



BACKGROUND INFORMATION

A Brief History of Bridgestone/Firestone

Harvey S. Firestone (1868-1938) founded The Firestone Tire & Rubber Company in Akron, Ohio, in August 1900, and started marketing solid rubber tires for carriage wheels. A few years later, Henry Ford selected tires manufactured by Firestone for the first mass-produced automobiles in America. In 1911, Firestone began what would become a legendary involvement in car racing by entering and winning the first Indianapolis 500. Firestone also joined America's "Good Roads" movement, supporting the Lincoln Highway Association in the creation of the first coast-to-coast highway, and advocated the creation of an interstate highway system as early as 1916.

Around the same time, Firestone also created the "Ship by Truck" campaign, encouraging manufacturers to move their products to markets by truck. In fact, the very first coast-to-coast truck shipment of goods traveled on Firestone tires. Firestone advertising of the era hailed its tires as producing "most miles per dollar." By the 1920s, Firestone had become a world leader in tires and the company included its own retail store chain.

The Bridgestone Tire Co., Ltd. (renamed Bridgestone Corporation) was founded in 1931 in Kurume, Japan, by Shojiro Ishibashi (1885-1976), a manufacturer of rubber-soled footwear. Ishibashi, who admired Firestone, reversed the English translation of his own surname, which means "stone bridge," to give his new venture a brand name with an international sound.

The quality of Bridgestone's products was soon widely recognized, and its tires were adopted by the three leading automakers in Japan at the time: General Motors, Ford, and Chrysler. Bridgestone quickly expanded and diversified into sporting goods and other rubber products for industry. By the 1960s, it was poised for rapid international growth along with the Japanese auto industry. An all-out program to improve quality netted the company the prestigious Deming Prize in 1968.

Meanwhile, Firestone continued to grow and diversify into new markets. In 1961, Firestone acquired Dayton Tire, another tire industry pioneer. During its long history, Firestone developed numerous advances in tire and rubber technology, including the first non-skid tread, synthetic latex, and the first United States-produced radial tire.

Bridgestone entered the U.S. market in 1967 through a sales subsidiary in California. In 1983, Bridgestone established its first U.S. production base by purchasing a Firestone truck tire plant in LaVergne, Tenn. That plant continues to be an important part of Bridgestone/Firestone truck and passenger car tire manufacturing. Following its success at LaVergne, the company decided to move its U.S. sales and marketing headquarters to Nashville and build a new truck tire plant in Warren County, Tenn., completed in 1990.

Bridgestone purchased Firestone in 1988 for \$2.6 billion, transforming the company into the world's largest tire and rubber company. Bridgestone and Firestone operations in the Americas were consolidated in 1990 as Bridgestone/Firestone, Inc. As part of the integration with Bridgestone's existing U.S. operations, Bridgestone/Firestone moved its headquarters from Akron to Nashville in 1992.

In August 1997, Bridgestone/Firestone announced that it would build a \$435 million passenger and light truck tire plant in Aiken County, S.C. The plant began shipping tires in March 1999, and its almost 900 team members currently produce more than 21,000 per day. A \$24.5 million expansion of the facility was completed in December 2000. The state-of-the-art facility represents the latest tire manufacturing technology, including Bridgestone/Firestone's ACTAS, which stands for Automated Continuous Tire Assembly System.

Bridgestone/Firestone, Inc., in an effort to focus more effectively on its core business units, initiated a series of changes to its corporate structure in December 2001. The reorganized company will continue its operations in the Americas under a holding company, Bridgestone Firestone Americas Holding, Inc., and several operating subsidiaries.

Those subsidiaries include Bridgestone/Firestone North American Tire, LLC (BFNT), the successor to BFS, which includes North American tire manufacturing and wholesale and original equipment sales operations, as well as the consumer, commercial truck and bus, agricultural, and off-the-road businesses. Product development and research related to these businesses are also conducted by BFNT.

BFS Retail & Commercial Operations, LLC (BFRC), consists of the Bridgestone/Firestone family of company-owned consumer and commercial store chains in the United States and Canada, including Firestone Tire & Service Centers, Tires Plus, and GCR as well as the company's credit card operations.

BFS Diversified Products, LLC (BFDP) consists of the Bridgestone/Firestone non-tire operations in the Americas including the building products, industrial products, synthetic and natural rubber, and textile businesses.

