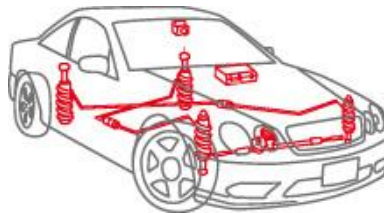


Meeting Materials for FY2012 Summary and Business Outlook



May 17, 2013

Masao Usui

Representative Director, President Executive Officer
KYB Corporation

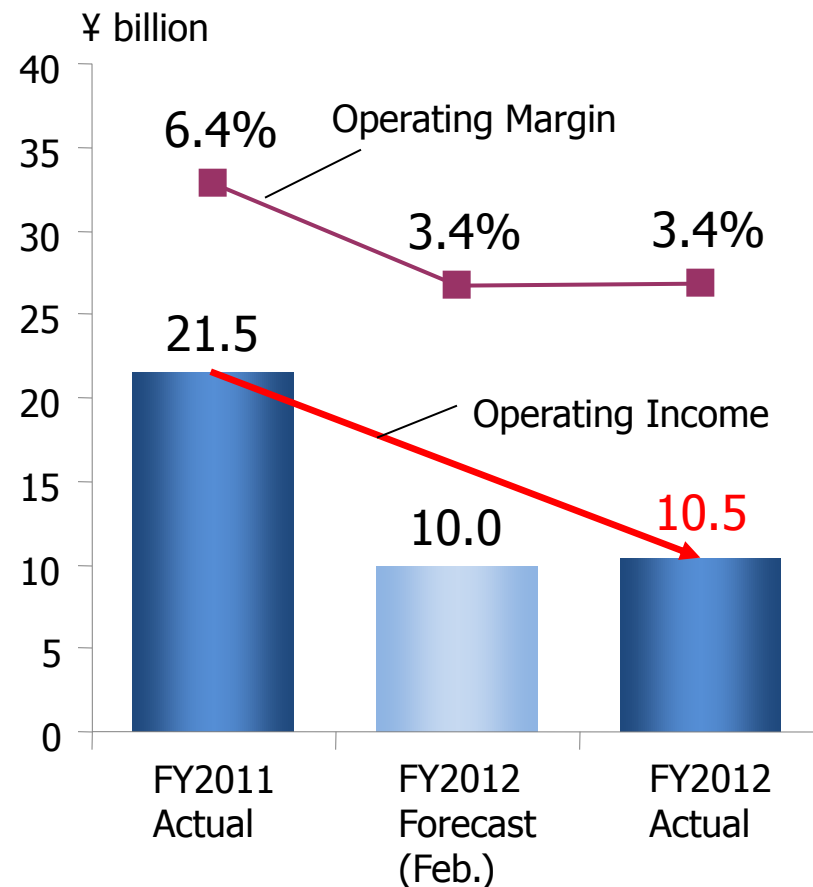
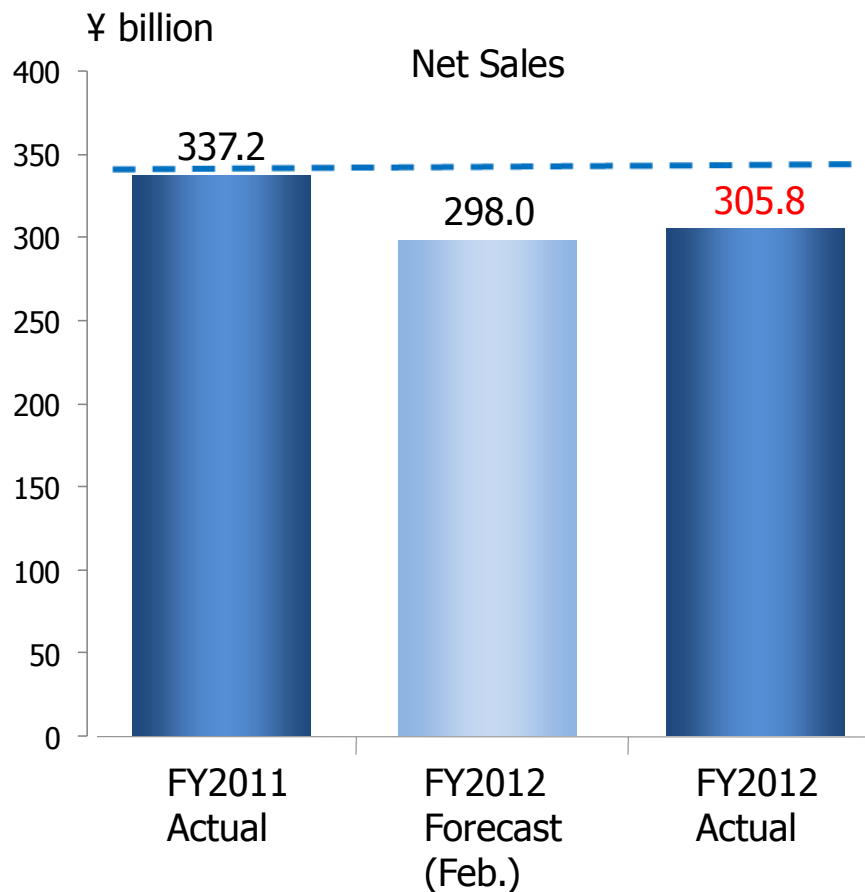
1. Financial Information
 - Consolidated Financial Performance for FY2012
 - Consolidated Financial Forecast for FY2013
2. Medium-term Business Plan (2011-2013)
Implementation Status
 - Numerical Targets
 - Capital Expenditures
3. Segment Information
4. Status for Automotive Components Operations (AC)
5. Status for Hydraulic Components Operations (HC)
6. Status for Other Business Operations
7. FY2013 Plans and Subjects
Moving towards the Next Medium-term Plan (2014-2016)

1. Financial Information

Consolidated Financial Performance for FY2012



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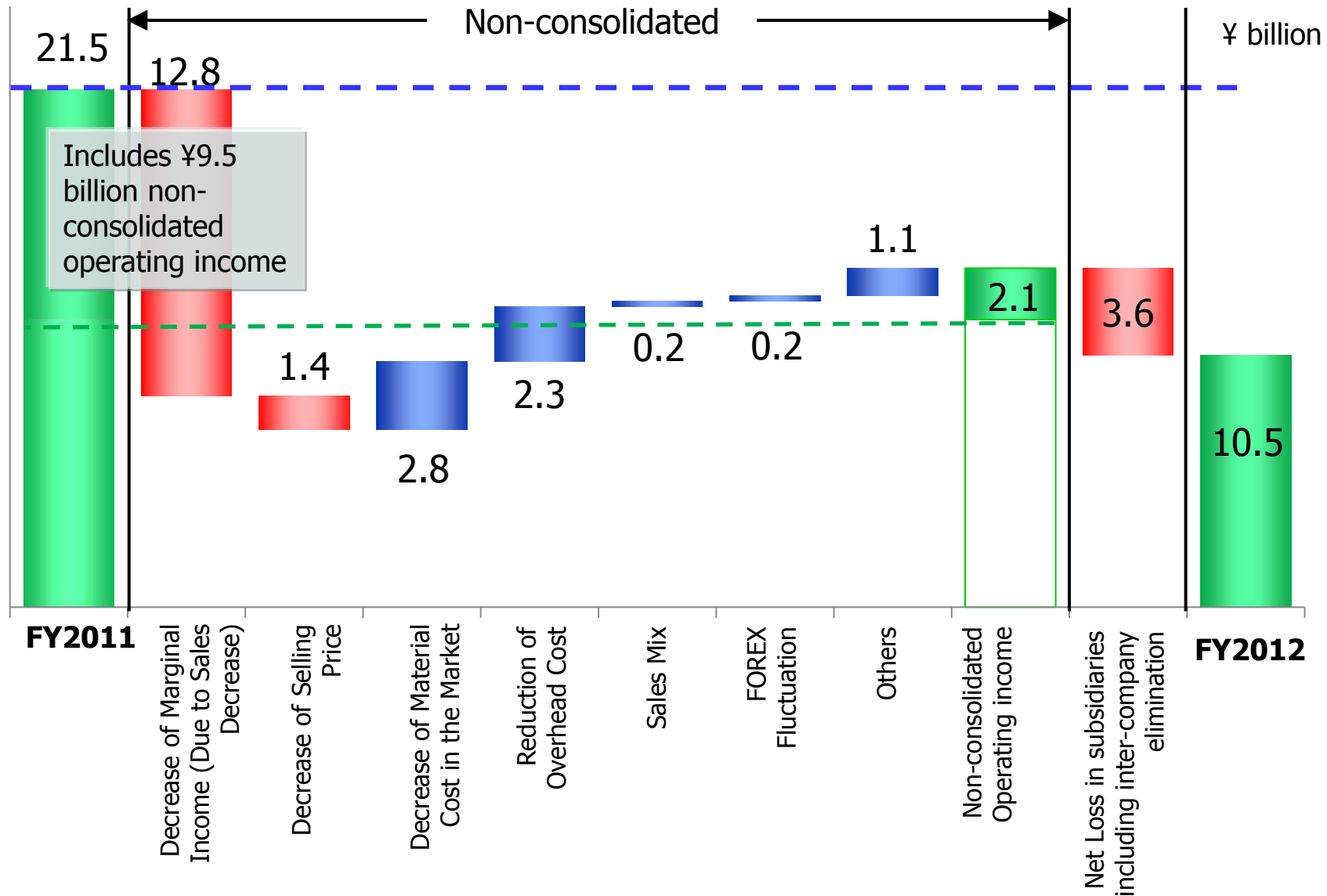
FOREX (Average)	FY2011 Actual	FY2012 Forecast (Feb.)	FY2012 Actual
JPY / USD	¥79.08	¥82.03	¥82.08
JPY / EUR	¥108.97	¥106.08	¥105.98

