

December 19, 2005

Yamatake Corporation
President and Chief Executive Officer
Seiji Onoki

**Announcement regarding the acquisition of shares of
Kimmon Manufacturing Co., Ltd.**

At the meeting of the Board of Directors of Yamatake Corporation on December 19, 2005, the Board reached a decision to acquire the Class I preferred shares and Class II preferred shares issued by Kimmon Manufacturing Co., Ltd..

1. Reason for the share acquisition

Yamatake is seeking to develop its Life Automation businesses as a third business pillar in addition to its Building Systems and Advanced Automation businesses. Life Automation draws on Yamatake's technologies and know-how built up through many years of experience in the building and industrial automation markets. This expertise is then applied to fields more closely connected with people and their daily lives. Examples are gas and water lifeline infrastructure, and also life care (care services) and life sciences (biochips etc.).

Kimmon Manufacturing is a major company specializing in gas and water metering in the lifeline field. It has a strong customer base and has earned the confidence of its customers. The lifeline field is, however, changing and broadening: new opportunities have been identified as a result of such ongoing trends as the diversification of energy supplies, easing of regulations, and growing customer demands for greater convenience. The acquisition of Kimmon Manufacturing shares plays an important role in Yamatake's plan to develop its Life Automation businesses as a third pillar through collaboration between Yamatake and Kimmon Manufacturing—whose businesses are complementary—leading to growth and development of the measurement and control business in the lifeline field.

2. Data of company whose shares were acquired

(1) Name: Kimmon Manufacturing Co., Ltd.

(2) President: Tadashi Sonobe

(3) Address: 13-1, Ohara, Itabashi-ku, Tokyo

(The address above is the registered head office. The actual address is: 2-3-6 Mukogaoka, Bunkyo-ku, Tokyo)

(4) Established: July 1948

(5) Main business: metering and measurement business

(6) Settlement period: March

(7) Number of employees, as of March 31, 2005: 1526 (consolidated)

(8) Branches, Factories and Laboratories

Tokyo Branch (Bunkyo-ku, Tokyo),	Osaka Branch (Higashi Osaka city, Osaka),
Fukuoka Branch (Fukuoka city, Fukuoka),	Hokkaido Branch (Sapporo city, Hokkaido)
Tokyo Factory (Itabashi-ku, Tokyo),	Hokkaido Factory (Sapporo city, Hokkaido),
Shirasawa Factory (Adachi-gun, Fukushima),	Sendai factory (Kurokawa-gun, Miyagi),
Karatsu factory (Karatsu-city, Saga)	
Tokyo Laboratory (Kawagoe city, Saitama),	Kansai Laboratory (Higashi Osaka city, Osaka)

(9) Shareholder's equity as of March 31, 2005: 2,488 million yen (consolidated)

(10) Number of shares issued

Ordinary shares	34,218,792 shares
Class I preferred shares	6,000,000 shares
Class II preferred shares	6,000,000 shares

(11) Major shareholders and percentages of holdings

① Ordinary shares

Japan Securities Finance Co., Ltd	9.33%	
Meiji Yasuda Life Insurance Co.	4.68%	
Hajime Onoda	3.50%	
Resona Bank, Limited	2.92%	others

② Class I preferred shares

Industrial Revitalization Corporation of Japan	100.0%
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*Class I preferred shares offer voting rights.

③ Class II preferred shares

Resona Bank, Limited	54.03%
Mizuho Corporate Bank, Ltd.	45.97%

*Class II preferred shares offer no voting rights.

(12) Consolidated Financial Results

(units: millions of yen)

	FY2004	FY2005
Sales	47,661	38,265
Gross Profit	11,484	8,803
Operating Income	2,071	1,346
Recurring Income	701	606
Net Income	△11,186	6,247
Total Assets	39,866	37,619
Shareholder's Equity	△10,278	2,488
Dividend per Share	—	—

3. Data of companies that previously held shares

① Class I preferred shares

- (1) Name: Industrial Revitalization Corporation of Japan
(2) Chief executive officer and president: Atsushi Saito
(3) Address: 3-3-1 Marunouchi, Chiyoda-ku, Tokyo

② Class II preferred shares

- (1) Name: Resona Bank, Limited
(2) Managing executive officer Masaharu Nomura
(3) Address: 2-2-1 Bingo-cho, Chuo-ku, Osaka

③ Class II preferred shares

- (1) Name: Mizuho Corporate Bank, Ltd.
(2) President and chief executive officer Hiroshi Saito
(3) Address: 1-3-3 Marunouchi, Chiyoda-ku, Tokyo

4. The number of shares held before and after acquisition

- (1) The numbers of shares before acquisition 0 share
(% of shares of common stock issued – %)
- (2) The number of shares acquired
- | | |
|-----------------------------|------------------|
| ① Class I preferred shares | 6,000,000 shares |
| ② Class II preferred shares | 6,000,000 shares |
- (3) The number of shares after acquisition
- | | | |
|-----------------------------|---|---------|
| ① Class I preferred shares | 6,000,000 shares | |
| | (% of shares of common stock issued | 12.98%) |
| | (% of voting rights of total shareholders | 14.95%) |
| ② Class II preferred shares | 6,000,000 shares | |
| | (% of shares of common stock issued | 12.98%) |

(Note)

- * If all of Yamatake's holdings were to be converted to ordinary shares, its total holdings would be about 26,087,000 shares and its voting rights would be 43.31%.
- * Class II preferred shares are to be converted to ordinary shares on October 1, 2008. If all of the Class II preferred shares were to be converted under the conditions currently prevailing, in addition to the ordinary shares resulting from conversion of the Class I preferred shares, it is expected that Yamatake would acquire about 49,896,000 shares and 59.37% of total shareholder voting rights.

5. Schedule

December 19, 2005 Decision was made at the Board of Directors meeting

December 19, 2005 Contracts for the transfer of shares were signed

6. Forecast

This event has no impacts on Yamatake's operating plan for FY2006