

Bridgestone MTP2011

October 21, 2011
Bridgestone Corporation

〈Section 1〉

- I. Positioning of MTP2011
- II. Basic Approach to MTP2011 Formulation
- III. MTP2011 Target Performance

〈Section 2〉

- IV. Outline of MTP2011
- V. Forecast to achieve ROA 6% in 2012
- VI. Initiatives to improve further

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I. Positioning of MTP2011

II. Basic Approach to MTP2011 Formulation

III. MTP2011 Target Performance

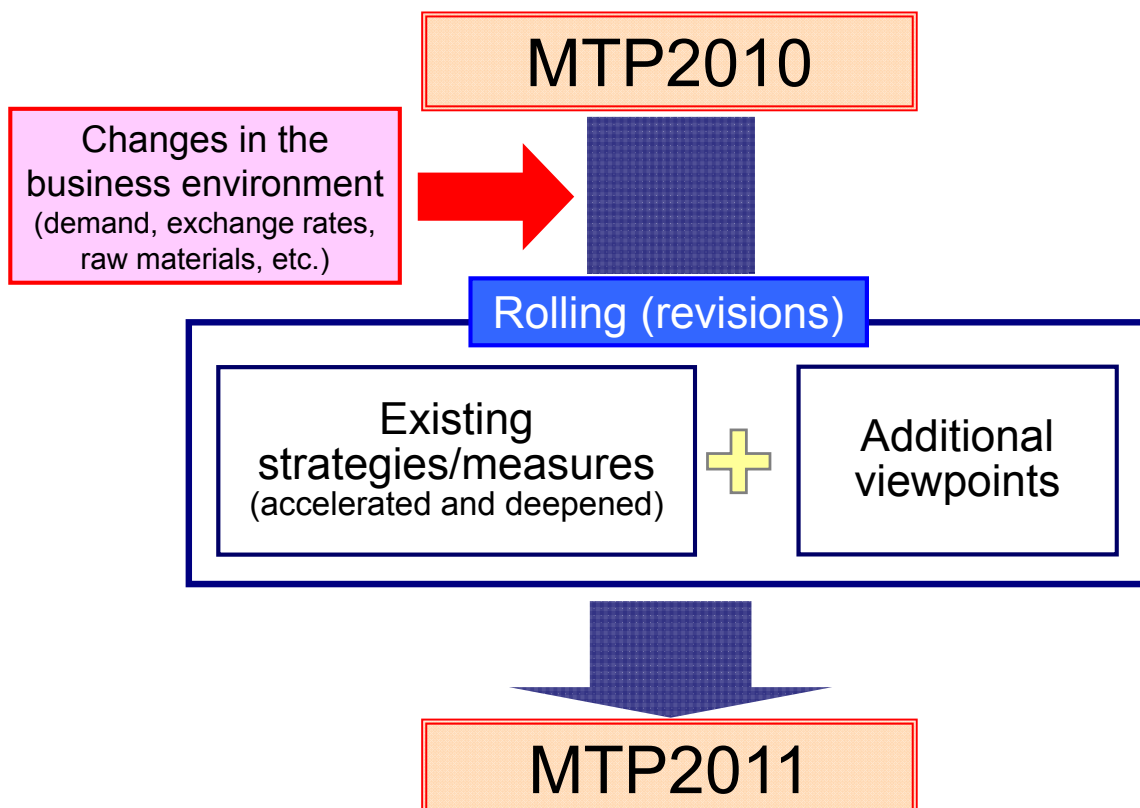
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I. Positioning of MTP2011



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II. Basic Approach to MTP2011 Formulation

Management goal: Undisputed world No. 1 tire and rubber company in both name and reality.

Fundamental Management Policies

1. To always aim for “the higher level” and to be the best in the world in all of our products and services

2. To clarify the long-term strategy and to proceed with the integration and expansion of business domains

3. To aim for the real global corporation, adopting the Strategic Business Unit (SBU) organization

4. To aim for optimum management of the entire group utilizing the Mid-term Management Plan

II. Basic Approach to MTP2011 Formulation

Changes in the business environment

Demand/Competitive/Profit structure change

<3 changes>

- ◆ Exchange rates and raw material prices
- ◆ Position of mature countries and emerging countries
- ◆ Values for customers → Accelerate further



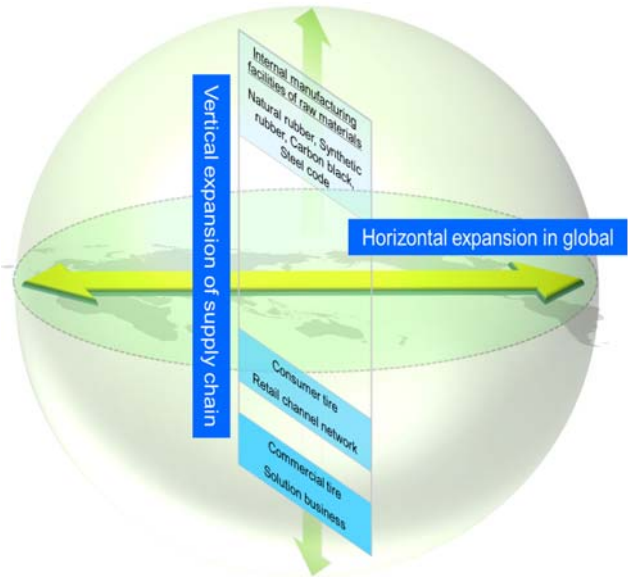
- ◆ Continuing trend of a strong Japanese Yen
- ◆ Raw material prices remain at high levels



- ◆ The Great East Japan Earthquake

Expand measures of “competing on a different ground”

Make the most use of “Vertical and horizontal expansion” efficiencies



II. Basic Approach to MTP2011 Formulation

【Response capability to business risk】

【The present facilities of internal manufacturing】

		Qty'	Ratio
Natural rubber	Farm	3	25%
	Processing plant	1	
Synthetic rubber		3	25%
Steel cord		5	65%
Carbon black		3	25%

