

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AND BUSINESS RESULTS

For the third quarter of the fiscal year ending March 31, 2009

(Results for the period April 1, 2008—December 31, 2008)

February 4, 2009

Company name: Takata Corporation
 Listed Exchange: First section of the Tokyo Stock Exchange
 Stock code: 7312
 President and COO: Shigehisa Takada
 Inquiries: Yoichiro Nomura
 Executive Officer and General Manager of Accounting Division

Tel.: +81 3 3582-9228

URL: www.takata.com

Scheduled submission of quarterly *hokokusho* (business report): February 13, 2009

Note: This document has been prepared in English for reference from a document originally published in Japanese. The original Japanese document remains definitive.

1. Consolidated financial results for the third quarter of the fiscal year ending March 31, 2009

(The nine-month period April 1, 2008 to December 31, 2008)

(1) Consolidated operating results

Millions of yen, rounded down
Percentage figures denote change compared to equivalent period of previous year

	Nine months ended December 31, 2008	%	Nine months ended December 31, 2007	%
Net sales	325,523	—	388,758	5.2
Operating income	9,669	—	29,977	3.3
Ordinary income	7,793	—	30,964	9.6
Net income	5,689	—	19,980	18.7
Net income per share (¥)	69.51	—	245.35	—
Fully diluted net income per share (¥)	—	—	241.12	—

(2) Consolidated financial position

Millions of yen, rounded down

	As of December 31, 2008	As of March 31, 2008
Total assets	288,273	339,010
Net assets	147,700	175,200
Shareholders' equity ratio (%)	51.1	51.6
Net assets per share (¥)	1,797.87	2,145.79

For reference: Shareholders' equity as of December 31, 2008: ¥147,295 million; as of March 31, 2008: ¥174,928 million

2. Dividends

	Year ended March 31, 2008	Year ending March 31, 2009	Year ending March 31, 2009 (forecast)
Dividend per share (Record date)			
End of first quarter.....	—	—	—
End of second quarter.....	¥20.00	¥20.00	—
End of third quarter.....	—	—	—
End of fourth quarter.....	¥20.00	—	—
Annual.....	¥40.00	—	—

Note: Dividend forecasts have been revised during the period under review.

3. Consolidated forecasts for the fiscal year ending March 31, 2009

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	Year ending March 31, 2009	%
Net sales	397,000	(23.0)
Operating income	4,200	(88.6)
Ordinary income	2,200	(94.0)
Net Income	(3,300)	—
Basic net income per share (¥)	(40.31)	—

Note: Consolidated forecasts have been revised during the period under review.

4. Other

(1) Transfer of important subsidiaries during the period under review (Transfers of subsidiaries resulting in changes in the scope of consolidation): None

(2) Adoption of simplified accounting methods or other special accounting treatment: Adopted

Note: For details see page 5, *Summary of Business and Financial Results, 4. Other*

(3) Changes in accounting methods or disclosure since previous fiscal year:

1. Change in accounting method: Yes

2. Other changes: Yes

Note: For details see page 5, *Summary of Business and Financial Results, 4. Other*

(4) Number of shares outstanding (ordinary shares)

(1) Number of shares outstanding at end of period (including treasury shares):

December 31, 2008: 81,928,400 shares March 31, 2008: 81,521,900 shares

(2) Number of treasury shares at end of period

December 31, 2008: 157 shares March 31, 2008: 97 shares

(3) Average number of shares during period

April 1, 2008 to December 31, 2008: 81,855,843 shares April 1, 2007 to December 31, 2007: 81,436,084 shares

IMPORTANT NOTICE

- The full-year forecasts for the year ending March 31, 2009 have been revised from the forecasts issued on October 30, 2008. For details please see page 5, *Summary of Business and Financial Results*, and the press release issued on February 4, 2009, *Revision of Full-year Forecasts for the Fiscal Year ending March 31, 2009*.
- This document contains forward-looking statements based on a number of assumptions and beliefs made in light of information available at the time of issue. Actual financial results may differ materially depending on changes in the business environment and other factors.
- Details regarding the payment or otherwise of a year-end dividend will be announced at a later date, following further consideration of business circumstances.
- From the current fiscal year, Takata has adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12, March 14, 2007) and the "Implementation Guidance for Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14, March 14, 2007). Takata has prepared its quarterly financial statement in accordance with Regulations Concerning Quarterly Financial Statements.

