

(Translation)

## Notice of the 69<sup>th</sup> Ordinary General Meeting of Shareholders

May 26, 2011

Dear Shareholder,

We are pleased to send you this convocation notice for the 69th Ordinary General Meeting of Shareholders. We have sent resident shareholders in Japan the convocation notice and attached documents in Japanese, which were compiled according to the Japanese Corporation Law. Under this law, there is no obligation to provide materials in languages other than Japanese. However, we have enclosed an English translation for the reference of non-resident shareholders. Please note that the English translation is an abridged version of the complete text, highlighting several points that we believe will give non-resident shareholders an outline of the meeting agenda. It is not intended to influence shareholders in exercising their voting rights. Unfortunately, at this stage we are only able to provide official documents in Japanese. We ask for your understanding in this matter and thank you for your continued support of the Seiko Epson Corporation.

**If you are unable to attend the meeting, please vote by using one of the following methods no later than 6:00 p.m., Friday, June 17, 2011 (Japan time). Prior to voting, you may wish to review the “Reference Materials for the Ordinary General Meeting of Shareholders” document, provided herein.**

### *Voting by Mail*

To vote by mail, please indicate on the enclosed voting form whether you approve or disapprove of each of the proposals and return the completed form to us. The completed form must be received no later than 6:00 p.m., Friday June 17, 2011 (Japan time).

### *Voting by Internet*

To vote by Internet, please log into the shareholders' voting websites at <http://www.evote.jp/>) to register your approval or disapproval (Japanese only). Voting by Internet must be completed no later than 6:00 p.m., Friday June 17, 2011 (Japan time).

Sincerely yours,

Minoru Usui

President

Seiko Epson Corporation  
2-4-1 Nishishinjuku, Shinjuku-ku,  
Tokyo

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\*The Company offers institutional investors access to ICJ Inc.'s electronic voting platform.

## **Description**

**1. Date and Time:** 1:00 p.m., Monday, June 20, 2011 (Japan time)

**2. Place:** Ruby Hall  
2<sup>nd</sup> Floor, Hotel Beniya  
2-7-21 Kogan-dori, Suwa-shi, Nagano

### **3. Meeting Agenda**

- Reporting:
1. Report on the business reports, the consolidated financial statements and the reports of the accounting auditors and of the board of statutory auditors regarding the consolidated financial statements for the fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011).
  2. Report on the non-consolidated financial statements for the fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011).

Proposals:

Proposal 1: Appropriation of surplus

Proposal 2: Election of Ten Directors

Proposal 3: Renewal of Countermeasures to Large-Scale Acquisitions of Seiko Epson Shares

### **4. Convocation rules**

- (1) If you exercise your voting rights through diverse means, please notify the Company (or the transfer agent) of the reason for this in writing at least three days before the meeting.
- (2) If you exercise your voting rights in writing on multiple occasions, we will treat the last contact as valid.
- (3) If you exercise your voting rights by Internet on multiple occasions, we will treat the last contact as valid.
- (4) If you exercise your voting rights by both mail and Internet, we will treat the vote by Internet as valid.

### **5. Notes**

- (1) Any revisions to the reference materials for the Ordinary General Meeting of Shareholders, report on the business reports, the consolidated financial statements, and the non-consolidated financial statements shall be posted on the Company's website at <http://www.epson.jp/IR/> (Japanese) and <http://global.epson.com/IR/> (English).

- (2) If attending the meeting in person, please remember to bring the ballot enclosed with these materials and to hand it to a receptionist.
  
  - (3) If you exercise your voting rights by proxy, you should appoint as proxy another shareholder with voting rights in the Company. A written letter of proxy should be brought to the meeting and handed to a receptionist.
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## Reference Materials for the Ordinary General Meeting of Shareholders

Proposals and related items

### Proposal 1: Appropriation of surplus

#### Items Relating to the Year-End Dividend

With respect to the year-end cash dividends on common stock shares for the fiscal year, the Company proposes to pay 20 yen per share. Of this amount, 10 yen was paid out as an interim dividend in December 2010; hence, the year-end dividend will be 10 yen per share.

(1) Distribution of Dividend

10 yen per share, total amount 1,997,934, 650 yen

(2) Effective Date of Distribution

June 21, 2011

### Proposal 2: Election of Ten Directors

The terms of office of ten directors will end at the close of this meeting. The Company proposes to appoint ten directors.

