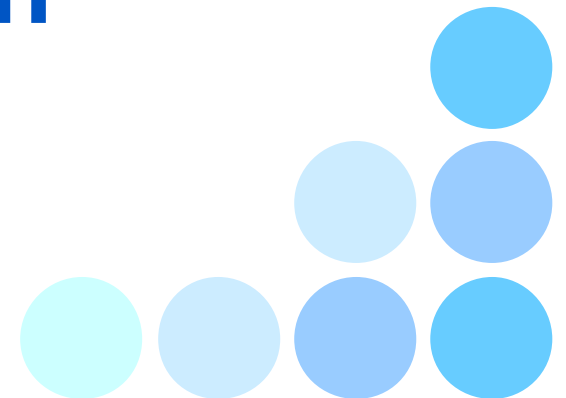




Financial Results for the Second Quarter Ended September 30, 2008

October 31, 2008

OMRON Corporation



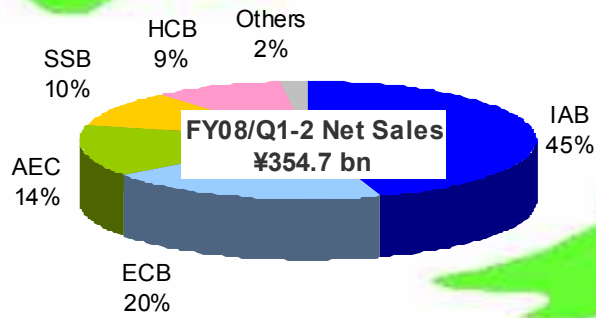
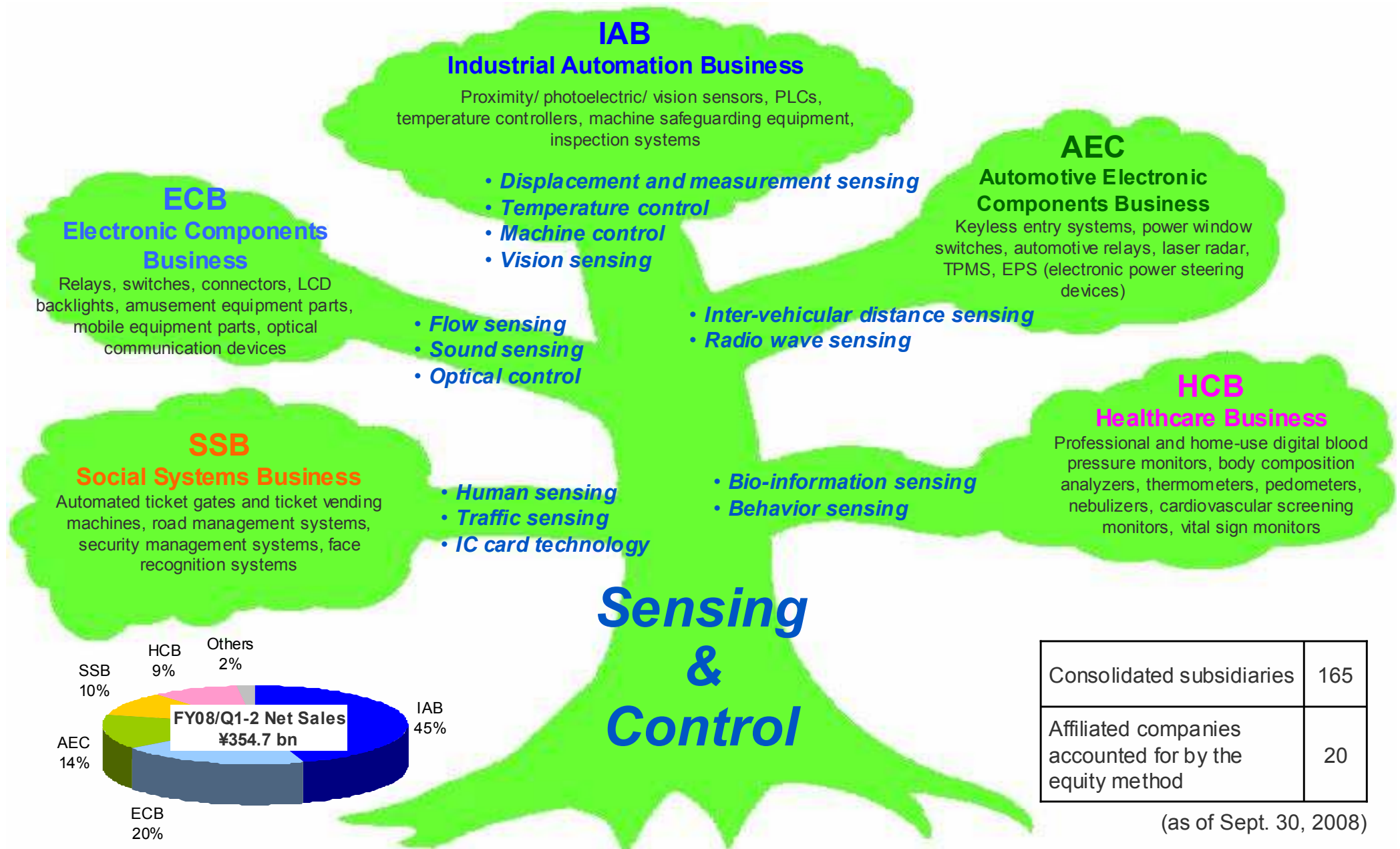
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Notes

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 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.

