

Third Quarter Financial Results
Fiscal Year 2006
(Ending March 2007)

January 26, 2007

SEIKO EPSON CORPORATION

Disclaimer



When reviewing this information please note that the information was created as of the date of the information, should be considered in the context of the circumstances prevailing at that time and is only correct as of that date. The information contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, the competitive environment, market trends, general economic conditions, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

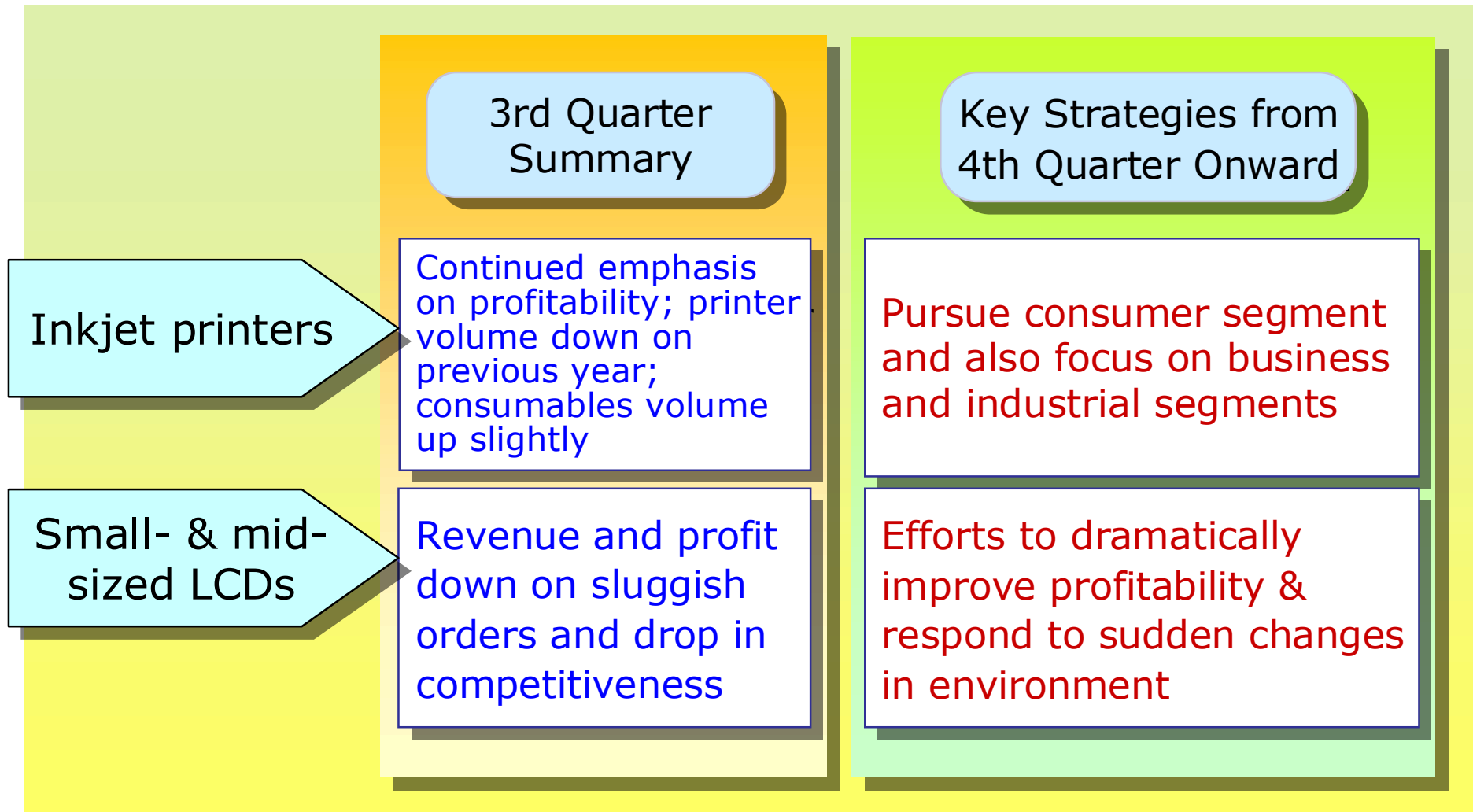
This report is a simple translation of the Japanese version of third quarter financial results of FY2006 explanatory presentation prepared in Japanese. No reclassification nor rearrangement has been made.

Numerical values: Any portion of an amount less than the unit stated is disregarded.
Percentages: Rounded off to one decimal place.

1. FY2006 3Q Financial Results

2. FY2006 Business Outlook

Status of Core Businesses



Third-Quarter Financial Highlights

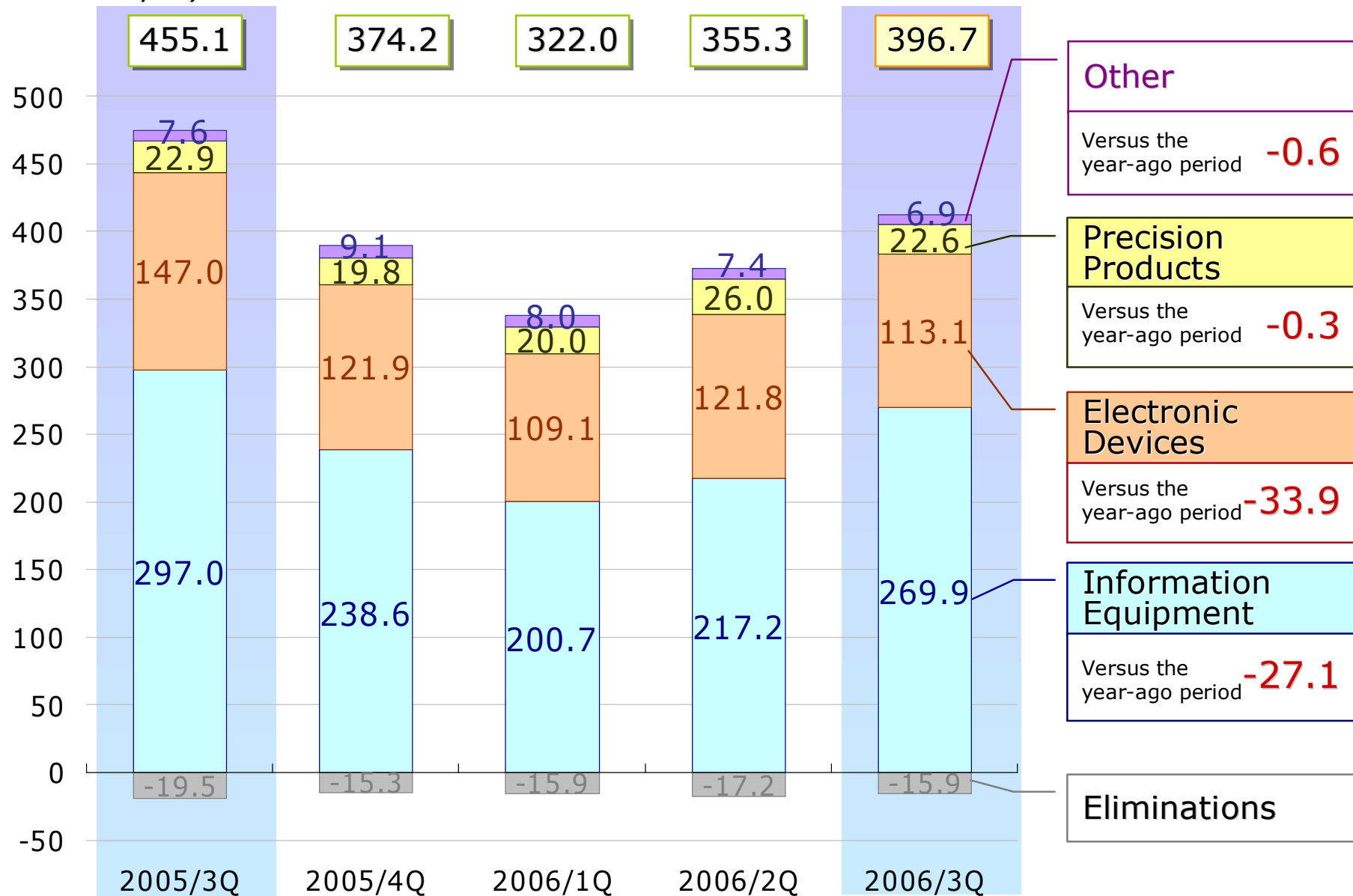


| | | FY2005 | | FY2006 | | Change | |
|-----------------------------------|-----|-----------|------|-----------|------|--------|----------|
| | | 3Q actual | % | 3Q actual | % | Amount | % change |
| (Billions of yen) | | | | | | | |
| Net sales | | 455.1 | - | 396.7 | - | -58.4 | -12.8% |
| Operating income | | 17.1 | 3.8% | 25.3 | 6.4% | +8.2 | +48.1% |
| Ordinary income | | 17.9 | 3.9% | 24.1 | 6.1% | +6.2 | +34.6% |
| Net income before income taxes | | 12.2 | 2.7% | 23.8 | 6.0% | +11.6 | +95.2% |
| Quarterly net income | | 9.0 | 2.0% | 13.5 | 3.4% | +4.4 | +48.8% |
| Exchange rate | USD | ¥117.35 | | ¥117.82 | | | |
| | EUR | ¥139.44 | | ¥151.94 | | | |

Quarterly Net Sales ▶ By business segment

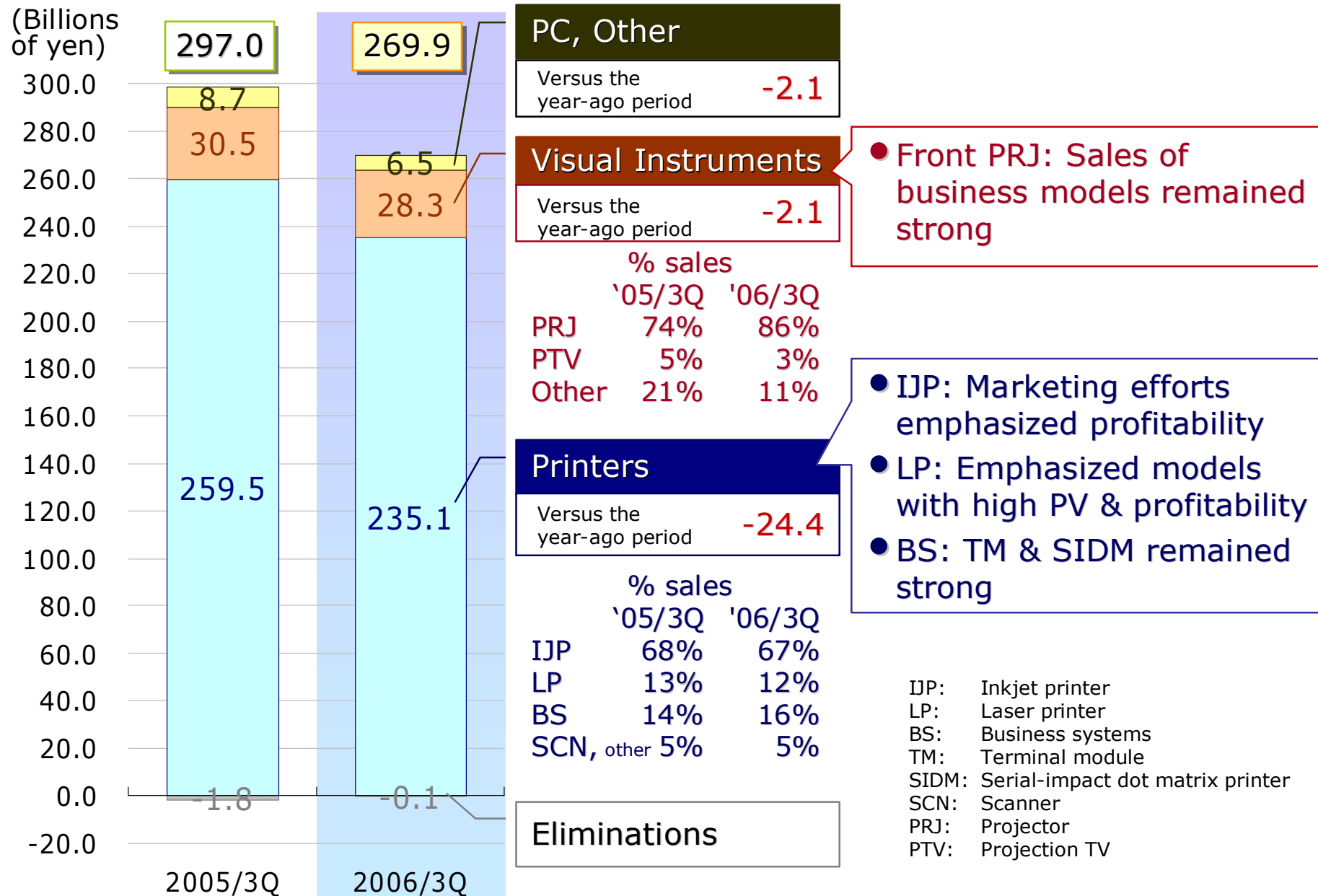


(Billions of yen)



