

First Half and Second Quarter Financial Results Fiscal Year 2007 (Ending March 31, 2008)

October 31, 2007

Seiko Epson Corporation

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.

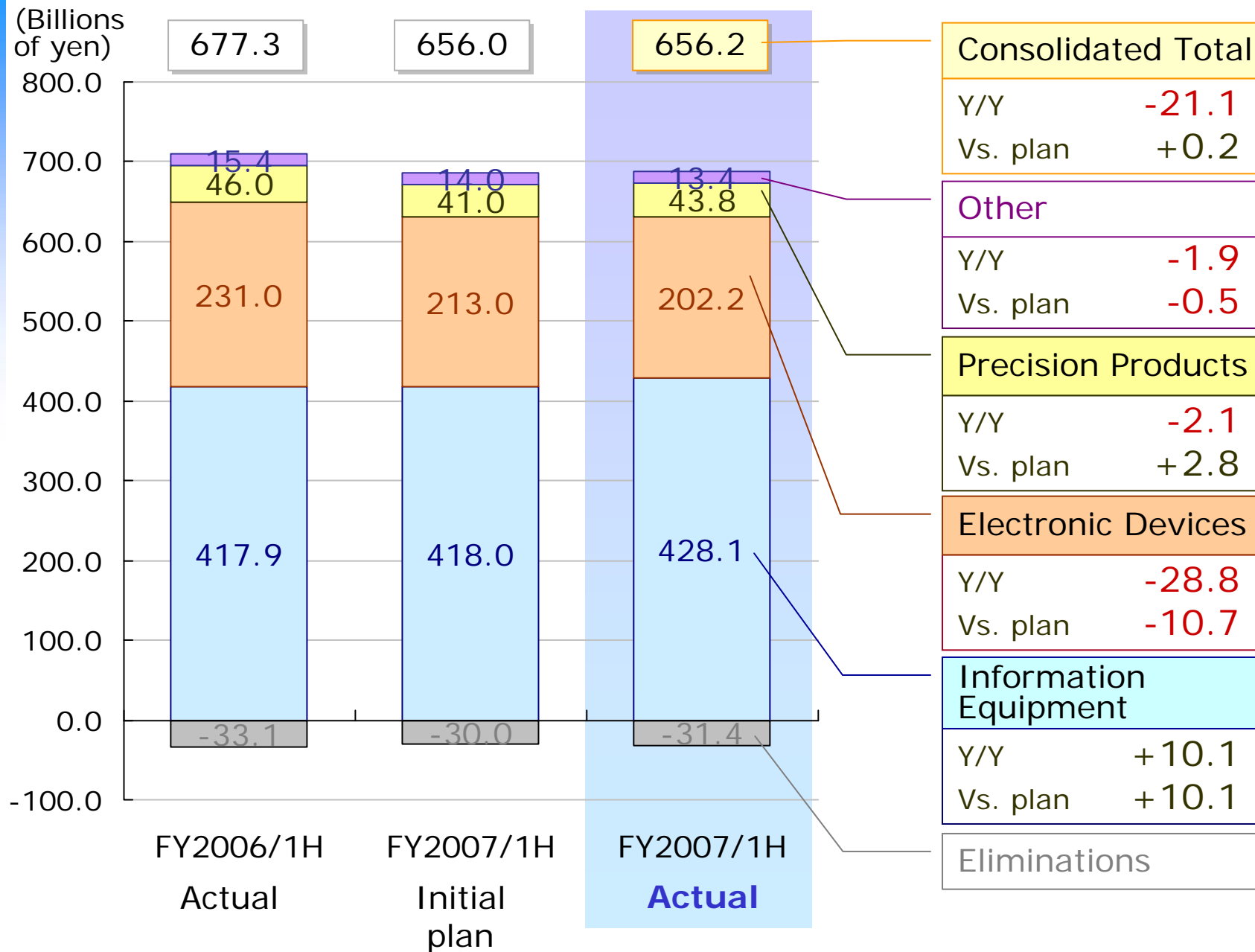
Percentages are rounded off to one decimal place.

1) Overview

2) Details

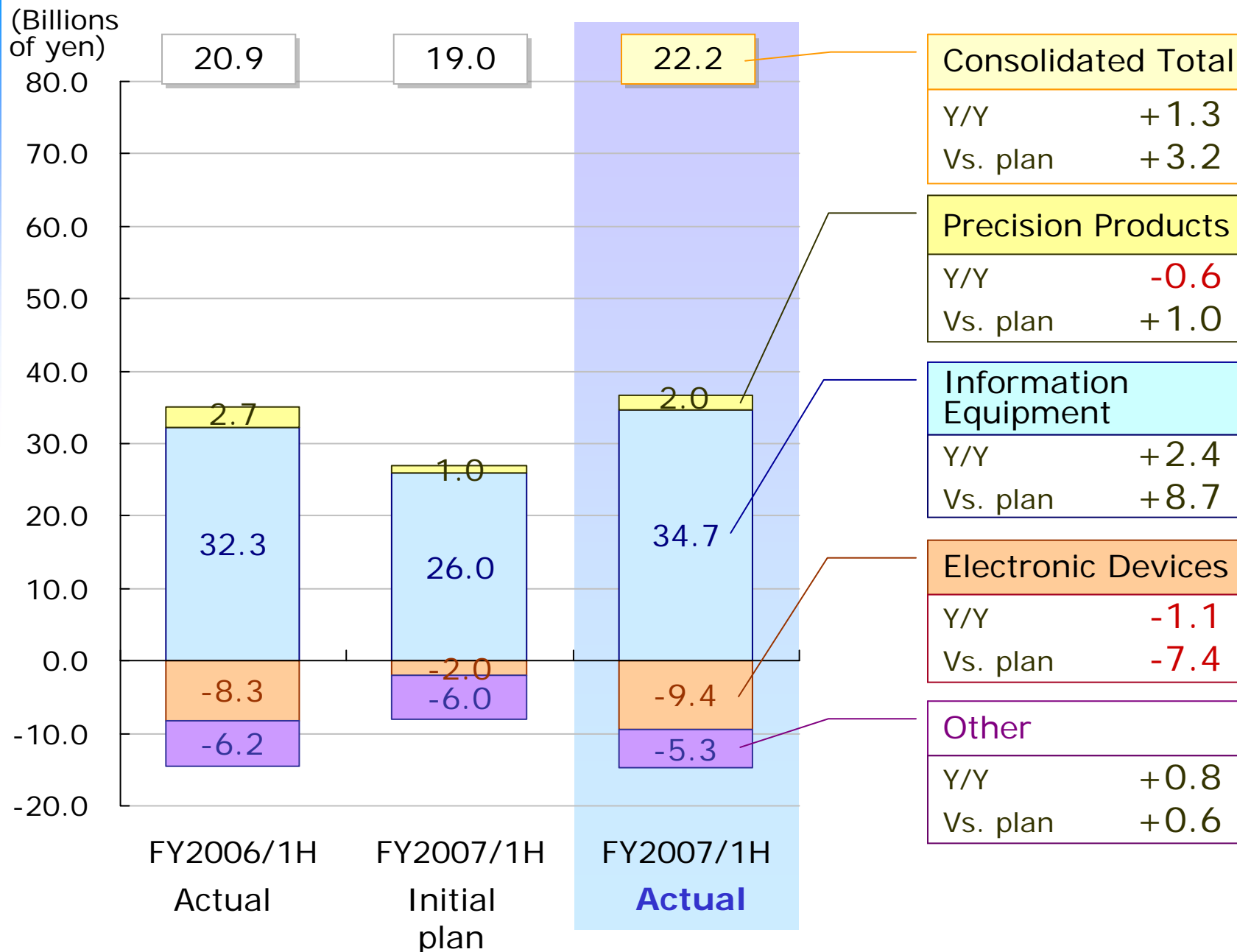
1H Financial Highlights—Net Sales Comparison

