

Financial Results for Fiscal 2013

Bridgestone Corporation

February 18, 2014

1. Business and Financial Performance for Fiscal 2013 P.3
2. Consolidated Projections for Fiscal 2014 P.9
3. Management basic approach P.18

1. Business and Financial Performance for Fiscal 2013

Business Environment Surrounding Bridgestone Group in 2013

Estimated Tire Demand

Tire Demand for 2013 : **Original Equipment** (VS 2012)

	Passenger Radial Tires	Truck and Bus Radial Tires
Japan	96%	105%
N. America	109%	98%
Europe	97%	107%
Asia *1	110%	101%

Tire Demand for 2013 : **Replacement** (VS 2012)

	Passenger Radial Tires	Truck and Bus Radial Tires
Japan	104%	107%
N. America	104%	99%
Europe	99%	107%
Asia *1	113%	108%

*1 Total of Thailand, Indonesia, India, and China

*2 The numbers of demand are estimated by Bridgestone Corporation

Currency Exchange

	2013			(Ref.) Fiscal 2012
	1st half	2nd half	Fiscal	
US Dollar	96	100	98	80
Euro	126	134	130	103

Raw Materials

Market trend of natural rubber and crude oil (Average)

	2013			(Ref.) Fiscal 2012
	1st half	2nd half	Fiscal	
Natural Rubber <TSR20>* (¢/kg)	270	232	251	315
Natural Rubber <RSS#3>* (¢/kg)	303	255	279	337
Crude Oil <WTI> (\$/bbl)	94	101	97	94

