



Your Journey, Our Passion

Annual Report 2013

Operational Review

→ The Bridgestone Group

The World's Largest Manufacturer of Tire and Rubber Products

Since its founding in 1931, the Group has steadily expanded its operations, centered on tire productions; and today the Group has over 180 manufacturing plants and R&D facilities around the world.

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Forward-Looking Statements

The descriptions of projections and plans that appear in this publication 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 Business

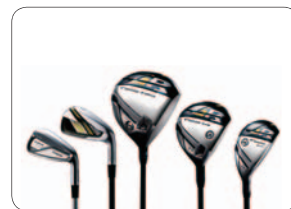
Tire Business

The Group provides tires for passenger cars, trucks, buses, motorcycles, construction and mining vehicles, aircraft, etc. Its tire operations extend across a wide range of fields, from raw material production to sales and maintenance, as well as retread solutions businesses.



Diversified Products Business

The Group makes and sells a range of rubber products and other products. Many of these products and technologies are used in a variety of everyday applications, and help to enrich a broad range of industries as well as consumer lifestyles.



→ Financial Highlights

Bridgestone Corporation and Subsidiaries
Years ended December 31, 2013, 2012, and 2011

	2013	2012	2011	2013 / 2012	2013
			Millions of yen	Percent change	Thousands of U.S. dollars ¹
Net sales	¥3,568,091	¥3,039,738	¥3,024,356	17.4%	\$33,856,068
Overseas sales	2,893,251	2,343,546	2,330,154	23.5	27,452,804
Operating income	438,132	285,995	191,322	53.2	4,157,245
Net income	202,054	171,606	102,970	17.7	1,917,203
Total equity ²	1,862,964	1,417,348	1,165,672	31.4	17,676,857
Total assets ²	3,577,045	3,039,799	2,677,344	17.7	33,941,029
Capital expenditure	274,862	245,644	201,390	11.9	2,608,046
Depreciation and amortization	176,180	155,066	158,044	13.6	1,671,696
Research and development costs	89,098	82,801	83,982	7.6	845,412
Net return on shareholders' equity (ROE) (%)	12.7	13.7	9.1	—	—
Net return on total assets (ROA) (%)	6.1	6.0	3.8	—	—
Per Share Data			Yen	Percent change	U.S. dollars ¹
Net income					
Basic	¥ 258.10	¥ 219.26	¥ 131.56	17.7%	\$ 2.45
Diluted	257.81	219.10	131.50	17.7	2.45
Shareholders' equity ³	2,305.64	1,754.30	1,444.53	31.4	21.88
Cash dividends	57.00	32.00	22.00	78.1	0.54

1 Solely for the convenience of readers, the Japanese yen amounts in this annual report are translated into U.S. dollars at the rate of ¥105.39 to \$1, the approximate year-end rate.

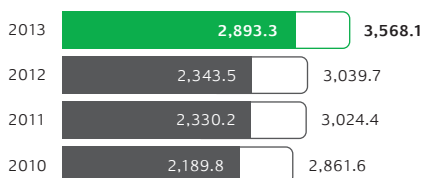
2 Certain overseas subsidiaries applied IAS 19 "Employee Benefits" (amended in June 16, 2011) from fiscal 2013.

As this change in accounting policy is applied retrospectively, the amount of total equity and total assets for 2012 reflect the retrospective application.

3 Shareholders' equity is equity excluding stock acquisition rights and minority interests.

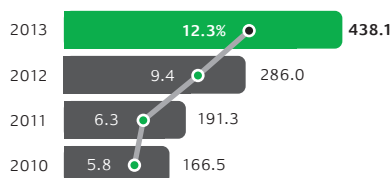
→ Net Sales / Overseas Sales

¥ billion



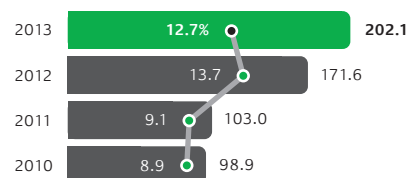
→ Operating Income / Operating Income Margin

¥ billion / %



→ Net Income / ROE

¥ billion / %



Note: Net sales exclude inter-segment transactions.

→ Segment Highlights

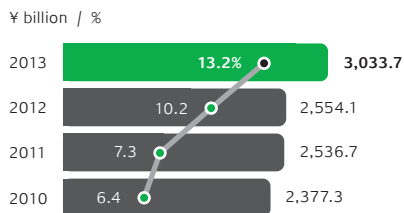
Bridgestone Corporation and Subsidiaries
Year ended December 31, 2013, 2012, 2011, and 2010

Business Segments

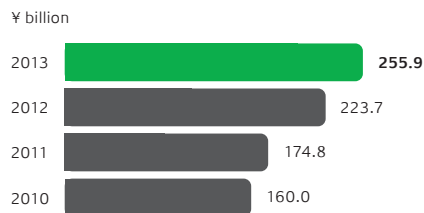
Tire Business

Tires: Tires and tire tubes for passenger cars, trucks, buses, construction and mining vehicles, industrial machinery, agricultural machinery, aircraft, and motorcycles; retreading materials and services; automotive maintenance and repair services; tire raw materials; and other tire-related products