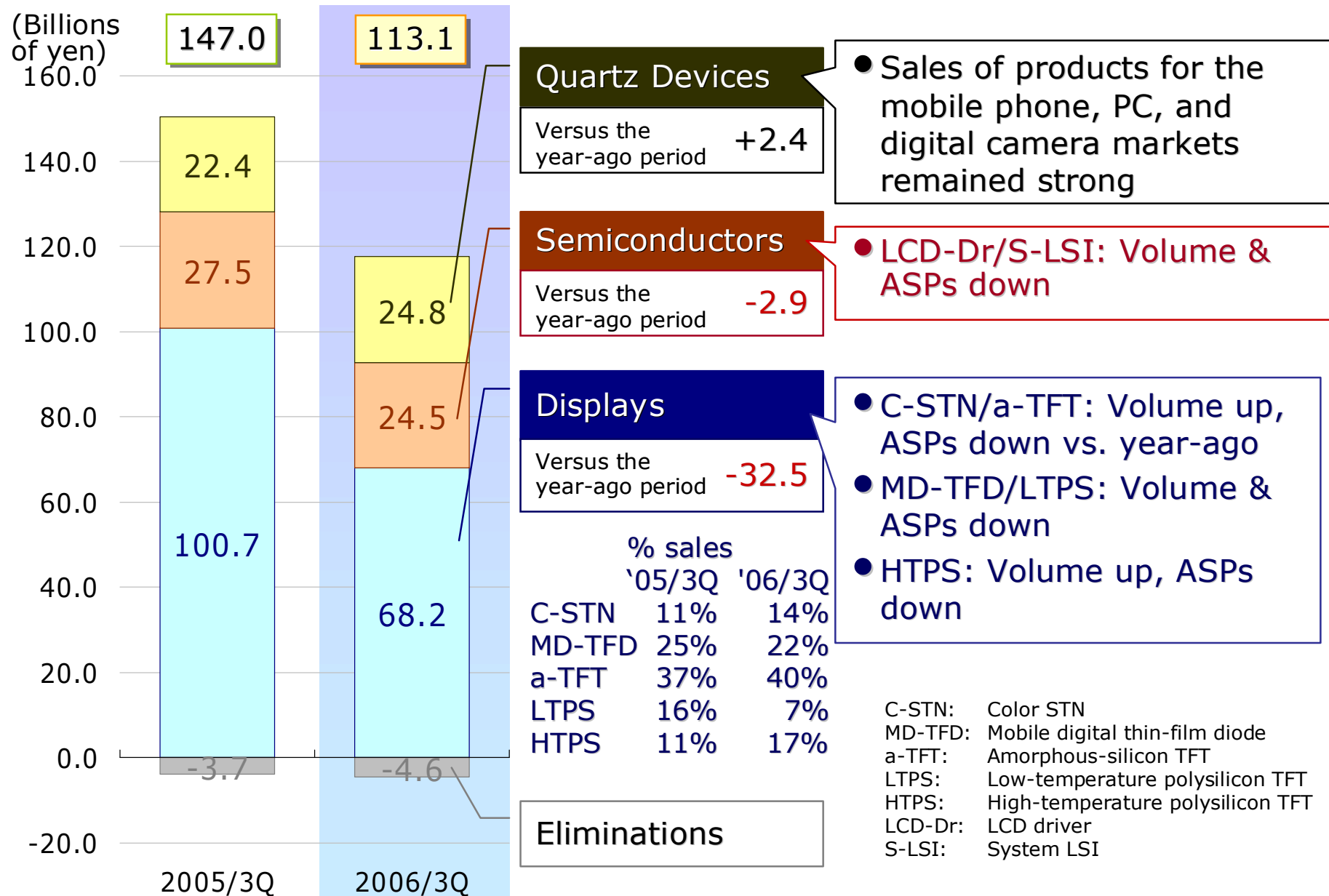
Quarterly Net Sales Comparison

Information-related equipment segment

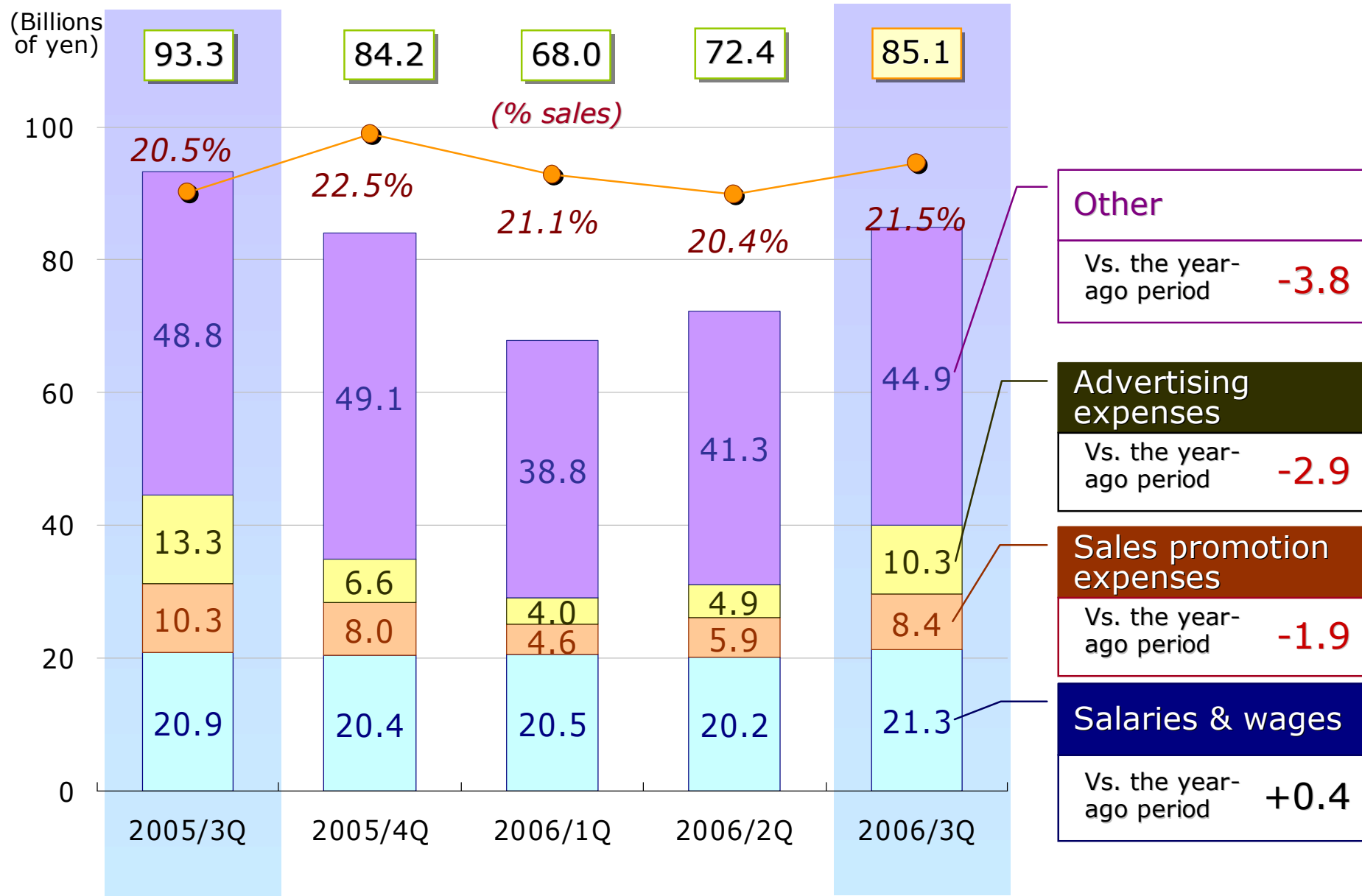


Quarterly Net Sales Comparison

▶ Electronic devices segment

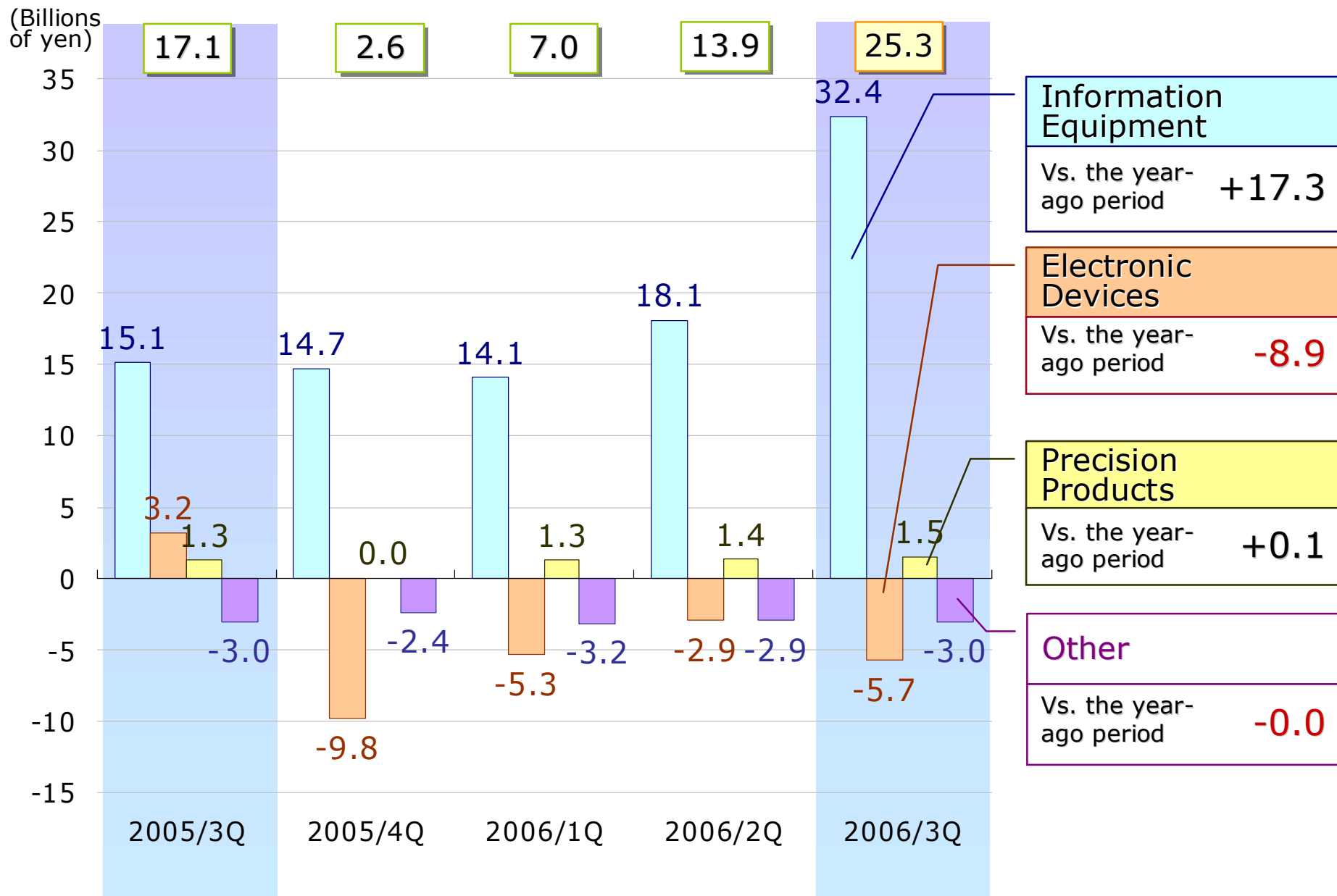


Quarterly Selling, General and Administrative Expenses

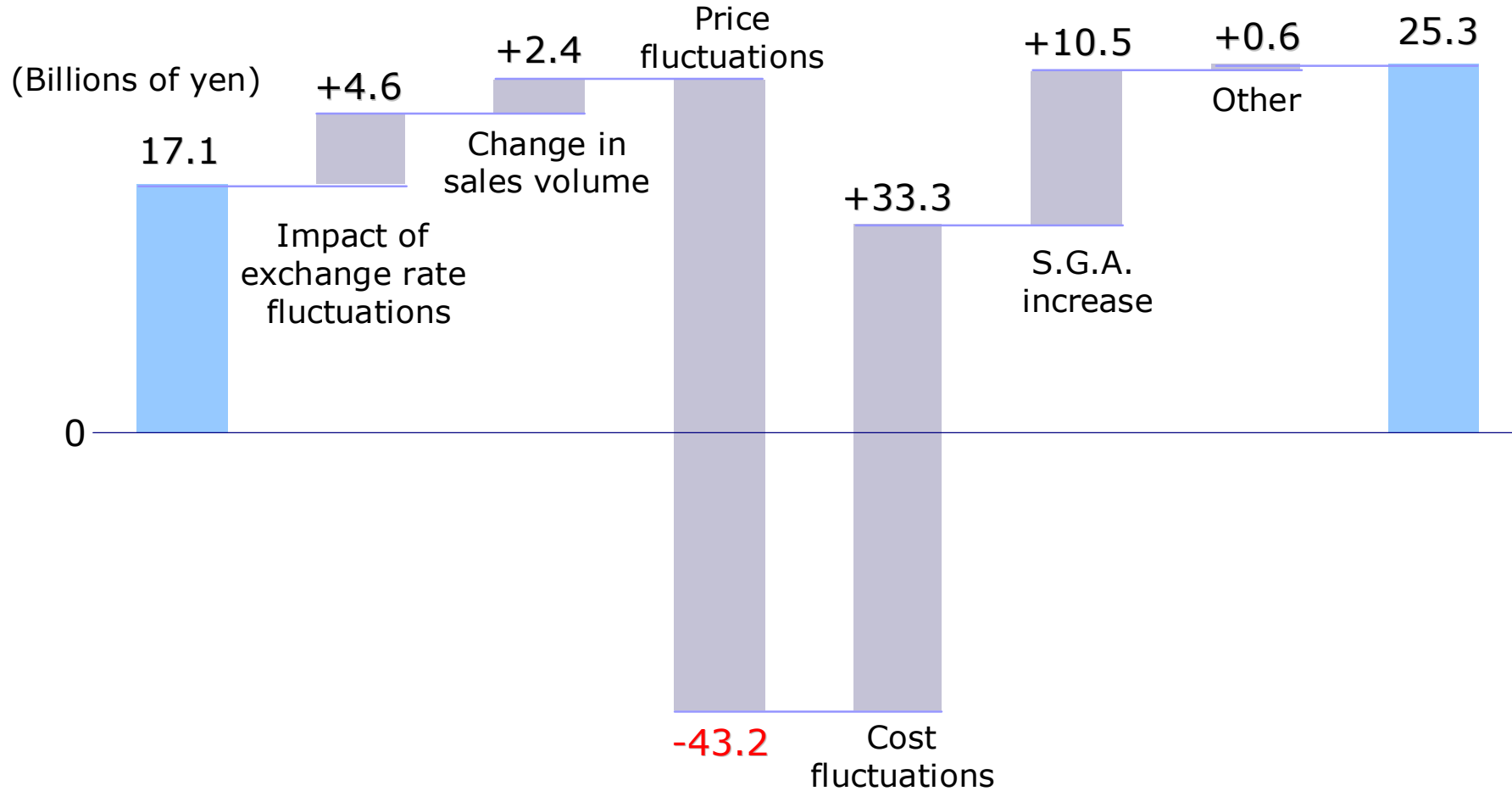


Quarterly Operating Income

► By business segment

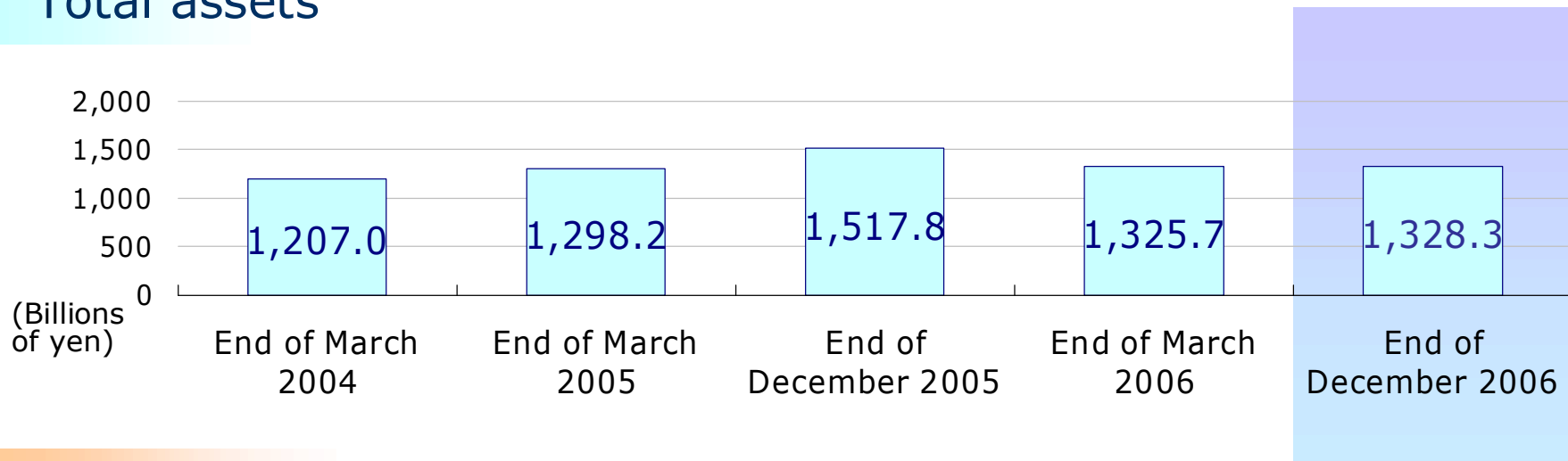


Operating Income Fluctuation Cause Analysis

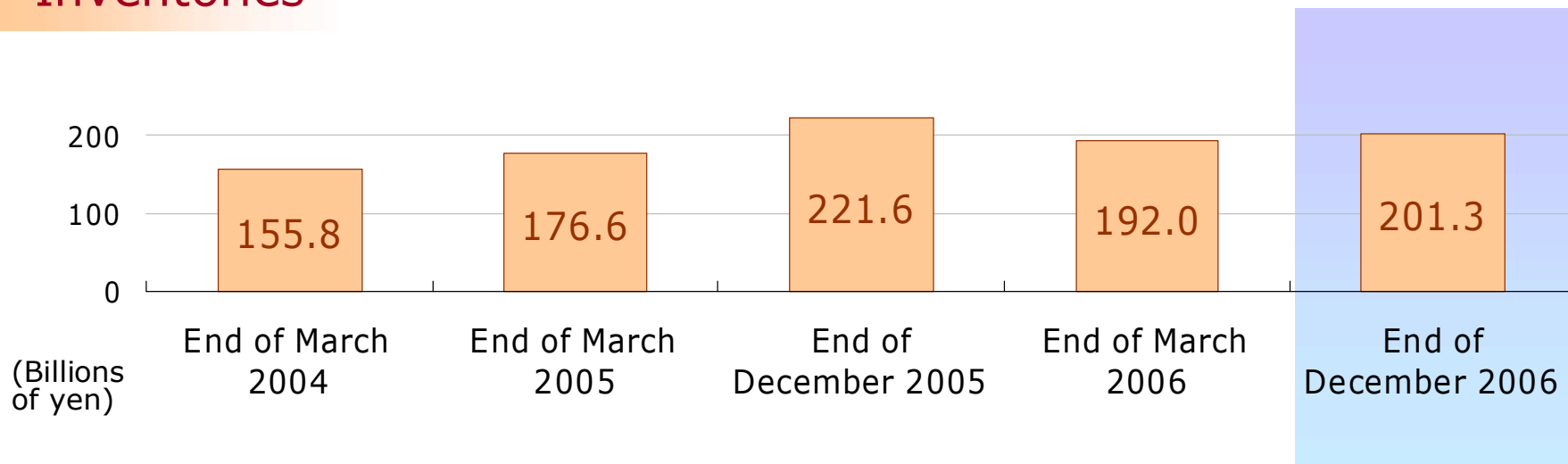


