

(Translation)

## Notice of the 64<sup>th</sup> Ordinary General Meeting of Shareholders

May 26, 2006

Dear Shareholder,

We are pleased to send you this convocation notice for the 64th Ordinary General Meeting of Shareholders. We have sent resident shareholders in Japan the convocation notice and attached documents in Japanese, which were compiled according to the Japanese Corporation Law. Under this law, there is no obligation to provide materials in languages other than Japanese. However, we have enclosed an English translation for the reference of non-resident shareholders. Please note that the English translation is an abridged version of the complete text, highlighting several points that we believe will give non-resident shareholders an outline of the meeting agenda. It is not intended to influence shareholders in exercising their voting rights. Unfortunately, at this stage we are only able to provide official documents in Japanese. We ask for your understanding in this matter and thank you for your continued support of the Seiko Epson Corporation.

**If you are unable to attend the meeting, please vote by using one of the following methods. Prior to voting, you may wish to review the “Reference Materials for General Meeting of Shareholders” document, provided herein.**

### *Voting by Mail*

To vote by mail, please indicate on the enclosed voting form whether you approve or disapprove of each of the proposals, affix your seal and return the completed form to us. The completed form must be received no later than June 22, 2006 (Japan time).

### *Voting by Internet*

To vote by Internet, please log into the shareholders' voting Web sites at <http://www.it-soukai.com> or <https://daiko.mizuho-tb.co.jp> to register your approval or disapproval (Japanese only). Voting by Internet must be completed no later than 5:00 p.m., June 22, 2006 (Japan time).

Sincerely yours,

Seiji Hanaoka

President and Representative  
Director

Seiko Epson Corporation  
2-4-1 Nishishinjuku, Shinjuku-ku,  
Tokyo

## Description

**1. Date and Time:** 10:00 a.m., Friday, June 23, 2006 (Japan time)

**2. Place:** Main Banquet Hall  
5<sup>th</sup> Floor, Executive Tower, Shinagawa Prince Hotel  
4-10-30, Takanawa, Minato-ku, Tokyo

**Please note that the venue for the 64<sup>th</sup> Ordinary General Meeting of Shareholders is different to that used in previous years.**

### 3. Meeting Agenda

- Reporting:
1. Report on operations, consolidated balance sheet, and consolidated statement of income for the 64<sup>th</sup> fiscal year (for the period from April 1, 2005 to March 31, 2006); and on the reports of the accounting auditors and of the board of statutory auditors regarding the consolidated financial statements for the 64<sup>th</sup> fiscal year.
  2. Report on balance sheet and statement of income for the 64<sup>th</sup> fiscal year (from April 1, 2005 to March 31, 2006).

Proposals:

Proposal 1: Approval of proposed appropriation of non-consolidated retained earnings for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

Proposal 2: Amendments to the Articles of Incorporation

Proposal 3: Election of ten Directors

Proposal 4: Award of retirement allowance to retiring directors, and Abolition of retirement allowance system and relevant procedures thereto

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- \* If attending the meeting in person, please remember to bring the ballot enclosed with these materials and to hand it to the receptionist at the meeting.
  - \* Following the adjournment of the general meeting, there will be a reception held at the same location to which all are welcome to attend.
  - \* Any revisions to the reference materials for the general meeting of shareholders shall be posted on the Company's website at <http://www.epson.jp/IR/>.
  - \* The Company offers institutional investors access to ICJ Inc.'s electronic voting platform.

**The original and official convocation notice and attached documents are written in Japanese. This English translation is an abridged version of the original. In the event of any discrepancy between the original and the English translation, the original (Japanese version) shall prevail and the Company shall bear no responsibility for the discrepancy and consequences therefrom.**

## **Proposed Appropriation of Non-Consolidated Retained Earnings**

	Yen
Undisposed deficit at end of period	54,624,003,654
Reserve for special depreciation	1,010,745,886
Special reserves	65,000,000,000
	11,386,742,232
To be appropriated as follows:	
Cash dividends (16 yen per share)	3,141,812,560
Reserve for special depreciation	1,152,542,034
Earnings carried forward to the next fiscal year	7,092,387,638
	11,386,742,232

*Note 1: The reserve for special depreciation is based on Special Taxation Measures Law. Amounts of deductions from, or additions to, this reserve are the amounts calculated in accordance with the Law from which the amounts of deferred tax liabilities are deducted.*

*Note 2: Based on a resolution adopted by the Board of Directors at its meeting on October 26, 2005, the Company declared and paid out an interim dividend of 3,141,818,544 yen (16 yen per share).*

## Reference Materials for General Meeting of Shareholders

Proposals and related items

### **Proposal 1: Approval of proposed appropriation of non-consolidated retained earnings for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)**

With respect to the year-end cash dividends on common stock shares for the fiscal year, the Company proposes to pay 32 yen per share.

Of this amount, 16 yen was paid out as an interim dividend in December 2005; hence, the year-end dividend will be 16 yen per share.