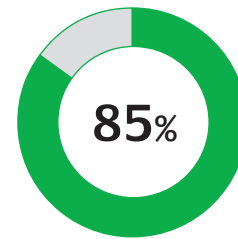
→ Net Sales / Operating Income Margin



→ Capital Expenditure



→ Net Sales by Business Segment



Diversified Products Business

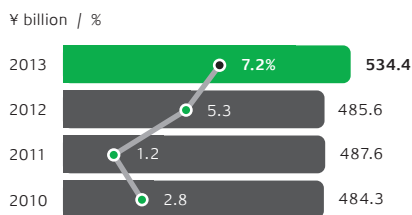
Chemical and industrial products: Vehicle parts, polyurethane foam and related products, electronic precision parts, industrial materials-related products, civil engineering and construction materials and equipment, and others

Sporting goods: Golf balls, golf clubs, and other sporting goods

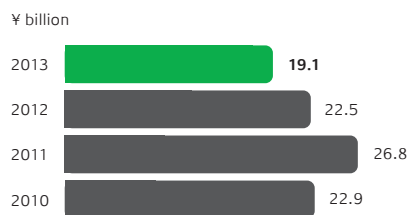
Bicycles: Bicycles, bicycle-related goods, and others

Other: Finance, and others

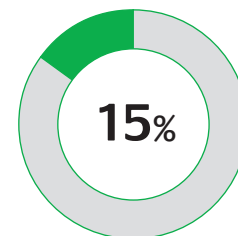
→ Net Sales / Operating Income Margin



→ Capital Expenditure



→ Net Sales by Business Segment

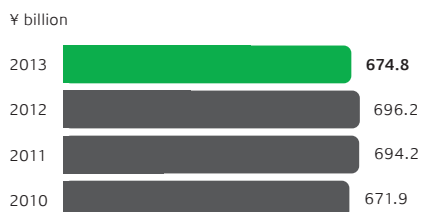


Note: Net sales exclude inter-segment transactions.

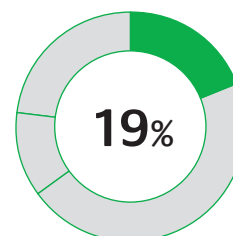
Net Sales by Market

Japan

→ Net Sales

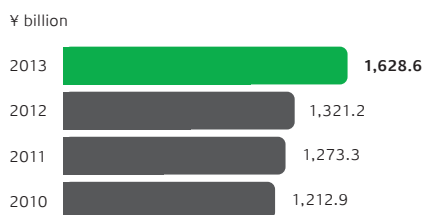


→ Net Sales by Market

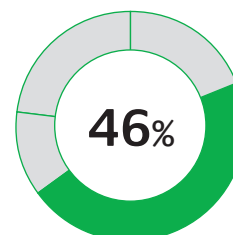


The Americas

→ Net Sales



→ Net Sales by Market

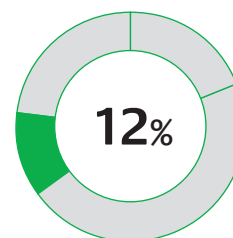


Europe

→ Net Sales

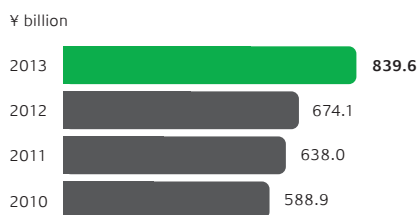


→ Net Sales by Market

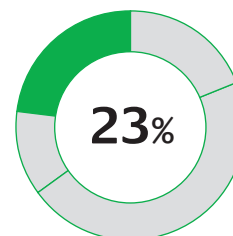


Other

→ Net Sales



→ Net Sales by Market



Note: Net sales exclude inter-segment transactions.

Net sales are categorized by the countries or territories of external customers. For net sales, operating profits, and operating margins by geographic segment, please refer to Supplementary Information of FY 2013, whose URL is http://www.bridgestone.com/ir/library/result/pdf/e_h25_supplementary.pdf

→ Management Tasks

The Group's operating environment is undergoing substantial change in a wide range of areas, including politics, the economy, the environment, and technical innovation. Social structures and consumer attitudes are also changing significantly.

In this setting, the Group follows a corporate philosophy that consists of the mission “Serving Society with Superior Quality” and four foundations for fulfilling the mission — “Seijitsu-Kyocho [Integrity and Teamwork],” “Shinshu-Dokuso [Creative Pioneering],” “Genbutsu-Genba [Decision-Making Based on Verified, On-Site Observations],” and “Jukuryo-Danko [Decisive Action after Thorough Planning].” Based on that corporate philosophy, the Group will pursue the ultimate goals of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.”

The Group remains firmly committed to the principles of “Lean & Strategic” and “Optimize on a Group and Global basis.” In other words, the Group maintains an

optimum balance between short-term management measures and mid- to long-term management measures, with a focus on “Lean” in the short term and “Strategic” in the mid- and long-terms. At the same time, the Group continues to implement management reforms, giving the highest priority to optimization on a group and global basis. In this way, the Group strives to achieve the goals outlined above.