Candidates for the director positions are as follows:

Candidate No.	Name (Date of Birth)	Summary of career, title, position, and significant concurrent positions held at other companies	Shares of the Company's stock owned
1	Seiji Hanaoka (Sep. 28, 1947)	Apr. 1970 Joined the Company Jun. 1995 Director of the Company Jul. 1996 Executive Vice President, Epson America, Inc. Jun. 1999 Managing Director of the Company Apr. 2002 Senior Managing Director of the Company Apr. 2003 Executive Vice President of the Company Apr. 2005 President of the Company Jun. 2008 Chairman of the Company (current position) <b>Important concurrent positions held at other companies</b> President, SE Gakuen, an incorporated educational institution President, Epson International Scholarship Foundation, an incorporated foundation Representative director of Nagano Institute of Invention and innovation, a general incorporated association	46,500
2	Yasuo Hattori (Apr. 30, 1940)	Sep. 1985 Director of the Company Sep. 1987 Director and Adviser of the Company Jun. 1994 Executive Vice-President of the Company Jun. 1995 Vice-Chairman of the Company (current position) <b>Important concurrent positions held at other companies</b> Representative Director, Aoyama Kigyo Kabushiki Kaisha Representative Director, Sun Kikaku Kabushiki Kaisha	7,159,006

3	Minoru Usui (Apr. 22, 1955)	Nov. 1979 Jun. 2002 Oct. 2007 Jun. 2008	Joined Shinshu Seiki Co., Ltd. (now the Company) Director of the Company Managing Director of the Company President of the Company (current position)	33,800
4	Masayuki Morozumi (Aug. 28, 1947)	Apr. 1968 Jun. 1998 Apr. 2002 Nov. 2004 Feb. 2011  Apr. 2011	Joined the Company Director of the Company Managing Director of the Company Senior Managing Director of the Company General Administrative Manager of the Business Infrastructure Improvement Division and Chief Operating Officer of Electronic Devices and Precision Products Operations Segment (current position) Vice President of the Company (current position)	31,500
5	Kenji Kubota (Dec. 4, 1953)	Apr. 1977 Jun. 2001 Apr. 2003 Oct. 2008 Apr. 2011	Joined the Company Director of the Company Managing Director of the Company General Administrative Manager of the Corporate Strategy Division (current position) Senior Managing Director of the Company (current position)	24,300
6	Torao Yajima (Jul .24,1950)	Apr. 1971 Jun. 2000 Apr. 2003 Jun. 2006 Jun. 2009 Jun. 2010 Feb. 2011	Joined the Company Director of the Company Managing Director of the Company Managing Executive Officer of the Company Managing Director of the Company (current position) President of Epson Toyocom Corporation (current position) Deputy General Administrative Manager of Microdevices Operations Division (current position)	17,600
7	Seiichi Hirano (Dec. 11, 1954)	Apr. 1977 Jun. 2002 Jun. 2006 Jun. 2007  Oct. 2007 Jun. 2008	Joined Shinshu Seiki Co., Ltd. (now the Company) Director of the Company Executive Officer of the Company President of the Epson Sales Japan Corporation (current position) Managing Executive Officer of the Company Managing Director of the Company (current position)	13,700

Candidate No.	Name (Date of Birth)	Summary of career, title, position, and significant concurrent positions held at other companies		Shares of the Company's stock owned
8	Tadaaki Hagata (Dec.1,1957)	Apr. 1983	Joined Epson Corporation (now the Company)	4,700
		Jun. 2008	Executive Officer of the Company	
		Jun. 2009	Director of the Company	
		Apr. 2010	Chief Operating Officer of the Imaging Products Operations Segment (current position)	
		Apr. 2011	Managing Director of the Company (current position)	
9	Noriyuki Hama (Jul. 6, 1954)	Apr. 1978	Joined the Company	13,600
		Jun. 2003	Director of the Company	
		Jun. 2006	Executive Officer of the Company	
		Nov. 2008	Chairman of Epson Europe B.V. (current position)	
		Apr. 2010	General Administrative Manager of the Human Resources Division (current position)	
10	Yoneharu Fukushima (Jan.17,1954)	Jun. 2010	Director of the Company (current position)	9,100
		Feb. 1982	Joined the Company	
		Jun. 2009	Executive Officer of the Company	
		Jun. 2010	Director of the Company (current position)	
		Jun. 2010	General Administrative Manager of Corporate Research & Development Division (current position)	

Note 1: Seiji Hanaoka is President of SE Gakuen, an incorporated educational institution , President of Epson International Scholarship Foundation, an incorporated foundation and Representative director of Nagano Institute of Invention and innovation, a general incorporated association . The Company makes contributions to these entities.

