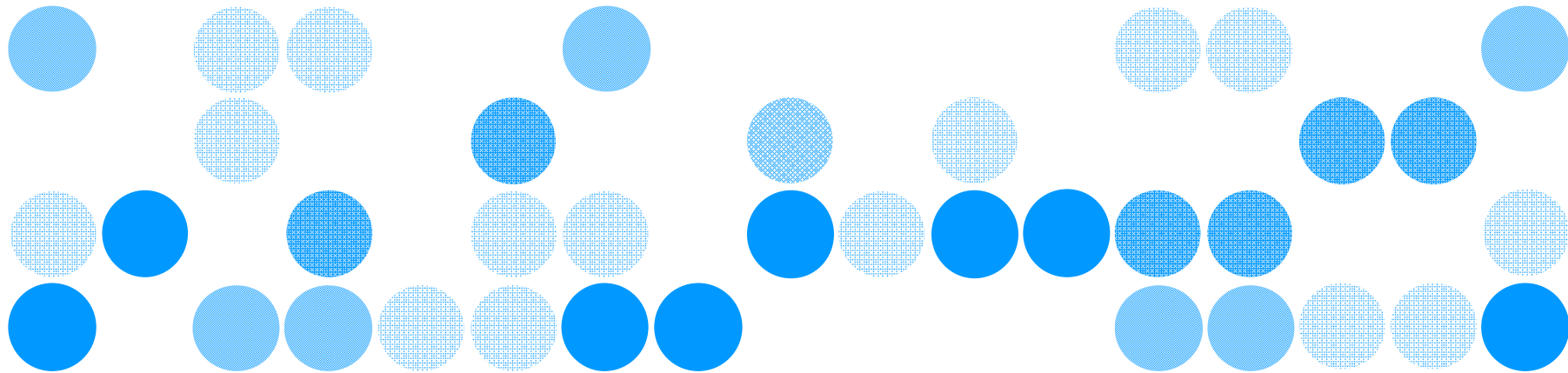




*Sensing tomorrow™*

# Financial Results for the Third Quarter Ended December 31, 2009



January 29, 2010

**OMRON Corporation**

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# Businesses and Major Products

LCD backlights, semiconductors/MEMS, environmental solutions business, electronic systems and equipment

- *Electronic signal sensing*
- *Electrical current/voltage control*

Relays, switches, connectors, amusement equipment parts, mobile device parts

- *Auto body electronics*
- *Radio wave sensing*

Keyless entry systems, power window switches, automotive relays, EPS (electronic power steering)

- *Human sensing*
- *Traffic sensing*
- *IC card technology*

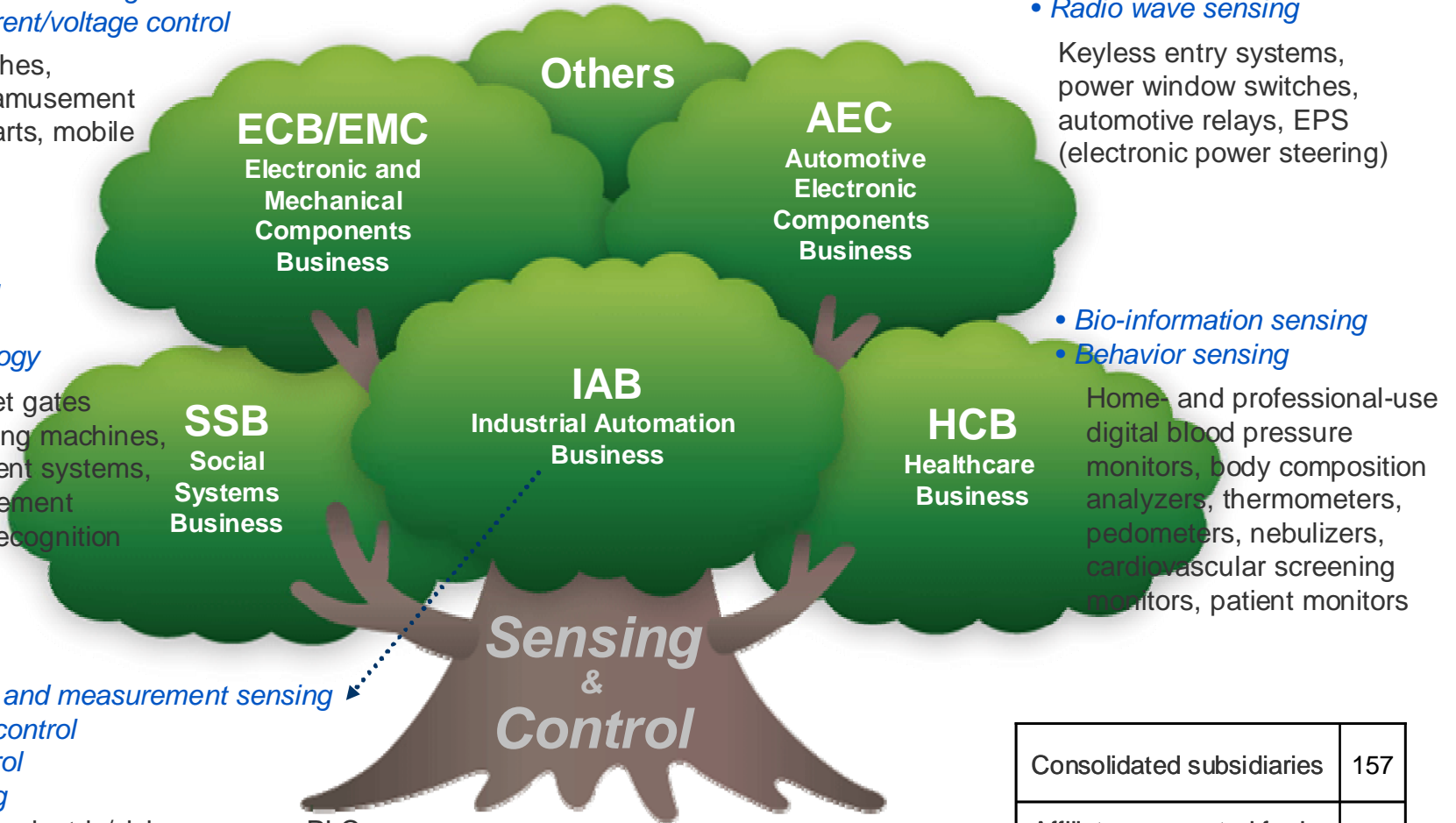
Automated ticket gates and ticket vending machines, road management systems, security management systems, face recognition systems

- *Bio-information sensing*
- *Behavior sensing*

Home- and professional-use digital blood pressure monitors, body composition analyzers, thermometers, pedometers, nebulizers, cardiovascular screening monitors, patient monitors

- *Displacement and measurement sensing*
- *Temperature control*
- *Machine control*
- *Vision sensing*

Proximity/photoelectric/vision sensors, PLCs, temperature controllers, machine safeguarding equipment, inspection systems



|   |     |
|---|-----|
| Consolidated subsidiaries                     | 157 |
| Affiliates accounted for by the equity method | 18  |

(as of December 31, 2009)

|  |              |
|--|--------------|
| <b>Executive Summary</b>   | <b>P. 4</b>  |
| <b>Results for the Third Quarter<br/>Ended December 31, 2009 (FY09/Q3)</b> | <b>P. 5</b>  |
| <b>Full-year Forecast</b>  | <b>P. 28</b> |
| <b>Emergency Measures and<br/>Structural Reform</b>                        | <b>P. 37</b> |
| <b>Chinese Market<br/>(IAB, Macroeconomic Conditions)</b>                  | <b>P. 42</b> |
| <b>Reference</b>   | <b>P. 45</b> |

## **Notes**

1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.
3. Omron has adopted FASB Statement No.280, "Disclosures about Segments of an Enterprise and Related Information," from fiscal 2009. Prior year amounts in the consolidated financial statements (sales of SSB and operating income of each segment) have been reclassified or adjusted accordingly.
4. From the nine months ended December 31, 2009, business segments have been changed to IAB, EMC, AEC, SSB, HCB and Other to reflect a change in organization. Figures in segment information for the previous period have been restated to reflect the new classifications.

## FY09 Q3 Results

- Conditions bottomed out in Q1, recovery trend from Q2 onward.
- Sales and profit in Q1-Q3 still fell below previous year results, but the difference was reduced.
- Sales recovery and implementation of emergency measures led to positive OP in Q3 and Q1-Q3.  
(Q3 result> Sales: ¥138.1 bn, OP: ¥8.7 bn)

| <u>(Consolidated)</u>          | <u>FY09 Q1-Q3</u><br><u>Actual</u> | <u>FY08 Q1-Q3</u><br><u>Actual</u> | <u>YoY</u> |
|--------------------------------|------------------------------------|------------------------------------|------------|
| Net sales                      | ¥370.5 bn                          | ¥ 498.8 bn                         | -25.7%     |
| Operating income               | ¥1.0 bn                            | ¥16.7 bn                           | -93.9%     |
| NIBT                           | ¥0.2 bn                            | ¥14.7 bn                           | -98.7%     |
| Net income                     | -¥0.7 bn                           | ¥9.1 bn                            | —          |
| (attributable to shareholders) |                                    |                                    |            |

## FY09 Full-year Forecast

- Recovery trend expected to continue in Q4, and sales/OP projected to exceed previous forecast.

| <u>(Consolidated)</u>          | <u>FY09</u><br><u>Forecast</u> | <u>FY08</u><br><u>Actual</u> | <u>YoY</u> | <u>Oct.29 fcst</u> | <u>vs. Oct 29 fcst</u> |
|--------------------------------|--------------------------------|------------------------------|------------|--------------------|------------------------|
| Net sales                      | ¥520.0 bn                      | ¥627.2 bn                    | -17.1%     | ¥510.0 bn          | +2.0%                  |
| Operating income               | ¥10.0 bn                       | ¥5.3 bn                      | 87.3%      | ¥ 0.0 bn           | —                      |
| NIBT                           | ¥5.5 bn                        | -¥39.1bn                     | —          | -¥3.5 bn           | —                      |
| Net income                     | ¥3.0 bn                        | -¥29.2 bn                    | —          | -¥2.0 bn           | —                      |
| (attributable to shareholders) |                                |                              |            |                    |                        |

\* Assumed exchange rates for FY09 Q4: 1 USD = ¥90; 1 EUR = ¥130 (No change to Q3 assumption)

|  |             |
|--|-------------|
| Executive Summary  | P. 4        |
| <b>Results for the Third Quarter<br/>Ended December 31, 2009 (FY09/Q3)</b> | <b>P. 5</b> |
| Full-year Forecast   | P. 28       |
| Emergency Measures and<br>Structural Reform                                | P. 37       |
| Chinese Market<br>(IAB, Macroeconomic Conditions)                          | P. 42       |
| Reference  | P. 45       |

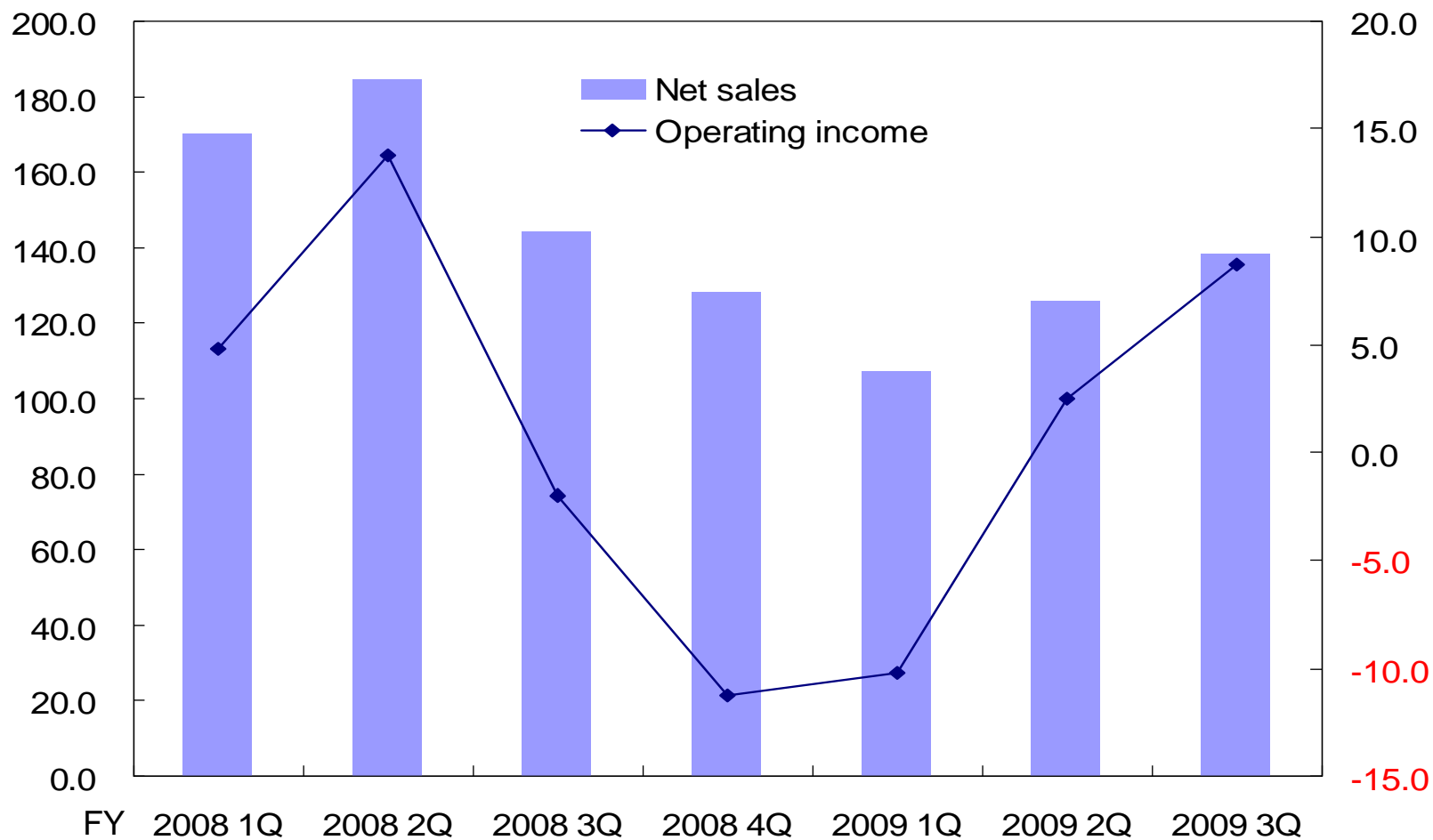
- Global economic downturn bottomed out in Q2. Recovery trend started in Q3.
- OP in Q3 reached ¥8.7 bn, and became positive in Q1-Q3.

| P/L   | (Billions of yen)    |                      |                             |
|---|----------------------|----------------------|-----------------------------|
|   | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY                         |
| Net sales   | 370.5                | 498.8                | -25.7%                      |
| Gross profit                                      | 126.2                | 179.5                | -29.7%                      |
| SG&A  | 98.3                 | 126.2                | -22.1%                      |
| R&D   | 27.0                 | 36.6                 | -26.4%                      |
| Operating income (loss)                           | 1.0                  | 16.7                 | -93.9%                      |
| Non-operating<br>income (loss), net               | 0.8                  | 1.9                  | -56.9%                      |
| NIBT  | 0.2                  | 14.7                 | -98.7%                      |
| Net income (loss) attributable<br>to shareholders | -0.7                 | 9.1                  | —                           |
| Exchange Rates                                    |                      |                      | <b>Difference<br/>(YoY)</b> |
| USD (yen)   | 93.6                 | 102.3                | -8.7                        |
| EUR (yen)   | 132.2                | 150.9                | -18.7                       |

# Quarterly Business Results (All Segments)

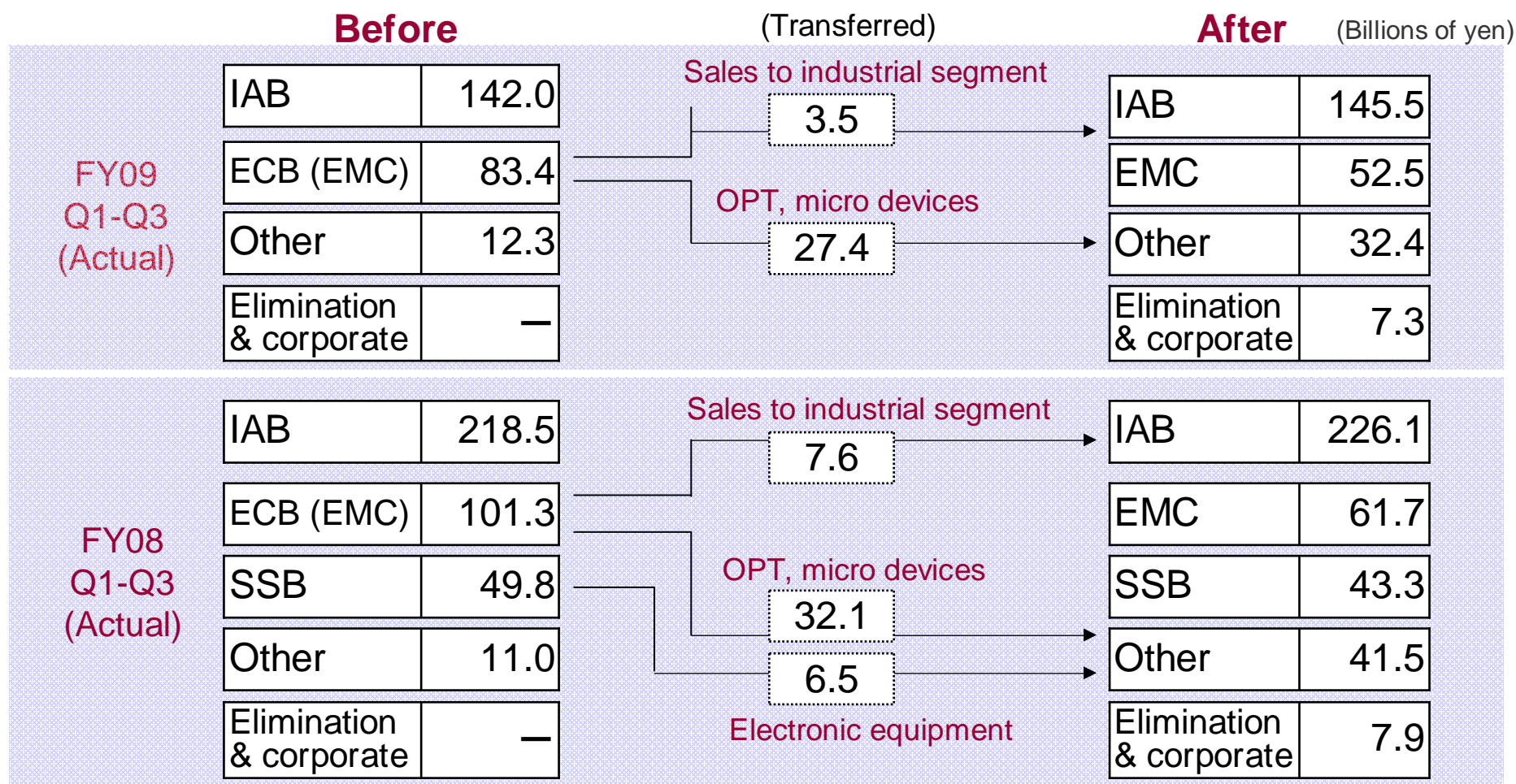
Net sales  
(Billions of yen)

Operating income  
(Billions of yen)



# Restatement of Sales to Reflect New Segments (Q1-Q3)

➤ Sales restated to reflect organizational changes that took effect in October 2009.





