I am pleased to present Omron’s Shareholders  

Against the backdrop of the steep appreciation of the yen and the economic slowdown both in Japan and overseas stemming from the global financial crisis, the business environment for Japanese companies has become extremely severe. Now, the performance of our corporate activities, including business-specific topics, to enable our readers to gain a deeper understanding of Omron.

Message to Shareholders

Reviewing economic conditions during the six months ended September 30, we forecast sales for the current business term. In markets related to the Omron Group, manufacturers including the same period of the previous fiscal year to ¥354.7 billion, reflecting weak sales operating income to ¥18.6 billion.

In markets related to the Omron Group, manufacturers including the

Revision of the financial results for the first half

Start-of-term

Billions of yen

Revised

Consolidated

שרunlikely to be available.

Financial Statements

(Gold Financial Results (Consolidated)

Billions of yen

`2`
I am pleased to present Omron’s Message to Shareholders for the first half of fiscal 2008 (April 1 to September 30), ending March 2009. In addition to reporting on the Company’s business performance, we have included material on the full range of our corporate activities, including business-specific topics, to enable our readers to gain a deeper understanding of Omron.

Against the backdrop of the steep appreciation of the yen and the economic slowdown both in Japan and overseas stemming from the global financial crisis, the business environment for Japanese companies has become extremely severe. Now, more than ever, we must forcefully pursue a policy of “selection and focus,” which entails identifying areas in which we excel (“selection”) and focusing management resources on these areas (“focus”).

I hope you will continue to favor Omron with your support and encouragement.

December 2008

Hisao Sakuta,
President and CEO
Note: Pursuant to U.S. Financial Accounting Standards Board (FASB) Statement No.144, “Accounting for the Impairment of Disposal of Long-Lived Assets,” figures in the consolidated statements of previous years have been restated to account for operations that were discontinued in FY2007.

Caution with respect to forward-looking statements: This report contains forward-looking statements about the performance of Omron and its subsidiaries, which are based on management’s judgment taking into account information available at the time of writing. The Company’s actual results could differ materially from those described in these forward-looking statements as a result of numerous factors.
Interview with the President

President Hisao Sakuta responds to shareholders’ most common questions and opinions.

Could you give readers an overview of Omron’s consolidated business performance for the first half (April 1 to September 30) of this year?

Reviewing economic conditions during the six months ended September 30, 2008, the global economy continued to slow down due to the impact of the financial instability caused by the U.S. subprime loan crisis on countries around the world, as well as high energy prices. In the Japanese economy, in addition to slumping corporate earnings in response to high raw material prices and weakening export growth, rising prices have begun to have a negative impact on consumer spending, resulting in a rapid slowdown in the second quarter of the current business term.

In markets related to the Omron Group, manufacturers including the semiconductor and automotive industries continued to hold back on capital investment, and a trend toward production adjustments became notable in the second quarter.

In this environment, sales for the first half decreased 3.0% compared with the same period of the previous fiscal year to ¥354.7 billion, reflecting weak sales in Japan as well as the impact of the yen’s appreciation. Although the Omron Group worked diligently to reduce expenses, rising raw material prices, in addition to the decrease in net sales, led to a 30.0% year-on-year decrease in operating income to ¥18.6 billion.

What are your projections for business performance over the full term?

The business outlook is becoming increasingly uncertain. Conditions in the Omron Group’s markets are expected to become more difficult with the impact of factors such as reduced capital investment by domestic manufacturers, weaker demand for electronic components for consumer and commercial equipment in Japan, and production cutbacks in the automobile industry, particularly in the United States. Against this background, we forecast sales for the fiscal 2008 full term at ¥725 billion, down 5% year-on-year, with operating income down 45% at ¥36 billion.

