



FOR IMMEDIATE RELEASE

June 22, 2006

Company Name: OMRON Corporation  
President and CEO: Hisao Sakuta,  
Stock ticker number: 6645  
Stock exchanges: Tokyo, Osaka, Nagoya  
(First Sections)  
Contact: Taeko Ogose, General Manager  
Corporate Brand Communications  
Department  
Phone: +81-75-344-7175

## OMRON Corporation Notice on Issue of Stock Options (stock acquisition rights)

OMRON Corporation (TSE: 6645, US: OMRNY; hereafter, 'the Company') hereby issues notice that a resolution, as detailed below, was made at a Board of Directors meeting held today with respect to stock acquisition rights to be issued to directors and corporate officers of the Company, excluding outside directors, as stock options.

In this regard, issue to directors of the Company will be made within the limits of the number, content, and total amount of stock acquisition rights which were approved as compensations, etc. to directors at the annual meeting of shareholders for the 69th business year held today.

### 1. Reason for issue of stock acquisition rights as stock options

As the value of stock acquisition rights fluctuates in line with the Company's stock price, issuing these rights is intended to heighten the motivation of the Company's directors and maximize the international competitiveness of the OMRON Corporation by reflecting the Company's long-term performance in executive compensation, and creating a direct link between shareholder value and directors' rewards.

### 2. Procedures for issuing stock acquisition rights

(1) Name of stock acquisition rights

No. 5 Stock acquisition rights

(2) Total number of stock acquisition rights

2,170 stock acquisition rights as designated in (4) below

Total number of shares that can be received through the exercise of stock acquisition rights shall be 217,000 shares of common stock of the Company, and if the number of shares to be granted is adjusted as in (4)-1 below, total number shall be that calculated by multiplying the adjusted number of shares to be granted by the number of above stock acquisition rights.

(3) Those to whom stock acquisition rights are to be offered and the number of stock acquisition rights to be offered to them

1,200 stock acquisition rights to directors of the Company excluding outside directors, and 970 stock acquisition rights to corporate officers

(4) Content of stock acquisition rights

1. Type and the number of shares which are the subject matter of stock acquisition rights

Type of shares which are the subject matter of stock acquisition rights shall be common shares, and the number of shares which are the subject matter of respective stock acquisition rights (hereinafter referred to as the "Number of Granted Shares") shall be 100.

If the Company splits its shares of common stock (including free issue of shares of common stock of the Company, which shall hereinafter apply) or conducts a reverse-stock split, the number of shares which are the subject matter shall be adjusted by the formula shown below. However, such adjustment shall be made with respect to the number of shares which are the subject matter of stock acquisition rights not exercised at that time, of stock acquisition rights, with any fractions less than one share which may occur as a result of adjustment being rounded down.

Number of Granted Shares after adjustment =

The number of shares before adjustment x Ratio of stock split/Reverse stock split  
In addition, if the Company merges with another company, breaks up the businesses, reduces its capital, or needs to adjust the number of shares in similar

cases, the Company may properly adjust the number of shares to the reasonable extent.

2. Method for calculating the value of assets invested through the exercise of stock acquisition rights

The value of assets invested through the exercise of respective stock acquisition rights shall be the amount calculated by multiplying the subscription amount per share that can be received by exercising stock acquisition rights determined in the manner shown below (hereinafter referred to as the “Exercise Price”) by the Number of Granted Shares.

The Exercise Price shall be the amount calculated by multiplying the average value of closing prices in regular trading of the Company’s shares on the Osaka Securities Exchange on each day of the month (excluding days in which no trading is made) before the month in which the day stock acquisition rights are offered (hereinafter referred to as the “Offering Date”) occurs by 1.05 (fractions less than ¥1- shall be rounded up).

However, if the said amount is smaller than the closing price for the day before the Offering Date (if no trading is made, the closing price for the day immediately before that day), such closing price shall be used as the Exercise Price.