Note 2: No other candidate is involved in activities that potentially conflict with the Company.

### **Proposal 3: Renewal of Countermeasures to Large-Scale Acquisitions of Seiko Epson Shares**

The Company resolved at its board of directors meeting held on April 30, 2008 to introduce its plan for countermeasures to large-scale acquisitions of the shares in the Company (the “Existing Plan”), subject to shareholder approval, for the purpose of ensuring and enhancing the Company’s corporate value and the common interests of its shareholders. The introduction was approved by the shareholders at the 66th ordinary general meeting of shareholders of the Company held on June 25, 2008.

As the Existing Plan is effective until the conclusion of this meeting, the Company considered the Existing Plan, including whether to renew the Existing Plan, from the viewpoint of maintaining and enhancing the common interests of shareholders and the Company’s corporate value. As a result, the Company decided at the meeting of its board of directors held on April 28, 2011 to renew its plan for countermeasures to large-scale acquisitions of the shares in the Company with certain changes to the terms of the Existing Plan (the renewed plan for countermeasures to large-scale acquisitions of the shares in the Company , the “Plan”), subject to shareholder approval at the Annual Shareholders Meeting. The Company proposes shareholders to approve the “Plan”

The major changes to the Existing Plan are as follows:

- (1) Changes to the procedures for the requirement for Acquirers to provide information;
- (2) Changes to clarify the decision-making process for recommendations by the Special Committee for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights taking into account the report on Takeover Defense Measures in Light of Recent Environmental Changes published on June 30, 2008 by the Corporate Value Study Group;
- (3) Required changes following the move to “paperless shares” in accordance with the enforcement of the “Act for Partial Revision of the Acts on Transfer of Bonds, etc. for Achieving Rationalization of Settlements for Transactions of Shares, etc.” (Act No. 88 of 2004); and
- (4) Other changes in wording, expressions, etc.

## **1. Purpose of the Plan**

The Company’s board of directors has decided that, on occasions when it receives a large-scale acquisition proposal for the shares in the Company from an acquirer, it is still necessary and essential to introduce a mechanism that ensures the necessary time and information is made available for the shareholders to decide whether or not to accept such proposal or for the Company’s board of directors to present an alternative proposal to the shareholders and that enables the board of directors to discuss and negotiate with the acquirer for the benefit of the shareholders, thus discouraging large-scale acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, subject to shareholder approval at the Annual Shareholders Meeting.

## **2. Plan Details**

### **2.1 Plan Outline**

#### **(a) Establishment of Procedures**

The Plan sets out procedures necessary to achieve the purpose stated in 1 above, including the requirement for acquirers to provide information in advance in the case an acquirer intends to make an acquisition of shares in the Company or any similar action or

proposes to make such action (that action, “Acquisition”; the party effecting the Acquisition, the “Acquirer”) (for further details, see section 2.2, ‘Procedures for the Plan’ below).

(b) Triggering of the Plan by Gratis Allotment of Stock Acquisition Rights

In the event that an Acquirer conducts an Acquisition of shares in the Company without following the procedures set out in the Plan, or threatens to cause obvious harm to the corporate value of the Company and the common interests of its shareholders (see section 2.3 below, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights (no violation of procedures),’ for details of these requirements), the Company will allot stock acquisition rights with (a) an exercise condition that does not allow the Acquirer to exercise the rights and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the Acquirer (see section 2.4 below, ‘Outline of the Gratis Allotment of Stock Acquisition Rights,’ for the details of these stock acquisition rights; the “Stock Acquisition Rights”), by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) to all shareholders, except the Company, at that time.

If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and all shareholders other than the Acquirer received shares in the Company as a result of those shareholders exercising, or the Company acquiring, those Stock Acquisition Rights, the ratio of voting rights in the Company held by the Acquirer may be diluted by up to one half.

(c) Use of the Special Committee

In order to eliminate arbitrary decisions by the board of directors, decisions with respect to the matters such as the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or the acquisition of Stock Acquisition Rights under the Plan will be made through the objective judgment of a Special Committee (see section 2.5 below, ‘Establishment of the Special Committee,’ for details; the “Special Committee”) which is composed of highly independent members such as outside parties. In addition, the Company’s board of directors will convene a general meeting of shareholders and confirm the intent of the Company’s shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if the Special Committee recommends to do so. Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company’s shareholders.

