

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

July 26, 2006

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 first 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 1Q Financial Results

2) FY2006 Business Outlook

Reform Plan for Improving Earnings Potential

— Progress Report —



Epson Group Mid-Range Business Policies

1 Redefine & reinforce the business and product portfolio

Clarify customer segments and focus resources in strategic areas

2 Reorganize the electronic device businesses

Integrate & reorganize sites & lines

3 Streamline costs

Use design-to-cost approach on new products for the shopping season

4 Reform the governance system

Introduce a corporate executive officer system to clarify corporate management/oversight and operations, 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" as we seek to radically boost earnings potential and ensure solid future growth.

Reform Plan for
Improving Earnings Potential
Is in Progress

First Quarter Financial Highlights



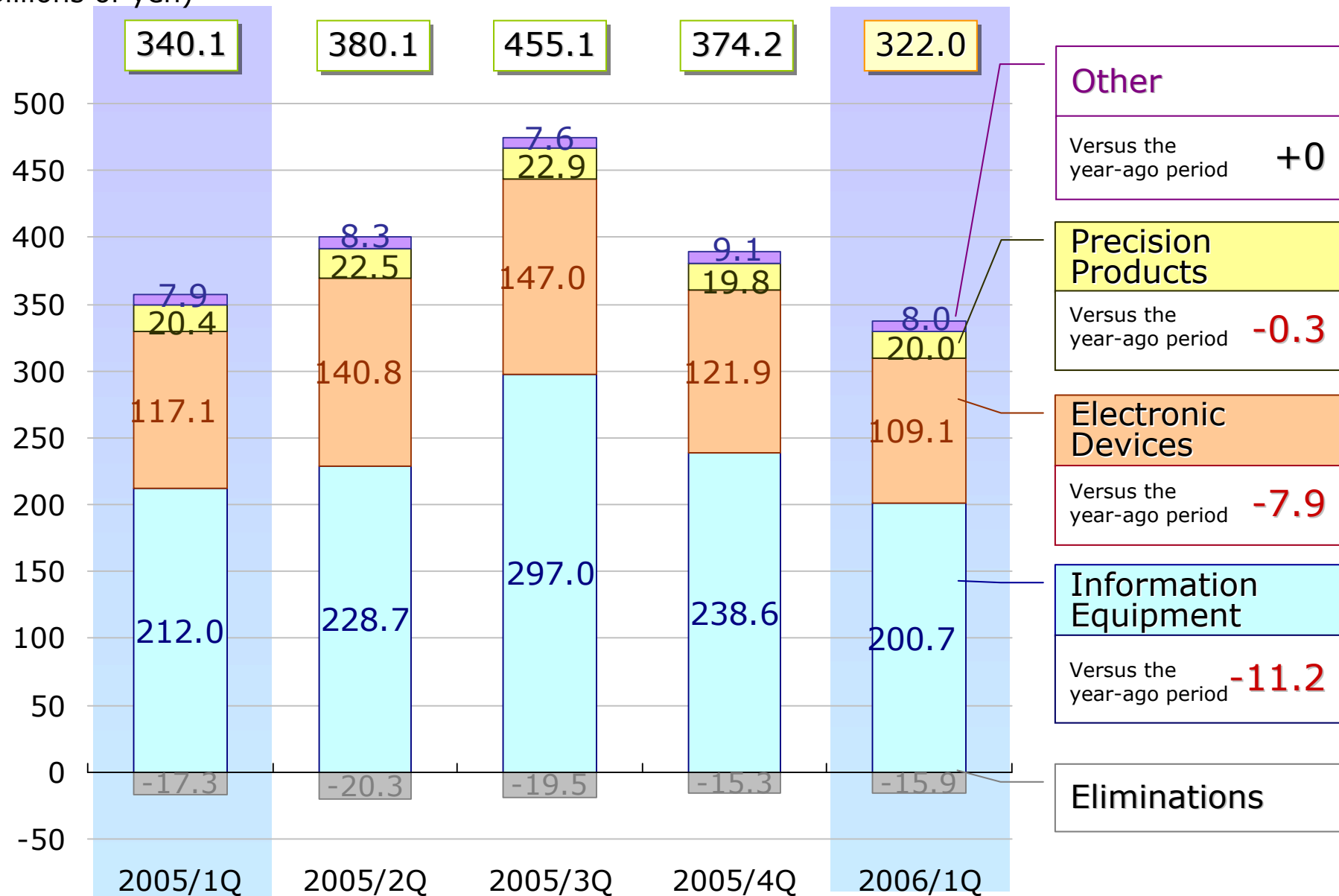
► Versus the year-ago period

	FY2005		FY2006		Change	
	1Q Actual	%/Sales	1Q Actual	%/Sales	Amount	% Change
(Billions of yen)						
Net sales	340.1	-	322.0	-	-18.1	-5.3%
Operating income	-5.0	-1.5%	7.0	2.2%	+12.0	-
Ordinary Income	-2.7	-0.8%	6.3	2.0%	+9.0	-
Net income before income taxes	-3.7	-1.1%	5.5	1.7%	+9.3	-
Quarterly net income	-7.0	-2.1%	-5.6	-1.8%	+1.3	-
EPS	-¥35.91		-¥28.92			
Exchange rate	USD	¥107.69	¥114.50			
	EUR	¥135.57	¥143.78			

Quarterly Net Sales ▶ By business segment

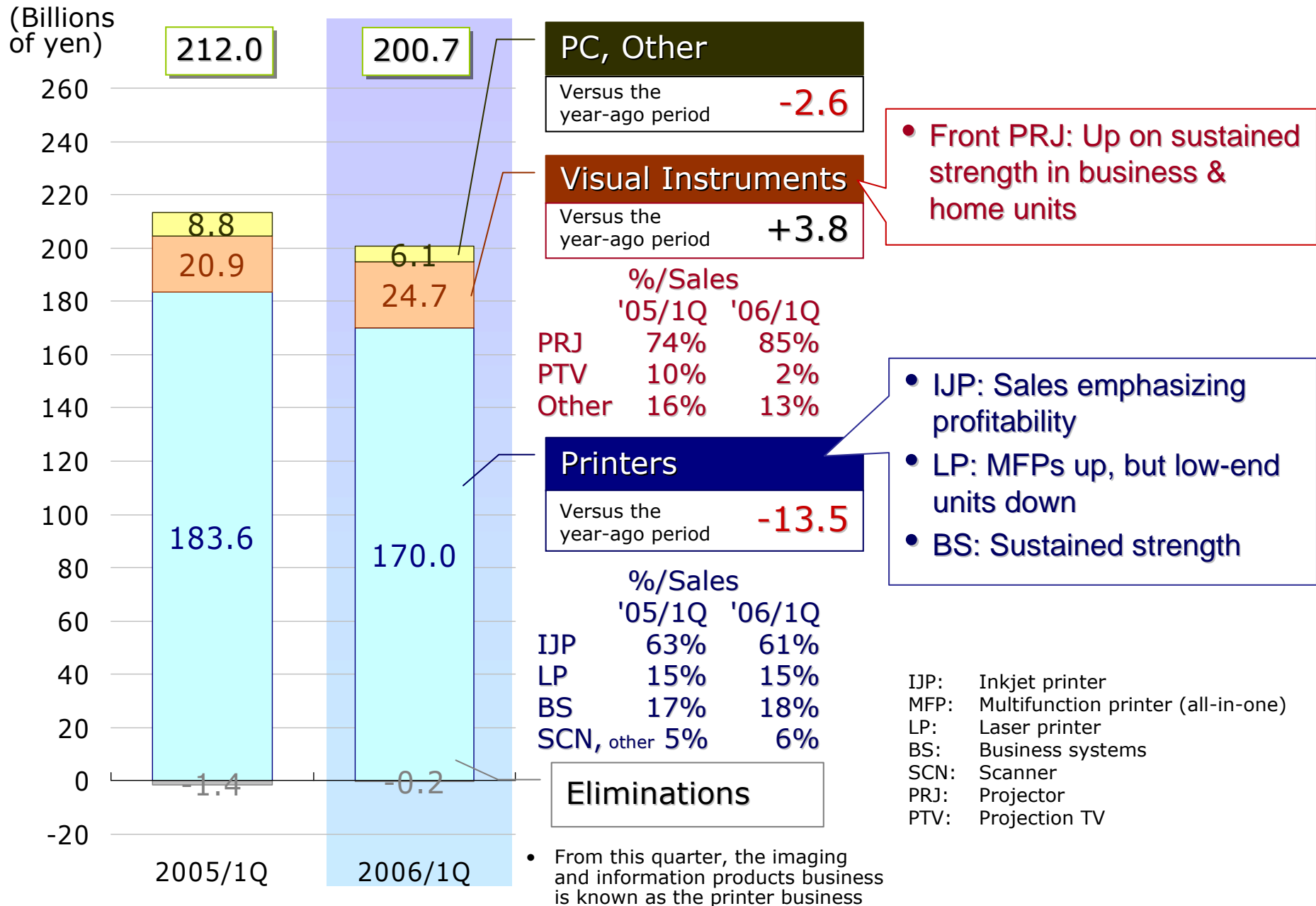


(Billions of yen)



