

Absorption-Type Merger of Subsidiary Company (Simplified/ Short-Form Merger) and Debt Waiver

– TOKYO, Japan, November 30, 2016 –

The board of directors of Seiko Epson Corporation (TSE: 6724, "Epson") today approved the absorption of subsidiary company Epson Imaging Devices Corporation (EID). As part of this resolution, Epson will also waive some debts owed by EID.

Since the merger is an absorption-type merger of a wholly-owned subsidiary, certain disclosure items and details have been omitted.

1. Purpose of Merger

EID became a 100% subsidiary company of Epson in December 2006 after being initially established as a joint venture involving the company's small- and medium-sized LCD business in October 2004. While it rolled out operations based on original technology, EID was seriously affected as the business environment dramatically worsened in an increasingly competitive environment. As part of the Epson Group's efforts to refocus its business portfolio, EID undertook a realignment of its small- and medium-sized display business and effectively terminated the business by transferring operations to another company in 2011.

Against this background, Epson has decided to absorb EID as it seeks to consolidate and drive efficiencies in Group operations.

2. Outline of merger

(1) Merger schedule

Board of directors' meeting regarding debt waiver to consolidated subsidiary	November 30, 2016
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Board of directors' meeting to approve merger	November 30, 2016
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Merger contract conclusion	November 30, 2016
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Date of merger (effective date)	February 1, 2017 (planned)
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Note: Because Epson is implementing a simple absorption-type merger as stipulated under Article 796, Paragraph 2 of the Companies Act of Japan and EID is following the procedure for a short-form merger as stipulated in Article 784, Paragraph 1 of the same act, neither company requires approval of the merger agreement by a general meeting of shareholders.

(2) Merger method

The merger will be conducted through an absorption-type merger method in which

Epson will be the surviving company and EID will be dissolved as the absorbed company.

Since EID has liabilities exceeding its assets, Epson plans to waive the debts owed by EID before the merger, thereby eliminating the state of insolvency before the merger takes place.

Debts to be waived	Loans
Total value of debts to be waived	Approx. 25.2 billion yen
Date effective	November 30, 2016

(3) Distribution of assets

Since EID is a wholly owned subsidiary of Epson, there will be no stocks, money, etc., issued in connection with the merger.

(4) Share subscription rights and bonds with share subscription rights

Not applicable

3. Outline of companies involved in this merger (as of March 31, 2016)

	Surviving company	Absorbed company
(1) Trade name	Seiko Epson Corporation	Epson Imaging Devices Corporation
(2) Registered head office	4-1-6 Shinjuku, Shinjuku-ku, Tokyo	6925 Toyoshina, Tazawa, Azumino, Nagano
(3) Name and title of representative	Minoru Usui, president	Kazuo Oike, president
(4) Business lines	Development, manufacturing, sales and service of information-related equipment, electronic devices, precision instruments and others	Real estate management
(5) Paid-in capital	53,204 million yen	50 million yen
(6) Founded	May 18, 1942	October 1, 2004
(7) Total number of shares outstanding	399,634,778	470,000
(8) Fiscal year end	March 31	March 31
(9) No. of employees	67,605 (consolidated)	0 (nonconsolidated)
(10) Principal shareholders and shareholding ratios	Sanko Kigyo Kabushiki Kaisha: 5.00% Japan Trustee Services Bank, Ltd. (Trustee Account): 4.16% The Master Trust Bank of Japan, Ltd. (Trust Account): 4.11%	Seiko Epson Corporation: 100.00%

(11) Financial situation and business results in the preceding financial year (ended March 2016)		
Accounting standard	IFRS (consolidated)	Japanese standard (nonconsolidated)
Total equity	470,676 million yen	-21,161 million yen
Total assets	941,340 million yen	7,736 million yen
Revenue (IFRS) / revenue	1,092,481 million yen	—
Business profit (IFRS) / operating income	84,951 million yen	-88 million yen
Ordinary income	—	-238 million yen
Profit for the period (IFRS)/ net income	46,067 million yen	72 million yen

Note: Ordinary income is not applicable to the IFRS standards applied by Epson. Business profit is broadly equivalent to operating income under Japanese accounting standards.

4. Situation following the merger

There will be no changes to Epson's trading name, head office address, names and titles of representative directors, business lines or paid-in capital or end of fiscal year as a result of this merger.

5. Outlook

The reduction of taxation expenses expected to accompany this absorption has already been reflected in the outlook for the fiscal year ending March 2017, disclosed on October 27, 2016.

The liabilities write-off accompanying this absorption will have no impact on consolidated financial results because it involves a liabilities write-off for a wholly-owned subsidiary company. There will be no impact on nonconsolidated financial results because the allowance for doubtful receivables has been recorded in previous years.

About Epson

Epson is a global technology leader dedicated to connecting people, things and information with its original efficient, compact and precision technologies. With a lineup that ranges from inkjet printers and digital printing systems to 3LCD projectors, smart glasses, sensing systems and industrial robots, the company is focused on driving innovations and exceeding customer expectations in inkjet, visual communications, wearables and robotics.

Led by the Japan-based Seiko Epson Corporation, the Epson Group comprises more than 73,000 employees in 91 companies around the world, and is proud of its

contributions to the communities in which it operates and its ongoing efforts to reduce environmental impacts.

<http://global.epson.com/>

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