1. Financial Information

Analysis of Operating Income (vs. FH FY2011)



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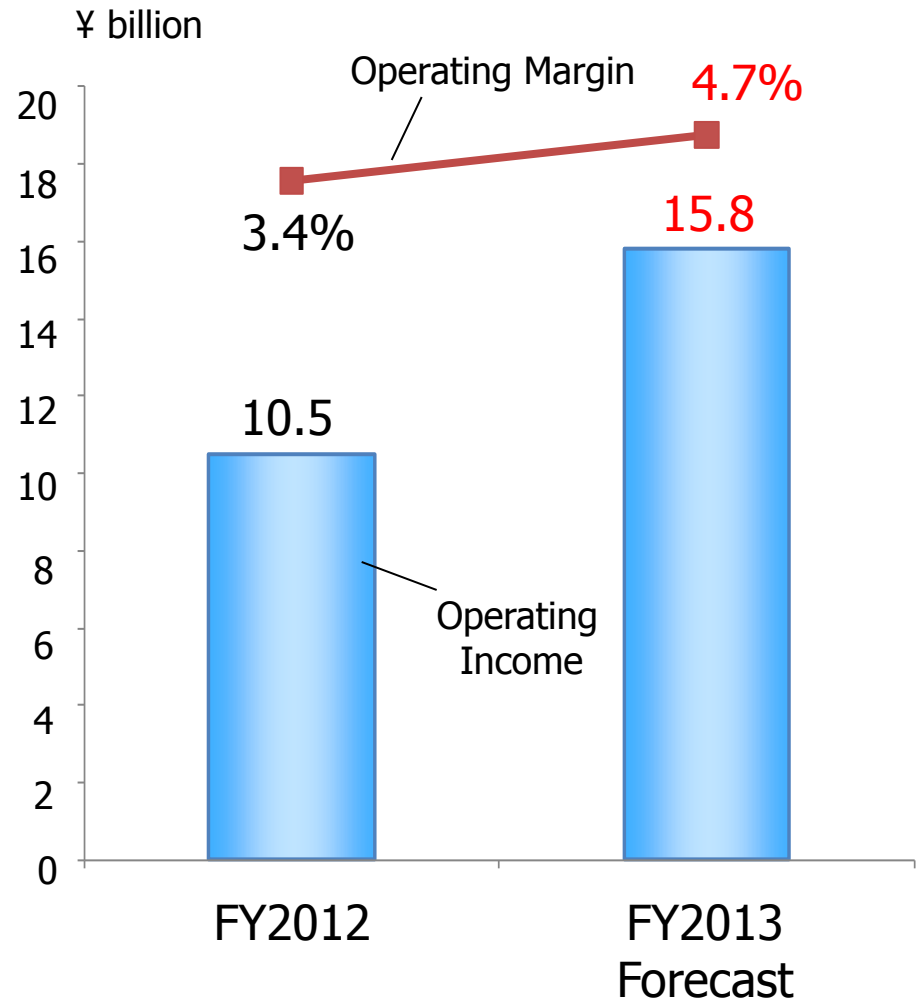
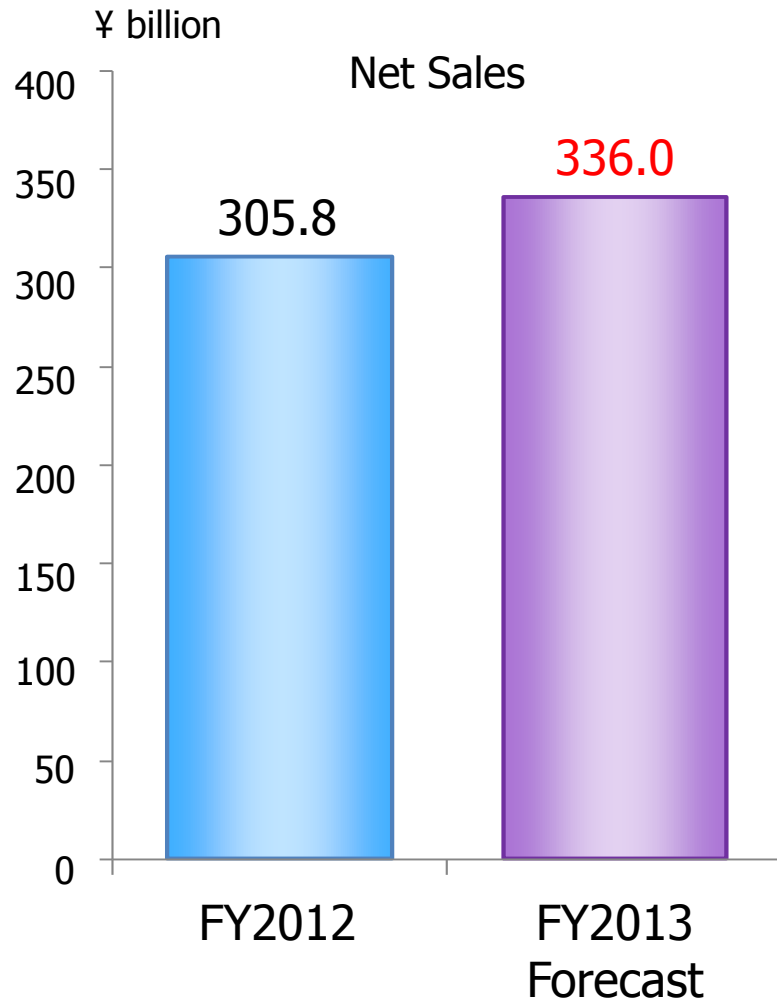


1. Financial Information

Consolidated Financial Forecast for FY2013



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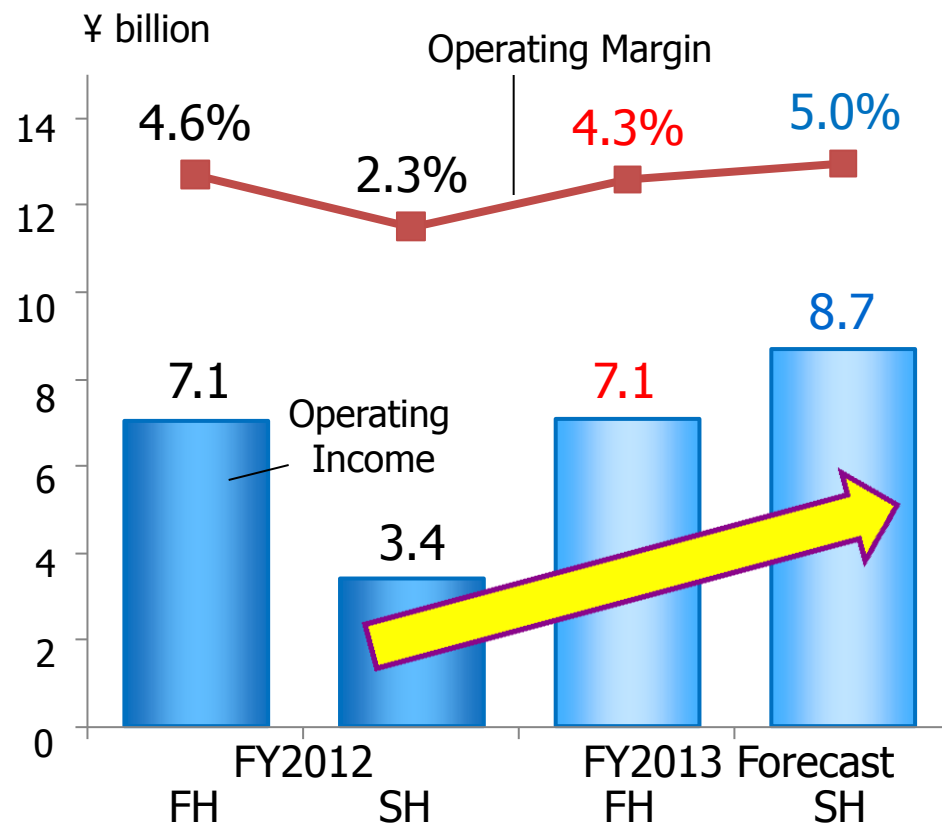
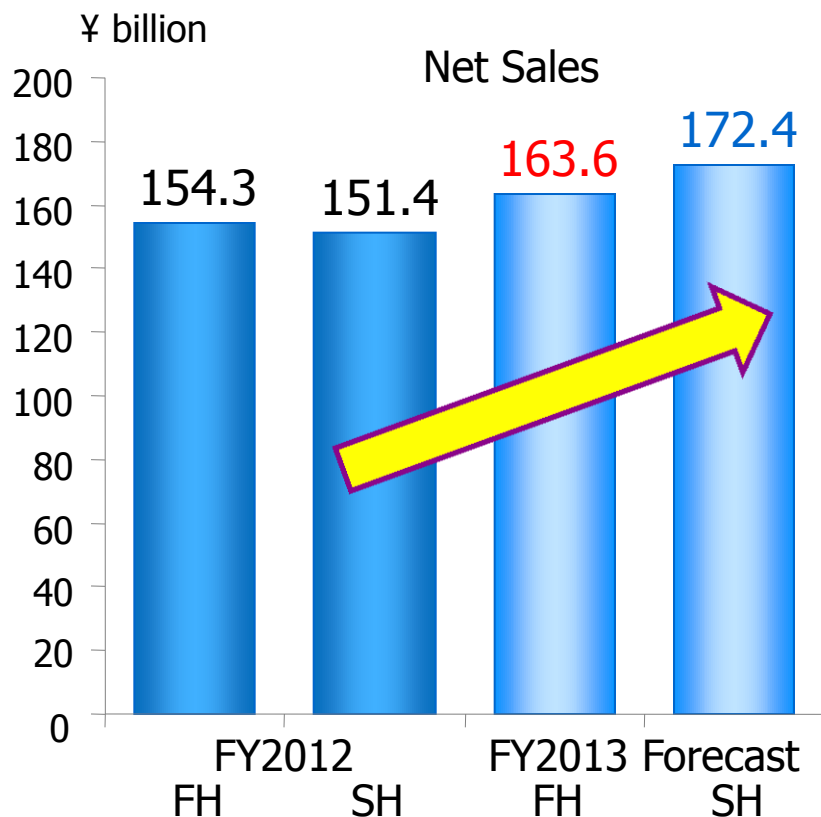


