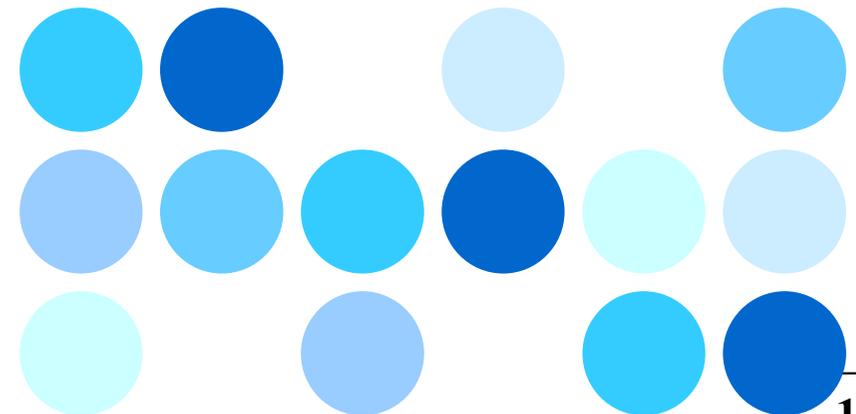


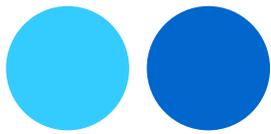
Financial Results for the fiscal year ended March 31, 2006 (FY2005)

Business plan for the year ending March 31, 2007(FY2006)

April 27, 2006

OMRON Corporation



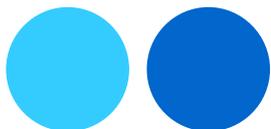


Contents

1. Executive Summary	P 4
2. Results for the Fiscal Year Ended March 31, 2006	P 7
3. Business Plan for the Year Ending March 31, 2007	P 20
4. Basic Policy on Distribution of Profits	P 41

Notes:

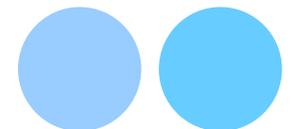
- 1. The financial statements are prepared in accordance with U.S. GAAP.**
- 2. Includes 144 consolidated subsidiaries and 17 affiliated companies accounted for by the equity method.**
- 3. Projections of results and future developments are based on information available to the Company at the present 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) the economic conditions surrounding the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Omron Group to develop new technologies and new products, (iv) major changes in the fund-raising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.**



Main Business Areas

Business	Business Name	Abbrev.	Business Description
Industrial Automation	Industrial Automation Business	IAB	Manufacturing and sales of control systems , equipment and components for factory automation, etc.
Electronic Components	Electronic Components Business	ECB	Manufacturing and sales of electronic components for home appliances, communications, mobile devices, etc.
Automotive Electronics	Automotive Electronic Components Business	AEC	Manufacturing and sales of electronic components for automobiles
Social Systems	Social Systems Business	SSB	Manufacturing, sales and services for public transportation (automated passenger gates, etc.) and traffic and road management systems
Healthcare Equipment	Healthcare Business	HCB	Manufacturing and sales of medical devices (digital blood pressure monitors, etc.)
Others	Business Development Group/Others	Others	Exploration of new businesses, developing businesses that are not included in above

1. Executive Summary



The year ending March 31, 2006 is the 2nd year of Stage II (Apr. 2004 to March 2008) of Grand Design 2010 (GD2010)
“Achieving a robust profit structure” as a milestone toward the achievement of Stage II targets

Results for FY2005

Nearly achieved the original sales and income target, which grew for 4 consecutive years.
 Set new records for sales and income.

Consolidated	Result	vs. same period in prev. year	vs. original target	
Net sales	¥626.8 billion	103.0%	100.3%	
Operating income	¥62.1 billion	110.7%	95.6%	(Operating margin 9.9%)
NIBT	¥64.4 billion	122.5%	102.1%	(NIBT margin 10.3%)
Net income	¥35.8 billion	118.5%	99.3%	(NI margin 5.7%)

- (1) Net sales: Largely as planned. 3.0% increase over previous year due to strong performance by Industrial Automation Business (IAB), Automotive Electronic Components Business (AEC) and Healthcare Business (HCB)
- (2) Operating income: Product mix was the main factor of 4.4% decrease against the original target (Refer to P.12)
 10.7% increase over previous year due to return of substitutional portion of pension fund (Refer to P.11)
- (3) NIBT: 22.5% increase over previous year due to gain on sales of marketable securities
- (4) Business summary: Sales were strong except for Electronic Components Business (ECB). For Operating income, ECB and AEC faced difficult conditions

Plan for FY2006 and Key Points

Focus on investment for income growth to achieve March 2008 income forecast while aiming growth in sales and income for the 5th consecutive year.

Consolidated	Year ending March 31, 2007	vs. same period in prev. year	
Net sales	¥700.0 billion	111.7%	
Operating income	¥63.0 billion	101.4%	(Operating margin 9.0%)
NIBT	¥65.0 billion	101.0%	(NIBT margin 9.3%)
Net income	¥37.5 billion	104.9%	(NI margin 5.4%)

*Assumption: The PL influence of the announced two M&A are not included.

Progress of Mid-term Management Plan

Total business value at the end of March 2006 was approx. ¥940b under Omron's preliminary calculation.
 This amount is on track for the target of the end of March, 2008.

Summary of Consolidated Net Sales and Operating Income

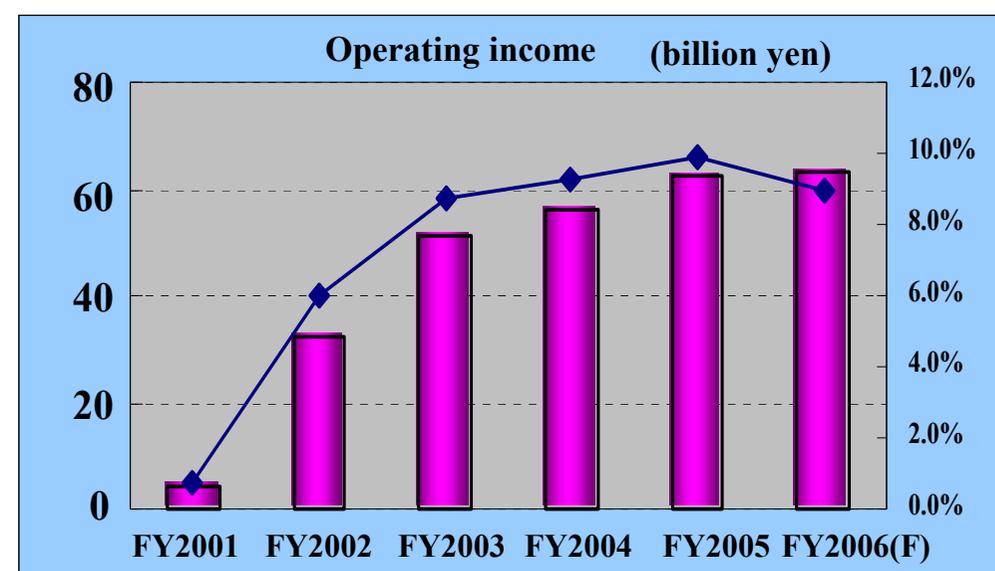
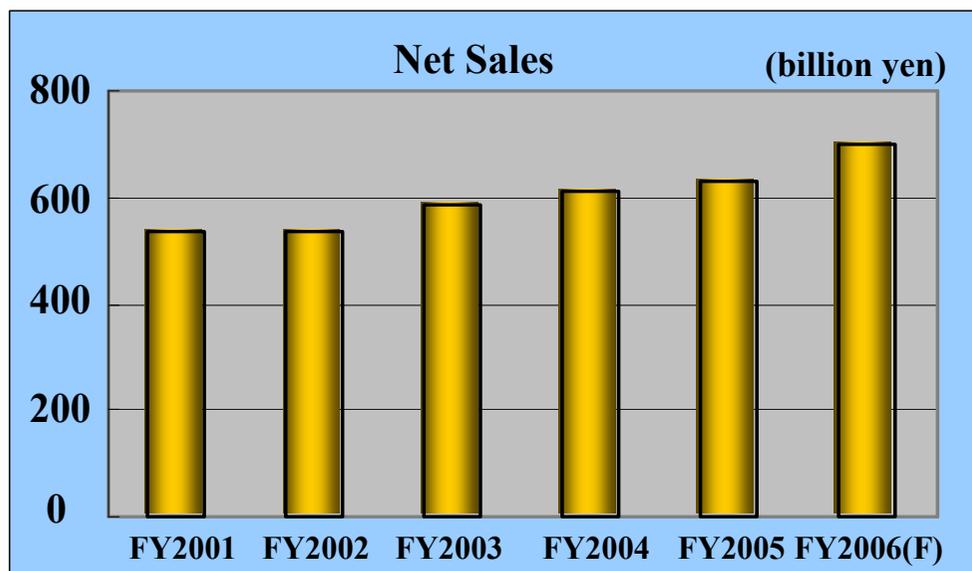
Expect to achieve a growth in sales and income for the 5th consecutive year and break the sales and profit record

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006(F)
Net Sales	534.0	535.1	584.9	608.6	626.8	700.0
Gross Profit	180.5	207.7	240.1	249.8	253.4	282.0
Operating income	4.2	32.3	51.4	56.1	62.1	63.0
Operating income margin	0.8%	6.0%	8.8%	9.2%	9.9%	9.0%
Net income	-15.8	0.5	26.8	30.2	35.8	37.5
EPS(Yen)	-63.5	2.07	110.66	126.52	151.14	159.95

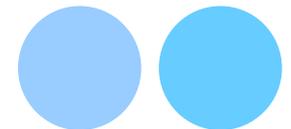
(billion yen)

<Currency Rate>	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006(F)
USD	125.7	122.1	113.4	107.3	113.4	110.0
EUR	110.9	121.1	132.4	135.0	138.2	135.0

(yen)



2. Results for the Fiscal Year Ended March 31, 2006



Consolidated Income Statements

Net Sales ¥626.8B, Operating margin 9.9%

Net Sales matched the original target.

Operating income was higher than the previous year, but below the original target.

NIBT exceeded against both previous year and original target.

