

First Half and Second Quarter Financial
Results
Fiscal Year 2009 (Ending March 2010)

October 29, 2009

SEIKO EPSON CORPORATION

© Copyright Seiko Epson Corporation 2008



- **This presentation shows Seiko Epson Corporation's fiscal 2009 second quarter and first-half financial results.**

■ Disclaimer regarding forward-looking statements

The foregoing statements regarding future results reflect the Company's expectations based on information available at the time of announcement. 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, technological changes, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

■ Numerical values presented herein

Numbers are rounded to the unit indicated.
Percentages are rounded off to one decimal place.

Changes to business incubation projects included under "Other" segment

- In line with the structural reforms for the electronic device businesses announced in March, corporate R&D on some of the business incubation projects that we plan to bring to market will be charged to other segments instead of being allocated to the "Other" segment.
- This will result in a change to the disclosed profit and loss figures for each segment starting from fiscal 2009.
- In the slides showing the fiscal 2009 outlook, fiscal 2008 segment profit and loss figures have been adjusted for the purpose of comparison.

2

-
- **We made a change at the start of the current fiscal year that affects some of the business incubation projects included in the "Other" segment.**
- **In line with the structural reforms for the electronic devices businesses announced in March, corporate R&D on some of the business incubation projects that we plan to bring to market will be charged to other segments instead of being allocated to the "Other" segment.**
- **As such, the net sales and income figures announced for the segments have changed as of fiscal 2009.**
- **Please be aware that the fiscal 2008 net sales and income figures for each segment have been adjusted in comparisons showing our performance and outlook for fiscal 2009 against last year.**

1. Overview

2. Details



First Half Financial Highlights



(Billions of yen)	FY2008		FY2009				Change (amount, %)	
	Actual	%	8/26 outlook	%	Actual	%	Y/Y	Vs. 8/26 outlook
Net sales	615.7	-	469.0	-	449.6	-	-166.1 -27.0%	-19.3 -4.1%
Operating income	28.0	4.6%	-18.0	-3.8%	-9.3	-2.1%	-37.3 -	+8.6 -
Ordinary income	27.4	4.5%	-19.0	-4.1%	-14.4	-3.2%	-41.9 -	+4.5 -
Net income before income taxes	20.4	3.3%	-23.5	-5.0%	-20.3	-4.5%	-40.8 -	+3.1 -
Net income	11.7	1.9%	-25.5	-5.4%	-29.1	-6.5%	-40.9 -	-3.6 -
EPS	¥59.69		-¥128.36		-¥146.92			
Exchange rate	USD	¥106.11	¥96.00		¥95.49			
	EUR	¥162.68	¥129.00		¥133.15			

4



- **This slide summarizes our first-half financial results.**
- **Net sales were ¥449.6 billion, down 27.0% compared to the same period last year. Operating income was negative ¥9.3 billion, down ¥37.3 billion. Ordinary income was negative ¥14.4 billion, down ¥41.9 billion. Net income was negative ¥29.1 billion, a decline of ¥40.9 billion.**
- **Net sales ended short of the August outlook, but both operating and ordinary income exceeded the outlook.**

Financial Highlights (Second Quarter)

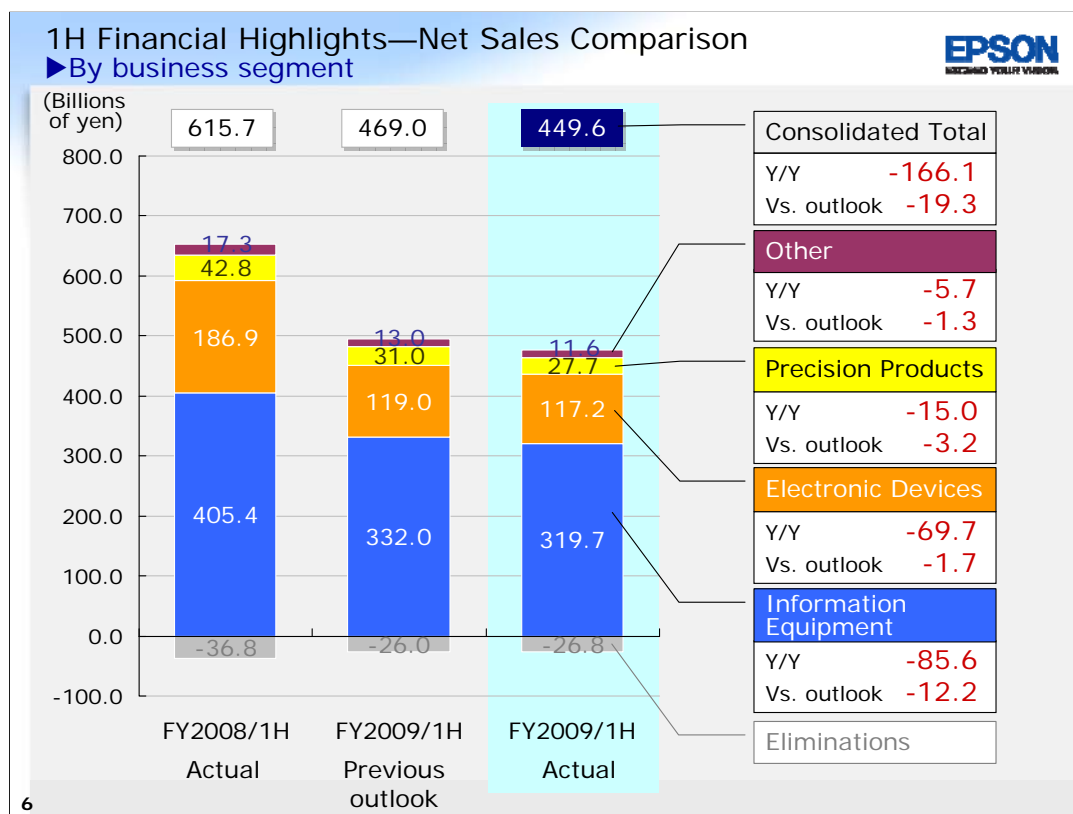
▶ Year-over-year



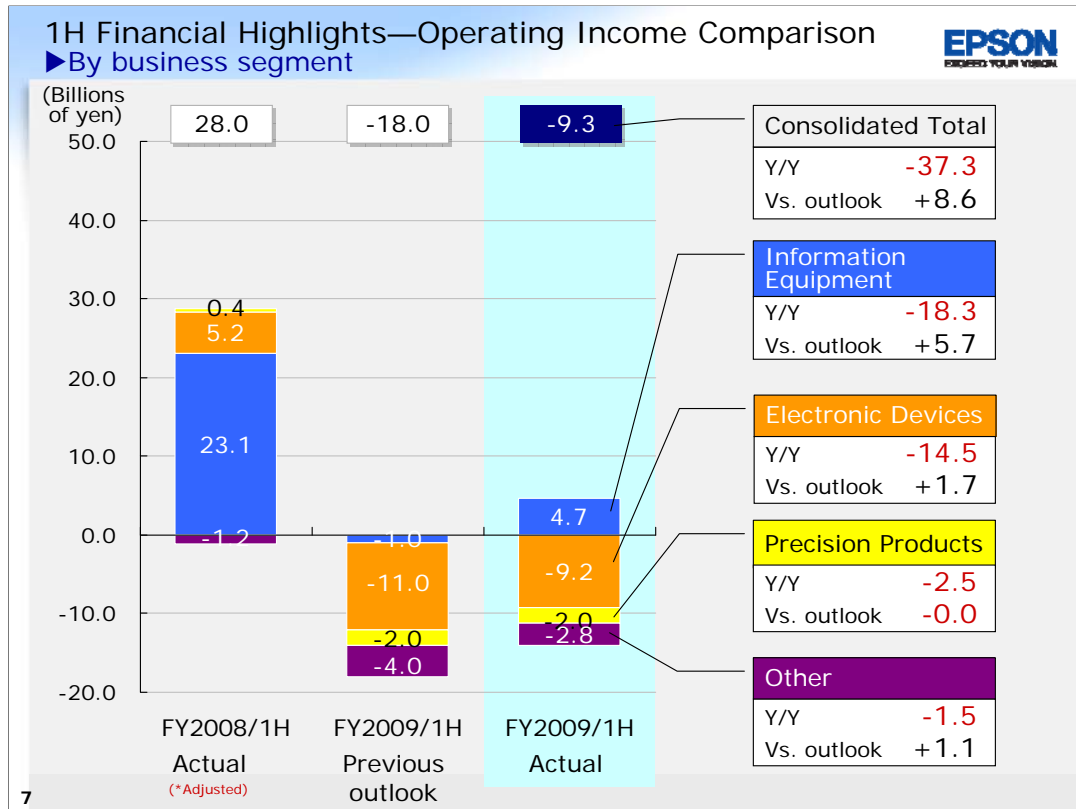
(Billions of yen)	FY2008		FY2009		Change	
	Q2 Actual	%	Q2 Actual	%	Amount	%
Net sales	311.5	-	236.2	-	-75.2	-24.2%
Operating income	5.6	1.8%	3.1	1.3%	-2.4	-44.3%
Ordinary income	5.5	1.8%	0.6	0.3%	-4.8	-88.6%
Net income before income taxes	4.7	1.5%	-3.5	-1.5%	-8.3	-
Quarterly net income	1.4	0.5%	-6.8	-2.9%	-8.2	-
EPS	¥7.23		-¥34.14			
Exchange rate	USD	¥107.66	¥93.65			
	EUR	¥161.93	¥133.73			

5

- ▶ **Let's take a look at how we fared in the second quarter.**
- ▶ **Net sales were ¥236.2 billion, down 24.2% year over year.**
- ▶ **Income was down year-over-year in every category. However, for the first time since the third quarter of last year, operating and ordinary income were positive, at ¥3.1 billion and ¥600 million, respectively.**



-
- **First-half net sales in each of the business segments were as shown.**
- **Information-related equipment reported an ¥85.6 billion decline in net sales compared to the same period last year. Versus the August outlook, net sales were ¥12.2 billion below forecast largely due to lower than expected business projector unit shipments.**
- **Electronic devices reported a ¥69.7 billion decline in net sales compared to the same period last year. Versus the outlook, net sales were ¥1.7 billion lower. This was because of a shortfall in the small- and medium-sized displays business, even though net sales in the quartz and semiconductor businesses beat expectations.**



- Let's look at first-half operating income in each of the business segments.
- Information-related equipment operating income declined by ¥18.3 billion year over year but was ¥5.7 billion higher than predicted back in August. This variance was due to factors such as improved margins associated chiefly with reduced costs in the printer business, and particularly in inkjet printers.
- Electronic devices operating income declined by ¥14.5 billion year over year but exceeded the outlook by ¥1.7 billion. This was partly owing to measures to reduce fixed costs, but also as a result of higher capacity utilization, most notably in the semiconductor business.
- I will provide a more detailed breakdown a little later.