1. Financial Information

Consolidated Financial Forecast for FY2013



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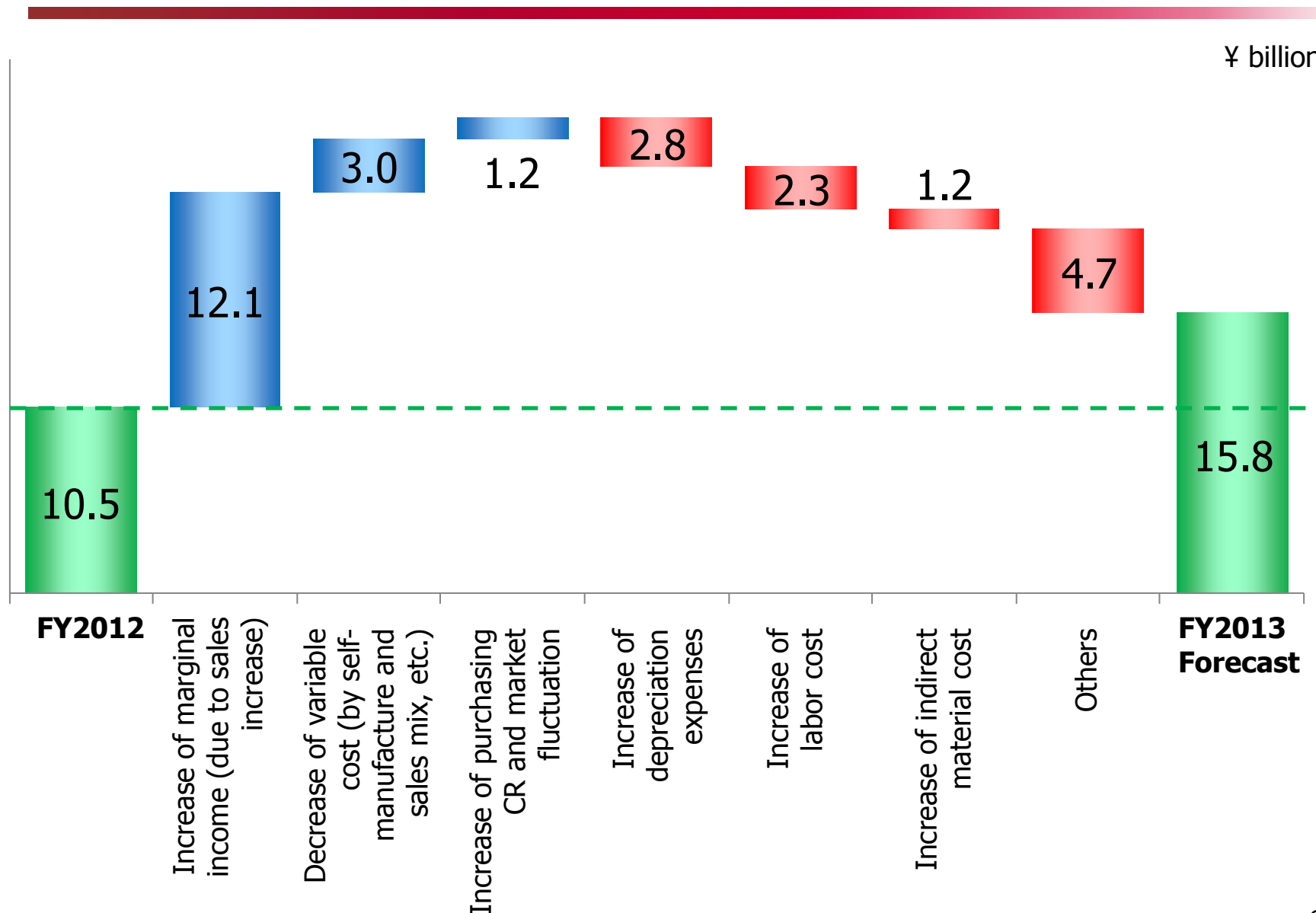
FOREX (Average)	FY2012			FY2013 Forecast		
	FH (1st half)	SH (2nd half)	Full-year	FH (1st half)	SH (2nd half)	Full-year
JPY / USD	¥80.13	¥84.03	¥82.08	¥95.00	←	←
JPY / EUR	¥102.07	¥109.90	¥105.98	¥120.0	←	←

1. Financial Information

Forecast Analysis of Operating Income (vs. FY2012)



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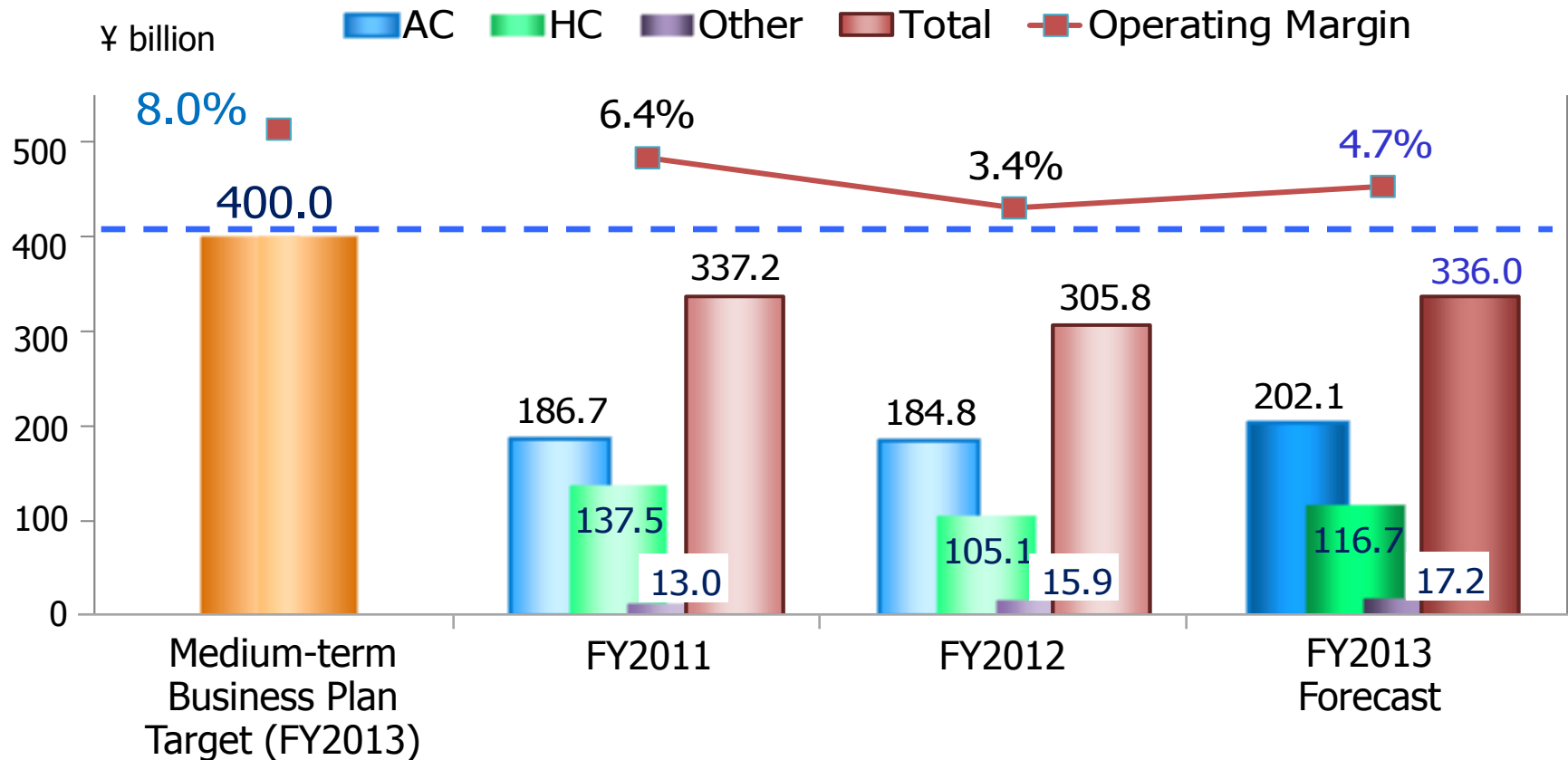
2. Medium-term Business Plan (2011-2013)

Implementation Status

Numerical Targets



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FY2011: Great East Japan Earthquake, flooding disaster in Thailand

FY2012: Deflationary spiral and boycotts of Japanese products in China, protracted European crisis

