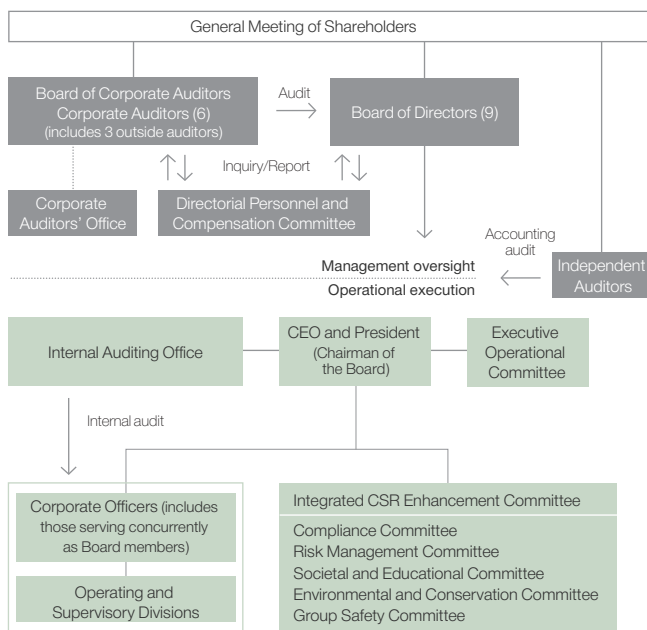
The Internal Auditing Office and internal auditing departments within the Company's divisions and major subsidiaries conduct internal accounting and operational audits. The Internal Auditing Office makes annual audit plans and conducts on-site audits of each function, division, and subsidiary. It employed 21 people as of December 31, 2008. Since May 2006, the Internal Auditing Office and the Company's internal auditing departments have conducted audits at Group companies that have instituted organizational changes in line with the provisions of the Corporate Law of Japan, with the aim of ensuring a more robust internal control system.

## INDEPENDENT FINANCIAL AUDIT

Deloitte Touche Tohmatsu performs the independent audit of the Company's financial statements. The independent financial audit team in fiscal 2008 included three certified public accountants, seven assistants who were certified public accountants, seven associate members of the Japan Institute of Certified Public Accountants, and nine other staff members.

## CORPORATE GOVERNANCE STRUCTURES

The Executive Operational Committee is a senior management body that operates in a consultative and deliberative capacity to the Board of Directors. It is chaired by the CEO and President and is composed of directors, corporate officers, and divisional heads\*.



As of April 1, 2009

It is a forum for discussing and reporting on specific matters set forth in Company policy as well as other important matters. Nominees for executive appointments and executive remuneration packages for all directors and corporate officers are determined by the Directorial Personnel and Compensation Committee. Selected directors (excluding the CEO and President), corporate officers, divisional heads\*, and corporate auditors serve on this committee. Nominations, executive compensation, and retirement and severance benefits are all within the purview of this committee. Matters considered and reported by this committee are deliberated on before a decision is made by the CEO and President, the Board of Directors, the Board of Corporate Auditors, or the General Meeting of Shareholders. This helps to ensure transparency and objectivity.

\*also titled directors (non board members) within Bridgestone, "Honbuchou" in Japanese

## COMPLIANCE STRUCTURES AND SUPERVISION

Based on the spirit of "Trust. And Pride" and the mission of "Serving society with superior quality," Bridgestone implemented and developed new internal compliance systems in December 2002. The Compliance Committee, which is led by the Chief Compliance Officer (CCO), has responsibility for the operation of a compliance counseling office that includes a helpline to provide employees confidential channels in seeking compliance-related advice, as well as for promoting compliance-related education for directors and employees. In January 2007, recognizing the CSR-related importance of compliance activities, Bridgestone established the Compliance Committee, which is chaired by the CCO and is a subcommittee of the Integrated CSR Enhancement Committee, which is chaired by the CEO and President. Moving forward, Bridgestone will continue to advance compliance activities as one facet of its CSR.