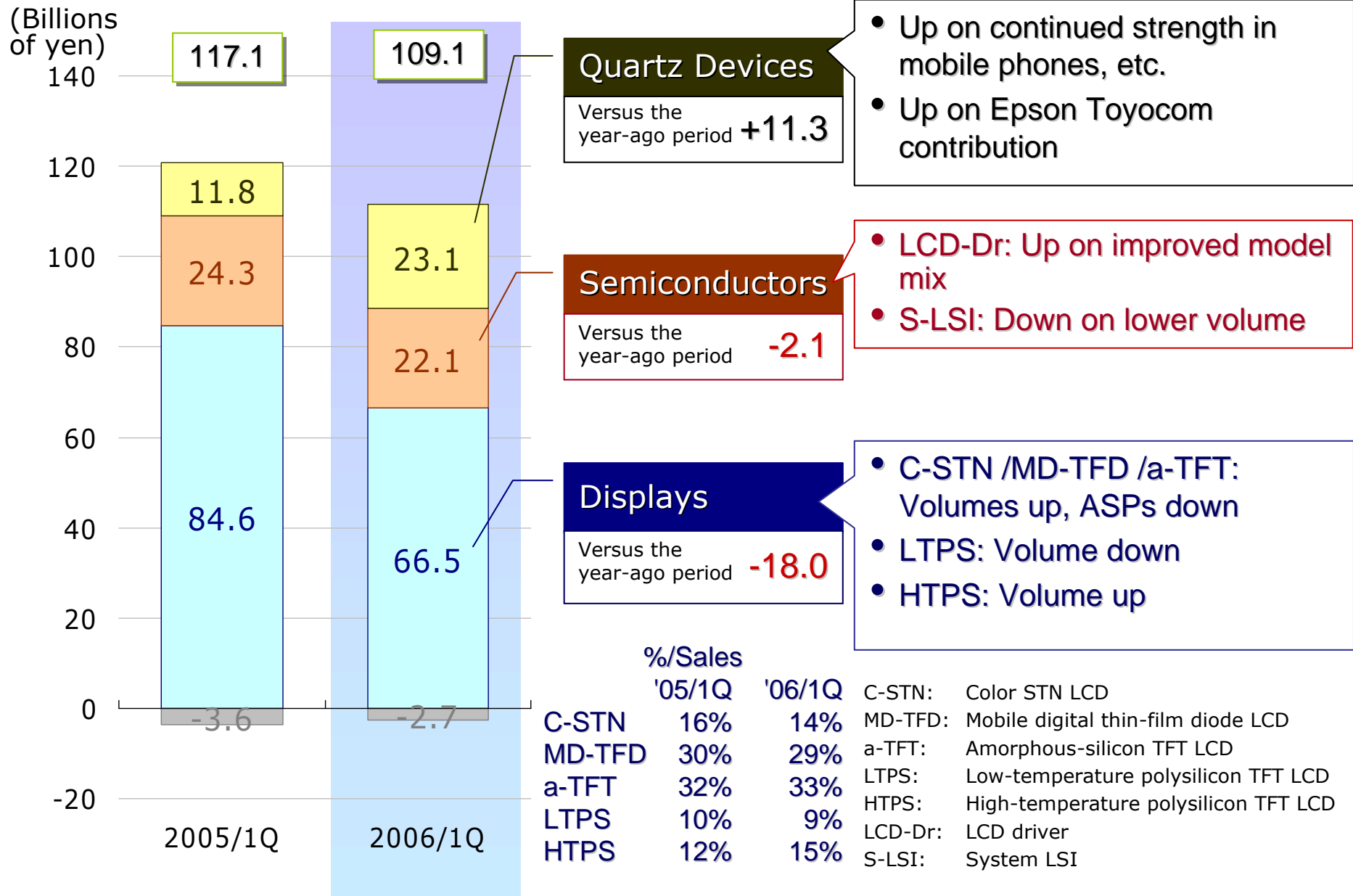
Quarterly Sales

Information-related equipment segment



Quarterly Sales

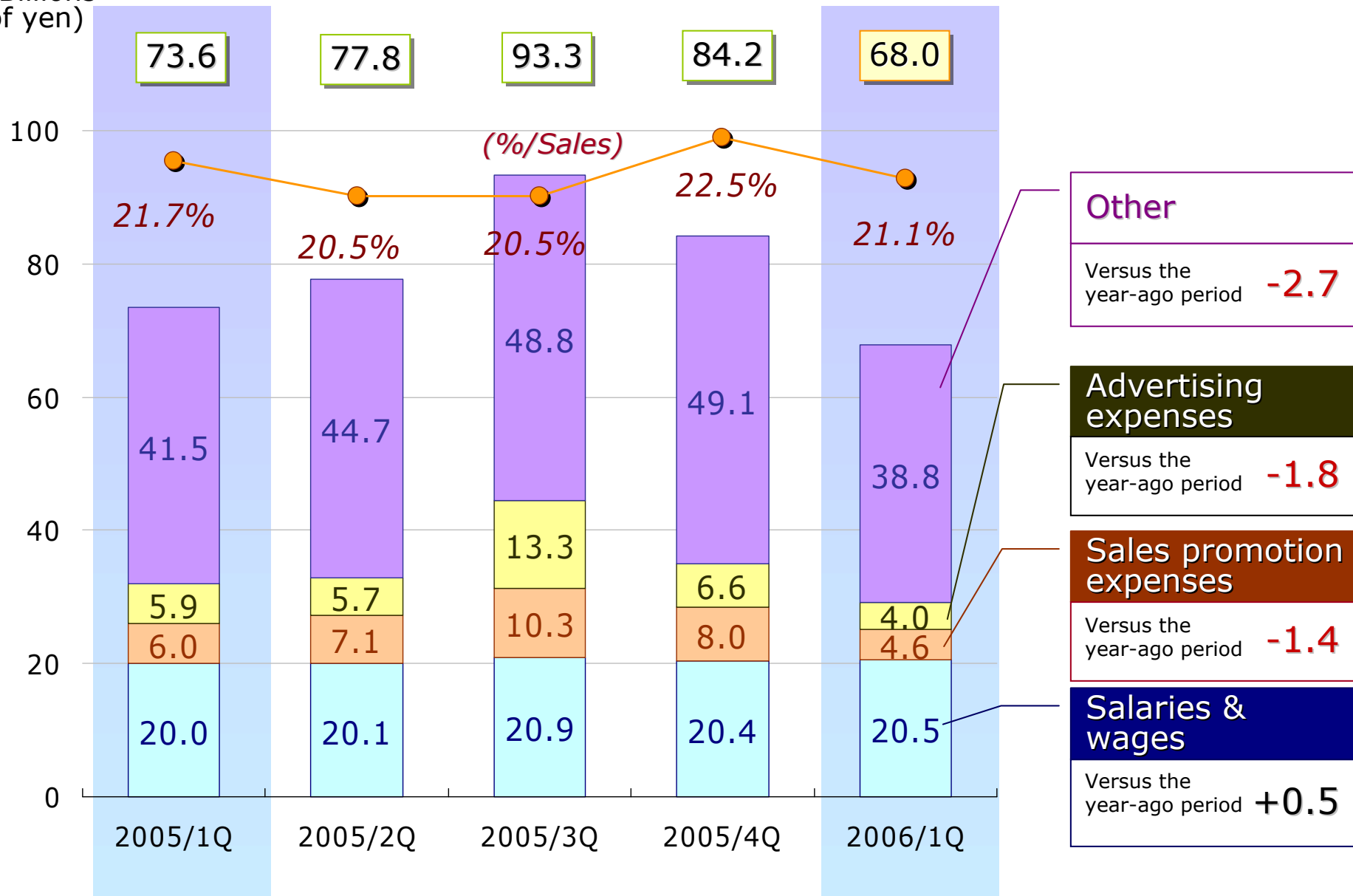
▶ Electronic devices



Quarterly Selling, General and Administrative Expenses



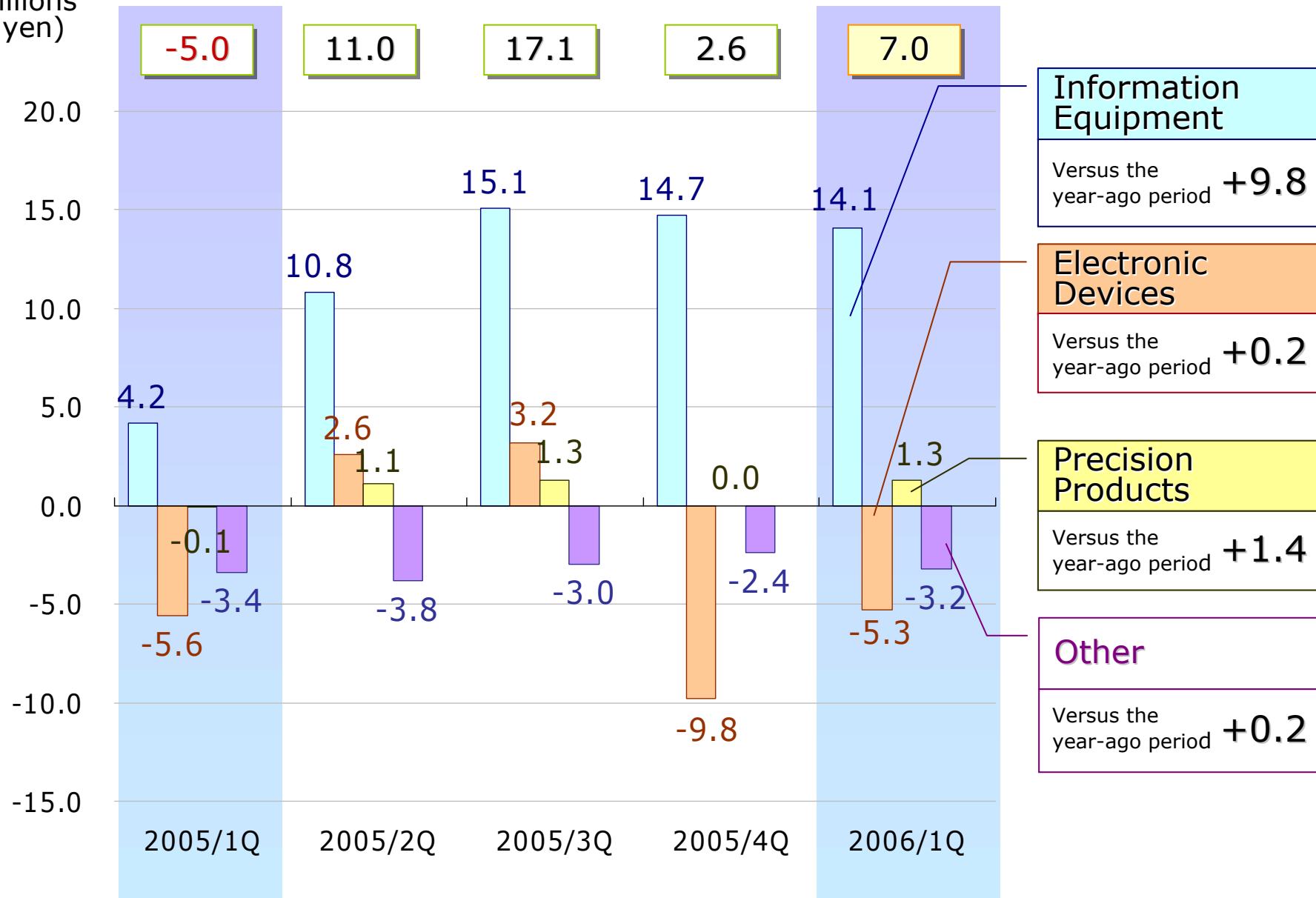
(Billions of yen)