FY2013: Weak yen, recovery of US economy, bottomed-out Chinese economy

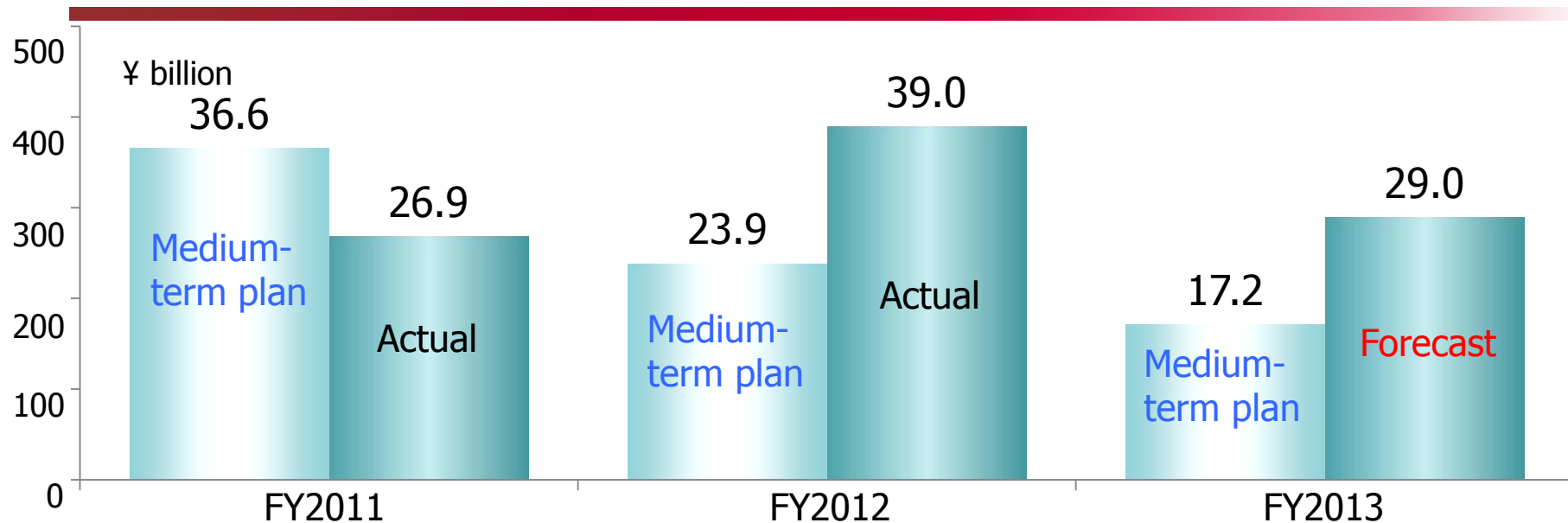
2. Medium-term Business Plan (2011-2013)

Implementation Status

Capital Expenditures



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Implementation in FY2012 (Red = Unplanned on medium-term business plan)

AC: Pumps for CVT (Thailand)

HC: Build for subsidiaries (KYB-YS, KYB-CADAC), Increase of production volume for ultra-large cylinders at the plant (Gifu South Plant)

Other: Build plant (Kayaba System Machinery)

Plan in FY2013

AC: Pumps for CVT (Mexico), Plant expansion (Czech Republic)

Plant for springs for aftermarket (Czech Republic), Shock absorbers for motorcycles (India)

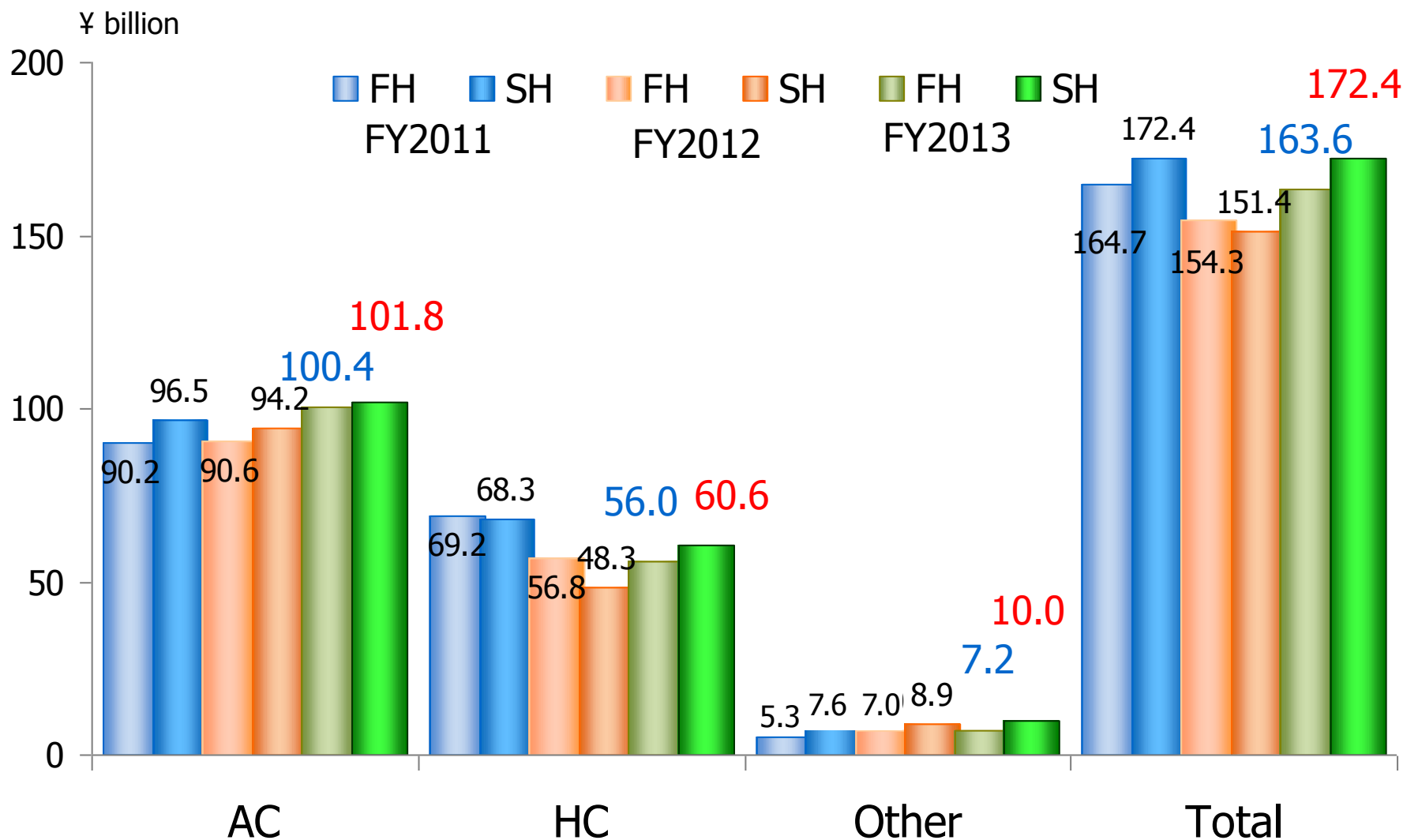
HC: Plant for Cylinders (Indonesia)

3. Segment Information

Half-yearly Net Sales by Segment (FY2011–2013)



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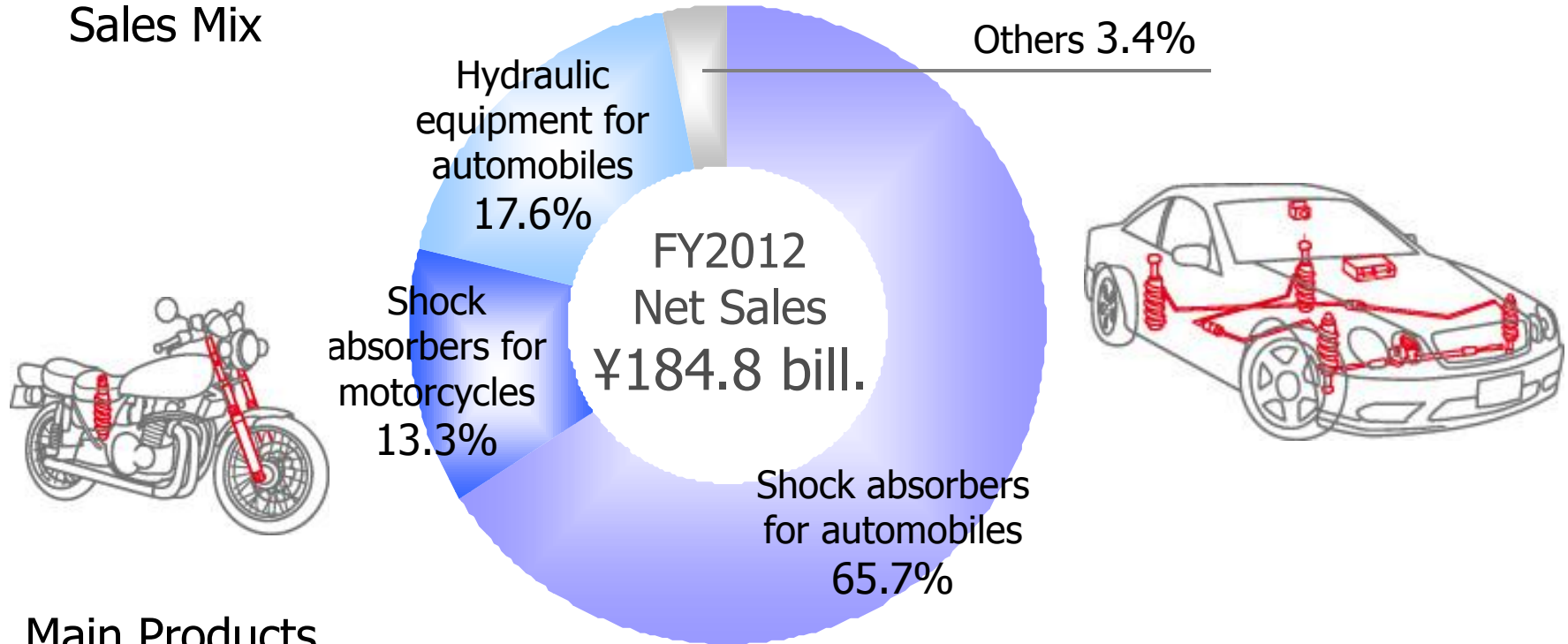


4. Status for Automotive Components (AC) Operations



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Sales Mix



Main Products

Shock absorbers for automobiles: Shock absorbers (for OEM, aftermarket, genuine parts)

Shock absorbers for motorcycles: Front fork, rear cushion unit

Hydraulic equipment for automobiles: CVT (Continuously Variable Transmission), power steering (hydraulic, electric)