## RISK MANAGEMENT

Risk management activities, led by the Chief Risk-Management Officer (CRO), focus on the identification and mitigation of operational risks and the implementation of measures—as outlined in a basic risk management manual—designed to prevent both small-scale accidents and large-scale incidents. Contingency planning activities include the formulation and review of business resumption plans aimed at restoring operations as quickly as

possible in the event of any disruption. In January 2007, in line with the recognition of the importance of risk management in CSR, Bridgestone established the Risk Management Committee, which is chaired by the CRO and is a subcommittee of the Integrated CSR Enhancement Committee. Moving forward, Bridgestone will strengthen the system for the comprehensive management of risks that could have a major influence on the operating activities of Bridgestone and other Group companies.

## PROTECTION OF PERSONAL DATA

Bridgestone has formulated internal policy guidelines on the protection of personal data. Besides developing a management system based on this policy, all employees of parent company, Bridgestone Corporation, undergo privacy training and related awareness programs to address this important issue.

## INTERNAL CONTROL SYSTEMS DEVELOPMENT

On May 1, 2006, the Board of Directors instituted an official company policy governing internal control systems, and the Company reevaluates its activities each year and works to ensure appropriate internal control. This move was designed to comply with the provisions of the Financial Instruments and Exchange Law of Japan that govern the evaluation of internal control systems to assure the reliability of financial reporting and related information. This law, which came into force in June 2006 and is commonly referred to as the Japanese Sarbanes-Oxley Act, provides for mandatory filing of internal control reports to be audited by the independent auditors beginning fiscal 2009. To ensure the effective use of the systems that have been developed, Bridgestone will continue to enhance design and operational systems.

## DISAVOWAL OF ANTISOCIAL ELEMENTS

Bridgestone has no connection whatsoever with antisocial forces or groups that threaten public order and safety, and takes a resolute stand against such elements. A department has been established to manage information received regarding such matters, and efforts have been made to build relationships of trust and cooperation with external institutions, such as the police and other related organizations. Bridgestone will continue to enhance internal systems aimed at eliminating antisocial influences.

# RESEARCH AND DEVELOPMENT (R&D)

The Bridgestone Group mission of “Serving society with superior quality” mandates an unending quest to create higher-value-added products worldwide to fulfill diverse social requirements and market needs. The Bridgestone Group conducts R&D activities with the objective of establishing a business model that promotes strong global competitiveness, which in turn facilitates precise responses to a business environment undergoing major structural change. A key challenge is to stay at the forefront of technology in each business domain in order to achieve the goals of the MTP announced in October 2007. From the development of new materials, products, and service technologies to future-focused fundamental and production technologies, the Bridgestone Group advances R&D efforts in diverse and far-reaching fields. Activities also focus on contributing to development in the “package solutions business” from a technological standpoint in order to provide more than products alone.

## TIRES

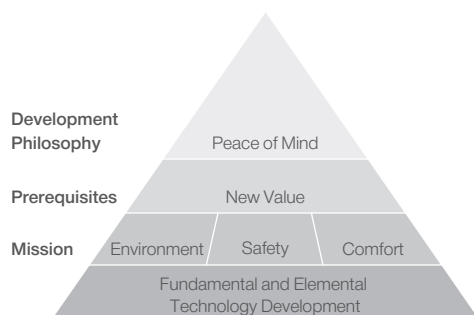
R&D programs in the tire segment share the fundamental aim of creating tires that deliver ever higher added value. Besides seeking performance gains such as increased grip or durability, the Bridgestone Group also strives to develop tires that continue to enhance driver safety and provide more comfort. Reduced environmental impact is another key goal. R&D activities aim to further reinforce this domain as a core strategic product group and business.

With regard to minimizing the environmental burden, the Bridgestone Group strives to develop eco-friendly tires that fulfill

voluntary standards in various areas, such as global warming, resource conservation, using environment-friendly resources, recycling, reducing noise, and enhancing safety. The Group’s ECOPIA line of eco-friendly tires features reduced rolling resistance balanced with other characteristics. This was achieved in part through the use of NanoPro-Tech (Nanostructure-Oriented Properties Control Technology), a proprietary materials technology. In tires for passenger cars, we have launched the ECOPIA EP100, and the ECOPIA EP25 has been selected as original equipment for Toyota Motor Corporation’s iQ super-compact car. In bus tires, meanwhile, we have launched the ECOPIA R221 II. In the future, we will continue to aggressively enhance our lineup of ECOPIA tires, pursue global development, and promote their use as original equipment.