*Source : Current Prices for Singapore Commodity Exchange Limited

Consolidated Results for Fiscal 2013

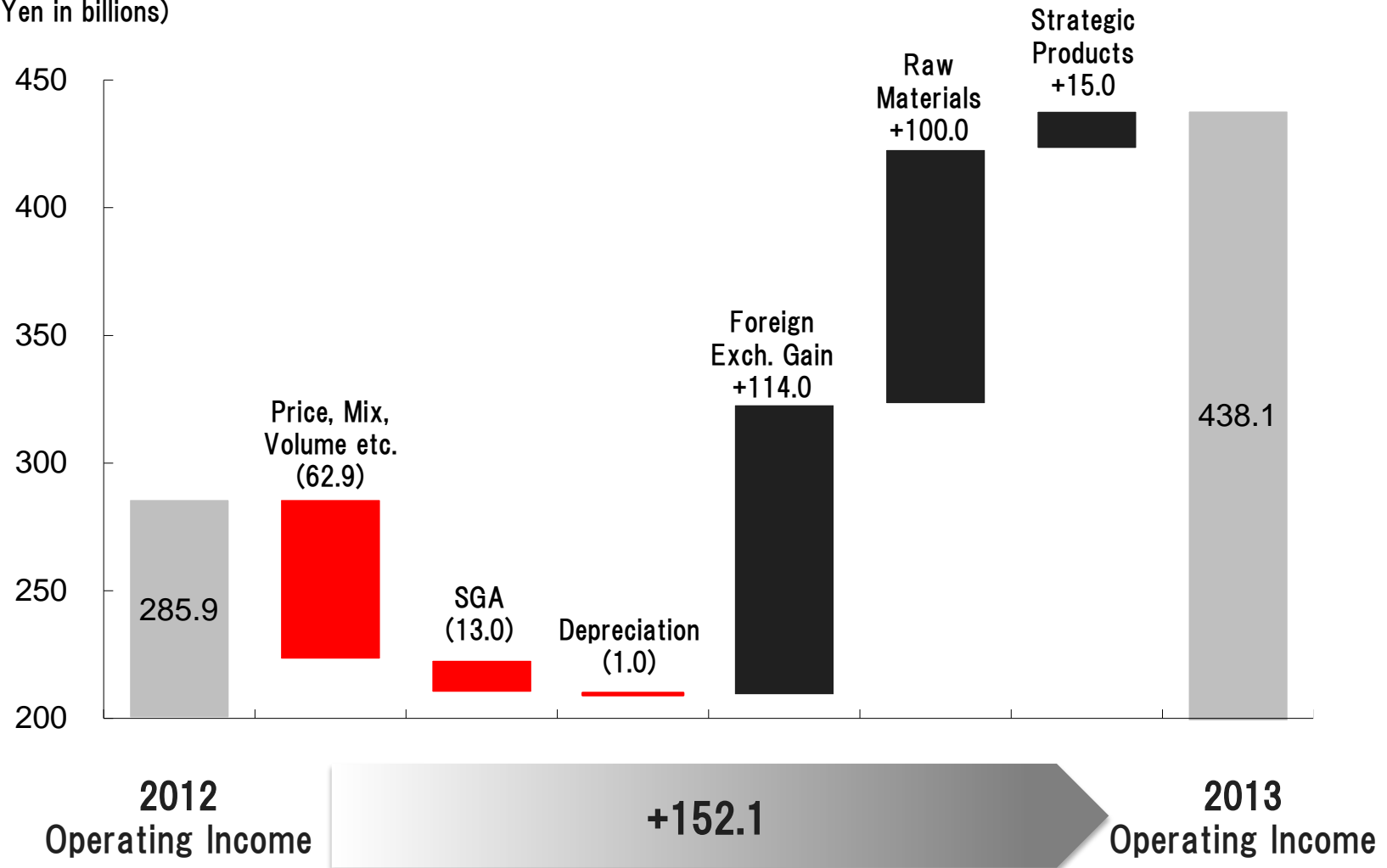
Yen/US dollar rate: 80 98 +18 95

(Yen in billions) Yen/Euro rate: 103 130 +27 124

	2012 Results	2013 Results	VS PY (%)	(Reference Aug 9, 2013 announcement) 2013 Projections
Net Sales	3,039.7	3,568.0	+17	3,590.0
Tires	2,557.2	3,036.9	+19	3,050.0
Diversified Products	499.0	546.2	+9	540.0
Operating Income	285.9 (Ratio) 9.4%	438.1 (Ratio) 12.3%	+53 (Ratio)+2.9%	400.0 (Ratio) 11.1%
Tires	260.4	399.4	+53	367.0
Diversified Products	25.5	38.5	+51	33.0
Ordinary Income	285.0	434.7	+53	381.0
Extraordinary Loss (Gain)	16.9	94.6	+457	-
Net Income	171.6	202.0	+18	246.0
Dividends per Share	32 yen	57 yen	+25 yen	54 yen

Analysis of Consolidated Operating Income for Fiscal 2013

(Yen in billions)



*Figures within parentheses mean minus

Financial Results for Fiscal 2013 : Geographic Segments

(Yen in billions)

		2012 Results	2013 Results	VS PY (%)	(Reference Aug 9, 2013 announcement) 2013 Projections
	Japan	1,218.7	1,270.3	+4	1,290.0
	The Americas	1,330.9	1,651.9	+24	1,640.0
	Europe	348.8	423.3	+21	410.0
	Other Regions	699.9	862.7	+23	890.0
	Consolidated Net Sales	3,039.7	3,568.0	+17	3,590.0
	Japan	158.4	219.5	+39	215.0
	The Americas	92.3	156.4	+69	137.0
	Europe	1.8	2.0	+11	3.5
	Other Regions	55.7	80.2	+44	77.0
	Consolidated Operating Income	285.9	438.1	+53	400.0

B/S and C/F Highlights

(Yen in billions)

	FY 2012 (As of Dec. 31, 2012)	FY 2013 (As of Dec. 31, 2013)	VS. Dec. 31, 2012
Total Assets	3,039.7	3,577.0	+537.2
Total Equity	1,417.3	1,862.9	+445.6
Ratio of total equity to total assets (%)	45.2	50.5	+5.3
Interest-Bearing Debt (Net)	350.6	239.6	(111.0)
	FY 2012	FY 2013	VS. PY
Cash Flow by Operating Activities	404.4	471.7	+67.3
Cash Flow by Investing Activities	(237.9)	(265.2)	(27.3)
Free Cash Flow	166.5	206.5	+40.0
Capital Expenditure	245.6	274.9	+29.3
Depreciation	155.0	176.1	+21.1
ROA (%)	6.0	6.1	+0.1