Full-Year Business Outlook

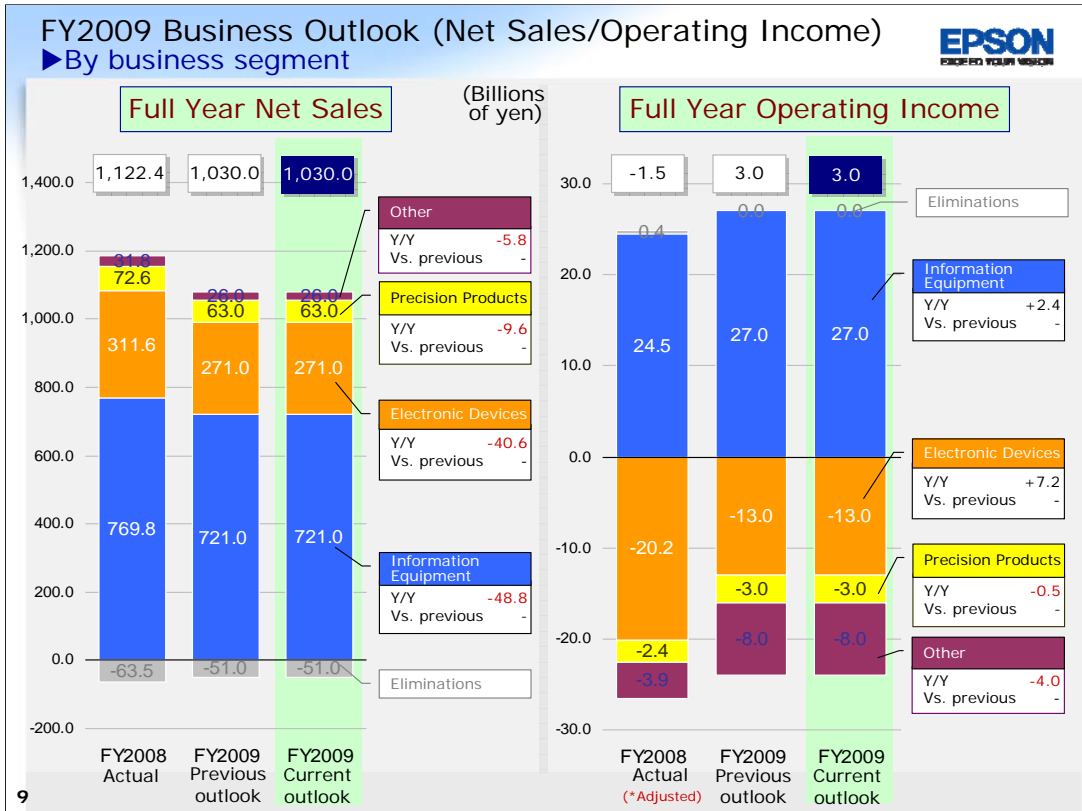


(Billions of yen)	FY2008		FY2009				Change (amount, %)	
	Actual	%	8/26 outlook	%	Current outlook	%	Y/Y	Vs. 8/26 outlook
Net sales	1,122.4	-	1,030.0	-	1,030.0	-	-92.4 -8.2%	-
Operating income	-1.5	-0.1%	3.0	0.3%	3.0	0.3%	+4.5 -	-
Ordinary income	5.3	0.5%	0.0	0.0%	0.0	0.0%	-5.3 -	-
Net income before income taxes	-89.5	-8.0%	-4.5	-0.4%	-4.5	-0.4%	+85.0 -	-
Net income	-111.3	-9.9%	-8.5	-0.8%	-8.5	-0.8%	+102.8 -	-
EPS	-¥566.92		-¥42.66		-¥42.67			
Exchange rate	USD	¥100.53	¥96.00		¥94.00			
	EUR	¥143.48	¥127.00		¥132.00			

• Current outlook:
2H exchange rate assumption
USD: ¥92.00
EUR: ¥130.00

8

- Now let's turn to our fiscal 2009 full-year financial outlook.
- We revised our financial outlook based on assumed exchange rates of 92 yen to the U.S. dollar and 130 yen to the euro, but left our outlook for the full year unchanged.
- In the first half, we began to see a gradual pick-up of demand for business products in some regions as the upheaval in the financial and capital markets began to settle.
- With conditions gradually improving, we were able to report positive operating income in the second quarter. In addition to the effects of a weaker yen, operating income was boosted by structural changes in the electronic devices businesses and numerous measures to improve profitability, including a group-wide cost-reduction program.
- Heading into the second half and the critical year-end shopping season, we are smoothly carrying out sales and marketing activities for our new, highly competitive products in the information-related equipment segment.
- However, there is very little visibility on the external business environment, with uncertainty surrounding the effects of economic trends on foreign exchange rates and markets in the second-half, and especially the fourth-quarter.
- As the first year in SE15, fiscal 2009 is a crucial year for putting Epson back onto the path to growth in fiscal 2010 and beyond. Our top priority is reaching the objective we set at the beginning of the year; that is, to reach break-even in ordinary income for the year. Although we exceeded the ordinary income outlook in the first half and do not anticipate any potential triggers for major change in profit or loss in the second half, we have left our full-year financial outlook unchanged from the August outlook, as we want to first of all ensure that we achieve our goal.
- We project fiscal 2009 full-year net sales of ¥1,030 billion. We expect ¥3.0 billion in operating income, and we anticipate reaching break-even in ordinary income. We expect to post a net loss of ¥8.5 billion.

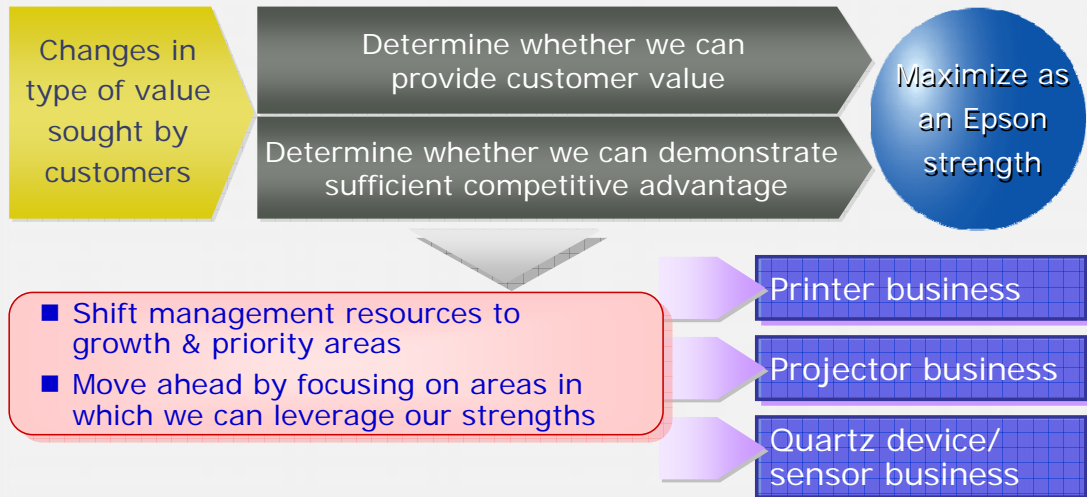


- This slide shows the estimated net sales and operating income for fiscal 2009 broken down by segment.
- As I mentioned earlier, we are reiterating the full-year outlook we presented at the beginning of the year.

SE15/ Mid-Range Business Plan



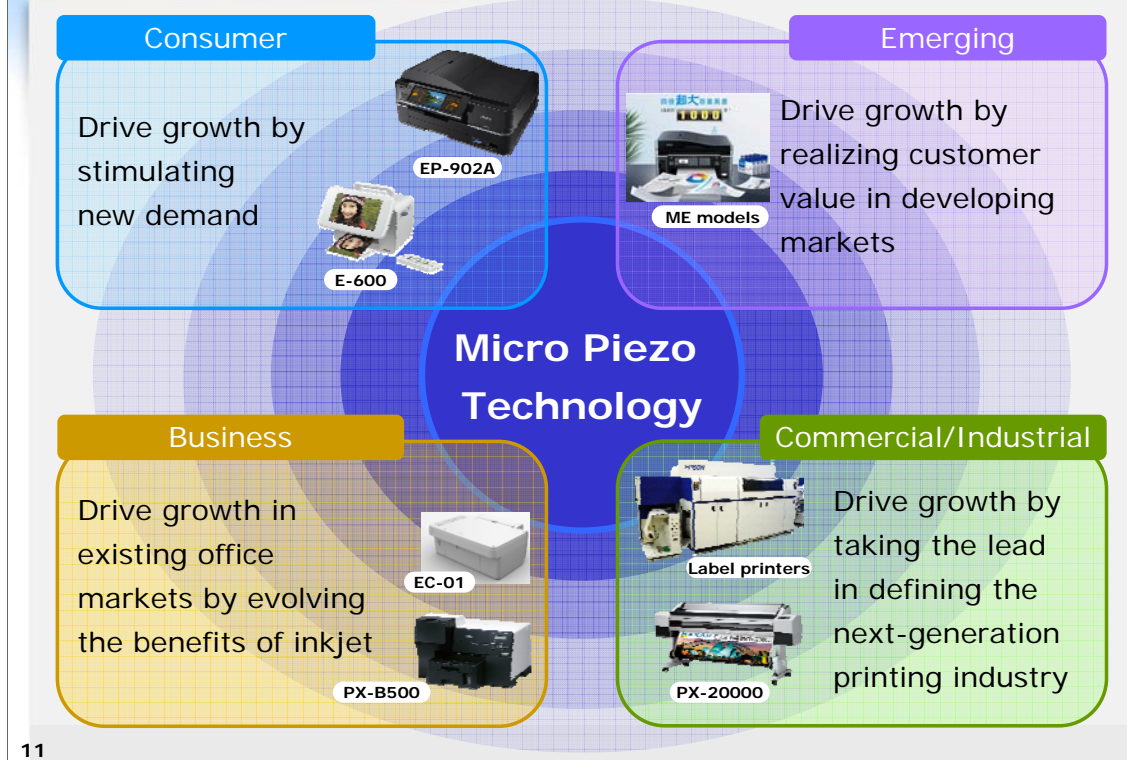
Epson is committed to the relentless pursuit of innovation in compact, energy-saving, high precision technologies; delivering products and services that emotionally engage customers; and becoming a company that provides essential products and services



10

- In March of this year, Epson presented SE15, a mid- to long-term business vision that defines how we want to be in 2015. We also presented a 3-year mid-range business plan for achieving SE15.
- This slide summarizes the basic concepts of SE15 and the mid-range business plan.
- We envision Epson as a company that provides products and services that are essential for both its customers and for society in general, with every action taken from the customers' point-of-view.
- In line with this vision, we will quickly detect changes in the value sought by customers and will determine whether we can deliver that value and whether we can demonstrate sufficient competitive advantage. Once we have identified value and advantage, we will pursue its perfection as an Epson strength.
- Building on this, we will shift management resources to growth and priority areas, and move ahead by focusing on areas in which we can leverage our strengths.
- Having finally reached a decision about the direction to take in our small- and medium-sized displays and semiconductor businesses, we are now focusing on our printer, projector, quartz and sensor operations as the core businesses that will put us back on the path to growth.