Furthermore, as a new business model utilizing retread tires, we are developing Eco Value Pack, which contributes to environmental conservation through reduced resource consumption, energy usage, and CO<sub>2</sub> emissions. By combining new and retread tires for trucks and buses with tire maintenance that helps customers to make the best use of those tires, we can achieve increases in total tire life. A comprehensive range of high-quality products and services enables us to simultaneously contribute to customer tire-related cost management and environmental conservation. To expand Eco Value Pack, we have drawn on the technical capabilities of the former Bandag, Incorporated, which has been acquired by the Group. In Japan, we have launched the first Bandag Retread Factory, which offers integrated manufacturing, sales, and service for retreads at locations near the customer.

## Development Scheme



**ECOPIA EP25:** ECOPIA EP25 employs a compound that applies NanoPro-Tech, Bridgestone’s proprietary materials technology.



The Group has positioned runflat tires as strategic products. We are actively working to promote the further use of runflats, which continue to function safely at a specified speed for a specified mileage even after a loss of air pressure. In addition, because runflat tires eliminate the need for a spare tire (emergency-use tire), they help to conserve resources and support improved fuel efficiency through reduced vehicle weight. Bridgestone's runflats offer both advanced runflat features (post-puncture durability) and advanced handling and ride features, and our plants have shipped more than 10 million units of these tires.

In aircraft radials, meanwhile, our original new-construction tires support improved safety and lower fuel costs, and they have been highly evaluated for their enhanced characteristics. In 2007, they were selected for installation on the state-of-the-art Airbus A380 wide-body aircraft, and subsequently they were selected for installation on Boeing 777-300ER aircraft operated by the ANA Group. Through the use of cords with high elastic modulus and strength, these tires can offer not only enhanced safety but also enhanced abrasion resistance, which allows for more takeoff and landing cycles between tire replacement, and reduced tire weight, which results in better fuel efficiency.

## DIVERSIFIED PRODUCTS

In the diversified products segment, R&D activities are directed toward strengthening product groups positioned as “concentration” businesses and toward providing products that can accurately meet rapidly changing needs and ensure customer satisfaction.

In chemical and industrial products, we have opened a new testing and development center on the grounds of the Yokohama Plant, which is the main plant for these products. Moving forward, we will take steps to consolidate testing and development functions for chemical and industrial products, speed up product development, and strengthen our ability to respond to markets and customers.

In the field of high-performance films, adhesive films for solar modules are one of our “concentration” products. These films utilize our original technologies, and their quality is highly regarded in the marketplace. Demand for solar modules, which offer a power generation system that is clean and eco-friendly, is growing rapidly in markets around the world. The Bridgestone Group is working to further enhance the capabilities of these products and at the same time to aggressively increase its production capacity and contribute to the increased utilization of clean energy.

In electronic paper, meanwhile, we plan to make further progress in verification testing of electronic shelf tags and to commence full-scale commercialization initiatives beginning in 2009. A key characteristic of electronic paper is that it does not require electrical power to maintain an image, so in addition to reducing resource consumption when used in place of paper, it also contributes to energy savings. Moving forward, we will take steps to cultivate demand for this promising product.



**Bandag Retread Factory:** To promote Eco Value Pack, Bridgestone plans to open about 20 Bandag Retread Factory locations in Japan over the next few years.



**A New Testing and Development Center in Yokohama Plant:** This facility focuses on experimental performance tests in the development of chemical and industrial products.



**Electronic Shelf Tags:** Our electronic paper display modules can read bar codes and QR codes, and they can display a wide range of information.

# MOTORSPORTS ACTIVITIES



F1 and Formula One/1 are trademarks of Formula One Licensing BV

The Bridgestone Group supplies tires to racing drivers, riders, and teams in a wide variety of motorsport events.