# Consolidated Sales by Area

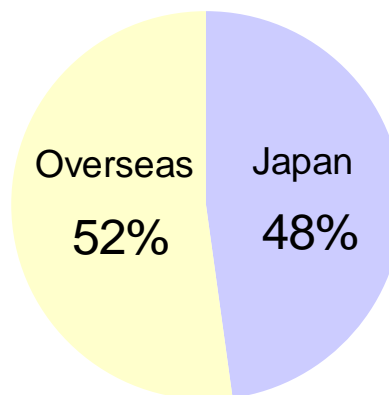
➤ Recovery trend became apparent both in Japan and overseas, supported by governmental measures aimed at encouraging consumption and preserving the environment.

(Billions of yen)

| Area      | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY    |
|-----------|----------------------|----------------------|--------|
| Japan     | 176.8                | 240.3                | -26.4% |
| Overseas* | 193.7                | 258.5                | -25.1% |
| Total     | 370.5                | 498.8                | -25.7% |

\* Includes direct exports

Sales by area

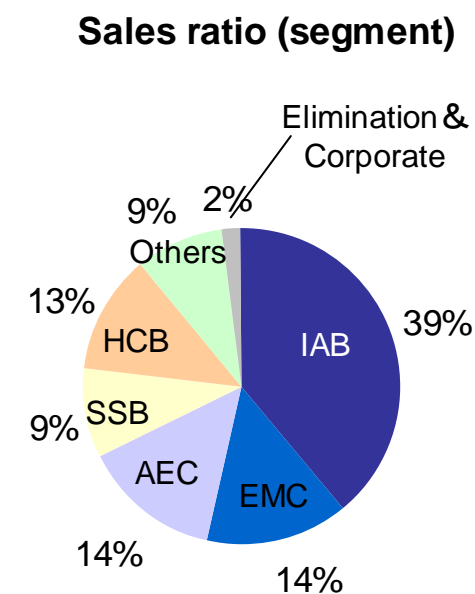


# Consolidated Sales by Segment (New Segments)

➤ Still fell below YoY in all segments, but the difference was reduced.

(Billions of yen)

| Business                                   | FY09 Q1-Q3 Actual | FY08 Q1-Q3 Actual | YoY           |
|--|-------------------|-------------------|---------------|
| Industrial Automation (IAB)                | 145.5             | 226.1             | -35.7%        |
| Electronic and Mechanical Components (EMC) | 52.5              | 61.7              | -14.9%        |
| Automotive (AEC)                           | 52.6              | 69.5              | -24.2%        |
| Social Systems (SSB)                       | 33.0              | 43.3              | -23.9%        |
| Healthcare (HCB)                           | 47.2              | 48.8              | -3.1%         |
| Other                                      | 32.4              | 41.5              | -22.0%        |
| Elimination & Corporate                    | 7.3               | 7.9               | -8.1%         |
| <b>Total</b>                               | <b>370.5</b>      | <b>498.8</b>      | <b>-25.7%</b> |



## Consolidated Operating Income by Segment (New Segments)

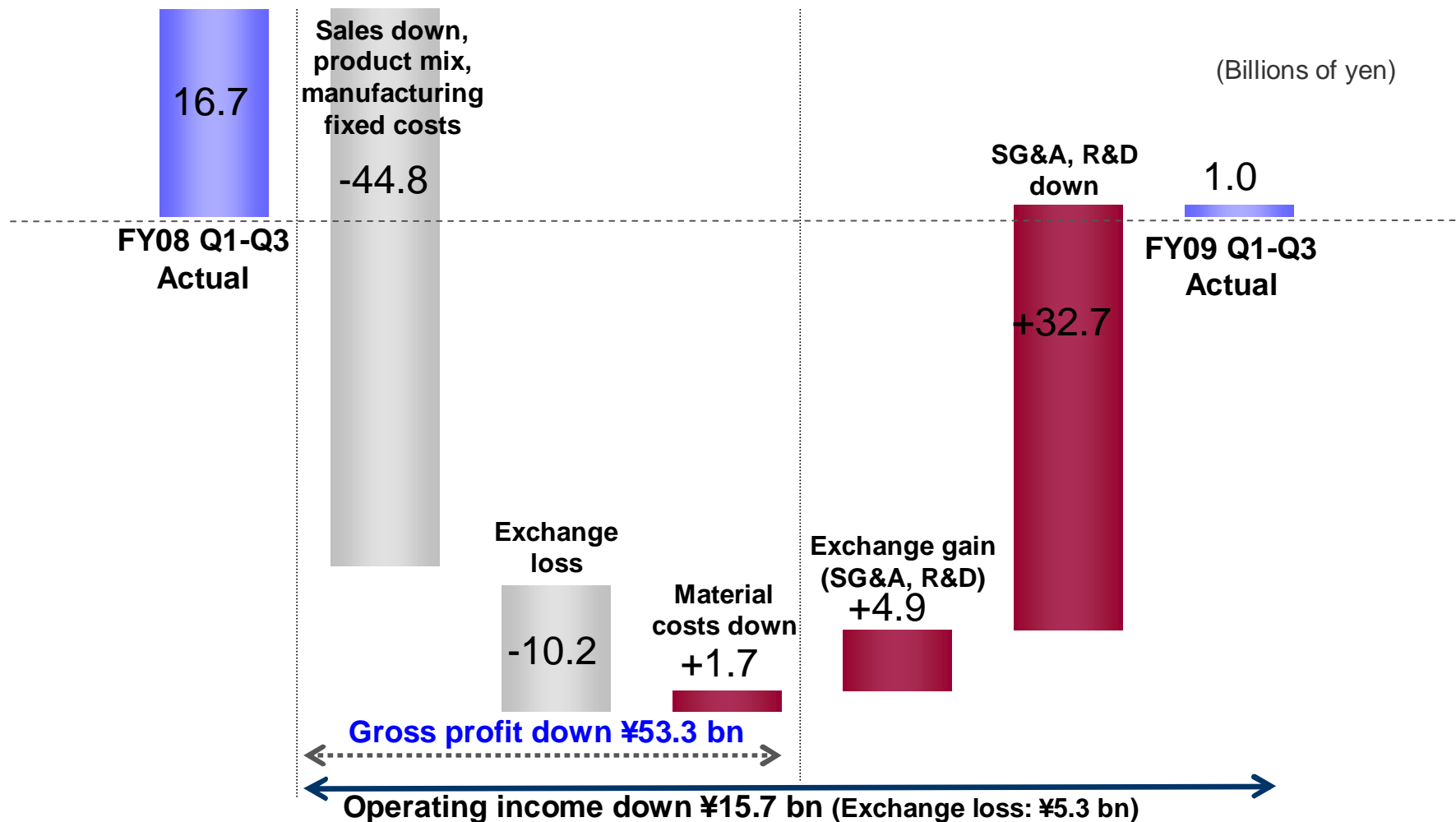
➤ AEC and HCB results were good, and greatly improved YoY.

(Billions of yen)

| Business                                      | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|---|----------------------|----------------------|---------------|
| Industrial Automation (IAB)                   | 5.9                  | 24.0                 | -75.5%        |
| Electronic and Mechanical<br>Components (EMC) | 4.0                  | 5.9                  | -33.2%        |
| Automotive (AEC)                              | 0.8                  | -3.3                 | -             |
| Social Systems (SSB)                          | -2.7                 | -0.8                 | -             |
| Healthcare (HCB)                              | 6.3                  | 4.3                  | +45.5%        |
| Other   | -5.5                 | -4.3                 | -             |
| Elimination &<br>Corporate                    | -7.7                 | -9.1                 | -             |
| <b>Total</b>                                  | <b>1.0</b>           | <b>16.7</b>          | <b>-93.9%</b> |

# Consolidated Operating Income Analysis (YoY)

➤ Emergency measures mostly offset the effect of sales decrease and exchange loss.

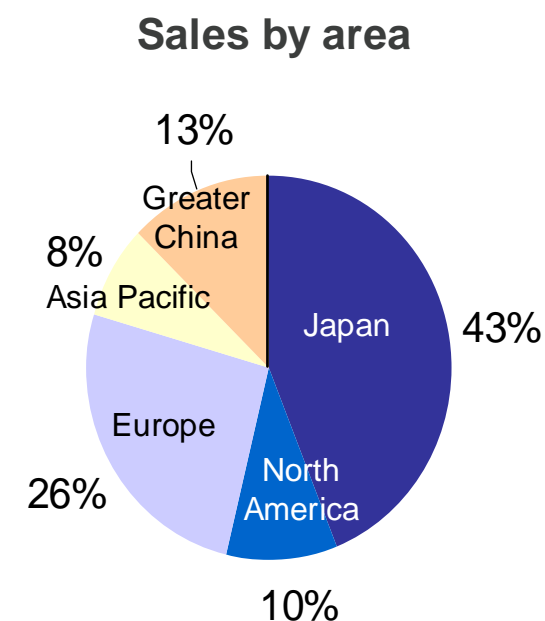


# IAB (Industrial Automation Business)

- Japan: Sales of sensors, etc. recovered due to rebound in production in auto, electronic component and semiconductor industries.
- Overseas: Demand continued to grow, particularly in China, with increasing capacity utilization and capex.

(Billions of yen)

| IAB              | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|------------------|----------------------|----------------------|---------------|
| Japan            | 64.0                 | 103.7                | -38.3%        |
| Overseas         | 81.5                 | 122.4                | -33.5%        |
| North America    | 14.1                 | 24.8                 | -43.0%        |
| Europe           | 37.6                 | 59.7                 | -37.0%        |
| Asia Pacific     | 11.3                 | 14.2                 | -20.6%        |
| Greater China    | 18.2                 | 22.9                 | -20.3%        |
| Export           | 0.2                  | 0.8                  | -76.5%        |
| <b>Total</b>     | <b>145.5</b>         | <b>226.1</b>         | <b>-35.7%</b> |
| Operating income | 5.9                  | 24.0                 | -75.5%        |
| OP margin        | 4.0%                 | 10.6%                | -6.6%P        |



Safety components



Programmable controllers



Vision sensors

# Quarterly Business Results (IAB)



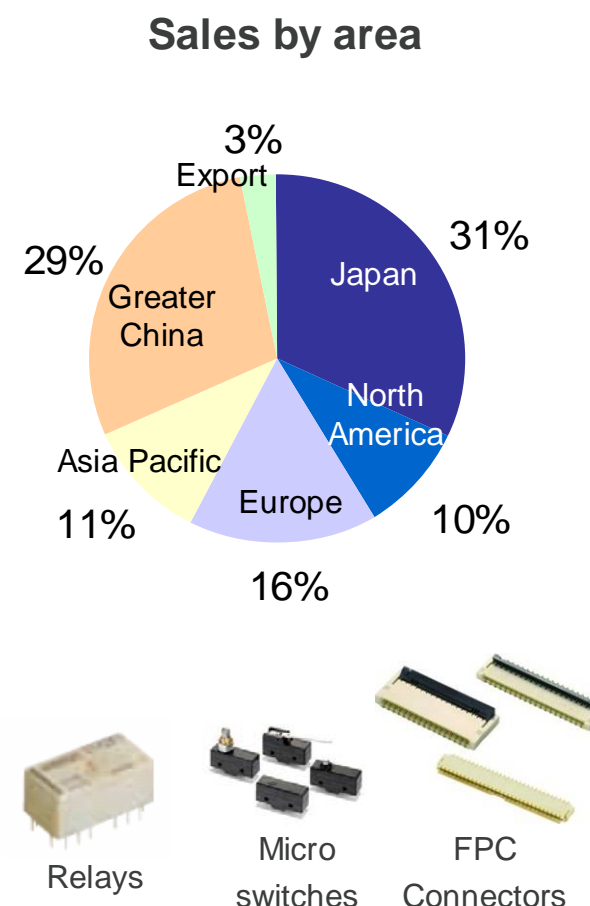
# EMC (Electronic and Mechanical Components Business)

- Japan: Demand for industrial equipment steadily recovered, helping improve OP.
- Overseas: Upturn in demand for home electronics relays and mobile phone input devices in China/Asia.

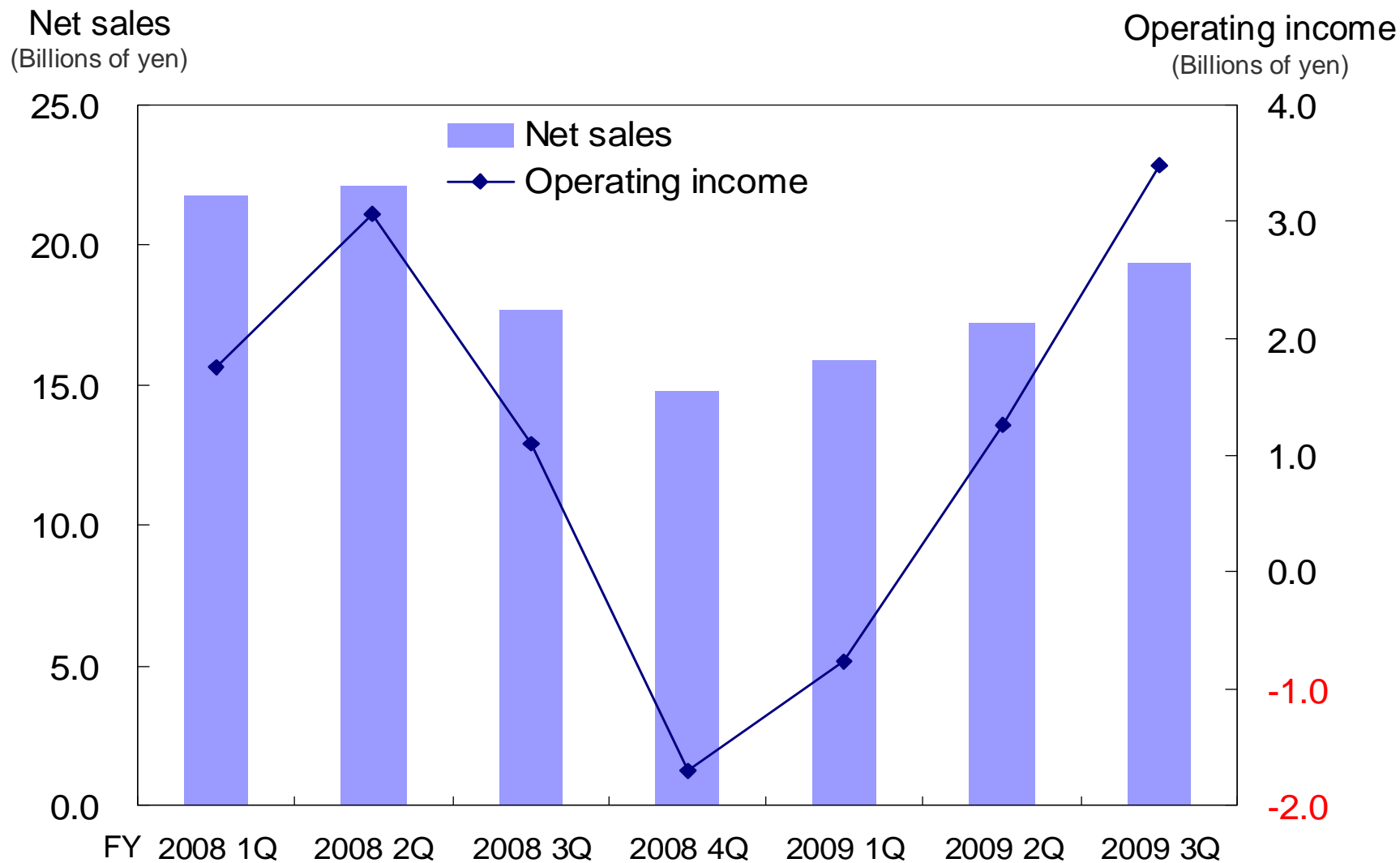
(Billions of yen)

| EMC              | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|------------------|----------------------|----------------------|---------------|
| Japan            | 16.7                 | 19.7                 | -15.2%        |
| Overseas         | 35.8                 | 42.0                 | -14.8%        |
| North America    | 5.0                  | 6.9                  | -27.6%        |
| Europe           | * 8.5                | 7.5                  | +13.5%        |
| Asia Pacific     | 5.5                  | 7.1                  | -22.1%        |
| Greater China    | 15.2                 | 17.4                 | -12.5%        |
| Export           | 1.6                  | 3.1                  | -50.4%        |
| <b>Total</b>     | <b>52.5</b>          | <b>61.7</b>          | <b>-14.9%</b> |
| Operating income | 4.0                  | 5.9                  | -33.2%        |
| OP margin        | 7.5%                 | 9.6%                 | -2.1%P        |