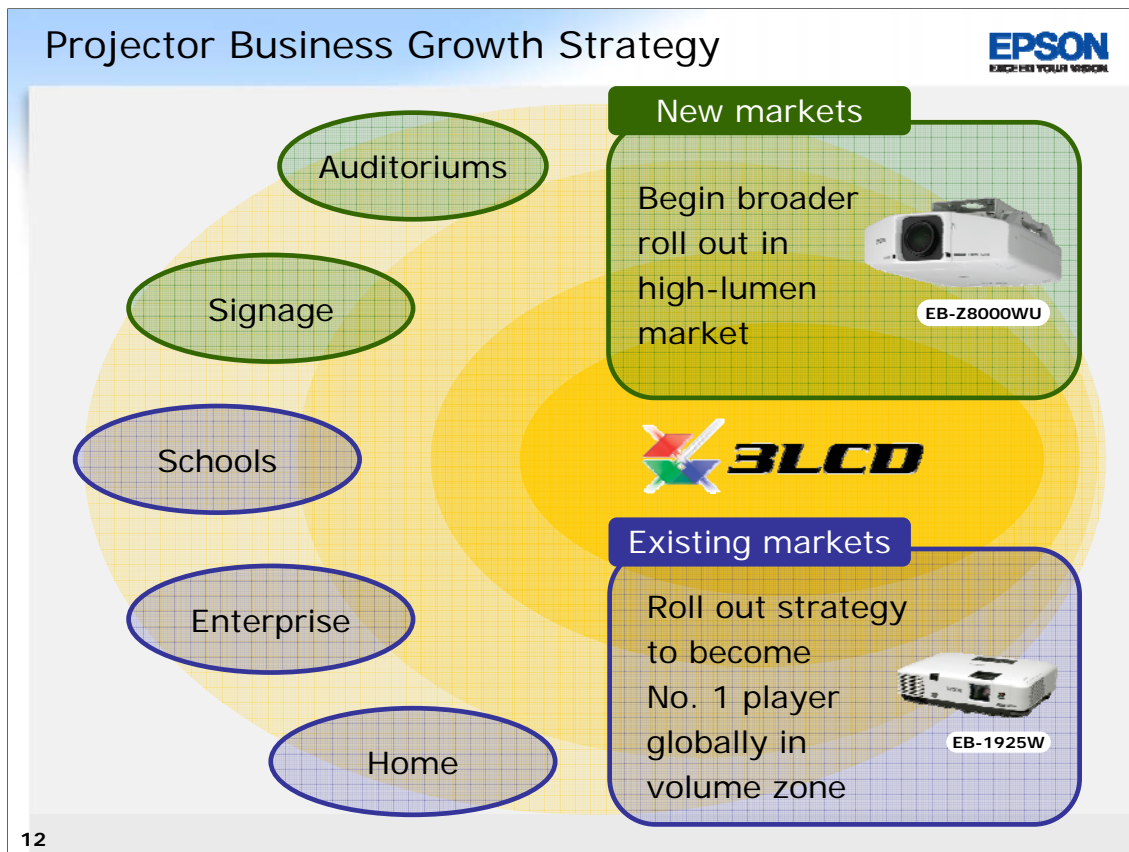
Inkjet Printer Business Growth Strategy



11



- Here, I would like to explain, in order, the growth strategies we are pursuing in the three key business domains.
- The inkjet printer business growth strategy is outlined here.
- As we have stated repeatedly, Epson's propriety Micro Piezo inkjet technology is a core technology for securing future business growth.
- Accordingly, we will look to further ensure growth of the business overall by leveraging this technology not only in the consumer domain, where we are already solidly entrenched, but also in promising emerging markets and by accelerating applications in the business, commercial and industrial sectors.



➤ Next, the projector business growth strategy.

➤ Projectors are currently a 5.0 million unit global market. Over the next two years, the market is expected to grow around 10% annually.

➤ Epson supplies this market with highly regarded 3LCD projectors, each built around our core high-temperature polysilicon TFT liquid crystal technology. We owned an approximately 23% share of the global market in fiscal 2008, marking the 8th consecutive year we have held onto the No. 1 position.

➤ We dominate the competition with a well-stocked and highly competitive lineup of products especially in the 3,000-lumen and under class for the home, business and education markets.

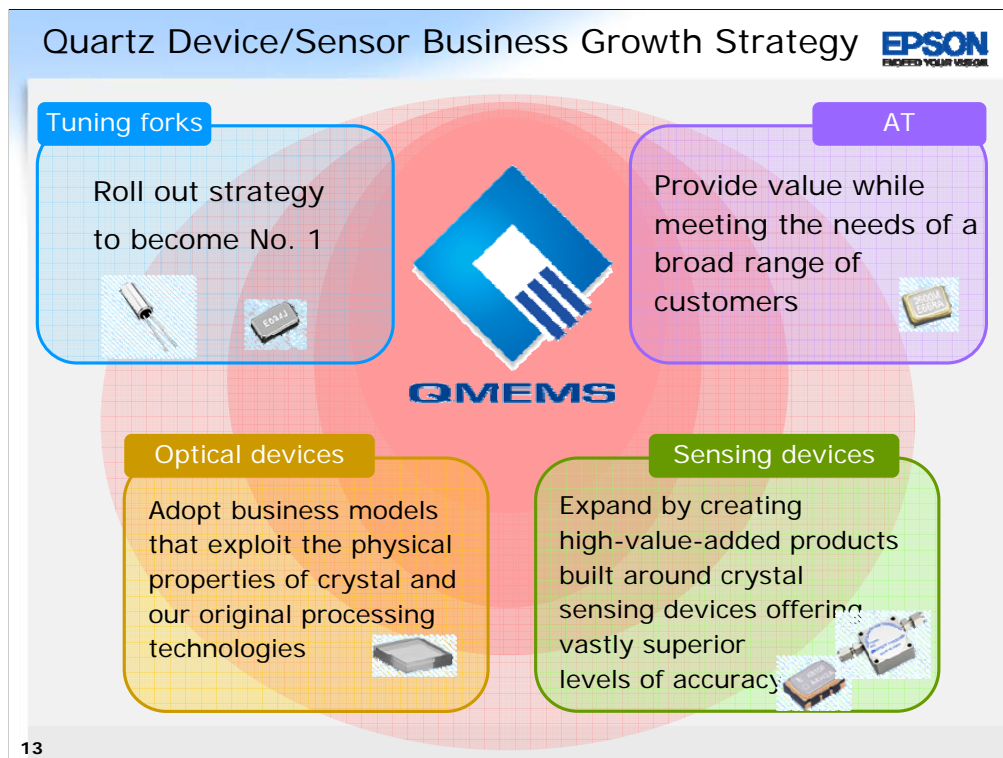
➤ In these existing business areas we will continue to roll out our strategy to maintain our position as the No. 1 player globally.

➤ On the other hand, we will also begin to seriously seek entry into other domains, including those for high-lumen projectors, permanently installed signage, and large auditoriums.

➤ Here, providing high-performance, feature-rich projectors will not be enough. We will also have to provide a wide range of added value, from peripheral goods and services, such as audio and control systems, to installation and maintenance.

➤ As a first step toward entering these domains, we announced in some regions, a pair of new products: a 6,000-lumen WXGA projector and a 7,000-lumen WUXGA projector.

➤ In this way, even in markets where we are a latecomer, we will steadily deploy a strategy to achieve the goals of SE15 and ensure the growth of the projector business as a whole.



- Now I'd like to discuss the quartz and sensor businesses.
- Earlier this year we made quartz and sensor manufacturer Epson Toyocom a wholly-owned Epson subsidiary. This reorganization will allow Epson to take swifter action to facilitate growth in this key sector as we work toward achieving the goals of SE15.
- By also exploiting Epson QMEMS technology in the quartz and sensor businesses we are driving strategic initiatives in the four areas outlined on the slide.
- As the market leader in tuning-fork crystals, with over 60% market share, we will continue to deliver a comprehensive lineup of products boasting industry-leading QCD for a wide range of applications.
- For AT products we are pursuing strategies to differentiate Epson products and deliver value that meets diversifying customer needs in what is now an extremely price-sensitive market.
- We will drive growth in optical devices by fine tuning business models to provide high value-added products that exploit the physical properties of crystal and our original processing technologies.
- Sensing devices is an area in which we anticipate significant growth.
- Sensing devices based on crystals afford a level of accuracy far superior to that of other technologies. We are leveraging the advantages of crystals to expand into this new growth domain. We will drive our success in sensing devices by first establishing a solid presence, and then using our semiconductor and other technologies to evolve products with even higher added value.
- As I have explained, our strategy focuses on the three key businesses outlined in SE15. These include two businesses that already make significant contributions to results, and another we expect to start contributing to profitability in the near future.
- I have outlined our future vision of Epson, and the specific actions we will take to realize that vision, in SE15 and our mid-range business plan. All that remains is to execute.
- At Epson we are working together as one to meet the challenges before us, and to meet the expectations of each and every stakeholder.