The Latin American subsidiaries of Bridgestone/Firestone, operate under the name of Bridgestone/Firestone Latin America (BFLA) as a divisional unit of BFAH.

Product Overview

The Ultimate Network of Intelligent Tire Technology (UNI-T®) introduced by BFS in 1996 and known in Japan as DONUTS, represents a breakthrough in technologies, and has been used in the Bridgestone, Firestone, Dayton and associate brands. UNI-T is a combination of new technologies in materials, design and construction that work together to create the most advanced tires available. The new technologies include an optimized tire contour, a new bead for more accurate mounting on the wheel, and improved tread compounds.

In May 1998, Bridgestone/Firestone announced the second generation of UNI-T technology, UNI-T AQ™, which stands for "Advanced Quality." Tires with UNI-T AQ feature a dual layer tread and extended performance compound, providing drivers with more consistent performance as the tires age and wear. BFS expanded the UNI-T AQ technology into several high volume tire lines in 1999. The proof is in the performance -- according to the company's testing, a Turanza H Revo with UNI-T AQ with 50 percent tread remaining stopped an average of 14.1 feet shorter on a wet surface at 50 mph than a conventional Bridgestone touring tire with equal wear.

Bridgestone/Firestone continues to perfect and improve its tire technology with UNI-T AQ_{II}™, the "next generation" of UNI-T AQ technology which is incorporated into several new product lines. UNI-T AQ_{II} incorporates a variety of improvements to the earlier UNI-T and UNI-T AQ technologies giving drivers stronger wet or dry performance, when the tire is new and throughout the life of the tire.

Bridgestone Brand

As a premium, technology-driven consumer tire brand, Bridgestone is the choice for many of the world's most prestigious cars. In early 2001, Bridgestone/Firestone introduced new versions of two of the most popular Bridgestone products to showcase the improved UNI-T AQ_{II} technology.

The Bridgestone Potenza S-03 Pole Position is an ultra high performance tire that sets the standard for handling, grip and service. As the next generation of the popular Potenza S-02 Pole Position, the Z-Speed rated tire is designed for the most demanding performance car drivers. Just as the Potenza S-02 Pole Position was the first tire to incorporate UNI-T AQ technology, the Potenza S-03 Pole Position is one of the first products in the Bridgestone/Firestone inventory to utilize the latest UNI-T AQ_{II} technology.

The Bridgestone Potenza RE950 is the successor to the popular Potenza RE930. The Potenza RE950 sports a unique, tread pattern with a strong resemblance to the Bridgestone Potenza rain tire used in Formula One competition. With UNI-T AQ_{II} technology, the tire offers exceptional wet and dry handling performance as the tire wears, and a consistent level of performance throughout the tire's life.

A mass-market tire with an all-season tread compound was added to the Bridgestone lineup in 2001. The Bridgestone Insignia SL has "the quality you demand, the value your customers deserve™." This all-season passenger vehicle tire was delivered to the market in early spring in 29 sizes with S and T speed ratings. The Insignia SL was Bridgestone's first entry into the "Better" category in the company's "Good, Better, Best" selling matrix.

In 2002, a new family of Bridgestone brand tires was introduced which offer "Elegance That Endures." The new Bridgestone Turanza LS with UNI-T AQ_{II}™ is available in T, H, V and Z speed-rated variants. The Bridgestone Turanza LS replaces the Bridgestone Turanza Revo, and is available in a total of 30 sizes (LS-H in 18 sizes, LS-V in 8 sizes and the LS-Z in 4 sizes). The new Bridgestone Turanza LS-T replaces the Bridgestone Turanza T, and will be available in 28 sizes. The new Turanza LS family of tires provides enhanced grip in the wet as the tires wear. These new tires also offer drivers exciting new options -- including noise reduction and driving comfort, qualities associated with the best touring tires.

The Bridgestone Blizzak, first introduced in the United States in 1993, has more than 50 million sales worldwide and continues to be one of the company's most successful products. When other tire companies were just starting to focus on the snow tire market, the Bridgestone Group upped the ante in 1999 with the introduction of a whole new generation of Blizzak tires. Bridgestone/Firestone has also introduced a Winter Dueler with Blizzak technology for the growing light truck and SUV tire market. The company is confident that Blizzak, which has become the standard against which all other tires in the market segment are judged, will remain the top-selling winter tire in North America.

