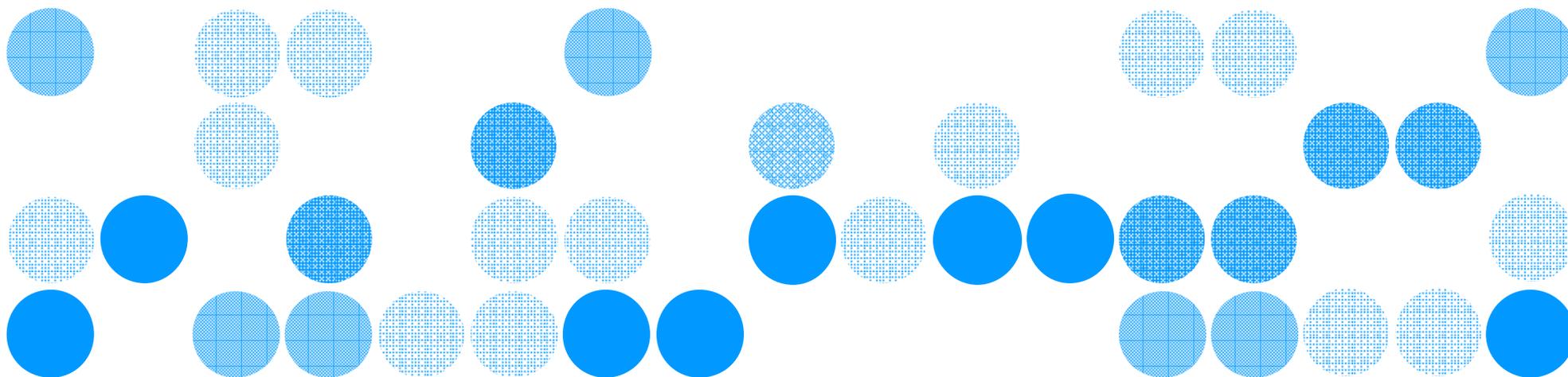
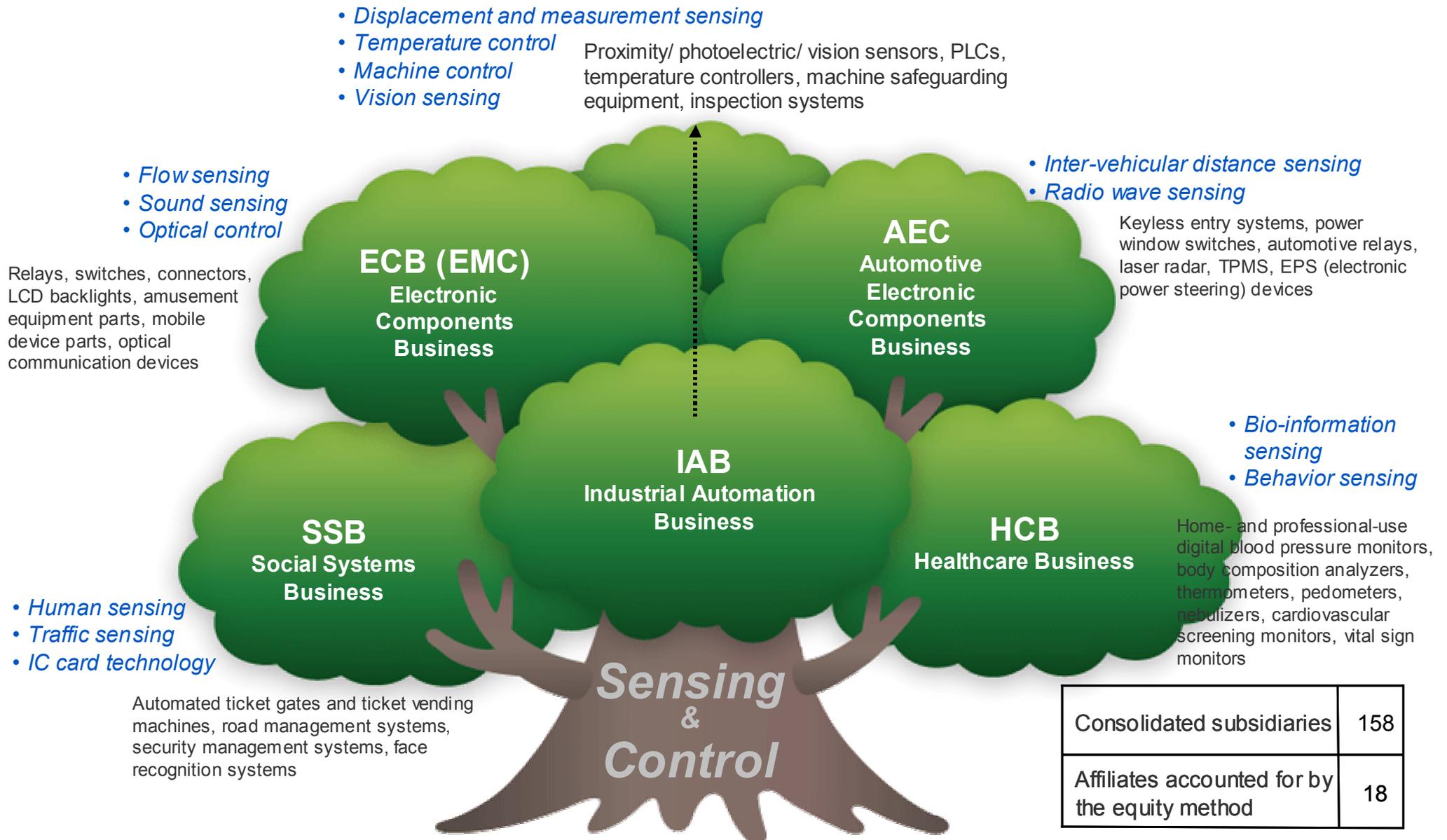


Financial Results for the Second Quarter Ended September 30, 2009





Consolidated subsidiaries	158
Affiliates accounted for by the equity method	18

(as of September 30, 2009)

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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 fund-raising 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. 131, "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.

FY09 Q2 Results

- Sales and operating income bottomed out in Q1, leading to recovery trend in Q2.
- Sharp YoY drop in both sales & operating income, but results exceeded initial plan.
- Positive operating income achieved in Q2 alone due to effect of emergency measures and other factors.
- BEP in Q1-Q2 improved by approx. 25% YoY.

(Consolidated)	FY09 Q1-Q2		Initial plan	vs. plan (%)
	Actual	YoY		
Net sales	¥232.4 bn	65.5%	¥230.0 bn	101.0%
Operating income	-¥7.7 bn	—	-¥13.0 bn	—
NIBT	-¥9.6 bn	—	-¥14.5 bn	—
Net income (attributable to shareholders)	-¥6.9 bn	—	-¥8.5 bn	—

FY09 Full-year Forecast

- Sales and operating income expected to be in line with initial plan, assuming curtailment of CAPEX in Japan and raw material price hike.

(Consolidated)	FY09		Margin (%)
	Forecast	YoY	
Net sales	¥510.0 bn	81.3%	
Operating income	¥0 bn	—	0.0%
NIBT	-¥3.5 bn	—	—
Net income (attributable to shareholders)	-¥2.0 bn	—	—

* Assumed exchange rates for FY09 Q3-Q4: 1 USD = ¥90; 1 EUR = ¥130
(Initial plan: 1 USD = ¥95; 1 EUR = ¥125)

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➤ Sales and operating income exceeded initial plan in spite of worldwide economic stagnation

(Billions of yen)

P/L	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	FY09 Q1-Q2 Plan	YoY	vs. plan
Net sales	232.4	354.7	230.0	65.5%	101.0%
Gross profit	75.6	130.5	73.0	58.0%	103.6%
SG&A	65.7	86.8	66.5	75.8%	98.8%
R&D	17.6	25.1	19.5	70.0%	90.1%
Operating income (loss)	-7.7	186.0	-13.0	—	—
Non-operating income (loss), net	1.9	-0.7	1.5	—	128.7%
NIBT	-9.6	19.3	-14.5	—	—
Net income (loss) attributable to shareholders	-6.9	12.4	-8.5	—	—
< Exchange Rates >				Difference (YoY)	Difference (vs. plan)
USD (Yen)	95.1	105.5	95.0	-10.4	+0.1
EUR (Yen)	132.1	161.8	125.0	-29.7	+7.1

Consolidated Sales by Area/Segment

- **By area: Overseas results exceeded initial plan, domestic results did not.**
- **By segment: ECB, AEC and HCB results exceeded initial plan**

(Billions of yen)					
Area	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	FY09 Q1-Q2 Plan	YoY	vs. plan
Japan	110.6	163.2	116.1	67.8%	95.2%
Overseas*	121.8	191.5	113.9	63.6%	106.9%
Total	232.4	354.7	230.0	65.5%	101.0%
* Includes direct exports					
Business	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	FY09 Q1-Q2 Plan	YoY	vs. plan
IAB	87.4	158.4	90.5	55.2%	96.6%
ECB	55.1	71.8	53.0	76.8%	104.1%
AEC	31.7	50.3	28.4	63.0%	111.7%
SSB	20.7	29.6	22.8	69.9%	90.6%
HCB	29.7	32.7	28.2	90.9%	105.4%
Elimination & Corporate	7.8	11.9	7.1	64.8%	108.6%
Total	232.4	354.7	230.0	65.5%	101.0%