【Consumer tires channel shops (2010 end)】

Regions	Shops
Japan/Americas/ Europe	5,276
China	1,624
Asia and Oceania	1,634
Middle East Asia and Africa, Russia	605
Total	9,139

【Bandag retread production facilities (2010 end)】

Retreading materials plant	13 plants globally
Retread factory	747 facilities globally

Horizontal expansion in global

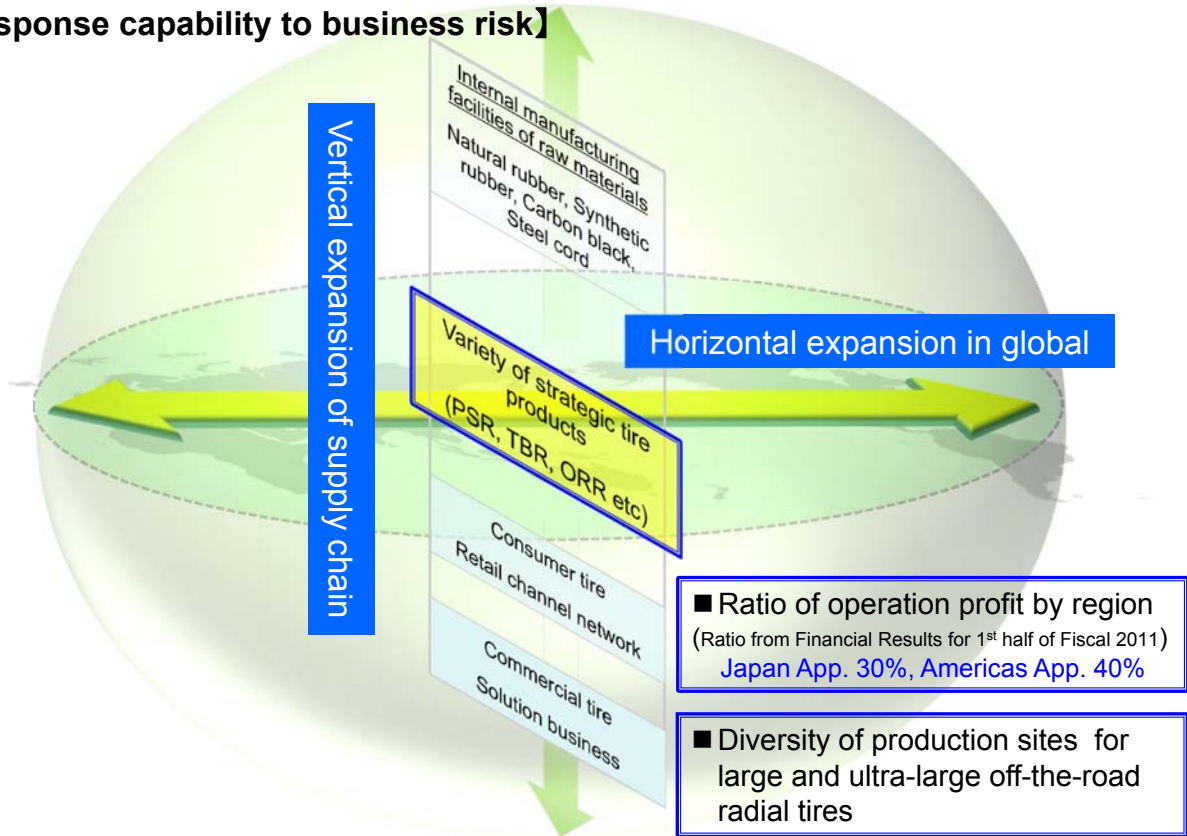
- Ratio of overseas sales Less than 80%
- Ratio of overseas tire production App. 70%

Enhancement of management by product group

⇒ Reorganization of replacement tire sales companies in Japan into a single company

II. Basic Approach to MTP2011 Formulation

【Response capability to business risk】



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Performance Plan in MTP2011

Management target

- ◆ Target : Achieve **"ROA 6%"**
 - No change from MTP2010
 - Forecast to **achieve in 2012**

Capital expenditure

- ◆ Plan : **Average JPY 250 billion** during MTP2011 period
(**Around JPY 300 billion in 2012**)
Approximately 50% for tire strategic capital expenditure

Preconditions of MTP2011

- ◆ Period of plan
2012 to 2016 (five years)
- ◆ Exchange rates (vs. MTP2010)
JPY85/USD (JPY10 appreciation)
JPY110/Euro (JPY10 appreciation)

MTP2011 Target Performance

- ◆ **ROA**
 - 2012: **Forecast to achieve 6%**
 - 2013 and afterwards:
"Improve further" as target
- ◆ **Net Sales**
 - 2012: **JPY 3.6 trillion**
 - 2013 and afterwards:
Yearly average over 5% increase
- ◆ **Operating income ratio**
 - 2012: **7.5% (JPY 270 billions)**
 - 2013 and afterwards:
Yearly average over 0.5 point increase
Target 10% in 2016





