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FORWARD-LOOKING STATEMENTS

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Takata Principles

Philosophy

We embrace the pioneer spirit of our founder and are motivated by the preciousness of life.

Mission Statement

Develop innovative products and provide superlative quality and services to achieve total customer satisfaction.

Respect various personalities and cultures and keep associates highly motivated under one Takata name to pursue common goals.

Be an active member of the community and contribute to a better society.

Takata Way

To communicate openly and effectively.

To adhere to Sangen-shugi.

To be committed in everything we do.

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Profile

Takata Corporation is one of the world's leading automotive safety systems companies, supplying nearly all the world's major automakers with a product range that includes seat belts and airbag systems, as well as steering wheels, child restraint systems, and electronic devices such as satellite sensors and electronic control units.

Founded in 1933 as a textile company in Shiga Prefecture, Japan, Takata began to focus on businesses relating to automotive safety systems from the early 1950s. Since bringing Japan's first seat belt to market in 1960, Takata has grown organically and through acquiring and successfully integrating businesses around the globe. Today, Takata has 55 plants in 20 countries and is one of the most vertically integrated manufacturers in the global automotive safety industry, operating within a regional and global framework that encompasses the entire value chain.

Takata continues to undertake advanced research into high-technology safety systems and products, and has received numerous awards for innovation and excellence in automotive safety. Takata is investing for growth in emerging and mature markets worldwide, building on its strong relationships with global and local automakers to provide consistently high quality, reliable supply, and close alignment with end-user needs.

Takata remains firmly committed to contributing to society as a technology and value leader in automotive safety systems and products, as it seeks to realize its dream of a society with zero fatalities from traffic accidents.





Financial Highlights

Takata Corporation and Subsidiaries (Millions of yen except where indicated) Fiscal years ended March 31

	2013	2012	2011	2010	2009
Facility					
For the year:					
Net sales	¥ 415,521	¥ 382,737	¥ 390,876	¥ 350,914	¥ 385,499
Operating income	14,493	13,618	26,818	14,654	2,845
Ordinary income	17,050	13,499	27,008	15,672	369
Net income	(21,122)	11,937	18,237	6,942	(7,319)
At year end:					
Net assets	¥ 154,085	¥ 161,186	¥ 155,312	¥ 150,789	¥ 145,379
Total assets	385,772	329,718	323,928	330,040	315,352
Net assets per share (yen)	¥1,832.10	¥1,924.80	¥1,855.48	¥1,805.06	¥1,768.98
Basic net income per share (yen)	(253.99)	143.55	219.31	84.62	(89.40)
Diluted net income per share (yen)	_	_	_	_	_
Capital adequacy ratio (%)	39.5	48.5	47.6	45.5	46.0
Return on equity (%)	(13.5)	7.6	12.0	4.7	(4.6)
Price-to-earnings ratio (times)	(7.4)	15.4	10.9	28.3	(9.0)

Notes

- 1. Net sales is presented exclusive of consumption tax.
- 2. Diluted net income per share is not shown for the fiscal year ended March 31, 2009 because the Company made a net loss and no dilution was recorded due to there being no outstanding potential shares of common stock. Diluted net income per share is not shown for the fiscal years ended March 31, 2010 and 2013 as there were no outstanding potential shares of common stock with dilutive effects. Diluted net income per share is not shown for the fiscal years ended March 31, 2011 and 2012 as there were no outstanding potential shares of common stock.



Message from Management

Our mission – your safety.

Takata has come a long way since its early days as the leading maker of seat belts and airbags in Japan. We now develop and manufacture a comprehensive range of safety system products that help protect many millions of people from traffic accidents around the world every day. By adopting ever-more advanced technology to monitor, warn and protect road users, we are contributing to safer transportation for everyone.

Becoming a truly global company

Takata has been operating in global markets for many years now, and our overseas sales ratio is consistently above 80%. We are now moving to the next stage in globalizing our business. This means making a fundamental transformation in the way we operate to ensure that every aspect of our business, from our management structure through to R&D and personnel, is aligned with the global needs of our customers and the reality of the modern business environment.

The need for this kind of globalization is embedded in the strategies of our automaker customers. Automakers are increasingly globalizing both their management and manufacturing, and have shifted far more of their production to low cost countries. Success in fast-growing emerging markets such as China, Indonesia and Russia has become vital for global automakers, and local automakers are rapidly becoming more competitive. Takata has to be able to service all these customers with extremely competitive products, produced with a high degree of standardization that enables us to provide the same high-quality Takata experience everywhere in the world.

Standardization means using the same highly developed systems for product development, engineering, testing, quality control and customer service to ensure consistency and responsiveness in every market, aligned with the specific needs of our various customers. To achieve this, we need to optimize and standardize our business model at a much more granular level, in everything from CAD to materials procurement, along with our associated systems for personnel and administration.

It is clear to us that despite Takata's very strong development and technical skills, our major peers are currently further along the path of true globalization than we are. We are making rapid progress to correct this situation while retaining the meticulous, attentive customer service for which we are renowned.

New structure under 'One World, One Takata'

In line with our commitment to globalizing Takata in the truest sense of the word, we have been planning and implementing specific measures to optimize our business structure and management approach along global lines. As part of this, I am delighted to present this message for the first time with Stefan Stocker. Stefan was made an executive officer in February of this year, and was subsequently appointed President and COO of Takata on June 26, 2013.



Shigehisa Takada

Shigehisa Takada was born in Tokyo and graduated in Science & Technology from Keio University. He joined Takata in 1988, and became a director in 2004. He was appointed President and COO in June 2007, and in June 2013 assumed his current position as Chairman and CEO.

Message from Management (cont.)

I have known Stefan for more than a decade. Stefan brings valuable skills and experience to the table, and we share a deep conviction that Takata has outstanding resources and strong untapped potential at all levels of the company around the world. We will be working closely together to increase the pace and success of Takata's globalization, based on our theme "One World, One Takata", and by delineating responsibilities as CEO and COO we will be able to give greater and more coordinated attention to strategy and implementation throughout our organization.

Focusing on key issues for growth and earnings

In addition to the overall globalization of Takata discussed above, we are addressing a number of important strategic and operational issues. Key among these are:

- maximizing growth potential in both emerging and mature markets
- mapping product and R&D direction under 'Quality First', and
- reviewing our earnings structure and boosting performance in Europe and the Americas.



Emerging markets such as China, Russia, Indonesia and Brazil are vital to our future. In these markets, there is increasing competition not only among automakers but also among auto parts suppliers. We are determined to make further gains in market share and profitability in each of these countries by investing in plant, R&D facilities, technology and customer relationships. We recently established a Global Engineering Service Center joint venture in India, to provide global R&D services for next-generation automobile occupant safety and protection systems. This center joins Korea and China to become our third R&D facility in Asia outside of Japan.

Our products for emerging markets have to be tailored to the unique requirements of each region and customer. Product development is based on Takata's proven restraint technologies, which are then modified as required. From an early stage in the development process we consult closely with local customers and suppliers to ensure that each product conforms with local standards and features optimum use of locally available materials.

Our involvement in emerging markets has been a powerful stimulator of innovation within Takata. Our Emerging Market Driver Airbag, for example, features a weight- and volume-optimized module that uses a clip fix system to eliminate complex screwing procedures. Our Emerging Market Passenger Airbag uses small, lightweight components that simplify production and reduce overall weight by up to 30% compared to conventional systems. In our range of seat belts for emerging markets, we have developed a robust, compact and lightweight product that incorporates proven safety technology while balancing cost and functionality. The components are also designed so that they can be easily sourced locally.



(From left)

Shigehisa Takada CHAIRMAN AND CEO

Stefan Stocker
PRESIDENT AND COO

Message from Management (cont.)

Realizing Takata's potential with R&D

Despite growth variations in some markets, the upward trend in total global automobile production is expected to continue. In mature markets, where growth rates are slower and more volatile, there are still significant new opportunities for Takata as advanced safety systems become incorporated into a wider range of vehicles.

In emerging markets, opportunities are arising not only from strong growth in vehicle sales and production, but also from the introduction of safety regulations. There is a trend toward stronger safety regulations worldwide, and this trend is an important underpinning of our business growth.

The key to realizing this potential is R&D-based product development—either independently, in partnership with customers, or as part of initiatives such as the Advanced Adaptive Restraint Program described in this report. Takata has an outstanding track record of innovation, and we are determined to create an equally outstanding future, based on our 'Quality First' principle. Quality First reflects our commitment to prioritizing quality and building it into every link of our value chain, for every product, in every market. We have continued to invest in technology and systems, and as part of our globalization process we have created a Global Engineering and Research Division to facilitate standardization and develop product roadmaps.

Accident analysis continues to be an important driver of safety systems development. For example, in 2010 more than 6,000 pedestrians were killed in traffic accidents on European roads, accounting for around 20% of all traffic accident fatalities in Europe. The high proportion of head injuries among these fatalities indicates that increasing head protection for pedestrians—and cyclists—is a critical step in reducing traffic fatalities.

Takata has been developing two technical approaches to address this issue, drawing on our expertise in pretensioners, micro gas generators and airbag applications. Our Active Hood Lifter increases the space between the hood and the underlying hard structures (e.g. engine) so that the impact is softened, and our Windscreen Airbag covers the windscreen, protecting the head from impacting on the windscreen or surrounding rigid structures such as the A-pillar.

Both these technologies not only address legislative directives but also the upcoming Euro NCAP requirements for improved protection of vulnerable road users, which come into force in Europe in 2015.

Developing the future of safety

The safety systems industry offers a number of avenues for long-term growth in emerging and mature markets. Our business development planning encompasses our core existing domains of passive and active automotive safety systems, along with mapping our direction with regard to wider opportunities in the non-automotive safety systems sector. In passive safety products, we are constantly seeking to improve the effectiveness, production efficiency and scope of application for core seat belt and airbag products, while developing innovative new products such as our award-winning front center airbag. Our strategic direction for active safety has to be considered in parallel with our approach to electronics, because we cannot be strong in active safety systems without also being strong in the electronics that drive them. We are already at an advanced stage in many areas of active safety—for example through our stereo vision sensors and active steering wheels.

In the non-automotive sector, recent initiatives have created a foundation on which to develop a safety systems business that leverages our expertise in automotive safety while expanding our horizons into aviation and other areas. In 2012 we acquired businesses producing seat belts and other safety equipment for fixed wing aircraft, helicopters and race cars, and we will continue to closely examine opportunities for further business development.



Stefan Stocker

Stefan Stocker joined **Takata Corporation as** an Executive Officer in February 2013. He began his career at **Robert Bosch GmbH in** June 1982 and became Director in May 1991. In June 1997 he became **Managing Director of ZEXEL Corp (currently Bosch Corporation** Japan), where he served as President and **Representative Director** from July 2002 until 2009.

Message from Management (cont.)

Robust financial fundamentals

We need strong financial fundamentals in order to improve our product line-up, form collaborations or engage in M&A, so strengthening our earning power has to be a primary aim.

We are not satisfied with our current operating profit margin, and we are making every effort to return this margin to at least the level we had attained prior to the global financial crisis. The cash flow generated from higher margins will be used for both CAPEX and investment in R&D.

Although sales in North and South America have been strong, supported by a recovery of consumer demand in North America and the adoption of mandatory airbag regula-

tions in Brazil, our Americas earnings structure does not meet our expectations. In Europe, meanwhile, sales have been sluggish amid the protracted economic problems in the region. Our business in Asia is relatively good, and in Japan the situation is tough but manageable. Cost management is absolutely critical, and in the coming year we will be taking an even more rigorous approach.



At the 2013 financial results presentation in Tokyo, Japan on May 16, 2013

Strong prospects for long-term growth

Despite relatively weak sales in Europe during the year ended March 31, 2013, we achieved favorable performance in other regions. Consolidated net sales for the year increased 8.6% to ¥415,521 million, supported by strong performance in the Americas and Asia and a recovery in vehicle production after the natural disasters of 2011. Operating income increased 6.4% to ¥14,493 million, and ordinary income increased 26.3% to ¥17,050 million. However, automaker customer recalls of Takata airbags from particular vehicle models manufactured in North America around ten years ago led to the recording of a special loss for product warranty reserve, resulting in a net loss for the year of ¥21,122 million, compared to net income of ¥11,937 million for the previous year.

In line with our policy of maintaining stable returns to shareholders, the dividend for the year was unchanged at ¥30 per ordinary share, comprising an interim dividend of ¥15 and a year-end dividend of ¥15.

Turning to the year ahead, we believe we are entering a new era for Takata. The globalization of our company is progressing rapidly, we have a strong management team, and we are starting to see the results of our new business structure with a higher earnings forecast and solid prospects for long-term growth.

As always, we very much appreciate your ongoing support for our endeavors. With regards,

Shigehisa Takada Chairman and CEO Stefan Stocker
President and COO

Total Safety Systems

Takata's advanced safety technology: Surrounding the lives it protects

Our product range encompasses a broad spectrum of passive and active automotive safety technology, and the results of our advanced research and relentless attention to detail can be found throughout the anatomy of a car—helping to protect occupants and even pedestrians, and to reduce the impact of traffic accidents on individuals and on society.

Seat belts

Since commercializing Japan's first seat belts in 1960, we have continued to improve the effectiveness and comfort of seat belts through innovation in areas such as textiles and weaving technology. Recently we modified our motorized seat belt to provide enhanced comfort and safety. In addition to automatically tightening to restrain vehicle occupants when pre-crash sensors detect risk of collision, the new comfort function reduces the pressure exerted by the seat belt during normal driving, while holding vehicle occupants in position during sudden braking or sharp turns. In 2010 we became the first in the world to commercialize the airbelt, a new type of seat belt that inflates like an airbag in the event of a collision. We have also developed a state-of-the-art inkjet printing technology which allows us to create seat belt webbing with patterns, words or logos in a variety of colors.

- 1 Driver seat belts (Motorized seat belts)
- Passenger seat belts (Motorized seat belts)
- Rear seat belts (Airbelts)

Airbag systems

Takata commercialized the world's first driver airbags in 1980, with the supply of products to Daimler Benz for its S-Class model. Since then we have continued to enhance our capabilities in the development, design and production of airbag systems and products, from airbag textiles to hazard detection control units and inflator technology, and today most of these operations are carried out in-house. In addition to driver and passenger airbags, side airbags, curtain airbags, and knee airbags that protect the legs of front seat occupants, we have commercialized innovative products such as the D-shape curtain airbag, which protects the head region as well as helping prevent passenger ejection, and a front center airbag that inflates between the left and right front seats in the event of a side collision to control the lateral movement of vehicle occupants. Our Vacuum Folding Technology (VFT) uses a proprietary packing process to reduce the size of airbags by up to 35% compared to Takata's conventional airbags, with 15% less mass. In 2013, we launched the world's first driver-side airbag with Flexible Venting Technology (FVT), which incorporates a 'smart' pressure control mechanism that allows the air vent to be controlled by the airbag itself, rather than via sensors on the vehicle.

- Driver airbags
- Passenger airbags (Twin bag systems)
- 3 Knee airbags
- 4 Side airbags
- Curtain airbags (D-shape curtain airbags)
- Pedestrian head protection airbags
- Front center airbags

Total Safety Systems (cont.)



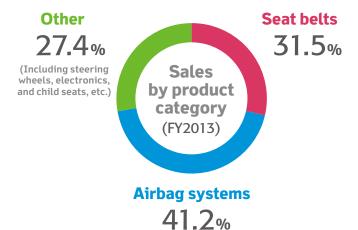
Other

This category includes steering wheels, electronic devices such as vehicle occupant sensors, collision sensors, electronic control units (ECUs) for controlling airbag inflation, interior trim products such as door panels and consoles, and child restraint systems. In 2000, Takata acquired PETRI AG, a German manufacturer with a strong track record that includes installing the world's first airbags into commercially produced vehicles. In 2009 we developed and commercially launched SafeTrak, a lane departure warning system, which mitigates the risk of accidents caused by unintentional lane departures that can result from lapses in driver concentration.

More recently Takata has expanded into non-automotive safety systems, most notably with the 2012 acquisition of a BAE Systems subsidiary that produces seat belts and other safety equipment for fixed wing aircraft, helicopters and race cars. Takata has also acquired SynTec Seating Solutions, the largest school bus seat manufacturer in the U.S.

- 1 Steering wheels
- 2 Interior trim
- Child seats
- 4 Satellite sensors
- 5 Electronic control units (ECUs)
- 6 Occupant classification sensors
- Pop-up hood devices
- 8 Vision sensors

- Aircraft safety business
- O Seat systems for buses
- O Full harness seat belts for motor sports



TAKATA INNOVATION



Front Center Airbag

From the passenger's perspective, there are two possible types of side collisions. One occurs close to the occupant (the near side). The other happens on the opposite side from the occupant (the far side). Current available devices consider only near side scenarios.

Accordingly, to better protect passengers from collisions from both sides, Takata has worked in partnership with General Motors to develop front center airbags which inflate between the left and right seats, and serve as an energy-absorbing cushion between driver and front seat passenger in all side-impact crashes. The tubular airbag is mounted in the right cushion of the driver's seat, and will also provide an additional margin of safety in rollover accidents.

R&D—the key to our leadership in safety technology

R&D has shaped the evolution of Takata since our establishment, and it remains fundamental to our global business strategy. Our heavy emphasis on R&D in every aspect of our business helps us both respond to the diverse needs of different markets and set the agenda for safety systems of the future.

Our integrated global R&D structure combines global development programs with regional initiatives meeting specific customer requirements, and encompasses the entire spectrum of safety systems, from passive safety to active safety. Our goal is to facilitate groundbreaking innovation that pushes the limits of current technology while at the same



time bringing high quality, reliable and robust safety features to the widest possible automotive population. This means that our R&D success is measured as much by creating innovative products as it is by developing cost-competitive safety products that tap rapidly growing demand in emerging markets where pricing can be a key barrier to regulatory change and consumer adoption.

Research and global engineering

Over the past year we have reinforced our R&D activities through three major changes:

- Establishing "Global Engineering and Research" as a truly global engineering division
- Developing Product Roadmaps to boost competitiveness and innovation in Takata's core business, and
- Defining a sustainable Active Safety and Electronics Vision

PRODUCT HISTORY

Forging new paths in automotive safety for six decades

Since beginning research into seat belts in 1952, Takata has been driven by the pursuit of ever more effective automotive safety systems and products. In our relentless search for progress we analyze real and potential accident scenarios from every perspective, exploring in detail opportunities to both prevent accidents and minimize their impact on people's lives. Motivated by this strong sense of purpose, Takata continues to evolve today, advancing with each groundbreaking achievement toward the realization of a safer future.



First in Japan to commercialize two-point seat belts



Global engineering and research

Takata's R&D division has been transformed from a regionally driven organization into a globally managed organization.

The purpose of this new structure is to feed Takata's future product portfolio with innovative and competitive products for all customers in all markets. One of the major activities of Global Engineering and Research is to define standards for products and processes. This process of high grade product standardization is a key enabler for the development of safe and innovative products to meet new requirements. We have already made significant progress in standardizing CAD, CAE and testing at our



locations around the world, and ongoing improvements over the next few years will help put our product portfolio on a new trajectory of performance. To support our drive for cost competitiveness in the development division we have founded a global engineering service center in Chennai, India. This engineering service center offers services for CAD, CAE and teardown activities.

With this year's inauguration of our new HYGE Sled Facility in Japan, Takata is providing forefront technology for systems development and testing worldwide. Our development centers in Auburn Hills (United States), Berlin (Germany) and Echigawa (Japan) are equipped with sophisticated test sleds that incorporate the pitching behavior of vehicles, and we are planning to establish a new HYGE sled at our R&D center in China.

Under our new structure, our Chief Engineers have technical responsibility for their product lines globally. This gives us the opportunity to use our most talented and experienced engineers globally, in cross-functional teams, to develop the best products. These engineers are motivated by Takata's dream of a society with zero fatalities from traffic accidents. An outstanding proponent of this approach is one of Takata's senior research engineers, Ryoichi Yoshida, who this year received a Government Award for Safety Engineering Excellence from the National Highway Traffic Safety Administration (NHTSA) in the United States.

"Under our new structure, our Chief Engineers have technical responsibility for their product lines globally. This gives us the opportunity to use our most talented and experienced engineers globally, in cross-functional teams, to develop the best products."

1962 Crash test First in Japan to conduct public seat belt crash tests



Child restraint systems
First in Japan to commercialize

child restraint systems



1980
Airbags
First in world to commercialize driver airbag modules



1996
Force limiter seat belts
First in Japan to commercialize force limiter seat belts



CLOSEUP: ACTIVE STEERING WHEEL

The next stage in intelligent steering

Active steering describes a steering system for a vehicle in which the relationship between the driver's steering inputs and the angle of the steered road wheels may be continuously and intelligently altered. Active steering technology was introduced in 2003 by a German OEM. At lower speeds, this technology reduces the

Conventional steering



Turning of road wheels in response to the steering wheel input is constant.

Active front steering

Low vehicle speed
(Parking 20 kph)

Direct steering Comfort & safety feature High vehicle speed (Highway speeds)

Indirect steering Safety feature

Turning of road wheels in response to the steering wheel input can be varied, depending on velocity and driving situation. (Add or subtract an angle to drivers steering angle.)

amount that the steering wheel must be turned — improving performance in situations such as parking and other urban area traffic maneuvers. At higher speeds, the system manages steering inputs to avoid heightened responsiveness, providing improved directional stability.