### **Proposal 2: Amendments to the Articles of Incorporation**

#### **1. Reasons for amendments**

- (1) To make information more readily available and to reduce costs of public notification by adopting a new system of electronic public notification, and to change the pertinent sections of Article 4 of the current articles (public notices) to accommodate the new system.
- (2) To make the following changes which are now permitted with the coming into force of the Corporation Law (Law No. 86, 2005) on May 1, 2006.
  - 1) Proposal to revise Article 10 (rights with respect to holdings of fractional unit shares): this proposal establishes rights to vote for shares that are less than the number that constitutes a minimum voting unit.
  - 2) Proposal to revise Article 16 (construing Internet-based disclosures of reference materials, etc. for General Meeting of Shareholders as having been effectively provided to shareholders): to enhance convenience to shareholders, this proposal enables the Company to disclose parts of the reference materials, etc., for the General Meeting of Shareholders via the Internet.
  - 3) Proposal to revise Article 24 (resolutions by the Board of Directors without a meeting): in the interest of quicker and more effective action by the Board of Directors, this proposal enables the Board of Directors to vote in writing in accordance with Article 370 of the Corporation Law.
  - 4) Proposal to revise Article 27 (partial exemption of directors' liabilities); proposal to revise Article 33 (partial exemption of statutory auditors' liabilities): to facilitate the hiring of the most appropriate and capable persons to serve as independent directors and statutory auditors, this proposal enables the Company to enter into agreements with

independent directors and statutory auditors that limit their liability. The Company has obtained unanimous approval of the Auditors Meeting for the establishment of new provisions under Article 27-2.

- (3) To promote the execution of its “Creativity and Challenge 1000” Mid-Range Business Plan, the Company has introduced a Corporate Executive Officer system that will distinctly separate the function for corporate management and oversight from the function for operations. Accordingly, through amendments to articles 17 (numbers) and 19 (term of office), this proposal seeks to change the maximum number of directors from 25 to 10 and to reduce their terms of office from two years to one year.
- (4) To establish a new Article 4 (governing bodies) and a new Article 8 (issuance of share certificates) as proposed below to institute changes required with the enforcement of the Corporation Law.
- (5) To make other changes to expressions used in the Articles of Incorporation; and to make the necessary amendments to terms required with the coming into force of the Corporation Law; revising words and phrases; and moving, combining and eliminating articles; also advancing article numbers following the insertion of the new provisions cited above.

## 2. Amendments

The details to the proposed amendments to the Articles of Incorporation are as follows:

Current Articles of Incorporation	Proposed Amendments
<p><b>Chapter 1: General Provisions</b> (Purposes) Article 2 The purposes of the Company shall be as follows: 1. – 12. &lt;Omitted&gt;</p>	<p><b>Chapter 1: General Provisions</b> (Purposes) Article 2 The purposes of the Company shall be as follows: (1) – (12) &lt;Not amended&gt;</p>
<p>&lt;Newly added&gt;</p>	<p>(Governing Bodies) Article 4 The Company shall be governed by the General Meeting of Shareholders and by its directors. In addition, the Company shall establish the following governing bodies: (1) Board of Directors (2) Statutory Auditors (3) Board of Statutory Auditors (4) Accounting Auditors</p>
<p>(Public Notices) Article 4 Public notices of the Company shall be given in the daily newspaper named “NIHON KEIZAI SHIMBUN”</p>	<p>(Method of Public Notification) Article 5 The Company shall publish its public notifications electronically. If accidents or other unavoidable circumstances prevent it from doing so, it shall publish its notifications in the daily newspaper named “NIHON KEIZAI SHINBUN.”</p>
<p><b>Chapter 2: Shares</b> (Authorized Number of Shares Issued) Article 5 The authorized number of shares issued by the Company shall be six hundred and seven million, four hundred fifty-eight thousand three hundred sixty-eight (607,458,368).</p>	<p><b>Chapter 2: Shares</b> (Total Number of Authorized Shares) Article 6 The Company shall be authorized to issue a total of six hundred and seven million, four hundred fifty-eight thousand three hundred sixty-eight (607,458,368) shares.</p>
<p>(Acquisition of the Company's Own Shares) Article 6 In accordance with the provisions of Article 211-3-1-2 of the Commercial Code, the Company may purchase and hold its own shares through a resolution adopted by its Board of Directors.</p>	<p>(Acquisition of Treasury Stock) Article 7 By resolution of its Board of Directors, the Company shall be able to acquire treasury stock through market transactions or other means.</p>
<p>&lt;Newly added&gt;</p>	<p>(Issuance of Share Certificates) Article 8 The Company shall issue certificates with respect to its shares.</p>
<p>(Unit Shares and Non-issuance of Share Certificates for Shares of Less than One Unit Share) Article 7 Every one hundred (100) shares of the Company shall constitute one unit of shares (“Unit Share”). 2. The Company shall not issue share certificates for shares of less than one Unit Share.</p>	<p>(Minimum Unit of Shares, and the Non-issuance of Certificates for Fractional Unit Shares) Article 9 The Company's minimum unit of shares shall be one hundred (100) shares. 2. Notwithstanding the provisions of Article 8, the Company shall not issue certificates for fractional unit shares.</p>