1. Overview

2. Details



1) FY2009 1H Financial Results

2) FY2009 Business Outlook

First Half Financial Highlights



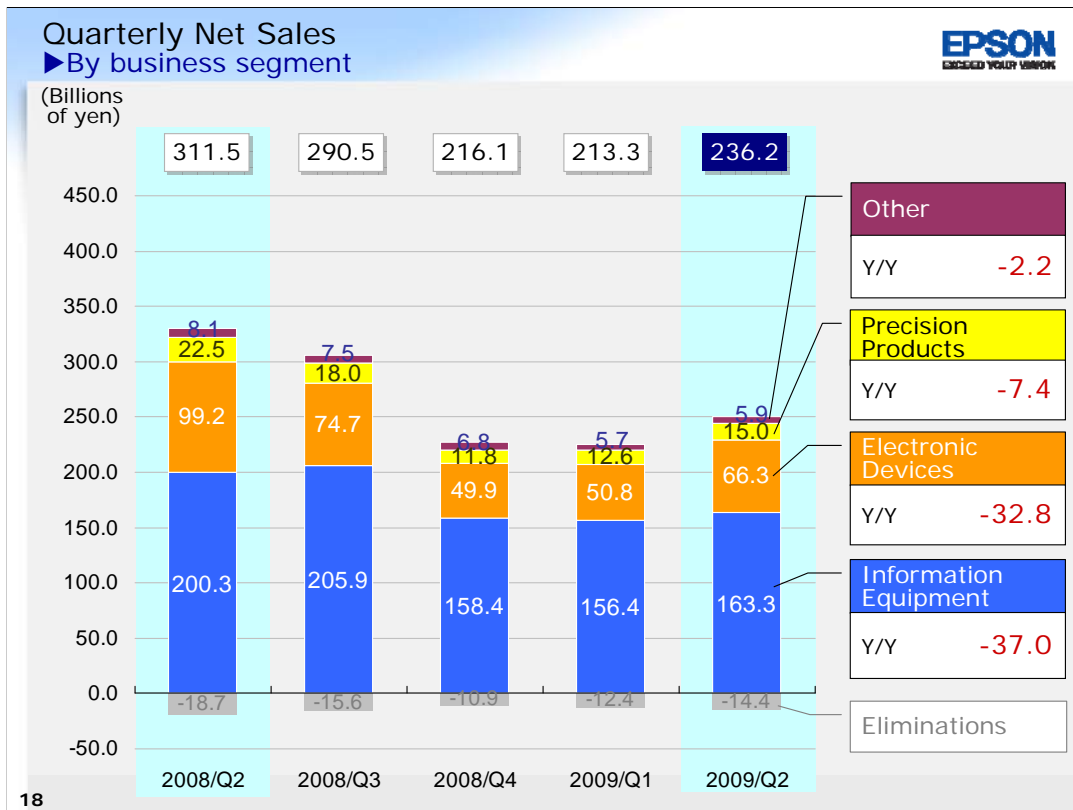
(Billions of yen)	FY2008		FY2009				Change (amount, %)	
	Actual	%	8/26 outlook	%	Actual	%	Y/Y	Vs. 8/26 outlook
Net sales	615.7	-	469.0	-	449.6	-	-166.1 -27.0%	-19.3 -4.1%
Operating income	28.0	4.6%	-18.0	-3.8%	-9.3	-2.1%	-37.3 -	+8.6 -
Ordinary income	27.4	4.5%	-19.0	-4.1%	-14.4	-3.2%	-41.9 -	+4.5 -
Net income before income taxes	20.4	3.3%	-23.5	-5.0%	-20.3	-4.5%	-40.8 -	+3.1 -
Net income	11.7	1.9%	-25.5	-5.4%	-29.1	-6.5%	-40.9 -	-3.6 -
EPS	¥59.69		-¥128.36		-¥146.92			
Exchange rate	USD	¥106.11	¥96.00		¥95.49			
	EUR	¥162.68	¥129.00		¥133.15			

Financial Highlights (Second Quarter)

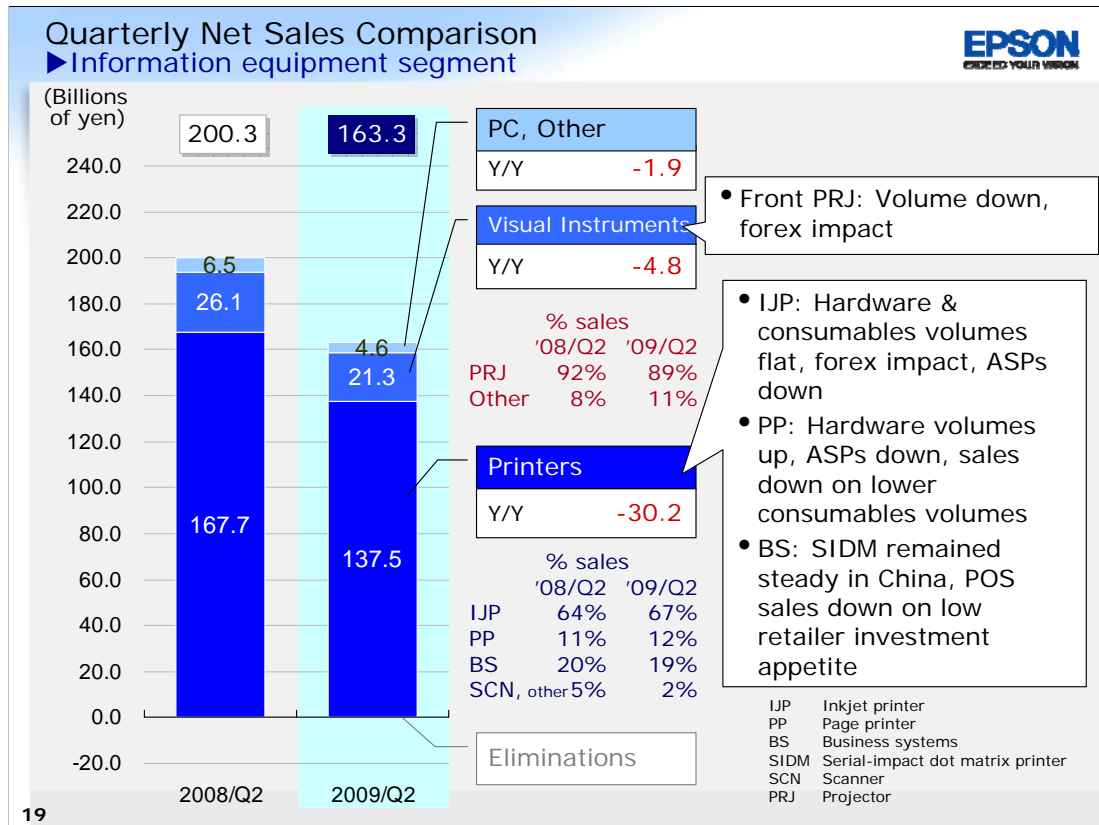
▶ Year-over-year



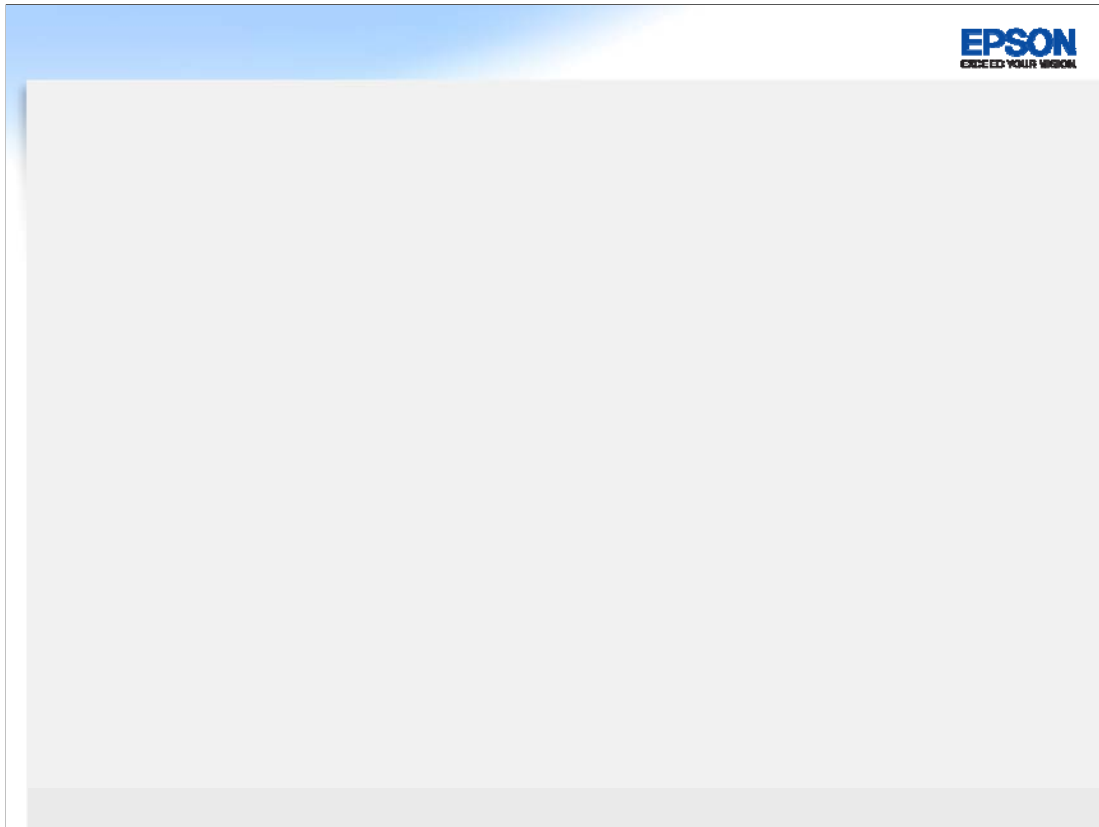
(Billions of yen)	FY2008		FY2009		Change	
	Q2 Actual	%	Q2 Actual	%	Amount	%
Net sales	311.5	-	236.2	-	-75.2	-24.2%
Operating income	5.6	1.8%	3.1	1.3%	-2.4	-44.3%
Ordinary income	5.5	1.8%	0.6	0.3%	-4.8	-88.6%
Net income before income taxes	4.7	1.5%	-3.5	-1.5%	-8.3	-
Quarterly net income	1.4	0.5%	-6.8	-2.9%	-8.2	-
EPS	¥7.23		-¥34.14			
Exchange rate	USD	¥107.66	¥93.65			
	EUR	¥161.93	¥133.73			