The central component of active front steering is a superposition gear which is integrated into the steering system and driven by an electric motor. At present, all active steering systems which are available on the market have this central component mounted in the steering column or in the front axle. The Takata active steering system is mounted directly in the steering wheel, offering significant advantages in terms of flexibility and cost.

Extensive system development and testing has been taking place, drawing on Takata's global network of engineers and facilities.

2006

Motorcycle airbags
First in world to commercialize
motorcycle airbags



2010

Airbelts
First in world to commercialize safety airbelts



2012

Front center airbags
First in world to commercialize

First in world to commercialize front center airbags



2013

FVT airbag

First in world to commercialize airbag with flexible venting technology



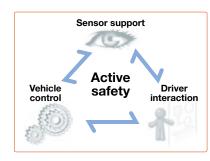
Product roadmaps for competitiveness and innovation

Product roadmaps are Takata's fundamental tool for product portfolio management. The innovations and future technologies on our roadmaps are the result of our engineers' discussions with customers, along with pure research and research work undertaken with governments, universities and other organizations.

Our Product Roadmap approach has already yielded some outstanding results. For example, Takata's front center airbag received a 2013 Best New Technology award from AJAC in Canada, and also received a PACE Innovation Partnership award. Our research into airbags, hood lifters and associated pedestrian protection systems for the protection of vulnerable road users has been commercialized for sale in North America, Asia and Europe, and our Green Modules for driver, passenger and side airbags are enabling us to meet rapidly developing demand for competitive safety system products in emerging markets. Takata is also participating in a ground-breaking Advanced Adaptive Restraint Program (AARP) in collaboration with the NHTSA.

Creating the future of active safety

'Active safety' refers to all the automotive safety features that are active prior to an actual accident. Although active safety encompasses a broad array of technologies, Takata is active in each of the three main areas: sensor support, operational assistance, and automatic emergency braking. Modern vehicles already incorporate a number of advanced driver assistance systems, designed



to facilitate many daily driving situations as well as providing support in critical driving scenarios. As technology, regulations and social infrastructure all reach new frontiers of development and connectivity, the automotive industry is now developing further important active safety functions.

Takata's Stereo Vision Sensor generates two- and three-dimensional images of the surrounding environment to detect, classify and calculate the trajectories of objects as a means of avoiding potential collisions. It has core functionality in areas such as emergency brake assistance and lane departure warning, and additional active safety potential for pedestrian and cyclist detection, advanced light control (auto high beam or matrix beam) and traffic sign recognition.

Takata's Active Steering Wheel incorporates powerful functionality to make driving safer in many different situations. Fitted with a motor-gear combination inside the steering wheel hub, it allows functions such as overlay steering, variable steering gear ratios for convenient parking and safe highway driving, lane-keeping support and emergency functions.

In addition to developments in sensing and vehicle control, an increasingly important research frontier is increasing real-time knowledge of drivers' psycho-physiological state. This can include monitoring driver alertness, checking for alcohol impairment, or even tracking vital signs such as respiration and cardiac function. In Germany, research suggests that approximately 4% of all fatal accidents are related to medical emergencies, but scientists believe that there is a large number of unreported cases. With the ongoing demographic development of aging societies in many nations, this kind of monitoring could become an important tool in automotive safety. However, the fundamental purpose of driver state sensing is to learn more about the driver's situation and behavior, so that the vehicle's assistance systems and communication interfaces can be adjusted in real-time to maximize traffic safety.



Claus Rudolf

Claus Rudolf joined
Takata in February 2003,
and became Director
of Engineering in 2009
after serving in various
management positions
at Takata AG in Europe.
On April 1st 2012 he
assumed the role of
Executive Vice President
for Engineering &
Research.

CLOSEUP: ADVANCED ADAPTIVE RESTRAINT PROGRAM (AARP)

Individualizing restraint system performance

The Advanced Adaptive Restraint Program (AARP) was initiated and partially funded by the National Highway Traffic Safety Administration (NHTSA), an agency of the Executive Branch of the U.S. government and part of the Department of Transportation (DOT).

In real-world crashes, the exact location and posture of the occupant is unknown before or during the crash. Deviation from the optimum position may influence the injury outcome. Starting in November 2012 with a period of 30 months, the objective of the AARP research program is to improve occupant safety for the driver and front passenger by enabling individualization of restraint system performance, taking into account collision severity, occupant size, weight, seating position and posture.

Further demands on restraint systems may arise as vehicle designs change to meet fuel economy requirements and more lightweight vehicles join the North American automotive fleet. This makes it more challenging to manage the energy of the occupant, due to decreased occupant compartment space and a stiffer vehicle structure.

Under AARP, Takata will develop a fully functional prototype Advanced Adaptive Restraint System (AARS) that can sense the occupant position before the crash and adapt the driver and passenger airbag, knee airbag, side airbag, curtain airbag and seat belt accordingly, to avoid or reduce the level of injuries. In order to assess the benefit of safety improvements by integrating advanced sensors and components, the baseline performance of a conventional, non-adaptable, state-of-the-art restraint system will be established and compared to the newly developed occupant protection system. The testing will include a wide range of occupant sizes and postures in multiple frontal high speed crash configurations to emphasize the adaptability of the interactive AARS. Aligned with the specific project require-

ments, next generation dummy technology (THOR) will be incorporated in the testing activities, providing enhanced biofidelity and measurement equipment.

Takata is executing the program with a global simultaneous engineering team, utilizing engineering centers located in Asia, Europe and North America.



(Photos from top) Fore-aft position; lateral position

ITEM	NHTSA AARP	NHTSA FMVSS
Seating position	Front driver, front passenger	Front driver, front passenger
Occupant size/ Dummy type	95th male Hybrid III, 50th THOR, 5th female Hybrid III	95th male Hybrid III, 5th female Hybrid III
Seat fore-aft adjust	Full seating range — Full forward to full rear	FMVSS nominal only
Seating posture	Nominal + Out of position leaning (inboard, outboard, forward)	FMVSS nominal only
Crash pulse	Full-forward & Angular x 2 speeds Severe pulse representing small, fuel efficient vehicle	Less severe, in general

Scope of NHTSA AARP project compared to U.S. regulatory requirements (FMVSS)

CLOSEUP: STEREO VISION SYSTEM (SVS)

Urban safety and driver assist

The TAKATA Stereo Vision System (SVS) is a stand-alone solution for pre-crash and driver assistance functions. Bundling all functions in a single sensor allows for an excellent cost-per-function ratio. High reliability is achieved using the combination of 2D camera and 3D stereo data. SVS technology can support the Euro NCAP pedestrian and vehicle emergency braking requirements.

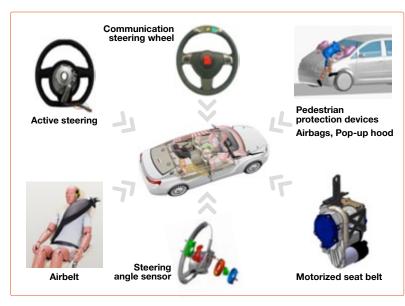
Extraordinary data density

The availability of high density 2D and 3D sensor data enables a significant improvement of existing functions and the realization of new functions. The TAKATA SVS opens a broad field of future driver assistance and safety applications, e.g. heading control based on object detection, evasive steering control, and advanced crash sensing.

Stereo Vision System interaction with Takata's products

SVS interaction with Takata's active and advanced passive safety products is key for the integration of active and passive safety systems. SVS serves as a pre-crash sensor that warns the driver through human machine interface devices, and directly supports predictive information, such as time-of-collision, for deployment of brakes and other safety systems such as airbags, actuators, motorized restraints, and steering control systems.





Regional growth fueled by consumer spending in North America and safety regulations in South America

In 1984 Takata launched its first operations facility in North America, and through organic growth and acquisitions this has grown to 19 plants and 6 R&D facilities in the United States, Mexico, Brazil and Uruguay. Our continued investment in new product development has led to innovative automotive safety solutions and multiple global industry awards, as well as accolades from customers, regulatory entities and safety industry groups.



Business year in review

Vehicle production increased by double digits during the year, supported by Japanese auto-makers' full recovery from the natural disasters of 2011, and the ongoing consumer economic recovery in the region. Takata's unit production numbers for the region exceeded levels prior to the global financial crisis.

During the year we took full ownership of SynTec Seating Solutions, the largest independent school bus seat manufacturer in the U.S. Takata has long recognized the need for continued improvements in all vehicles, and recent developments from SynTec represent safety improvements that provide children and their parents with greater peace of mind.

Results and outlook

Sales for the fiscal year grew by 17.6% to ¥180,018 million, of which ¥4,100 million was due to foreign exchange rate impacts. On a local currency basis, sales increased 14.8%. Sales to Japanese automakers in North America continued to improve with their full recovery from the natural disasters of 2011, and sales to GM, Ford and Chrysler were also strong.

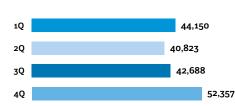
Operating income was ¥4,592 million, reflecting earnings from increased revenues, as well as a one-time reversal of a ¥1,500 million accounting reserve in the fourth quarter.





(Photos from top) San José, Uruguay; Auburn Hills, Michigan, U.S.

Americas: Net sales by quarter Millions of yen, rounded down



*Figures calculated based on quarterly average exchange rates

Americas: Operating income by quarter

Millions of yen, rounded down

1Q 613

2Q 424

3Q 736

40 2,820

Region as percentage of total sales





This was a considerable improvement from the loss in the previous period that occurred as a result of the one-time provision of a warranty reserve. Although sales in the region increased by ¥26,800 million, operating income was to a large extent offset by material cost increases, depreciation of the Brazilian real and increased personnel costs, which together resulted in an operating profit margin of 2.6%.

However, operating margins in the fourth quarter showed a substantial improvement as volumes increased and new launches were assimilated. We expect this trend to continue as the economic recovery expands in the region, supported by other factors such as the introduction of Brazil's airbag module regulations.



Front center airbag

A year of many milestones and awards

The Americas celebrated several milestones and awards during the year, demonstrating ongoing automotive safety supplier innovation and excellence. Our Cheraw, North Carolina facility reached the milestone of 50 years of operation. Dedicated customer commitment was demonstrated by General Motors naming Takata Brazil the 2012 Supplier of the Year in South America as well as Volkswagen's recognition of Takata as the *Best of the Best Suppliers* four times for product development, commercial excellence, overall quality and total performance.

Takata also shared the coveted 2012 Automotive News PACE award for co-development of the front center airbag innovation currently available on several GM vehicles — a recent safety innovation specifically commended by NHTSA and the IIHS, as well as several other highly respected global industry leaders and safety groups.

"Dedicated customer commitment was demonstrated by General Motors naming Takata Brazil the 2012 Supplier of the Year in South America as well as Volkswagen recognition of Takata as the Best of the Best Suppliers."

North America

The North American automotive market has recovered strongly, with auto sales volumes by most manufacturers nearly at pre-global financial crisis levels

Auto production trends for North America

FY2014 16,257 (Forecast)
FY2013 15,486
FY2012 13,710

FY2011 12,42 FY2010 9,782

Source: IHS Worldwide Inc. Excluding trucks (as of July 2013)

Holding firm in a tough operating environment

Takata's manufacturing presence in Europe began in the U.K. in 1988. In 2000 we acquired PETRI AG, a major German manufacturer of steering wheels, airbag systems and other safety products. Today, our geographically diverse European footprint serves automakers from Europe and around the world, supported by an advanced R&D center that hosts the latest in sled crash testing and product development facilities.

7 COUNTRIES

16 PLANTS

4 R&D FACILITIES

Business year in review

Continued economic instability was reflected in the automotive markets in Europe, with a significant decline in new car registrations during the calendar year. In Western Europe, where four of the five largest automotive markets are located, the number of new car registrations fell by around 8%. The increase in the UK could not compensate for steep downturns in Italy, France, Spain and Germany. Meanwhile, the Russian market continued on its growth path with 2.9 million new car registrations in 2012.

Results and outlook

Despite a large decline in industry vehicle production, Takata's sales of ¥115,357 million for Europe were largely in line with the previous year, supported by higher sales to the Russian market accompanying the start of full production at Takata's plant in Russia. At the operating level, an operating loss of ¥2,008 million was recorded, compared to operating income of ¥5,785 million in the previous year.

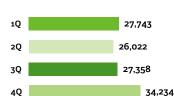
For the year ahead, public debt in European industrialized economies will remain a major risk factor. In particular, the eurozone is suffering from low consumption and lack of investment.





(Photos from top) Schönebeck, Germany; Ulyanovsk, Russia

Europe: Net sales by quarterMillions of yen, rounded down



*Figures calculated based on quarterly average exchange rates.

Europe: Operating income by quarter

Region as percentage of total sales





OEMs that are highly dependent on these markets are expected to be heavily affected if they are unable to compensate with sales to emerging markets such as China and Brazil. Nevertheless, the trade agreement currently under negotiation between the U.S. and EU may have a positive impact on our business.

Expansion of our value chain in Europe

During the year, Takata extended its value chain with the acquisition of SDI Molan GmbH & Co. KG, which now operates under the name TAKATA Ignition GmbH. With this acquisition, we have added the production of pyro-electric initiators and micro gas generators to our European portfolio.

Following our acquisition of BAE Systems Safety Products Inc. and Schroth Safety Products GmbH in 2012, we are developing new opportunities in other transportation markets, such as aircraft and motorsports.



"Despite a large decline in industry vehicle production, Takata's sales of ¥115,357 million for Europe were largely in line with the previous year, supported by higher sales to the Russian market accompanying the start of full production at Takata's plant in Russia."

Germany

Although ongoing economic instability led to a decline in new car registrations in Europe, including in financially sound Germany, Takata's sales in Europe increased slightly on a local currency basis.

Auto production trends for Germany

FY2014 5,363 (Forecast)
FY2013 5,372
FY2012 5,812
FY2011 5,559
FY2010 5,136

Source: IHS Worldwide Inc. Excluding trucks (as of July 2013)

Asia (excluding Japan)

Tapping strong growth potential in key emerging markets

Asia is central to Takata's growth strategy, bringing significant opportunities as motorization and growth in the region continue. We have developed a responsive network in Asia's emerging markets, and with manufacturing and distribution hubs in eight countries outside Japan, including China and India, Takata is soundly positioned for the future.



Business year in review

The Asian region remained a powerful driver of automotive industry growth, and overall vehicle production increased significantly. Production in China increased more than 10% year on year, significantly higher than the growth of the previous year. Production in Thailand was supported by a recovery from the previous year's flooding and aided by government policies to support demand for new vehicle purchases. In Indonesia, production surged, reflecting solid domestic demand and further development as a base for vehicle exports.

Results and outlook

Takata's sales in the region increased 21.1% to ¥92,263 million, with substantially higher revenues in Thailand and in Indonesia, where a new plant began full-fledged production, along with higher revenues in China and India. Operating income increased 71.7% to ¥6,150 million, mainly due to the increase in sales.

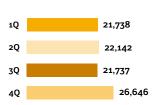
In the year ahead, as economic activity and disposable incomes increase, further expansion of vehicle production and sales are expected in most Asian nations, although not at the percentages seen in earlier years when the region was in its infancy as an automotive market. Growth in the Chinese automotive market is expected to ease amid a softening economy, with growth in India picking





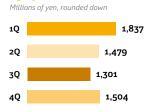
(Photos from top) Bekasi, Indonesia; Shanghai, China

Asia: Net sales by quarter Millions of yen, rounded down



*Figures calculated based on quarterly average exchange rates.

Asia: Operating income by quarter



Region as percentage of total sales





up from 2.2% to 3.1%. In Thailand, where production in the previous year surged 78.2% to a record 2.6 million units, vehicle production is forecast to decline by 3.5%.

New Global Engineering Service Center in India

Part of Commitment to "One World, One Takata" Globalization Initiative
Takata operates R&D centers in China and South Korea, and in 2012 established
Takata (Shanghai) Vehicle Systems Technical Center Co., Ltd., with full responsibility for product development, design and evaluation.

In January 2013, Takata established a new Global Engineering Service Center (GESC) at the headquarters of L&T Technology Services in Chennai, India. The new GESC will allow Takata to best serve its worldwide customers through safety systems innovations, high-quality technological support and reduced time-to-market.

The GESC facility is being operated as an advanced Global Development Centre, focusing on expansion and optimization over the next five-years. During that period, L&T Technology Services will provide mechanical and electronics engineering services for Takata technical centers located in Japan, the United States and Germany, and will work to improve product value and efficiency. The center will enhance global engineering research and development capabilities for next-generation automobile occupant safety and protection systems.

"We are continuously looking on a global basis to improve and innovate engineering in automobile safety systems," says Claus Rudolf, Executive Vice President of Global Engineering at Takata. "What we are doing in Chennai moves us closer to our dream of one day achieving a society with zero fatalities from traffic accidents."



"We are continuously looking on a global basis to improve and innovate engineering in automobile safety systems."

Claus Rudolf (above right), Executive Vice President of Global Engineering, with Girish Wardadkar, Chief Operating Officer of L&T-IES

China

Automobile sales continue to grow rapidly in China, and the region is becoming an important export base for global automakers.

Auto production trends for China

Thousands of vehicles

FY2014

18,834 (Forecast)

FY2013

17,513

FY2012

15,818

FY2011

15,518

FY2010

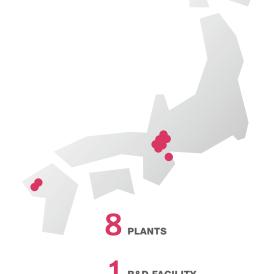
13,105

Source: IHS Worldwide Inc. Excluding trucks (as of July 2013)

Japan

Constant focus on innovation and efficiency

Takata is an acknowledged pioneer in Japan's automotive safety systems market, with a history of more than 50 years of innovation, technological development and commitment to ever higher levels of automotive safety. Japan is Takata's global headquarters, playing a central role in group management, cost control and product development strategy.





Business year in review

The overall manufacturing industry in Japan recovered from the 2011 earthquake and associated tsunami, and automobile production and sales both increased for the full year.

Total light vehicle production in Japan for the fiscal year reached 9 million units, an increase of 2.7%, despite a slowdown in the second half with the end of government eco-car subsidies and declining exports due to the strong yen.

Results and outlook

Takata's performance for the year was affected by the fall in auto production in the second half, and sales for the year decreased 2.3% to ¥99,889 million. Operating income increased 46.5% to ¥6,015 million, with active measures to reduce overall fixed costs more than compensating for the decline in sales.

Looking ahead, there is a certain amount of confidence emerging in the Japanese economy associated with expectations for new government policies. At the same time, however, there is uncertainty over the implementation and impact of a proposed increase in consumption tax in April 2014, and it is unclear whether a deep-rooted economic recovery will eventuate. Vehicle production in Japan is forecast by IHS Automotive to decrease by 3.4% for the fiscal year ending March





(Photos from top) Arita, Japan; Echigawa,

Japan: Net sales by quarter *Millions of yen, rounded down*

1Q 26,575 2Q 26,172 3Q 22,655 4Q 24,488

*Figures calculated based on quarterly average exchange rates.

Japan: Operating income by quarter

Millions of yen, rounded down

1Q 2,081

2Q 2,200

3Q 1,183

4Q 551

Region as percentage of total sales





2014, reflecting the absence of eco-car subsidies that boosted sales in the previous year, along with the ongoing influence of changing demographics and consumption patterns that are reducing demand for automobiles. There is some evidence that the weakening of the yen has temporarily supported domestic production levels of some export models, but the broad trend of automakers shifting production to countries with higher growth and lower manufacturing costs is likely to continue.

Takata will continue to invest in efficiency measures and globalizing the Group's business structure.



Takata was awarded the 2012 Good Design Award for its takata04-i fix series ISOFIX child seat for newborns and toddlers, the first in Japan to conform to European safety standards. The takata04-i fix, released last year, was developed with three key words in mind: simplicity, reliability and safety. With the ISOFIX system, installation does not require a seat belt. It incorporates a child seat and base completely separate from each other and uses a color indicator to display the installation status at a glance, enabling anyone to install it simply and reliably in 15 seconds. The Good Design Award is a comprehensive evaluation of design, awarded not only for aesthetics, but also for utility and benefit to lifestyles and society. This award joins many others that Takata has received over the years across its product portfolio.



"Looking ahead, there is a certain amount of confidence emerging in the Japanese economy associated with expectations for new government policies."

Japan

Total production of light vehicles in Japan has recovered from the impact of natural disasters in 2011, and domestic new vehicle registrations for the year gradually increased.

Auto production trends for Japan

Thousands of vehicles

FY2014

8,486 (Forecast)

FY2013

8,788

FY2012

8,573

FY2011

8,293

FY2010

8,320

Source: IHS Worldwide Inc. Excluding trucks (as of July 2013)

Global Regulations

Regulation as a driver of growth

A key driver of growth in the automotive safety products and systems industry is a general trend toward tougher safety regulations. New safety directives are being issued in major markets worldwide, and enhanced safety standards are also being progressively introduced in emerging markets.

EXAMPLES OF RECENT REGULATORY DEVELOPMENTS INCLUDE:

The Americas

U.S.

Revision of Federal Motor Vehicle Safety Standard (FMVSS) 214

This regulation for light vehicles (less than or equal to 3,855kg) requires a minimum percentage of all vehicles marketed to be fitted with enhanced side impact protection (the evaluation now includes oblique pole tests in addition to moving deformable barrier tests), increasing yearly from 20% from September 1, 2010 to 100% in 2014.

