

January 29, 2010

**CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2009**

Consolidated Financial Highlights

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

	Nine months ended December 31		Change	Nine months ended December 31, 2009
	2008	2009		
Statements of income data				
Net sales	¥906,356	¥738,115	(18.6%)	\$8,014,277
Operating income	32,703	22,156	(32.2%)	240,564
Ordinary income	37,543	16,441	(56.2%)	178,512
Net income (loss)	11,889	(4,740)	-%	(51,465)
Statements of cash flow data				
Cash flows from operating activities	20,969	23,112	10.2%	250,944
Cash flows from investing activities	(46,831)	(37,110)	-%	(402,931)
Cash flows from financing activities	(46,779)	(17,664)	-%	(191,791)
Cash and cash equivalents at the end of the period	235,372	250,980	6.6%	2,725,081
Per share data				
Net income (loss) per share -Basic	¥60.55	(¥23.82)	-%	(\$0.25)
-Diluted	¥-	¥-	-%	\$-

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

	December 31, 2009	March 31, 2009	December 31, 2009
Total assets	¥918,061	¥917,342	\$9,968,089
Net assets	299,385	318,631	3,250,651
Shareholders' equity	297,798	302,623	3,233,420
Shareholders' equity ratio (%)	32.4%	33.0%	32.4%
Shareholders' equity per share	¥1,490.52	¥1,541.16	\$16.18

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.
- II. Figures in '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 interests 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 ¥92.10 = U.S.\$1 at December 31, 2009 has been used for the purpose of presentation.

Operating Performance Highlights and Financial Condition

1. Fiscal 2009 Third Quarter Overview

The macro-economic environment remained challenging during the third quarter of the year under review. The U.S. and Europe showed signs of a recovery as the effects of economic stimulus measures began to materialize, but unemployment levels remained high. In Asia, China saw domestic demand rebound as a result of its economic stimulus package. Other countries and regions in Asia also showed signs of recovery, largely as a result of government measures and increased exports to China. Japan, meanwhile, saw an increase in exports, especially to Asia, and a pick-up in production, but business conditions remain difficult and unemployment high.

The situation in the main markets of the Epson Group (Epson) was as follows.

The consumer inkjet printer market was generally steady across Asia, but in Europe and the United States the market, which had briefly looked to be headed toward recovery, rapidly decelerated in December. The Japan market showed signs of recovery, though sales ended below last year's level. There was also a partial recovery in business inkjet printers, but overall units sales were sluggish. The serial dot-matrix printer (SIDM) market is contracting in North America, Europe, and Japan, but demand remained firm in some countries, including China, Singapore and some of the surrounding countries. Demand began to pick up for point-of-sale (POS) systems in the retail sector, which had curbed investment due to the severity of the recession. Orders for both business and education projectors also began to recover, especially for low-end models.

Many of the main applications for Epson's electronic devices were affected by the recession, but some showed signs of having hit bottom. New demand for mobile phones saw renewed growth in Asia, especially India and China, as well as in Africa and the Middle East. Upgrade demand also showed signs of returning in Europe and America. Demand was driven especially by personal consumers looking to upgrade from mobile phones to smart phones as functions evolved. Government buying incentives in various countries also pumped up demand for certain items, most notably automobiles, televisions and other home electronics products. PC sales also held firm with the launch of Windows 7. At the same time, demand for digital cameras and portable media players (PMPs) appeared to slacken.

Meanwhile, the products in Epson's information-related equipment and electronic devices segments suffered from continued price erosion due to across-the-board competition and an ongoing shift of demand toward the low-price zone.

The precision products segment was hurt by a decline in personal spending, as economic stimulus measures had a negligible effect on sales of items such as watches and eyeglass lenses. Semiconductor manufacturing equipment and robot shipments rose along with a pick-up in corporate capital spending, which had been sharply constrained by the recession.

At the end of the 2008 fiscal year, Epson established a long-range corporate vision called "SE15" and a three-year "SE15 Mid-Range Business Plan" in response to the rapid changes in the business environment that began last fiscal year.

Under the mid-range business plan, we will reposition ourselves to generate profit and rebuild our business foundations as we move toward the SE15 goal of becoming a community of robust businesses. To this end, we have taken bold new action in small- and medium-sized displays and semiconductors businesses that we have concluded cannot be restored to profitability as currently structured. On the other hand, we have identified printers, projectors and crystal devices as growth businesses and strategic businesses in which we can leverage our strengths. Accordingly, we will rapidly shift our human and management resources to these areas. In line with the original plan for fiscal 2009, the first year in the mid-range business plan, we sought to reach break-even in ordinary income by reinforcing the business foundations that underpin SE15.

From the current fiscal year, due to a role reallocation to basic R&D of some business incubation projects included in the "other" segment, certain operating expenses are now being allocated to the various business segments. The amount allocated in the third quarter of the year under review was ¥919 million (\$9,978 thousand).

The average exchange rates of the yen against the U.S. dollar and of the yen against the euro during the third quarter of the year under review were ¥89.71 and ¥132.68, respectively. This represents a 7% appreciation in the value of the yen against the dollar and a 5% depreciation in the value of the yen against the euro compared to the same period last year.

Third-quarter net sales were ¥288,486 million (\$3,132,312 thousand), down 0.7% compared to the same period last year. Operating income was ¥31,457 million (\$341,552 thousand), up 570.1% year over year. Ordinary income was ¥30,872 million (\$335,200 thousand), up 207.3%. Net income was ¥24,446 million (\$265,428 thousand) compared to net income of ¥169 million in the same period last 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 a slight increase in net sales. A positive sales trend emerged in the third quarter in some areas.