Income Statement

(billion yen)

	FY2004	FY2005	YoY Change	FY2005 Original target	Change from Original target
	(1)	(2)	% (2)/(1)	(3)	%
Net Sales	608.6	626.8	103.0%	625.0	100.3%
Gross Profit	249.8	253.4	101.4%	256.0	99.0%
SG&A expense	144.2	152.7	105.9%	150.0	101.8%
R&D expense	49.4	50.5	102.1%	50.0	101.0%
'Daikohenjyo' *	-	11.9	-	9.0	132.3%
Operating income	56.1	62.1	110.7%	65.0	95.6%
NIBT	52.5	64.4	122.5%	63.0	102.1%
Net income	30.2	35.8	118.5%	36.0	99.3%

Currency Rate

(yen)

USD	107.3	113.4	+6.1	100.0	+13.4
EUR	135.0	138.2	+3.2	130.0	+8.2

* ' Daikohenjyo' : Return of substitutional portion of pension fund

Breakdown of Consolidated Sales by Region and Business

**Sales results were as planned in Japan and overseas
Strong sales by each segment except for ECB**

(billion yen)

By Region	FY2004 (1)	FY2005 (2)	YoY change (2)/(1)	FY2005 Original target (3)	Change from Original target (2)/(3)
Japan	366.1	354.9	96.9%	358.0	99.1%
Overseas**	242.5	271.9	112.1%	267.0	101.9%
Total	608.6	626.8	103.0%	625.0	100.3%

**Overseas includes direct exports

By Business	(1)	(2)	(2)/(1)	Original target(3)	(2)/(3)
IAB	250.3	272.7	108.9%	267.5	101.9%
ECB	101.1	97.7	96.6%	114.0	85.7%
AEC	64.6	77.6	120.2%	72.0	107.8%
SSB	115.2	91.8	79.7%	91.0	100.9%
HCB	50.6	61.1	120.8%	54.0	113.1%
Ohters	26.8	25.9	96.9%	26.5	97.9%
Total	608.6	626.8	103.0%	625.0	100.3%

Breakdown of Operating Income By Business

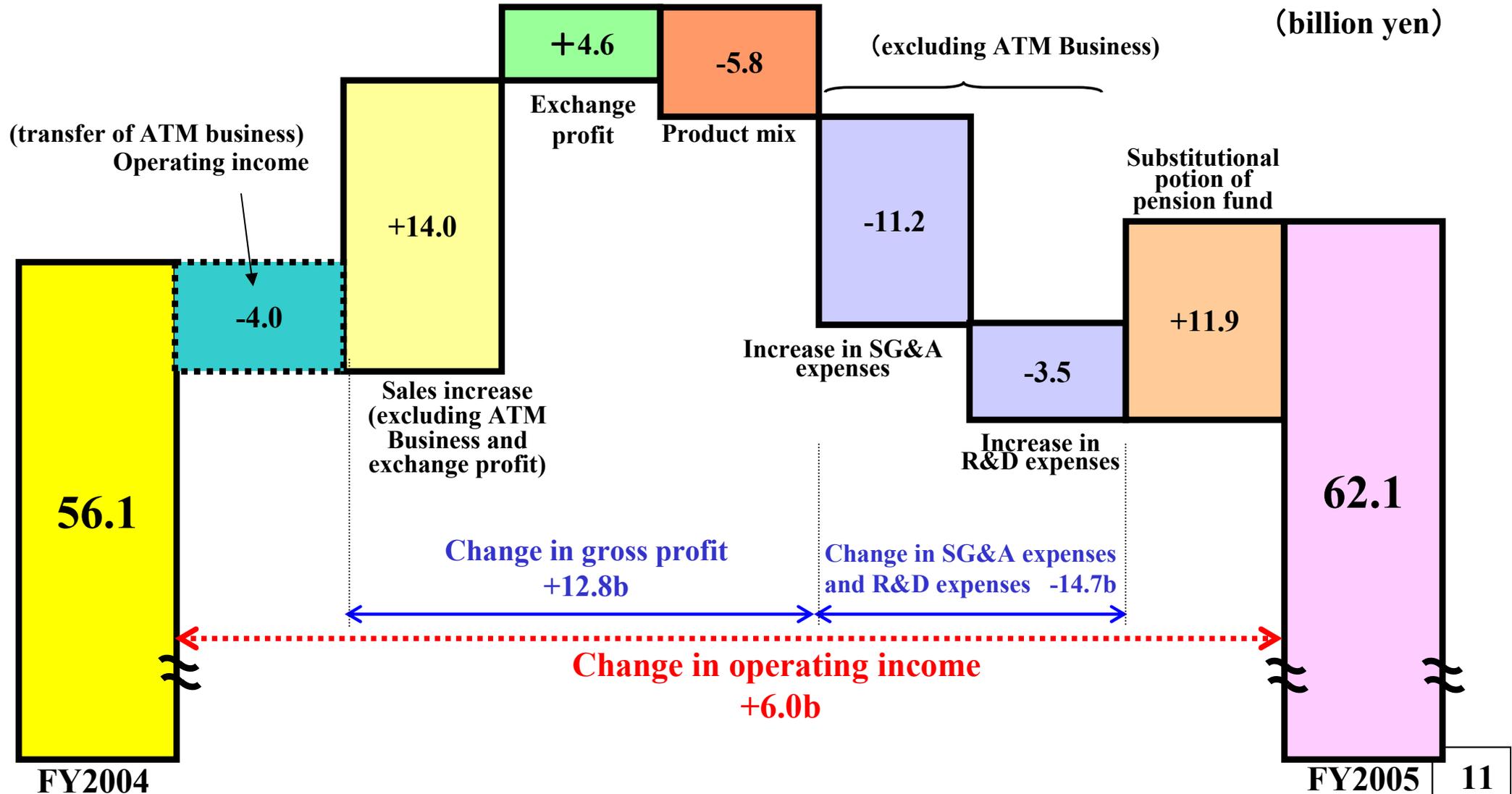
Operating income were as planned for IAB, but ECB faced difficult conditions, AEC was negative due to increasing cost for production process improvement in North America

(billion yen)

By Business	FY2004 (1)	FY2005 (2)	YoY Change (2)/(1)	FY2005 Original target (3)	Change from Original target (2)/(3)
IAB	41.4	41.9	101.2%	42.0	99.8%
ECB	16.1	11.2	69.7%	16.0	69.9%
AEC	-0.9	-2.0	-	2.5	-
SSB	6.4	4.4	68.9%	3.0	147.8%
HCB	7.6	8.7	113.5%	8.5	101.8%
Others	3.8	1.7	44.0%	2.0	83.6%
HQ Cost/Elimination	-18.4	-15.7	85.6%	-18.0	87.3%
'Daikohenjyo'	—	11.9	—	9.0	132.2%
Total	56.1	62.1	110.7%	65.0	95.6%

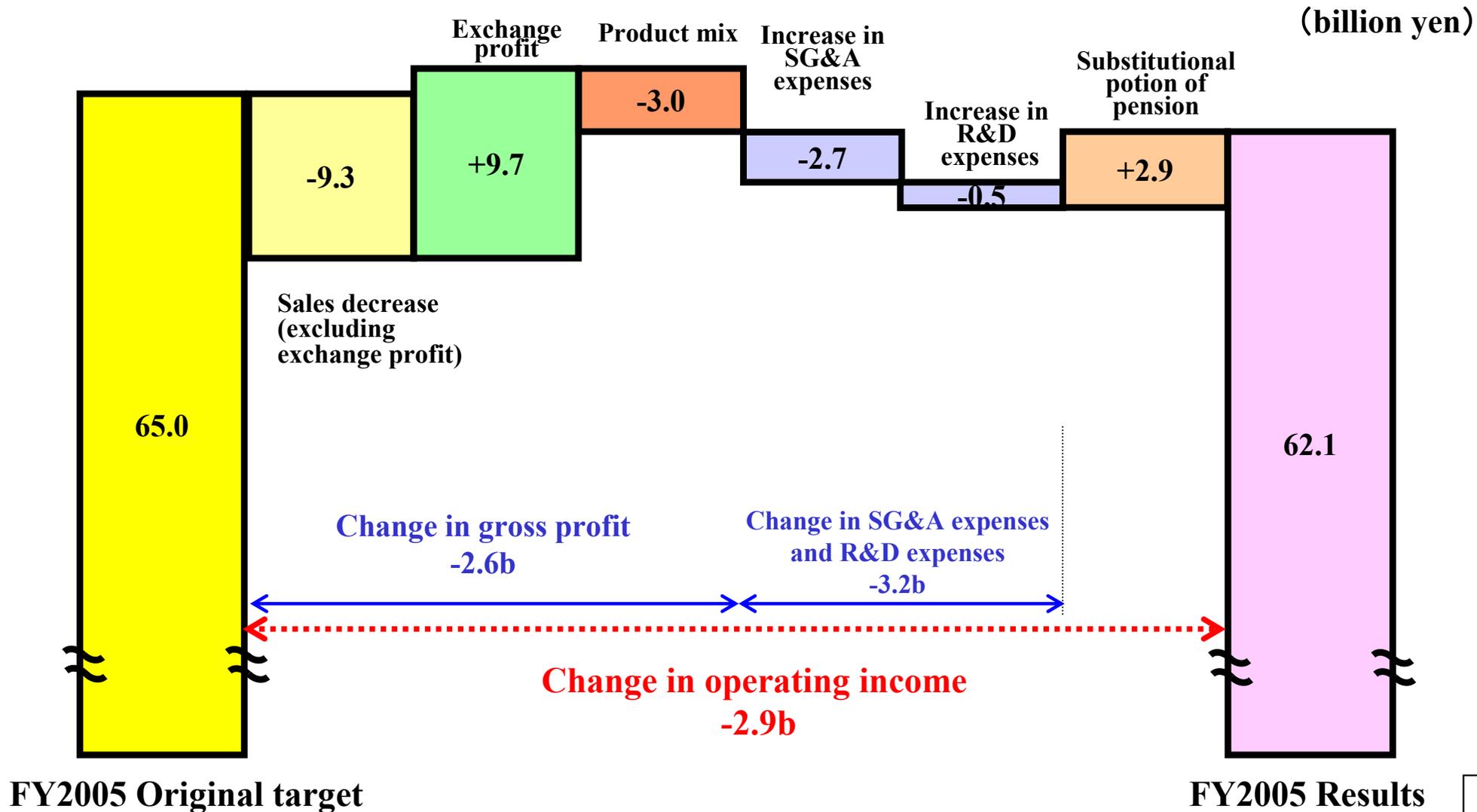
Breakdown of Changes in Operating Income (comparison to previous year)

Operating income increased from previous year due to the return of substitutional portion of pension fund despite of investments for growth and large increase in SG&A and R&D expenses for growth and response to hazardous chemical substance regulations



Breakdown of Changes in Operating Income (comparison to original target)

Operating income fell below original target as return of substitutional portion did not cover lower gross profit due to decreased sales and price reductions



Segment Information

IAB (Industrial Automation Business)

Manufacturing and sales of control systems and equipment for factory automation and production machinery

Sensing Devices (Photoelectric/Proximity Sensors, AOI, etc.)

Control Devices (Programmable Logic Controllers, Relays, Timers, etc.)

Safety Devices (Safety sensors, Safety switches, etc.)