Consolidated Operating Income by Segment

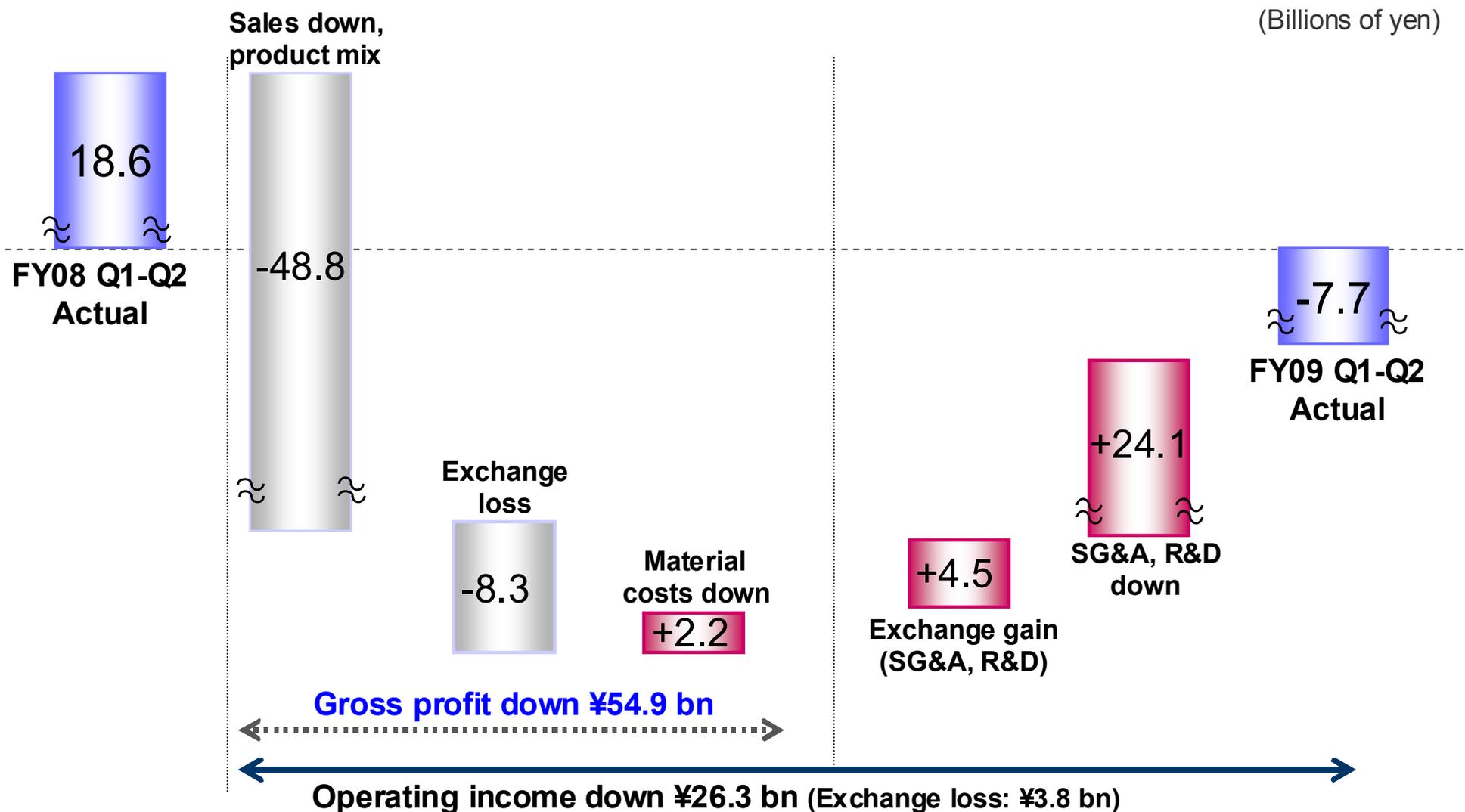
- **HCB: Results exceed both initial plan and YoY figures.**
- **IAB, AEC and SSB: Results exceed initial plan due to suppression of fixed costs.**

(Billions of yen)

Business	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	FY09 Q1-Q2 Plan	YoY	vs. plan
IAB	-0.5	22.1	-1.0	—	—
ECB	-2.0	2.1	-2.0	—	—
AEC	-0.3	-1.7	-0.9	—	—
SSB	-2.6	0	-3.1	—	—
HCB	4.1	3.2	1.6	126.1%	254.5%
Elimination & Corporate	-6.4	-7.1	-7.6	—	—
Total	-7.7	18.6	-13.0	—	—

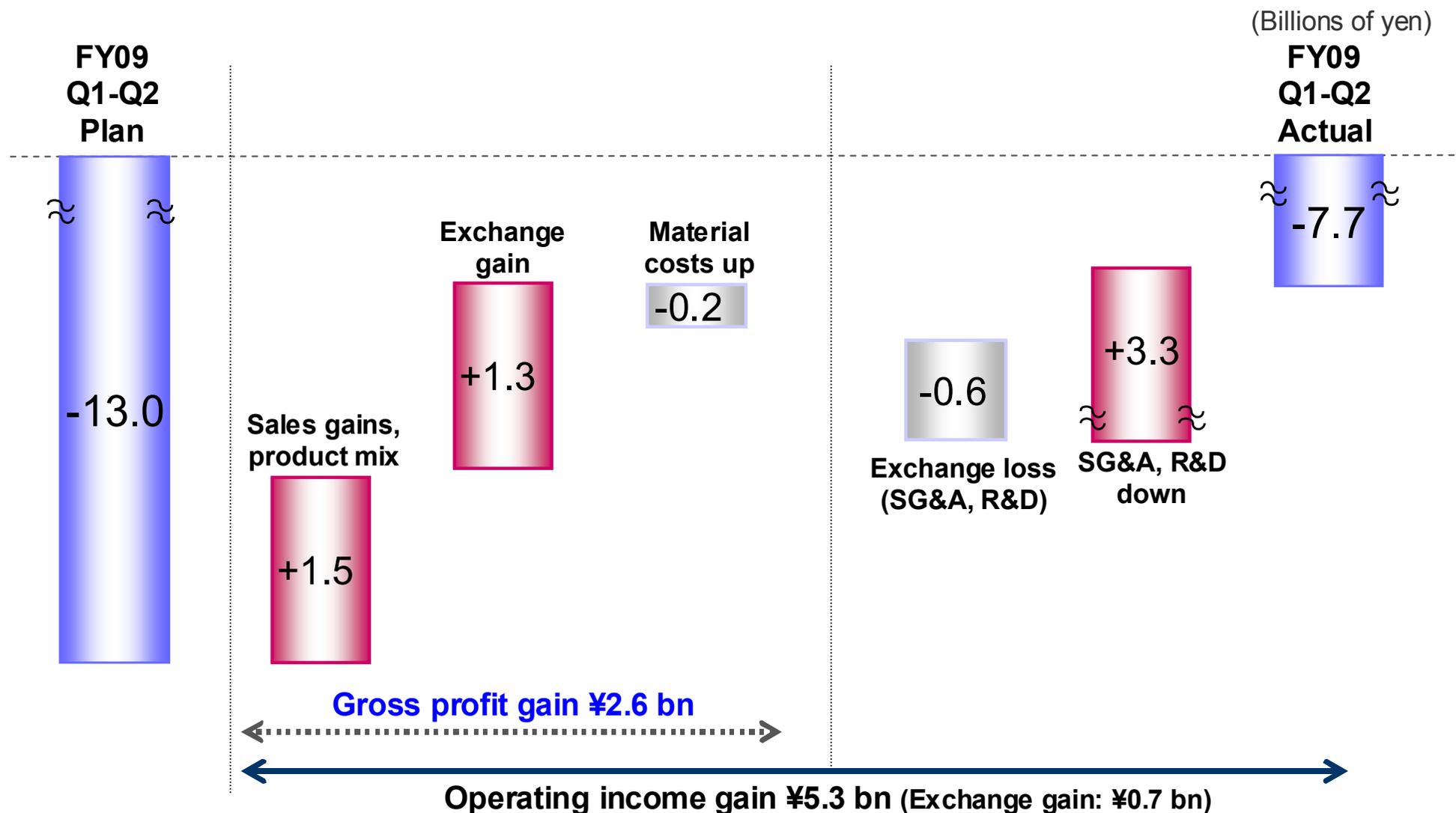
Consolidated Operating Income Analysis (YoY)

➤ Emergency measures (SG&A/ R&D cost reduction) compensate for negative impact of sales decrease and FOREX.



Consolidated Operating Income Analysis (vs. plan)

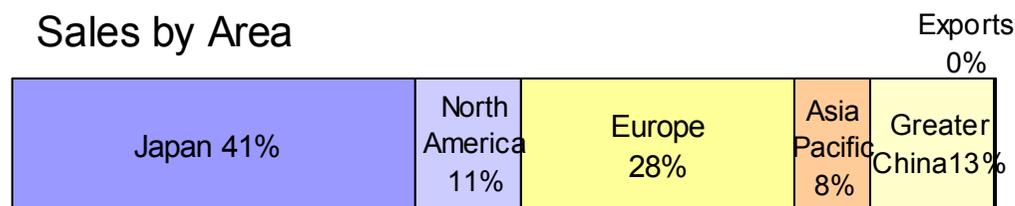
➤ Results significantly exceeded initial plan due to FOREX and thorough implementation of emergency measures (SG&A/ R&D cost reduction).



- Japan: Restraints on production among manufacturers bottomed out in Q1; recovery in demand in Q2 particularly in auto, electronic component and semiconductor industries.
- Overseas: Particularly in China, continuous recovery is likely due to increased domestic consumption leading to improved production capacity utilization rate and increased CAPEX.

IAB	FY09 Q1-Q2	FY08 Q1-Q2	YoY	(Billions of yen)
	Actual	Actual		vs. plan
Japan	35.9	66.2	54.2%	92.0%
Overseas	51.5	92.2	55.9%	100.1%
North America	9.5	17.1	55.1%	81.5%
Europe	24.1	45.7	52.8%	98.3%
Asia Pacific	6.7	10.2	65.6%	91.8%
Greater China	11.2	18.5	60.2%	139.5%
Export	0.1	0.7	21.4%	143.7%
Total	87.4	158.4	55.2%	96.6%
Operating income	-0.5	22.1	—	—
OP margin	—	13.9%	—	—

Sales by Area



Safety components

Programmable controllers



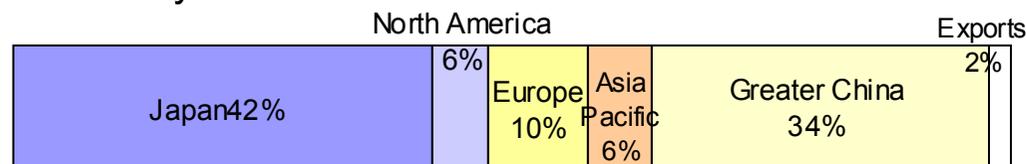
Vision sensors

- Japan: Market for consumer and commercial equipment recovering, but industrial equipment still below expectations.
- Overseas: Demand for commercial equipment is recovering in China and SE Asia.

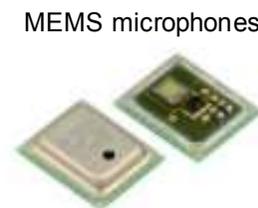
ECB	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	YoY	(Billions of yen) vs. plan
Japan	23.1	30.1	76.9%	100.0%
Overseas	32.0	41.7	76.8%	107.2%
North America	3.1	5.0	63.3%	76.6%
Europe	*5.6	5.9	94.5%	88.2%
Asia Pacific	3.5	5.3	65.9%	106.2%
Greater China	18.7	23.1	80.9%	125.2%
Export	1.2	2.5	47.0%	91.1%
Total	55.1	71.8	76.8%	104.1%
Operating income	-2.0	2.1	—	—
OP margin	—	2.9%	—	—

* Part of AEC's European relay business was transferred to ECB.