For the fourth consecutive year, Bridgestone tires were on the racecar of the Formula One World Driver's Champion in 2001. The Bridgestone brand made its initial appearance in motorsports in the early 1960s, and soon established a winning reputation in a number of series. From open-wheel to sedan racing, from World Grand Prix 500cc motorcycle events to 250cc Supercross and Motocross events, Bridgestone tires will provide a winning foundation for many drivers in 2002.

Firestone Brand

Firestone is known in the United States as "America's Tire Since 1900," and also, "Firestone -- the Legend," referencing its successful return to Indy® racing after a 21-year absence from the series it dominated throughout the series' history. Bridgestone/Firestone is strengthening research and development, quality control, production, advertising and marketing to support the revitalization of the Firestone brand. Since Bridgestone purchased Firestone in 1988, the brand has experienced

great success with products that combine both quality and value. Firestone is used as original equipment on a wide range of models, from light trucks to performance and luxury cars, produced by General Motors, Toyota, and other leading auto manufacturers.

The Centennial of The Firestone Tire & Rubber Company in 2000 served as the launching pad for several new Firestone products. The Firestone Firehawk SS20 was introduced to continue to build on the success of the Firestone Firehawk in open-wheel racing. The all-season performance radial features distinctive raised white lettering similar to that found on the sidewalls of the racing radials used at the Indianapolis 500 and other Indy Racing League (IRL) and Championship Auto Racing Teams (CART) events. It is designed for responsive driving, particularly in wet conditions.

In the ultra-high performance arena, Firestone introduced the Firestone Firehawk SZ50 EP with UNI-T AQ, which not only incorporates the technology that brings success on the racetrack, but also the UNI-T AQ components which ensure consistent performance throughout the life of the tire.

The newest product entry in the Firestone brand was introduced in March 2002. The Firestone Affinity LH30 is an H-rated tire with premium features without the premium price. As the industry's first premium mass-market tire, the Affinity LH30 is "everything you expect in a tire" -- the ride and mileage of a mass-market tire with excellent handling in wet and dry conditions. The Firestone Affinity LH30 is available in 20 sizes, and meets the growing demand for this new class of tire by offering consumers new options in ride, handling, speed rating, and noise reduction at an exceptional value.

Firestone tires have been on winning racecars since 1909. The first Indianapolis 500 race in 1911 was won on Firestones, as was the first NASCAR race in 1949. Over most of the past century, Firestone tires have appeared in and won nearly every form of motorsports competition, including the top forms of open-wheel racing: Formula One, the IRL and CART competition. Firestone was recently named the official tire for the new Indy Racing Infiniti Pro Series, which will start competition in June 2002. The Firestone Firehawk will also be on every car in the 2002 Indianapolis 500, assuring the brand earns its 53rd victory at the "Greatest Spectacle in Racing." This 53rd win for Firestone marks a total of victories greater than the combined victories of all the other tire brands competing at Indy®. Firestone, the only tire to have competed in every IRL event since the series began, will continue its commitment to the racing league through 2005.

Dayton and Associate Brands

In addition to Bridgestone and Firestone tires, Bridgestone/Firestone manufactures and markets Dayton, Seiberling, Road King, Gillette and Peerless associate brand tires, as well as private and house brand tires.

Commercial Tires

Bridgestone/Firestone makes Bridgestone, Firestone, and Dayton truck tires along with tires for virtually every wheeled vehicle made.

Around the world, top truck fleets and original equipment manufacturers (OEMs) rely on Bridgestone for long tread life and low cost per mile. For 14 straight years, surveys of America's retreaders rated Bridgestone truck tires as number one for casing durability and retreadability -- a record unmatched by any other truck tire manufacturer.

Firestone truck tires are popular among smaller fleets for reliability, retreadability and value. Bridgestone and Firestone truck tires are available through more than 2,500 dealers and truck stops across America.

Off-The-Road Tires

Bridgestone/Firestone Off Road Tire, an operating unit of Bridgestone/Firestone North American Tire, LLC (BFNT), was formed in February 1994, and markets Bridgestone/Firestone's off-the-road (OTR) tires. Since this off-road division of the company began, off-the-road tire sales revenue at the company has tripled and market share has grown to nearly 40 percent of the domestic replacement and original equipment markets. The tires sold in this market segment are manufactured by the Bridgestone/Firestone plants in Normal/Bloomington, Ill., and in the Bridgestone facility in Shimonoseki, Japan.

