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Impact on Subaru of Takata Corporation's Filing of Petition for Commencement of Rehabilitation Proceedings

On June 26, 2017, Takata Corporation, which supplies automotive parts to Subaru Corporation and its consolidated subsidiaries (hereinafter referred to collectively as "the Subaru Group"), filed a petition for commencement of rehabilitation proceedings under Japan's Civil Rehabilitation Act, and its US operation, TK Holdings Inc., filed for Chapter 11 proceedings under the Bankruptcy Code in the United States (Takata Corporation and TK Holdings Inc. hereinafter referred to collectively as "Takata").

Takata supplies seat belts and other parts to the Subaru Group, but since it will carry on operating during rehabilitation proceedings, supply of such parts is expected to continue. Thus we consider that today's filings will have limited impact on the Subaru Group's production and other activities.

As of the fiscal year ended March 31, 2017, the Subaru Group had accrued expenses of approximately 73.5 billion yen in undertaking market measures already notified to rectify quality issues by recalling and repairing vehicles equipped with Takata airbag inflators. Besides this sum, however, further market measures to be taken in the current fiscal year and beyond (not yet notified) will incur additional expenses, and other incidental expenses that are expected to arise in association with market measures are currently under scrutiny. Takata's filing of petition for commencement of rehabilitation proceedings and related developments create uncertainty over the feasibility of the Subaru Group claiming compensation from Takata to recoup these costs, and its effects are also currently being examined. Any pertinent information arising from this examination that requires disclosure will promptly be disclosed.

The Subaru Group's top priority is the safety of our customers, and we will cooperate to the fullest extent with all parties involved in proceedings, taking into account primarily the outcomes of forthcoming creditors meetings and the views of our stakeholders.