Initial and revised business performance forecasts for fiscal 2008

(Consolidated) Start-of-term Revised

<table>
<thead>
<tr>
<th>Item</th>
<th>Start-of-term</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>780</td>
<td>725</td>
</tr>
<tr>
<td>Operating income</td>
<td>60</td>
<td>36</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>7.7%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Net income</td>
<td>36.5</td>
<td>20.5</td>
</tr>
</tbody>
</table>
Could you describe your performance targets over the medium to long term, and the policies you intend to pursue?

Omron’s long-term management vision, which covers the 10 years from fiscal 2001 to fiscal 2010, is called “Grand Design 2010” (GD2010). The prime management goal of GD2010 is to maximize Omron’s corporate value over the long term.

For the three-year period FY2008-2010, which constitutes the third and final stage of GD2010, we have set a goal of raising business value by an annual average of at least 10%. However, for the current business term (fiscal 2008), we have been forced to accept that raising business value is not feasible, owing to the deterioration of the business environment as a result of the soaring yen and the global economic slowdown. In fact, the severity of current circumstances indicates that we must be prepared for a temporary decline in business value.

In view of this situation, we intend to revise our performance and market forecasts in order to achieve our initial goal of raising business value by an annual average of at least 10% in FY2009 and FY2010. These revisions will be based principally on the appreciation of the yen and the deterioration of the business environment, and consequently business performance for fiscal 2008 is expected to be worse than the initial projections. Furthermore, we anticipate that Japanese economic growth is unlikely during the remainder of the third stage of GD2010, and the current upward trend of the yen on the forex market is likely to continue for the time being. In view of these factors, we are currently examining various options for the implementation of company-wide profit structure reform, centering on a policy of “selection and focus” in the three areas of businesses, functions, and sites and organizations.

Could you provide readers with some specifics regarding Omron’s plans for focal business fields?

We will, of course, continue to put strong emphasis on products manufactured by our Electronic Components Business (ECB), notably Micro Electro Mechanical Systems (MEMS) and small-sized LCD backlights. We will also continue to pursue innovation driven by social needs, and are therefore tackling a wide range of environmental issues society must address. One particularly major issue is the CO₂ emitted during goods manufacturing and distribution. Before attempting to design solutions to this problem, we need to accurately measure the amount of energy consumed by the various production and distribution modes, which will enable us to calculate the amount of CO₂ being emitted. The distribution stage is the most difficult to calculate, but Omron is developing methods that can be used to calculate carbon equivalents depending on the input of such variables as the truck type, the type of engine (gasoline- or diesel-fueled), the transportation route, and what other goods are transported in the same truck.

A number of companies have recently begun employing a new management indicator, Return on Carbon (ROC), which is the value of total operating profits divided by CO₂ emissions from total operations.
We intend to maintain our dividend payments and share buyback programs each term as our business performance allows. Omron is still evolving and developing as a company, and we believe our priority should be placed on capital investment and R&D spending to strengthen our ability to grow. Nonetheless, we aim to maintain a minimum 20% dividend payout ratio and 2% dividend on equity ratio (DOE*).

In closing, could you describe Omron’s policy on shareholder return?

We plan to pay a fiscal 2008 interim dividend of ¥18.00 per share, an increase of ¥1.00 over the previous interim dividend. We have not yet made a decision regarding the fiscal 2008 year-end dividend payment.

This indicator should enable us to see which companies emit the lowest volume of CO2 while generating the same amount of profit. It goes without saying that companies must seek profits, but that does not mean they can ignore the environmental effects of their operations. To be able to cut back on CO2 emissions, you must first be able to measure exactly how much is being emitted by each aspect of your business operations. CO2 is the primary cause of global warming, and Omron has a duty as a Japanese company to bring its technological expertise overseas as part of its efforts to help solve this environmental problem.

*The Dividend on Equity Ratio (DOE) indicates shareholder return levels together with the dividend payout ratio. It is derived by dividing total annual dividends by shareholders’ equity. Here, shareholders’ equity is defined as the total sum of common stock, capital surplus, legal reserve, retained earnings, and accumulated other comprehensive income (loss) after deduction of treasury stock.
Meeting customer needs with MEMS (Micro Electro Mechanical Systems) and ultra-thin backlights

At Omron, we leverage our proprietary technology in the constant search for ways to better meet our customers’ needs for thinner, more compact products, faster speeds and increased bandwidth, higher sensitivity levels, and lighter, more stylish products.

