

March 9, 2008

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SECURITIES AND EXCHANGE COMMISSION

Office of International Corporate Finance
Room 3094 – Stop 3-6
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
U.S.A.



08001196

Re: Seiko Epson Corporation
Information Furnished Pursuant to Rule 12g3-2(b)
under the Securities Exchange Act of 1934

SUPPL

Ladies and Gentlemen:

In connection with our exemption as a foreign private issuer pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934, we hereby furnish the Securities and Exchange Commission with the information listed in Annex A attached hereto required by Rule 12g3-2(b).

If you have any further questions or requests for additional information, please do not hesitate to contact Toshiro Mukawa of Investor Relations Department at 011-81-3-3343-5513 (telephone) or 011-81-3-3348-7386 (facsimile).

Very truly yours,

Seiko Epson Corporation

By: T. Mukawa

Name: Toshiro Mukawa
Title: General Manager
Investor Relations Department

PROCESSED

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FINANCIAL

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A. ENGLISH LANGUAGE DOCUMENTS
(English documents listed below are included in EXHIBIT A, attached hereto)

| | Date | Title |
|----|--------------------|---|
| 1. | January 30, 2008 | CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2007 |
| 2. | January 30, 2008 | Supplementary Information Consolidated Nine months ended December 31, 2007 |
| 3. | January 30, 2008 | Third Quarter Financial Results Fiscal Year 2007 (Ending March 31, 2008) |
| | Press Release Date | Title |
| 4. | January 30, 2008 | Epson to Absorb Wholly Owned Subsidiary |
| 5. | January 30, 2008 | Consolidated Results for the Nine Months Ended December 31, 2007 |

ENGLISH DOCUMENTS

Set forth below are the English documents referred to in ANNEX A.

item 1

January 30, 2008

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

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January 30, 2008

**CONSOLIDATED RESULTS FOR
THE NINE MONTHS ENDED DECEMBER 31, 2007**

Consolidated Financial Highlights

Income statements and cash flows data (Millions of yen, thousands of U.S. dollars, except for per share data)

| | Nine months ended December 31 | | Change | Year ended March 31, 2007 | Nine months ended December 31, 2007 |
|---|----------------------------------|------------|---------|---------------------------------|--|
| | 2006 | 2007 | | | |
| Statements of Income Data: | | | | | |
| Net sales | ¥1,074,098 | ¥1,037,272 | (3.4%) | ¥1,416,032 | \$9,086,921 |
| Operating income | 46,325 | 55,711 | 20.3% | 50,343 | 488,051 |
| Income before income taxes and minority interest | 40,096 | 54,778 | 36.6% | 3,476 | 479,877 |
| Net income (loss) | 13,941 | 22,236 | 59.5% | (7,094) | 194,796 |
| Statements of Cash Flows Data: | | | | | |
| Cash flows from operating activities | 90,788 | 62,821 | (30.8%) | 160,229 | 550,337 |
| Cash flows from investing activities | (64,584) | (49,684) | (23.1%) | (76,419) | (435,252) |
| Cash flows from financing activities | (28,463) | (48,533) | 70.5% | (30,150) | (425,168) |
| Cash and cash equivalents at the end of the period | 279,590 | 299,614 | 7.2% | 334,873 | 2,624,739 |
| Per Share Data: | | | | | |
| Net income (loss) per share -Basic | ¥70.99 | ¥113.24 | 59.5% | ¥(36.13) | \$0.99 |
| -Diluted | ¥- | ¥- | - % | ¥- | \$- |

Balance sheets data

(Millions of yen, thousands of U.S. dollars, except for per share data)

| | December 31 | | March 31, 2007 | December 31, 2007 |
|--------------------------------|-------------|------------|-------------------|----------------------|
| | 2006 | 2007 | | |
| Total assets | ¥1,328,049 | ¥1,255,120 | ¥1,284,412 | \$10,995,357 |
| Equity | 513,639 | 507,966 | 494,335 | 4,449,987 |
| Shareholders' equity | 490,882 | 483,222 | 470,317 | 4,233,220 |
| Shareholders' equity ratio (%) | 37.0% | 38.5% | 36.6% | 38.5% |
| Shareholders' equity per share | ¥2,499.87 | ¥2,460.87 | ¥2,395.14 | \$21.56 |

Notes

- I. The consolidated figures are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated figures prepared by the Company as required by the Financial Instruments and Exchange Law of Japan (formerly the Securities and Exchange Law of Japan).
- II. Figures in the 'Change' column are comparisons with the same period of the previous year.
- III. Diluted net income per share is presented only if there are dilutive factors present.
- IV. Shareholders' equity is equity excluding minority interest in subsidiaries.
- V. U.S. dollar amounts are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. The rate of ¥114.15 = U.S.\$1 at December 31, 2007 has been used for the purpose of presentation.

Qualitative, Financial and Other Information

1. Fiscal 2007 Nine-Months Overview

The global economy showed signs of recovery during the first three quarters of the fiscal year under review. While the United States saw a gradual slow-down, partly due to a decline in housing starts, the European economy was generally robust. Meanwhile, China and the rest of Asia experienced continued expansion. In Japan there was evidence of weakened capital spending and personal spending, but the economy as a whole remained healthy due to factors such as growth in exports and production.

The main markets of the Epson Group ("Epson") were as follows. The inkjet printer market, where demand has continued to shift from single-function printers toward multifunction printers ("all-in-ones"), was flat year over year on the whole, as growth in Europe and Asia offset a contraction in Japan and the United States. The dot-matrix printer market, though shrinking overall, recorded strong growth in Asia. In POS systems, demand for POS receipt printers for small- and mid-sized retailers remained strong.

The projector market expanded on increased demand for business projectors, especially models used in educational applications. The rate of growth in home theater projectors, however, slowed due to the drop in large flat-screen TV prices.

Small- and medium-sized display applications showed healthy growth. The mobile phone handset market, the main destination for these displays, remained strong. In addition to new and upgrade demand for low-end phones, demand for 3G phones was robust, especially in Europe and the U.S. The digital camera market also remained strong, chiefly due to improvements in camera performance and a growing number of new single-lens reflex models. Demand for displays in portable media players (PMPs) and portable automotive navigation systems also increased.

Meanwhile, however, the markets for Epson's information-related equipment and electronic device products suffered from continued price erosion due to fierce competition and a relentless shift of demand toward the low-price zone.

In precision products, the price of eyeglass lens trended downward. Demand for semiconductor manufacturing remained firm.

In March 2006 Epson launched a mid-range business plan called "Creativity and Challenge 1000." In line with this plan, it has been driving a variety of actions designed to improve business performance and restart growth.

Now in the second year of the plan, Epson is emphasizing higher-margin products while also seeking to expand inkjet printer unit shipments. It is also stepping up its efforts to penetrate business and industrial segments where it can leverage the benefits of its Micro Piezo technology, which it intends to develop into a core source of future profit.

Meanwhile, the small- and medium-sized display business experienced a steep deterioration in profitability last fiscal year, largely due to a significantly different business environment than that assumed when the mid-range business plan was created. The worsening of the profit picture prompted Epson to reposition the business both strategically and structurally. The reorganization costs incurred due to this realignment were the main factor in reducing the fixed asset burden of the business. Epson is also striving to change the structure of its display sales, by capturing demand in areas other than mobile phones and reducing its dependence on handset demand.

The average U.S. dollar-yen and euro-yen exchange rates during the first nine months of the year under review were ¥117.28 and ¥162.82, respectively, a 1% decline in the value of the yen against the dollar and a 10% decline in the value of the yen against the euro compared to the same period last year.

As a result of the foregoing factors, net sales for the first three quarters of the current fiscal year were ¥1,037,272 million (\$9,086,921 thousand), down 3.4% year over year. Operating income was ¥55,711 million (\$488,051 thousand), up 20.3% year over year. Income before income taxes and minority interest was ¥54,778 million (\$479,877 thousand), up 36.6% year over year. And net income was ¥22,236 million (\$194,796 thousand), up 59.5% year over year.

Operating Performance Highlights by Business Segment

A segment-by-segment breakdown of financial results is provided below.

Information-related equipment:

The printer business as a whole saw net sales decline slightly. Performance benefited from an increase in multifunction printer unit volume and a weakened yen, though prices for inkjet printers (including consumables, as in all printer discussions below) declined. In the POS system products category the weaker yen contributed positively to results, as did steady growth in sales of color coupon printers and receipt printers. Page printer sales were affected by a decline in unit volume brought about by a tighter focus on high added value models rather than low-end models. (Please note that, effective as of this quarter, "page printer" is used instead of "laser printer.")

Total sales in the visual instruments business rose despite softer demand for LCD monitors from the amusement sector, as increased demand for 3LCD projectors used in education more than made up for declining business projector prices.

Operating income in the information-related equipment segment rose primarily due to revenue growth in 3LCD projectors, dot-matrix printers and POS system products.

As a result of the foregoing factors, net sales in the information-related equipment segment for the first three quarters of the current fiscal year were ¥690,528 million (\$6,049,304 thousand), up 0.4% year over year, while operating income was ¥71,198 million (\$623,723 thousand), up 9.9% year over year.

Electronic devices:

The display business as a whole posted sharply lower revenue. Amorphous-silicon TFT LCD unit shipments rose on increased demand for mobile phones and other applications, but a portion of those gains were cancelled out by eroding prices. Color STN LCD and MD-TFD LCD, the latter of which Epson is planning to terminate, suffered from both declining demand and price erosion.

The quartz device business saw total net sales grow slightly compared to the same period last year. Although there was some price erosion, total sales were nudged higher by an increase in unit shipments, which were buoyed by growth in demand for equipment such as mobile phone handsets, digital cameras and PCs.

The semiconductor business reported a decline in total net sales. Although unit shipments of mixed-signal products to non-handset markets increased, revenues were hurt by a drop in LCD driver shipments for handsets and a broad decline in prices.

Operating loss in the electronic devices segment narrowed compared to the same period last year. The improvement was due to lower fixed costs in the amorphous-silicon TFT LCD business, though gains were tempered by price erosion in quartz devices and in HTPS TFT LCD for projectors, as well as by a decline in MD-TFD LCD and semiconductor net sales.

As a result of the foregoing factors, nine-month net sales in the electronic devices segment were ¥307,628 million (\$2,694,945 thousand), down 10.6% year over year, while operating loss was ¥10,497 million (\$91,958 thousand) versus operating loss of ¥14,054 million in the same period last year.

Precision products:

The precision products segment as a whole reported lower net sales. Although watch sales benefited from a rise in the average price zone and a weaker yen, total sales in this segment ended lower primarily because, unlike last year, of a lack of shipments of industrial inkjet equipment, and because of price erosion in plastic eyeglass lenses.

Operating income in the precision products business segment declined due to a worsening of the model mix in the watch business.

As a result of the foregoing factors, net sales in the precision products segment for the first three quarters of the current fiscal year were ¥65,734 million (\$575,856 thousand), down 4.4% year over year, while operating income was ¥2,986 million (\$26,159 thousand), down 30.9% year over year.

Operating Performance Highlights by Geographic Segment

A region-by-region breakdown of financial results is provided below.

Japan:

Dot matrix printer net sales increased while MD-TFD LCD, page printer and STN LCD net sales declined. As a result, net sales were ¥927,533 million (\$8,125,563 thousand), down 3.7% year over year, while operating income was ¥27,529 million (\$241,165 thousand), down 20.4% year over year.

The Americas:

Net sales were up for 3LCD projectors and amorphous-silicon TFT LCDs but were down for inkjet printers, terminal modules and semiconductors. As a result, net sales were ¥216,139 million (\$1,893,465 thousand), down 1.1% year on year, while operating income was ¥7,123 million (\$62,400 thousand), down 21.0% year on year.

Europe:

Inkjet printer and terminal module net sales increased, while MD-TFD LCD and page printer net sales declined. As a result, net sales were ¥228,053 million (\$1,997,836 thousand), up 1.5% year on year, while operating income was ¥4,918 million (\$43,084 thousand), up 468.2% year on year.

Asia / Oceania:

Quartz device, dot-matrix printer and 3LCD projector net sales increased, while MD-TFD LCD and STN LCD net sales declined. As a result, net sales were ¥600,366 million (\$5,259,448 thousand), down 3.0% year over year, while operating income was ¥24,625 million (\$215,725 thousand), down 4.4% year over year.

2. Third-Quarter Operating Performance

Third-quarter net sales were ¥381,004 million (\$3,337,749 thousand), down 4.0% compared to the same quarter last year. Net sales benefited from an increase in unit shipments in the LTPS LCD and quartz device businesses as demand from the handset and digital camera markets rose. However, sales were adversely impacted by inkjet printer price erosion and a decline in both unit shipments and prices in the MD-TFD LCD, color STN LCD, and semiconductor and page printer businesses. Compared to the same period last year, operating income was up 31.9% to ¥33,447 million (\$293,009 thousand), income before income taxes

and minority interest was up 36.6% to ¥32,611 million (\$285,686 thousand), and quarterly net income was up 40.3% to ¥18,979 million (\$166,264 thousand). Although adversely affected by price erosion in HTPS TFT panels for 3LCD projectors and in page printers, income benefited from lower fixed costs in amorphous-silicon TFT LCDs, reduced costs in inkjet printers, and the effects of the weaker yen.

Liquidity and Financial Position

Financial Condition

Total assets as of December 31, 2007 stood at ¥1,255,120 million (\$10,995,357 thousand), a decrease of ¥29,292 million (\$256,610 thousand) from last fiscal year end. This was primarily due to a decrease in property, plant and equipment by ¥19,023 million (\$166,649 thousand), and investments and other assets such as investment securities by ¥12,003 million (\$105,151 thousand).

Total liabilities stood at ¥747,154 million (\$6,545,370 thousand), a decrease of ¥42,923 million (\$376,023 thousand) from last fiscal year end. Current liabilities decreased ¥39,715 million (\$347,919 thousand) while long-term liabilities decreased ¥3,208 million (\$28,103 thousand). The decline in current liabilities mainly resulted from decreases in short-term borrowings (including the current portion of long-term debt). The decline in long-term liabilities primarily resulted from repayments of long-term debt.

Cash Flow Performance

Cash flows from operating activities during the first three quarters included net income of ¥22,236 million (\$194,796 thousand). For adjustments to reconcile net income to net cash provided by operating activities, depreciation and amortization, principally in the electronic devices and information-related equipment segments, was ¥57,822 million (\$506,544 thousand). For changes to assets and liabilities, notes and accounts receivable, trade increased by ¥30,088 million (\$263,583 thousand), while notes and accounts payable, trade increased by ¥10,916 million (\$95,628 thousand). Inventories increased by ¥783 million (\$6,859 thousand). Income taxes paid were ¥7,855 million (\$68,813 thousand). As a result, net cash provided by operating activities were ¥62,821 million (\$550,337 thousand).

Included in cash outflows from investing activities was a total payment of ¥56,295 million (\$493,167 thousand) including payments for capital expenditures, principally in the electronic devices and information-related equipment segments, and payments for amounts that came due during this period for tangible and intangible fixed assets acquired at the end of the previous period. There were proceeds of ¥5,000 million (\$43,802 thousand) from redemption of investment securities. In total, cash outflows from investing activities amounted to ¥49,684 million (\$435,252 thousand).

Cash outflows from financing activities were ¥48,533 million (\$425,168 thousand), mainly due to repayments of long-term debt and payments of cash dividends.

As a result, cash and cash equivalents at the end of the period was ¥299,614 million (\$2,624,739 thousand).

3. Quantitative information regarding the consolidated financial outlook

Since the previous forecast was announced on October 31, 2007, Epson has performed well versus plan against a background of growth in the world economy. However, the Company has decided to stand by its previous forecast as the sub-prime loan crisis has impacted overseas and domestic markets for key products, and the economic outlook remains unclear.

The figures in the outlook are based on assumed exchange rates of ¥115 to the U.S. dollar and ¥163 to the euro.

Consolidated Results Outlook
(Full Year)

| | FY2006 | FY2007 | Change |
|---|--------------------------------|--|------------------------|
| Net sales | ¥1,416.0 billion | ¥1,379.0 billion | -¥37.0 billion (-2.6%) |
| Operating income | ¥50.3 billion | ¥56.0 billion | +¥5.7 billion (+11.2%) |
| Income before income taxes and minority interest | ¥3.5 billion | ¥53.0 billion | +¥49.5 billion (-%) |
| Net income (loss) | (¥7.1 billion) | ¥23.0 billion | +¥30.1 billion (-%) |
| Foreign exchange rate | \$1USD = ¥117 1 euro = ¥150 | \$1USD = ¥115 1 euro = ¥163 | |

Cautionary Statement

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements are subject to various risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trend, competition, technology trend, exchange rate fluctuations.