In accordance with this fundamental approach, the Group makes full use of “the Strategic Business Unit (SBU) organization” and “the Mid-Term Management Plan” as tools to improve the quality and the speed of management reforms.

In regard to its organizational structure, the Group will further increase the efficiency of the SBU system to ensure that it can accurately understand the needs of global markets and customers and rapidly meet these needs.

To succeed in a challenging operating environment, it is necessary to make full use of wide-ranging operating



→ 2013 MTP Management Target

Qualitative Goals

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

Quantitative Goals

- **Growth:**
Exceed the industry average
- **Overall:**
Consistently deliver ROA 6% and Operating income ratio 10%

To become a truly global company
To achieve “Dan-Totsu” in our industries

resources. To ensure that the MTP fills that role, the Group uses a one-year rolling plan to respond to the turbulent operating environment with precision and speed. In this way, the Group continues to strive for “the higher level” positions with an appropriate balance between growth and profitability.

The 2013 MTP, which was announced in October 2013, includes three priority issues: “cultivating global corporate culture,” “developing human resources capable of global management,” and “upgrading the global management structure.”

In regard to the first issue, “cultivating global corporate culture,” the Group ensures overall consistency on a group and global basis, promoting the brand strategy as a part of a fully integrated marketing strategy, and accelerating technology and business model innovation. In an operating environment undergoing significant change, the Group seeks to anticipate market trends, increase sales of highly competitive products and

services, and construct and enhance business models that will extend beyond the mere sale of products. In these ways, the Group creates customer value and ensures further development of its competitive advantage and differentiation.

In regard to the second issue, “developing human resources capable of global management,” the Group seeks to utilize ideas from differing perspectives to maintain and extend its competitive advantage and differentiation. Utilizing its strengths in the areas of diversity and its global network, the Group is accelerating the development and promotion of diverse talent, including women, local / regional staff, and early career employees. Moreover, the Group is advancing the participation of local / regional staff in global management roles through the designation of English as an official company language and the restructuring of the tire business SBUs.

In regard to the third issue, “upgrading the global management structure,” the Group is focused on four

→ 2013 MTP Priority Issues

■ Cultivating global corporate culture

1. Clarifying brand strategy
2. Promoting innovation

■ Developing human resources capable of global management

■ Upgrading the global management structure

1. **Restructure the tire business SBUs**
2. Expansion of the diversified products business
3. Enhancement of governance systems
4. Establishing a closer bond / linkage between and among the parts of the entire group

Restructure the tire business SBUs

During the term of 2013 MTP, Bridgestone will reorganize the structure of its tire operations, shifting from the current six-SBU system to one consisting of four.

① Europe SBU:

- Step 1 Restructure the European business
Restructure the Middle East and Africa business
- Step 2 Extend the Europe SBU (To include the Middle East and Africa, Turkey, Russia)

② China SBU, Asia Pacific SBU:

- Step 1 Prepare for integration
- Step 2 Integrate management structure

From 6 regional tire SBUs to 4 regional tire SBUs (Japan, the Americas, Europe, and Asia)

Note: No changes in / to the Specialty Tire SBU

Management Tasks

main activities: “restructuring of the tire business SBUs,” “expansion of the diversified products business,” “enhancement of governance systems,” and “establishing a closer bond / linkage between and among the parts of the entire group.”

In connection with the first activities, “restructuring of the tire business SBUs,” and in order to strengthen governance, including management efficiency and risk management, the Group is considering the restructuring of the tire business SBUs by expanding the European SBU to include the Middle East and Africa and combining the China SBU and the Asia Pacific SBU.

In regard to “expansion of the diversified products business,” the Group is utilizing the principles of “selection and concentration.” In the selected businesses, the Group works to ensure further growth and improvements by enhancing collaboration among businesses and promoting globalization.

In connection with the third activities, “enhancement of governance systems,” the Group is working to ensure

that management decisions are made in a fair and transparent manner. To that end, the Group is strengthening the “checks and balance” functions of the Board of Directors and upgrading the Board committees that support management, such as advisory committees to the Board of Directors. These measures are being implemented in stages on a group and global basis. Moreover, the Group implements local and regional policies that are responsive to the needs and characteristics of each region and business while maintaining consistency with global strategies and policies.

Finally, by “establishing a closer bond / linkage between and among the parts of the entire group,” the Group strengthens the functions supporting interdivisional activities on a group and global basis and take steps to see that all SBUs can rapidly meet the needs of its markets and customers. Moreover, the Group strengthens collaboration on a group and global basis through global meetings, such as the Global Executive Committee.

→ The Bridgestone Group’s Approach to CSR

The Bridgestone Group conducts our daily business activities in a way that increases the overall level of our CSR activities based on our belief that CSR is at the heart of management. These CSR initiatives help the Bridgestone Group achieve its ideal state.

The 22 CSR Focus Points

In 2007, the Bridgestone Group established 22 CSR Focus Points to serve as a Group-wide common language to guide consistent, steadfast CSR activities. The Focus Points were selected from a range of general social requirements and organized according to three perspectives: importance to the Bridgestone Group, importance to stakeholders, and progress by the Group in taking appropriate actions. We pursue these 22 CSR Focus Points by means of Group-wide “instructions” that embody specific objectives, policy directions, and approaches. These instructions are reviewed and revised on a regular basis to ensure that we take into account changes in social requirements.