► By business segment



1H Financial Highlights—Operating Income Comparison

► By business segment



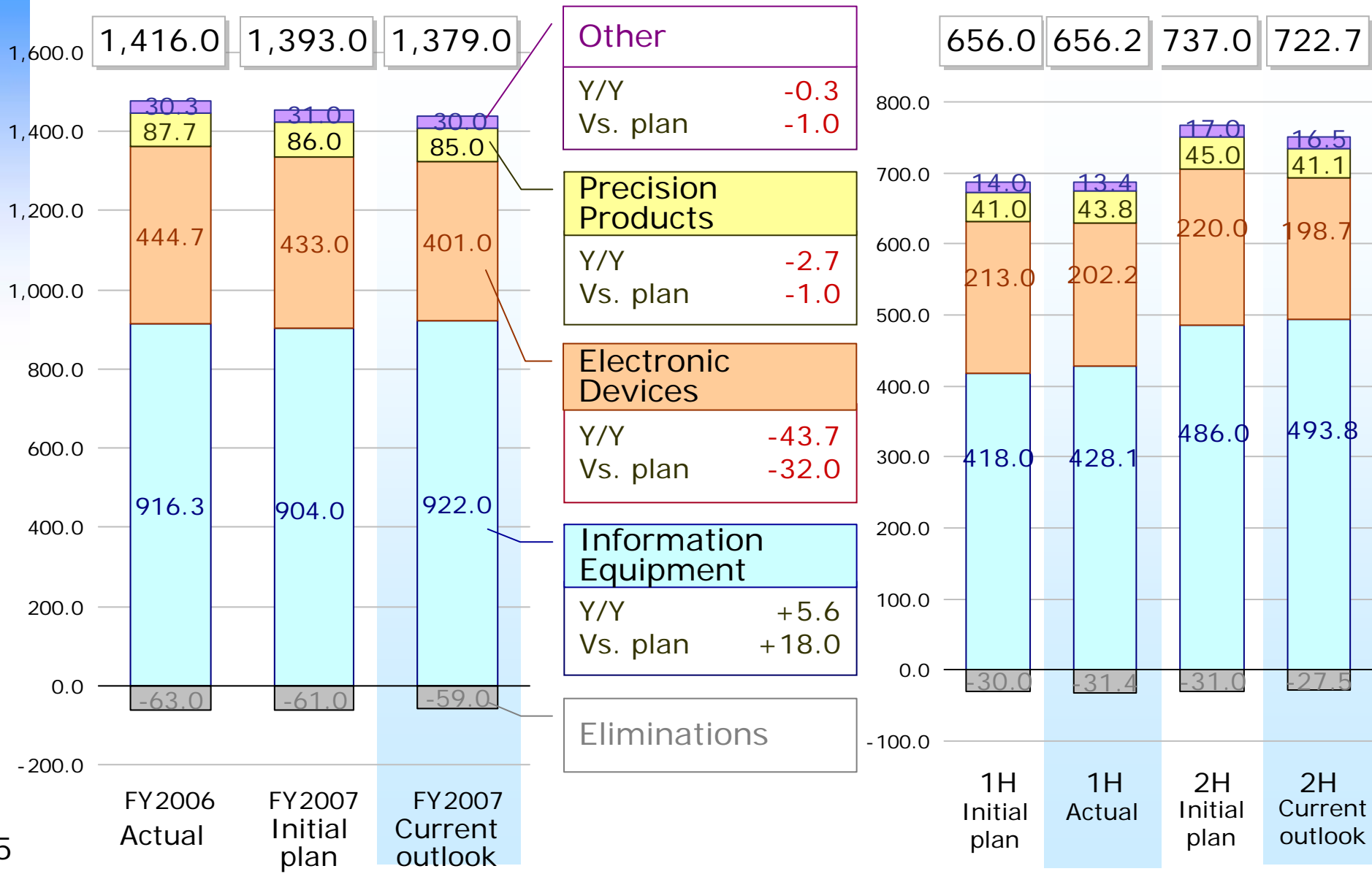
FY2007 Business Outlook (Net Sales)

► By business segment

Full Year

(Billions of yen)

Half Year



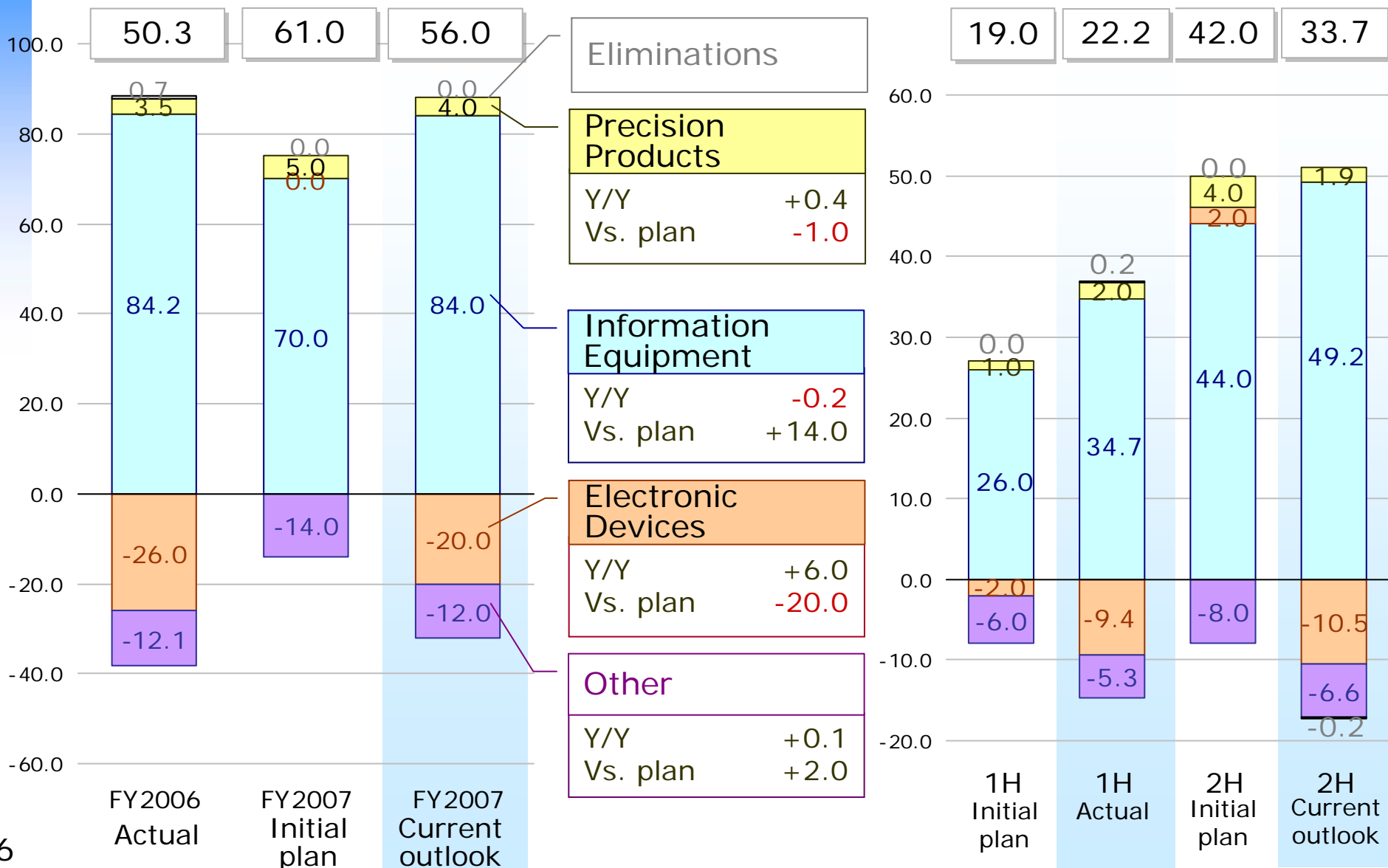
FY2007 Business Outlook (Operating Income)

► By business segment

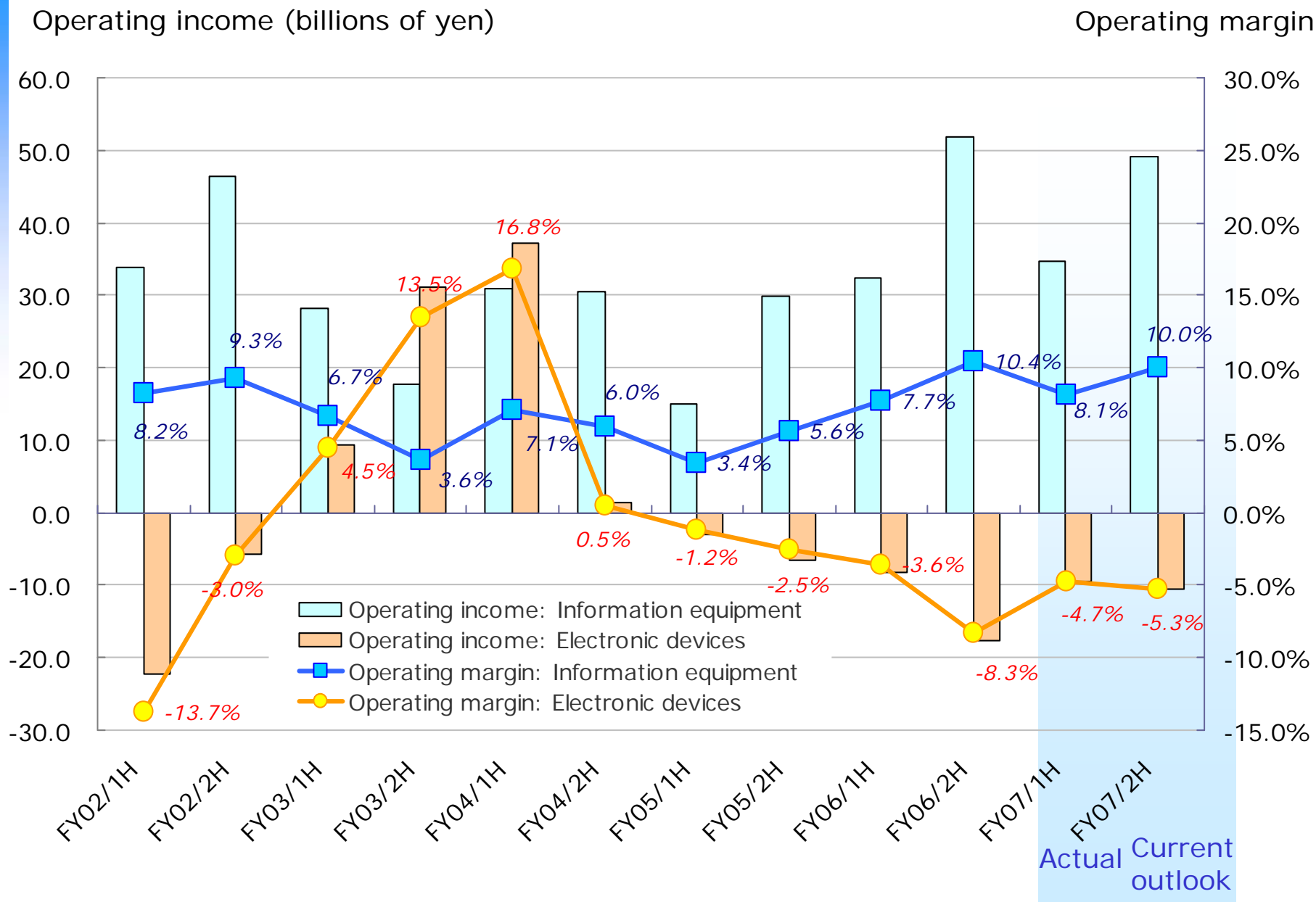
Full Year

(Billions of yen)

