

(Translation of report file with Tokyo Stock Exchange on February 15, 2017)

**Announcement of extraordinary loss and difference between consolidated forecast  
and actual results for the fiscal year ended December 2016**

Osaka, Japan – February 15, 2017 - Toyo Tire & Rubber Co., Ltd. (President : Takashi Shimizu) announced today that there was an extraordinary loss in the closing of accounts for the fiscal year ended December 2016 (January 1, 2016 to December 31, 2016). The following announcement provides an overview of the extraordinary loss as well as the difference between consolidated forecast announced on November 11, 2016, and actual results for the fiscal year ended December 31, 2016 announced today.

**1. Details of extraordinary Loss**

In the prior fiscal year (ended December 31, 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, the details of which are as follows.

(Unit : Millions of yen)

	1Q of FY2016 (A)	2Q of FY2016 (B)	3Q of FY2016 (C)	4Q of FY2016 (D)	Full Year of FY2016 (A+B+C+D)
1) Loss on product compensation					
For 55 buildings	16	1,092	1,217	847	3,173
For 99 buildings	—	85	173	675	934
Charges	1,004	1,240	1,230	1,610	5,085
Compensation Cost, etc.	1,013	721	591	449	2,775
Sub. Total	2,033	3,139	3,212	3,583	11,969
2) Loss on provision for product compensation					
For 55 buildings	5,552	1,700	(276)	6,883	13,860
For 99 buildings	107	2,462	1,968	29,595	34,134
Charges	999	323	(80)	4,089	5,332
Compensation Cost, etc.	525	86	267	604	1,484
Sub. Total	7,185	4,574	1,879	41,172	54,812
3) Total					
For 55 buildings	5,568	2,793	940	7,731	17,034
For 99 buildings	107	2,548	2,142	30,270	35,068
Charges	2,003	1,564	1,150	5,699	10,418
Compensation Cost, etc.	1,539	807	858	1,054	4,260
Grand Total	9,218	7,714	5,091	44,756	66,781

As indicated in 4Q (D) Table 3) above Totals 1)+2), with the situation progressing so that further calculations are possible, the Company posted an extraordinary loss of 66.781 billion yen (11.969 billion yen for the cost of measures for after-care of products and 54.812 billion yen for provision of reserve for product warranties) as a result of posting 7.731 billion yen for the cost of repairs and replacement of seismic isolation products for 55 structures; 30.270 billion yen for the cost of repairs and replacement of seismic isolation products for 99 structures; 1.054 billion yen for compensations, etc.; and 5.699 billion yen for miscellaneous expenses (mainly, 2.1 billion yen for structural recalculation; 1.8 billion yen for costs pertaining to equipment used for replacement of seismic isolation rubber; 500 million yen for the cost of trial manufacturing of replacement products using the company's own products; and 500 million yen in payroll for the seismic isolation rubber task force).

Additionally, in the prior fiscal term ended December 2015, falsified testing data provided to customers relating to some industrial anti-vibration rubber was discovered, which resulted in posting an extraordinary loss to cover 413 million yen in costs associated with the incident (127 million yen for the cost of measures for after-care of products and 285 million yen for provision of reserve for product warranties). Together with the seismic isolation rubber issue, this resulted in an extraordinary loss of 67.195 billion yen (12.098 billion yen for the cost of measures for after-care of products and 55.097 billion yen for provision of reserve for product warranties).

As it is difficult to reasonably estimate the amount at this point in time, if costs arise in the future (mainly reparations such as compensation for business and delay damages and costs if 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 next period onward.

## 2. Discrepancy between consolidated forecast and actual results for the fiscal year ended December 31, 2016 (January 1, 2016 to December 31, 2016)

### (1) Discrepancy between consolidated forecast and actual results (Units: Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Profit & Loss attributable to owners of parent company	Earnings per Share (yen)
Previous Outlook (A) (Announced on Nov.11, 2016)	380,000	44,000	38,000	12,000	94.49
Business Results (B)	381,635	49,315	44,102	(12,260)	(96.54)
Change (B - A)	1,635	5,315	6,102	(24,260)	—
Percentage of change	0.4%	12.1%	16.1%	—%	—
(Reference) Results of FY2015	407,789	63,381	56,814	1,674	13.19

### (2) Reason for difference

Due to posting of the extraordinary loss described above 1., Profit attributable to owners of parent company for the term fell below the previous announced forecast (November 11, 2016).