

Press Information

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Notice of Merger with Subsidiary

It was determined earlier today by a resolution of the Board of Directors of Akebono Brake Industry Co., Ltd., that the Company would merge with its wholly owned subsidiary Akebono Engineering Co., Ltd.



24 January 2006

Company Name: Akebono Brake Industry Co., Ltd.
Representative: Hisataka Nobumoto, Representative Director, Chairman & CEO
(First section of the Tokyo Stock Exchange; Code No.: 7238)
Contact: Yoshimasa Ogino, Member of the Board, Managing Executive Officer & CFO
(Tel: 048-560-1501)

Notice of Merger with Subsidiary

It was determined by a resolution of the Board of Directors of Akebono Brake Industry Co., Ltd., on January 24, 2006 that the Company would merge with its wholly owned subsidiary Akebono Engineering Co., Ltd. The merger shall be undertaken in accordance with regulations of the Commercial Code of Japan providing for a simplified merger process.

1. Purpose of the Merger

The subsidiary to be merged, Akebono Engineering Co., Ltd., is primarily engaged in the design and manufacture of production equipment for affiliated companies within the Akebono Group. In order to consolidate and strengthen the globally competitive “manufacture of value-added products” currently being promoted by Akebono Brake, Akebono Engineering’s human resources, technology and know-how pertaining to production engineering will be fully integrated, and production engineering capabilities further enhanced through the careful expansion of cooperation with each department within Akebono Brake.

2. Summary of the Merger

(1) Schedule

Approval of merger agreement by the Board of Directors:	24 January 2006
Conclusion of merger agreement:	24 January 2006
Approval of merger agreement by a General Meeting of Shareholders:	
Akebono Brake Industry Co., Ltd.:	No such meeting to be convened (see note)
Akebono Engineering Co., Ltd.:	8 February 2006
Settlement of merger:	1 April 2006 (provisional)
Registration of merger:	3 April 2006 (provisional)

(Note): In accordance with regulations of Article 413-3-1 of the Commercial Code of Japan providing for a simplified merger process, the merger shall proceed without the approval of a General Meeting of Shareholders.

(2) Method of merger

Akebono Brake to be the surviving company, while Akebono Engineering, which is to be absorbed in the merger, shall cease to exist.

(3) Merger shareholding ratios

As Akebono Engineering is a wholly owned subsidiary of Akebono Brake, there will be no issuance of new shares or increase in capital as a result of the merger.

(4) Merger subsidy

No subsidy will be paid as a result of the merger

3. An outline of the merging companies (as of September 30, 2005)

(1) Trade name	Akebono Brake Industry Co., Ltd.	Akebono Engineering Co., Ltd.
(2) Activities	Manufacture and sale of brakes for automobiles and industrial machinery, and the manufacture and sale of rolling stock components	Manufacture, processing and sale of brake production equipment
(3) Established	January 1936	September 1961
(4) Head office	19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo, Japan	245 Ainohara, Iwatsuki-ku, Saitama-shi, Saitama, Japan
(5) Representative	Hisataka Nobumoto, CEO	Harumi Ogura, CEO
(6) Capital	13,532 million JPY	120 million JPY
(7) Issued stock	110,553,343 shares	240,000 shares
(8) Capital stock	33,008 million JPY	159 million JPY
(9) Total assets	107,762 million JPY	2,023 million JPY
(10) Closing of accounts	31 March	31 March
(11) Employees	916	143
(12) Main customers	Toyota Motor Corporation Nissan Motor Co., Ltd. Isuzu Motors Ltd. Mitsubishi Fuso Truck & Bus Corporation Mitsubishi Motors Corporation	Akebono Brake Industry Co., Ltd.
(13) Main shareholders and shareholding ratios	1. Toyota Motor Corporation (14.01%) 2. Robert Bosch Corporation (11.39%) 3. Japan Trustee Services Bank, Ltd. (Trustee) (10.04%) 4. Isuzu Motors Ltd. (4.20%) 6. HSBC Fund Services Sparx Asset Management Corporated (4.07%)	Akebono Brake Industry Co., Ltd. (100%)
(14) Main banks	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	Mizuho Corporate Bank, Ltd. Saitama Resona Bank, Ltd.

(15) Relations between the merging companies

Capital	Akebono Brake owns 100% of the shares in Akebono Engineering
Personnel	One representative director of Akebono Brake also sits on the board of Akebono Engineering, while one auditor of Akebono Brake is also an auditor of Akebono Engineering
Business	Akebono Brake purchases the brake production equipment manufactured by Akebono Engineering

(16) Most recent financial results

(Unit: One million JPY)

	Akebono Brake Industry Co., Ltd.			Akebono Engineering Co., Ltd.		
	FY2003	FY2003	FY2004	FY2003	FY2003	FY2004
Sales	98,276	100,508	101,839	4,973	4,482	4,868
Operating profit	6,378	6,116	7,001	30	38	76
Ordinary profit	5,659	6,936	7,181	44	41	85
Net income	(7,412)	3,044	2,782	19	18	22
Current net income per share (in yen)	(78.88)	32.17	28.86	77.82	74.05	93.31
Dividend per share (in yen)	1.00	4.00	6.00	10.00	10.00	45.00
Capital stock per share (in yen)	189.98	235.17	267.31	883.56	947.60	1030.91

(5) Status after the merger

- ① Trade name: Akebono Brake Industry Co., Ltd.
- ② Activities: Manufacture and sale of brakes for automobiles and industrial machinery, and manufacture and sale of rolling stock components
- ③ Head office: 19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo, Japan
- ④ Representative: Hisataka Nobumoto, CEO
- ⑤ Capital: 13,532 million JPY
(There will be no increase in capital as a result of the merger)
- ⑥ Total assets: There will be no significant impact on total assets
- ⑦ Closing of accounts: March 31
- ⑧ Fiscal outlook: There will be no significant impact on current term profits