*Figures within parentheses mean minus

2. Consolidated Projections for Fiscal 2014

Business Environment Surrounding Bridgestone Group in 2014

Estimated Tire Demand

Tire Demand for 2014 : **Original Equipment** (VS 2013)

	Passenger Radial Tires	Truck and Bus Radial Tires
Japan	95%	112%
N. America	104%	112%
Europe	100%	102%
Asia *1	103%	103%

Tire Demand for 2014 : **Replacement**(VS 2013)

	Passenger Radial Tires	Truck and Bus Radial Tires
Japan	97%	98%
N. America	101%	103%
Europe	101%	101%
Asia *1	114%	110%

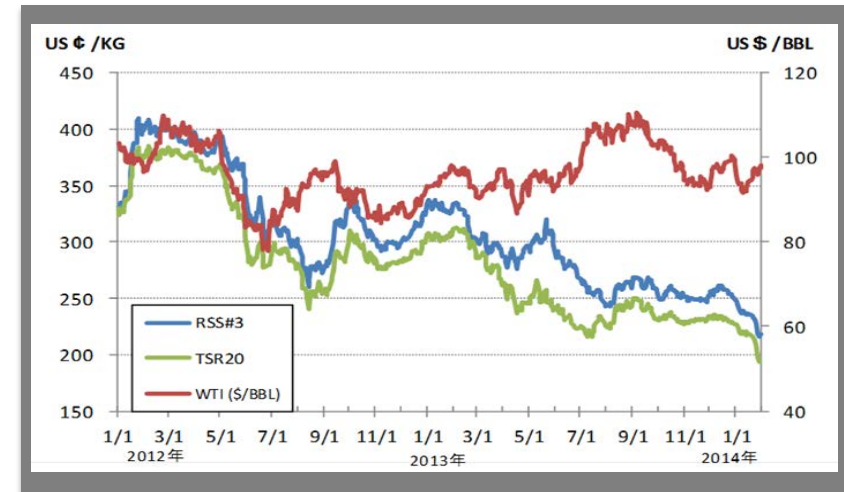
*1 Total of Thailand, Indonesia, India, and China