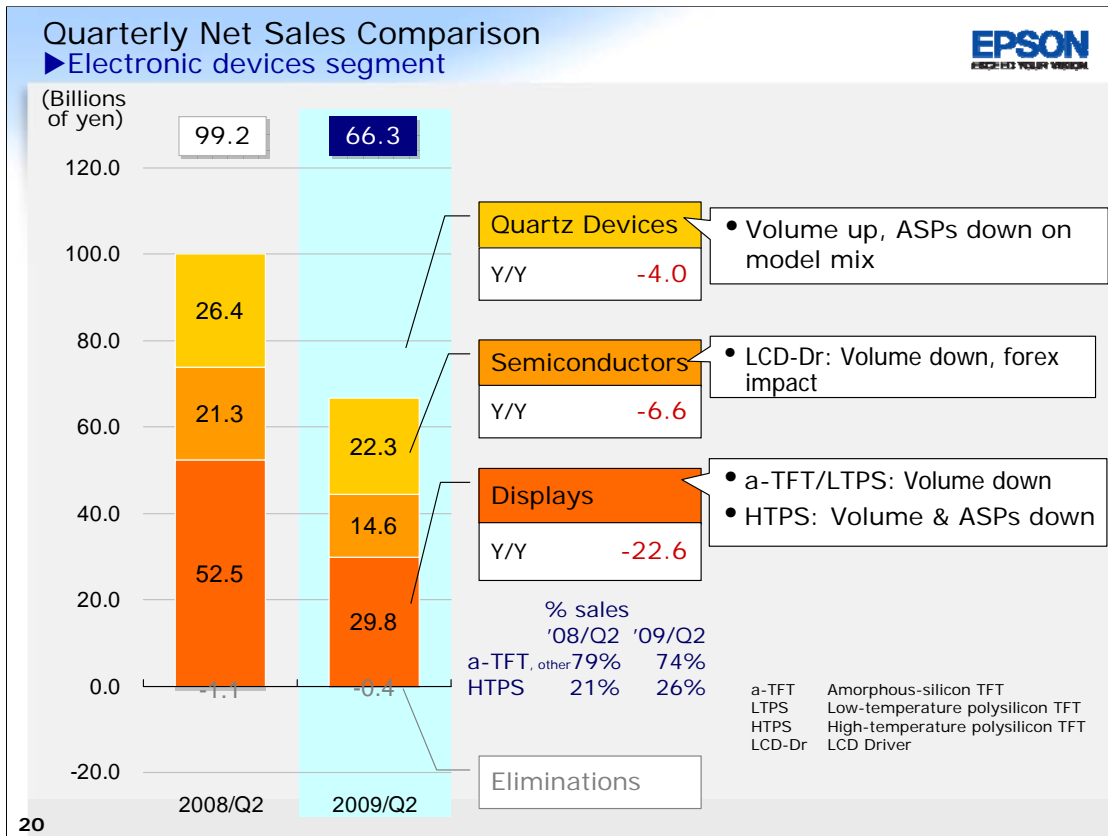
- Next, let's look at quarterly net sales by segment.
- Compared to the same period last year, information-related equipment net sales declined by ¥37.0 billion. Electronic devices net sales declined by ¥32.8 billion. Precision products net sales shrank by ¥7.4 billion compared to the same period last year.



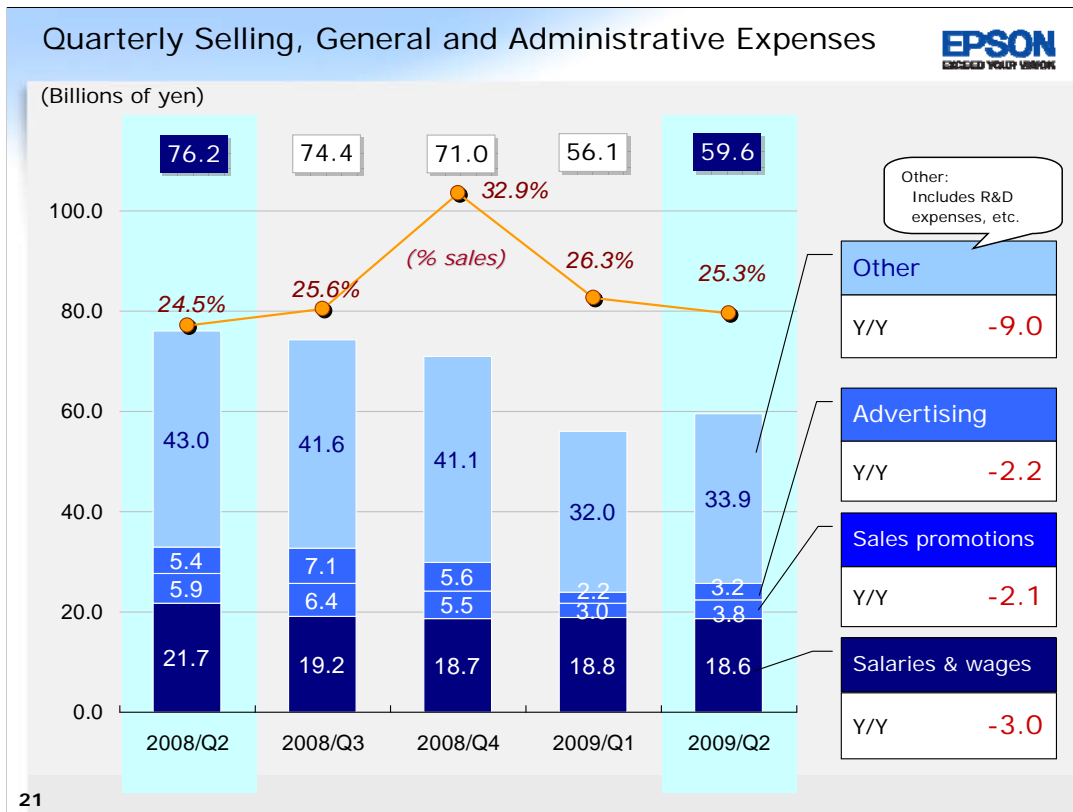
- Let's see how quarterly net sales in the businesses that make up the information-related equipment segment compare with last year's results.
- Printer business net sales were down ¥30.2 billion compared to the same quarter last year.
- Affected by exchange rate effects associated with yen appreciation and the erosion of average selling prices, inkjet printer net sales were down year-over-year. While unit shipments of business printers declined, hardware and consumables volumes were flat compared to the previous year.
- Hardware net sales were down compared to the same period last year in every market, but unit shipments increased in America and Asia, while they shrank in Europe and Japan.
- In page printers, we extended unit shipments as a result of tender business wins and other sales expansion efforts. However, despite volume increases in Japan and Asian markets, net sales declined due to a combination of lower ASPs, lower consumables volume, and foreign exchange effects.
- In business systems, net sales declined despite steady demand from China for low-end SIDM units. The decline was largely due to the effects of foreign exchange rates and to a drop in demand for POS-related products as a result of the low appetite for investment among European and American retailers.
- In visual instruments, net sales declined due to a decrease in unit shipments in Europe, which is still in recession, and in the Americas, where the education market is beginning to recover. Net sales in this business were also hurt by foreign exchange effects.



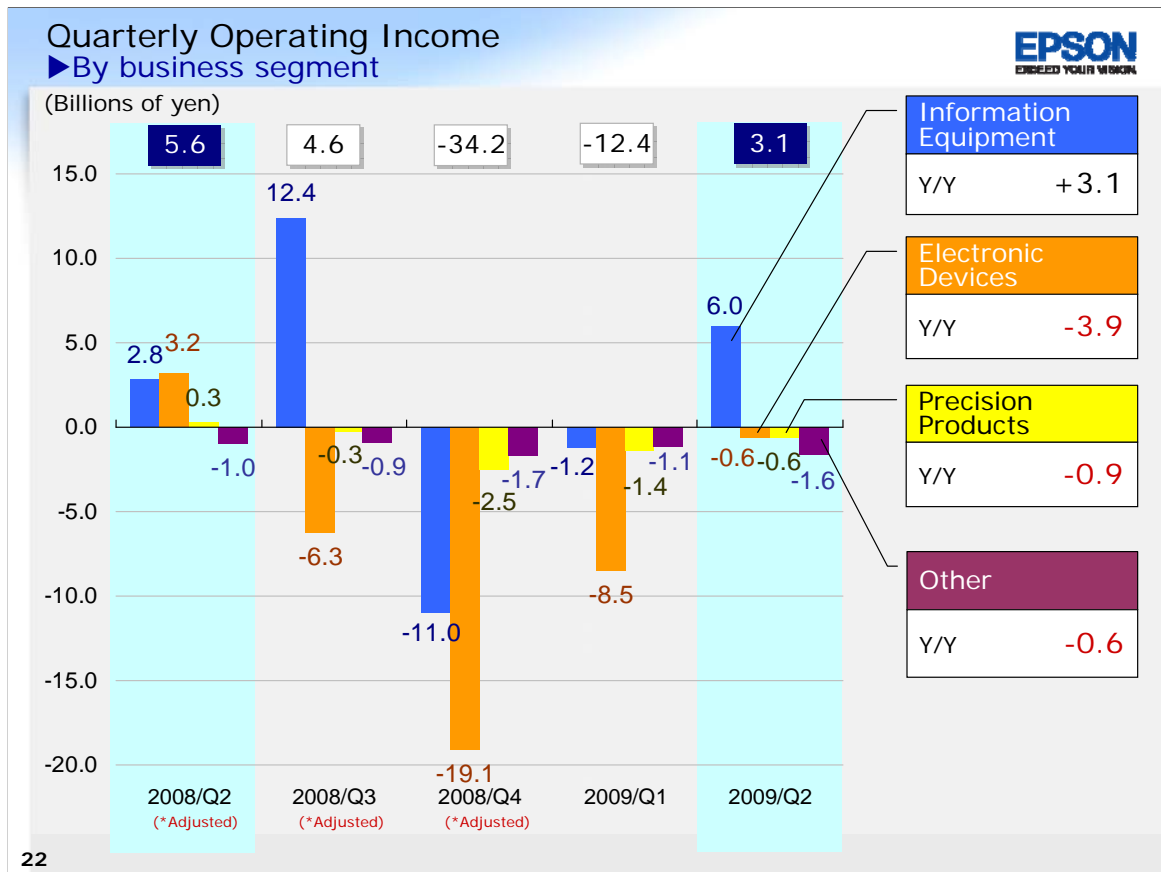
- **Next, let's review our performance versus the estimates in the August outlook.**
- **Inkjet printers were essentially in line with plan. Net sales from printers themselves ended below plan due to a shortfall in unit shipments, most notably in Europe. This was offset, however, by better than expected sales of consumables.**
- **Page printer net sales ended lower than projected, as unit shipments in Europe sagged.**
- **Business systems were in line with the forecast. Although shipments of POS-related products were impacted by the economic slowdown, this decline was offset by increased SIDM unit shipments in China, the Singapore area, and elsewhere.**
- **Unit shipments of visual instruments fell below expectations, despite steady gains in the U.S., China, and Asia, due mainly to ongoing recession in Eastern and other parts of Europe.**



- Here, second quarter net sales in each of the businesses that make up the electronic devices segment are shown against the results from the year-ago period.
- The display business reported a ¥22.6 billion year-over-year decline in net sales.
- In small- and medium-sized displays for mobile applications we have terminated our color STN and MD-TFD operations. Furthermore, compared with the positively trending market conditions of the previous fiscal year, especially in handsets, the current economic slowdown continued to hurt this segment, as it did in the first quarter.
- Net sales of amorphous-silicon TFT and LTPS displays decreased. There was an increase in the number of units shipped for use in smart phones; however, this was outweighed by a decline in shipments to mobile phone and digital camera manufacturers.
- Net sales of HTPS panels for projectors were down due to a drop in unit shipments and falling ASPs.
- Net sales in the display business ended lower than projected. Although unit shipments of small- and medium-sized displays for mobile applications increased, net sales fell short of the plan due to a deterioration in the model mix, which led to lower ASPs.
- Sales of HTPS for 3LCD projectors were largely in line with expectations.
- Year on year, the quartz devices business recorded a decline in net sales. Unit shipments of sensing devices increased; however, this was countered by lower ASPs due to the AT crystal model mix, and the effects of a strong yen.
- Results surpassed the outlook, however, thanks to increased unit shipments.
- Semiconductor business net sales declined in the wake of lower unit shipments, mainly to automotive and mobile phone driver customers, and the impact of unfavorable exchange rates.
- Compared with the August outlook, however, net sales came in higher than planned because revenues from LCD controllers and silicon foundry orders exceeded expectations.