Today, Bridgestone/Firestone Off Road Tire offers the industry's most comprehensive selection of radial and bias OTR products; sales and distribution through 1,500 dealers as well as the company's commercial outlets; a giant tire retreading operation in Conyers, Ga.; and the proprietary software, TreadStat Tire and Rim Management System. As both an original equipment and a replacement tire supplier, Bridgestone/Firestone Off Road Tire takes a leadership position with diverse products like giant 63" rim diameter Bridgestone radial haulage truck tires, Firestone's 57" rim diameter loader tires, specialty tires for industrial use on container handling equipment used in port/dock operations, and the new Bridgestone 15" and 20" radial products for underground mine usage. The nation's premiere OTR field sales and engineering staffs, and its most recent success of building the "world's largest" loader tire (which stands nearly 13 feet high, weighs 15,000 pounds, and is the fitment for the "world's largest" front-end loader manufactured by Le Tourneau) truly distinguish Bridgestone/Firestone Off Road Tire as the market leader.

Agriculture

Firestone Agricultural Tire (FSAG), an operating unit of Bridgestone/Firestone North American Tire, LLC, based in Des Moines, Iowa, is the industry leader in the marketing and sale of agricultural tires. FSAG supplies over half of the original equipment market and more than 40 percent of the replacement market with agricultural tires. Firestone Agricultural Tire distributes product to more than 80 countries worldwide.

In addition to agricultural tires, FSAG markets and sells forestry tires, ATV tires and light industrial tires.

FSAG's tires are marketed and distributed through an established Firestone Certified Dealer Network of approximately 500 Direct Certified Dealers and Distributors and 1,400 Associate Certified Dealers all of which are dedicated to servicing the American farmer.

Columbiana, Ohio is the home of FSAG's test center. Firestone Agricultural Tire Company is the only manufacturer of agricultural tires in the world that has a test center (350 acres) dedicated to the development and testing of agricultural tires.

Bridgestone/Firestone Financial Performance and Forecasts

(Unit: \$ millions)

	Net sales (in billions)	Net profit (loss) (in millions)
1988*	\$ 4.241	(22.2)
1989**	4.934	(52.9)
1990 ***	4.600	(298.2)
1991	4.407	(472.9)
1992	4.652	(142)

1993	5.112	6
1994	5.673	29
1995	6.141	130
1996	6.500	172
1997	7.1	208
1998	7.4	285
1999	7.5	300
2000	7.5	(511)
2001	7.4	(1.7 billion)

*11/87-10/88 (12 months)

**11/88-12/89 (14 months)

***European operations were separated in 1990 as Bridgestone/Firestone Europe S.A., and Bridgestone/Firestone, Inc. was formed by combining operations of The Firestone Tire & Rubber Co. in the Americas and Bridgestone (U.S.A.) Inc.

Market Share in Major Segments

According to Modern Tire Dealer, in 2001, Bridgestone/Firestone had a combined 25.1 percent share of the North American original equipment (OE) light vehicle market share. In the U.S. replacement passenger tire market, Modern Tire Dealer also shows Bridgestone/Firestone had a combined share of 15 percent in 2001, including associate and private brands and a 14 percent share in the light truck tire replacement market.

For the U.S. replacement medium/heavy truck tire market in 2001, Modern Tire Dealer estimates a 23 percent combined share for Bridgestone/Firestone, and a combined total market share of 37.7 percent in the U.S. agricultural market.

According to Rubber and Plastics News, in 2000 on a dollar basis, Bridgestone Corporation (all brands) had a 19.4 percent market share in total tire sales worldwide.

Sales and Marketing of Bridgestone and Firestone

After the formation of Bridgestone/Firestone, the company took steps to integrate sales and marketing efforts of the two brands. All company-owned retail stores now offer Bridgestone as well as Firestone tires. Independent dealers that carried either brand have been encouraged to carry both tire brands, and most dealers have done so. Marketing and sales for both brands were consolidated to one location following the relocation of the corporate headquarters to Nashville in 1992. In November 1996, Bridgestone/Firestone announced it would also integrate marketing of Dayton tires with the Bridgestone and Firestone brands, giving Bridgestone/Firestone a complete multi-brand lineup to offer its dealers.