Businesses and Major Products



Consolidated subsidiaries	165
Affiliated companies accounted for by the equity method	20

(as of Sept. 30, 2008)

1. Executive Summary

Executive Summary

FY08 Interim (Q1-Q2) Results

*Year on year. FY07/Q2=100% **Target=100%

■ Sales & Operating Income: Both down from the same term last year; also off initial plans

<u>Consolidated</u>	<u>Actual</u>	<u>YoY*</u>	<u>vs. Target**</u>	<u>Margin (%)</u>
Net sales	¥354.7 bn	96.9%	96.4%	--
Operating income	¥18.6 bn	70.0%	93.0%	5.2%
NIBT	¥19.3 bn	70.6%	98.9%	5.4%
Net income	¥12.4 bn	66.1%	103.5%	3.5%

- Net sales: Down 3% YoY due primarily to exchange loss and sluggish domestic economy. 4% under target, with all segments not reaching goals.
- Operating income: Down 30% YoY due to weak sales at home, exchange loss and raw material price hike (see p.10). 7% under target due mainly to ECB, AEC and HCB (see p.11).
- NIBT: Down 30% YoY due primarily to decrease in operating income. Missed target by 1% due mainly to operating income not reaching goal.
- Net income: Down 34% YoY due primarily to drop in NIBT and FY07 earnings from business transfer. 4% more than planned due mainly to decrease in effective tax rate.

FY08 Full-Year Forecast

■ Downward revision to sales and operating income due to economic downturn and turbulent exchange rates, among other factors

*Exchange rates to be used starting Q3: ¥95/USD ¥120/EUR

<u>Consolidated</u>	<u>Actual</u>	<u>YoY*</u>	<u>vs. Target**</u>	<u>Margin (%)</u>
Net sales	¥725.0 bn	95.0%	92.9%	--
Operating income	¥36.0 bn	55.2%	60.0%	5.0%
NIBT	¥33.0 bn	51.4%	55.9%	4.6%
Net income	¥20.5 bn	48.4%	56.2%	2.8%

2. Results for the Second Quarter Ended September 30, 2008 (FY08/Q2)

Sales: ¥354.7 bn; OP margin: 5.2%. Initial targets unmet due mainly to raw material price hike and weakening domestic economy.

In addition, stronger yen pushed operating income down by 30% year-on-year.

(Units: JPY billions)

P/L	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Net sales	366.1	354.7	96.9%	368.0	96.4%
Gross profit	138.9	130.5	93.9%	136.7	95.5%
SG&A	87.5	86.8	99.1%	89.2	97.3%
R&D	24.8	25.1	101.3%	27.5	91.2%
Operating income	26.6	18.6	70.0%	20.0	93.0%
NIBT	27.3	19.3 *	70.6%	19.5	98.9%
Net income	18.8	12.4	66.1%	12.0	103.5%
<Exchange Rates>					
USD	119.0	105.5	-13.5	100.0	5.5
EUR	162.1	161.8	-0.3	155.0	6.8

*FY08/Q2 Actual: Pre-tax net income from continuing operations.

Down year-on-year in Japan and overseas, but overseas came close to target. By segment, only SSB and HCB saw year-on-year growth. All fell short of targets.

(Units: JPY billions)

Japan & Overseas	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Japan	166.2	163.2	98.2%	175.5	93.0%
Overseas*	199.9	191.5	95.8%	192.5	99.5%
Total	366.1	354.7	96.9%	368.0	96.4%

*Includes direct exports

Segment	(1) Actual	(2) Actual	YoY	(3) Target	(2)/(3)
IAB	160.9	158.4	98.4%	165.9	95.5%
ECB	79.3	71.8	90.5%	72.5	99.1%
AEC	53.1	50.3	94.8%	53.1	94.7%
SSB	33.0	34.1	103.4%	35.4	96.3%
HCB	32.2	32.7	101.6%	33.6	97.2%
Others	7.6	7.4	96.3%	7.6	96.8%
Total	366.1	354.7	96.9%	368.0	96.4%

IAB performed almost as planned, thanks in part to cost-cutting efforts.
SSB saw actual/target achievement ratio improvement.
Other segments did not meet targets.