\* Part of AEC's European relay business was transferred to EMC



# Quarterly Business Results (EMC)



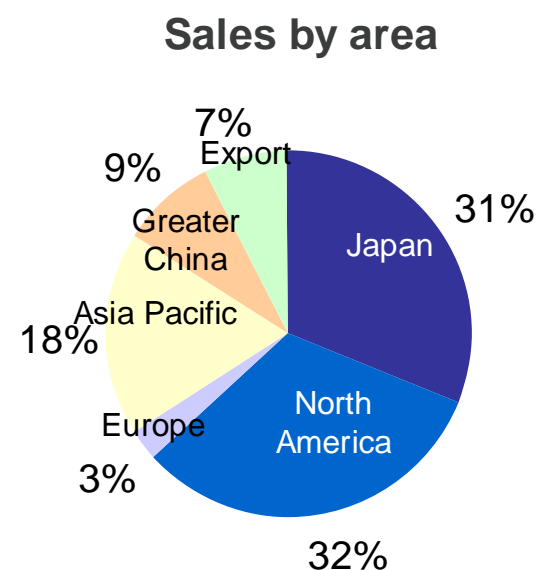


# AEC (Automotive Electronic Components Business)

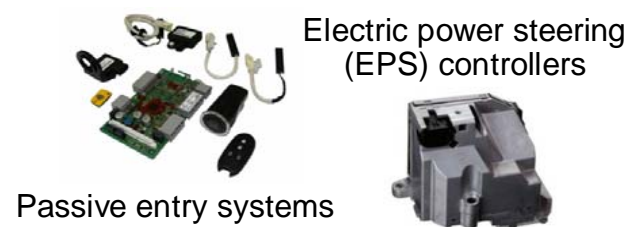
- Global demand started to recover with governmental stimulus programs.
- Positive OP from Q2 onward.

(Billions of yen)

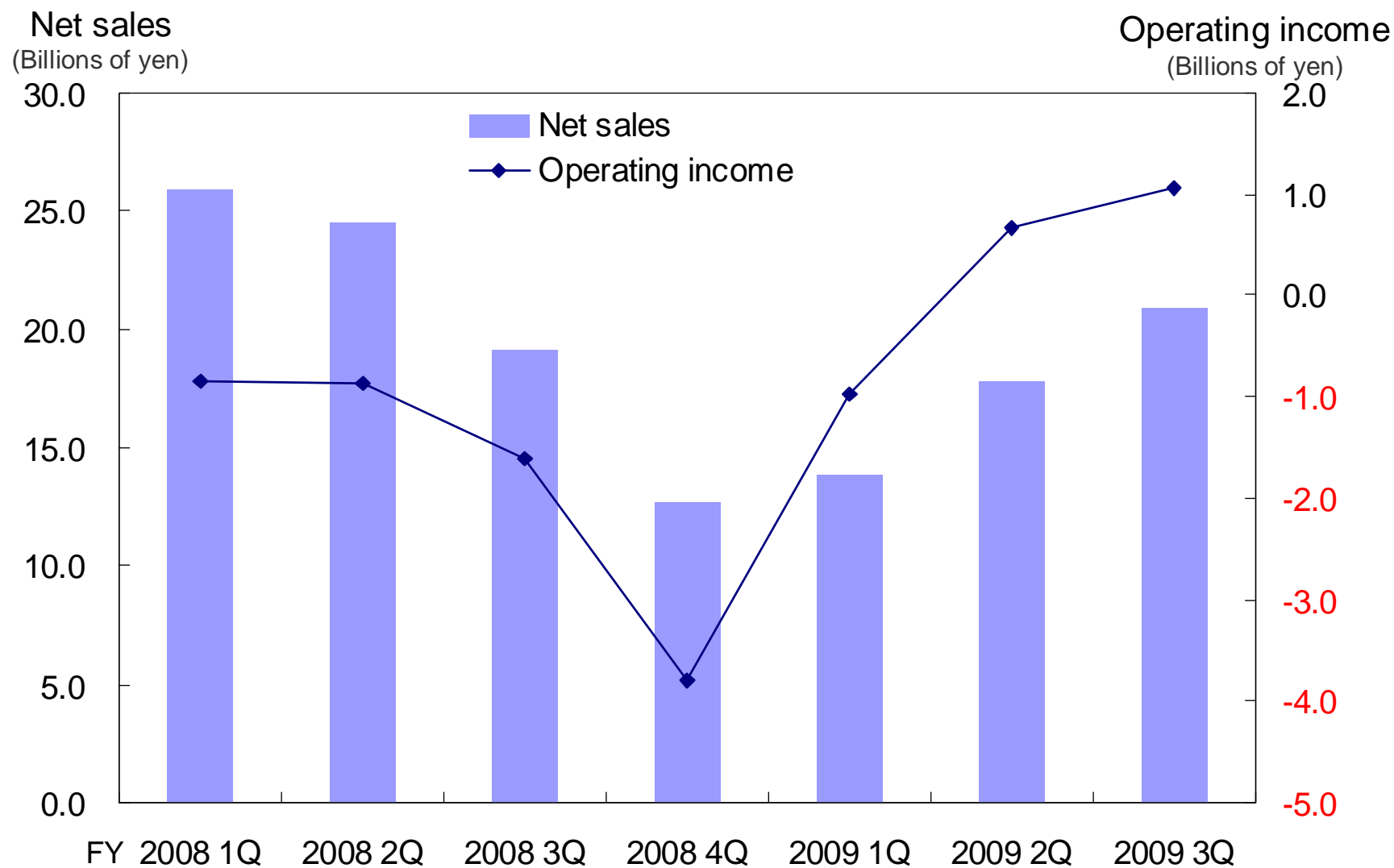
| AEC              | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|------------------|----------------------|----------------------|---------------|
| Japan            | 16.4                 | 20.7                 | -20.7%        |
| Overseas         | 36.2                 | 48.8                 | -25.7%        |
| North America    | 16.8                 | 24.3                 | -30.7%        |
| Europe*          | 1.4                  | 7.7                  | -81.4%        |
| Asia Pacific     | 9.5                  | 10.6                 | -10.0%        |
| Greater China    | 4.5                  | 3.8                  | +20.6%        |
| Export           | 3.9                  | 2.4                  | +62.0%        |
| <b>Total</b>     | <b>52.6</b>          | <b>69.5</b>          | <b>-24.3%</b> |
| Operating income | 0.8                  | -3.3                 | -             |
| OP margin        | 1.4%                 | -                    | -             |



\* Part of AEC's European relay business was transferred to EMC



# Quarterly Business Results (AEC)



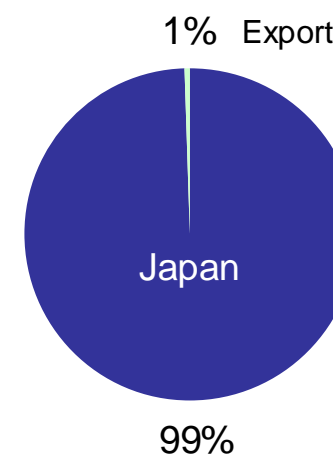
# SSB (Social Systems Business)

- Demand decreased in public transportation systems business due to capex cutbacks among railway companies.
- Maintained OP by reducing fixed costs.

(Billions of yen)

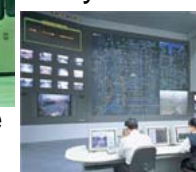
| SSB              | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|------------------|----------------------|----------------------|---------------|
| Japan            | 32.8                 | 42.3                 | -22.5%        |
| Overseas         | 0.2                  | 1.0                  | -76.3%        |
| North America    | 0.0                  | 0.0                  | -             |
| Europe           | 0.0                  | 0.0                  | -             |
| Asia Pacific     | 0.0                  | 0.0                  | -             |
| Greater China    | 0.0                  | 0.0                  | -             |
| Export           | 0.2                  | 0.9                  | -76.1%        |
| <b>Total</b>     | <b>33.0</b>          | <b>43.3</b>          | <b>-23.9%</b> |
| Operating income | -2.7                 | -0.8                 | -             |
| OP margin        | -                    | -                    | -             |

Sales by area



AFC (automatic fare collection) systems

Transportation management systems

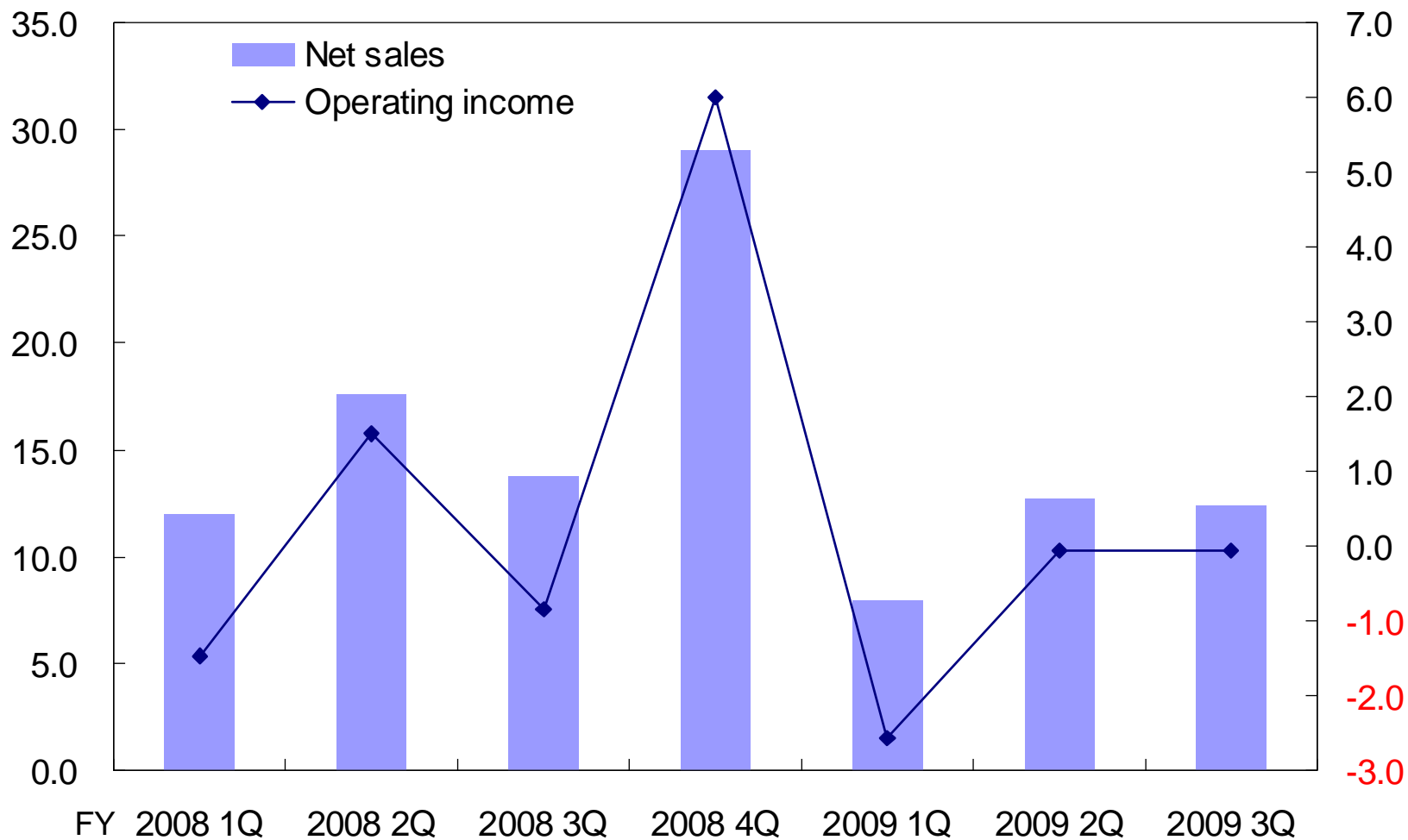


Security systems

# Quarterly Business Results (SSB)

Net sales  
(Billions of yen)

Operating income  
(Billions of yen)

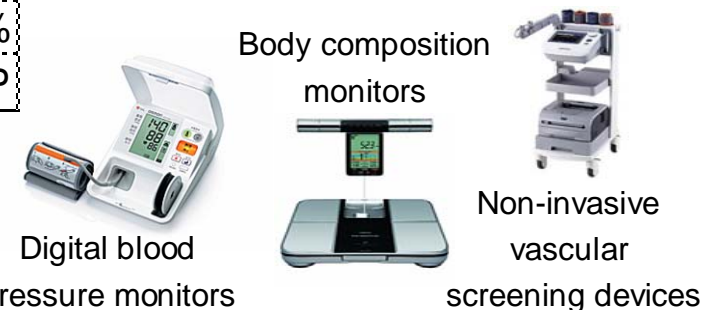
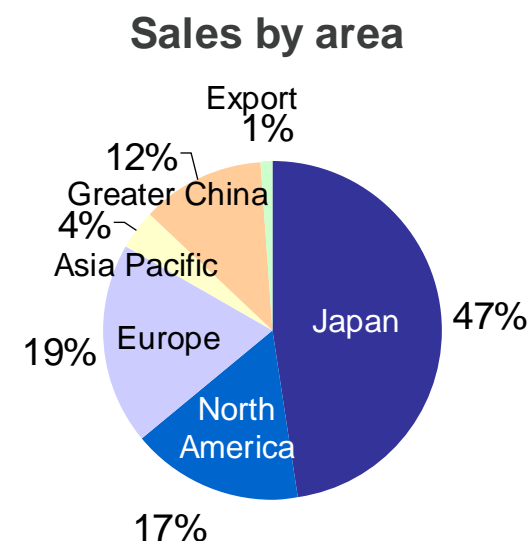


# HCB (Healthcare Business)

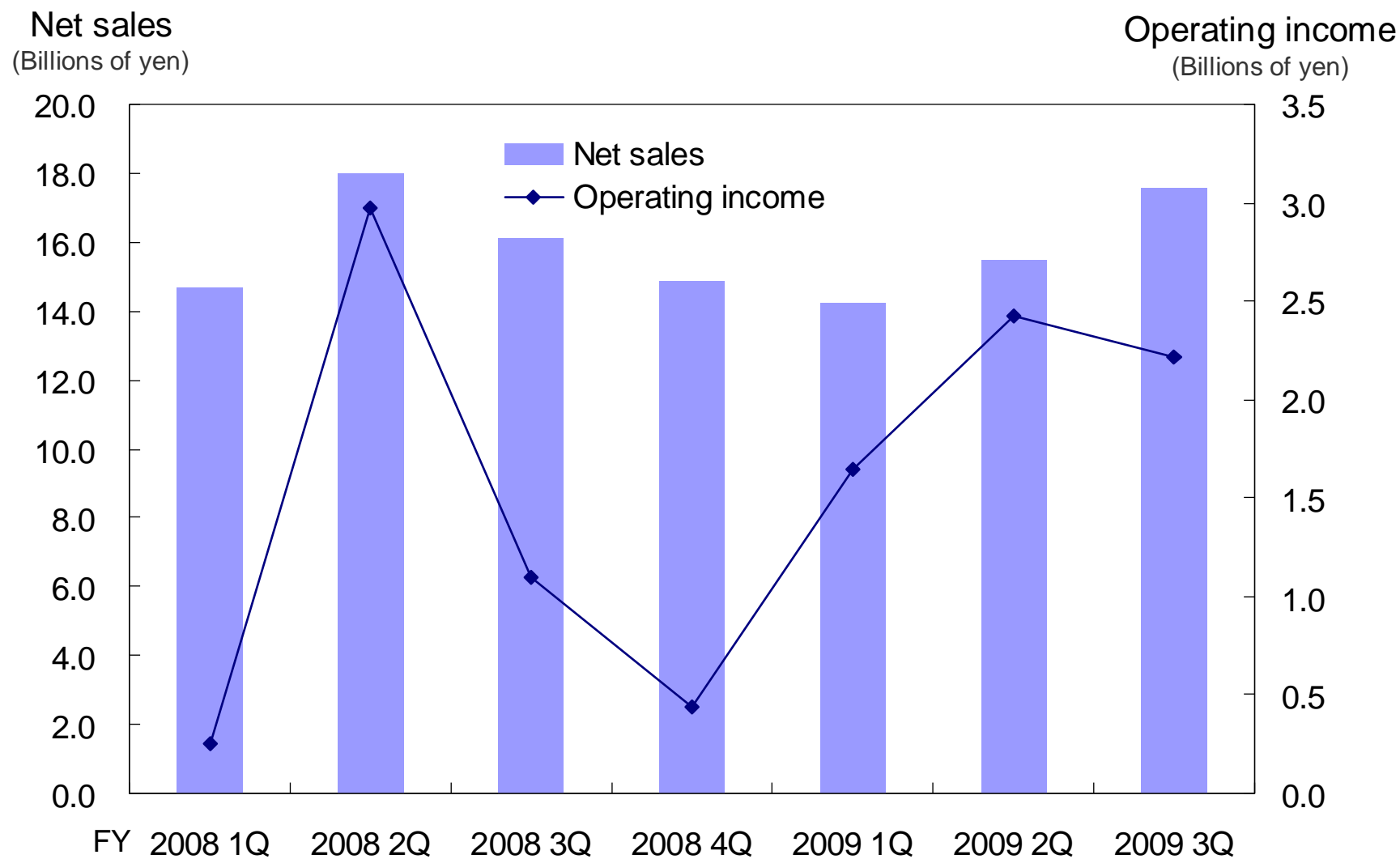
- Japan: Demand expanded substantially for BPM and thermometers.
- China: Sales increased by more than 10% YoY due to rising awareness of health management.