Inkjet printer (including consumables, as in all printer discussions below) unit shipments increased due to generally firm sales of consumer models in Asia and South America and strong sales on Black Friday, the day at the end of November that marks the opening of the year-end shopping season in the United States. Although unit shipments of business printers declined, we saw the beginnings of a recovery in demand and an increase in average selling prices as we launched new products. At the same time SIDM printer unit shipments increased due to demand associated with China's tax collection system. In terminal modules, moreover, we saw a recovery in demand for retail printers in Europe and America. The page printer business was adversely affected by price erosion and a decline in unit sales from the previous fiscal year.

The visual instruments business reported a jump in net sales. We saw demand for business projectors, especially low-end models, recover in the Asian and North American education markets.

Operating income in the information-related equipment segment grew. This growth was largely a result of an increase in net sales, which registered growth for the first time in nine quarters, and cuts in both variable and fixed costs.

As a result of the foregoing factors, third-quarter net sales in the information-related equipment segment were ¥212,980 million (\$2,312,498 thousand), up 3.4% year over year, while operating income was ¥30,916 million (\$335,667 thousand), up 121.2% year over year. The reallocation of operating expenses had a ¥679 million (\$7,384 thousand) effect on this segment.

Electronic devices

The displays business as a whole posted sharply lower net sales. Although unit shipments of small- and medium-sized displays to smart-phone manufacturers increased, net sales were affected by a decline in unit shipments to mobile phone, PMP, and other equipment manufacturers that accompanied the reorganization of the business.

The quartz device business reported a jump in net sales. Although net sales were moderated by the effects of lower prices associated with changes in the product mix, we saw increased demand for high-

precision quartz sensors used in items such as game equipment. We also saw demand rebound for quartz devices used in other types of digital electronics, as the market recovered from the rapid inventory adjustments that began as the recession took hold from the second half of the previous fiscal year.

The semiconductor business saw a slight increase in net sales as the inventory adjustment cycle that followed the onset of the recession wound down and general demand for electronic components returned.

Operating income in the electronic devices segment turned positive due to a combination of factors: a reduction in depreciation associated with business structure improvement expenses and an impairment loss recorded in the previous fiscal year; the effect of personnel reassignments and other fixed cost reductions; and an increase in capacity utilization rates as the inventory correction cycle neared its end.

As a result of the foregoing factors, third-quarter net sales in the electronic devices segment were ¥69,404 million (\$753,571 thousand), down 7.1% from the prior year, while operating income was ¥2,918 million (\$31,682 thousand) versus an operating loss of ¥5,866 million in the same period last year. The reallocation of operating expenses had a ¥191 million (\$2,073 thousand) effect on this segment.

Precision products

Operating loss in the precision products segment widened. Shipments of IC handlers increased due to a pick up in mobile phone and PC chip production in Taiwan and other parts of Asia, but net income fell due to a decline in unit shipments of watches and plastic eyeglass lenses, neither of which were significant beneficiaries of economic stimulus packages.

Third-quarter net sales in the precision products segment were ¥15,738 million (\$170,879 thousand), down 12.6% year over year, while operating loss was ¥667 million (\$7,242 thousand) versus an operating loss of ¥179 million in the same period last year. The reallocation of operating expenses had a ¥48 million (\$521 thousand) effect on this segment.

Operating Performance Highlights by Geographic Segment

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

Japan

Quartz device and 3LCD projector revenues increased, whereas amorphous-silicon TFT LCD (a-TFT), inkjet printer, watch and plastic eyeglass lens revenues declined. Total quarterly net sales in Japan were ¥258,887 million (\$2,810,968 thousand), down 2.9% from the prior year, while operating income was ¥13,038 million (\$141,586 thousand) versus an operating loss of ¥11,268 million in the same period last year.

The Americas

Net sales from a-TFTs, 3LCD projectors and semiconductors increased, while those from inkjet printers and SIDM printers declined. Total net sales for the quarter in this region were ¥59,238 million (\$643,181 thousand), up 4.0% from the prior year, while operating income was ¥2,511 million (\$27,263 thousand) versus an operating loss of ¥2,272 million in the year-ago period.

Europe

3LCD projector, a-TFT and terminal module net sales grew, while SIDM printer and inkjet printer net sales declined. Total net sales in this region were ¥65,378 million (\$709,847 thousand) up 3.2% compared to the same period last year, while operating income was ¥8,807 million (\$95,624 thousand), up 186.9% year over year.

Asia / Oceania

3LCD projector, quartz device, SIDM printer and inkjet printer net sales grew, while those of watches and a-TFT declined. Total net sales in this region were ¥160,696 million (\$1,744,798 thousand), up 7.9% compared to the same period last year, while operating income was ¥10,354 million (\$112,421 thousand), up 90.8% year over year.