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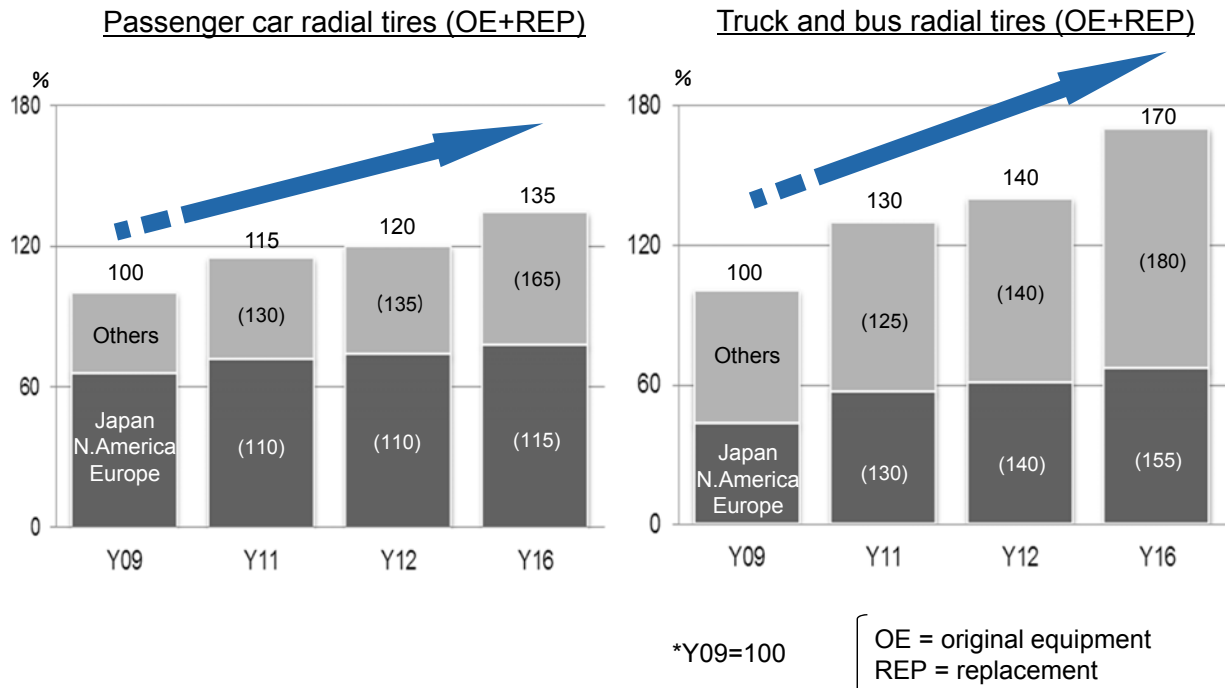
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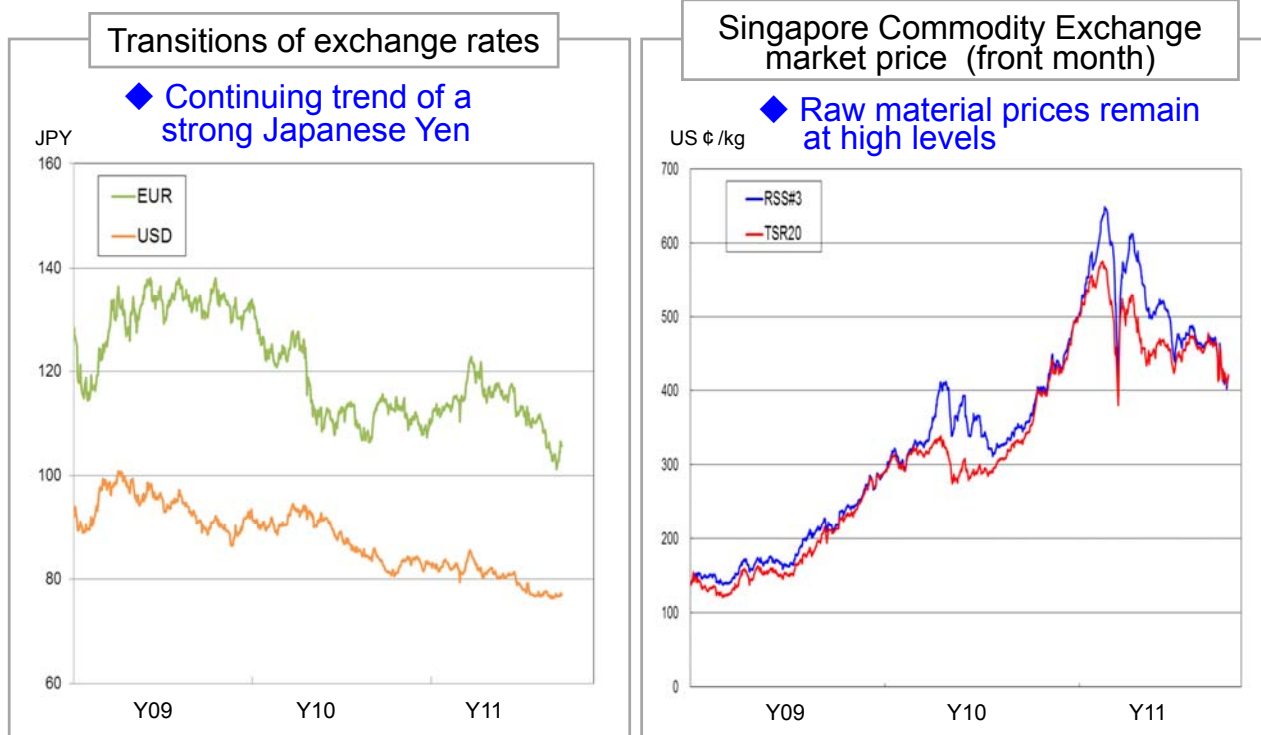
IV. Outline of MTP2011

Precondition of tire demand



IV. Outline of MTP2011

Preconditions of exchange rates and raw materials



IV. Outline of MTP2011

Changes in the business environment

Demand/Competitive/Profit structure change

<3 changes>

- ◆ Exchange rates and raw material prices
 - ◆ Position of mature countries and emerging countries
 - ◆ Values for customers
- Accelerate further

+

- ◆ Continuing trend of a strong Japanese Yen
- ◆ Raw material prices remain at high levels
- ◆ The Great East Japan Earthquake

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Make the most use of "Vertical and horizontal expansion" efficiencies