Statistics of Balance Sheet Items

Total assets

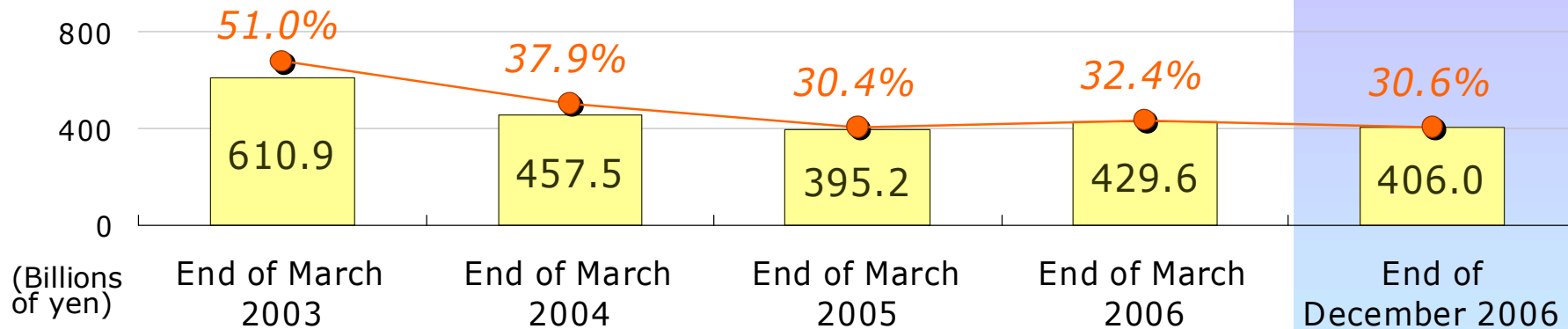


Inventories

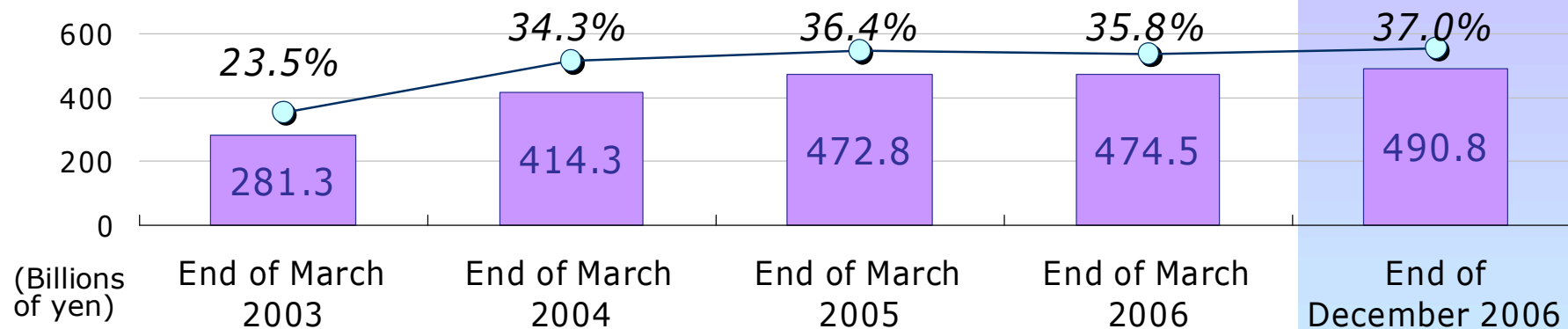


Statistics of Balance Sheet Items

Interest-bearing liabilities & ratio of interest-bearing liabilities



Shareholder's equity & equity ratio



The definition of shareholder equity changed due to changes in accounting standards
 End of December 2006: Shareholder equity = total net assets - minority interests in subsidiaries
 ¥491.6 billion using the old calculations