Federal Motor Vehicle Safety Standard (FMVSS) 226

Established on January 13, 2011, FMVSS226 is a regulation aimed at reducing the incidence of ejections of vehicle occupants through side windows in collisions. This regulation (for all passenger vehicles, light truck vehicles and buses less than or equal to 4,536kg) will require advanced side impact protection system that covers both front and rear seats, increasing yearly from 25% from September 1, 2013 to 100% in 2016.

Insurance Institute for Highway Safety (IIHS) Vehicle Ratings, Frontal Small Overlap Testing (from 2012)

IIHS Vehicle Ratings began Frontal Small Overlap Testing in 2012 and started announcing ratings results from August 2012. The test is carried out with an adult male dummy in the driver seat at an impact speed of 64km/h, and an overlap rate of 25% between the driver side of the vehicle and the barrier. The result is indicated under a four-scale rating by criteria of dummy injury measures, structural integrity, and more subjective kinematics and restraints. In addition to the standard TSP (Top Safety Pick), IIHS Vehicle Ratings grants "TSP+ (Top Safety Pick +)" to vehicles which perform well in five tests, including this Frontal Small Overlap test.

LATIN AMERICA

LATIN NCAP (from October 18, 2010)

Established on October 18, 2010, the Latin New Car Assessment Program is based on Euro NCAP, although its scope of evaluation is limited to offset frontal impact tests. Rating results of adult occupant protection and child occupant protection are published separately.

BRAZIL

CONTRAN Resolution 311/09 (established April 7, 2009)

This regulation makes it mandatory for passenger and light commercial vehicles to be fitted with front seat airbags. It was applied to all new vehicles from January 1st 2013, and is being applied progressively to all vehicles from 2010 through 2014.

CONTRAN Resolution 221/07 (established January 30, 2007)

This regulation introduces frontal impact criteria (an offset deformable barrier test similar to that required by European regulations or a full-wrap rigid barrier test similar to that required by US regulations). Currently all new types of vehicle must comply with this regulation, while current production models will be required to comply from January 2014.

ARGENTINA

Government-industry agreement on automotive safety standards* (effective November 16, 2009)

This regulation and agreement makes it mandatory for passenger and light commercial vehicles to be fitted with frontal airbags. It is being applied progressively to all vehicles from 2010 through 2014.

BRAZIL

CONTRAN Resolution 311/09 (established, April 7, 2009)

I-New car projects, local or imported:

Implementation date	Penetration rate
January 1, 2011	10%
January 1, 2012	30%
January 1, 2013	100%

II-Cars under production, local or imported:

Implementation date	Penetration rate
January 1, 2010	8%
January 1, 2011	15%
January 1, 2012	30%
January 1, 2013	60%
January 1, 2014	100%

ARGENTINA

Government-industry agreement on automotive safety standards*

ouroty other au	
Implementation date	Penetration rate
January 1, 2010	10%
January 1, 2011	15%
January 1, 2012	30%
January 1, 2013	60%
January 1, 2014	100%
* A - I - A I - A A I O I / O I	201445

*Acta Acuerdo ANSV-SICPYME-ADEFA-CIDOA de Fecha 16 de Noviembre de 2009

Global Regulations (cont.)

Europe

European New Car Assessment Program (Euro-NCAP)

On July 13, 2010, Euro NCAP announced the start of a new reward system known as Euro-NCAP Advance for emerging safety technologies such as lane departure warning, blind spot monitoring, attention assist, autonomous braking and emergency warnings. In accordance with a revision to protocols in July 2012, the additional weighting factor applied to Safety Assist will be raised from 10% to 20%, while that applied to Adult Occupant Protection will be lowered from 50% to 40% in 2014-2015 star ratings.

Revision to UN-Regulation No. 94 (UN-R.94) (from 2015)

UN-R.94, the regulation on the protection of the occupants in a frontal impact, which is adopted by the EU, Russia, Japan and other countries, is currently under consideration for revision, with a target year of enforcement set at 2015. A full-wrap rigid barrier test with a test speed of 50km/h will be conducted, in addition to a 40% overlap frontal impact test with a test speed of 56km/h which is specified in the existing UN-R.94 regulations. (*Note: In Japan, the full-wrap rigid barrier test with a test speed of 50 km/h has already been introduced as a legislative requirement.*)

Europe and Japan

Establishment of new Child Restraint System (CRS) Regulation (effective July 9, 2013 in the EU)

This new regulation requires that the Child Restraint System (CRS) is secured to the vehicle via ISOFIX, and that it restrains the child occupant directly and independently. This new regulation is to be enforced in July 2013 in the EU (and is expected to be enforced in the end of 2013 in Japan). The regulation includes some new requirements such as side impact test and impact test using new-generation dummies, while it is based on UN-Regulation No. 44 (UN-R.44), an existing regulation.

Japan

Revision of the Road Traffic Law (effective June 1, 2008)

This revision makes it legally mandatory for occupants in rear seats to wear seat belts.

Revision of Technical Standards for Seat Belts (effective October 1, 2006, completely adopted from July 1, 2012)

This revision makes it legally mandatory for all seats in passenger vehicles not exceeding 9 seats in capacity or 3,500kg in weight to be equipped with 3-point seat belts with retractors.

Revision of Japan New Car Assessment Program (JNCAP) (from FY2011)

This five-level scale rating for overall impact safety performance, which took effect from FY2011, is based on full-wrap frontal impact tests, offset frontal impact tests, side impact tests, rear impact tests, pedestrian protection tests (head and leg) and evaluation result of seat belt reminder equipment.

Asia

CHINA

Revision of China New Car Assessment Program (C-NCAP) (from 2012)

The test protocol for C-NCAP was revised in 2012. The test speed for offset frontal impact tests has been increased to 64km/h, and injury criteria of female dummies in the rear seat are used in the assessment. C-NCAP has also expanded to include an evaluation of advanced safety systems equipment, such as Safety Belt Reminder (SBR), Side/Curtain Airbags, ISOFIX anchorages and Electrical Stability Control (ESC).

INDIA

Frontal Impact Standard - AIS-098 / Side Impact Standard - AIS-099

The government of India is planning to adopt frontal and side impact requirements as part of its regulations. The effective date will be around 2016 for new types of vehicles and around 2019 for current production models. The technical standards, AIS-098 (frontal impact) and AIS-099 (side impact), are already available and are similar in content to European regulations.

ASEAN

ASEAN NCAP (from 2012)

Established in 2012, the ASEAN New Car Assessment Program (ASEAN NCAP) is based on Euro NCAP, although its scope of evaluation is limited to offset frontal impact tests. The first rating results of adult occupant protection and child occupant protection were published separately in January 2013. ASEAN NCAP has a rating system in which the highest rating is 5 stars. In adult occupant protection, ESC and SBR fitted in front seats are currently required to obtain 5 stars. Additionally, compliance with UNECE R.95 (a legislative requirement for side impact adopted in the EU, Japan, etc.) will be required to obtain 4 stars or 5 stars after the latter half of 2013.

INDUSTRY NEWS



NCAP (New Car Assessment Program):

An industry-run program designed to provide consumers with information on the safety of vehicle types, based on a star rating system. NCAPs have been adopted in Japan, the U.S., Europe, China, South Korea, Australia, South America, and ASEAN. The programs, methods and criteria of tests vary between regions. Unlike safety regulations issued by government authorities, NCAPs have no legal force, but their tests often involve stricter criteria than are required by government safety standards, making them important arenas for technological competition between automakers.

FY2013: Making headlines in the pursuit of safety

During the year to March 31, 2013, Takata made headlines with important new safety product developments, motor sport partnerships, and industry awards in many areas of our business. Some highlights are listed below.

Takata researcher receives NHTSA award for Safety Engineering Excellence

Chief Engineer Ryoichi Yoshida, of Takata's Research Division, received a U.S. Government Award for Safety Engineering Excellence from the NHTSA (National Highway Traffic Safety Administration) at the ESV (Enhanced Safety of Vehicles) Conference in Seoul on May 27, 2013.

The U.S. Government Awards for Safety Engineering Excellence recognize major achievements by researchers in the field of automotive safety research and safety measures, and are presented every two years at the ESV Conference. In the 33 years since its inauguration,

Yoshida is the first recipient from a Japanese automotive parts manufacturer. The NHTSA award recognized Yoshida's continued contribution to the development of collision safety systems since joining Takata in 1975, including his work on the Advanced Airbag System and the enhancement of child passenger protection systems.

Reflecting on the award with colleagues, Ryoichi Yoshida said that he was honored to join a distinguished list of previous recipients.

"I have attended many ESV conferences in the past, but never imagined being considered for such an award myself. Looking back, I can see that my career in product development has followed a similar trajectory to Takata's growth as a company. Initially, Takata was playing catch-up with the world, and my motivation was to develop products that would help bring Japan into the modern era of automotive safety. Eventually we started to compete on the same level as our overseas competitors, and began pioneering completely new ideas. This meant developing and producing new safety systems that did not exist anywhere in the world. It is immensely satisfying to have played a role in reaching the current stage of automotive passenger protection, where traffic fatalities are on the decline. But there is still so much more work to be done. Our challenge now is to create even more effective safety systems to address problems that society has only just begun to recognize."



Ryoichi Yoshida (center) receiving the NHTSA award for Safety Engineering Excellence



Takata receives top rating for child safety seats in Europe

Takata's child seats have received top ratings in safety tests conducted by German automobile club ADAC in cooperation with European partner clubs and Stiftung Warentest, Europe's leading consumer testing organization. The Takata Maxi child seat was awarded the highest score in the category II/III (4-12 years) out of 13 child car seats. In addition to its outstanding safety rating for side and front impact, testers praised the high quality, ease of use, ergonomics for children, and absence of harmful substances in its construction.

Takata in the News (cont.)

Takata develops world's first driverside airbag with flexible venting technology

Takata's Flexible Venting Technology Airbag (FVT Airbag), is the world's first driver-side airbag to incorporate a 'smart' pressure control mechanism





that allows the air vent to be controlled by the airbag itself, rather than via sensors on the vehicle. The airbag's unique design features a flexible cover over the vent hole on the rear side of the airbag which effectively controls the amount of gas in the airbag, enhancing its energy absorption and providing optimal protection for drivers of varied sizes in frontal impact situations.



Front Center Airbag, co-developed with GM, wins AJAC 'Best New Technology Award'

The Automotive Journalists Association of Canada (AJAC) selected the Front Center Airbag (FCAB) as their Best New Technology winner for 2013. The Front Center Airbag, co-developed by GM and Takata, was chosen from a wide variety of new technologies, including crash avoidance systems, brake technologies and other new industry innovations.

Takata and GM were also presented with an Innovation Partnership Award for co-development of the FCAB, at the 19th annual Premiere Automotive supplier's Contribution to Excellence (PACE) Awards.

Ryan Hunter-Reay claims 2012 IndyCar Series title with Takata support

Andretti Autosport's Ryan Hunter-Reay, who races with Takata's full racing harness seat belts, won the 2012 IZOD IndyCar Series Championship.

Ranked 2nd on championship points leading up to the 2012 IndyCar season finale held on September 15 at Fontana Auto Club Speedway (Fontana, USA), Hunter-Reay pulled off an upset by taking the checkered flag in 4th place to claim his first championship title.



Environment

Maximizing innovation to minimize environmental impact

In pursuing our core business of protecting human life, we are guided by a fundamental respect for nature, the source of all life. Our aim is to minimize the environmental impact of Takata's business activities, and to use innovation in R&D, manufacturing and distribution to improve environmental performance at each stage of our products' lifecycles.

At the design stage, we are developing lighter, more compact products that reduce the use of raw materials while contributing to vehicle fuel efficiency. At our production facilities, we have adopted environmental management systems to conserve energy and reduce water consumption, while reducing and recycling waste. We are also committed to minimizing the use of restricted and hazardous substances in order to curb the long-term impact of our products after the end of their useful lives.



We set quantitative environmental targets at all of our plants and facilities, encompassing energy conservation, waste material reduction, recycling and more. The majority of Takata's plants are ISO 14001 certified, and all employees and management are involved in ongoing environmental education and training initiatives.

Highland Industries achieves 100% recyclable status

Highland Industries, Inc., a leader in industrial and automotive textile product solutions, and affiliate of the global Takata Group, completed an 18-month environmental stewardship project to become a landfill waste free manufacturing company. Highland formed a partnership with ICE Recycling (Industrial Conservation Engineering) to develop a systematic approach to reaching the goal of "landfill free", with ICE providing training for Highland's employees on the proper ways to collect and segregate waste. Under the system, segregated waste is compacted and shipped to locations for recycling into a variety of end products—such as carpet fibers, flower pots and composite lumber. The "landfill free" goal was reached on September 30, 2011, when the last dumpster of plant waste was transported to the local landfill.

The company's plants have received awards for their environmental achievements, including The Honda Green Factory Award, North Carolina Waste Reduction Award, Forsyth County Special Environmental Company of the Year Award and Special Recognition Award from the South Carolina State Treasurer Office.

REACH

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is an EU regulation that makes companies responsible for assessing and managing the risks posed by chemicals and providing appropriate safety information to users.

Companies that fail to comply with REACH are not allowed to produce and distribute chemicals in the EU. The regulation also applies to products manufactured and imported from outside the EU. When the REACH initiative became effective in 2007, Takata immediately started an internal REACH program, and since then has maintained systems throughout our Group companies globally to ensure that Takata materials and products comply with this regulation.



"At the design stage, we are developing lighter, more compact products that reduce the use of raw materials while contributing to vehicle fuel efficiency. At our production facilities, we have adopted environmental management systems to conserve energy and reduce water consumption, while reducing and recycling waste."

Society

Earning trust through social contribution

Throughout our decades of developing automotive safety technology, we have endeavored to earn the trust of society while increasing the corporate value of Takata by approaching our work with sincerity and commitment. We contribute to society in a broader sense through our engagement in cutting-edge safety research, our involvement in safety awareness campaigns and other community activities, and by supporting humanitarian relief in disaster zones.

Supporting the activities of Mothers Against Drunk Driving (MADD)

Driving under the influence of alcohol is the most frequently committed violent crime in the U.S., and Takata has worked together with MADD for many years, supporting its activities to reduce the devastating impact of this antisocial behavior. MADD was founded in 1980 by a group of mothers following a hit-and-run incident in California caused by a habitually drunk driver that resulted in the death of a minor. Our alliance with MADD is a natural fit, as we are both committed to protecting lives and improving social norms in the field of transportation. Buckled up, sober drivers are fundamental to traffic safety, and we plan to continue our affiliation with MADD as one part of our responsibility as a supplier of automotive safety systems and products.



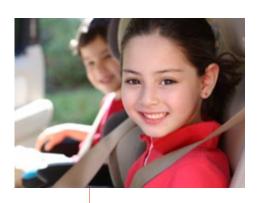
CHOP is one of the top pediatric hospitals in the United States, and Takata has supported its activities to develop effective treatments for children who suffer from brain-trauma and other injuries from traffic accidents. We have also worked jointly with CHOP to develop a child dummy abdominal damage assessment tool by utilizing the adult dummy abdominal damage assessment tool developed by the Ford Motor Company. This was done jointly with the Automobile Safety Research Institute at the University of Virginia and other groups with high-level technology in this area.

Looking ahead, we will continue to support the activities of CHOP, until our dream of reducing the number of victims of traffic accidents to zero comes true.

Takata supports Nihon Kotsu's "Kids Taxi" with child seats

Tokyo's leading taxi company, Nihon Kotsu Co., operates a Kids Taxi service, providing services for bringing newborn babies home from the hospital, and transporting children to and from school and private lessons. Drivers are specially chosen from Nihon Kotsu's staff and are qualified in areas including first aid and childcare.

In 2012, Takata joined forces with Nihon Kotsu, providing Takata's takata04-i fix ISOFIX-compatible child seats for its new fleet of Prius Wagons. The takata04-i fix received the highest classification in the Japanese NASVA's FY2011-2012 child seat assessment. Takata's partnership with Nihon Kotsu ensures all Kids Taxi vehicles are equipped with Takata child seats, which conform to the latest safety standards. Takata has also arranged child seat classes to ensure drivers install the child seats correctly.



"Throughout our decades of developing automotive safety technology, we have endeavored to earn the trust of society while increasing the corporate value of Takata by approaching our work with sincerity and commitment."

Corporate Governance

Fundamental philosophy

Our policy at Takata is to grow Group business and increase shareholder value over the long term via sustainable improvement in earnings power. We believe that achieving this aim requires management that is both efficient and transparent, and that ensuring the transparency of management is important for the effective function of corporate governance mechanisms. Balancing the two elements of efficiency and transparency is a management priority.

We have a number of initiatives and structures in place through which we seek to enhance compliance systems, promote timely and efficient decision-making, and ensure transparency in operational execution. These relate primarily to:

- Strengthening monitoring and supervisory functions
- Constructing internal control systems for the entire Group, including overseas subsidiaries, and ensuring the appropriate operation of these systems
- Enhancing accountability through measures to improve timely disclosure

Organization and internal controls

Executive officer system

We believe that our system of executive officers enables us to respond rapidly and appropriately to changes in the business environment. The board of directors is the body responsible for overall decision-making and supervision of Takata policy, while the executive officers have the role of supervising the execution of business operations. Through separating functions in this way, we aim to realize an efficient form of management that facilitates the maintenance of a strong competitive position.

Decision-making process

The board is the supreme decision-making body for the whole Group, responsible for all key decisions relating to Takata's overall operations. The board of directors meets regularly once per month, and holds extraordinary meetings as necessary. The board currently comprises six directors, including one outside executive director.

An executive committee meeting, comprising all directors and executive officers, convenes regularly more than 12 times per year, with the aim of ensuring company-wide integration of operational decision making.

Operational execution

Takata Corporation has ten executive officers, each of whom is directly involved in the execution of operations through being allocated responsibility for either a business function or a region. Through the executive committee meeting, the board of directors maintains a comprehensive grasp of the status of operational execution in all divisions, while also providing directives to each division as appropriate through the executive officers.

Corporate Governance (cont.)

The executive officers are responsible for executing operations in a timely and proper manner, and provide the board of directors with proposals and reports on a range of operational matters.

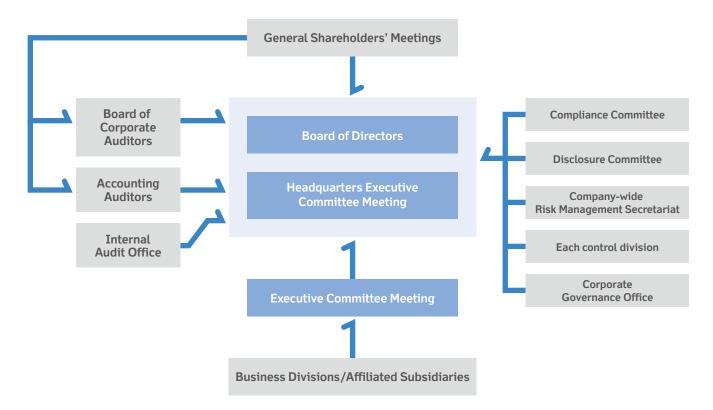
An internal audit office reports directly to the chief executive officer (board of directors and headquarters executive committe meeting), as a self-inspection function concerning the status of the execution of operations. Internal auditors undertake operational audits of each division and of subsidiaries. Internal auditors are also allocated overseas at each regional controlling company in the Americas, Europe and Asia, to audit subsidiaries either independently or jointly with the internal audit office at company headquarters in Tokyo. The internal audit office collaborates and shares information with the corporate auditors and the independent auditors, with the aim of maximizing the effectiveness of auditing activities.

Monitoring of management

The board of corporate auditors comprises four corporate auditors, including two outside corporate auditors. Corporate auditors attend meetings of the board of directors, monitor the activities of management, and undertake operational audits of each division and subsidiary in line with auditing policies and plans that they have prepared.

In addition to exchanging opinions and discussing matters as necessary to increase the validity and effectiveness of audits, corporate auditors implement joint audits with the internal audit office and engage in a variety of measures to stay abreast of pertinent company information.

The Company's business execution, management auditing and internal control structure is shown below.



Board of Directors, Corporate Auditors, and Executive Officers

Chairman, CEO and Representative Director

Shigehisa Takada*

President, COO and Representative Director

Stefan Stocker*

Executive Directors/Senior Executive Officers

Yoshiyasu Kikuchi*

Noriyuki Kosugi*

Yasuhiko Ueno*

Hiroshi Nishioka* (Outside Executive Director)

*Member of the board

Corporate Auditors

Mitsugu Hamamura

Kazuo Morita

Fumihiko Kawamura (Outside Auditor)

Chihaya Takada (Outside Auditor)

Executive Officers

Robert Fisher

Yoshihiko Tanaka

Claus Rudolf

Shinichi Tanaka

Yoichiro Nomura

As of June 2013

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Management's Discussion and Analysis

Note: The information presented below is based on extracts from material originally released in Japanese. The original material remains definitive. All comparisons are with the previous fiscal year (the year ended March 31, 2012)

Operating environment and market overview

During the fiscal year, the global economy continued to improve, supported in the US by improved employment figures, a bottoming out of the residential housing and other consumer markets, and a number of active financial policies. In Europe, however, the economic weakness continued, with the debt crisis remaining entrenched, the employment situation worsening, and weak consumer spending leading to a fall in imports. In Asia, growth in China and ASEAN countries continued, supported by strong domestic demand despite a fall-off in exports to Europe. In the Japanese economy, which has depended on demand from earthquake recovery and domestic consumption, a slowing of activity was apparent, but with the start of the new calendar year aggressive government financial policies led to a fall in the yen's strength and a climb in the stock market, with widening expectations of economic recovery.

