

For immediate release

February 28, 2003

Company name: **Makita Corporation**

Representative: Masahiko Goto, President

Code number: 6586

Stock exchange listings: First sections of the Tokyo and
Nagoya stock exchanges

For further information, contact

Kenichiro Nakai, Director and General Manager of the
Administration Headquarters

Telephone: In Japan: 0566- 97-1717, from overseas: +81-
566-97-1717

Transfer to Government of the Substitutional Portion of the Employee's Pension Fund

Accompanying the implementation of the Law Concerning Defined Benefit Pension Plans, Makita Corporation has received an exemption, effective January 30, 2003, from the Ministry of Health, Labour and Welfare regarding its obligations for future payments related to the portion of the Makita Employee's Pension Fund.

Since the temporary measures under Article 47-2 of the *Guidelines for Retirement Pension Accounting (Interim Report)* (Report No. 13 of the Committee on the Accounting System of the Japan Association of Certified Public Accountants) are not scheduled to apply to the Company, there will be no effect on the Company's non-consolidated income statement determined in accordance with accounting principles generally accepted in Japan for the current period under review. If the temporary measures of Article 47-2 of the Guidelines were to be applied to the Company's non-consolidated accounts, the Company would be viewed as likely to report an extraordinary profit of approximately ¥5.0 billion on a non-consolidated basis. The actual impact on income statement at the time of the transfer of the aforementioned portion of the Employee's Pension Fund will vary according to the asset management performance of the pension fund assets and other factors.

With respect to its consolidated accounts, the Company will apply accounting principles generally accepted in the United States as specified in Emerging Issues Task Force Issue No. 03-02 "*Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities*" ("EITF 03-02"). In accordance with EITF 03-02, the entire separation process should be accounted for at the time of completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets as a settlement transaction in accordance with Statement of Financial Accounting Standards No. 88 "*Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*". As such, there will be no impact to the consolidated accounts for the current fiscal year ending March 31, 2003 because the final transfer to the government will not be made until after that date. The Company has not, as yet, determined the ultimate impact of the settlement under EITF 03-02.