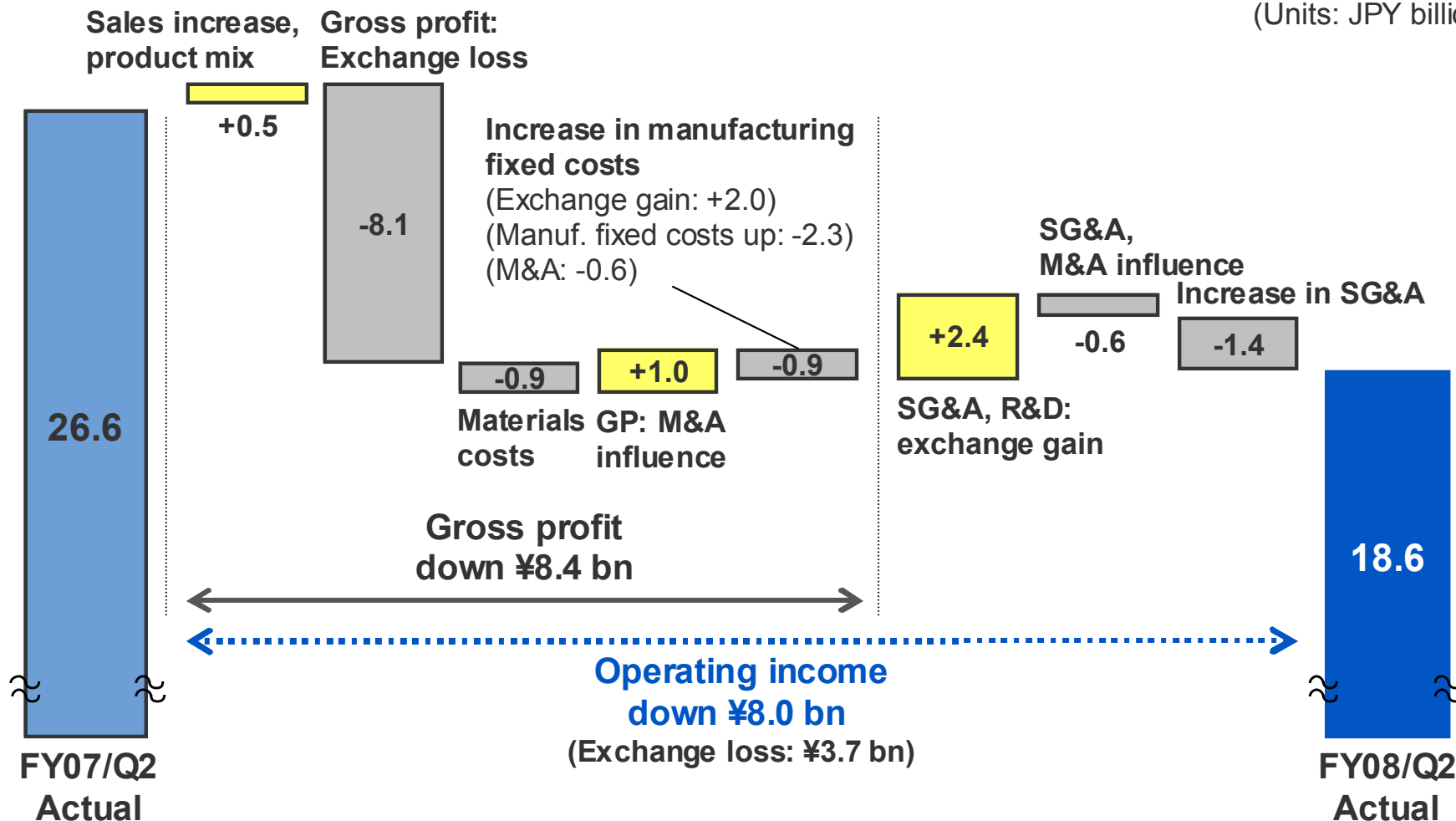
(Units: JPY billions)

Segment	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
IAB	24.6	22.3	90.6%	22.5	99.2%
ECB	6.0	2.3	37.6%	3.8	60.4%
AEC	0.5	-1.5	—	-0.4	—
SSB	0.0	-0.1	—	-0.4	—
HCB	3.3	3.1	94.3%	3.8	80.0%
Others	0.2	0.1	37.9%	-0.2	—
HQ Cost/ Elimination	-8.0	-7.6	—	-9.1	—
Total	26.6	18.6	70.0%	20.0	93.0%

Consolidated Operating Income Analysis (Year-on-Year)

Down year-on-year due to exchange loss and raw material price hike, among other factors.

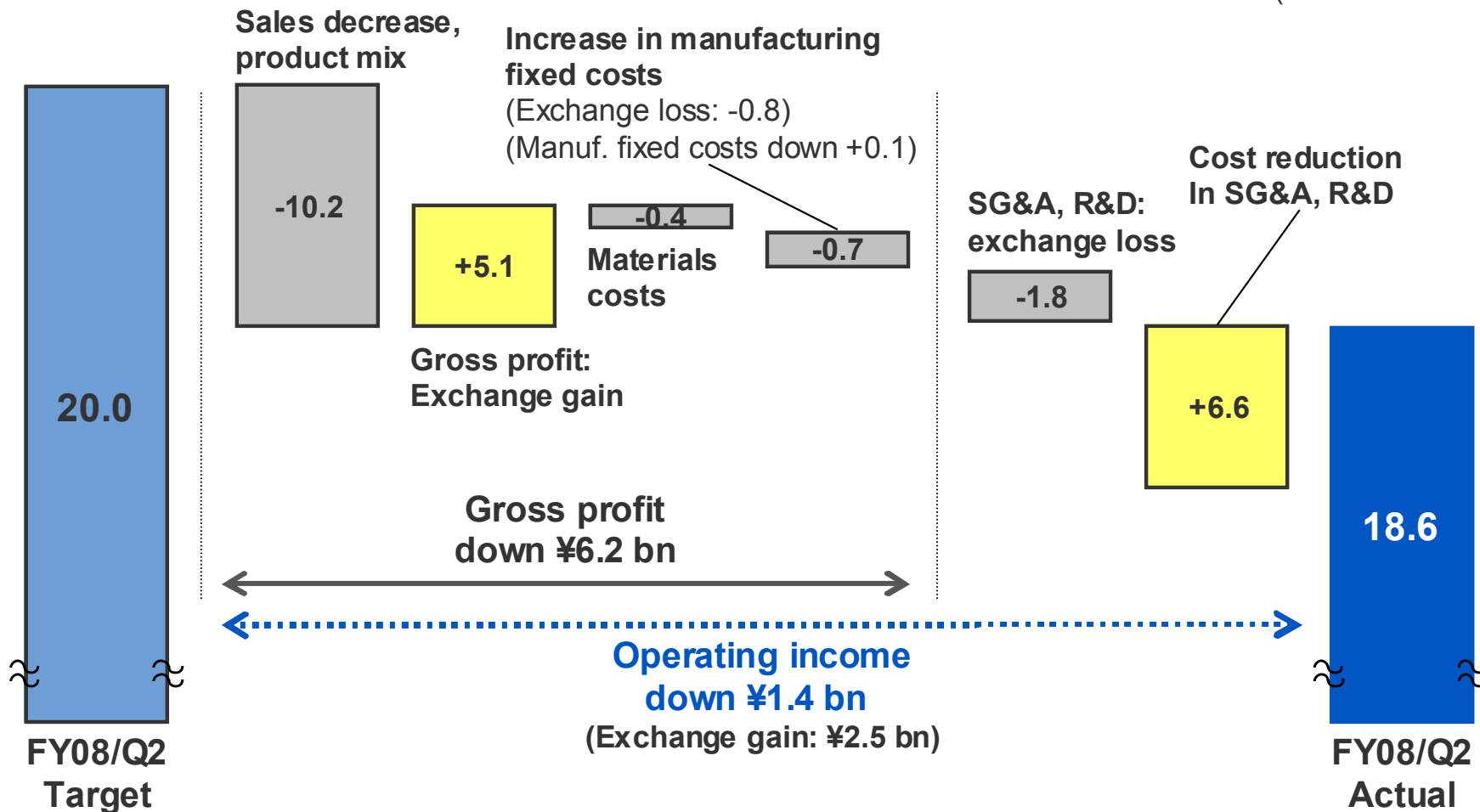
(Units: JPY billions)



