

Press Release

October 27, 2008

Capital and Business Alliances With B.U.G., Inc.

Mori Seiki Co., Ltd. and B.U.G., Inc. reached an agreement to form a business tie-up to develop measuring and control technologies for machine tools. For a capital tie-up, Mori Seiki acquired new shares of B.U.G. through a third-party allocation and share transfer from existing shareholders with the aim of further strengthening the business partnership.

Mori Seiki obtained 701,000 shares of B.U.G. for 370 million yen, which makes Mori Seiki a share of 49.2%.

B.U.G. is a system house with headquarters located in Sapporo, and is familiar with many platforms and development languages for hardware and software. Its overall technological abilities have been highly evaluated, and it has many business connections with large companies in Japan. Recently, the importance in measuring and control technologies has been increasing. We firmly believe that we will be able to facilitate the development of measuring and control technologies and deal with changes in added-values required for machine tools by utilizing B.U.G.'s system development technologies, know-how and solution development.

We will continue to increase our market shares through advanced technology development.

<Reference>

B.U.G., Inc. (As of October 27, 2008)

1. Company Name	: B.U.G., Inc.
2. Business Description	: Computer system development, images, information processing
3. Headquarters Address	: 1-14 Techno-park 1-chome, Shimonoppo, Atsubetsu-ku, Sapporo 004-0015 Japan
4. Established Date	: October 20, 1980
5. President, Representative Director	: Akihiko Kawashima
6. Capital	: 894.8 million yen
7. Employees	: 119 people