Current Articles of Incorporation	Proposed Amendments
<p>&lt;Newly added&gt;</p>	<p>(Rights with respect to Holdings of Fractional Unit Shares)</p> <p>Article 10      The Company’s shareholders (including, hereinafter, beneficial shareholders) shall not exercise rights other than the following with respect to fractional unit shares.</p> <ol style="list-style-type: none"> <li>(1) Rights provided for under Article 189-2 of the Corporation Law</li> <li>(2) Rights of demand provided for under Article 166-1 of the Corporation Law</li> <li>(3) Rights to allocations of shares in stock offerings and to allocations of subscription warrants that are proportional to the number of shares held by the shareholder</li> </ol>
<p>(Share Handling Regulations)</p> <p>Article 8      The kinds of shares, the transfer of shares, the purchase of shares in less than one Unit Share, and any other matters relevant to the shares of the Company shall be subject to the provisions of these Articles of Incorporation or otherwise subject to the Share Handling Regulations duly established by the Board of Directors.</p>	<p>(Share Handling Regulations)</p> <p>Article 11      The handling of the Company’s shares and commissions for such handling shall be determined in accordance with applicable laws and ordinances and with these Articles of Incorporation and, in addition, in accordance with rules for the handling of shares, which shall be set forth by the Board of Directors.</p>
<p>(Transfer Agent)</p> <p>Article 9      The Company shall have a transfer agent with respect to its shares.</p> <ol style="list-style-type: none"> <li>2. The transfer agent and its place of handling business shall be selected by resolution of the Board of Directors.</li> <li>3. The register of shareholders of the Company (including, hereinafter, its register of beneficial shareholders) and register of lost certificates of shares of the Company shall be kept at the transfer agent’s place of business. The business relating to the shares, such as transfer of shares on the Register of Shareholders, registration of pledges, indication of trust property or cancellation of such registration or indication, delivery of share certificates, acceptance of notification, purchase of shares in less than one Unit share, etc., shall be handled by the transfer agent and not by the Company.</li> </ol>	<p>(Agent to Manage Shareholders Register)</p> <p>Article 12      The Company shall appoint an agent to manage the shareholders register.</p> <ol style="list-style-type: none"> <li>2. The selection of the agent to manage the shareholders’ register and the location of its office shall be determined by resolution of the Board of Directors.</li> <li>3. All matters relating to the preparation, keeping and other handling of the Company’s shareholders’ register (including, for purposes of this section, beneficial shareholders’ register), the original register of new stock acquisition rights, and ledger of lost stock certificates shall be entrusted to this agent; the Company shall not handle any of the foregoing.</li> </ol>

Current Articles of Incorporation	Proposed Amendments
<p>(On the Record Date)</p> <p>Article 10 Those shareholders entitled to vote at the Ordinary General Meeting of Shareholders (including, hereinafter, beneficial shareholders) shall be shareholders who are transcribed or recorded in the Register of Shareholders as of the previous thirty-first day of March.</p> <p>2. In addition to the preceding, the Company may, whenever it determines necessary, establish a fixed date for closing the Register of Shareholders by resolution of the Board of Directors on prior public notice.</p>	<p>&lt; Deleted &gt;</p>
<p><b>Chapter 3: Shareholders Meeting</b> (Convocation)</p> <p>Article 11 The ordinary General Meeting of the Company's shareholders shall be convened every June, and extraordinary General Meeting of Shareholders may be convened from time to time as necessary.</p>	<p><b>Chapter 3: Shareholders Meeting</b> (Convocation)</p> <p>Article 13 The ordinary General Meeting of the Company's shareholders shall be convened every June; extraordinary General Meetings of Shareholders shall be convened from time to time in response to need.</p>
<p>&lt;Newly added&gt;</p>	<p>(Base date for the Company's Ordinary General Meeting of Shareholders)</p> <p>Article 14 The base date for the determination of voting rights at the Company's Ordinary General Meeting of Shareholders shall be March 31<sup>st</sup> of each year.</p>
<p>(Authorized Person to Convene)</p> <p>Article 12 Unless otherwise provided in the laws or regulations, the shareholders meetings shall be convened by the President subject to a resolution of the Board of Directors.</p> <p>2. In the event that the President is unable to convene a shareholders meeting, another Director shall convene it in accordance with the pre-determined order by resolution of the Board of Directors.</p>	<p>(Person Authorized to Convene the General Meeting and Chairman)</p> <p>Article 15 The President shall convene and chair the General Meeting of Shareholders.</p> <p>2. In the event that the President is unable to convene the General Meeting of Shareholders, another Director selected according to an order determined beforehand by the Board of Directors shall convene and chair the general meeting.</p>
<p>(Chairman)</p> <p>Article 13 The President of the Company shall chair and preside over the shareholders meetings.</p> <p>2. In the event that the President is unable to chair and preside over a shareholders meeting, another Director shall act in such capacity in accordance with the pre-determined order by resolution of the Board of Directors.</p>	<p>&lt; Deleted &gt;</p>

