

Yamatake Invests in Shares of Kimmon Manufacturing, the Newest Addition to the Yamatake Group. Business Collaboration Envisaged.

December 19, 2005

Yamatake Corporation

Kimmon Manufacturing Co., Ltd.



Preface

- Yamatake Corporation is proactively initiating new businesses as it approaches its 100th anniversary.
- On Jan. 28, 2004, Kimmon Manufacturing Co., Ltd., received supports for business reconstruction from the Industrial Revitalization Corporation of Japan (IRCJ). And ever since, the company has made progress with restructuring.
- On Dec. 19, 2005, Yamatake Corporation announced that it had acquired preferred shares of Kimmon Manufacturing, which is to join the Yamatake Group with a view to further cooperative development.

Share Acquisition: Summary and Objectives

Summary

- Yamatake Corporation has acquired the Class I preferred share of Kimmon Manufacturing held by the IRCJ and Class II preferred share in the same company, held separately by Risona Bank and Mizuho Corporate Bank. On Dec. 19, 2005, contracts were signed for the transfer of these shares.
- With this acquisition, Yamatake Corporation effectively gained the right to manage Kimmon Manufacturing—which is to become a member of the Yamatake Group—and promoting business collaboration.

Objectives

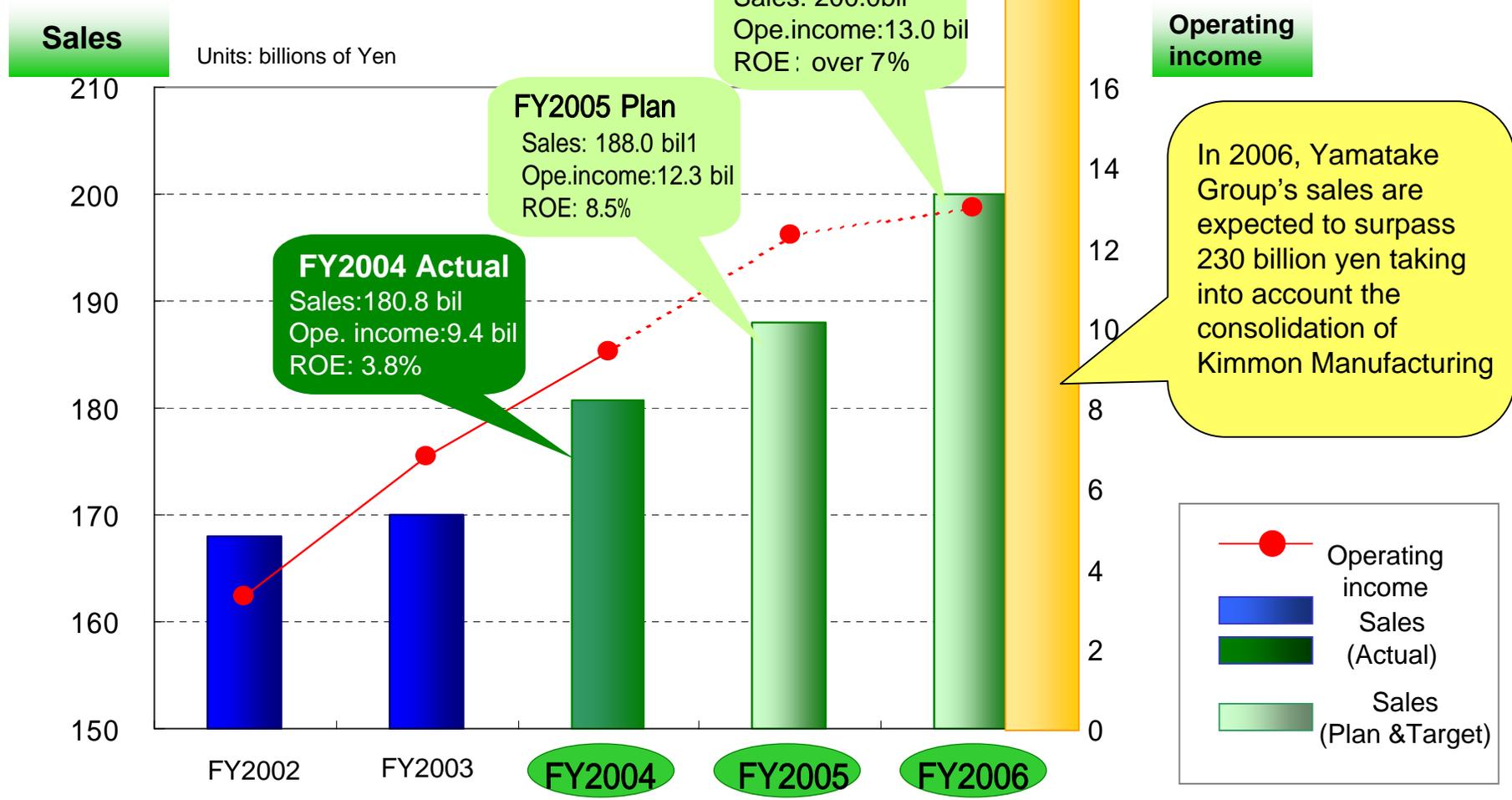
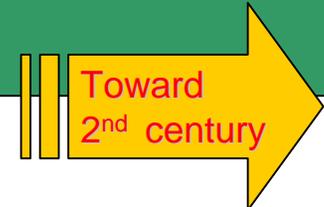
Aims for business growth opportunity: Expansion of the Life Automation businesses