1. FY2006 3Q Financial Results

2. FY2006 Business Outlook

FY2006 Business Outlook

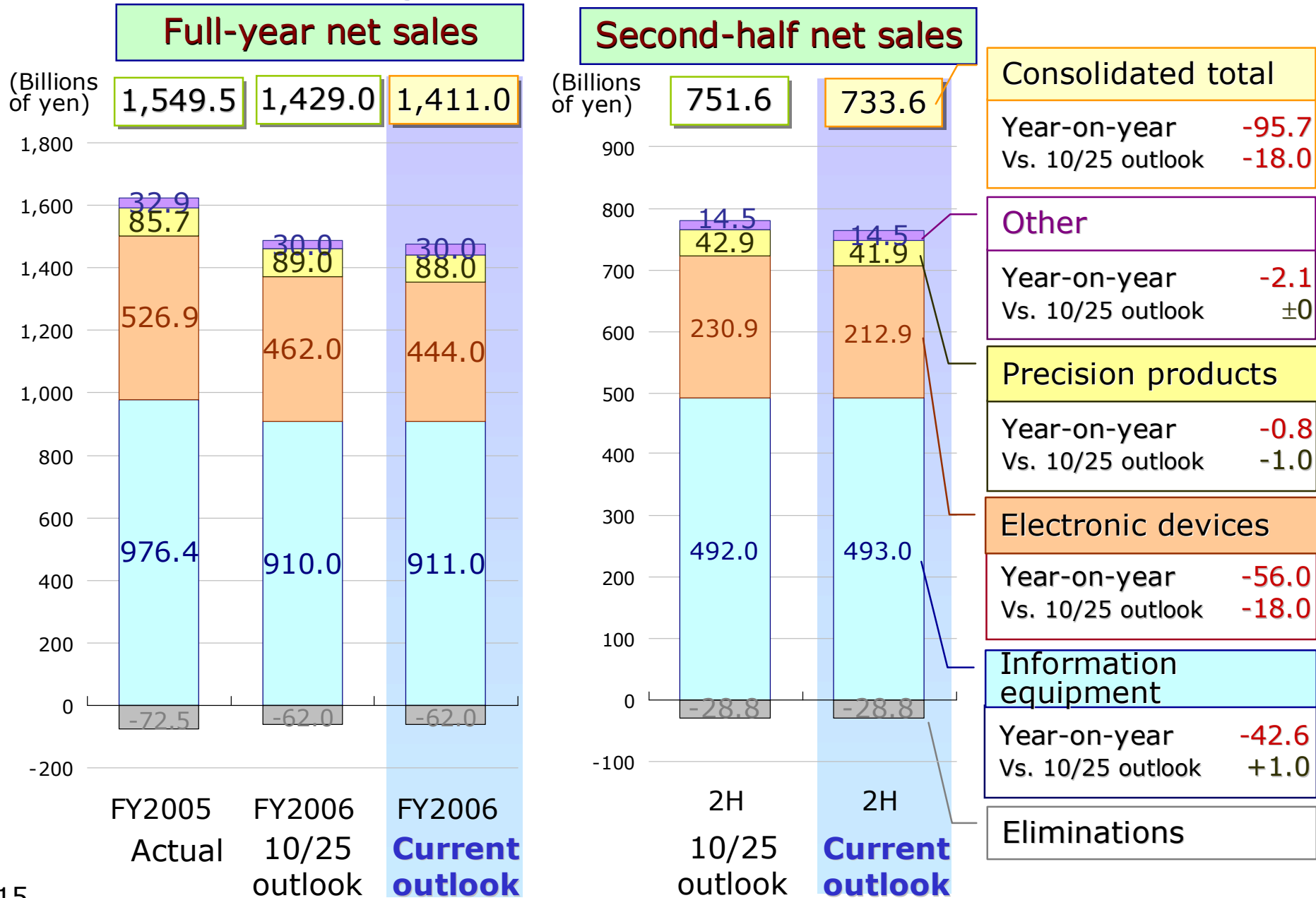


| | FY2005 | | FY2006 | | | | Change (amount & %) | |
|---|------------|---------|------------------|------|--------------------|------|------------------------|----------------------|
| | Actual | % | 10/25 outlook | % | Current outlook | % | YoY | Vs. 10/25 outlook |
| (Billions of yen) | | | | | | | | |
| Net Sales | 1,549.5 | - | 1,429.0 | - | 1,411.0 | - | -138.5 -8.9% | -18.0 -1.3% |
| Operating Income | 25.7 | 1.7% | 40.0 | 2.8% | 40.0 | 2.8% | +14.2 +55.3% | - - |
| Ordinary Income | 27.9 | 1.8% | 40.0 | 2.8% | 40.0 | 2.8% | +12.0 +42.9% | - - |
| Net Income Before income taxes | -20.0 | -1.3% | 33.0 | 2.3% | 33.0 | 2.3% | +53.0 - | - - |
| Net Income | -17.9 | -1.2% | 14.0 | 1.0% | 14.0 | 1.0% | +31.9 - | - - |
| EPS | -¥91.24 | | ¥71.30 | | ¥71.30 | | | |
| Exchange rate | USD | ¥113.31 | ¥114.00 | | ¥116.00 | | | |
| | EUR | ¥137.86 | ¥146.00 | | ¥148.00 | | | |

FY2006 Business Outlook (Net Sales)