Current Articles of Incorporation	Proposed Amendments
<p>&lt;Newly added&gt;</p>	<p>(Construing Internet-based disclosures of reference materials, etc. for General Meetings of Shareholders as having been effectively provided to shareholders)</p> <p>Article 16      When convening notifications for the convening of its General Meeting of Shareholders, the Company may use the Internet to disclose information that is contained in, or required to be disclosed on, reference materials, reports on operations, accounting statements and consolidated accounting statements that are provided at such general meetings. When the Company uses the Internet for such disclosures in a manner required by ministerial ordinances of the Ministry of Justice, it may be construed that such information has been provided to its shareholders.</p>
<p>(Adoption of Resolutions)</p> <p>Article 14      Unless otherwise provided in the laws, regulations or these Articles of Incorporation, the resolutions of the Shareholders Meetings shall be duly adopted by the majority of votes of the Shareholders present at such Shareholders Meetings.</p> <p>2. The special resolutions of the Shareholders Meetings pursuant to Article 343 of the Japanese Commercial Law shall be duly adopted by at least two-thirds (2/3) of the voting rights of represented by the Shareholders present at such meetings, which at least one-third (1/3) of all Shareholders must be present.</p>	<p>(Method of Adopting Resolutions)</p> <p>Article 17      Unless otherwise prescribed by laws or ordinances or by these Articles of Incorporation, resolutions of the General Meeting of Shareholders shall be made by majority of affirmative vote of the shareholders present and entitled to vote.</p> <p>2. Resolutions prescribed under Article 309 Section 2 of the Corporation Law shall require that more than one-third of shareholders entitled to vote be present and that at least two-thirds of those present vote in the affirmative.</p>
<p>(Vote by Proxy)</p> <p>Article 15      A Shareholder may exercise the right to vote at a shareholders meeting by appointing a proxy; provided that such proxy is also a shareholder and entitled to vote at that shareholders meeting.</p> <p>2. The Shareholder or proxy shall submit a certificate of proxy to the Company, such proxy being valid only for that particular Shareholders Meeting.</p>	<p>(Vote by Proxy)</p> <p>Article 18      Shareholders may exercise their voting rights by appointing another shareholder with voting rights in the Company as a proxy.</p> <p>2. In this instance, the shareholder or the proxy must present the Company with written evidence of that shareholder's or that proxy's right to stand as proxy.</p>
<p>(Minutes)</p> <p>Article 16      A summary of the process and results of the shareholders meetings shall be transcribed in the minutes along with the signatures and seals of the Chairman and Directors present at such shareholders meetings. The Company shall preserve such minutes as a record.</p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><b>Chapter 4: Directors and Board of Directors</b> (Numbers)</p> <p>Article 17 The number of the Directors of the Company shall not exceed twenty-five (25).</p>	<p><b>Chapter 4: Directors and Board of Directors</b> (Number of Directors)</p> <p>Article 19 The number of the Directors of the Company shall not exceed ten (10).</p>
<p>(Appointment)</p> <p>Article 18 The Directors shall be elected at the shareholders meetings.</p> <p>2. The election of the Directors shall be made at Shareholders Meeting where one-third (1/3) or more of the total voting rights shall have been represented and shall have been duly made by a majority of such voting rights.</p> <p>3. Cumulative voting shall not be applied or adopted for the election of the Directors.</p>	<p>(Method of Electing Directors)</p> <p>Article 20 A Director shall be appointed by a resolution of the General Meeting of Shareholders.</p> <p>2. Resolutions for the election of Directors shall require that more than one-third of shareholders entitled to vote be present and that a majority of those present vote in the affirmative.</p> <p>3. Cumulative voting, however, shall not be allowed.</p>
<p>(Term of Office)</p> <p>Article 19 The term of office of a Director shall continue until the close of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two (2) years after election.</p> <p>2. The term of office of a Director elected in addition to the existing Directors and the term of office of an alternate Director elected according to a vacancy by resignation shall continue until the expiration of the terms of office of the other existing Directors.</p>	<p>(Term of Office)</p> <p>Article 21 The term of office of a Director shall continue until the close of the Ordinary General Meeting of Shareholders for the final business year that ends within a one-year period of such director's election to the office.</p> <p>2. (Deleted)</p>
<p>(Representative Directors and Senior Executives)</p> <p>Article 20 The Board of Directors shall, by resolution, elect from among the Directors, the Representative Director.</p> <p>2. The Board of Directors may, by resolution, elect from among the Directors, one Chairman, a certain number of Vice Chairmen, one President and a certain number of the Vice-Presidents, Senior Managing Directors and Managing Directors.</p>	<p>(Representative Directors and Senior Executives)</p> <p>Article 22 The Board of Directors shall, by resolution, elect from among its members, the Representative Directors.</p> <p>2. The Board of Directors may, by resolution, elect from among its members, one Chairman, a certain number of Vice-Chairmen, one President, and a certain number of Executive Vice-Presidents, Senior Managing Directors and Managing Directors.</p>
<p>(Convocation of the Board of Directors Meetings and Adoption of Resolutions)</p> <p>Article 21 The notice of Convocation of the Board of Directors meetings shall be delivered to each of the Directors and Statutory Auditors three (3) days in advance; provided, however, such advance notice may be shortened in case of an emergency.</p>	<p>(Convocation Notice for Board of Directors Meeting)</p> <p>Article 23 The notice of convocation for Board of Directors meetings shall be delivered to each Director and Statutory Auditor at least three (3) days in advance; this is provided, however, that such period of advance notice may be shortened in case of an emergency.</p>