## 2.2 Procedures for the Plan

### (a) Targeted Acquisitions

The Plan will apply in cases where there is an Acquisition that falls under (i) or (ii) below. The Acquirer shall follow the procedures set out in the Plan.

- (i) An acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*) of a holder (*hoyuusha*) amounting to 20% or more of the share certificates, etc. (*kabuken tou*) issued by the Company; or
- (ii) A tender offer (*koukai kaitisuke*) that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*) for share certificates, etc. (*kabuken tou*) of the person carrying out the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) with the person carrying out the tender offer totaling at least 20% of the share certificates, etc. issued by the Company.

### (b) Request to the Acquirer for the Provision of Information

Unless otherwise approved by the Company's board of directors, any Acquirer conducting an Acquisition will be requested to submit to the Company's board of directors in a form prescribed by the Company, before effecting the Acquisition, a document written in Japanese which includes the name and address of the Acquirer, the governing law of the country in which the Acquirer is incorporated, the name of the Acquirer's representative, the Acquirer's contact details in Japan, an outline of the proposed Acquisition, and a written undertaking that the Acquirer will comply with the procedures set out in the Plan ("Expression of Intent"). The Company's board of directors will deliver the list of essential and sufficient information (the "Essential Information") to the Acquirer as soon as practicably possible after receiving the Expression of Intent in order for all of the Company's shareholders to make a determination on, and for the Special Committee to evaluate and consider, the Acquisition. An Acquirer who has received the list shall submit to the Company's board of directors the Essential Information in a document written in Japanese

and in accordance with the list.

The Company's board of directors will promptly provide the Expression of Intent and the Essential Information submitted by the Acquirer to the Special Committee. If the Special Committee determines that the Essential Information submitted by the Acquirer does not contain sufficient details for the Company's shareholders to make a determination on, or for the Special Committee to evaluate and consider, the Acquisition, it may set a reply period and request, directly or through the Company's board of directors, that the Acquirer further provide Essential Information. In such case, the Acquirer should further provide such Essential Information within the relevant time limit.

Notwithstanding the details and manner of the Acquisition, the information in the following items shall generally be included in the Essential Information.

- (i) Details (including the exact name, capital structure, financial position, details and result of previous transactions by the Acquirer similar to the Acquisition, and the effect the previous transaction had on the corporate value of the target company) of the Acquirer and its group (including joint holders, persons having a special relationship and, in the case of funds, each partner and other constituent members).
- (ii) The purpose, method and terms of the Acquisition (including information on the amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability that the Acquisition will be effected).
- (iii) The basis for the calculation of the purchase price of the Acquisition (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition including the details of such synergies to be shared with minority shareholders).
- (iv) Financial support for the Acquisition (specifically including the name of the fund providers (including all indirect fund providers), financing methods and the terms of any related transactions).
- (v) Post-Acquisition management policy, business plan, capital and dividend policies for the Company group.
- (vi) Post-Acquisition treatment of and policies for the Company's employees, business partners, customers, and any other stakeholders in the Company.
- (vii) Specific measures to avoid any conflict of interest with other shareholders in the

Company (if any).

(viii) Any other information that the Special Committee reasonably considers necessary.

If the Special Committee recognizes that an Acquirer has initiated an Acquisition without complying with the procedures set out in the Plan, as a general rule, it will recommend the Company's board of directors implement a gratis allotment of Stock Acquisition Rights in accordance with 2.2(d)(i) below, except in particular circumstances where it should continue with its requests for the submission of the Essential Information, and its discussion and negotiation with the Acquirer.

(c) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

(i) Request to the Company's Board of Directors for the Provision of Information

If the Acquirer submits the Essential Information and any additional Essential Information that the Special Committee requests (if any), the Special Committee may request that the Company's board of directors promptly present an opinion on the terms of the Acquirer's Acquisition (or an opinion to reserve giving such an opinion; hereinafter the same) and supporting materials, an alternative proposal (if any), and any other information or materials that the Special Committee considers necessary from time to time within a reasonable period determined by the Special Committee (up to thirty days as a general rule) for the Company's board of directors to collect information or consider such corporate valuation (including consideration by outside experts, if necessary) in order to compare the information contained in the Essential Information with the business plan and corporate valuation made by the Company's board of directors in light of ensuring and enhancing the Company's corporate value and common interests of its shareholders.

