

## Press Release

March 7, 2006

# Relocation of the Four Technical Centers in China and Establishment of the Shanghai Parts Center

Mori Seiki Co., Ltd. has relocated and expanded our four Technical Centers in China (Shanghai, Beijing, Tianjin, Shenzhen) and established a Parts Center in Shanghai.

Mori Seiki originally set up the Shanghai Technical Center (MORI SEIKI (SHANGHAI) CO., LTD.) in April 2001, with 9 employees, as our first sales and service base in China. Since then, our business has expanded to many places in China and as of the end of February 2006, we have two bases in Shanghai as well as 8 Technical Centers with 60 employees, including the Beijing, Tianjin, Dalian, Chongqing, Shenzhen and Dongguan Technical Centers. We are planning to have 12 to 15 Technical Centers with 100 staff members by the end of 2007.

Mori Seiki's customers in China consist of Japanese companies (40%) and Chinese and Western companies (60%). Many of them are from the automobile and automobile parts industries, but we also have many customers in the Northern China who are involved in natural resources such as oil and coal, and customers in Southern China who are engaged in die and mold businesses. We also export many general machines to all regions.

We currently manage 1,700 machines in China (excluding Hong Kong). Our sales in China for FY2004 were approximately 3 billion yen, but we are expecting this to increase to about 10 billion yen by the end of the last year (FY2007) of our medium-term management plan (Mori-568PLAN).

Given the market situation in China, we relocated our four Technical Centers in Shanghai, Beijing, Tianjin and Shenzhen by February this year, in order to provide even better service for our customers. The space limitations accompanying the increase in the number of employees at each Technical Center encouraged us to move to a dedicated building which offers easier access to our customers' companies and convenient transportation. The Shanghai Technical Center moved to the 43<sup>rd</sup> floor of a 56-story skyscraper in Hongqiao, the central business district. The Beijing Technical Center has moved to a 30-story dedicated building in the center of Beijing, and the Tianjin Technical Center has moved to a 28-story dedicated building. The Shenzhen Technical Center has also moved to a dedicated building in a central location.

In addition to this, in order to deliver parts to our customers quickly and reliably in the rapidly expanding Chinese market, we have established the "Shanghai Parts Center" in Shanghai. Parts specialists will be located in the center. Until now, a few parts were held at each Technical Center, but by managing these parts centrally in Shanghai, we aim to develop a system which allows us to provide parts quickly and efficiently throughout China. In future, we will strive to improve quality by increasing the number of parts and of parts specialists.

China accounts for 21% of the world's machine tool consumption. (Data : Gardner Publications, Inc.)

“Metalworking Insiders’ Report,” February 6, 2006). They are the largest consumers in the world, surpassing Japan. In this mass market, we will do our best to further expand our business by increasing the number of bases in order to acquire more contact points with customers, and by establishing a solid parts supply system to strengthen our service.

We consider that increasing our sales capacity and improving service quality in the Chinese market is the key to achieving the Mori-5 part (attaining a 5% share in the world market) of our medium-term management plan (Mori-568PLAN). With this goal firmly in mind, Mori Seiki will continue to make great strides in the Chinese market.

(Reference) Total number of Mori Seiki bases: 41 locations in Japan, 46 locations overseas.

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