Current Articles of Incorporation	Proposed Amendments
<p>2. A majority of the Board of Directors shall constitute a quorum, and a majority of such quorum shall be required to adopt a resolution.</p>	<p>2. When there is the unanimous consent of all Directors and Statutory Auditors, a Board of Directors meeting may be convened without taking steps required under the Company's convocation procedures.</p>
<p>&lt;Newly added&gt;</p>	<p>(Resolution by the Board of Directors without Meeting)  Article 24 When the Company satisfies requirements prescribed under Article 370 of the Corporation Law, the Board of Directors shall be deemed to have adopted a resolution.</p>
<p>(Authorized Person to Convene Board of Directors Meetings and Chairman)  Article 22 Unless otherwise provided in the laws or regulations, the Representative Director (as pre-determined by the Rules of the Board of Directors) shall convene the Board of Directors Meetings. Such representative director shall chair and preside over the Board of Directors Meetings.  2. If a representative director is unable to convene the Board of Directors Meeting, another director shall convene it in accordance with the pre-determined order by resolution of the Board of the Directors.  (Honorary Chairmen, Senior Corporate Advisors and Corporate Advisors)  Article 23 &lt; Omitted &gt;</p>	<p>(Person Authorized to Convene Board of Directors Meetings and Chairman)  Article 25 Unless otherwise provided for under applicable laws and ordinances, a director (as determined by the Rules of the Board of Directors) shall convene and chair the Board of Directors Meetings.  2. If the director stipulated previously is unable to convene the Board of Directors Meeting, another director chosen according to an order determined beforehand by the Board of Directors shall convene and chair the meeting.  (Honorary Chairmen, Senior Corporate Advisors and Corporate Advisors)  Article 26 &lt;Not amended&gt;</p>
<p>(Partial Exemption of Directors' Liabilities)  Article 24 Pursuant to the provisions of Article 266-12 of the Commercial Code, the Company may exempt directors (including former directors) from any liability arising from actions defined under Article 266-1.5 of the Commercial Code to the extent permitted by law.    &lt;Newly added&gt;</p>	<p>(Partial Exemption of Directors' Liabilities)  Article 27 By resolution of the Board of Directors, the Company may exempt Directors (including former Directors) from liability for damages as defined under Article 423-1 of the Corporation Law if conditions stipulated under Article 426-1 of the Corporation Law apply. In such instances, the Company may exempt Directors (including former Directors) up to an amount that is derived by deducting the minimum amount of liability required under applicable laws and ordinances from the amount of liability for damages.  2. If conditions stipulated under Article 427-1 of the Corporation Law apply, the Company may enter into agreements with independent Directors limiting their liability for damages as defined under Article 423-1 of the Corporation Law. This is provided, however, that the Company may limit such liability for damages only to the extent provided for under applicable laws and ordinances.</p>

