2nd part: Topcon to Buy Sokkia

The Board of Directors of Topcon Corporation Japan (Topcon), has agreed upon a merger between Topcon and Sokkia Company Limited (Sokkia). Topcon is expected to acquire the shares of Sokkia. The latter company will become a subsidiary to be renamed Sokkia Topcon. The current Sokkia brand will be continued for an interim period.

Topcon, established in 1932, is in the business of manufacturing and selling surveying instruments, ophthalmic & medical instruments, industrial instruments and optical devices. For the fiscal year ending March 2006, total assets (consolidated) are 89.3 billion yen (US$760 million), and sales (consolidated) 102.7 billion yen (US$870 million). The surveying instruments division is Topconâ€™s largest business segment with 46% of total sales (consolidated) worth 47.8 billion yen (US$410 million). Its research capabilities in advanced technology in the US and Russia support a complete line of surveying equipment comprising GPS receivers, machine control systems, total stations and lasers. For the coming fiscal year, Topconâ€™s target for sales (consolidated) in surveying equipment is 75 billion yen (US$640 million).

Sokkia manufactures and sells surveying instruments and measuring equipment. For the fiscal year ending March 2006, total assets (consolidated) are 26.8 billion yen, and total sales (consolidated) 22 billion yen (US$190 million). The company, established in 1920, has as its main product the total station. It manufactures and sells GPS equipment through a joint venture with an overseas firm. By implementing measures to evolve from mainly selling hardware to providing solutions, Sokkiaâ€™s target for sales (consolidated) is 30 billion yen (US$260 million) for the coming fiscal year.

The market environment for the two companies is highly competitive. Rather than pursuing independently their business expansion, a combination of the two companies will be able to expand their potential as a full line surveying instruments manufacturer. Together they can compete on an equal basis into the future with the two leading US and European manufacturers, as well as with emerging Asian manufacturers that can produce on a low-cost basis. The companies will respect each others historical background and utilize their respective resources. Through the merger, the two workforces will be integrated, but care will be taken to exclude disadvantages for the employees.