Consolidated Operating Income Analysis (FY08/Q2 Target vs. Actual)

Target not met. Cost-cutting measures not enough to cover drop in sales and worsening of product mix.

(Units: JPY billions)

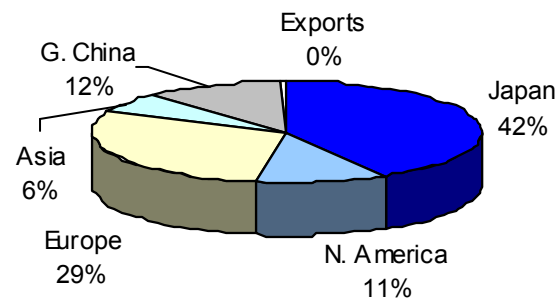


Sales down slightly year-on-year to ¥158.4 bn, with 14.1% OP margin.
Steady as planned overseas but slow in Japan.

(Units: JPY billions)

IAB	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Japan	68.5	66.2	96.7%	73.0	90.7%
Overseas	92.4	92.2	99.8%	92.8	99.4%
North America	19.0	17.1	90.5%	15.2	112.8%
Europe	44.7	45.7	102.1%	46.7	97.8%
Asia	7.8	10.2 *	131.4%	11.2	91.2%
Greater China	18.1	18.5	102.2%	18.7	99.1%
Exports	2.8	0.7	23.6%	1.0	67.2%
Total	160.9	158.4	98.4%	165.8	95.6%
Operating income	24.6	22.3	90.6%	22.5	99.2%
OP margin	15.3%	14.1%	-1.2pt	13.6%	0.5pt

Sales by Area



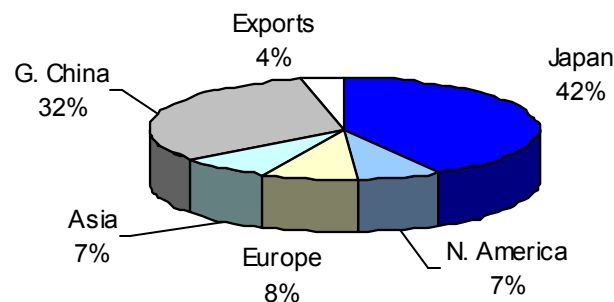
*Includes some of Exports transferred in FY08.

**Sales down 10% year-on-year to ¥71.8 bn, almost as planned. OP margin: 3.2%.
Operating income far below target due mainly to worsening of product mix.**

(Units: JPY billions)

ECB	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Japan	29.7	30.1	101.1%	28.5	105.5%
Overseas	49.6	41.7	84.1%	44.0	94.8%
North America	5.5	5.0	89.6%	4.5	110.2%
Europe	6.1	5.9	95.8%	6.5	90.5%
Asia	5.2	5.3	102.4%	5.0	106.4%
Greater China	26.2	23.1	87.9%	25.0	92.2%
Exports	6.5	2.5	38.8%	3.0	84.0%
Total	79.3	71.8	90.5%	72.5	99.1%
Operating income	6.0	2.3	37.6%	3.8	60.4%
OP margin	7.6%	3.2%	-4.4pt	5.2%	-2.0pt

Sales by Area

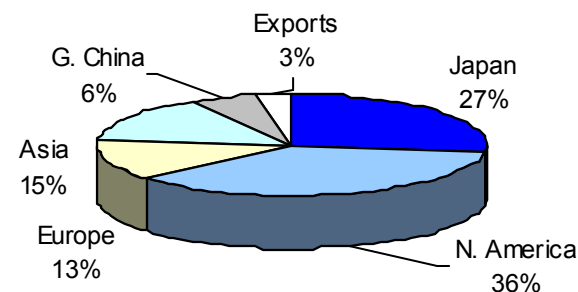


Sales down 5% year-on-year to ¥50.3 bn with operating loss, due primarily to weakening North American and Asian markets, unfavorable exchange rates, soaring price of raw materials and increased one-time expenses.