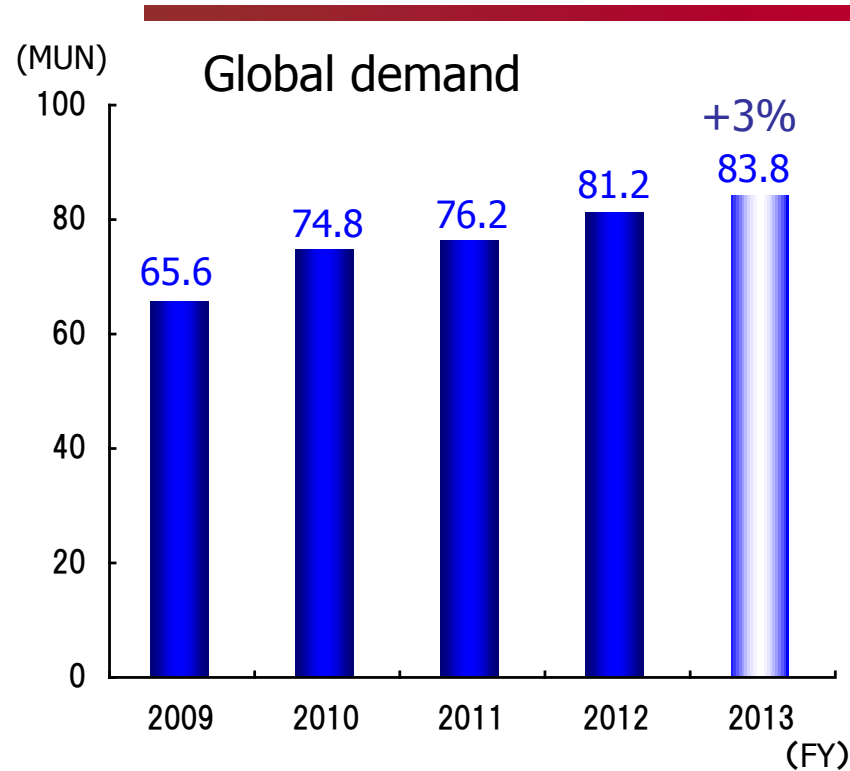
Other products: Stay dampers, shock absorbers for ATV (All Terrain Vehicle)

4-1. Market Environment—Automotive

Global Production Forecast, by Region

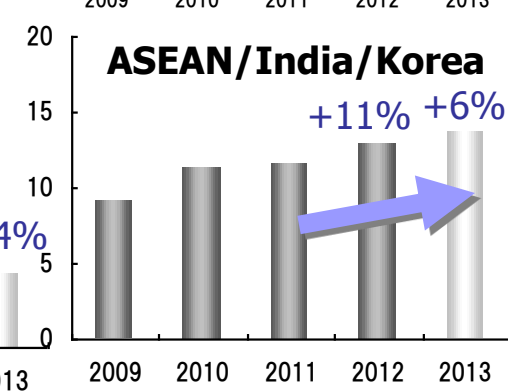
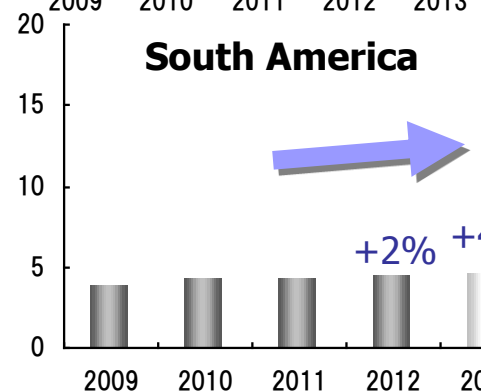
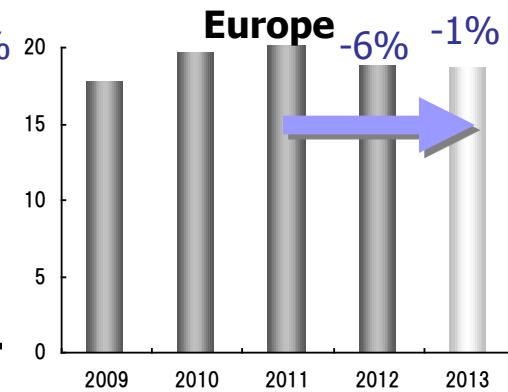
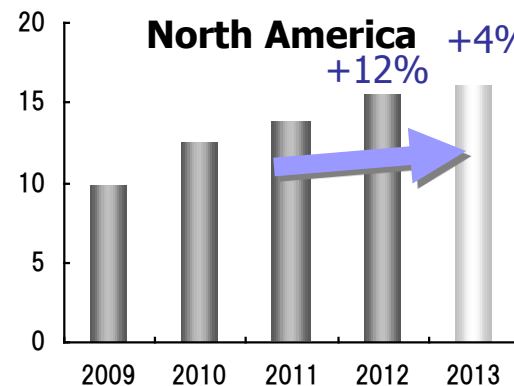
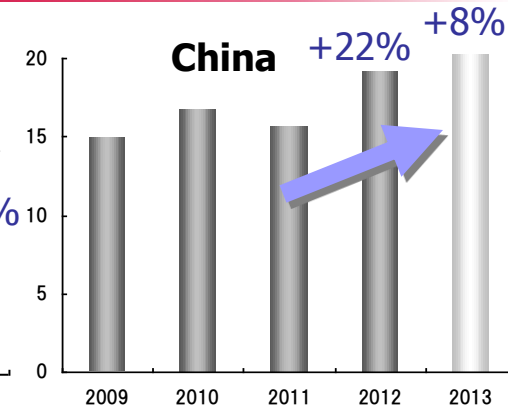
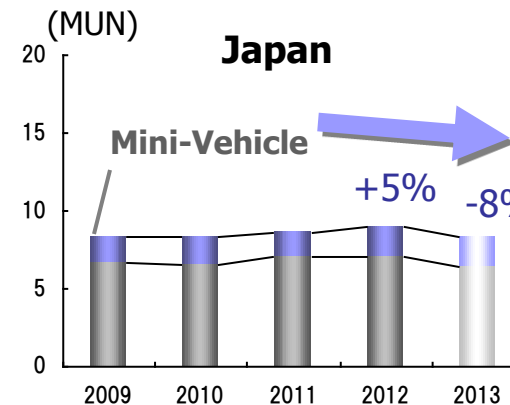


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Source: HIS (the end of Mar. 2013)

Global production volume increasing



4-2. Medium-term Plan Implementation Status

Automotive Components Operations



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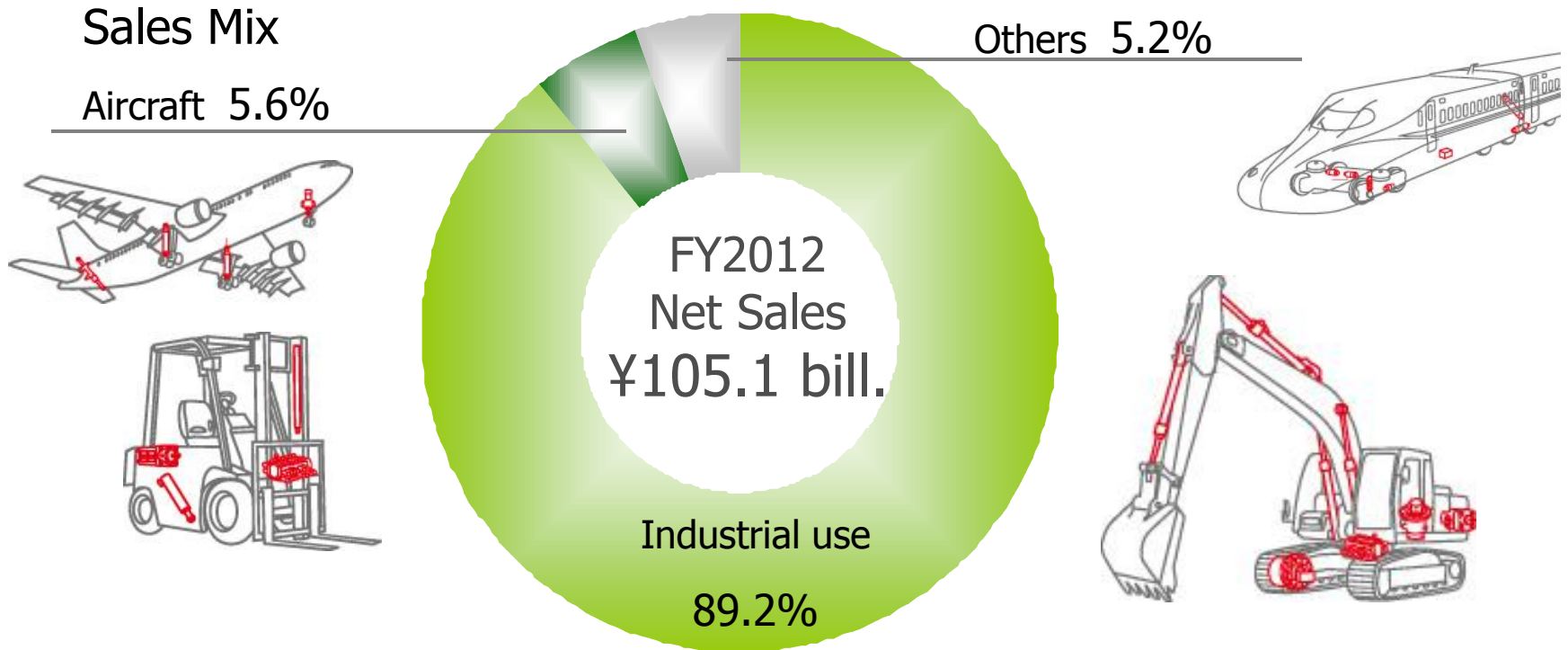
Original Plan	FY2012	FY2013
Strengthen R&D system	USA: Introduction of evaluation equipment China: Increased engineers	-Europe: Strengthen development resources -North America: Established technical center -Japan: Concentrate evaluation system
Expand overseas sales of OEM	Started operation with Mando Corp. of Korea in Brazil	- Strengthen global sales system - Optimization of products for target market
Double aftermarket sales of shock absorbers (SA)	- Increase production capacity (USA, China, Brazil) Global sales: 16 MUN/year - Established sales office in Russia	- Increase production capacity (US, China, Brazil) 2013 forecast: 17.5 MUN/year
Prepare organized systems for manufacturing of CVT pumps	Thailand: Completed new plant Mar. 2013	Thailand: Start of production Jul. 2013 Mexico: Completed new plant Dec. 2013