Since 2011, each year the Bridgestone Group has conducted a self-assessment Group-wide to ascertain whether the instructions based on the 22 CSR Focus Points were being implemented and functioning properly.

Structure of the 22 CSR Focus Points



In addition, the Group will increase efforts to build systems to support the fulfillment of its responsibilities toward all of its stakeholders. The Group will conduct regular yearly reviews of its policy for the development of internal control systems that ensure appropriate operations. Moreover, the Group will undertake reviews of that policy as needed and steadily develop systems in accordance with the policy. Centered on the Integrated CSR Enhancement Committee, the Group's corporate social responsibility activities will establish systems and heighten the effectiveness of activities in all areas, including rigorous risk management for environmental protection, product safety, compliance, and disaster prevention and safety initiatives; employee education; and corporate citizenship activities.

Since being informed of the investigation by the U.S. Department of Justice ("DOJ") in May 2012 regarding anti-competitive activities with competitors in relation to the sales of automotive anti-vibration rubber products ("AVP"), the Company has been fully cooperating with the DOJ. Through the investigation, the Company became aware that certain employees had engaged in certain acts in violation of U.S. antitrust laws from 2001 to 2008. Therefore in February 2014, the Company entered into a plea agreement with the DOJ in which the Company agreed to pay a fine of U.S.\$425 million. As a result, the Company has recorded an extraordinary loss of ¥44.7 billion for the fourth quarter of fiscal year 2013. The plea agreement is subject to approval by the U.S. Federal District Court.

Following the investigation into the marine hose cartel in May 2007 and the voluntary disclosure of possible inappropriate payments to foreign government officials in February 2008, the Company has engaged in extensive remedial efforts, including reinforcement of compliance trainings, reformation of the corporate governance structure, and establishment of corporate rules to prevent improper acts. As a result of these efforts, anti-competitive activities relating to AVP ceased in 2008. The Company remains committed to pursue ever higher levels of its corporate governance and compliance across the entire group companies worldwide in order to regain its trust.

→ Research and Development

The Group's mission in the corporate philosophy of "Serving Society with Superior Quality" mandates an unending quest to create higher value-added products to meet increasingly diverse societal requirements and market needs worldwide. The Group conducts R&D activities with the objective of establishing a competitive business model on a global basis, taking into consideration the environmental impact of its new product development and production processes. A key challenge of the Group is to be "Dan-Totsu" of technology in each business domain in accordance with the Mid-Term Management Plan (MTP).

The Group conducts technical development in a wide range of fields, such as the development of raw materials, new products, services, production technologies, and core technologies for the future. The Group leverages "vertical expansion" — from the upstream supply of raw material manufacturing to downstream retail channel and service network. The Group's "horizontal expansion" then deploys an expert base of R&D, production, and sales globally. The Group deepens "vertical and horizontal expansions" and strengthens R&D policy in order to ensure "technology innovation" that integrates raw materials, merchandise, and service with technology. The Group's "business model innovation" extends to different business domains and offers solutions businesses to address broader customer needs and perspectives.

Tires

R&D programs in the tire segment are based on the development philosophy of "peace-of-mind" for everything. The Group seeks to create tires with high value through three core elements of technology and product development: environment, safety, and comfort. Based

on the above-mentioned philosophy, the Group strives to further reinforce its core eco-friendly product group and businesses, as well as its strategic product group.

With regard to minimizing environmental impact, the Group strives to develop eco-friendly tires that fulfill three environmental initiatives of the Group's Environmental Mission Statement: "existing in harmony with nature," "valuing natural resources," and "reducing CO₂ emissions." The Group established a long-term environmental vision targeting 2050 and beyond in line with these goals. These initiatives are designed to promote safety and comfortable mobility in the future and to help achieve a sustainable society.

Regarding the activity of "existing in harmony with nature," the Group is developing a new scientific diagnostic methodology in order to inhibit disease damage in trees on rubber farms. The Group is engaging in collaborative efforts with industries and universities to enable higher and more practical technical diagnosis to identify diseased trees than traditional visual diagnosis.

Regarding the activity of "valuing natural resources," the Group has been making efforts to use "100% sustainable materials" in its products as the long-term vision for 2050 and beyond as the tire technology for the future. The Group will take the following actions as it works toward this goal: (1) reduce raw material consumption, (2) recycle resources and use them efficiently, and (3) expand and diversify renewable resources. Specifically regarding (3), the Group is accelerating R&D activity for renewable natural rubber by developing Guayule and Russian dandelion. The Group started construction of a processing research laboratory for Guayule in Arizona, U.S. in 2013. The construction of the laboratory is planned to



Guayule



Russian dandelion

be completed in 2014, and the pilot production of natural rubber is planned to commence in 2015.