Summary of Business and Financial Results

Note: In the following section all comparisons are with the nine-month period April 1, 2007 to December 31, 2007, unless stated otherwise.

1. Operating Results

Overview of results for the nine-month period ended December 31, 2008

The earnings environment for Takata deteriorated rapidly during the period under review, with a fall in automobile sales due to global economic weakness arising from the financial crisis, along with abrupt changes in exchange rates.

The business performance of the Detroit 3 worsened, and the impact of industry weakness spread to Japanese automakers, where sales had previously remained relatively robust. As a result, Takata's sales and earnings suffered an unprecedented decline. In Europe, where the faltering economy had not greatly affected the automobile market through the first half of the year, vehicle sales fell suddenly from Fall, and this had a considerable impact on Takata's performance in this region.

In Japan, Takata's sales were impacted by measures taken by each of the Japanese automakers to reduce inventories and production volumes amidst weak consumer sentiment and falling vehicle sales. In Asia, meanwhile, sales were relatively unaffected, despite a weakening in the pace of automobile production growth.

Consolidated net sales in the nine-month period under review decreased 16.3% to ¥325,523 million. Operating income decreased 67.7% to ¥9,669 million, and ordinary income decreased 74.8% to ¥7,793 million. Net income decreased 71.5% to ¥5,689 million.

Results by product category were as follows.

(1) Seat belts

Net sales decreased 11.1% to ¥100,048 million. Despite a rapidly deteriorating economic environment, revenues increased in Europe and Asia as a result of securing new business, but sales decreased significantly in the Americas and changes in exchange rates also had an adverse effect.

(2) Airbags

Net sales decreased 16.6% to ¥142,554 million. Although sales increased in Asia, sales elsewhere declined rapidly, particularly in the Americas. Changes in exchange rates also had an adverse effect.

(3) Others

Net sales decreased 21.3% to ¥82,919 million. Sales of steering wheels in Europe declined following a period of favorable growth, and sales in the Americas of trim and electronic-related products decreased significantly. Changes in exchange rates also had an adverse effect.

Results by geographical region were as follows.

(1) Japan

Net sales declined 9.7% to ¥106,915 million, and operating income decreased 36.4% to ¥3,324 million. Sales of airbags and all other products decreased, and although this was partially offset by measures to

reduce costs, considerable impact remained from factors such as high raw material costs and the appreciation of the yen.

(2) The Americas

Net sales decreased 27.8% to ¥132,362 million, and an operating loss of ¥1,234 million was recorded. Sales were heavily impacted by the economic recession, with a significant drop in sales of all products. High raw material costs added to the negative impact of lower sales, as did changes in exchange rates.

(3) Europe

Net sales decreased 10.1% to ¥95,453 million, and an operating loss of ¥685 million was recorded. Although sales of seat belts increased, sales of other products decreased. Other negative factors included a decline in unit prices, high raw material costs, and increased personnel costs in Eastern Europe, along with the impact of changes in exchange rates.

(4) Asia

Net sales rose 4.8% to ¥57,181 million, and operating income increased 4.5% to ¥7,777 million. Sales of all products increased, and the solid sales growth seen last year in China continued. Business also progressed well in Thailand.

2. Consolidated Financial Position

Total cash and cash equivalents ("cash") as of December 31, 2008 was ¥56,261 million, up ¥1,364 million compared to March 31, 2008.