Moving forward in the 21st Century, Bridgestone/Firestone will continue to focus on its successful multi-brand strategy, using the Bridgestone and Firestone brands as the base. The company will reinforce and expand the Bridgestone brand, while working to revitalize the Firestone brand.

In 2002, Bridgestone/Firestone is emphasizing the strength of technology in its consumer product developments. A new comprehensive advertising campaign was launched during February, in a television advertising campaign that debuted on NBC during the broadcast of the winter Olympics. This campaign builds upon the strengths of the company's initiatives in 2001 and emphasizes the technological edge of the Bridgestone brand with "Bridgestone, A Grip on The Future." UNI-T AQ_{II}, the newest advancement in Bridgestone technology, offers consumers superior performance and improved vehicle handling in the wet and even as the tire wears.

A new market niche for the tire industry was created in 2002, when Bridgestone/Firestone introduced the first H-rated mass-market premium tire with the Firestone Affinity LH30.

The Firestone brand will continue to be reinforced through a number of messages related to rebuilding the brand and regaining consumer confidence including "America's Tire Since 1900." The company will continue to focus efforts on campaigns that highlight tire maintenance and safety. In the marketplace, the strength of the Firestone brand remains in its performance tires such as the Firehawk SS20 with UNI-T and the Firehawk SZ50 EP with UNI-T AQ, and the company will continue to reinforce the Firestone brand through its successful motorsports program.

Bridgestone and Firestone tires are widely available at retail outlets throughout the United States. The consumer division of Bridgestone/Firestone North American Tire Company, LLC, markets its tires to more than 12,000 outlets, including independent tire dealers, mass merchandisers, warehouse clubs and fleets. The company's retail operation sells passenger and light truck tires through more than 1,400 full-service Firestone Tire and Service Centers, 68 Tire Stations serving the "middle market" with tires and limited service, and 111 Expert Tires, which offer tire sales only in rural areas. Through ownership of a majority interest in Morgan Tire and Auto, BFNT has recently added 550 Tires Plus stores, which offer tire sales and services to its family of company-controlled stores. Bridgestone/Firestone Credit Services supports this sales network by providing credit cards financed by Credit First National Association (a special-purpose bank subsidiary).

To enable the various channels to compete effectively, Bridgestone/Firestone has developed a Family Channel program providing special incentives to dealers who commit to purchasing a high percentage of BFS products. The Family Channel retail points of sale include more than 2,100 company-owned stores, which include Firestone Tire & Service Centers and Tires Plus retail outlets, and 2,468 Bridgestone/Firestone loyal and independent retail outlets (which include the TireStarz and affiliated dealers). These Family Channel retailers have exclusive rights to sell the latest high-tech core BFS products. To assist these mass merchandisers, the company develops dedicated products for companies including Costco and Sears and provides educational and promotional support to these retailers.

The commercial tire division of BFNT markets medium/heavy truck tires to original equipment manufacturers and the replacement market. The Bridgestone brand competes at the premium level with Michelin and Goodyear. Firestone competes in the second tier of the truck tire market against such brands as Kelly and Dunlop.

An additional company-owned store chain provides sales outlets for Bridgestone and Firestone truck and bus, off-the-road and agricultural tires. GCR Truck Tire Centers offer truck tire sales, service and retreading. There are 113 GCR commercial outlets and 18 retread shops nationwide. Thirty-two of these stores support the OTR market and 14 are primarily agricultural, forestry and flotation tire outlets.

Non-Tire Business

In addition to its 17 tire plants, Bridgestone/Firestone has 20 non-tire manufacturing facilities supporting the Diversified Products portion of the company's business. Firestone Tube in Russellville, Ark., manufactures inner tubes. Firestone Polymers is headquartered in Akron, Ohio, and manufactures polymers and synthetic rubber in Orange, Texas, and Lake Charles, La. Bridgestone/Firestone also operates a natural rubber plantation in Liberia. Firestone Industrial Products, based in Carmel, Ind., is the leading producer of air springs, which cushion the ride of vehicles. Firestone Building Products, also based in Carmel, produces roofing materials and polyisocyanurate insulation. Firestone Fibers & Textiles, headquartered in Kings Mountain, N.C., produces tire-reinforcement materials and other industrial fabrics. These diversified businesses are a source of continued revenue, income and cash flow improvement.