If the Company conducts a stock split or reverse stock split, the Exercise Price shall be adjusted by the following formula, with fractions less than ¥1- at the time of adjustment being rounded up:

$$\text{Subscription amount after adjustment} = \text{Subscription amount before adjustment} \times \frac{1}{\text{Ratio of stock split/ Reverse stock split}}$$

If the Company issues new shares of common stock of the Company or disposes of treasury shares (excluding assignment of treasury shares in response to the exercise of stock acquisition rights or request for sales of shares less than the stock trade unit by shareholders holding shares less than the stock trade unit or transfer of treasury shares through equity swap) at any price lower than the market value, the Exercise Price shall be adjusted by the following formula, with fractions less than ¥1- at the time of adjustment being rounded up:

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \left( \text{No. of outstanding shares} + \frac{\text{No. of new shares} \times \text{Subscription amount per share}}{\text{Share price before issue of new shares}} \right)}{\text{No. of outstanding shares} + \text{No. of new shares}}$$

In the above formula, the “number of outstanding shares” refers to the number of outstanding shares of common stock of the Company less the number of treasury shares of common stock of the Company, and in the case of disposal of treasury shares of common stock of the Company, the “number of new shares” shall read as the “number of treasury shares disposed of.”

In addition to the above case, if the Company merges with another company, breaks up the businesses, reduces its capital, or needs to adjust the Exercise Price in similar cases, the Company may properly adjust the Exercise Price to the reasonable extent.

3. Period in which stock acquisition rights can be exercised

From July 1, 2008 to June 30, 2011

4. Other conditions for the exercise of stock acquisition rights

- i) Any person who is offered stock acquisition rights shall be a director or corporate officer of the Company or in a similar position at the time when he/she exercises those rights. However, this shall not apply if he/she retired following expiry of his/her term of office or there is any similar due reason.
- ii) Assignment, pledge, any other disposal, or succession of stock acquisition rights is not allowed.
- iii) Other conditions shall be as provided in an “agreement on offering of stock acquisition rights” to be entered into between the Company and the person who is offered stock acquisition rights.

5. Matters concerning capital and capital reserve increased when shares are issued through the exercise of stock acquisition rights

- i) The amount of capital increased when shares are issued through the exercise of stock acquisition rights shall be half of the limit amount of an increase in capital, etc. to be calculated in accordance with Article 40-1 of the Calculation Rules of the Company, and any fractions less than ¥1- which may occur as a result of calculation shall be rounded up.
- ii) The amount of capital reserve increased when shares are issued through the exercise of stock acquisition rights shall be the limit amount of an increase in capital, etc. stated in (i) above less the amount of capital increased as provided in (i) above.

6. Events and conditions for acquisition of stock acquisition rights

If a proposal of approval of a merger contract in which the Company becomes the expired corporation, proposal of approval of an acquisition and split contract or a

new establishment and split plan in which the Company becomes the split company, or proposal of approval of an equity swap contract or stock transfer plan in which the Company becomes a wholly-owned subsidiary is approved at a general meeting of shareholders of the Company (if any resolution of a general meeting of shareholders is not necessary, when a resolution of board of directors of the Company is made), stock acquisition rights may be acquired free of charge on any date separately specified by the board of directors of the Company.

#### 7. Treatment of stock acquisition rights at the time of reorganization

If the Company conducts a merger (only when the Company no longer exists due to the merger), acquisition and split, new establishment and split, equity swap, or stock transfer (hereinafter collectively referred to as the “Reorganization Acts”), it shall deliver stock acquisition rights of joint stock companies indicated in Article 236-1-8-(a) to (e) of the Companies Act (hereinafter referred to as the “Companies Subject to Reorganization”) to those qualified for receiving stock acquisition rights which are outstanding on the day the Reorganization Acts become effective (hereinafter referred to as the “Outstanding Stock Acquisition Rights”) in respective cases under the conditions shown below. In this case, the Outstanding Stock Acquisition Rights become extinct, and the Companies Subject to Reorganization shall issue new stock acquisition rights. However, the purposes of delivery of stock acquisition rights of the Companies Subject to Reorganization shall be limited to those designated in the merger contract, acquisition and split contract, new establishment and split plan, equity swap contract, or stock transfer contract in line with the following conditions:

- i Number of stock acquisition rights of the Companies Subject to Reorganization to be delivered  
The same number of stock acquisition rights as that of stock acquisition rights held by those qualified for receiving the Outstanding Stock Acquisition Rights shall be delivered, respectively.
- ii Type of shares of the Companies Subject to Reorganization which are the subject matter of stock acquisition rights  
Shares of common stock of the Companies Subject to Reorganization
- iii Number of shares of the Companies Subject to Reorganization which are the subject matter of stock acquisition rights  
Number of shares shall be determined in the same manner as shown in 1 above, taking conditions for the Reorganization Acts into consideration.
- iv Value of assets contributed at the time of exercise of stock acquisition rights

Value of assets contributed at the time of exercise of respective stock acquisition rights delivered shall be the amount calculated by multiplying the subscription amount after adjustment, which is obtained by adjusting the Exercise Price designated in 2 above, by the number of shares of the Companies Subject to Reorganization which are the subject matter of such stock acquisition rights, taking conditions for the Reorganization Acts into consideration.

- v Period in which stock acquisition rights can be exercised  
Period from the first day of the period in which stock acquisition rights can be exercised as provided in 3 above or the day the Reorganization Acts become effective, whichever comes later, to the last day of the period in which stock acquisition rights can be exercised as provided in 3 above.
- vi Matters concerning capital and capital reserve increased when shares are issued through the exercise of stock acquisition rights  
To be determined in the same manner as in 5 above.
- vii Events and conditions for acquisition of stock acquisition rights  
To be determined in the same manner as in 6 above.

#### 8 Treatment of fractions

If there are fractions less than one share in shares to be delivered to those qualified for receiving stock acquisition rights who have exercised stock acquisition rights, such fractions shall be rounded down.

#### (5) Subscription amount to be paid for each stock acquisition right (hereinafter referred to as the "Subscription Amount")

Fair value of an stock acquisition right shall be used, which is calculated using the Black-Scholes model based on various conditions, including the closing price in regular trading of the Company's shares on the Osaka Securities Exchange on the day before the Offering Date (if no trading is made, the closing price for the day immediately before that day) and Exercise Price.

\*Reference: Fair value of the subscription amount per share that can be received by exercising stock acquisition rights, calculated using the Black-Scholes model on June 21, 2006, is ¥ 576 per share.

#### (6) Offering Date

July 11, 2006

(7) Due date of subscription for stock acquisition rights

July 11, 2006

(8) Grant of claim for compensation

To realize acquisition of stock acquisition rights for those to whom stock acquisition rights are offered as provided in (3) as stock option without paying any money, claims for the amount of compensation equivalent to total Subscription Amount of stock acquisition rights offered to respective recipients shall be granted. The Company and those to whom stock acquisition rights are offered shall offset subscriptions in cash against such claims for compensation on the due date of subscription designated in (7).

Grant of such claims for compensation assumes that those to whom stock acquisition rights are offered enter into an “agreement on offering of stock acquisition rights,” and subscribe for stock acquisition rights.

※Reference: Calculating total amount of claim for compensation based on the fair value calculated on June 21 (the same day in (5)), 2006 in (5), ¥ 69,120,000 is granted to directors, and ¥ 55,872,000 to corporate officers.

(Note) The number, content, and total amount of stock acquisition rights granted as compensations, etc. to directors in a stock option program, which were submitted for deliberation at the annual meeting of shareholders for 69th business year of the Company, have been disclosed in the “Notice on grant of stock options (stock acquisition rights) to directors” of May 12, 2006.