- Quarterly selling, general and administrative expenses were as shown here.
- We reduced SGA expenses by ¥16.5 billion year on year, primarily as a result of cutbacks in R&D spending, sales promotions and advertising.



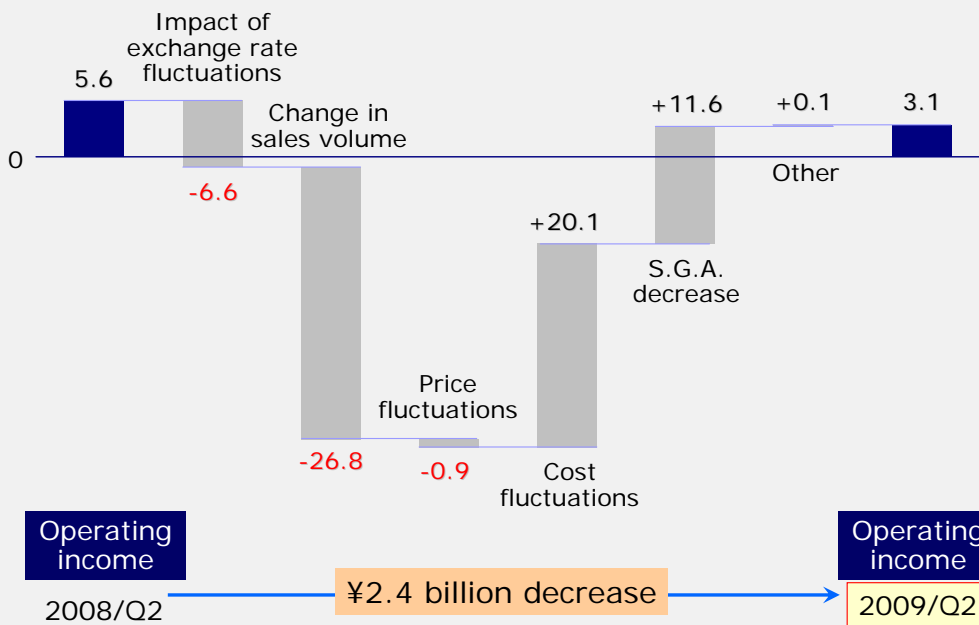
- Let's take a look at how segment operating income this quarter compares to that in the year-ago period.
- Information-related equipment saw operating income increase by ¥3.1 billion, and ended up posting operating income of ¥6 billion.
- Operating income from inkjet printers increased despite a decline in net sales. Income was bolstered by cost reductions resulting from hardware platform standardization and company-wide cost-efficiency initiatives.
- An overall decline in net sales of business products reduced income from business systems and projectors, even though revenue from page printers was in line with last year's level thanks to fixed cost cuts in this segment.
- In the electronic devices segment, operating income fell by ¥3.9 billion compared to the same period last year, with the segment posting a ¥600 million operating loss.
- Foreign exchange effects and weaker orders due to the slow economic recovery contributed to lower orders, lower net sales and the subsequent drop in operating income in this segment. The loss was partially offset by two factors. First, depreciation expenses were lower because of the business structure improvement expenses and impairment loss that were recorded in the previous fiscal year. Second, consolidation of business sites reduced fixed costs.

- Now let's see how we did compared to the outlook.
- **The information-related equipment and electronic devices segments surpassed expectations.**
- **Let's look at the information-related equipment segment.**
- **In the printer business, we saw higher operating income than planned. Though net sales from high-margin business products fell short of the plan as a result of the ongoing recession, this shortfall was offset by favorable foreign exchange effects, fixed cost reduction initiatives, and higher than planned sales of consumables.**
- **Business systems and page printers were basically in line with plan.**
- **In the visual instruments business, operating income came in lower than expected due to net sales also falling below expectations.**
- **Let's now look at operating income in the electronic devices segment.**
- **Even though net sales in the display business were lower than projected, operating income exceeded expectations due to the effect of favorable foreign exchange rates, and cost reduction efforts that focused on components and fixed costs.**
- **Quartz business operating income was less than forecast because cost reduction initiatives could not fully offset the impact of lower ASPs.**
- **In the semiconductor business, operating income exceeded projections due to better than expected capacity utilization.**

Operating Income Fluctuation Cause Analysis

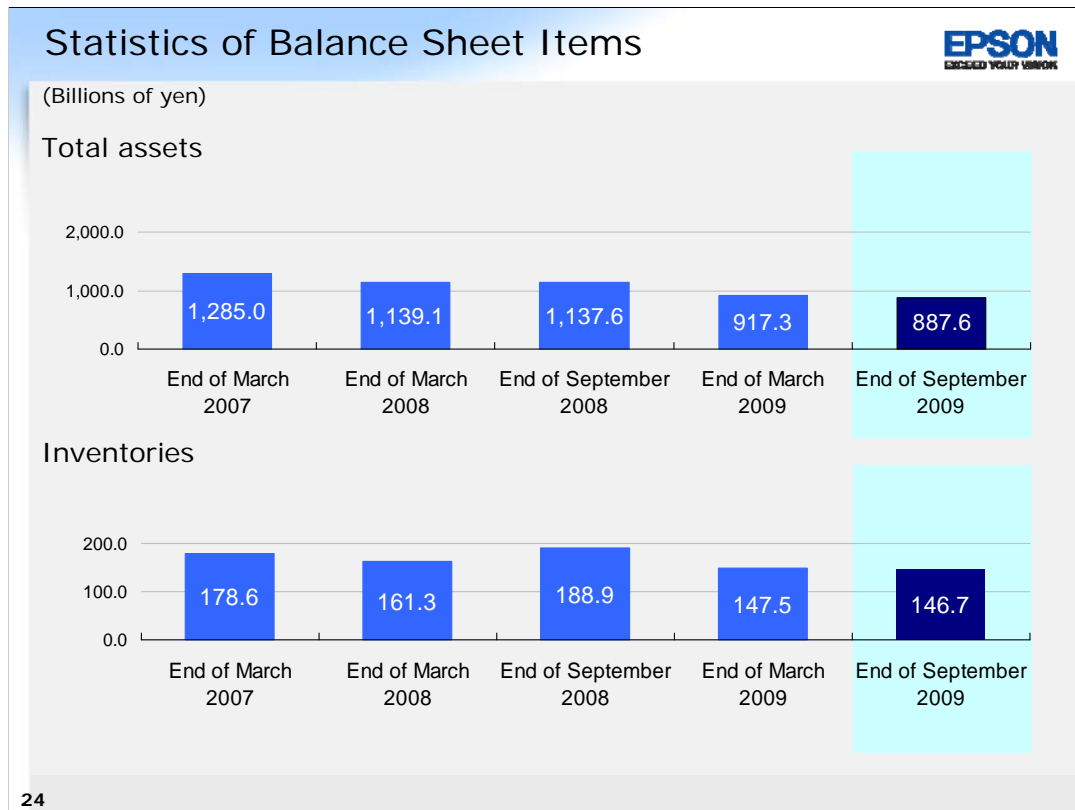


(Billions of yen)



23

- This slide shows a cause analysis of the ¥2.4 billion decrease in operating income from the year-ago period.
- Quarterly operating income was ¥3.1 billion versus ¥5.6 billion in the second quarter of fiscal 2008. While factors such as volume fluctuations and a strong yen had a negative effect on operating income, cost fluctuations and reduced SGA expenses contributed positively.



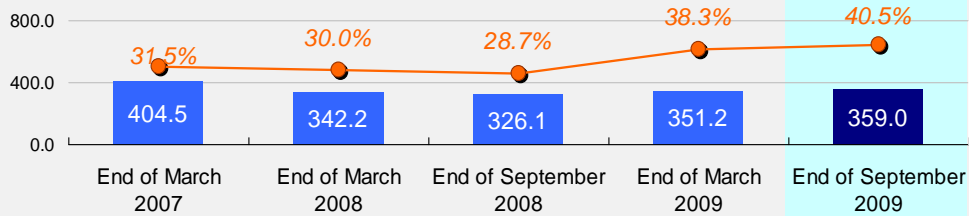
- Next, let's look at some of the major items on the balance sheet.
- As net sales weakened, total assets decreased by ¥29.7 billion, primarily due to a decline in inventory and declines in cash, deposits, securities and other current assets.

Statistics of Balance Sheet Items

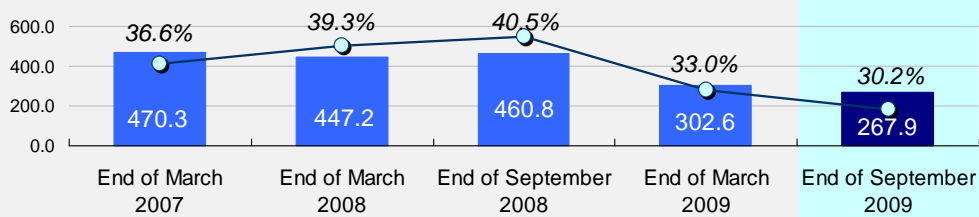


(Billions of yen)

Interest-bearing liabilities & ratio of interest-bearing liabilities



Shareholders' equity & equity ratio



*Starting from FY2008, lease obligations are included in interest-bearing liabilities
 *Shareholder equity = total net assets - minority interests in subsidiaries

25



- **Interest-bearing liabilities increased by ¥7.8 billion compared to the end of the previous fiscal year. The ratio of interest-bearing liabilities to total assets was 40.5%. Net interest-bearing liabilities were ¥101.2 billion.**
- **Shareholders' equity decreased by ¥34.7 billion. The equity ratio was 30.2%.**