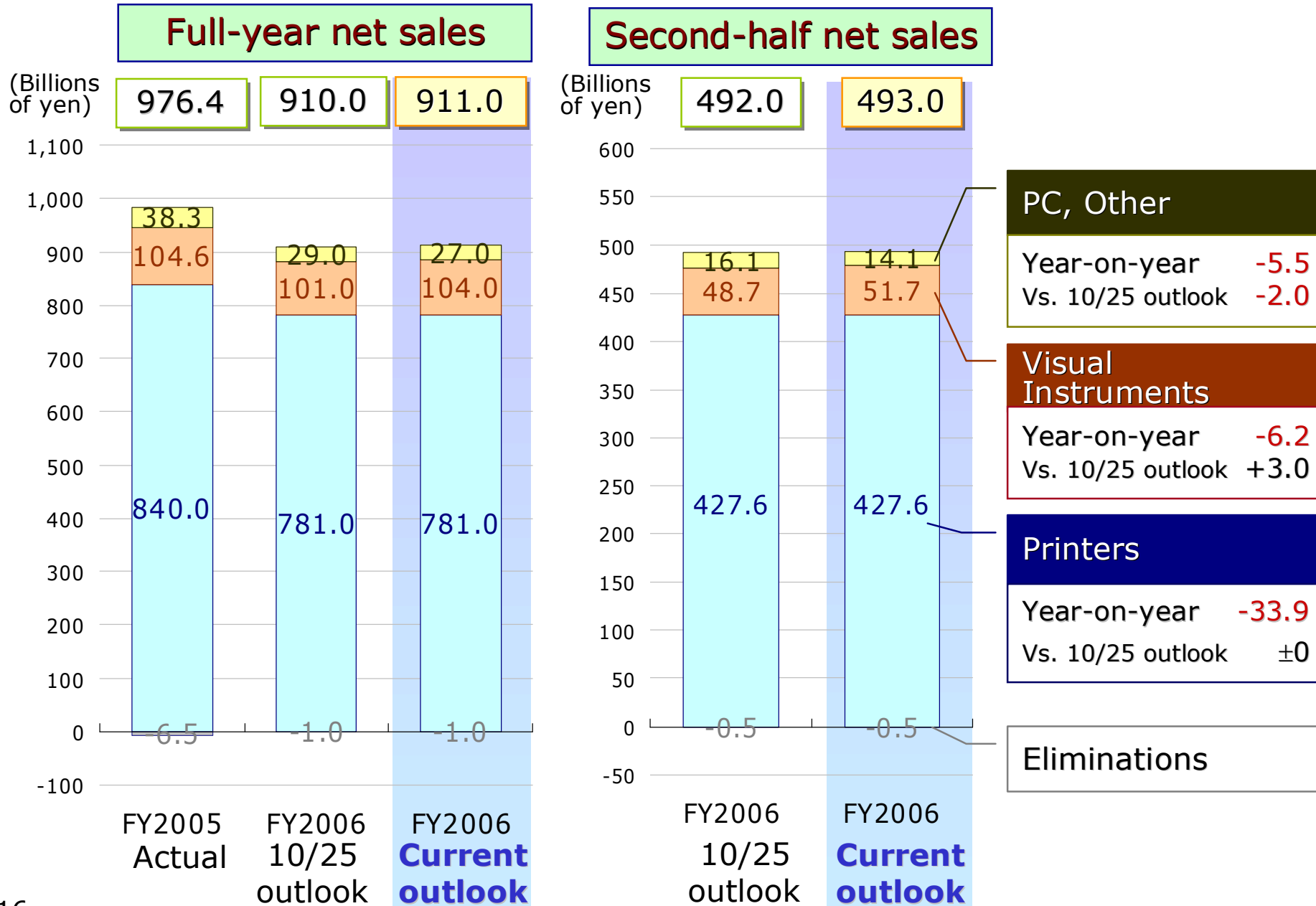


► By business segment



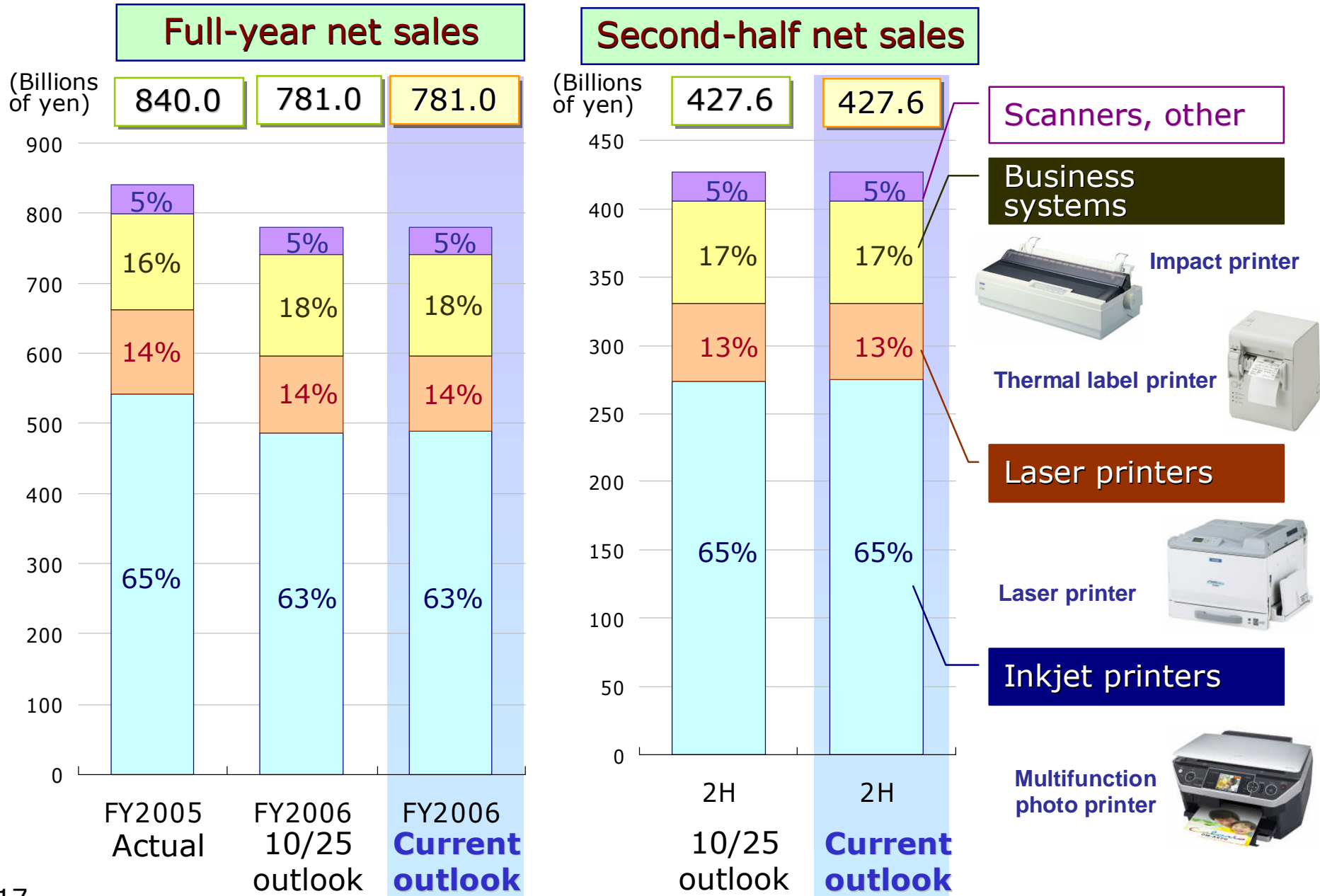
Net Sales Outlook by Business

► Information-related equipment segment



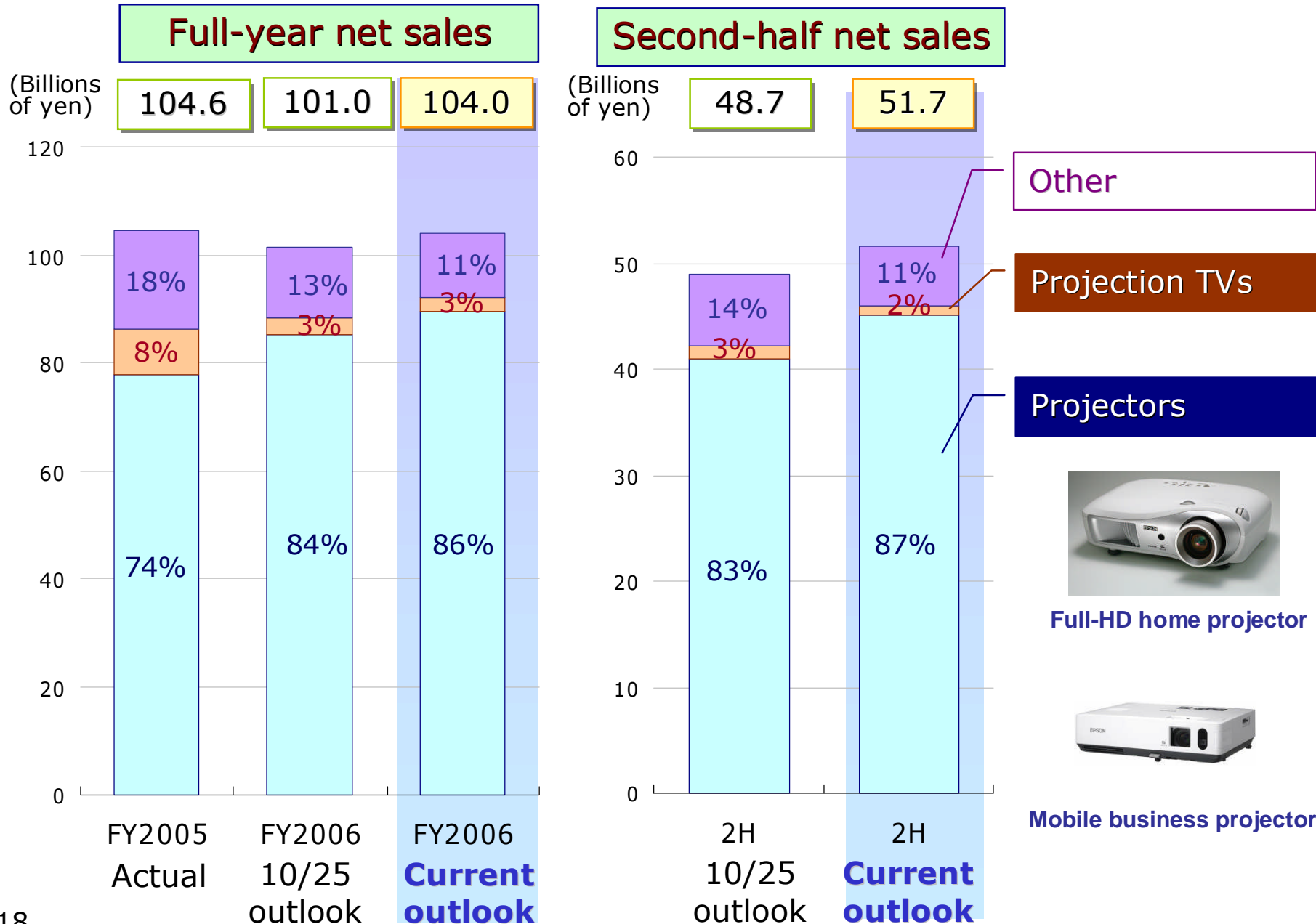
Net Sales Outlook by Business

▶ Printer business



Net Sales Outlook by Business

► Visual instruments business