Omron exhibits products at CEATEC Japan, Asia’s biggest electronics show

CEATEC Japan, a comprehensive exhibition of cutting-edge electronics and IT equipment, was held this year from September 30 to October 4 at the Makuhari Messe exhibition site in Chiba prefecture, near Tokyo.

Omron’s booth at the show featured the fruits of the Company’s R&D activities in the field of Micro Electro Mechanical Systems (MEMS)* and backlights. Many visitors learned about MEMS technology while playing games on a special stage.

Among the various exhibits that attracted the crowds were “vertically integrated” MEMS products and sheet-type backlights.

Specialist explains MEMS integrated with LSIs

“Omron has invested considerable management resources in research into and development of Micro Electro Mechanical Systems (MEMS), and at CEATEC we exhibited our new technology, which enables us to integrate MEMS substrates and LSIs** in three or more layers in a vertical direction. Compared with horizontal integration, the vertical arrangement allows for a smaller area and a more compact component, and realizes an efficient system.

The most challenging issue in development was how to create an ultra high-precision wafer-laying process and make small, deep holes for wiring through the layered MEMS wafers. The diameter of the wiring holes is a mere 10 microns. Only Omron has the expertise to create a wiring system through holes this small.

The applications we have in mind for this technology at the moment include health monitoring devices and sensor networks. By combining small sensors,
control circuits and radio communication functions can be integrated into one chip. By embedding sensors at numerous places, we can obtain essential information, allowing accurate control with constant feedback. For example, sensors could be installed within a building to transmit swaying caused by earthquakes or high winds, or other strains in the structure. We continue to develop such basic technologies that enable various kinds of control and have extensive potential applications in a wide range of fields.

*MEMS (Micro Electro Mechanical Systems) refers to electrical mechanical systems in the nanometer scale (one billionth of a meter). MEMS are essential components enabling the technological enhancement and miniaturization of most common electronic devices, from mobile phones to computers and digital electronics.

**LSI (Large-Scale Integration) refers to integrated circuits with between 1,000 and 100,000 transistors per chip.

**Thin and flexible sheet-type backlights**

Ever-thinner mobile phones continue to be in strong demand, for which reason the thickness of their components must also be reduced. In response to these needs, Omron and its subsidiary Omron Precision Technology (OPT) have jointly developed an LED backlight for mobile phone LCD screens that has a thickness of only 0.59mm. This new backlight realizes the same degree of brightness as existing products with a one-third reduction in thickness, enabling the production of LCD screens with a total thickness of only 1.3mm. Our proprietary technologies for realizing thickness reduction have also enabled us to create flexible sheet-type backlights, which are scheduled for commercial launch in the spring of 2009.
Healthcare Business (HCB)

Body composition monitor HBF-359 receives iF Design Award China 2008

Omron’s “Karada-Scan” body composition monitor HBF-359 has received the iF Design Award China 2008, a prestigious award given to industrial products marketed in the Asia-Pacific region that exhibit superior design. The iF Product Design Award is given by the organization iF International Forum Design GmbH, based in Hanover, Germany. This is the fourth such award received by Omron, which last year won awards for the HEM-7000 digital blood pressure monitor, the HEM-1000 spot-arm digital blood pressure monitor, and the MC-670 digital thermometer. The Company will continue to focus on ease of use and accuracy in the development of new products that meet real user needs.

Social Systems Business (SSB)

Beijing subway stations begin using Omron fare management system

On June 9, 2008, ahead of the start of the Olympic Games, operation of a fare management system supplied by Omron began at all 23 stations on Beijing’s No. 5 subway line.