Operating performance for the first three quarters

Net sales for the first three quarters (nine months) of the year under review were ¥738,115 million (\$8,014,277 thousand), down 18.6% compared to the same period last year due to the lingering effects of the recession-hit first-half (six months). Operating performance was constrained by the appreciation of the yen and the recession, which led to decreased unit shipments of terminal modules, SIDM printers and 3LCD projectors for business applications and to decreased unit shipments of consumer products such as inkjet printers and watches. Unit shipments of small- and medium-sized displays and semiconductors also declined along with the economic recession and business reorganization. Operating income was ¥22,156 million (\$240,564 thousand), down 32.2% compared to the same period last year, due to the steep decline in first-half net sales. Ordinary income was ¥16,441 million (\$178,512 thousand), down 56.2%, and net loss was ¥4,740 million (\$51,465 thousand) versus net income of ¥11,889 million for the same period last year.

Qualitative Information regarding the Consolidated Financial Position

Total assets were ¥918,061 million (\$9,968,089 thousand), an increase of ¥719 million (\$7,806 thousand) compared to the last fiscal year end. This is attributed primarily by an increase of ¥19,713 million (\$214,039 thousand) in current assets such as accounts receivables, ¥4,165 million (\$45,222 thousand) in investments/other assets and intangible fixed assets, and on the other hand, a decrease of ¥23,160 million (\$251,465 thousand) in tangible fixed assets such as machinery and equipments.

Total liabilities were ¥618,676 million (\$6,717,438 thousand), a ¥19,965 million (\$216,775 thousand) increase compared to the last fiscal year end. Current liabilities increased by ¥76,338 million (\$828,859 thousand), while noncurrent liabilities decreased by ¥56,373 million (\$612,084 thousand). The increase in current liabilities was mainly due to an increase in notes payables and trade accounts payables by ¥35,615 million (\$386,699 thousand). The decrease in noncurrent liabilities was due to the change in presentation of part of long-term loans and the term bonds to be extinguished within one year.

Qualitative Information regarding the Consolidated Financial outlook

The full year outlook has revised as below.

Consolidated Full-Year Results Outlook

	REF: FY2008 Full-Year Result	Previous Outlook	Current Outlook	Change
Net sales	¥1,122.4 billion	¥1,030.0 billion	¥990.0 billion	- ¥40.0 billion (-3.9%)
Operating income	¥(1.5 billion)	¥3.0 billion	¥20.0 billion	+¥17.0 billion (+566.7%)
Ordinary income	¥5.3 billion	¥0.0 billion	¥13.0 billion	+¥13.0 billion (-%)
Full-year net income	¥(111.3 billion)	¥(8.5 billion)	¥(21.0 billion)	- ¥12.5 billion (-%)
Foreign exchange rate	1USD = ¥101 1euro = ¥143	1USD = ¥94 1euro = ¥132	1USD = ¥93 1euro = ¥133	

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 Quarterly Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	December 31, 2009	March 31, 2009	December 31, 2009
Assets			
Current assets			
Cash and deposits	¥182,518	¥172,921	\$1,981,737
Notes and accounts receivable-trade	186,262	134,133	2,022,388
Short-term investment securities	58,510	102,014	635,287
Merchandise and finished goods	91,125	91,471	989,413
Work in process	38,293	36,947	415,776
Raw materials and supplies	21,526	19,132	233,724
Other	61,640	64,446	669,319
Allowance for doubtful accounts	(2,486)	(3,389)	(26,992)
Total current assets	637,391	617,677	6,920,652
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	404,187	404,869	4,388,566
Machinery, equipment and vehicles	477,183	518,819	5,181,140
Tools, furniture and fixtures	175,449	184,508	1,904,983
Other	57,650	58,090	625,974
Accumulated depreciation	(883,918)	(912,574)	(9,597,372)
Total property, plant and equipment	230,552	253,712	2,503,291
Intangible assets			
Goodwill	2,775	—	30,130
Other	15,808	16,789	171,639
Total intangible assets	18,583	16,789	201,769
Investments and other assets			
Investment securities	16,956	15,281	184,104
Other	14,697	14,164	159,586
Allowance for doubtful accounts	(121)	(284)	(1,313)
Total investments and other assets	31,533	29,161	342,377
Total noncurrent assets	280,669	299,664	3,047,437
Total assets	¥918,061	¥917,342	\$9,968,089

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

	Millions of yen		Thousands of U.S. dollars
	December 31, 2009	March 31, 2009	December 31, 2009
<u>Liabilities</u>			
Current liabilities			
Notes and accounts payable-trade	¥105,792	¥70,177	\$1,148,664
Short-term loans payable	39,004	42,182	423,496
Current portion of bonds	30,000	-	325,732
Current portion of long-term loans payable	41,438	18,543	449,923
Income taxes payable	8,949	6,208	97,166
Provision for bonuses	4,838	11,572	52,529
Provision for product warranties	10,286	9,813	111,682
Other	119,876	125,350	1,301,645
Total current liabilities	360,187	283,848	3,910,837
Noncurrent liabilities			
Bonds payable	70,000	100,000	760,043
Long-term loans payable	151,878	185,322	1,649,055
Provision for retirement benefits	17,598	12,966	191,074
Provision for recycle costs	859	926	9,326
Provision for product warranties	548	677	5,950
Negative goodwill	-	1,729	-
Other	17,604	13,239	191,153
Total noncurrent liabilities	258,488	314,862	2,806,601
Total liabilities	618,676	598,710	6,717,438
<u>Net assets</u>			
Shareholders' equity			
Capital stock			
Authorized - 607,458,368 shares			
Issued (December 31, 2009) - 199,817,389 shares			
Issued (March 31, 2009) - 196,364,592 shares	53,204	53,204	577,676
Capital surplus	84,321	79,500	915,537
Retained earnings	202,408	208,524	2,197,698
Treasury stock			
December 31, 2009 - 21,520 shares			
March 31, 2009 - 3,018 shares	(34)	(8)	(369)
Total shareholders' equity	339,898	341,220	3,690,542
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	4,164	2,835	45,211
Deferred gains or losses on hedges	315	(2,175)	3,420
Foreign currency translation adjustment	(46,579)	(39,255)	(505,742)
Total valuation and translation adjustments	(42,100)	(38,596)	(457,111)
Minority interests	1,586	16,007	17,220
Total net assets	299,385	318,631	3,250,651
Total liabilities and net assets	¥918,061	¥917,342	\$9,968,089