Quarterly Operating Income

► By business segment

(Billions of yen)



Semiconductor Business Structure Reform

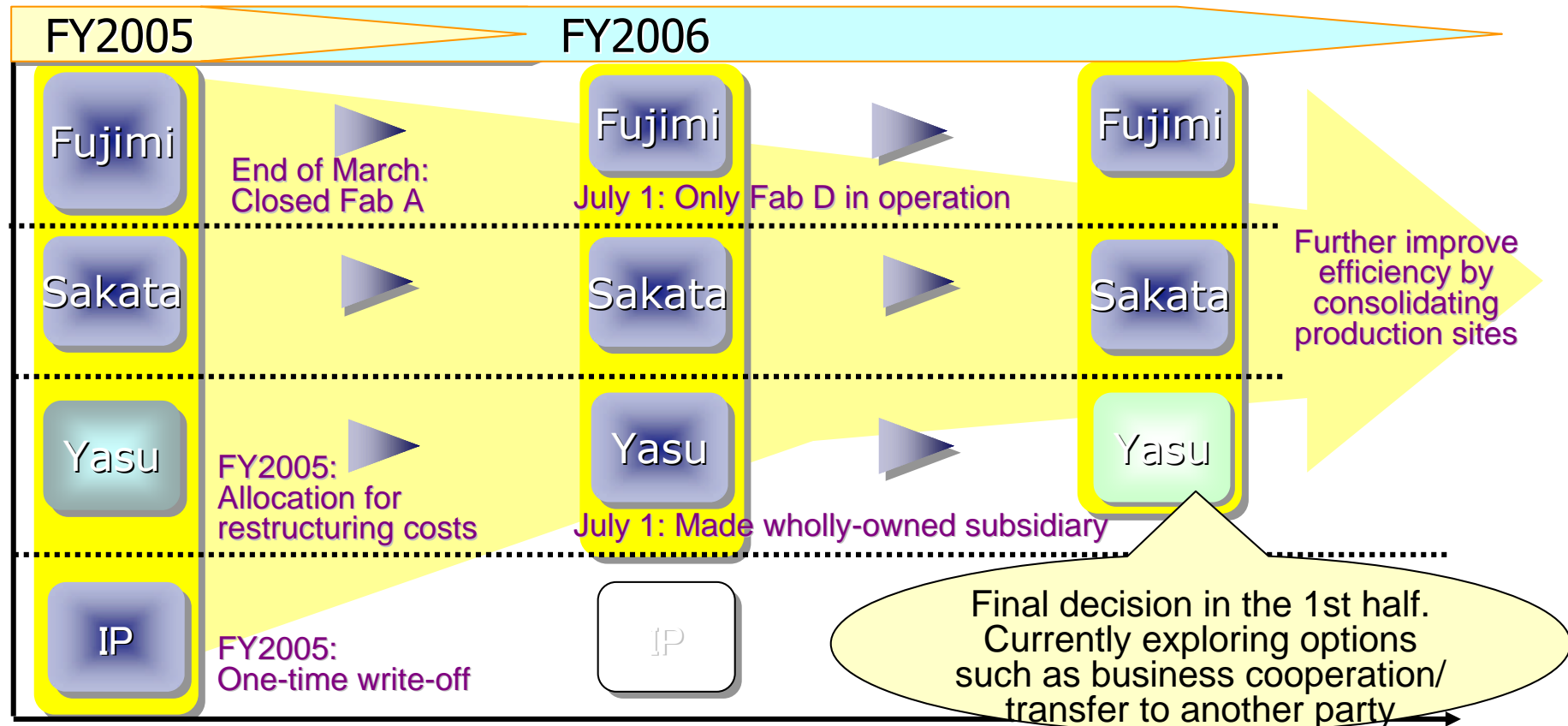
— Progress Report —

Semiconductor business direction

Slim operations by reorganizing & repositioning the entire business

- Consolidate & reorganize sites & lines

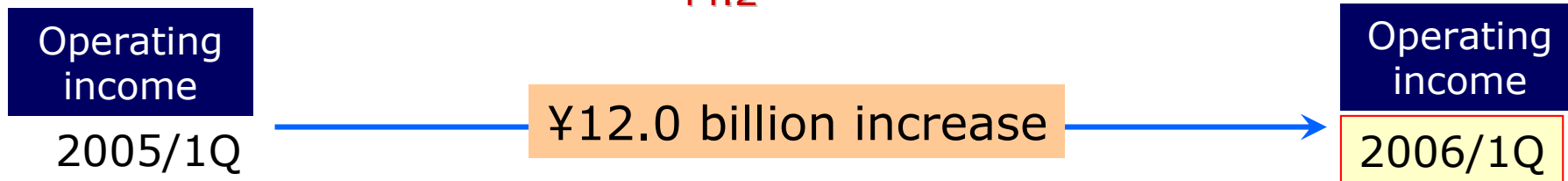
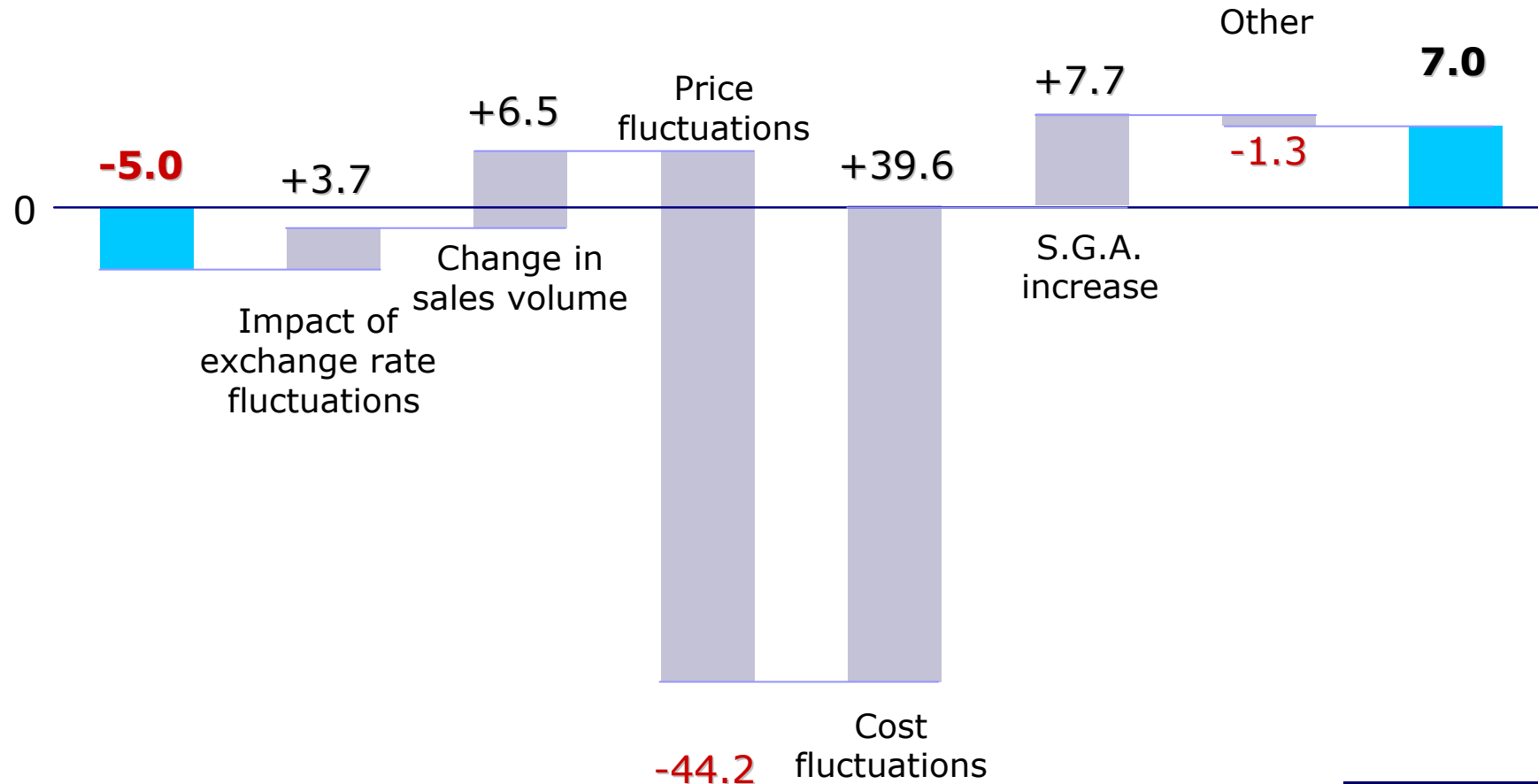
- ◆ Ensure profitability even without sales growth
- ◆ Free hand to determine future direction