(Units: JPY billions)

AEC	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Japan	12.9	13.8	106.6%	15.5	89.0%
Overseas	40.1	36.5	91.0%	37.6	97.1%
North America	22.3	18.0	80.7%	18.5	97.4%
Europe	6.6	6.4	97.7%	7.0	92.0%
Asia	9.2	7.7	84.3%	8.7	89.1%
Greater China	1.3	2.8	222.5%	2.0	139.3%
Exports	0.8	1.5	193.6%	1.4	109.7%
Total	53.1	50.3	94.8%	53.1	94.7%
Operating income	0.5	-1.5 *	-	-0.4	-
OP margin	1.0%	-	-	-	-

Sales by Area



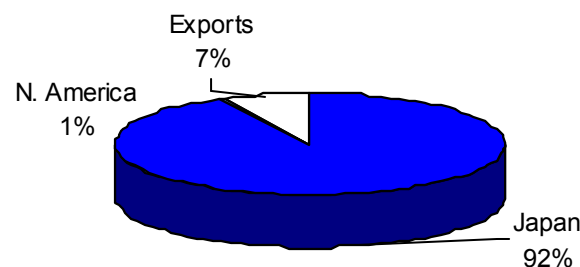
*Includes head office R&D expenses transferred to AEC in FY08.

Sales up 3% year-on-year to ¥34.1 bn, off target due to carry-over.
 Operating income shows little change year-on-year, steady as planned.

(Units: JPY billions)

SSB	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Japan	31.4	31.5	100.3%	34.4	91.4%
Overseas	1.6	2.6	165.6%	1.0	263.6%
North America	0.4	0.2	57.4%	0.3	69.3%
Europe	0.0	0.0	-	0.0	-
Asia	0.0	0.0	-	0.0	-
Greater China	0.0	0.0	-	0.0	-
Exports	1.2	2.4	197.2%	0.7	345.6%
Total	33.0	34.1	103.4%	35.4	96.3%
Operating income	0.0	-0.1	-	-0.4	-
OP margin	0.1%	-	-	-	-

Sales by Area

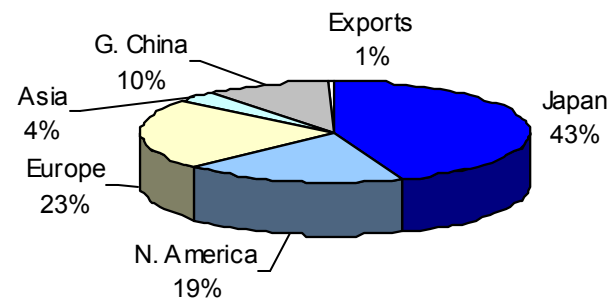


**Sales up 2% year-on-year to ¥32.7 bn with 9.4% OP margin.
Operating income down, with sales sluggish in Japan but steady overseas.**

(Units: JPY billions)

HCB	(1) FY07 Q2 Actual	(2) FY08 Q2 Actual	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Actual vs. (3) Target (Target=100%)
Japan	16.1	14.5	89.7%	16.7	86.8%
Overseas	16.0	18.2	113.6%	16.9	107.9%
North America	5.6	6.1	108.2%	5.5	110.6%
Europe	6.5	7.4	113.8%	7.0	105.9%
Asia	1.0	1.2	115.0%	1.0	116.9%
Greater China	2.6	3.4	128.7%	3.0	112.0%
Exports	0.3	0.2	72.9%	0.4	50.5%
Total	32.2	32.7	101.6%	33.6	97.2%
Operating income	3.3	3.1	94.3%	3.8	80.0%
OP margin	10.1%	9.4%	-0.7pt	11.4%	-2.0pt

Sales by Area



Net worth ratio: 59.1%, staying at the same level as FY08/Q1.

(Units: JPY billions)

Consolidated B/S	Sept. 2007	Mar. 2008	Sept. 2008
Total Assets	620.5	617.4	619.5
Cash and cash equivalents	39.1	40.6	41.5
Notes and accounts receivable, trade	151.1	164.7	150.0
Inventories	103.7	95.1	106.5
Other current assets	31.5	29.7	32.4
Property, plant and equipment	159.5	152.7	157.1
Investments and other assets	135.7	134.6	132.0
Total Liabilities	231.6	246.9	251.4
Short-term debt	17.6	18.3	24.0
Long-term debt	2.2	1.5	1.2
Other liabilities	218.8	227.1	226.2
Minority equity	0.0	2.0	2.0
Shareholders' equity	388.9	368.5	366.1

Financing activities down by ¥14.0 bn, due partly to increased short-term debt.

(Units: JPY billions)

Consolidated C/F	Sept. 2007	Sept. 2008	(Ref.) Mar. 2007
Operating activities	32.1	28.0	69.0
Investing activities	-19.3	-20.8	-36.7
Free cash flow	12.8	7.2	32.3
Financing activities	-17.9	-3.8	-34.5
Effect of exchange rate changes	1.1	-2.6	-0.2
Net increase/decrease	-3.9	0.8	-2.4
Cash and cash equivalents at end of period	39.1	41.5	40.6

3. FY08 Full Year Forecast

- Downward revision following soaring yen, worsening external environment and other negative factors.
- Exchange rates to be used starting Q3: ¥95/USD; ¥120/EUR.