- Yamatake is a comprehensive automation manufacturer centering its operations in Building Systems for building automation and Advanced Automation for industrial automation. Yamatake is seeking to develop Life Automation businesses as a third business pillar in addition to its core businesses; Building Systems and Advanced Automation.
- The lifeline field is changing and broadening: new opportunities are afforded by ongoing trends such as diversification of energy supplies, the easing of regulations and growing customer demands for greater convenience. By integrating and developing Kimmon manufacturing 's metering business and Yamatake's measurement and control business, Yamatake aims to accelerate the development of Yamatake's Life Automation businesses as a third business pillar.
- Kimmon Manufacturing, the newest addition to the Yamatake Group, is expected to play an important role in the Life Automation business.

Securing competitive advantage

- 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.

Middle Term Goals and Challenges

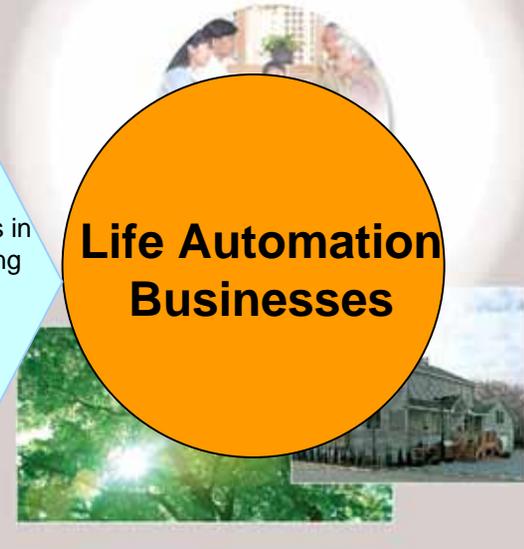
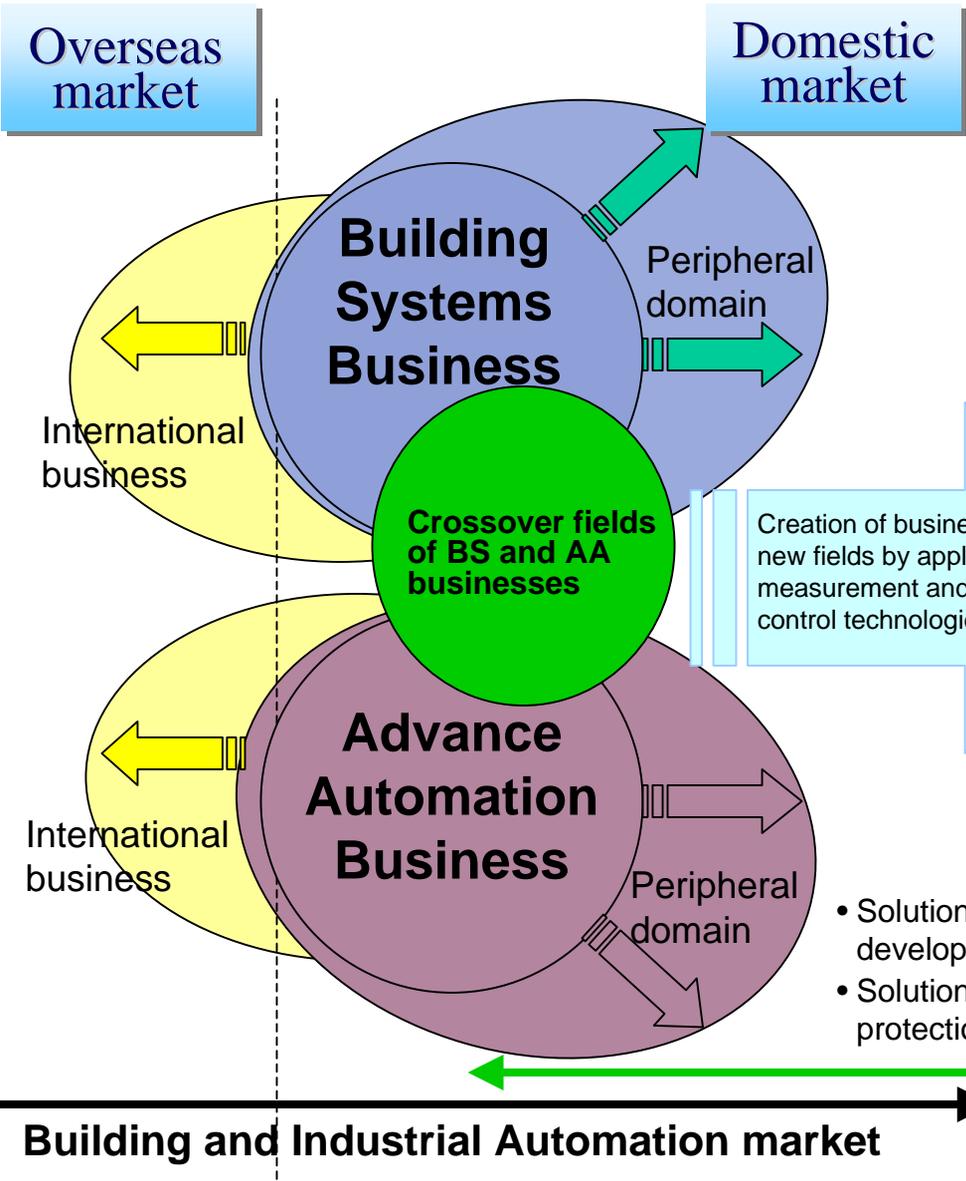


Strengthen business base

Collaboration of business segments and functions
Changes in business organization and operations