Regarding the activity of “reducing CO₂ emission,” the Group believes that the development of tires designed to reduce rolling resistance, which enhances fuel efficiency, can make a major contribution to the reduction of CO₂ emissions. The Group’s ECOPIA line of eco-friendly tires features reduced rolling resistance without impairing safety, which is achieved in part through the use of Nanostructure-Oriented Properties Control Technology (“NanoPro-Tech”), a Group-patented technology. “NanoPro-Tech” was awarded the Science and Technology Prize for its “Development of nanostructure-oriented properties’ control technology and tires utilizing end-functionalized polymer” in the commendation by the Minister of Education, Culture, Sports, Science and Technology in Japan. The Group supplies ECOPIA tires as original equipment for passenger vehicles, and its market is widely expanding to TOYOTA “Corolla” hybrid vehicles, HONDA “FIT” and “FIT HYBRID,” and General Motors “Chevrolet Spark EV” electric vehicles, as well as light motor vehicles. Also, the Group launched the first fuel-efficient tires for motorcycles, the “BATTLEAX SC ECOPIA.” Further, the Group successfully developed the new technology “ologic.” This reduced rolling resistance technology features narrow tire width, increased external diameter, and higher inner pressure. Moreover, by applying dedicated pattern technology and dedicated compounds, the Group has successfully reduced rolling resistance and improved of wet grip due to technical innovations. The Group will continue to develop “ologic” and believes that this technology will contribute to the reduction of CO₂ emissions through improvement of fuel

efficiency for vehicles. The Group supplies “ECOPIA EP500 ologic” to BMW for its electric vehicle “BMW i3.” In the future, the Group will continue to take aggressive steps to further enhance the lineup of “ECOPIA” fuel-efficient tires, including global development and expanding original equipment offerings for new cars.

The Group has positioned run-flat tires as an important strategic product line. The Group is actively working to promote the use of run-flat tires, which continue to perform at a specified speed and distance after the loss of air pressure. In addition, since run-flat 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.

The Group has launched “BLIZZAK VRX” studless tires for “security and safety.” By adopting “active foam rubber” that actively eliminates water film from the road surface, and “new asymmetric patterns” and “new asymmetric forms” that provide gripping power and stability on winter roads throughout the world, the Group has helped improve performance and fuel efficiency compared with existing products of the Group.

The Group’s off-the-road radial tires for construction and mining vehicles have earned an excellent reputation in the marketplace for using advanced technologies and outstanding services in these products. The Group’s new off-the-road plant in Aiken County, South Carolina, U.S. is currently under construction and will begin production in 2014. Moreover, a new system of monitoring tire pressure and thermal information called “B-TAG,” which sends the information measured by a uniquely-developed sensor to drivers in real time, has been deployed and is contributing to smooth operations at mining sites.



ECOPIA EP500 ologic



BLIZZAK VRX



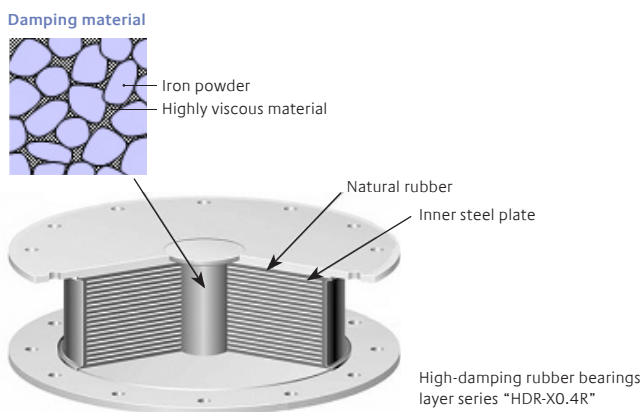
Air Free Concept
(Non-pneumatic) tire

Research and Development

The solutions business using retread tires contributes to improving total life and fuel efficiency by integrating new tires, retread tires, and maintenance. The Group is developing “Bandag Retread Factory” outlets that offer integrated manufacturing, service, and sales of retread tires at more locations globally. In addition, the Group is also developing an “Eco Value Pack,” which contributes to environmental conservation, cost optimization, and safe operation domestically.

The Group established a new technology center for R&D in Bangkok, Thailand, as the Asia Pacific region is one of the major markets expected to grow. Transferring R&D functions to the new technology center enables the Group to reflect market information in a timely manner. Enhancing the Group’s technical support system enables the Group to provide high-quality tires that reflect local customer needs.

As for new technology for the future, the Group enhanced the load-bearing capacity, travelling performance, and low-rolling-resistance of the “air free concept (non-pneumatic tire),” which the Group introduced in November 2011; this technology is intended to achieve even higher levels of environmental friendliness and safety. The Company delivered a presentation at “The 43rd Tokyo Motor Show 2013” for this new technology. Further, the Company advanced the cyclical use of resources and increased the utilization of recyclable resources by continuously moving ahead with the technical development of materials.

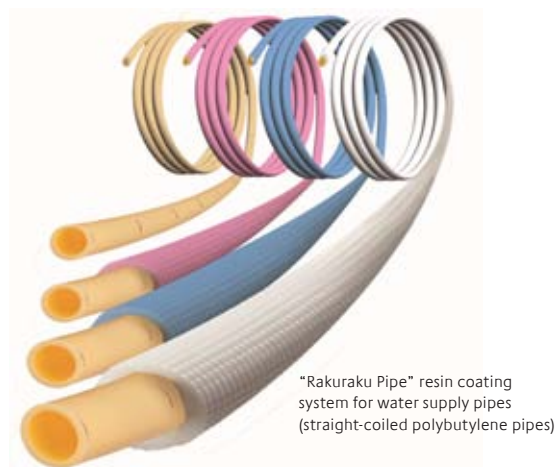


Diversified products business

In the diversified products business, the Group continues to strengthen its product lineups in key operational fields. At the same time, the Group is managing R&D activities with the objective of providing products that meet constantly changing needs and foster customer satisfaction.