A summary of cash flows in the nine-month period under review is as follows.

Operating activity cash flows

Net cash provided by operating activities was ¥19,894 million. The main factors increasing operating cash flow were the ¥8,580 million in net income before income tax recorded for the period, a reduction in notes and accounts receivable of ¥19,182 million, and depreciation of ¥15,297 million, while factors decreasing cash flow included a reduction in accounts payable of ¥13,362 million, income tax payments of ¥6,000 million, and an increase in inventories of ¥3,839 million.

Investing activity cash flows

Net cash used in investing activities was ¥16,220 million. The main factor contributing to this was payment of ¥16,145 million for the purchase of fixed assets and intangible assets in line with active capital investment.

Financing activity cash flows

Net cash provided by financing activities was ¥3,209 million. Main factors contributing to an increase in financing cash flow were net proceeds of ¥11,610 million from short-term borrowings and proceeds of ¥4,000 million from commercial paper. Main factors contributing to a decrease in financing cash flows were a net reduction in long-term borrowing of ¥9,711 million and outgoings of ¥3,268 million for the payment of dividends.

3. Consolidated Financial Forecasts

Takata's full-year sales of core products are now expected to be lower than the revised forecast announced at the time of the interim results, reflecting the impact of a rapid, large-scale and global decrease in automobile production along with the impact of the appreciation of the yen.

Full-year earnings forecasts have also been revised downward, reflecting the sudden and substantial decline in sales revenues that cannot be covered by measures to decrease selling, general and administrative expenses and other fixed costs, along with the expected restructuring costs in Europe and the Americas.

Accordingly, forecast consolidated full-year net sales have been revised downward by ¥63,000 million from the forecast of October 30, 2008, to ¥397,000 million. Forecast operating income has been revised downward to ¥4,200 million, forecast ordinary income has been revised downward to ¥2,200 million, and forecast net income has been revised downward to a net loss of ¥3,300 million.

4. Other

(1) Transfer of important subsidiaries during the period (Transfers of subsidiaries resulting in changes in the scope of consolidation):

None

(2) Utilization of simplified method of accounting:

1. In assessing the recoverability of deferred tax assets, in cases where Takata has deemed that since the end of the previous fiscal year there have been no marked differences to the situation with respect to the operating environment or the occurrence of one-off differences and so forth, the calculation method is based on earnings forecasts used in the previous fiscal year along with tax planning and other such methods.
2. Takata estimates tax expenses for the fiscal year, including the nine months under review, by making a reasonable estimation of the effective tax rate on net income before income taxes after the application of tax effect accounting, and applies this rate to net income before income taxes for the period under review. Corporate tax adjustments have been included in income taxes.

(3) Changes in accounting principles, procedures and method of presentation associated with the preparation of the consolidated financial statements:

1. From the current fiscal year, Takata has adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12, March 14, 2007) and the "Implementation Guidance for Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14, March 14, 2007). Takata has prepared its quarterly financial statement in accordance with Regulations Concerning Quarterly Financial Statements.
2. From the current fiscal year, Takata has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for consolidated Financial Statements" (Practical Issues Task Force No. 18, May 17, 2006), and revised the consolidated financial statements accordingly. As a result, retained earnings at the start of the period have decreased ¥8,315 million. The impact of this change on operating income, ordinary income and net income before income tax for the period under review is immaterial.
3. Takata Corporation and its domestic subsidiaries previously stated inventories held for sale in the ordinary course of business based on the lower of cost or market method, cost being

determined by the average method, but from the current fiscal year Takata has adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 of July 5, 2006), and accordingly such inventories are now mainly stated using the valuation at cost method, cost being determined by the average method (in cases where the profitability of items has declined, the book value is reduced accordingly). The impact of this change on operating income, ordinary income and net income before income tax for the period under review is immaterial.