Sales by Area



Small-size LCD backlights



MEMS microphones



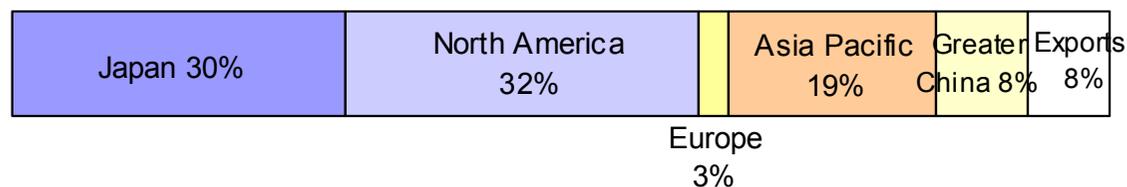
FPC connectors

- Demand recovering in Japan and overseas due to auto purchase stimulus programs.
- Promote shifting to profitable structure through autonomous management.

AEC	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	YoY	(Billions of yen) vs. plan
Japan	9.6	13.8	69.7%	88.2%
Overseas	22.1	36.5	60.5%	126.3%
North America	10.2	18.0	56.7%	93.6%
Europe	* 0.9	6.4	13.9%	112.1%
Asia Pacific	5.9	7.7	76.7%	152.3%
Greater China	2.7	2.8	96.3%	149.0%
Export	2.4	1.5	155.3%	2383.9%
Total	31.7	50.3	63.0%	111.7%
Operating income	-0.3	-1.7	—	—
OP margin	—	—	—	—

* Part of AEC's European relay business was transferred to ECB.

Sales by Area



Electric power steering (EPS) controllers



- Public transportation system business results still down due to economic stagnation and end of a stage of investment in new train lines and adoption of IC cards by railway companies.
- In other businesses, sluggish demand continues due to curtailment of CAPEX in manufacturing, commercial and retail industries.

SSB	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	YoY	(Billions of yen) vs. plan
Japan	20.4	28.7	71.2%	90.1%
Overseas	0.3	0.9	31.1%	206.9%
North America	—	—	—	—
Europe	—	—	—	—
Asia Pacific	—	—	—	—
Greater China	—	—	—	—
Export	0.3	0.9	31.1%	206.9%
Total	20.7	* 29.6	69.9%	90.6%
Operating income	-2.6	0	—	—
OP margin	—	—	—	—

* The electric equipment business is now classified under "Others."

Sales by Area



AFC (automatic fare collection) systems

Transportation management systems

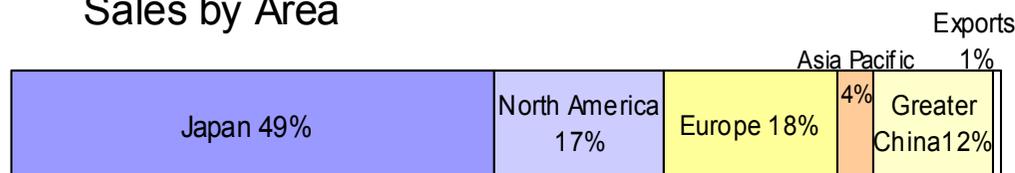


Security systems

- Japan: Steady demand for home-use products such as BPMs and thermometers.
- Overseas: Although sales in China were strong, driven by health consciousness in local cities, sales in North America and Europe declined due to economic stagnation.

HCB	FY09 Q1-Q2 Actual	FY08 Q1-Q2 Actual	YoY	(Billions of yen) vs. plan
Japan	14.5	14.5	100.4%	105.0%
Overseas	15.2	18.2	83.5%	105.7%
North America	5.1	6.1	83.2%	99.2%
Europe	5.2	7.4	70.4%	104.4%
Asia Pacific	1.1	1.2	94.4%	110.4%
Greater China	3.6	3.4	106.3%	115.2%
Export	0.3	0.2	129.2%	130.5%
Total	29.7	32.7	90.9%	105.4%
Operating income	4.1	3.2	126.1%	254.5%
OP margin	13.7%	9.9%	+3.8P	+8.0P

Sales by Area



- Total assets decreased due to a decrease in notes and accounts receivable and inventory reduction, even with an increase in the value of investment securities.
- Total liabilities decreased due to a decrease in short-term debt and notes and accounts payable.
- Net worth ratio increased to 55.7% from 55.4% at the end of the previous fiscal year.

Consolidated B/S	September 2009	March 2009	(Billions of yen) September 2008
Assets	521.6	538.3	619.5
Cash and cash equivalents	49.7	46.6	41.5
Notes and accounts receivable, trade	104.0	111.0	150.0
Inventories	75.6	84.7	106.5
Deferred income taxes, other current assets	22.8	33.7	32.4
Property, plant and equipment	128.7	132.5	157.1
Investments and other assets	140.8	129.8	132.0
Liabilities	229.4	238.3	251.4
Short-term debt	29.6	33.5	24.0
Long-term debt	21.2	21.4	1.2
Notes and accounts payable, trade	56.0	58.2	91.9
Termination and retirement benefits	76.7	80.4	66.9
Other liabilities	45.9	44.8	67.5
Net Assets	292.2	300.0	368.1
Common stock and retained earnings	395.2	403.6	446.7
Accumulated other comprehensive income	-60.0	-60.7	-36.2
Treasury stock	-44.5	-44.5	-44.4
Non controlling Interests	1.5	1.6	2.0
Total Liabilities and Shareholders' Equity	521.6	538.3	619.5

➤ Free cash flow was around the previous year level due to decreases in notes and accounts receivable and inventories, and highly selective capital investment.

Consolidated C/F	(Billions of yen)		
	September 2009	September 2008	March 2009
Operating activities	21.3	28.0	31.4
Investing activities	-13.2	-20.8	-40.6
Free cash flow	8.1	7.2	-9.2
Financing activities	-5.5	-3.8	21.9
Effect of exchange rate changes on cash and cash equivalents	0.5	-2.6	-6.6
Net increase/decrease in cash and cash equivalents	3.1	0.8	6.0
Cash and cash equivalents at end of the period	49.7	41.5	46.6
Depreciation and amortization	13.5	17.9	33.5
Capital expenditures	13.0	19.8	36.8

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

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External Environment

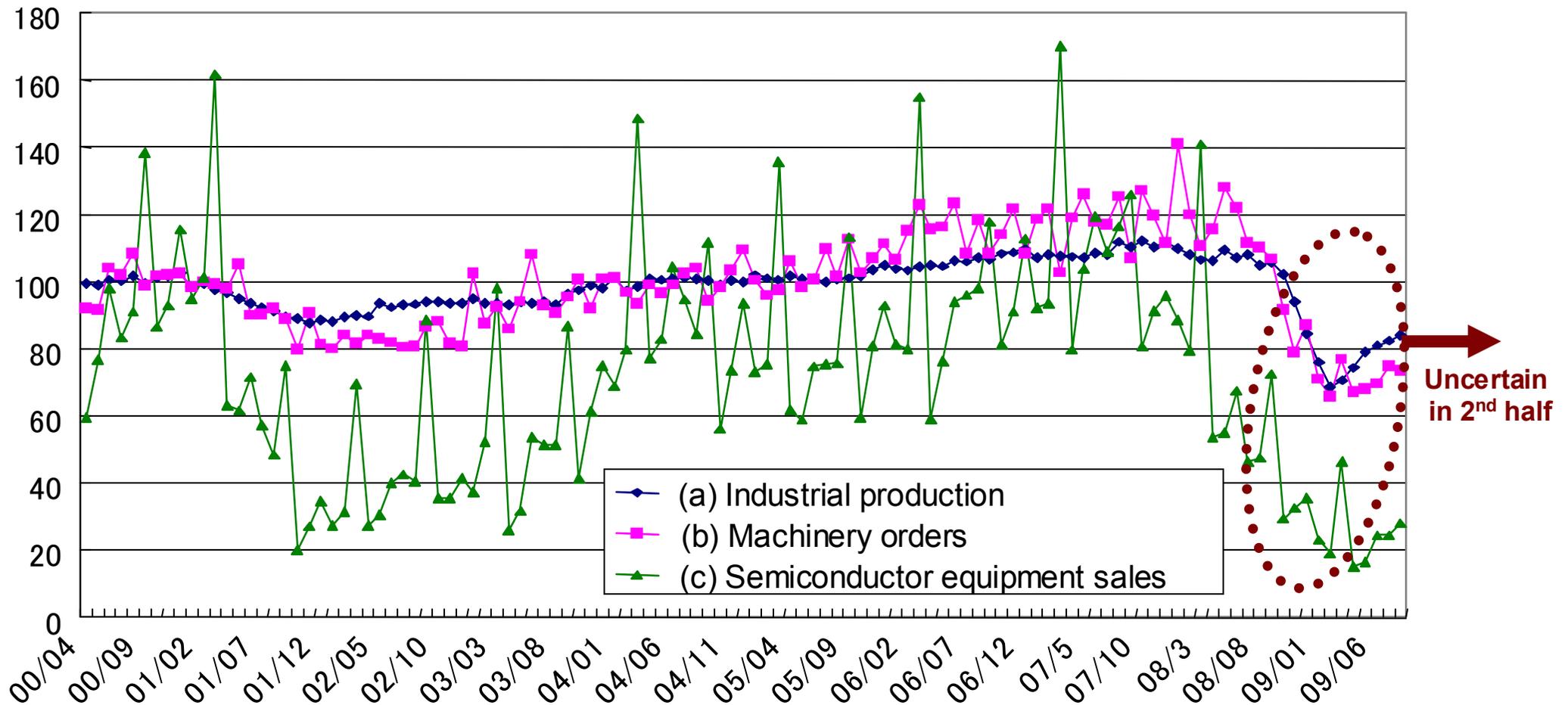
- **Negative factors such as sluggish CAPEX in Japan and raw material price hike anticipated.**
 - **Consumer spending in developed countries is expected to remain slow.**
 - **Economic recovery expected in developing countries such as Greater China, but still unstable in the 2nd half.**
-
- **JPY ⇔ USD: Appreciation of the yen expected vs. initial estimate** (see p. 43)
 - **JPY ⇔ EUR: Depreciation of the yen expected vs. initial estimate** (see p. 43)
 - **Price of raw materials (silver and copper) expected to increase vs. initial estimate** (see p. 44)

Basis for Forecast

- **Forex: USD 1 = ¥90; EUR 1 = ¥130 (initial estimate: USD 1 = ¥95; EUR 1 = ¥125)**
- **Raw material costs: Silver: ¥51,000/kg; copper: ¥600/kg (initial estimate: silver: ¥40,000/kg; copper: ¥480/kg)**
- **Objectives of emergency measures and structural reform likely to be achieved.**
 - Emergency measures aimed at P/L improvement (by Mar. 2010)
 - Reduce fixed/ variable costs (approx. ¥60 bn)
 - Generate cash flow (approx. ¥25 bn)
 - Structural reform comprising "business domain reform" and "operational structure reform" (by Mar. 2011)
 - Reorganization of 3 control-based businesses
 - (1) Elimination and consolidation of production bases, (2) Variable cost structure reform, (3) IT structure reform (4) Head office function reform

➤ Industrial production index, machinery orders and semiconductor equipment sales saw recovery trend in 1st half, but conditions in 2nd half are uncertain.

