

**Supplementary Information of 2016 2Q****1.Financial Highlights****(1) Quarter of the year**

(Yen in billions)

		Unit	2015					2016							
			1H		FY		1H		vs.PY	FY Fcst.	vs.PY				
			1Q	2Q	3Q	4Q	1Q	2Q							
<b>Consolidated Results</b>															
Statements of Income	Net Sales		893.6	961.8	1,855.4	961.8	972.9	3,790.2	825.7	820.7	1,646.5	89	3,340.0	88	
	Operating Income		116.2	121.5	237.7	140.8	138.6	517.2	108.4	109.7	218.2	92	453.0	88	
	OP Margin	%	13.0	12.6	12.8	14.6	14.2	13.6	13.1	13.4	13.3	+0.4	13.6	(0.1)	
	Ordinary Income		115.7	117.2	232.9	132.6	141.6	507.3	103.4	110.4	213.9	92	434.0	86	
	Profit Attributable to Owners of Parent (*1)		71.5	73.0	144.6	50.4	89.1	284.2	56.7	66.6	123.3	85	257.0	90	
Exchange Rate	US \$	Yen/\$	119	121	120	122	121	121	115	108	111	93	105	87	
	Euro	Yen/€	134	134	134	136	133	134	127	122	124	93	117	87	
<b>Analysis of Net Sales and Operating Income vs. PY</b>															
Net Sales	Forex		+74.0	+95.0	+169.0	+83.0	+12.0	+264.0	(38.0)	(101.0)	(139.0)		(437.0)		
	Price, Mix, Volume etc.		(44.0)	(19.8)	(63.8)	(36.1)	(47.9)	(147.8)	(29.8)	(40.0)	(69.9)		(13.2)		
	Total		+30.0	+75.2	+105.2	+46.9	(35.9)	+116.2	(67.8)	(141.0)	(208.9)		(450.2)		
Operating Income	Forex		+15.0	+20.0	+35.0	+18.0	+2.0	+55.0	(6.0)	(17.0)	(23.0)		(87.0)		
	Raw Materials		+31.0	+33.0	+64.0	+22.0	+35.0	+121.0	+32.0	+25.0	+57.0		+94.0		
	Depreciation		+0.0	(1.0)	(1.0)	(1.0)	+1.0	(1.0)	(1.0)	(1.0)	(2.0)		(8.0)		
	SGA		(7.0)	(2.0)	(9.0)	(4.0)	+1.0	(12.0)	(3.0)	(2.0)	(5.0)		(23.0)		
	Strategic Products		+1.0	+1.0	+2.0	+3.0	+0.0	+5.0	+1.0	+2.0	+3.0		+15.0		
	Price, Mix, Volume etc.		(40.1)	(36.3)	(76.4)	(16.5)	(36.0)	(128.8)	(30.7)	(18.7)	(49.5)		(55.2)		
Total		(0.1)	+14.7	+14.6	+21.5	+3.0	+39.2	(7.7)	(11.7)	(19.5)		(64.2)			
<b>Segment Information (*2)</b>															
Business Segment	Tires	Net Sales	751.7	803.5	1,555.2	803.1	816.0	3,174.4	679.7	673.0	1,352.7	87	2,760.0	87	
		OP	109.4	107.6	217.0	128.8	126.8	472.7	100.4	98.2	198.6	91	410.0	87	
		OP Margin %	14.6	13.4	14.0	16.0	15.5	14.9	14.8	14.6	14.7	+0.7	14.9	(0.0)	
	Diversified Products	Net Sales	147.1	164.5	311.6	162.7	160.6	635.0	149.6	151.4	301.0	97	590.0	93	