(ii) Special Committee Consideration

If the Special Committee determines that the information and materials (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's board of directors (if the Company's board of directors is so required as set out in (i) above), it may set a consideration period (up to sixty days as a general rule; the "Special Committee

Consideration Period”; in this regard, however, the Special Committee may extend the period by its resolution in accordance with (d)(iii) of ‘2.2 Procedures for the Plan’ below). The Special Committee will consider the Acquisition terms, collect information on the materials such as the management plans and business plans of the Acquirer and the Company’s board of directors and conduct a comparison thereof, and consider any alternative plan presented by the Company’s board of directors, and the like during the Special Committee Consideration Period. Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee will directly or indirectly through the Company’s board of directors discuss and negotiate with the Acquirer, or present the shareholders with the alternative proposal presented by the Company’s board of directors, or conduct any similar action.

If the Special Committee directly or indirectly through the Company’s board of directors requests the Acquirer provide materials for consideration or any other information, or discuss and negotiate with the Special Committee, the Acquirer must promptly respond to such request.

In order to ensure that the Special Committee’s decision contributes to the Company’s corporate value and the common interests of its shareholders, the Special Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, consultants or any other experts).

(iii) Disclosure of Information to Shareholders and Investors

The Company will promptly disclose to all shareholders and investors the fact that an Acquirer has emerged, the fact that it has received an Expression of Intent from the Acquirer, the fact that the Special Committee Consideration Period has commenced, the fact that the Company’s board of directors has presented an alternative plan to the Special Committee, and any matters considered appropriate by the Special Committee from the Essential Information or other information.

(d) Judgment by the Special Committee

If an Acquirer emerges, the Special Committee will make recommendations to the

Company's board of directors as follows. If the Special Committee makes recommendations or otherwise as listed in (i) through (iii) below to the Company's board of directors, or otherwise believes it to be appropriate, the Company will promptly disclose to all shareholders and investors the fact that recommendations or a resolution was made and an outline thereof and any other matters that the Special Committee considers appropriate (in the case of extending the Special Committee Consideration Period, including the period of and a summary of the reason for such extension).

(i) Non-Compliance by the Acquirer with Procedures set out in the Plan

If the Acquirer fails to comply with the procedures set out in the Plan and the implementation of the gratis allotment of Stock Acquisition Rights is determined to be reasonable, the Special Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors, regardless of whether the Special Committee Consideration Period has commenced or ended.

However, even after the Special Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after such recommendation, until the date prior to the Stock Acquisition Rights Exercise Period Commencement Date (defined in (f) of 2.4, 'Outline of the Gratis Allotment of Stock Acquisition Rights' below; hereinafter the same), the Special Committee may make a new recommendation (i) that (before gratis allotment has taken effect) the Company should cancel the gratis allotment of Stock Acquisition Rights, or (ii) that (after the gratis allotment has taken effect) the Company should acquire the Stock Acquisition Rights without consideration.

(ii) Compliance by the Acquirer with Procedures set out in the Plan

If the Acquirer complies with the procedures set out in the Plan, the Special Committee will, as a general rule, recommend to the Company's board of directors the non-implementation of the gratis allotment of Stock Acquisition Rights.

However, even if the Acquirer complies with the procedures set out in the Plan, if as a result of considering the terms of the Acquirer's Acquisition and discussions, negotiations or the like with the Acquirer, the Special Committee determines that the Acquisition by the Acquirer meets any of the requirements set out below at 2.3, 'Requirements for the Gratis

Allotment of Stock Acquisition Rights (no violation of procedures),’ and it is reasonable to implement a gratis allotment of Stock Acquisition Rights, the Special Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights as an exceptional measure. Even after the Special Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if (i) the Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after such recommendation, or (ii) there is a change in the facts or otherwise upon which the recommendation decision was made and the Special Committee determines that the Acquisition by the Acquirer does not meet any of the requirements set out below at 2.3, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights (no violation of procedures),’ or the Acquisition meets the requirement(s) but it is not reasonable to implement the gratis allotment of Stock Acquisition Rights or allow shareholders to exercise the Stock Acquisition Rights, until the date prior to the Stock Acquisition Rights Exercise Period Commencement Date, the Special Committee may make a new recommendation (i) that (before gratis allotment has taken effect) the Company should cancel the gratis allotment of Stock Acquisition Rights, or (ii) that (after the gratis allotment has taken effect) the Company should acquire the Stock Acquisition Rights without consideration.