(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

IAB

Industry

- Gradual recovery indicated in key industries.
- Curtailment of capital investment continues in Japan.

Area

- Further worsening of petroleum-related industry in North America.
- Sharp recovery is likely in China, but conditions will remain unstable in the 2nd half.

ECB

Industry

- Industrial equipment market is recovering, but still below expectations.
- Home appliances are recovering, particularly flat-screen TVs, but prices are dropping.

Area

- Conditions in developed countries remain severe.
- Demand in China and Asia is recovering.

AEC

Industry

- Auto market may be bottoming out in some areas due to economic stimulus programs.
- Focus on “green” vehicles such as hybrids and electric cars.

Area

- Demand in North America unstable.
- Demand in developing countries such as China is recovering.

SSB

Industry

- Public Transportation industry impacted by highway toll reductions, H1N1 flu, etc.
- New administration in Japan is reviewing supplementary budget.
- Despite sluggish consumer spending, demand exists for social sensors among retailers in order to “visualize” customers.

HCB

Industry

- Demand for lifestyle-related disease prevention remains high, but consumer spending still unstable, particularly in Japan.

Area

- Consumer spending remains severe in Japan, North America and Europe.
- Sales increasing in developing countries, particularly in China.

Others

- Environment-related needs increasing.
- Continuing to strengthen CO2 reduction solutions business.
- Conditions remain severe for Electronic Equipment business.

Projected Results for FY09 Full Year

➤ Some changes in projections for each business segment, but overall expected to be in line with initial plan.

P/L	FY09 Forecast	FY08 Actual	(Billions of yen)
			YoY
Net sales	510.0	627.2	81.3%
Gross profit	175.0	218.5	80.1%
SG&A	135.0	164.3	82.2%
R&D	40.0	48.9	81.8%
Operating income	0	5.3	—
Non-operating income (loss), net	3.5	44.4	7.9%
NIBT	-35	-39.1	—
Net income (loss) attributable to shareholders	-2.0	-29.2	—
			Difference (YoY)
EPS (yen)	-9.08	-132.15	+123.07

FY09 Consolidated Sales Forecast by Area/Segment

- Sales projected to be tough in Japan but favorable overseas.
- In particular, IAB and SSB will face difficult conditions.

Area	FY09 Forecast	FY08 Actual	FY09 Initial plan	YoY	(Billions of yen) vs. Initial plan
Japan	253.0	315.6	268.5	80.2%	94.2%
Overseas*	257.0	311.6	241.5	82.5%	106.4%
Total	510.0	627.2	510.0	81.3%	100.0%

* Includes direct exports

Business	FY09 Forecast	FY08 Actual	FY09 Initial plan	YoY	(Billions of yen) vs. Initial plan
IAB	188.5	262.9	193.0	71.7%	97.7%
ECB	114.0	124.0	112.0	92.0%	101.8%
AEC	70.0	82.1	60.0	85.3%	116.7%
SSB	59.0	72.3	66.0	81.6%	89.4%
HCB	63.0	63.8	61.5	98.8%	102.4%
Elimination & Corporate	15.5	22.1	17.5	70.2%	88.6%
Total	510.0	627.2	510.0	81.3%	100.0%

FY09 Consolidated Operating Income Forecast by Segment

➤ Tough conditions projected for ECB and SSB, but AEC is expected to be in the black and HCB performance is expected to exceed initial plan.

(Billions of yen)

Business	FY09 Forecast	FY08 Actual	FY09 Initial plan	YoY	vs. Initial plan
IAB	5.0	20.1	5.0	24.9%	100.0%
ECB	0.5	-2.9	3.0	—	16.7%
AEC	0.9	-7.1	0	—	—
SSB	2.4	5.2	4.0	46.2%	60.0%
HCB	7.1	4.8	4.0	148.9%	177.5%
Elimination & Corporate	-15.9	-14.7	-16.0	—	—
Total	0	5.3	0	—	—

* Amounts in FY08 have been reclassified or adjusted.

Adjustments to FY09 2nd Half Forecast by Segment

➤ FY09 2nd half forecast projects lower net sales and operating income due to continued weak capital investment in Japan and raw materials price hike.

(Billions of yen)

Business	Net Sales		Operating Income		Details of Adjustment
	FY09 2H Forecast	FY09 2H Initial plan	FY09 2H Forecast	FY09 2H Initial plan	
IAB	101.1	102.5	5.5	6.0	Net sales: Capital investment in Japanese market will remain weak Operating income: Reduction in sales
ECB	58.9	59.0	2.5	5.0	Net sales: According to initial plan Operating income: Material costs up, product mix
AEC	38.3	31.6	1.2	0.9	Net sales: Global automotive demand recovering Operating income: Product mix
SSB	38.3	43.2	5.0	7.1	Net sales: Decrease in demand for public transportation systems, review of government budget (in Japan) Operating income: Reduction in sales
HCB	33.3	33.3	3.0	2.4	Net sales : According to initial plan Operating income : product mix
Elimination & corporate	7.7	10.4	-9.5	-8.4	
Total	277.6	280.0	7.7	13.0	

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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

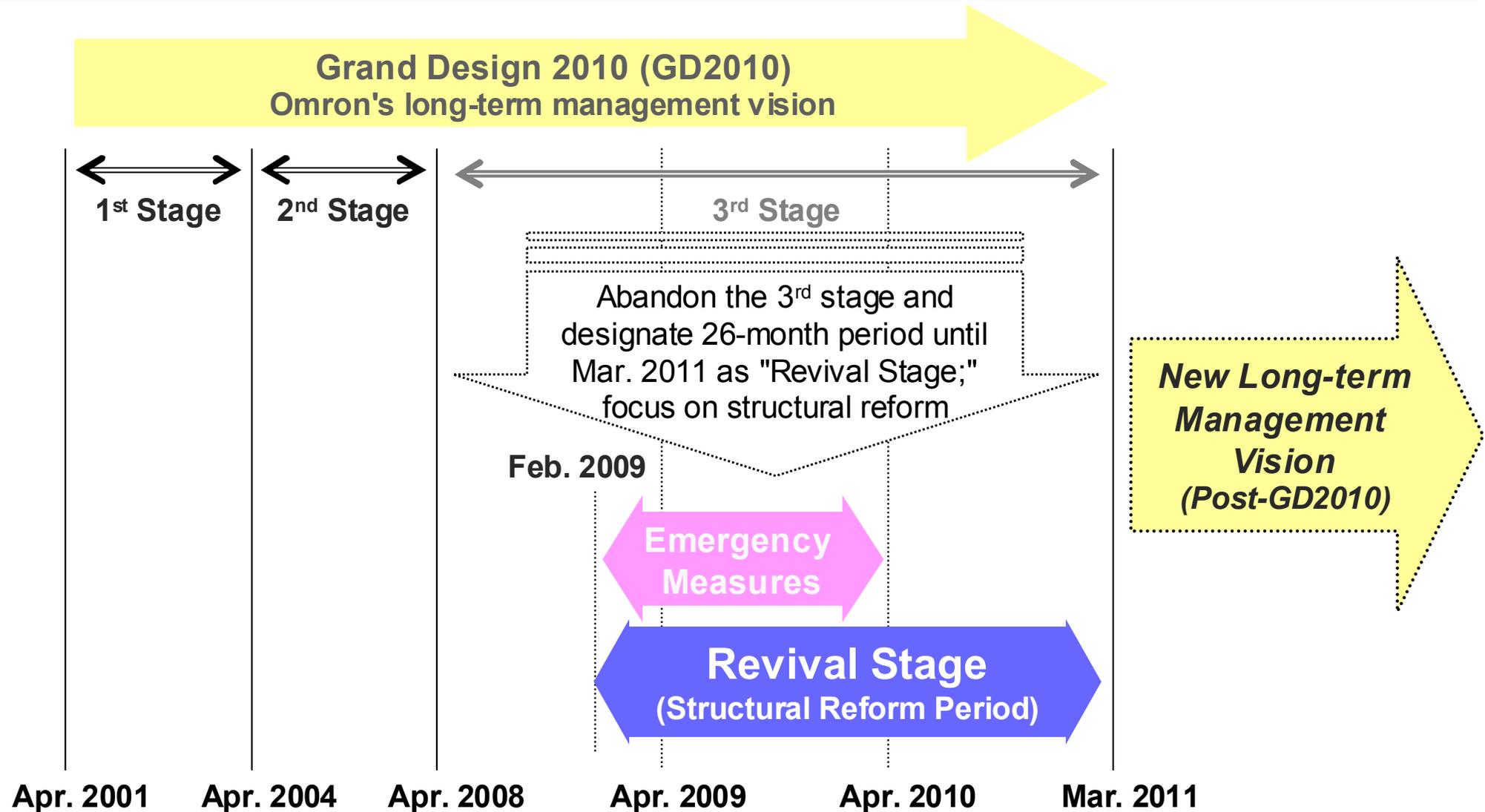
Restructure 3 control-based businesses:

- 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

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



Emergency Measures: Progress to Date

Cut Costs, Restrain Investment and Reduce Inventories

- 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 measures”) and other measures

Items for improvement	FY09 Target value* (approx. annual)	FY09 Q1-Q2 Actual* (approx.)	Achievement in Q2 (%)	Reduction target (amount) based on FY08 result*	
Variable costs reduction (amount)	¥5 bn	---	100%	* Progress of fixed costs reduction (approx.) ▪ Labor cost 100% ▪ General expenses 125% ▪ Depreciation ¥4.4 bn (YoY)	
Fixed costs	Manufacturing fixed costs		120%		
	SG&A	¥55 bn	¥40 bn		105%
	R&D				135%
Total	¥60 bn	---	---		