Current Articles of Incorporation	Proposed Amendments
<p><b>Chapter 5: Statutory Auditors and Meeting of Auditors</b></p> <p>(Numbers)</p> <p>Article 25 &lt; Omitted &gt;</p>	<p><b>Chapter 5: Statutory Auditors and Meeting of Auditors</b></p> <p>(Number of Statutory Auditors)</p> <p>Article 28 &lt;Not amended&gt;</p>
<p>(Appointment)</p> <p>Article 26 &lt; Omitted &gt;</p> <p>2. The election of the Statutory Auditors shall be made at a Shareholders Meeting where one-third (1/3) or more of total voting rights shall have been represented and shall have been duly made by a majority of such voting rights.</p>	<p>(Method of Electing Statutory Auditors)</p> <p>Article 29 &lt;Not amended&gt;</p> <p>2. Resolutions for the election of Statutory Auditors shall require that more than one-third (1/3) of shareholders entitled to vote be present and that a majority vote in the affirmative.</p>
<p>(Term of Office)</p> <p>Article 27 The term of office of a Statutory Auditor shall continue until the close of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four (4) years after election to such office.</p> <p>2. The term of office of an alternate Statutory Auditor elected according to a vacancy by resignation in the number of Statutory Auditors shall continue until the expiration of the term of office of such Statutory Auditor who had resigned.</p>	<p>(Term of Office)</p> <p>Article 30 The term of office of a Statutory Auditor shall continue until the close of the Ordinary General Meeting of Shareholders for the final business year that ends within a four-year period of such auditor's election to office.</p> <p>2. The term of office of a Statutory Auditor elected to replace an auditor who has resigned before completing a full term of office shall be until the term of office of the original auditor has expired.</p>
<p>(Full-Time Statutory Auditors)</p> <p>Article 28 The Statutory Auditors shall elect, among its members, full-time Statutory Auditors.</p>	<p>(Full-Time Statutory Auditor)</p> <p>Article 31 The Auditors Meeting by resolution, shall elect from among its members, full-time Statutory Auditors.</p>
<p>(Convocation of Statutory Auditors Meetings and Adoption of Resolutions)</p> <p>Article 29 The notice of Convocation of Statutory Auditors meetings shall be delivered to each Statutory Auditor three (3) days in advance; provided, however, such advance notice may be shortened in case of an emergency.</p> <p>2. Unless otherwise provided in the laws or regulations, a majority of Statutory Auditors shall be required for the adoption of resolutions at the Statutory Auditors meetings.</p>	<p>(Convocation Notice for Auditors Meetings)</p> <p>Article 32 The notice of convocation for Auditors Meetings shall be delivered to each auditor at least three (3) days in advance; this is provided, however, that such period of advance notice may be shortened in case of an emergency.</p> <p>2. When there is the unanimous consent of all Statutory Auditors, an Auditors Meeting may be convened without taking steps required under the Company's convocation procedures.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Partial Exemption of Statutory Auditors' Liabilities)</p> <p>Article 30 Pursuant to the provisions of Article 280-1 of the Commercial Code, the Company may, through a resolution of its Board of Directors, exempt Statutory Auditors (including former Statutory Auditors) from liability to the extent permitted by law.</p> <p>&lt;Newly added&gt;</p>	<p>(Partial Exemption of Statutory Auditors' Liabilities)</p> <p>Article 33 By resolution of the Board of Directors, the Company may exempt Statutory Auditors (including former Statutory Auditors) from liability for damages as defined under Article 423-1 of the Corporation Law if conditions stipulated under Article 426-1 of the Corporation Law apply. In such instances, the Company may exempt Statutory Auditors (including former Statutory Auditors) up to an amount that is derived by deducting the minimum amount of liability required under applicable laws and ordinances from the amount of liability for damages.</p> <p>2. If conditions stipulated under Article 427-1 of the Corporation Law apply, the Company may enter into agreements with independent Statutory Auditors limiting their liability for damages as defined under Article 423-1 of the Corporation Law. This is provided, however, that the Company may limit such liability for damages only to the extent provided for under applicable laws and ordinances.</p>
<p><b>Chapter 6: Accounts</b></p> <p>(Fiscal Year)</p> <p>Article 31 The fiscal year of the Company shall begin on the first day of April and end on the thirty-first day of March.</p>	<p><b>Chapter 6: Accounts</b></p> <p>(Business Year)</p> <p>Article 34 The Company's business year shall be a one-year period, which runs from the first day of April, and ends on the thirty-first day of March.</p>
<p>(Dividends)</p> <p>Article 32 The Company shall pay dividends to the shareholders or the pledgees transcribed or recorded in the Register of Shareholders as of the last day of each fiscal year.</p>	<p>(Dividends from Retained Earnings)</p> <p>Article 35 By resolution of the General Meeting of Shareholders, the Company shall pay dividends from retained earnings to shareholders or pledgees transcribed or recorded on the final Register of Shareholders on March 31<sup>st</sup> of each year.</p>
<p>(Interim Dividends)</p> <p>Article 33 The Company may pay, subject to a resolution of the Board of Directors, interim dividends (as defined in Article 293-5 of the Commercial Code of Japan) to the shareholders or pledgees transcribed or recorded in the Register of Shareholders as of the last day of September.</p>	<p>(Interim Dividends)</p> <p>Article 36 By resolution of the Board of Directors, the Company may pay an interim dividend to shareholders or pledgees transcribed or recorded on the final Register of Shareholders on September 30<sup>th</sup> of each year.</p>
<p>(Exempt from Payment)</p> <p>Article 34 In the event that shareholders or pledgees have not received payment of dividends or interim dividends stipulated in Article 33 hereof after the lapse of three (3) full years from the date when such payment became due, the Company shall be exempt and released from any obligation to pay such dividends thereafter. No interest shall accrue on dividends or interim dividends.</p>	<p>(Exemption from Duty to Pay Dividends)</p> <p>Article 37 The Company shall be exempt from the duty to pay dividends or interim dividends from retained earnings if they remain unclaimed for a period of three years from the day on which the dividend payments began.</p>

### Proposal 3: Election of ten directors

The terms of office of all 17 directors will end at the close of this meeting. The Company proposes appointing 10 directors.