Against this economic backdrop, vehicle production and sales in North America increased strongly amid firm economic recovery. In contrast, in European markets the impact of the protracted debt crisis led to an ongoing downward trend in vehicle production and sales. In Asia, production and sales increased in China, Thailand and broadly across most of the region, driven by generally robust economic activity. In Japan, where manufacturing has recovered from the decreases in production that accompanied the 2011 earthquake, production and sales both increased for the full year, despite a slowdown in the second half with the end of government eco-car subsidies.

Reflecting this business environment, Takata Group continued a number of measures, including diversifying Takata's managers and executives and globalizing the organization and personnel, aimed at aligning the Group's organization with the ongoing globalization and specific needs of Takata's automaker customers. In production, Takata pursued further initiatives to optimize the manufacturing plant footprint. This included launching manufacturing operations at a new South American airbag cushion plant in Uruguay to meet demand in Brazil, where front airbags are becoming mandatory, and Argentina, where the adoption rate of airbags is increasing. Takata also acquired SDI Molan GmbH & Co. KG, which produces initiators and micro gas generators for airbags, seat belt pretensioners and other safety devices. In R&D, Takata is pursuing the development of innovative safety systems, introducing state-of-the-art crash simulation technology with the installation of servo sleds that incorporate pitching motion to enable highly accurate reproduction of actual crash scenarios.

The Group has been focusing on new product development, commercializing a revolutionary Flexible Venting Technology Airbag (FVT Airbag) that allows the airbag itself to control venting for a wide range of impact situations and occupant sizes. Takata has also succeeded in commercializing the world's first Front Center Airbag, a revolutionary innovation to save lives from side impacts. The high level of international recognition for Takata's technology is reflected in awards such as the Canadian AJAC award for Best Technology and the internationally acclaimed Automotive News' PACE Award.

ANALYSIS OF RESULTS

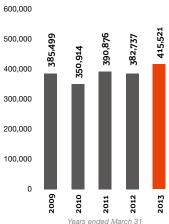
Consolidated net sales and operating income

Consolidated net sales for the year increased 8.6% to $\pm415{,}521$ million, mainly reflecting higher revenues in the Americas and Asia. Operating income increased 6.4% to ¥14,493 million.

Consolidated ordinary income and net income

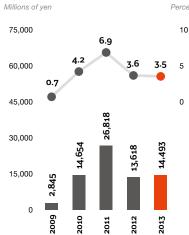
Consolidated ordinary income increased 26.3% to ¥17,050 million. Concomitant with customer recalls, a product warranty reserve was recorded as a special loss, resulting in a net loss for the year of ¥21,122 million, compared to net income of ¥11,937 million for the previous year.

Net sales Millions of ver

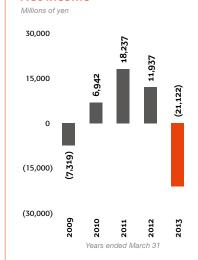


Operating income and operating income margin





Net income



RESULTS BY GEOGRAPHIC REGION

Global revenue structure

The Takata group of companies operates in the three key regions of the Americas, Europe, and Asia (including Japan). Takata has a global revenue structure, significant portions of which derive from each of these regions. Takata's management structure is organized into four units corresponding to Japan, the Americas, Europe, and Asia. Net sales and operating income by geographical region were as follows.

(1) Japan

In Japan, vehicle production increased in the first half of the year, showing recovery from decreased production due to the earthquake in the previous year. However, production in the second half of the year decreased, influenced by the fall in domestic demand following the end of eco-car subsidies, with the result that for the full year production increased only marginally. Takata's performance for the year was affected by the fall in auto production in the second half, and sales for the year decreased 2.3% to ¥99,889 million. Operating income increased 46.5% to ¥6,015 million, with active measures to reduce overall fixed costs more than compensating for the decline in sales.

(2) The Americas

In the Americas, ongoing economic recovery supported a double-digit increase in vehicle production year on year. As a result, Takata's net sales increased 17.6% to ¥180,018 million. This large sales increase was reflected in significantly higher operating income, and although production costs increased with higher personnel expenses at Takata's Mexico plant and with higher shipping and other such costs, operating income increased from ¥128 million to ¥4,592 million.

(3) Europe

Within Europe, the protracted financial crisis led to a large decline in vehicle production in the region, including in financially sound Germany. Despite this large decline in industry vehicle production, Takata's sales decreased by only 1.1%, to ¥115,357 million, supported by higher sales to the Russian market accompanying the start of full production at Takata's plant in Russia. At the operating level, an operating loss of ¥2,008 million was recorded, compared to operating income of ¥5,785 million in the previous year. This was primarily due to a large increase in development costs associated with new projects, the establishment of a provision for non-performing long-term receivables, and costs connected with the establishment of the plant in Russia, in addition to regular R&D expenses.

(4) Asia

In Asia, vehicle production increased significantly, supported by a recovery from the flooding in Thailand that was aided by government policies to support demand for new vehicle purchases. Although growth in China was not as strong as that seen in the previous year, vehicle production did increase, supported by strong ongoing internal demand. Takata's sales in the region increased 21.1% to ¥92,263 million, reflecting substantially higher revenues in Thailand and in Indonesia, where a new plant began full-fledged production, along with higher revenues in China and India. Operating income increased 71.7% to ¥6,150 million, mainly due to the increase in sales.

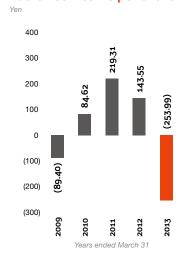
(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Total	Eliminations and Corporate (Note 1)	Consolidated (Note 2)
Net sales (1) Sales to external customers	¥64,716	¥166,462	¥108,590	¥75,752	¥415,521	¥ —	¥415,421
(2) Inter-segmental sales or transfers	35,173	13,556	6,766	16,510	72,006	(72,006)	_
Total	¥ 99,889	¥180,018	¥115,357	¥92,263	¥487,528	¥(72,006)	¥415,521
Segment operating income (loss)	¥ 6,015	¥ 4,592	¥ (2,008)	¥ 6,150	¥ 14,749	¥ (256)	¥ 14,493

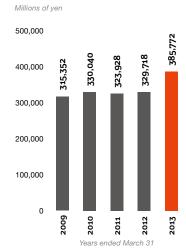
Notes: 1. 'Eliminations and corporate' in segment operating (loss) of (¥256) million includes (¥183) million in eliminations of inter-segment sales and (¥72) million in goodwill amortization.

2. Segment operating income is adjusted to operating income in the consolidated statements of operations.

Basic net income per share



Total assets



FINANCIAL POSITION

1. Total assets

Total assets at the end of the fiscal year were ¥385,772 million, of which the greater proportion was current assets of ¥263,299 million (68.3%). Fixed assets were ¥122,472 million (31.7%). The current ratio of 172.4% and the ratio of fixed assets to long-term capital of 52.6% demonstrate the stability of Takata's financial position

Total assets as of March 31, 2013 had increased by ¥56,054 million compared to one year earlier, mainly due to an increase in translation adjustments on foreign-currency denominated assets due to yen depreciation since the end of the previous fiscal year.

2. Liabilities

Total liabilities at the end of the fiscal year were ¥231,687 million, comprising current liabilities of ¥152,740 million and long-term liabilities of ¥78,946 million. The ratio of total liabilities to total assets was 60.1%.

Compared to one year earlier, total liabilities as of March 31, 2013 had increased ¥63,154 million, mainly due to an increase in translation adjustments on foreign-currency denominated liabilities due to yen depreciation since the end of the previous fiscal year, along with increase of warranty reserve and interest-bearing debt.

3. Net assets

Total net assets as of March 31, 2013 were ¥154,085 million. This included shareholders' equity of ¥152,360 million, consisting mainly of capital of ¥41,862 million, capital surplus of ¥42,328 million, and retained earnings of ¥89,663 million. The capital adequacy ratio was 39.5%.

Compared to one year earlier, net assets as of March 31, 2013 had decreased ¥7,101 million. This was primarily due to the impact of the ¥21,122 million net loss for the year, which was only partially offset by a ¥16,135 million increase in foreign currency translation adjustments.

CASH FLOWS

Cash and cash equivalents ("cash") as of March 31, 2013 was ¥87,491 million, ¥20,228 million higher than at the end of the previous fiscal year.

A summary of cash flows in the year is as follows.

Operating activity cash flows

Net cash provided by operating activities was ¥23,460 million, compared to net cash of ¥3,573 million provided in the previous fiscal year. The increase was due mainly to an increase in accounts receivable and a decrease in the amount of income taxes paid.

Investing activity cash flows

Net cash used in investing activities was ¥16,501 million, compared to net cash of ¥26,791 million used in the previous year. This was mainly due to decreases in both capital expenditure and acquisitions of shares of subsidiary companies.

Financing activity cash flows

Net cash provided by financing activities was ¥7,619 million, compared to net cash of ¥556 million used in the previous year. The main factor was an increase in proceeds from long-term borrowing compared to the previous fiscal year.

PRODUCTION, ORDERS AND SALES

Production

Fiscal year ended March 31, 2013

(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Total
Production	¥100,149	¥182,162	¥115,404	¥92,587	¥490,302
As percentage of previous year	98.4%	118.7%	100.2%	120.5%	109.6%

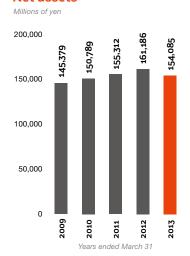
Notes: 1. Figures shown are based on sales prices and prior to internal transfers between segments.

2. Above figures do not include consumption tax, etc.

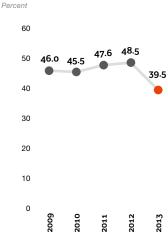
Orders

Takata and its consolidated subsidiaries manufacture and sell products across a wide range of types. Since the automakers that are Takata's customers adhere to just-in-time production methods, the timeframe between the placement of orders to Takata Group and the time of delivery is extremely short. It is therefore not possible to indicate the scale of orders in terms of monetary value or volume.

Net assets

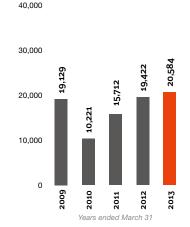


Capital adequacy ratio



nded March 31

Millions of ver



Capital expenditure

Sales

Fiscal year ended March 31, 2013

(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Total
Sales	¥64,716	¥166,462	¥108,590	¥75,752	¥415,521
As percentage of previous year	91.1%	118.5%	98.3%	124.6%	108.6%

Notes: 1. Inter-seament sales have been eliminated.

CONSTRUCTION, RETIREMENT AND STATUS OF FACILITIES

As of March 31, 2013

Plans for major projects in the construction of new facilities and retirement of existing facilities are outlined as follows.

(1) Construction of new facilities

As part of its production activities, Takata Group establishes new factories and R&D facilities, while continuously renewing and expanding production line facilities in existing factories and R&D assessment facilities.

The main new facilities planned for construction during the fiscal year ending March 31, 2014 are listed below.

					nated nt amount			
Company Name	Location	Business segment	Outline of facilities	Total amount (Million yen)	Amount already paid (Million yen)	Funding method	Date commenced	Scheduled completion date
Takata India Private Limited	Chennai & Neemrana (India)	Asia	Manufacturer of seat belts, airbags, steering components; evaluation facility	¥4,222	¥2,898	Retained earnings, borrowing	Jan. 2008	Mar. 2014
TAKATA-TOA CO., LTD	Bangkok (Thailand)	Asia	Manufacturer of steering components	¥1,453	¥872	Retained earnings	June 2011	April 2013

(2) Retirement of facilities

Aside from the routine retirement of facilities for the purpose of renewal, the Company has no major plans for the retirement of its existing facilities.

(3) Status of major existing facilities

Major facilities of the Takata Group are as follows.

(1) Parent company

			Book value (million yen)						
Plant (Location)	Outline of facilities	Buildings and structures	Machinery and delivery equipment	Land [area in m²]	Others	Total	time employees [temporary employees]		
Hikone Plant (Hikone, Shiga)	Manufacture of seat belts	610	314	493 [77,162]	79	1,497	229 [18]		
Echigawa Plant (Echi, Shiga)	Manufacture of seat belts; R&D	2,971	229	1,324 [97,544]	420	4,946	612 [41]		
Nagahama Plant (Nagahama, Shiga)	Manufacture of other products	68	41	645 [13,088]	2	757	12 [1]		
Aisho Plant (Echi, Shiga)	Manufacture of other products	169	3	331 [27,241]	2	507	10		

Note: All sites are within the Japan segment.

(2) Domestic subsidiaries

				Book value (million yen)				
Company name	Plant (Location)	Outline of facilities	Buildings and structures	Machinery and delivery equipment	Land [area in m2]	Others	Total	time employees [temporary employees]
Takata Kyushu Corporation	Taku Plant (Taku, Saga)	Manufacture of seat belts and airbags	425	194	464 [36,598]	50	1,135	316 [119]
Takata Kyushu Corporation	Arita Plant (Nishimatsuura, Saga)	Manufacture of seat belts	859	574	577 [134,329]	72	2,083	75 [24]

Note: All sites are within the Japan segment.

^{2.} Above figures do not include consumption tax, etc.

(3) Foreign subsidiaries

The Americas

				Во	ook value (million ye	en)		Number of full-
Company name	Plant (Location)	Outline of facilities	Buildings and structures	Machinery and delivery equipment	Land [area in m²]	Others	Total	time employees [temporary employees]
TK HOLDINGS INC.	Monclova (Mexico)	Manufacture of airbags	1,745	2,974	288 [348,667]	1,481	6,489	4,026
TK HOLDINGS INC.	Moses Lake (United States)	Manufacture of airbags	1,221	485	 [1,141,210]	1,074	2,781	281
TK HOLDINGS INC.	Monterrey (Mexico)	Manufacture of seat belts and other products	932	1,248	154 [33,867]	643	2,978	3,208
TK HOLDINGS INC.	Torreon (Mexico)	Manufacture of airbags	698	796	215 [166,711]	316	2,027	2,258
Highland Industries, Inc.	Cheraw (United States)	Manufacture of other products	582	1,518	133 [209,626]	38	2,273	387
TAKATA BRASIL S.A.	Jundiai (Brazil)	Manufacture of other products	157	1,258	1 [35,753]	752	2,170	1,457

Note: TK HOLDINGS INC. leases land at the Moses Lake Plant for an annual fee of ¥17 million.

Europe

				Во	ook value (million ye	en)		Number of full-
Company name	Plant (Location)	Outline of facilities	Buildings and structures	Machinery and delivery equipment	Land [area in m²]	Others	Total	time employees [temporary employees]
TAKATA AG	Aschaffenburg (Germany)	Manufacture of airbags and other products	956	1,452	1,570 [191,275]	1,378	5,358	1,481 [41]
TAKATA Romania S.R.L.	Arad (Romania)	Manufacture of seat belts and other products	1,533	1,495	108 [194,500]	1,258	4,395	4,089 [15]
TAKATA Sibiu S.R.L.	Sibiu (Romania)	Manufacture of airbags	842	569	87 [75,300]	63	1,562	2,203
TAKATA Sachsen GmbH	Freiberg (Germany)	Manufacture of airbags	819	981	 [10,500]	168	1,969	282 [35]
TAKATA AG	Berlin (Germany)	Manufacture of automotive safety devices; R&D facilities	840	261	163 [17,177]	757	2,023	403 [31]

Note: TAKATA Sachsen GmbH leases land belonging to Freiberg Plant for an annual fee of ¥3 million.

Asia

				Book value (million yen)				
Company name	Plant (Location)	Outline of facilities	Buildings and structures	Machinery and delivery equipment	Land [area in m²]	Others	Total	time employees [temporary employees]
TAKATA TOA CO., LTD.	Chachoengsao (Thailand)	Manufacture of seat belts, airbags and steering components	1,408	766	921 [70,528]	1,179	4,275	1,305 [382]
Takata (Shanghai) Automotive Component Co., Ltd.	Shanghai (China)	Manufacture of seat belts, airbags and steering components	989	920	<u> </u>	409	2,318	2,473

Note: Takata (Shanghai) Automotive Component Co., Ltd. leases part of its Shanghai Plant for an annual fee of ¥10 million.

TAKATA GROUP COMPANIES

Name	Location	Capital	Main business activities	Percentage of voting rights (%)	Relationship
Consolidated Subsidiaries					
Takata Kyushu Corporation *1	Taku (Saga Prefecture)	JPY70 million	Manufacture of seat belt components and airbags	100	Manufacture of Takata seat belts and airbags. Concurrently posted directors: 1
TAKATA (Europe) GmbH *1	Aschaffenburg (Germany)	EUR3 million	Europe regional holding company	100 (99.3)	Concurrently posted directors: 1
TAKATA Sachen GmbH	Saxony (Germany)	EUR1 million	Manufacture and sale of airbags and inflators	100 (100)	Sale of raw materials for airbags, etc.
TAKATA AG *4	Aschaffenburg (Germany)	EUR10 million	European headquarters; manufacture and sale of automotive safety products; R&D	100 (94)	Sale of raw materials for seat belts, etc.
TAKATA Romania S.R.L. *1	Arad (Romania)	EUR32 million	Manufacture and sale of seat belts and other products	100 (100)	Sale of raw materials for seat belts, etc.
TAKATA South Africa (Pty.) Ltd	Capetown (South Africa)	ZAR0 million	Manufacture and sale of seat belts, airbags, and other products	100 (100)	_
TAKATA Parts, s.r.o.	Dolní Kalná (Czech Republic)	EUR1 million	Manufacture of airbags and other products	100 (100)	Sale of raw materials for seat belts, etc.
TAKATA Parts Polska Sp. z o.o. *1	Krzeszów (Poland)	EUR31 million	Manufacture of seat belts and airbags	100 (100)	Sale of raw materials for seat belts, etc.
TAKATA Sibiu S.R.L.	Sibiu (Romania)	EUR9 million	Manufacture of base fabric for airbags	100 (100)	Sale of raw materials for airbags
Takata International Finance B.V. *1	Amsterdam (The Netherlands)	EUR409 million	Overseas subsidiary holding company	100	_
Takata Asia Pte Ltd	Singapore	SGD36 million	Procurement and sale of seat belt and airbag components	100 (100)	Procurement of raw materials for seat belts and airbags, etc. Concurrently posted directors: 1
TAKATA CPI SINGAPORE PTE LTD	Singapore	USD8 million	Manufacture of seat belt and airbag components	51 (51)	Procurement and sale, of raw materials for seat belts and airbags, etc.
Takata (Philippines) Corporation *1	Laguna (Philippines)	USD35 million	Manufacture and sale of seat belt webbing, base fabric for airbags, and airbags	100 (100)	Procurement of raw materials for seat belts, procurement and sale of raw materials for airbags, and receipt of royalties, etc. Concurrently posted directors: 1
TAKATA-TOA CO., LTD.	Bankok (Thailand)	THB200 million	Manufacture and sale of seat belts, airbags, and other products	90 (90)	Procurement of raw materials for airbags, sale of raw materials for seat belts, and receipt of royalties, etc. Concurrently posted directors: 1
TAKATA KOREA CO., LTD. *1	Seoul (Korea)	KRW54,107 million	Sale of seat belts, airbags, and other products	100 (100)	Sale of raw materials for seat belts, etc. Concurrently posted directors: 1
Takata (Shanghai) Automotive Component Co., Ltd. *4	Shanghai (China)	RMB165 million	Manufacture of seat belts, airbags, and other products	100 (100)	Procurement and sale of seat belts, airbags and other products, and receipt of royalties, etc. Concurrently posted directors: 1
TAKATA (CHANGXING) SAFETY SYSTEMS CO., LTD.	Chángxing (China)	RMB140 million	Manufacture of inflators	100	Sale of airbag components and procurement of inflators, etc. Concurrently posted directors: 1
TAKATA INDIA PRIVATE LIMITED.	Gurgaon (India)	INR1,744 million	Manufacture and sale of seat belts, airbags, and other products	75 (75)	Sale of seat belt components, etc. Concurrently posted directors: 1
Takata Americas*1	North Carolina (United States)	_	Americas regional holding company	100 (100)	_
TK HOLDINGS INC. *1, 4	North Carolina (United States)	USD0 million	Americas headquarters, holding company; manufacture and sale of automotive safety products; R&D	100 (99.6)	Sale of seat belt and airbag components, and procurement of inflators, etc. Concurrently posted directors: 1
Irvin Automotive Products Inc.	Michigan (United States)	USD0 million	Manufacture and sale of other products	100 (100)	_
Highland Industries, Inc.	North Carolina (United States)	USD0 million	Manufacture and sale of other products	100 (100)	Concurrently posted directors: 1
TAKATA BRASIL S.A. *1	São Paulo (Brazil)	BRL192 million	Manufacture and sale of seat belts, airbags, and other products	98.7 (98.7)	Sale of raw materials for seat belts, etc.

Others: 37 Companies

- Notes: 1. Specified subsidiary

 2. None of the above companies issue security registration statements (Yuka Shoken Todokedesho) or financial reports (Yuka Shoken Hokokusho)

 3. Figures in parentheses after "Percentage of voting rights" indicate indirect holdings through subsidiaries.

 4. Net sales (excluding internal sales between consolidated subsidiaries) of the following subsidiaries exceeds 10% of consolidated net sales. Figures shown below include internal transactions between consolidated subsidiaries

(Millions of yen, rounded down)

	TK HOLDINGS INC.	TAKATA AG	Takata (Shanghai) Automotive Component Co., Ltd.
Net sales	¥121,984	¥49,368	¥55,405
Ordinary (loss) income	(29,401)	432	3,032
Net (loss) income	(36,133)	146	2,295
Net assets	15,726	19,738	29,746
Total assets	¥ 77,738	¥73,154	¥44,369

EMPLOYEES

(1) Consolidated

Business segment	Employees as of March 31, 2013				
Japan	1,308 (328)				
The Americas	20,808 (4,745)				
Europe	11,440 (530)				
Asia	2,596 (1,636)				
Total	36,152 (7,239)				

*Notes: 1. The number of employees reflects full-time employees, excluding Takata Group staff seconded to companies outside the Group, but including staff seconded to Takata Group from outside companies. The figure in brackets denotes the average number of temporary employees (including part-time and seasonal staff) engaged during the past year.