Consolidated Balance Sheets

| | Millions of yen | | | Thousands of U.S. dollars |
|--------------------------------------|-------------------|-------------------|-------------------|------------------------------|
| | December 31 | | March 31, | December 31, |
| | 2006 | 2007 | 2007 | 2007 |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | ¥279,590 | ¥299,614 | ¥334,873 | \$2,624,739 |
| Time deposits | 2,372 | 1,290 | 2,222 | 11,301 |
| Short-term investments | - | 3,017 | - | 26,430 |
| Notes and accounts receivable, trade | 262,286 | 251,997 | 218,988 | 2,207,595 |
| Inventories | 201,326 | 180,391 | 178,623 | 1,580,298 |
| Other current assets | 81,595 | 82,369 | 82,226 | 721,586 |
| Allowance for doubtful accounts | (4,423) | (3,670) | (3,658) | (32,151) |
| Total current assets | <u>822,746</u> | <u>815,008</u> | <u>813,274</u> | <u>7,139,798</u> |
| Property, plant and equipment: | | | | |
| Buildings and structures | 458,654 | 444,976 | 443,713 | 3,898,169 |
| Machinery and equipment | 580,318 | 559,657 | 560,587 | 4,902,821 |
| Furniture and fixtures | 213,647 | 206,121 | 207,930 | 1,805,703 |
| Other | 73,250 | 69,962 | 69,410 | 612,895 |
| | <u>1,325,869</u> | <u>1,280,716</u> | <u>1,281,640</u> | <u>11,219,588</u> |
| Accumulated depreciation | (914,769) | (920,707) | (902,608) | (8,065,764) |
| | <u>411,100</u> | <u>360,009</u> | <u>379,032</u> | <u>3,153,824</u> |
| Investments and other assets: | | | | |
| Investment securities | 47,657 | 38,741 | 48,182 | 339,387 |
| Intangible assets | 25,681 | 22,775 | 24,895 | 199,518 |
| Other assets | 21,350 | 18,807 | 19,376 | 164,757 |
| Allowance for doubtful accounts | (485) | (220) | (347) | (1,927) |
| | <u>94,203</u> | <u>80,103</u> | <u>92,106</u> | <u>701,735</u> |
| Total assets | <u>¥1,328,049</u> | <u>¥1,255,120</u> | <u>¥1,284,412</u> | <u>\$10,995,357</u> |

The accompanying notes are an integral part of these financial statements.

| | Millions of yen | | | Thousands of U.S. dollars |
|---|-----------------|------------|------------|------------------------------|
| | December 31 | | March 31, | December 31, |
| | 2006 | 2007 | 2007 | 2007 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| Short-term borrowings | ¥51,367 | ¥27,273 | ¥37,498 | \$238,922 |
| Current portion of long-term debt | 131,482 | 67,351 | 96,364 | 590,022 |
| Notes and accounts payable, trade | 127,702 | 134,318 | 118,815 | 1,176,680 |
| Income taxes payable | 20,480 | 18,355 | 7,578 | 160,797 |
| Accrued bonuses | 7,702 | 9,556 | 16,950 | 83,714 |
| Accrued warranty costs | 13,639 | 12,260 | 12,726 | 107,403 |
| Accrued litigation and related expenses | 6,228 | 5,131 | 4,816 | 44,950 |
| Other current liabilities | 178,006 | 162,166 | 181,378 | 1,420,639 |
| Total current liabilities | 536,606 | 436,410 | 476,125 | 3,823,127 |
| Long-term liabilities: | | | | |
| Long-term debt | 222,948 | 268,930 | 270,046 | 2,355,935 |
| Accrued pension and severance costs | 27,805 | 17,565 | 25,556 | 153,877 |
| Accrued recycle costs | 665 | 895 | 738 | 7,841 |
| Accrued warranty costs | 1,727 | 1,035 | 1,496 | 9,067 |
| Accrued litigation and related expenses | 2,084 | - | 826 | - |
| Other long-term liabilities | 22,575 | 22,319 | 15,290 | 195,523 |
| Total long-term liabilities | 277,804 | 310,744 | 313,952 | 2,722,243 |
| Equity: | | | | |
| Common stock | | | | |
| Authorized - 607,458,368 shares, | | | | |
| Issued - 196,364,592 shares | 53,204 | 53,204 | 53,204 | 466,088 |
| Additional paid-in capital | 79,501 | 79,501 | 79,501 | 696,461 |
| Retained earnings | 334,981 | 329,862 | 313,946 | 2,889,724 |
| Treasury stock, at cost | | | | |
| December 31, 2006 - 1,477 shares | | | | |
| December 31, 2007 - 2,118 shares | | | | |
| March 31, 2007 - 1,595 shares | (5) | (7) | (6) | (61) |
| Net unrealized gains on other securities | 9,308 | 8,704 | 9,821 | 76,251 |
| Net unrealized losses on derivative instruments | (784) | (577) | (35) | (5,055) |
| Translation adjustments | 14,677 | 12,535 | 13,886 | 109,812 |
| Minority interest in subsidiaries | 22,757 | 24,744 | 24,018 | 216,767 |
| Total equity | 513,639 | 507,966 | 494,335 | 4,449,987 |
| Contingent liabilities | | | | |
| Total liabilities and equity | ¥1,328,049 | ¥1,255,120 | ¥1,284,412 | \$10,995,357 |

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income**Nine months ended December 31:**

| | Millions of yen | | | Thousands of U.S. dollars |
|---|----------------------------------|------------|-------------------------|------------------------------|
| | Nine months ended December 31 | | Year ended March 31, | Nine months ended |
| | 2006 | 2007 | 2007 | December 31, 2007 |
| Net sales | ¥1,074,098 | ¥1,037,272 | ¥1,416,032 | \$9,086,921 |
| Cost of sales | 802,036 | 753,296 | 1,059,259 | 6,599,177 |
| Gross profit | 272,062 | 283,976 | 356,773 | 2,487,744 |
| Selling, general and administrative expenses: | | | | |
| Salaries and wages | 59,642 | 62,334 | 79,582 | 546,071 |
| Advertising | 19,431 | 19,158 | 26,215 | 167,832 |
| Sales promotion | 19,015 | 19,385 | 27,476 | 169,820 |
| Research and development costs | 31,808 | 31,476 | 43,054 | 275,742 |
| Shipping costs | 15,487 | 15,234 | 20,607 | 133,456 |
| Provision for doubtful accounts | 888 | 211 | 409 | 1,849 |
| Other | 79,466 | 80,467 | 109,087 | 704,923 |
| | 225,737 | 228,265 | 306,430 | 1,999,693 |
| Operating income | 46,325 | 55,711 | 50,343 | 488,051 |
| Other income: | | | | |
| Interest and dividend income | 3,980 | 9,058 | 5,998 | 79,351 |
| Other | 8,182 | 5,673 | 12,933 | 49,698 |
| | 12,162 | 14,731 | 18,931 | 129,049 |
| Other expenses: | | | | |
| Interest expenses | 4,696 | 4,591 | 6,631 | 40,219 |
| Net loss on foreign exchange | 5,605 | 2,924 | 7,191 | 25,616 |
| Loss on disposal of fixed assets | 3,413 | 1,631 | 4,451 | 14,288 |
| Impairment losses | 516 | 3,719 | 866 | 32,580 |
| Reorganization costs | 2,004 | - | 41,165 | - |
| Other | 2,157 | 2,799 | 5,494 | 24,520 |
| | 18,391 | 15,664 | 65,798 | 137,223 |
| Income before income taxes and minority interest | 40,096 | 54,778 | 3,476 | 479,877 |
| Income taxes | 34,043 | 30,028 | 17,621 | 263,057 |
| Income (loss) before minority interest | 6,053 | 24,750 | (14,145) | 216,820 |
| Minority interest in subsidiaries | (7,888) | 2,514 | (7,051) | 22,024 |
| Net income (loss) | ¥13,941 | ¥22,236 | ¥(7,094) | \$194,796 |
| | | | | |
| | | | Yen | U.S. dollars |
| Per share: | | | | |
| Net income (loss) | ¥70.99 | ¥113.24 | ¥(36.13) | \$0.99 |
| Cash dividends | ¥32.00 | ¥32.00 | ¥32.00 | \$0.28 |

The accompanying notes are an integral part of these financial statements.

Three months ended December 31:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------------------------|----------|---------------------------------------|
| | Three months ended December 31 | | Three months ended December 31, |
| | 2006 | 2007 | 2007 |
| Net sales | ¥396,708 | ¥381,004 | \$3,337,749 |
| Cost of sales | 286,188 | 265,480 | 2,325,712 |
| Gross profit | 110,520 | 115,524 | 1,012,037 |
| Selling, general and administrative expenses | 85,155 | 82,077 | 719,028 |
| Operating income | 25,365 | 33,447 | 293,009 |
| Other income: | | | |
| Interest and dividend income | 1,224 | 1,475 | 12,922 |
| Other | 2,931 | 2,293 | 20,088 |
| | 4,155 | 3,768 | 33,010 |
| Other expenses: | | | |
| Interest expenses | 1,522 | 1,338 | 11,721 |
| Net loss on foreign exchange | 1,817 | 561 | 4,915 |
| Loss on disposal of fixed assets | 1,237 | 760 | 6,658 |
| Impairment losses | 171 | 1,107 | 9,698 |
| Other | 895 | 838 | 7,341 |
| | 5,642 | 4,604 | 40,333 |
| Income before income taxes and minority interest | 23,878 | 32,611 | 285,686 |
| Income taxes | 13,525 | 12,747 | 111,669 |
| Income before minority interest | 10,353 | 19,864 | 174,017 |
| Minority interest in subsidiaries | (3,175) | 885 | 7,753 |
| Net income | ¥13,528 | ¥18,979 | \$166,264 |

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows**Nine months ended December 31:**

| | Millions of yen | | | Thousands of U.S. dollars |
|---|----------------------------------|----------|----------------------------|--------------------------------------|
| | Nine months ended December 31 | | Year ended March 31, | Nine months ended December 31, |
| | 2006 | 2007 | 2007 | 2007 |
| Cash flows from operating activities: | | | | |
| Net income (loss) | ¥13,941 | ¥22,236 | ¥(7,094) | \$194,796 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities - | | | | |
| Depreciation and amortization | 65,475 | 57,822 | 88,830 | 506,544 |
| Impairment losses | 820 | 3,719 | 1,146 | 32,580 |
| Reorganization costs | 1,913 | - | 41,068 | - |
| Accrual for net pension and severance costs, less payments | (2,905) | (8,150) | (5,102) | (71,397) |
| Net loss on sales and disposal of fixed assets | 2,825 | 1,537 | 3,363 | 13,465 |
| Equity in net gains under the equity method | (121) | (113) | (138) | (990) |
| Increase (decrease) in allowance for doubtful accounts | 534 | (109) | (355) | (955) |
| (Increase) decrease in notes and accounts receivable, trade | (13,776) | (30,088) | 29,897 | (263,583) |
| (Increase) decrease in inventories | (1,340) | (783) | 21,281 | (6,859) |
| Increase (decrease) in notes and accounts payable, trade | (1,304) | 10,916 | (10,864) | 95,628 |
| Increase (decrease) in accrued income taxes | 8,714 | 12,338 | (2,990) | 108,086 |
| Other | 16,012 | (6,504) | 1,187 | (56,978) |
| Net cash provided by operating activities | 90,788 | 62,821 | 160,229 | 550,337 |
| Cash flows from investing activities: | | | | |
| Proceeds from maturities of short-term investments | 2,000 | - | 2,000 | - |
| Proceeds from redemption of investment securities | - | 5,000 | 52 | 43,802 |
| Payments for purchases of property, plant and equipment | (50,973) | (51,788) | (67,803) | (453,684) |
| Proceeds from sales of property, plant and equipment | 884 | 643 | 7,317 | 5,633 |
| Payments for purchases of intangible assets | (10,039) | (4,507) | (11,513) | (39,483) |
| Payments of long-term prepaid expenses | (852) | (125) | (945) | (1,095) |
| Payments for acquisition of additional stock of an affiliate | (3,306) | - | (3,306) | - |
| Payments for purchases of subsidiaries' stock | (2,000) | (336) | (2,000) | (2,944) |
| Other | (298) | 1,429 | (221) | 12,519 |
| Net cash used in investing activities | (64,584) | (49,684) | (76,419) | (435,252) |
| Cash flows from financing activities: | | | | |
| Increase (decrease) in short-term borrowings | 1,311 | (10,280) | (12,657) | (90,057) |
| Proceeds from long-term debt | 30,000 | 40,500 | 120,880 | 354,796 |
| Repayments of long-term debt | (52,697) | (70,638) | (131,119) | (618,817) |
| Cash dividends paid | (6,284) | (6,284) | (6,284) | (55,050) |
| Cash dividends paid to minority in consolidated subsidiaries | (75) | (1,424) | (75) | (12,475) |
| Other | (718) | (407) | (895) | (3,565) |
| Net cash used in financing activities | (28,463) | (48,533) | (30,150) | (425,168) |
| Effect of exchange rate fluctuations on cash and cash equivalents | 1,735 | 137 | 1,099 | 1,200 |
| Net increase (decrease) in cash and cash equivalents | (524) | (35,259) | 54,759 | (308,883) |
| Cash and cash equivalents at the beginning of the period | 280,114 | 334,873 | 280,114 | 2,933,622 |
| Cash and cash equivalents at the end of the period | ¥279,590 | ¥299,614 | ¥334,873 | \$2,624,739 |
| Supplemental disclosures of cash flow information: | | | | |
| Cash received and paid during the period for - | | | | |
| Interest and dividend received | ¥4,010 | ¥9,663 | ¥5,983 | \$84,652 |
| Interest paid | ¥(4,514) | ¥(4,316) | ¥(6,417) | \$(37,810) |
| Income taxes paid | ¥(10,039) | ¥(7,855) | ¥(13,774) | \$(68,813) |

The accompanying notes are an integral part of these financial statements.

Three months ended December 31:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------------------------|----------|---------------------------------------|
| | Three months ended December 31 | | Three months ended December 31, |
| | 2006 | 2007 | 2007 |
| Cash flows from operating activities: | | | |
| Net income | ¥13,528 | ¥18,979 | \$166,264 |
| Adjustments to reconcile net income to net cash provided by operating activities - | | | |
| Depreciation and amortization | 22,527 | 19,854 | 173,929 |
| Impairment losses | 296 | 1,107 | 9,698 |
| Accrual for net pension and severance costs, less payments | (378) | (1,576) | (13,806) |
| Net loss on sales and disposal of fixed assets | 929 | 680 | 5,957 |
| Equity in net gains under the equity method | (11) | (55) | (482) |
| Increase (decrease) in allowance for doubtful accounts | 191 | (179) | (1,568) |
| Increase in notes and accounts receivable, trade | (3,897) | (22,656) | (198,476) |
| Decrease in inventories | 16,976 | 15,049 | 131,835 |
| Decrease in notes and accounts payable, trade | (23,997) | (12,896) | (112,974) |
| Increase in accrued income taxes | 9,115 | 7,672 | 67,210 |
| Other | 5,871 | 7,641 | 66,938 |
| Net cash provided by operating activities | 41,150 | 33,620 | 294,525 |
| Cash flows from investing activities: | | | |
| Payments for purchases of property, plant and equipment | (10,858) | (14,004) | (122,681) |
| Proceeds from sales of property, plant and equipment | 241 | 222 | 1,945 |
| Payments for purchases of intangible assets | (4,352) | (1,470) | (12,878) |
| Payments of long-term prepaid expenses | (124) | (4) | (35) |
| Payments for purchases of subsidiaries' stock | (2,000) | (336) | (2,943) |
| Other | 69 | (227) | (1,989) |
| Net cash used in investing activities | (17,024) | (15,819) | (138,581) |
| Cash flows from financing activities: | | | |
| Decrease in short-term borrowings | (39,494) | (6,317) | (55,339) |
| Proceeds from long-term debt | 30,000 | - | - |
| Repayments of long-term debt | (2,125) | (4,175) | (36,575) |
| Cash dividends paid | (3,142) | (3,142) | (27,525) |
| Cash dividends paid to minority in consolidated subsidiaries | (27) | (1,049) | (9,190) |
| Other | (178) | (135) | (1,183) |
| Net cash used in financing activities | (14,966) | (14,818) | (129,812) |
| Effect of exchange rate fluctuations on cash and cash equivalents | 1,352 | (93) | (815) |
| Net increase in cash and cash equivalents | 10,512 | 2,890 | 25,317 |
| Cash and cash equivalents at the beginning of the period | 269,078 | 296,724 | 2,599,422 |
| Cash and cash equivalents at the end of the period | ¥279,590 | ¥299,614 | \$2,624,739 |
| Supplemental disclosures of cash flow information: | | | |
| Cash received and paid during the period for - | | | |
| Interest and dividend received | ¥1,206 | ¥5,629 | \$49,312 |
| Interest paid | ¥(1,388) | ¥(1,220) | \$(10,688) |
| Income taxes paid | ¥(1,304) | ¥(3,193) | \$(27,972) |

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

With the exception of the sections listed below, the “Basis of presenting consolidated financial statements” and “Summary of significant accounting policies” have been omitted as there were no significant changes to the versions printed in the Seiko Epson Annual Report 2007.

Moreover, some notes such as “Investments in debt and equity securities” and “Derivative instruments” have not been disclosed herein since they are insignificant to the consolidated results.

1. Number of group companies

As of December 31, 2007, the Company had 101 consolidated subsidiaries. It has applied the equity method in respect to one unconsolidated subsidiary and to five affiliates.

2. Changes in significant accounting policies

(1) Unification of Accounting Policies Applied to Foreign Subsidiaries

On May 17, 2006, the Accounting Standards Board of Japan issued Practical Issues Task Force No. 18 - “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”. Effective as of April 1, 2007, Epson has elected to early adopt the new accounting standards.

For the presentation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle. However, prior to April 1, 2007, the accounting policies applied to a parent company and those of foreign subsidiaries were tentatively not required to be uniform. This rule applied unless the accounting policies of foreign subsidiaries were acknowledged as unreasonable. Under the new accounting standards, financial statements prepared by foreign subsidiaries in accordance with International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process. In addition, some items should be adjusted in the consolidation process so that net income is accurately accounted for, unless they are not material.

The adoption of the new accounting standards did not have a material effect on Epson’s results of operations and financial position for the nine months ended December 31, 2007.

(2) Change in depreciation method for property, plant and equipment

Prior to April 1, 2007, depreciation of property, plant and equipment (excluding buildings acquired on or after April 1, 1998) for the Company and its Japanese subsidiaries was mainly computed based on the declining-balance method, assuming the residual value is 10 % of the acquisition cost.

Accompanying FY2007 Japanese tax reforms, effective as of April 1, 2007, the Company and its Japanese subsidiaries adopted the 250% declining-balance method for depreciation of property, plant and equipment (excluding buildings) acquired on or after April 1. According to this change, property, plant and equipment are to be depreciated to ¥1 (\$0.01) (memorandum price) at the end of their useful life. As a result of adopting the new method, operating income and income before income taxes and minority interest for the nine months ended December 31, 2007 decreased by ¥1,469 million (\$12,869 thousand), as compared with the amount which would have been reported if the previous method had been applied consistently.

Furthermore, accompanying FY2007 Japanese tax reforms, property, plant and equipment that were acquired before April 1, 2007, and that have been depreciated to the final depreciable limit (5% of acquisition costs), are to be depreciated to ¥1 (\$0.01) over five years commencing at the start of the following fiscal year using the straight-line method. As a result of the additional depreciation, operating income and income before income taxes and minority interest for the nine months ended December 31, 2007 decreased by ¥1,822 million (\$15,961 thousand), as compared with the amount which would have been reported if the previous method had been applied consistently.

3. Credit agreements

As at December 31, 2007, the Company had line-of-credit agreements with 28 financial institutions for an aggregate maximum amount of ¥80,000 million (\$700,832 thousand). As at December 31, 2007, there were unused credit lines of ¥50,000 million (\$438,020 thousand) outstanding and available.