		OP	6.8	13.8	20.6	12.0	11.7	44.5	8.0	11.5	19.5	95	40.0	90	
		OP Margin %	4.6	8.4	6.6	7.4	7.3	7.0	5.4	7.6	6.5	(0.1)	6.8	(0.2)	
Geographic Segment	Japan	Net Sales	283.9	293.4	577.3	279.0	331.4	1,187.8	260.4	259.4	519.8	90	1,080.0	91	
		OP	44.9	48.4	93.4	45.1	58.7	197.4	34.8	32.9	67.7	73	143.0	72	
		OP Margin %	15.8	16.5	16.2	16.2	17.7	16.6	13.4	12.7	13.0	(3.2)	13.2	(3.4)	
	Americas	Net Sales	450.8	507.3	958.2	512.7	470.7	1,941.6	409.5	412.6	822.2	86	1,630.0	84	
		OP	43.8	65.0	108.8	61.9	51.7	222.5	45.8	55.5	101.4	93	208.0	93	
		OP Margin %	9.7	12.8	11.4	12.1	11.0	11.5	11.2	13.5	12.3	+1.0	12.8	+1.3	
	EMEA (*3)	Net Sales	104.3	107.0	211.4	108.8	101.4	421.7	121.6	122.3	243.9		470.0		
		OP	5.2	3.2	8.5	8.1	4.8	21.4	8.4	5.4	13.9		29.0		
		OP Margin %	5.0	3.1	4.0	7.5	4.8	5.1	7.0	4.5	5.7		6.2		
	Other (*4)	Net Sales	212.0	214.6	426.7	210.7	200.5	838.0	154.9	156.9	311.8		620.0		
		OP	20.7	12.7	33.5	20.8	13.9	68.2	15.4	16.4	31.9		69.0		
		OP Margin %	9.8	6.0	7.9	9.9	7.0	8.1	10.0	10.5	10.2		11.1		
Market	Net Sales	Domestic	150.0	150.1	300.2	145.7	215.8	661.9	153.6	143.8	297.4	99			
		Overseas	743.5	811.7	1,555.2	816.0	757.0	3,128.3	672.1	676.8	1,349.0	87			
		Americas	444.1	502.3	946.4	506.7	466.3	1,919.5	403.5	407.8	811.3	86			
		EMEA (*3)	104.4	106.7	211.2	108.1	100.5	419.8	127.3	126.4	253.7				
		Other (*4)	194.9	202.5	397.5	201.1	190.1	788.9	141.2	142.6	283.9				
Investment	Capital Expenditure			103.9			253.5			74.6	72	239.0	94		
Costs & Expenses	Depreciation			98.5			202.3			93.0	94	190.0	94		
	R&D Expenses			46.5			94.9			48.1	103	97.0	102		
	Interest Expense			(2.7)			(2.1)			(2.8)	101				
Liabilities	Interest-Bearing Debt		531.2	524.0	494.4		441.5	425.2		355.1	68	300.0	68		
Tire Production (tonnage of rubber)	Domestic	10,000t	12	12	24	12	11	48	11	12	23		46		
		Americas	10,000t	15	14	29	14	13	56	14	14	28		58	
		EMEA (*3)	10,000t	6	6	11	5	6	22	6	7	13		26	
		Other (*4)	10,000t	14	13	27	14	13	54	13	13	25		53	
		Overseas Total	10,000t	34	33	67	33	32	132	33	33	67		137	
		Total	10,000t	46	45	91	45	44	179	45	45	90		183	
		Overseas Prod. Ratio	%	74	73	73	73	74	73	74	74	74		75	