On August 24 2008, Bridgestone reached the impressive milestone of having participated in 200 races in FIA Formula One™ series, the pinnacle of motorsports. The achievement occurred at the 12th race of the 2008 season at the Europe Grand Prix. Also, in the MotoGP World Championship, the premier class of motorcycle road racing, a rider on Bridgestone tires clinched the 2008 title at the Motegi Grand Prix.

Meanwhile, our long involvement in motorsports provided the impetus to launch the “MAKE CARS GREEN” campaign in conjunction with FIA. This campaign seeks to increase environmental awareness and encourage greener motoring around the world.

# MAJOR SUBSIDIARIES AND AFFILIATES

As of January 1, 2009

Country	Company	Ownership (including indirect ownership)	Capital (in thousands)	Operations
Argentina	<b>Bridgestone Argentina S.A.I.C.</b> (Formerly Bridgestone Firestone Argentina S.A.I.C.)	100.0%	ARS8,280	Manufacture and sale of tires
Australia	<b>Bridgestone Australia Ltd.</b>	100.0%	A\$11,016	Manufacture and sale of tires
	<b>Bridgestone Earthmover Tyres Pty. Ltd.</b>	100.0%	A\$7,000	Sale of off-the-road tires for mining and construction vehicles
Belgium	<b>Bridgestone Europe NV/SA</b>	100.0%	€724,668	Management of European operations and sale of tires
	<b>Bridgestone Aircraft Tire (Europe) S.A.</b>	100.0%	€1,388	Retread and sale of aircraft tires
Brazil	<b>Bridgestone do Brasil Industria e Comercio Ltda.</b> (Formerly Bridgestone Firestone do Brasil Industria e Comercio Ltda.)	100.0%	R140,163	Manufacture and sale of tires
Canada	<b>Bridgestone Canada Inc.</b> (Formerly Bridgestone Firestone Canada Inc.)	100.0%	C\$97,584	Manufacture and sale of tires and sale of automotive components
Chile	<b>Bridgestone Off-the-Road Tire Latin America S.A.</b>	75.0%	US\$3,000	Sale of off-the-road tires for mining and construction vehicles
China	<b>Bridgestone (China) Investment Co., Ltd.</b>	100.0%	US\$90,859	Management of Chinese tire operations and sale of tires
	<b>Bridgestone (Tianjin) Tire Co., Ltd.</b>	94.5%	US\$49,016	Manufacture and sale of tires
	<b>Bridgestone (Shenyang) Tire Co., Ltd.</b>	100.0%	US\$49,980	Manufacture and sale of tires
	<b>Bridgestone Aircraft Tire Company (China) Ltd.</b>	100.0%	US\$8,000	Retread and sale of aircraft tires
	<b>Bridgestone Aircraft Tire Company (Asia) Ltd.</b>	100.0%	HK\$21,000	Retread and sale of aircraft tires
Costa Rica	<b>Bridgestone de Costa Rica, S.A.</b> (Formerly Bridgestone Firestone de Costa Rica, S.A.)	98.6%	¢1,452,750	Manufacture and sale of tires
France	<b>Bridgestone France S.A.S.</b>	100.0%	€74,090	Manufacture and sale of tires and sale of automotive components
Germany	<b>Bridgestone Deutschland G.m.b.H.</b>	100.0%	€14,000	Sale of tires and automotive components
Hungary	<b>Bridgestone Tatabanya Termelo Kft.</b>	100.0%	HUF30,938,000	Manufacture and sale of tires
India	<b>Bridgestone India Private Ltd.</b>	100.0%	RP2,753,000	Manufacture and sale of tires
Indonesia	<b>P.T. Bridgestone Tire Indonesia</b>	54.3%	US\$24,960	Manufacture and sale of tires
Italy	<b>Bridgestone Italia S.p.A.</b>	100.0%	€38,775	Manufacture and sale of tires and sale of automotive components
Japan	<b>Bridgestone Chemi Tech Co., Ltd.</b>	100.0%	¥495,000	Manufacture and sale of synthetic resin
	<b>Bridgestone Cycle Co., Ltd.</b>	100.0%	¥1,870,000	Manufacture and sale of bicycles
	<b>Bridgestone Flowtech Corporation</b>	100.0%	¥484,000	Manufacture and sale of industrial hydraulic hoses
	<b>Bridgestone Elastech Co., Ltd.</b>	100.0%	¥450,000	Manufacture and sale of antivibration components
	<b>Bridgestone Sports Co., Ltd.</b>	100.0%	¥3,000,000	Manufacture and sale of sporting goods
	<b>Asahi Carbon Co., Ltd.</b>	99.4%	¥1,720,000	Production and sale of carbon black
	<b>Bridgestone Finance Corporation</b>	100.0%	¥50,000	Lending, purchasing of sales receivables, and outsourced processing of accounting and salary payments