4. Previously, Takata Corporation recorded royalties and other such revenues derived from the provision of technical or operational support to subsidiaries as non-operating income. From the current fiscal year, however, such revenues are being recorded as sales. This change has been adopted to better reflect the materiality of this revenue, and to ensure the most appropriate treatment of this category in light of its potential to increase. As a result of this change, sales and operating income in the geographical segment of Japan for the nine-month period under review have increased by ¥1,516 million respectively compared to calculations using the previous method.

5. Consolidated Nine Month Financial Statements

(1) Consolidated Nine Month Balance Sheets (abbreviated)

Millions of yen, rounded down

	As of December 31, 2008	As of March 31, 2008
ASSETS		
Current assets		
Cash	57,008	55,063
Notes & accounts receivable	46,572	71,072
Inventories	45,608	49,278
Other.....	23,890	22,483
Allowance for doubtful accounts	(1,044)	(1,092)
Total current assets.....	172,034	196,806
Fixed assets		
Tangible assets	85,700	98,330
Intangible assets.....	4,824	13,363
Investments and other assets.....	25,713	30,510
Total fixed assets	116,238	142,204
Total assets	288,273	339,010
LIABILITIES		
Current liabilities		
Accounts payable	14,278	29,067
Short-term borrowings	40,130	32,203
Commercial paper	4,000	—
Current portion of long-term borrowings	12,051	20,366
Bonds payable within one year	1,700	400
Accrued income taxes	1,896	2,044
Warranty reserve	12,351	12,410
Other.....	21,722	29,589
Total current liabilities.....	108,131	126,081
Long-term liabilities		
Long-term borrowings.....	9,973	12,212
Reserve for retirement benefits.....	8,546	9,916
Reserve for directors' retirement benefits	1,808	1,835
Other.....	12,113	13,763
Total long-term liabilities.....	32,441	37,728
Total liabilities	140,572	163,809
NET ASSETS		
Shareholders' equity		
Capital.....	40,727	40,353
Capital surplus.....	41,193	40,819
Retained earnings.....	94,456	100,234
Treasury shares	(0)	(0)
Total shareholders' equity	176,376	181,407
Valuation, translation adjustments and other		
Unrealized gains on available-for-sale securities.....	2,036	4,294
Unrealized gains from hedging instruments.....	—	387
Translation adjustments.....	(31,117)	(11,160)
Total valuation, translation adjustments and other	(29,081)	(6,478)
Minority interests	404	272
Total net assets	147,700	175,200
Total liabilities and net assets	288,273	339,010

(2) Consolidated Nine Month Statements of Income (abbreviated)

Millions of yen, rounded down

	Nine months ended December 31, 2008
Net sales	325,523
Cost of sales	268,794
Gross profit.....	56,728
Selling, general and administrative expenses	47,059
Operating income	9,669
Non-operating income	2,319
Interest income	911
Dividend income.....	325
Gain on valuation of derivatives.....	603
Other	479
Non-operating expenses	4,195
Interest expenses	1,593
Exchange loss	1,943
Other	659
Ordinary income.....	7,793
Special gains	1,495
Gain on sale of fixed assets.....	236
Insurance proceeds.....	1,258
Special losses	708
Loss on sale of fixed assets	26
Loss on disposal of fixed assets.....	100
Loss on devaluation of investment securities	239
Loss on restructuring.....	342
Net income before income taxes	8,580
Income taxes	2,770
Income attributable to minority interests.....	120
Net income	5,689

(3) Consolidated Nine Month Statements of Cash Flows (abbreviated)

