

September 11, 2002

Mori Seiki Co.,Ltd.

President Masahiko Mori

Re: Business Assignment from Hitachi Seiki Co., Ltd.

We are pleased to announce that we have concluded a contract to be assigned businesses of Hitachi Seiki Co., Ltd. and Hitachi Seiki Service Co., Ltd.; both are now in the process of civil reorganization procedure, as follows.

1. Contents of the business assignment

- (1) Object of assignment: Entire businesses related to machine tools
- (2) Employees: Some 450 out of about 830 employees are succeeded from Hitachi Seiki Co., Ltd. and Hitachi Seiki Service Co., Ltd. (Parts of employees in charge of the development, sales, manufacture and maintenance)
- (3) Amount of business assignment: 2.6 billion yen. No debts are succeeded.
- (4) Assignee: Mori Seiki Hitech., Co Ltd.
(Mori Seiki Kosan Co., Ltd., a subsidiary owned 100% by the Company, will be renamed as the above.)

2. Purpose of business assignment

- (1) We can acquire existing customers of Hitachi Seiki, which are not overlapped with our own customers on the consolidated account basis, by supplying service parts continuously to them. This will extend the number of our customers to about 1.5 times the present size.
- (2) By succeeding the development personnel who can use CAD immediately, we can establish a development system consisting of 400 persons from the current capacity of 250. Our sales force will also be strengthened by succeeding competent personnel in charge of applications and sales.
- (3) We will have massive strongholds of manufacture, development and marketing in the Kanto area.

We are scheduled to prepare for the business start-up of new company in October after obtaining approvals concerning the business assignment from Hitachi Seiki and Hitachi Seiki Service from the court and the Fair Trade Commission.