Even if the Special Committee considers the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, it will recommend that the Company’s board of directors convenes a general meeting of shareholders and submits a proposal of the implementation of the gratis allotment of Stock Acquisition Rights if the Special Committee deems it appropriate to obtain a resolution at a general meeting of shareholders on the implementation of the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Special Committee Consideration Period

If the Special Committee does not reach a decision to recommend either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (including a recommendation to convene a general meeting of shareholders and submit a proposal of the implementation of the gratis allotment of Stock Acquisition Rights) by the expiry of the initial Special Committee Consideration Period, the Special Committee will pass a resolution to extend the Special Committee Consideration Period to the reasonable extent considered necessary (however, no more than thirty days) for actions such as consideration of the terms of the Acquirer’s Acquisition, discussion or negotiation with the Acquirer and consideration of an alternative proposal.

If the Special Committee Consideration Period is extended as a result of the resolution described above, the Special Committee will continue with its information collection, consideration process and like activities, and use best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (including a recommendation to convene a general meeting of shareholders and submit a proposal of the implementation of the gratis allotment of Stock Acquisition Rights) within the extended period.

(e) Resolutions of the Board of Directors and Convocation of the Shareholders Meeting

The Company's board of directors will promptly pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights (including cancellation of gratis allotment of Stock Acquisition Rights) respecting any recommendation of the Special Committee described above to the maximum extent.

If the Special Committee recommends the Company's board of directors convenes a general meeting of shareholders and submits a proposal for the implementation of the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly convene the general meeting of shareholders so that the meeting is held as soon as practicably possible and submit a proposal for the implementation of the gratis allotment of Stock Acquisition Rights, unless it is practicably and significantly difficult to convene a general meeting of shareholders. If the general meeting of shareholders resolves to implement the gratis allotment of the Stock Acquisition Rights, the Company's board of directors will promptly resolve to implement the gratis allotment of the Stock Acquisition Rights. However, if the proposal at the general meeting of shareholders to implement the gratis allotment of Stock Acquisition Rights is not approved as proposed, the Company's board of directors will make a resolution for the non-implementation of the gratis allotment of Stock Acquisition Rights.

The Acquirer must not effect an Acquisition after the commencement of procedures for the Plan until the Company's board of directors passes a resolution for implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.

If the Company's board of directors passes a resolution for the implementation or

non-implementation of the gratis allotment of Stock Acquisition Rights, or the Company's board of directors resolves to convene the above general meeting of shareholders, or the general meeting of shareholders resolves to implement the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly disclose to all shareholders and investors an outline of the resolution, and any other matters that the Company's board of directors considers appropriate.

### 2.3 Requirements for the Gratis Allotment of Stock Acquisition Rights (no violation of procedures)

Even if the Acquirer has complied with the procedures set out in the Plan, the Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's board of directors as described above at (e) of 2.2, 'Procedures for the Plan,' if it is considered that an Acquisition by an Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, the Company's board of directors will, without fail, make its determination as to whether an Acquisition of an Acquirer falls under a requirement below and if it is reasonable or not to implement the gratis allotment of Stock Acquisition Rights following the judgment of the Special Committee in accordance with (d) of section 2.2 above, 'Procedures for the Plan.'

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through actions such as those described below or any similar action:
  - (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company at an inflated price.
  - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
  - (iii) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.
  - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price and taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

- (v) Acquisition made with no intention of truly participating in corporate management and for the sole purpose of increasing the share price of the Company and having the Company's affiliates purchase shares in the Company at an inflated price.
  
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial acquisition, and set acquisition terms for the second stage that are unfavorable to shareholders or do not set clear terms for the second stage).
  
- (c) Acquisitions whose terms (including amount and type of consideration for the Acquisition, the Acquisition schedule, the legality of the Acquisition method, the probability of the Acquisition being effected, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
  
- (d) Acquisitions that materially threaten to be against the corporate value of the Company or the common interests of shareholders, by destroying relationships with the Company's employees, customers, business partners and the like, technical development strength, social credit or brand value which are indispensable to the generation of the Company's corporate value.

## 2.4 Outline of the Gratis Allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights scheduled to be implemented under the Plan is described below.

- (a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the

number equivalent to the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on an allotment date (the “Allotment Date”) that is separately determined in a resolution by the Company’s board of directors relating to the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).

(b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights without consideration to those shareholders, other than the Company, who appear or are recorded in the Company’s final register of shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for every one share in the Company held.