Sales: ¥272.7b ; Operating margin 15.4%
Japan was as original budget, U.S. remained strong,
Greater China is on a gradual recovery trend

(billion yen)

IAB	FY2004	FY2005	YoY Change	FY2005 Original target	Change from Original target
	(1)	(2)	(2)/(1)	(3)	(2)/(3)
Japan	130.2	136.2	104.6%	135.5	100.5%
Overseas	120.1	136.5	113.6%	132.0	103.4%
North America	20.3	25.4	125.0%	21.1	120.4%
Europe	65.6	69.6	106.1%	70.3	99.0%
Asia	10.4	12.7	122.3%	11.5	110.4%
China	19.5	24.0	122.9%	24.8	96.6%
Exports	4.3	4.8	112.1%	4.3	112.5%
Total	250.3	272.7	108.9%	267.5	101.9%
Operating income	41.4	41.9	101.2%	42.0	99.8%

Smart Sensor



Programmable Logic Controller



AOI

(Automated Optical Inspection System)



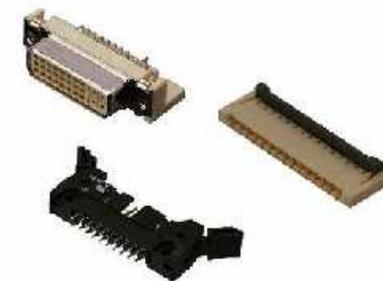
Segment Information

ECB (Electronic Components Business)

Manufacturing and sales of electronic components for home appliances, communications, mobile phones, amusement components, OA Relays, Switches, Connectors, Sensors, Micro Lens Arrays, Customized ICs, IC Coins, Optical Communications Devices, etc.

Sales: ¥97.7b ; Operating margin : 11.5%
LCD Backlight and Amusement business faced difficult conditions, overseas sales was not achieved vs. original budget also

Connector



Relay



B-MLA



(billion yen)

ECB	FY2004 (1)	FY2005 (2)	YoY Change (2)/(1)	FY2005 Original target (3)	Change from Original target (2)/(3)
Japan	51.8	45.0	86.9%	55.0	81.9%
Overseas	49.3	52.7	106.7%	59.0	89.3%
North America	9.5	9.9	104.3%	10.1	98.0%
Europe	12.0	12.5	104.5%	13.3	94.1%
Asia	5.6	6.3	112.3%	6.4	98.0%
China	11.6	14.5	125.7%	18.5	78.5%
Exports	10.7	9.5	88.1%	10.7	88.5%
Total	101.1	97.7	96.6%	114.0	85.7%
Operating income	16.1	11.2	69.7%	16.0	69.9%

AEC (Automotive Electronic Components Business)

Manufacturing and sales of automotive electronic components

Automotive Relays, Sensors, Laser Radars, Power Window Switches, Keyless Entry Systems, ECU, etc.

Sales : ¥77.6b ; 20% increase YoY Change, but Operating income was negative due to increasing cost for production process improvement in North America

(billion yen)

AEC	FY2004 (1)	FY2005 (2)	YoY Change (2)/(1)	FY2005 Original target (3)	Change from Original target (2)/(3)
Japan	26.0	27.2	104.8%	28.0	97.3%
Overseas	38.6	50.4	130.6%	44.0	114.4%
North America	21.0	28.8	136.9%	24.4	118.1%
Europe	5.4	6.2	115.7%	6.4	97.4%
Asia	11.9	15.1	127.6%	13.1	115.5%
China	0.0	0.1	-	0.1	132.0%
Exports	0.3	0.0	15.7%	0.0	-
Total	64.6	77.6	120.2%	72.0	107.8%
Operating income	-0.9	-2.0	-	2.5	-

Automotive Relay



Switch for Power Windows



Automotive Laser Radar



Segment Information

SSB (Social Systems Business) *

Manufacturing and sales of equipment/modules, and provision of solutions and services in the fields of public transportation and traffic/road management

Public Transportation : Passenger Gates, Ticket Vending machines, etc.

Traffic/Road Management, Signal Controllers, Road Management Systems, etc.

Automated Passenger Gates



Sales : ¥91.8b ; Operating margin : 4.8%
Both sales and operating income exceeded original target

Ticket Vending Machine



Traffic/Road Management System



(billion yen)

SSB	FY2004 (1)	FY2005 (2)	YoY Change (2)/(1)	FY2005 Original target (3)	Change from Original target (2)/(3)
Japan	108.6	90.5	83.3%	88.0	102.8%
Overseas	6.6	1.3	20.3%	3.0	44.5%
North America	0.2	0.2	96.4%	0.9	20.6%
Europe	0.4	0.0	0.0%	0.0	-
Asia	0.0	0.0	-	0.0	-
China	0.0	0.0	-	0.0	-
Exports	6.0	1.1	19.1%	2.1	54.4%
Total	115.2	91.8	79.7%	91.0	100.9%
Operating income	6.4	4.4	68.9%	3.0	147.8%

*Results for the year ended 3/2005 include an actual performance of the ATM business.

Segment Information

HCB (Healthcare Business)

Manufacturing and sales of home and professional healthcare equipment

Digital Blood Pressure Monitors, Digital Thermometers, Pedometers, Body Composition Analyzers (Body-fat Analyzers), Electronic Pulse Massagers, Massage Chairs, etc.

Sales : ¥61.1b ; Operating margin : 14.2%
Main factor increasing sales is merger of CMT(COLIN Medical Technologies) *

Blood Pressure Monitor



Body Composition Analyzer



Portable ECG



(billion yen)

HCB	FY2004 (1)	FY2005 (2)	YoY Change (2)/(1)	FY2005 Original target (3)	Change from Original target (2)/(3)
Japan	23.1	30.3	131.6%	25.0	121.3%
Overseas	27.5	30.8	111.7%	29.0	106.1%
North America	14.6	15.4	105.6%	15.0	102.7%
Europe	8.9	10.6	119.4%	8.9	118.9%
Asia	1.4	1.6	116.3%	1.5	108.7%
China	2.6	2.9	114.1%	3.3	88.1%
Exports	0.1	0.2	180.8%	0.3	78.3%
Total	50.6	61.1	120.8%	54.0	113.1%
Operating income	7.6	8.7	113.5%	8.5	101.8%

*Results for the year ended 3/2006 include an actual performance of the CMT (9 months July, 2005 – March, 2006).

Consolidated Balance Sheet

**Due to return of substitutional portion, other liabilities (including termination and retirement benefit) substantially decreased and shareholders' equity increased.
Shareholders' equity ratio increased from 52.2% at previous year-end to 61.6%**

(billion yen)

Consolidated B/S	As of 3/31/2004	As of 3/31/2005	As of 3/31/2006
Total Assets	592.3	585.4	589.1
Cash and cash equivalents	95.1	80.6	52.3
Notes and accounts receivable - trade	122.1	121.7	136.3
Inventories	70.3	68.6	75.0
Other current assets	28.8	25.0	28.8
Other assets	276.0	289.5	296.7
Total Liabilities	317.6	279.6	226.2
Short-term debt	45.5	22.9	2.8
Long-term debt	11.2	1.8	1.0
Other liabilities	260.9	254.9	222.4
Shareholders' Equity	274.7	305.8	362.9

Net cash used in investing activities increased ¥6.9b from the previous fiscal year due to investments for the future and business acquisitions

(billion yen)

	As of 3/31/2004	As of 3/31/2005	As of 3/31/2006
Net cash provided by operating activities	80.7	61.1	51.7
Net cash used in investing activities	-34.5	-36.1	-43.0
Free cash flow	46.2	25.0	8.7
Net cash used in financing activities	-28.1	-40.7	-38.3
Effect of exchange rate changes	-2.9	1.2	1.3
Net increase (decrease)	15.1	-14.4	-28.3
Cash and cash equivalents at end of the period	95.1	80.6	52.3

3. Business Plan for the year Ending March 31, 2007



FY 2006 Policy

**“Accelerated Growth with an Upswing in Income:”
Closing in on March 2008 growth target ahead of schedule**

Basic stance

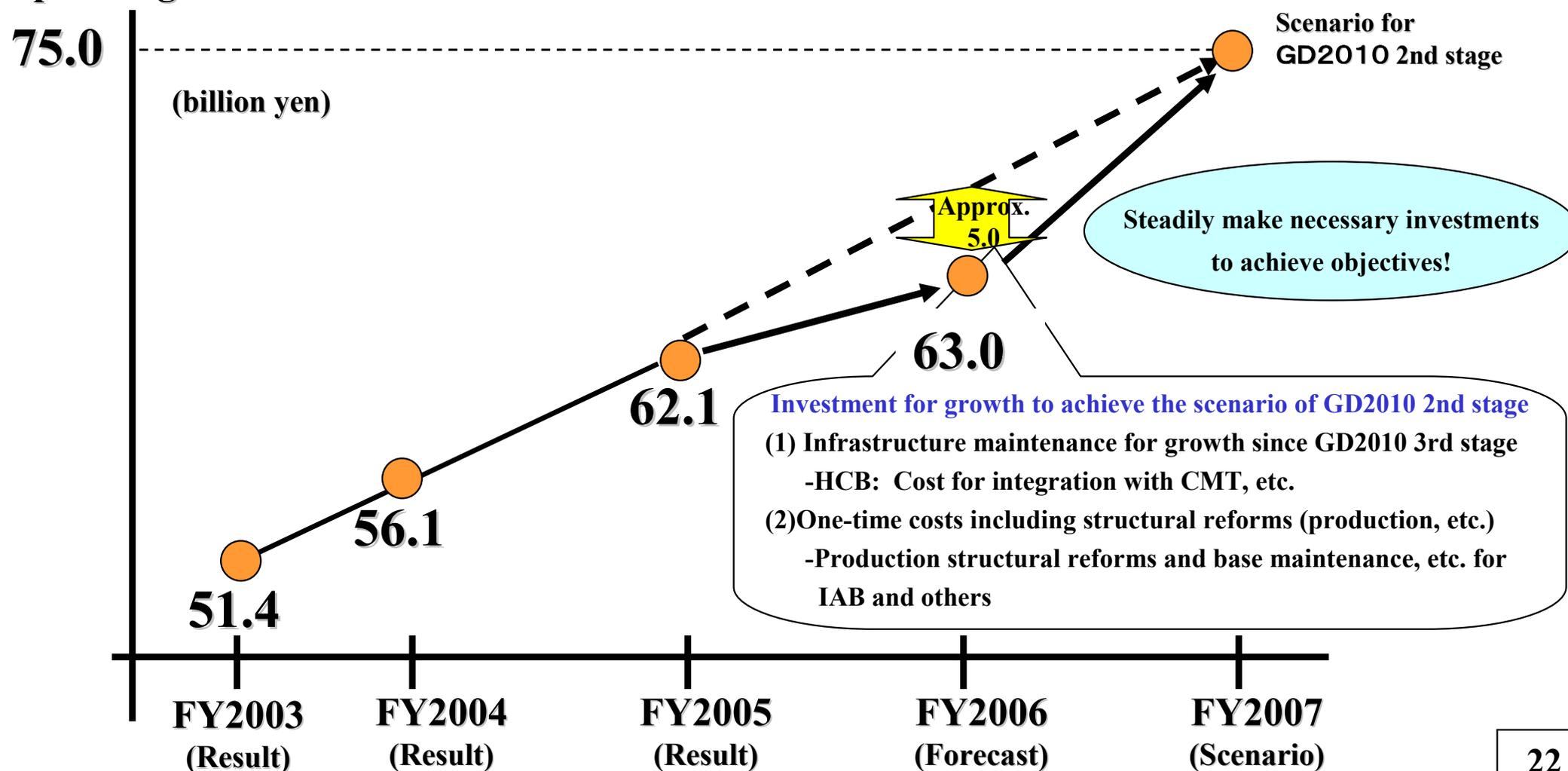
- **Year ending March 2007 is final milestone toward achieving 2nd phase objectives of Grand design 2010 (GD2010)***
- **Steadily make necessary investments to achieve GD2010 objectives, premised on absorbing impact of gain on return of substitutional portion of pension fund and securing increased income**