Direction of Yamatake's Business Plan

- Expansion of Core businesses and Creation of New Businesses-

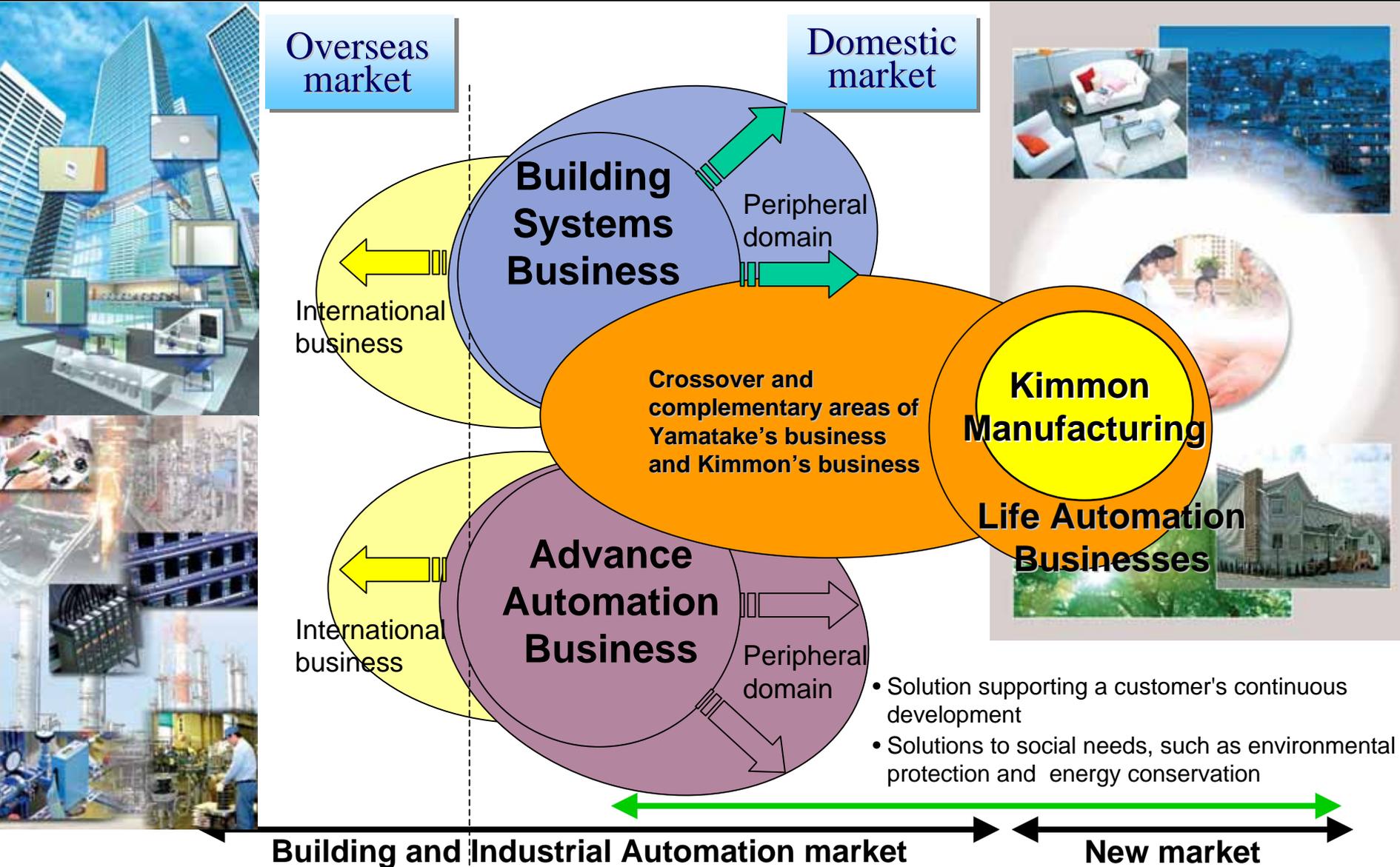


Creation of business in new fields by applying measurement and control technologies

- Solution supporting a customer's continuous development
- Solutions to social needs, such as environmental protection and energy conservation