Half Year



Operating Income Trend



Information Equipment Segment

Inkjet Printers

Optimize balance between short-term profits and mid-term growth
Expand printer unit shipments with an eye toward future consumable sales

- Bolster the product lineup and launch competitive new products
 - Make products more enjoyable and easier to use with a print speed fast enough for SOHO
 - Superior specifications compared to competitors' models
- Pursue stringent cost reductions
- Continue efforts to raise the ratio of genuine Epson consumables



Grow the business and industrial segments into a core profit center in the mid-term

- Launch the Epson Stylus Pro 11880 high-speed 64-inch LFP with a new type of Micro Piezo print head
- Launch inkjet mini labs



Projectors

- Bolster the product lineup
 - Launch competitive, compelling new products for home, business, and education



Electronic Devices Segment

Small- & Medium-Sized Displays

Progress in reorganization of display business announced March 14

- C-STN and MD-TFD are proceeding according to plan
- a-TFT and LTPS
 - a-TFT: Improve capacity utilization
 - LTPS :Steady market growth in fields for high-resolution displays
 - However, anticipated improvements in model mix resulting from a portfolio realignment have fallen behind schedule
- Reductions in fixed expenses are proceeding according to plan
- Develop new applications for our core Photo Fine Vistarich technology, with its ultra-wide viewing angles, high pixel densities, and fast response times

HTPS

- Meet growing demand in business and education projector markets as home projector shipments level off
- Work on cutting costs

Quartz Devices

- Shipments to mobile phone, PC and digital consumer electronics markets to grow
- Respond to the erosion of prices by also expanding in higher added value segments

1) Overview

2) Details

First-Half Financial Highlights

(Billions of yen)	FY2006		FY2007				Change (amount, %)	
	Actual	%	Initial plan	%	Actual	%	Y/Y	Vs. plan
Net sales	677.3	-	656.0	-	656.2	-	-21.1 -3.1%	+0.2 +0.0%
Operating income	20.9	3.1%	19.0	2.9%	22.2	3.4%	+1.3 +6.2%	+3.2 +17.2%
Ordinary income	20.8	3.1%	19.0	2.9%	25.8	3.9%	+4.9 +23.8%	+6.8 +36.0%
Net income before income taxes	16.2	2.4%	16.0	2.4%	22.1	3.4%	+5.9 +36.7%	+6.1 +38.5%
Net income	0.4	0.1%	7.0	1.1%	3.2	0.5%	+2.8 +688.9%	-3.7 -53.5%
EPS	¥2.10		-		¥16.59			
Exchange rate	USD	¥115.38	¥114.00		¥119.33			
	EUR	¥145.97	¥148.00		¥162.30			

Exchange rates used in 7/27 outlook (1H):
USD: 118.00 / EUR: 161.00

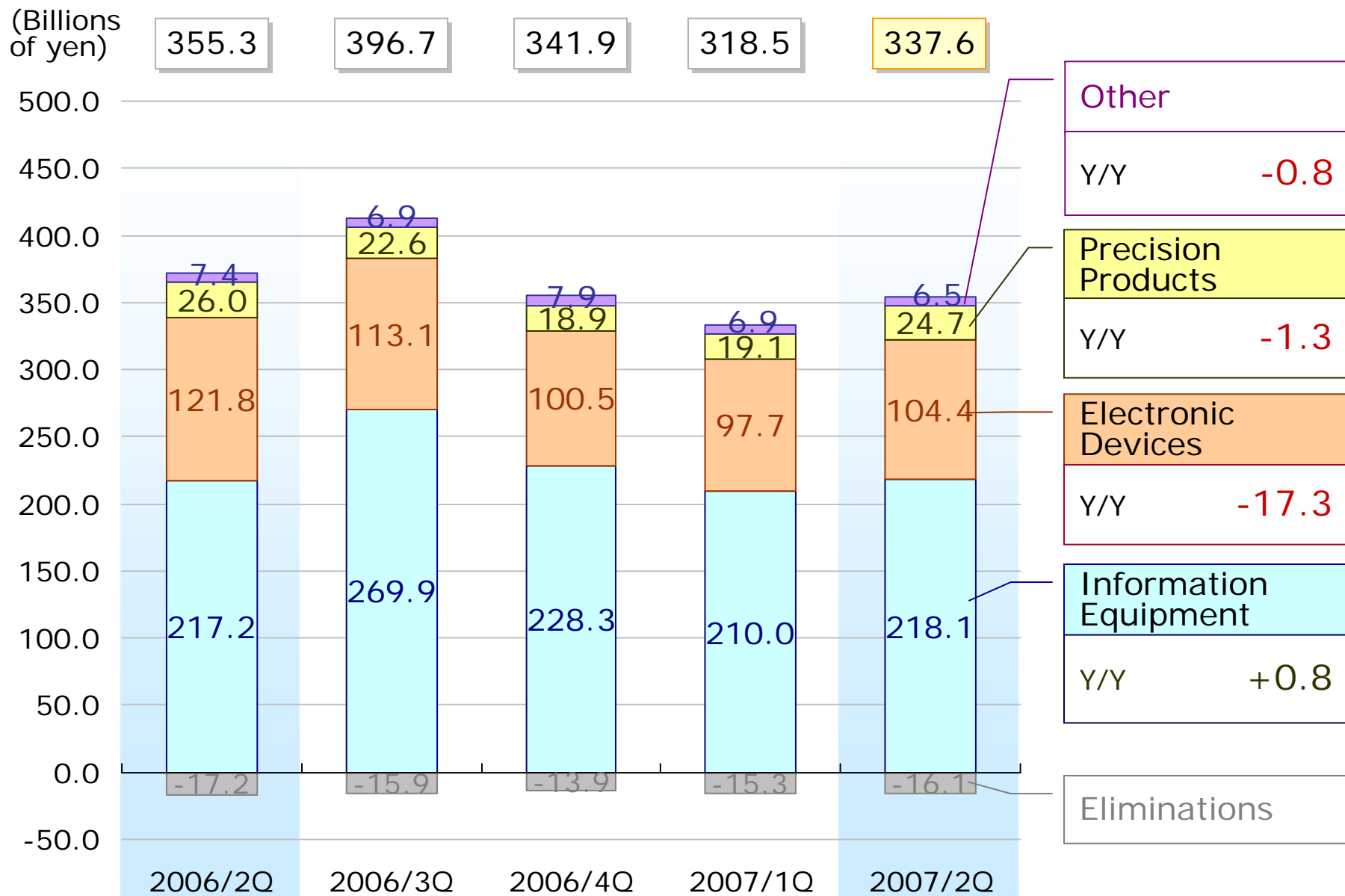
Second-Quarter Financial Highlights

► Versus the year-ago period

(Billions of yen)		FY2006		FY2007		Change	
		2Q Actual	%	2Q Actual	%	Amount	%
Net sales		355.3	-	337.6	-	-17.6	-5.0%
Operating income		13.9	3.9%	10.5	3.1%	-3.3	-24.0%
Ordinary income		14.5	4.1%	12.8	3.8%	-1.7	-11.7%
Net income before income taxes		10.6	3.0%	9.8	2.9%	-0.7	-7.3%
Quarterly net income		6.0	1.7%	1.9	0.6%	-4.1	-67.7%
Exchange rate	USD	¥116.26		¥117.87			
	EUR	¥148.16		¥161.88			