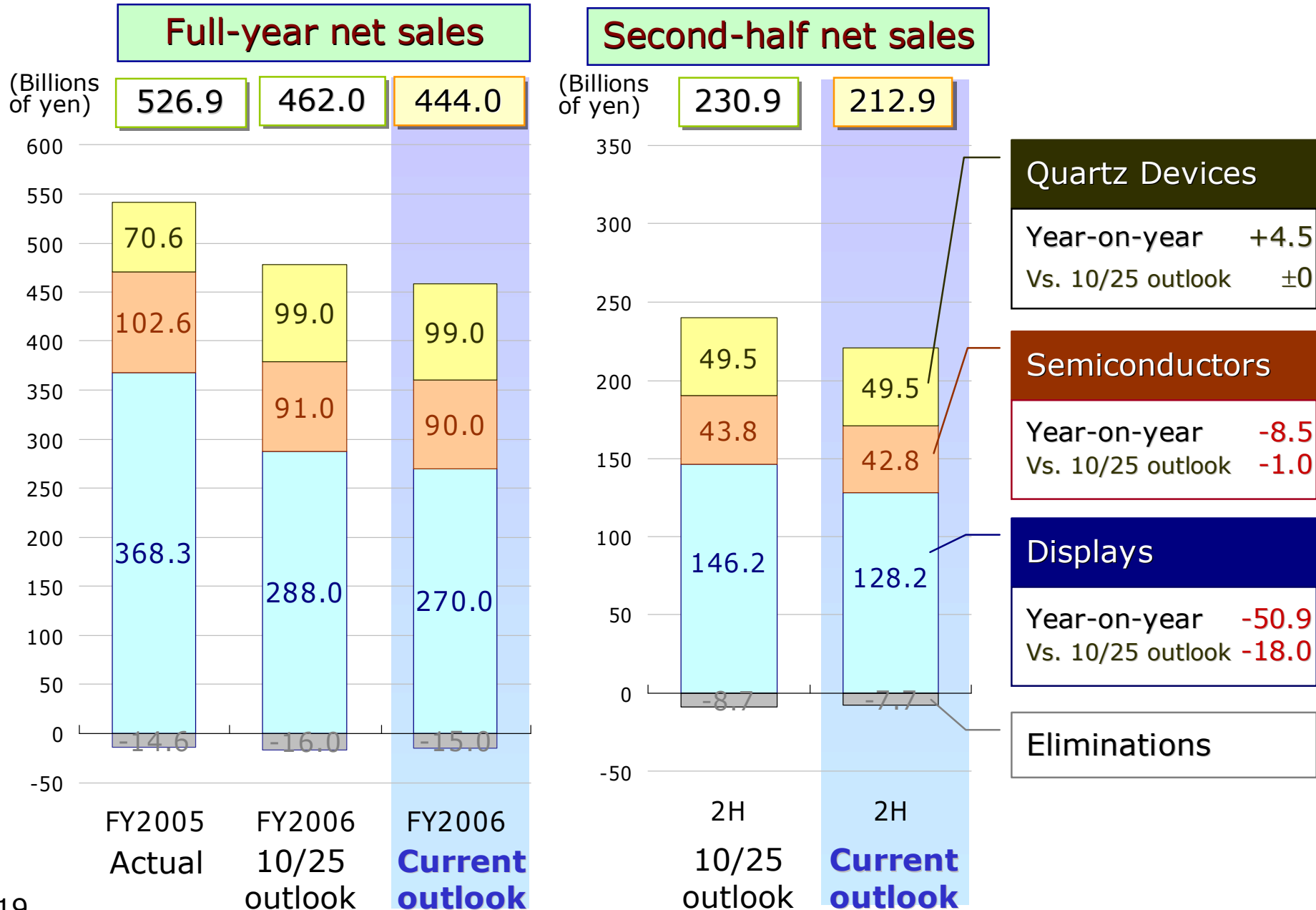
Full-HD home projector



Mobile business projector

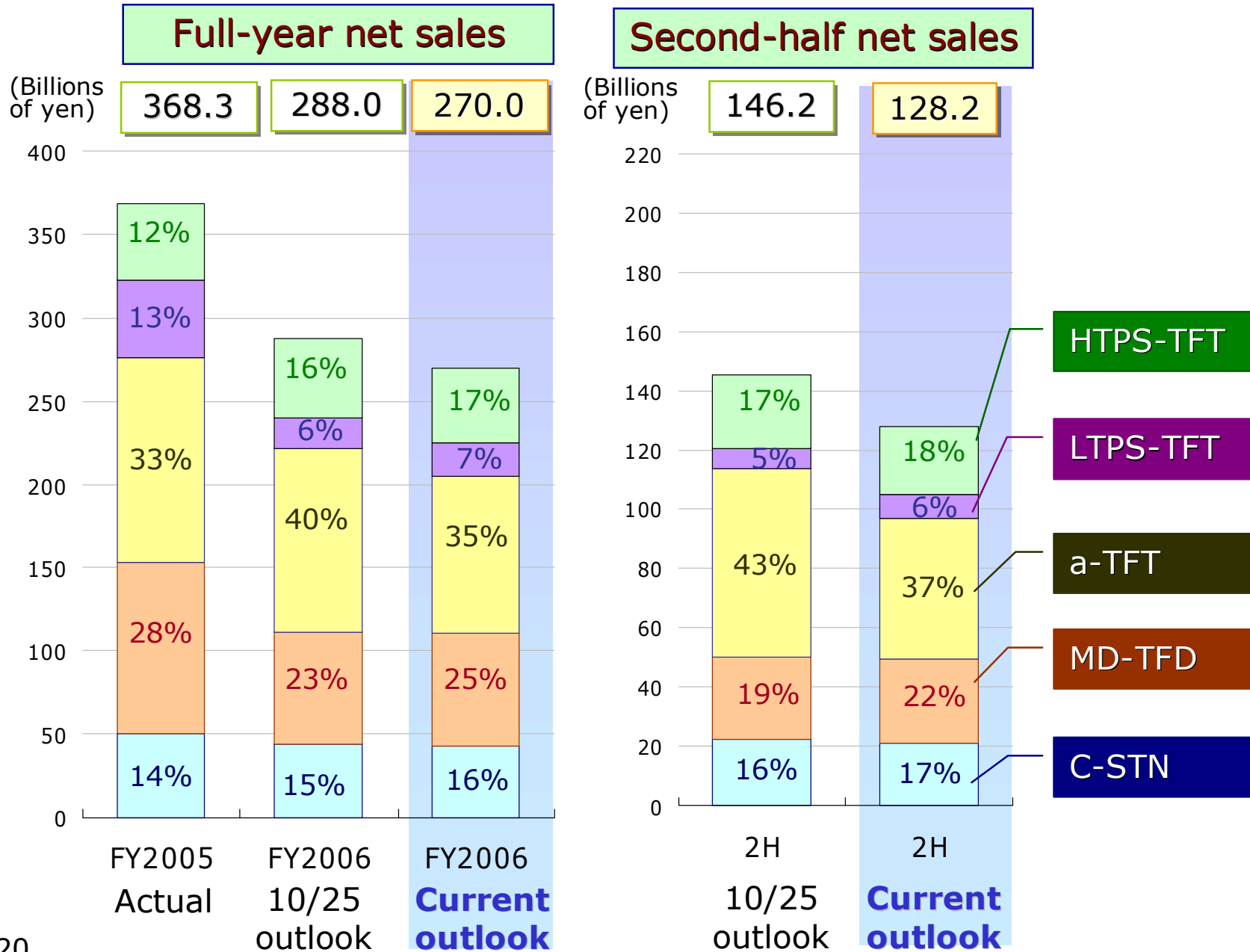
Net Sales Outlook by Business

► Electronic device segment



Net Sales Outlook by Business

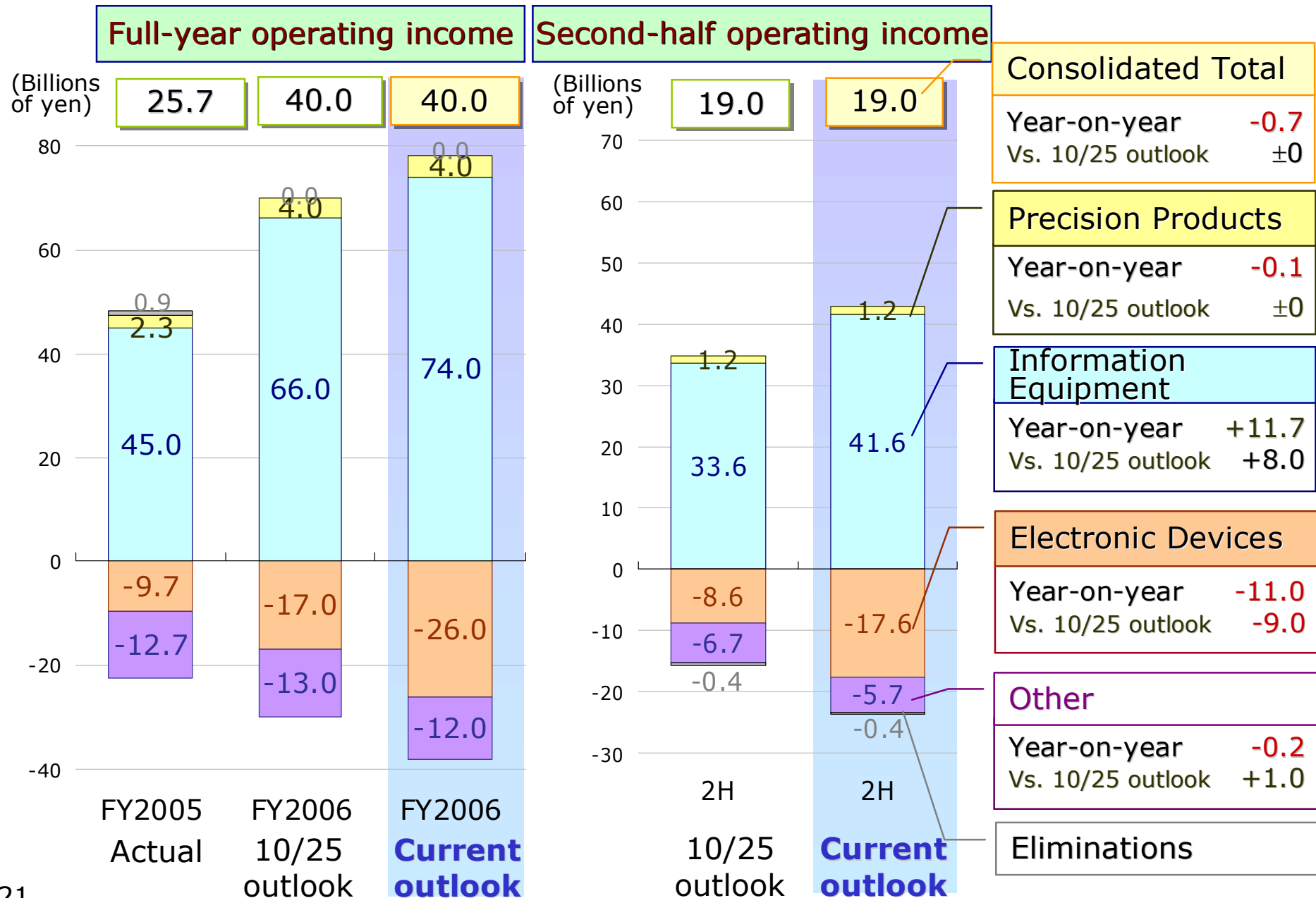
► Display business



FY2006 Business Outlook (Operating Income)