4. Goodwill

Epson had goodwill and negative goodwill as at December 31, 2007. Goodwill and negative goodwill are amortized on a straight-line basis in accordance with Japanese accounting standards. Negative goodwill was recorded in other long-term liabilities account after being offset against goodwill. The amounts of goodwill and negative goodwill before offsetting as at December 31, 2007 were as follows:

| | <u>Millions of yen</u> | <u>Thousands of U.S. dollars</u> |
|-------------------|------------------------|--------------------------------------|
| Goodwill | ¥198 | \$1,735 |
| Negative goodwill | 3,631 | 31,809 |

5. Cash dividends

The amount of year-end cash dividends per share and interim cash dividends per share, which the Company paid to the shareholders of record at last fiscal year-end and last half-year end during the nine months ended December 31, 2007, was as follows:

| <u>Cash dividends per share</u> | <u>Yen</u> | <u>U.S. dollars</u> |
|---------------------------------|---------------|---------------------|
| Year-end | ¥16.00 | \$0.14 |
| Interim | 16.00 | 0.14 |
| Total | <u>¥32.00</u> | <u>\$0.28</u> |

The effective dates of the distribution for year-end and interim cash dividends, which were paid during the nine months ended December 31, 2007, were June 27, 2007 and December 5, 2007, respectively.

6. Net income per share

Calculation of net income per share for the nine months ended December 31, 2007 was as follows:

| | <u>Millions of yen</u> | <u>Thousands of U.S. dollars</u> |
|--|----------------------------|----------------------------------|
| Net income attributable to common shares | <u>¥22,236</u> | <u>\$194,796</u> |
| | <u>Thousands of shares</u> | |
| Weighted-average number of common shares outstanding | <u>196,363</u> | |
| | <u>Yen</u> | <u>U.S. dollars</u> |
| Net income per share | <u>¥113.24</u> | <u>\$0.99</u> |

Diluted net income per share was not calculated herein since Epson had no potential common shares, which have dilutive effect issuable upon conversion of convertible bonds, outstanding for the nine months ended December 31, 2007.

7. Impairment losses

Epson's business assets generally are grouped by business segment under the Company's management accounting system, and their cash flows are continuously monitored. Assets planned to be sold and idle assets are separately assessed for impairment on the individual asset level. Impairment tests were performed for both types of assets.

For the nine months ended December 31, 2007, Epson impaired both production equipment planned for consolidation and idle assets. The carrying value of these assets was reduced to its recoverable amount. A reduction in value of ¥3,719 million (\$32,580 thousand) was recognized in impairment losses account. The reduction mainly comprised machinery and equipment.

The recoverable amounts are determined using their net selling prices, which were assessed on the basis of

reasonable estimates.

8. Cash flow information

Cash and cash equivalents at December 31, 2007 comprised the following:

| | <u>Millions of yen</u> | <u>Thousands of U.S. dollars</u> |
|--|------------------------|--------------------------------------|
| Cash and deposits | ¥176,781 | \$1,548,673 |
| Short-term investments | 118,030 | 1,033,990 |
| Short-term loans receivables | 10,000 | 87,604 |
| Subtotal | <u>304,811</u> | <u>2,670,267</u> |
| Less: | | |
| Short-term borrowings (overdrafts) | (890) | (7,797) |
| Time deposits due over three months | (1,290) | (11,301) |
| Short-term investments due over three months | <u>(3,017)</u> | <u>(26,430)</u> |
| Cash and cash equivalents | <u>¥299,614</u> | <u>\$2,624,739</u> |

9. Leases

Epson, as a lessee, charges periodic capital lease payments to expense when paid. Such payments for the nine months ended December 31, 2007 amounted to ¥7,313 million (\$64,065 thousand).

If capital leases that do not transfer the ownership of the assets to the lessee at the end of the lease term were capitalized, the capital lease assets at December 31, 2007 would have been as follows:

| | <u>Millions of yen</u> | <u>Thousands of U.S. dollars</u> |
|-----------------------------|------------------------|--------------------------------------|
| Acquisition cost: | | |
| Buildings and structures | ¥1,785 | \$15,637 |
| Machinery and equipment | 38,519 | 337,442 |
| Furniture and fixtures | 1,905 | 16,689 |
| Intangible assets | 137 | 1,200 |
| | <u>42,346</u> | <u>370,968</u> |
| Less: | | |
| Accumulated depreciation | (27,030) | (236,794) |
| Accumulated impairment loss | <u>(8,391)</u> | <u>(73,508)</u> |
| | <u>(35,421)</u> | <u>(310,302)</u> |
| Net book value | <u>¥6,925</u> | <u>\$60,666</u> |

Depreciation expenses for these leased assets for the nine months ended December 31, 2007 would have been ¥6,600 million (\$57,819 thousand), if they were computed in accordance with the straight-line method over the periods of these capital leases, assuming no residual value.

Interest expense for these capital leases for the nine months ended December 31, 2007 would have been ¥418 million (\$3,662 thousand).

Future lease payments for capital leases at December 31, 2007 were as follows:

| <u>Future lease payments</u> | <u>Millions of yen</u> | <u>Thousands of U.S. dollars</u> |
|------------------------------|------------------------|--------------------------------------|
| Due within one year | ¥7,349 | \$64,380 |
| Due after one year | <u>5,873</u> | <u>51,450</u> |
| Total | <u>¥13,222</u> | <u>\$115,830</u> |

Amounts appearing in the table above include amounts to be paid on capital leases which have accrued impairment losses amounting to ¥5,588 million (\$48,953 thousand) as of December 31, 2007. Lease payments for impaired capital lease assets in the nine months ended December 31, 2007 were ¥3,375 million (\$29,566 thousand).

Future lease payments for non-cancelable operating leases as a lessee at December 31, 2007 were as follows:

| <u>Future lease payments</u> | <u>Millions of yen</u> | <u>Thousands of U.S. dollars</u> |
|------------------------------|------------------------|--------------------------------------|
| Due within one year | ¥5,344 | \$46,816 |
| Due after one year | <u>7,144</u> | <u>62,584</u> |
| Total | <u>¥12,488</u> | <u>\$109,400</u> |

10. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks at December 31, 2007 were ¥2,128 million (\$18,642 thousand). Furthermore, the amount of discounted notes at December 31, 2007 was ¥7 million (\$61 thousand).

11. Segment information

(1) Business segment information

Epson engages primarily in the development, manufacture and sale of computer printers, liquid crystal displays ("LCDs"), semiconductor products and other products.

Epson operates manufacturing facilities in Japan, Asia, the Americas and Europe, and markets its products internationally through a global network of local sales subsidiaries.

Epson engages principally in the following three business segments categorized based on the nature of products, markets and marketing methods.

Information-related equipment segment mainly includes color inkjet printers, page printers, dot matrix printers, large format inkjet printers and related supplies, color image scanners, mini-printers, printers for use in POS systems, 3LCD projectors, LCD monitors, label writers and personal computers.

Electronic devices segment mainly includes small- and medium-sized LCDs, HTPS-TFT panels for 3LCD projectors, crystal units, crystal oscillators, optical devices and CMOS LSI.

Precision products segment mainly includes watches, watch movements, plastic corrective lenses, precision industrial robots, IC handlers and industrial inkjet equipment.

Operations not categorized in any of the above segments, such as services offered within Epson and new businesses still in the start-up phase, are categorized within "Other".

The table below summarizes the business segment information of Epson for the nine months ended December 31, 2006 and 2007 and for the year ended March 31, 2007:

Nine months ended December 31:

| | Millions of yen | | | Thousands of U.S. dollars |
|---------------------------------------|----------------------------------|-------------------------|------------|--------------------------------------|
| | Nine months ended December 31 | Year ended March 31, | 2007 | Nine months ended December 31, |
| | 2006 | 2007 | | 2007 |
| Information-related equipment: | | | | |
| Net sales: | | | | |
| Customers | ¥686,211 | ¥688,820 | ¥913,476 | \$6,034,341 |
| Inter-segment | 1,729 | 1,708 | 2,854 | 14,963 |
| Total | 687,940 | 690,528 | 916,330 | 6,049,304 |
| Operating expenses | 623,140 | 619,330 | 832,094 | 5,425,581 |
| Operating income | ¥64,800 | ¥71,198 | ¥84,236 | \$623,723 |
| Electronic devices: | | | | |
| Net sales: | | | | |
| Customers | ¥316,818 | ¥280,357 | ¥411,269 | \$2,456,040 |
| Inter-segment | 27,371 | 27,271 | 33,434 | 238,905 |
| Total | 344,189 | 307,628 | 444,703 | 2,694,945 |
| Operating expenses | 358,243 | 318,125 | 470,758 | 2,786,903 |
| Operating loss | ¥(14,054) | ¥(10,497) | ¥(26,055) | \$(91,958) |
| Precision products: | | | | |
| Net sales: | | | | |
| Customers | ¥68,059 | ¥64,989 | ¥86,903 | \$569,330 |
| Inter-segment | 688 | 745 | 841 | 6,526 |
| Total | 68,747 | 65,734 | 87,744 | 575,856 |
| Operating expenses | 64,424 | 62,748 | 84,168 | 549,697 |
| Operating income | ¥4,323 | ¥2,986 | ¥3,576 | \$26,159 |
| Other: | | | | |
| Net sales: | | | | |
| Customers | ¥3,010 | ¥3,106 | ¥4,384 | \$27,210 |
| Inter-segment | 19,357 | 17,746 | 25,926 | 155,462 |
| Total | 22,367 | 20,852 | 30,310 | 182,672 |
| Operating expenses | 31,697 | 29,147 | 42,466 | 255,340 |
| Operating loss | ¥(9,330) | ¥(8,295) | ¥(12,156) | \$(72,668) |
| Eliminations and corporate: | | | | |
| Net sales | ¥(49,145) | ¥(47,470) | ¥(63,055) | \$(415,856) |
| Operating expenses | (49,731) | (47,789) | (63,797) | (418,651) |
| Operating income | ¥586 | ¥319 | ¥742 | \$2,795 |
| Consolidated: | | | | |
| Net sales | ¥1,074,098 | ¥1,037,272 | ¥1,416,032 | \$9,086,921 |
| Operating expenses | 1,027,773 | 981,561 | 1,365,689 | 8,598,870 |
| Operating income | ¥46,325 | ¥55,711 | ¥50,343 | \$488,051 |

As described in Note 2 (2), accompanying FY2007 Japanese tax reforms, effective as of April 1, 2007, the Company and its Japanese subsidiaries adopted the 250% declining-balance method for depreciation of property, plant and equipment (excluding buildings) acquired on or after April 1. According to this change, property, plant and equipment are to be depreciated to ¥1 (\$0.01) (memorandum price) at the end

of their useful life. As a result of adopting the new method, for the nine months ended December 31, 2007, operating income of information-related equipment segment, electronic devices segment and precision products segment and other decreased by ¥328 million (\$2,873 thousand), ¥906 million (\$7,937 thousand), ¥93 million (\$815 thousand) and ¥142 million (\$1,244 thousand), respectively, as compared with the amount which would have been reported if the previous method had been applied consistently.

The table below summarizes the business segment information of Epson for the three months ended December 31, 2006 and 2007:

Three months ended December 31:

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------------|-----------------------------------|-----------|---------------------------------------|
| | Three months ended December 31 | | Three months ended December 31, |
| | 2006 | 2007 | 2007 |
| Information-related equipment: | | | |
| Net sales: | | | |
| Customers | ¥269,393 | ¥261,822 | \$2,293,666 |
| Inter-segment | 554 | 535 | 4,687 |
| Total | 269,947 | 262,357 | 2,298,353 |
| Operating expenses | 237,456 | 225,900 | 1,978,975 |
| Operating income | ¥32,491 | ¥36,457 | \$319,378 |
| Electronic devices: | | | |
| Net sales: | | | |
| Customers | ¥103,901 | ¥96,622 | \$846,448 |
| Inter-segment | 9,215 | 8,752 | 76,671 |
| Total | 113,116 | 105,374 | 923,119 |
| Operating expenses | 118,836 | 106,417 | 932,256 |
| Operating loss | ¥(5,720) | ¥(1,043) | \$(9,137) |
| Precision products: | | | |
| Net sales: | | | |
| Customers | ¥22,510 | ¥21,590 | \$189,137 |
| Inter-segment | 171 | 261 | 2,287 |
| Total | 22,681 | 21,851 | 191,424 |
| Operating expenses | 21,145 | 20,962 | 183,636 |
| Operating income | ¥1,536 | ¥889 | \$7,788 |
| Other: | | | |
| Net sales: | | | |
| Customers | ¥904 | ¥970 | \$8,498 |
| Inter-segment | 6,028 | 6,442 | 56,434 |
| Total | 6,932 | 7,412 | 64,932 |
| Operating expenses | 10,023 | 10,345 | 90,626 |
| Operating loss | ¥(3,091) | ¥(2,933) | \$(25,694) |
| Eliminations and corporate: | | | |
| Net sales | ¥(15,968) | ¥(15,990) | \$(140,079) |
| Operating expenses | (16,117) | (16,067) | (140,753) |
| Operating income | ¥149 | ¥77 | \$674 |
| Consolidated: | | | |
| Net sales | ¥396,708 | ¥381,004 | \$3,337,749 |
| Operating expenses | 371,343 | 347,557 | 3,044,740 |
| Operating income | ¥25,365 | ¥33,447 | \$293,009 |

(2) Geographic segment information

Net sales are attributed to geographic segments based on the country location of the Company or the subsidiary that transacted the sale with the external customer. Principal countries and jurisdictions in each geographic segment are as follows:

“The Americas” mainly includes the United States, Canada, Brazil, Chile, Argentina, Costa Rica, Colombia, Venezuela, Mexico and Peru.

“Europe” mainly includes the United Kingdom, the Netherlands, Germany, France, Italy, Spain, Portugal and Russia.

“Asia/Oceania” mainly includes China (including Hong Kong), Singapore, Malaysia, Taiwan, Thailand, the Philippines, Australia, New Zealand, Indonesia, Korea and India.

The table below summarizes the geographic segment information of Epson for the nine months ended December 31, 2006 and 2007 and for the year ended March 31, 2007:

Nine months ended December 31:

| | Millions of yen | | | Thousands of U.S. dollars |
|------------------------------------|----------------------------------|------------|-------------------------|------------------------------|
| | Nine months ended December 31 | | Year ended March 31, | Nine months ended |
| | 2006 | 2007 | 2007 | December 31, 2007 |
| Japan: | | | | |
| Net sales: | | | | |
| Customers | ¥492,511 | ¥461,304 | ¥640,727 | \$4,041,209 |
| Inter-segment | 470,179 | 466,229 | 602,431 | 4,084,354 |
| Total | 962,690 | 927,533 | 1,243,158 | 8,125,563 |
| Operating expenses | 928,101 | 900,004 | 1,208,070 | 7,884,398 |
| Operating income | ¥34,589 | ¥27,529 | ¥35,088 | \$241,165 |
| The Americas: | | | | |
| Net sales: | | | | |
| Customers | ¥186,839 | ¥188,272 | ¥250,374 | \$1,649,339 |
| Inter-segment | 31,683 | 27,867 | 41,264 | 244,126 |
| Total | 218,522 | 216,139 | 291,638 | 1,893,465 |
| Operating expenses | 209,507 | 209,016 | 279,735 | 1,831,065 |
| Operating income | ¥9,015 | ¥7,123 | ¥11,903 | \$62,400 |
| Europe: | | | | |
| Net sales: | | | | |
| Customers | ¥216,333 | ¥222,153 | ¥289,286 | \$1,946,150 |
| Inter-segment | 8,375 | 5,900 | 10,098 | 51,686 |
| Total | 224,708 | 228,053 | 299,384 | 1,997,836 |
| Operating expenses | 223,842 | 223,135 | 299,792 | 1,954,752 |
| Operating income (loss) | ¥866 | ¥4,918 | ¥(408) | \$43,084 |
| Asia/Oceania: | | | | |
| Net sales: | | | | |
| Customers | ¥178,415 | ¥165,543 | ¥235,645 | \$1,450,223 |
| Inter-segment | 440,466 | 434,823 | 551,842 | 3,809,225 |
| Total | 618,881 | 600,366 | 787,487 | 5,259,448 |
| Operating expenses | 593,119 | 575,741 | 766,293 | 5,043,723 |
| Operating income | ¥25,762 | ¥24,625 | ¥21,194 | \$215,725 |
| Eliminations and corporate: | | | | |
| Net sales | ¥(950,703) | ¥(934,819) | ¥(1,205,635) | \$ (8,189,391) |
| Operating expenses | (926,796) | (926,335) | (1,188,201) | (8,115,068) |
| Operating loss | ¥(23,907) | ¥(8,484) | ¥(17,434) | \$ (74,323) |
| Consolidated: | | | | |
| Net sales | ¥1,074,098 | ¥1,037,272 | ¥1,416,032 | \$9,086,921 |
| Operating expenses | 1,027,773 | 981,561 | 1,365,689 | 8,598,870 |
| Operating income | ¥46,325 | ¥55,711 | ¥50,343 | \$488,051 |

As described in Note 2 (2), accompanying FY2007 Japanese tax reforms, effective as of April 1, 2007, the Company and its Japanese subsidiaries adopted the 250% declining-balance method for depreciation of property, plant and equipment (excluding buildings) acquired on or after April 1. According to this change, property, plant and equipment are to be depreciated to ¥1 (\$0.01) (memorandum price) at the end

of their useful life. As a result of adopting the new method, for the nine months ended December 31, 2007, operating income of Japan decreased by ¥1,469 million (\$12,869 thousand), as compared with the amount which would have been reported if the previous method had been applied consistently.