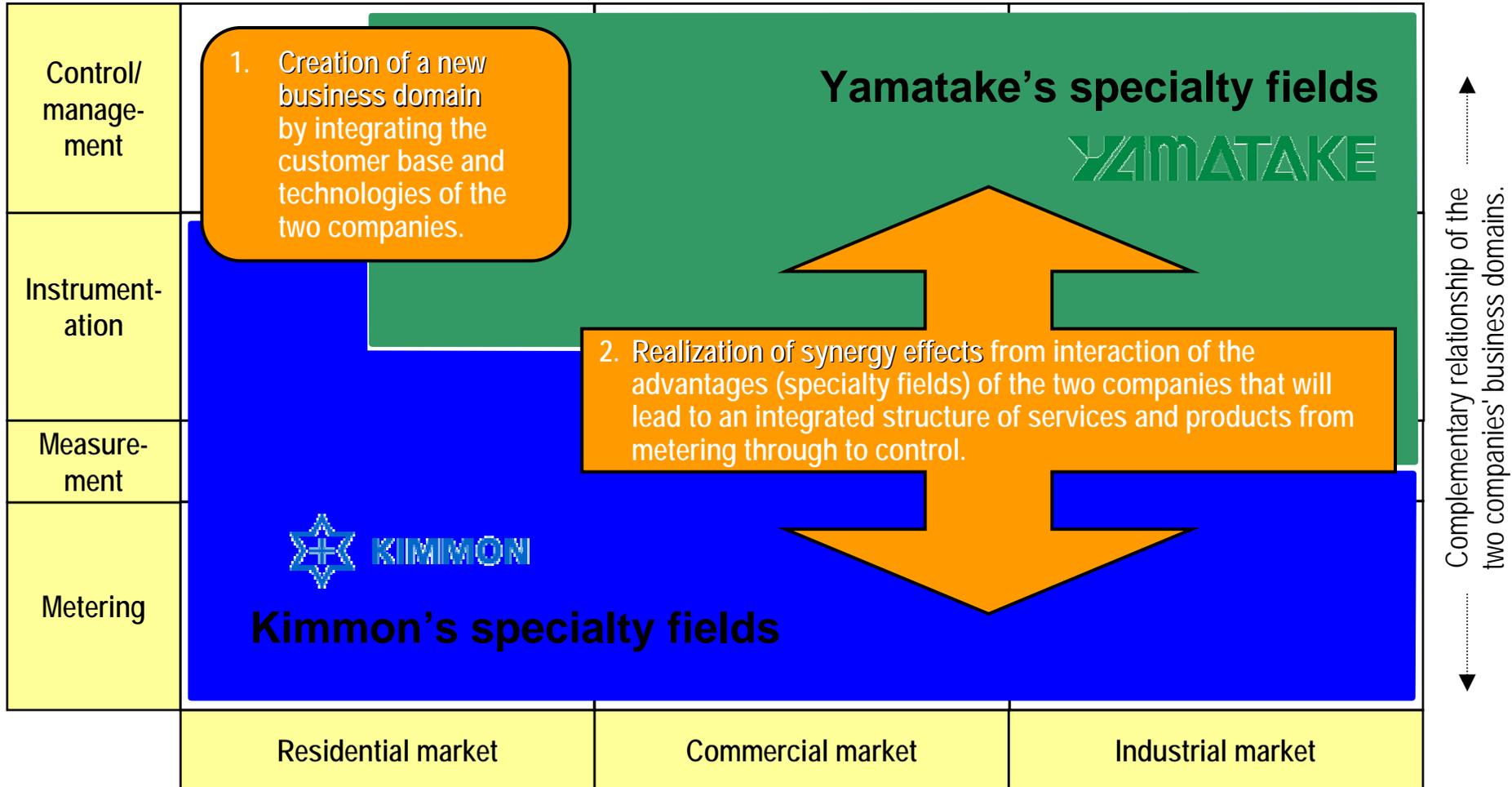
Expansion in core businesses and utilizing strengths in measurement and control to develop **Life Automation businesses**.

Positions of Kimmon Manufacturing in Yamatake's Businesses



Kimmon Manufacturing will play an important role in the Life Automation businesses by taking advantage of Kimmon's strength in the metering field, and further enhance Yamatake's businesses in crossover fields.

Concept of Collaboration between the Two Companies from the Viewpoint of Business Positions