Millions of yen, rounded down

	Nine months ended December 31, 2008
Operating activities	
Net income before income taxes	8,580
Depreciation and amortization	15,297
(Gain) Loss on disposal of fixed assets	(109)
(Gain) Loss on sale of investment securities	239
Insurance proceeds	(1,258)
Loss on business restructuring	342
Interest and dividend income	(1,236)
Interest expenses	1,593
Decrease (Increase) in notes and accounts receivable	19,182
Increase in inventories	(3,839)
Increase (Decrease) in accounts payable	(13,362)
Decrease (Increase) in other current assets	1,101
Increase (Decrease) in other current liabilities	(2,878)
Increase (Decrease) in other non-current liabilities	(166)
Other	1,561
Subtotal	25,045
Interest and dividend received	1,236
Interest paid	(1,386)
Proceeds from insurance	1,258
Business restructuring costs	(258)
Income taxes paid	(6,000)
Net cash provided by operating activities	19,894
Investing activities	
Purchases of fixed assets	(14,479)
Proceeds from sales of fixed assets	525
Purchases of intangible assets	(1,665)
Other	(600)
Net cash used in investing activities	(16,220)
Financing Activities	
Change in short-term borrowings	11,610
Change in commercial paper	4,000
Proceeds from long-term borrowings	8,228
Repayments of long-term borrowings	(17,939)
Proceeds from issuance of new shares	747
Payments of dividends	(3,268)
Other	(168)
Net cash (used in) provided by financing activities	(3,209)
Effects of exchange rate changes on cash and cash equivalents	(5,518)
Net increase in cash and cash equivalents	1,364
Cash and cash equivalents at beginning of period	54,896
Cash and cash equivalents at end of period	56,261

From the current fiscal year, Takata has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12, March 14, 2007) and the “Implementation Guidance for Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14, March 14, 2007). Takata has prepared its quarterly financial statement in accordance with Regulations Concerning Quarterly Financial Statements.

(4) Items related to assumptions used for going concerns

No applicable items

(5) Segment Information

Business segment information

Takata Group, as a specialized maker of automotive safety products, manufactures and sells products such as seat belts and airbags that belong to a single segment. As such, there are no applicable items for a breakdown of sales by segment.

Geographical segment information

For the nine month period ended December 31, 2008

Millions of yen, rounded down

	Japan	The Americas	Europe	Asia	Total	Eliminations or Corporate	Consolidated
Sales							
(1) Sales to external customers	75,316	120,992	93,214	36,000	325,523	—	325,523
(2) Inter-segment sales or transfers	31,599	11,370	2,239	21,180	66,390	(66,390)	—
Total sales	106,915	132,362	95,453	57,181	391,913	(66,390)	325,523
Operating income	3,324	(1,234)	(685)	7,777	9,181	488	9,669

Notes:

- Country and regional segments are categorized on the basis of geographic proximity
- Main countries and regions in segments other than Japan are:
 - The Americas: United States, Brazil and Mexico
 - Europe: Germany, England, Holland, Romania, Poland and the Czech Republic
 - Asia: Singapore, Thailand, The Philippines, Malaysia, China, Korea and India
- Previously, Takata Corporation recorded royalties and other such revenues derived from the provision of technical or operational support to subsidiaries as non-operating income. From the current fiscal year, however, such revenues are being recorded as sales. This change has been adopted to better reflect the materiality of this revenue, and to ensure the most appropriate treatment of this category in light of its potential to increase. As a result of this change, sales and operating income in the geographical segment of Japan for the nine month period under review have increased by ¥1,516 million respectively compared to calculations using the previous method.

Overseas sales

For the nine month period ended December 31, 2008

Millions of yen, rounded down; %

	The Americas	Europe	Asia	Total
Overseas sales	121,536	92,238	35,895	249,670
Consolidated sales	—	—	—	325,523
Overseas sales as percentage of consolidated sales (%)	37.3%	28.3%	11.0%	76.6%

Notes:



1. Country and regional segments are categorized on the basis of geographic proximity
2. Main countries and regions in segments other than Japan are:
 - The Americas: United States, Brazil and Mexico
 - Europe: Germany, England, Holland, Romania, Poland and the Czech Republic
 - Asia: Singapore, Thailand, The Philippines, Malaysia, China, Korea and India

(6) Items related to significant change in shareholder's equity

From the current fiscal year, Takata has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for consolidated Financial Statements" (Practical Issues Task Force No. 18, May 17, 2006), and revised the consolidated financial statements accordingly. As a result, retained earnings at the start of the period have decreased ¥8,315 million.