The Company will reform the framework of its corporate governance system in order to achieve three primary objectives. First, the Company will strengthen the systems needed to ensure that the objectives of the “Creativity and Challenge 1000” business plan are achieved. Second, the Company will distinctly separate the function for corporate management and oversight from the function for operations. And third, the Company will increase transparency and dynamism at all levels of management.

In accordance with the reforms to the framework of its corporate governance system, the Company will reduce the number of seats on the board to 10.

Candidates for the director positions are as follows:

Candidate No.	Name (Date of Birth)	Summary of career, title, and other representative directorships	Shares of the Company's stock owned
1	Saburo Kusama (Oct. 12, 1939)	Apr. 1963 Joined the Company Jun. 1990 Director of the Company Jun. 1994 Managing Director of the Company Jun. 1996 Senior Managing Director of the Company Apr. 1997 Executive Vice-President of the Company Apr. 2001 President of the Company Apr. 2005 Chairman of the Company (current position) Chairman of the Board of Trustees of SE Gakuen, an educational foundation	28,100
2	Yasuo Hattori (Apr. 30, 1940)	Sep. 1985 Director of the Company Sep. 1987 Director and Adviser of the Company Jun. 1994 Executive Vice-President of the Company Jun. 1995 Vice-Chairman of the Company (current position) Representative status of other companies Representative Director, Sun Kikaku Kabushiki Kaisha Representative Director, Aoyama Kigyo Kabushiki Kaisha	7,144,006
3	Seiji Hanaoka (Sep. 28, 1947)	Apr. 1970 Joined the Company Jun. 1995 Director of the Company Jun. 1996 Retired from the Company's Board of Directors Jul. 1996 Executive Vice President, Epson America, Inc. Jun. 1998 Director of the Company Jun. 1999 Managing Director of the Company Apr. 2002 Senior Managing Director of the Company Apr. 2003 Executive Vice-President of the Company Apr. 2005 President of the Company (current position)	20,100

<b>Candidate No.</b>	<b>Name (Date of Birth)</b>	<b>Summary of career, title, and other representative directorships</b>		<b>Shares of the Company's stock owned</b>
4	Norio Niwa (Nov. 10, 1946)	Apr. 1969	Joined the Company	20,500
		Jun. 1997	Director of the Company	
		Jun. 1998	Managing Director of the Company	
		Apr. 2002	Senior Managing Director of the Company	
		Apr. 2003	Executive Vice-President of the Company (current position)	
		Representative status of other companies President, U.S. Epson, Inc. Chairman, Epson America, Inc.		
5	Masayuki Morozumi (Aug. 28, 1947)	Apr. 1968	Joined the Company	19,100
		Jun. 1998	Director of the Company	
		Apr. 2002	Managing Director of the Company	
		Nov. 2004	Senior Managing Director of the Company (current position)	
6	Yasumasa Otsuki (Jan. 13, 1945)	Mar. 1979	Joined the Company	8,700
		Jun. 2001	Director of the Company	
		Apr. 2002	Managing Director of the Company (current position)	
7	Masao Akahane (Oct. 3, 1948)	Apr. 1973	Joined the Company	16,400
		Jun. 1999	Director of the Company	
		Apr. 2003	Managing Director and General Administrative Manager of the Corporate Research & Development Division of the Company (current position)	
8	Kenji Kubota (Dec. 4, 1953)	Apr. 1977	Joined the Company	8,700
		Jun. 2001	Director of the Company	
		Apr. 2003	Managing Director of the Company	
		Apr. 2006	Managing Director and General Administrative Manager of the Management Control Office of the Company (current position)	
9	Hiroshi Komatsu (Apr. 1, 1954)	Apr. 1976	Joined the Company	6,600
		Jun. 2000	Director of the Company	
		Nov. 2004	Managing Director of the Company (current position)	
10	Minoru Usui (Apr. 22, 1955)	Nov. 1979	Joined Shinshu Seiki Co., Ltd. (now the Company)	8,200
		Jun. 2002	Director of the Company	
		Nov. 2005	Director of the Company and General Administrative Manager of the Production Engineering & Development Division of the Company (current position)	

*Note 1: Saburo Kusama is Chairman of the Board of Trustees of SE Gakuen, an educational foundation. The Company makes contributions to this foundation.*

*Note 2: No other candidate is involved in activities that potentially conflict with the Company.*

**Proposal 4: Award of retirement allowance to retiring directors, and Abolition of retirement allowance system and relevant procedures thereto.**

Directors Toshio Kimura, Torao Yajima, Nobuo Hashizume, Seiichi Hirano, Kenji Uchida, Noriyuki Hama and Hideaki Yasukawa will retire from their positions at the close of this meeting. The Company proposes to pay them retirement allowances in accordance with the standards adopted by the Company for their contributions during their terms of office.