Forecast to achieve ROA 6% in 2012

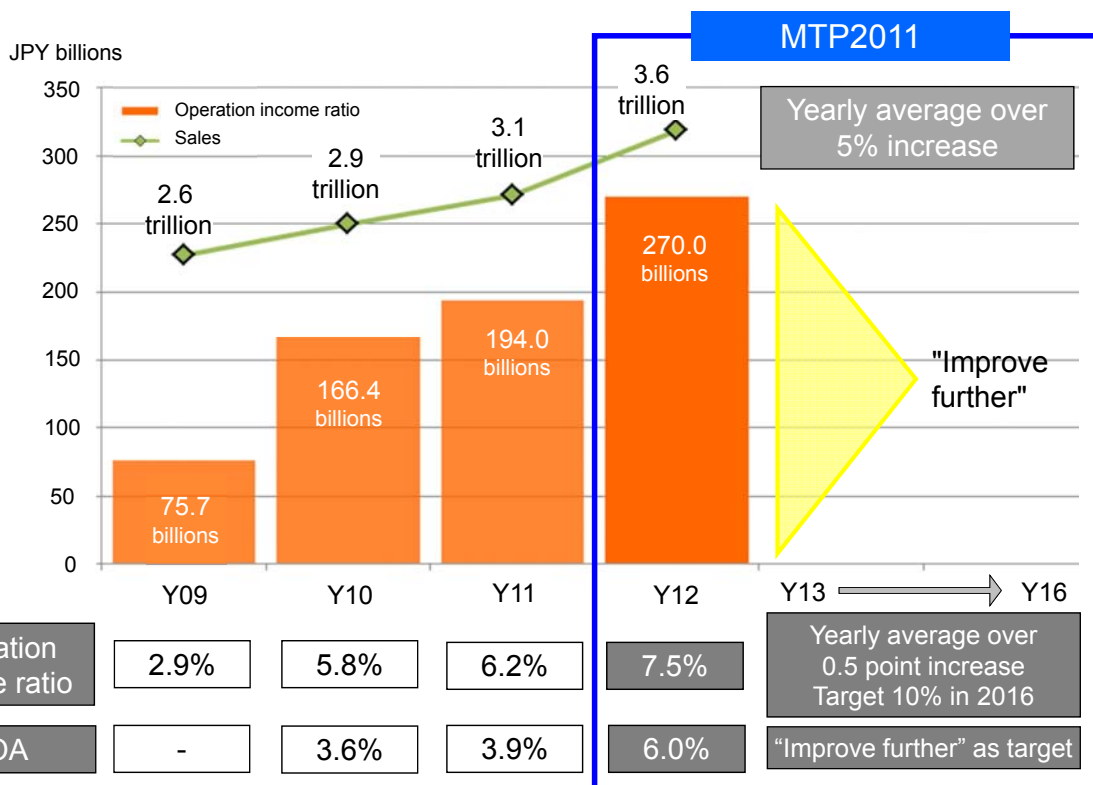
- ◆ Expand strategic tire products /Sales mix improvement
- ◆ Maximize rationalization
- ◆ Thorough asset streamlining

Initiatives to improve further

Initiatives to "competing on a different ground"

- ◆ Expand strategic tire products and businesses
- ◆ Reinforce fundamental competencies
- ◆ Make the most use of "Vertical and horizontal expansion" efficiencies
- ◆ "Selection and concentration" in diversified products business
- ◆ Enhance environmental activities, eco-friendly products and businesses

IV. Outline of MTP2011



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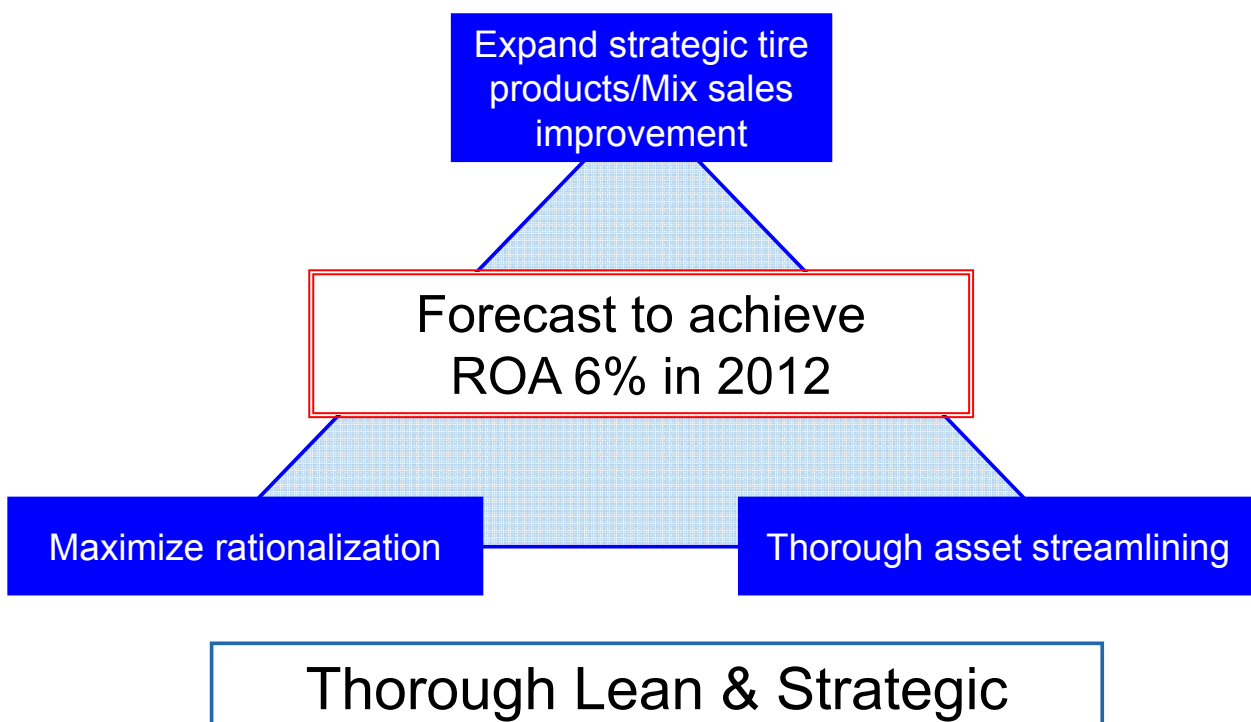
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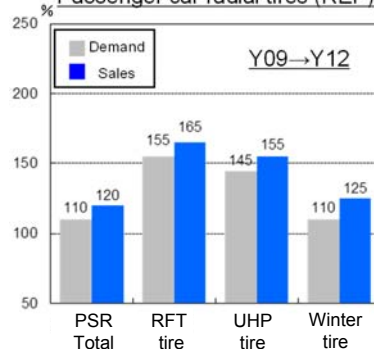