Medium-term goal
Making profits in global markets

5. Status for Hydraulic Components (HC) Operations



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Main Products

Industrial use: Cylinders, traveling motors, swing motors, control valves, pumps (for construction machinery, forklifts, agricultural machines)

Aircraft: Actuators, wheels and brake assembly

Others: Semi-active suspension systems for bullet trains

5-1. Market Environment—Hydraulic Excavators of more than 6 tons

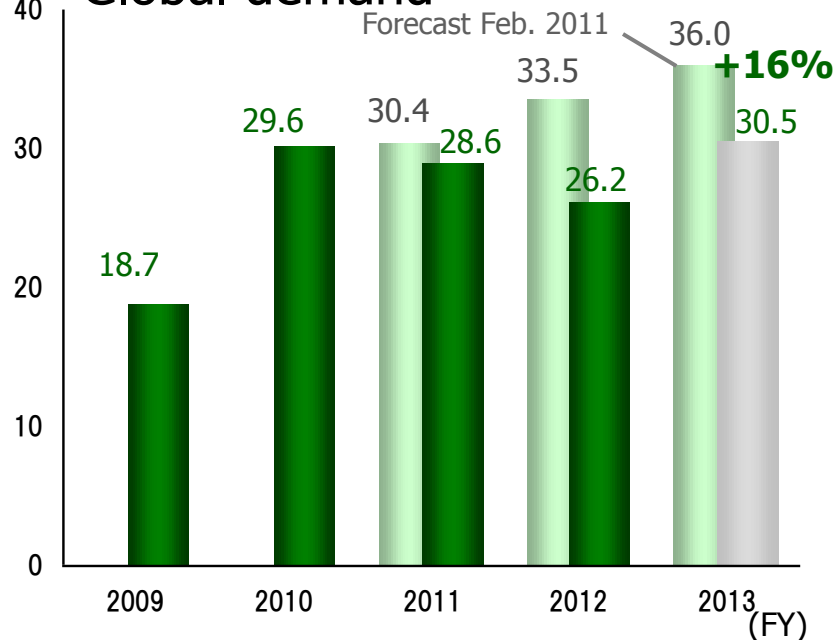
Global Production Forecast, by Region



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(Ten thousand units)

Global demand



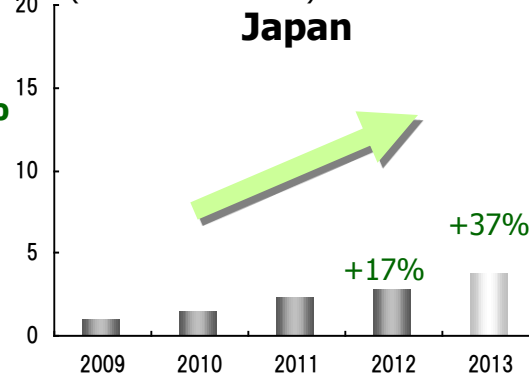
Source: Forecast by KYB based on customers' forecasts

■ Actual
■ As of instituted Medium-term plan
■ FY2013 Forecast (Feb.)

Estimate: Chinese market will shift to demand increase from SH of FY2013

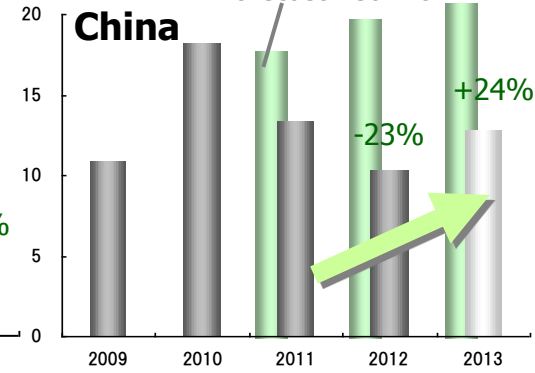
(Ten thousands unit)

Japan

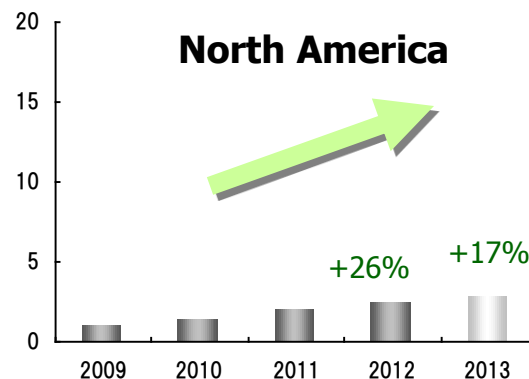


(Ten thousands unit)

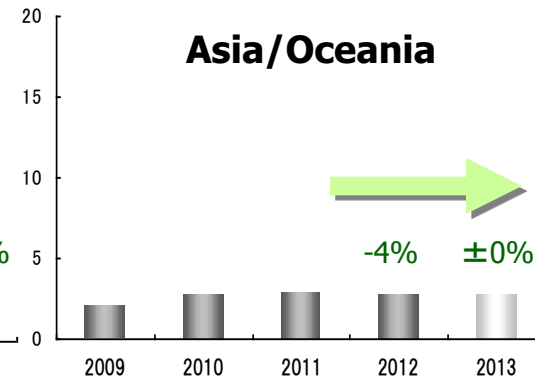
China



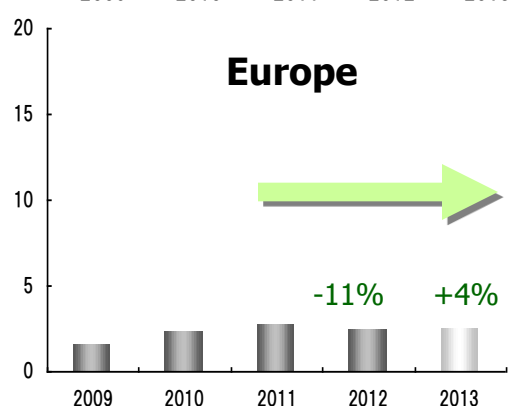
North America



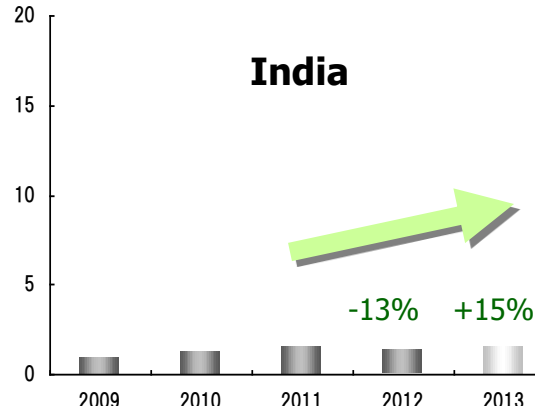
Asia/Oceania



Europe



India

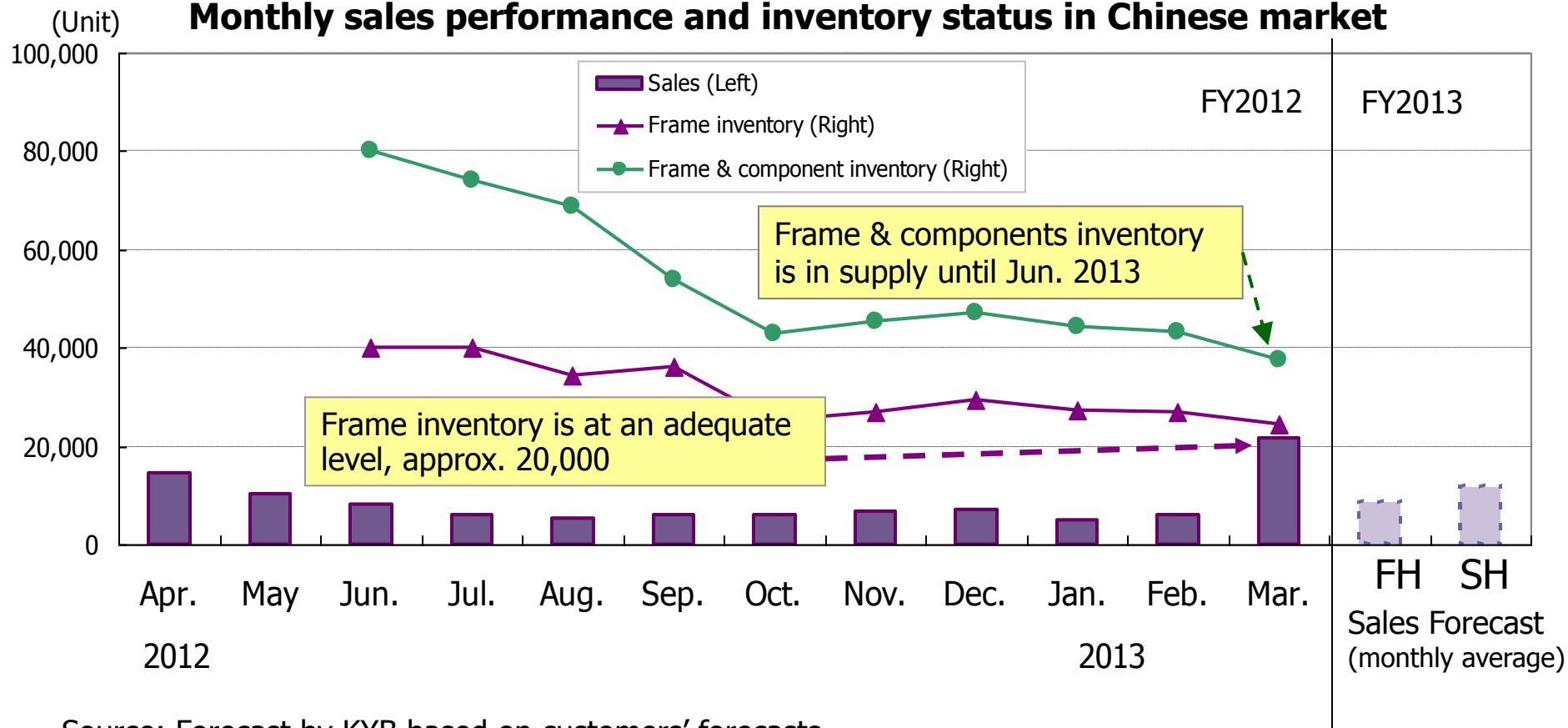


5-2. Market Environment—Construction Machinery in China

Forecast for Sales and Inventory

- Chinese market will shift to demand increase from SH of FY2013
- Estimated production increase toward Chinese new year in 2014