Operating Income Fluctuation Cause Analysis

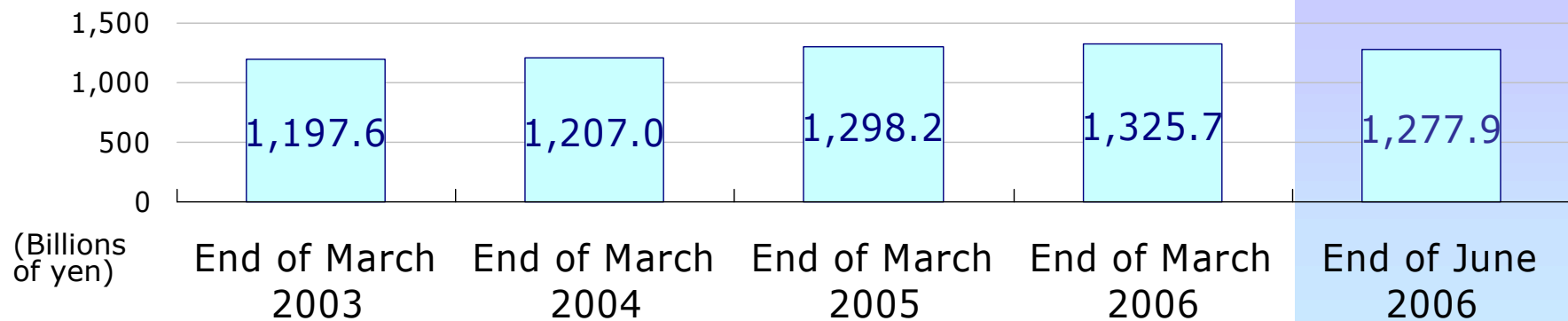


(Billions of yen)

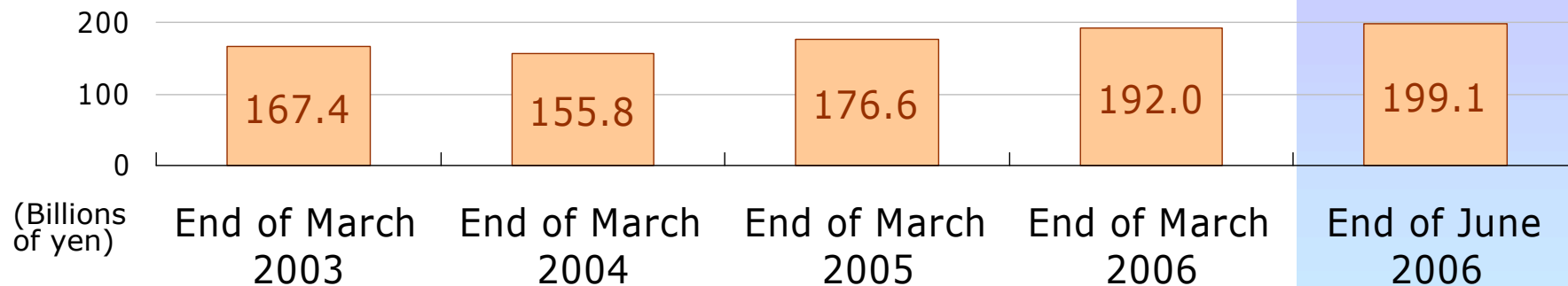


Statistics of Balance Sheet Items

Total assets

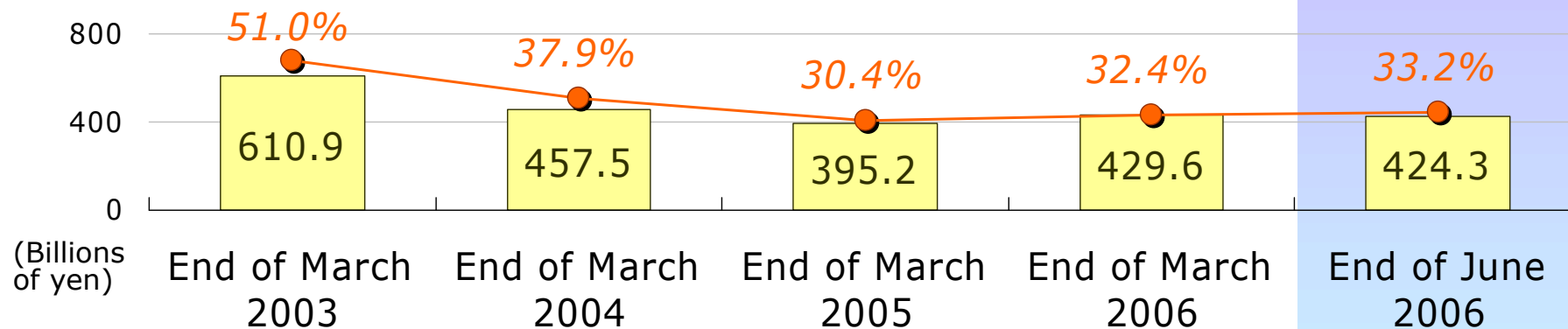


Inventories

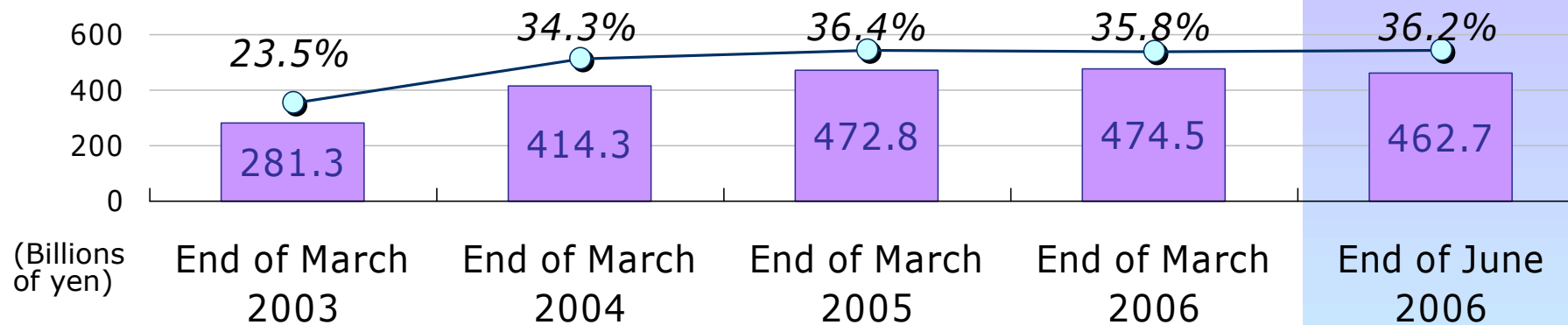


Statistics of Balance Sheet Items

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 June 2006: Shareholder equity = total net assets - minority interests in subsidiaries
 Would be ¥463 billion using the old calculations

