

May 18, 2005

To Whom It May Concern:

Masatoshi Ueno
President
Seikoh Giken Co., Ltd.

Notice of acquisition of Optical Fiber business from Seiko Instruments Inc.

Seikoh Giken Co., Ltd. (Head Office: Chiba/Japan, Masatoshi Ueno/President: herein after referred to as SG) and Seiko Instruments Inc. (Head Office: Chiba/Japan, Yukihiro Chayama/President: herein after referred to as SII) have reached agreement that SG acquires the Optical Fiber business of SII.

We are aiming to complete the transaction by September 1, 2005 through application for approval by related countries. (The acquisition of the manufacturing facility in China is scheduled to be completed by the middle of January 2006.)

1: Objectives:

The Optical Fiber Telecom market has been faced with a serious downturn since the IT bubble has been eliminated. However, we see gradual improvement for investment in the infrastructure of Optical Fiber Telecommunications in Japan, North America, Europe and other parts of the world because of ongoing increases in telecommunications traffic. To increase market share and to add more value to our brand in these circumstances, it is important to enhance and widen the range of our product portfolio, maintain high quality products, grow a strong sales channel to better understand customers' requirements, and develop stronger R&D capabilities to realize customers' demands.

Through this acquisition, SG will enhance the organization to realize higher than market growth by having a wider product portfolio, deeper technologies and stronger sales channels from SII.

2: Acquisition

SG will acquire SII's following business:

- 1) Fiber Optic Business in Japan.

2) Fiber Optic Business in China, which includes manufacturing capability of fiber optic products, such as Ferrules.

3) Fiber Optic Business (Ferrule, Connector, Polisher, Polishing consumables, Attenuator, Jumpers etc.) in Germany, U.S.A. and Singapore.

3: Schedule

May 18, 2005 : Board of directors will sign the agreement
End of July, 2005 : Agreement of business acquisition to be signed
September 1, 2005 : Complete acquisition of business in Japan, Germany, U.S.A., and Singapore
Middle of January 2006 : Complete acquisition of business in China.

Both parties may change the schedule, in case of uncontrollable circumstances

4: SII

1) Head Office : 8, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan
2) President : Yukihiko Chayama
3) Inception : September 1937
4) Field of Business : R&D, Manufacturing and Sales & Marketing of Watches, Electronic components, Measurement instruments, and IT related equipment.
5) Capital : J.Yen 4,750,000,000 (\$45.2 Million at J.Yen 105/\$1)
6) Employees : 8,500 (consolidated)
7) Sales : J.Yen 245,800 million (Fiber Optics Business: J.Yen 2,000 million)
Consolidated result for FY2004 \$2,341 Million (FO: \$19 million) at J.Yen 105/\$
8) Relationship to SG : Both are independent public companies and do not have relationship through capital.

5: Influences on financial result to FY2005

We expect the following impact on SG's financial results in FY2005:

(J.Yen)

	Business year ending on March 31, 2006	Business year ending on March 31, 2007
Sales	1,370 million	2,800 million
Operating Income	50 million	170 million