Monthly sales performance and inventory status in Chinese market



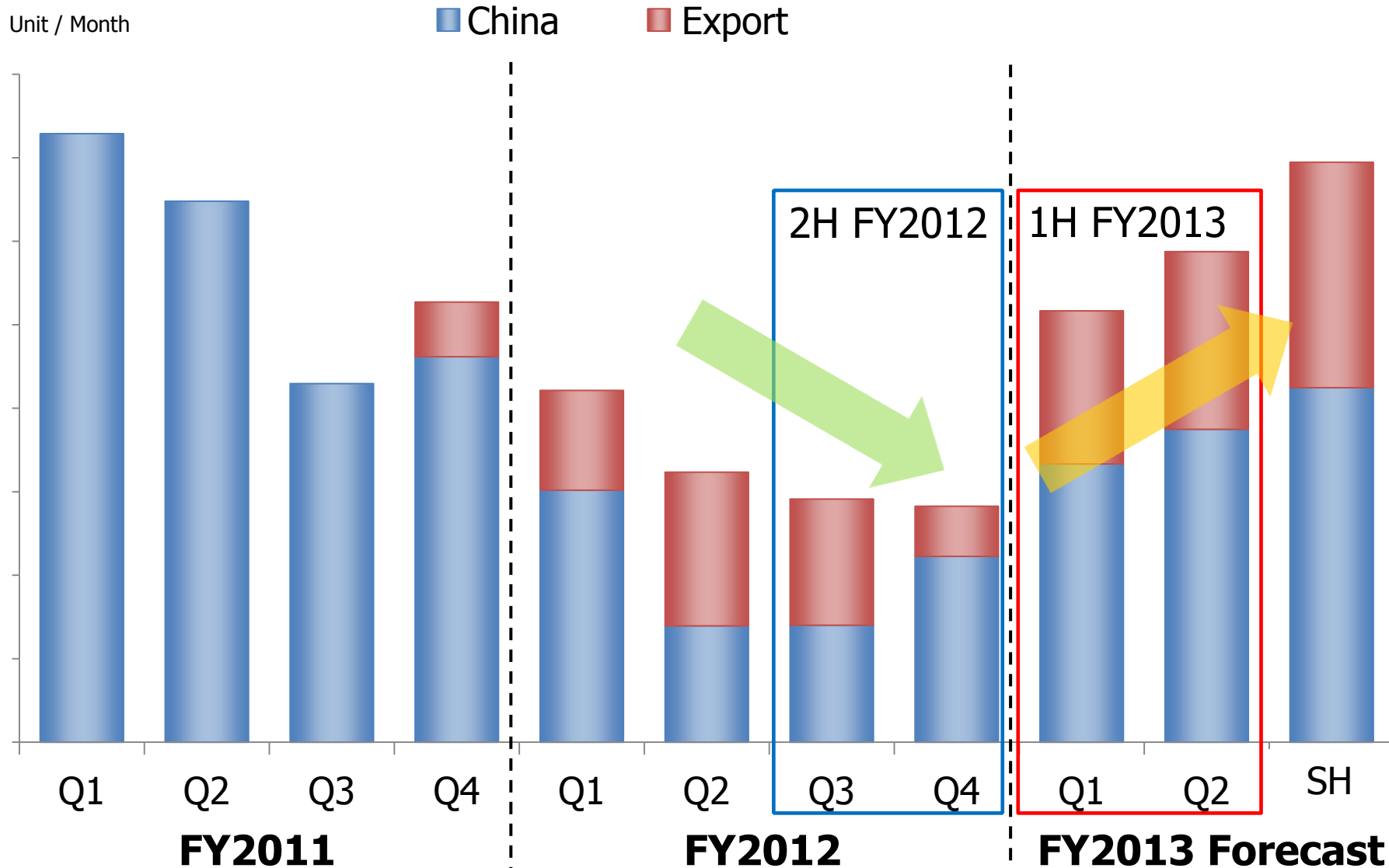
Source: Forecast by KYB based on customers' forecasts

5-2. Market Environment—Construction Machinery in China

Production volume of cylinders in Chinese plants (KHIZ)



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5-3. Medium-term Plan Implementation Status

Hydraulic Components Operations



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Establish Production System: Japan

Original Plan

FY2012

FY2013

- Centralize production line of cylinders for mid-size excavators
- Increase production capacity of cylinders for ultra-large excavators (60 tons and over)
120 to 240 / month

- Complete the third building at Gifu East Plant in Oct. 2012
- Centralize production line of mid-size cylinders

- Production increase for ultra-large cylinders at Gifu South Plant
120 to 240/month
Completion: 1H of FY2013

- Increase production capacity of control valves for mid-size excavators
700t to 1,200t / month

- Build KYB-CADAC's new casting plant
Started construction: Feb. 2013
Self-manufacture of heat treatment process for spool valve

- Production increase to 1,200t
 - Start of production: Jun. 2013
- Self manufacture of heat treatment process for spool at Sagami Plant
 - Start of production: Mar. 2014

- Increase production capacity of cylinders for mini excavators

KYB-YS new plant
Started construction in Oct. 2012

- Three new innovative production line with global cost competitiveness
 - Completion: Jul. 2013
 - Start of production: Feb. 2014

Medium-term goal
Complete a manufacturing network that can cope with global demand.

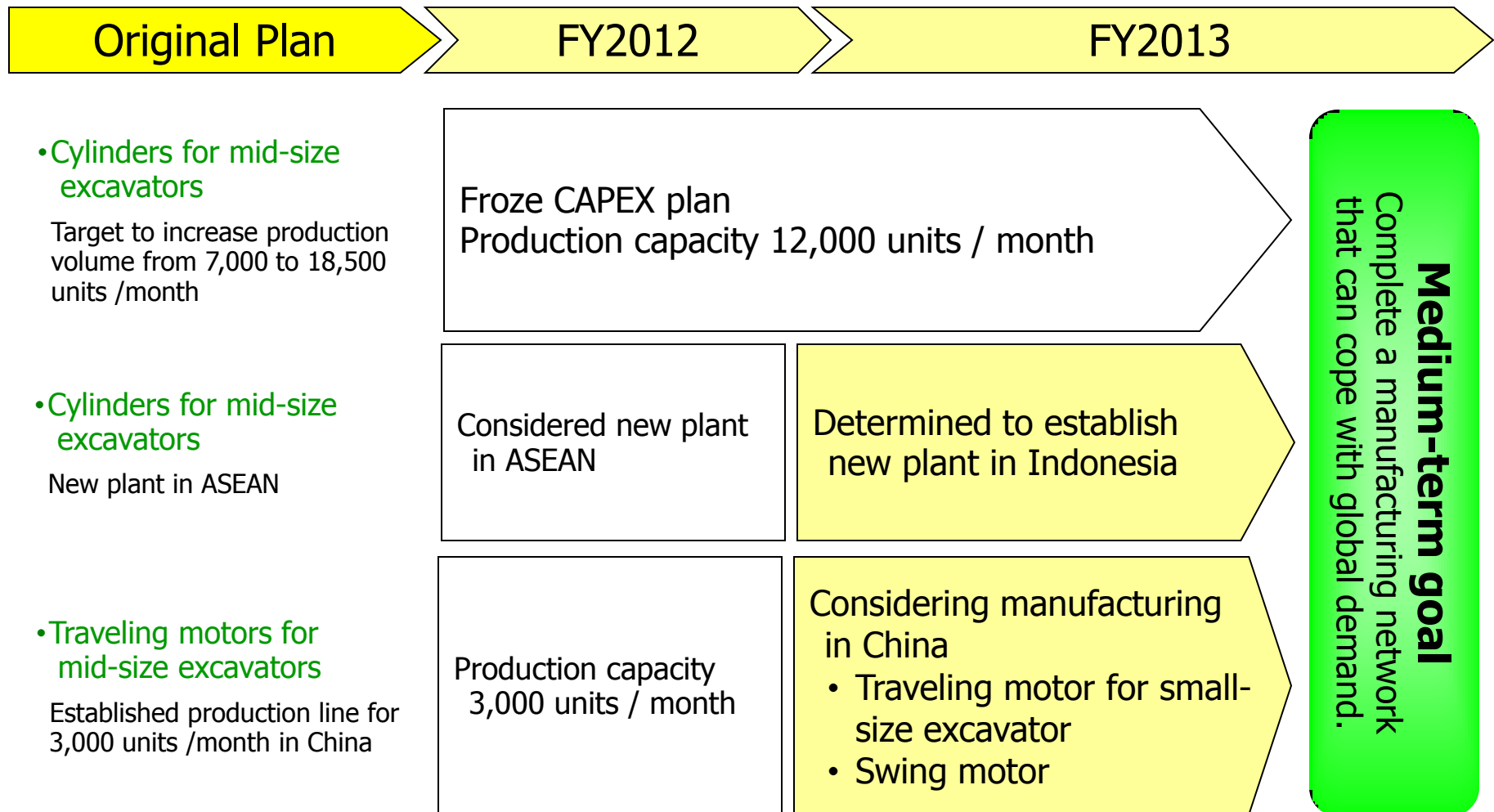
5-3. Medium-term Plan Implementation Status