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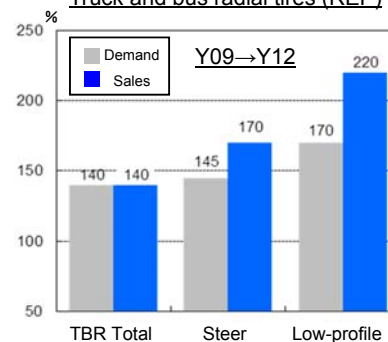
Expand strategic tire products/Mix sales improvement

Sales volume showing higher growth than that of overall sales

Passenger car radial tires (REP)



Truck and bus radial tires (REP)

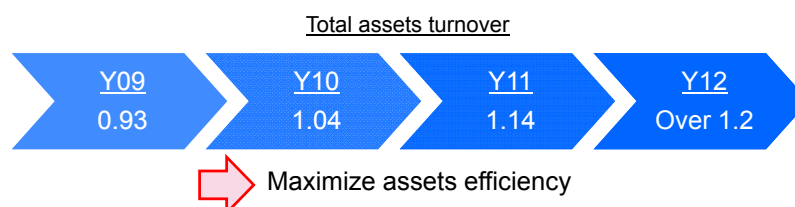


Maximize rationalization

Reinforce competencies of our products through the strategies of procurement and internal manufacturing, specification optimization, review of expenses for processing while continuing to enhance safety and quality.

Thorough asset streamlining

Reinforce the Group's structure to be leaner



V. Forecast to achieve ROA 6% in 2012

(Unit: JPY billion)

Factors behind operating income increase	MTP2010 2009⇒2012 increase	MTP2011 2009⇒2012 forecast	vs. MTP2010
Expansion of strategic products	+65.0	+67.0	103%
Rationalization	+40.0	+46.0	115%
Diversified products business	+45.0	+33.0	73%
Unit increase, others	+55.0	+49.0	89%

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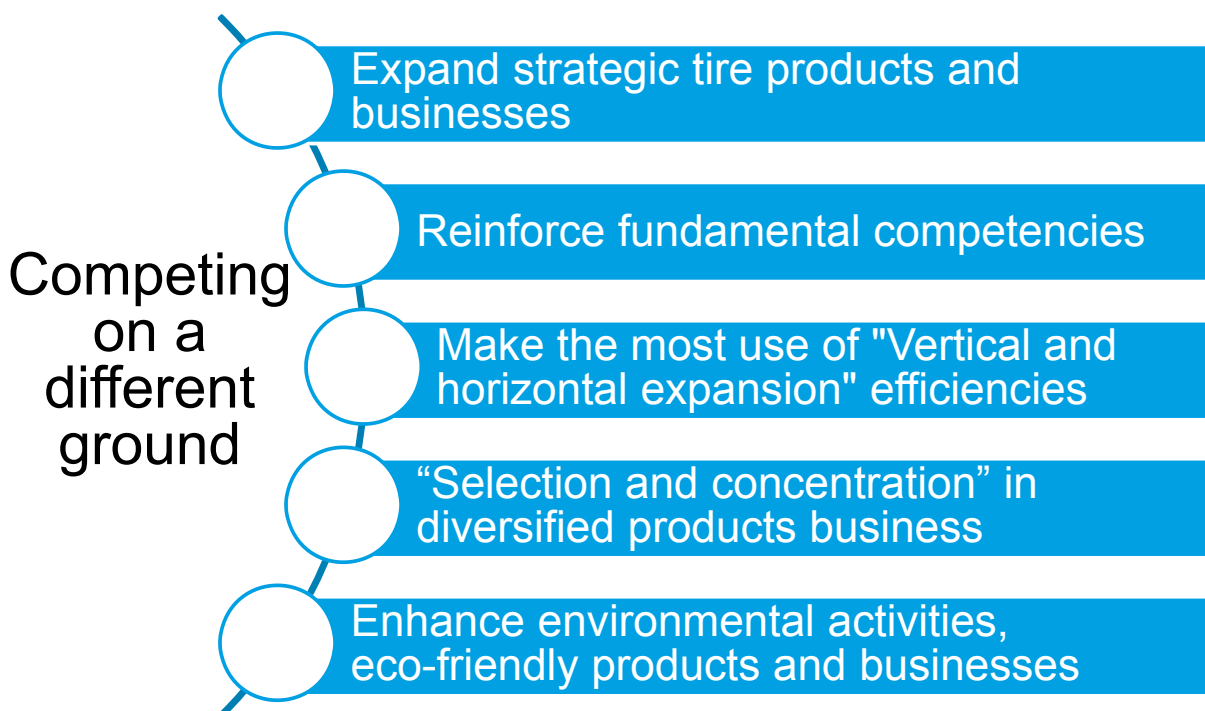
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VI. Initiatives to improve further -Competing on a different ground-



Expand strategic tire products and businesses

Passenger car tires (PSR)

- ◆ Sales volume showing higher growth than that of overall PSR

Runflat tires

- Start sales of products for REP market only

POTENZA S001 RFT

Japan: 4 sizes (July 2011)

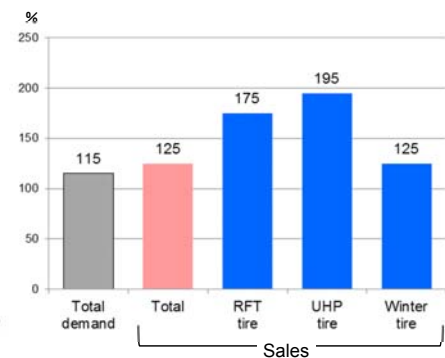
Europe: 4 sizes (August 2011)

RE960 A/S RFT

N.America: 6 sizes (April 2011)



PSR (REP) demand/sales growth: 2011 → 2016



Ultra High Performance tires (UHP)

- Expand products lineup

Winter tires

- Expand “original technology” products (foamed rubber) globally

Evolution of foamed rubber (dispersing water image)