1) FY2006 1Q Financial Results

2) FY2006 Business Outlook

FY2006 Business Outlook

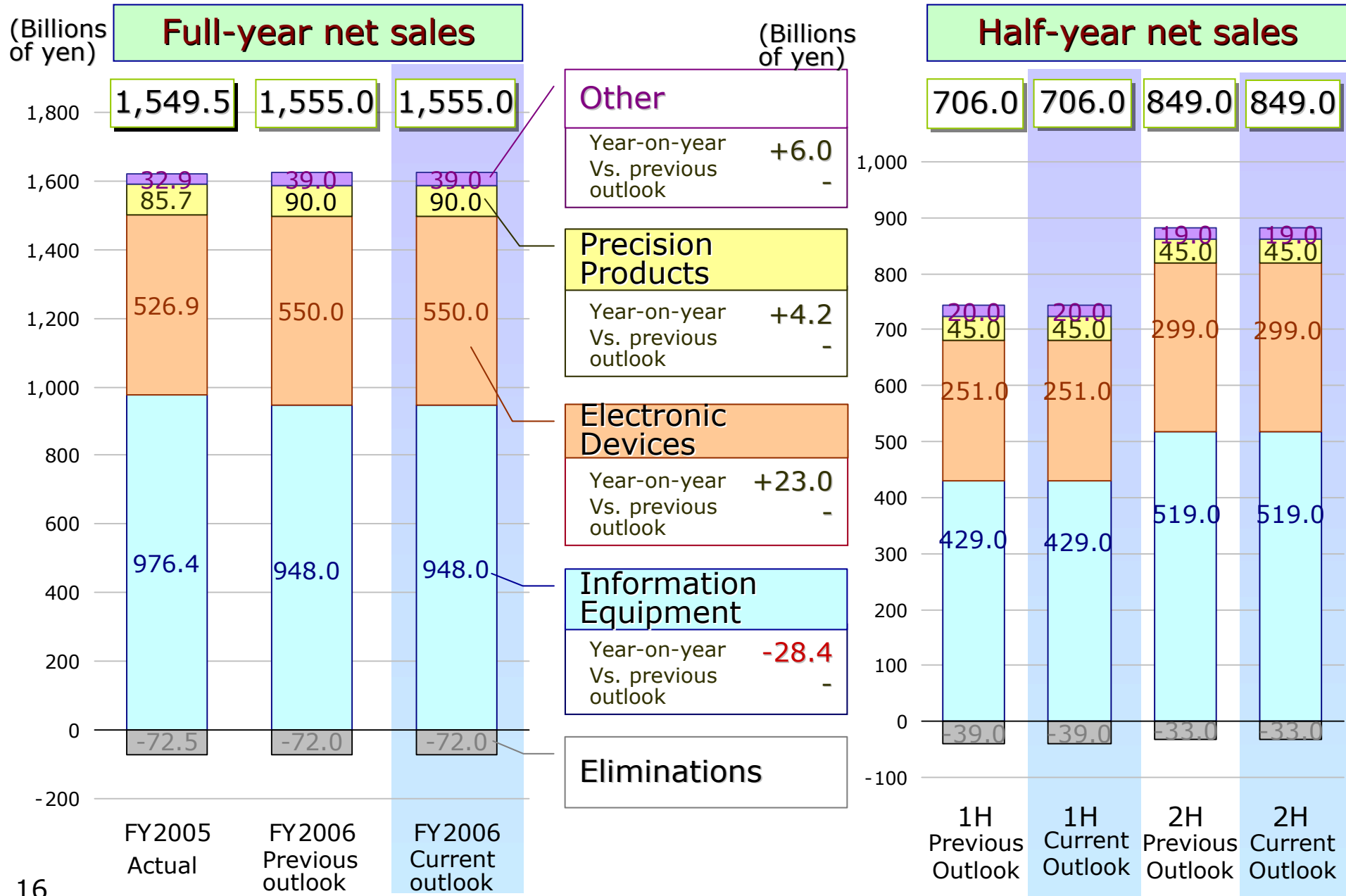


	FY2005		FY2006				Change (amount, %)	
	Actual	%	4/25 Outlook	%	Current Outlook	%	YoY	Vs. 4/25 outlook
(Billions of yen)								
Net sales	1,549.5	-	1,555.0	-	1,555.0	-	+5.4 +0.4%	- -
Operating income	25.7	1.7%	40.0	2.6%	40.0	2.6%	+14.2 +55.3%	- -
Ordinary income	27.9	1.8%	40.0	2.6%	40.0	2.6%	+12.0 +42.9%	- -
Net income before income taxes	-20.0	-1.3%	33.0	2.1%	33.0	2.1%	+53.0 -	- -
Net income	-17.9	-1.2%	14.0	0.9%	14.0	0.9%	+31.9 -	- -
EPS	-¥91.24		¥71.30		¥71.30			
Exchange rate	USD	¥113.31	¥112.00		¥110.00			
	EUR	¥137.86	¥135.00		¥139.00			

FY 2006 Business Outlook (Net Sales)



