October 16, 2017

Ryobi Limited

This notice has been translated from the original Japanese-language notice submitted to the Tokyo Stock Exchange on September 29, 2017.

Ryobi Signs Basic Agreement Splitting off and Newly Establishing a Power Tools Business through the Partial Transfer of Shares

Ryobi Limited (hereinafter "Ryobi" or the "Company") hereby announces that based on a resolution passed at its Board of Directors meeting held on September 29, 2017, the Company has decided to transfer its business related to power tools and all common shares outstanding of Ryobi Sales Co. held by the Company, as well as 66.6% of its equity stake in Ryobi Dalian Machinery Co., Ltd., to a new company (hereinafter the "new company") to be established through a company split (hereinafter the "company split"). It was also decided that, once the company split has been executed, Ryobi will transfer 80% of its shares in the new company (hereinafter the "share transfer") to Kyocera Corporation (hereinafter "Kyocera"). With regard to the aforementioned transfer of operations, shares and equity stake (hereinafter collectively referred to as the "transfer"), the Company has signed a basic agreement with Kyocera (hereinafter the "basic agreement").

1. Overview of the Company Split and Share Transfer

(1) Purposes of the Company Split and Share Transfer

Having initiated the manufacture and sale of power tools in 1968, Ryobi has for half a century garnered favorable customer reviews for its unique power tool products that showcase the Company's distinctive strengths. As a result, the Company has been able to maintain a respectable share of the domestic market for these products.

However, since transferring its power tool-related operations in North America, Europe and Oceania to a third party in the early 2000s, the Company has not been directly engaged in marketing in these regions,* with the scope of its operations being limited to such approaches as OEM. In light of the circumstances, the Company recognizes that it would be difficult to achieve further growth in and earn greater profits from the power tools business if it were to undertake the task alone. Accordingly, Ryobi has been carefully considering such options as business transfers and business alliances to further its aim of better utilizing its strengths and management resources vis à vis the power tools business.

In 2017, Ryobi and Kyocera began discussing such matters as possible synergies between the former's power tools business and the latter's industrial tool business and the two companies' organizational similarities. As a result of these discussions, Ryobi and Kyocera have agreed upon the aforementioned transfer of operations, as both judged that the Ryobi's power tools business would be of greater value under Kyocera Group management, which has in recent years been proactively engaged in global expansion.

Once the business transfer to Kyocera is completed, the power tools business will be better positioned to work in collaboration with other operations under Kyocera's management and backed by its robust sales network at home and abroad. We are confident that our long standing business development efforts will bear fruit and that the transferred operations will grow further. We also expect that the affected employees will enjoy even better conditions in terms of stability and future outlook.

As for Ryobi's other business segments, the Company has restructured its Printing Equipment business and is pleased to report that the Printing Equipment, Die Castings and Builders' Hardware businesses are all enjoying significant market presence.

Looking ahead, we will allocate proceeds from the share transfer to the latter three business segments, with the aim of securing further business expansion and greater profits in a way that allows us to flexibly adapt to changes in the business environment.

*Currently, Techtronic Industries Co., Ltd., a Hong Kong based-company that has no capital relationship with Ryobi, is engaged in the manufacture and sale of Ryobi brand power tool products in North America, Europe and Oceania.

(2) Scheduled Date of the Company Split and Share Transfer

Date of the signing of the basic agreement	September 29, 2017
Date of the signing of a share transfer agreement	October 2017 (scheduled)
Effective date of the company split	January 2018 (scheduled)
Date of the share transfer	January 2018 (scheduled)

(3) Net Sales of and Assets Held by Business Divisions to Be Split (fiscal year ended March 31, 2017)

	Power tools business	Reference: consolidated performance
Net sales	¥16,057 million	¥240,502 million
Total assets	¥15,639 million	¥262,869 million

(4) Outline of the Share Transferee (as of March 31, 2017)

Name	Kyocera Corporation
Address	6 Takeda Tobadono-cho, Fushimi-ku, Kyoto, Japan
Name and title of representative	Hideo Tanimoto, President
Main business	Fine ceramic components, semiconductor components, applied ceramic products, electronics devices, telecommunications equipment, etc.
Capital	¥115,703 million
Establishment	April 1, 1959
Net assets	¥2,418,909 million
Total assets	¥3,110,470 million

2. Outlook

We are currently in the process of assessing the impact of the company split and share transfer on consolidated operating results for the fiscal year ending March 31, 2018.

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