*2 The numbers of demand are estimated by Bridgestone Corporation

Currency Exchange

	2012	2013	2014
US Dollar	80	98	100
Euro	103	130	135

Raw Materials



*source : Singapore Commodity Exchange Limited

Consolidated Projections for Fiscal 2014

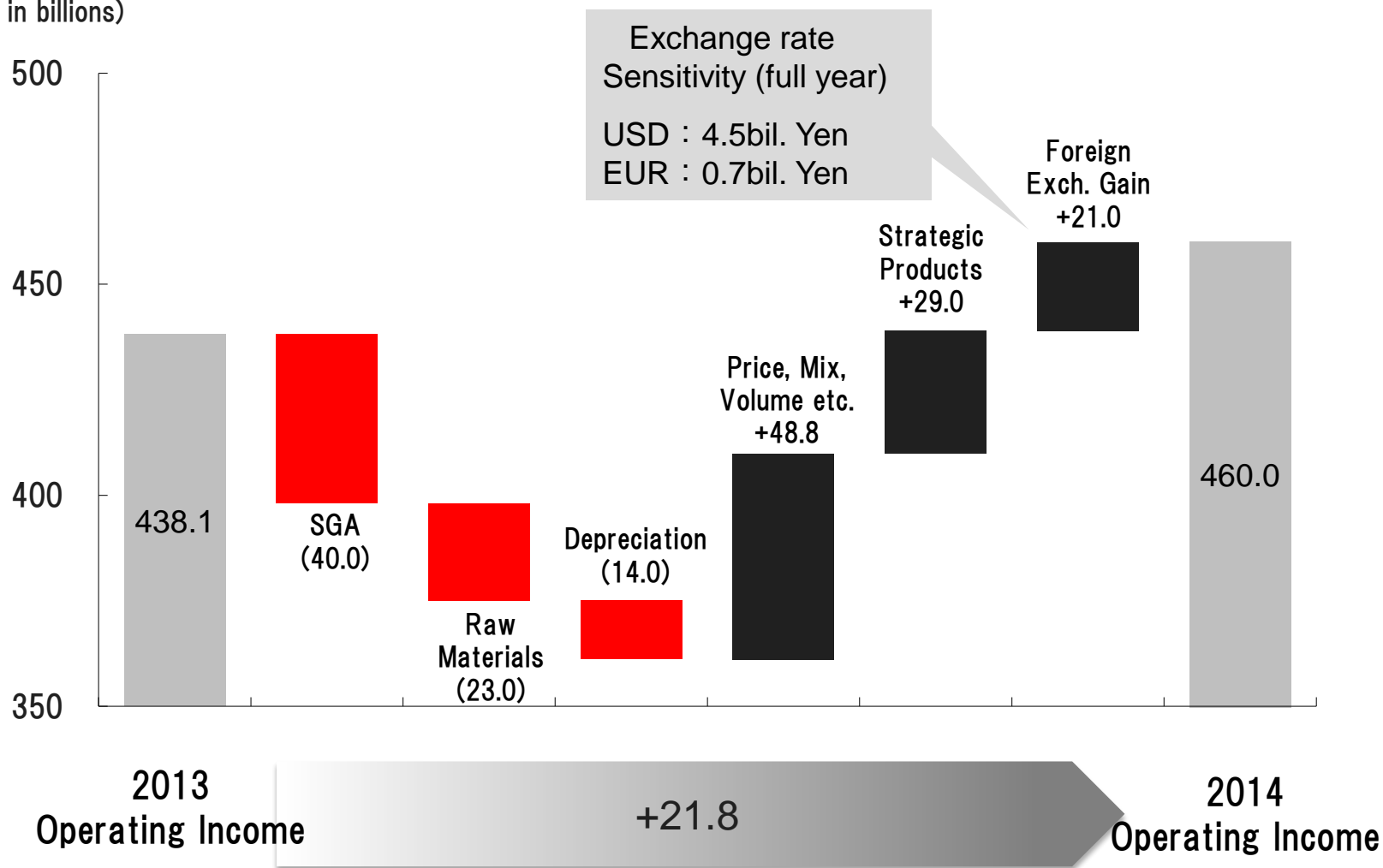
	Yen/US dollar rate:	98	100	+2
(Yen in billions)	Yen/EURO rate:	130	135	+5

	2013 Results	2014 Projections	VS PY(%)
Net Sales	3,568.0	3,800.0	+6
Tires	3,036.9	3,250.0	+7
Diversified Products	546.2	570.0	+4
Operating Income	438.1 (Ratio)12.3%	460.0 (Ratio) 12.1%	+5 (Ratio)(0.2%)
Tires	399.4	419.0	+5
Diversified Products	38.5	40.0	+4
Ordinary Income	434.7	442.0	+2
Net Income	202.0	285.0	+41
Dividends per Share	57 yen	80 yen	+23 yen

*Figures within parentheses mean minus

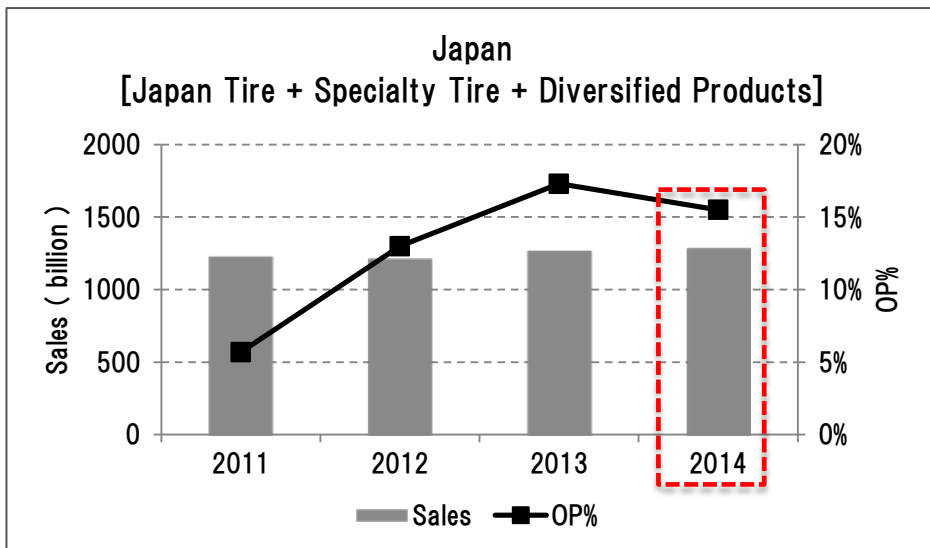
Analysis of Consolidated Operating Income for Fiscal 2014