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

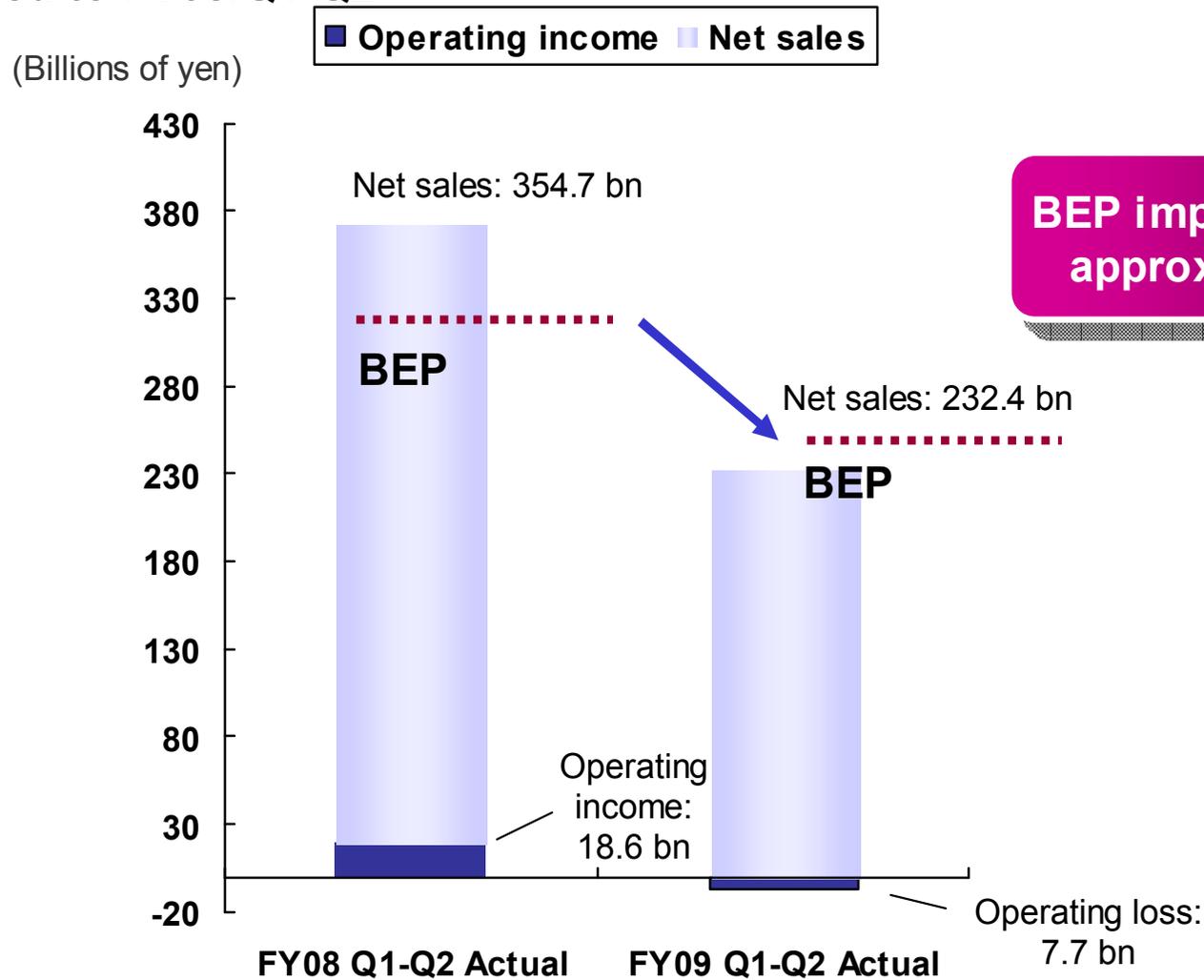
Items for improvement	Target value (approx. annual)	Progress in Q2
Reduce inventories	¥15 bn	¥9 bn reduction (compared to end of March 2009)
Restrain investments	¥10 bn	According to initial plan ¥6.8 bn in Q2
	¥25 bn	

Emergency Measures: Progress to Date

Impact on P/L Structure

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

Compared to FY08/Q1-Q2

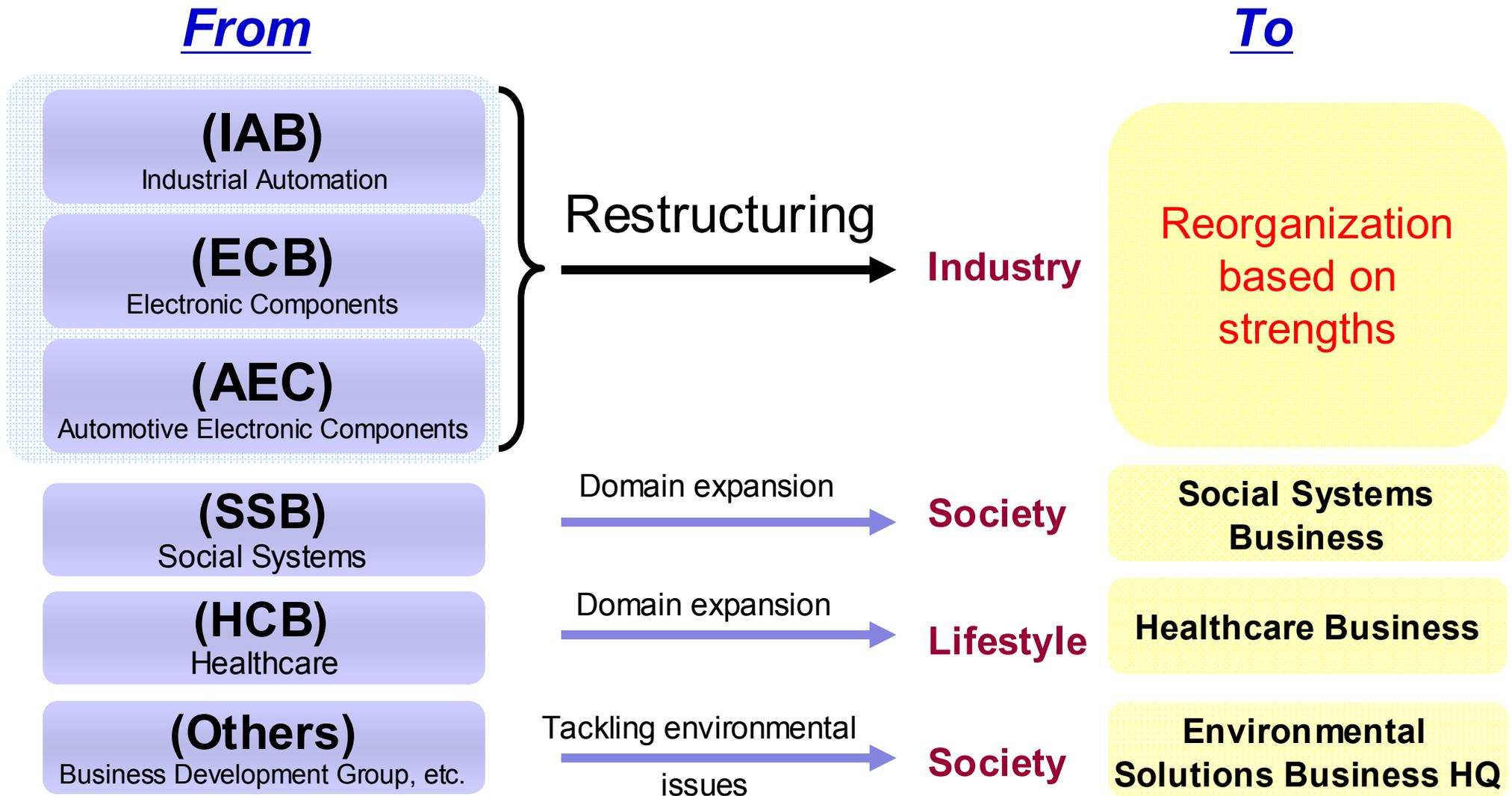


BEP improvement of approx. 25% YoY

Structural Reform: Progress to Date

Business Domain Reform

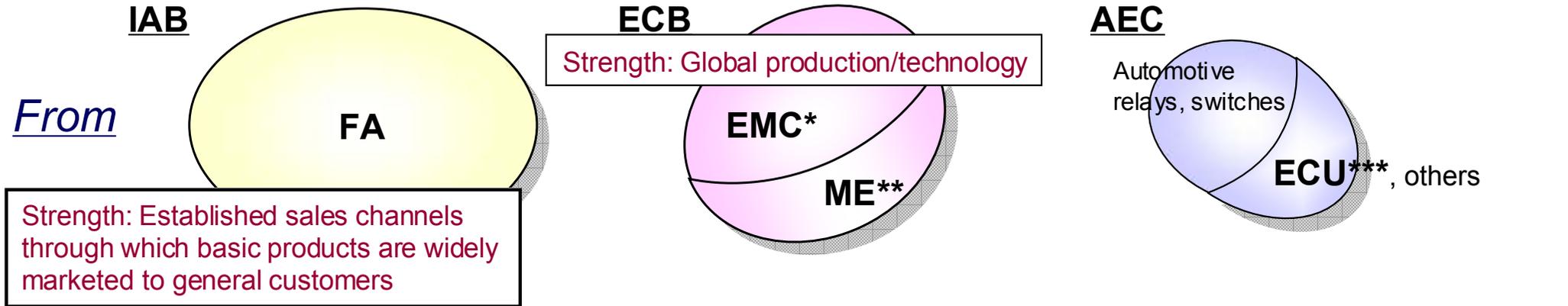
- **Business domains to be reorganized as Industry, Society and Lifestyle.**
- **Focus on strengths and avoid dispersion of management resources when reorganizing three control-based businesses (Industry).**