VI. Initiatives to improve further -Competing on a different ground-



Expand strategic tire products and businesses

Truck and bus tires (TBR)

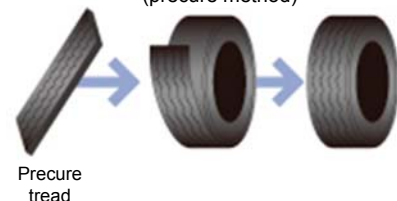
- ◆ Global development of a solutions-based business utilizing retread tires

Customer's Needs
Safe Operation
Reduction of expenses

Resource
-saving

Society's Needs
Reduction of
CO₂ emission

Manufacturing process of retread tires (precure method)



- Developed markets

- Differentiation of programs

Japan: Eco value pack

N.America: Mileage Sales

Europe: PPK (Price Per Km)

- Emerging markets

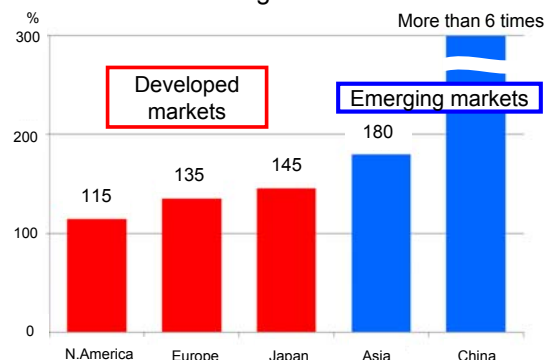
- Establishment of business model

- Preparation of infrastructure

→ Retread production facilities

→ Retread learning center

Retread tire sales growth: 2011 → 2016



VI. Initiatives to improve further -Competing on a different ground-

Expand strategic tire products and businesses

Large and ultra-large off-the-road radial tires for construction and mining vehicles (ORR)

◆ Phase 3 expansion of Kitakyushu plant

- Start of production: January 2013 (on schedule)
- Production capacity: app.130 tons/day
(Plan : 2013 2H, Phase 1-3 total)
- Amount of investment: app. JPY88.0 billion
*The above includes the expansion of steel cord plant.

◆ First overseas production facility : New plant to be located in N.America

- Start of production: 2014 1H
- Production capacity: app.130 tons/day
(Plan : 2020 1H)
- Amount of investment: app. JPY82.5 billion
*The above includes the expansion of steel cord plant.

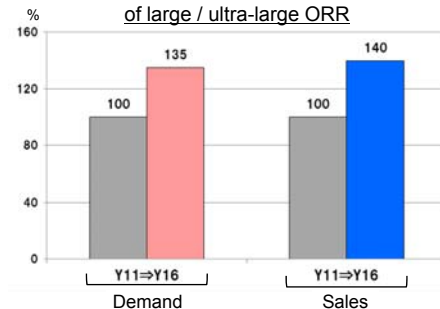
Radial tires for aircraft (APR)

Radial tires for motorcycle (MCR)

Speciality tires



Growth in demand and sales of large / ultra-large ORR



VI. Initiatives to improve further -Competing on a different ground-

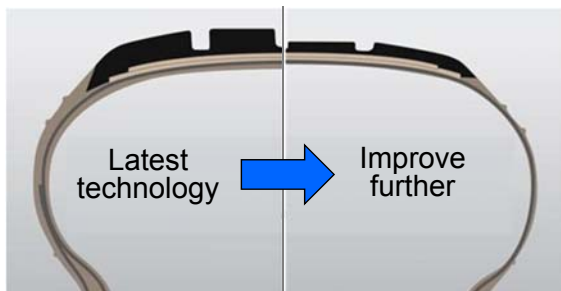
Reinforce fundamental competencies

Specification optimization

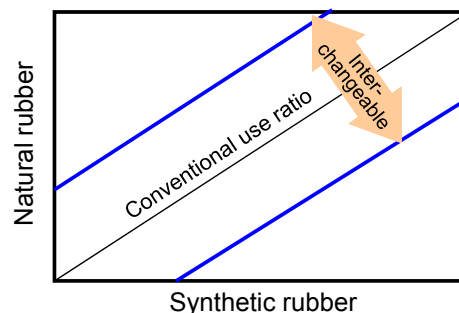
Technical development that includes enhancement of safety and quality while focusing on reducing raw materials consumption and the development of alternative technologies to ensure flexibility of raw material usage

→ Further progress and advancement of technologies and global development

Concept of development for achieving the reduction in raw materials use



Raw material use:
Alternative technology image



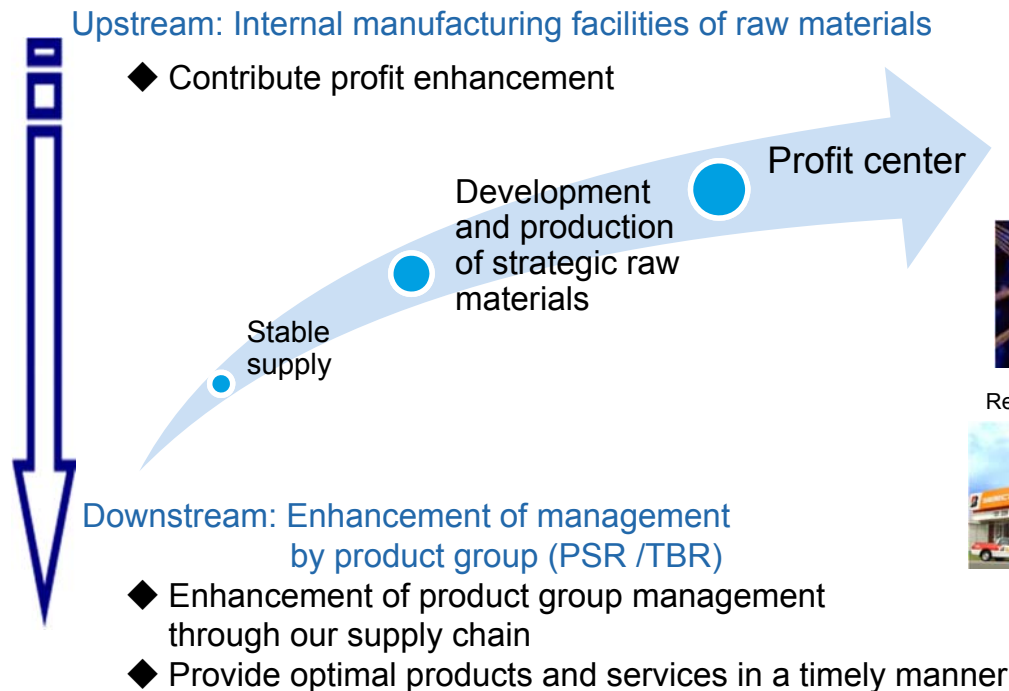
Review expenses for processing while enhancing safety and quality