(Yen in billions)



*Figures within parentheses mean minus

Financial Projections for Fiscal 2014 : Geographic Segments

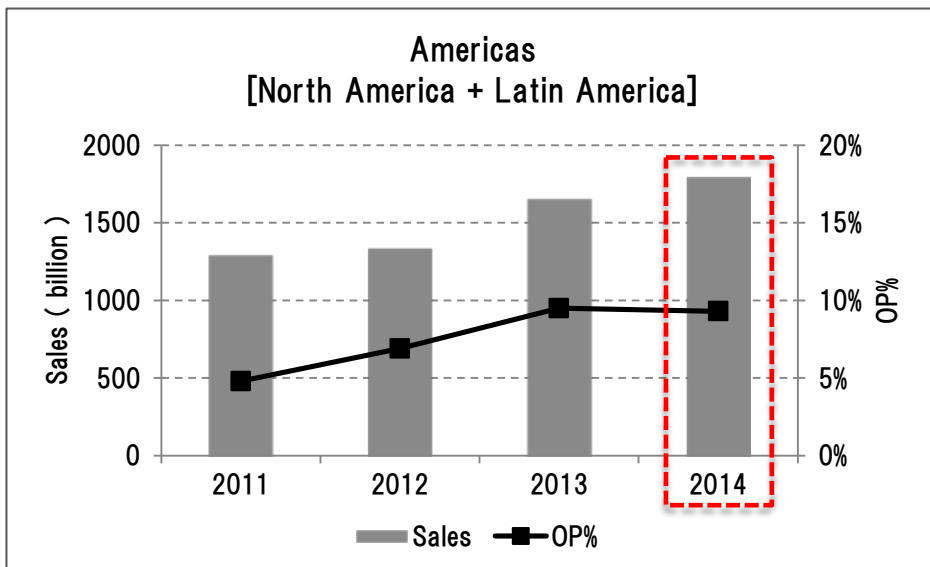


(Yen in billions)

	2014 Projections	VS. PY (%)
Net Sales	1,290.0	+2
Operating Income	200.0	(9)

<2014 REP Tire Sales (unit base, vs.PY%)>

Passenger Radial Tires	around ±0%
Truck and Bus Radial Tires	~+5%



(Yen in billions)

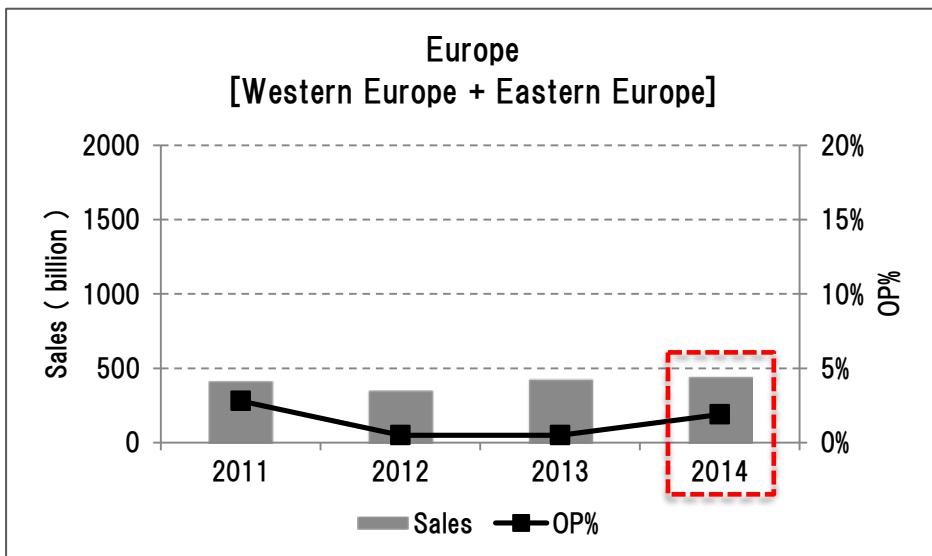
	2014 Projections	VS. PY (%)
Net Sales	1,790.0	+8
Operating Income	167.0	+7