(2) Non-consolidated

Employees	Average age	Average period of employment	Average annual salary
1,000 (80)	39.1	13.6 years	¥6,210,780

*Notes: 1. Data refers to the Japan business segment

(3) Labor Unions

The union organization pertaining to Takata's operations is The Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Unions. As of March 31, 2013 a total of 891 employees were members of this organization.

To date, no particular areas of conflict have arisen between management and employees, and relationships are proceeding appropriately.

DIVIDENDS

Takata maintains a principle of utilizing retained earnings for capital investment in future growth areas, while also ensuring a sound financial position by utilizing retained earnings to repay loans as appropriate. At the same time the Company positions returns to shareholders as a key management priority and maintains the basic principle of making stable dividend payments from a long-term perspective.

The Company has a basic policy of paying dividends twice per year in the form of interim and year-end payments. It is stipulated in the Company's articles of incorporation that the distribution of surplus through the payment of dividends shall be determined by a resolution of the board of directors in accordance with Article 459, clause 1 of the Companies Act in Japan.

The total dividend for the fiscal year ended March 31, 2013 was ¥30 per share, comprising the interim dividend of ¥15 per share and a year-end dividend of ¥15 per share implemented following resolution of a board of directors meeting on May 23, 2013. Details of dividends paid with respect to the fiscal year ended March 31, 2013 are as shown below.

Date of resolution	Total dividend (Million yen)	Per share dividend (¥)
Nov. 22, 2012	¥1,247	¥15
May 23, 2013	¥1,247	¥15

SHARE PRICE INFORMATION

(1) Share price range over past five fiscal years

Fiscal years ended March:	2009	2010	2011	2012	2013
High (¥)	¥2,630	¥2,437	¥2,750	¥2,535	¥2,257
Low (¥)	¥554	¥ 805	¥1,593	¥1,453	¥1,329

Note: Share prices indicated are based on quotes from Tokyo Stock Exchange (1st section)

(2) Monthly share price range over past six months

Month	Oct. 2012	Nov. 2012	Dec. 2012	Jan. 2013	Feb. 2013	Mar. 2013
High (¥)	¥1,468	¥1,691	¥1,795	¥1,870	¥2,004	¥1,941
Low (¥)	¥1,329	¥1,348	¥1,599	¥1,680	¥1,563	¥1,605

Note: Share prices indicated are based on quotes from Tokyo Stock Exchange (1st section)

^{2.} The number of employees reflects full-time employees, excluding Takata Group staff seconded to companies outside the Group, but including people seconded to Takata Group from outside companies. The figure in brackets denotes the average number of temporary employees (including part-time and seasonal staff) engaged during the past year.

^{3.} Average annual salary represents figures as of March 31, 2013, and includes annual bonuses and non-standard salary.

STRATEGY AND KEY ISSUES

Over the long term, global automotive production volumes are expected to grow steadily, despite current concerns about weakness in Europe and a slowdown in emerging markets such as China, India and other parts of Asia. At Takata Group, we aim to grow sales and expand our market share by increasing activity in existing markets while developing new products and strengthening our production capacity in newer markets.

In the field of active safety, we aim to develop the next generation of safety systems by enhancing our basic research structure and developing applications that meet emerging needs in society. We intend to serve our customers more closely by ensuring a rapid decision-making process from a global perspective, supported by an optimized organizational structure and careful fostering of human resources.

We are committed to strengthening cost control, and will continue efforts to address higher raw materials costs through reducing purchase prices, shifting to local procurement, transferring operations to low cost countries, and other measures to strengthen our management foundation and competitiveness.

Takata Group's management approach is founded on the principle of 'Quality First', and by ensuring that the importance of quality is recognized at every stage of the value chain, from product development and materials procurement through to production and customer service, we aim to earn and retain the trust of our customers.

POLICY ON MANAGEMENT OF CONTROL OVER THE COMPANY

In cases where an investor seeks to acquire a large volume of shares in the Company, we believe that the final decision on whether such an acquisition should be approved is a matter to be addressed by all shareholders. In order to ensure an appropriate deliberation process, we believe that it is essential to receive appraisal and comment on any such acquisition proposals from independent advisors, in addition to receiving information from the proposed acquirer.

Takata's policy is not to contest proposed share acquisitions, even of large volumes, that contribute to the societal mission of Takata and its associated enterprise and shareholder value. Shareholders define valuations through free transactions in the marketplace, and as a matter of principle, persons responsible for determining a company's financial and business policy should base their decisions on the will of all shareholders. However, in recent years there has been a significant number of persons acquiring large volumes of shares in the marketplace whose actions have not contributed to the enterprise and shareholder value of target companies, evidenced by such initiatives as: proposing actions that would clearly damage corporate and shareholder value; undertaking actions that have the potential to effectively force other shareholders to sell their shares; or proposing large scale share acquisitions without allowing the board of directors or other shareholders of the target company sufficient time to consider the proposal or present an alternative proposal.

Takata believes that persons that pursue inappropriate large scale share acquisition proposals of the nature listed above or similar such proposals that carry the risk of damaging enterprise value or compromising the interests of shareholders, are not appropriate persons to be responsible for determining Takata's financial and business policy.

RISK AND RISK MANAGEMENT

Outlined below are the primary risks faced by Takata Corporation and its subsidiaries and affiliated companies (collectively "the Company") in its business activities that have been identified as having the potential to have a significant impact on the decisions of investors. Information is also presented with regard to other matters, considered likely to be important to investors making judgments about the Company, that are not necessarily risk factors, with the aim of ensuring active disclosure of information to investors.

Based on an awareness and understanding of these risks, the Company takes measures to prevent and reduce risks, and to respond appropriately in case any such risks occur.

The risk factors outlined below are those identified by the Company as of the release of this report.

1. Overseas business development, competition

As the Company conducts development, manufacturing and sale of automotive safety systems and products for vehicles in the Americas, Europe, and Asia (including Japan), its business is strongly affected by automotive industry trends in these regions. Market trends in each region may have a significant impact on the performance of the Company due to changes in customer order volumes and product prices.

The Company faces severe competition in each region with oligopolies of competitors. To succeed in these conditions, it will need to pursue further cost reduction, enhance its tri-polar R&D framework in Asia, the Americas and Europe, and actively examine opportunities for M&A. If failure of these initiatives should cause the Company to decline in comparative terms, the Company's performance could be adversely affected.

In addition to being affected by crude oil prices, interest rates, taxation and other factors relating to the economic environment, automobile sales trends in each region are also affected by legal regulations, and any such changes in the economic or regulatory environment have the potential to impact the Company's performance.

Other factors that might influence the success of the Company's overseas business include local conflicts, terrorism, natural disasters, the outbreak of pandemic diseases, differing social and labor customs, conditions related to social infrastructure development, and transfer pricing taxation and other tax-related issues.

2. Reliance on specific customers

As the automobile market in each country where the Company operates is an oligopoly comprising a small number of participants, the Company's sales are highly dependent on key customers. The groups that form the Company's four top customers by sales volume accounted for 40.8% of consolidated net sales in FY2012 (Honda Motor Co., Ltd., Toyota Motor Corporation, Daimler AG, and Volkswagen Group) and 42.7% in the fiscal year under review (Honda Motor Co., Ltd., Toyota Motor Corporation, Daimler AG, and General Motors Group).

The Company is focusing on developing sales to new sales destinations in order to reduce reliance on specific customers. It should be noted that because the Company's sales are affected by the sales volumes of each vehicle model equipped with the Company's products, reductions in the total sales volumes at key customers do not necessarily have an immediate impact on the sales of the Company. Nonetheless, declining sales volumes at major customers, changes in sales of particular vehicle models, and changes in the business strategies adopted by customers all have the potential to affect the business performance of the Company.

3. Price competition

The automotive parts industry is characterized by severe downward pressure on pricing due to extremely intense price competition between peer companies and also continual demands from automakers to lower prices.

In response to these business conditions, the Company continues to pursue cost-reduction programs while endeavoring to differentiate itself from its competitors by producing high value added products. If demand for lower unit prices outpaces these initiatives, the Company's performance may be adversely affected.

4. Fluctuations in raw materials costs

Materials used in the seat belts, airbags and other items that constitute the Company's products include yarn, resin, steel and non-ferrous metals, the prices of which fluctuate according to the global supply and demand and the economic conditions in each region where the materials are produced.

The Company makes every effort to avoid increased purchase costs and to seek advantages of scale, such as standardizing parts and reducing the number of companies from which materials are purchased, but in instances where raw material costs increase and cannot be reflected in higher unit prices, the Company's performance may be adversely affected.

5. Fluctuations in foreign exchange rates

The Company conducts large-lot transactions denominated in foreign currencies, mainly U.S. dollars and euros.

As the Company's foreign subsidiaries prepare their financial reports denominated in their local currency, which must then be translated into Japanese yen for consolidated accounting purposes, the Company's performance is subject to exchange rate fluctuation.

While considering trends in foreign exchange rates, the Company also undertakes foreign exchange hedging, such as forward exchange contracts in relation to purchasing and sales transactions between countries or regions with different currencies. However, because it is difficult to completely eliminate the risks associated with foreign exchange rate fluctuation, such fluctuation may have an adverse impact on the Company's performance.

6. Fluctuation in interest rates

The Company finances part of its capital expenditure and working capital needs with borrowings from financial institutions, as well as through the issuance of commercial papers and bonds.

The Company aims to reduce interest rate fluctuation risk through the use of financial instruments such as derivatives and borrowing at fixed interest rates. However, interest rate fluctuations in the future could have an influence on the Company's results in the form of an increase or decrease in interest payment obligations.

7. Continuity of supply

The Company's policy is to optimize the locations of manufacturing plants, with plants throughout the regions of the Americas, Europe and Asia (including Japan) between which the Company can exchange parts and semi-finished goods. This policy ensures that the Company is not overly dependent on specific manufacturing plants.

The Company purchases certain important raw materials and major parts from a limited number of suppliers. However, even if the Company's raw materials and parts procurement is disrupted due to production shutdowns or other problems at key suppliers, the Company can in principle exchange parts and semi-finished goods between plants in different locations.

In cases where production at a specific location is disrupted for a period of time due to factors such as damage from earthquakes or fires, the Company's performance may be adversely affected, due to resulting compensation burden, or loss of certain business due to damage to customer trust or other related factors.

8. Product quality

The Company recognizes that it manufactures and sells products directly concerned with human life, and in implementing the principle of 'Quality First', the Company makes every effort to ensure product quality and maintain and enhance its quality assurance system.

However, there is no guarantee that product-related quality issues will not arise, and large-scale product recalls and/or product liability may arise. In addition to taking out insurance against product liability litigation, the Company has set aside reserves against recalls and defects and made provisions against compensation incidences in the future with partial insurance coverage. Despite these measures, it is not possible to guarantee that the Company's reserves and insurance coverage will be sufficient to cover any such compensation burden. As a result, in cases when material quality issues arise, a decrease in the creditworthiness of the Company or the emergence of compensation awards may adversely affect the Company's performance.

9. Intellectual property

The Company is endeavoring to develop technology and know-how that differentiates it from competitors in the market. The Company strives to protect its proprietary technology through securing patents and other such methods, and engages in risk management to avoid infringing on the intellectual property rights of other companies.

However, the risk remains that products the Company currently markets or brings to market in the future might infringe on the intellectual property rights of third parties. In addition, the issuance of patents or other intellectual property rights of which the Company is not aware might lead to litigation and claims for damages from third parties. These factors may adversely affect the Company's performance.

10. Legal proceedings

The Company conducts global operations around the world, and endeavors to maintain strict compliance with the laws and regulations of each country in which it operates. However, the risk remains that legal proceedings may arise from litigation or from investigations by regulatory authorities. These factors may adversely affect the Company's performance.

CORPORATE TIMELINE

Takata Corporation (former name Takata Business Planning Corporation) was established on January 30, 2004, and on April 1, 2004 assumed the operations pertaining to automobile safety components that had been separated from the former Takata Corporation (now TKJ Corporation).

Items pertaining to the automobile safety component business at the former Takata Corporation (now TKJ Corporation) prior to April 1, 2004, are included for reference.

(1) History of Former Takata Corporation (now TKJ Corporation) prior to April 1, 2004

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Date	History
1956 (November)	Established Takata Kojo Corporation for the manufacture and sale of passenger restraint devices for vehicles, and irrigation hoses for the agro-industry (capital: 10 million yen; headquarters: Shiga Prefecture)
1960 (December)	Began manufacture and sales of the first two-point seat belts
1969 (November)	Relocated headquarters to Minato-ku, Tokyo
1977 (December)	Began production of the "Guardian®" child restraint system
1980 (June)	Established Duck Boo International Co., Ltd., a joint-venture, in Korea, and began seat belt production and sales (resolved in 2004)
1983 (December)	Changed company name to Takata Corporation
1984 (June)	Established Takata Fisher Corporation, a joint venture, in the State of Michigan, U.S.A., to assemble and sell seat belts (merged in 1992)
1987 (September)	Began production of driver side airbag modules at a manufacturing site in Shiga Prefecture
1988 (March)	Established Highland Industries Inc. in the State of North Carolina, U.S.A. after acquiring industrial material division of the Burlington company
1988 (October)	Established production base in Europe (initial capital participation: 80%) known as the European Components Company (ECC). Later changed company name to TK-ECC Limited after acquiring 100% of ECC, and began production and sale of seat belts in Europe
1988 (November)	Relocated headquarters to 1-4-30 Roppongi, Minato-ku, Tokyo (No. 25 Mori Building)
1989 (March)	Acquired Gateway Industries Inc., for production and sales of seat belts under the corporate name Occupant Safety Systems Inc.
1989 (May)	Acquired Irvin Industries, Inc. for production and sales of interior trim, under the corporate name Irvin Automotive Products Inc.
1989 (November)	Established TK Holdings Inc. in North Carolina, U.S.A. as a holding company in the Americas region
1990 (October)	Began production and sales of passenger seat airbags at manufacturing site at Echigawa Plant in Shiga Prefecture
1991 (April)	Established Takata Europe GmbH (formerly Takata (Europe) GmbH) to serve as the center of sales in Germany
1991 (May)	Established Takata Kyushu Corporation, a domestic airbag module production center in Saga Prefecture
1991 (June)	Established Automotive Systems Laboratory, Inc. as research and development center in Michigan, U.S.A.
1991 (August)	Established Takata (Europe) Vehicle Safety Technology GmbH (merged with TAKATA-PETRI AG (now TAKATA-AG) in August, 2006) as research and development center in Germany
1991 (December)	Established Inflation Systems Inc. (formerly Takata Moses Lake Inc., which merged in October 2006) in the State of Washington, U.S.A. and began manufacturing inflators
1992 (April)	Established Takata Asia Pte Ltd (formerly Automotive Safety Systems Worldwide Pte Ltd) in Singapore
1994 (July)	Established TAKATA-TOA CO., LTD. in Thailand and began manufacturing seat belts and airbag cushions
1997 (March)	Established Takata Petri S.A. (formerly Takata do Brasil Autopecas Ltda.) to serve as the center of production and sales in Brazil
1997 (April)	Established Takata (Philippines) Corporation in the Philippines and began manufacturing seat belts and airbag cushions
2000 (June)	Acquired PETRI AG, a major German steering wheel manufacturer, and established TAKATA-PETRI AG (Now Takata AG)
2001 (December)	Established ASSW Korea, Inc. (now TAKATA KOREA CO., LTD) to serve as the center of seat belt production and sales in Korea
2002 (May)	Established Takata (Shanghai) Automotive Components Co., Ltd. (formerly Takata (Shanghai) Safety Systems Co., Ltd.) to serve as the center of production and sales of seat belts in China
2003 (September)	Established Takata (Shanghai) Automotive Component Co., Ltd., and began production of airbags and other products
2004 (March)	Began liquidation proceedings for TK-ECC Limited (completed December 2007)

(2) Takata Corporation

Date	History
2004 (January)	Established Takata Business Planning Corporation (Capital: 200 million yen, headquarters: Minato-ku, Tokyo)
2004 (April)	Changed company name to Takata Corporation, succeeded sales and marketing of automobile safety components from split corporation
2004 (August)	Established TAKATA-PETRI Sibiu S.R.L. (now TAKATA Sibiu S.R.L) in Romania. Began production of airbag fabric
2005 (December)	Established Takata (Changxing) Safety Systems Co., Ltd. as inflator center in China
2006 (October)	Absorbed Takata Seat Belts Inc, Takata Restraints Systems Inc., Automotive Systems Laboratory, Inc., Inflation Systems Inc., TK Electronics Inc., and Takata Petri Inc. into TK HOLDINGS INC. in the process of Americas region restructuring
2007 (June)	Established TAKATA INDIA PVT. LTD. to serve as the center of production and sales in India
2008 (May)	Established Takata Automotive Electronics (Shanghai) Co., Ltd. in China. Began production of electronic components
2009 (July)	Relocated headquarters to 2-12-31 Akasaka, Minato-ku, Tokyo
2010 (July)	Established TAKATA-PETRI Rus LLC (now Takata Rus LLC) to serve as the base for production and sales in Russia
2010 (November)	Established PT. TAKATA AUTOMOTIVE SAFETY SYSTEMS INDONESIA to serve as the center of production and sales in Indonesia
2012 (March)	Acquired BAE Systems subsidiaries BAE Systems Safety Product Inc. (now Takata Protection System, Inc.) and Schroth Safety Products GmbH, to enter the aircraft safety arena and strengthen business in motor sport
2012 (November)	Acquired SDI Molan GmbH & Co. KG (now TAKATA Ignition Systems GmbH) to expand production plants

DISCLAIMER

The information provided in this document is not intended to be and should not be construed as an inducement to purchase or sell stock in Takata Corporation. You should make any investment decisions relating to the stock in Takata Corporation on the basis of your own assessment and judgment. The information in this document includes forward-looking statements and forecasts, as well as historical results. Please be informed that such forward-looking statements and forecasts are not guarantees of future results, but rather are inherently risky and uncertain, and therefore actual results may be materially different. Takata Corporation does not assume any responsibility for any damage resulting from the use of the information contained in this document.

Consolidated Balance Sheets

Takata Corporation and Consolidated Subsidiaries

	Millions of yen	, rounded down
	March 31, 2013	March 31, 2012
ASSETS		
Current assets		
Cash	¥ 88,217	¥ 69,600
Notes and accounts receivable	86,763	75,454
Marketable securities	5,494	4,546
Inventories (note 1)	57,724	47,152
Deferred income taxes	11,894	8,351
Other	15,991	17,894
Allowance for doubtful accounts	(2,786)	(1,004)
Total current assets	¥263,299	¥221,995
Fixed assets		
Tangible assets		
Buildings and structures	73,867	63,247
Accumulated depreciation (note 4)	(43,073)	(37,631)
Buildings and structures (net)	30,793	25,616
Machinery and equipment	121,537	100,562
Accumulated depreciation (note 4)	(95,999)	(79,064)
Machinery and equipment (net) (note 3)	25,538	21,497
Land	13,206	12,302
Construction in progress	11,367	9,943
Other	45,253	38,646
Accumulated depreciation (note 4)	(38,335)	(32,682)
Other (net)	6,917	5,964
Total tangible assets	¥ 87,822	¥ 75,323
Intangible assets		
Goodwill	2,062	1,476
Other	3,691	3,117
Total intangible assets	¥ 5,753	¥ 4,594
Investments and other assets		
Investment securities	17,867	15,832
Deferred income taxes	6,897	8,360
Other (note 2)	4,149	3,636
Allowance for doubtful accounts	(18)	(24)
Total investments and other assets	¥ 28,896	¥ 27,805
Total fixed assets	¥122,472	¥107,723
Total assets	¥385,722	¥329,718

Consolidated Balance Sheets (cont.)