1) FY2009 1H Financial Results

2) FY2009 Business Outlook

26



➤ **The fiscal 2009 business outlook is as follows.**

Full-Year Business Outlook

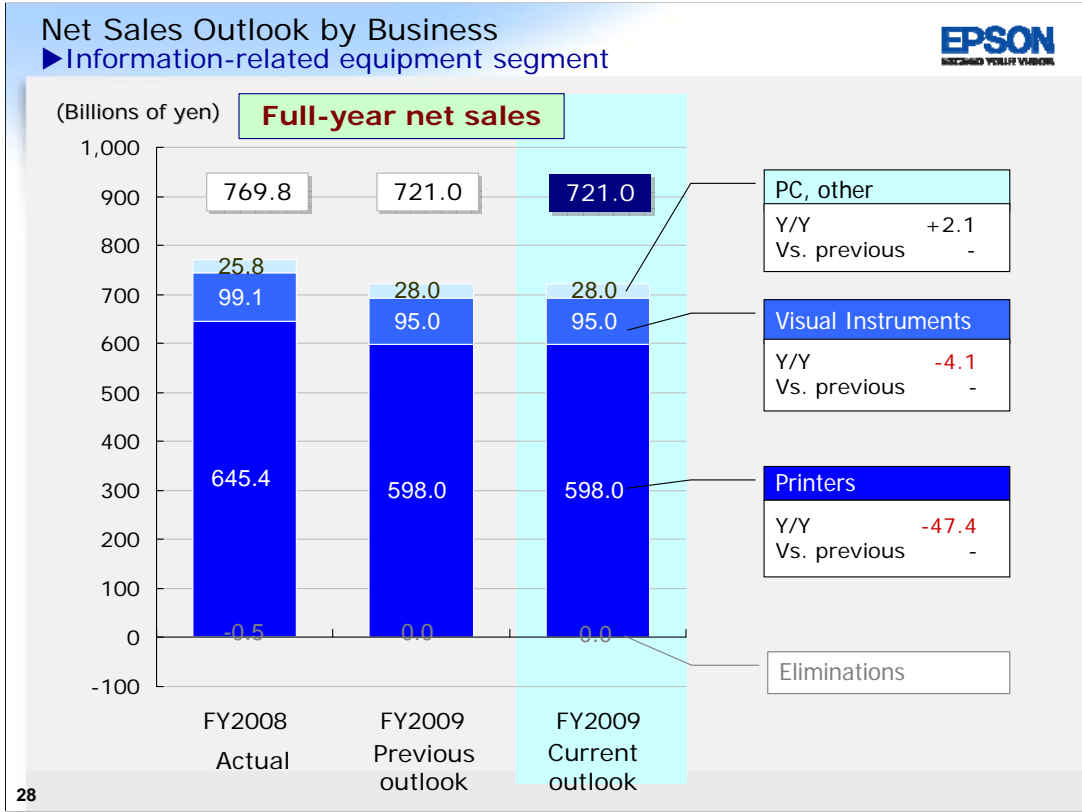


(Billions of yen)	FY2008		FY2009				Change (amount, %)	
	Actual	%	8/26 outlook	%	Current outlook	%	Y/Y	Vs. 8/26 outlook
Net sales	1,122.4	-	1,030.0	-	1,030.0	-	-92.4 -8.2%	-
Operating income	-1.5	-0.1%	3.0	0.3%	3.0	0.3%	+4.5 -	-
Ordinary income	5.3	0.5%	0.0	0.0%	0.0	0.0%	-5.3 -	-
Net income before income taxes	-89.5	-8.0%	-4.5	-0.4%	-4.5	-0.4%	+85.0 -	-
Net income	-111.3	-9.9%	-8.5	-0.8%	-8.5	-0.8%	+102.8 -	-
EPS	-¥566.92		-¥42.66		-¥42.67			
Exchange rate	USD	¥100.53	¥96.00		¥94.00			
	EUR	¥143.48	¥127.00		¥132.00			

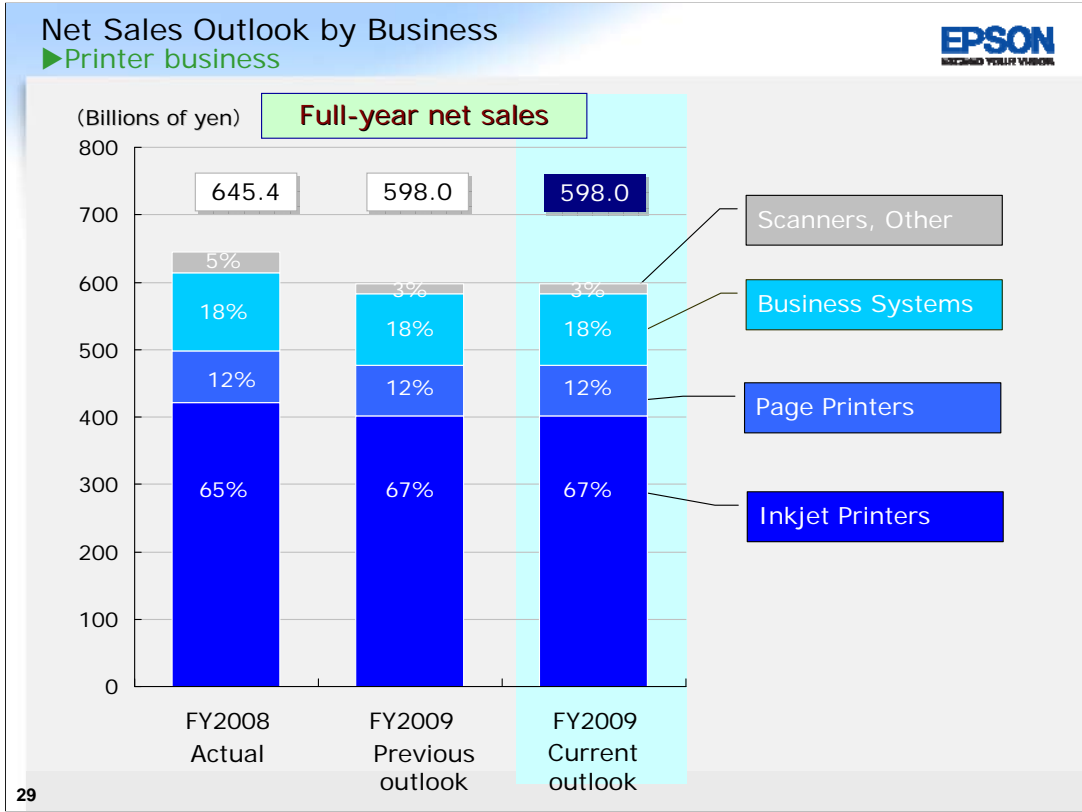
• Current outlook:
2H exchange rate assumptions
USD: ¥92.00
EUR: ¥130.00

27

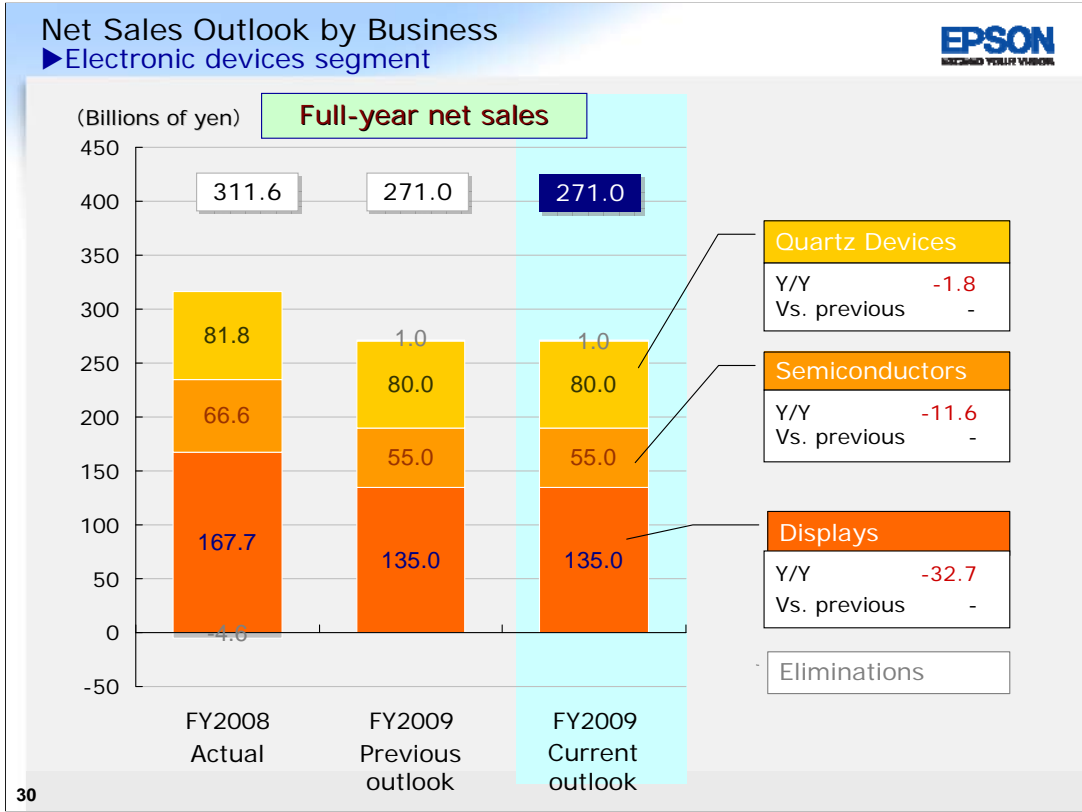
- Let me explain the fiscal 2009 full-year outlook.
- As I stated earlier, the full-year financial outlook was revised based on assumed exchange rates of 92 yen to the U.S. dollar and 130 yen to the euro. The outlook remains the same as that presented in August.



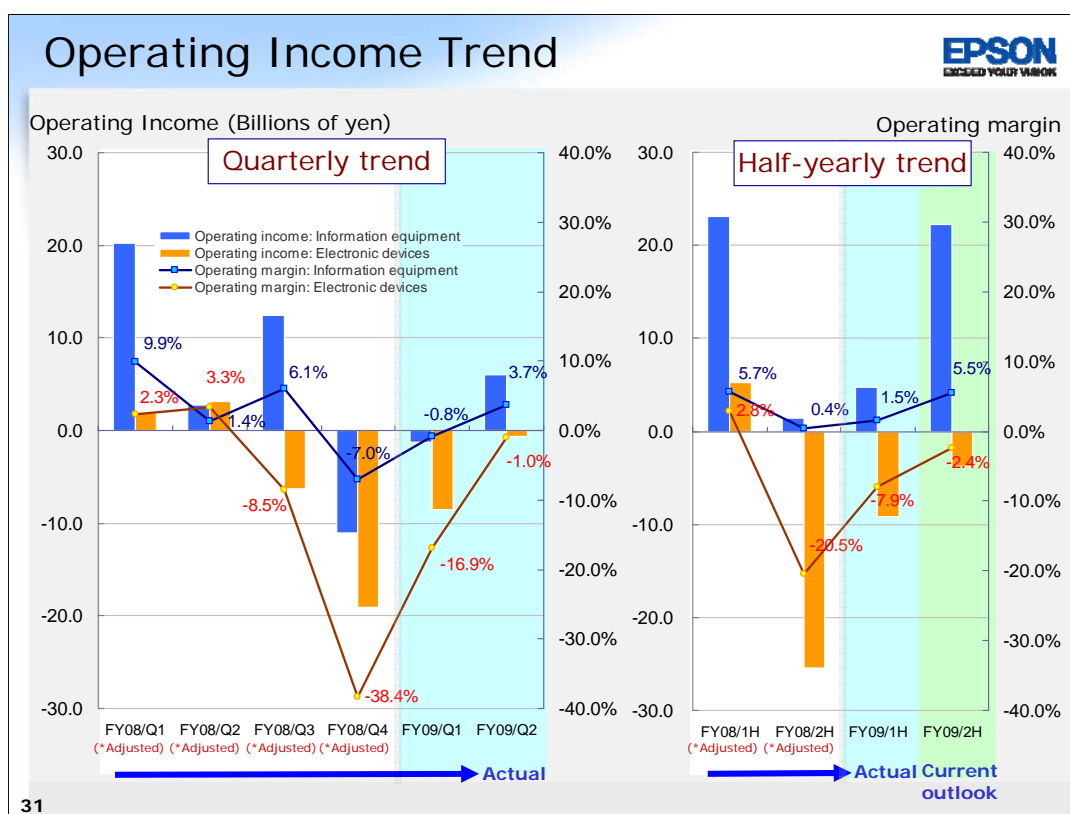
- This slide shows the breakdown of projected net sales by product in the information-related equipment segment. The full-year outlook has not changed.