Structural Reform: Progress to Date

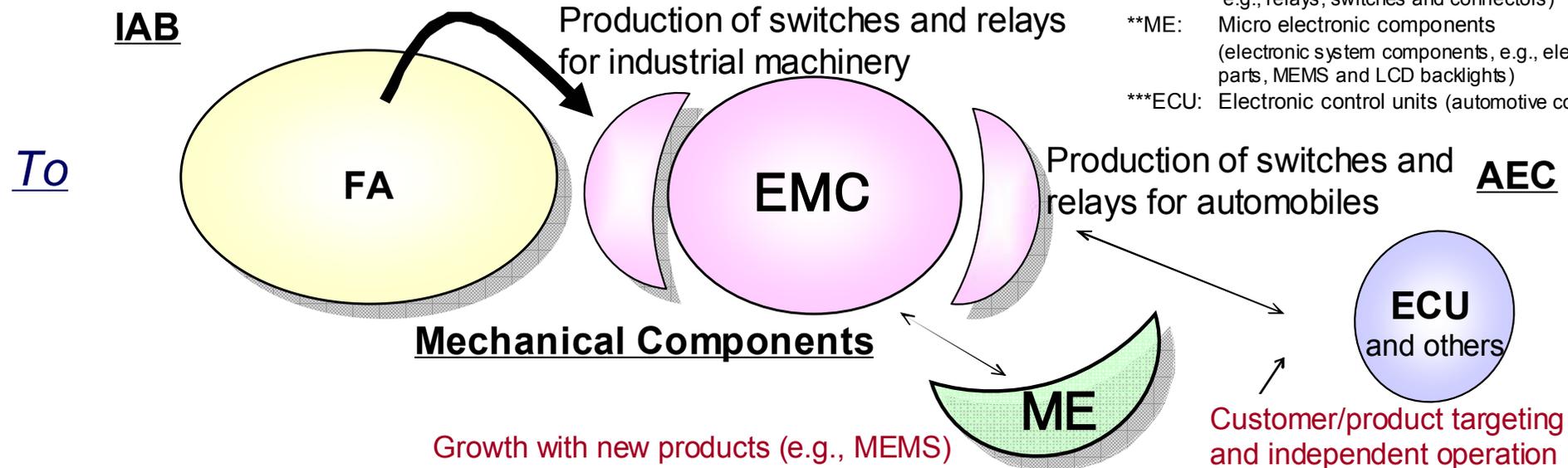
Concentrating Management Resources on 3 Control-based Businesses (IAB, ECB, and AEC)

➤ Concentrate on strengths: IAB's sales strength (sales channels for general purpose products) and ECB's global production/technological strengths (mechanical components).



Selection and focus: Concentration of management resources

- *EMC: Electro mechanical components (electronic components for mechanical systems, e.g., relays, switches and connectors)
- **ME: Micro electronic components (electronic system components, e.g., electronic parts, MEMS and LCD backlights)
- ***ECU: Electronic control units (automotive control units)



- Increase market share in Japan by strengthening sales capabilities and customer support with competitive products.

Strengthen sales force to increase market share in Japan by 5%

Note: Market share based on NECA data.

Strengthen sales capabilities, using channels for general-purpose products

- Shift resources to frontline (approx. 300 employees).
- Integrate ECB's channel sales function into IAB.
- Reflect customer needs promptly in general-purpose products by integrating development, planning, production and sales functions.

Offer competitive products by integrating development, planning, production and sales functions

- Product creation based on closer customer input.
- Development of easy-to-use products through collaboration.
- Improve cost-competitiveness by strengthening functions at sites in China.

Strengthen customer support

Offer the best service and support in the industry from October 1st.

- Integrated window of service and support.
- Expanded call center hours.
- Enhanced technical support.
- Faster after-sales service:
 1. Diagnostics and repair
 2. On-call maintenance
 3. Quick delivery

- Improve profitability through centralized production by EMC with global production strength of mechanical components.

Strengthen production force to improve gross profit ratio by 5 percentage points.

■ Establishment of EMC: ECB renamed EMC as of Sep. 21, 2009

- Strengthen business by concentrating on main strengths of 3 control-based BCs, mechanical components (relays, switches and connectors), in one BC.
- ME business is transferred to “Others” segment (MEMS, backlights and other electronic parts).

■ Optimization of global production

- Tiered system of mother, mass-production and sub-contractor factories.
- Responding to changing customers/competitors worldwide (BRICs, local production for local consumption).
- Strengthening production at major sites.
- Enabling flexible response to fluctuations in demand, and minimizing the impact of forex fluctuations
- Reducing logistics costs

■ Maximization of production capabilities

- Strengthening “integration technology” by consolidating human resources and skills at the mother factory.
- Utilizing material, molding, and processing technology to improve productivity.

* EMC: Electronic and Mechanical Components Business Company

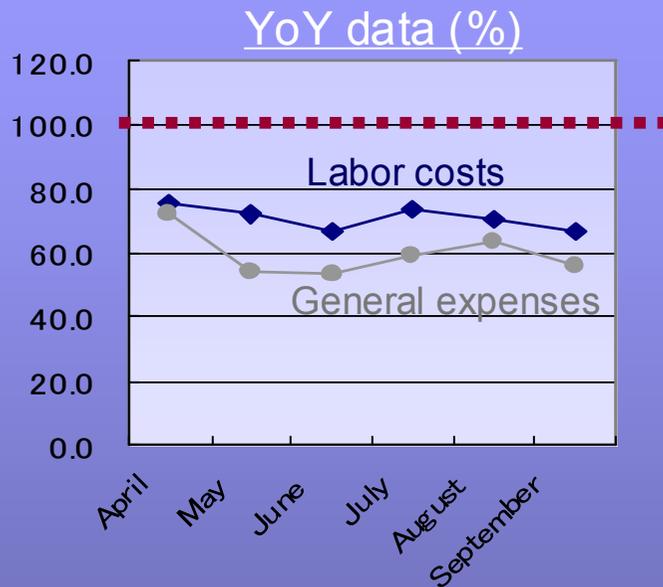
* Mechanical components: Relays, switches, connectors

Structural Reform: Progress to Date

Improving AEC profitability towards independent management

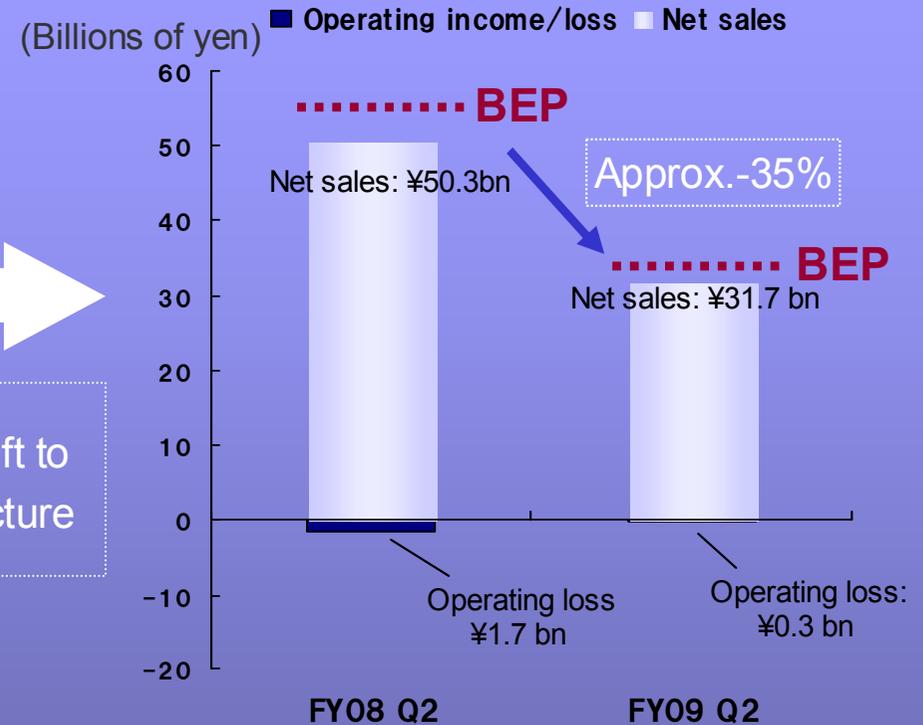
- Promote shift to profitable structure through spin off.
- Selection and focus on customers/applications: auto body electronics, closer customer contact.

Improvement in BEP through reduction of general/labor costs



Accelerate shift to profitable structure

BEP reduction



Selection and focus in applications

Focusing on auto body electronics

Auto body ECU



Push-start switches



Keyless entry systems



Switches



Variable Cost Structure Reform

- **Targeting improvement of variable cost ratio by 2.5 points**
 - Achieved variable cost reduction of approx. 100% as of FY09/Q2.
 - Enforcement in progress with each business segment for supply system establishment of commonly-used processed parts.

IT Structure Reform

- **Process innovation in the areas of development, production and sales**
 - Promotion of SCM system utilization.
 - Transitioning to new accounting system.

Head Office Function Reform

- **Optimization of back-office functions between head office and business segments**
 - Reviewing 1) role definition of head office and business segments, and 2) operation method of strategy/support functions.

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- Status Management systems and control are critical to realizing safety, security, environmental preservation and healthcare.

**Until
Now**

Control
(Sensing & Control)



