

October 27, 2010

Company Name: MEC COMPANY LTD.
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Suspension of New Plant Construction

We hereby notify you that at a meeting of the board of directors held on October 27, 2010, the Company decided to temporarily suspend the construction of the new plant, announced on April 15, 2010, as follows.

1. Overview of new plant whose construction has been suspended

Location: 3-chome, Kuiseminami-shinmachi, Amagasaki, Hyogo

Site area: 14,214.88 square meters

Functions: Headquarters, production, and quality assurance

Planned investment: Construction fees of approximately 1.5 billion yen

2. Reason for suspending construction

Since April, when we announced plans to build the new plant, there have been large changes to the business environment surrounding the Company. It has become necessary for us to examine the need for investing in new business areas. In addition, there is increased uncertainty in the market because of concerns about the hollowing out of domestic industry, mainly due to the strong yen. Thus, we have decided to temporarily suspend the construction of the new plant.

3. Future outlook

The suspension of construction of the new plant will have only a minor influence on our consolidated results for the term ending in March 2011.

Furthermore, we will build the production system that we have been planning by effectively using the Nishinomiya Factory and Nagaoka Factory. In addition, we plan to expand our research and development functions and improve efficiency of operations by taking measures such as reviewing our organization.