- ◆ Development of technology with high productivity while maximizing the use of production capacity at existing plants

VI. Initiatives to improve further -Competing on a different ground-

Reinforce fundamental competencies

Vertical integration



Natural rubber



Steel cord



Retail channel network



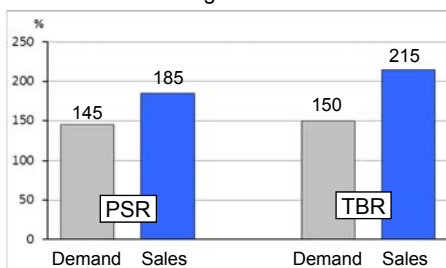
VI. Initiatives to improve further -Competing on a different ground-

Make the most use of "Vertical and horizontal expansion" efficiencies

Initiatives in emerging countries

China

Demand/Sales growth: 2011 → 2016



◆ Expansion plan

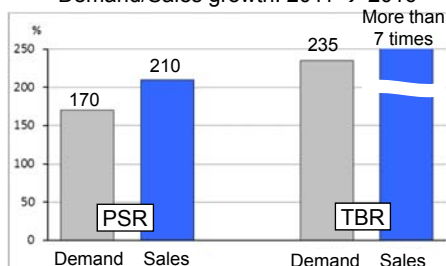
- Wuxi Plant: PSR +4.1k units/day (completion in 2013 1H)
- Tianjin Plant: PSR +8.8k units/day (completion in 2014 1H)

◆ Expansion of family channel: 2011→2016

- PSR channel 160%
- TBR channel 2 times

India

Demand/Sales growth: 2011 → 2016



◆ Expansion plan

- Indore Plant : Start TBR production (Plans 400 units/day by 2012 2H)
- Pune plant PSR +10.0k units/day TBR +3.0k units/day (completion in 2020 end)

◆ Expansion of family channel: 2011→2016

- PSR channel 140%
- TBR channel More than 5 times

Other major expansion projects

Poland Plant
PSR +5.6k units/day
(completion in 2014 1H)

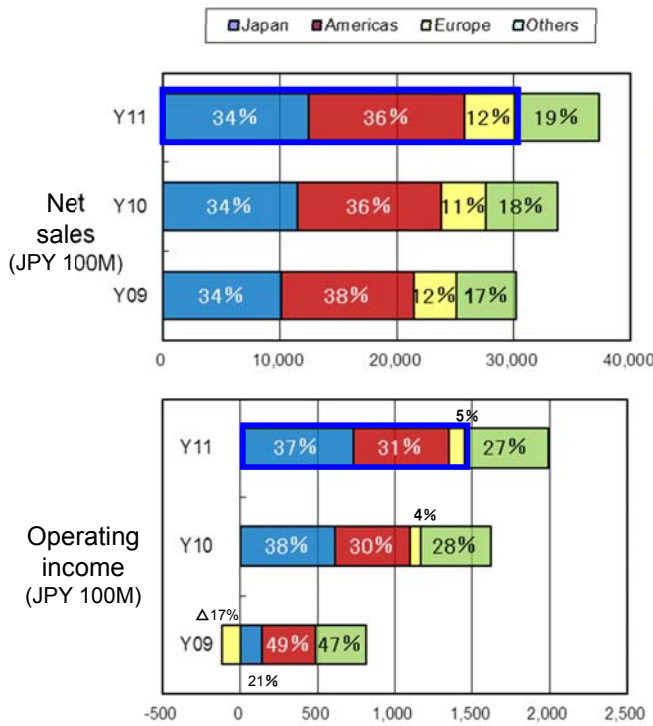
Thailand plant
PSR +13.5k units/day
(completion in 2014)
TBR +2.5k units/day
(completion in 2014 1H)

Indonesia Plant
PSR +3.0k units/day
(completion in 2012 1H)

VI. Initiatives to improve further -Competing on a different ground-

Make the most use of "Vertical and horizontal expansion" efficiencies

Initiatives in mature countries



Reorganization of replacement tire sales companies in Japan

- July 2009: Five companies covering wide regions
 - January 2012: A single company system
- Phase 3 expansion of Kitakyushu plant

Aiken County Plant Expansion

- PSR/LTR +4.75k units/day (completion in the first quarter of 2013)
Investment: Approx. USD 135 million
- PSR/LTR +8.0k units/day (completion in the third quarter of 2015)
Investment: Approx. USD 211 million

Warren County Plant

- TBR +0.9k units/day (completion in 2013 2H)
Investment: Approx. USD 36.6 million

Large and ultra-large ORR New Plant

- Start of production: 2014 1H
- Investment: Approx. USD 970 million

VI. Initiatives to improve further -Competing on a different ground-

"Selection and concentration" in diversified products business

Diversified product business

- ◆ True "Selection and concentration"
EVA film for solar modules, Hydraulic hose, Push-lock, Seismic isolation rubber

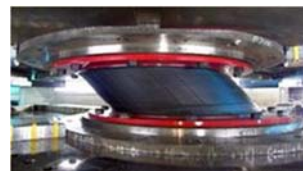
Hydraulic hose product lineup



Push-lock product lineup



Multi-Rubber Bearing (Seismic isolation rubber)



EVASKY
(EVA film for solar modules)



Diversified product business in Americas

- ◆ Roofing
- ◆ Air springs

EPDM Roofs (Roofing)