Collaboration between Kimmon Manufacturing and Yamatake Corporation

Concept

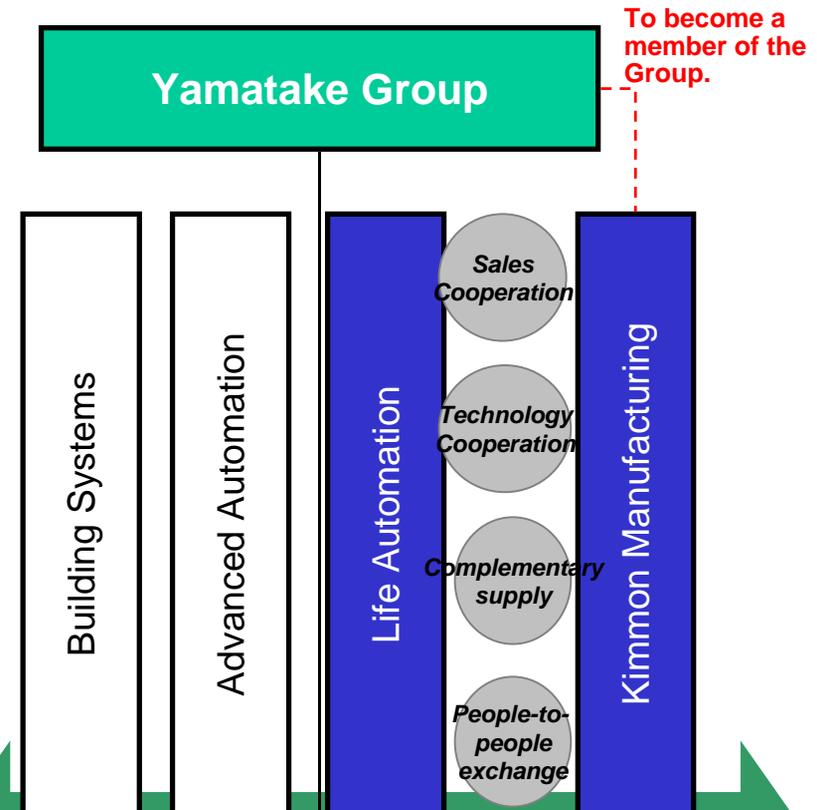
Business Collaboration

- Yamatake promotes Life Automation as a third business pillar in addition to its Building Systems and Advanced Automation.
- Kimmon Manufacturing will play an important role in Yamatake's Life Automation businesses.
- Yamatake will utilize changes such as the diversification of energy supplies, the easing of regulation and growing customer demands as opportunities to grow the business.

Operational and Functional Collaboration

- Yamatake creates added value through operational and functional synergy among the businesses.
 - Sales
 - Technology/product development
 - Production
 - Others

Structure



- Collaboration in Life Automation business
- Operational and functional cooperation, aiming for synergy

Efforts made by Kimmon Manufacturing

Efforts made to date

Restructuring

- Restructuring of Kimmon Group
- Selling of dormant assets

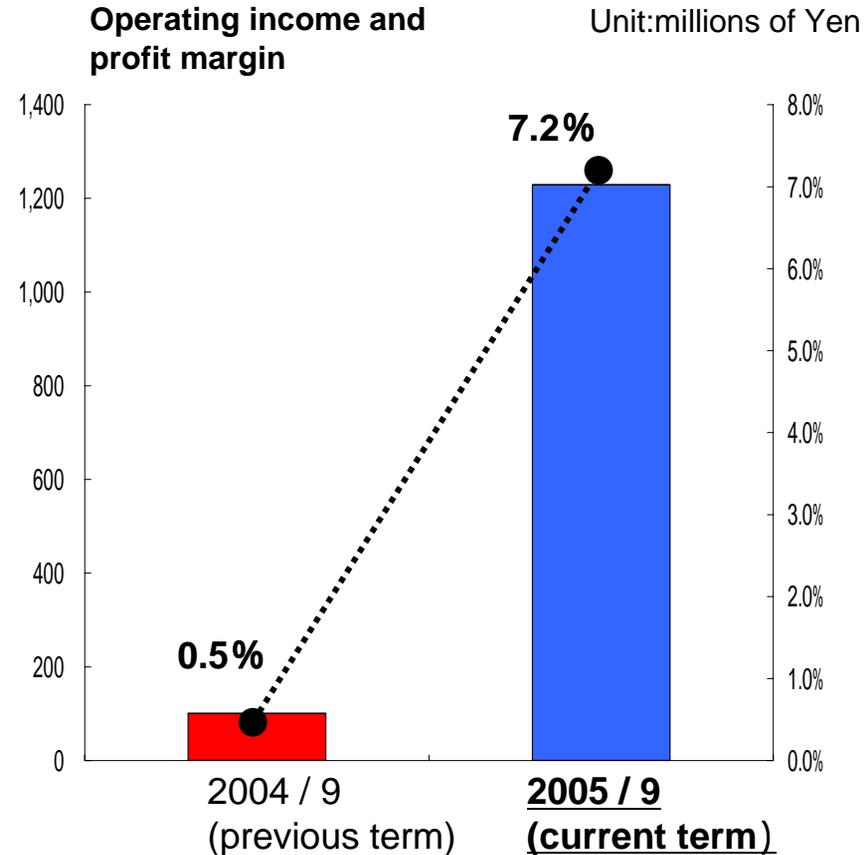
Restructuring the business portfolio

- Selling of non-core businesses
- Buying of manufacturing companies

Strengthening of the core business

- Increase in productivity
- Enhancement of new services and new product development.

