

May 6, 2005

Company Name: TOKYO SEIMITSU CO., LTD.

Representative: Chairman & CEO, Hideo Otsubo

(Ticker: 7729, First Section of the Tokyo Stock Exchange)

Contact: Kunimasa Ohta

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President & COO of Administration Company

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Company Name: TOSEI ENGINEERING CORP.

Representative: President, Shigeru Umenaka

(Ticker: 6385, Second Section of the Tokyo Stock Exchange)

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TOKYO SEIMITSU To Turn TOSEI ENGINEERING Into a Wholly Owned Subsidiary

TOKYO SEIMITSU CO., LTD. ("Tokyo Seimitsu") and TOSEI ENGINEERING CORP. ("Tosei Engineering") today announced that Tokyo Seimitsu and Tosei Engineering respectively passed a resolution, at the respective Board of Directors' meetings on May 6, 2005, to turn Tosei Engineering into a wholly owned subsidiary of Tokyo Seimitsu through a stock-for-stock exchange and entered into a stock-for-stock exchange agreement.

The date of stock-for-stock exchange is scheduled for October 1, 2005 upon receiving approval for the stock-for-stock exchange agreement at the Ordinary Shareholders' Meeting of Tosei Engineering to be held on June 28, 2005. With respect to Tokyo Seimitsu, it will follow the procedure of the Simplified Stock-for-Stock Exchange under Article 358 of the Commercial Code that does not require approval at the shareholders' meeting.

1. Objective of turning Tosei Engineering into a wholly owned subsidiary through stock-for-stock exchange

Tosei Engineering is a core company of the Tokyo Seimitsu Group and has been providing a range of measuring systems and services in the area of high precision processing since its establishment in 1969. Recently, it has engaged in manufacturing and sales of semiconductor manufacturing equipment based on measuring technology.

Currently, Tosei Engineering has three business divisions: an Automatic Measuring

Systems Division; a Semiconductor Manufacturing Equipment Division; and a Measuring Systems Service Division. Under the basic management philosophy of “Customers First”, it aims to generate growth for all stakeholders including shareholders, customers, business partners and employees while keeping in harmony with society and the environment.

Under the corporate brand “ACCRETECH”, Tokyo Seimitsu has been steadily improving its performance in the areas of precision measuring systems and semiconductor manufacturing equipment with the principle of “Creating the World’s No.1 Products through “WIN-WIN” Relationships”. In order to achieve a steady expansion of its line of business and the improvement of corporate value, Tokyo Seimitsu has been developing business by expanding sales of newly-developed semiconductor manufacturing equipment products and increasing sales of measuring systems.

Although both Tokyo Seimitsu and Tosei Engineering develop semiconductor manufacturing equipment and measuring system businesses, the semiconductor industry has recently witnessed demand for both large diameter applications and miniaturization, as well as increasing demand for high-precision and high-productivity semiconductor manufacturing equipments. In addition, the need for high-precision and high-quality equipments has also increased in the measuring systems market. In such a situation, in order to develop the world’s No.1 products with cutting-edge technology by appropriately responding to customers’ needs, integration and further cooperation of the two companies are required in order to conduct business operations more speedily and flexibly than ever before.

For the foregoing reasons, Tokyo Seimitsu and Tosei Engineering decided to turn Tosei Engineering into a wholly owned subsidiary of Tokyo Seimitsu through stock-for-stock exchange. The transaction is expected to create synergies such as “information-sharing on product development and new business and a clarification of roles” and “the effective and efficient use of the manufacturing division and back-office divisions”. Through the creation of these synergies, Tokyo Seimitsu and Tosei Engineering will further enhance the competitiveness of the semiconductor manufacturing equipment and measuring system businesses of the Tokyo Seimitsu Group and increase corporate value of the group as a whole.

2. Terms and conditions of stock-for-stock exchange

(1) Schedule

May 6, 2005	Approval of stock-for-stock exchange agreement by Board of Directors
May 6, 2005	Execution of stock-for-stock exchange agreement
June 28, 2005*	Shareholder approval of stock-for-stock exchange agreement (Tosei Engineering)

October 1, 2005* Stock-for-stock exchange

*The above dates are projected dates subject to change.

Note: Tokyo Seimitsu will follow the procedure of the Simplified Stock-for-Stock Exchange under Article 358 of the Commercial Code that does not require approval at the shareholders' meeting.