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		Nine months ended December 31,
	2008	2009	2009
Net sales	¥906,356	¥738,115	\$8,014,277
Cost of sales	653,641	538,207	5,843,735
Gross profit	252,714	199,907	2,170,542
Selling, general and administrative expenses	220,011	177,751	1,929,978
Operating income	32,703	22,156	240,564
Non-operating income:			
Interest income	3,594	1,014	11,009
Other	6,434	4,228	45,918
Total non-operating income	10,029	5,243	56,927
Non-operating expenses:			
Interest expenses	4,117	3,874	42,062
Foreign exchange losses	-	6,082	66,036
Other	1,071	1,002	10,881
Total non-operating expenses	5,189	10,958	118,979
Ordinary income	37,543	16,441	178,512
Extraordinary income:			
Gain on sales of noncurrent assets	124	543	5,895
Other	816	372	4,039
Total extraordinary income	941	915	9,934
Extraordinary loss:			
Impairment loss	1,027	4,200	45,602
Loss on antitrust law fine	-	2,457	26,677
Other	17,708	3,212	34,897
Total extraordinary losses	18,736	9,871	107,176
Income before income taxes and minority interests	19,748	7,485	81,270
Income taxes	7,625	12,196	132,410
Minority interests in income	233	30	325
Net income (loss)	¥11,889	(¥4,740)	(\$51,465)

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

Consolidated Statements of Income
Three months ended December 31:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2008	2009	2009
Net sales	¥290,571	¥288,486	\$3,132,312
Cost of sales	211,416	195,102	2,118,371
Gross profit	79,154	93,384	1,013,941
Selling, general and administrative expenses	74,460	61,926	672,389
Operating income	4,694	31,457	341,552
Non-operating income:			
Interest income	900	288	3,127
Amortization of negative goodwill	345	342	3,713
Other	5,707	886	9,620
Total non-operating income	6,953	1,516	16,460
Non-operating expenses:			
Interest expenses	1,335	1,259	13,669
Foreign exchange losses	-	451	4,896
Other	266	390	4,247
Total non-operating expenses	1,601	2,101	22,812
Ordinary income	10,046	30,872	335,200
Extraordinary income:			
Gain on sales of noncurrent assets	8	412	4,473
Other	224	5	54
Total extraordinary income	233	417	4,527
Extraordinary loss:			
Impairment loss	99	1,782	19,348
Other	10,863	1,622	17,622
Total extraordinary losses	10,963	3,404	36,970
Income (loss) before income taxes and minority interests	(683)	27,884	302,757
Income taxes	(604)	3,336	36,233
Minority interests in income (loss)	(247)	101	1,096
Net income	¥169	¥24,446	\$265,428

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

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

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2008	2009	2009
Consolidated quarterly statements of cash flows			
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥19,748	¥7,485	\$81,270
Depreciation and amortization	58,451	35,564	386,145
Impairment loss	1,027	4,200	45,602
Equity in (earnings) losses of affiliates	(44)	(136)	(1,476)
Amortization of goodwill	(908)	(364)	(3,952)
Increase (decrease) in allowance for doubtful accounts	904	(799)	(8,675)
Increase (decrease) in provision for bonuses	(13,824)	(6,698)	(72,725)
Increase (decrease) in provision for product warranties	(910)	444	4,820
Increase (decrease) in provision for retirement benefits	(2,482)	5,519	59,923
Interest and dividends income	(3,919)	(1,286)	(13,963)
Interest expenses	4,117	3,874	42,062
Foreign exchange losses (gains)	540	(689)	(7,480)
Loss (gain) on sales of noncurrent assets	(157)	(579)	(6,286)
Loss on retirement of noncurrent assets	1,703	622	6,753
Loss (gain) on sales of investment securities	(57)	15	162
Decrease (increase) in notes and accounts receivable-trade	(1,509)	(50,692)	(550,401)
Decrease (increase) in inventories	(30,873)	(5,994)	(65,081)
Increase (decrease) in accrued consumption taxes	1,833	1,127	12,236
Increase (decrease) in notes and accounts payable-trade	(5,006)	32,861	356,796
Other, net	6,887	10,518	114,237
Subtotal	35,519	34,995	379,967
Interest and dividends income received	3,897	1,113	12,084
Interest expenses paid	(4,189)	(3,628)	(39,391)
Income taxes paid	(14,257)	(9,367)	(101,716)
Net cash provided by (used in) operating activities	20,969	23,112	250,944
Net cash provided by (used in) investing activities			
Decrease (increase) in time deposits	358	513	5,570
Purchase of investment securities	(457)	(12)	(130)
Proceeds from sales of investment securities	393	106	1,150
Purchase of property, plant and equipment	(39,572)	(20,879)	(226,699)
Proceeds from sales of property, plant and equipment	301	633	6,872
Purchase of intangible assets	(6,569)	(3,776)	(40,998)
Proceeds from sales of intangible assets	10	3	32
Purchase of long-term prepaid expenses	(256)	(177)	(1,921)
Purchase of investments in subsidiaries	(1,456)	(13,405)	(145,548)
Other, net	415	(115)	(1,259)
Net cash provided by (used in) investing activities	(46,831)	(37,110)	(402,931)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	10,964	(3,068)	(33,311)
Repayment of long-term loans payable	(43,778)	(10,549)	(114,562)
Repayments of lease obligations	(6,383)	(2,541)	(27,589)
Purchase of treasury stock	(1)	(26)	(282)
Proceeds from sales of treasury stock	—	0	0
Cash dividends paid	(6,872)	(1,374)	(14,918)
Cash dividends paid to minority shareholders	(708)	(104)	(1,129)
Net cash provided by (used in) financing activities	(46,779)	(17,664)	(191,791)
Effect of exchange rate change on cash and cash equivalents	(8,400)	(1,696)	(18,437)
Net increase (decrease) in cash and cash equivalents	(81,042)	(33,358)	(362,215)
Cash and cash equivalents at beginning of period	316,414	284,340	3,087,296
Cash and cash equivalents at end of period	¥235,372	¥250,980	\$2,725,081