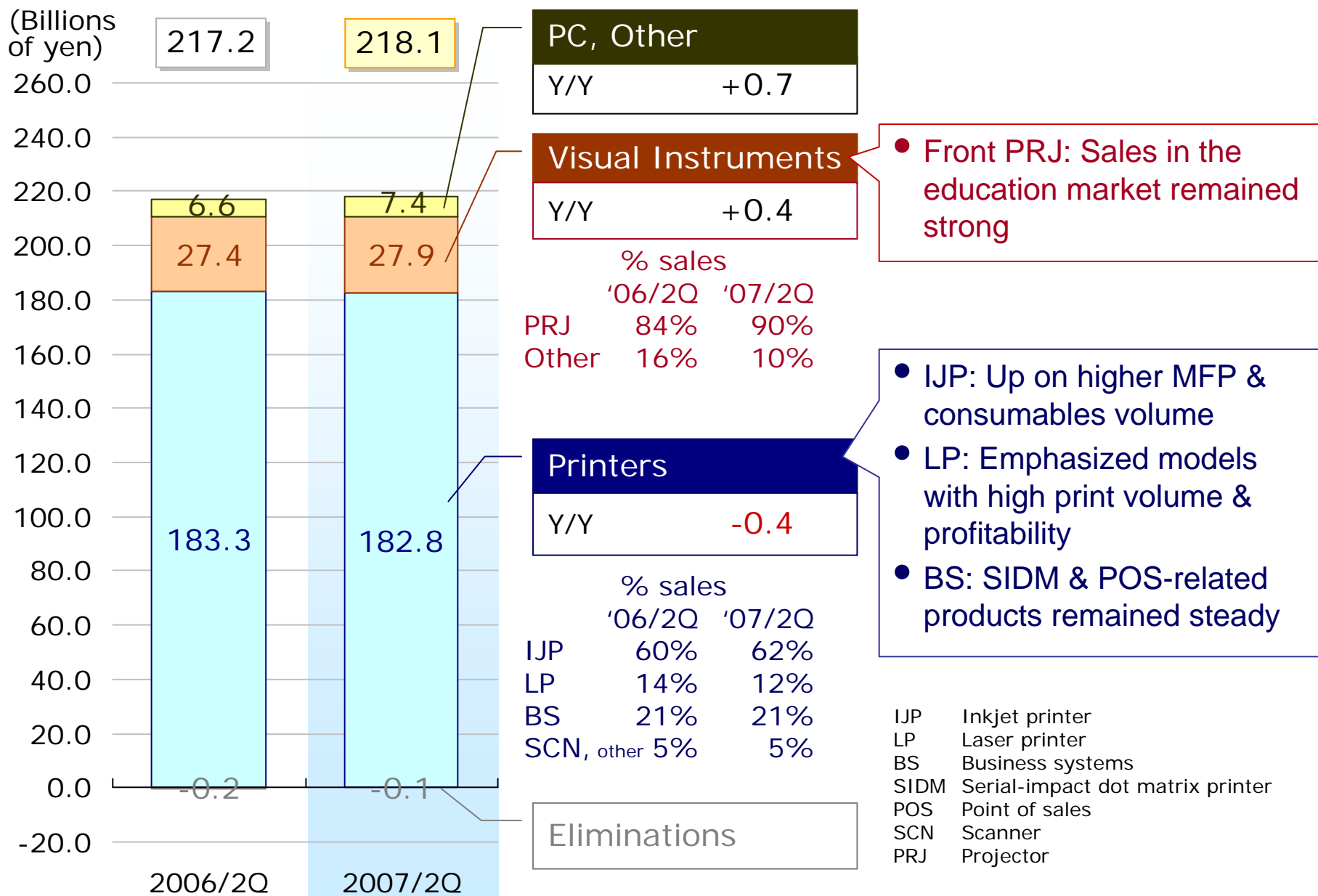
Quarterly Net Sales

► By business segment



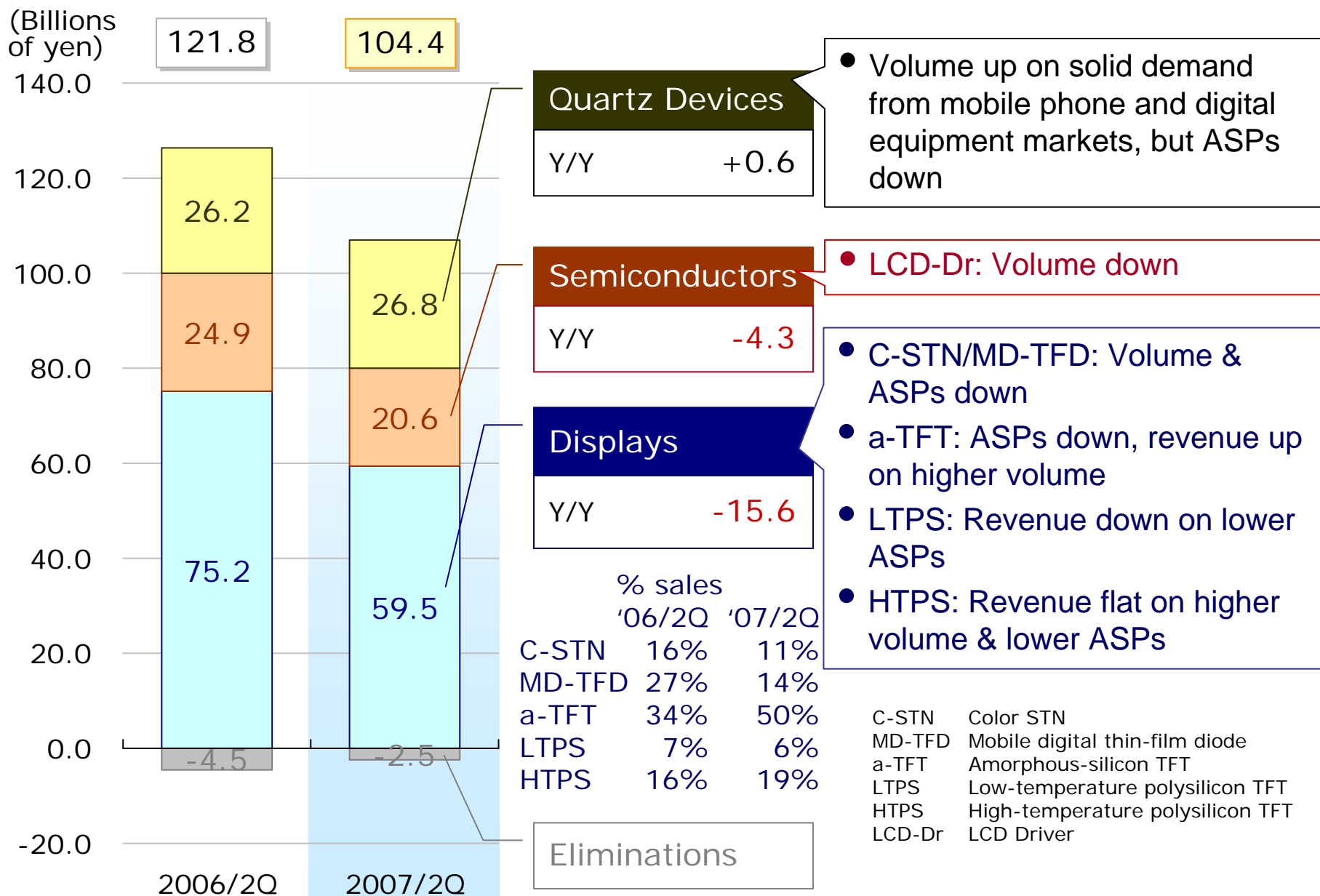
Quarterly Net Sales Comparison

► Information-related equipment segment

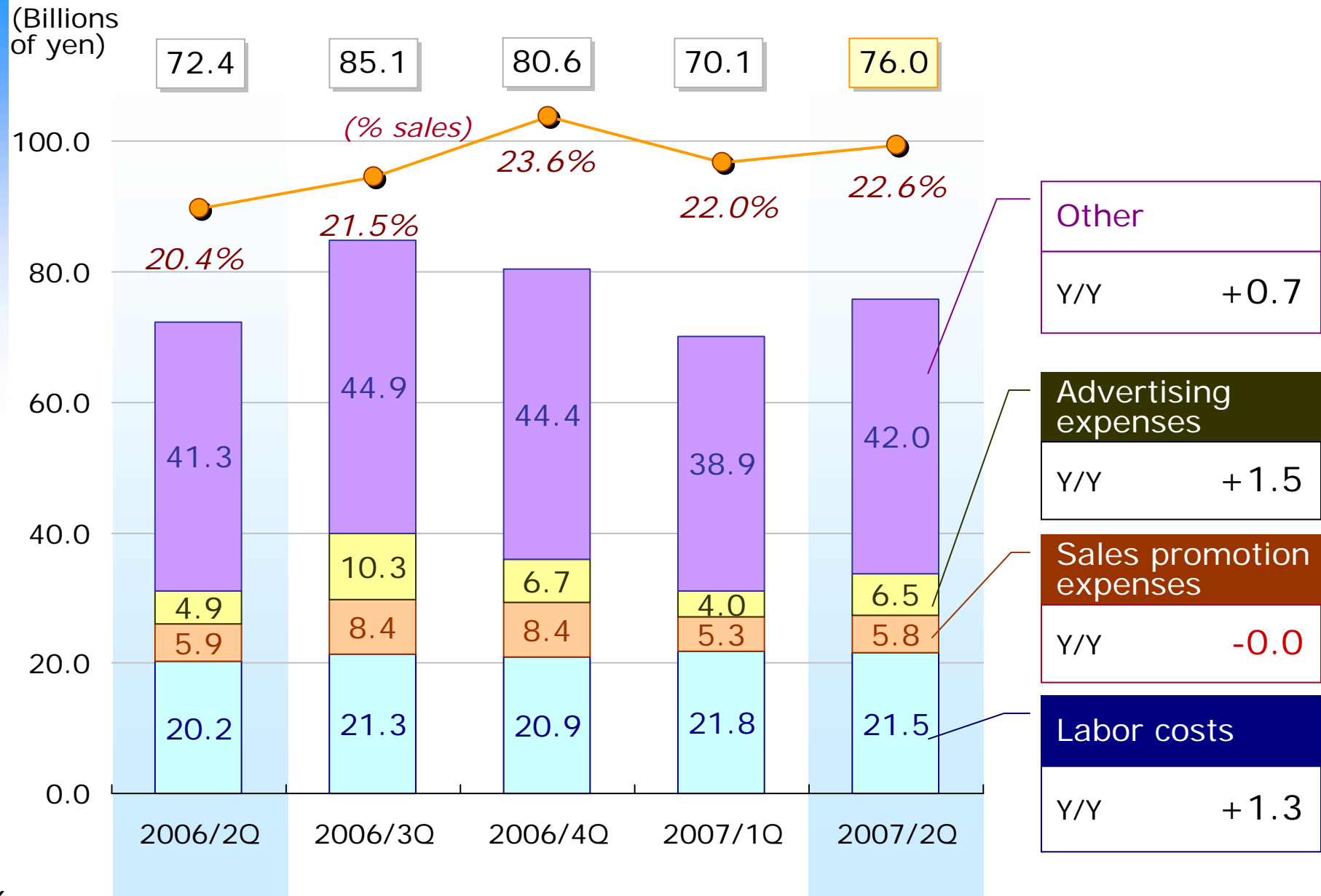


Quarterly Net Sales Comparison

▶ Electronic device segment

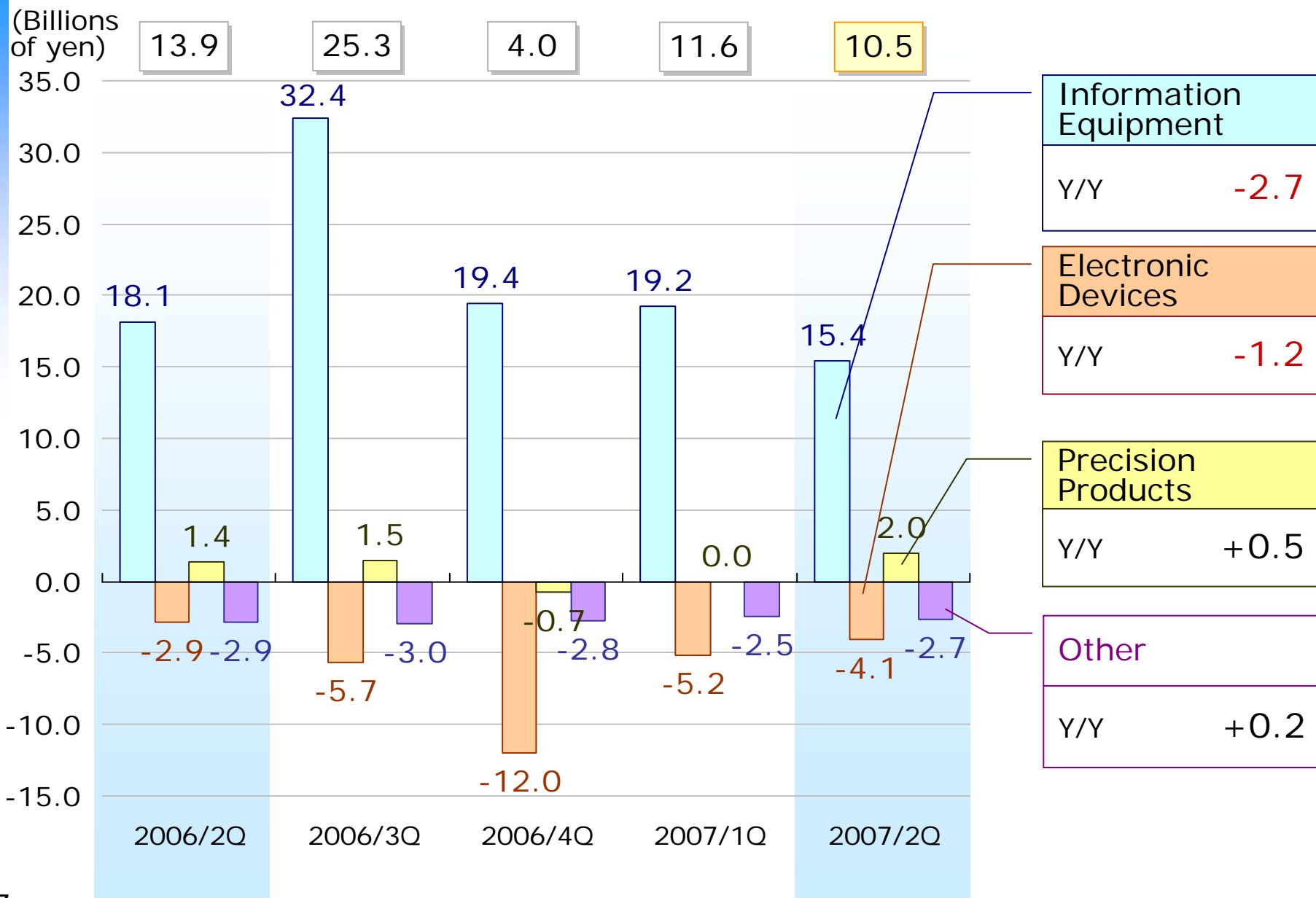