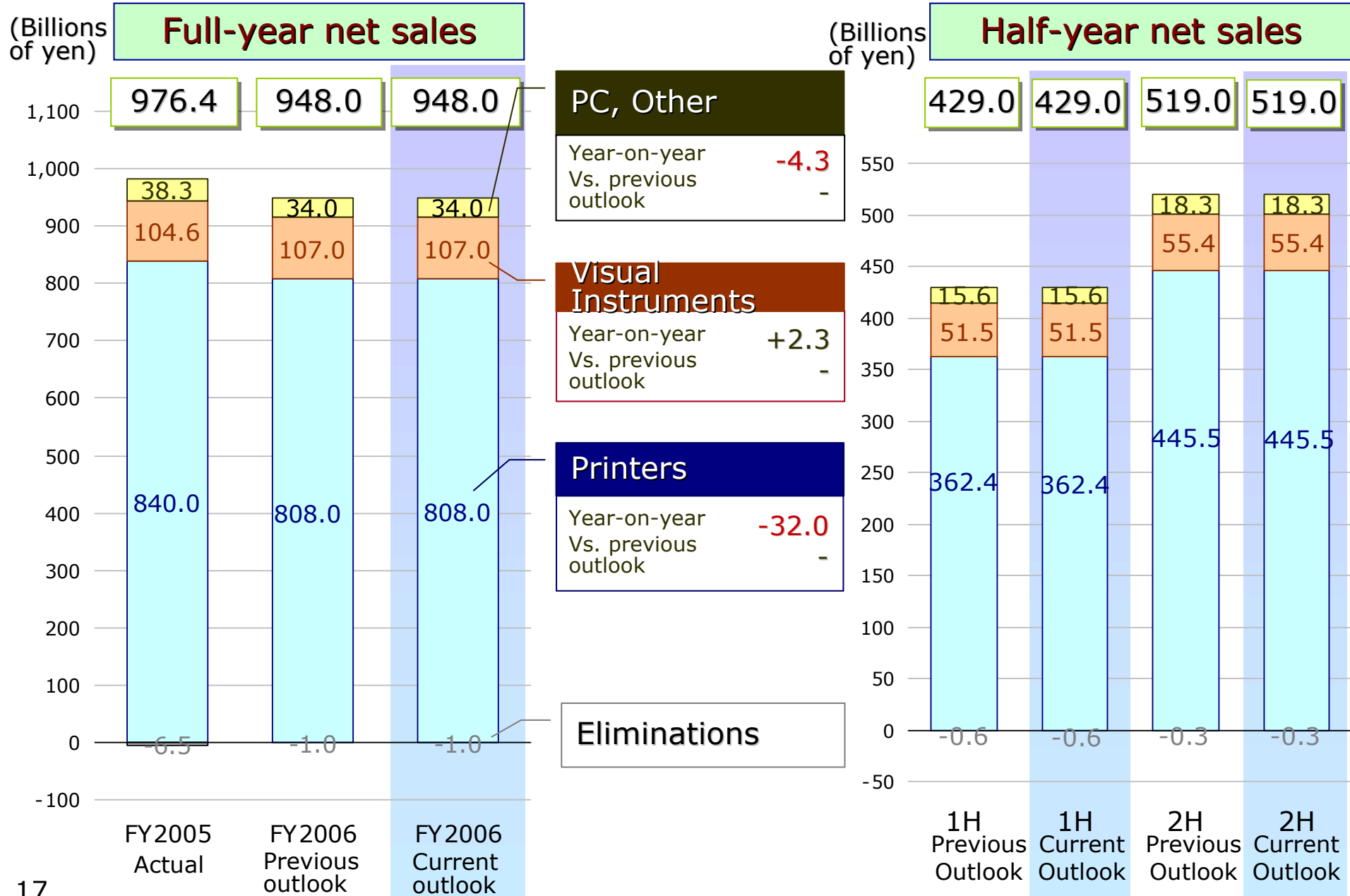
► By business segment



Net Sales Outlook by Business



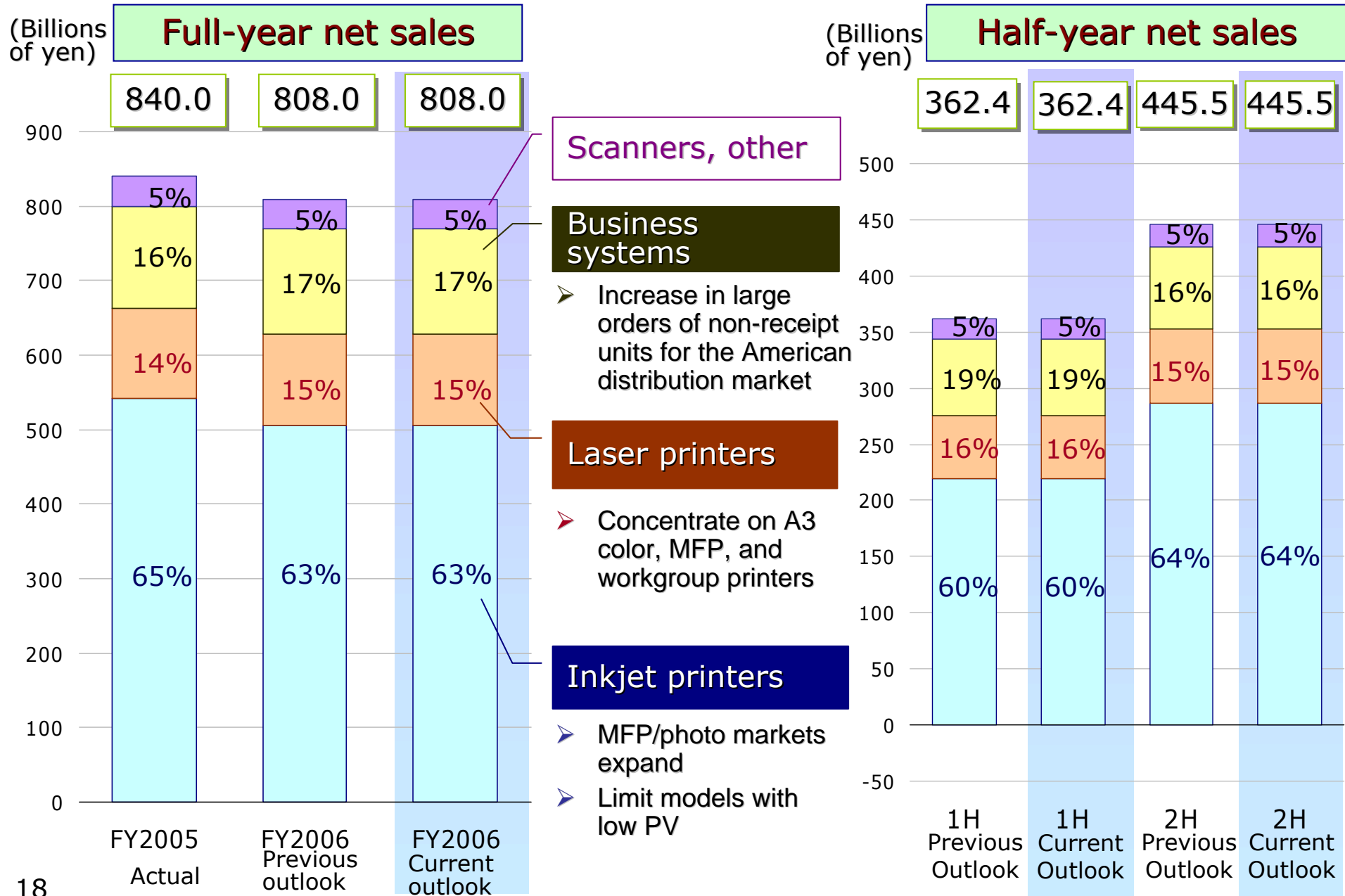
► Information equipment segment



Net Sales Outlook by Business



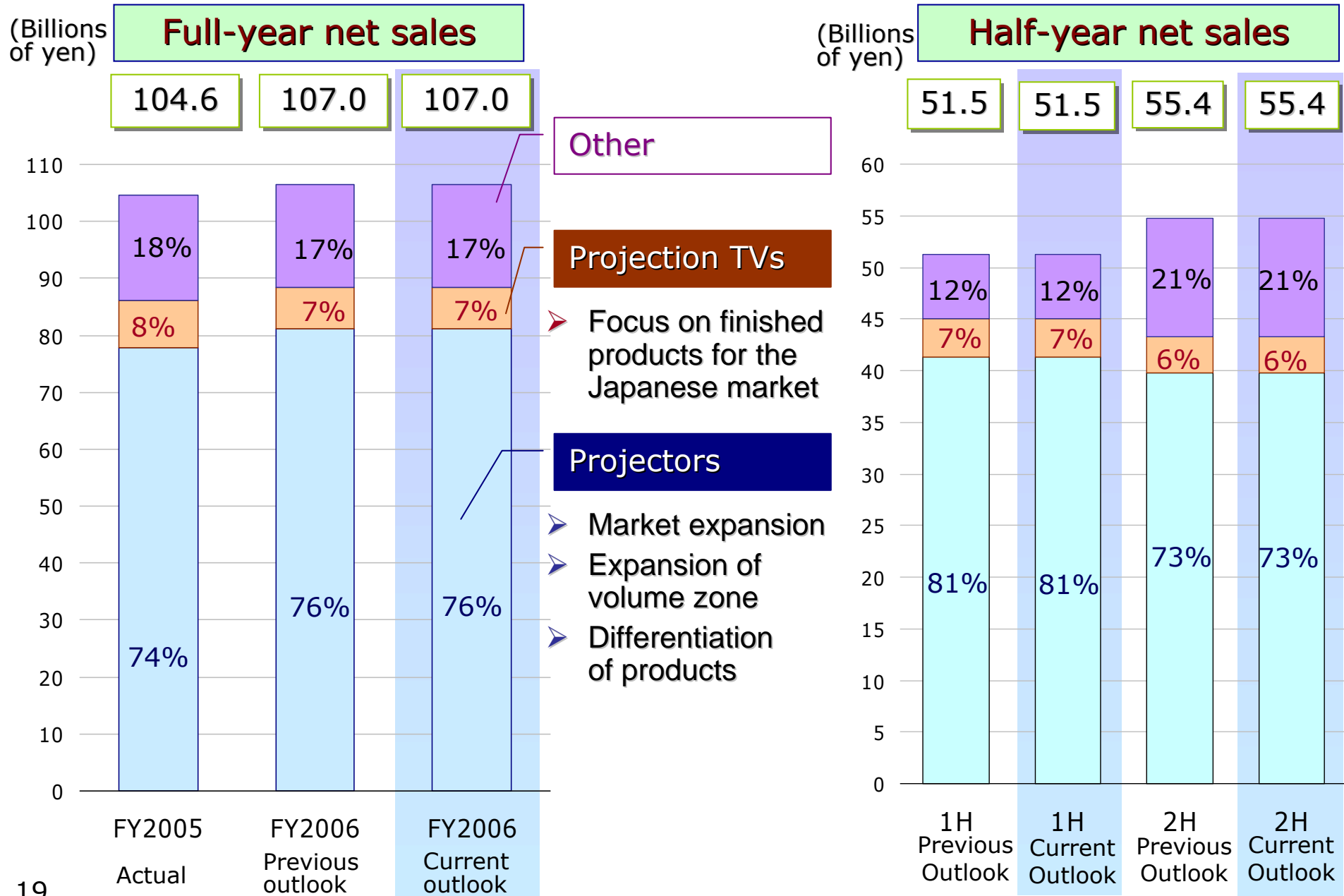
► Printer business



Net Sales Outlook by Business