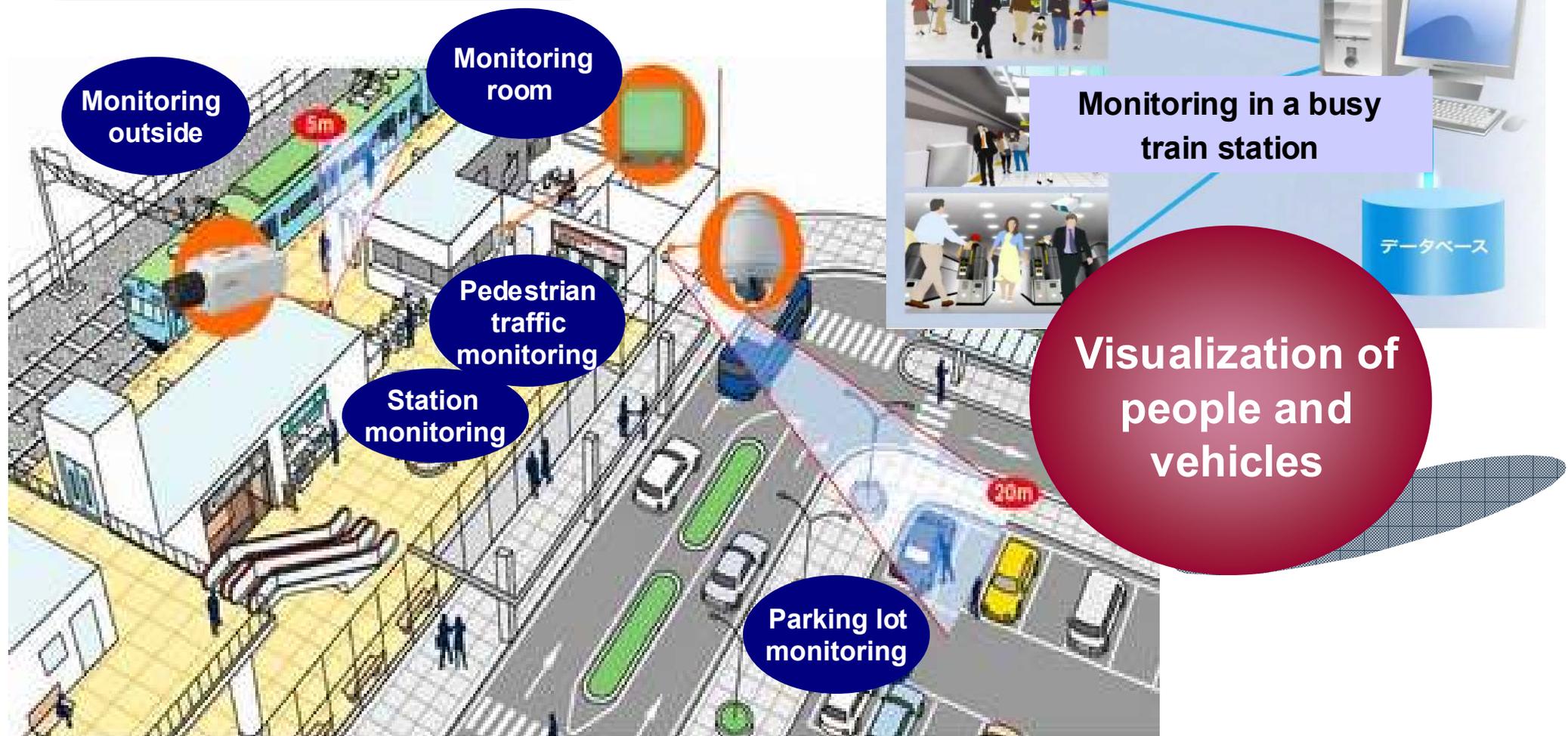
Going Forward

Status Management + Control
(Monitoring and Simulation + Sensing and Control)

Example (1)

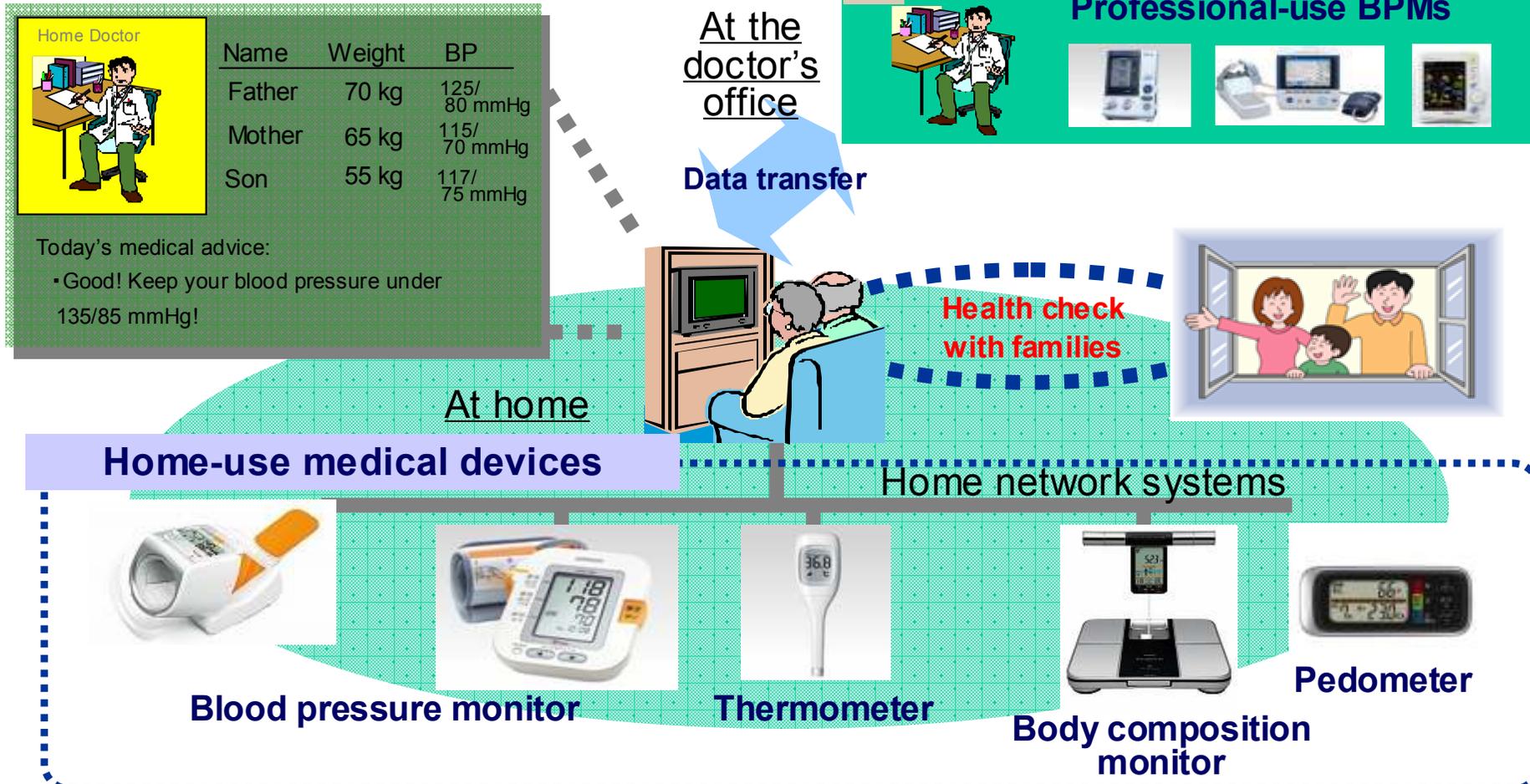
➤ Improve public safety by constantly monitoring changes in conditions at stations, on roads, and in factories, shops, etc.

Social sensing applications



- Support prevention and treatment of lifestyle-related diseases through home monitoring of bio information and reporting to doctors.

Online healthcare management

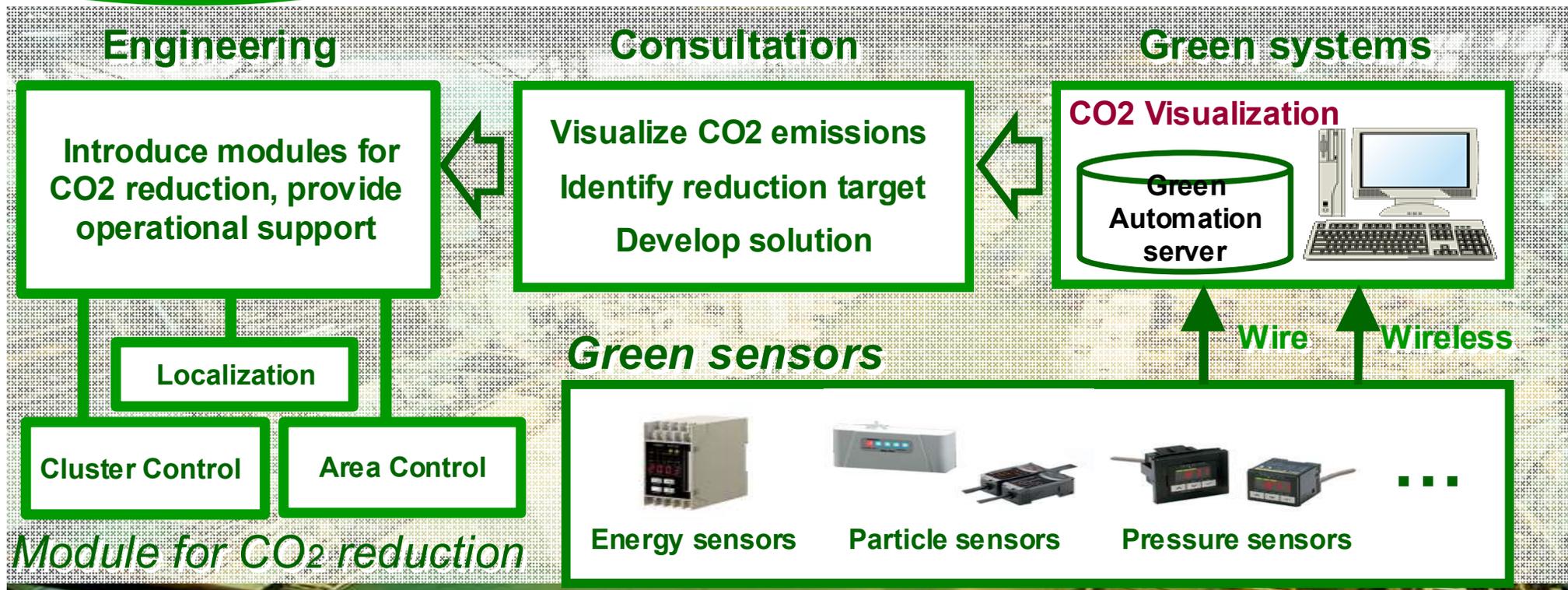


➤ Utilize sensors and control technology to reduce CO2 emitted by customers' factories, stores, schools, etc.