Quarterly Selling, General and Administrative Expenses



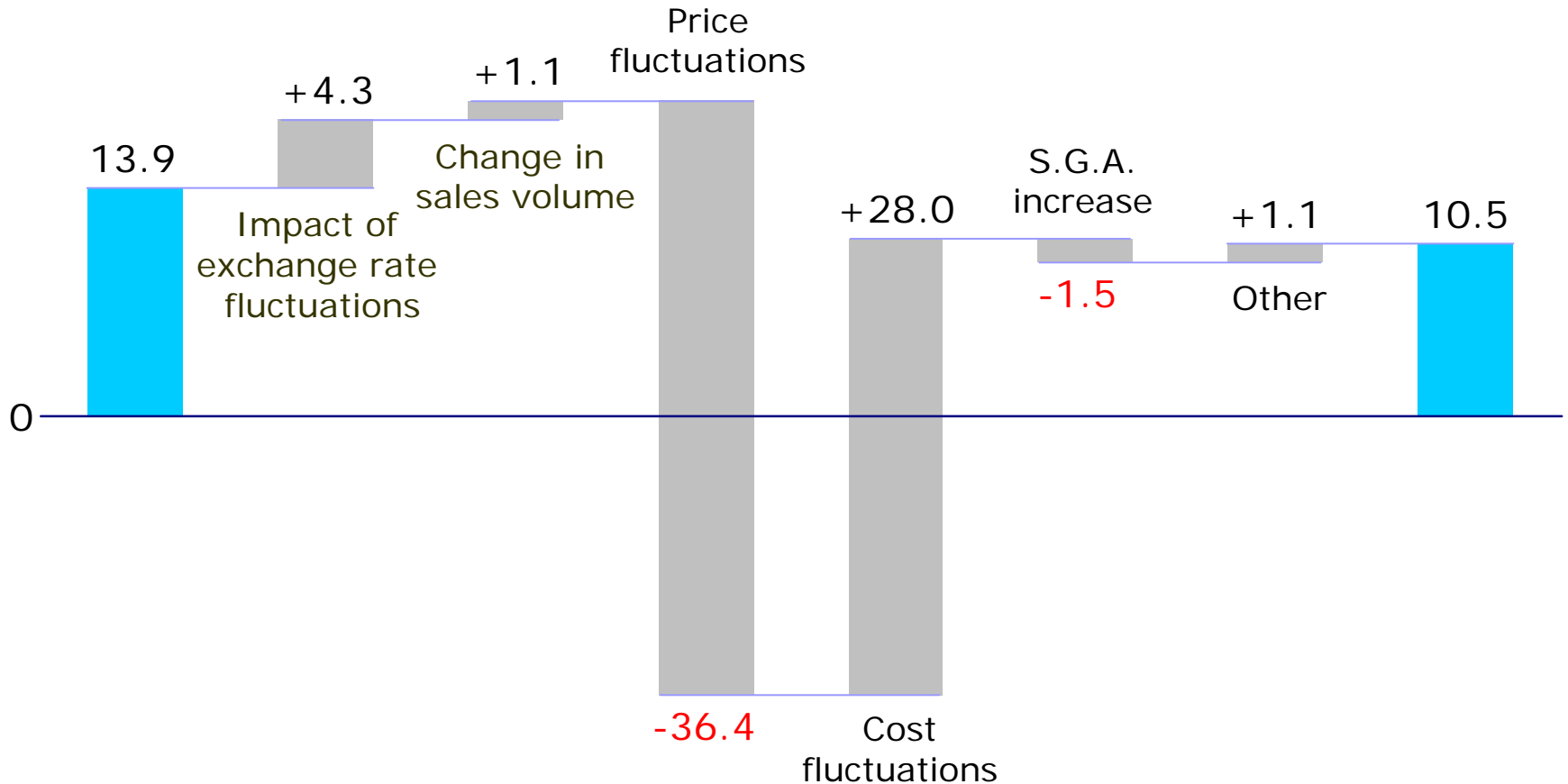
Quarterly Operating Income

► By business segment



Operating Income Fluctuation Cause Analysis

(Billions of yen)



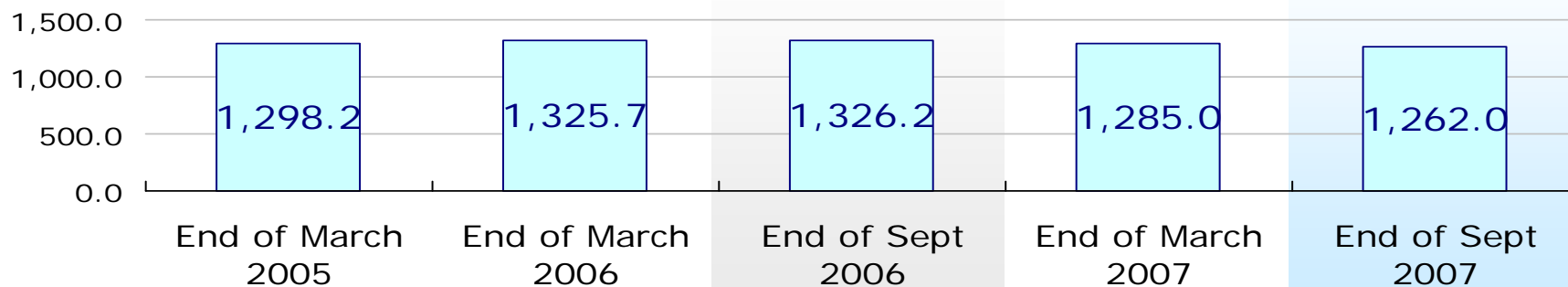
Operating income
2006/2Q

¥3.3 billion decrease

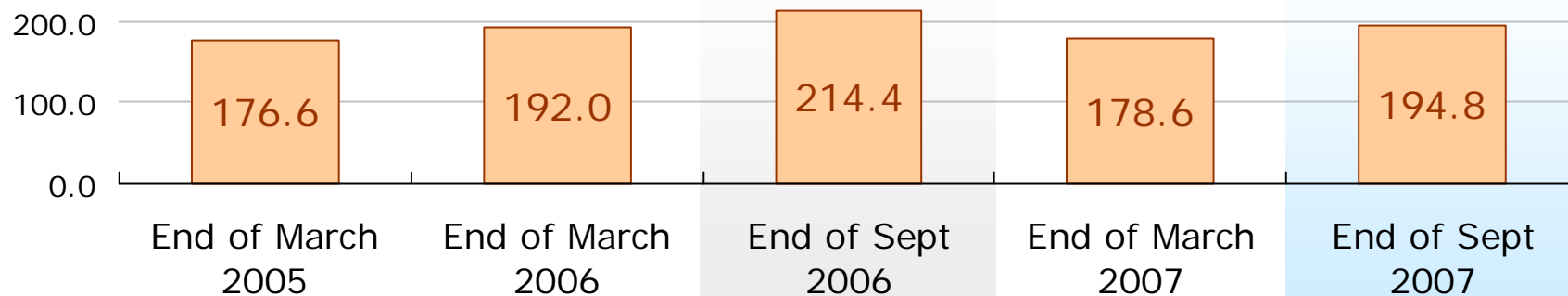
Operating income
2007/2Q

(Billions of yen)