AIRIDE
(Air springs)



VI. Initiatives to improve further -Competing on a different ground-



“Selection and concentration” in diversified products business

Bicycles, sporting goods

- ◆ Sales expansion of battery-assisted bicycles
- ◆ Growth strategy, centered on golf businesses

HYDEE.B
(Battery-assisted bicycle)



TOURSTAGE PHYZ
(Golf business)



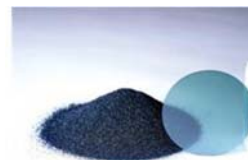
Initiatives for advanced business

- ◆ Electronic paper
- ◆ Pure beta

AeroBee
(Electronic paper)



SiC single crystal wafer
(Pure beta)



Note) SiC: Silicon carbide

VI. Initiatives to improve further -Competing on a different ground-



Enhance environmental activities, eco-friendly products and businesses

Environmental Mission Statement

To help ensure a healthy environment for current and future generations...

We, the Bridgestone group, are committed to continually working toward a sustainable society with integrity and in unity with our customers, partners, communities and the world around us.

Therefore, we are focused on three objectives.

In harmony with nature

To contribute to biodiversity through habitat enhancement, and through environmental education and research.

Value natural resources

To continuously improve natural resource conservation through operational improvements and product design.

Reduce CO₂ emissions

To continuously reduce emissions of Greenhouse Gases, including CO₂, from our products' complete life cycle.

The Bridgestone group's environmental mission covers all aspects of our business.

One Team, One Planet.

BRIDGESTONE

Refined “**Environmental Mission Statement**” in May 2011, strengthening our efforts to develop a sustainable society

Clarification of the direction of Bridgestone's environmental aspirations

- In harmony with nature
- Value natural resources
- Reduce CO₂ emissions

VI. Initiatives to improve further -Competing on a different ground-

Enhance environmental activities, eco-friendly products and businesses



In harmony with nature

An activity in Japan




Ecopia forests
(To maintain forest in good condition, environmental education activity)

An activity in Europe




Tree-planting program
(Ecosystem conservation activity)




Value natural resources

An activity focusing on operation



Thermal recycle
(Effective utilization of used tires)

An activity focusing on products and services



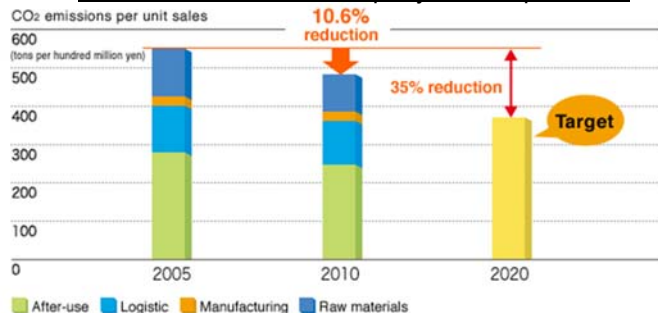
Eco value pack
(Retread technology)

VI. Initiatives to improve further -Competing on a different ground-

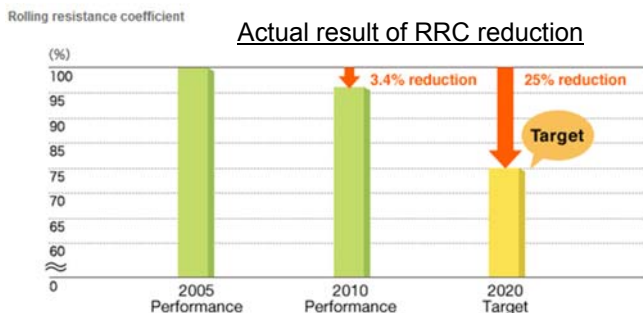
Enhance environmental activities, eco-friendly products and businesses

Lending strength to our efforts to realize reduction of carbon emissions

CO₂ reduction in the company's total operations



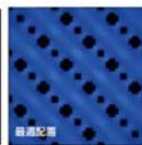
Actual result of RRC reduction



Driving CO₂ reduction in lifecycle



NanoPro-Tech



Cogeneration system



Modal shift



Fuel-efficient tire



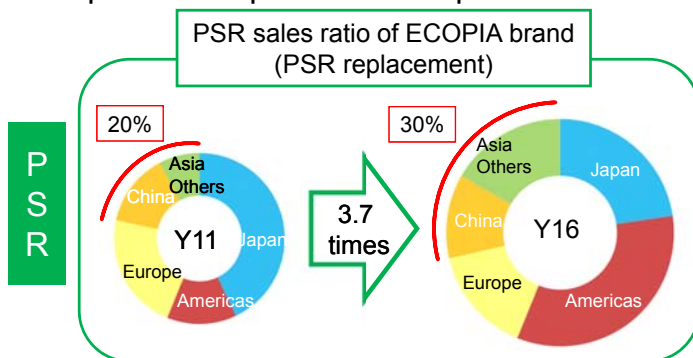
Electronic paper

VI. Initiatives to improve further -Competing on a different ground-

Enhance environmental activities, eco-friendly products and businesses

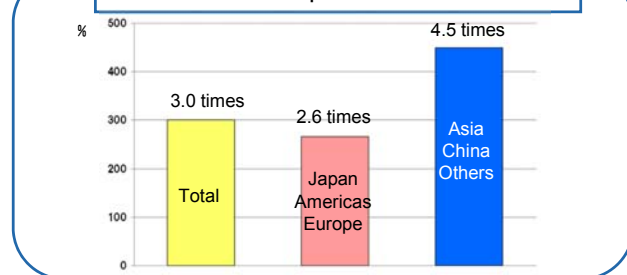
Fuel-efficient tire: ECOPIA product lineup

Expansion of products lineup of PSR and TBR, Global development



- Pursue fuel-efficient, safety, wet performance
- Expansion of products from standard to premium
⇒ Expand market to emerging countries

TBR expansion plan of ECOPIA brand (TBR replacement):
2011→2016 product increases



TBR

- Contribute to expense reduction of customers through the realization of fuel-efficient and long life performance
- Expansion of sales globally



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