<2014 REP Tire Sales (unit base, vs.PY%)>

Passenger Radial Tires	+6% ~ +10%
Truck and Bus Radial Tires	+11% ~ +15%

*Figures within parentheses mean minus

Financial Projections for Fiscal 2014 : Geographic Segments

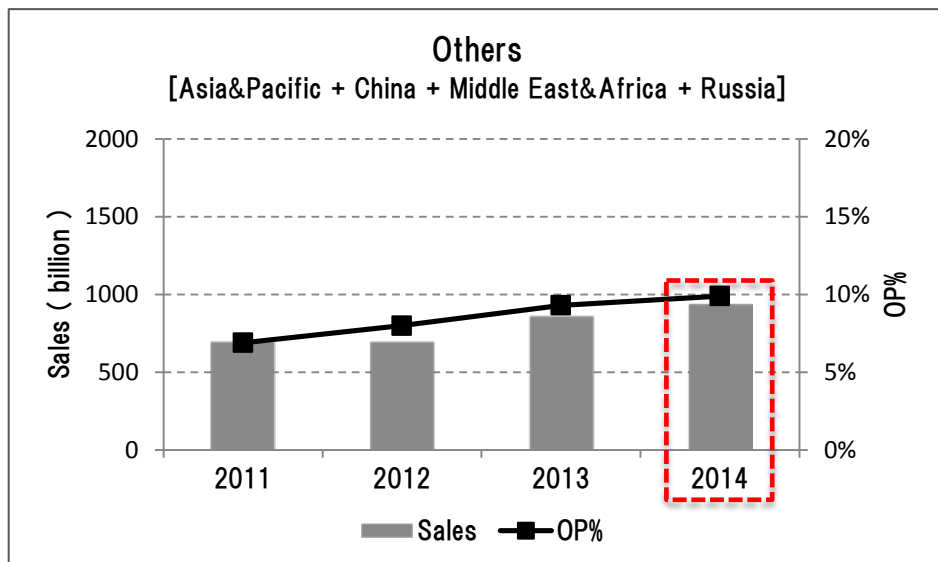


(Yen in billions)

	2014 Projections	VS. PY (%)
Net Sales	440.0	+4
Operating Income	8.5	+315

<2014 REP Tire Sales (unit base, vs.PY%)>

Passenger Radial Tires	~+5%
Truck and Bus Radial Tires	~+5%



(Yen in billions)

	2014 Projections	VS. PY (%)
Net Sales	940.0	+9
Operating Income	93.5	+17

<2014 REP Tire Sales (unit base, vs.PY%)>

Asia Pacific	Passenger Radial Tires	+11%~15%
	Truck and Bus Radial Tires	+16%~20%
China	Passenger Radial Tires	+16%~20%
	Truck and Bus Radial Tires	+11%~15%

To achieve 2014 target

2013

- Stable and lower raw material price & weaker yen
- Tire demand
 - JP&NA: Slightly recovering
 - Euro: Signs of bottom out
 - Emerging countries: Slowdown in growth
- Market expansion of general use tire segment
- Competition with emerging players & price competition

- Well balanced operation between quantity and quality in each market
- Cost reduction and improvement to strengthen business competencies

