

(Translation)

March 16, 2005

Toyo Tsushinki Kabushiki Kaisha

(Code No. 6708 -Tosho No. 1)

Toyo Communication Equipment Co., Ltd.

3-484, Tsukagoshi 3-chome, Saiwai-ku, Kawasaki

President and Representative Director

Eiichi Yoshikawa

To Whom It May Concern:

Re: Announcement for Merging Crystal Device Business of
Seiko Epson Corporation by means of Corporate Division

On November 26, 2004, we made a public announcement that we had entered into Business and Capital Collaboration Agreement with Seiko Epson Corporation (“Seiko Epson”) aiming at the merger of the respective parties’ crystal device businesses. Since then, we have discussed the specific ways of merging the two companies’ businesses and other details between the parties. This is to announce that, at the board meeting held today, we resolved that we would enter into Business Merger Agreement and Corporate Division Agreement with Seiko Epson as follows:

1. Objectives of Corporate Division:

Crystal devices hold important role as key components for wireless communication equipment and digital information equipment such as PCs and PDA. Use of such devices has also been expanded to mobile telephones and automotive electronics for the last several years. As a result, the market size has been expanded worldwide and the demands for the devices have also increased steadily. However, such market expansion has created the situation where the demands for the products fluctuate wildly and severe price competition follows. Market constantly requires smaller and higher quality devices in mass. Therefore, now it is more than ever important to make investment in research and development and production facilities, and we are required to get the results of such R and D efforts more quickly and build more efficient production lines.

Under these circumstances, with this business merger, our company and Seiko Epson

would seek the leading position in the crystal device industries by strengthening the respective companies' strong fields and heightening synergy effects.

2. Brief Outline of Corporate Division:

(1) Implementation Schedule;

March 16, 2005 - Approvals of Business Merger Agreement and Corporate Division Agreement at the Board of Directors Meeting

June 29, 2005 (Planned) - Approval of Corporate Division Agreement at General Meeting of Shareholders

October 1, 2005 (Planned) - Date of Corporate Division

October 1, 2005 (Planned) - Registration of the Corporate Division

(2) Method of Corporate Division;

Subject business for the corporate division would be the crystal device business of Seiko Epson (their optical device business is not included). Seiko Epson, as the dividing company, would divide the subject business and our company, as the succeeding company, would merge such divided business with ours. (In return, we would issue new shares to Seiko Epson, all in accordance with a certain specific corporate restructuring formula (Bunshagata Kyushubunkatsu) under the Japanese Corporation Laws).

(3) Allocation of Shares:

a) Share Allocation Ratio

Number of shares to be issued with respect to the corporate division would be 99,000,000 Common Shares and 20,000,000 Type "A" Classified Shares, and we would allocate and issue all of such shares to Seiko Epson. (For Type "A" Classified Shares, please refer to the attached materials).

The reason why we are to issue Type "A" Classified Shares at this time is to avoid the situation where we may not keep a certain standard for listing at the Tokyo Stock Exchange. It is required that a total number of shares held by a small number of specific large shareholders (top 10) should not exceed a certain maximum ratio (75%) of the total number of shares issued in order to keep listing there. (Type "A" Classified Share is not listed and excluded from the

above calculation.)

If there is a possibility where we may not meet this standard in the future, it is our intention to continue our efforts to avoid such situation.

b) **Calculation Results by a Third Party Organization, Calculation Methods and Bases of Such Calculation;**

With respect to the share allocation ratio, we have decided by mutual agreement

taking into account the calculation results made by Mizuho Securities Co., Ltd., as the third party organization.

(4) Cash Payment for Corporate Division;

No cash payment would be made with respect to the corporate division.

(5) Rights and Obligations to be Succeeded by Our Company;

We would assume the assets, liabilities and other rights and obligations relating to the subject business of the corporate division.

(6) Outlook for Fulfillment of Succeeded Liabilities;

In view of the current status of our assets and liabilities as well as the expectation of the future business development and the prospect of profit and loss situation therefrom, we expect that we would be able to fulfill the liabilities to be succeeded by our company.

3. Descriptions of the Parties to the Corporate Division (as of September 30, 2004)

Dividing Company:

- (1) Corporate Name; Seiko Epson Corporation
- (2) Purposes of Business; Development, manufacturing, sale and providing services with respect to information-related equipment, electronic devices, precision instruments and other products.
- (3) Date of Incorporation; May 18, 1942
- (4) Place of Head Office; 2-4, Nishishinjyuku 2-chome, Shinjyuku-ku, Tokyo
- (5) Representative; Saburo Kusano, President and Representative Director
- (6) Paid- in Capital; 53,204 Million Yen

- (7) Total Number of Shares Issued; 196,364,592 Shares
- (8) Shareholders' Equity; 377,286 million Yen
- (9) Total Assets; 1,041,569 Million Yen
- (10) Fiscal Year End; March 31
- (11) Number of Employees; 12,959
- (12) Major Shareholders and Holding Ratio; Aoyama Kigyou (10.34%), Sankou Kigyou (7.27%), Japan Trustee Services Trust Bank (Trust account) (4.98%)
- (13) Relationships between the Parties; Capital Related – Seiko Epson has subscribed The 3rd Convertible Bond issued by our company in the amount of 2.7 Billion Yen. Therefore, they are currently a potential shareholder of 10.15 % of our company. Personnel Relationships; No. Trade Relationship; Yes.
- (14) Business Results of the Last 3 Fiscal Years;

