

Notice regarding transfer of consolidated subsidiary and recording of special gain

February 23, 2017 – Takata Corporation (“Takata”) announced today that it had signed and executed a definitive agreement on February 22 (U.S. time) with TransDigm Group Incorporated to transfer all shares of Takata’s consolidated subsidiary SCHROTH Safety Products GmbH and all operations of Takata Protection Systems Inc. and Interiors In Flight Inc. Details are as follows.

1. Reason for transfer

This transaction is part of Takata’s plan to sell those parts of its business unrelated to its core business of the manufacture and sale of automotive safety products.

2. Overview of companies being transferred

SCHROTH Safety Products GmbH

(1) Company name	SCHROTH Safety Products GmbH					
(2) Location	Arnsberg, Germany					
(3) Representative	Martin Nadol (Managing Director)					
(4) Main business	Production and sale of seat belts and other items for airplanes, helicopters and racing cars, and passenger safety equipment for military vehicles, etc.					
(5) Capital	¥447 million [€3.582 million]					
(6) Date of establishment	June 12, 1946					
(7) Major shareholders and percentage owned	TAKATA Europe GmbH 100%					
(8) Relationship with Takata	The company is a wholly owned subsidiary of Takata’s wholly owned business TAKATA Europe GmbH. The subsidiary has a business relationship with Takata that includes selling motorsport seat belts to Takata Corporation and receiving materials supplied by other Takata subsidiaries.					
(9) Financial results for past three fiscal years						
Years ended:	March 31, 2014 Million yen/Thousand euro		March 31, 2015 Million yen/Thousand euro		March 31, 2016 Million yen/Thousand euro	
Net assets	1,080	8,641	1,008	8,064	981	7,846
Net sales	1,837	14,697	2,134	17,071	2,341	18,725

Notes:

- Yen amounts are calculated at 1 euro = ¥125
- At the request of the acquirer, financial details other than the above are not being disclosed

Takata Protection Systems Inc.

(1) Company name	Takata Protection Systems Inc.					
(2) Location	Colorado, USA					
(3) Representative	David Jackson (President)					
(4) Main business	Manufacture and sale of specialty restraints for racing and aviation applications					
(5) Capital	¥1,002 million [US\$9.11 million]					
(6) Date of establishment	November 8, 1993					
(7) Major shareholders and percentage owned	TK HOLDINGS INC. 100%					
(8) Relationship with Takata	The company is a wholly owned subsidiary of Takata's wholly owned business TK HOLDINGS INC., and is supplied materials by Takata.					
(9) Financial results for past three fiscal years						
Years ended:	March 31, 2014 Million yen/Thousand dollars		March 31, 2015 Million yen/Thousand dollars		March 31, 2016 Million yen/Thousand dollars	
Net assets	476	4,329	954	8,672	750	6,815
Net sales	1,429	12,994	1,577	14,332	1,663	15,115

Notes:

1. Yen amounts are calculated at \$1 = ¥110
2. At the request of the acquirer, financial details other than the above are not being disclosed

Interiors In Flight Inc.

(1) Company name	Interiors In Flight Inc.					
(2) Location	Florida, USA					
(3) Representative	David Jackson (President)					
(4) Main business	Manufacture and sale of seats and interior trim for custom aviation					
(5) Capital	¥286 million [US\$2.6 million]					
(6) Date of establishment	July 19, 2013					
(7) Major shareholders and percentage owned	Takata Protection Systems Inc. 100%					
(8) Relationship with Takata	The company is a wholly owned subsidiary of Takata Protection Systems Inc. and has no business relationship with Takata.					
(9) Financial results for past three fiscal years						
Years ended:	March 31, 2014 Million yen/Thousand dollars		March 31, 2015 Million yen/Thousand dollars		March 31, 2016 Million yen/Thousand dollars	
Net assets	337	3,067	(14)	(126)	(104)	(946)
Net sales	250	2,275	470	4,271	545	4,957

Notes:

1. Yen amounts are calculated at \$1 = ¥110
2. At the request of the acquirer, financial details other than the above are not being disclosed

3. Overview of acquirer

(1) Company name	TransDigm Group Incorporated					
(2) Location	Ohio, USA					
(3) Representative	W. Nicholas Howley (CEO & Chairman)					
(4) Main business	Sale and manufacture of aircraft components					
(5) Capital	¥113,248 million [US\$1,029 million]					
(6) Date of establishment	July 8, 2003					
(7) Relationship with Takata	No capital, personal or business relationship.					
(8) Consolidated financial results for the past three fiscal years						
Years ended:	Sep 30, 2014 Billion yen/Million dollars		Sep 30, 2015 Billion yen/Million dollars		Sep 30, 2016 Billion yen/Million dollars	
Net assets	(171.1)	(1,556)	(114.2)	(1,038)	(71.6)	(651)
Total assets	728.9	6,626	913.4	8,303	1,179.8	10,726
Net sales	261.0	2,372	297.7	2,707	348.8	3,171
Operating income	102.0	927	118.1	1,074	139.4	1,267
Net income before income taxes	84.4	768	70.0	636	49.3	448
Net income	64.5	586	49.1	447	33.7	306
Net income per share (¥, \$)	¥347.9	\$3.16	¥862.4	\$7.84	¥1,142.9	\$10.39
Annual dividend per share (¥, \$)	¥2,750	\$25	¥0	\$0	¥0	\$0

Notes:

1. Yen amounts are calculated at \$1 dollar = ¥110

4. Number of shares held by Takata prior to and after transfer, businesses transferred, and total monetary consideration

	Shares (voting rights) held prior to transaction	% of total voting rights held prior to transaction	Shares held after transaction	Operations transferred
SCHROTH Safety Products GmbH	1 (1)	100%	0	
Takata Protection Systems Inc.				Entire business
Interiors In Flights Inc.				Entire business

Total monetary consideration: approximately ¥9.9 billion [\$90 million].

Yen amounts are calculated at \$1 = ¥110

5. Schedule

Decision to transfer shares/operations	February 22, 2017 (U.S. time)
Completion of transfer contract	February 22, 2017 (U.S. time)
Execution of transfer	February 22, 2017 (U.S. time)

6. Outlook

As a result of this transfer, Takata expects to record a special gain of approximately ¥5.0 billion in the fiscal year ending March 31, 2017. The impact of this on consolidated forecasts for the fiscal year ending March 2017 is currently being assessed, and any further information for disclosure will be announced as appropriate.

Funds generated through this sale are planned to be used to pay settlements with the US Department of Justice and related matters.

For reference:

Consolidated full-year forecasts for the fiscal year ending March 31, 2017 (announced February 10, 2017) and consolidated financial results for the fiscal year ended March 2016

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of parent
Consolidated financial forecasts for fiscal year ending March 31, 2017	650,000	40,000	44,000	(64,000)
Consolidated financial results for fiscal year ended March 31, 2016	718,003	42,133	35,206	(13,075)

Ends