Total assets

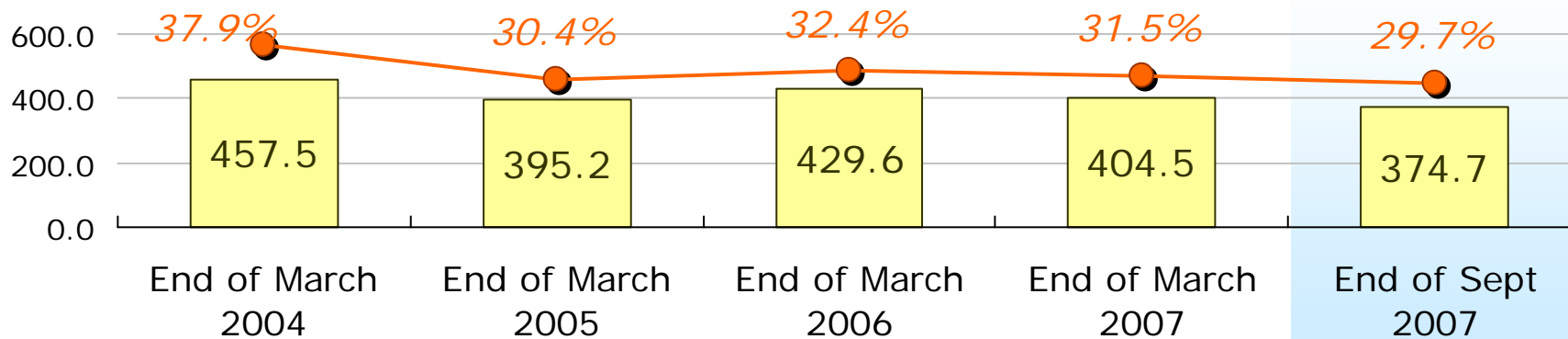


Inventories

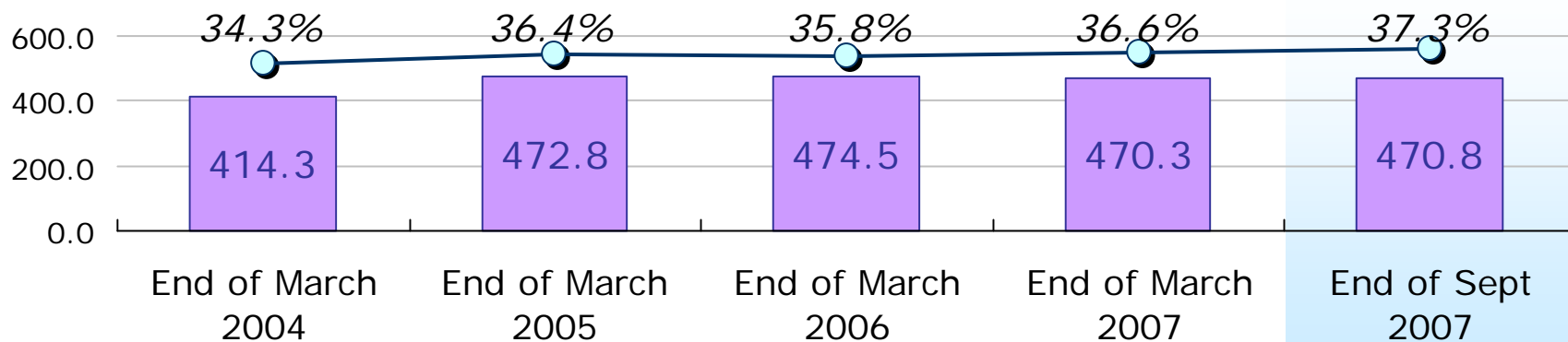


(Billions of yen)

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 Sept 2007: Shareholder equity = total net assets - minority interests in subsidiaries

FY2007 Business Outlook

(Billions of yen)	FY2006		FY2007				Change (amount, %)	
	Actual	%	Initial plan	%	Current outlook	%	Y/Y	Vs. plan
Net sales	1,416.0	-	1,393.0	-	1,379.0	-	-37.0 -2.6%	-14.0 -1.0%
Operating income	50.3	3.6%	61.0	4.4%	56.0	4.1%	+5.6 +11.2%	-5.0 -8.2%
Ordinary income	49.0	3.5%	60.0	4.3%	60.0	4.4%	+10.9 +22.2%	- -
Net income <small>Before income taxes</small>	3.4	0.2%	55.0	3.9%	53.0	3.8%	+49.5 +1425.0%	-2.0 -3.6%
Net income	-7.0	-0.5%	30.0	2.2%	23.0	1.7%	+30.0 -	-7.0 -23.3%
EPS	-¥36.13		¥152.78		¥117.13			
Exchange rate	USD	¥117.02	¥114.00		¥117.00			
	EUR	¥150.09	¥148.00		¥161.00			

Exchange rates used in 7/27 outlook (full year):
USD: 116.00 / EUR: 158.00

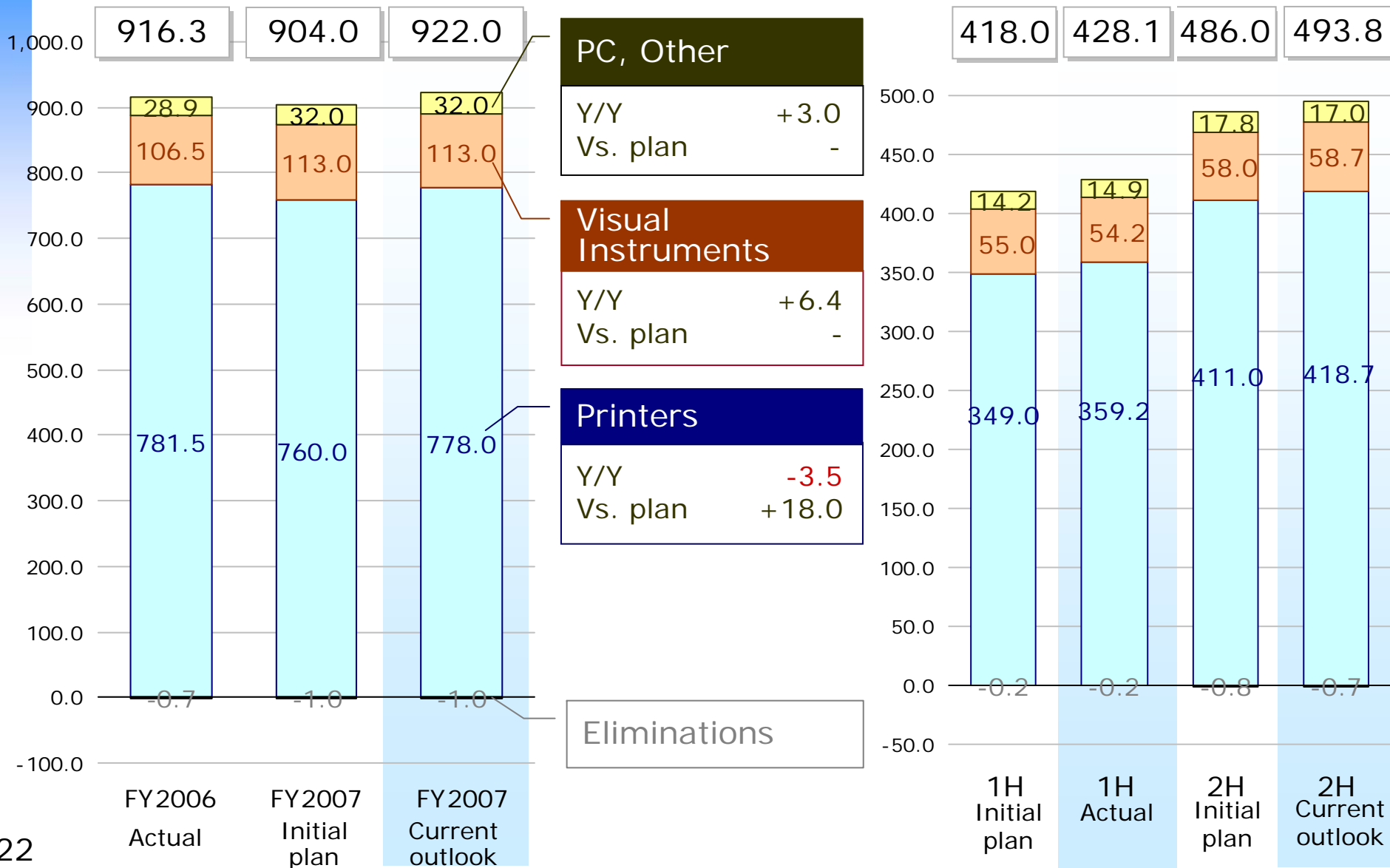
Net Sales Outlook by Business

Information-related equipment segment

Full Year

(Billions of yen)

