

November 10, 2015

PRESS RELEASE

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Announcement of Restructuring of Hydraulic Components Operations

KYB Corporation (“KYB”) has resolved to 1) merge its wholly-owned subsidiaries in China, and 2) start to contemplate for restructuring of its wholly-owned subsidiaries in Japan in the Hydraulic Components Operations (hereinafter, “HC Operations”) which are mainly engaged in hydraulic components for construction machineries.

1. Purpose of restructuring

KYB will reinforce its management base more flexibly against upcoming market change, aiming at enhancing management efficiency such as making practical use of management resources in each group company, by integrating manufacturing bases both in China and Japan(Nagano area), and sales bases in China, as a part of restructuring of HC Operations.

2. Summary of merger (in China)

(1) Merger of manufacturing bases

KYB Industrial Machinery (Zhenjiang) Ltd., our consolidated subsidiary, will merge with KYB Hydraulics Industry (Zhenjiang) Ltd., our consolidated subsidiary effective as from April 1, 2016 (expected).

(2) Merger of sales bases

KYB Trading (Shanghai) Co.,Ltd., our consolidated subsidiary, will merge with KK Hydraulics Sales (Shanghai) Ltd., our non-consolidated subsidiary effective as from April 1, 2016 (expected).

(3) Overview of companies in merger

a) Merger of manufacturing bases

	Merging Company	Merged Company
Company Name	KYB Industrial Machinery (Zhenjiang) Ltd.	KYB Hydraulics Industry (Zhenjiang) Ltd.
Head Office	Wei 3 Road38, dingmao, Zhenjiang New Zone, Zhenjiang, Jiangsu, China	Wei 3 Road121, dingmao, Zhenjiang New Zone, Zhenjiang, Jiangsu, China
Representative	Toshihiko Wada	Masaki Dougami
Main business	Sales & Manufacturing of automotive shock absorbers & automotive hydraulic components	Sales & Manufacturing of hydraulic components for construction machineries
Paid-in capital	US\$38,660,000	US\$63,450,000
Main shareholders	KYB (China) Investment Co., Ltd. 100%(*1)	KYB (China) Investment Co., Ltd. 100%(*1)

(*1) KYB’s 100% consolidated subsidiary

b) Merger of sales bases

	Merging Company	Merged Company
Company Name	KYB Trading (Shanghai) Co.,Ltd.	KK Hydranlics Sales (Shanghai) Ltd.
Head Office	B1008-1009 Far East International Plaza 317 Xianxia Road, Shanghai, China	A2913 The Place Tower, 100 Zunyi Road, Shanghai, China
Representative	Mamoru Kato	Nobuto Soma
Main business	Sales of automotive shock absorbers	Sales of hydraulic components, hydraulic system products, & providing after service
Paid-in capital	US\$1,000,000	US\$400,000
Main shareholders	KYB 100%	KK Hydraulics Ltd. 100%(*2)

(*2) KYB's 100% non-consolidated subsidiary

3. Summary of restructuring (in Japan)

(1) Contemplated merger

KYB started to contemplate for merger that KYB-YS Co., Ltd. (hereinafter, "YS"), our consolidated subsidiary, will merge with KYB-CADAC Co., Ltd. (hereinafter, "CADAC"), our non-consolidated subsidiary effective as from April 1, 2016 (expected), by discussing with YS and CADAC.

(2) Overview of companies in merger

	Merging Company	Merged Company
Company Name	KYB-YS Co., Ltd.	KYB-CADAC Co., Ltd.
Head Office	9165, Sakaki, Sakaki-Machi, Hanishina-Gun, Nagano, Japan	5473-5, Shiokawa, Ueda-City, Nagano, Japan
Representative	Tsugio Yanagisawa	Shigeru Itoh
Main business	Sales & Manufacturing of hydraulic components & precision processing parts	Sales & Manufacturing of casting products & molds for hydraulic components
Paid-in capital	JPY 265,000,000	JPY 490,000,000
Main shareholders	KYB 100%	KYB 100%

4. Forecast on business performance

Since these mergers are made between wholly-owned subsidiaries, so the impact on KYB Group consolidated revenues, operating income, and net income is expected insignificant.

Once some events which can cause huge impact might happen with regard to these mergers, it will be disclosed in a timely and appropriate manner.