The main feature of the new system is the use of non-contact IC cards for all tickets. This applies even to one-way, one-time tickets, whereas magnetic tickets are still common in Japan. The IC cards are retrieved at the automatic ticket gates at the passengers’ destinations, then are resold in ticket vending machines. By recycling tickets in this way, the system helps reduce waste, and is thus environmentally friendly.

The new system is also compatible with common IC-card tickets that can be used in buses and taxis in Beijing. For local residents, who are looking forward to the economic ripple effect of the Olympic Games, the system will help realize an even more convenient public transport system.
Electronic Components Business (ECB)
Small, high-frequency, reliable RF MEMS switch goes on sale

Omron’s latest MEMS product, the RF MEMS switch, went on sale on September 26. This is a small-sized, high-frequency, highly reliable switch for use in semiconductor testers and high-frequency meters. It is the fruit of more than ten years of experience in the mass production of MEMS sensors, and leverages Omron’s expertise in MEMS design and high-frequency design technology. In line with the increasing operating speed of memory chips and system LSI chips in recent years, current requirements for semiconductor testers include high-speed operation, low power consumption, and compactness. Omron’s RF MEMS switch features dimensions of only 5.2 x 3.0 x 1.8mm thanks to the packaging of some of the world’s smallest MEMS chips, and allows high-frequency (10GHz) transmission. In addition, it is reliable up to 100 million cycles and uses only 10 microwatts or less of electrical power. This product thus meets current market needs perfectly from all perspectives. For the first batch, Omron plans to launch a SPDT (single-pole, double throw) type, with an expansion into different types planned further down the line.

Industrial Automation Business (IAB)
I-Web site awarded top BtoB site ranking for 2nd year in a row

In the BtoB Site Rankings 2008 issued by the Tokyo-based Japan Brand Strategy Inc., “I-Web,” the Japanese-language website operated by Omron’s Industrial Automation Business, was awarded the No. 1 spot this year for the second straight year. This overall ranking takes into account the percentage of site users who express satisfaction. The I-Web site came up on top in terms of access experience, and among the leaders in terms of user satisfaction.

### Overall Rankings

1. **Omron Corporation** (FA*, control devices)
2. **Keyence Corporation** (FA, control devices)
3. **Dell Inc.** (servers)
4. **Misumi Group Inc.** (FA, mechanical components)
5. **SMC Corporation** (FA, mechanical components)
6. **Mitsubishi Electric Corporation** (FA, control devices)
7. **TOTO Ltd.** (building materials and home equipment)
8. **Canon Inc.** (office equipment)
9. **Panasonic Electric Works Co., Ltd.** Electrical construction materials (building materials and home equipment)
10. **Panasonic Electric Works Co., Ltd.** Home appliances and building products (building materials and home equipment)

* FA = factory automation
Omron News

Omron Group conducts “Eco-Volun” initiative around the world

As a special event to commemorate the 75th anniversary of Omron’s establishment, employees from Omron Group companies around the world—approximately 35,000 people in 38 countries—carried out volunteer and environmental activities under the Group’s unique “Eco-Volun” initiative from May 10 to September 30, 2008. The Eco-Volun concept involves Group employees incorporating volunteerism and environmental preservation activities such as recycling and energy conservation into their daily lives, for which they received points that were later converted into a monetary value for donation. Despite their many different native languages and cultures, Omron Group employees worked together to achieve a shared goal, and the Eco-Volun initiative resulted in contributions to charities totaling around ¥40 million.

In Japan, where Eco-Volun activities have now become routine, the program was continued into October and beyond, and further social contribution initiatives are planned in the future.

CSR website picks Omron as one of top 13 companies

Gomez Consulting Co., Ltd., a Tokyo-based website monitoring and consulting company, has picked Omron as one of its top 13 manufacturing-sector enterprises in the field of corporate social responsibility (CSR). Today, the extent to which a company fulfills its social responsibilities has a major impact on its overall reputation, and therefore on its business performance. Considerable attention is now devoted to CSR-related information provided on companies’ websites. Against this background, particularly for manufacturers, whose operations are closely intertwined with the natural environment, it has become essential to construct and maintain websites that offer an extensive and useful range of information on the company’s CSR activities. Gomez surveys a large selection of companies and lists up those it deems superior in this area.