(Billions of yen)

| HCB              | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY          |
|------------------|----------------------|----------------------|--------------|
| Japan            | 22.4                 | 21.2                 | +5.8%        |
| Overseas         | 24.8                 | 27.6                 | -9.9%        |
| North America    | 7.9                  | 9.0                  | -13.1%       |
| Europe           | 9.1                  | 11.4                 | -20.7%       |
| Asia Pacific     | 1.7                  | 1.7                  | +3.0%        |
| Greater China    | 5.7                  | 5.2                  | +10.2%       |
| Export           | 0.5                  | 0.3                  | +94.8%       |
| <b>Total</b>     | <b>47.2</b>          | <b>48.8</b>          | <b>-3.1%</b> |
| Operating income | 6.3                  | 4.3                  | 45.5%        |
| OP margin        | 13.3%                | 8.9%                 | +4.4P        |



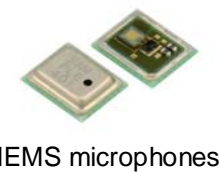
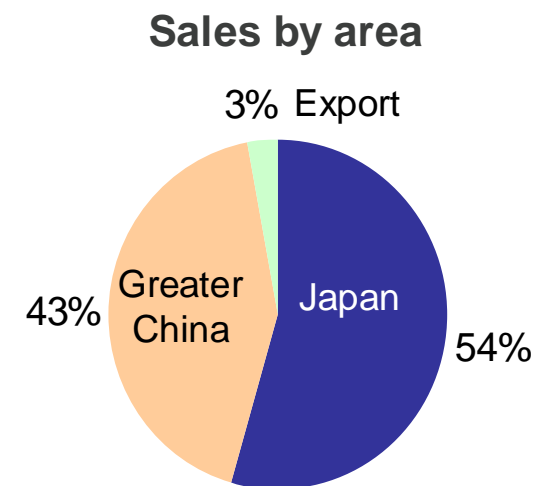
# Quarterly Business Results (HCB)



- **Backlight business:** Sales remained steady in Greater China.
- **Micro devices business:** In recovery trend due to increasing LCD-related foundry projects.

(Billions of yen)

| Other            | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|------------------|----------------------|----------------------|---------------|
| Japan            | 17.6                 | 25.0                 | -29.6%        |
| Overseas         | 14.8                 | 16.5                 | -10.6%        |
| North America    | 0.0                  | 0.0                  | -             |
| Europe           | 0.0                  | 0.0                  | -             |
| Asia Pacific     | 0.0                  | 0.0                  | -             |
| Greater China    | 13.8                 | 14.2                 | -3.2%         |
| Export           | 1.0                  | 2.3                  | -57.1%        |
| <b>Total</b>     | <b>32.4</b>          | <b>41.5</b>          | <b>-22.0%</b> |
| Operating income | -5.5                 | -4.3                 | -             |
| OP margin        | -                    | -                    | -             |



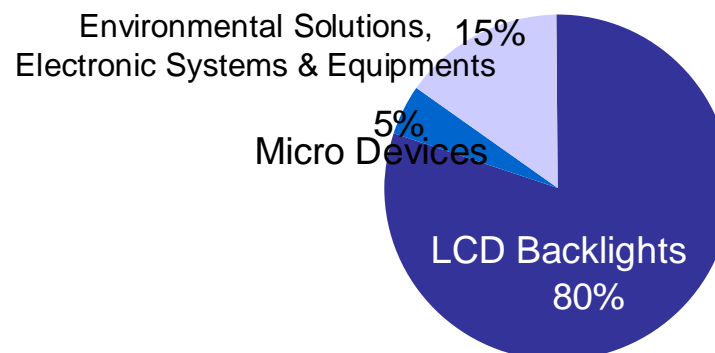
## Other Sales Breakdown (New Segment)

➤ **Other segment is responsible for exploring and nurturing new businesses.**

(Billions of yen)

| Other<br>(new segment)                      |  | FY09 Q1-Q3<br>Actual | FY08 Q1-Q3<br>Actual | YoY           |
|---|--|----------------------|----------------------|---------------|
| Transferred from ECB                        | LCD backlights (OPT)   | 25.8                 | 29.5                 | -12.6%        |
|   | Micro devices (MD)   | 1.6                  | 2.5                  | -35.2%        |
|   | Sub total  | 27.4                 | 32.0                 | -14.2%        |
| Transferred from<br>Elimination & corporate | Environmental solutions,<br>Electronic systems and equipment | 4.9                  | 9.5                  | -47.9%        |
| <b>Total</b>                                |  | <b>32.4</b>          | <b>41.5</b>          | <b>-22.0%</b> |

### Sales by Business Unit

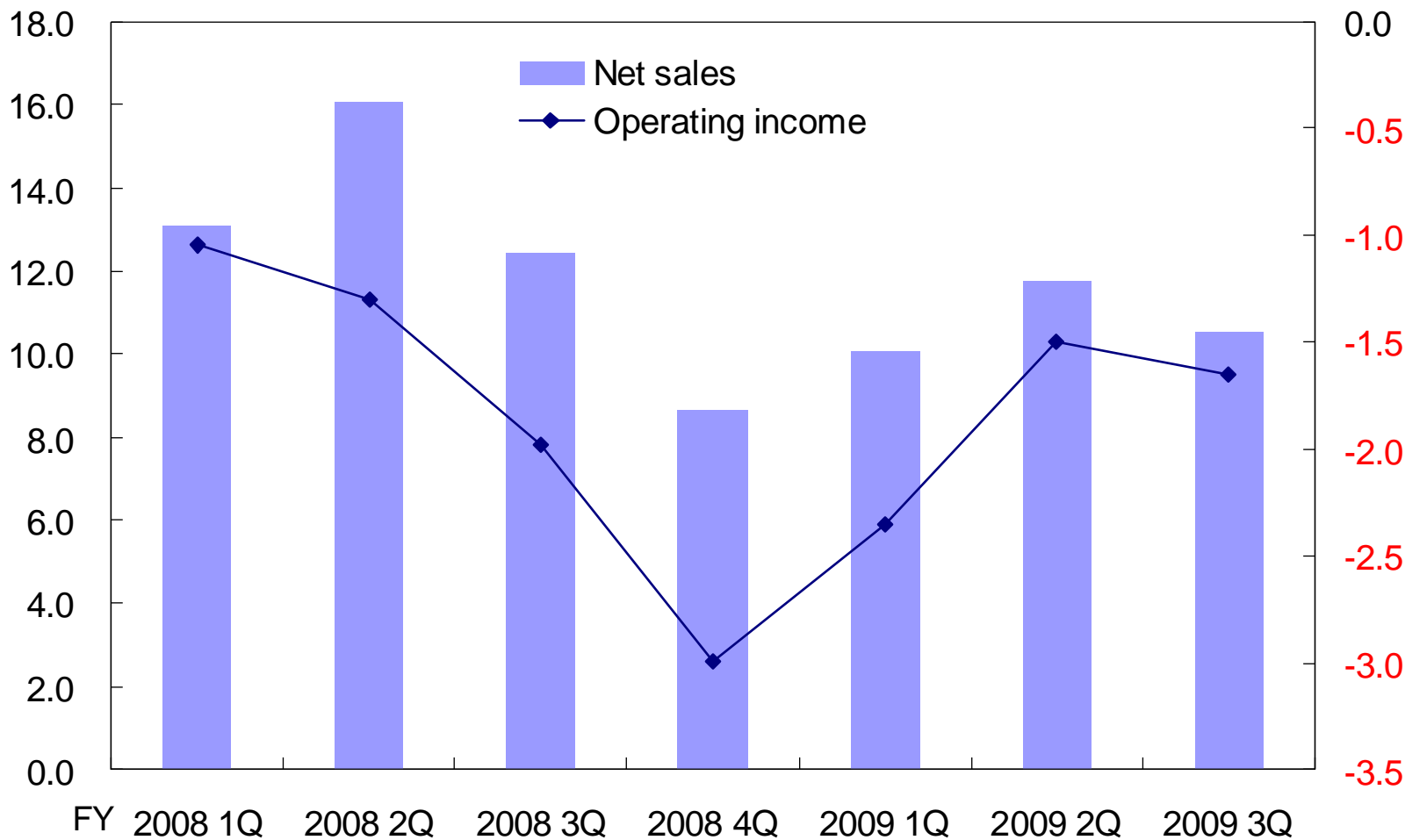




# Quarterly Business Results (Other)

Net sales  
(Billions of yen)

Operating income  
(Billions of yen)



## Consolidated B/S

- Cash and cash equivalents increased due to reduction in inventories/new capital investment.
- Net worth ratio increased to 55.9% from 55.4%.

| Consolidated B/S                                  | (Billions of yen) |            |               |
|---|-------------------|------------|---------------|
|   | December 2009     | March 2009 | December 2008 |
| <b>Assets</b>                                     | 535.5             | 538.3      | 583.8         |
| Cash and cash equivalents                         | 52.4              | 46.6       | 40.0          |
| Notes and accounts receivable - trade             | 111.6             | 111.0      | 121.9         |
| Inventories                                       | 82.3              | 84.7       | 102.6         |
| Deferred income taxes, other current assets       | 27.5              | 33.7       | 38.2          |
| Property, plant and equipment                     | 126.2             | 132.5      | 150.1         |
| Investments and other assets                      | 135.5             | 129.8      | 131.0         |
| <b>Liabilities</b>                                | 234.8             | 238.3      | 251.7         |
| Short-term debt                                   | 30.8              | 33.5       | 46.4          |
| Long-term debt                                    | 21.4              | 21.4       | 1.3           |
| Notes and accounts payable - trade                | 63.7              | 58.2       | 74.9          |
| Termination and retirement benefits               | 76.0              | 80.4       | 76.3          |
| Other liabilities                                 | 42.9              | 44.8       | 53.6          |
| <b>Net Assets</b>                                 | 300.7             | 300.0      | 332.1         |
| Common stock and retained earnings                | 401.4             | 403.6      | 443.4         |
| Accumulated other comprehensive income            | -57.9             | -60.7      | -68.6         |
| Treasury stock                                    | -44.5             | -44.5      | -44.4         |
| Non controlling interests                         | 1.7               | 1.6        | 1.9           |
| <b>Total Liabilities and Shareholders' Equity</b> | 535.5             | 538.3      | 583.8         |

# Consolidated Cash Flows

➤ FCF substantially increased due to reduction in inventories/capital investment.

| Consolidated C/F   | (Billions of yen) |               |            |
|--|-------------------|---------------|------------|
|  | December 2009     | December 2008 | March 2009 |
| Operating activities   | 26.3              | 23.5          | 31.4       |
| Investing activities   | -15.5             | -31.7         | -40.6      |
| Free cash flow   | 10.8              | -8.2          | -9.2       |
| Financing activities   | -5.7              | 14.1          | 21.9       |
| Effect of exchange rate changes on cash and cash equivalents | 0.6               | -6.6          | -6.6       |
| Net increase/decrease in cash and cash equivalents           | 5.8               | -0.7          | 6.0        |
| Cash and cash equivalents at end of the period               | 52.4              | 40.0          | 46.6       |
| Depreciation and amortization                                | 20.1              | 25.2          | 33.5       |
| Capital expenditures   | 16.3              | 28.5          | 36.8       |

\*Capital investment in December 2009 and December 2008 is represented as capital expenditures on the consolidated cash flow statement.

|  |              |
|--|--------------|
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## External Environment

- Gradual recovery trend that began in Q2 projected to continue in Q4.
- Japanese economy is recovering. Overseas, conditions expected to improve in developing countries, particularly China.
- Demand for capex bottomed out in Q2; recovery trend is expected.

- JPY ⇔ USD/EUR: No changes to previous estimate (see p. 46)
- Price of raw materials expected to increase vs. previous estimate (see p. 47)

## Basis for Forecast

- **Forex:** USD 1 = ¥90; EUR 1 = ¥130  
(Previous estimate:  
USD 1 = ¥90; EUR 1 = ¥130)

- **Raw material costs:**  
Silver: ¥54,000/kg; copper: ¥650/kg  
(Previous estimate:  
silver: ¥51,000/kg; copper: ¥600/kg)

◆ **Emergency measures/structural reform targets likely to be achieved.**

### ■ Effect of ¥1 fluctuation in exchange rate\*

| Forex | Net sales (approx.) | Operating income (approx.) |
|-------|---------------------|----------------------------|
| USD   | ¥1.4bn              | ¥0.4bn                     |
| Euro  | ¥0.6bn              | ¥0.3bn                     |

### ■ Effect of price change - copper (¥100/kg)\*

| Material | Operating income (approx.) |
|----------|----------------------------|
| Copper   | ¥0.75bn                    |

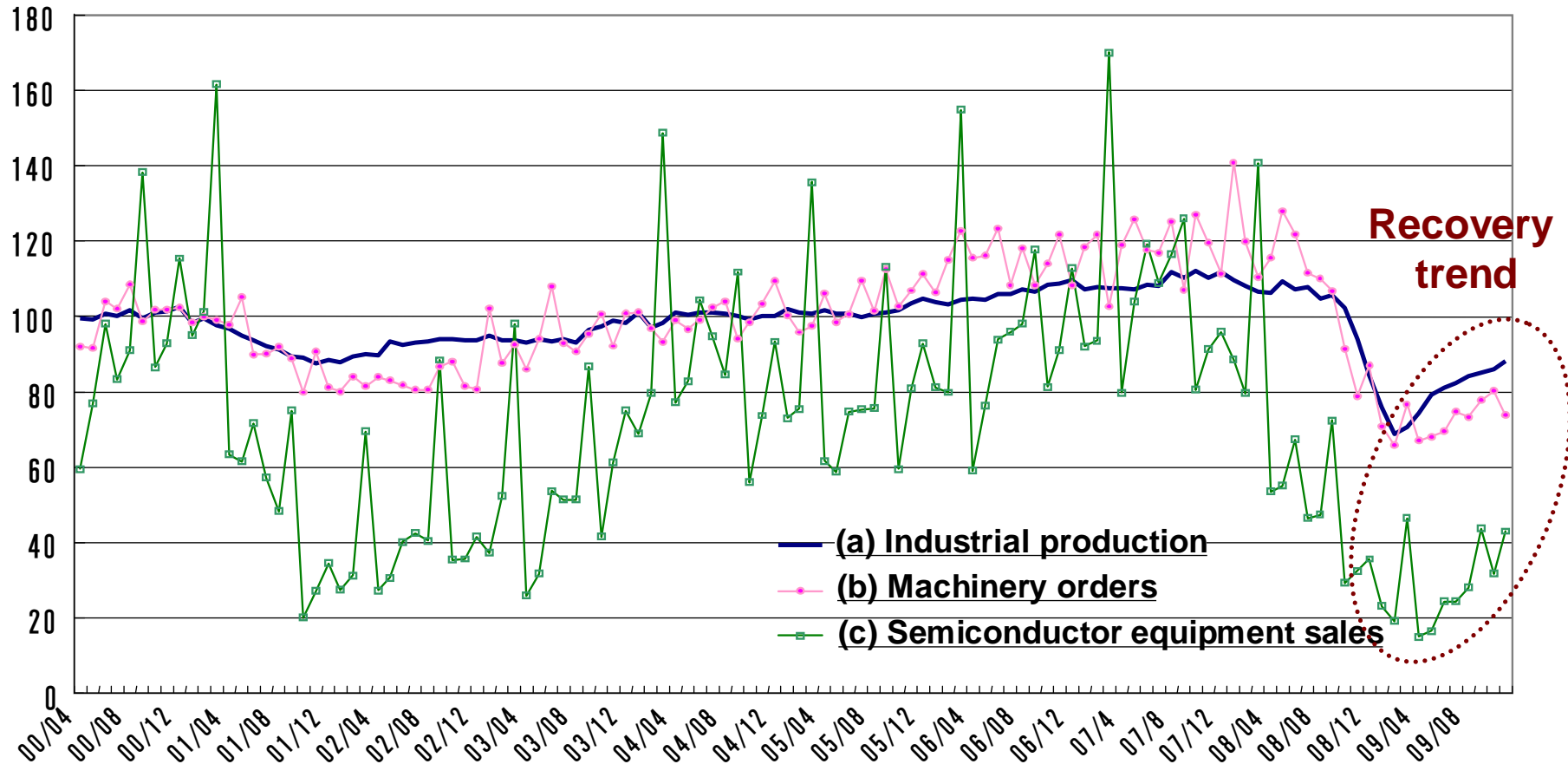
### ■ Effect of price change of silver (¥1000/kg)\*

| Material | Operating income (approx.) |
|----------|----------------------------|
| Silver   | ¥0.05bn                    |

\*Full year effect (estimate)

- Industrial production index, machinery orders and semiconductor equipment sales began recovering in Q2.
- Recovery trend expected to continue in Q4.