(\*1)Since 2016, the presentation of "Net Income" has been changed to "Profit Attributable to Owners of Parent"

(\*2)Segment Information (Business, Geographic): including transactions caused by businesses among segments

(\*3)Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBU

Until 2015 Europe ; Since 2016 Europe, Middle East &amp; Africa

(\*4)Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 Asia &amp; Oceania, Middle East &amp; Africa, Russia ; Since 2016 Asia &amp; Oceania, Russia

## (2) Full Year

(Yen in billions)

	Unit	2012			2013			2014			2015			2016		
		Actual	%	vs.PY	Actual	%	vs.PY	Actual	%	vs.PY	Actual	%	vs.PY	FY Fcst.	%	vs.PY
<b>Consolidated Results</b>																
Statements of Income	Net Sales	3,039.7	100	101	3,568.0	100	117	3,673.9	100	103	3,790.2	100	103	3,340.0	100	88
	Operating Income	285.9	9.4	149	438.1	12.3	153	478.0	13.0	109	517.2	13.6	108	453.0	13.6	88
	Ordinary Income	285.0	9.4	159	434.7	12.2	153	463.2	12.6	107	507.3	13.4	110	434.0	13.0	86
	Extra Loss (Gain)	16.9	0.6		94.6	2.7		(14.5)	(0.4)		29.1	0.8				
	Profit Attributable to Owners of Parent (*1)	171.6	5.6	167	202.0	5.7	118	300.5	8.2	149	284.2	7.5	95	257.0	7.7	90
Exchange Rate	US \$	Yen/\$	80	100	98	123	106	108	121	114	105	87				
	Euro	Yen/€	103	93	130	126	140	108	134	96	117	87				
<b>Analysis of Net Sales and Operating Income vs. PY</b>																
Net Sales	Forex	(41.0)			+529.0			+196.0			+264.0			(437.0)		
	Price, Mix, Volume etc.	+56.3			(0.7)			(90.2)			(147.8)			(13.2)		
	Total	+15.3			+528.3			+105.8			+116.2			(450.2)		
Operating Income	Forex	(12.0)			+114.0			+45.0			+55.0			(87.0)		
	Raw Materials	+92.0			+100.0			+77.0			+121.0			+94.0		
	Depreciation	+1.0			(1.0)			(4.0)			(1.0)			(8.0)		
	SGA	(4.0)			(13.0)			0.0			(12.0)			(23.0)		
	Strategic Products(*2)	(5.0)			+15.0			(5.0)			+5.0			+15.0		
	Price, Mix, Volume etc.	+22.6			(62.9)			(73.1)			(128.8)			(55.2)		
	Total	+94.6			+152.1			+39.9			+39.2			(64.2)		
<b>Segment Information(*3)</b>																
Business Segment	Tires (*4)	Net Sales	2,557.2	101	3,036.9	119	3,093.3	102	3,174.4	103	2,760.0	87				
		OP	260.4	140	399.4	153	435.8	109	472.7	108	410.0	87				
		OP Margin %	10.2	+2.9	13.2	+3.0	14.1	+0.9	14.9	+0.8	14.9	(0.0)				
Diversified Products (*5)	Net Sales	499.0	100	546.2	109	601.8	110	635.0	106	590.0	93					
	OP	25.5	439	38.5	151	42.1	109	44.5	106	40.0	90					
	OP Margin %	5.1	+4.0	7.1	+1.9	7.0	(0.1)	7.0	+0.0	6.8	(0.2)					