Takata Corporation and Consolidated Subsidiaries

	Millions of yen,	, rounded down
	March 31, 2013	March 31, 2012
LIABILITIES		
Current liabilities		
Accounts payable	¥ 34,194	¥ 28,817
Short-term borrowings	22,608	15,517
Commercial paper	2,000	2,000
Current portion of long-term borrowings	11,538	15,045
Accrued expenses	15,160	12,877
Accrued income taxes	3,227	1,905
Deferred income taxes	84	9
Warranty reserve	46,909	14,607
Other	17,017	14,284
Total current liabilities	¥152,740	¥105,064
Long-term liabilities		
Bonds	20,000	20,000
Long-term borrowings	32,132	23,687
Deferred income taxes	12,180	8,120
Reserve for retirement benefits	10,502	8,080
Reserve for directors' retirement benefits	507	501
Other (note 3)	3,623	3,078
Total long-term liabilities	¥ 78,946	¥ 63,468
Total liabilities	¥231,687	¥168,532
NET ASSETS		
Shareholders' equity		
Capital	41,862	41,862
Capital surplus	42,328	42,328
Retained earnings	89,663	113,280
Treasury shares	(0)	(0)
Total shareholders' equity	¥173,853	¥197,470
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	5,619	4,632
Deferred losses on hedging instruments	(247)	(82)
Foreign currency translation adjustments	(25,490)	(41,625)
Adjustment of pension liabilities at foreign subsidiaries	(1,374)	(326)
Total accumulated other comprehensive income	¥ (21,493)	¥ (37,401)
Minority interests	1,725	1,117
Total net assets	¥154,085	¥161,186
Total liabilities and net assets	¥385,772	¥329,718

Consolidated Statements of Operations

Takata Corporation and Consolidated Subsidiaries

	Millions of yen, rounded down		
	Year ended March 31, 2013	Year ended March 31, 2012	
Net sales	¥415,521	¥382,737	
Cost of sales (note 1)	345,169	318,466	
Gross profit	70,351	64,270	
Selling, general and administrative expenses (notes 2 and 3)	55,858	50,652	
Operating income	¥ 14,493	¥ 13,618	
Non-operating income			
Interest income	670	1,099	
Dividend income	1,064	259	
Foreign currency exchange gain	1,070	_	
Gain on adjustment of special retirement benefits (note 4)	226	358	
Other	1,232	904	
Total non-operating income	¥ 4,264	¥ 2,622	
Non-operating expenses			
Interest expenses	1,184	1,175	
Foreign currency exchange loss	_	168	
Financing fees	137	287	
Equity in losses of affiliates	16	382	
Other	369	726	
Total non-operating expenses	¥ 1,708	¥ 2,740	
Ordinary income	¥ 17,050	¥ 13,499	
Special losses			
Loss on business restructuring (note 5)	202	_	
Provision for product warranties (note 6)	29,975	_	
Total special losses	¥ 30,178	¥ —	
Net (loss) income before income taxes	¥ (13,128)	¥ 13,499	
Income taxes—current	5,740	3,658	
Income taxes—deferred	2,206	(1,823)	
Total income taxes	¥ 7,947	¥ 1,835	
Net (loss) income before minority interests	¥ (21,076)	¥ 11,664	
Income (Loss) attributable to minority interests	46	(273)	
Net (loss) income	¥ (21,122)	¥ 11,937	

Consolidated Statements of Comprehensive Income

Takata Corporation and Consolidated Subsidiaries

	Millions of yen,	Millions of yen, rounded down	
	Year ended March 31, 2013	Year ended March 31, 2012	
Net (loss) income before minority interests	¥(21,076)	¥11,664	
Other comprehensive income			
Unrealized gains on available-for-sale securities	987	443	
Deferred losses on hedging instruments	(165)	(56)	
Foreign currency translation adjustments	16,378	(4,013)	
Adjustment of pension liabilities at foreign subsidiaries	(1,048)	(19)	
Total other comprehensive income (notes 1 and 2)	¥ 16,152	¥ (3,645)	
Comprehensive income	¥ (4,923)	¥ 8,018	
Total comprehensive income attributable to:			
Shareholders of Takata Corporation	¥ (5,213)	¥ 8,259	
Minority interests	¥ 290	¥ (240)	

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Consolidated Statements of Changes in Net Assets

Takata Corporation and Consolidated Subsidiaries

	Millions of yen,	Millions of yen, rounded down		
	Year ended March 31, 2013	Year ended March 31, 2012		
SHAREHOLDERS' EQUITY				
Capital				
Balance at the end of previous period	¥ 41,862	¥ 41,862		
Balance at the end of current period	¥ 41,862	¥ 41,862		
Capital surplus				
Balance at the end of previous period	¥ 42,328	¥ 42,328		
Balance at the end of current period	¥ 42,328	¥ 42,328		
Retained earnings				
Balance at the end of previous period	¥113,280	¥103,838		
Changes during the period				
Dividends	(2,494)	(2,494)		
Net (loss) income	(21,122)	11,937		
Total changes during the period	¥ (23,617)	¥ 9,442		
Balance at the end of current period	¥ 89,663	¥113,280		
Treasury shares				
Balance at end of previous period	¥ (0)	¥ (0)		
Changes during the period				
Acquisition of treasury shares	(0)	(0)		
Total changes during the period	¥ (0)	¥ (0)		
Balance at the end of current period	¥ (0)	¥ (0)		
Total shareholders' equity				
Balance at the end of previous period	¥197,470	¥188,028		
Changes during the period				
Dividends	(2,494)	(2,494)		
Net (loss) income	(21,122)	11,937		
Acquisition of treasury shares	(0)	(0)		
Total changes during the period	¥ (23,617)	¥ 9,442		
Balance at the end of current period	¥173,853	¥197,470		

Consolidated Statements of Changes in Net Assets (cont.)

Takata Corporation and Consolidated Subsidiaries

	Millions of yen, rounded down	
	Year ended	Year ended
ACCUMULATED OTHER COMPREHENSIVE INCOME	March 31, 2013	March 31, 2012
Unrealized gains on available-for-sale securities		
Balance at the end of previous period	¥ 4.632	¥ 4,188
Changes during the period	+ +,002	+ +,100
Net changes of items other than those in shareholders' equity	987	443
Total changes during the period	¥ 987	¥ 443
Balance at the end of current period	¥ 5,619	¥ 4,632
Deferred gains on hedging instruments	+ 3,019	+ 4,002
Balance at the end of previous period	¥ (82)	¥ (26)
Changes during the period	+ (02)	+ (20)
Net changes of items other than those in shareholders' equity	(165)	(56)
		` ′
Total changes during the period Balance at the end of current period	¥ (165) ¥ (247)	¥ (56) ¥ (82)
<u>'</u>	¥ (247)	¥ (82)
Foreign currency translation adjustments	V (41 COE)	V /07 E70\
Balance at the end of previous period	¥ (41,625)	¥ (37,579)
Changes during the period	10 104	(4.040)
Net changes of items other than those in shareholders' equity	16,134	(4,046)
Total changes during the period	¥ 16,134	¥ (4,046)
Balance at the end of current period	¥ (25,490)	¥ (41,625)
Adjustment of pension liabilities at foreign subsidiaries	V (000)), (000)
Balance at the end of previous period	¥ (326)	¥ (306)
Changes during the period	(4.0.40)	(4.0)
Net changes of items other than those in shareholders' equity (*1)	(1,048)	(19)
Total changes during the period	¥ (1,048)	¥ (19)
Balance at the end of current period	¥ (1,374)	¥ (326)
Total accumulated other comprehensive income		
Balance at the end of previous period	¥ (37,401)	¥ (33,723)
Changes during the period		
Net changes of items other than those in shareholders' equity	15,908	(3,678)
Total changes during the period	¥ 15,908	¥ (3,678)
Balance at the end of current period	¥ (21,493)	¥ (37,401)
MINORITY INTERESTS		
Balance at the end of previous period	¥ 1,117	¥ 1,008
Changes during the period		
Net changes of items other than those in shareholders' equity	607	109
Total changes during the period	¥ 607	¥ 109
Balance at the end of current period	¥ 1,725	¥ 1,117
TOTAL NET ASSETS		
Balance at the end of previous period	¥161,186	¥155,312
Changes during the period		
Dividends	(2,494)	(2,494)
Net (loss) income	(21,122)	11,937
Acquisition of treasury shares	(0)	(0)
Net changes of items other than those in shareholders' equity	16,515	(3,568)
Total changes during the period	¥ (7,101)	¥ 5,874
Balance at the end of current period	¥154,085	¥161,186

^{*1. &#}x27;Net changes of items other than those in shareholders' equity' is related to the adopted FASB ASC715 (formerly SFAS 158) in foreign subsidiaries. An actuarial loss/gain and a prior service cost that were unrecognized in the past were newly recognized as liabilities on the balance sheet, and related adjustments were booked here in the net assets category. ASC refers to the Accounting Standard Codification systemized by the Financial Accounting Standards Board.

Consolidated Statements of Cash Flows

Takata Corporation and Consolidated Subsidiaries

	Millions of yen, rounded down	
	Year ended March 31, 2013	Year ended March 31, 2012
Operating activities		
Net (loss) income before income taxes	¥(13,128)	¥ 13,499
Depreciation and amortization	14,316	13,266
Increase in allowance for doubtful accounts	1,374	186
Increase in reserve for retirement benefits	383	313
Decrease in reserve for directors' retirement benefits	(17)	(1,842)
Increase in warranty reserve	27,417	464
Exchange loss	44	127
Interest and dividend income	(1,735)	(1,359)
Interest expenses	1,184	1,175
Increase in notes and accounts receivable	(2,292)	(11,218)
Increase in inventories	(4,615)	(3,900)
Increase in accounts payable	1,877	3,397
Increase in accrued expenses	822	353
Decrease (Increase) in other current assets	120	(2,985)
Increase in other current liabilities	112	236
Decrease in other non-current liabilities	(91)	(311)
Other	(258)	775
Subtotal	¥ 25,513	¥ 12,177
Interest and dividend received	1,735	1,359
Interest paid	(1,236)	(1,296)
Payments for business restructuring	— (·,===)	(379)
Income taxes paid	(2,551)	(8,286)
Net cash provided by operating activities	¥ 23,460	¥ 3,573
nvesting activities	1 20,100	. 0,0.0
Net decrease (increase) in time deposits	734	(4,179)
Net decrease in negotiable certificates of deposits	500	_
Purchases of fixed assets	(16,335)	(19,683)
Proceeds from sales of fixed assets	381	796
Purchases of intangible assets	(812)	(639)
Purchase of subsidiaries' shares	(310)	(2,628)
Other	(658)	(456)
Net cash used in investing activities	¥(16,501)	¥(26,791)
Financing activities	+(10,001)	+(20,731)
Net increase in short-term borrowings	5,764	8,668
Decrease in commercial paper		(3,000)
Proceeds from long-term borrowings	24,137	2,700
Repayment of long-term borrowings	(20,105)	(16,780)
Payment from issuance of bonds	(20,100)	10,000
Purchase of treasury shares	(0)	(0)
Payments of dividends	(2,494)	(2,494)
Payments of dividends to minority interests	(45)	(32)
Proceeds from minority interests	362	382
Net cash provided by (used in) financing activities		¥ (556)
	¥ 7,619	
Effects of exchange rate changes on cash and cash equivalents	5,649	(1,829)
Net increase (decrease) in cash and cash equivalents	20,228	(25,603)
Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year (note)	67,263 ¥ 87,491	92,866 ¥ 67,263

Takata Corporation and Consolidated Subsidiaries

BASIS OF PRESENTATION

The accompanying consolidated financial statements of Takata Corporation (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

SIGNIFICANT ACCOUNTING POLICIES

1. SCOPE OF CONSOLIDATION

(1) Consolidated subsidiaries

The number of consolidated subsidiaries as of March 31, 2013 was as follows:

	March 31, 2013
Number of companies	60

During the fiscal year ended March 31, 2013 ("FY2013") the number of consolidated subsidiaries was increased from 58 to 60, reflecting the consolidation of one subsidiary in the Americas that was previously an equity method affiliate, the acquisition of one subsidiary in Europe, the establishment of one subsidiary in Asia, and the liquidation of one subsidiary in Japan.

(2) Non-consolidated subsidiaries

There are currently no applicable items in this category.

2. EQUITY METHOD

(1) Affiliated companies accounted for by the equity method

There were no affiliated companies accounted for by the equity method as of March 31, 2013.

Syntec Seating Solutions LLC, which had previously been an affiliated company accounted for by the equity method, became a consolidated subsidiary during the fiscal year ended March 31, 2013 due to the acquisition of additional shares.

(2) Non-affiliated companies in which material equity interest is held

The Company holds between 20% and 50% of the voting rights in the following entities:

Dalphi Metal Espana S.A.

Dalphi Metal Seguridad S.A.

Dalphi Metal Internacional S.A.

Dalphi Metal Portugal S.A.

However, as the Company is unable to exercise material influence on these entities, they are not treated as affiliated companies.

3. FISCAL YEAR-END OF CONSOLIDATED SUBSIDIARIES

Among consolidated subsidiaries as of March 31, 2013, a total of 17 companies, including Takata (Shanghai) Automotive Component Co., Ltd., have fiscal years that end on December 31. For the preparation of consolidated financial statements, those consolidated subsidiaries provide financial information as of March 31 made by provisional account closing or make necessary adjustments regarding major transactions occurring after January 1 and before March 31. The fiscal year-ends of all other consolidated subsidiaries coincide with that of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(1) Accounting principles applied for foreign subsidiaries

Foreign subsidiaries apply the accounting principles generally accepted in the United States ("US GAAP").

(2) Valuation policy and method for major assets

- a) Investments in marketable securities classified as available-for-sale securities are carried at their fair value with changes in unrealized gains or losses reported in the separate component of net assets, net of applicable income taxes. The cost of securities sold is based on the moving average method.
- b) Non-marketable securities classified as available-for-sale securities are stated at cost with the moving average method.
- c) Derivatives are valued by using the fair value method.
- d) Inventories are valued at cost with cost being determined principally by the average cost method for the Company and domestic companies. (Balance sheet value is calculated by writing book value down based on decrease in profitability.) Inventories are valued at the lower of cost or market with cost being determined by the first-in, first-out method for foreign subsidiaries.

(3) Depreciation and amortization of fixed assets

a) Tangible fixed assets

Depreciation of property, plant and equipment is computed by the declining-balance method for the Company and its domestic subsidiaries and by the straight-line method for foreign subsidiaries.

Takata Corporation and Consolidated Subsidiaries

The estimated useful lives for such assets are as follows:

Buildings and structures	5-45 years
Machinery and equipment	2-8 years
Other	2-20 years

b) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method. Software intended for internal use is amortized over an estimated useful life of 2-5 years. Intangible fixed assets for which a useful life can be estimated are amortized over the estimated period.

(4) Allowances and reserves

a) Allowance for doubtful accounts

Allowances for notes and accounts receivable, loan receivables and other doubtful accounts are established to cover such possible losses. For normal receivables, allowances are calculated based on credit loss history. For certain receivables that have been identified as being of particular concern about default, the receivables are considered separately and allowances are provided for the estimated uncollectible amount. For foreign subsidiaries, allowances are determined primarily based on the estimated uncollectible amount for designated receivables.

b) Warranty reserve

Estimated future warranty reserve and product liability obligations are accrued based on historical experience and present circumstances.

c) Reserve for retirement benefits

The Company and its consolidated subsidiaries provide a reserve for employees' retirement benefits at the balance sheet date based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of each fiscal year.

An unrecognized transition obligation is being amortized using the straight-line method over a period of 15 years. Prior service cost is amortized using the straight-line method over 15 years, within the average remaining service period of employees at the time of occurrence. Actuarial gain or loss is amortized over 15 years using the straight-line method, within the average remaining service period of employees at the end of each consolidated balance sheet date, and expensed from the following fiscal year.

d) Reserve for directors' retirement benefits

In order to provide retirement benefits for directors and executive officers, a certain required amount based on internal rules at the balance sheet date is reserved.

(5) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rate on the balance sheet date. Gains and losses resulting from the translation are recognized in the consolidated statements of operations as incurred. The assets and liabilities of foreign subsidiaries are translated into Japanese yen at the current exchange rate on the balance sheet date, and revenue/gain and expense/loss in the income statements are translated at the annual average exchange rate. Differences arising from the translation are presented as translation adjustments and minority interests in net assets.

(6) Hedge accounting

Deferral hedge accounting is applied to derivatives which qualify as hedges, under which unrealized gain or loss is deferred. In addition, the special method is applied to certain qualifying interest rate swaps. In accordance with a special measure under the Accounting Standard for Financial Instruments, the Company does not carry certain interest rate swap contracts at fair value, and offsets interest received on the interest rate swaps with those paid on hedged transactions, as long as these interest rate swap contracts meet the specific criteria under the standard.

Hedging instruments and hedged items

The following is a summary of hedging financial instruments used by the Company and consolidated subsidiaries in FY2013 along with the hedged items.

Hedging instruments	Hedged items
Interest rate swap contracts	Interest on borrowings
Forward exchange contracts	Accounts payable and accounts
Currency option contracts	receivable in foreign currency

Hedging policy

The Company and its consolidated subsidiaries hedge currency fluctuation risks and fluctuation risks of interest rates, based on the Company's internal "Market Risk Management Policy".

Assessment of hedge effectiveness

Effectiveness of hedging is assessed by comparing the cumulative changes in fair values of hedged items or changes in cash flows with the corresponding changes in the hedging financial instruments. Assessment of hedge effectiveness is not undertaken for interest rate swaps and caps accounted for under the special method.

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(7) Amortization of goodwill and amortization period

Goodwill is amortized using the straight-line method over an effective period not exceeding 20 years from the fiscal year of its origination. The amortization period is primarily 5 years.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can be easily converted to cash and are subject to little risk of change in value.

(9) Accounting for consumption tax

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND RESTATEMENT

Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates

Effective from the fiscal year ended March 31, 2013, in line with the amendment of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries have changed the depreciation method based on the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012. The impact of this change on the consolidated financial statements is immaterial.

NOTES TO THE CONSOLIDATED BALANCE SHEETS

(1) Inventories as of March 31, 2013 and March 31, 2012 were as follows:

(Millions of yen, rounded down)

Item	March 31, 2013	March 31, 2012
Products and finished goods	¥10,422	¥ 8,019
Work in process	11,579	7,985
Raw materials and supplies	35,722	31,148
Total	¥57,723	¥47,152

(2) Investments in non-consolidated subsidiaries and affiliates as of March 31, 2013 and March 31, 2012 were as follows: (Millions of yen, rounded down)

Item	March 31, 2013	March 31, 2012
Other investments (investments in affiliates)	_	¥164
Total	_	¥164

(3) Assets pledged as collateral as of March 31, 2013 and March 31, 2012 were as follows:

(Millions of yen, rounded down)

Item	March 31, 2013	March 31, 2012
Machinery and equipment	¥43	¥57
Total	¥43	¥57

Liabilities secured by the above collateral as of March 31, 2013 and March 31, 2012 were as follows:

(Millions of yen, rounded down)

Item	March 31, 2013	March 31, 2012
Other non-current liabilities	¥307	¥297
Total	¥307	¥297

(4) Accumulated impairment losses are included in accumulated depreciation as of March 31, 2013 and March 31, 2012.

(5) Contingent liabilities

TK Holdings Inc., a U.S. subsidiary of Takata, became the subject of an investigation conducted by the Federal Bureau of Investigation on February 8, 2011. TK Holdings Inc. is cooperating fully with the investigation. Takata Group's understanding is that the investigation relates to anti-trust regulations, but to date TK Holdings Inc. has not received any specific notification in this respect. Although it is possible that Takata Group may incur a loss as a result of this investigation, making any such estimation is difficult at this stage, and potential impact from this investigation is uncertain.

Takata Corporation and Consolidated Subsidiaries

NOTES TO THE CONSOLIDATED STATEMENTS OF OPERATIONS

(1) Inventories as of the end of the year were recorded at book values according to the lowering of their profitability, and valuation losses for inventories of ¥2 million and ¥112 million were included in cost of sales for FY2013 and FY2012, respectively.

(2) In FY2013 and FY2012, major items included in selling, general and administrative expenses were as follows: (Millions of yen, rounded down)

Item	FY2013	FY2012
Freight outward	¥ 7,716	¥ 6,728
Salaries	12,161	11,082
Provision for allowance for bad debt	1,425	276
Retirement benefit expenses	400	392
Provision for reserve for directors' retirement benefits	249	60
Research and development expenses	19,552	18,261
Commissions	¥ 6,130	¥ 6,135

- (3) Research and development expenses of ¥19,552 million and ¥18,261 million in FY2013 and FY2012, respectively, are included in general expenses and production costs.
- (4) For FY2013 and FY 2012, gain on adjustment of special retirement benefits relates to a partial reduction in payment obligations for special retirement benefits concomitant with business reorganization in Europe, following progress in reallocating personnel in the region.
- (5) Special retirement benefit obligations were recorded in relation to closure of an office at a subsidiary in the Americas.
- (6) An estimated amount was recorded for costs associated with a customer recall undertaken with respect to products previously manufactured by a subsidiary in the Americas.

NOTES TO THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen, rounded down)

1. Reclassification adjustments related to other comprehensive income	FY2013	FY2012
Unrealized gains on available-for-sale securities		
Amount incurred during the period	¥ 1,528	¥ 128
Reclassification adjustments	_	_
Total	1,528	128
Unrealized losses on hedging instruments		
Amount incurred during the period	(577)	(102)
Reclassification adjustments	312	14
Total	(265)	(88)
Foreign currency translation adjustments		
Amount incurred during the period	16,378	(4,013)
Reclassification adjustments	_	_
Total	16,378	(4,013)
Adjustment of pension liabilities at overseas subsidiaries		
Amount incurred during the period	(1,508)	(89)
Reclassification adjustments	31	46
Total	(1,476)	(42)
Total other comprehensive income before tax effect	16,164	(4,015)
Tax effect	(12)	369
Total other comprehensive income	¥16,152	¥(3,645)

Takata Corporation and Consolidated Subsidiaries

(Millions of yen, rounded down)

2. Tax effect on other comprehensive income	FY2013	FY2012
Unrealized gains on available-for-sale securities		
Before tax effect	¥ 1,528	¥ 128
Tax effect	(540)	314
After tax effect	987	443
Unrealized losses on hedging instruments		
Before tax effect	(265)	(88)
Tax effect	100	32
After tax effect	(165)	(56)
Foreign currency translation adjustments		
Before tax effect	16,378	(4,013)
Tax effect	_	_
After tax effect	16,378	(4,013)
Adjustment of pension liabilities at overseas subsidiaries		
Before tax effect	(1,476)	(42)
Tax effect	428	22
After tax effect	(1,048)	(19)
Total other comprehensive income		
Before tax effect	16,164	(4,015)
Tax effect	(12)	369
After tax effect	¥16,152	¥(3,645)

NOTES TO THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FY2013

1. Number and type of shares issued and treasury stock

(Shares)

	Number of shares as of April 1, 2012	Increase	Decrease	Number of shares as of March 31, 2013
Shares issued				
Common stock	83,161,700	_	_	83,161,700
Total	83,161,700	_	_	83,161,700
Treasury stock				
Common stock (Note)	346	10	_	356
Total	346	10	_	356

Note: The increase of treasury common stock arose from the purchase of shares of less than one voting unit.