The table below summarizes the geographic segment information of Epson for the three months ended December 31, 2006 and 2007:

Three months ended December 31:

| | <u>Millions of yen</u> | | <u>Thousands of</u> |
|-----------------------------|---------------------------|--------------------|---------------------|
| | | | <u>U.S. dollars</u> |
| | <u>Three months ended</u> | <u>December 31</u> | <u>Three months</u> |
| | <u>2006</u> | <u>2007</u> | <u>ended</u> |
| | | | <u>December 31,</u> |
| | | | <u>2007</u> |
| Japan: | | | |
| Net sales: | | | |
| Customers | ¥181,907 | ¥173,688 | \$1,521,577 |
| Inter-segment | 161,033 | 154,799 | 1,356,102 |
| Total | 342,940 | 328,487 | 2,877,679 |
| Operating expenses | 329,377 | 311,776 | 2,731,284 |
| Operating income | ¥13,563 | ¥16,711 | \$146,395 |
| The Americas: | | | |
| Net sales: | | | |
| Customers | ¥67,415 | ¥65,543 | \$574,183 |
| Inter-segment | 10,926 | 8,345 | 73,106 |
| Total | 78,341 | 73,888 | 647,289 |
| Operating expenses | 77,524 | 72,549 | 635,559 |
| Operating income | ¥817 | ¥1,339 | \$11,730 |
| Europe: | | | |
| Net sales: | | | |
| Customers | ¥88,949 | ¥88,383 | \$774,271 |
| Inter-segment | 2,195 | 2,089 | 18,300 |
| Total | 91,144 | 90,472 | 792,571 |
| Operating expenses | 87,981 | 85,649 | 750,320 |
| Operating income | ¥3,163 | ¥4,823 | \$42,251 |
| Asia/Oceania: | | | |
| Net sales: | | | |
| Customers | ¥58,437 | ¥53,390 | \$467,718 |
| Inter-segment | 156,972 | 149,278 | 1,307,735 |
| Total | 215,409 | 202,668 | 1,775,453 |
| Operating expenses | 206,581 | 194,745 | 1,706,044 |
| Operating income | ¥8,828 | ¥7,923 | \$69,409 |
| Eliminations and corporate: | | | |
| Net sales | ¥(331,126) | ¥(314,511) | \$(2,755,243) |
| Operating expenses | (330,120) | (317,162) | (2,778,467) |
| Operating income (loss) | ¥(1,006) | ¥2,651 | \$23,224 |
| Consolidated: | | | |
| Net sales | ¥396,708 | ¥381,004 | \$3,337,749 |
| Operating expenses | 371,343 | 347,557 | 3,044,740 |
| Operating income | ¥25,365 | ¥33,447 | \$293,009 |

(3) Sales to overseas customers

The table below shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the nine months ended December 31, 2006 and 2007 and for the year ended March 31, 2007:

Nine months ended December 31:

| | Millions of yen | | Thousands of U.S. dollars |
|------------------------|-------------------------------|------------|--------------------------------|
| | Nine months ended December 31 | | Nine months ended December 31, |
| | 2006 | 2007 | 2007 |
| Overseas sales: | | | |
| The Americas | ¥203,150 | ¥211,019 | \$1,848,611 |
| Europe | 257,052 | 265,708 | 2,327,709 |
| Asia/Oceania | 270,019 | 236,895 | 2,075,296 |
| Total | 730,221 | 713,622 | 6,251,616 |
| Consolidated net sales | ¥1,074,098 | ¥1,037,272 | \$9,086,921 |
| Percentage: | | | |
| The Americas | 18.9% | 20.4% | 19.1% |
| Europe | 23.9 | 25.6 | 24.1 |
| Asia/Oceania | 25.2 | 22.8 | 24.9 |
| Total | 68.0% | 68.8% | 68.1% |

The table below shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the three months ended December 31, 2006 and 2007:

Three months ended December 31:

| | Millions of yen | | Thousands of U.S. dollars |
|------------------------|--------------------------------|----------|---------------------------------|
| | Three months ended December 31 | | Three months ended December 31, |
| | 2006 | 2007 | 2007 |
| Overseas sales: | | | |
| The Americas | ¥75,137 | ¥75,802 | \$664,056 |
| Europe | 100,584 | 103,328 | 905,195 |
| Asia/Oceania | 88,292 | 77,417 | 678,204 |
| Total | 264,013 | 256,547 | 2,247,455 |
| Consolidated net sales | ¥396,708 | ¥381,004 | \$3,337,749 |
| Percentage: | | | |
| The Americas | 18.9% | 19.9% | |
| Europe | 25.4 | 27.1 | |
| Asia/Oceania | 22.3 | 20.3 | |
| Total | 66.6% | 67.3% | |

January 30, 2008

Supplementary Information
Consolidated Nine months ended December 31, 2007

Supplementary Information

Consolidated Nine months ended December 31, 2007

Cautionary Statement

This report includes forward-looking statements that are based on management's view from the information available at the time of the announcement. These statements are subject to various risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Epson include, but are not limited to, general economic conditions, the ability of Epson to continue to timely introduce new products and services in markets, consumption trend, competition, technology trend, exchange rate fluctuations.

I. Sales by division

(Unit: billion yen)

| | Nine months ended December 31, | | Increase % | Forecast for the year ended March 31, 2008 | Increase compared to year ended March 31, 2007 % |
|-------------------------------|-----------------------------------|---------|---------------|--|---|
| | 2006 | 2007 | | | |
| Information-related equipment | 687.9 | 690.5 | 0.4 | 922.0 | 0.6 |
| Printer | 588.5 | 585.8 | (0.5) | 778.0 | (0.5) |
| Visual instruments | 80.6 | 83.1 | 3.1 | 113.0 | 6.1 |
| Other | 19.4 | 22.0 | 13.5 | 32.0 | 10.6 |
| Intra-segment sales | (0.6) | (0.4) | - | (1.0) | - |
| Electronic devices | 344.2 | 307.6 | (10.6) | 401.0 | (9.8) |
| Display | 210.1 | 176.9 | (15.8) | 227.0 | (15.9) |
| Quartz device | 74.3 | 77.0 | 3.7 | 105.0 | 7.2 |
| Semiconductor | 71.7 | 61.2 | (14.7) | 78.0 | (14.4) |
| Other | 2.4 | 2.9 | 22.6 | 3.0 | 3.7 |
| Intra-segment sales | (14.3) | (10.4) | - | (12.0) | - |
| Precision products | 68.7 | 65.8 | (4.4) | 85.0 | (3.1) |
| Other | 22.4 | 20.9 | (6.8) | 30.0 | (1.0) |
| Inter-segment sales | (49.1) | (47.5) | - | (59.0) | - |
| Consolidated sales | 1,074.1 | 1,037.3 | (3.4) | 1,379.0 | (2.6) |

2. Business segment information

(Unit: billion yen)

| | Nine months ended December 31, | | Increase % | Forecast for the year ended March 31, 2008 | Increase compared to year ended March 31, 2007 % |
|--------------------------------------|-----------------------------------|---------|---------------|--|---|
| | 2006 | 2007 | | | |
| Information-related equipment | | | | | |
| Net sales: | | | | | |
| Customers | 686.2 | 688.8 | 0.4 | 920.0 | 0.7 |
| Inter-segment | 1.7 | 1.7 | (1.3) | 2.0 | (29.9) |
| Total | 687.9 | 690.5 | 0.4 | 922.0 | 0.6 |
| Operating expenses | 623.1 | 619.3 | (0.6) | 838.0 | 0.7 |
| Operating income | 64.8 | 71.2 | 9.9 | 84.0 | (0.3) |
| Electronic devices | | | | | |
| Net sales: | | | | | |
| Customers | 316.8 | 280.4 | (11.5) | 368.0 | (10.5) |
| Inter-segment | 27.4 | 27.2 | (0.4) | 33.0 | (1.3) |
| Total | 344.2 | 307.6 | (10.6) | 401.0 | (9.8) |
| Operating expenses | 358.3 | 318.1 | (11.2) | 421.0 | (10.6) |
| Operating loss | (14.1) | (10.5) | - | (20.0) | - |
| Precision products | | | | | |
| Net sales: | | | | | |
| Customers | 68.1 | 65.0 | (4.5) | 84.0 | (3.3) |
| Inter-segment | 0.6 | 0.8 | 8.4 | 1.0 | 18.9 |
| Total | 68.7 | 65.8 | (4.4) | 85.0 | (3.1) |
| Operating expenses | 64.4 | 62.8 | (2.6) | 81.0 | (3.8) |
| Operating income | 4.3 | 3.0 | (30.9) | 4.0 | 11.9 |
| Other | | | | | |
| Net sales: | | | | | |
| Customers | 3.0 | 3.1 | 3.2 | 7.0 | 59.7 |
| Inter-segment | 19.4 | 17.8 | (8.3) | 23.0 | (11.3) |
| Total | 22.4 | 20.9 | (6.8) | 30.0 | (1.0) |
| Operating expenses | 31.7 | 29.2 | (8.0) | 42.0 | (1.1) |
| Operating loss | (9.3) | (8.3) | - | (12.0) | - |
| Elimination and corporate | | | | | |
| Net sales | (49.1) | (47.5) | - | (59.0) | - |
| Operating expenses | (49.7) | (47.8) | - | (59.0) | - |
| Operating income | 0.6 | 0.3 | (45.5) | - | - |
| Consolidated | | | | | |
| Net sales | 1,074.1 | 1,037.3 | (3.4) | 1,379.0 | (2.6) |
| Operating expenses | 1,027.8 | 981.6 | (4.5) | 1,323.0 | (3.1) |
| Operating income | 46.3 | 55.7 | 20.3 | 56.0 | 11.2 |

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

| | Nine months ended December 31, | | Increase % | Forecast for the year ended March 31, 2008 | Increase compared to year ended March 31, 2007 % |
|-------------------------------|-----------------------------------|------|---------------|--|---|
| | 2006 | 2007 | | | |
| Capital expenditure | 46.1 | 43.9 | (4.7) | 84.0 | 14.9 |
| Information-related equipment | 18.5 | 16.5 | (10.7) | 32.0 | 22.4 |
| Electronic devices | 22.5 | 20.5 | (9.0) | 33.0 | (6.5) |
| Precision products | 2.8 | 2.3 | (16.5) | 5.0 | (7.6) |
| Other | 2.3 | 4.6 | 100.5 | 14.0 | 124.4 |
| Depreciation and amortization | 66.0 | 58.8 | (11.0) | 85.0 | (5.1) |

4. Research and development

(Unit: billion yen)

| | Nine months ended December 31, | | Increase % | Forecast for the year ended March 31, 2008 | Increase compared to year ended March 31, 2007 % |
|--------------------------|-----------------------------------|------|---------------|--|---|
| | 2006 | 2007 | | | |
| Research and Development | 63.4 | 62.0 | (2.2) | 86.0 | 1.5 |
| R&D / sales ratio | 5.9% | 6.0% | | 6.2% | |

5. Management indices

(Unit: %)

| | Nine months ended December 31, | | Increase Point | Forecast for the year ended March 31, 2008 | Increase compared to year ended March 31, 2007 Point |
|------------------------|-----------------------------------|------|-------------------|--|---|
| | 2006 | 2007 | | | |
| Return on equity (ROE) | 2.9% | 4.7% | 1.8 | 4.8% | 6.3 |
| Return on assets (ROA) | 3.0% | 4.3% | 1.3 | 4.2% | 3.9 |
| Return on sales (ROS) | 3.7% | 5.3% | 1.6 | 3.8% | 3.6 |

- Note 1. ROE=Net income / Beginning and ending balance average shareholders' equity
 2. ROA=Income before income taxes and minority interest / Beginning and ending balance average total assets
 3. ROS=Income before income taxes and minority interest / Net sales

6. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

| | Nine months ended December 31, | | Increase |
|-------------------------|-----------------------------------|--------|----------|
| | 2006 | 2007 | |
| Foreign exchange effect | 33.8 | 29.7 | (4.1) |
| U.S. dollars | 6.8 | 2.2 | (4.6) |
| Euro | 16.1 | 20.3 | 4.2 |
| Other | 10.9 | 7.2 | (3.7) |
| Exchange rate | | | |
| Yen / U.S. dollars | 116.19 | 117.28 | |
| Yen / Euro | 147.96 | 162.82 | |

Note: Foreign exchange effect=(Foreign currency sales for the period) x (Average rate for the period - Average rate for the same prior period)

7. Inventory

(Unit: billion yen)

| | December 31, | March 31, | December 31, | Increase compared to March 31, 2007 |
|-------------------------------|--------------|-----------|--------------|--|
| | 2006 | 2007 | 2007 | |
| Inventory | 201.3 | 178.6 | 180.4 | 1.8 |
| Information-related equipment | 119.9 | 102.8 | 105.5 | 2.7 |
| Electronic devices | 63.5 | 58.8 | 55.7 | (3.1) |
| Precision products | 16.0 | 15.1 | 17.2 | 2.1 |
| Other / Corporate | 1.9 | 1.9 | 2.0 | 0.1 |
| | (Unit: days) | | | |
| Turnover by days | 52 | 46 | 48 | 2 |
| Information-related equipment | 48 | 41 | 42 | 1 |
| Electronic devices | 51 | 48 | 50 | 2 |
| Precision products | 64 | 63 | 72 | 9 |
| Other / Corporate | 23 | 23 | 26 | 3 |

Note: Turnover by days=Interim (Ending) balance of inventory / Prior 9 (12) months sales per day

8. Employees

(Unit: person)

| | December 31, | March 31, | December 31, | Increase compared to March 31, 2007 |
|--------------------------------------|--------------|-----------|--------------|--|
| | 2006 | 2007 | 2007 | |
| Number of employees at period end | 93,517 | 87,626 | 93,282 | 5,656 |
| Domestic | 25,130 | 25,379 | 26,119 | 740 |
| Overseas | 68,387 | 62,247 | 67,163 | 4,916 |

January 30, 2008

Third Quarter Financial Results
Fiscal Year 2007 (Ending March 31, 2008)

Third Quarter Financial Results Fiscal Year 2007 (Ending March 31, 2008)

January 30, 2008

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) FY2007 3Q Financial Results

2) FY2007 Business Outlook

State of Core Businesses

Information Equipment Segment

Inkjet Printers

3rd Quarter

- ✓ Increased volume year-over-year by bolstering the product lineup and launching competitive new products
- ✓ Pursued cost reductions
- ✓ Steady growth in consumables
- ✓ Strengthened the business structure

4th Quarter

- ✓ Continue aggressive marketing
- ✓ Accelerate efforts in business & industrial sectors

Electronic Devices Segment

Small- & Medium-Sized Displays

3rd Quarter

- ✓ Realigned the product portfolio from the start of the year (shift to higher added value)
- ✓ Unit shipments & capacity utilization increased, costs declined and price erosion slowed due to changes in market conditions
- ✓ a-TFT income improved, but LTPS losses continued

4th Quarter

- ✓ Accelerate restructuring
- ✓ Study and implement additional actions to further improve profitability

Financial Highlights (Through Third Quarter)
 > Versus the year-ago period

Thru Q3

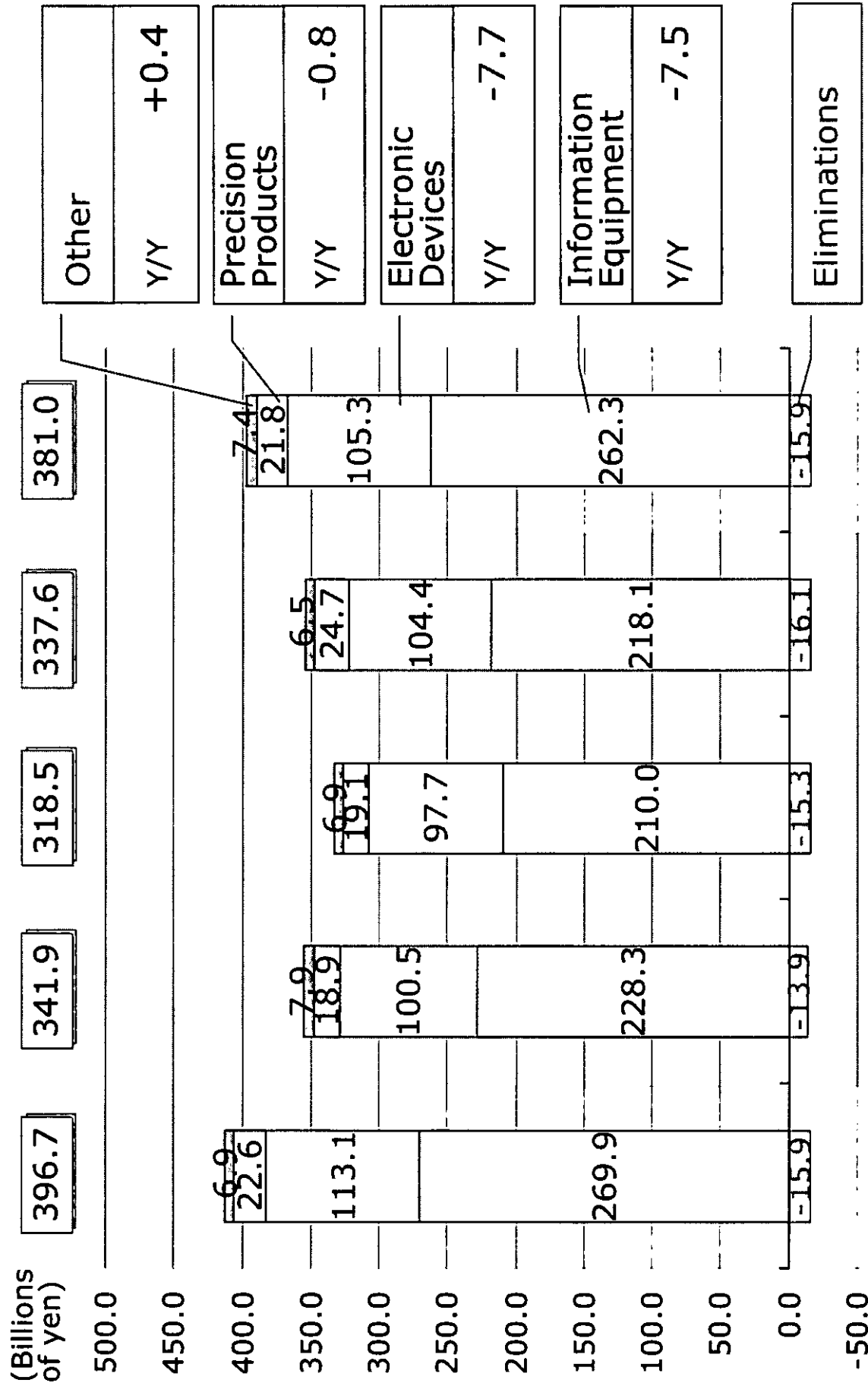
| | FY2006 | | FY2007 | | Change | |
|---------------------------------------|----------------|------|----------------|------|--------|--------|
| | First 9 Months | % | First 9 Months | % | Amount | % |
| Net sales | 1,074.0 | - | 1,037.2 | - | -36.8 | -3.4% |
| Operating income | 46.3 | 4.3% | 55.7 | 5.4% | +9.3 | +20.3% |
| Ordinary income | 45.0 | 4.2% | 60.2 | 5.8% | +15.2 | +33.8% |
| Net income before income taxes | 40.0 | 3.7% | 54.7 | 5.3% | +14.6 | +36.6% |
| Net income | 13.9 | 1.3% | 22.2 | 2.1% | +8.2 | +59.5% |
| Exchange rate | ¥116.19 | | ¥117.28 | | | |
| | ¥147.96 | | ¥162.82 | | | |