(Units: JPY billions)

	(1) FY07 Actual	(2) FY08 Forecast	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Forecast vs. (3) Target (Target=100%)
Net sales	763.0	725.0	95.0%	780.0	92.9%
Gross profit	293.3	262.5	89.5%	300.5	87.4%
SG&A	176.6	173.5	98.3%	183.5	94.5%
R&D	51.5	53.0	102.9%	57.0	93.0%
Operating income	65.3	36.0	55.2%	60.0	60.0%
NIBT	64.2	33.0	51.4%	59.0	55.9%
NIAT	42.4	20.5	48.4%	36.5	56.2%
EPS (JPY)	185.89	92.87	50.0%	164.65	56.4%

- Downward revision following soaring yen, worsening external environment and other negative factors.
- Exchange rates to be used starting Q3: ¥95/USD; ¥120/EUR.

(Units: JPY billions)

Japan & Overseas	(1) FY07 Actual	(2) FY08 Forecast	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Forecast vs. (3) Target (Target=100%)
Japan	365.9	355.3	97.1%	385.0	92.3%
Overseas*	397.1	369.7	93.1%	395.0	93.6%
Total	763.0	725.0	95.0%	780.0	92.9%

*Includes direct exports.

Segment	(1) Actual	(2) Actual	YoY	(3) Target	(2)/(3)
IAB	328.8	308.0	93.7%	337.5	91.3%
ECB	154.2	144.0	93.4%	154.5	93.2%
AEC	107.5	99.0	92.1%	108.5	91.2%
SSB	85.2	90.0	105.6%	90.0	100.0%
HCB	71.6	69.0	96.4%	74.0	93.2%
Others	15.7	15.0	95.9%	15.5	96.8%
Total	763.0	725.0	95.0%	780.0	92.9%

- Downward revision following soaring yen, worsening external environment and other negative factors.
- Exchange rates to be used starting Q3: ¥95/USD; ¥120/EUR.

(Units: JPY billions)

Segment	(1) FY07 Actual	(2) FY08 Forecast	Year-on-Year (2)/(1) (FY07=100%)	(3) FY08 Initial target	(2) Forecast vs. (3) Target (Target=100%)
IAB	51.9	38.5	74.1%	50.0	77.0%
ECB	12.6	5.5	43.5%	11.5	47.8%
AEC	1.4	-4.0	-	0.5	-
SSB	7.0	8.0	113.6%	8.0	100.0%
HCB	9.4	6.5	69.1%	9.5	68.4%
Others	0.1	0.0	-	0.0	-
HQ Cost/ Elimination	-17.1	-18.5	-	-19.5	-
Total	65.3	36.0	55.2%	60.0	60.0%

4. Midterm Goal Review

GD2010 3rd stage midterm goal for FY08-FY10 was announced in Jan. 2008.