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 relevant sections in the Seiko Epson Annual Report 2009.

In addition, some notes such as “Investments in debt and equity securities” and “Derivative instruments” are not included because the figures to which they refer are insignificant to the consolidated results.

1. Basis of presenting consolidated financial statements

The amounts in the accompanying consolidated financial statements and the notes are rounded down.

2. Number of group companies

As of December 31, 2009, the Company had 95 consolidated subsidiaries.

3. Goodwill

Epson had goodwill and negative goodwill as of March 31, 2009, and as of December 31, 2009. Goodwill and negative goodwill are amortized on a straight-line basis in accordance with Japanese accounting standards. Goodwill or negative goodwill is recorded on the balance sheets after offsetting. The amounts of goodwill and negative goodwill before offsetting as of March 31, 2009, and as of December 31, 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	December 31, 2009	March 31, 2009	December 31, 2009
Goodwill	¥3,947	¥469	\$42,855
Negative goodwill	1,172	2,199	12,725

4. Cash dividends

In the nine months ended December 31, 2009, the Company paid the following cash dividends per share to its registered shareholders at the end of the last fiscal year:

	Cash dividends per share	Yen	U.S. dollars
Year-end		¥7.00	\$0.07

The effective date of the distribution for year-end cash dividend was June 25, 2009.

5. Net income (loss) per share

The calculation of net income (loss) per share for the nine months ended December 31, 2008 and 2009, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2008	2009	2009
Net income (loss) attributable to common shares	¥11,889	(¥4,740)	(\$51,465)
	Thousands of shares		
Weighted-average number of common shares outstanding	196,362	199,038	
	Yen		U.S. dollars
Net income (loss) per share	¥60.55	(¥23.82)	(\$0.25)

The calculation of net income per share for the three months ended December 31, 2008 and 2009, is as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2008	2009	2009
Net income attributable to common shares	¥169	¥24,446	\$265,428
	Thousands of shares		
Weighted-average number of common shares outstanding	196,361	199,796	
	Yen		U.S. dollars
Net income per share	¥0.86	¥122.36	\$1.32

Epson had no dilutive potential common shares, such as convertible debt or warrants, outstanding during the three months ended December 31, 2008, or for the nine months ended at the same time. Diluted net income (loss) per share is not calculated herein since a net income (loss) was incurred and Epson had no dilutive potential common shares outstanding during the three months ended December 31, 2009, or for the nine months ended at the same time.

6. Selling, general and administrative expenses

The significant components of selling, general and administrative expenses for the nine months ended December 31, 2008 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Nine months ended December 31		Nine months ended December 31,
	2008	2009	2009
Salaries and wages	¥58,210	¥53,240	\$578,067
Research and development costs	33,122	24,430	265,255

The significant components of selling, general and administrative expenses for the three months ended December 31, 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Three months ended December 31		Three months ended December 31,
	2008	2009	2009
Salaries and wages	¥18,378	¥17,519	\$190,217
Research and development costs	11,365	7,371	80,032

7. Cash flow information

Cash and cash equivalents as of December 31, 2008 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars
	December 31		December 31,
	2008	2009	2009
Cash and deposits	¥113,263	¥182,518	\$1,981,737
Short-term investments	113,008	58,510	635,287
Short-term loans receivables	10,000	10,000	108,577
Less:			
Short-term borrowings (overdrafts)	(7)	(0)	(0)
Time deposits due over three months	(879)	(37)	(412)
Short-term investments due over three months	(12)	(10)	(108)
Cash and cash equivalents	¥235,372	¥250,980	\$2,725,081

The Company obtained marketable securities, the fair value of which was ¥9,921 million and ¥9,898 million (\$107,470 thousand) as of March 31, 2009, and as of December 31, 2009, respectively, as a deposit for the short-term loans receivables above.

8. Contingent liabilities

Contingent liabilities for guarantee of employees' housing loans from banks as of March 31, 2009, and as of , December 31, 2009 were ¥1,707 million and ¥1,470 million (\$15,960 thousand), respectively.

9. 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 by the nature of products, markets and marketing methods.