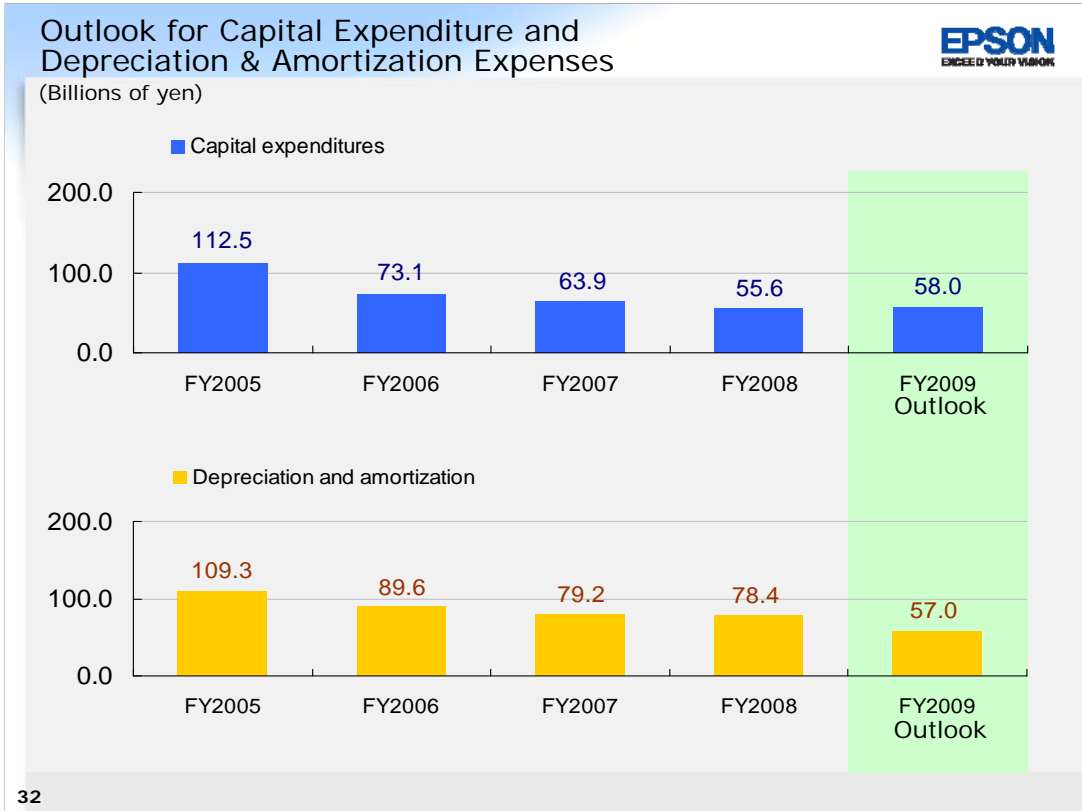
- **In the printer business, we will continue to launch competitive products and further cut costs.**
- **In the inkjet printer business we will drive mid- to long-term sales and profitability by strengthening our moves into emerging markets that offer growth opportunities and into the commercial and industrial sectors, which we have identified as growth domains.**



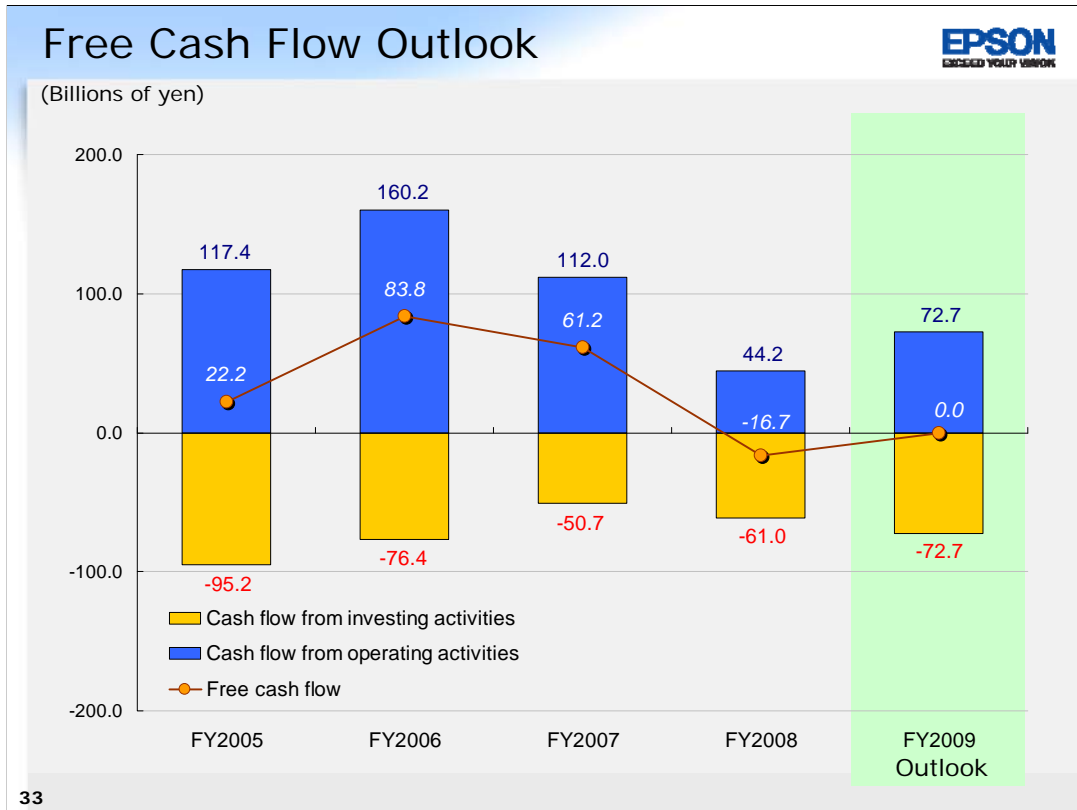
- This slide shows the breakdown of projected net sales by business in the electronic devices segment. The full-year outlook has not changed.
- In the small- and medium-sized display business, we are proceeding on schedule according to the agreement made with Sony Corporation on June 30 this year.



- Our outlook for full-year operating income by segment has not been changed.
- Let's take a look at the operating income trend in the information-related equipment and electronic devices segments.
- The graph on the left shows the quarterly profit and loss trend line up to the second quarter of the 2009 fiscal year. The graph on the right shows the half-yearly profit and loss trend line up through the second half of the current fiscal year.
- Both information-related equipment and electronic devices have been continuously impacted since the second half of last year by the economic downturn. Nevertheless, margins are heading in the right direction thanks to structural changes in the electronic devices segment, fixed cost reductions across the entire organization, and products that are more competitive than ever, including in terms of cost.
- As I said at the outset, the second half remains surrounded by uncertainty about the effects of economic trends on foreign exchange rates and markets.
- However, we are doing what we can right now to ensure improvement in our financial performance heading into the crucial year-end shopping season.

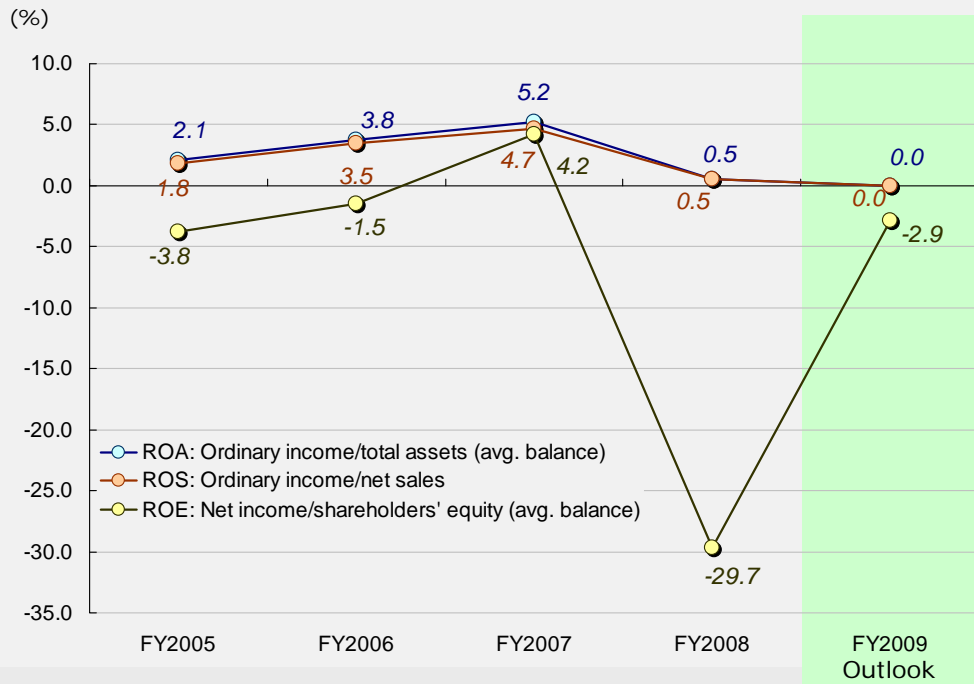


- **This slide shows that the outlook for capital expenditures and depreciation and amortization expenses remains the same.**



- **The outlook for cash flows also remains the same as forecast at the beginning of the fiscal year.**

Main Management Indicators



34

- The major management performance indicators derived from the business forecast are ROS and ROA of 0%, and ROE of minus 2.9%.
- This concludes Epson's fiscal 2009 second-quarter financial results and the fiscal 2009 business outlook.

EPSON
EXCEED YOUR VISION

