

11-D-0395  
August 29, 2011

## JCR Affirmed BBB+/Stable, BBB+ and J-2 on Akebono Brake Industry

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

### *Rationale*

Akebono Brake Industry Co., Ltd. is the largest independent brake manufacturer. The Company acquired Robert Bosch LLC's North American brake business at the end of 2009. Although this will lead to its increased presence in the North American market, unprofitable transactions which have also been transferred to the Company are putting downward pressure on its business performance. It expects an operating loss of 4 billion yen even after reversal of reserve for the North America segment in the fiscal year ending March 31, 2012. It is projected that these unprofitable transactions will be reduced step by step, and the Company aims at attaining an operating profit from the North American segment in the fiscal year ending March 31, 2014. However, some uncertainty still remains at this stage. JCR thinks that its earnings will recover over the medium term on the back of shrinking loss from business in North America, normalization of domestic auto production, and expansion of business in Asia. Looking at the short term, prompt action is required of the Company to turn the North American segment into profitable one at an early stage so as to increase their earnings contribution.

### *Rating*

Issuer: Akebono Brake Industry Co., Ltd. (security code: 7238)

#### <Affirmation>

Senior debts: BBB+      Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
bonds no.2	Y15	Mar. 9, 2011	Mar. 9, 2016	1.09%	BBB+

CP: J-2

Maximum: Y10 billion

Outline of the method for the determination of the credit rating is posted as "Rating Methodology (Corporate)" on JCR's home page (<http://www.jcr.co.jp>). The rating methodology is subject to additions and changes. In such cases, however, these additions and changes are shown in chronological order. Please check the release date of this press release against that of the rating methodology (i.e. the date when such methodology became effective) and then refer to the rating methodology above.

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