Third-Quarter Financial Highlights

> Versus the year-ago period

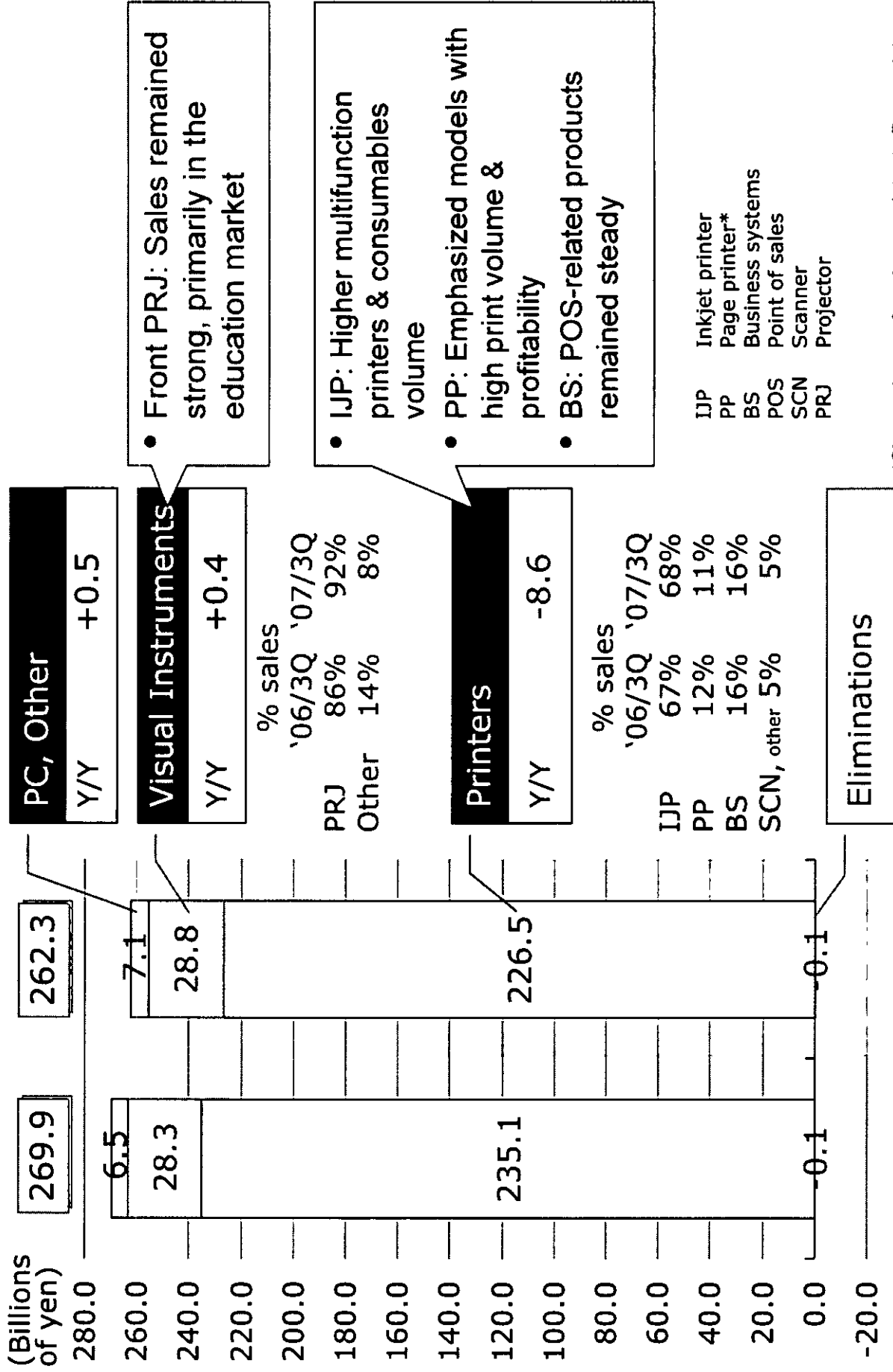
| | FY2006 | | FY2007 | | Change | |
|--------------------------------|-----------|------|-----------|------|--------|--------|
| | 3Q Actual | % | 3Q Actual | % | Amount | % |
| (Billions of yen) | | | | | | |
| Net sales | 396.7 | - | 381.0 | - | -15.7 | -4.0% |
| Operating income | 25.3 | 6.4% | 33.4 | 8.8% | +8.0 | +31.9% |
| Ordinary income | 24.1 | 6.1% | 34.4 | 9.0% | +10.2 | +42.5% |
| Net income before income taxes | 23.8 | 6.0% | 32.6 | 8.6% | +8.7 | +36.6% |
| Net income | 13.5 | 3.4% | 18.9 | 5.0% | +5.4 | +40.3% |
| | ¥117.82 | | ¥113.19 | | | |
| | ¥151.94 | | ¥163.87 | | | |
| | USD | | | | | |
| Exchange rate | EUR | | | | | |

Quarterly Net Sales by business segment



Quarterly Net Sales Comparison

Information related equipment segment



• Front PRJ: Sales remained strong, primarily in the education market

• IJP: Higher multifunction printers & consumables volume

• PP: Emphasized models with high print volume & profitability

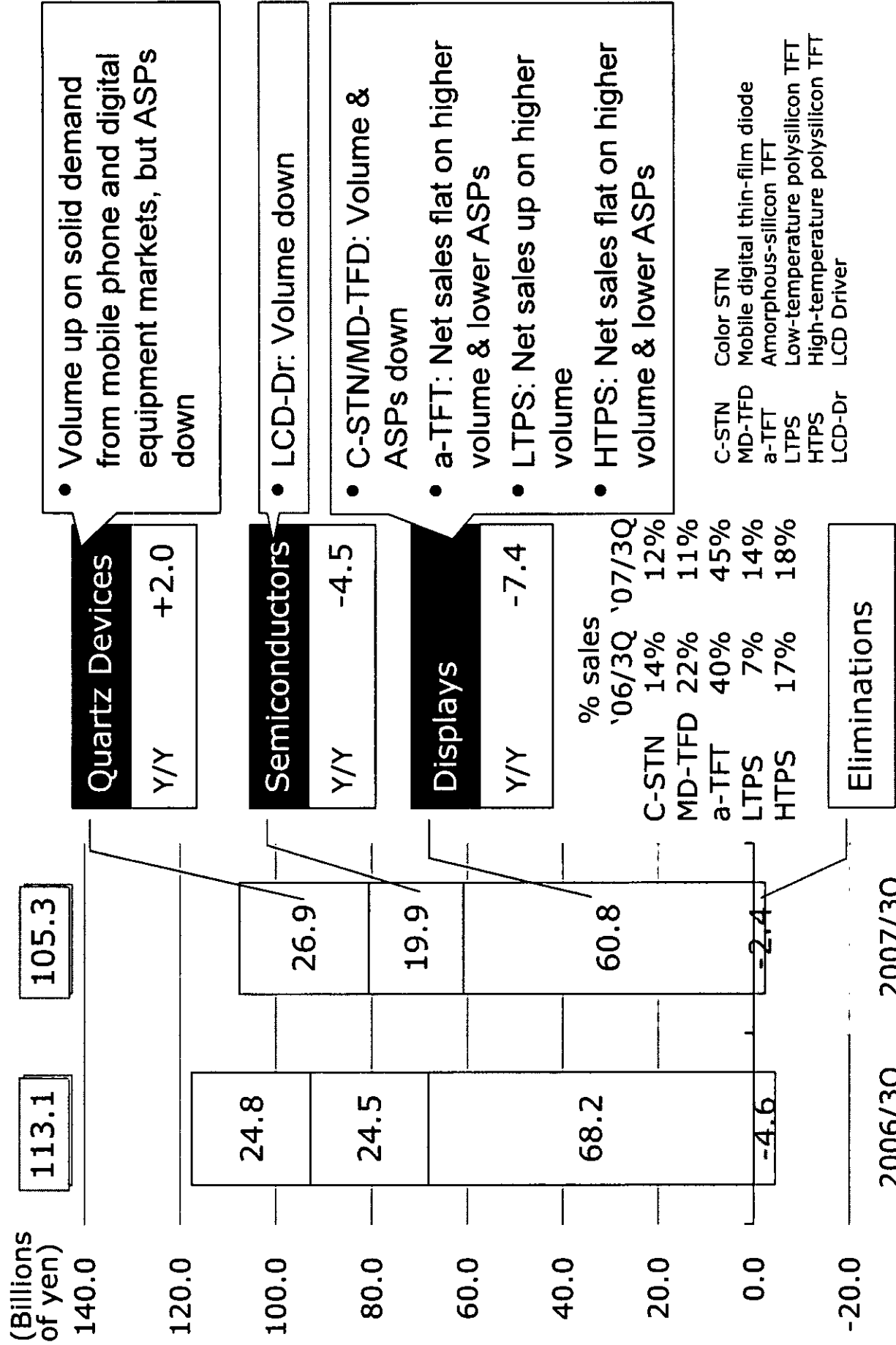
• BS: POS-related products remained steady

IJP Inkjet printer
 PP Page printer*
 BS Business systems
 POS Point of sales
 SCN Scanner
 PRJ Projector

*Changed name from Laser printer to Page printer

Quarterly Net Sales Comparison

Electronic devices segment



Quartz Devices

Y/Y +2.0

- Volume up on solid demand from mobile phone and digital equipment markets, but ASPs down

Semiconductors

Y/Y -4.5

- LCD-Dr: Volume down

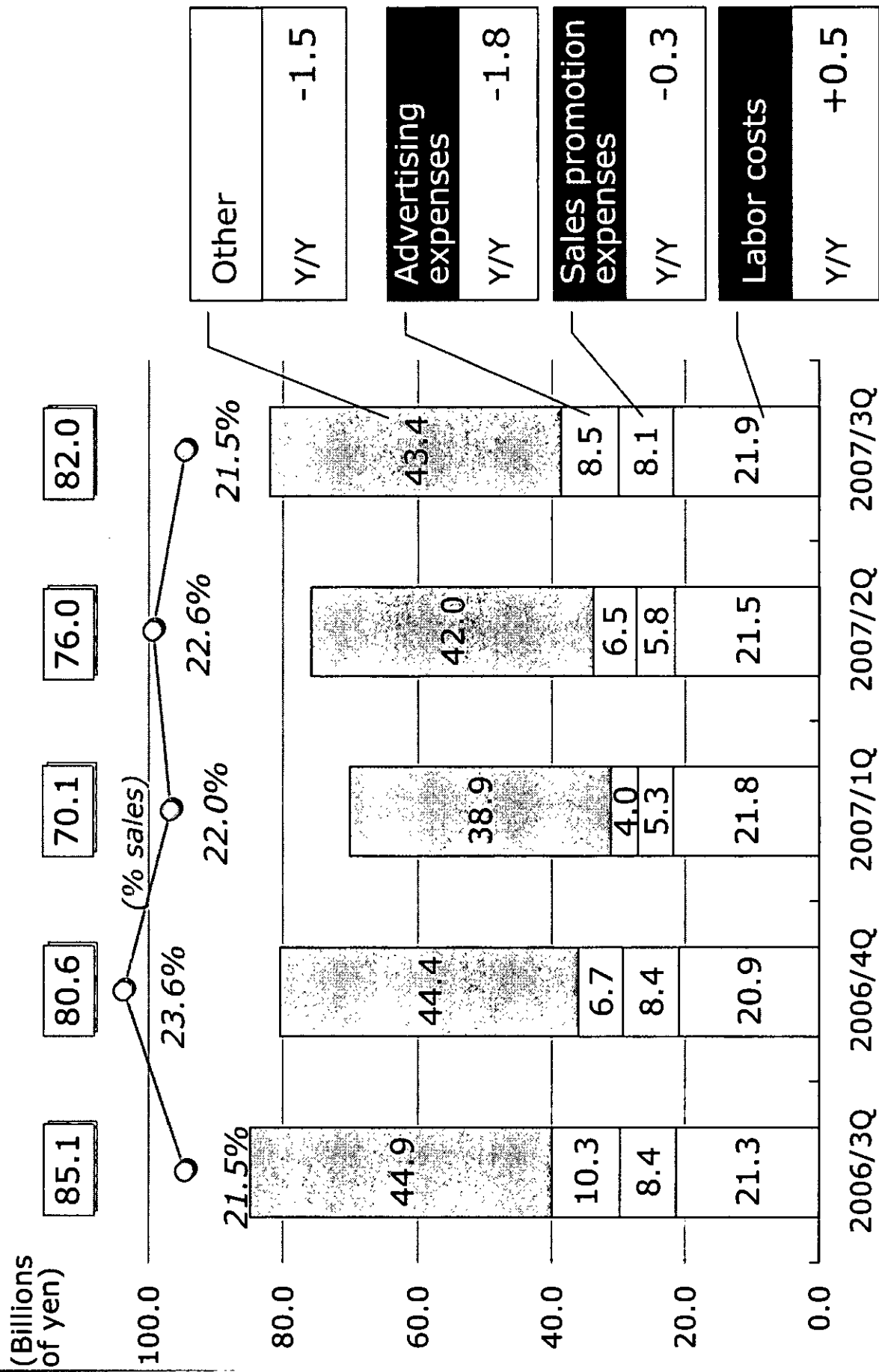
Displays

Y/Y -7.4

- C-STN/MD-TFD: Volume & ASPs down
- a-TFT: Net sales flat on higher volume & lower ASPs
- LTPS: Net sales up on higher volume
- HTPS: Net sales flat on higher volume & lower ASPs

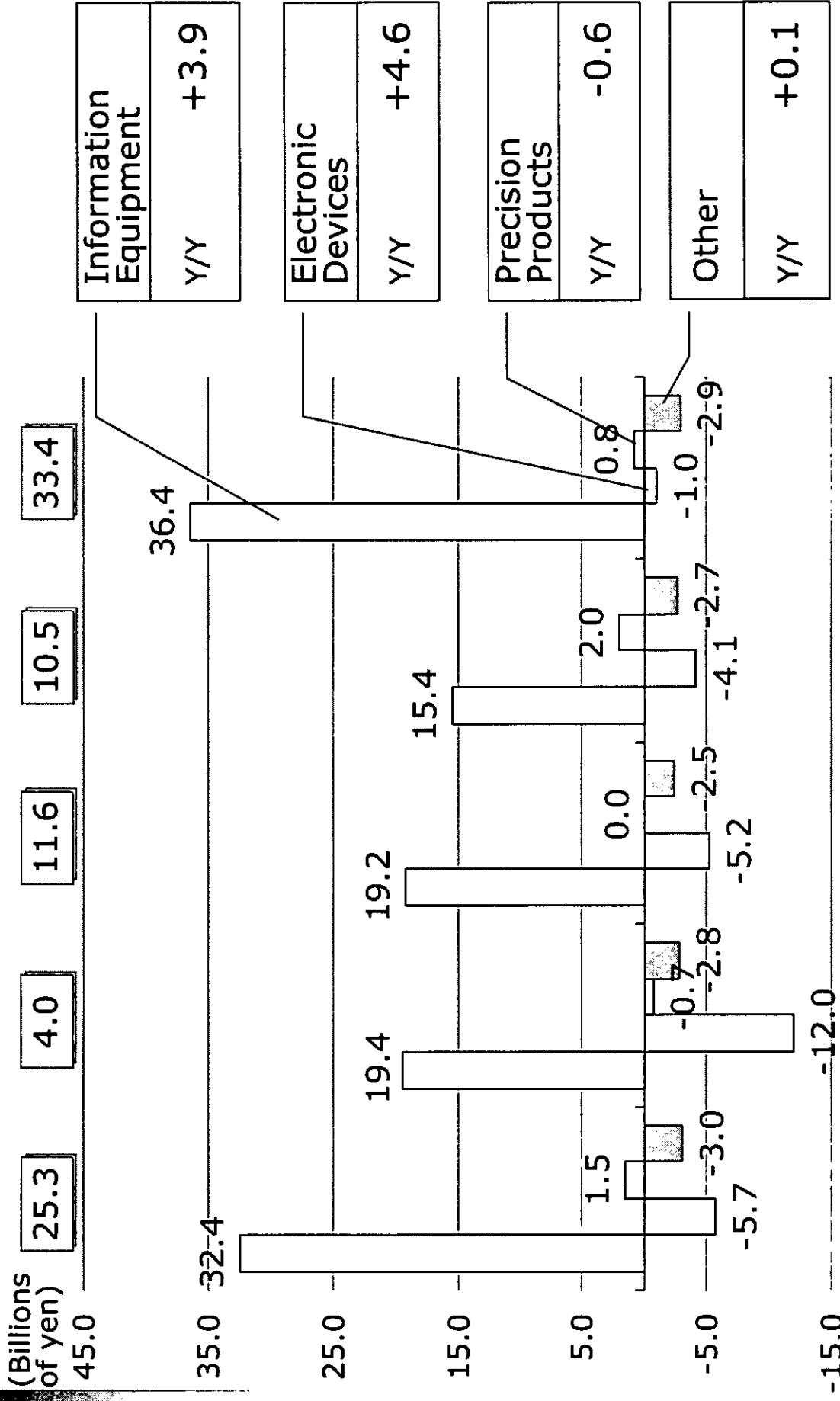
C-STN Color STN
 MD-TFD Mobile digital thin-film diode
 a-TFT Amorphous-silicon TFT
 LTPS Low-temperature polysilicon TFT
 HTPS High-temperature polysilicon TFT
 LCD-Dr LCD Driver