2. Share subscription rights and treasury share warrants

There are no applicable items for the year.

3. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends paid	Dividend per share	Cut-off date	Effective date
Board meeting on May 23, 2012	Common stock	¥1,247 million	¥15	March 31, 2012	June 11, 2012
Board meeting on November 22, 2012	Common stock	¥1,247 million	¥15	September 30, 2012	December 7, 2012

(2) Dividends for which the effective date is in the following fiscal year

Resolution	Type of stock	Total Dividends paid	Source of dividends	Dividend per share	Cut-off date	Effective date
Board meeting on May 23, 2013	Common stock	¥1,247 million	Retained earnings	¥15	March 31, 2013	June 10, 2013

Takata Corporation and Consolidated Subsidiaries

FY2012

1. Number and type of shares issued and treasury stock

(shares)

	Number of shares as of April 1, 2011	Increase	Decrease	Number of shares as of March 31, 2012
Shares issued				
Common stock	83,161,700	_	_	83,161,700
Total	83,161,700	_	_	83,161,700
Treasury stock				
Common stock (Note)	296	50	_	346
Total	296	50	_	346

Note: The increase of treasury common stock arose from the purchase of shares of less than one voting unit.

2. Share subscription rights and treasury share warrants

There are no applicable items for the year.

3. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends paid	Dividend per share	Cut-off date	Effective date
Board meeting on May 20, 2011	Common stock	¥1,247 million	¥15	March 31, 2011	June 13, 2011
Board meeting on November 29, 2011	Common stock	¥1,247 million	¥15	September 30, 2011	December 9, 2011

(2) Dividends for which the effective date is in the following fiscal year

Resolution	Type of stock	Total Dividends paid	Source of dividends	Dividend per share	Cut-off date	Effective date
Board meeting on May 23, 2012	Common stock	¥1,247 million	Retained earnings	¥15	March 31, 2012	June 11, 2012

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The reconciliation of cash in the consolidated balance sheet with cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2013 and 2012 is as follows.

(Millions of yen, rounded down)

	March 31, 2013	March 31, 2012
Cash	¥88,217	¥69,600
Marketable securities	5,494	4,546
Time deposits with maturities exceeding 3 months and		
negotiable certificates of deposit	(6,220)	(6,883)
Cash and cash equivalents	¥87,491	¥67,263

LEASE TRANSACTIONS

Lessees' accounting

1. Finance lease transactions

There are no applicable items for the year.

2. Operating lease commitments

Future minimum lease payments subsequent to the year end for noncancelable operating leases are summarized as follows:

(Millions of yen, rounded down)

	March 31, 2013	March 31, 2012
Due within one year	¥1,159	¥ 949
Due after one year	2,225	1,571
Total	¥3,385	¥2,520

Note: No impairment losses have been allocated to lease assets.

Takata Corporation and Consolidated Subsidiaries

FINANCIAL INSTRUMENTS

1. Status of financial instruments

(1) Policy concerning financial instrument transactions

Takata Group procures necessary funds for its business operations, including capital expenditure, from retained earnings deriving from its business activities as well as through bank loans, issuance of bonds and other financing. Any temporary cash surplus is invested in highly liquid financial assets. In principle, derivatives are not used for speculative purposes. However, derivatives may be used with the aim of reducing interest rate burden in circumstances where the outlook is deemed to be sufficiently clear.

(2) Nature of financial instruments and their associated risks

Receivables such as notes and accounts receivables are exposed to the credit risk of the customer.

Marketable securities are mainly held on a short-term basis, with due measures undertaken to ensure adequate safety, and these holdings are principally in negotiable certificates of deposit and MMF.

Investment securities, principally in long-term holdings of equities and categorized as 'Other securities' are exposed to market price fluctuation risk. Payables such as notes and accounts payable are settled on a short-term basis.

Short-term funding is procured using short-term borrowings and commercial paper, and long-term funding is procured using long-term borrowings and bond issuance. Long-term borrowings are made chiefly for the purpose of capital expenditure, using fixed or floating interest rates flexibly as appropriate after taking into account market trends and costs.

Derivative transactions are used to hedge against interest rate fluctuation that affects interest paid on long-term borrowings and bonds, along with currency fluctuations associated with foreign currency denominated receivables and payables arising from transactions among Group companies, and consist of interest rate swaps, forward exchange contracts and currency options. For details of hedging instruments, hedged items, hedging policy and assessment of hedge effectiveness, please refer to (6) Hedge accounting, Hedging policy in 4. SIGNIFICANT ACCOUNTING POLICIES.

(3) Risk management for financial instruments

(i) Credit risk (customer default risk) management

Takata Group follows internal credit management rules according to which the department responsible at each subsidiary controls the receivable balance of each customer, while monitoring the financial position of each customer to enable early detection and mitigation of potential difficulties in collection of receivables, which could arise should the financial position of a customer deteriorate.

Derivate transactions are limited to financial institutions with strong credit ratings, and credit risk is therefore deemed to be negligible.

(ii) Market risk (exchange rate and interest rate fluctuation risk) management

Although Takata Group has foreign currency-denominated receivables and payables arising from transactions within and among Takata Group entities, it endeavors to mitigate exchange rate fluctuation risk through the use of a single transaction currency throughout each entity to the fullest extent possible. In addition, currency balances that give rise to a foreign currency position are hedged on an ongoing basis using forward exchange contracts and currency options. Takata Group also uses fixed interest loans and interest rate swaps to mitigate risks associated with interest rate fluctuation affecting repayment on borrowings, flexibly selecting either fixed or floating interest rate structures after close consideration of market interest rate trends.

In available-for-sale securities, Takata Group limits its investments to low risk short-term securities. In investment securities, Takata Group limits its holdings to the shares of sound corporations, and in general those with which it has already conducted transactions as part of a business relationship.

Takata Group ensures that each organizational department responsible, both in the Company and in its consolidated subsidiaries, follows the procedures prescribed in the Company's Market Risk Management Policy.

(4) Note concerning fair value of financial instruments

Fair value of financial instruments is based on quoted prices in active markets. If a quoted price is not available an alternative method of rational valuation is used. The results of valuation may differ according to the assumptions adopted, since rational valuation includes variable factors. The contract amounts indicated for derivatives in the note on 'DERIVATIVE TRANSACTIONS' below do not reflect market risk.

Takata Corporation and Consolidated Subsidiaries

2. Fair values of financial instruments

The carrying value of financial instruments, as recorded in the consolidated balance sheets for the fiscal years ended March 31, 2013 and 2012, their fair value, and the differences are as follows. Financial instruments whose fair value cannot be reliably determined are not included. (see note 2)

As of March 31, 2013

(Millions of yen, rounded down)

	Carrying value (*4)	Fair value (*4)	Unrealized gain (loss)
(1) Cash and cash equivalents	¥ 88,217	¥ 88,217	¥ —
(2) Notes and accounts receivable (*1)	83,977	83,977	_
(3) Marketable securities and investment securities	18,231	18,231	_
Total assets	¥ 190,426	¥ 190,426	¥ —
(1) Accounts payable	(34,194)	(34,194)	_
(2) Short-term borrowings	(22,608)	(22,608)	_
(3) Commercial paper	(2,000)	(2,000)	_
(4) Accrued income taxes	(3,227)	(3,227)	_
(5) Bonds	(20,000)	(19,721)	279
(6) Long-term borrowings (*2)	(43,671)	(43,634)	38
Total liabilities	¥(125,701)	¥(125,385)	¥317
Derivative transactions (*3)	¥ (110)	¥ (110)	¥ —

^{*1} Allowance for doubtful accounts is deducted from notes and accounts receivable

As of March 31, 2012

(Millions of yen, rounded down)

	Carrying value (*4)	Fair value (*4)	Unrealized gain (loss)
(1) Cash and cash equivalents	¥ 69,600	¥ 69,600	¥ —
(2) Notes and accounts receivable (*1)	74,449	74,449	_
(3) Marketable securities and investment securities	15,711	15,711	_
Total assets	¥ 159,760	¥ 159,760	¥ —
(1) Accounts payable	(28,817)	(28,817)	_
(2) Short-term borrowings	(15,517)	(15,517)	_
(3) Commercial paper	(2,000)	(2,000)	_
(4) Accrued income taxes	(1,905)	(1,905)	_
(5) Bonds	(20,000)	(19,160)	839
(6) Long-term borrowings (*2)	(38,732)	(38,741)	(8)
Total liabilities	¥(106,972)	¥(106,142)	¥831
Derivative transactions (*3)	¥ 212	¥ 212	¥ —

^{*1.} Allowance for doubtful accounts is deducted from notes and accounts receivable.

Note 1.

Method for calculation of fair value of financial instruments, available-for-sale securities and derivative transactions

Assets

(1) Cash and cash equivalents (2) Notes and accounts receivable

The fair value of cash and cash equivalents and notes and accounts receivable is approximate to book value due to the short timeframe in which they are settled, and these items are therefore recorded at book value.

(3) Marketable securities and investment securities

The fair value of marketable securities and investment securities is measured at the quoted market price of the stock exchange. The fair value of marketable securities, which consist of negotiable certificates of deposit and MMF, are approximate to book value due to the short timeframe in which they are settled, and this item is therefore recorded at book value.

Liabilities

(1) Accounts payable (2) Short-term borrowings (3) Commercial paper (4) Accrued income taxes

Fair value is approximate to book value due to the short timeframe in which they are settled, and these items are therefore recorded at book value.

^{*2.} Long-term borrowings includes long-term borrowings payable within one year and other long-term borrowings.

^{*3.} Credit or debt occurring as a result of derivative transactions are recorded as net amounts. Net debt is indicated by brackets ().

^{*4.} Liabilities are indicated by brackets ()

^{*2.} Long-term borrowings includes long-term borrowings payable within one year and other long-term borrowings.

^{*3.} Credit or debt occurring as a result of derivative transactions are recorded as net amounts. Net debt is indicated by brackets ().

^{*4.} Liabilities are indicated by brackets ().

Takata Corporation and Consolidated Subsidiaries

(5) Bonds (6) Long-term borrowings

Fair value of bonds and long-term borrowings is calculated using the present value, which is the sum of principal and interest discounted at the estimated rate for procuring a similar loan at the time of calculation.

Derivative transactions

Please refer to the note on 'DERIVATIVE TRANSACTIONS.'

Note 2.

Financial instruments whose fair value cannot be reliably determined

(Millions of yen, rounded down)

Classification	March 31, 2013	March 31, 2012	
Stocks in non-listed companies	¥5,130	¥4,666	

Note: "Marketable securities and investment securities" do not include these financial instruments for which it is extremely difficult to determine fair value because no quoted market price is available.

Note 3.

Cash and cash equivalents, notes and accounts receivable with contractual maturities occurring after the settlement date

FY2013

(Millions of yen, rounded down)

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and cash equivalents	¥ 88,217	¥ —	¥ —	¥—
Notes and accounts receivable	83,977	_	_	_
Marketable securities and investment securities				
Available-for-sale securities with expiration date				
Other	5,494	_	_	_
Total	¥177,689	¥ —	¥ —	¥—
Short-term borrowings	¥ 22,608	¥ —	¥ —	¥—
Commercial paper	2,000	_	_	_
Bonds	_	10,000	10,000	_
Long-term borrowings	11,538	32,132	_	_
Total	¥ 36,147	¥42,132	¥10,000	¥—

FY2012

(Millions of yen, rounded down)

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and cash equivalents	¥ 69,600	¥ —	¥ —	¥—
Notes and accounts receivable	74,449	_	_	_
Marketable securities and investment securities Available-for-sale securities with expiration date				
Other	4,546	_	_	_
Total	¥148,596	¥ —	¥ —	¥—
Short-term borrowings	¥ 15,517	¥ —	¥ —	¥—
Commercial paper	2,000	_	_	_
Bonds	_	_	20,000	_
Long-term borrowings	15,045	23,687	_	_
Total	¥ 32,562	¥23,687	¥20,000	¥—

Takata Corporation and Consolidated Subsidiaries

SECURITIES

1. Details of investment securities and available-for-sale securities

(Millions of yen, rounded down)

March 31, 2013				March 31, 2012		
Туре	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value exceeding acquisition cost						
1. Stocks	¥3,334	¥12,277	¥8,942	¥3,230	¥10,456	¥7,226
2. Bonds	_	_	_	_	_	_
3. Others	_	_	_	_	_	
Sub total	¥3,334	¥12,277	¥8,942	¥3,230	¥10,456	¥7,226
Securities with carrying value not exceeding acquisition cost						
1. Stocks	¥ 608	¥ 359	¥ (248)	¥ 666	¥ 609	¥ (57)
2. Bonds	100	100	_	100	100	_
3. Others	5,494	5,494	_	4,546	4,546	_
Sub total	¥6,202	¥ 5,954	¥ (248)	¥5,313	¥ 5,255	¥ (57)
Net total	¥9,537	¥18,231	¥8,693	¥8,543	¥15,711	¥7,168

Note: For FY2013 and FY2012, unlisted securities (recorded in the consolidated financial statements at totals of ¥5,130 million and ¥4,666 million respectively) are deemed excessively difficult to assign a fair value to, as they are not traded in the market. Accordingly, they are not included in the above table.

2. Sales of available-for-sale securities

This disclosure is omitted as the total amount of gains (losses) on sales are not material for both FY2013 and FY2012.

DERIVATIVE TRANSACTIONS

Derivative transactions for which hedge accounting is not applied

1. Currency-related For FY2013

Classification	Type of transaction	Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	Forward exchange contracts:	(Thousands of euros)	(Thousands of euros)	(Millions of yen)	(Millions of yen)
	US dollar short commitment	4,411	_	(1)	(1)
	US dollar long commitment	13,663	_	54	54
	Yen long commitment	6,587	_	(16)	(16)
	Romanian leu long commitment	82,200	13,300	(15)	(15)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

For FY2012

Classification	Type of transaction	Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	Forward exchange contracts:	(Thousands of euros)	(Thousands of euros)	(Millions of yen)	(Millions of yen)
	Remnimbi short commitment	1,650	_	(6)	(6)
	Romanian leu short commitment	84,000	_	88	88
	Yen long commitment	64,327	_	104	104
	Romanian leu long commitment	10,200	_	18	18

Note: The fair value of transactions is based on prices disclosed by financial institutions.

Takata Corporation and Consolidated Subsidiaries

2. Interest-rate related For FY2013

Classification	Type of transaction	Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	Interest rate swap contracts:	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
	Fixed receivables and floating payables	10,000	10,000	275	275
	Floating receivables and fixed payables	10,000	10,000	(160)	(160)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

For FY2012

Classification	Type of transaction	Contract amount	Portion due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	Interest rate swap contracts:	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
	Fixed receivables and floating payables	10,000	10,000	184	184
	Floating receivables and fixed payables	10,000	10,000	(44)	(44)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

Derivative transactions for which hedge accounting is applied

1. Currency-related

For FY2013

			_		
Hedge accounting method	Type of transaction	Hedged items	Contract amount	Portion due after one year	Fair value
Basic method	Forward exchange contracts		(Thousands of US dollars)	(Thousands of US dollars)	(Millions of yen)
	US dollar short commitment	Accounts receivable	600	_	(3)
Basic method	Currency option contracts				
	US dollar long put options*1	Accounts receivable	30,900	_	(202)
	US dollar short call	Accounts receivable	61,800	_	(393)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

For FY2012

Hedge accounting method	Type of transaction	Hedged items	Contract amount	Portion due after one year	Fair value
Basic method	Forward exchange contracts		(Thousands of US dollars)	(Thousands of US dollars)	(Millions of yen)
	US dollar short commitment	Accounts receivable	17,500	_	(36)
Basic method	Currency option contracts				
	US dollar long put options	Accounts receivable	17,700	_	9
	US dollar short call options	Accounts receivable	33,400	_	(105)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

2. Interest rate-related

For FY2013

Hedge accounting method	Type of transaction	Hedged items	Contract amount	Portion due after one year	Fair value
Special method for interest rate swaps	Interest rate swap contracts Floating receivables and fixed payables	Interest on borrowings	(Millions of yen) 17,807	(Millions of yen) 15,026	(Millions of yen) (116)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

^{*1:} Fair value for currency option contracts are combined, as it is difficult to estimate items separately.

Takata Corporation and Consolidated Subsidiaries

For FY2012

Hedge accounting method	Type of transaction	Hedged items	Contract amount	Portion due after one year	Fair value
Special method for interest rate swaps	Interest rate swap contracts Floating receivables and fixed payables	Interest on borrowings	(Millions of yen) 7,486	(Millions of yen) 4,706	(Millions of yen) (87)

Note: The fair value of transactions is based on prices disclosed by financial institutions.

EMPLOYEES' PENSION AND RETIREMENT BENEFITS

1. Outline of retirement benefit plan

The Company and its domestic subsidiaries provide a defined contribution pension plan and a lump sum retirement benefit payment plan. Lump sum payments are calculated according to a points system, with employees accumulating points during the term of their employment.

Certain foreign subsidiaries provide defined contribution and defined benefit pension plans.

In certain circumstances additional retirement payments may also be payable.

2. Liabilities for employees' pension and retirement benefits

The following table sets forth the funded status of the retirement benefit plan as of March 31, 2013 and 2012.

(Millions of yen, rounded down)

	March 31, 2013	March 31, 2012
Retirement benefit obligations	¥(10,650)	¥(7,859)
Plan assets	161	94
Unfunded benefit obligations	¥(10,488)	¥(7,764)
Unrecognized transition obligation	(56)	(75)
Unrecognized actuarial gain or loss	507	290
Unrecognized prior service cost	(464)	(531)
Net amount recorded on consolidated balance sheet	¥(10,502)	¥(8,080)
Prepaid pension costs	_	_
Reserve for retirement benefits	¥(10,502)	¥(8,080)

3. Employees' pension and retirement benefit expenses

(Millions of yen, rounded down)

	FY2013	FY2012
Service cost	¥253	¥243
Interest cost	341	330
Expected return on plan assets (subtraction)	(5)	(3)
Amortization of translation obligation	(19)	(19)
Amortization of actuarial gain or loss	39	37
Amortization of prior service cost	(66)	(66)
Other (Note)	332	289
Total retirement benefit expenses	¥874	¥811

Note: 'Other' represents the amount of premiums paid into defined contribution pension plan.

${\bf 4.} \ {\bf Assumptions} \ {\bf used} \ {\bf in} \ {\bf calculating} \ {\bf retirement} \ {\bf benefits} \ {\bf obligation}$

	FY2013	FY2012
Method of allocating estimated amount of all retirement benefits to be paid at future retirement dates	The straight-line method over the estimated years of service of the eligible employees	The straight-line method over the estimated years of service of the eligible employees
Discount rate		
The Company and domestic consolidated subsidiaries:	1.10%	2.00%
Foreign consolidated subsidiaries:	3.70% to 5.35%	5.25% to 8.13%
Expected rate of return on plan assets		
Foreign subsidiaries:	Mainly 5.00%	Mainly 5.00%
Amortization of prior service cost (note 1)	15 years	15 years
Amortization of actuarial gain or loss (note 2)	15 years	15 years
Amortization of translation obligation	15 years	15 years

Notes:

^{1.} Expenses are amortized using the straight-line method for a certain number of years within the average remaining service period of employees as incurred.

^{2.} At the Company and domestic subsidiaries, actuarial gain or loss is amortized on a straight-line basis over a certain number of years within the average remaining service period of employees as recognized at the end of each applicable financial year, and expensed from the following year. At foreign subsidiaries a corridor approach is used for the amortization of actuarial gain or loss.

Takata Corporation and Consolidated Subsidiaries

STOCK OPTIONS

No items are applicable for FY2013 and FY2012.

TAX EFFECT ACCOUNTING

1. Major components of deferred tax assets and liabilities

(Millions of yen, rounded down)

	March 31, 2013	March 31, 2012
Deferred tax assets:		
Inventories	¥ 1,829	¥ 1,547
Fixed assets	6,102	4,777
Accrued expenses and warranty reserve	19,770	7,918
Reserve for employees' retirement benefits	2,007	1,742
Reserve for directors' retirement benefits	179	177
Tax losses carried forward	7,252	5,132
Tax credit	1,441	816
Other	1,194	1,498
Gross deferred tax assets	39,778	23,610
Valuation allowance	(19,132)	(6,733)
Total deferred tax assets	20,646	16,877
Deferred tax Liabilities:		
Undistributed earnings at subsidiaries	(9,747)	(5,733)
Unrealized gain on other securities	(3,074)	(2,536)
Other	(1,297)	(26)
Total deferred tax liabilities	(14,118)	(8,295)
Net deferred tax assets	¥ 6,527	¥ 8,581

Net deferred tax assets are included in the following accounts on the balance sheet as of March 31, 2013 and 2012, respectively. (Millions of yen, rounded down)

	March 31, 2013	March 31, 2012
Current assets—Deferred income tax assets	¥ 11,894	¥ 8,351
Fixed assets—Deferred income tax assets	6,897	8,360
Current liabilities—Deferred income tax liabilities	(84)	(9)
Non-current liabilities—Deferred income tax liabilities	¥(12,180)	¥(8,120)

2. Main reconciliation items between the statutory income tax rate and the effective income tax rate

	March 31, 2013	March 31, 2012
Statutory tax rate		40.5%
Adjustments:		
Expenses not deductible for tax purposes		0.8%
Credit for research and development expenses	No reconciliation items are	(1.1%)
Lower tax rates applied to foreign subsidiaries	applicable for the year as the company recorded a net loss before income taxes	(13.9%)
Deferred tax liabilities on undistributed earnings		(20.4%)
Change in valuation allowance		5.7%
Adjustment of deferred tax assets at end of period due to change in tax rate		4.5%
Other		(2.5%)
Effective income tax rate		13.6%

BUSINESS COMBINATIONS

There are no applicable items for the year.