The information-related equipment segment mainly includes color inkjet printers, page printers, serial impact 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.

The electronic devices segment mainly includes small- and medium-sized LCDs, HTPS-TFT panels for 3LCD projectors, crystal units, crystal oscillators, quartz sensors, optical devices and CMOS LSIs.

The 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 intra-group services and business incubation projects, are categorized within “Other”.

The following table summarizes the business segment information of Epson for the three months ended December 31, 2008 and 2009:

Three months ended December 31:

Millions of yen							
Three months ended December 31, 2008							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥205,312	¥66,785	¥17,590	¥882	¥290,571	-	¥290,571
Inter-segment	628	7,922	416	6,717	15,684	(¥15,684)	-
Total	205,941	74,707	18,007	7,599	306,255	(15,684)	290,571
Operating income (loss)	¥13,979	(¥5,866)	(¥179)	(¥3,007)	¥4,925	(¥231)	¥4,694

Millions of yen							
Three months ended December 31, 2009							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥212,803	¥59,917	¥15,296	¥468	¥288,486	-	¥288,486
Inter-segment	176	9,487	442	5,659	15,764	(¥15,764)	-
Total	212,980	69,404	15,738	6,127	304,250	(15,764)	288,486
Operating income (loss)	¥30,916	¥2,918	(¥667)	(¥1,689)	¥31,477	(¥20)	¥31,457

Thousands of U.S. dollars							
Three months ended December 31, 2009							
	Information-related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$2,310,587	\$650,564	\$166,080	\$5,081	\$3,132,312	-	\$3,132,312
Inter-segment	1,911	103,007	4,799	61,444	171,161	(\$171,161)	-
Total	2,312,498	753,571	170,879	66,525	3,303,473	(171,161)	3,132,312
Operating income (loss)	\$335,667	\$31,682	(\$7,242)	(\$18,338)	\$341,769	(\$217)	\$341,552

The following table summarizes the business segment information of Epson for the nine months ended December 31, 2008 and 2009:

Nine months ended December 31:

	Millions of yen						
	Nine months ended December 31, 2008						
	Information- related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥609,537	¥234,378	¥59,658	¥2,781	¥906,356	-	¥906,356
Inter-segment	1,861	27,283	1,150	22,216	52,512	(¥52,512)	-
Total	611,399	261,662	60,808	24,997	958,868	(52,512)	906,356
Operating income (loss)	¥39,925	¥558	¥556	(¥8,536)	¥32,504	¥198	¥32,703

	Millions of yen						
	Nine months ended December 31, 2009						
	Information- related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥531,793	¥162,278	¥42,397	¥1,645	¥738,115	-	¥738,115
Inter-segment	985	24,378	1,092	16,164	42,622	(¥42,622)	-
Total	532,779	186,657	43,490	17,810	780,737	(42,622)	738,115
Operating income (loss)	¥35,687	(¥6,365)	(¥2,732)	(¥4,517)	¥22,072	¥84	¥22,156

	Thousands of U.S. dollars						
	Nine months ended December 31, 2009						
	Information- related equipment	Electronic devices	Precision products	Other	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$5,774,104	\$1,761,976	\$460,336	\$17,861	\$8,014,277	-	\$8,014,277
Inter-segment	10,729	264,690	11,856	175,504	462,779	(\$462,779)	-
Total	5,784,833	2,026,666	472,192	193,365	8,477,056	(462,779)	8,014,277
Operating income (loss)	\$387,468	(\$69,109)	(\$29,663)	(\$49,044)	\$239,652	\$912	\$240,564

In line with changes to the role of basic R&D accompanying the structural changes in the electronic devices segment, certain operating expenses previously included in business incubation projects in the “other” segment, from the current fiscal year, were allocated to the various business segments. As a result, operating income decreased by ¥2,835 million (\$30,793 thousand) in the information-related equipment segment, by ¥862 million (\$9,359 thousand) in the electronic devices segment, and by ¥228 million (\$2,475 thousand) in the precision products segment, and increased by ¥3,926 million (\$42,627 thousand) in the “other” segment compared to the corresponding amounts that would have been reported if the previous method had been applied.

(2) Geographic segment information

Net sales are attributed to geographic segments based on the country or region 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 following table summarizes the geographic segment information of Epson for the three months ended December 31, 2008 and 2009:

Three months ended December 31:

Millions of yen							
Three months ended December 31, 2008							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥142,723	¥50,875	¥61,683	¥35,288	¥290,571	-	¥290,571
Inter-segment	123,982	6,109	1,659	113,678	245,430	(¥245,430)	-
Total	266,706	56,985	63,342	148,967	536,001	(245,430)	290,571
Operating income (loss)	(¥11,268)	(¥2,272)	¥3,069	¥5,425	(¥5,045)	¥9,739	¥4,694

Millions of yen							
Three months ended December 31, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥123,744	¥54,795	¥63,866	¥46,080	¥288,486	-	¥288,486
Inter-segment	135,143	4,442	1,511	114,616	255,714	(¥255,714)	-
Total	258,887	59,238	65,378	160,696	544,200	(255,714)	288,486
Operating income (loss)	¥13,038	¥2,511	¥8,807	¥10,354	¥34,712	(¥3,254)	¥31,457