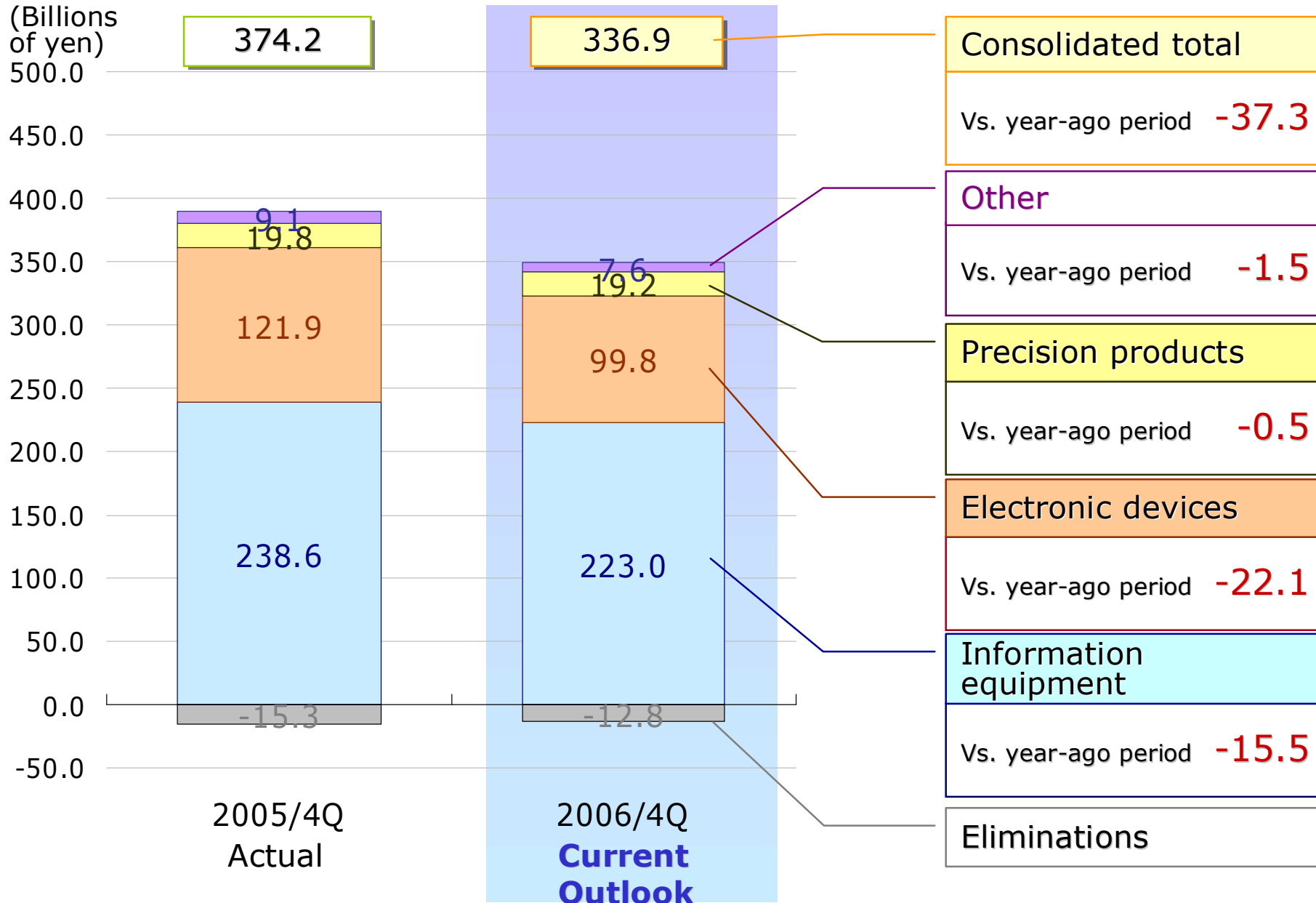
► By business segment



Fourth-Quarter Net Sales Comparison

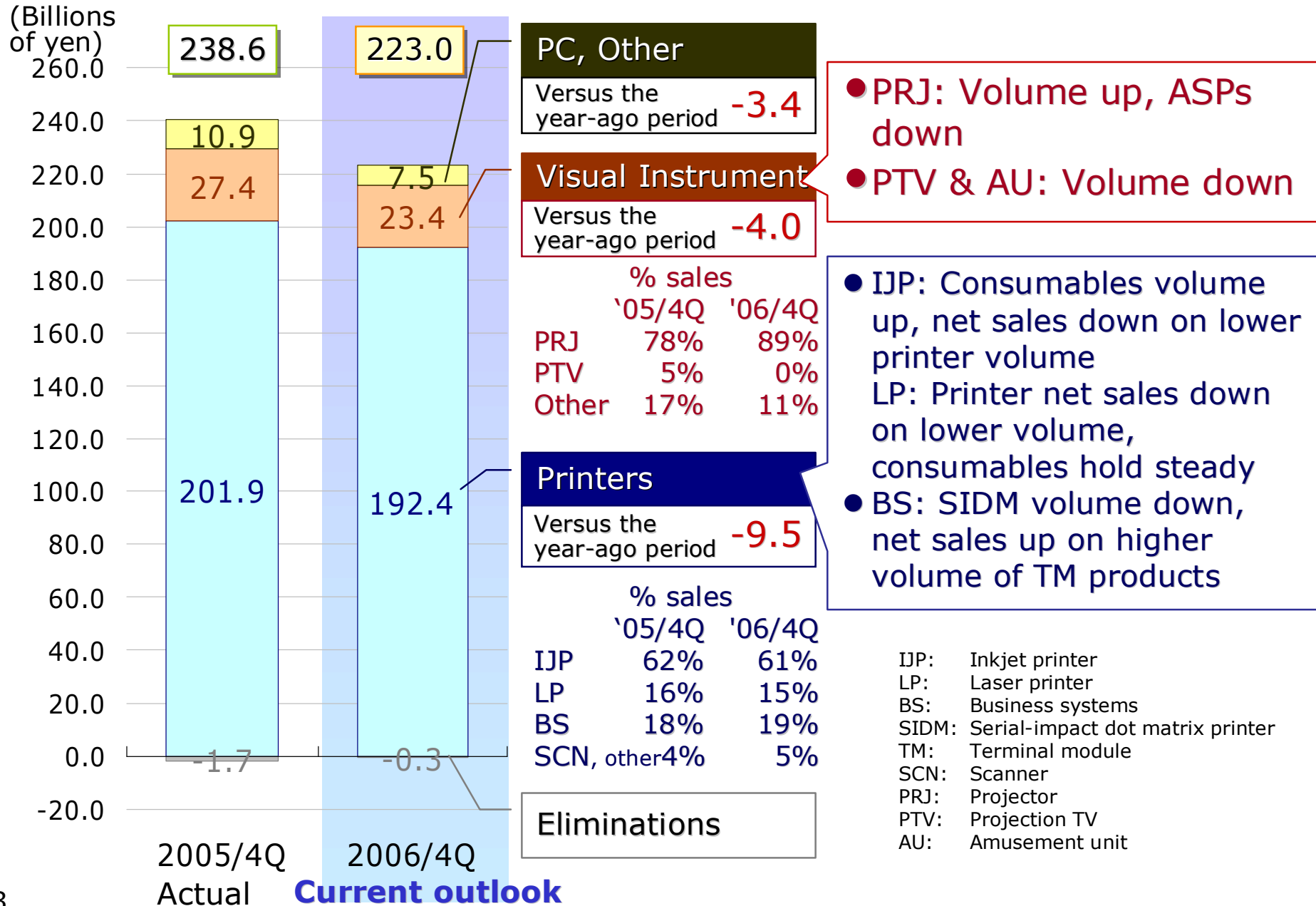


► By business segment



Fourth-Quarter Net Sales Comparison

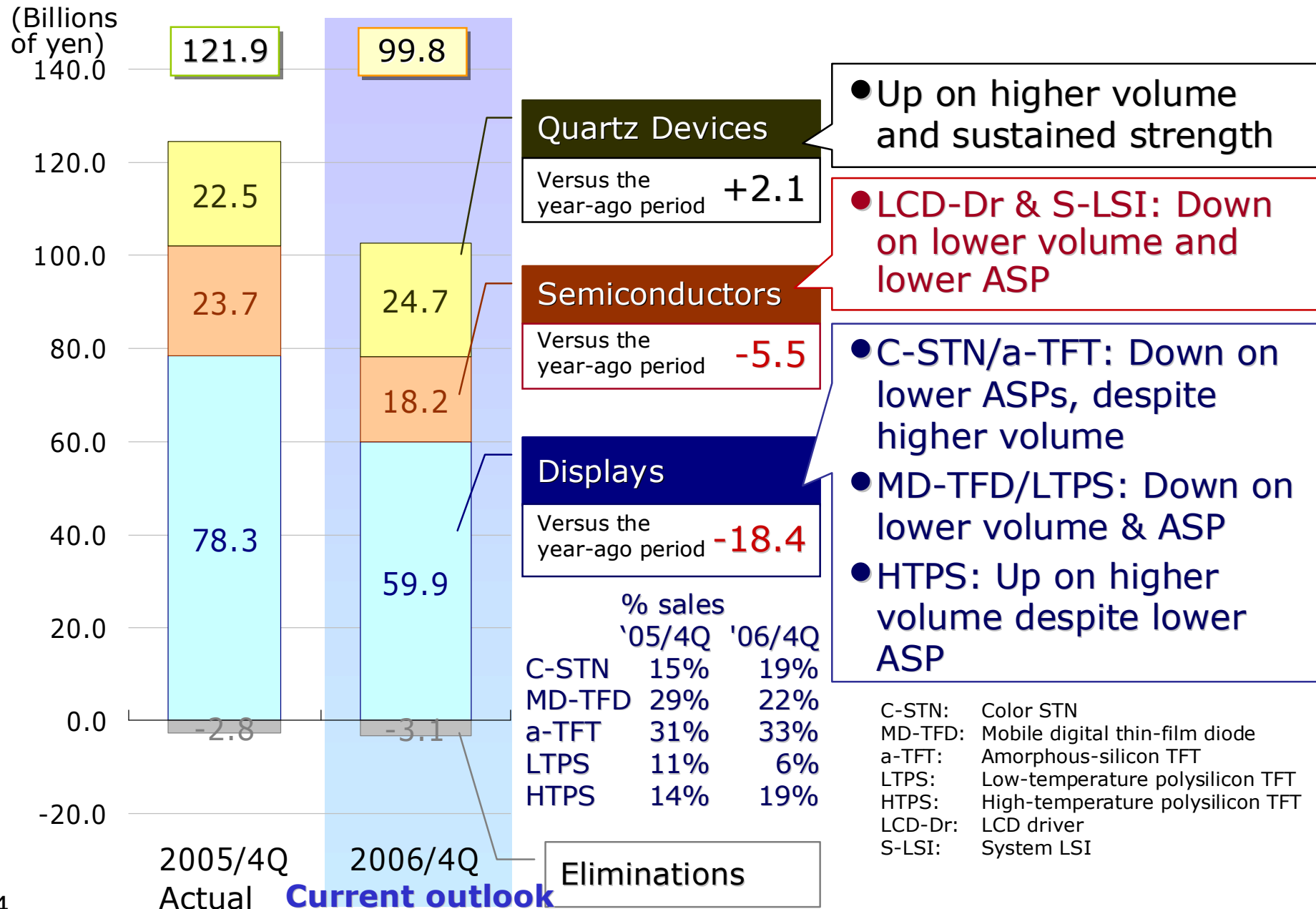
Information-related equipment segment



Fourth-Quarter Net Sales Comparison

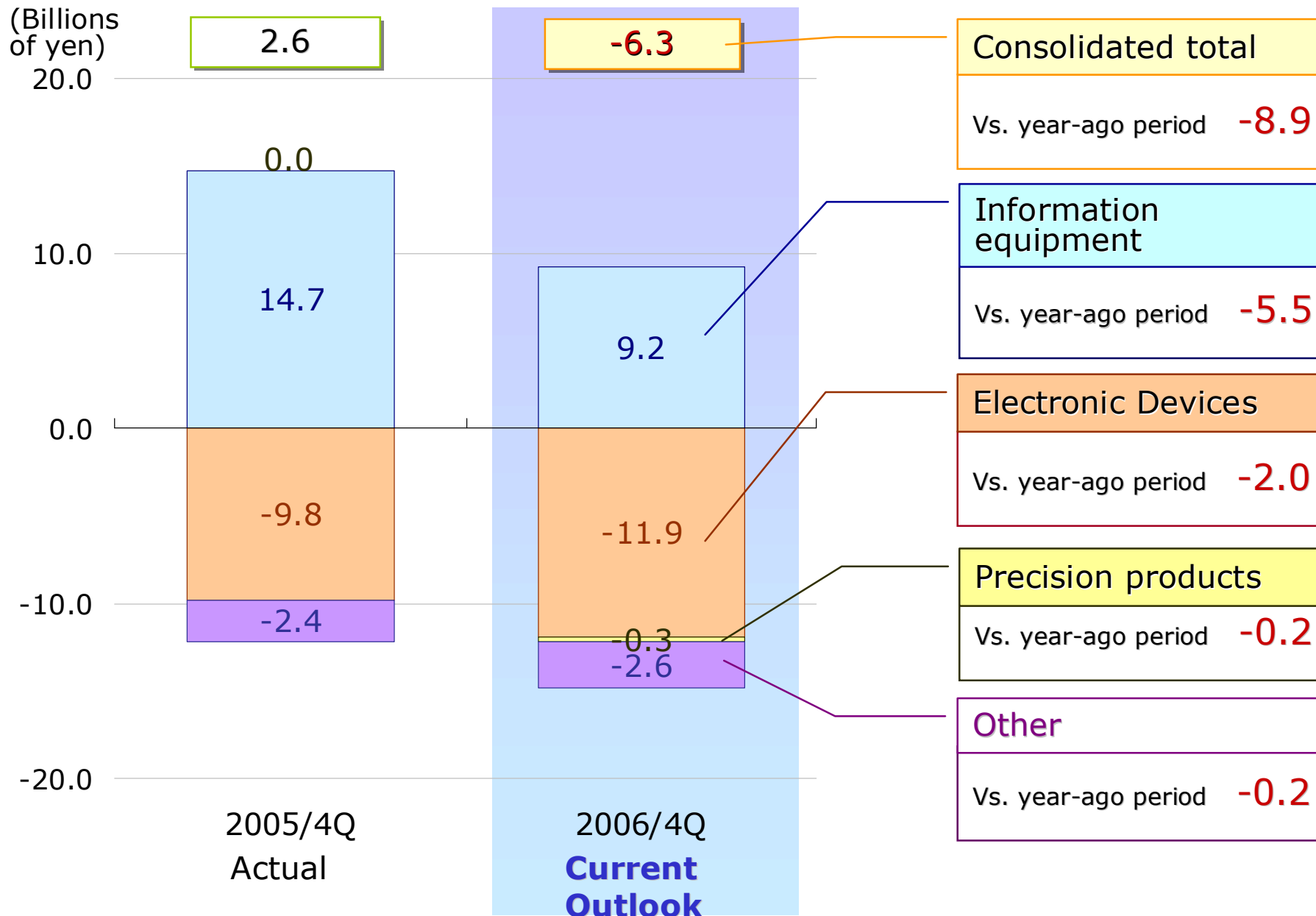


▶ Electronic devices segment



Fourth-Quarter Operating Income Comparison

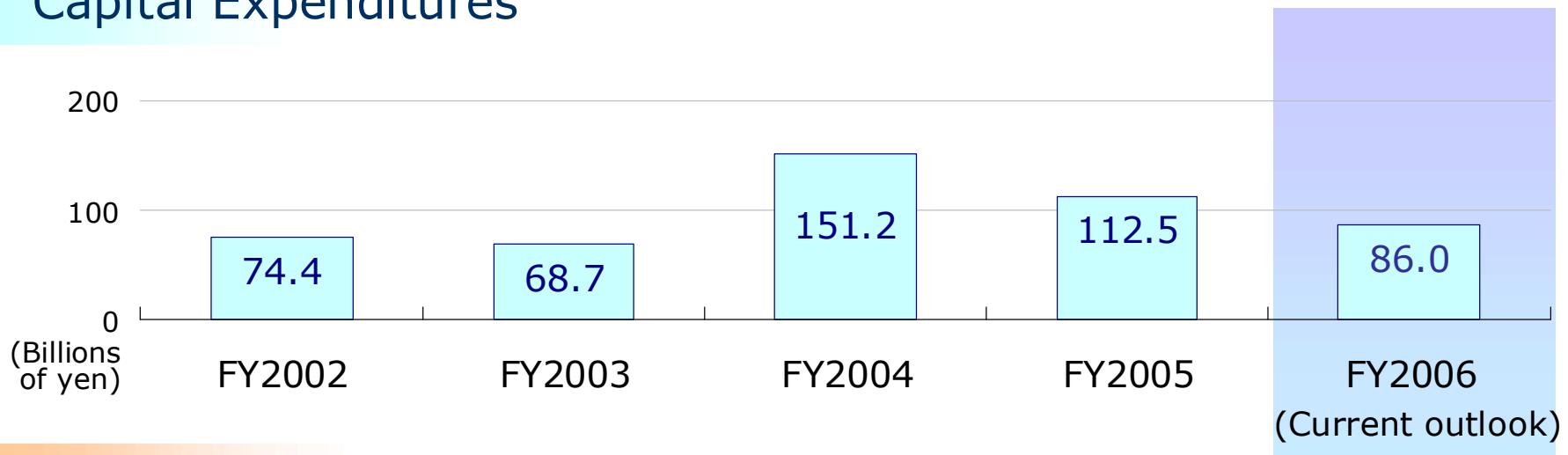
► By business segment



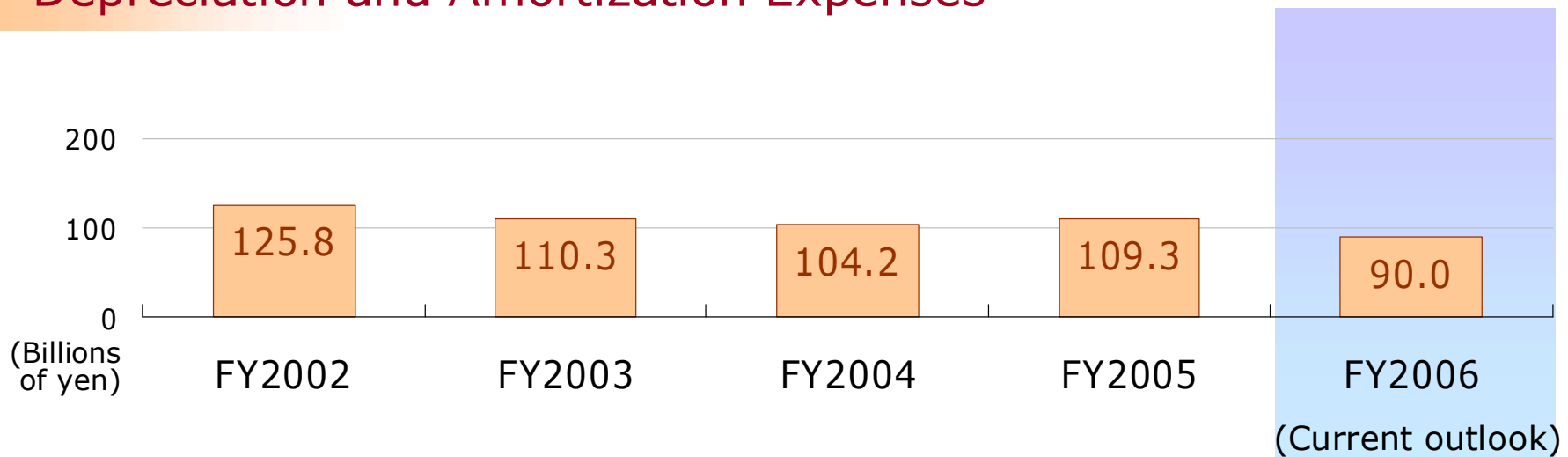
Outlook for Capital Expenditure and Depreciation & Amortization Expenses