Business performance



Business performance made a substantial recovery compared to the previous year due to efforts made to improve profitability.

Basic Stance of Kimmon Manufacturing

The basic stance

Current position

The revitalization stage has been finalized due to efforts made by Kimmon Manufacturing's executives and employees to rebuild the company.

For further improvement

It is necessary to implement new strategies and build new business structures to ensure further growth.

 **New capital alliance partner is required to provide firm support for growth.**

Benefits achieved through equity participation by Yamatake

Extension of the market

-  The businesses of Yamatake and Kimmon Manufacturing are complementary in nature; there is only a small degree of overlap.
-  A sales partnership between Kimmon Manufacturing, a major metering device and equipment manufacture, and Yamatake, a major instrumentation and control equipment manufacturer for industrial and commercial markets, will ensure expansion of market for Kimmon products.

Supply of comprehensive line of products and services from metering/measurement to instrumentation/control

-  Specialty fields developed by the two companies during the last century — gas and water metering fields by Kimmon Manufacturing, and instrumentation and control fields by Yamatake — will integrate to ensure the consistent supply of high value-added products and services for **the metering and measurement field to instrumentation and control management.**

Strengthening technology in instrumentation and electronic fields

-  Technological cooperation with Yamatake will allow Kimmon Manufacturing to strengthen technology for **instrumentation and electronic products** that Kimmon Manufacturing aims to expand further.

Yamatake Group Corporate Vision

**Realizing a world that is easier both on people and the environment.
We are working to protect the environment and enrich society**

- The Yamatake Group is proud of its numerous achievements in helping to create and maintain buildings, plants, and factories.
- With advanced measurement and control technologies as our core competence, we have infinite potential for growth. In the past, as in the present and in the future, our ultimate goal is to provide lifecycle solutions throughout our businesses – from development, production, sales, and installation to service and maintenance, always aiming for value creation and optimum satisfaction for our customers.
- Since our establishment in 1906, we have been caring about energy conservation, environment protection and people.
- As we set forth into Yamatake's second century, we renew our commitment to the creation of new value.



Reference: Data of Yamatake Corporation

As of March 31, 2005

- **Address:** 2-7-3 Marunouchi, Chiyoda-ku, Tokyo
- **Established:** August, 1949
- **Paid-in capital:** 10,522 million yen
- **Main businesses:** Manufacture and marketing of components and systems for building automation, industrial automation and social automation. Care services business.
- **Number of employees as of March 31, 2005:** 5,573 (consolidated: 6,977)
- **Stock Listing:** Tokyo Stock exchange, 1st Section
- **Consolidated sales on March, 2005:** 180,762 million yen
- **Number of shares issued:** 73,576 thousands of shares
- **Major shareholders:**

· Northern Trust company(AVFC) Sub-account American Clients	8,815 thousands of shares	(11.98%)
· Meiji Yasuda Life Insurance Co.	5,214 thousands of shares	(7.08%)
· Japan Trustee Services Bank, Ltd.	4,223 thousands of shares	(5.73%)
- **Bank :** Mizuho Corporate Bank, Ltd., Mizuho Trust & Banking co.,Ltd.,
The Bank of Yokohama, Ltd., The Bank of Tokyo-Mitsubishi, Ltd.,etc.