Half Year



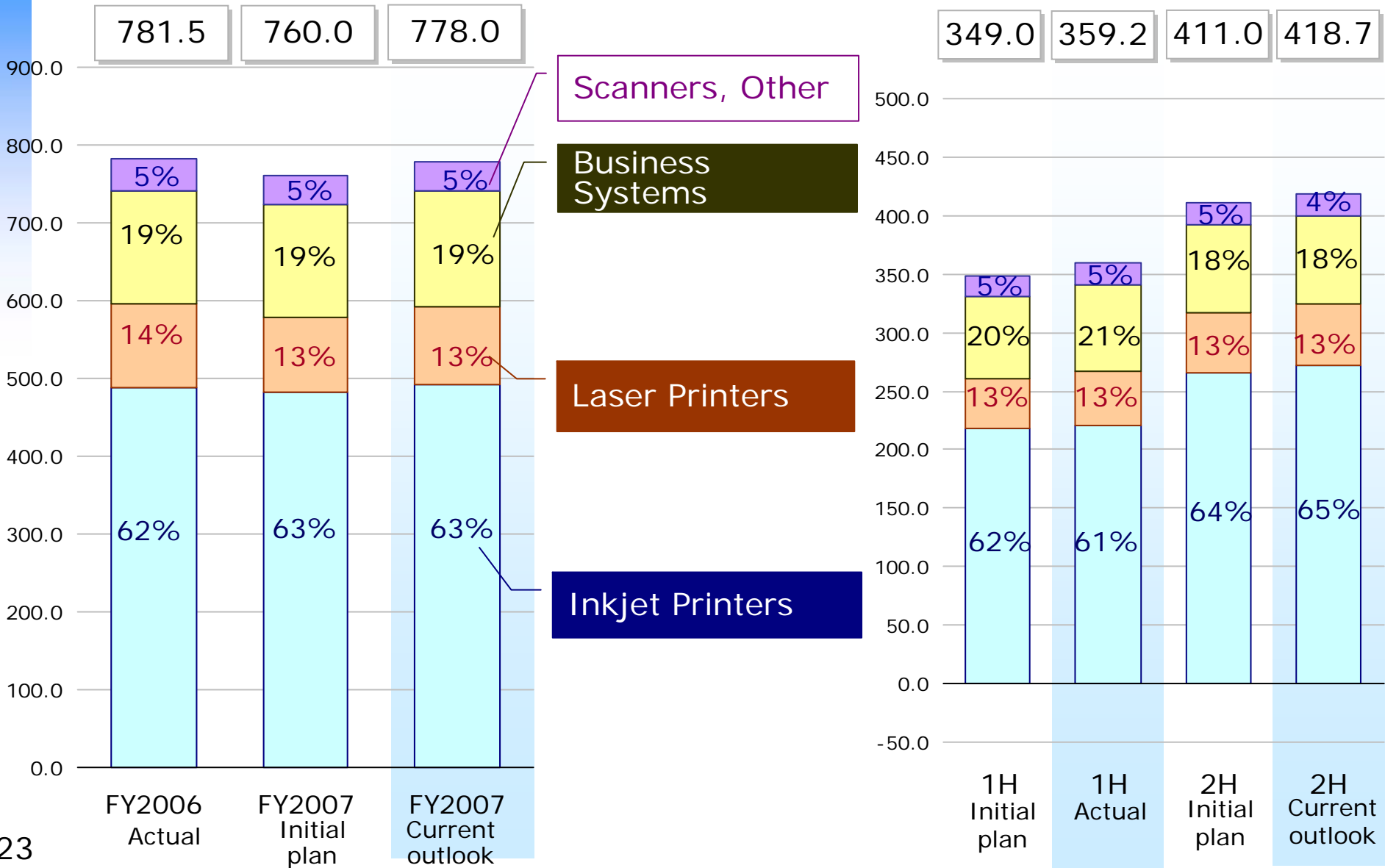
Net Sales Outlook by Business

► Printer business

Full Year

(Billions of yen)

Half Year



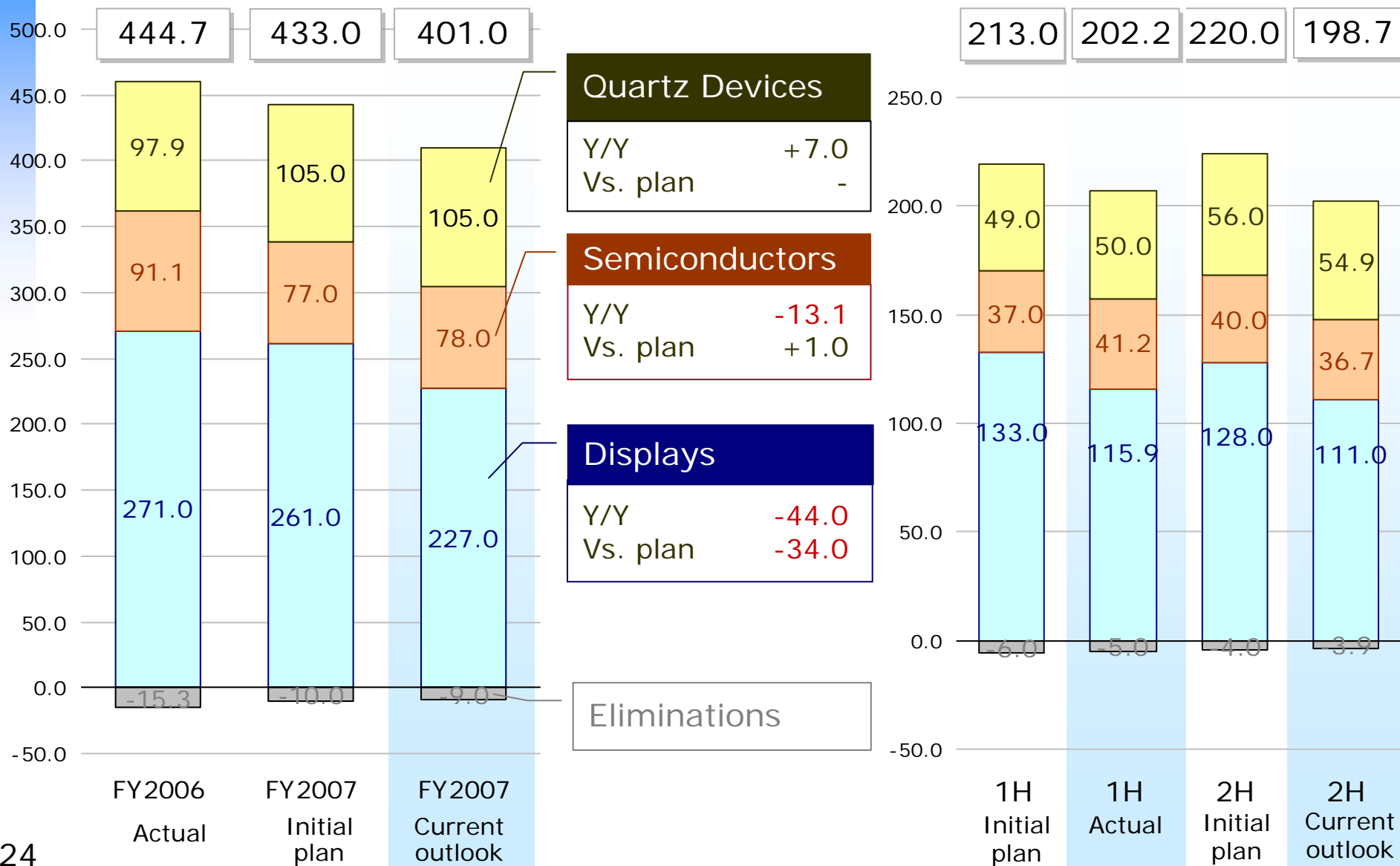
Net Sales Outlook by Business

▶ Electronic device segment

Full Year

(Billions of yen)

Half Year



Net Sales Outlook by Business

► Display business

Full Year

(Billions of yen)