(2) Stock-for-stock exchange ratio

Company	Tokyo Seimitsu (Wholly owning parent)	Tosei Engineering (Wholly owned subsidiary)
Stock-for-stock exchange ratio	1	0.51

Notes:

a) Share allocation ratio

0.51 shares of Tokyo Seimitsu stock will be allocated to each share of Tosei Engineering stock. However, no allocation of shares will be made with respect to 6,630,000 shares of Tosei Engineering common stock held by Tokyo Seimitsu.

b) Rationale for the calculation of the share allocation ratio

Tokyo Seimitsu and Tosei Engineering commissioned Nomura Securities Co., Ltd. ("Nomura Securities") and Mizuho Securities Co., Ltd. ("Mizuho Securities"), respectively, to calculate the stock-for-stock-exchange ratio and, taking the results of this into consideration, the two companies decided on the above ratio.

c) Calculation method of the stock-for-stock exchange ratio by third-party institutions

Nomura Securities performed market price analysis, discounted cash flow (DCF) analysis, and the comparable company analysis to evaluate Tokyo Seimitsu and Tosei Engineering respectively, and calculated the stock-for-stock exchange ratio between Tokyo Seimitsu and Tosei Engineering by comprehensively considering the respective results.

Mizuho Securities performed market price analysis, discounted cash flow (DCF) analysis, and the comparable company analysis to evaluate Tokyo Seimitsu and Tosei Engineering respectively, and calculated the stock-for-stock exchange ratio between Tokyo Seimitsu and Tosei Engineering by comprehensively considering the respective results.

d) Number of shares to be issued by stock-for-stock exchange

The number of Tokyo Seimitsu shares to be issued will be the sum of the 1,681,368 shares of common stock and the shares of Tosei Engineering issued through stock option exercised between April 1, 2005 and the day before the date of stock-for-stock exchange, multiplied by 0.51.

(Date from which the dividend on the new shares is calculated: April 1, 2005)

(3) Cash distribution upon stock-for-stock exchange

No cash will be delivered in relation to the stock-for-stock exchange.

3. Outline of each company (As of March 31, 2005)

(1) Trade Name	TOKYO SEIMITSU CO., LTD. (Wholly owning parent)	TOSEI ENGINEERING CORP. (Wholly owned subsidiary)
(2) Business	Manufacturing and sales of semiconductor manufacturing equipments and precision measuring systems	Manufacturing, sales and after service of measuring systems, and manufacturing and sales of semiconductor manufacturing equipments
(3) Date established	March 28, 1949	April 15, 1969
(4) Head Office	7-1, Shimorenjaku 9-chome, Mitaka-shi, Tokyo, Japan	4-6, Higashi Nakanuki-machi, Tsuchiura-shi, Ibaraki, Japan
(5) Representative	Hideo Otsubo Chairman & CEO	Shigeru Umenaka President
(6) Capital stock	7,392 million yen	953 million yen
(7) Shares issued	37,517,954 shares	9,926,800 shares
(8) Shareholders' equity	29,088 million yen	7668 million yen
(9) Total assets	87,161 million yen	14,170 million yen
(10) End of fiscal year	March 31	March 31
(11) Number of employees	1,063	221
(12) Major business partners	Samsung Electronics TOSHIBA CORPORATION	TOKYO SEIMITSU CO., LTD. Shin-Etsu Handotai Co., Ltd.
(13) Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. (Trust account) 20.39% Japan Trustee Services Bank, Ltd. (Trust account) 5.75%	TOKYO SEIMITSU CO., LTD. 66.78% The Master Trust Bank of Japan, Ltd. (Trust account) 6.14%
(14) Major banks	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation Others	Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd. Others
(15) Relationship of the Companies	Capital relationship	Tokyo Seimitsu holds 66.78% of shares outstanding of Tosei Engineering

	Personnel relationship	Three (3) directors of Tokyo Seimitsu concurrently serve directors of Tosei Engineering. A director and an operating officer of Tokyo Seimitsu concurrently serve auditors of Tosei Engineering.
	Trading relationship	Tokyo Seimitsu supplies automatic measuring parts for Tosei Engineering, and Tosei Engineering sells products through Tokyo Seimitsu and provides services to Tokyo Seimitsu.

(16) Financial Results (for the three most recent fiscal years)

* In million yen

Fiscal year	TOKYO SEIMITSU CO., LTD. (Wholly owning parent)			TOSEI ENGINEERING CORP. (Wholly owned subsidiary)		
	March 2002	March 2003	March 2004	March 2002	March 2003	March 2004
Net sales*	27,643	40,996	55,548	7,767	7,202	9,994
Operating profit*	2,304	406	3,615	1,070	1,097	1,698
Recurring profit*	1,968	54	3,243	1,103	1,062	1,664
Net income*	1,850	1,032	3,591	619	587	825
Net income per share (yen)	49.50	27.63	96.16	83.05	75.15	106.21
Annual dividends per share (yen)	30	30	30	21	16	20
Shareholders' equity per share (yen)	903.17	890.03	781.80	708.71	759.33	847.56

4. Conditions after stock-for-stock exchange

(1) Trade name, business, head-office location and representative

The company's trade name, business, head-office location and representative will remain the same as described in "3. Outline of each company".

(2) Capital

There will be no change in the capital of the two companies after the stock-for-stock exchange.

(3) Impact on Tokyo Seimitsu's financial results

The stock-for-stock exchange will have no immediate material effect on Tokyo Seimitsu's consolidated financial results, since Tosei Engineering is already a consolidated subsidiary of Tokyo Seimitsu.