Quarterly Selling, General and Administrative Expenses



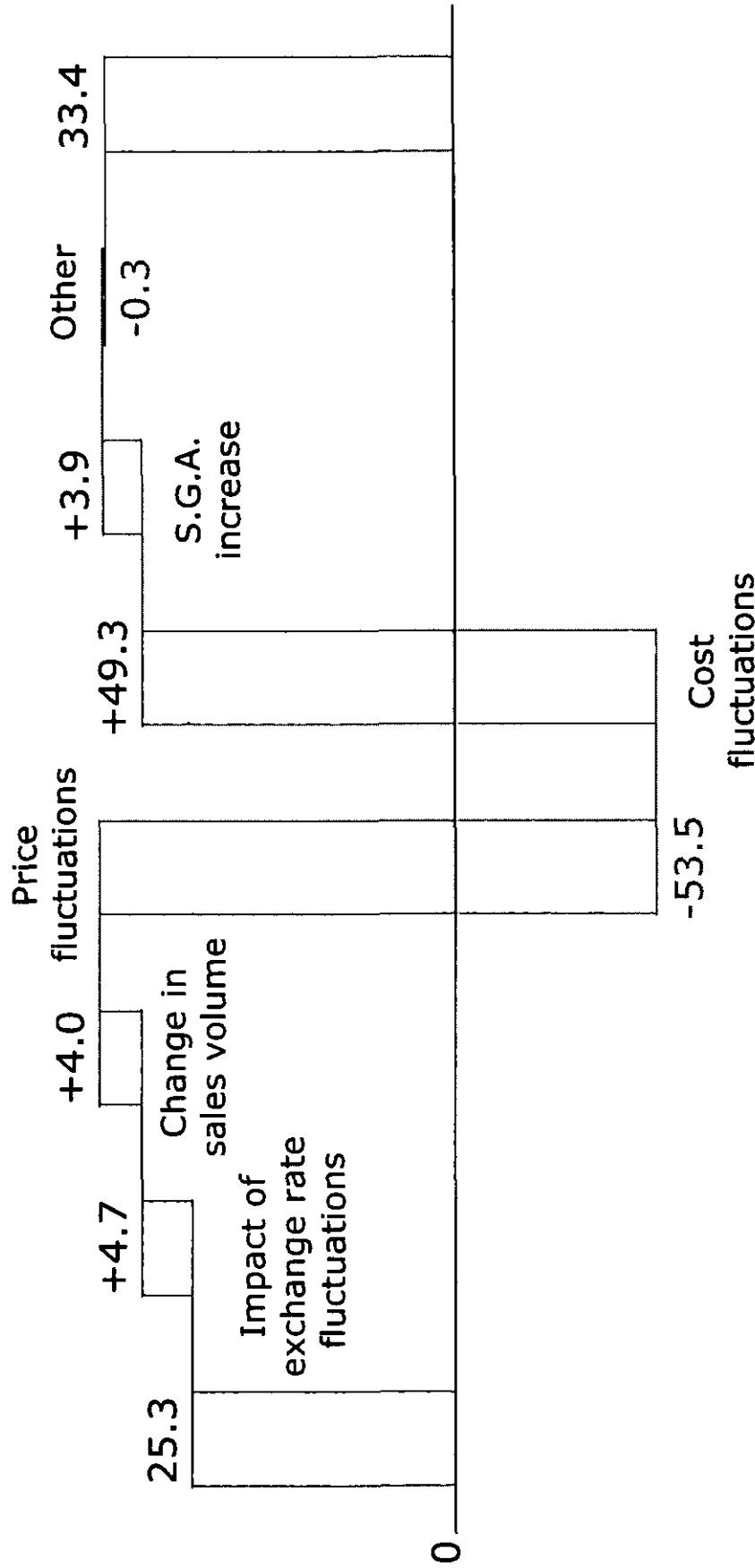
Quarterly Operating Income

> By business segment



Operating Income Fluctuation Cause Analysis

(Billions of yen)



Operating income
2006/3Q

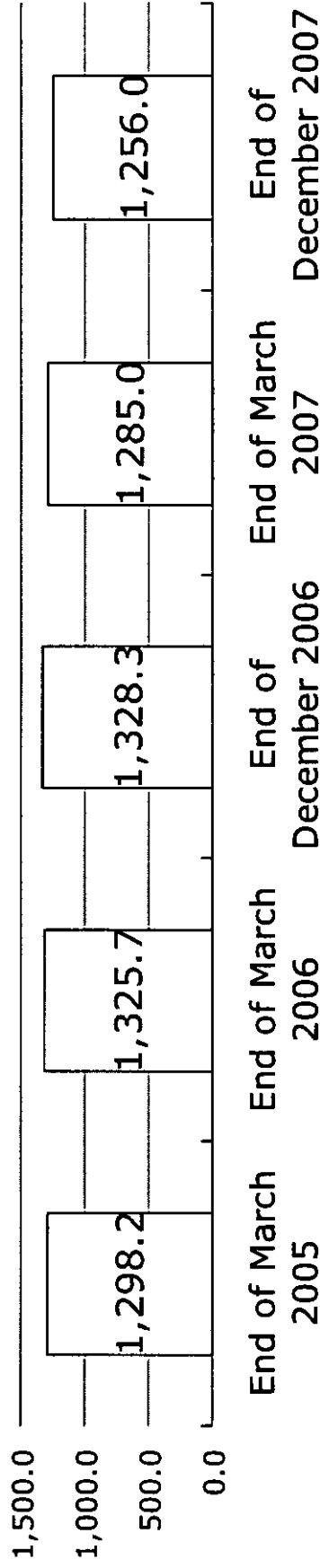
¥8.0 billion increase

Operating income
2007/3Q

Statistics of Balance Sheet Items

(Billions of yen)

Total assets

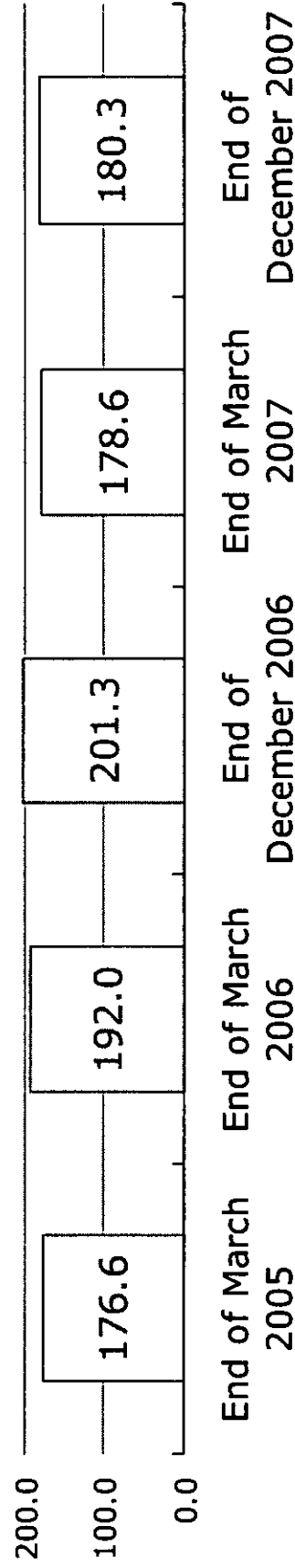


End of March 2005

End of March 2006

End of December 2006

Inventories



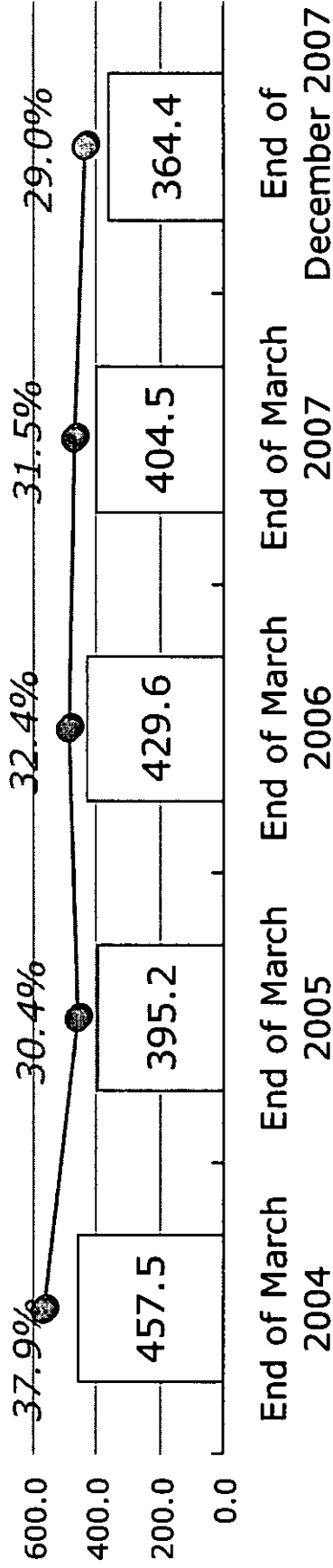
End of March 2005

End of March 2006

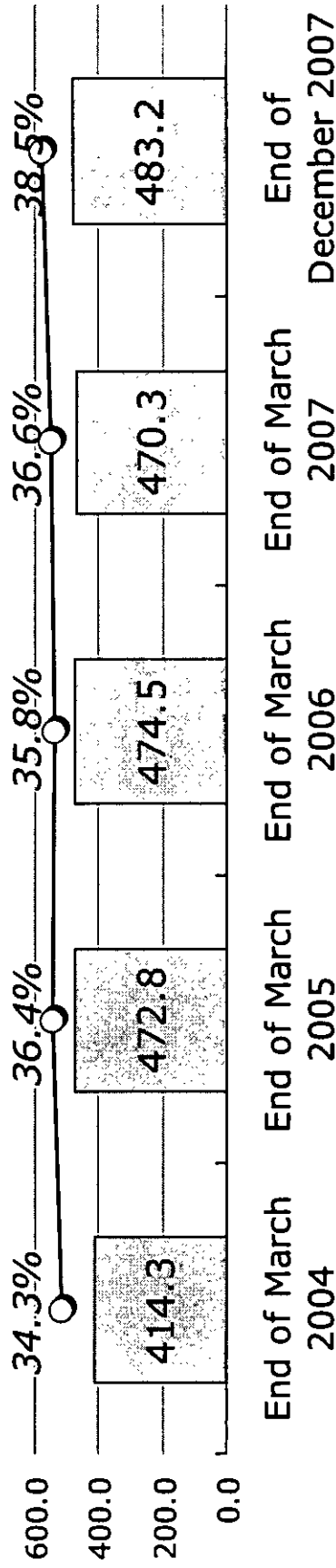
End of December 2006

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

1) FY2007 3Q Financial Results

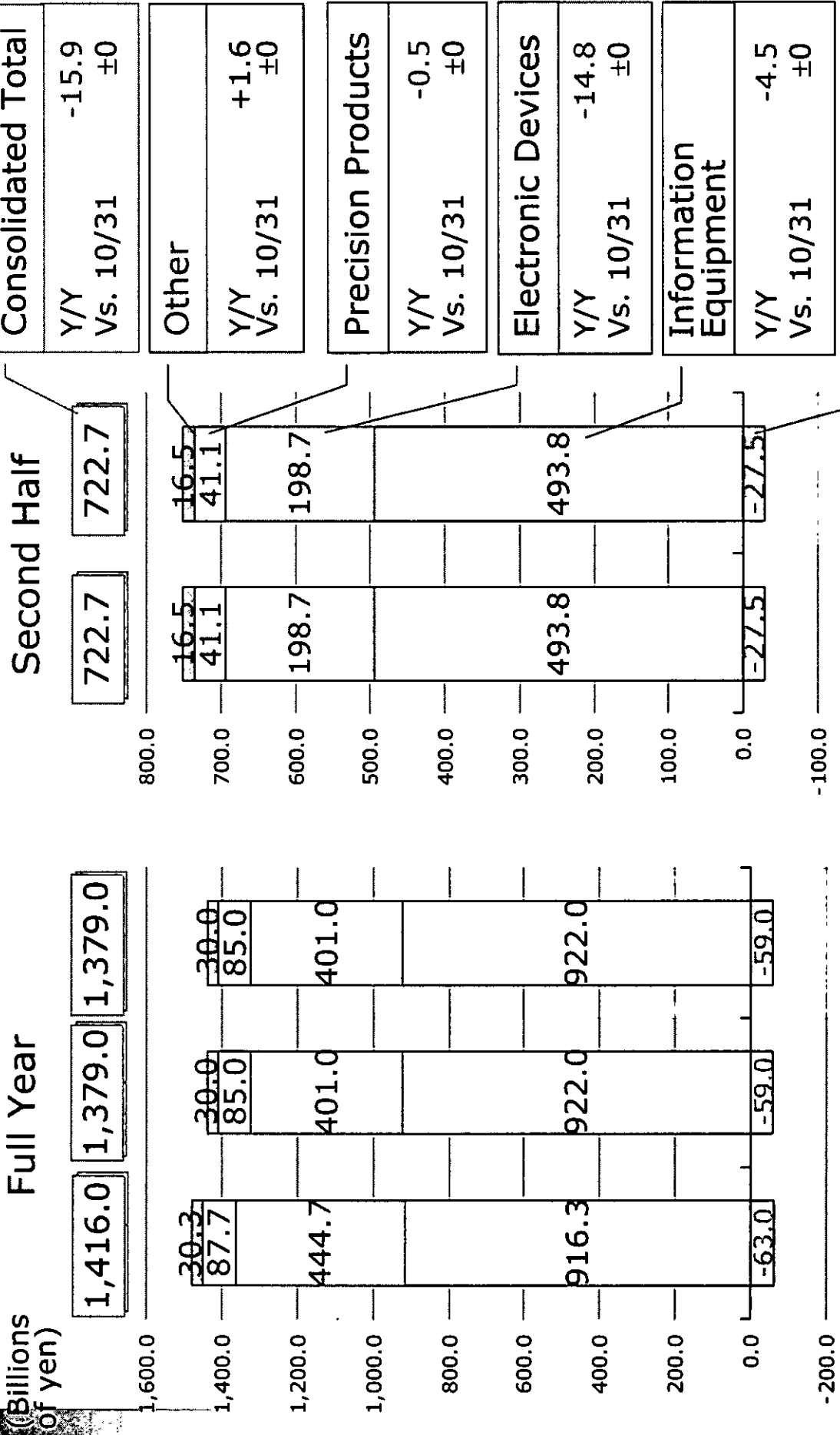
2) FY2007 Business Outlook

FY2007 Business Outlook

| (Billions of yen) | FY2006 | | FY2007 | | | Change (amount, %) | | |
|--|---------|---------|---------------|------|-----------------|--------------------|----------|-------------------|
| | Actual | % | 10/31 Outlook | % | Current Outlook | % | Y/Y | Vs. 10/31 outlook |
| Net sales | 1,416.0 | - | 1,379.0 | - | 1,379.0 | - | -37.0 | - |
| Operating income | 50.3 | 3.6% | 56.0 | 4.1% | 56.0 | 4.1% | +5.6 | - |
| Ordinary income | 49.0 | 3.5% | 60.0 | 4.4% | 60.0 | 4.4% | +11.2% | - |
| Net income <small>Before income taxes</small> | 3.4 | 0.2% | 53.0 | 3.8% | 53.0 | 3.8% | +10.9 | - |
| Net income | -7.0 | -0.5% | 23.0 | 1.7% | 23.0 | 1.7% | +22.2% | - |
| EPS | -¥36.13 | | ¥117.13 | | ¥117.13 | | +49.5 | - |
| Exchange rate | USD | | ¥117.00 | | ¥115.00 | | +1425.0% | - |
| | EUR | ¥150.09 | ¥161.00 | | ¥163.00 | | +30.0 | - |

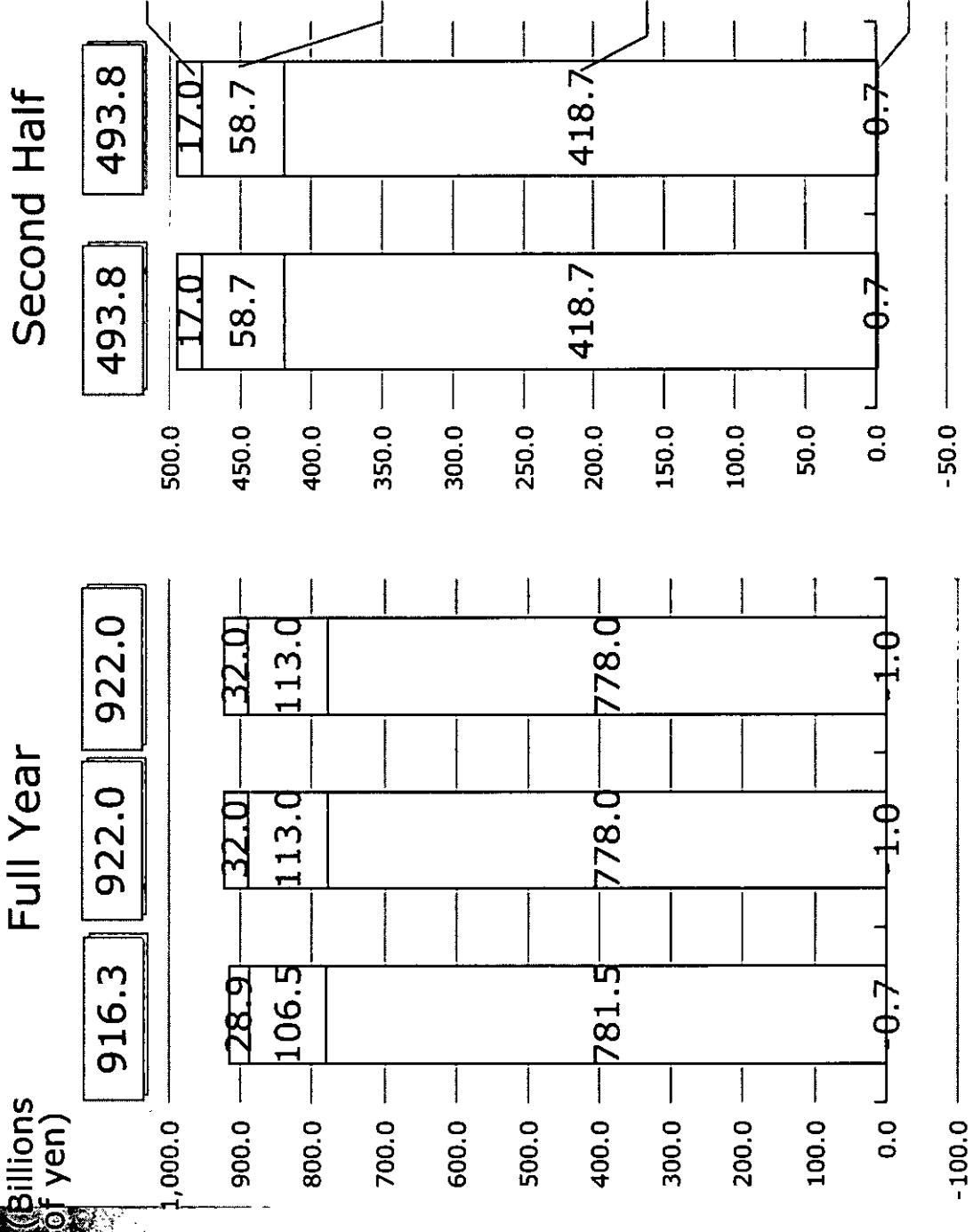
FY2007 Business Outlook (Net Sales)