FOR REFERENCE: FISCAL YEAR ENDED MARCH 31, 2008

(1) Consolidated Nine Month Statements of Income

Millions of yen, rounded down

	Nine months ended December 31, 2007
Net sales	388,758
Cost of sales	306,883
Gross profit.....	81,875
Selling, general and administrative expenses	51,897
Operating income.....	29,977
Non-operating income	3,044
Interest income.....	1,536
Other.....	1,508
Non-operating expenses	2,057
Interest expenses.....	1,797
Other	260
Ordinary income.....	30,964
Special gains	2,909
Insurance proceeds.....	2,257
Other	652
Special losses	1,649
Plant relocation costs	1,128
Other	520
Net income before income taxes	32,224
Income taxes	11,624
Income attributable to minority interests.....	619
Net income	19,980

(2) Consolidated Nine Month Statements of Cash Flows (abbreviated)

Millions of yen, rounded down

Nine months ended December 31, 2007

Operating activities	
Net income before income taxes	32,224
Depreciation and amortization	14,915
Loss on disposal of fixed assets	(5)
Insurance proceeds	(2,257)
Interest and dividend income	(1,783)
Interest expenses	1,797
Decrease in notes and accounts receivable	10,301
Increase in inventories	(10,036)
(Decrease) Increase in accounts payable	(6,879)
Increase in accrued expenses	555
Decrease (Increase) in other current assets	(1,753)
(Decrease) Increase in other current liabilities	3,090
(Decrease) Increase in other non-current liabilities	(891)
Other	499
Subtotal	39,776
Interest and dividends received	1,783
Interest paid	(1,504)
Proceeds from insurance	2,257
Income taxes paid	(13,154)
Net cash provided by operating activities	29,158
Investing activities	
Increase in time deposits	(72)
Proceeds from refund of time deposits	1,116
Purchases of investment securities	(1,034)
Purchases of fixed assets	(20,546)
Proceeds from sales of fixed assets	462
Purchases of intangible assets	(2,886)
Other	124
Net cash used in investing activities	(22,837)
Financing Activities	
Change in short-term borrowings	(882)
Proceeds from long-term borrowings	10,000
Repayments of long-term borrowings	(5,446)
Payments for redemption of bonds	(200)
Proceeds from issuance of new shares	191
Payments of dividends	(4,070)
Payments of dividends to minority interests	(2,487)
Purchase of shares from minority interests	(1,467)
Other	(82)
Net cash (used in) provided by financing activities	(4,444)
Effects of exchange rate changes on cash and cash equivalents	(1,238)
Net increase in cash and cash equivalents	637
Cash and cash equivalents at beginning of period	61,442
Cash and cash equivalents at end of this period	62,080

(3) Segment Information (for the nine months ended December 31, 2007)

Business segment information

Takata Group, as a specialized maker of automotive safety products, manufactures and sells products such as seat belts and airbags that belong to a single segment. As such, there are no applicable items for a breakdown of sales by segment.

Geographical segment information

For the nine month period ended December 31, 2007

Millions of yen, rounded down

	Japan	The Americas	Europe	Asia	Total	Eliminations or Corporate	Consolidated
Sales							
(1) Sales to external customers	80,797	170,551	103,494	33,915	388,758	—	388,758
(2) Inter-segment sales or transfers	37,608	12,738	2,719	20,668	73,734	(73,734)	—
Total sales	118,405	183,290	106,214	54,583	462,493	(73,734)	388,758
Operating expenses	113,181	171,306	102,499	47,143	434,130	(75,349)	358,781
Operating income	5,224	11,983	3,715	7,439	28,362	1,614	29,977