Reference: Data of Kimmon Manufacturing Co.,Ltd.,

As of March 31, 2005

● **Address:** 2-3-6 Mukogaoka, Bunkyo-ku, Tokyo

● **Established:** July, 1948

● **Paid-in capital:** 3,157 million yen

● **Main businesses:** Manufacture and marketing of measuring equipment
(for town gas, LP gas, and water supplies)

● **Number of employees as of April 1, 2005:** 540 (consolidated: 1,422)

● **Stock Listing:** Tokyo Stock exchange, 1st Section

● **number of shares issued:** 34,219 thousands of shares

● **Major shareholders:**

Ordinary shares:

• Japan Securities Finance Co., Ltd	3,192 thousands of shares	(9.33%)
• Meiji Yasuda Life Insurance Co.	1,600 thousands of shares	(4.68%)
• Hajime Onoda	1,197 thousands of shares	(3.50%)

Class preferred shares (offering voting rights):

• Industrial Revitalization Corporation of Japan	6,000 thousands of shares (14.96% currently)	
	* After conversion to ordinary shares: 26,086 thousands of shares.	

Class preferred shares (offering no voting rights):

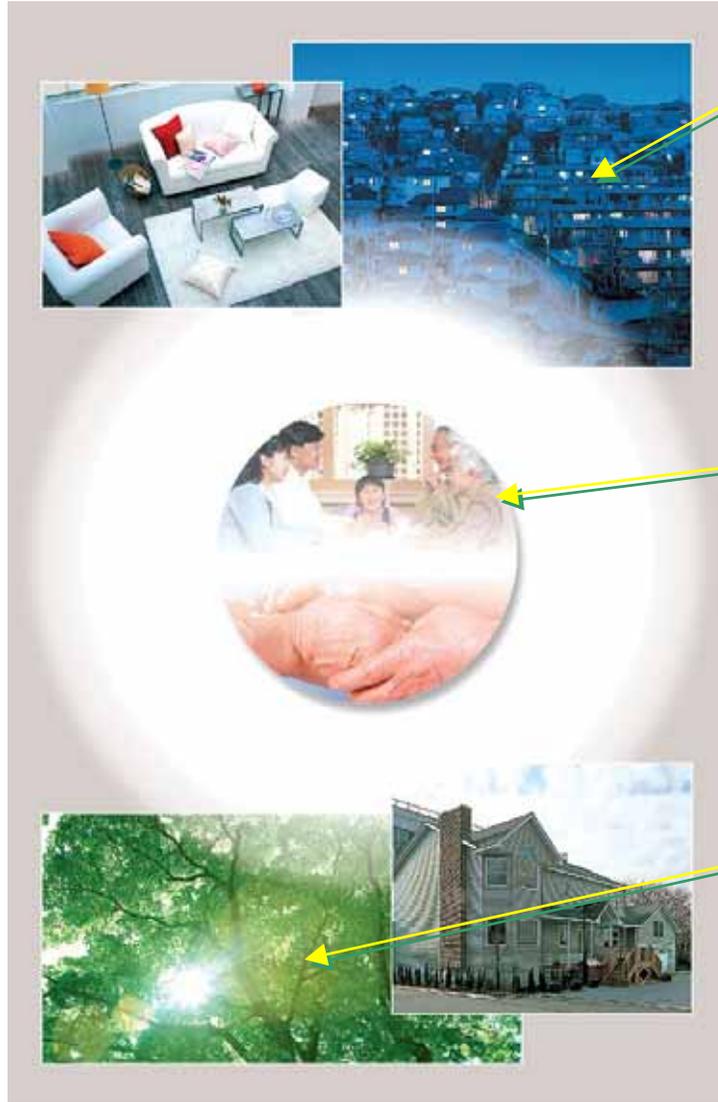
• Resona Bank, Limited	3,242 thousands of shares
• Mizuho Corporate Bank, Ltd.	2,758 thousands of shares

● **Bank :** Main: Resona Bank, Limited and Mizuho Corporate Bank, Ltd.,
The bank of Saga Ltd., UFJ Bank limited. etc.

Reference: About Yamatake's Life Automation businesses

● Yamatake's Life Automation businesses draw on the technologies and expertise built up through many years of experience in the building and industrial automation markets. This expertise is applied synergistically 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, to provide people in all walks of life with improved comfort and peace of mind.



Lifeline automation

Safety and control of lifelines in everyday life such as energy and utilities.

Life care automation

Business to support health and provide safety and peace of mind in everyday life.

Life science automation

Business to support life science related industry with automation.