> By business segment



| Segment | FY2006 Actual | FY2007 10/31 outlook | FY2007 2H Current outlook |
|-----------------------|---------------|----------------------|---------------------------|
| Consolidated Total | - | - | - |
| Other | - | - | - |
| Precision Products | - | - | - |
| Electronic Devices | - | - | - |
| Information Equipment | - | - | - |
| Eliminations | - | - | - |

Net Sales Outlook by Business Information related equipment segment



PC, Other

| | |
|-----------|------|
| Y/Y | +0.9 |
| Vs. 10/31 | ±0 |

Visual Instruments

| | |
|-----------|------|
| Y/Y | +4.4 |
| Vs. 10/31 | ±0 |

Printers

| | |
|-----------|------|
| Y/Y | -9.4 |
| Vs. 10/31 | ±0 |

Eliminations

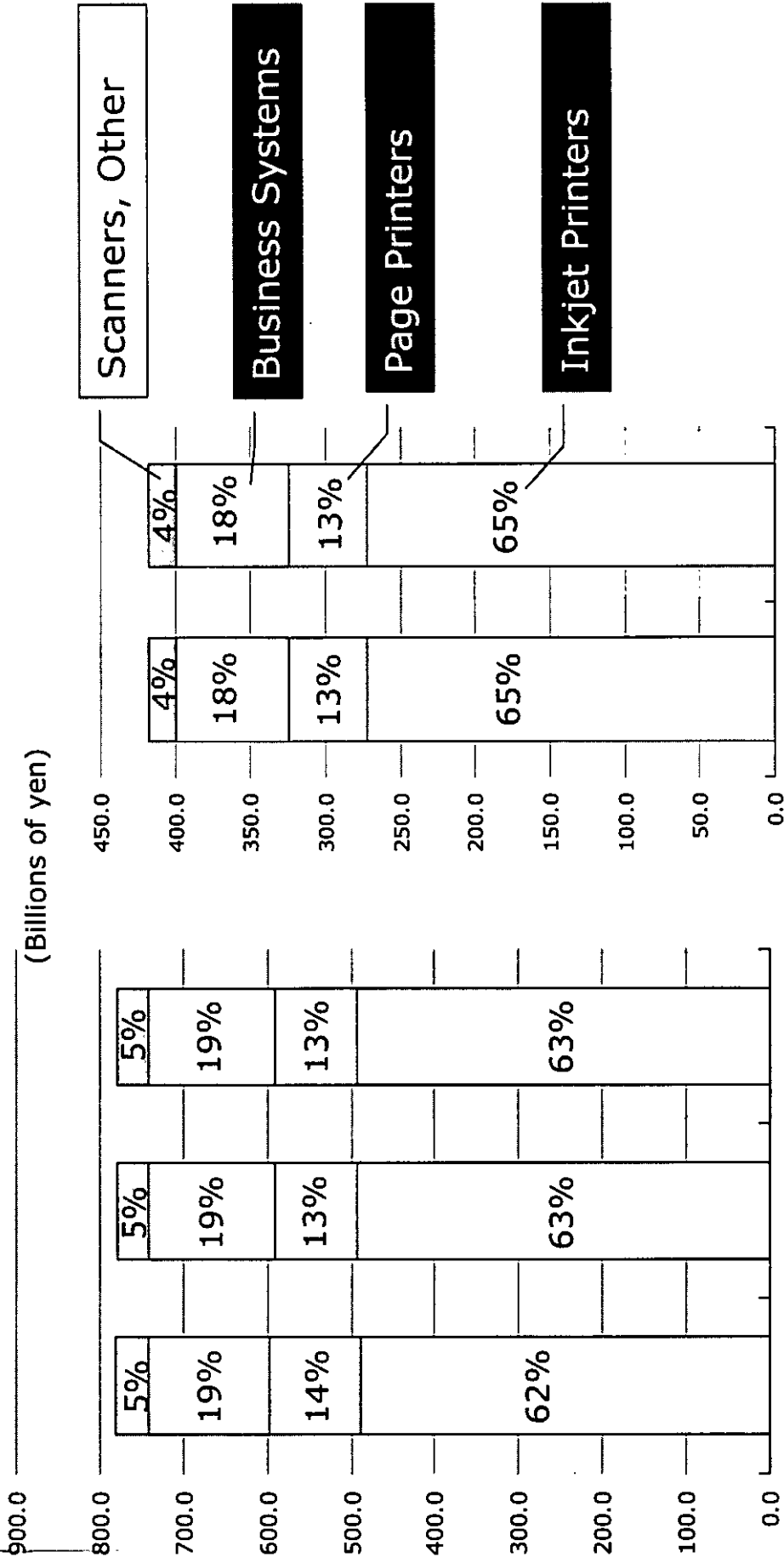
| | | | | |
|--------|---------|---------|---------|---------|
| FY2006 | FY2007 | FY2007 | 2H | 2H |
| Actual | 10/31 | Current | 10/31 | Current |
| | outlook | outlook | outlook | outlook |

Net Sales Outlook by Business

Full Year

Half Year

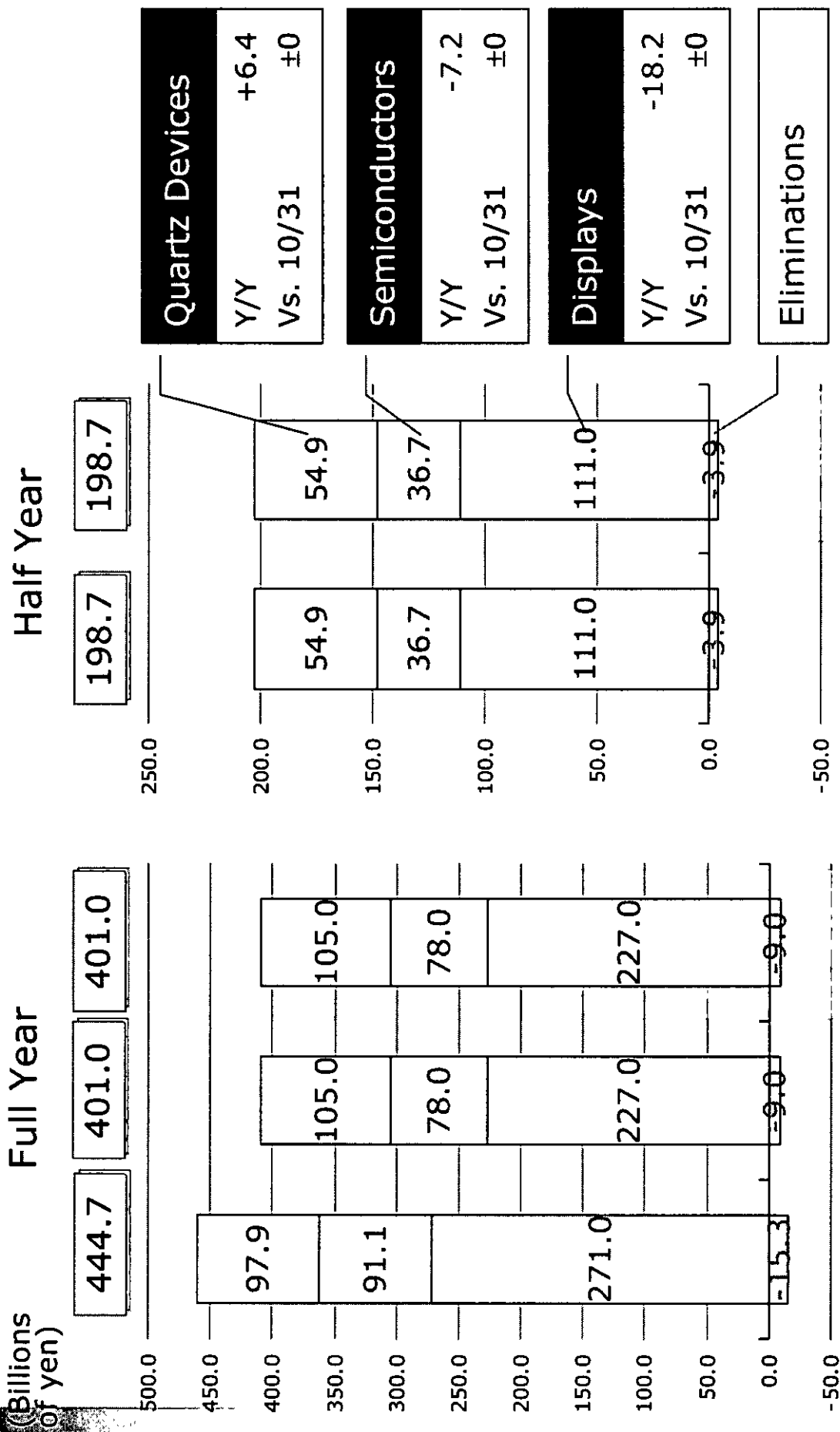
781.5 778.0 778.0 418.7 418.7



FY2006 Actual FY2007 10/31 outlook FY2007 Current outlook 2H 10/31 outlook 2H Current outlook

Net Sales Outlook by Business

Electronic devices segment



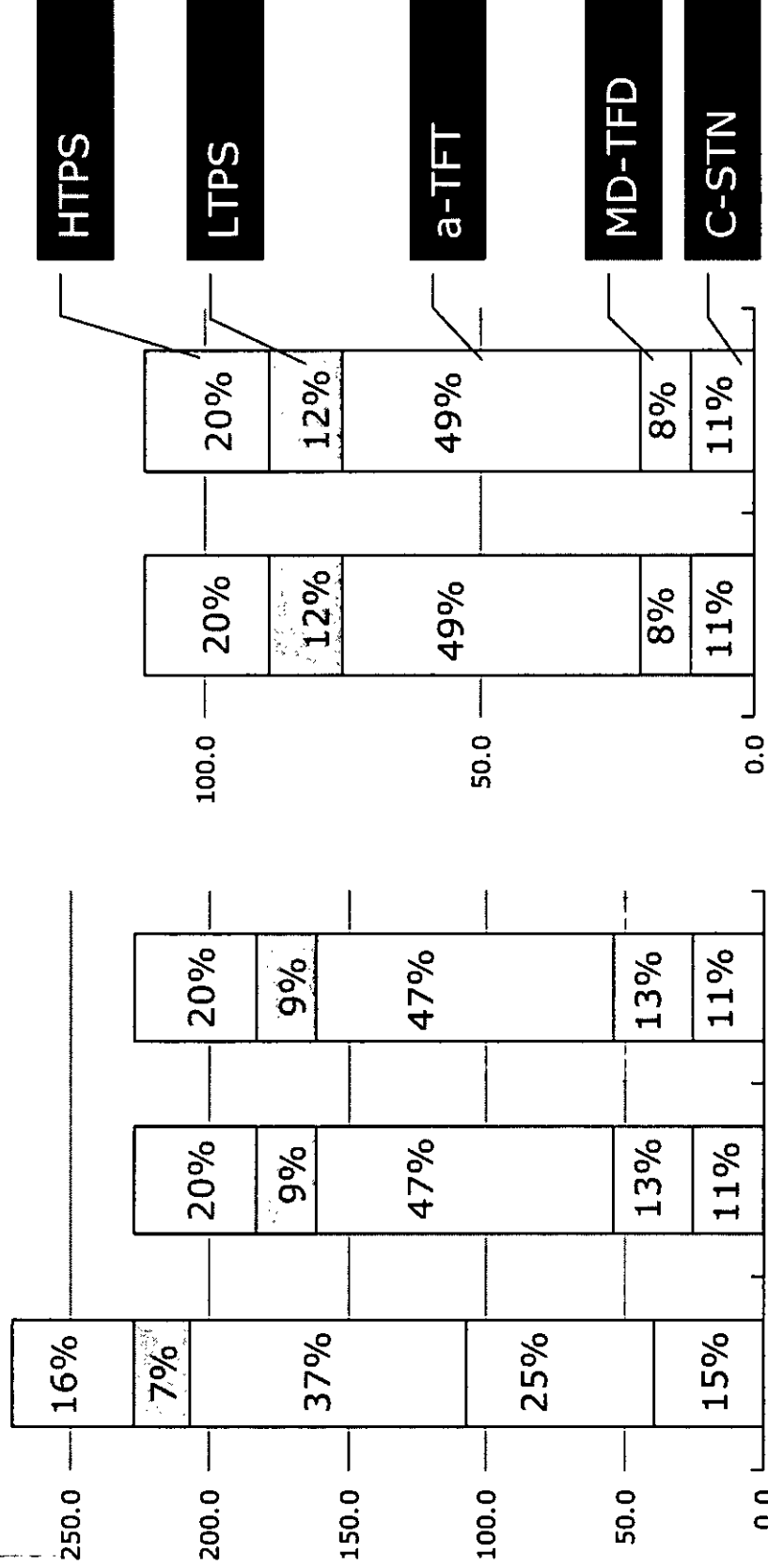
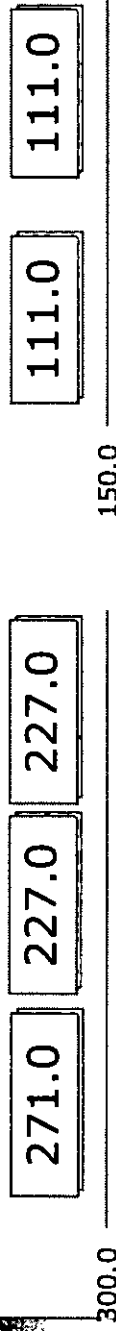
FY2006 Actual FY2007 10/31 outlook FY2007 Current outlook
 2H 10/31 outlook 2H Current outlook

Net Sales Outlook by Business

(Billions of yen)

Full Year

Half Year



FY2006 Actual FY2007 10/31 outlook FY2007 Current outlook 2H 10/31 outlook 2H Current outlook

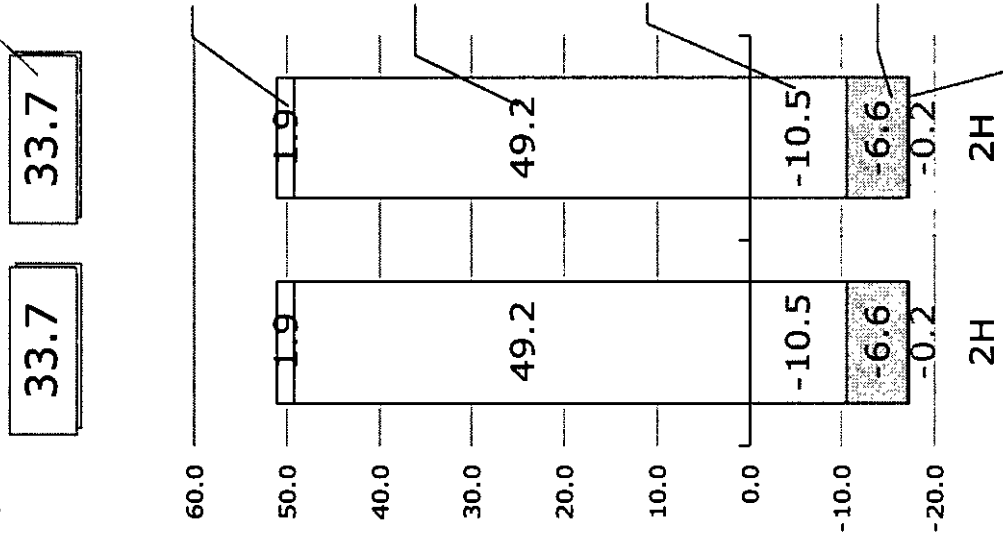
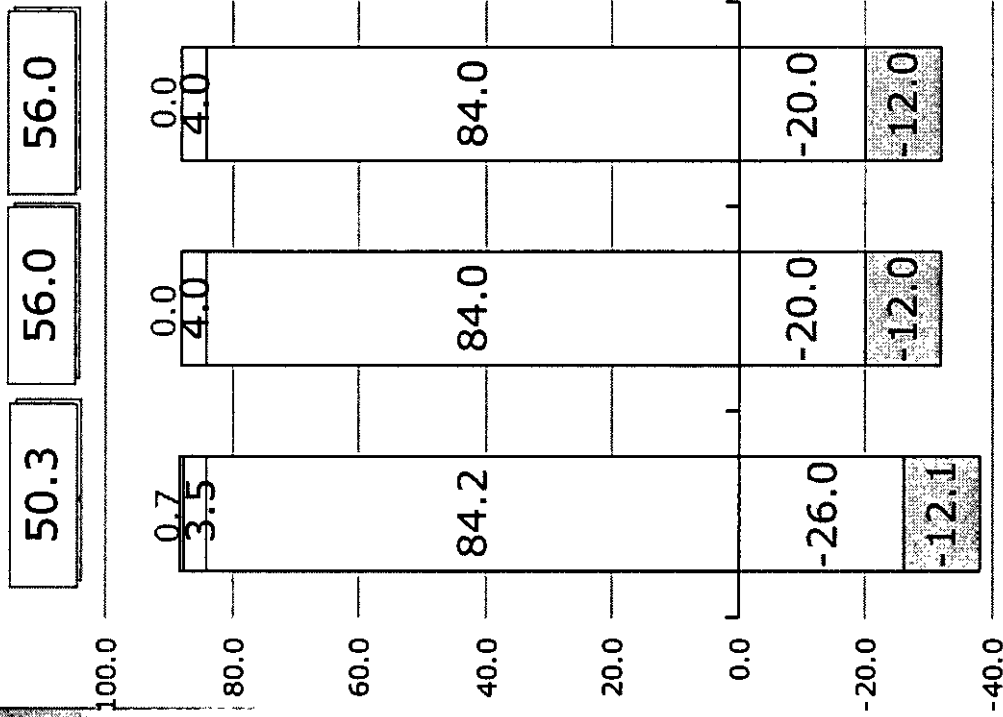
FY2007 Business Outlook (Operating Income)