Capital Expenditures



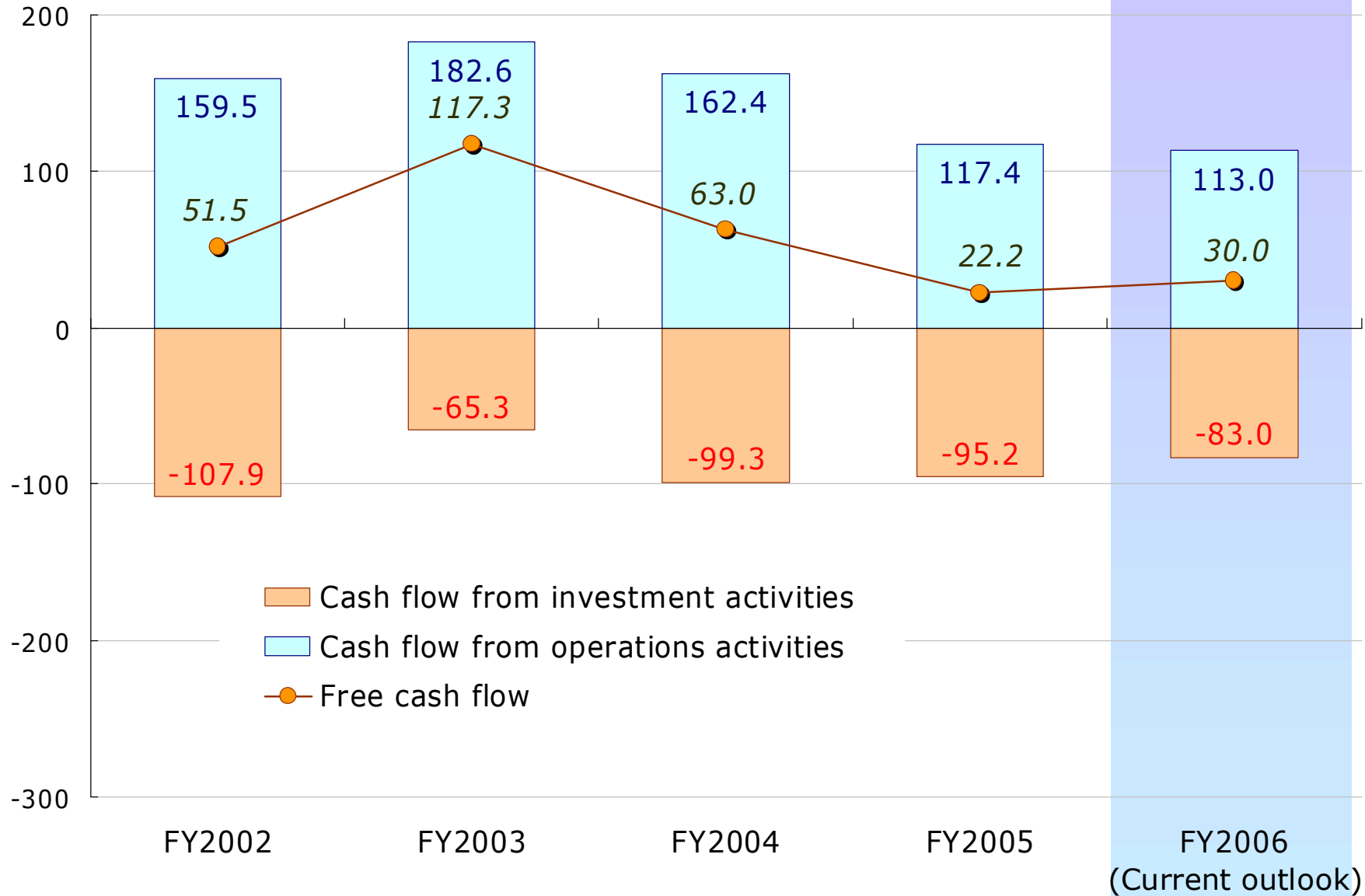
Depreciation and Amortization Expenses



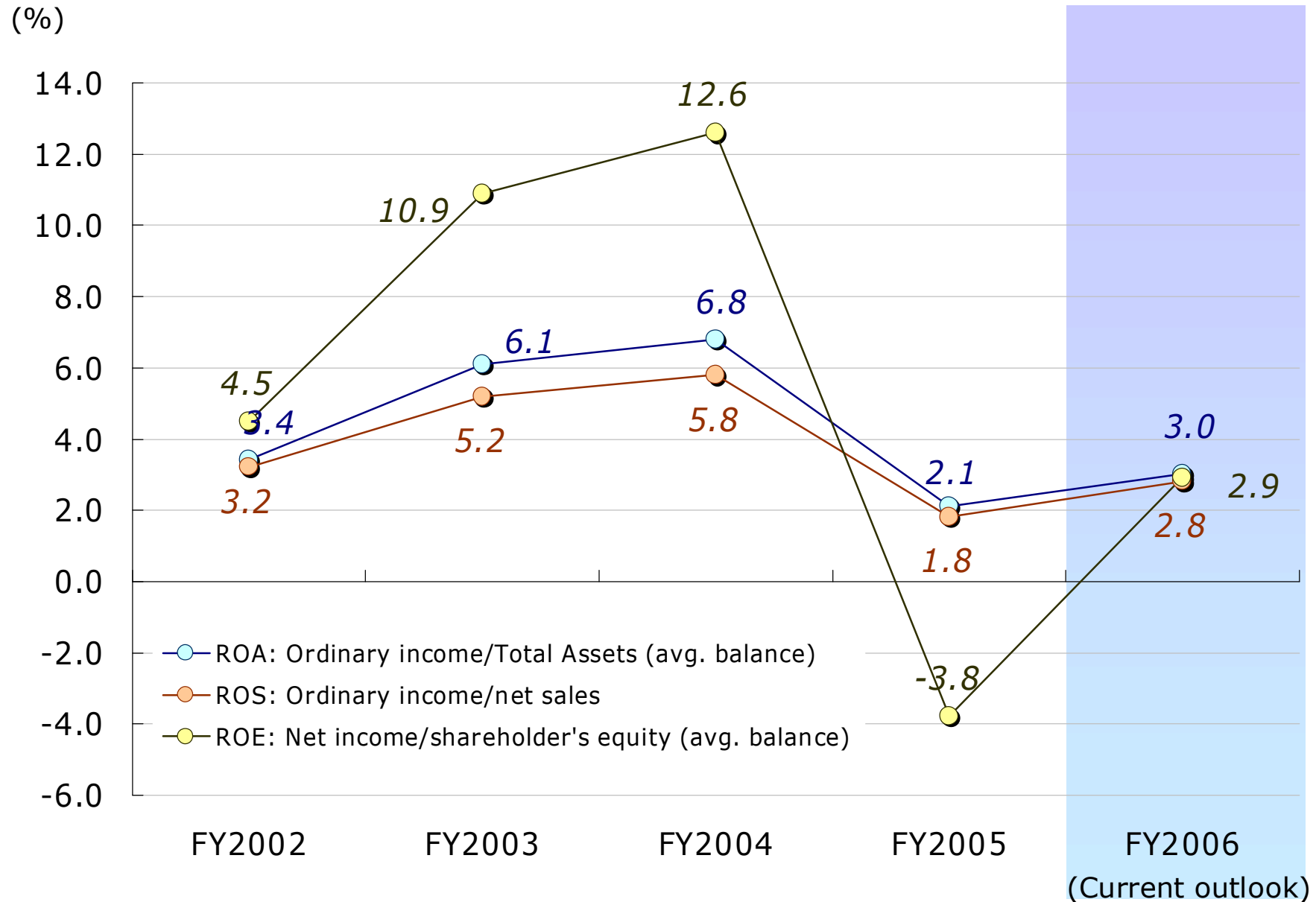
Free Cash Flow Outlook



(Billions of yen)



Main Management Indicators

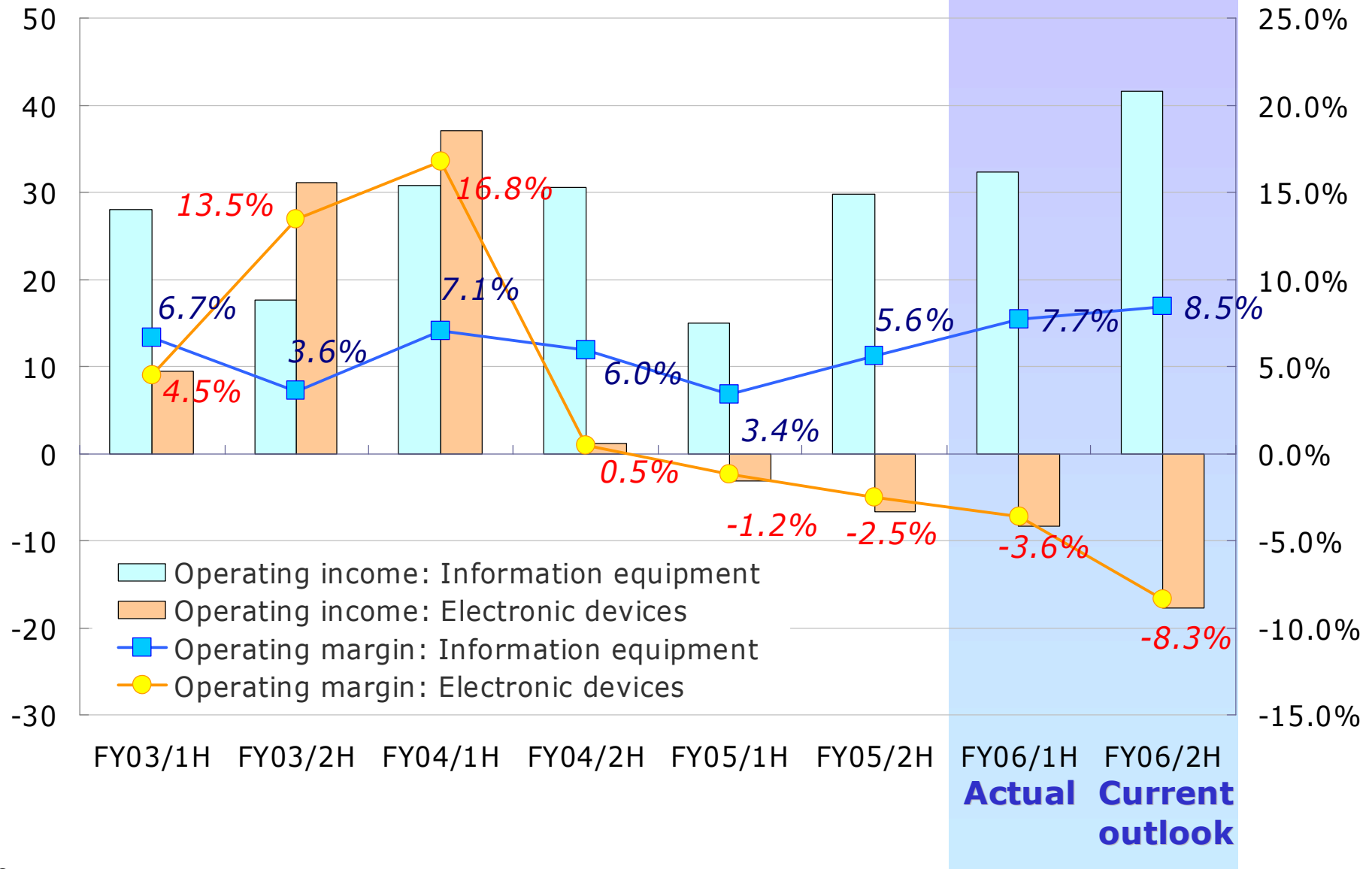


Operating Income Trend and Outlook



Operating income (billions of yen)

Operating margin



Reform Plan for Improving Earnings Potential

— Progress Report —



Epson Group Mid-Range Business Policies

1 Redefine & reinforce the business and product portfolio

Further strengthen and expand the inkjet product portfolio

2 Reorganize the electronic device businesses

Accelerate reorganization of the display business
(End joint venture → wholly-owned subsidiary)

3 Streamline costs

Promote thorough design-to-cost and cost streamlining

4 Reform the governance system

Introduce a corporate executive officer system to clarify corporate execution decisions and supervision, reduce the number of directors, reduce director terms to one year and increase importance of annual performance evaluations

5 Reform the corporate culture

We will all go back to the spirit of "Creativity and challenge," "S&A," and "One Epson" to radically boost earnings potential and ensure solid future growth.

Reform Plan for
Improving Earnings Potential
Is in Progress

EPSON
EXCEED YOUR VISION