Thousands of U.S. dollars							
Three months ended December 31, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$1,343,595	\$594,951	\$693,441	\$500,325	\$3,132,312	-	\$3,132,312
Inter-segment	1,467,373	48,230	16,406	1,244,473	2,776,482	(\$2,776,482)	-
Total	2,810,968	643,181	709,847	1,744,798	5,908,794	(2,776,482)	3,132,312
Operating income (loss)	\$141,586	\$27,263	\$95,624	\$112,421	\$376,894	(\$35,342)	\$341,552

The following table summarizes the geographic segment information of Epson for the nine months ended December 31, 2008 and 2009:

Nine months ended December 31:

Millions of yen							
Nine months ended December 31, 2008							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥408,431	¥171,766	¥190,364	¥135,794	¥906,356	-	¥906,356
Inter-segment	425,580	21,825	5,022	380,224	832,652	(¥832,652)	-
Total	834,011	193,591	195,387	516,018	1,739,008	(832,652)	906,356
Operating income (loss)	(¥35)	¥3,289	¥7,940	¥17,039	¥28,233	¥4,469	¥32,703

Millions of yen							
Nine months ended December 31, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	¥301,294	¥156,053	¥153,735	¥127,032	¥738,115	-	¥738,115
Inter-segment	350,499	16,307	5,103	299,154	671,064	(¥671,064)	-
Total	651,793	172,360	158,839	426,186	1,409,180	(671,064)	738,115
Operating income (loss)	(¥24,061)	¥8,603	¥9,820	¥27,987	¥22,350	(¥194)	¥22,156

Thousands of U.S. dollars							
Nine months ended December 31, 2009							
	Japan	The Americas	Europe	Asia/Oceania	Total	Eliminations and corporate	Consolidated
Net sales:							
Customers	\$3,271,390	\$1,694,386	\$1,669,218	\$1,379,283	\$8,014,277	-	\$8,014,277
Inter-segment	3,805,647	177,057	55,407	3,248,143	7,286,254	(\$7,286,254)	-
Total	7,077,037	1,871,443	1,724,625	4,627,426	15,300,531	(7,286,254)	8,014,277
Operating income (loss)	(\$261,237)	\$93,409	\$106,623	\$303,876	\$242,671	(\$2,107)	\$240,564

(3) Sales to overseas customers

The following table shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the three months ended December 31, 2008 and 2009:

Three months ended December 31:

	Millions of yen			
	Three months ended December 31, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥58,181	¥66,198	¥57,072	¥181,452
Consolidated net sales				¥290,571
Percentage of overseas sales to consolidated net sales (%)	20.0%	22.8%	19.6%	62.4%

	Millions of yen			
	Three months ended December 31, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥57,484	¥64,748	¥57,371	¥179,605
Consolidated net sales				¥288,486
Percentage of overseas sales to consolidated net sales (%)	19.9%	22.5%	19.9%	62.3%

	Thousands of U.S. dollars			
	Three months ended December 31, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	\$624,147	\$703,041	\$622,920	\$1,950,108
Consolidated net sales				\$3,132,312
Percentage of overseas sales to consolidated net sales (%)	19.9%	22.5%	19.9%	62.3%

The following table shows sales to overseas customers by geographic region, and as a percentage of consolidated net sales, for the nine months ended December 31, 2008 and 2009:

Nine months ended December 31:

	Millions of yen			
	Nine months ended December 31, 2008			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥191,094	¥210,977	¥209,410	¥611,482
Consolidated net sales				¥906,356
Percentage of overseas sales to consolidated net sales (%)	21.1%	23.3%	23.1%	67.5%

	Millions of yen			
	Nine months ended December 31, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	¥163,054	¥158,146	¥163,965	¥485,166
Consolidated net sales				¥738,115
Percentage of overseas sales to consolidated net sales (%)	22.1%	21.4%	22.2%	65.7%

	Thousands of U.S. dollars			
	Nine months ended December 31, 2009			
	The Americas	Europe	Asia/Oceania	Total
Overseas sales	\$1,770,401	\$1,717,111	\$1,780,305	\$5,267,817
Consolidated net sales				\$8,014,277
Percentage of overseas sales to consolidated net sales (%)	22.1%	21.4%	22.2%	65.7%

10. Other

The Company and related subsidiaries are subject to allegations concerning a TFT-LCD price-fixing cartel, and received from competition authorities in the United States and elsewhere instructions and notices to submit relevant materials. In August 2009, a related subsidiary concluded a plea agreement by which it paid a fine of U.S.\$26 million to the United States Department of Justice, and criminal procedures were completed in October 2009. Related civil lawsuits have been brought before courts in United States and elsewhere by clients and others.

Supplementary Information

Consolidated Nine months ended December 31, 2009

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.

1. Sales by division

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Information-related equipment	611.3	532.7	(12.9%)	714.0	(7.3%)
Printer	514.1	449.6	(12.5%)	596.0	(7.7%)
Visual instruments	78.5	70.4	(10.3%)	99.0	(0.1%)
Other	19.1	13.2	(30.8%)	19.0	(26.4%)
Intra-segment sales	(0.4)	(0.5)	-%	0.0	-%
Electronic devices	261.6	186.6	(28.7%)	247.0	(20.7%)
Display	141.9	84.6	(40.4%)	114.0	(32.0%)
Quartz device	67.0	61.9	(7.6%)	81.0	(1.0%)
Semiconductor	56.1	41.3	(26.3%)	54.0	(19.0%)
Other	2.3	2.1	(6.9%)	3.0	69.5%
Intra-segment sales	(5.7)	(3.3)	-%	(5.0)	-%
Precision products	60.8	43.4	(28.5%)	57.0	(21.6%)
Other	24.9	17.8	(28.8%)	23.0	(27.7%)
Inter-segment sales	(52.5)	(42.6)	-%	(51.0)	-%
Consolidated sales	906.3	738.1	(18.6%)	990.0	(11.8%)