BY business segment

Full Year

Half Year

(Billions of yen)



| | |
|--------------------|------|
| Consolidated Total | |
| Y/Y | +4.3 |
| Vs. 10/31 | ±0 |

| | |
|--------------------|------|
| Precision Products | |
| Y/Y | +1.1 |
| Vs. 10/31 | ±0 |

| | |
|-----------------------|------|
| Information Equipment | |
| Y/Y | -2.6 |
| Vs. 10/31 | ±0 |

| | |
|--------------------|------|
| Electronic Devices | |
| Y/Y | +7.1 |
| Vs. 10/31 | ±0 |

| | |
|-----------|------|
| Other | |
| Y/Y | -0.7 |
| Vs. 10/31 | ±0 |

| | |
|--------------|--|
| Eliminations | |
|--------------|--|

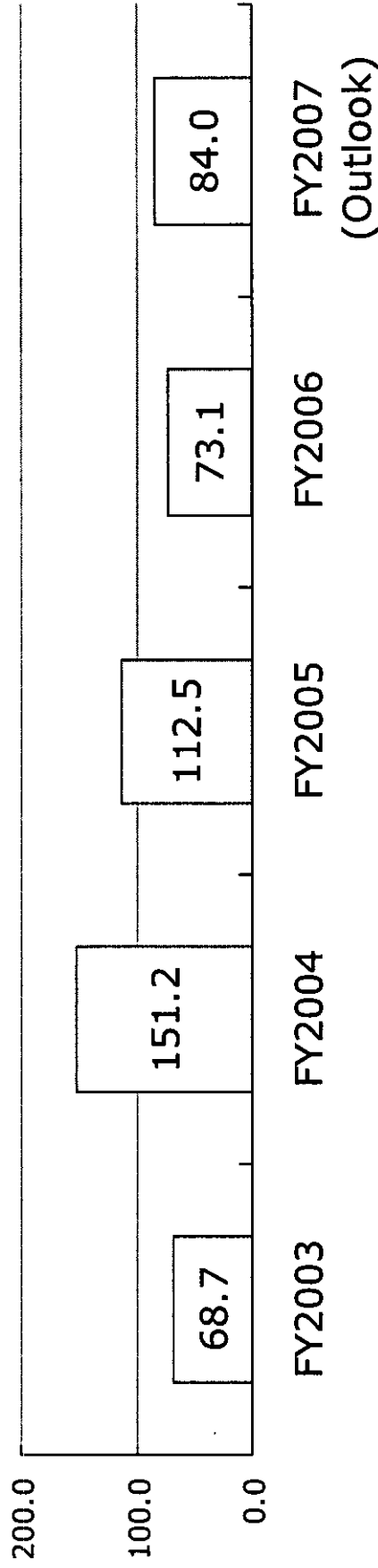
FY2006 Actual
FY2007 10/31 outlook
FY2007 Current outlook

10/31 outlook
2H outlook
Current outlook

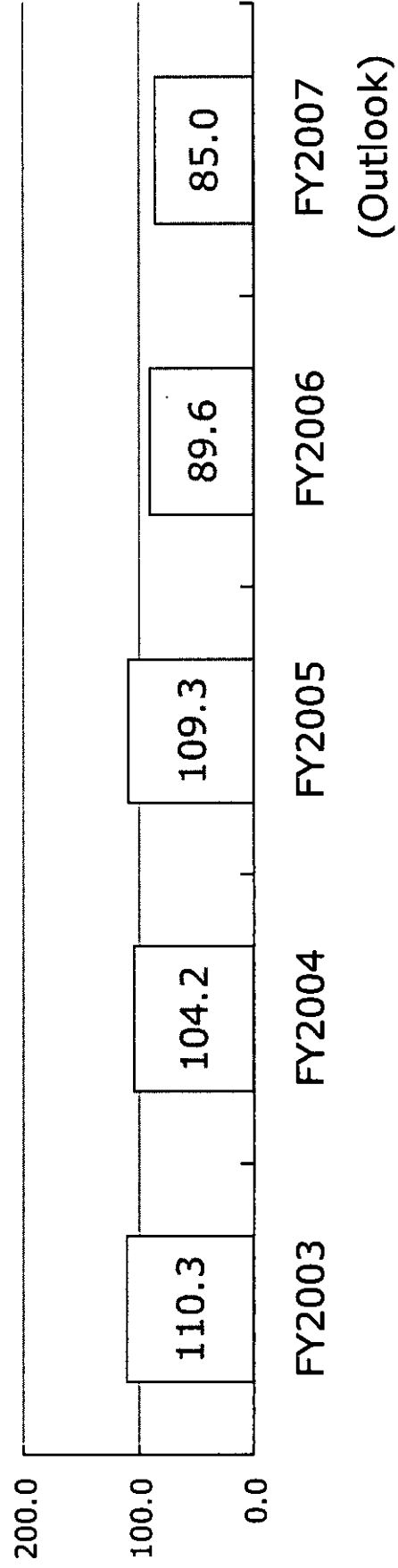
Outlook for Capital Expenditure and Depreciation & Amortization Expenses

(Billions of yen)

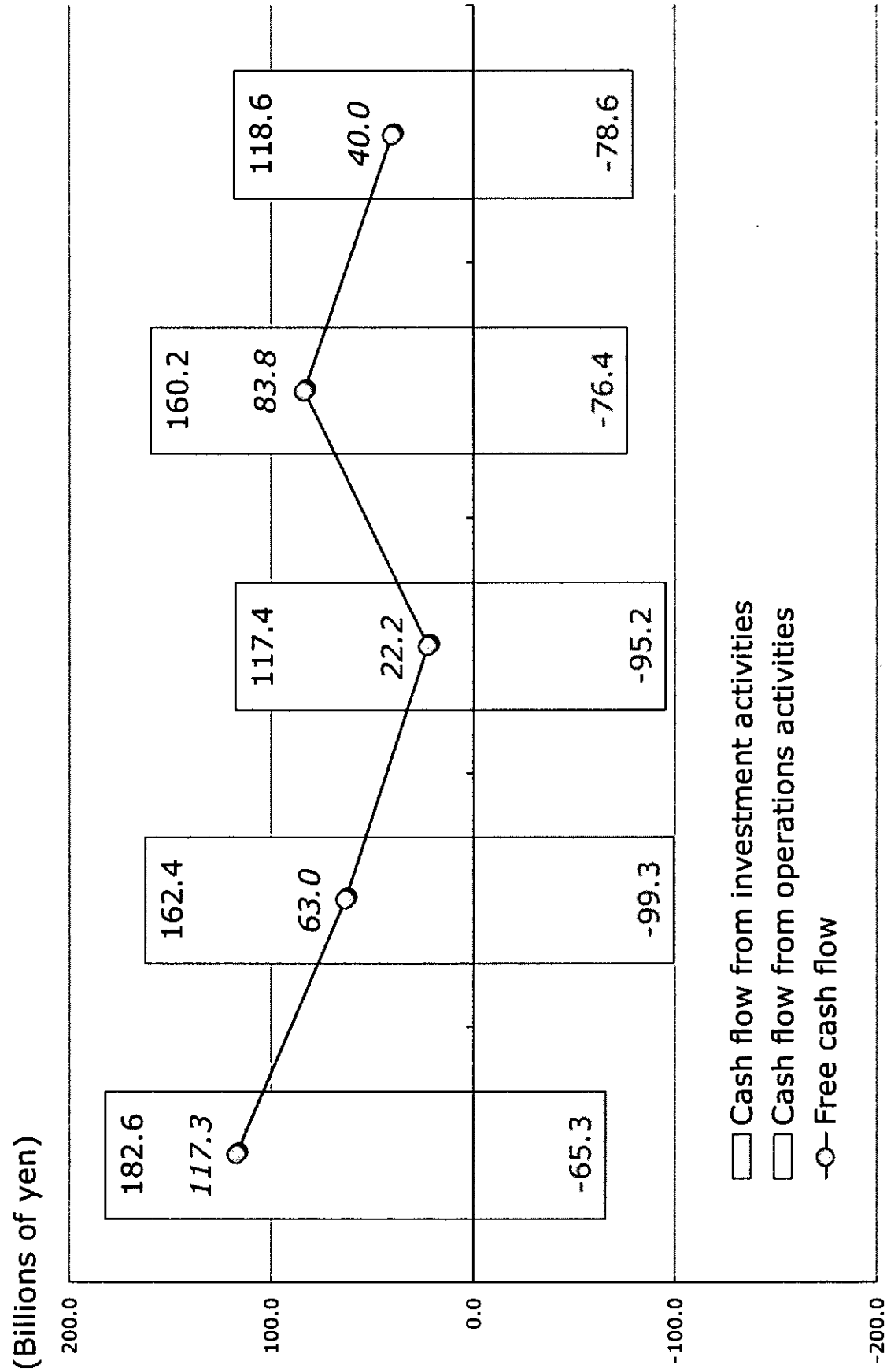
Capital Expenditures



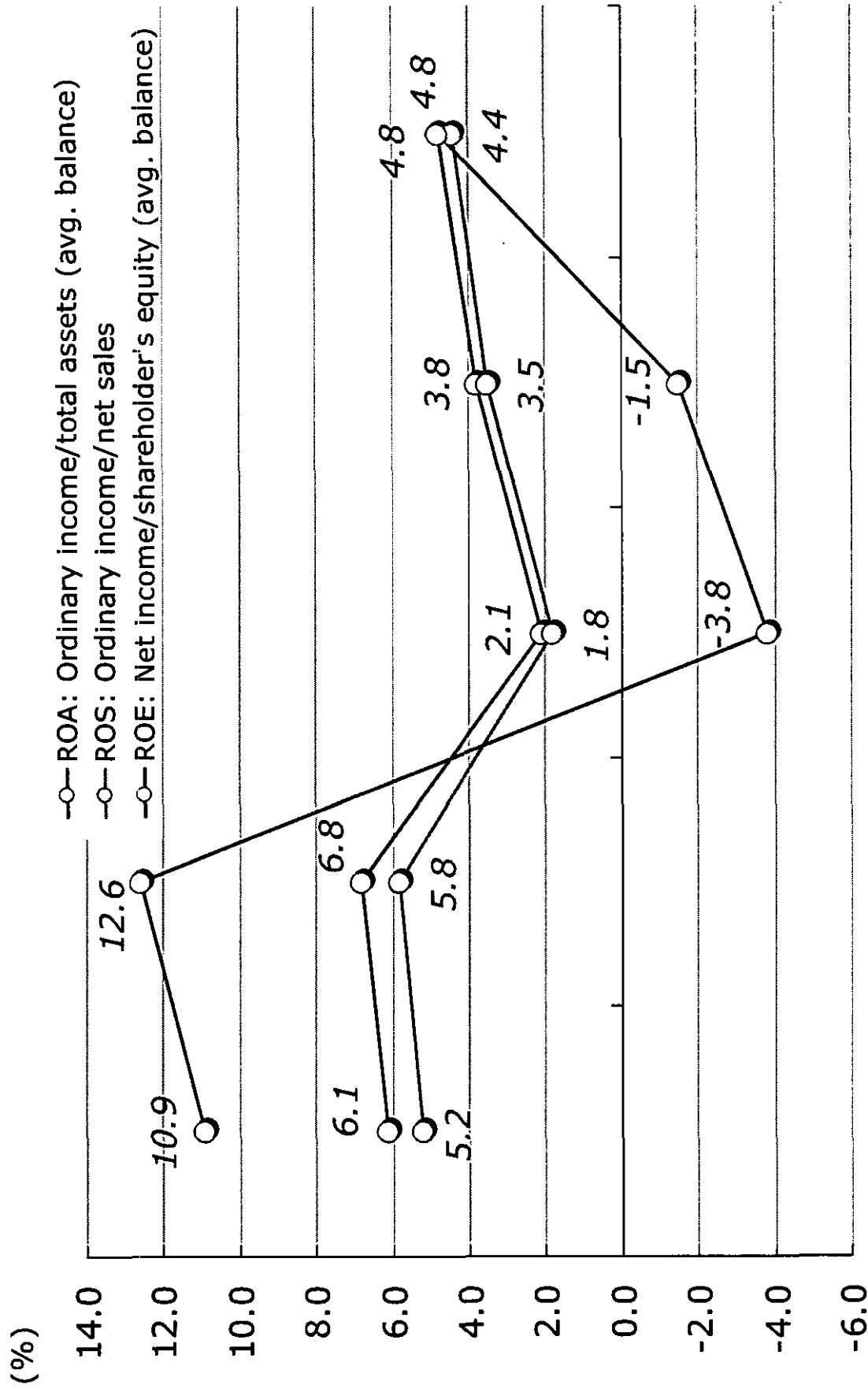
Depreciation and Amortization Expenses



Free Cash Flow Outlook



Main Management Indicators



EPSON
EXCEED YOUR VISION



January 30, 2008

Press Release "Epson to Absorb Wholly Owned
Subsidiary"

News Release

Epson to Absorb Wholly Owned Subsidiary

- TOKYO, Japan, January 30, 2008 -

The board of directors of Seiko Epson Corporation ("Epson") today approved the absorption of Seiko Epson Contactlens Corp., a wholly-owned subsidiary.

1. Purpose of merger

The merger is part of a reorganization of Epson Group companies, and aims to improve management efficiency.

2. Details of merger

a. Schedule

Board of directors' meeting to approve merger January 30, 2008

Signing of merger agreement January 30, 2008

Effective date of merger March 1, 2008

b. Method of merger

Epson, as the continuing company, will absorb Seiko Epson Contactlens Corp., which will be dissolved.

c. Stock acquisition rights and convertible bonds of the expiring company

There are no stock acquisition rights or convertible bonds issued by Seiko Epson Contactlens Corp.

3. Outline of companies to be merged (as of March 31, 2007)

| | | | | |
|---|--|--|---|------|
| (1) Company name | Seiko Epson Corporation (continuing company) | | Seiko Epson Contactlens Corporation (company to be absorbed) | |
| (2) Business lines | Development, manufacture, sales and service of information-related equipment, electronic devices, precision products and others. | | Manufacture and sales of contact lenses and optical devices. | |
| (3) Founded | May 18, 1942 | | June 5, 1986 | |
| (4) Principal office | 2-4-1 Nishishinjuku, Shinjuku-ku, Tokyo | | 3-3-5 Owa, Suwa-shi, Nagano | |
| (5) Representative | Seiji Hanaoka, president | | Nobuhiro Ito, president | |
| (6) Paid-in capital | 53.204 billion yen | | 0.02 billion yen | |
| (7) Shares issued | 196,364,592 | | 240 | |
| (8) Shareholders' equity | 299.074 billion yen | | 0.002 billion yen | |
| (9) Total assets | 879.776 billion yen | | 0.203 billion yen | |
| (10) Closing of accounts | March 31 | | March 31 | |
| (11) Major shareholders and shareholdings | Aoyama Kigyo Kabushiki Kaisha | 10.34% | Seiko Epson Corp. | 100% |
| | State Street Bank and Trust Company | 7.44% | | |
| | Sanko Kigyo Kabushiki Kaisha | 7.27% | | |
| (12) Relationship with company to be absorbed | Capital | Expiring company a consolidated subsidiary (wholly-owned subsidiary) | | |
| | Personnel | Epson employee assigned as president of expiring company | | |
| | Transactions | Yes | | |

4. Situation after the merger

- | | |
|------------------------|-------------------------------------|
| a. Company name | Seiko Epson Corp. |
| b. Business lines | No change as a result of the merger |
| c. Principal office | As above |
| d. Representative | As above |
| e. Paid-in capital | As above |
| f. Closing of accounts | As above |

5. Effect of the merger on the financial forecast

The merger will not result in changes to the financial forecast.

About Epson

Epson is a global leader in imaging products including printers, 3LCD projectors and small- and medium-sized LCDs. With an innovative and creative culture, Epson is dedicated to exceeding the vision and expectations of customers worldwide with products known for their superior quality, functionality, compactness and energy efficiency.

Epson is a network of 87,626 employees in 117 companies around the world, and is proud of its ongoing contributions to the global environment and to the communities in which it is located. Led by the Japan-based Seiko Epson Corp., the Group had consolidated sales of 1416 billion yen in fiscal 2006.

Contact:

Seiko Epson Corp.

Brand Strategy & Communications

Contact us by e-mail

URL: <http://www.epson.co.jp/e/>

January 30, 2008

Press Release "Consolidated Results for the Nine
Months Ended December 31, 2007"

News Release

Consolidated Results for the Nine Months Ended December 31, 2007

January 30, 2008

Consolidated Financial Highlights

(Millions of yen, thousands of U.S. dollars, except for per share data)

Income statements and cash flows data

| | Nine months ended December 31 | | Change | Year ended March 31, 2007 | Nine months ended December 31, 2007 |
|---|----------------------------------|------------|---------|------------------------------|--|
| | 2006 | 2007 | | | |
| Statements of Income Data: | | | | | |
| Net sales | ¥1,074,098 | ¥1,037,272 | (3.4%) | ¥1,416,032 | \$9,086,921 |
| Operating income | 46,325 | 55,711 | 20.3% | 50,343 | 488,051 |
| Income before income taxes and minority interest | 40,096 | 54,778 | 36.6% | 3,476 | 479,877 |
| Net income (loss) | 13,941 | 22,236 | 59.5% | (7,094) | 194,796 |
| Statements of Cash Flows Data: | | | | | |
| Cash flows from operating activities | 90,788 | 62,821 | (30.8%) | 160,229 | 550,337 |
| Cash flows from investing activities | (64,584) | (49,684) | (23.1%) | (76,419) | (435,252) |
| Cash flows from financing activities | (28,463) | (48,533) | 70.5% | (30,150) | (425,168) |
| Cash and cash equivalents at the end of the period | 279,590 | 299,614 | 7.2% | 334,873 | 2,624,739 |
| Per Share Data: | | | | | |
| Net income (loss) per share | ¥70.99 | ¥113.24 | 59.5% | ¥(36.13) | \$0.99 |
| -Basic | | | | | |
| -Diluted | ¥- | ¥- | - % | ¥- | \$- |

Balance sheets data

| | December 31 | | March 31, 2007 | December 31, 2007 |
|--------------------------------|-------------|------------|----------------|----------------------|
| | 2006 | 2007 | | |
| Total assets | ¥1,328,049 | ¥1,255,120 | ¥1,284,412 | \$10,995,357 |
| Equity | 513,639 | 507,966 | 494,335 | 4,449,987 |
| Shareholders' equity | 490,882 | 483,222 | 470,317 | 4,233,220 |
| Shareholders' equity ratio (%) | 37.0% | 38.5% | 36.6% | 38.5% |
| Shareholders' equity per share | ¥2,499.87 | ¥2,460.87 | ¥2,395.14 | \$21.56 |

Notes

- I. The consolidated figures are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated figures prepared by the Company as required by the Financial Instruments and Exchange Law of Japan (formerly the Securities and Exchange Law of Japan).
- II. Figures in the 'Change' column are comparisons with the same period of the previous year.

- III. Diluted net income per share is presented only if there are dilutive factors present.
- IV. Shareholders' equity is equity excluding minority interest in subsidiaries.
- V. U.S. dollar amounts are included solely for the convenience of readers. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate. The rate of ¥114.15 = U.S.\$1 at December 31, 2007 has been used for the purpose of presentation.

END