Solutions to reduce CO2 emissions

Green factories

Reducing CO2 emissions while improving productivity



Green schools

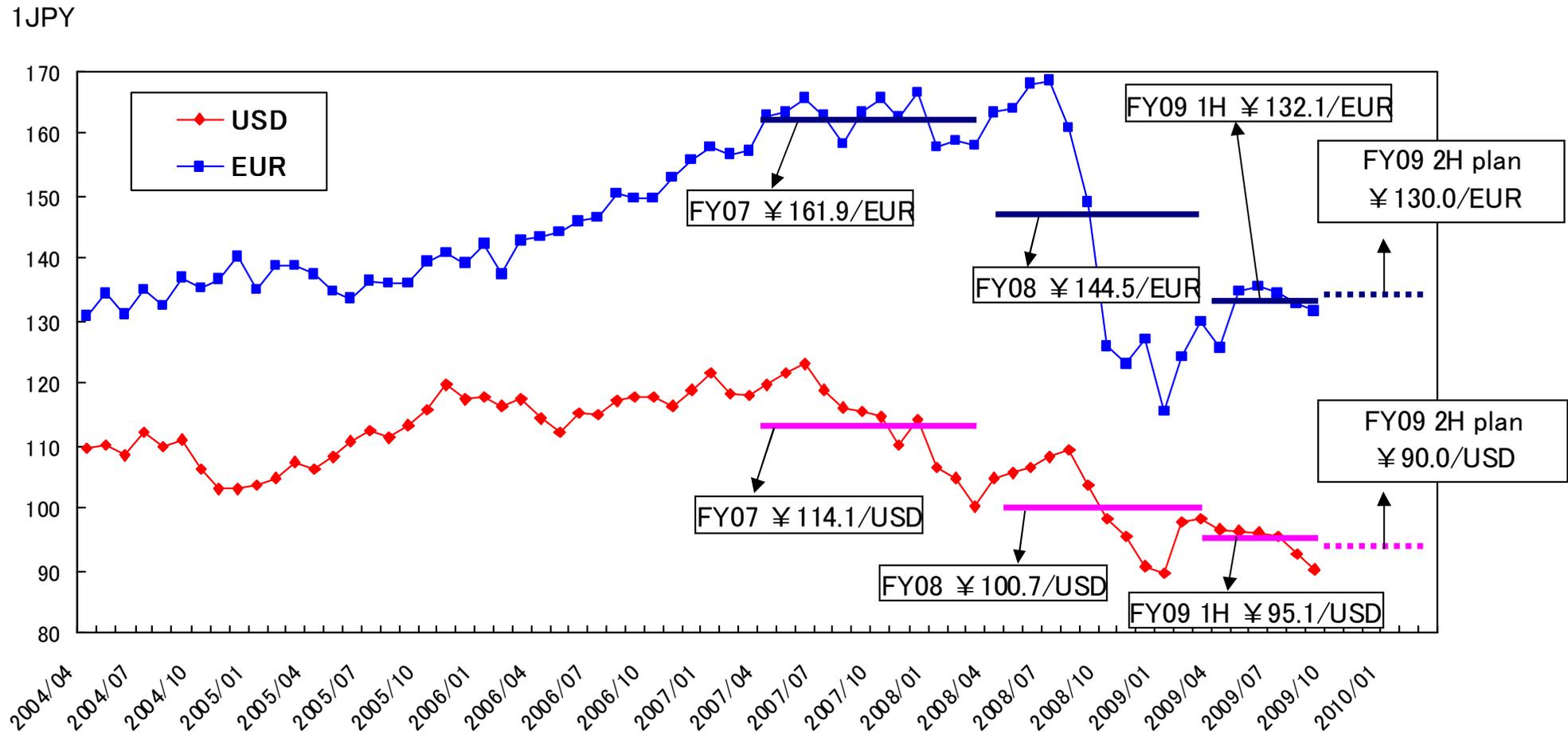
Provide CO2 reduction solutions and environmental education based on programs implemented at 283 public schools in Kyoto.

Green stores

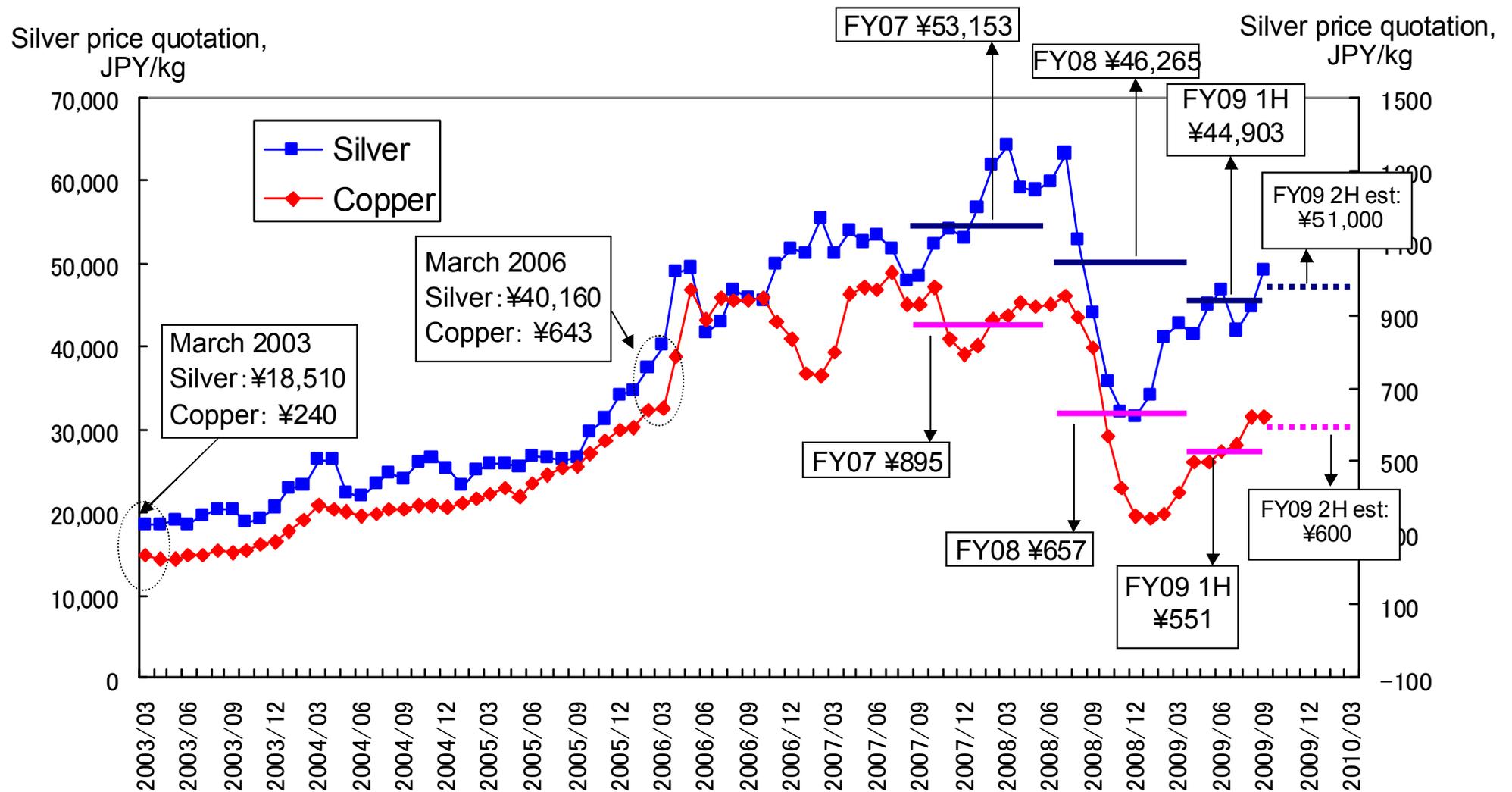
For store owners, provide solutions to reduce CO2 and to improve profitability in all the areas of the supply chain.

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➤ **FY09/Q1-Q2:**
Yen depreciated against USD and EUR more than expected in initial plan.

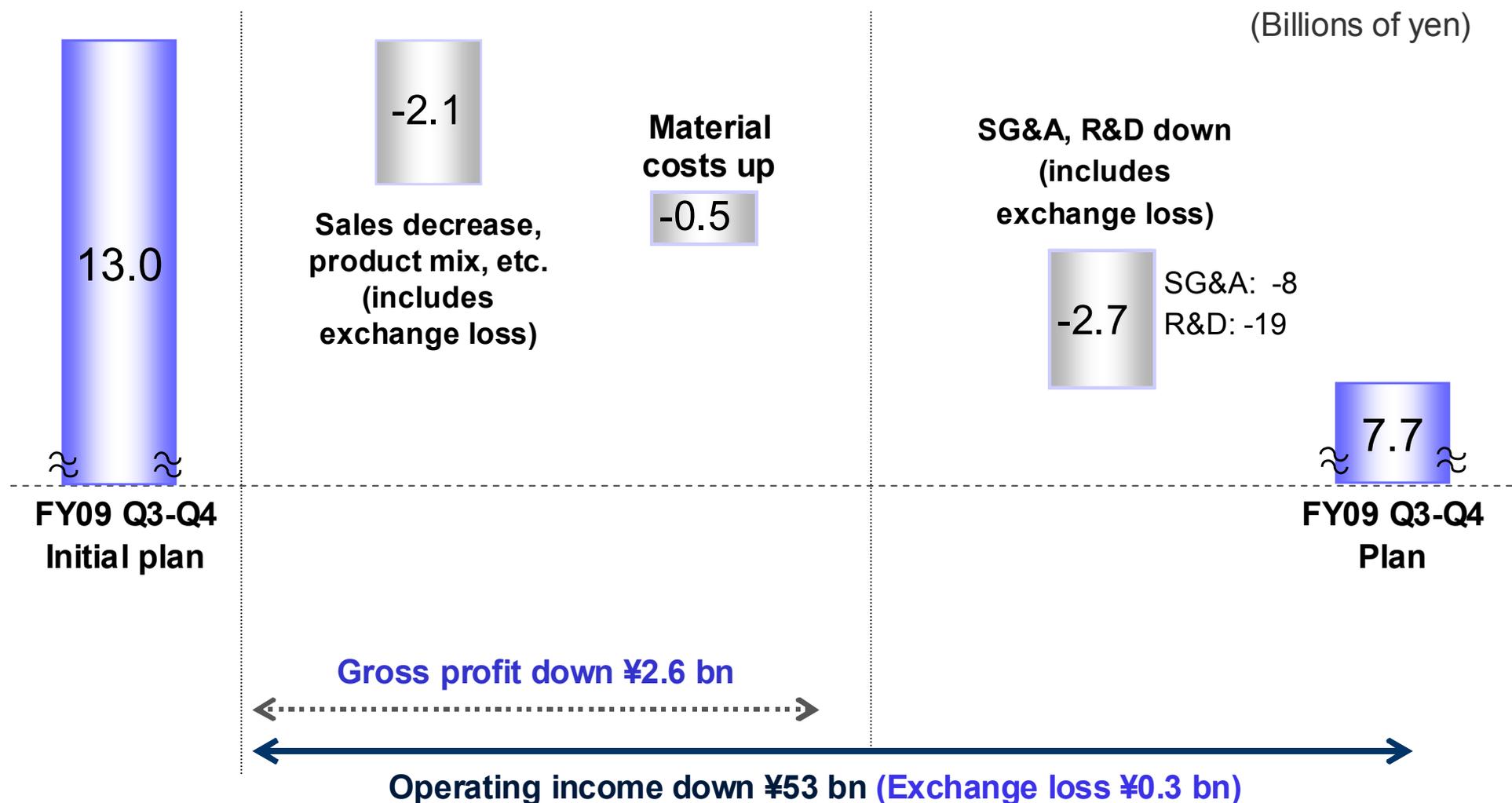


➤ **FY09/Q2: Silver and copper prices dropped YoY.**



Consolidated Operating Income Analysis (2nd half vs. initial plan)

➤ Lower operating income expected as a result of sales decrease, product mix and raw material price hike.



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



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