Results scenario for March 2008 : Net sales ¥750 b or more; Operating income ¥75b or more

*Grand Design 2010 (GD2010) : Long-term management vision for the 10 years from April 2001 to March 2011

Slight slowdown in operating income growth due to continuation of investments for growth, including one-time expenses of structural reforms, heading toward the final year of the 2nd phase of GD2010

Operating income



Operating Environment

IAB	<ul style="list-style-type: none">• No major change in auto industry's desire to invest. Continued expectation of aggressive investment by IT-related industries• Increased investment to upgrade existing facilities. Growth expected due to quality, safety and environment-related issues.
ECB	<ul style="list-style-type: none">• Industrial components sector firm overall, with growth expected for flat-screen TVs in consumer and commerce sector• Communications strong in Europe and U. S. , mobile phone-related growth in Chinese market, market stimulation in Japan with terrestrial digital TV, etc.
AEC	<ul style="list-style-type: none">• Global trend toward increase of production quantity and electronics content ratio in automobiles• Expected growth of module business with safety, reliability as keywords
SSB	<ul style="list-style-type: none">• Sales growth forecast for public transportation business with full-scale standardization of IC cards in Kanto area in Japan• Expected expansion in new business fields such as security
HCB	<ul style="list-style-type: none">• Substantial growth expected for blood pressure monitors in Japan, Europe and China• Substantial growth expected from body composition analyzers, growth expected for new categories (Portable ECG, etc.)

Forecast of Consolidated Statements of Operations

Aiming to set new records for net sales and income with fifth consecutive annual increase in sales and income, focusing investment on growth to achieve March 2008 income forecast

Assumption: The PL influence of two M&A matters already announced isn't included

(billion yen)

	FY2004	FY2005	FY2006 Forecast	YoY Change %
Net sales	608.6	626.8	700.0	111.7%
Gross profit	249.8	253.4	282.0	111.3%
SG&A	144.2	152.7	163.5	107.1%
R&D	49.4	50.5	55.5	109.9%
'Daikohenjyo'	--	11.9	--	--
Operating income	56.1	62.1	63.0	101.4%
Non-operating profit and loss	3.6	-2.2	* -2.0	90.9%
NIBT	52.5	64.4	65.0	101.0%
NIAT	30.2	35.8	37.5	104.9%
ROE	10.4%	10.7%	11.0%	+0.3
<Currency Rate>				
USD	107.3	113.4	110.0	-3.4
EUR	135.0	138.2	135.0	-3.2

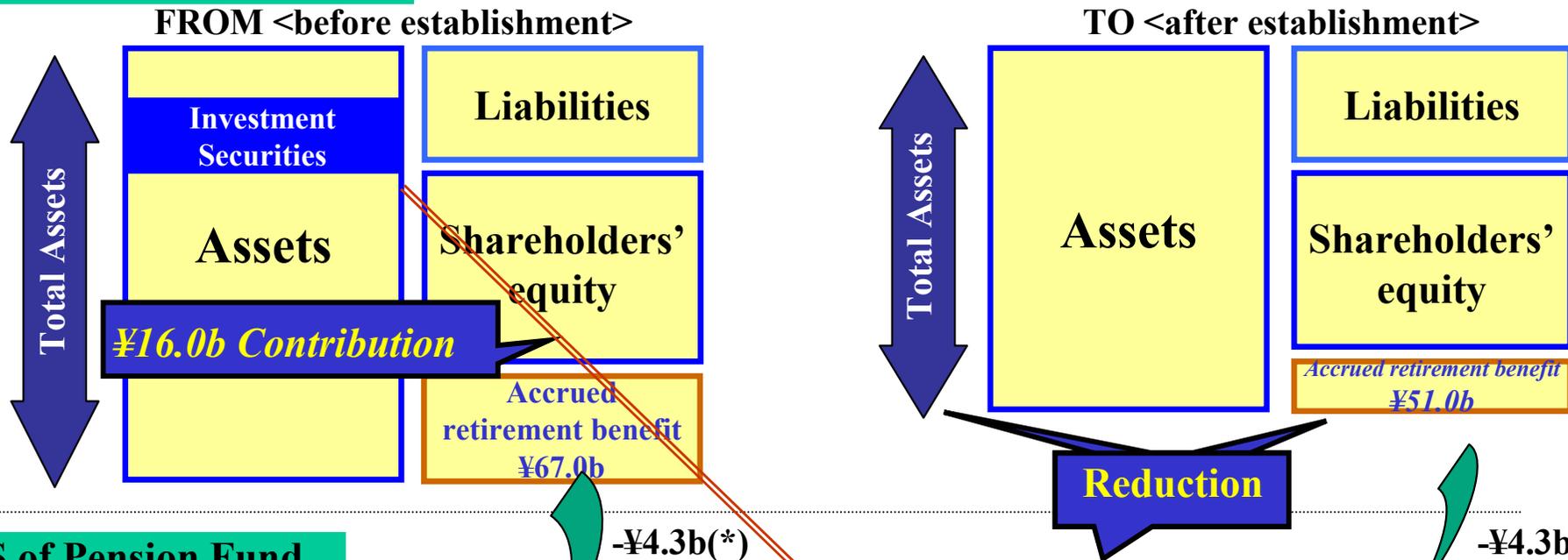
*Non-operating profit and loss: Including profit and loss as follows

- (1) Profit from establishing securities-based employee retirement benefit trust (¥10.1b) -> Refer to next page
- (2) Cost from transferring capital asset of Tokyo headquarters and sales office

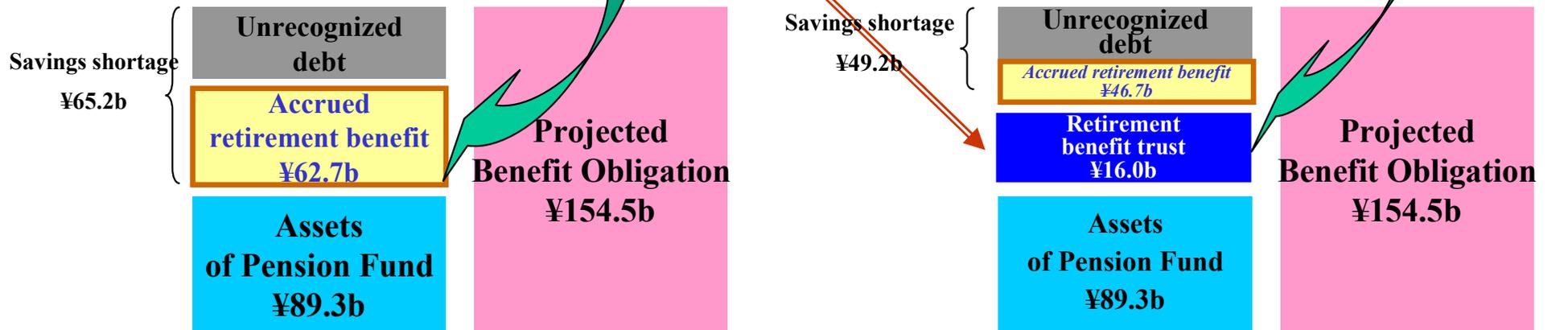
Projected Changes in Consolidated Balance Sheets

**Take investment securities off balance sheet with establishment of retirement benefit trust.
Improve balance sheet by reducing total group assets and reduce pension funding shortfall**

Consolidated B/S of OMRON



B/S of Pension Fund



(*) Excluding the influence of consolidated subsidiaries which are unjoining the pension system

Forecast for Capital Expenditures and Depreciation

**Strengthening of core businesses including IAB.
Aggressive investment in ECB, which has many growth areas**

(billion yen)

	FY2004	FY2005	FY2006
IAB	8.8	10.2	11.0
ECB	9.1	7.2	12.0
AEC	7.6	11.9	9.0
SSB	4.1	4.3	4.0
HCB	2.1	1.5	2.0
Other	5.8	6.0	7.0
Total capital expenditures	37.4	41.1	45.0
Depreciation	28.6	30.8	33.0

Growth rate 112% (106% in Japan; 119% overseas)
By segment, ECB and AEC expected to grow more than 10%

(billion yen)

By Region	FY2004	FY2005	FY2006 Forecast	YOY Change %
Japan	366.1	354.9	376.5	106.1%
Overseas**	242.5	271.9	323.5	119.0%
Total	608.6	626.8	700.0	111.7%

**Overseas includes direct exports

By Business	FY2004	FY2005	FY2006	%
IAB	250.3	272.7	298.0	109.3%
ECB	101.1	97.7	121.5	124.4%
AEC	64.6	77.6	91.0	117.3%
SSB	115.2	91.8	99.0	107.8%
HCB	50.6	61.1	66.5	108.9%
Others	26.8	25.9	24.0	92.5%
Total	608.6	626.8	700.0	111.7%

**IAB to remain strong, earnings of ECB and AEC to recover
Aim to set new record**

(billion yen)

