

OffHighway

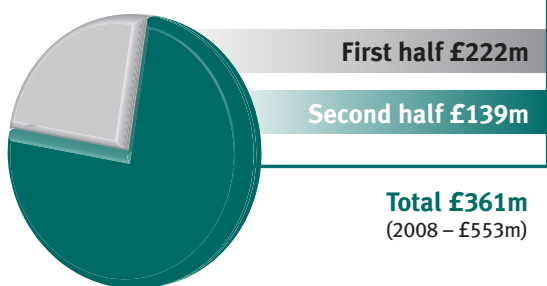
GKN OffHighway designs, manufactures and distributes a wide range of products for the agricultural, construction and mining, and industrial machinery markets. Its portfolio includes driveline products, wheels and tractor attachment systems.

A service and distribution business supplies GKN's and other manufacturers' products to aftermarket wholesalers and distributors.

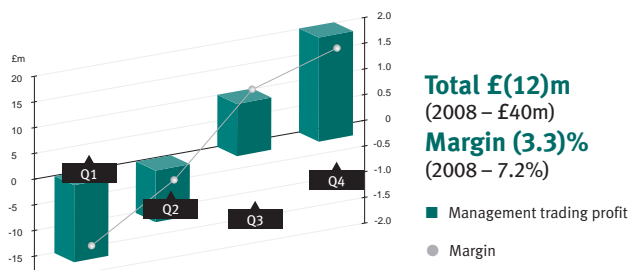
GKN OffHighway is a leading global supplier of off-highway wheels and agricultural power take-off shafts. Major customers include John Deere, Case New Holland, Caterpillar, CLAAS and AGCO.



Management sales



Management trading profit and margin



Achievements in 2009

OffHighway reacted to a significant deterioration in its key markets during 2009 with operating cost reductions resulting in a lower break-even point for the business and the extensive use of flexible working practices, particularly in Italy and Germany. In addition, a plant rationalisation programme was largely completed with three location closures announced during the year.

Despite difficult market conditions, good progress was made in attracting a high level of new business. Specific areas of success included an integrated 30 component harvester header drive for CLAAS, high speed Rockford primary driveshafts to Liebherr for an articulated dump truck, and a five year global supply contract with Kion for small wheels.

Additional business wins in new product segments for GKN included large (46 inch to 63 inch) multi-piece wheels for mining equipment and a cost saving 'Profi-fit'

wheel design, the first customer for which was John Deere.

Moves to extend the business into new markets also progressed well. GKN became sole supplier of high articulation driveshafts on the Oshkosh TAK-4™ suspension system, which provides greater off-road capability in military personnel transport vehicles. Collaboration on this programme between OffHighway and GKN Industrial and Distribution Services resulted in a tenfold increase in production capability. The programme continues in 2010 with further business secured.

A continued focus on operational excellence and customer service was also recognised with a partnership excellence award from Caterpillar and supplier awards from two of China's largest equipment makers for OffHighway's newly expanded Chinese operation.

Technology Trends — Productivity & Electrification



Population growth, coupled with limited land and water reserves, is driving the need for more intensive use of available resources. Consequently, larger and more efficient vehicles are required that do not increase the level of soil compaction.

GKN OffHighway is developing lighter and more efficient high performance components, including new wheel profiles that reduce weight without loss of performance and clutches that protect lighter drivelines from overload. GKN is also exploring new technologies and products for the electrification of primary and secondary drives.