(a) Industrial production, (b) Machinery orders, (c) Semiconductor equipment sales



\*Source: (a) Ministry of Economy, Trade and Industry, (b) Economic and Social Research Institute Cabinet Office, (c) SEAJ

# FY09 Q4 Forecast by Segment

## Industrial Automation (IAB)

- Recovery trend in almost all industries, including electronic parts, auto, semiconductors, and transportation.

## Electronic and Mechanical Components (EMC)

- Strong sales trend for home appliances.
- Investment in semiconductors equipment expected to recover, mainly in Korea and Taiwan.

## Automotive (AEC)

- Car production/sales will recover in China and Korea.
- Car production will remain strong in Japan

## Social Systems (SSB)

- Sluggish investment in railway business projected.

## Healthcare (HCB)

- Sales North America and Europe will remain severe.
- Increasing demand for blood pressure monitors in China, sales increase in Japan in response to TV commercial.

## Other

- Environment-related needs (especially CO2 reduction) will continue to increase.

# Projected Results for FY09 Full Year

➤ Upward revision to full year forecast for both sales and profit.

(Billions of yen)

| PL  | FY09<br>Forecast | FY08<br>Actual | Oct. 29<br>FY09 fcst | YoY    | vs. Oct. 29<br>fcst |
|---|------------------|----------------|----------------------|--------|---------------------|
| Net sales   | 520.0            | 627.2          | 510.0                | -17.1% | 2.0%                |
| Gross profit                                      | 181.5            | 218.5          | 175.0                | -16.9% | 3.7%                |
| SG&A  | 132.5            | 164.3          | 135.0                | -19.3% | -1.9%               |
| R&D   | 39.0             | 48.9           | 40.0                 | -20.2% | -2.5%               |
| Operating income                                  | 10.0             | 5.3            | 0.0                  | +87.3% | —                   |
| Non-operating<br>income (loss), net               | 4.5              | 44.5           | 3.5                  | -89.9% | 28.6%               |
| NIBT  | 5.5              | -39.1          | -3.5                 | —      | —                   |
| Net income (loss) attributable<br>to shareholders | 3.0              | -29.2          | -2.0                 | —      | —                   |
|   |                  |                |                      | YoY    | vs. Oct. 29<br>fcst |
| EPS (yen)   | 13.6             | -132.2         | -9.1                 | +145.8 | 22.7                |
| Yen/USD   | 92.7             | 100.7          | 92.8                 | -8.0   | -0.1                |
| Yen/EUR   | 131.7            | 144.5          | 131.1                | -12.8  | 0.6                 |



# FY09 Consolidated Sales Forecast by Area

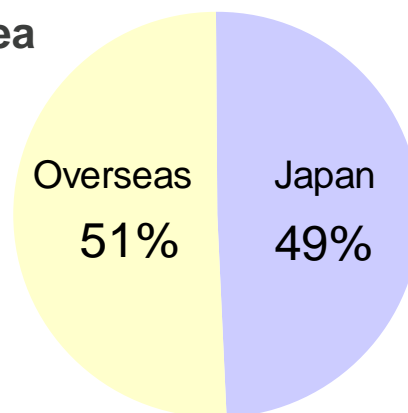
➤ Full year sales forecast has been revised upward for both Japan/overseas. Recovery is projected particularly in overseas markets.

(Billions of yen)

| Area      | FY09 Forecast | FY08 Actual | Oct. 29 FY09 fcst | YoY    | vs. Oct. 29 fcst |
|-----------|---------------|-------------|-------------------|--------|------------------|
| Japan     | 255.8         | 315.6       | 253.0             | -18.9% | +1.1%            |
| Overseas* | 264.2         | 311.6       | 257.0             | -15.2% | +2.8%            |
| Total     | 520.0         | 627.2       | 510.0             | -17.1% | +2.0%            |

\* Includes direct exports

Sales by area



# FY09 Consolidated Sales Forecast by Segment

➤ Upward revision to full year forecast due to strong performance of IAB, AEC and HCB sales.

(Billions of yen)

| Business                                   | FY09 Forecast | FY08 Actual  | YoY           |
|--|---------------|--------------|---------------|
| Industrial Automation (IAB)                | 204.0         | 272.0        | -25.0%        |
| Electronic and Mechanical Components (EMC) | 71.1          | 76.5         | -7.1%         |
| Automotive (AEC)                           | 73.5          | 82.1         | -10.5%        |
| Social Systems (SSB)                       | 56.7          | 72.3         | -21.6%        |
| Healthcare (HCB)                           | 64.0          | 63.6         | +0.6%         |
| Other                                      | 42.5          | 50.2         | -15.4%        |
| Elimination & Corporate                    | 8.2           | 10.5         | -21.6%        |
| <b>Total</b>                               | <b>520.0</b>  | <b>627.2</b> | <b>-17.1%</b> |

# FY09 Consolidated Operating Income Forecast by Segment

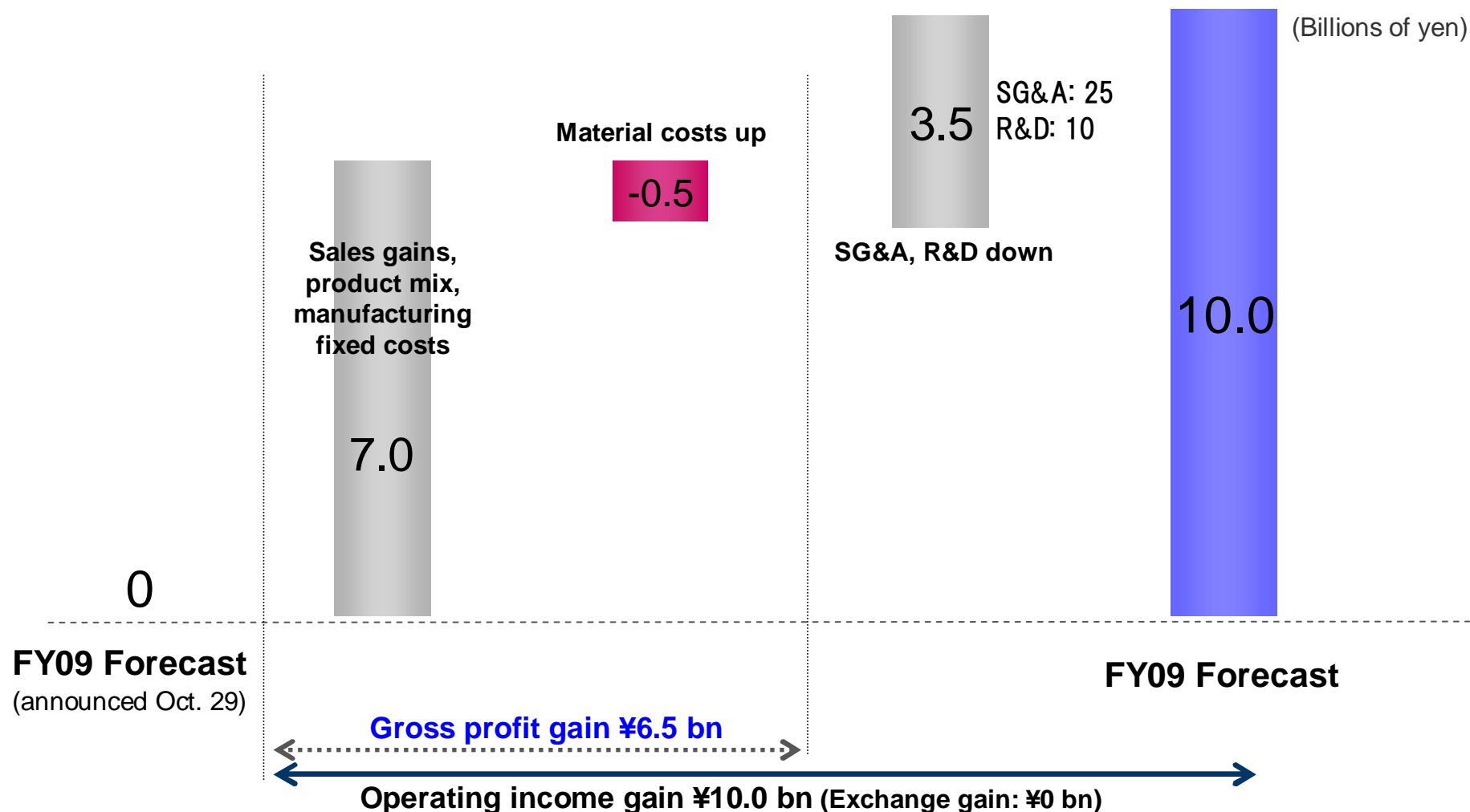
➤ Upward revision to full-year forecast mainly due to IAB profit increase.

(Billions of yen)

| Business   | FY09<br>Forecast | FY08<br>Actual | YoY           |
|--|------------------|----------------|---------------|
| Industrial Automation<br>(IAB)                   | 12.0             | 18.2           | -34.0%        |
| Electronic and<br>Mechanical<br>Components (EMC) | 7.0              | 4.2            | +65.8%        |
| Automotive (AEC)                                 | 1.4              | -7.1           | -             |
| Social Systems (SSB)                             | 2.5              | 5.2            | -51.9%        |
| Healthcare (HCB)                                 | 7.1              | 4.8            | +48.9%        |
| Other  | -6.8             | -7.3           | -             |
| Elimination &<br>Corporate                       | -13.2            | -12.7          | -             |
| <b>Total</b>                                     | <b>10.0</b>      | <b>5.3</b>     | <b>+87.3%</b> |

# Consolidated Operating Income Analysis (vs. Oct. 29 fcst)

➤ Results significantly exceeded initial plan due to FOREX and thorough implementation of emergency measures (SG&A/R&D cost reduction).



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# Emergency Measures: Progress to Date

Cut Costs, Restrain Investment and Reduce Inventories



Sensing tomorrow™

- **FY09 Q1-Q3: Emergency measures progressing ahead of initial plan.**
- **Expect approx. ¥60 bn P/L improvement and generation of approx. ¥25 bn cash flow.**

## Improving FY09 P/L through profit generation (emergency and other measures)

| Items for improvement (vs. FY08)  | FY09 Target value (approx. annual) | FY09 Q1-Q3 Actual (approx.) | Achievement in Q3 (approx., %) |      |
|-----------------------------------|------------------------------------|-----------------------------|--------------------------------|------|
| Variable costs reduction (amount) | ¥5 bn                              | ---                         | ---                            |      |
| Fixed costs                       | ¥55 bn                             | ¥52 bn                      | Manufacturing fixed costs      | +10% |
|                                   |                                    |                             | SG&A                           | +10% |
|                                   |                                    |                             | R&D                            | +35% |
| <b>Total</b>                      | <b>¥60 bn</b>                      | <b>---</b>                  | <b>---</b>                     |      |

## Cash flow creation (items for cash flow improvement in FY09)

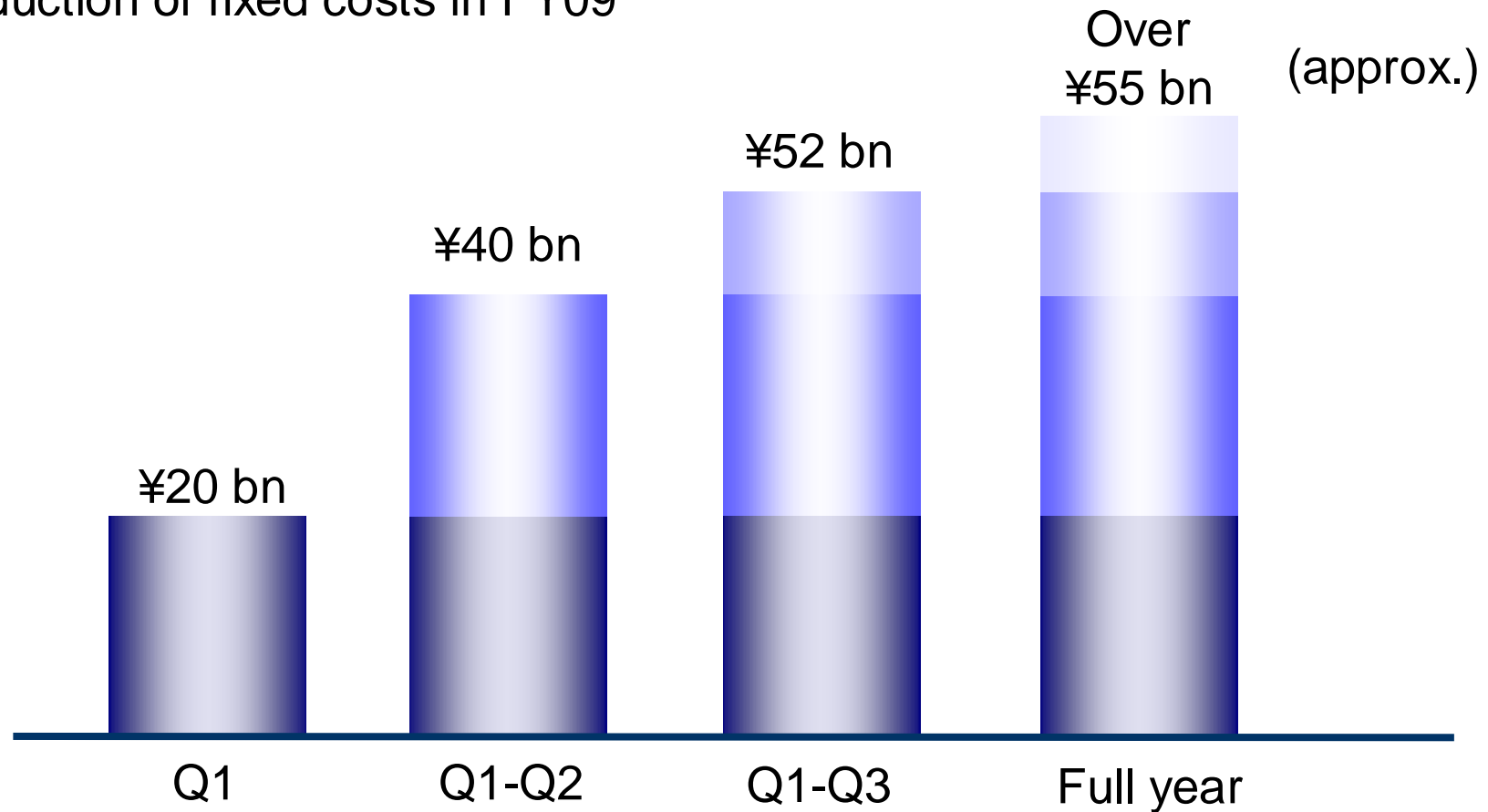
| Items for improvement | Target value (approx. annual) | Progress in Q3                             |
|-----------------------|-------------------------------|--|
| Reduce inventories    | ¥15 bn                        | ¥2.4 bn reduction (vs.. end of March 2009) |
| Restrain investment   | ¥10 bn                        | According to initial plan ¥12.3 bn in Q3   |
|                       | <b>¥25 bn</b>                 |  |

# Emergency Measures: Progress to Date

Progress of fixed cost reduction

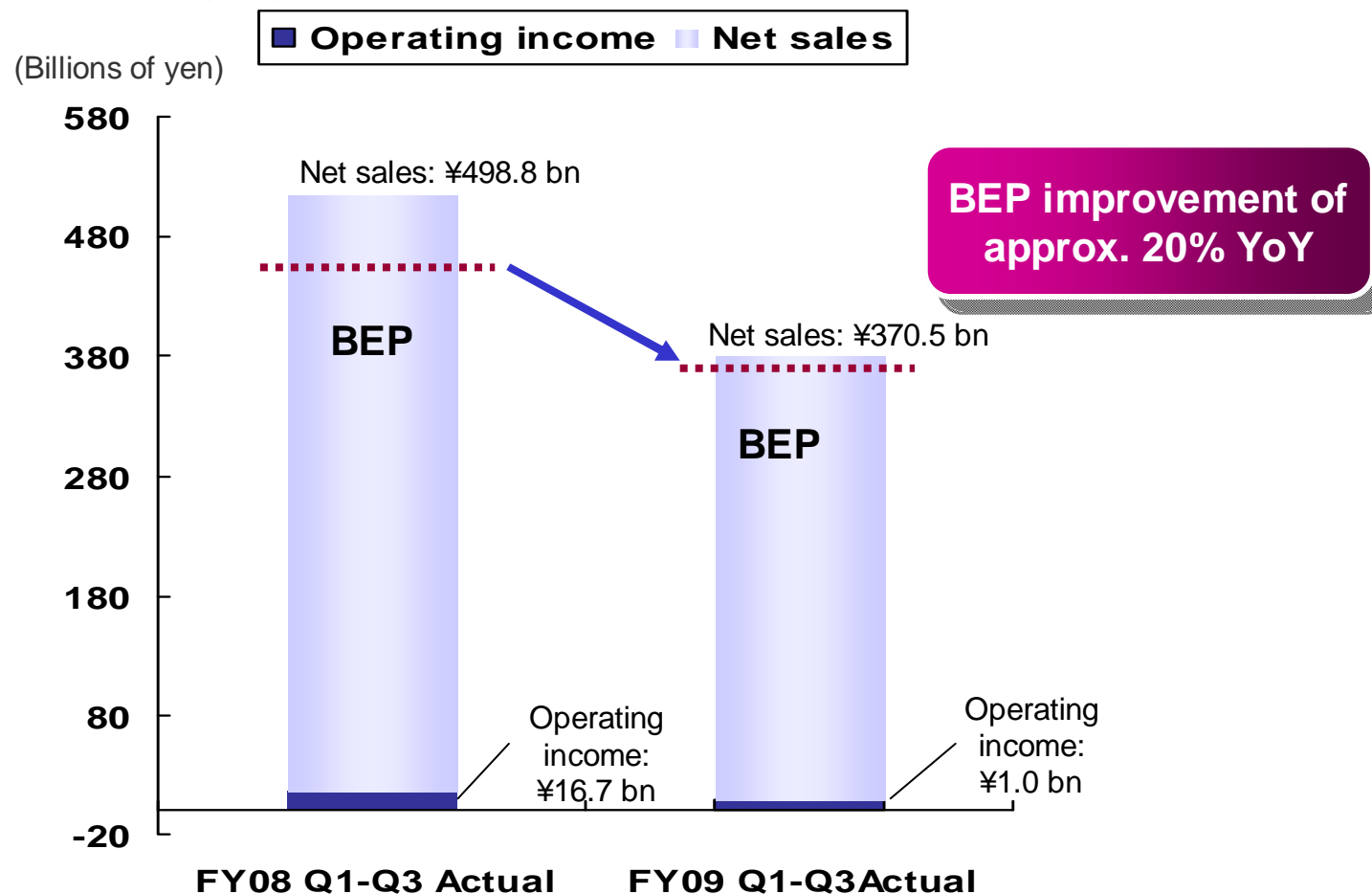
➤ Reduction of fixed costs (overhead) exceeded initial plan.

