

Yamatake acquires preferred shares of Kimmon Manufacturing, the newest addition to the Yamatake Group. Business collaboration envisaged.

Yamatake Corporation has acquired the Class I preferred shares in Kimmon Manufacturing Co., Ltd., held by the Industrial Revitalization Corporation of Japan (IRCJ), and the Class II preferred shares in the same company, held separately by Resona Bank and Mizuho Corporate Bank. On 19 December, contracts were signed for the transfer of these shares.

As a result of the transfer of these preferred shares, Yamatake has effectively acquired the right of management of Kimmon Manufacturing, which will become a member of the Yamatake Group, and promoting business collaboration.

● Shares in Kimmon Manufacturing acquired by Yamatake Corporation

Class I preferred shares held by the Industrial Revitalization Corporation of Japan: 6,000,000

Class II preferred shares held by Resona Bank Limited: 3,242,000

Class II preferred shares held by Mizuho Corporate Bank Ltd.: 2,758,000

➤ Class I preferred shares

At the time of acquisition Yamatake's voting rights were 14.95%, but from April 1, 2005 it has been possible to apply for conversion of Class I preferred shares to ordinary shares. If Yamatake's holdings were to be converted to ordinary shares, its voting rights would rise to 43.31%. The deadline for applying for this conversion is March 31, 2007.

➤ Class II preferred shares (reference)

At the time of acquisition these shares offered no voting rights. However, from October 1, 2008, it will be possible to apply for conversion to ordinary shares. Should all of the Class II preferred shares held by Yamatake be converted under the conditions currently prevailing, when combined with the ordinary shares resulting from conversion of the Class I preferred shares, it is expected that Yamatake would hold 59.37% of total shareholder voting rights.

- **Reasons for equity participation**

While expanding its business in the crossover fields of Building Systems and Advanced Automation businesses, Yamatake is seeking to develop its Life Automation businesses as a third business pillar in addition to its building Systems and Advanced Automation businesses.

Kimmon Manufacturing is a major company in the field of gas and water lifeline infrastructure specializing in the town gas meters, LP gas meters and water meters used in every home and office. With a strong customer base and a wide range of products, it has earned the confidence of its customers.

The metering expertise possessed by Kimmon Manufacturing in the gas and water services business—as evidenced in its products, technologies and metering data management—its customer relations and brand can form a powerful combination with Yamatake’s advanced technological expertise and applications capabilities in the measurement and instrumentation business focusing on control, networking and engineering. This collaboration will make it possible for the Group to broaden the scope of proposals to customers, as well as extend its competitive advantage.

The addition of gas and water metering is certain to lead to further growth in Yamatake’s core businesses. Furthermore, the lifeline field is changing and broadening: new opportunities are afforded by ongoing trends such as the diversification of energy supplies, easing of regulations, and growing customer demands for convenience. By integrating and developing Kimmon Manufacturing’s metering business and Yamatake’s measurement and control business, it will be possible to accelerate the development of Yamatake’s Life Automation business.

Note on Yamatake’s Life Automation businesses:

Yamatake’s Life Automation businesses draw on the technologies and know-how built up through many years of experience in the building and industrial automation markets. This expertise is applied to fields closely connected with daily life. These technologies and know-how are employed in a broad range of fields, from providing lifeline infrastructure—such as sewage and waste disposal systems, and district heating and cooling systems—to residential air conditioning, recycling machinery, food safety, life safety support, care services, and products for biotechnology applications, to provide people in all walks of life with improved comfort and peace of mind.

● Yamatake Corporation

Name	Yamatake Corporation
Address	2-7-3 Marunouchi, Chiyoda-ku, Tokyo
President	Seiji Onoki
Established	August 1949
Paid-in capital	¥10,522,710,000 (TSE 1 st section)
Number of employees as of March 31, 2005	5,573 (consolidated: 6,977)
Consolidated sales on March, 2005	180,762 million yen
Main businesses	Manufacture and marketing of components and systems for building automation, industrial automation and social automation. Care services business.

● Kimmon Manufacturing

Name	Kimmon Manufacturing Co., Ltd.
Address	2-3-6 Mukogaoka, Bunkyo-ku, Tokyo
President	Tadashi Sonobe
Established	July 1948
Paid-in capital	¥3,157,500,000 (TSE 1 st section)
Number of employees as of April 1, 2005	540 (consolidated: 1,422)
Consolidated sales on March,2005	38,265 million yen
Main businesses	Manufacture and marketing of measuring equipment (for town gas, LP gas, and water supplies).