Regarding rubber used in the seismic isolation of buildings, which prevents building collapse and damage by earthquakes, the Group developed a low-elasticity type that is utilized for low- and medium-storied buildings. Additionally the Group launched the high-damping rubber bearings layer series “HDR-X0.4R.” The Group increased the variation of the size for “plug insertion-type laminated rubber with iron powder / rubber admixture,” intending to reduce the environmental burden through development and use of attenuation materials that replace lead. This provides more options to customers in designing the details, such as sizes, to reflect customer needs.

As for resins that are used for pipes in residential cold and hot water supply systems, the Group substantially reduced undesirable winding of pipes in comparison to other offerings of the Group. Additionally, the Group was able to reduce the resistance that can occur at the time of inserting sheath pipes, which has contributed to shortening overall working hours and lessening the workload of water supply workers. “Rakuraku Pipe” (straight-coiled polybutylene pipes) that adopted this technology is performing well in the field and received the “2013 Good Design Award,” which is sponsored by the Japan Institute of Design Promotion.



Corporate Governance, Compliance, and Risk Management

Continually enhancing corporate governance is one of management's most important focus points. This will ensure that the Bridgestone Group continues to fulfill its founding mission as stated in its corporate philosophy: "Serving Society with Superior Quality."

Based on this approach, in accordance with the responsibility and authority delineated in the Administrative Authority Rules, as well as in the Policy Management Rules, Bridgestone Corporation is committed to developing, communicating, and abiding by fair, transparent decision-making and management policies.

Overview of corporate governance system

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 eight directors, including four outside directors, as of December 31, 2013. At the Annual Shareholders' Meeting held on March 25, 2014, all of the directors reached the end of their tenure, and eight directors, including four outside directors, were elected.

Bridgestone has adopted a board of corporate auditor governance model as specified in the Companies Act. The corporate auditors audit the execution of duties by the directors, while the Board of Directors oversees the execution of duties by the directors. As of December 31, 2013, the Board of Corporate Auditors had four members, including three outside corporate auditors, one of whom was a full-time outside corporate auditor. At the Annual Shareholders' Meeting held on March 25, 2014, one corporate auditor reached the end of his term of office and retired, and one corporate auditor was elected. As a result, the Board of Corporate Auditors has four members, including two outside corporate auditors.

In addition, to further increase the transparency and impartiality of corporate governance, the Nominating Committee, Compensation Committee, and Governance Committee were established as advisory bodies to the Board of Directors. Following deliberations, these committees provide advice to the Board of Directors in regard to such matters as personnel issues that involve directors, the compensation of directors (when the total amount of auditor compensation is revised, then that amount), and the governance system and related issues. As of March 25, 2014, Bridgestone established its

Compliance Committee and this committee is working to achieve "the higher level" of a rigorous governance system. These four committees are composed of four outside directors, and one or more corporate auditors participate as observers.

In regard to personnel and compensation matters that involve corporate officers who are not concurrently serving as directors, the Officer Nomination and Compensation Committee serves as an advisory body to the CEO and Representative Board Member (CEO) and the COO and Representative Board Member (COO), who are the leaders of the operating divisions. Following deliberations, this committee provides advice to the CEO and COO, and then further deliberations are held at meetings of the Board of Directors, which makes the decisions. The Officer Nomination and Compensation Committee is composed of five or more members who are selected from among directors, corporate officers, or divisional heads who have been nominated in advance by the Board of Directors. In addition, one or more corporate auditors participate as observers.

Bridgestone has a management system in which the CEO and COO are the leaders of the operating divisions. The CEO is principally in charge of overall management and strategy, and the COO is principally in charge of operations. At the same time, these two officers implement a system of mutual checks. In addition, the Chairman of the Board leads meetings of the Board of Directors and the Annual Shareholders' Meeting. The Company has taken steps to further strengthen its corporate governance system by separating and clarifying the respective roles and authority of the CEO, COO, and Chairman of the Board, by advancing the sharing of information; and by increasing the transparency of decision-making processes.

In the operating divisions, the Company has established the Executive Operational Committee, which deliberates and reports on specific matters set forth in Company policy as well as other important matters. In addition to key corporate officers, such as the CEO and COO, the full-time corporate auditors are also standing members of the Executive Operational Committee. In this way, the committee ensures that information about the status of management execution is shared and that the supervisory function is fulfilled. As described above, the Officer Nomination and Compensation Committee has been established as an advisory body to the CEO and COO. The committee provides advice on personnel and

Corporate Governance, Compliance, and Risk Management

compensation matters that involve corporate officers who are not concurrently serving as board members.