ASSET RETIREMENT OBLIGATIONS

This disclosure is omitted due to immateriality.

Takata Corporation and Consolidated Subsidiaries

RENTAL PROPERTY

The Company is maintaining certain idle buildings and sites of former factories, where operations have ceased due to factory closures and transfers. (Millions of yen, rounded down)

	March 31, 2013	March 31, 2012
Carrying value		
At start of period	¥1,282	¥1,510
Change during period	108	(227)
At end of period	1,391	1,282
Fair value at end of period	¥1,633	¥1,455

Notes

- 1. Carrying value is equal to acquisition cost minus accumulated depreciation and accumulated impairment losses.
- 2. Fair value at the end of the period is calculated based on valuations by external consultants.

SEGMENT INFORMATION

SEGMENT INFORMATION

1. Overview of reporting seaments

Takata Group operates globally in the manufacture and sale of automotive safety systems and products, and is managed under the four regions of Japan, the Americas, Europe, and Asia. Each region is managed as an independent unit, expanding business activities based on the development of a comprehensive strategy for each region. The Group's results are therefore reported based on these four segments. In each segment, Takata handles a wide range of automotive safety products, including seat belts and airbags, along with steering wheels, interior trim, child seats, and many other items.

The main countries and regions in segments other than Japan are:

The Americas: United States, Brazil and Mexico

Europe: Germany, Holland, Romania, Poland, and the Czech Republic Asia: China, the Philippines, Thailand, South Korea and India

2. Method of calculating amounts for net sales, operating income or loss, assets, liabilities, and other items by reporting segment

The accounting method used for business segments is the same as that described in 'SIGNIFICANT ACCOUNTING POLICIES.' Inter-segment sales are calculated based on third-party transaction prices.

Change in method of operating income or loss by business segment

As recorded in "Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates," effective from the fiscal year ended March 31, 2013, in line with the amendment of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2012. The impact of this change on the segment operating income or loss is immaterial.

3. Net sales, operating income or loss, assets, liabilities, and other items by reporting segment FY2013

(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Total	Eliminations and Corporate (note 1)	Consolidated (note 2)
Net sales							
Sales to external customers	¥ 64,716	¥166,462	¥108,590	¥75,752	¥415,521	¥ —	¥415,521
Inter-segment sales or transfers	35,173	13,556	6,766	16,510	72,006	(72,006)	_
Total	¥ 99,889	¥180,018	¥115,357	¥92,263	¥487,528	¥ (72,006)	¥415,521
Segment operating income (loss)	¥ 6,015	¥ 4,592	¥ (2,008)	¥ 6,150	¥ 14,749	¥ (256)	¥ 14,493
Segment assets	¥202,949	¥158,653	¥162,607	¥87,368	¥611,578	¥(225,806)	¥385,772
Other items							
Depreciation and amortization	¥ 2,276	¥ 4,553	¥ 4,487	¥ 2,651	¥ 13,969	¥ —	¥ 13,969
Goodwill amortization	¥ —	¥ 93	¥ 180	¥ —	¥ 274	¥ 72	¥ 346
Increase in tangible fixed assets or intangible fixed assets	¥ 3,447	¥ 7,572	¥ 6,448	¥ 3,116	¥ 20,584	¥ —	¥ 20,584

Notes.

^{1. &#}x27;Eliminations and corporate' in segment operating income (loss) of (¥256) million includes (¥183) million in eliminations of inter-segment sales and (¥72) million in goodwill amortization. 'Eliminations and corporate' in segment assets of (¥225,806) million corresponds to elimination of inter-segment sales.

^{2.} Segment operating income is adjusted to operating income as recorded in the consolidated statements of operations.

Takata Corporation and Consolidated Subsidiaries

FY2012

(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Total	Eliminations and Corporate (note 1)	Consolidated (note 2)
Net sales							
Sales to external customers	¥ 71,022	¥140,465	¥110,476	¥60,772	¥382,737	¥ —	¥382,737
Inter-segment sales or transfers	31,243	12,670	6,159	15,415	65,488	(65,488)	_
Total	¥102,265	¥153,135	¥116,635	¥76,188	¥448,225	¥ (65,488)	¥382,737
Segment operating income	¥ 4,106	¥ 128	¥ 5,785	¥ 3,581	¥ 13,602	¥ 15	¥ 13,618
Segment assets	¥190,558	¥142,248	¥149,436	¥67,145	¥549,388	¥(219,669)	¥329,718
Other items							
Depreciation and amortization	¥ 2,189	¥ 4,309	¥ 4,231	¥ 2,462	¥ 13,193	¥ —	¥ 13,193
Goodwill amortization	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 72	¥ 72
Investment in equity method affiliates	¥ —	¥ 164	¥ —	¥ —	¥ 164	¥ —	¥ 164
Increase in tangible fixed assets or intangible fixed assets	¥ 3,406	¥ 6,329	¥ 6,069	¥ 3,618	¥ 19,422	¥ —	¥ 19,422

Notes:

RELATED INFORMATION

1. Results by product or service FY2013

(Millions of yen, rounded down)

	Seat belts	Airbags	Other	Total
Sales to external customers	¥130,740	¥171,057	¥113,724	¥415,521

FY2012

(Millions of yen, rounded down)

	Seat belts	Airbags	Other	Total
Sales to external customers	¥109,996	¥167,022	¥105,718	¥382,737

2. Results by geographical segment

(1) Net sales

FY2013

(Millions of yen, rounded down)

Japan	United States	Germany	China	Other	Total
¥64,428	¥125,899	¥56,146	¥47,010	¥122,037	¥415,521

Note: Country and regional segments are categorized on the basis of geographic proximity to customer locations.

FY2012

(Millions of yen, rounded down)

Japan	United States	Germany	China	Other	Total
¥71,667	¥103,891	¥63,554	¥42,658	¥100,965	¥382,737

 ${\it Note: Country \ and \ regional \ segments \ are \ categorized \ on \ the \ basis \ of \ geographic \ proximity \ to \ customer \ locations.}$

(2) Tangible fixed assets

FY2013

(Millions of yen, rounded down)

Japan	United States	Germany	Other	Total
¥15,812	¥20,907	¥13,202	¥37,900	¥87,822

FY2012

(Millions of yen, rounded down)

Japan	United States	Germany	Other	Total
¥14,916	¥16,964	¥12,334	¥31,108	¥75,323

3. Results by customer

No single customer accounts for more than 10% of Takata Group's net sales. As such, there are no applicable items for a breakdown of sales by customer in FY2013 and FY2012.

^{1.} Eliminations and corporate' in segment operating income of ¥15 million includes ¥88 million in eliminations of inter-segment sales and (¥72) million in goodwill amortization. 'Eliminations and corporate' in segment assets of (¥219,669) million corresponds to elimination of inter-segment sales.

^{2.} Segment operating income is adjusted to operating income as recorded in the consolidated statements of operations.

Takata Corporation and Consolidated Subsidiaries

INFORMATION CONCERNING IMPAIRMENT LOSSES ON FIXED ASSETS BY REPORTING SEGMENT

There are no applicable items for FY2013 and FY2012.

INFORMATION CONCERNING GOODWILL AMORTIZATION AND UNAMORTIZED BALANCE BY REPORTING SEGMENT FY2013

(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Eliminations and Corporate	Total
Amortization	¥—	¥ 93	¥180	¥—	¥ 72	¥ 346
Unamortized balance	¥—	¥712	¥859	¥—	¥489	¥2,062

Note: Eliminations and Corporate relates to a business merger implemented before April 1, 2010. As such, it is not categorized by reporting segment.

FY2012

(Millions of yen, rounded down)

	Japan	The Americas	Europe	Asia	Eliminations and Corporate	Total
Amortization	¥—	¥—	¥ —	¥—	¥ 72	¥ 72
Unamortized balance	¥—	¥—	¥914	¥—	¥562	¥1,476

Note: Eliminations and Corporate relates to a business merger implemented before April 1, 2010. As such, it is not categorized by reporting segment.

INFORMATION CONCERNING GAINS ON NEGATIVE GOODWILL BY REPORTING SEGMENT FY2013

The disclosure is omitted due to immateriality.

FY2012

No items are applicable.

INFORMATION ON RELATED PARTIES

For FY2013

TRANSACTIONS WITH RELATED PARTIES

1. Transactions between the Company and related parties

Company directors, major shareholders (individuals only), etc.

Туре	Name	Location	Capital (Millions of yen)	Type of business, or occupation	Percentage of voting stock owned by Takata Corporation (owned in Takata Corporation) (%)	Relationship with Company	Transaction details	Transaction amount (Millions of yen)	Account of balance	Balance at fiscal year-end (Millions of yen)
Company in which directors or close relatives hold a majority of the voting stock	STT Inc. (note)	Shinagawa-ku Tokyo	¥100	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥171	Accounts payable	¥14

Information on conditions of transactions and policy for determination of conditions, etc.

Note: Takata Corporation's president Shigehisa Takada and close relatives hold 90% of the voting rights (including indirect holdings) of STT Inc. Transactions with STT Inc. are based on consideration of normal transaction conditions and market prices.

Takata Corporation and Consolidated Subsidiaries

2. Transactions between the Company's consolidated subsidiaries and related parties

Company directors, major shareholders (individuals only), etc.

Туре	Name	Location	Capital	Type of business, or occupation	Percentage of voting stock owned by Takata Corporation (owned in Takata Corporation) (%)	Relationship with Company	Transaction details	Transaction amount (Millions of yen)	Account of balance	Balance at fiscal year-end (Millions of yen)
Company in which directors or close relatives hold a majority of the voting stock	STT Inc. (note)	Shinagawa-ku Tokyo	¥100 million	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥1,232	Accounts payable	¥109
Company in which directors or close relatives hold a majority of the voting stock	STT (Philippines) Inc. (note)	Laguna Philippines	Peso 3 million	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥1,098	Accounts payable	¥113
Company in which directors or close relatives hold a majority of the voting stock	STT USA, INC (note)	Michigan, USA	US\$ 1 million	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥341	Accounts payable	¥—

Information on conditions of transactions and policy for determination of conditions, etc.

Note: Takata Corporation's president Shigehisa Takada and close relatives hold 90% of the voting rights (including indirect holdings) of STT Inc. and STT (Philippines) Inc. and STT USA, INC. are its subsidiaries. Transactions with the companies are based on consideration of normal transaction conditions and market prices.

For FY2012

TRANSACTIONS WITH RELATED PARTIES

1. Transactions between the Company and related parties

Company directors, major shareholders (individuals only), etc.

Туре	Name	Location	Capital (Millions of yen)	Type of business, or occupation	Percentage of voting stock owned by Takata Corporation (owned in Takata Corporation) (%)	Relationship with Company	Transaction details	Transaction amount (Millions of yen)	Account of balance	Balance at fiscal year-end (Millions of yen)
Company in which directors or close relatives hold a majority of the voting stock	STT Inc. (note)	Shinagawa-ku Tokyo	¥100	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥190	Accounts payable	¥23

Information on conditions of transactions and policy for determination of conditions, etc.

Note: Takata Corporation's president Shigehisa Takada and close relatives hold 90% of the voting rights (including indirect holdings) of STT Inc. Transactions with STT Inc. are based on consideration of normal transaction conditions and market prices.

2. Transactions between the Company's consolidated subsidiaries and related parties

Company directors, major shareholders (individuals only), etc.

Туре	Name	Location	Capital	Type of business, or occupation	Percentage of voting stock owned by Takata Corporation (owned in Takata Corporation) (%)	Relationship with Company	Transaction details	Transaction amount (Millions of yen)	Account of balance	Balance at fiscal year-end (Millions of yen)
Company in which directors or close relatives hold a majority of the voting stock	STT Inc. (note)	Shinagawa-ku Tokyo	¥100 million	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥1,372	Accounts payable	¥147
Company in which directors or close relatives hold a majority of the voting stock	STT (Philippines) Inc. (note)	Laguna Philippines	Peso 3 million	Manufacture and sale of lubricants	_	Raw material purchasing, etc.	Raw material purchasing, etc. (note)	¥826	Accounts payable	¥115

Information on conditions of transactions and policy for determination of conditions, etc.

Note: Takata Corporation's president Shigehisa Takada and close relatives hold 90% of the voting rights (including indirect holdings) of STT Inc. and STT (Philippines) Inc. is its subsidiary. Transactions with both companies are based on consideration of normal transaction conditions and market prices.

Takata Corporation and Consolidated Subsidiaries

PER SHARE INFORMATION

FY2013		FY2012		
Net assets per share	¥1,832.10	Net assets per share	¥1,924.80	
Basic net loss per share	¥ (253.99)	Basic net income per share	¥ 143.55	

Notes:

- 1: For FY2013, diluted net income per share has been omitted due to the recording of a net loss and no residual shares. For FY2012, diluted net income per share has been omitted due to no residual shares.
- 2: Calculations for basic net income per share are based on the following:

(Millions of yen, rounded down, unless stated otherwise)

Years ended:	March 31, 2013	March 31, 2012
Net (loss) income	¥(21,122)	¥11,937
Net (loss) income related to common stock	¥(21,122)	¥11,937
Average number of shares outstanding during period (Thousands of shares)	83,161	83,161

SIGNIFICANT SUBSEQUENT EVENTS

No items are applicable.

ADDITIONAL CONSOLIDATED FINANCIAL INFORMATION

Corporate bond details

Company name	Bond	Issue date	Balance as of March 31, 2012 (Millions of yen)	Balance as of March 31, 2013 (Millions of yen)	Interest rate (% per year)	Collateral	Maturity date
Takata Corporation	No. 1 Unsecured Straight Bond	December 15, 2010	¥10,000	¥10,000	1.02	None	December 15, 2017
Takata Corporation	No. 2 Unsecured Straight Bond	March 6, 2012	10,000	10,000	0.85	None	March 6, 2019
Total	_	_	¥20,000	¥20,000	_	_	_

Note: Bonds maturing within five years of March 31, 2013 are as follows

Due after one year and	Due after two years and	Due after three years and	Due after four years and
within two years	within three years	within four years	within five years
(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
¥—	¥—	¥—	¥10,000

Borrowing details

Category	Balance as of March 31, 2011 (Millions of yen)	Balance as of March 31, 2012 (Millions of yen)	Average interest rate (% per year)	Repayment date
Short-term borrowings	¥15,517	¥22,608	0.6%	_
Long-term borrowings due within 1 year	15,045	11,538	1.4%	_
Lease financing due within 1 year	_	_	_	_
Long-term borrowings (excluding portion due within 1 year)	23,687	32,132	1.0%	2014-2017
Lease financing (excluding portion due within 1 year)	_	_	_	_
Other interest-bearing debt				
Commercial paper (due within 1 year)	2,000	2,000	0.1%	_
Total	¥56,249	¥68,280	_	_

Notes:

- 1. Average interest rate is the weighted average on the borrowings balance outstanding at end of period
- 2. Anticipated repayment amount of long-term borrowings (excluding portion due within 1 year) over 5 years from March 31, 2013 are as follows:

	Due after one year and	Due after two years and	Due after three years and	Due after four years and
	within two years	within three years	within four years	within five years
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Long-term borrowing	¥7,677	¥9,450	¥102	¥14,902

Asset retirement obligation details

Under Article 92, clause 2 of the Regulations on Presentation of Financial Statements, the amount of asset retirement obligations as of the start and end of the fiscal year ended March 31, 2013 has been omitted as it does not exceed 1% of total liabilities and net assets.

Takata Corporation and Consolidated Subsidiaries

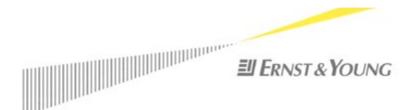
Other

Consolidated financial information by quarter

(Cumulative period)	First quarter	Second quarter	Third quarter	Fiscal year
Net sales (Millions of yen)	¥102,266	¥199,890	¥297,797	¥415,521
Net income (loss) before tax (Millions of yen)	¥ 4,187	¥ 8,140	¥ 11,848	¥ (13,128)
Net income (loss) (Millions of yen)	¥ 2,244	¥ 4,638	¥ 6,677	¥ (21,122)
Net income (loss) per share (Yen)	¥ 26.99	¥ 55.78	¥ 80.29	¥(253.99)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income (loss) per share (Yen)	¥26.99	¥28.78	¥24.52	¥(334.28)

Independent Auditors' Report



Ernst & Young ShinNihon LLC Hibiya Kokusai Bldg. 2-2-3 Uchisaiwai-cho Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100 Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors Takata Corporation

We have audited the accompanying consolidated financial statements of Takata Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Takata Corporation and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Mikon LLC

June 27, 2013 Tokyo, Japan

A member firm of Ernst & Young Global Limited

Investor Information

Company outline

Company name: Takata Corporation

Chairman and CEO: Shigehisa Takada

President and COO: Stefan Stocker

Capital: ¥41,862 million

Number of employees: 36,152

(consolidated)

Business: Manufacture and sale of seat

belts, airbags, steering wheels,

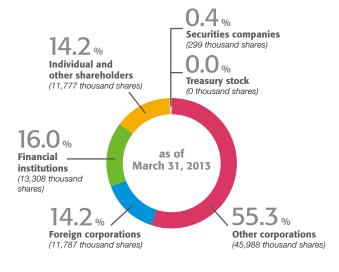
child restraint systems, etc.

Production facilities: 55 plants in 20 countries

Head office

12-31 Akasaka 2-Chome Minato-ku, Tokyo, 107-8508 Japan www.takata.com

Shareholder composition



Shares

Listed exchanges: Tokyo Stock Exchange

1st Section Stock code 7312

Number of shares authorized: 325,473,600

Number of shares issued: 83,161,700

Number of shareholders: 9,962

Major shareholders

Top ten shareholders as of March 31, 2013

Shigehisa Takada 3,650 4. National Mutual Insurance Federation of Agricultural Cooperatives 2,283 2. State Street Bank and Trust Company 1,975 2. The Master Trust Bank of Japan, Ltd. 1,895 2. Akiko Takada 1,711 2. RBC IST LONDON - CLIENTS ACCOUNT 1,690 2. Japan Trustee Services Bank, Ltd. 1,514 1. Sumitomo Mitsui Banking Corporation 1,300 1.	Shareholder	Shares held (thousands)	% of total
National Mutual Insurance Federation of Agricultural Cooperatives State Street Bank and Trust Company The Master Trust Bank of Japan, Ltd. Akiko Takada RBC IST LONDON - CLIENTS ACCOUNT Japan Trustee Services Bank, Ltd. Sumitomo Mitsui Banking Corporation 2,283 2. 2. 2. 2. 1,975 2. 1,690 2. 3. 3. 4. 5. 4. 5. 5. 5. 6. 6. 7. 7. 7. 7. 7. 8. 7. 8. 8. 8	TKJ Corporation	43,361	52.1
of Agricultural Cooperatives State Street Bank and Trust Company The Master Trust Bank of Japan, Ltd. Akiko Takada RBC IST LONDON - CLIENTS ACCOUNT Japan Trustee Services Bank, Ltd. Sumitomo Mitsui Banking Corporation 2,283 2. 1,975 2. 1,895 2. 1,711 2. 1,514 1. 1,514 1.	Shigehisa Takada	3,650	4.4
The Master Trust Bank of Japan, Ltd. 1,895 2. Akiko Takada 1,711 2. RBC IST LONDON - CLIENTS ACCOUNT 1,690 2. Japan Trustee Services Bank, Ltd. 1,514 1. Sumitomo Mitsui Banking Corporation 1,300 1.		2,283	2.7
Akiko Takada 1,711 2. RBC IST LONDON - CLIENTS ACCOUNT 1,690 2. Japan Trustee Services Bank, Ltd. 1,514 1. Sumitomo Mitsui Banking Corporation 1,300 1.	State Street Bank and Trust Company	1,975	2.4
RBC IST LONDON - CLIENTS ACCOUNT 1,690 2. Japan Trustee Services Bank, Ltd. 1,514 1. Sumitomo Mitsui Banking Corporation 1,300 1.	The Master Trust Bank of Japan, Ltd.	1,895	2.3
Japan Trustee Services Bank, Ltd.1,5141.Sumitomo Mitsui Banking Corporation1,3001.	Akiko Takada	1,711	2.1
Sumitomo Mitsui Banking Corporation 1,300 1.	RBC IST LONDON - CLIENTS ACCOUNT	1,690	2.0
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Japan Trustee Services Bank, Ltd.	1,514	1.8
Mellon Bank Treaty Clients Omnibus Account 1,277 1.	Sumitomo Mitsui Banking Corporation	1,300	1.6
, , , , , , , , , , , , , , , , , , , ,	Mellon Bank Treaty Clients Omnibus Account	1,277	1.5

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