

Notice regarding the recording of special gains and special losses

Tokyo, May 10, 2017 — Takata Corporation (“the Company”) has recorded special gains and special losses in the consolidated accounts for the fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017). Details are as follows.

1. Details of special gains

On February 22, 2017 (U.S. time), the Company transferred all shares of its consolidated subsidiary SCHROTH Safety Products GmbH and all operations of Takata Protection Systems Inc. and Interiors In Flight Inc. to TransDigm Group Incorporated, realizing a gain on sale of shares of subsidiaries of ¥4,608 million and gain on transfer of operations of ¥2,939 million. (Other amounts recorded in gain on sale of shares of subsidiaries are from the sale of Irvin Automotive Products Inc. recorded in the second quarter of the fiscal year ended March 31, 2017).

2. Details of special losses**(1) Impairment loss**

The Company has recorded an impairment loss of ¥11,534 million on fixed assets such as machinery and equipment in airbag operations primarily at U.S. subsidiaries for which recovery is deemed unlikely.

(2) Recall-related loss

The Company recorded losses of ¥15,631 million to cover litigation costs related to market recalls of certain airbag products previously manufactured by the Company’s U.S. subsidiary. Of this amount, ¥10,628 million was recorded in the third-quarter results for the year ended March 31, 2017.

(3) Product warranty provisions

The Company has made an additional provision of ¥3,917 million as a special loss (product warranty provision) after re-estimating costs related to market recalls of certain airbag products previously manufactured by the Company’s U.S. subsidiary. This additional provision does not include amounts for recalls for which the root cause is still being investigated.

(4) Provision for doubtful accounts at affiliated companies

After assessment of the financial status of the Company’s U.S. subsidiary, the Company has recorded a provision of ¥44,751 million as a special loss in the non-consolidated accounts for the year ended March 31, 2017.

Because provisions for doubtful accounts at affiliated companies are eliminated from the consolidated financial statements, this provision has no impact on the consolidated financial results.

3. Impact on business results

Please refer to Takata Corporation’s consolidated financial results for the fiscal year ended March 31, 2017, announced May 10, 2017.

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