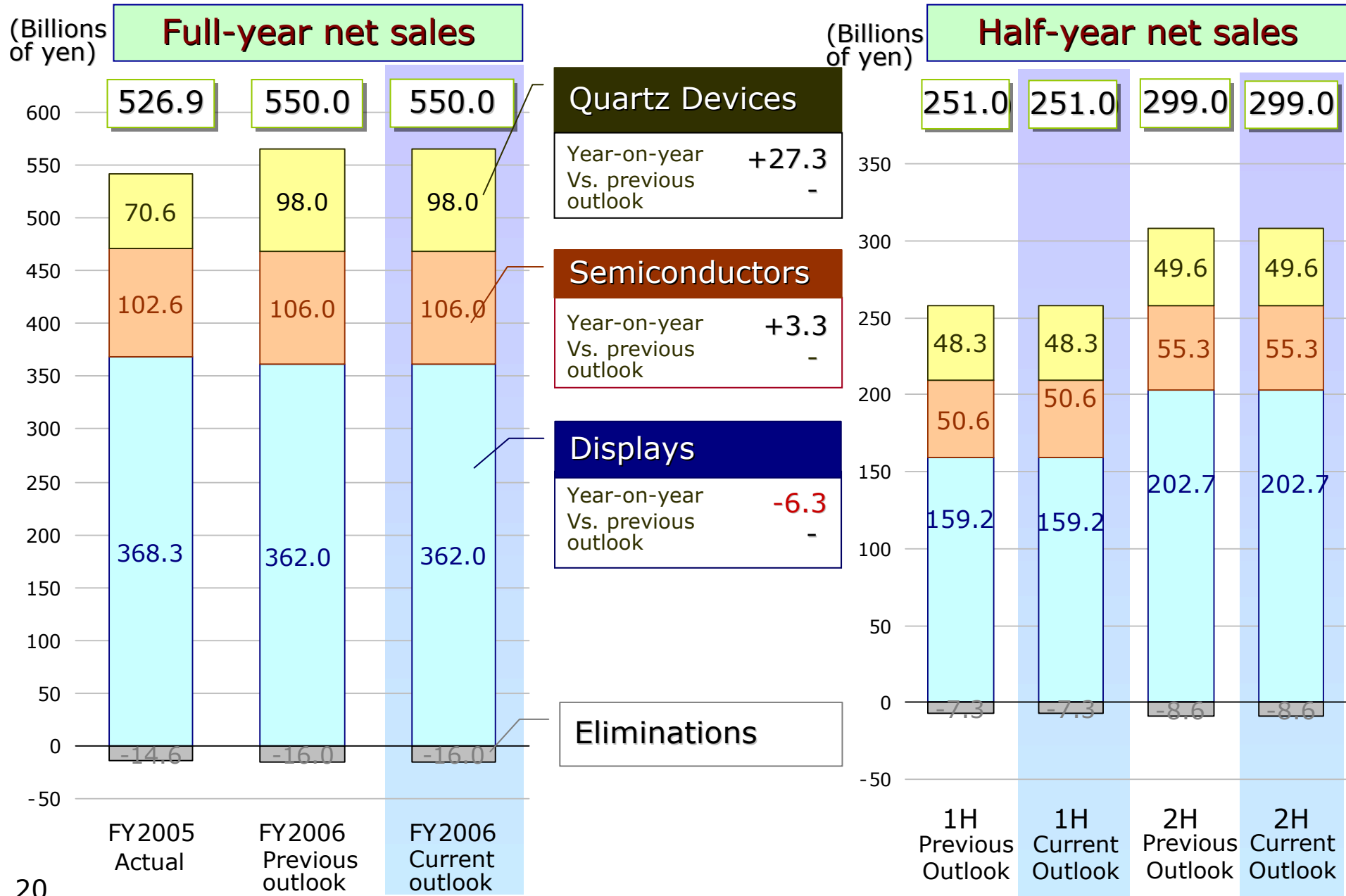
► Visual instruments business



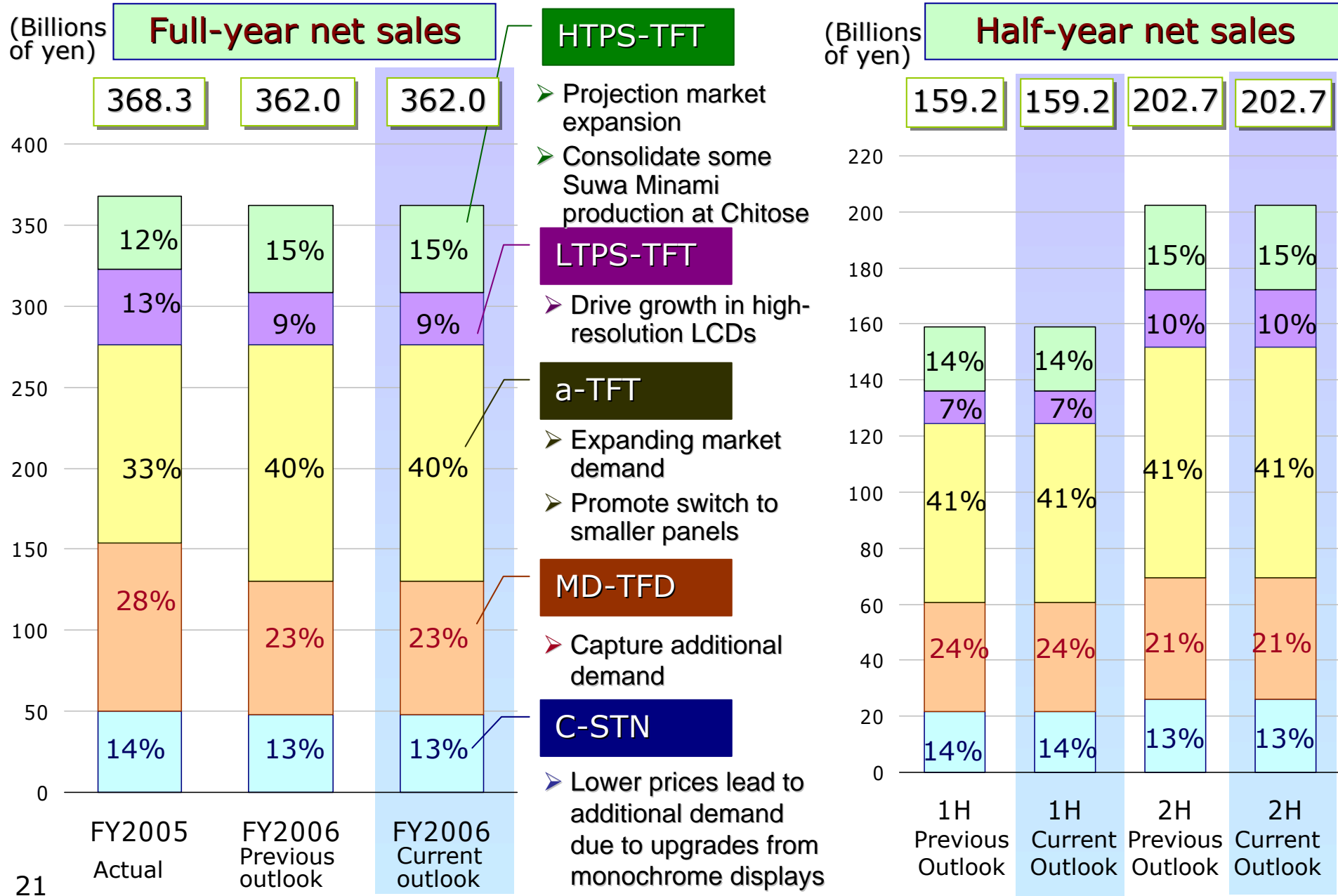
Net Sales Outlook by Business



► Electronic devices segment



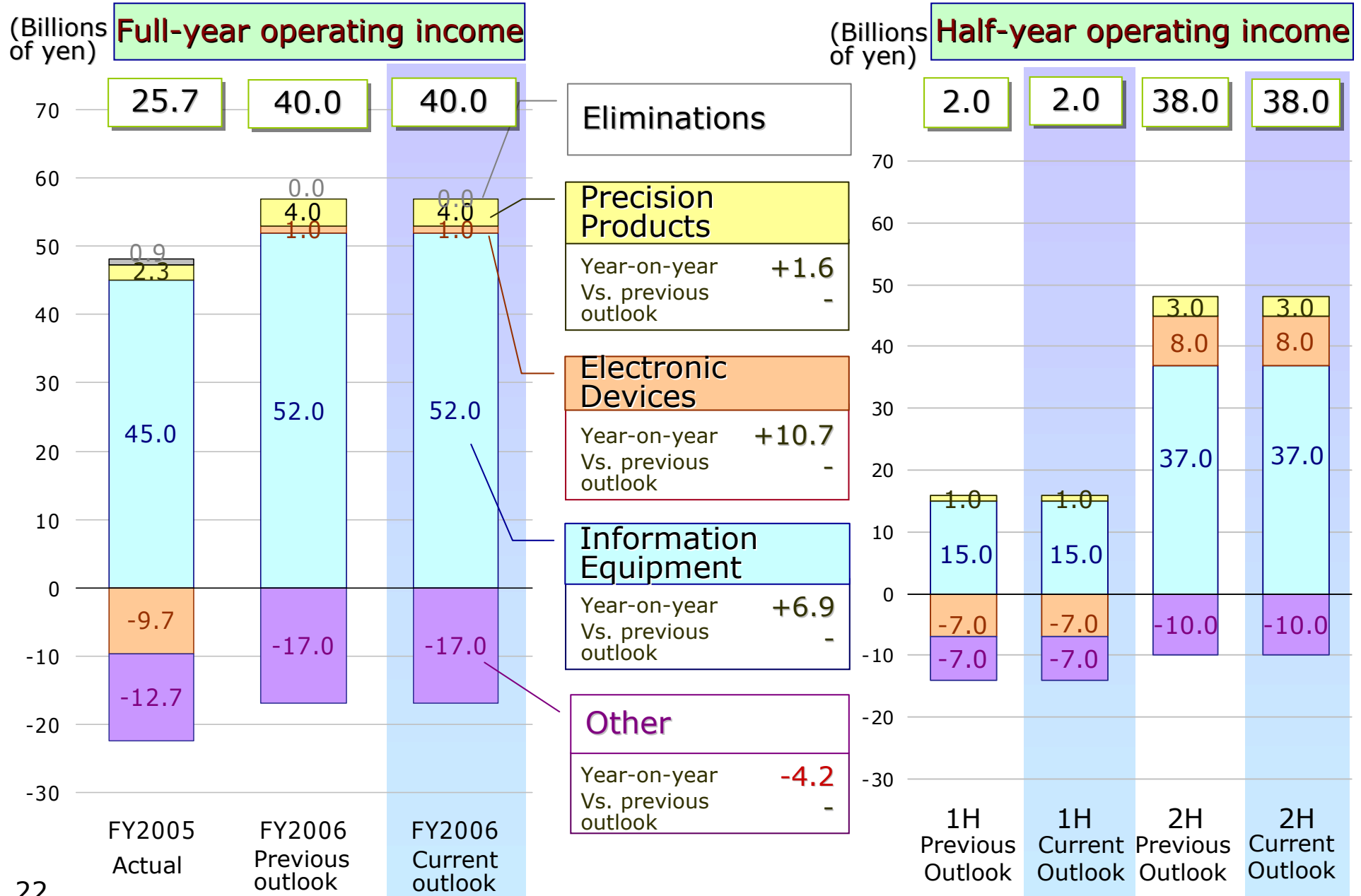
Net Sales Outlook by Business ▶ Display business



FY 2006 Business Outlook (Operating Income)