Country	Company	Ownership (including indirect ownership)	Capital (in thousands)	Operations
Mexico	<b>Bridgestone de Mexico, S.A. de C.V.</b> (Formerly Bridgestone Firestone de Mexico, S.A. de C.V.)	100.0%	NP455,997	Manufacture and sale of tires
The Netherlands	<b>Bridgestone Finance Europe B.V.</b>	100.0%	€225	Lending and purchasing of sales receivables and auditing of group companies
New Zealand	<b>Bridgestone New Zealand Ltd.</b>	100.0%	NZ\$32,848	Manufacture and sale of tires
Poland	<b>Bridgestone Poznan Sp. zo.o.</b>	100.0%	ZI 558,058	Manufacture and sale of tires
	<b>Bridgestone Stargard Sp. zo.o.</b>	100.0%	ZI 572,650	Manufacture and sale of tires
Russia	<b>Bridgestone C.I.S. LLC</b>	100.0%	RB68,474	Sale of tires
Singapore	<b>Bridgestone Singapore Pte Ltd</b>	100.0%	US\$674	Natural rubber trading
	<b>Bridgestone Asia Pacific Pte. Ltd.</b>	100.0%	SG\$42,532	Management of Asia and Oceania tire operations and sale of tires
South Africa	<b>Bridgestone South Africa Holdings (Pty) Ltd.</b>	100.0%	ZAR23	Holding company for tire manufacturing and marketing company
Spain	<b>Bridgestone Hispania S.A.</b>	99.7%	€56,726	Manufacture and sale of tires and sale of automotive components
Taiwan	<b>Bridgestone Taiwan Co., Ltd.</b>	80.0%	NT\$810,000	Manufacture and sale of tires
Thailand	<b>Thai Bridgestone Co., Ltd.</b>	69.2%	B400,000	Manufacture and sale of tires
	<b>Bridgestone Tire Manufacturing (Thailand) Co., Ltd.</b>	100.0%	B6,921,000	Manufacture and sale of tires
	<b>Bridgestone Natural Rubber (Thailand) Co., Ltd.</b>	100.0%	B447,000	Processing of natural rubber
Turkey	<b>Brisa Bridgestone Sabanci Lastik Sanayi ve Ticaret A.S.</b>	43.6%	TL7,441	Manufacture and sale of tires
United Kingdom	<b>Bridgestone U.K. Ltd.</b>	100.0%	£28,035	Sale of tires and automotive components
	<b>Bridgestone Industrial Ltd.</b>	100.0%	£250	Sale of engineered products
UAE	<b>Bridgestone Middle East &amp; Africa FZE</b>	100.0%	Dh17,000	Management of Middle East and Africa tire operations and sale of tires
United States	<b>Bridgestone Americas, Inc.</b> (Formerly Bridgestone Americas Holding, Inc.)	100.0%	US\$127,000	Management of Americas operations
	<b>Bridgestone Bandag, LLC</b>	100.0%	US\$1	Manufacture and sale of retreading materials and provision of related services
	<b>Bridgestone Americas Tire Operations, LLC</b> (Formerly Bridgestone Firestone North American Tire, LLC)	100.0%	US\$1	Manufacture and sale of tires
	<b>Bridgestone Retail Operations, LLC</b> (Formerly BFS Retail & Commercial Operations, LLC)	100.0%	US\$1	Sale of tires and automotive components and automotive maintenance and repair services
	<b>Firestone Diversified Products, LLC</b> (Formerly BFS Diversified Products, LLC)	100.0%	US\$1	Manufacture and sale of roofing materials, synthetic rubber, and other products
	<b>Morgan Tire &amp; Auto, Inc.</b>	94.0%	US\$1	Sale of tires and automotive components and automotive maintenance and repair services
	<b>Bridgestone APM Company</b>	100.0%	US\$15,000	Manufacture and sale of antivibration components for automobiles and of synthetic resin products
	<b>Bridgestone Aircraft Tire (USA), Inc.</b>	100.0%	US\$1	Retread and sale of aircraft tires
Venezuela	<b>Bridgestone Firestone Venezolana, C.A.</b>	100.0%	Bs10,386,400	Manufacture and sale of tires

