

(Translation of report file with Tokyo Stock exchange on November 11, 2016)

## Announcement regarding Extraordinary Loss and Adjustment of Results Outlook for the fiscal year 2016 ended 31 December, 2016

Osaka, Japan - November 11, 2016 - Toyo Tire & Rubber Co., Ltd. (hereinafter referred to as "the Company"; President: Takashi Shimizu) announced today that an extraordinary loss has arisen as follows in the FY2016 third quarter results (January 1, 2016 to September 30, 2016). Following is an overview of the loss as well as adjustment of the consolidated results outlook announced on August 10, 2016 with, respect to the full-year outlook for the fiscal year ending December 2016,

### 1. Details of extraordinary Loss

In the prior fiscal year (ended December 2015), some products shipped by the company did not conform to certification performance standards of the Ministry of Land, Infrastructure, Transport and Tourism, and when applying for ministry certification for seismic isolation rubber for construction, in some cases the certification was based on applications lacking technical grounds. In light of this matter, the company posted a provision of reserve for product warranties and allowance for product reparations as an extraordinary loss in the FY2016 third quarter results. The details of which are as follows

(Unit : Millions of yen)

	1Q of FY2016 (A)	2Q of FY2016 (B)	First Half of FY2016 (A+B)	3Q of FY2016 (C)	Nine Months Total (A+B+C)
1) Loss on product compensation					
For 55 buildings	16	1,092	1,108	1,217	2,326
For 99 buildings	—	85	85	173	258
Charges	1,004	1,240	2,244	1,230	3,474
Compensation Cost, etc.	1,013	721	1,734	591	2,326
Sub. Total	2,033	3,139	5,173	3,212	8,385
2) Loss on provision for product compensation					
For 55 buildings	5,552	1,700	7,253	(276)	6,976
For 99 buildings	107	2,462	2,570	1,968	4,539
Charges	999	323	1,323	(80)	1,243
Compensation Cost, etc.	525	86	612	267	879
Sub. Total	7,185	4,574	11,759	1,879	13,639
3) Total; 1) + 2)					
For 55 buildings	5,568	2,793	8,361	940	9,302
For 99 buildings	107	2,548	2,655	2,142	4,798
Charges	2,003	1,564	3,568	1,150	4,718
Compensation Cost, etc.	1,539	807	2,347	858	3,206
Grand Total	9,218	7,714	16,933	5,091	22,025

As indicated in 3Q of FY2016 (C) Table 3) above Totals 1) + 2) , the company posted an extraordinary loss of 22,025 million yen (8,385 million yen for the cost of measures for after-care of products and 13,639 million yen for provision of reserve for product warranties) as a result of posting 940 million yen for the cost of repairs and replacement of seismic isolation products for 55 structures; 2,142 million yen for the cost of repairs and replacement of seismic isolation products for 99 structures; 858 million yen for compensations, etc.; and 1,150 million yen for miscellaneous expenses (mainly, 400 million yen in payroll for the seismic isolation rubber task force; 300 million yen for structural recalculation; 100 million yen for costs pertaining to equipment used for replacement of seismic isolation rubber; and 100 million yen for the cost of trial manufacturing of replacement products using the company's own products).

Additionally, in the preceding fiscal term ended December 2015, falsified testing data provided to customers relating to some industrial anti-vibration rubber was discovered, which resulted in recording an extraordinary loss to cover 389 million yen in costs associated with the incident (104 million yen for the cost of measures for after-care of products and 285 million yen for provision of reserve for product warranties).

As it is difficult to reasonably estimate the amount at this point in time, in the event that costs arise in the future (mainly reparations such as compensation for business and delay damages and costs in the event that the amount already in reserve for costs of newly discovered repairs is exceeded), an additional reserve for product warranties may be posted depending upon the progress of measures from the fourth quarter onward.

2. Revision to Consolidated financial projections for the full-year of fiscal year ending December 31, 2016. (January 1, 2016 to December 31, 2016) (Units: Millions of Yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (yen)
Previous outlook (A) (Announced on August 10, 2016)	395,000	52,000	45,500	18,000	141.74
Revision of Outlook (B)	380,000	44,000	38,000	12,000	94.49
Change (B - A)	(15,000)	(8,000)	(7,500)	(6,000)	—
Percentage of change	(3.8%)	(15.4%)	(16.5%)	(33.3%)	—
(Reference) Results of FY2015	407,789	63,381	56,814	1,674	13.19

3. Reason for adjustment

Due to a stronger-than-expected yen and market conditions that are expected to worsen as well as an additional extraordinary loss recorded in the third quarter for the cost of measures for after-care of products and provision of reserve for product warranties, the full-year performance forecast will be adjusted downward from the previous forecast announced on August 10, 2016 for net sales, operating income, ordinary income, and profit attributable to owners of parent.

The projected exchange rate for the fourth quarter will be 1 US dollar = 105 yen, and 1 euro = 115 yen.

(Note) The above forecast has been prepared based on information available as of the day on which this data was released. Actual performance may differ due to a variety of future factors.