Fiscal Year	Ended 3/31/02	Ended 3/31/03	Ended 3/31/04
Net Sale (Million Yen)	962,935	1,014,195	1,077,340
Operating Profit	- 6,989	8,396	29,733
EBIT	10,939	11,277	31,548
Net Profit	- 18,068	1,174	16,155
Net Profit per Share	- 118.98	6.44	86.96
Dividend per Share	18.00	18.00	18.00
Capital per Share	1,536.72	1,517.56	1,814.0

Succeeding Company

- (1) Corporate Name; Toyo Communication Equipment Co., Ltd.
- (2) Purposes of Business; Manufacturing and sale of telecommunication equipment, wireless communication equipment, electronics equipment, crystal devices and optical devices.
- (3) Date of Incorporation; November 15, 1938
- (4) Principal Place of Business; 484 Tsukagoshi 3-chome, Saiwai-ku, Kawasaki, Kanagawa
- (5) Representative; Eiichi Yoshikawa, President and Representative Director
- (6) Paid-in Capital; 9,560 Million Yen
- (7) Number of Shares Issued; 56,246,174 Shares
- (8) Shareholders' Equity; 24,798 Million Yen
- (9) Total Assets; 60,542 Million Yen
- (10) Fiscal Year-end; March 31
- (11) Number of Employees; 1,145

(12) Major Shareholders and Holding Ratio; NEC Corporation (20%), CBNY Oppenheimer Fund Inc. (Resident Agent – Citibank NA, Tokyo Branch) (7.11%), The Master Trust Bank of Japan (trust account) (3.04%)

(13) Relationships between the Parties; As stated above.

(14) Business Results of the Last 3 Fiscal Years;

Fiscal Year	Ended 3/31/02	Ended 3/31/03	Ended 3/31/04
Net Sales (Million Yen)	54,595	51,005	54,321
Operating Profit (Million Yen)	- 9,919	- 4,426	356
EBIT (Million Yen)	- 9,764	- 3,957	1,124
Net Profit (Million Yen)	- 6,216	-1,763	158
Net Profit per Share (Yen)	- 110.53	- 31.38	2.83
Dividend per Share (Yen)	0	0	0
Capital per Share (Yen)	474.79	444.45	452.54

4. Descriptions of the Businesses to be Succeeded

(1) Description of Business to be Succeeded;

Seiko Epson's crystal device business (Optical device business is not included).

(2) Amount of Sale in the Fiscal Year Ended March, 2004;

40.2 Billion Yen (Non- consolidated basis)

(3) Assets, Liabilities and the Amounts thereof for the Business to be Succeeded;

Current Assets	15.9 Billion Yen	Current Liabilities	7.1 Billion Yen
Fixed Assets	12.2 Billion Yen	Fixed Liabilities	12.4 Billion Yen
Total	28.1 Billion Yen	Total	19.5 Billion Yen

5. Description of Our Company after Succeeding the Business;

(1) Company Name; Epson Toyocom Corporation

(2) Purposes of Business; Manufacturing and sale of crystal equipment and optical device equipment

(3) Registered Principal Place of Business; Kawasaki, Kanagawa

(4) Capital; There would be no increase of paid-in capital for succeeding the business.

(5) Possible effect over the Performance of our Business Operations;

Target date for the subject division is scheduled on October 1, 2005. Therefore, possible effect of the subject division over our company's performance also starts from such date on. We would coordinate the consolidated business plan between

the two companies, and disclose the possible effect by the division as soon as it becomes clear to us.

For further information:

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Attachment:

Brief Summary of Type “A” Classified Shares (Translation)

Kind of Share; Type “A” Classified Share (with the right to convert to common share and

Subordinate in receiving dividend.

Number of Shares per Unit; 1,000 Shares per Unit

Total Number of Shares to be Issued; 20,000,000 Shares

Dividend (Subordinate Dividend); Only when the company pays a dividend to holders of Common Share in the amount of 2 Yen or more per Common Share per Year, the Company can pay a dividend to the holder of Type “A” Classified Share, provided, however, that the maximum amount of such dividend shall not exceed 50 Yen per Type “A” Classified Share per year.

Right to Demand the Conversion to Common Share (Option to Demand Conversion);

Period of Exercising Option – From October 1, 2005 to September 30, 2015 (10 years)

Original Conversion Ratio – 1 Common Share per 1 Type “A” Classified Share (1:1)

Amendment of Conversion Price: None

Compulsory Conversion;

Date of Conversion - Any date to be decided by the board of directors meeting
after the expiration of the period for exercising option.

Conversion Ratio – 1 Common Share per 1 Type “A” Classified Share (1:1)

Redemption; Issuer may redeem Type “A” Classified Shares upon agreement with the

Holder

Voting Rights; Attached.

Right to Residual Assets; Upon conversion to Common Share, the Holder of Type "A" Classified Share shall have equal rights to the residual assets.