# SHAREHOLDER INFORMATION

As of January 1, 2009

## Head Office

10-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8340, Japan  
Phone: +81-3-3563-6811 Fax: +81-3-3567-4615  
www.bridgestone.co.jp

## Established

1931

## Employees

137,981

## Independent Auditors

Deloitte Touche Tohmatsu

## Technical Centers

Bridgestone Corporation: Tokyo and Yokohama, Japan  
Bridgestone Americas: Akron, Ohio, United States  
Bridgestone Europe: Rome, Italy

## Consolidated Subsidiaries

437 companies

## Paid-in Capital

¥126,354 million

## Shares

Authorized: 1,450,000,000  
Issued: 813,102,321

## Transfer Agent

The Chuo Mitsui Trust and Banking Company, Limited  
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

## Common Stock Traded

Tokyo, Nagoya, Osaka, Fukuoka

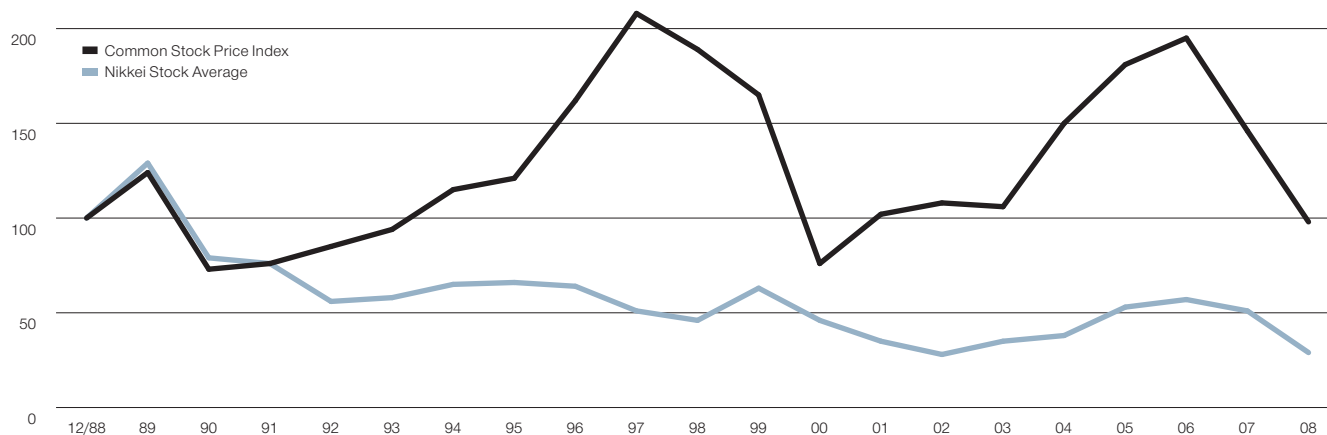
## Common Stock Price Range

(Tokyo Stock Exchange)

FY	2002	2003	2004	2005	2006	2007	2008
	Yen						
High	1,975	1,743	2,190	2,625	2,945	2,715	2,170
Low	1,305	1,230	1,449	1,935	1,903	1,941	1,215

## Common Stock Price Index

(Relative to Nikkei Stock Average)



Note: Relative value is based on 100 at the end of December 1988.

## Bridgestone Corporation

10-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8340, Japan

[www.bridgestone.co.jp](http://www.bridgestone.co.jp)



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