Half Year

271.0 261.0 227.0

133.0 115.9 128.0 111.0

300.0

150.0

250.0

100.0

200.0

50.0

150.0

50.0

0.0

0.0

FY2006
Actual

FY2007
Initial
plan

FY2007
Current
outlook

1H
Initial
plan

1H
Actual

2H
Initial
plan

2H
Current
outlook

HTPS-TFT

LTPS-TFT

a-TFT

MD-TFD

C-STN

16%

20%

20%

19%

19%

20%

20%

7%

11%

9%

10%

7%

12%

12%

37%

46%

47%

43%

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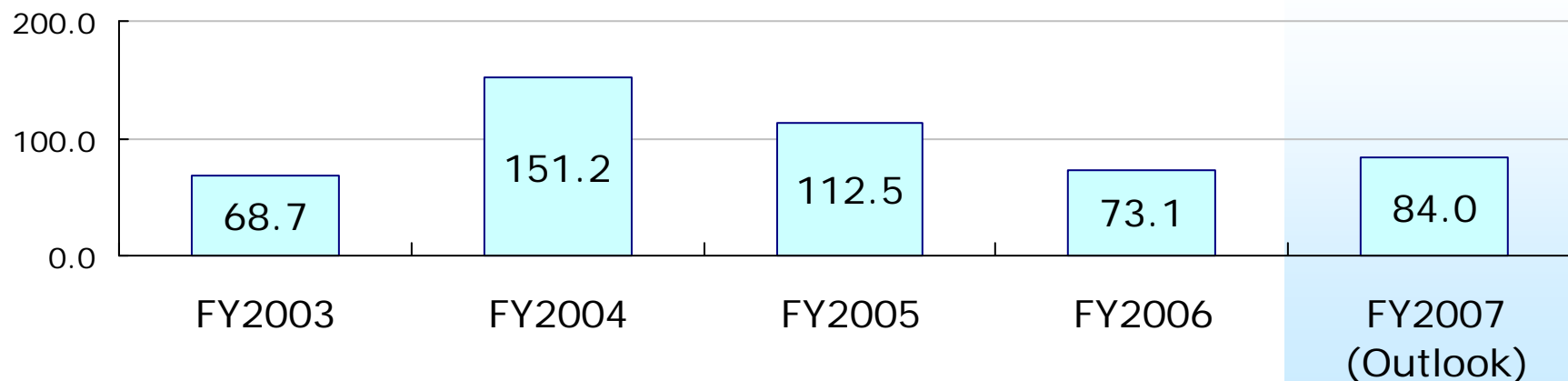
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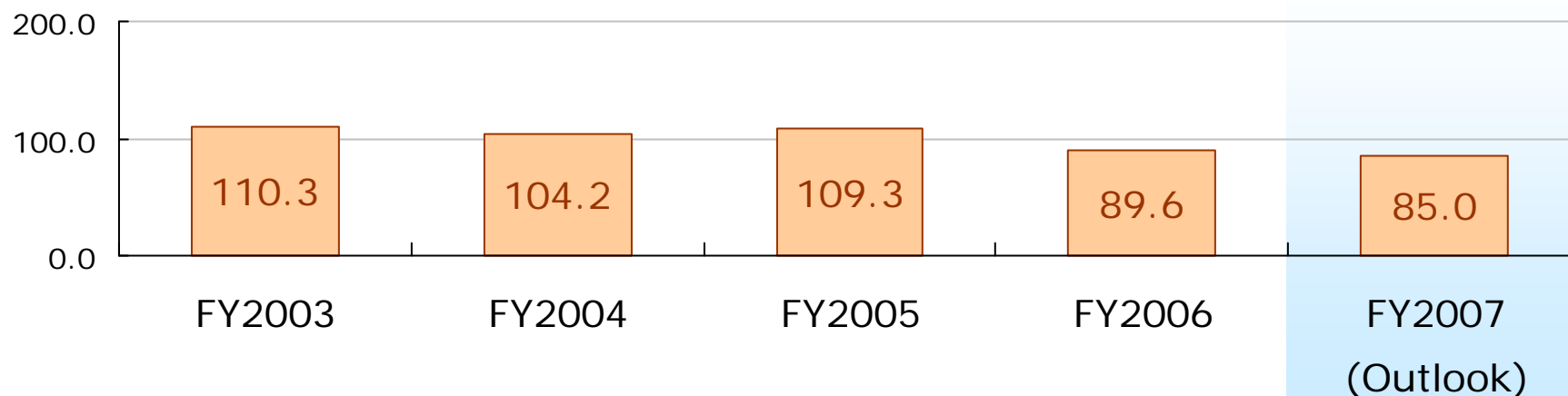
Outlook for Capital Expenditure and Depreciation & Amortization Expenses

(Billions of yen)

Capital Expenditures

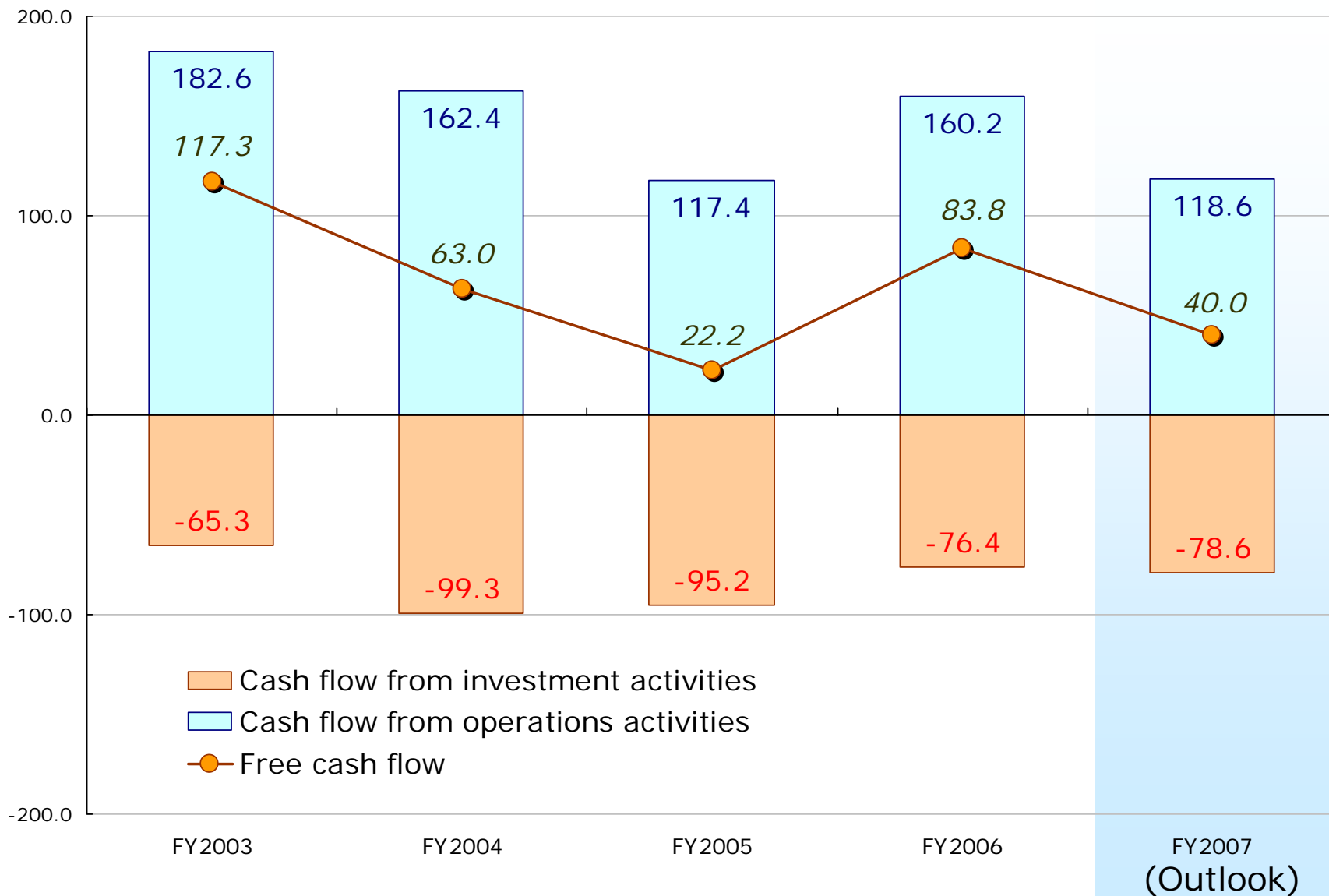


Depreciation and Amortization Expenses

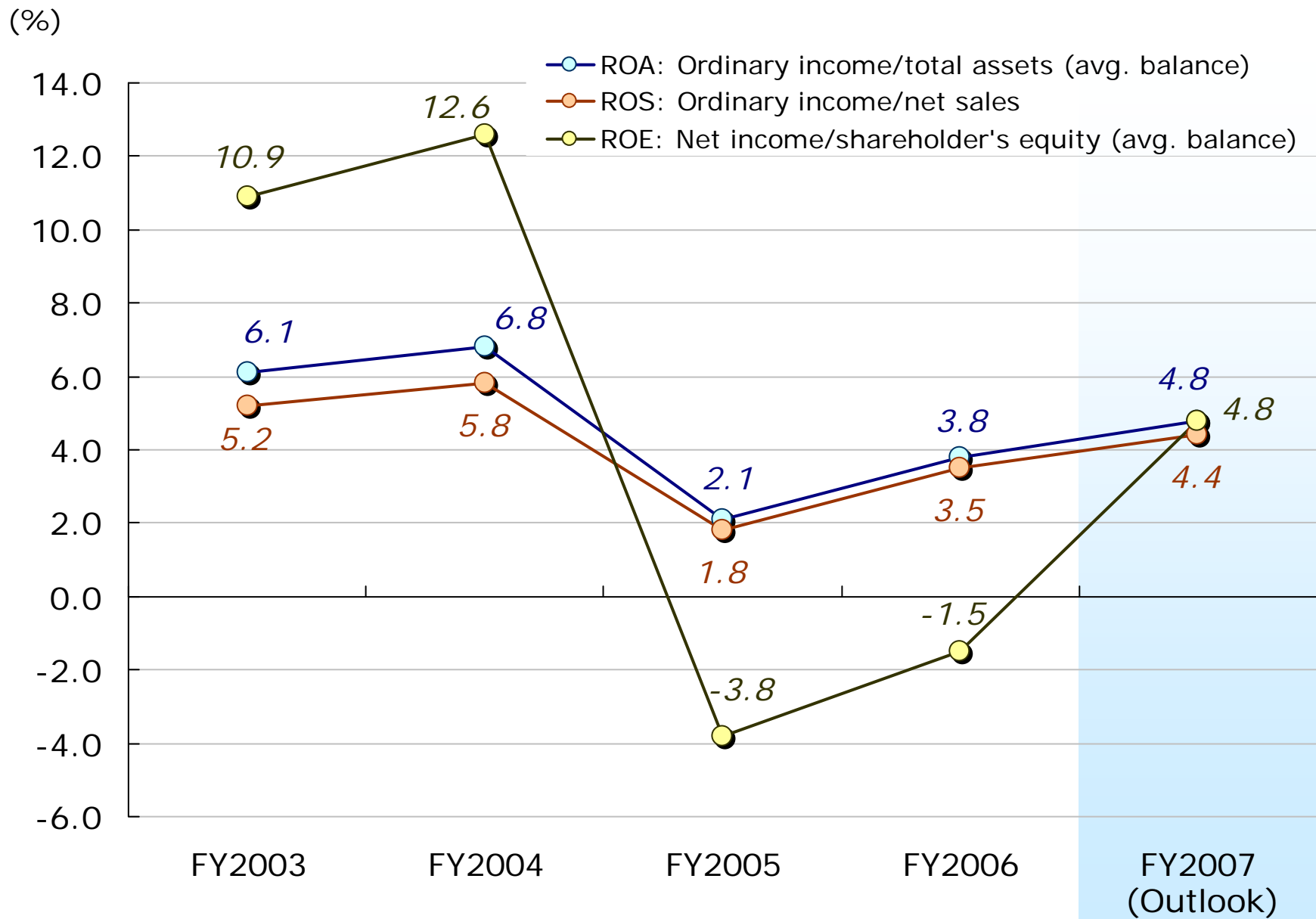


Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators



EPSON
EXCEED YOUR VISION