

TRANSFER OF THE L&S BUSINESS FROM TRW AUTOMOTIVE INC.

To the Full-scale Application of LM Products for Automotive Parts

On April 22, 2015, THK announced that the linkage and suspension business (L&S business) of TRW Automotive Inc. (TRW), a manufacturer of automotive components based in the U.S., in Europe and North America would be transferred to the Company. The transfer has been set for a date that falls within four months of April 21, the day the agreement was signed. THK will release information on the effect on its performance of the transfer once details have been determined in a timely manner. Moreover, the Company will revise its previously identified long-term management targets and medium-term management plan as a result of the business transfer (as of July 31, 2015).

Having developed ball splines, a linear motion product, and the auto parts known as link balls, THK started business in 1971. Mainly involved with the link balls, the Company's auto parts businesses were combined into one with the establishment of the Future Automotive Industry (FAI) Division in 1999. In 2007, amid moves to expand its business, the Company acquired RHYTHM CORPORATION (now THK RHYTHM CO., LTD.),

which possesses advantages in steel technologies. In 2011, with the aim of expanding its marketing area in Southeast Asia, the Company acquired TRW's Asia and Pacific L&S business, which have been smoothly expanded. Thus, on this occasion, the Company has decided to participate in the business transfer of TRW's L&S businesses in Europe and North America.

The operating result details of the business being acquired are that its net sales in fiscal 2014 were U.S.\$550 million and its earnings before interest and taxes (EBIT) U.S.\$39 million. As regards bases, there are two manufacturing facilities in Europe, in Germany and the Czech Republic, in addition to a development base in Germany. In North America, there are two plants in Canada and one in the United States. The business transfer will add approximately 2,170 to the number of THK employees. With regard to sales composition, three quarters is made up of different applications for passenger automobiles, one quarter for commercial vehicles. By region, the proportion of sales between Europe and North America is about the same. The customers associated with the business are primarily major automakers in Europe and North America. As those covered are automakers with which THK has not previously had dealings, the business transfer will enable global customer development in addition to traditional customers.

Taking advantage of the opportunity presented by this business transfer, THK aims to also become the world's No. 1 ball joint manufacturer. Beyond that, THK will work to secure the expanded application of its mainstay LM guides and other linear motion products as critical automotive safety components.