## Reduction of fixed costs in FY09



➤ Significant improvement in BEP through reduction of fixed costs (overhead) and other measures.

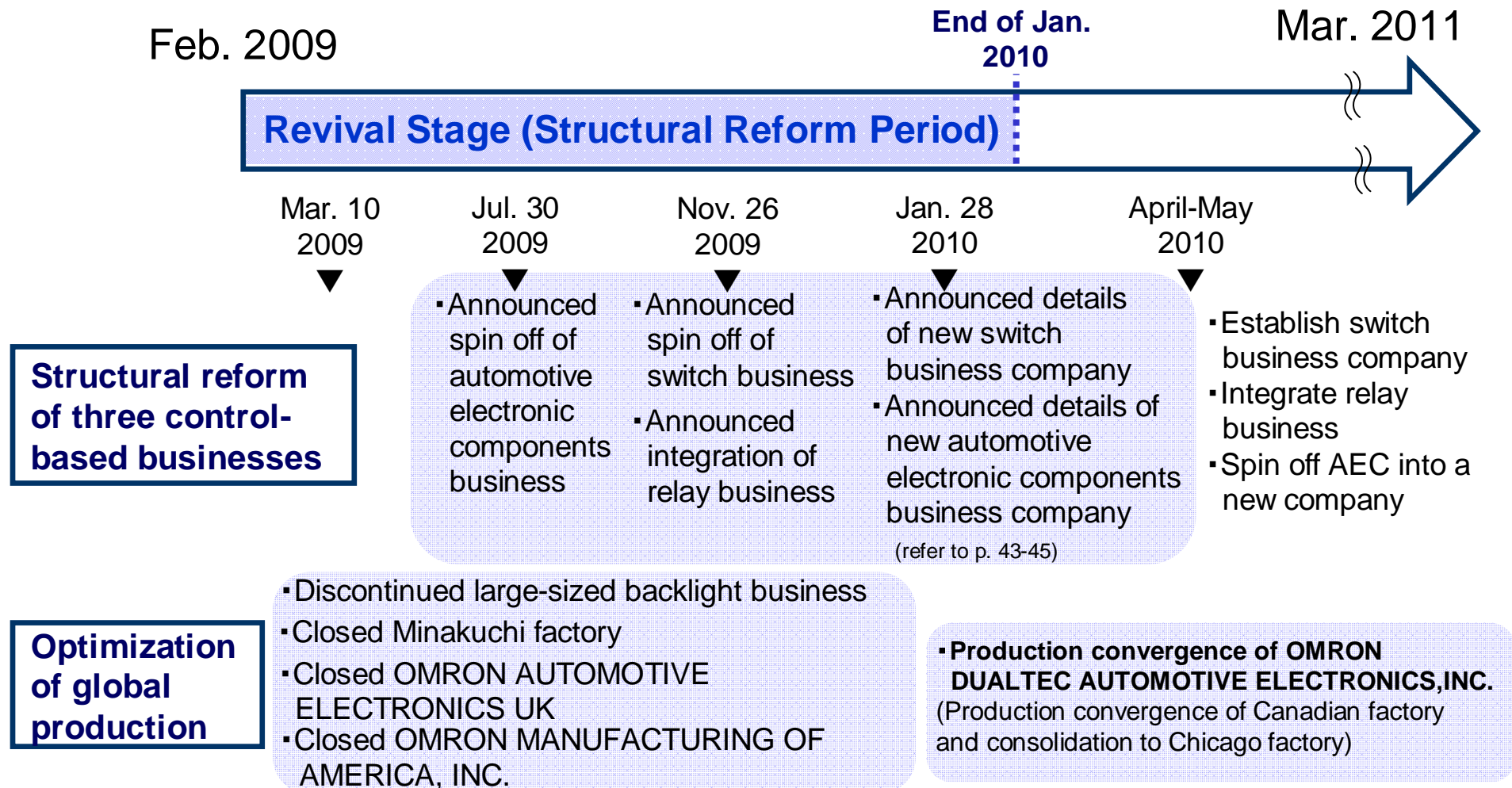
Compared to FY08/Q1-Q3





# Emergency Measures: Progress to Date

➤ Structural reform is being carried out steadily and will continue to be implemented through the end of March 2011.



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- **Macroeconomic environment: Expansion in domestic demand as a result of governmental measures aimed at encouraging consumption (auto/home appliances) offset decrease in exports.**
- **IAB: Sales increase from Q3 centered on local manufacturers, production for domestic demand and social infrastructure. Overall, sales continuing to recover.**

- Strengthen sales to local manufacturers, in addition to Japanese and Taiwanese companies.
- Enrich support systems, e.g., call centers/service centers.

**Construct nationwide sales network**  
(Approx. 35 sales bases)

## Sales Network



## Core base for monozukuri

Core site in Shanghai combines all functions needed for product creation (design, development, manufacturing, logistics, etc.)

**IAB sales growth in China (FY09 2<sup>nd</sup> half forecast)**  
**+33%**  
(vs. 1<sup>st</sup> half, US\$ basis)

## Macroeconomic conditions

Significant growth in investment in manufacturing industry  
(Continued 25%+ growth YoY)

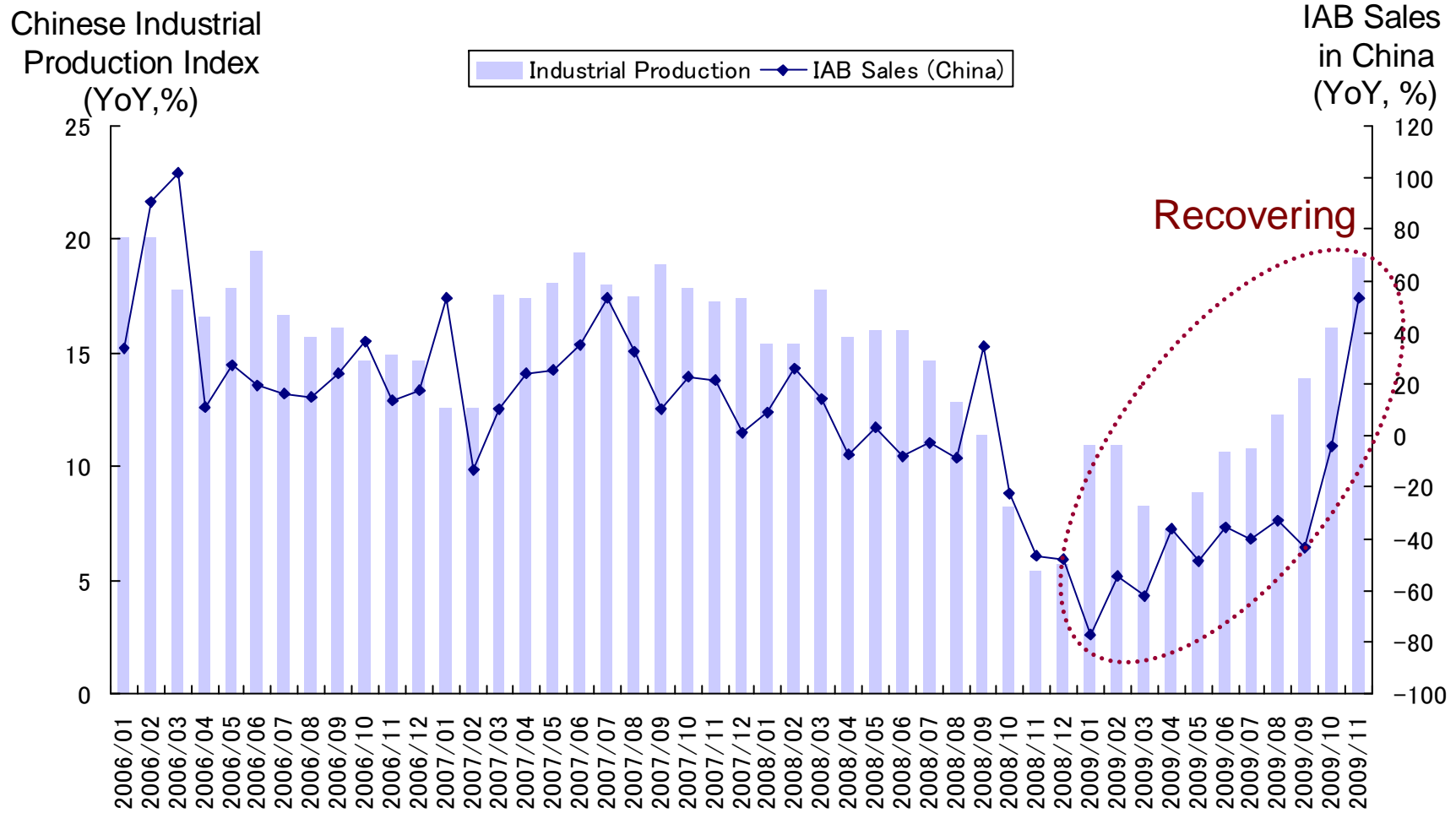
New car sales increased 46% in 2009, with China overtaking USA to become world no. 1

Target areas of stimulus package expanded  
(Sales of white goods and cars are favorable)

\* Source: Daiwa Institute of Research, "Strategy and Economic Report"

# Chinese Market (Industrial Production Index and IAB Sales)

- Industrial production index experiencing recovery trend since April 2009.
- IAB sales bottomed out in Jan. 2009; sales in Dec. 2009 were particularly good.

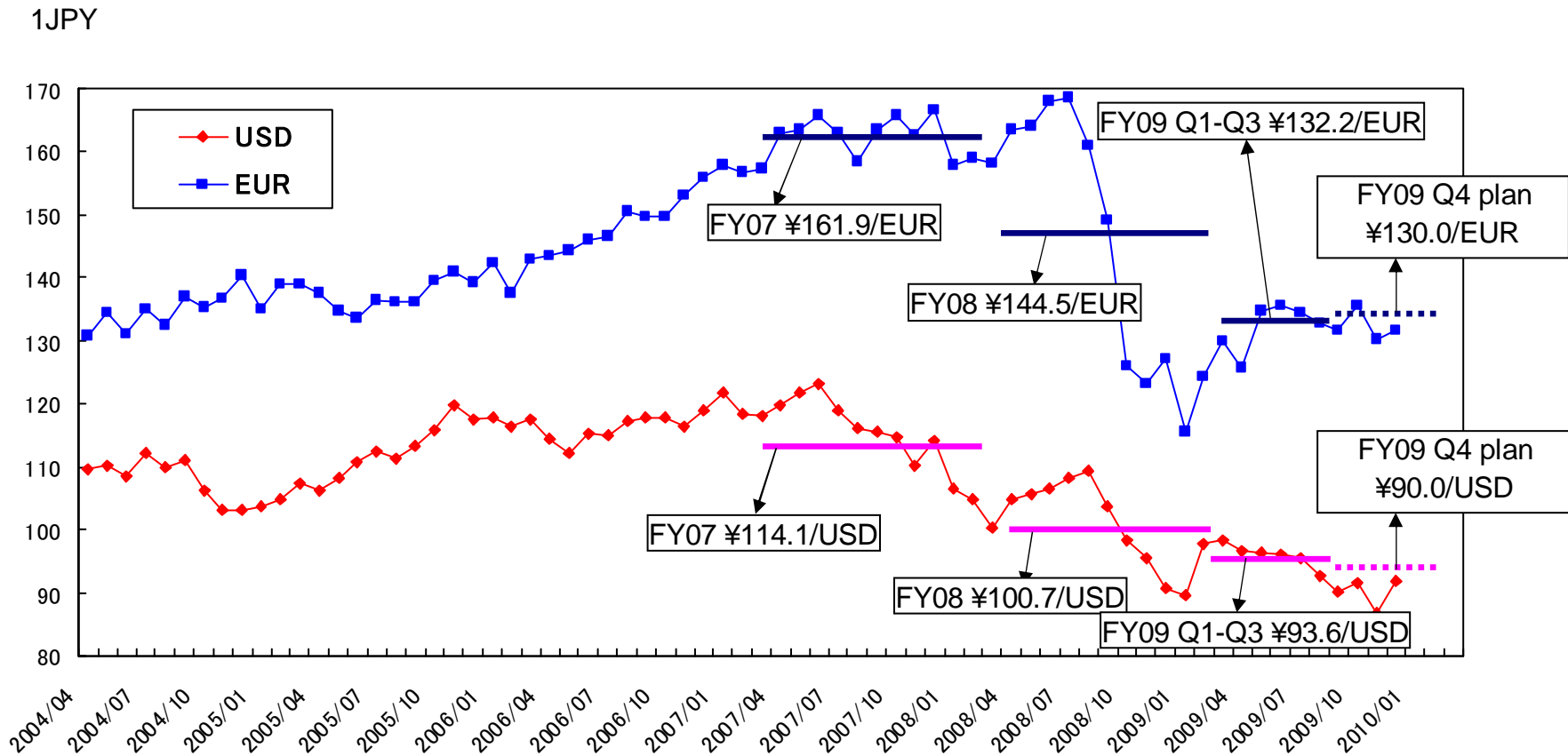


Source: National Bureau of Statistics (China). Data for Jan. and Feb. have been adjusted for all years.

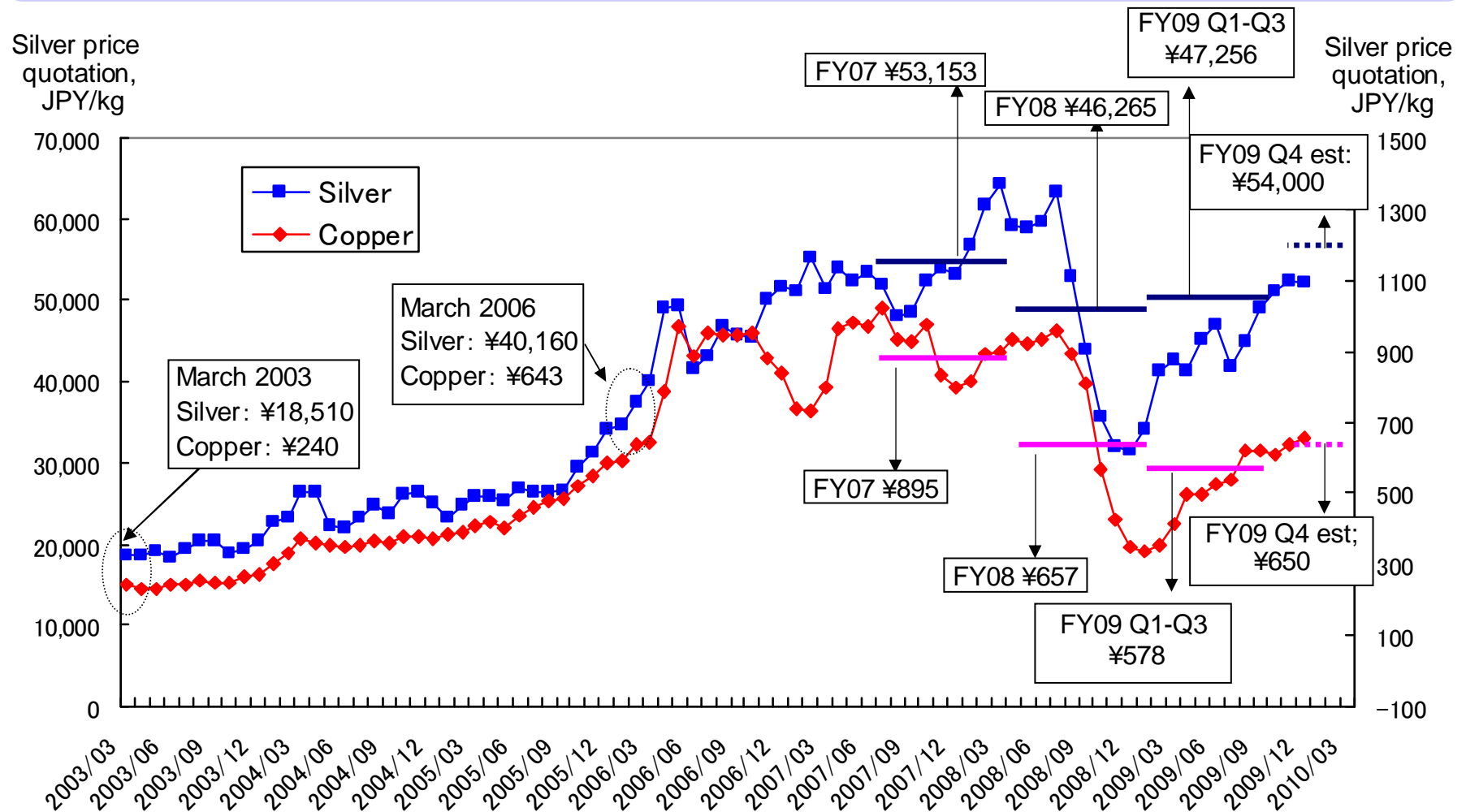
|  |              |
|--|--------------|
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| Chinese Market<br>(IAB, Macroeconomic Conditions)                  | P. 42        |
| <b>Reference</b>   | <b>P. 45</b> |

# Exchange Rates (USD, EUR)

➤ **FY09/Q1-Q3: Yen depreciated against USD and EUR more than initially expected.**



➤ Though both silver and copper saw a year-on-year decline in price in Q3, they are now experiencing an upward trend.