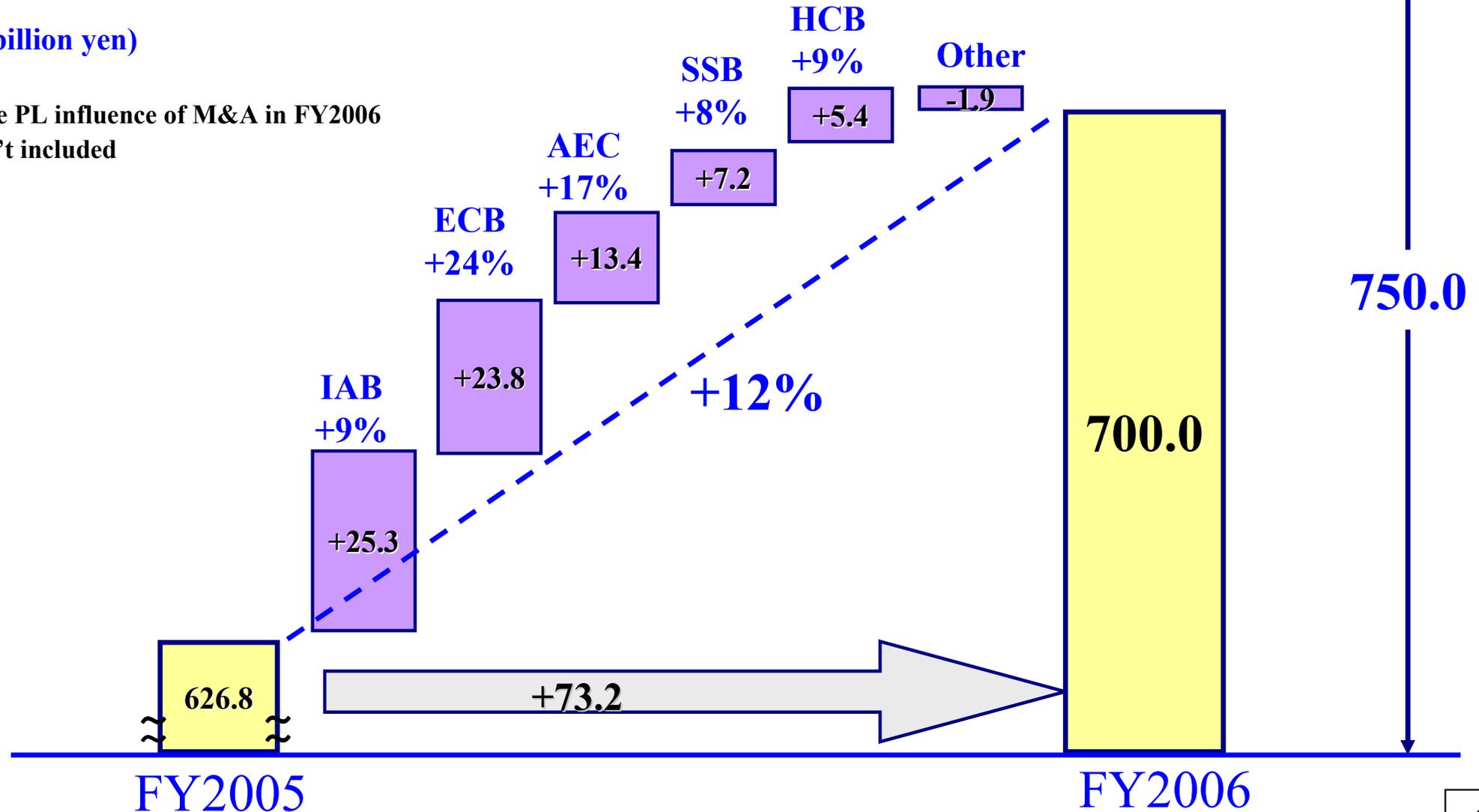
By Business	FY2004	FY2005	FY2006 Forecast	YoY Change %
IAB	41.4	41.9	48.0	114.5%
ECB	16.1	11.2	14.5	129.6%
AEC	-0.9	-2.0	3.0	-
SSB	6.4	4.4	6.0	135.3%
HCB	7.6	8.7	8.5	98.2%
Others	3.8	1.7	0.5	29.9%
HQ Cost/Eliminations	-18.4	-15.7	-17.5	111.4%
'Daikohenjyo'	--	11.9	--	--
Total	56.1	62.1	63.0	101.4%

Breakdown of Increase in Operating Income (by Business)

Aggressive sales forecast for each segment.
Within range of March 2008 target of ¥750b

(billion yen)

The PL influence of M&A in FY2006
isn't included



By Business

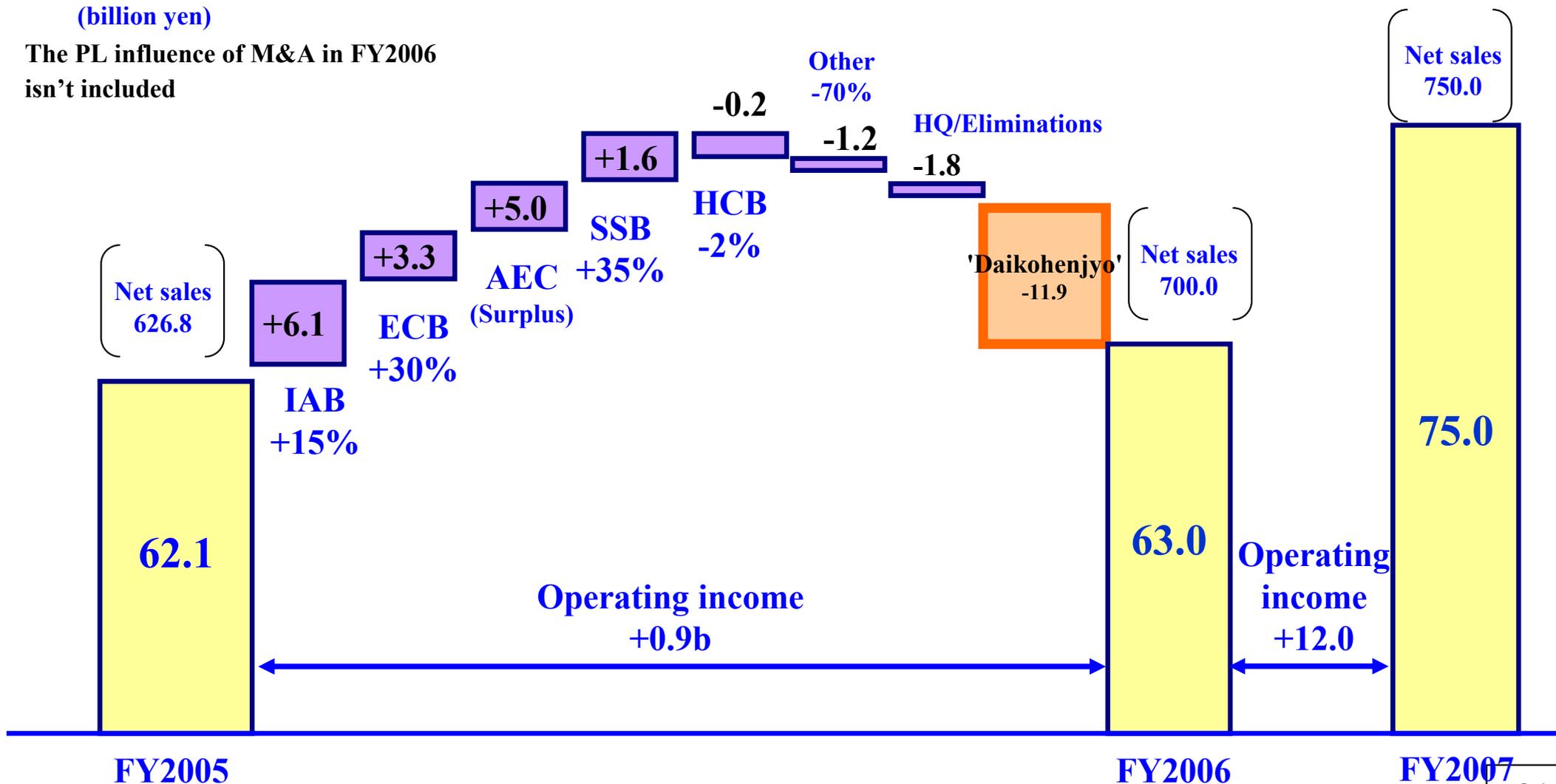
IAB	<ul style="list-style-type: none"> ▪ Strengthen proposal-based sales capability. Particular focus on AOI (Automated Optical Inspection), safety components and application sensor businesses. By region, full-fledged growth expected in China.
ECB	<ul style="list-style-type: none"> ▪ Focus on large-scale and small-scale backlight business, where strong growth is expected ▪ Expansion of Amusement's systems and components business expected.
AEC	<ul style="list-style-type: none"> ▪ Focus on products in new fields from the standpoint of safety. Expected growth of components in favorable operating environment. ▪ Expected sales growth in China, where new production bases have been established.
SSB	<ul style="list-style-type: none"> ▪ In station management field, peak year of shift to IC cards in Kanto. Sales increase forecast from renewal/conversion of equipment, change of software. ▪ Focus on businesses in the new field of security.
HCB	<ul style="list-style-type: none"> ▪ Focus on high blood pressure and obesity prevention and treatment business under mission of prevention and early detection of lifestyle-related diseases. ▪ By area, focus on China and Russia. Substantial growth expected of blood pressure monitors in Japan, Europe, China.

Breakdown of Increase in Operating Income (by Business)

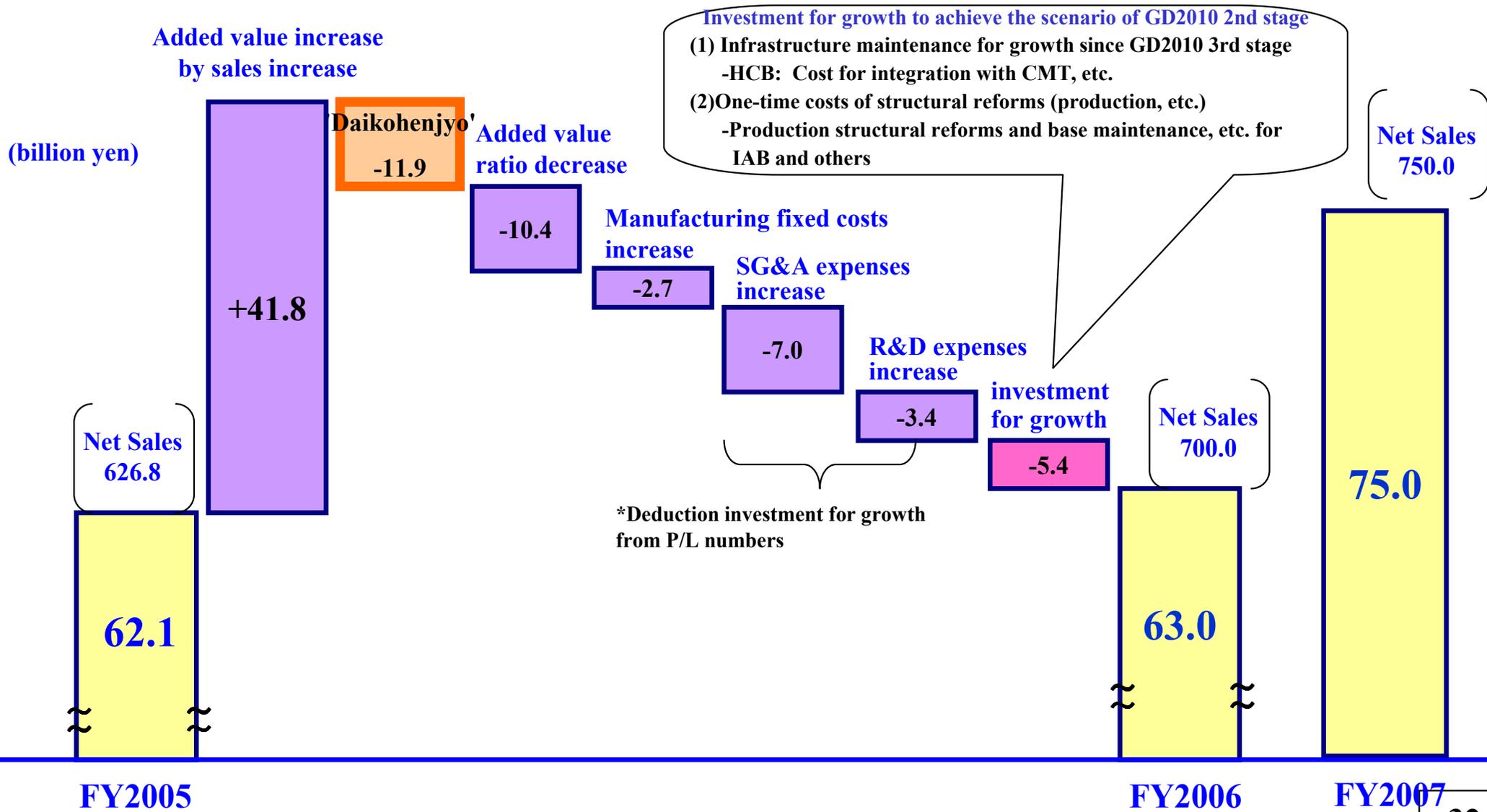
**Substantial income growth for IAB, ECB and AEC.
Investment for achievement of March 2008 and securing profit increase**

(billion yen)

The PL influence of M&A in FY2006
isn't included



Large increase in SG&A and R&D expenses due to aggressive investment for growth.



