

Manufacturing Site Realignment Initiative

Epson Toyocom Corporation, the leader in crystal devices, has announced it will realign its Japanese and overseas manufacturing sites in order to enhance the competitiveness of its crystal unit and crystal oscillator businesses. Planned for March 2010, details of the realignment follow below.

1. Outline

Epson Toyocom will transfer some production lines currently managed by its Hobara and Odaka plants to plants overseas as part of efforts to build an efficient, globally oriented production system. The remaining Hobara plant production lines will also then be consolidated into the Odaka plant in March 2010. With these realignments we are strengthening manufacturing in Japan with the optimum organization and structure for responding rapidly to market conditions and customer requirements.

2. Reason

Since its creation by integration in October 2005, the Epson Toyocom Group has been driving the optimization of its manufacturing sites worldwide. Epson Toyocom urgently needs to increase the efficiency of its production systems in order to overcome the business upheaval of the global financial crisis triggered by the subprime mortgage situation in the United States last year. In particular, Epson Toyocom is continuing to refine the business model that will make its AT business, its primary business, number one.

Analysis of customer value requirements in the AT business have defined two main categories: high-mix, low-volume precision products designed for applications including cellular base stations and core network devices; and high-volume products primarily for mobile phone applications. This realignment allows Epson Toyocom to manage these respective operations in the most effective ways possible.

Moving forward, Epson Toyocom will continue to drive the efficiency of its manufacturing systems, the optimization of its AT business, and the rapid enhancement of its global competitiveness.

<Glossary>

AT

The term “AT” refers to the cutting angle of the synthetic crystal: the top and bottom surface of the crystal chip in this type of crystal unit/oscillator vibrate in opposite directions. They cover frequencies from several MHz (megahertz) to several hundred MHz, and are used as the clock or reference signal for the ICs used in many kinds of electronic devices.