



January 14, 2017

News Release

TAKATA CORPORATION  
TSE 7312

### **Takata Reaches Settlement Agreement with U.S. Department of Justice**

Takata Corporation ("Takata") today announced that, on January 13, 2017 (U.S. time), it has reached a settlement agreement with the U.S. Department of Justice regarding the previously disclosed issues related to the integrity of Takata's inflator validation testing and reporting. For further information, please refer to the attached document.

The impact of this settlement agreement on Takata's earnings is currently being assessed and will be disclosed promptly after it is confirmed.

\*\*\* ENDS \*\*\*

**For further information, please contact:**

Investor Relations Office, Takata Corporation

TEL +81 3 3582-9228

[www.takata.com](http://www.takata.com)

## TAKATA REACHES SETTLEMENT AGREEMENT WITH U.S. DEPARTMENT OF JUSTICE

**Auburn Hills, MI and Tokyo** Takata Corporation (“Takata” or “the Company”), a leading global supplier of automotive safety systems, today announced that it has reached a settlement agreement with the U.S. Department of Justice (“DOJ”) regarding the Company’s previously disclosed issues related to the integrity of Takata’s inflator validation testing and reporting. This settlement fully resolves the DOJ investigation into Takata and all of its subsidiaries and affiliates, including Takata’s U.S. subsidiary, TK Holdings (“TKH”).

Under the terms of the agreement, which is subject to court approval, Takata has agreed to plead guilty to one count of wire fraud for falsifying testing data and reports that were provided to automakers. Takata will pay a criminal fine of \$25 million and establish a \$125 million restitution fund for individuals who suffered or will suffer personal injury caused by the malfunction of a Takata airbag inflator, and who have not already resolved their claims. In addition, Takata will establish an \$850 million restitution fund for the benefit of automakers who received falsified testing data and reports or who have purchased airbag inflators from Takata containing phase-stabilized ammonium nitrate.

The Company has also agreed to enhance its corporate compliance program and appoint an independent monitor, who will report to the DOJ for a period of three years and monitor Takata’s compliance with its legal and ethical obligations.

“Reaching this agreement is a major step towards resolving the airbag inflator issue and a key milestone in the ongoing process to secure investment in Takata,” said Shigehisa Takada, Chairman & CEO of Takata. “Takata deeply regrets the circumstances that have led to this situation and remains fully committed to being part of the solution. We have taken aggressive actions to address past reporting lapses and will continue to work closely with regulators and our automotive customers to address the ongoing recalls and implement new technologies that advance vehicle safety, prevent injuries and save lives.”

Takata has previously acknowledged issues related to the integrity of Takata’s inflator validation testing and reporting of test results to its customers.

Since February 2016, Takata’s Steering Committee, with assistance from its financial and legal advisors, has been working to seek new investment for Takata as part of a broader undertaking to address Takata’s financial and operational issues and to resolve its inflator

issues on a consensual basis in partnership with its automotive customers. While this process remains ongoing, the Steering Committee has identified several parties that have expressed interest in making an investment in the Company. Takata believes that the settlement with the DOJ is an important, positive step in this process.

To address the inflator issues, Takata has increased investment in data integrity and product safety and quality. Key actions taken by Takata to-date include:

- Strengthened compliance processes, including an improved global Whistle Blower Hotline program, and implemented a dedicated Safety Assurance & Accountability Office and a dedicated Product Safety Office to oversee all product safety issues and concerns for TKH;
- Implemented improvements to testing protocols and data security, including the creation of a Data Vault to ensure inflator testing results are reliable and accurate;
- Established an independent Quality Assurance Panel led by former Secretary of Transportation Samuel K. Skinner and acted on the Panel's recommendations;
- Added more than 100 staff in the TKH quality organization and invested more than \$160 million in the Inflator Group and TKH Safety organization; and
- Invested significant resources to maximize recall completion rates, including launching a targeted digital advertising campaign in the U.S. – the first ever campaign of its type by an automotive supplier – to reach owners of vehicles that have been recalled.

Takata remains committed to taking all the necessary steps to advance driver safety, and strongly urges all consumers to check NHTSA'S [www.safercar.gov](http://www.safercar.gov) website and contact their dealers immediately if they discover their vehicle is subject to a recall.

\*\*\* ENDS \*\*\*