In addition to compliance with laws, regulations, and the articles of incorporation, the Company has formulated a structure to promote compliance and basic policies, which call for members of the Board, corporate officers, and all Bridgestone employees to conduct themselves in line with the corporate philosophy, so that the Bridgestone Group can maintain the trust of its stakeholders. A unit dedicated to handling compliance, which is overseen by the Chief Compliance Officer (CCO), has responsibility for the operation of a compliance helpline, which provides compliance-related advice to employees, as well as for promoting compliance-related education for directors and employees. Recognizing the importance of compliance activities as an element of corporate social responsibility (CSR), Bridgestone has established the Compliance Subcommittee, which is chaired by the CCO and is a subcommittee of the Integrated CSR Enhancement Committee, which is chaired by the CEO. Moving forward, Bridgestone will continue to advance compliance activities as one facet of its CSR activities.

Risk management activities, led by the Chief Risk 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. The CRO is also responsible for contingency planning activities which include the formulation and review of business resumption plans aimed at restoring operations as quickly as possible in the event of any disruption. In line with the recognition of the importance of risk management in CSR, Bridgestone has previously 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 continue to find additional ways to strengthen the system to comprehensively manage risks that could have a major influence on the operating activities of Bridgestone and other Group companies.

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

On May 1, 2006, the Board of Directors instituted an official company policy governing internal control systems; the Company reevaluates its activities in this area each year, working to ensure appropriate internal controls. In regard to the Japanese Financial Instruments and Exchange Act, and in particular to the section regarding the evaluation of internal control systems to assure the reliability of financial reporting and related information, Bridgestone will work to ensure an effective and reliable system of internal controls on a Group-wide basis and to further raise the level of internal control throughout the Group.

Bridgestone has no connection whatsoever with antisocial forces or groups that threaten public order and safety, and takes a resolute stand against such activities. A department has been established to evaluate information received regarding such matters and take necessary action to ensure compliance with this policy, and the Company has worked to build relationships of trust and cooperation with external institutions, such as the police and other related organizations. Bridgestone is working to create a manual for dealing with inappropriate or illegal requests, evaluating contracts and the parties thereto to ensure their appropriateness and that they have no relationship with any organizations or groups that are illegal or threaten public order or safety, and implementing other related measures. Bridgestone will strive to see that these measures are widely known and will continue to strengthen internal systems aimed at identifying any such groups, programs, or initiatives with which the Company may come in contact.

Status of audits by the corporate auditors, the internal auditors, and the independent auditors

The corporate auditors conduct their 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 important 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 the representative directors to exchange information and opinions and hold meetings with the corporate auditors of major Bridgestone subsidiaries in Japan. Bridgestone has established the Corporate Auditor Office with dedicated staff as the organization to support 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 30 people (excluding those working concurrently in other positions) as of December 31, 2013. 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 Companies Act, with the aim of ensuring a more robust internal control system.

Deloitte Touche Tohmatsu LLC performs the accounting audit of the Company's financial statements. The accounting audit team in fiscal 2013 included four certified public accountants, nine assistants who were certified public accountants, four associate members of the Japan Institute of Certified Public Accountants, and seven other staff members.

The corporate auditors, the Internal Auditing Office, and the accounting auditors exchange information and opinions as necessary and generally maintain close contact, thereby working to increase audit efficiency and effectiveness.

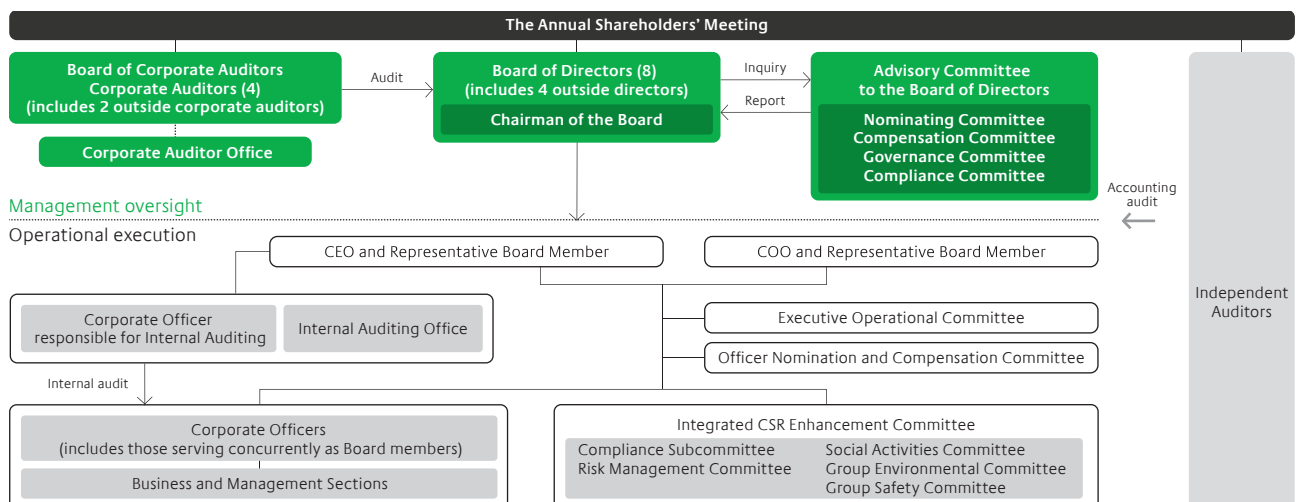
Outside directors and outside corporate auditors

As of March 25, 2014, the Company has four outside directors and two outside corporate auditors.

