

Notice regarding the recording of non-operating income (foreign exchange gain) and special losses

Tokyo, February 9, 2017 — Takata Corporation (“the Company”) expects to record non-operating income (foreign exchange gain) and special losses in the third quarter of the consolidated fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017). Details are as follows.

1. Details of non-operating income (foreign exchange gain)

In the first six months (April 1, 2016 to September 30, 2016) of the fiscal year ending March 31, 2017 the Company recorded a ¥5,680 million foreign exchange loss as a non-operating expense. Due to changes in exchange rates, for the third-quarter period October 1, 2016 to December 31, 2016 the Company realized a foreign exchange gain of ¥9,751 million, resulting in an expected foreign exchange gain of ¥4,071 million for the nine-month period April 1, 2016 to December 31, 2016

These amounts are calculated based on foreign exchange rates as of the end of the third quarter, and may change depending on movements in foreign currency markets.

2. Details of special losses

(1) Recall-related loss

The Company expects to record losses of ¥10,628 million to cover costs incurred for settlements related to market recalls of certain airbag products previously manufactured by the Company’s U.S. subsidiary. Of this amount, ¥7,097 million was recorded in the interim results for the year ending March 31, 2017.

(2) Provision for U.S. Department of Justice settlement

The Company expects to record a provision of ¥96,927 million as a Department of Justice settlement amount for payment of a fine and the establishment of a compensation fund totaling US\$1 billion associated with an agreement reached with the US Department of Justice on January 13, 2017 (U.S. time). The amount of ¥96,927 million (US\$862 million) represents the difference between the total amount of the Department of Justice settlement of US\$1,000 million minus product warranty provisions already recorded of US\$138 million.

3. Impact on business results

The Company is currently assessing the impact of the non-operating income and special losses on the Company’s earnings, and will disclose further information promptly as it becomes available.

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