## Emergency Measures and Structural Reform

### Emergency Measures

(Generate profit in FY09 through cost cuts)

#### Profit Generation

##### (1) Cost cutting

Advertising, R&D, indirect costs, etc.

##### (2) Withdrawal from underperforming businesses

Four businesses in Japan/abroad (ECB, AEC)

##### (3) Reduction of other fixed costs

Return of part of directors', executive officers' and managers' compensation, ban on overtime work, etc.

#### Cash Flow Creation

- Freeze on large-scale investments
- Reduction in ordinary investments

### Structural Reform

(Strengthen profit base over the medium term)

#### 1. Business Domain Reform

Restructure 3 control-based businesses:

IAB: Strengthen front line and profit base

ECB: Re-strengthen Mechanical Components Business

AEC: Implement thorough efforts to improve profitability

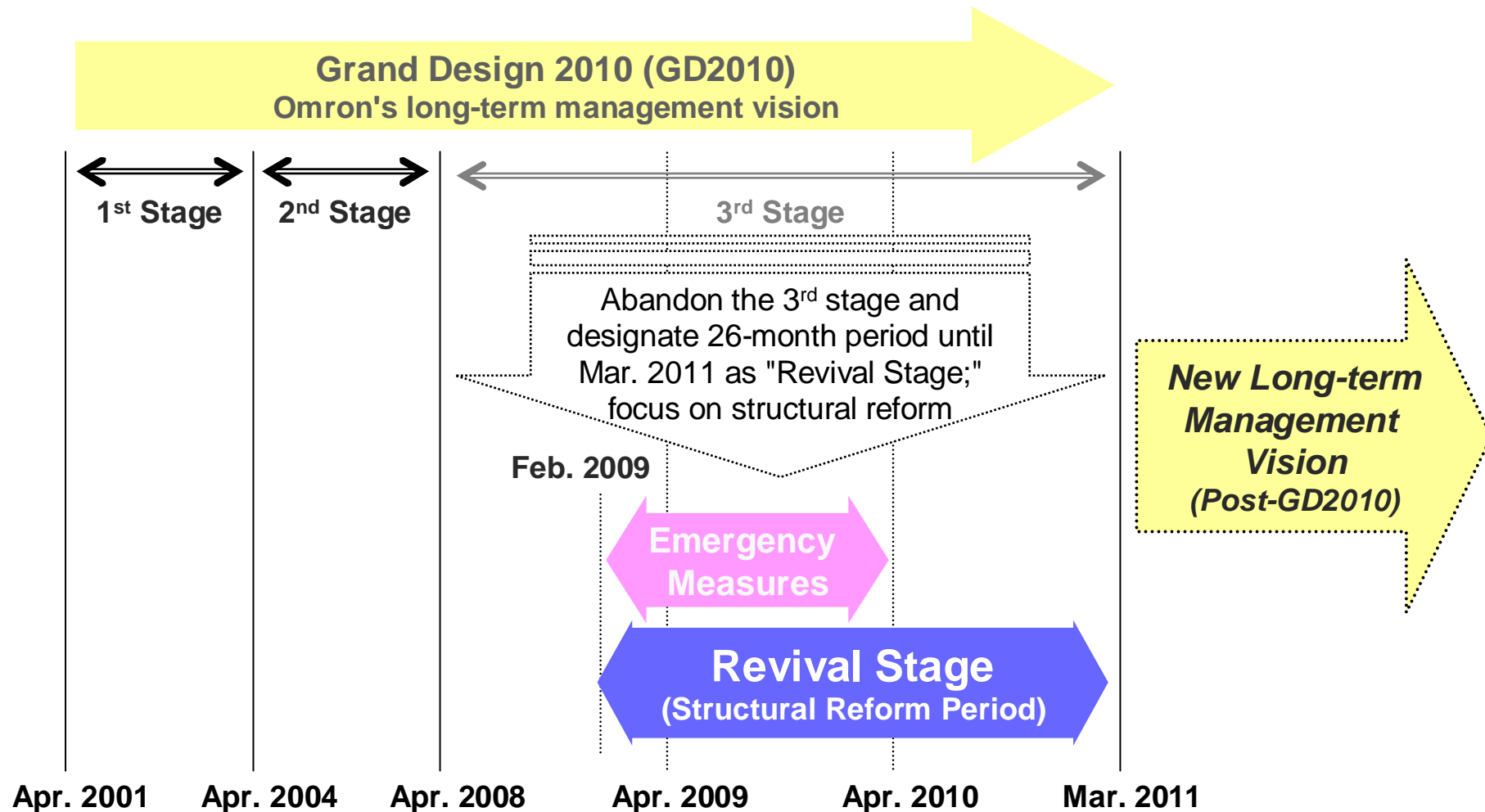
#### 2. Operational Structure Reform

- (1) Elimination and consolidation of production bases
- (2) Variable cost structure reform
- (3) IT structure reform
- (4) Head office function reform



# Emergency Measures and Structural Reform: Schedule

➤ Period from Feb. 2009 to Mar. 2011 designated “Revival Stage;” currently implementing emergency measures and structural reform.



- Finalize the details of AEC spin off.
- New company will be established on May 6, 2010 (planned).

|  | New Company  |
|--|--|
| (1) Name   | Omron Automotive Electronics Corporation                       |
| (2) Business                                       | Manufacture and sales of electronic components for automobiles |
| (3) Established                                    | May 6, 2010 (planned)  |
| (4) Head office                                    | Komaki-shi, Aichi  |
| (5) Representative                                 | Yoshinori Suzuki, President and CEO                            |
| (6) Capital  | 5,000 million yen  |
| (7) Shares outstanding                             | 100,000  |
| (8) Net assets                                     | 19,600 million yen   |
| (9) Total assets                                   | 23,000 million yen   |
| (10) Fiscal year end                               | March 31   |
| (11) Principal shareholders and their holdings (%) | OMRON Corporation: 100%  |

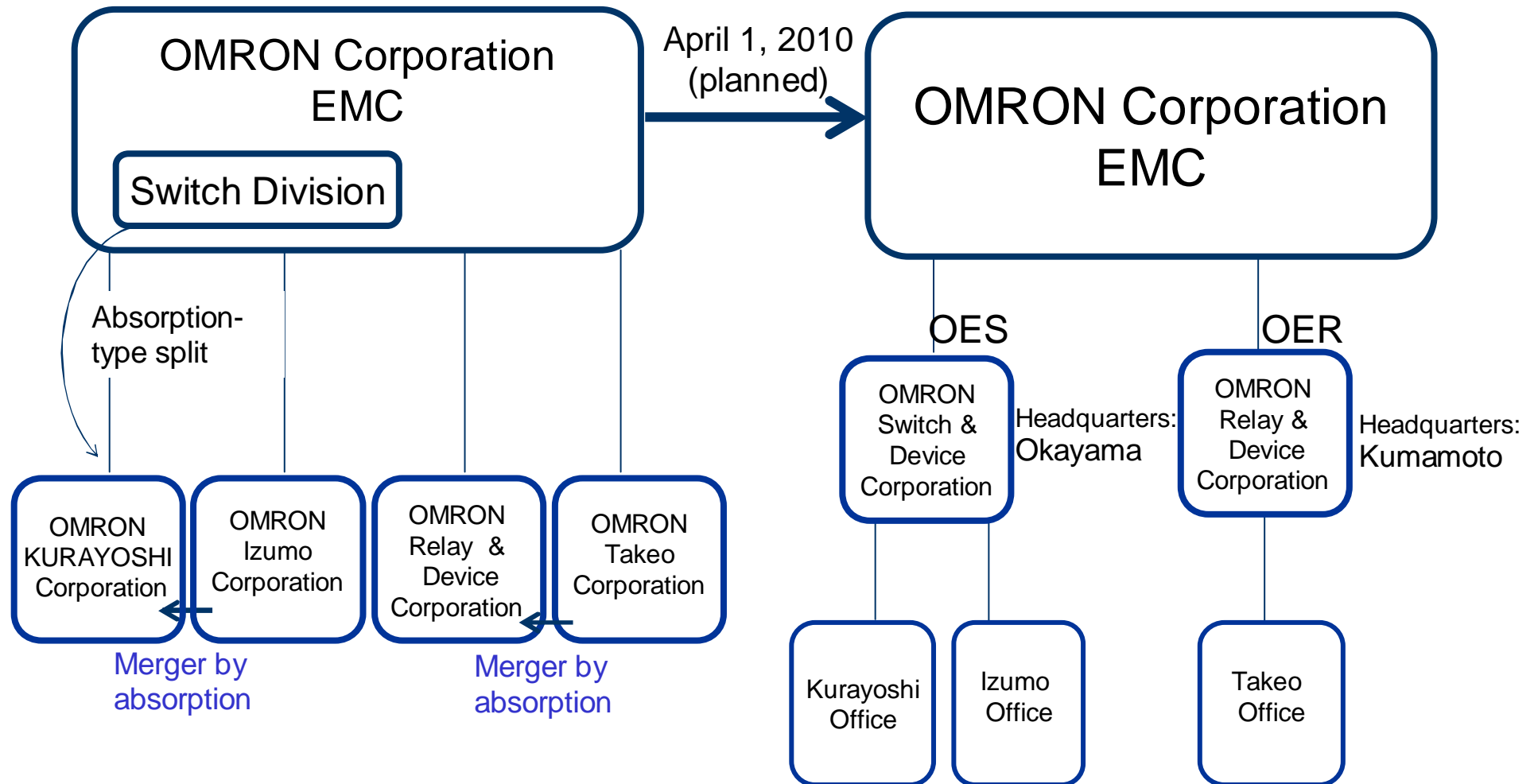
# Overview of Switch Business Company

- Finalize the details of switch business company within EMC.
- Spin off the switch business to OMRON KURAYOSHI Corporation, change trade name on April 1, 2010 (planned).

|  | Switch Business Company  |
|--|--|
| (1) Name   | OMRON Switch and Device Corporation (previously OMRON Kurayoshi Corporation)   |
| (2) Business                                       | Manufacture and sales of electronic components, including micro switches for industrial/consumer use, vehicle-mounted switches, etc. |
| (3) Established                                    | April 24, 1969   |
| (4) Head office                                    | Okayama-shi  |
| (5) Representative                                 | Yoshihiro Taniguchi, President and CEO   |
| (6) Capital  | 300 million yen  |
| (7) Shares outstanding                             | 600,000  |
| (8) Net assets                                     | 6,027 million yen (as of March 31, 2009)   |
| (9) Total assets                                   | 9,447 million yen (as of March 31, 2009)   |
| (10) Net sales                                     | 12,152 million yen (as of March 31, 2009)  |
| (11) Fiscal year end                               | March 31   |
| (12) Principal shareholders and their holdings (%) | OMRON Corporation: 100%  |

# Reorganization of Relay and Switch Businesses

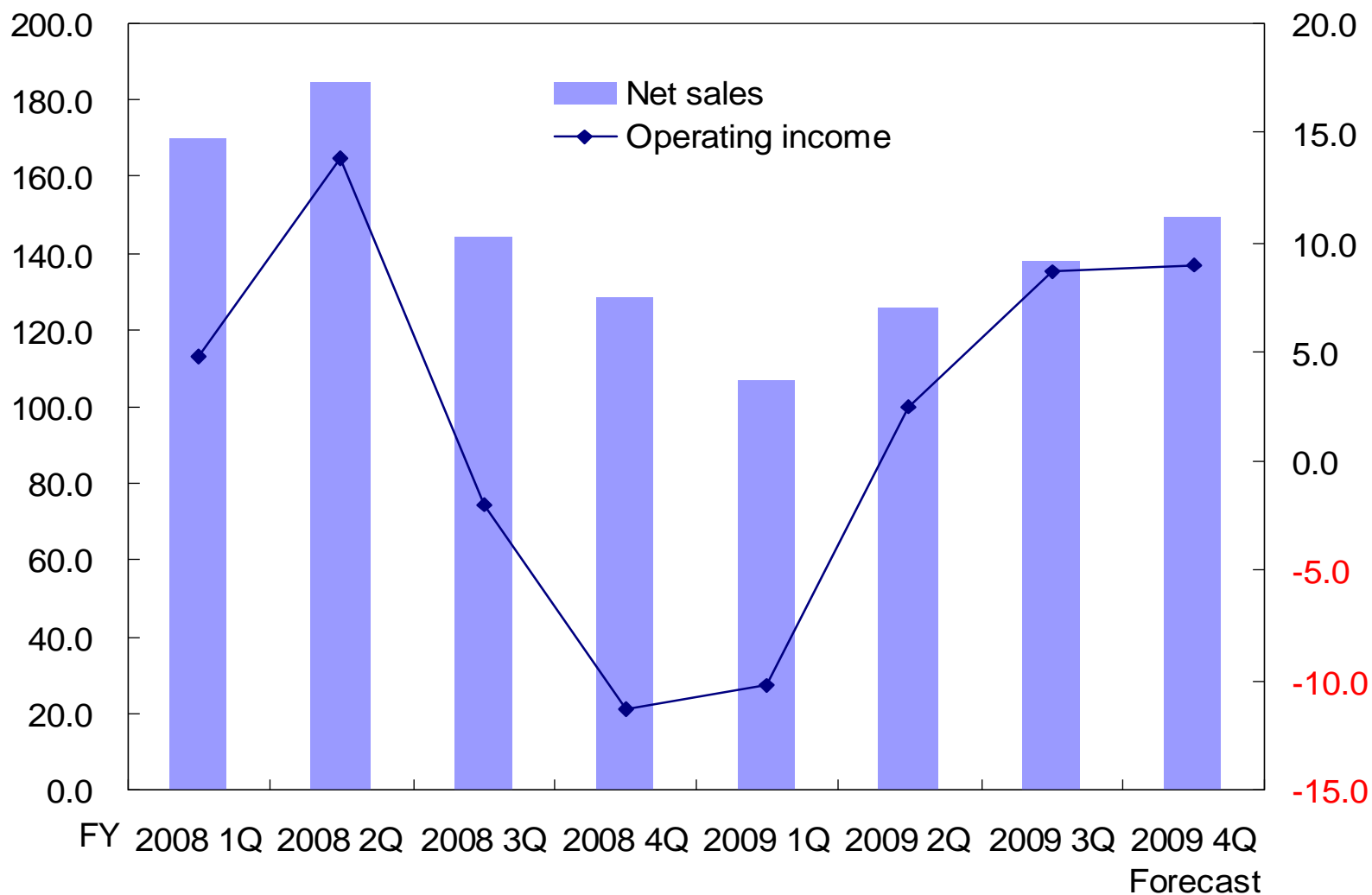
➤ Establish switch business company and integrate relay business.