The Company believes that the outside directors contribute to the strengthening of corporate governance,

including appropriate decision-making at meetings of the Board of Directors. To that end, the outside directors provide independent opinions that reflect their sound judgment and extensive experience, which are based on their varying backgrounds and fields of specialization. In addition, the Company believes that the outside corporate auditors can enhance the effectiveness of the corporate auditors in audits of directors' business execution. To that end, the outside corporate auditors attend important meetings, such as meetings of the Board of Directors and meetings of the Board of Corporate Auditors, and provide opinions from an objective, neutral viewpoint, based on their varying perspectives as specialists and on their extensive experience.

Through measures and deliberations at meetings of the Board of Directors, such as the reporting of financial results and the reevaluation of the policy governing internal control systems, the outside directors directly and indirectly receive reports from internal control departments and implement effective oversight of the directors. Through measures and deliberations at meetings of the Board of Directors, such as the reporting of financial results and the reevaluation of the policy governing internal control systems, and through exchanges of information and opinions at meetings of the Board of Corporate Auditors, the outside corporate auditors work closely with the corporate auditors, the Internal Auditing Office, and the independent auditors and strive to enhance the efficiency and effectiveness of audits.



As of March 25, 2014

Board of Directors



Masaaki Tsuya
CEO and Representative Board Member
Concurrently Chairman of the Board



Kazuhisa Nishigai
COO and Representative Board Member



Yoshiyuki Morimoto



Narumi Zaitso



Sakie Tachibana Fukushima^{1, 2}



Kimiko Murofushi^{1, 2}



Scott Trevor Davis^{1, 2}



Yuri Okina^{1, 2}

¹ Outside Director as set forth in Article 2-15 of the Companies Act
² Independent Director

Board of Corporate Auditors

Mikio Masunaga (Full-time)

Masahito Tsuji (Full-time)

Kenichi Masuda^{3, 4}

Tomoko Watanabe^{3, 4}

³ Outside Corporate Auditor as set forth in Article 2-16 of the Companies Act

⁴ Independent Corporate Auditor

For information regarding corporate officers, please refer to the Bridgestone Data 2014.

http://www.bridgestone.co.jp/corporate/library/data_book/pdf/BSDATA2014.pdf

For information regarding major subsidiaries, please refer to the Business Report for the 95th Fiscal Period.

http://www.bridgestone.com/ir/library/business_reports/pdf/business_report_for_the_95th_fp.pdf

→ Shareholder Information As of January 1, 2014

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Tokyo 104-8340, Japan
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www.bridgestone.co.jp

Established

1931

Employees

145,029

Independent auditors

Deloitte Touche Tohmatsu LLC

Technical centers

Bridgestone Corporation: Tokyo and Yokohama, Japan
Bridgestone Americas: Akron, Ohio, United States
Bridgestone Europe: Rome, Italy
Bridgestone China: Wuxi, China
Bridgestone Asia Pacific: Bangkok, Thailand

Consolidated subsidiaries

311 companies

Paid-in capital

¥126,354 million

Shares

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

Transfer agent

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8233, Japan

Common stock traded

Tokyo, Nagoya, Fukuoka

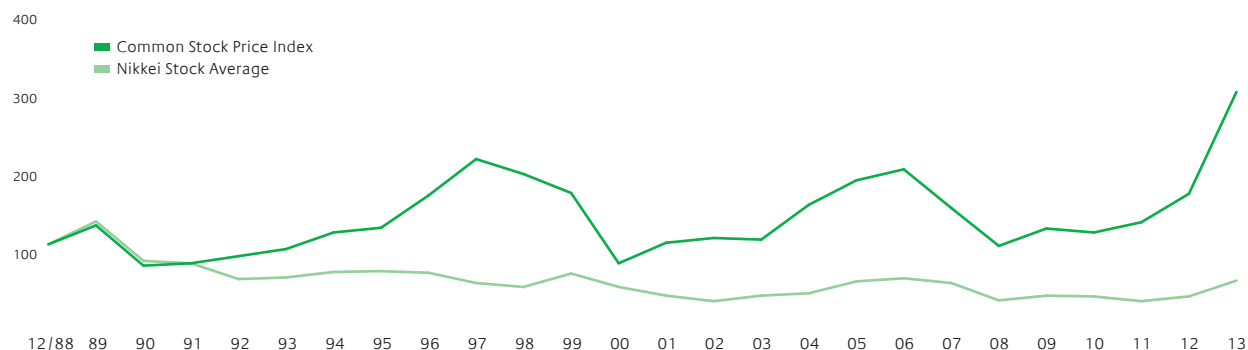
→ Common Stock Price Range

(Tokyo Stock Exchange)

	2007	2008	2009	2010	2011	2012	2013
							Yen
High	2,715	2,170	1,813	1,700	2,002	2,245	4,025
Low	1,941	1,215	1,094	1,396	1,506	1,602	2,248

→ Common Stock Price Index

(Relative to Nikkei Stock Average)



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

Bridgestone Corporation

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www.bridgestone.co.jp