According to such standards, the amount of the allowance payable to retiring directors is calculated based on the final monthly remuneration received for each position held. (In the case in which the recipient served in more than one position, the remuneration received in the final month of each position held is used for the calculation.) The amount of the retirement allowance is calculated as a sum of the amounts of remuneration received in the final month of each position held multiplied by the number of years served in the respective positions. This is then multiplied by coefficients as determined in the standards mentioned above. The amount of allowance so calculated is subject to a final adjustment that takes into account specific contributions made by retiring directors.

The Company requests that decisions on specific amounts to be paid, dates and methods of presentation, etc., be left to the discretion of the board of directors.

The following is a brief summary of the careers of the retiring directors.

<b>Name</b>	<b>Summary of career</b>	
Toshio Kimura	Jun. 1992	Director of the Company
	Jun. 1994	Managing Director of the Company
	Jun. 1997	Senior Managing Director of the Company
	Apr. 2003	Executive Vice-President of the Company (current position)
Torao Yajima	Jun. 2000	Director of the Company
	Apr. 2003	Managing Director of the Company (current position)
Nobuo Hashizume	Jun. 1995	Director of the Company (current position)
Seiichi Hirano	Jun. 2002	Director of the Company (current position)
Kenji Uchida	Jun. 2003	Director of the Company (current position)
Noriyuki Hama	Jun. 2003	Director of the Company (current position)
Hideaki Yasukawa	Jul. 1976	Director of the Company
	Dec. 1981	Managing Director of the Company
	Mar. 1985	Senior Managing Director of the Company
	Sep. 1987	Executive Vice-President of the Company
	Jun. 1991	President of the Company
	Apr. 2001	Chairman of the Company
	Apr. 2005	Director and Advisor of the Company (current position)

The Company is pushing ahead with the reform of corporate governance to increase profitability and to seek a continued enhancement of the corporate value. With the aim of further strengthening the executives' commitment to the achievement of these goals and heightening the links between the executive's remuneration and shareholder value, the Company has abolished its system of retirement allowance for executives, effective at the end of this General Meeting of Shareholders, and introduced the partial use of compensation linked to share prices (stock purchase compensation) for executives.

In light of this change, the Company now seeks approval to pay retirement allowance to the ten directors scheduled to be reappointed to the board under Proposal 3 and to the five currently serving statutory auditors. The amounts of these awards will be within ranges calculated in accordance with the standards described above, taking into account periods of service that run from each person's initial election to the end of this General Meeting.

The retirement allowance will be distributed to the respective directors and statutory auditors upon their retirement. The Company requests that decisions regarding the specific amounts of benefits and the timing and method of their presentation be entrusted to the board of directors for directors, and to the consultation among statutory auditors for statutory auditors.

The following is a brief summary of the careers of the directors and statutory auditors to be paid the retirement allowance.

Name	Summary of career	
Saburo Kusama	Jun. 1990	Director of the Company
	Jun. 1994	Managing Director of the Company
	Jun. 1996	Senior Managing Director of the Company
	Apr. 1997	Executive Vice-President of the Company
	Apr. 2001	President of the Company
	Apr. 2005	Chairman of the Company (current position)
Yasuo Hattori	Sep. 1985	Director of the Company
	Sep. 1987	Director and Adviser of the Company
	Jun. 1994	Executive Vice-President of the Company
	Jun. 1995	Vice-Chairman of the Company (current position)
Seiji Hanaoka	Jun. 1998	Director of the Company
	Jun. 1999	Managing Director of the Company
	Apr. 2002	Senior Managing Director of the Company
	Apr. 2003	Executive Vice-President of the Company
	Apr. 2005	President of the Company (current position)
Norio Niwa	Jun. 1997	Director of the Company
	Jun. 1998	Managing Director of the Company
	Apr. 2002	Senior Managing Director of the Company
	Apr. 2003	Executive Vice-President (current position)

<b>Name</b>	<b>Summary of career</b>	
Masayuki Morozumi	Jun. 1998	Director of the Company
	Apr. 2002	Managing Director of the Company
	Nov. 2004	Senior Managing Director of the Company (current position)
Yasumasa Otsuki	Jun. 2001	Director of the Company
	Apr. 2002	Managing Director of the Company (current position)
Masao Akahane	Jun. 1999	Director of the Company
	Apr. 2003	Managing Director of the Company (current position)
Kenji Kubota	Jun. 2001	Director of the Company
	Apr. 2003	Managing Director of the Company (current position)
Hiroshi Komatsu	Jun. 2000	Director of the Company
	Nov. 2004	Managing Director of the Company (current position)
Minoru Usui	Jun. 2002	Director of the Company (current position)
Masayoshi Omae	Jun. 2003	Standing Statutory Auditor of the Company (current position)
Toshihiko Kishiro	Jun. 2004	Standing Statutory Auditor of the Company (current position)
Yoshiro Yamamoto	Jun. 2002	Statutory Auditor of the Company (current position)
Tomiichi Akiyama	Jun. 2004	Statutory Auditor of the Company (current position)
Tatsuhiro Ishikawa	Jun. 2004	Statutory Auditor of the Company (current position)