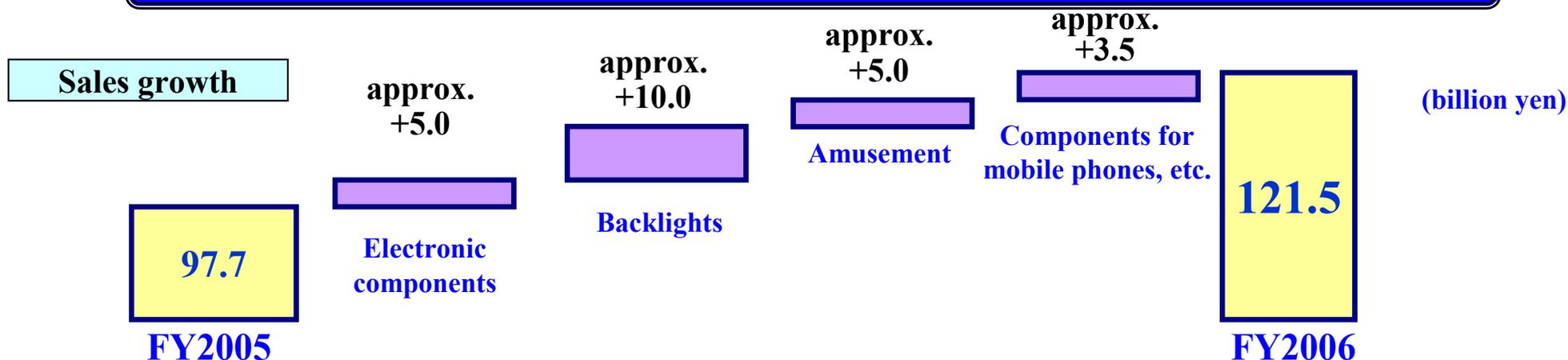
Aggressive Investment for Growth (by Business)

By Business

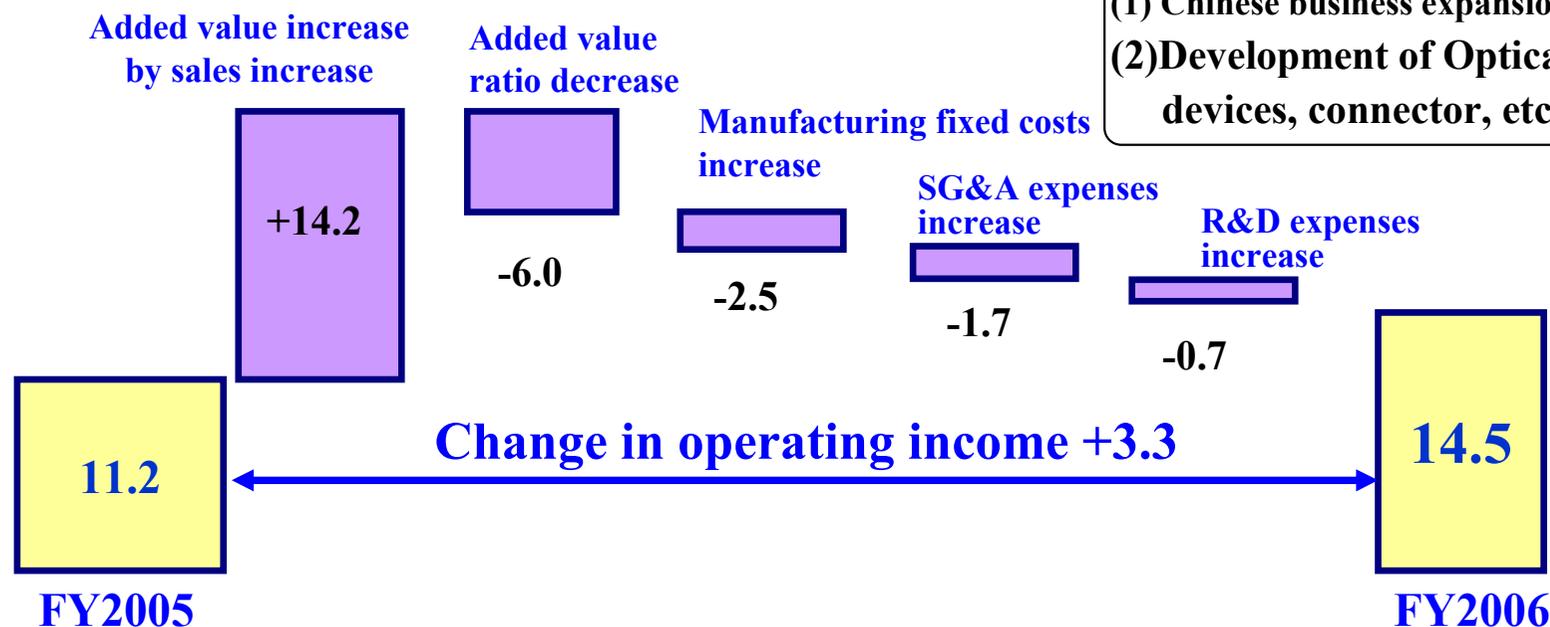
IAB	<ul style="list-style-type: none">▪ One-time expenses of structural reform (production consolidation), establishment of Global Service Center, etc.▪ Investment in “growth” businesses (PLC, AOI, safety components, etc.)
ECB	<ul style="list-style-type: none">▪ Expansion of China business and Connector business, etc .▪ Development of connectors, optical communication devices, relays, backlights, etc.
AEC	<ul style="list-style-type: none">▪ Strengthening development of “growth” products (laser radar devices, electric power steering controllers, etc.) (Top priority on earnings recovery, centered on improved earnings at North American production bases)
SSB	<ul style="list-style-type: none">▪ One-time costs of fixed-expense structural reform (employee reassignment) (Top priority on earnings improvement)
HCB	<ul style="list-style-type: none">▪ New category market introduction expenses, development cost etc.▪ Marketing and infrastructure expenses, etc., for “growth” categories

Forecast of ECB Sales Growth and Operating Income

Recovery of backlight and amusement businesses

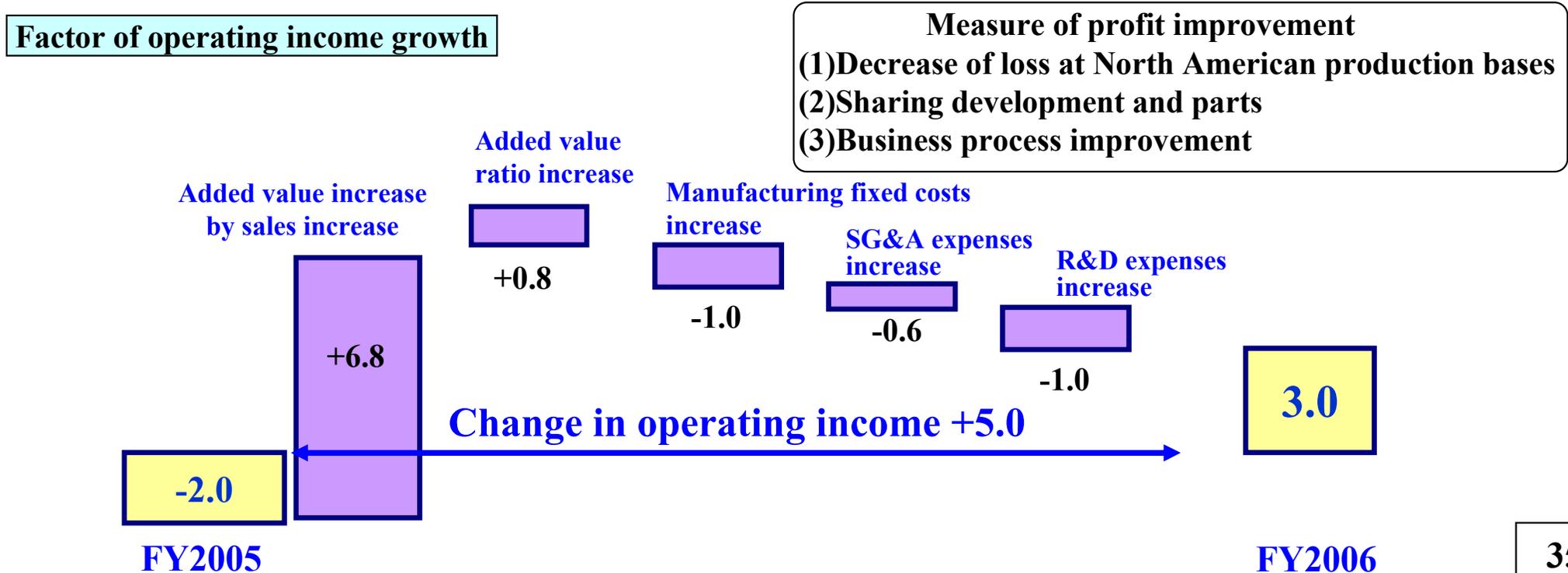
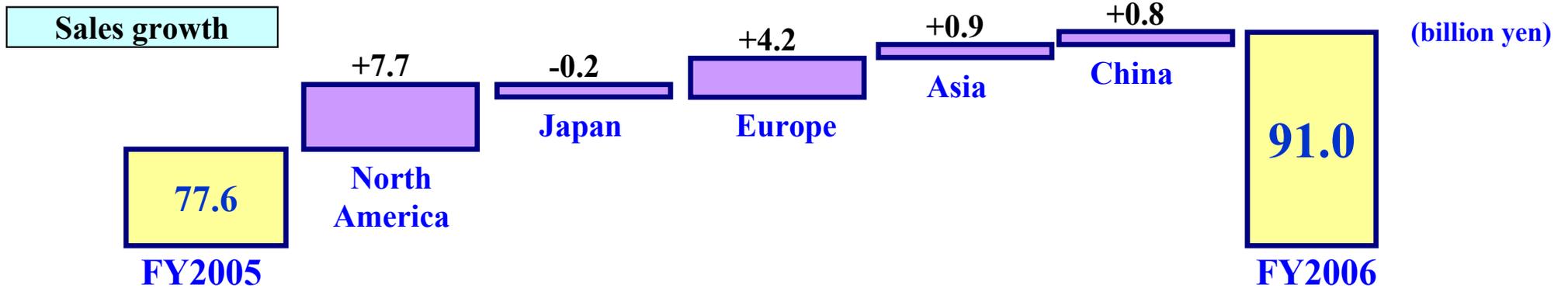


Factor of operating income growth



Positively execute investment for growth
 (1) Chinese business expansion
 (2) Development of Optical communication devices, connector, etc.