2. Business segment information

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Information-related equipment					
Net sales:					
Customers	609.5	531.7	(12.8%)	713.0	(7.1%)
Inter-segment	1.8	0.9	(47.0%)	1.0	(59.9%)
Total	611.3	532.7	(12.9%)	714.0	(7.3%)
Operating expenses	571.4	497.0	(13.0%)	673.0	(9.0%)
Operating income (loss)	39.9	35.6	(10.6%)	41.0	36.0%
Electronic devices					
Net sales:					
Customers	234.3	162.2	(30.8%)	219.0	(21.7%)
Inter-segment	27.2	24.3	(10.6%)	28.0	(11.9%)
Total	261.6	186.6	(28.7%)	247.0	(20.7%)
Operating expenses	261.1	193.0	(26.1%)	258.0	(21.8%)
Operating income (loss)	0.5	(6.3)	-%	(11.0)	-%
Precision products					
Net sales:					
Customers	59.6	42.3	(28.9%)	56.0	(21.5%)
Inter-segment	1.1	1.0	(5.0%)	1.0	(25.2%)
Total	60.8	43.4	(28.5%)	57.0	(21.6%)
Operating expenses	60.2	46.2	(23.3%)	61.0	(18.2%)
Operating income (loss)	0.5	(2.7)	-%	(4.0)	-%
Other					
Net sales:					
Customers	2.7	1.6	(40.8%)	2.0	(49.2%)
Inter-segment	22.2	16.1	(27.2%)	21.0	(24.7%)
Total	24.9	17.8	(28.8%)	23.0	(27.7%)
Operating expenses	33.5	22.3	(33.4%)	29.0	(33.9%)
Operating income (loss)	(8.5)	(4.5)	-%	(6.0)	-%
Elimination and corporate					
Net sales	(52.5)	(42.6)	-%	(51.0)	-%
Operating expenses	(52.7)	(42.7)	-%	(51.0)	-%
Operating income (loss)	0.1	0.0	(57.4%)	0.0	-%
Consolidated					
Net sales	906.3	738.1	(18.6%)	990.0	(11.8%)
Operating expenses	873.6	715.9	(18.0%)	970.0	(13.7%)
Operating income (loss)	32.7	22.1	(32.2%)	20.0	-%

3. Capital expenditure / Depreciation and amortization

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Capital expenditure	38.5	17.2	(55.3%)	33.0	(40.7%)
Information-related equipment	19.1	7.3	(61.4%)	14.0	(46.8%)
Electronic devices	14.5	6.7	(53.3%)	13.0	(35.9%)
Precision products	2.1	1.3	(38.0%)	2.0	(45.7%)
Other	2.8	1.7	(37.4%)	4.0	(25.4%)
Depreciation and amortization	58.4	35.5	(39.2%)	47.0	(40.1%)

4. Research and development

(Unit: billion yen)

	Nine months ended December 31,		Increase %	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 %
	2008	2009			
Research and Development	60.9	52.2	(14.3%)	71.0	(13.5%)
R&D / sales ratio	6.7%	7.1%		7.2%	

5. Management indices

(Unit: %)

	Nine months ended December 31,		Increase Point	Forecast for the year ended March 31, 2010	Increase compared to year ended March 31, 2009 Point
	2008	2009			
Return on equity (ROE)	2.8%	(1.6%)	(4.4)	(7.2%)	22.5
Return on assets (ROA)	3.4%	1.8%	(1.6)	1.4%	0.9
Return on sales (ROS)	4.1%	2.2%	(1.9)	1.3%	0.8

Note 1. ROE=Net income / Beginning and ending balance average shareholders' equity
 2. ROA=Ordinary income / Beginning and ending balance average total assets
 3. ROS=Ordinary income / Net sales

6. Foreign exchange fluctuation effect on net sales

(Unit: billion yen)

	Nine months ended December 31,		Increase
	2008	2009	
Foreign exchange effect	(61.4)	(49.9)	11.5
U.S. dollars	(30.2)	(18.1)	12.0
Euro	(17.8)	(17.1)	0.6
Other	(13.4)	(14.6)	(1.1)
Exchange rate			
Yen / U.S. dollars	102.84	93.56	
Yen / Euro	150.70	132.99	

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, 2009
	2008	2009	2009	
Inventory	172.3	147.5	150.9	3.3
Information-related equipment	105.3	93.2	98.7	5.5
Electronic devices	47.7	35.0	36.4	1.4
Precision products	17.5	17.7	14.3	(3.3)
Other / Corporate	1.6	1.5	1.4	(0.1)
	(Unit: days)			
Turnover by days	52	48	56	8
Information-related equipment	47	44	51	7
Electronic devices	50	41	54	13
Precision products	79	89	91	2
Other / Corporate	18	18	22	4

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

8. Employees

(Unit: person)

	December 31,	March 31,	December 31,	Increase compared to March 31, 2009
	2008	2009	2009	
Number of employees at period end	81,934	72,326	79,381	7,055
Domestic	25,379	24,190	23,295	(895)
Overseas	56,555	48,136	56,086	7,950