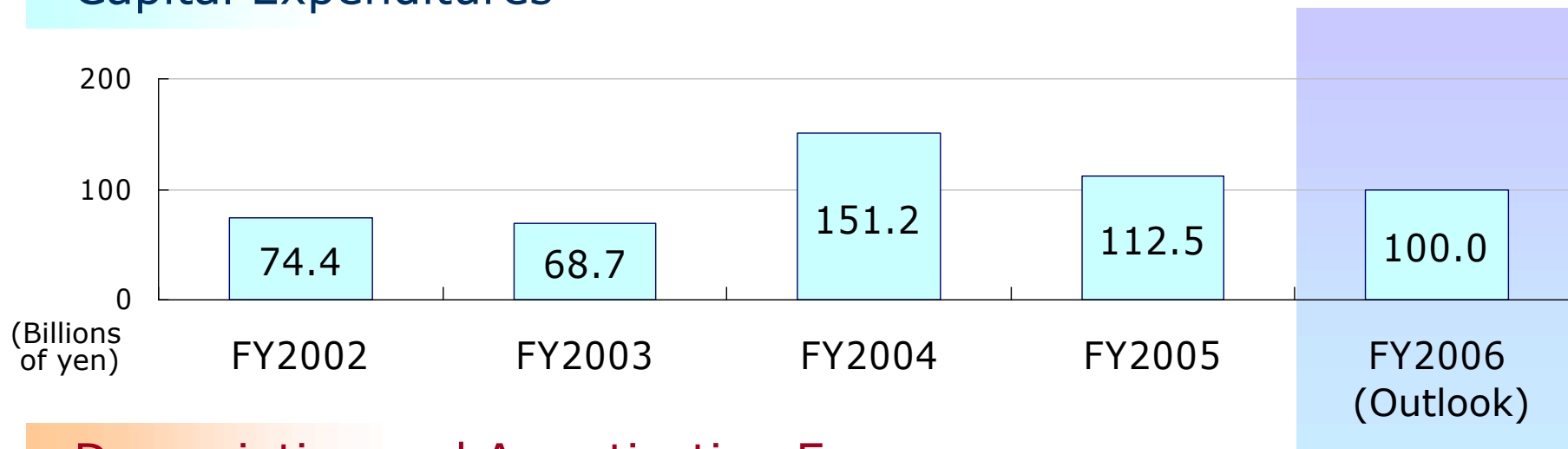
► By business segment



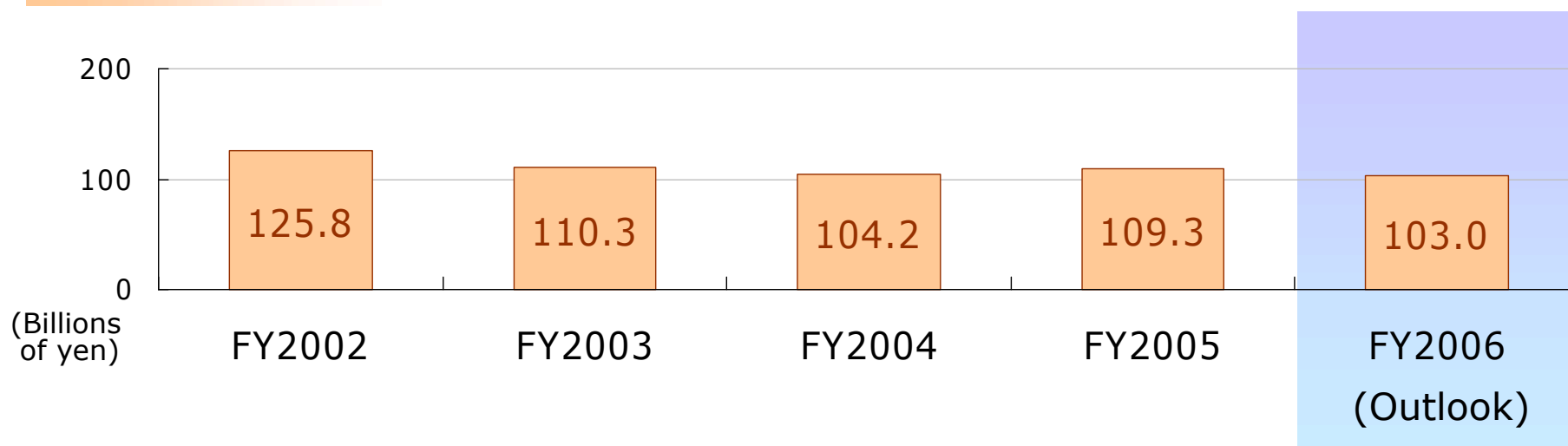
Outlook for Capital Expenditure and Depreciation & Amortization Expenses



Capital Expenditures

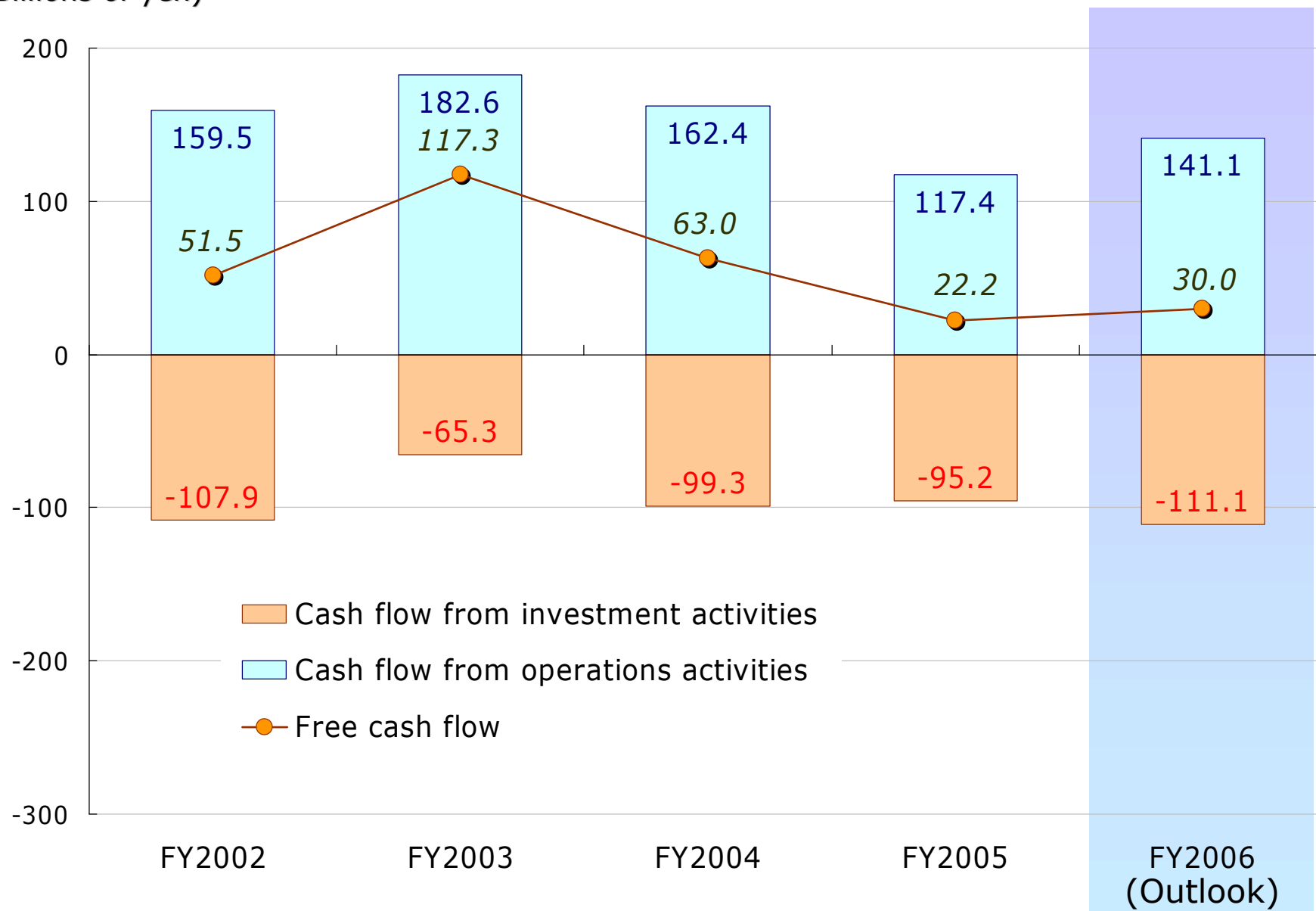


Depreciation and Amortization Expenses

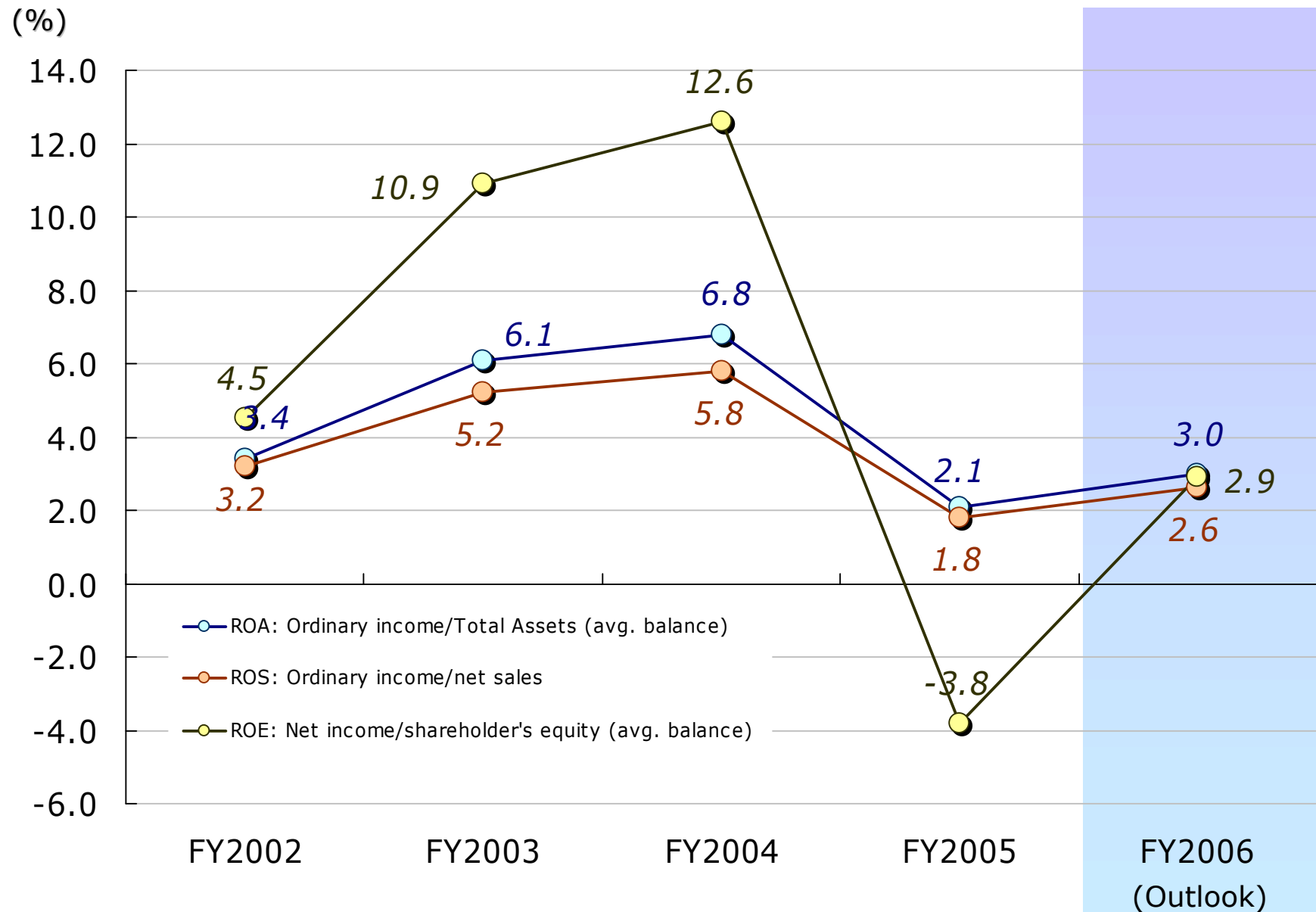


Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators



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EPSON
EXCEED YOUR VISION