Geographic Segment	Japan	Net Sales	1,218.7	99	1,270.3	104	1,264.9	100	1,187.8	94	1,080.0	91				
		OP	158.4	228	219.5	139	210.1	96	197.4	94	143.0	72				
		OP Margin %	13.0	+7.3	17.3	+4.3	16.6	(0.7)	16.6	+0.0	13.2	(3.4)				
	Americas	Net Sales	1,330.9	103	1,651.9	124	1,768.1	107	1,941.6	110	1,630.0	84				
		OP	92.3	149	156.4	169	180.2	115	222.5	123	208.0	93				
		OP Margin %	6.9	+2.1	9.5	+2.5	10.2	+0.7	11.5	+1.3	12.8	+1.3				
	EMEA (*6)	Net Sales	348.8	84	423.3	121	439.2	104	421.7	96	470.0					
		OP	1.8	16	2.0	111	20.3	995	21.4	105	29.0					
		OP Margin %	0.5	(2.2)	0.5	(0.0)	4.6	+4.2	5.1	+0.4	6.2					
Other (*7,8)	Net Sales	699.9	100	862.7	123	841.5	98	838.0	100	620.0						
	OP	55.7	116	80.2	144	66.8	83	68.2	102	69.0						
	OP Margin %	8.0	+1.1	9.3	+1.3	7.9	(1.4)	8.1	+0.2	11.1						
Market	Net Sales	Domestic	696.1	23	674.8	19	694.0	19	661.9	17	95					
		Overseas	2,343.5	77	2,893.2	81	2,979.9	81	3,128.3	83	105					
		Americas(*9)	1,321.2	104	1,628.6	123	1,746.3	107	1,919.5	110						
		Europe	348.1	83	425.0	122	434.1	102	419.8	97						
		Other	674.1	106	839.6	125	799.4	95	788.9	99						
Balance Sheet	Total Assets		3,039.7		3,577.0		3,960.9		3,795.8							
	ROA		6.0		6.1		8.0		7.3							
	Net Assets		1,417.3		1,862.9		2,146.6		2,282.0							
	ROE		13.7		12.7		15.5		13.3							
	Ratio of total equity to total assets		45.2		50.5		52.4		58.2							
Interest-Bearing Debt		620.0	103	564.2	91	592.9	105	441.5	74	300.0	68					
Cash Flows	Operating Cashflow		404.4		471.7		428.6		553.9							
	Investing Cashflow		(237.9)		(265.2)		(305.6)		(233.3)							
	Free Cashflow		166.5		206.5		122.9		320.5							
Investment	Capital Expenditure	Tires	223.6	128	255.9	114	268.3	105	229.8	86	215.0	94				
		Diversified	21.9	82	19.0	87	28.0	147	23.6	84	24.0	102				
		Total	245.6	122	274.9	112	296.3	108	253.5	86	239.0	94				
Costs & Expenses	Depreciation		155.0	5.1	176.1	4.9	188.3	5.1	202.3	5.3	190.0	5.7				
	R&D Expenses		82.8	2.7	89.0	2.5	94.1	2.6	94.9	2.5	97.0	2.9				
	Interest Expense		7.5	0.2	2.3	0.1	0.3	0.0	(2.1)	(0.1)	-					
Dividends	Dividend per Share		32.0		57.0		100.0		130.0		140.0					
Tire Production (tonnage of rubber)	Domestic		10,000t	54	52		51		48		46					
	Americas		10,000t	55	57		57		56		58					
	EMEA(*6)		10,000t	20	20		21		22		26					
	Other(*7)		10,000t	46	53		53		54		53					
	Overseas Total		10,000t	122	130		131		132		137					
	Total		10,000t	176	182		182		179		183					
	Overseas Prod. Ratio		%	69	71		72		73		75					