Gomez gave Omron high marks for the information provided on the CSR section of its website on products that are eco-friendly or contribute to the good of society, as well as the section’s ability to convey the unique features of Omron’s operations as they relate to CSR goals. Clear comparisons between numerical targets and actual results were also highly evaluated, as was the functionality of the top page, which allows easy access to detailed individual pages.
Omron Group conducts “Eco-Volun” initiative around the world

CSR website picks Omron as one of top 13 companies

Two Omron Group employees win medals at Beijing 2008 Paralympic Games

Hiroki Sasahara, an employee of Omron Taiyo Co., Ltd., won the silver medal at the Beijing 2008 Paralympic Games in the men’s T54-class wheelchair marathon, setting a record time of 1 hour, 23 minutes and 17 seconds.

At the same games, Yan-hong Xiao, an employee of Omron subsidiary Omron Electronic Components (Shenzhen) Ltd. in China, won the bronze medal in the women’s wheelchair archery section, and was also a member of the gold medal-winning team.

Both these athletes were inspired before their events by a flood of messages of encouragement from Omron Group employees. The sight of these brave individuals overcoming their physical limitations and pushing themselves to the limit was a very moving experience for the many people who watched the Games.

Omron and six other Kyoto-based companies hold special exhibition to mark G8 foreign ministers’ meeting

A meeting of the foreign ministers of the G8 countries was held in Kyoto on June 26 to 27, 2008. Over the same two days, Omron and six other Kyoto-based companies held a special environment-related exhibition at the Kyoto International Conference Center, where some parts of the ministers’ meeting were being held. The exhibition was open to representatives of local, national, and international media outlets.

Omron’s Business Development Group exhibited a commercial model of the “e-watching” remote energy monitoring system. This system has been specially designed to show the normally invisible “flow” of energy by volume, allowing centralized and efficient energy management. The system has already been put to use in all 283 of Kyoto city’s public kindergartens, elementary schools, and junior and senior high schools. The system is already saving the city some ¥40 million per annum in energy costs.

Seen standing in front of Omron’s exhibition are (left to right) Governor Keiji Yamada of Kyoto Prefecture, Omron Chairman Yoshio Tateisi (concurrently serving as chairman of the Kyoto Chamber of Commerce and Industry), and Kyoto City Mayor Daisaku Kadokawa.
**IAB: Industrial Automation Business**

*Manufacture and sales of control systems and equipment for industrial machinery and factory automation*

During the first half, IAB recorded firm sales in the Japanese safety components and application sensors market thanks to growth in demand. In Europe, too, demand increased for motion controllers and safety components, leading to steady sales. In China, good sales were posted by programmable logic controllers and photoelectric sensors, among others. Nevertheless, total segment sales declined 1.6% year-on-year to ¥158,442 million, as a result of the yen’s sharp appreciation.

**Outlook**

Capital investment is expected to decrease worldwide as a result of the economic slowdown, but on the other hand, the manufacturing sector is facing increased demand for higher product quality and safety, as well as environmental considerations. Omron plans to expand sales by addressing these issues through the launch of new safety components and application sensors.

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**ECB: Electronic Components Business**

*Manufacture and sale of electronic components for consumer electronics, mobile phones and other telecommunications equipment, amusement devices, and office automation equipment*

Brisk sales of components were recorded in the Japanese market to manufacturers of mobile devices and IT equipment. In North America, sales of optical communication devices were favorable, while in China good sales were posted by small-size LCD backlights and input switches. Despite these factors, segment sales were down 9.5% compared to the same period of the previous year on a yen basis, at ¥71,786 million, due to the Japanese currency’s appreciation.