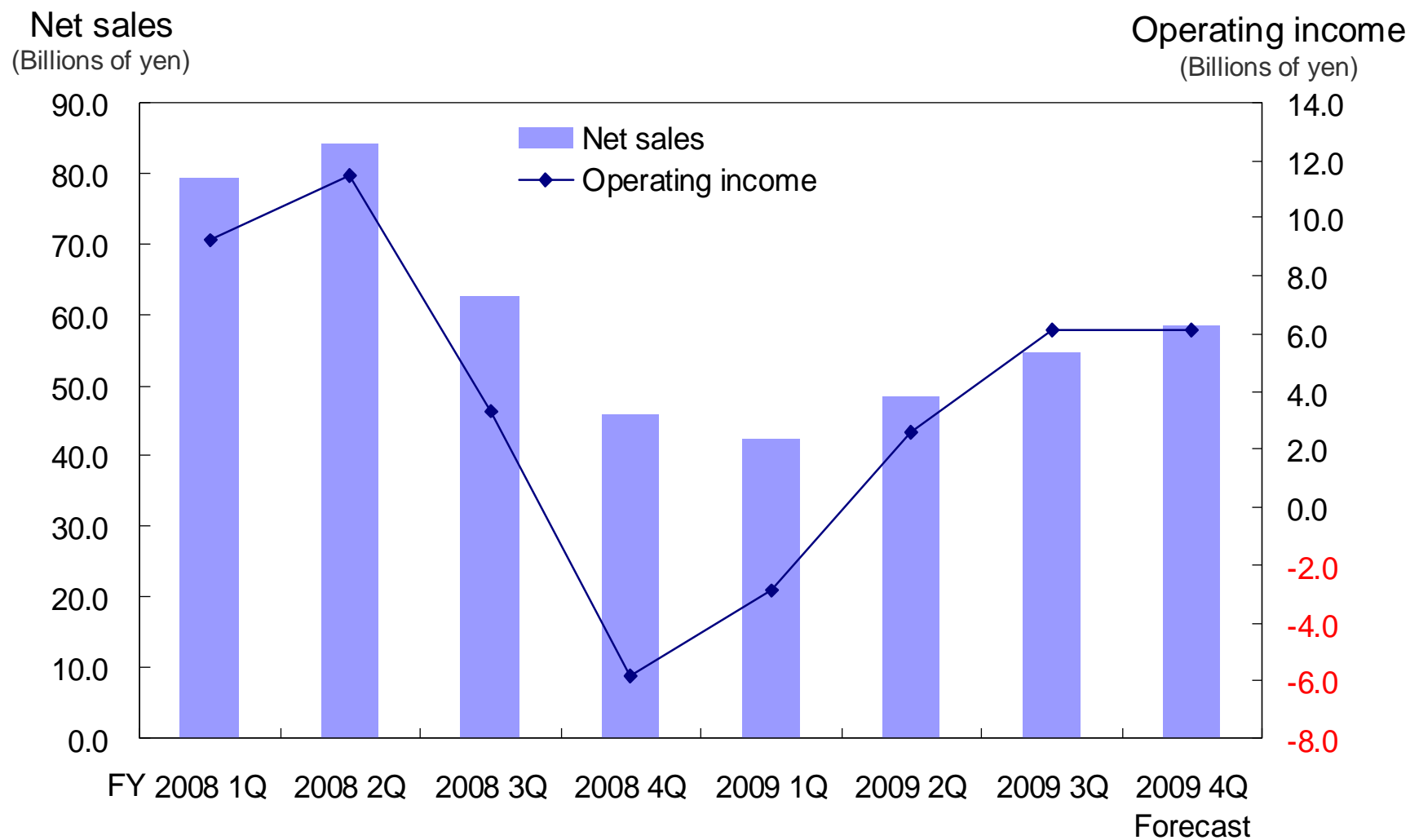
# Quarterly Business Results (All Segments)

Net sales  
(Billions of yen)

Operating income  
(Billions of yen)



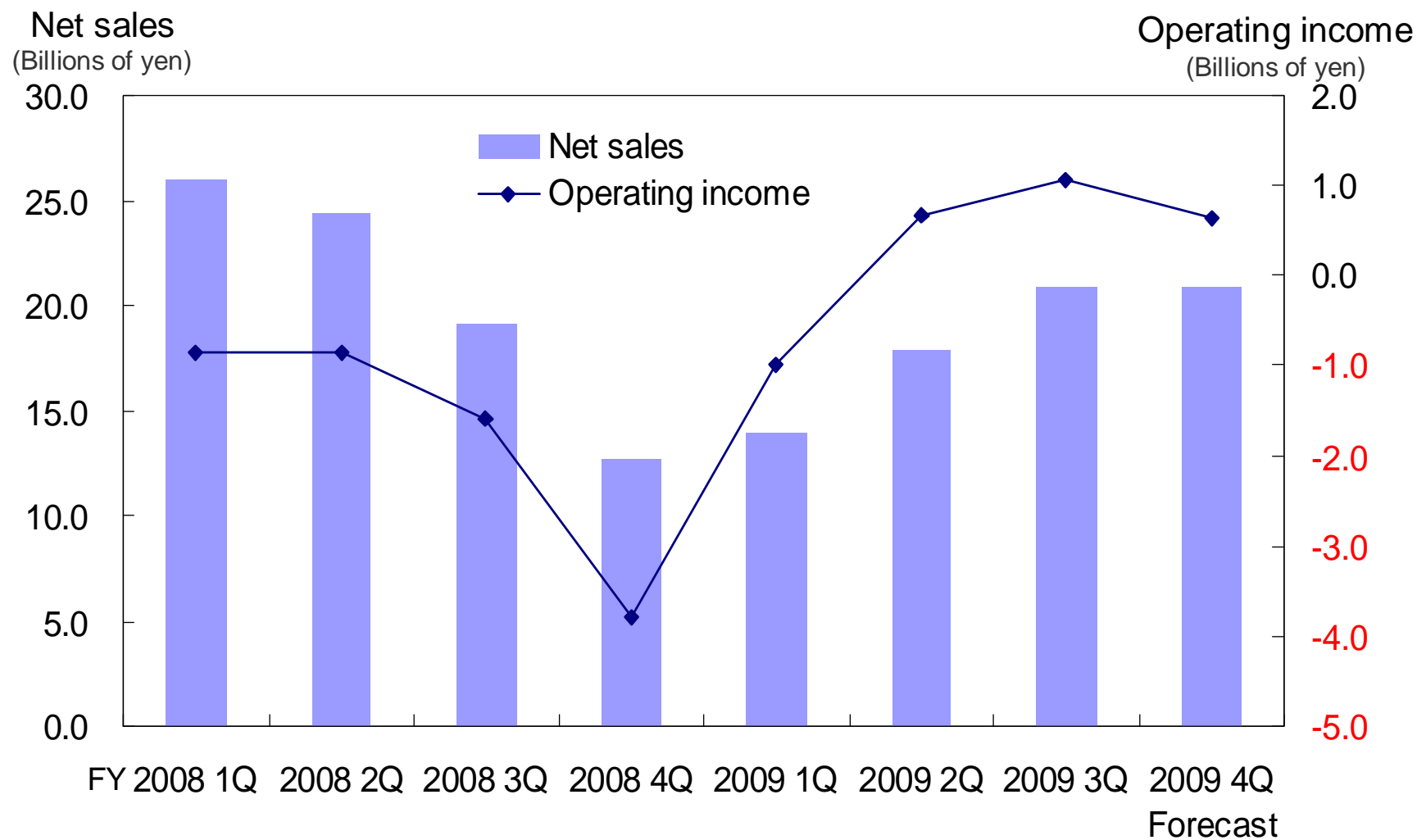
# Quarterly Business Results (IAB)



# Quarterly Business Results (EMC)



# Quarterly Business Results (AEC)

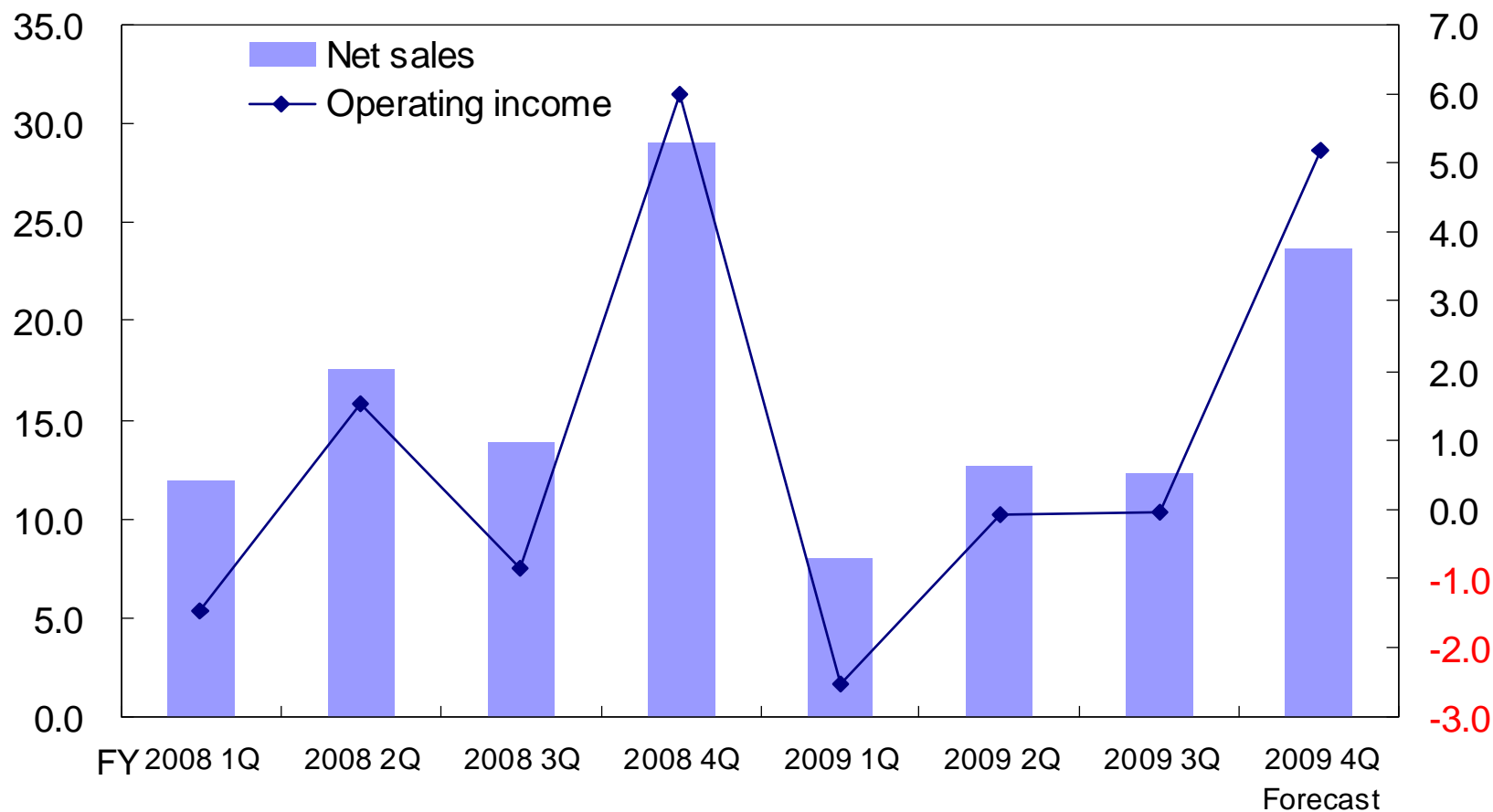




# Quarterly Business Results (SSB)

Net sales  
(Billions of yen)

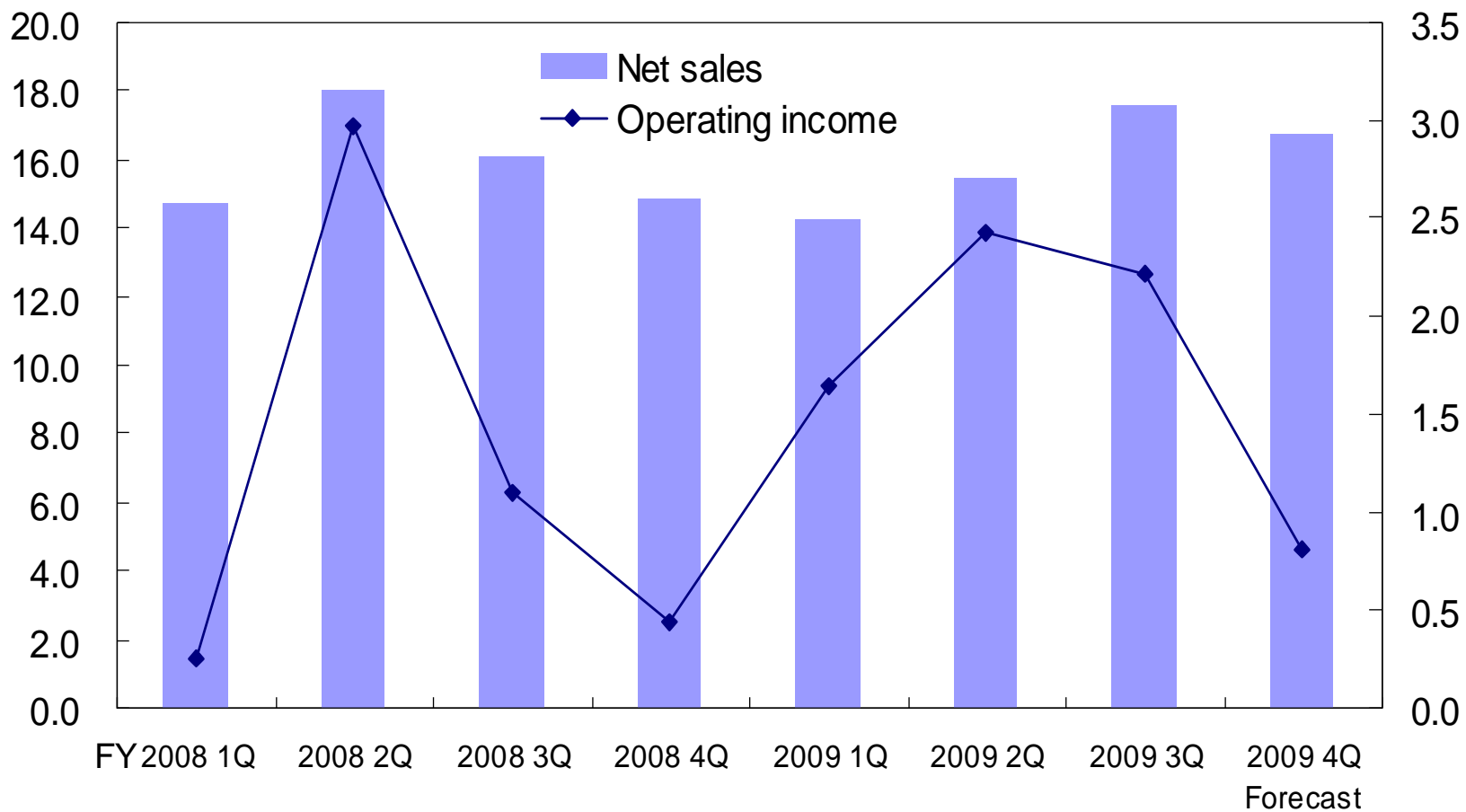
Operating income  
(Billions of yen)



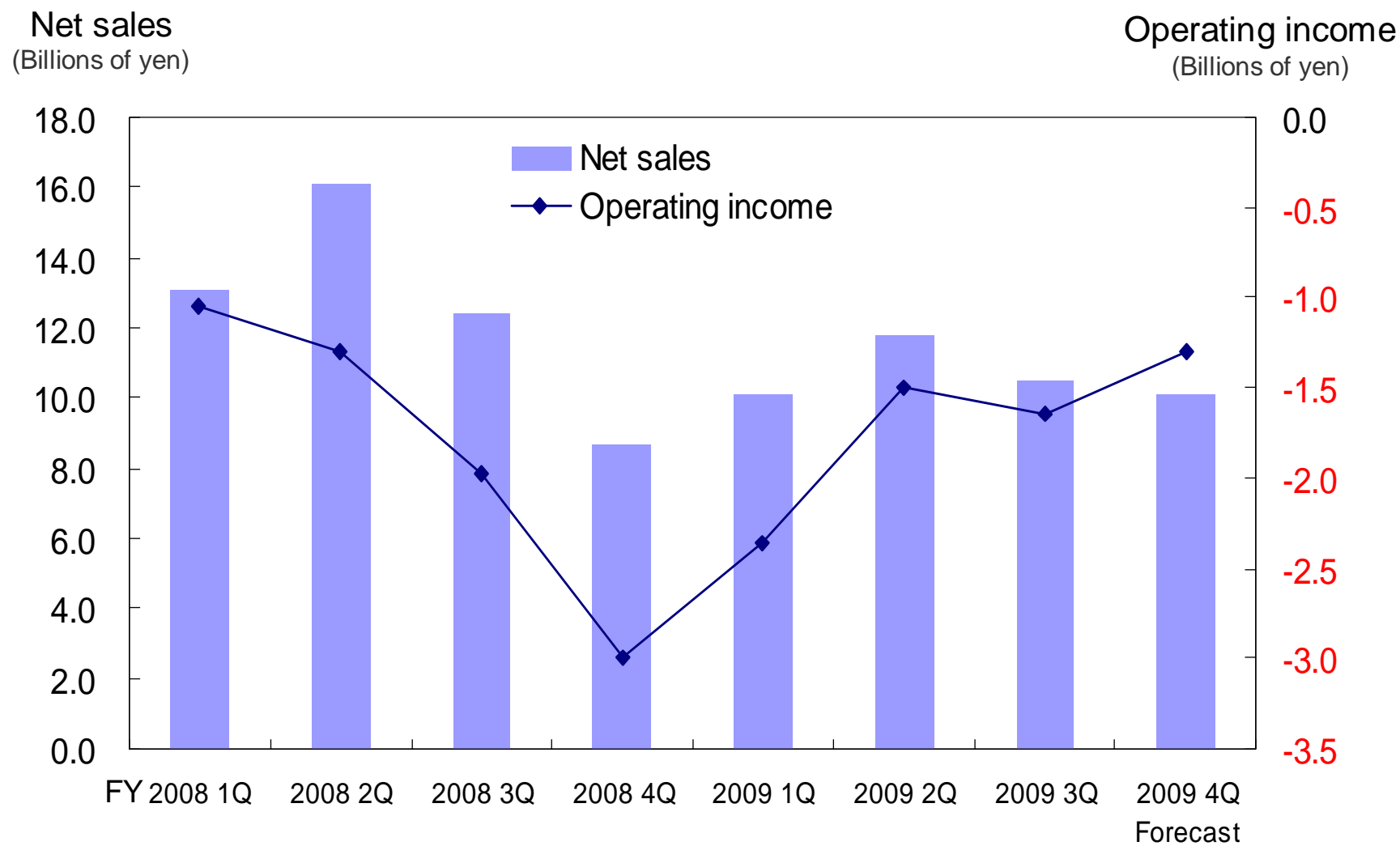
# Quarterly Business Results (HCB)

Net sales  
(Billions of yen)

Operating income  
(Billions of yen)



# Quarterly Business Results (Other)



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“Shaping Our Sense of Security”  
with Sensing and Control Technology



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