(c) Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

(d) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (which shall be book-entry stock prescribed in Article 128, Paragraph 1 of the Act on Book-Entry Transfer of Company Bonds, Shares, Etc. (Act No. 75 of 2001)) (the “Applicable Number of Shares”) shall be one share unless otherwise adjusted.

(e) The Amount to be Contributed upon Exercise of the Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means the average closing price (including quotations) for regular transactions of the stock of the

Company on the Tokyo Stock Exchange on each day during the ninety day period prior to the Gratis Allotment Resolution (excluding the days on which the closing price is not available), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to three months long as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provision of (ii) in paragraph (i) below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the business day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

(g) Conditions for the Exercise of the Stock Acquisition Rights

As a general rule, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company’s board of directors; or
- (VI) Any Affiliated Party of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and regulations to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that certain nonresidents to

whom the exemption provision under the applicable law applies may exercise the Stock Acquisition Rights and the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company.'

(h) Assignment of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's board of directors.

(i) Acquisition of the Stock Acquisition Rights by the Company

(i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights without consideration.

(ii) On a day separately determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the business day immediately prior to such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. Further, if, on or after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day falling on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's board of directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

- (iii) In addition to the above, the Company may, in the Gratis Allotment Resolution, determine matters relating to acquisition of Stock Acquisition Rights including separate Stock Acquisition Rights acquisition events.

## 2.5 Establishment of the Special Committee

The Company will establish the Special Committee as an organization that will eliminate arbitrary decisions by the Company's board of directors in relation to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights under the Plan and objectively carry out the decisions on behalf of the shareholders in the event of triggering or other operation of the Plan. The Special Committee will have three or more members, who will be outside statutory auditors of the Company or outside experts, who are highly independent from the management of the Company.

If an Acquisition is to be actuated, the Special Committee shall determine whether or not that Acquisition could harm the corporate value of the Company and the common interests of its shareholders, and the Company's board of directors shall pass a resolution, on the implementation or non-implementation of a gratis allotment of Stock Acquisitions Rights respecting such decision of the Special Committee to the maximum extent, in accordance with section 2.2, 'Procedures for the Plan' above. (Members of the Special Committee expected to assume office at the time of renewal of the Plan will be as described in Attachment 'Profiles of the Members of the Special Committee.')

## 2.6 Effective Period, Abolition and Amendment of the Plan

The effective period of the Plan (the "Effective Period") shall be the period until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Annual Shareholders Meeting.

However, if, before the expiration of the Effective Period, (i) a general meeting of shareholders of the Company, or (ii) the Company's board of directors consisting of directors elected at a general meeting of shareholders passes a resolution to abolish the Plan, the Plan

shall be abolished at that time.

Further, the Company's board of directors may revise or amend the Plan even during the Effective Period of the Plan, if such revision or amendment is not against the purpose of a resolution of the Annual Shareholders Meeting such as cases where any law, regulation, financial instrument exchange rule or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, cases where such revision or amendment is not detrimental to the Company's shareholders, or any similar cases, and subject to the approval of the Special Committee.

If the Plan is abolished, modified, amended or otherwise altered, the Company will promptly disclose facts including the fact that such abolition, modification amendment or alteration has taken place, and (in the event of a modification or amendment) the details of the modification or amendment and any other matters.

#### Reference materials

The contents of the "Plan" are as described in the above 2. Items 3 and 4 "Impact on Shareholders and Investors" and "Decisions and Reasoning of the Company's Board of Directors regarding Above Measures" are described in the following. The Company proposes that shareholders approve the "Plan" after considering these contents.

### **3. Impact on Shareholders and Investors**

#### 3.1 Impact on Shareholders and Investors Upon Renewal of the Plan

The Plan will have no direct or material impact on shareholders and investors at the time of renewal because at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

#### 3.2 Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

If the Company's board of directors passes a resolution for a gratis allotment of Stock

Acquisition Rights, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders on the Allotment Date provided separately in the Gratis Allotment Resolution of one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. If the shareholders do not pay the exercise price or perform other procedures for exercise of Stock Acquisition Rights during the exercise period of Stock Acquisition Rights, the value of all shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders. However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company. If the Company carries out that acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the prescribed exercise price and, in this case, dilution of the value per share in the Company held by the shareholder may result but, as a general rule, no financial dilution of the overall value of shares in the Company held will result.