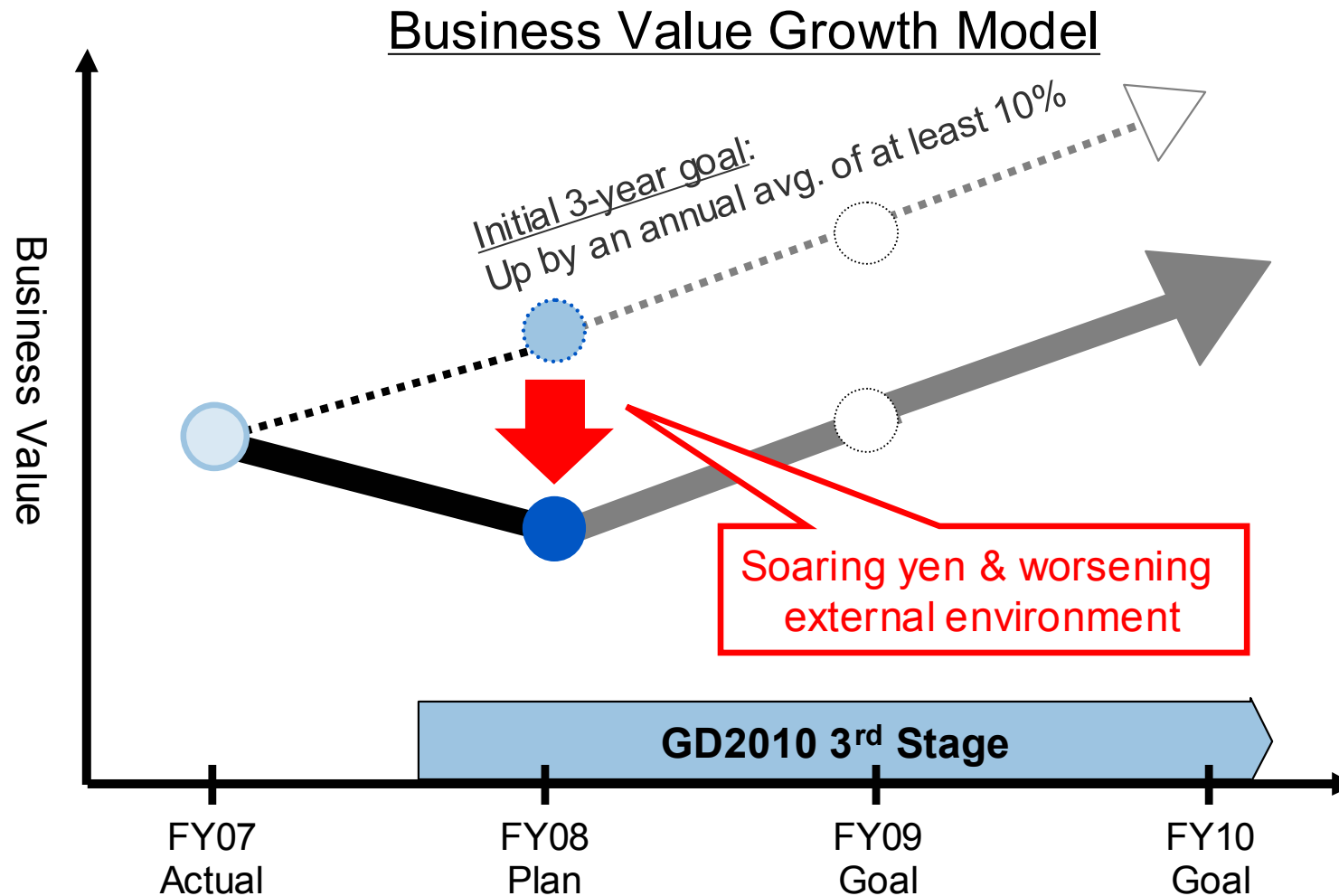
GD2010 3rd Stage Midterm Goal

**Raise Business Value
by an Annual Average of at Least 10%**

Performance Indicators

- ROIC (Return on Invested Capital): at least 12%
- ROS (Return on Sales): at least 10%
- Capital Efficiency: 10% improvement in invested capital turnover

Due to turbulent external factors, raising business value in FY08 is not feasible.
Now working on a new approach: seek the "10%" goal in the next 2 years.



In order to achieve the initial goal of raising business value by an annual average of at least 10% in FY09 & FY10, Omron will revise its performance/ market forecast and implement new measures, including profit structure reform.

Forecast

- FY08 performance worse than expected due to strong yen and worsening of business environment
- Economic growth unlikely during the rest of the GD2010 3rd stage
- Current trend of strong yen will likely continue for the time being

Task

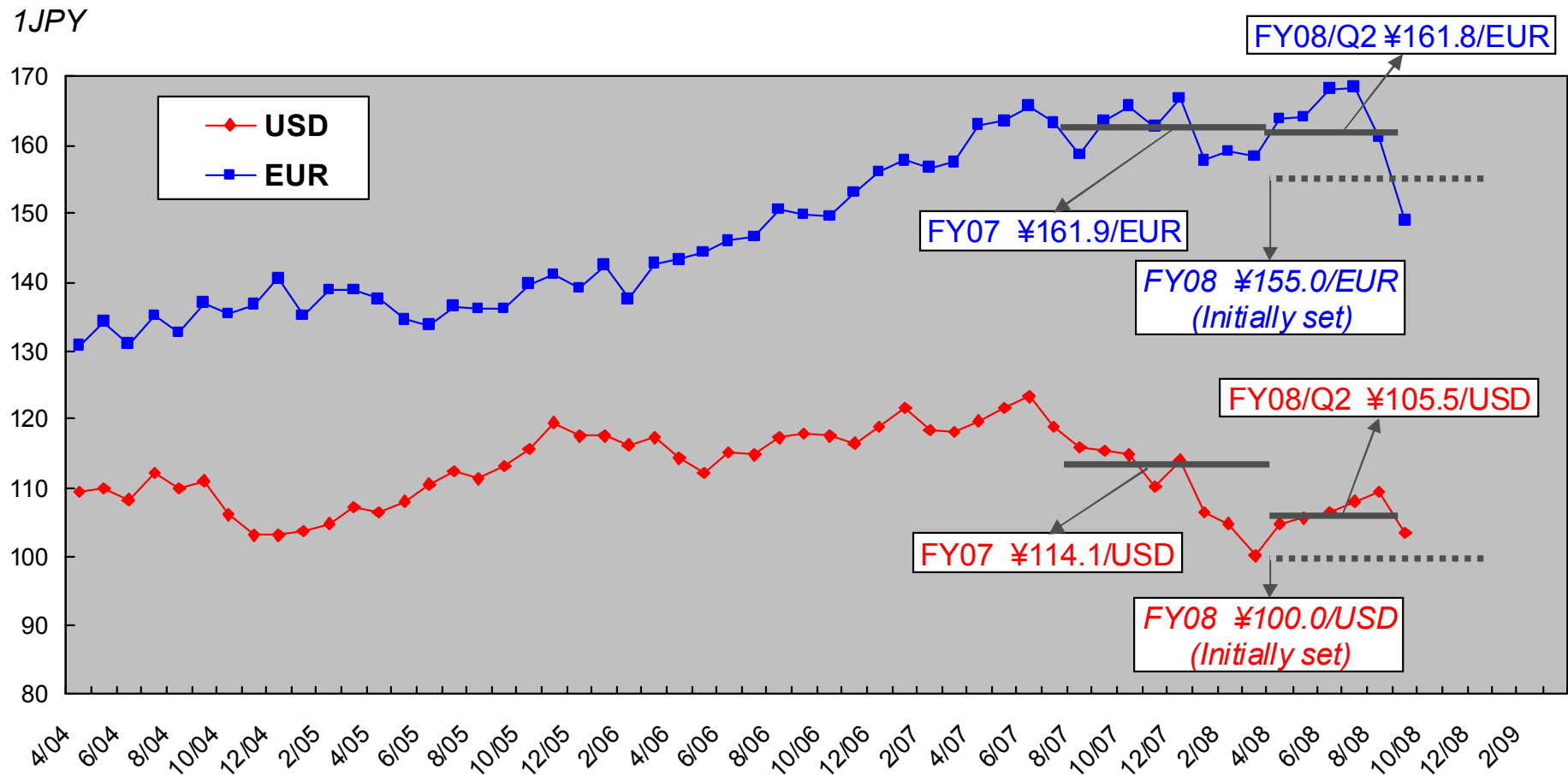
In order to realize company-wide profit structure reform, we will consider “selection and focus” in the following areas:

- (1) Businesses
- (2) Functions
- (3) Sites and organizations

Reference

- **Exchange Rates**
- **Raw Material Prices**

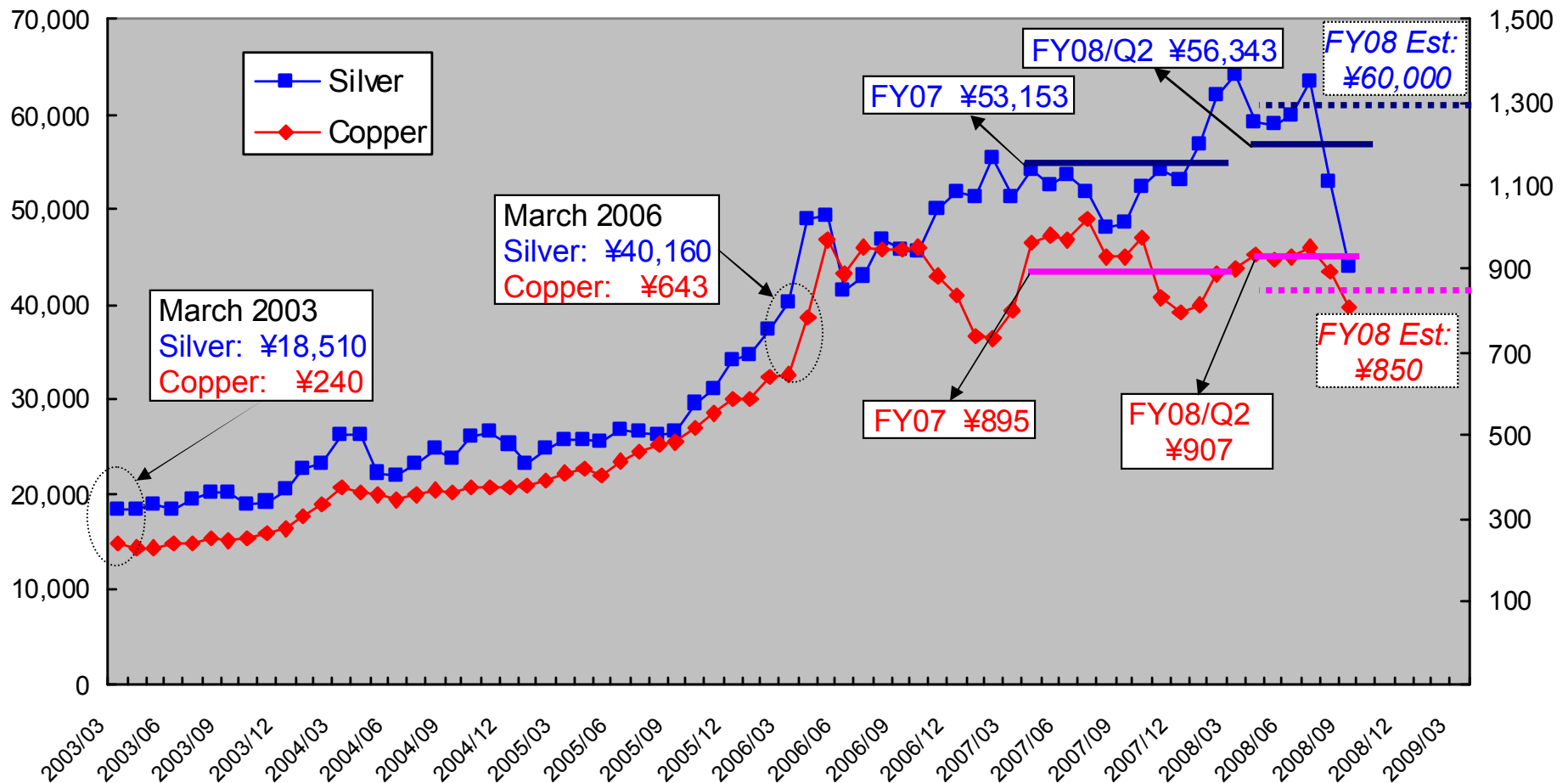
Both USD and EUR dropped throughout the second half of Q2, but were ultimately higher than expected.



Both silver and copper dropped throughout the second half of Q2, but on average, copper still higher than initially estimated.

Silver price quotation, JPY/kg

Copper price quotation, JPY/kg





Bring Machines Closer to People
with Sensing and Control Technology

OMRON Corporation



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