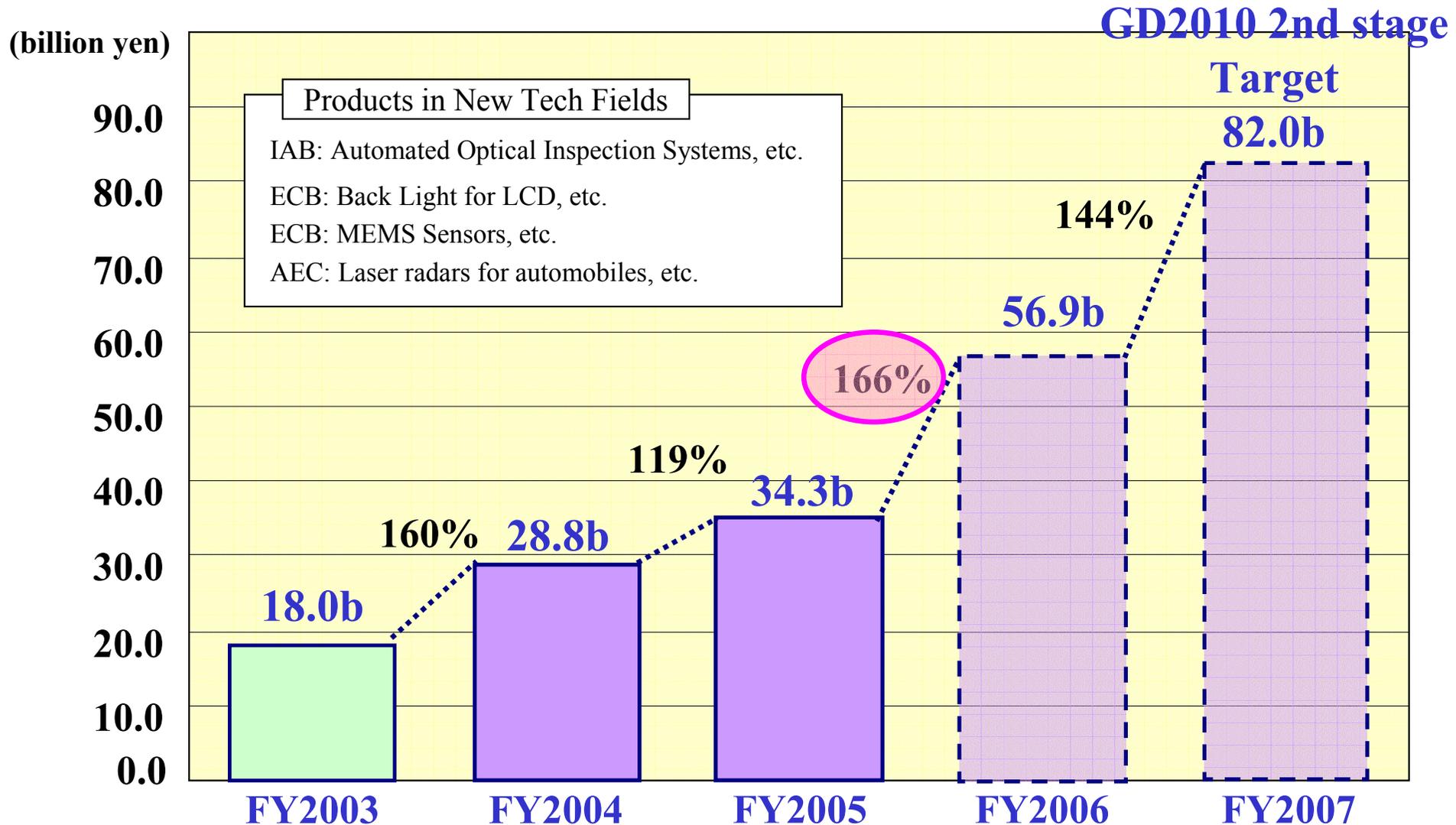
Strengthening of North American production base



Progress of Key Strategic Themes

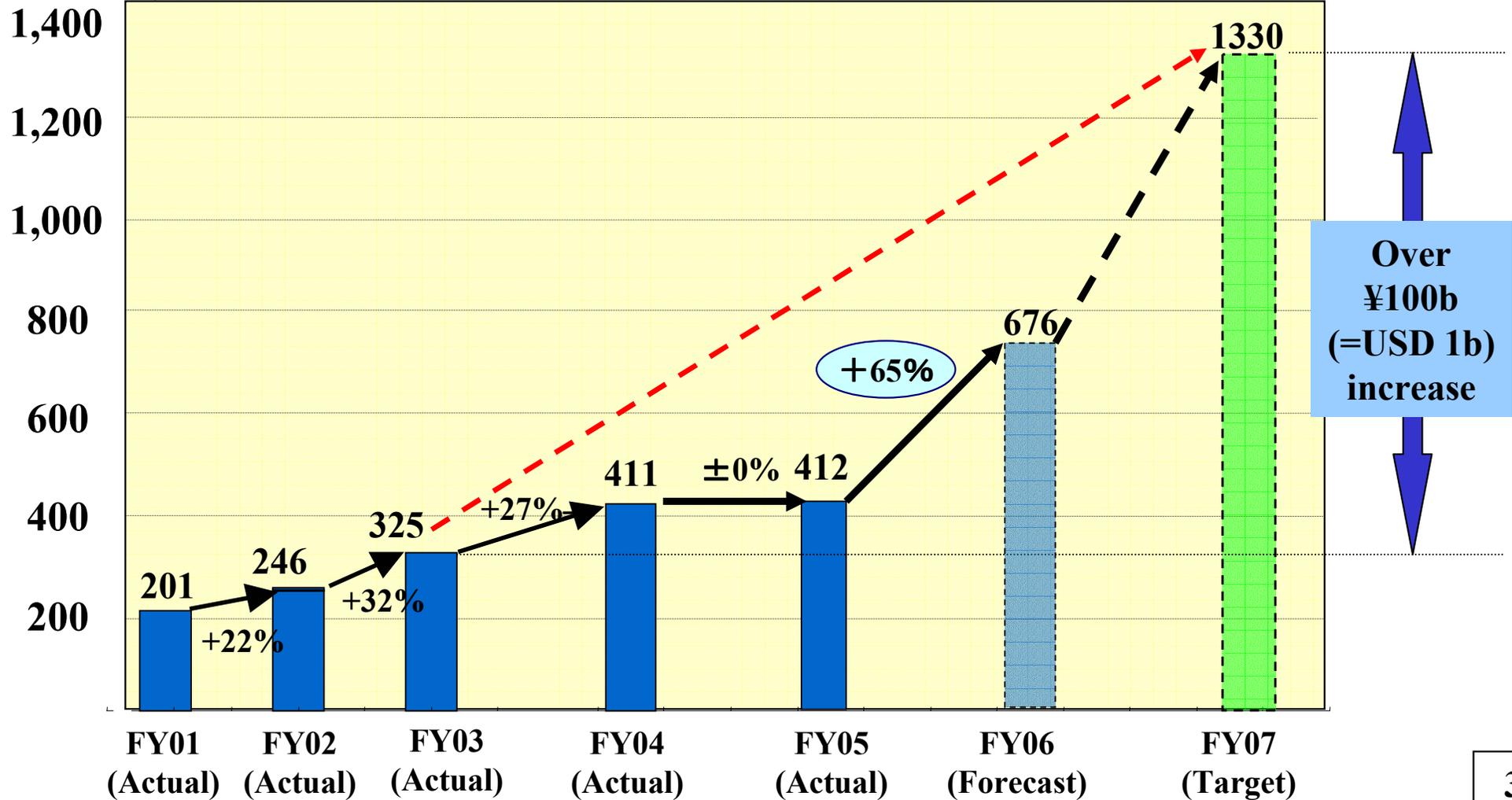
(1) Sales Growth in New Tech Fields

**Raised March 2008 target to ¥82.0b from initial ¥68.0b.
Aiming for 166% growth, which is ¥56.9b in March 2007.**



FY07 target of 1,330mUSD incl. M&A unchanged

(million USD)