Improvement of profitability
Achieved best profit

2014

Net Sales : 3,800 billion yen
Op Income : 460 billion yen
OP% : 12.1 %
ROA : Improve further

- Strengthen business competencies in mid- and long-term
- Increase profit without favorable currency

Continue to achieve best profit

Issues

Maintain performance and **improve further to the higher level**

Implementation

2014 Key measures

- Strengthen marketing strategy
- Collaboration between tire and diversified business
- Reinforce fundamental competitiveness
(Cost competitiveness / flexible supply structure)
- Accelerate solution business
- Enhance innovation

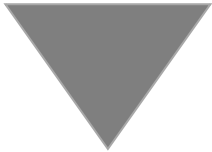
New strategic products

Marketing strategy

Global strategy



Regional strategy



Secure global and regional competitive advantages through suitable marketing activities in each market

New strategic products

- “Focus & Priority” to “marketing and customer viewpoint”
- Lead unique and differentiating strategy

Passenger radial tire

Passenger & Truck and bus radial tire

- RFT
- Premium Summer
(POTENZA, TURANZA/REGNO, DUELER)
- Premium Winter
(BLIZZAK)
- Eco-friendly Strategic Products
(ECOPIA and others)

New strategic products (example)

RFT

**POTENZA
S001 RFT**



Premium Summer

**POTENZA
RE-11 A**

レノ ソール-エグジスチー
REGNO GR-XT



Premium Winter

**BLIZZAK
VRX**



Eco-friendly Strategic Products

PSR

ECOPIA EX20



TBR

**ECOPIA
M801**



3. Management basic approach

Plea agreement with U.S. Department of Justice (Automotive parts)

Facts: Entered into a plea agreement with the U.S. Department of Justice (“DOJ”) - one count, violation of U.S. antitrust law related to the marketing and sale of AVP parts to certain Japanese auto manufacturers. (Feb 13, 2014 (U.S. Eastern time))

- **Fine amount:** US\$425million (44.79billion yen)
- **Subject products:** Automotive anti-vibration rubber products (“AVP” is an automotive part comprised primarily of rubber and metal and installed in automobiles to reduce engine and road vibration)
- **Period of cartel:** Jan, 2001 – Dec, 2008

- **Countermeasures:** Reinforcement of compliance and corporate governance structure
 - Reinforce/further expand 2008 global compliance initiative in the areas of training/education, internal reviews and assessments.
 - Additional measures: New Board compliance committee, organizational reform, developing/rotating human resources.

- **Management Responsibility:** Top management’s most sincere regret that issue not discovered earlier (2008)
 - Inside board members and certain of corporate officers will forego bonus payments, scheduled in March, 2014.
 - Representative board members and certain of corporate officers will forfeit a portion of compensation for 6 months beginning March, 2014.

- **Involved individuals:** Appropriate disciplinary action will be taken in accordance with applicable corporate standards.

In order to reestablish trust with its stakeholders, Bridgestone group will redouble its efforts to ensure full compliance with all relevant laws and regulations, and to enhance its corporate governance structure.

Management basic approach

2nd Phase Management Reforms (2012 -)

- ⇒ Ongoing Reforms :
- Continuous quality improvement
 - Increase the speed and the agility of business

Mission and Foundation

The Bridgestone Essence

Basic Stance

Lean & Strategic (L&S)
Optimize management on a Group and Global basis
(GG Optimization)

Reform Tools

SBU organization, MTP



Additional priority issues

- Creating customer value
- Enhancement of governance systems
- Further development of competitive advantage /differentiation through Innovation

Ongoing management reforms
Continuous improvement in all aspects

Management basic approach

Qualitative goal:

- Maintain our commitment to the Bridgestone Essence and our basic stance (L&S and GG Optimization)
- Secure growth and profitability
- Always aim for “ the higher level ” position
- Promote innovation

Quantitative goal

- Growth : Exceed the industry average
- Overall : Consistently deliver ROA 6% and OP10%

To become **a truly global company**

To achieve “**Dan-Totsu**” in our industries

Ongoing management reform, continuous improvement,
sustainable business growth



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