(\*1) Since 2016, the presentation of "Net Income" has been changed to "Profit Attributable to Owners of Parent"

(\*2) The category & scope of Strategic Products is renewed in 2014

(\*3) Segment Information (Business, Geographic): including transactions caused by businesses among segments

(\*4) Net sales of "Specialty Tires" business accounts for less than 10% of "Tires" business in 2015

(\*5) Net sales composition of "Diversified Products" segment in 2015 is as follows

Chemical and Industrial Products : Less than 50% , BSAM Diversified Products : Less than 40% , Sporting goods, bicycles : More than 10%

(\*6) Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 Europe ; Since 2016 Europe, Middle East & Africa

(\*7) Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 Asia & Oceania, Middle East & Africa, Russia ; Since 2016 Asia & Oceania, Russia

(\*8) Net sales composition of "Other" segment in 2015 is as follows

Asia & Oceania : Less than 60% , China : More than 20% , Middle East & Africa, Russia : Less than 20%

(\*9) "United States" in 2015 : ¥1,543.9 billion

## 2. Additional Information

(1) Year-on-Year Replacement Tire Demand Growth (unit base, %)

		2014	2015	2016
		FY	FY	FY Fcst.
Japan	PSR/LTR	102	96	100
	TBR	106	95	103
N.America	PSR/LTR	105	101	100
	TBR	110	105	101
Europe	PSR/LTR	102	103	100
	TBR	104	104	102
Thailand	PSR/LTR	112	111	102
	TBR	106	114	107
Indonesia	PSR/LTR	113	89	105
	TBR	124	95	94
India	PSR/LTR	110	105	104
	TBR	148	124	130
China	PSR/LTR	113	104	109
	TBR	96	100	99
Asia	PSR/LTR	112	103	108
( The above 4 countries total)	TBR	102	103	104

(2) Year-on-Year Sales Growth (unit base, %)

			2014	2015	2016			2015FY Component ratio (Approx. )
			FY	FY	1H	2H Fcst.	FY Fcst.	
Japan	PSR/LTR	REP	103	97	101	+6%~+10%	~+5%	70%
		OE	103	96	98	~+5%	around ±0%	30%
		Total	103	97	100	+6%~+10%	~+5%	
	TBR	REP	107	97	102	+6%~+10%	+6%~+10%	70%
		OE	115	102	102	around ±0%	around ±0%	30%
		Total	109	99	102	+6%~+10%	~+5%	
N.America	PSR/LTR	REP	104	99	102	~+5%	~+5%	70%
		OE	110	107	103	around ±0%	~+5%	30%
		Total	105	102	103	~+5%	~+5%	
	TBR	REP	107	107	101	+6%~+10%	~+5%	70%
		OE	112	102	81	~-5%	-11%~-15%	30%
		Total	109	105	94	~+5%	around ±0%	
Europe	PSR/CVR	REP	96	109	105	+6%~+10%	+6%~+10%	70%
		OE	99	100	108	+11%~+15%	+6%~+10%	30%
		Total	97	106	106	+6%~+10%	+6%~+10%	
	TBR	REP	102	106	104	+11%~+15%	+6%~+10%	70%
		OE	98	104	109	+6%~+10%	+6%~+10%	30%
		Total	101	106	105	+11%~+15%	+6%~+10%	
Asia Pacific	PSR/LTR	REP	108	101	112	+6%~+10%	+6%~+10%	60%
		OE	88	97	99	~+5%	around ±0%	40%
		Total	99	99	106	+6%~+10%	+6%~+10%	
	TBR	REP	110	105	105	+11%~+15%	+6%~+10%	90%
		OE	64	130	116	+26%~+30%	+21%~+25%	10%
		Total	105	107	106	+11%~+15%	+6%~+10%	
China	PSR/LTR	REP	100	118	106	+21%~+25%	+11%~+15%	50%
		OE	111	129	137	+16%~+20%	+21%~+25%	50%
		Total	105	123	120	+16%~+20%	+16%~+20%	
	TBR	REP	85	102	103	+16%~+20%	+11%~+15%	100%
		OE						
		Total	85	104	104	+16%~+20%	+11%~+15%	

(3) Year-on-Year Sales Growth of Strategic Products (unit base, %)

		2014	2015	2016		
		FY	FY	1H	2H Fcst.	FY Fcst.
PSR-REP	RFT	125	105	120	140	130
	Premium Summer(*1)	100	105	100	105	105
	Premium Winter(*2)	100	95	90	110	105

(\*1) POTENZA, TURANZA/REGNO, DUELER brand tires (including ECOPIA sub name brand tires)

(\*2) BLIZZAK brand tires

PSR-REP	Eco-friendly Strategic Products(*3)	120	100	110	125	120
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(\*3) ECOPIA, ECOPIA sub name brand tires and equivalent products

TBR-REP	Eco-friendly Strategic Products(*4)	130	120	110	110	110
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(\*4) ECOPIA brand tires and equivalent products

Specialty Tires	Ultra-Large ORR(*5)	90	95	95	95	95
	Large ORR(*5)	90	100	90	100	95

(\*5) Based on rubber weight for Ultra-Large and Large ORR