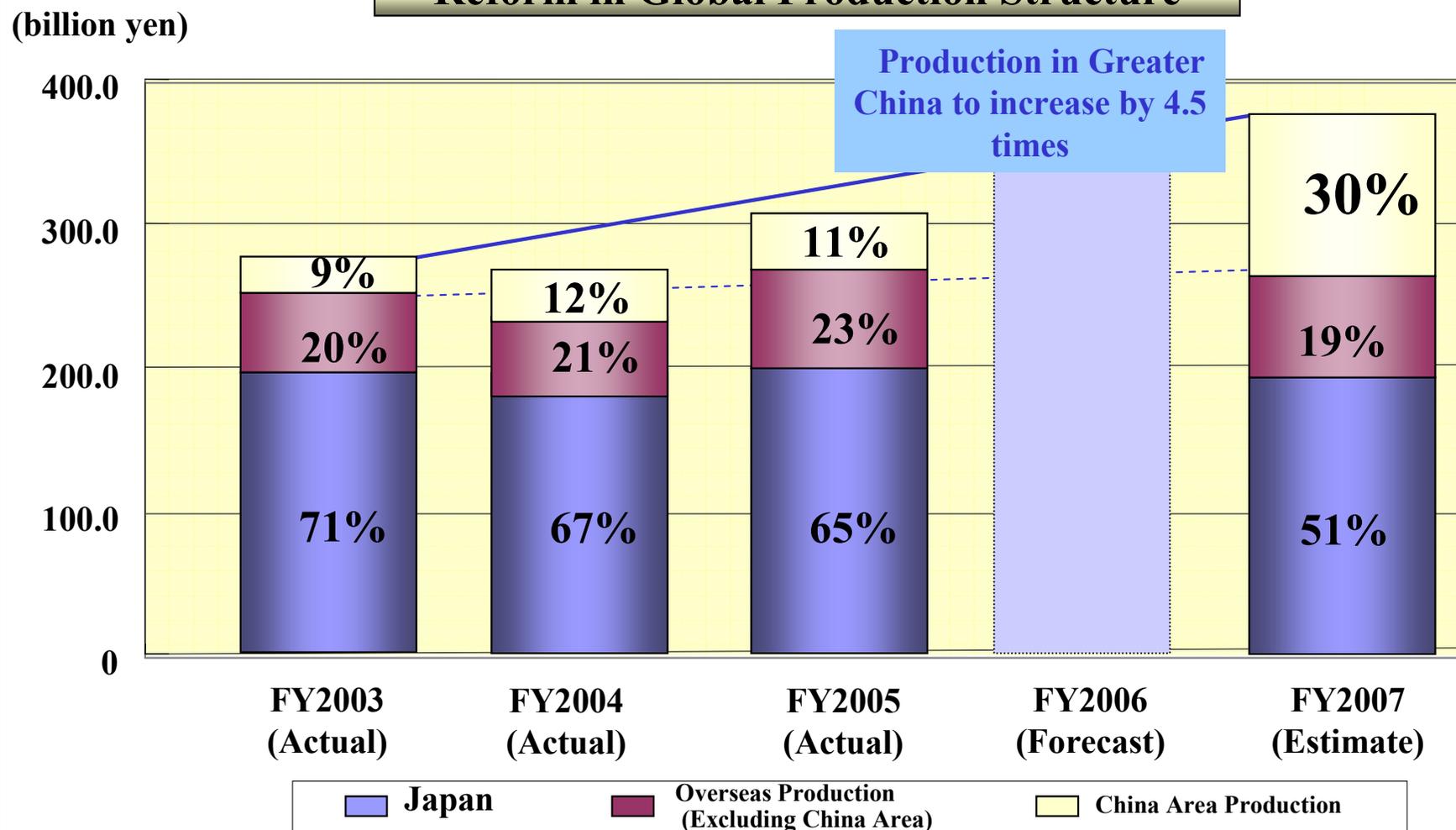


Progress of Key Strategic Themes

(3) Global Production Reform

Ongoing shift of production to Greater China to achieve targeted 15% manufacturing fixed expense ratio
Greater China production ratio continued to increase in FY2006; will reach about 30% in FY2007

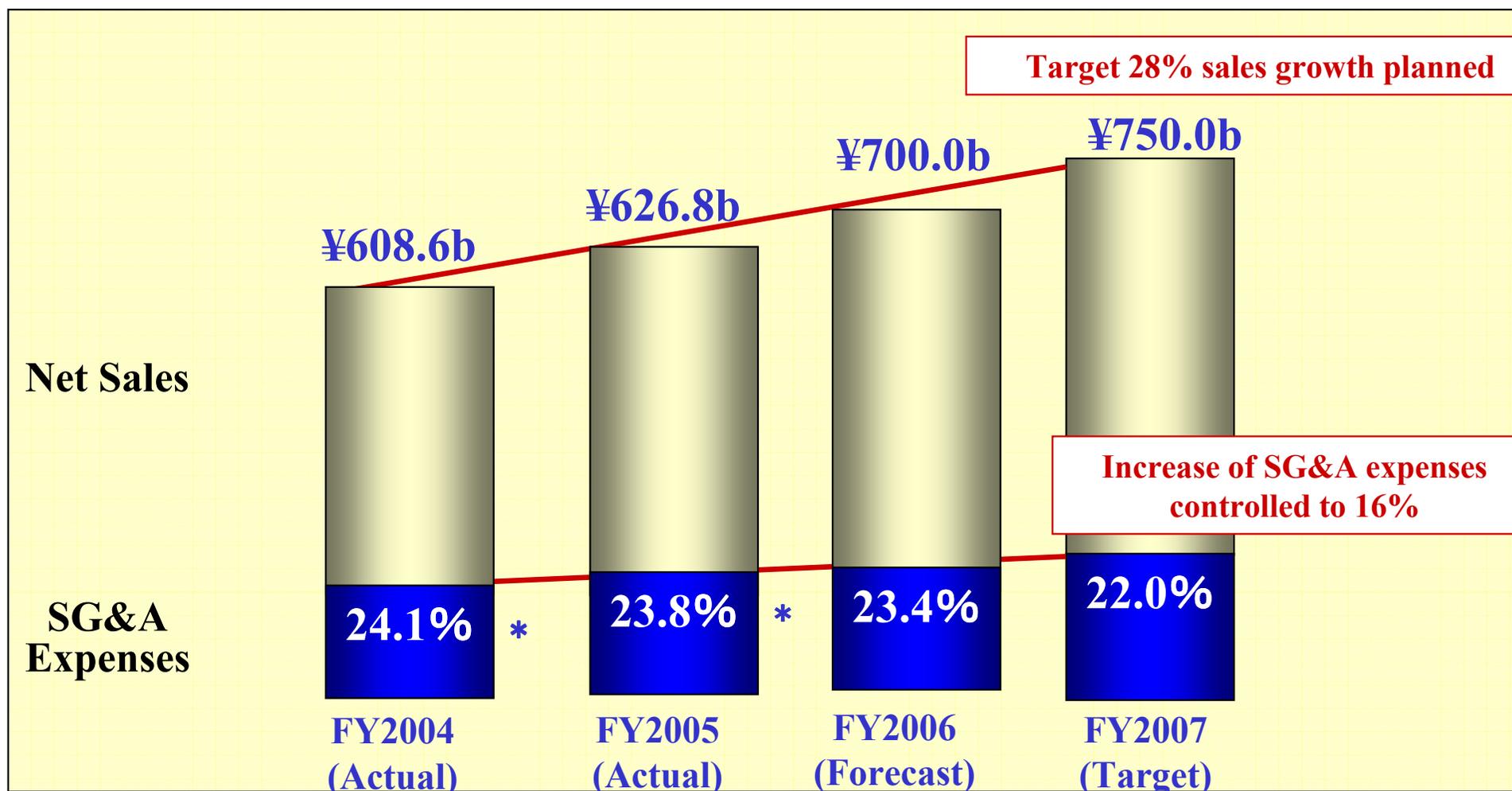
Reform in Global Production Structure



Progress of Key Strategic Themes

(4)SG&A Expenses Reform

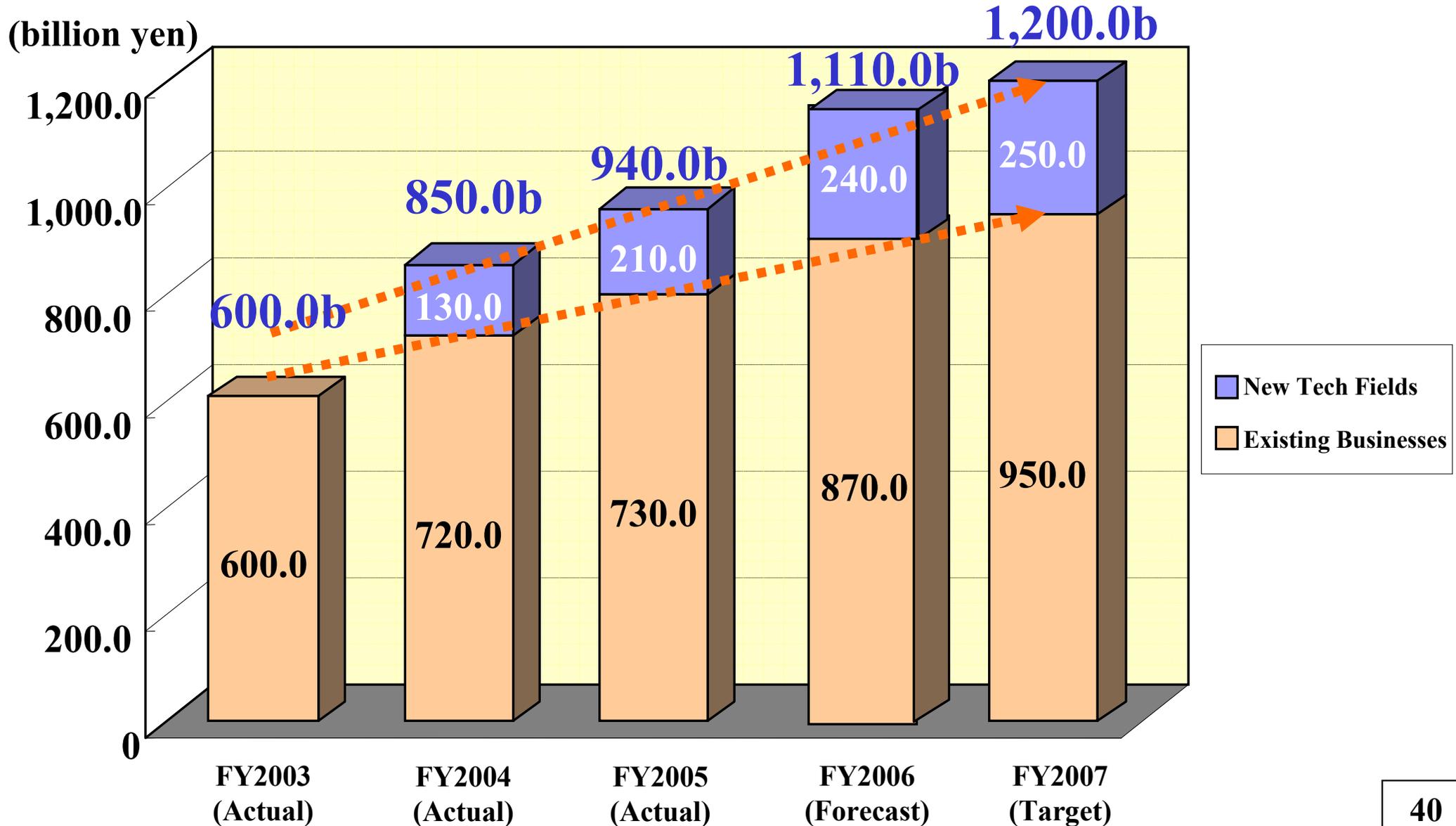
**Continuously control SG&A costs at offices and headquarters
to achieve the target of 22% SG&A expense ratio**



- Excluding extraordinary factors of ATM business and response to hazardous chemical substance regulations in FY2004
- Excluding extraordinary factor of response to hazardous chemical substance regulations in FY2005

Progress of Medium-Term Plan “Double the Total Business Value”

**Grand Design target in Business value (internal calculation) will be within reach
with the result of March 31, 2007**





4. Basic Policy on Distribution of Profits



Basic Policy on Distribution of Profits

**Omron will increase cash dividends for FY 2005 to 30 yen per share.
Expect to keep cash dividends at 30 yen per share in FY 2006.**

<Basic Policy on Distribution of Profits>

1. Place top priority internal funds for growth investments to raise corporate value
2. Return surplus earnings to shareholders as much as possible after considering the free cash flow level
3. Target payout ratio of approx. 20% of consolidated net income for annual dividends; however, in the event of a downturn in results, maintain a stable, long-term annual dividend of ¥10
4. Over the long-term, use retained earnings to flexibly provide returns to shareholders, including share repurchases

