



For immediate release

September 30, 2005

Company name: **Makita Corporation**
Representative: Masahiko Goto, President
Code number: 6586
Stock exchange listings: First sections of the Tokyo and
Nagoya stock exchanges

Announcement Regarding Acquisition of the Nailer Business of Kanematsu-NNK Corp.

Makita Corporation ("Makita") announced on February 22, 2005, that it would postpone the acquisition ("the Acquisition") of the nailer business of Kanematsu-NNK Corp. ("Kanematsu-NNK"; Head Office: Tokyo; President: Norihiko Tominaga). However, at the meeting of the Board of Directors of Makita held today, the decision was made to sign a final contract for the Acquisition to replace the original contract signed on December 24, 2004. The final contract was signed today, and the details are as follows:

1. Background and Purpose of the Acquisition

Makita manufactures and sells nailers (including pneumatic and other types) in Japan and overseas, as part of its core business, i.e. the electric power tools business. As competition in the field of nailers has intensified recently with greater activity among competitors in Japan and market globalization, reinforcing Makita's position in this field has become an important management issue.

Makita has given Kanematsu-NNK's competence in product development and marketing a high evaluation and preparations were under way to consummate the acquisition of the nailer business on April 1, 2005. However, in February 2005, an issue arose related to the falsification of certifications for wire-collated screws by Kanematsu-NNK. As a result, the negotiations were suspended on February 22, and Makita has subsequently monitored developments related to resolution of this issue.

Recently, both companies have reopened discussions related to the Acquisition, culminating in today's announcement of the signing of a final contract.

2. Outline of the Acquisition

Effective January 1, 2006, Kanematsu-NNK shall split off the aforementioned nailer business and Makita will act as the company acquiring this business. Please note that the final contract signed today contains an agreement that Makita will be the acquiring company, and, as Makita will work to gain the understanding of creditors separately, with certain exceptions, Makita will not become liable for any of the obligations of Kanematsu-NNK (including those that have been incurred as a result of the series of developments related to the falsification of certifications by Kanematsu-NNK).



3. Content of the Acquisition

(1) Content of Business Operations

Development, manufacturing, sales, and other activities related to the following: automatic nailers, automatic nailer systems, wire-collated nails, staples, and air compressors.

(2) Performance of Business to be Acquired (for the year ended March 31, 2005)

	Yen (millions)
Sales	6,961
Operating income	136

(3) Book Value of Assets and Liabilities of Business to be Acquired (as of March 31, 2005)

	Yen (millions)
<u>Assets</u>	
Current Assets	1,434
Fixed Assets	529
Total	1,963
<u>Liabilities</u>	
Current Liabilities	198
Fixed Liabilities	398
Total	596

(4) Acquisition Price and Method of Settlement

The price of the Acquisition will be approximately 1.6 billion JPY (subject to final adjustments based on the balance sheets as of December 31, 2005.). Payment for the Acquisition will be settled in cash.

(5) Other Matters

The Acquisition is subject to approval at Kanematsu-NNK's shareholders meeting and expiration of the waiting period after acceptance of the filing related to the Acquisition with the Japan Fair Trade Commission.



4. Overview of Kanematsu-NNK (as of March 31, 2005)

- (1) Company Name: Kanematsu-NNK Corp.
- (2) Establishment: March 6, 1934
- (3) Location of Head Office: 2, Kojimachi 3-chome, Chiyoda-ku, Tokyo
- (4) Representative: Norihiko Tominaga, President
- (5) Capital: 3,325 million yen
- (6) Fiscal Year: Ends March 31
- (7) Business Lines: Geotech (foundation improvement) engineering, nailers, lumber and housing construction
- (8) Principal Shareholders:

Kanematsu Corp.	32.07%
Mizuho Corporate Bank	3.97%
Japan Securities Finance	3.19%
- (9) Relationship with Makita: Capital relationships: None
Personal relationships: None
Transactional relationships: Kanematsu-NNK supplies certain nailer products and wire-collated nails to Makita on an OEM basis

5. Outlook

The Acquisition will have no material effect on Makita's projected performance in the current fiscal year.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on Makita's own projections and estimates. The power tools market, where Makita is mainly active, is subject to the effects of rapid shifts in economic conditions, demand for housing, currency exchange rates, changes in competitiveness, and other factors. Due to the risks and uncertainties involved, actual results could differ substantially from the content of these statements. Therefore, these statements should not be interpreted as representation that such objectives will be achieved.