Hydraulic Components Operations



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Establish Production System: Overseas

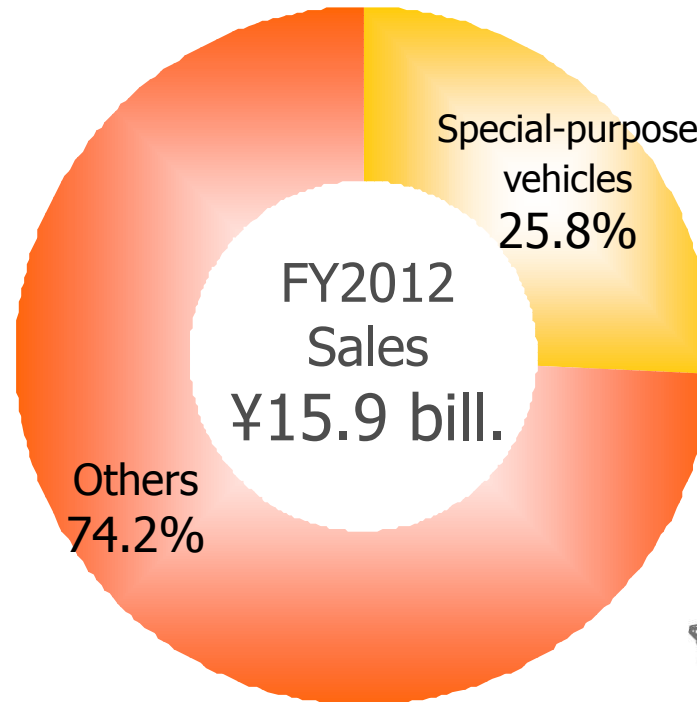
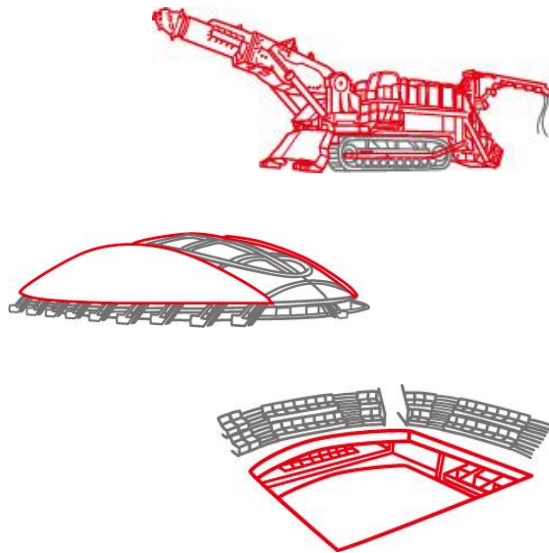


6. Status for Other Business Operations

KYB

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Sales Mix



Main Products

Special-purpose vehicles: Concrete mixer trucks

Others: Seismic & vibration control systems, Theater equipment, Building and structural equipment, Rock tunneling equipment, Marine equipment, Simulated conditions testing, Environmentally-friendly equipment

6-1. Special-Purpose Vehicle Operations



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Concrete Mixer Trucks, Seismic & Vibration Dampers

- **Concrete mixer trucks**

Japan: Post Mar. 2011 reconstruction demand

Global: Expand market to India

Established joint venture with Conmat Systems Pvt. Ltd
(Gujarat state)

Target : Conmat's existing customers and new customers

Start of production: Jun. 2013

- **Seismic & vibration dampers**

Verified effect of oil dampers on long-period vibration in Mar. 2011

Establish production system corresponding to demand increase

Production capacity : 200 unit/month to 350 unit/month

[Completion: Nov. 2013]

7. FY2013 Plans and Subjects

Activities to position KYB for a successful next medium-term (FY2014-2016)

- Reinforce the foundation for current operation
- Tackle challenges to set the stage for growth and development

Reinforcing the foundation

- Quickly establish 6-3-1 business structure
 - *6-3-1: KYB's target ratio of variable cost, fixed cost and profit
- Supply products with world's best quality
- Production and sales frameworks that can compete and win worldwide

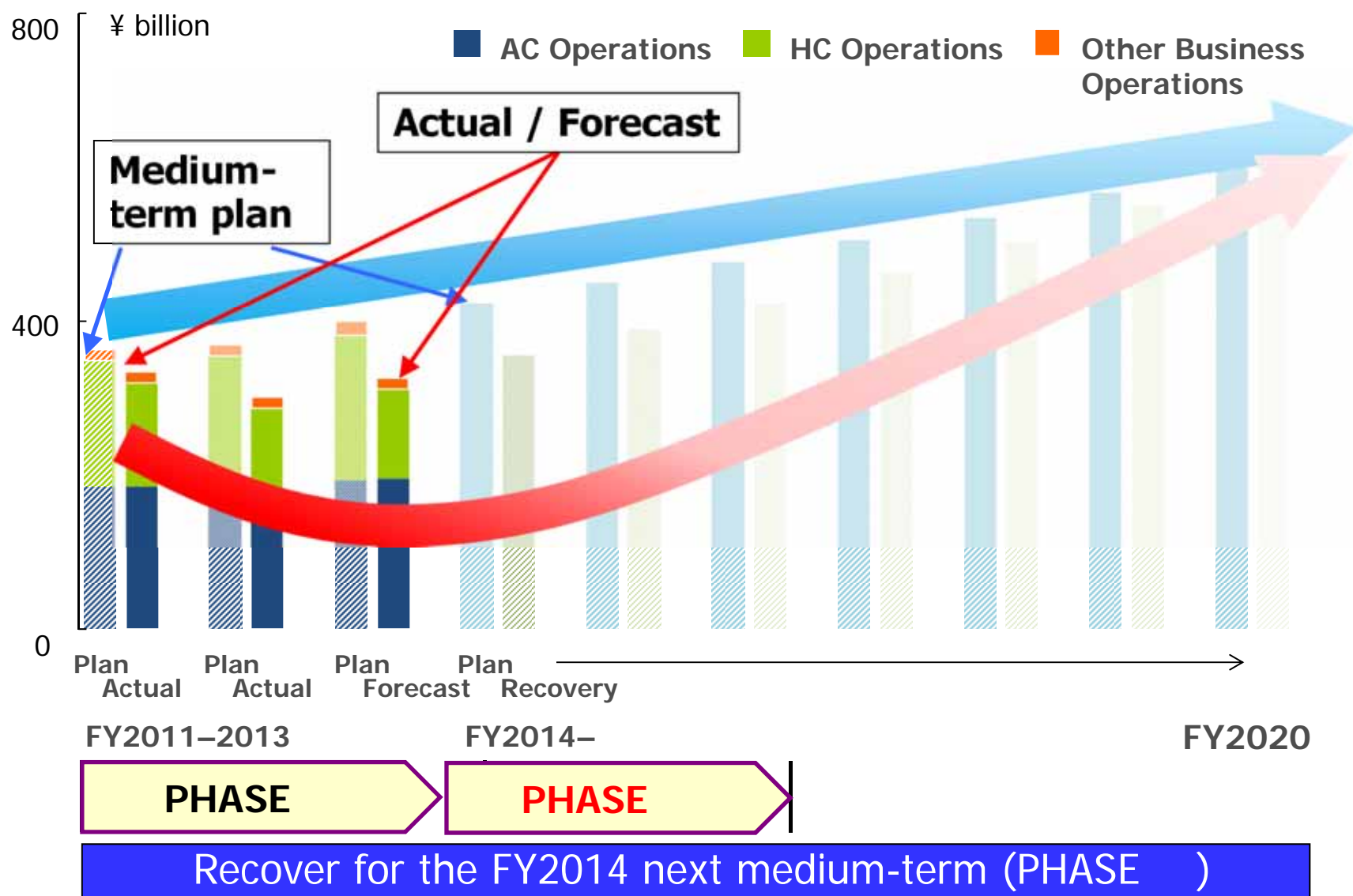
Growth and development

- A new way of thinking: break away from pre-determined ideas
- Create products in a timely manner and secure markets
- Make tightly focused investments in strategic areas from a long-term standpoint

Activities to position KYB for a successful next medium-term (FY2014-2016)



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Awards from customers (FY2012)

Toyota Motor Corp.	Special award for reducing the number of repair parts
Yamaha Motor	Contribution award for repair parts
Polaris	Best Quality Award
Caterpillar Japan	SQEP (Supplier Quality Excellence Process Certification)
Sany Heavy Industry	Best Supplier Award
Kubota Corp.	GM of Construction Machinery Division Award
Boeing	Boeing Performance Excellence Award 2012 Gold Prize
Bombardier	QD Excellent Supplier Award Gold prize
The Japan Society of Seismic Isolation	13th The Japan Society of Seismic Isolation award <ul style="list-style-type: none"> ▪ Engineering Award (Special award) “Chisuikan” (Japan): 3-D seismic isolation system ▪ Production Award Sony Osaki City Building (Japan): Lock damper system



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Cautionary Statement

This report contains forward-looking statements, including KYB's plans and strategies, as well as statements that report historical results. Forward-looking statements involve such known and unknown risks and uncertainties as economic conditions; currency exchange rates; laws, regulations, and government policies; and political instability in principal markets.