In addition, even after the Company's board of directors passes a resolution for gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Special Committee described above at section (d) of 2.2, 'Procedures for the Plan,' to the maximum extent, (i) (on or before the effective date of the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (after the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) acquire the Stock Acquisition Rights without consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is possible that any shareholders or investors who have sold or bought the shares in the Company expecting to see a dilution of the value per share in the Company may commensurately incur damage as a result of a fluctuation in the share price.

#### **4. Decisions and Reasoning of the Company's Board of Directors regarding Above Measures**

The Company has implemented measures for enhancing the corporate value and policies such as strengthening its corporate governance practices as specific measures to continually and persistently enhance the Company's corporate value and the common interests of the Company's shareholders.

Therefore, these measures do not impair the common interests of the Company's shareholders, and are not implemented for the purpose of maintaining the positions of the

directors and the statutory auditors of the Company.

More information about “The Plan” resolved at its board of directors meeting held on April 28, 2011, shall be posted on the Company’s website at <http://global.epson.com/IR/> (English).

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## Attachment

### Profiles of the Members of the Special Committee

The following five persons are scheduled to be the members of the Special Committee upon renewal of the Plan.

Yoshiro Yamamoto

#### Business Background

- |           |  |
|-----------|--|
| Jun. 1996 | Appointed President and CEO of the Fuji Bank, Ltd.   |
| Sep. 2000 | Appointed President and CEO of the Fuji Bank, Ltd. and Chairman of the Board of Directors of Mizuho Holdings, Inc. |
| Jun. 2002 | Appointed honorary advisor of Mizuho Financial Group, Inc. (current position)                                      |
|           | Appointed Statutory Auditor of the Company (current position)  |

\* Mr. Yamamoto is an outside statutory auditor as prescribed in Article 2, Item (16) of the Companies Act, and has been notified as an independent auditor as provided for by the Tokyo Stock Exchange.

\* Mr. Yamamoto does not have any business relation with or special interest in the Company.

Tatsuhiko Ishikawa

#### Business Background

- |           |   |
|-----------|---|
| Feb. 1997 | Appointed chief public prosecutor at the Tokyo District Public Prosecutors Office       |
| Nov. 2000 | Appointed superintendent public prosecutor at the Nagoya High Public Prosecutors Office |
| Dec. 2001 | Admitted to the bar (current position)  |
| Jun. 2004 | Appointed Statutory Auditor of the Company (current position)                           |

\* Mr. Ishikawa is an outside statutory auditor as prescribed in Article 2, Item (16) of the Companies Act, and has been notified as an independent auditor as provided for by the Tokyo Stock Exchange.

\* Mr. Ishikawa does not have any business relation with or special interest in the Company.

## Kenji Miyahara

### Business Background

Jun. 1996	Appointed President and CEO of Sumitomo Corporation
Jun. 2001	Appointed Chairman of the Board of Directors of Sumitomo Corporation
Jun. 2007	Appointed Senior Advisor of Sumitomo Corporation
Jun. 2008	Appointed Statutory Auditor of the Company (current position)
Jun. 2010	Appointed honorary advisor of Sumitomo Corporation (current position)

\* Mr. Miyahara is an outside statutory auditor as prescribed in Article 2, Item (16) of the Companies Act, and has been notified as an independent auditor as provided for by the Tokyo Stock Exchange.

\* Mr. Miyahara does not have any business relation with or special interest in the Company.

## Hiroyuki Itami

### Business Background

1967	Graduated from Faculty of Commerce and Management, Hitotsubashi University
1971	Obtained Ph.D. degree of Business Administration from Carnegie Mellon University
1984	Employed as professor of Faculty of Commerce and Management at Hitotsubashi University (until 2008)
1994	Appointed as dean of Faculty of Commerce and Management at Hitotsubashi University (until 1996)
2008	Employed as professor of Management of Science & Technology with Specialist Graduate School of Management of Science and Technology, the Tokyo University of Science (current position)

\* Mr. Itami does not have any business relation with or special interest in the Company.

Toshiharu Aoki

Business Background

Jun. 1997           Appointed Vice President and Representative Director of Nippon  
Telegraph and Telephone Corporation

Jun. 1999           Appointed President and CEO of NTT Data Corporation

Jun. 2003           Appointed Executive Advisor and Director of NTT Data Corporation

Jun. 2005           Appointed Executive Advisor of NTT Data Corporation

Jun. 2009           Appointed Senior Advisor of NTT Data Corporation (current position)

\* Mr. Aoki does not have any business relation with or special interest in the Company.

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