**Outlook**

The mobile device market is expected to continue growing over the medium-to-long term, and Omron intends to take advantage of the ongoing trend toward even thinner mobile phones by launching new ultra-thin, small-size LCD backlights.

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**AEC: Automotive Electronic Components Business**

*Manufacture and sales of electronic components for automobiles*

In the Japanese market, AEC recorded growth in the sale of electric power steering controllers used in European cars, and sales in Japan as a whole held steady. In North America, a decrease in the number of vehicles manufactured by major automakers caused a sharp fall in sales. In China, sales were favorable thanks to new projects launched by automotive companies there. Total segment sales were down by 5.2% year-on-year, at ¥50,328 million.

**Outlook**

Poor business performance is predicted for the automotive industry worldwide as a result of the economic slowdown and high oil prices, but the rising demand for energy-efficient vehicles and greater automotive safety should be positive factors for sales of Omron’s electric power steering controllers and other strategic products.
SSB: Social Systems Business

Manufacture and sale of modules and hardware systems for railway infrastructure and road traffic control, as well as solutions and services for use in public environments

In the railway infrastructure business, Omron enjoyed new demand for systems accompanying the opening of new railway lines, leading to a strong growth in sales. In the ID management solutions business, demand for electronic money solutions has slowed, and sales registered a year-on-year decline. In the railway maintenance business, SSB enjoyed firm demand thanks to the opening of new railway lines, as well as for installation of IC card reading systems. In the software business, sales fell sharply due to smaller research budgets at mobile phone makers.

Total segment sales posted a year-on-year growth of 3.4% to ¥34,087 million.

Outlook
In view of the growing emphasis in present-day society on security and safety, Omron plans to focus resources on “social sensors.” This involves devices and systems for identifying the presence or movement of unauthorized persons or suspicious objects in public places such as train stations or shopping malls.

HCB: Healthcare Business

Manufacture and sale of healthcare and medical devices for home and professional use

In the Japanese market, sales of professional devices rose above the previous year level, but sales of home-use blood pressure monitors and body composition monitors were sluggish. In North America, the business was principally driven by sales to major retailers, while sales in Europe were favorable led by blood pressure monitors. In China and Southeast Asia, sales of high-end models were particularly good.

Total segment sales edged up by 1.6% year-on-year to ¥32,670 million.

Outlook
Rising healthcare consciousness both in Japan and overseas is expected to drive expanded demand for blood pressure monitors and pedometers. In the Japanese market, particularly, the start of the new physical examination and health guidance requirements in April 2008 is expected to stimulate demand for lifestyle disease prevention and treatment devices.

Business Development Group and Other Businesses

Fostering and developing new business opportunities as part of the Omron Group’s growth strategy

In the computer peripherals business, sales of telecommunications equipment such as broadband routers were weak. In new businesses, radio frequency identification (RFID) devices recorded low sales, but revenues from electricity usage monitoring services were good.

Total segment sales declined by 3.7% year-on-year to ¥7,357 million.

Outlook
Against the background of rising concern over environmental issues and sharp increases in raw material prices, attention to reducing energy costs is increasing. The Business Development Group is working to expand the energy management business through the further development of remote energy monitoring systems for plants and facilities.
## Interim Consolidated Balance Sheet (Summary)

<table>
<thead>
<tr>
<th></th>
<th>FY2007 1H (as of September 30, 2007)</th>
<th>FY2008 1H (as of September 30, 2008)</th>
<th>FY2007 (as of March 31, 2008)</th>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
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<tr>
<td>Total current assets</td>
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<td>330,321</td>
<td>330,054</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>39,051</td>
<td>41,457</td>
<td>40,624</td>
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<tr>
<td>Notes and accounts receivable — trade</td>
<td>153,337</td>
<td>152,700</td>
<td>166,878</td>
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<tr>
<td>Allowance for doubtful receivables</td>
<td>(2,272)</td>
<td>(2,730)</td>
<td>(2,211)</td>
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<td>Inventories</td>
<td>103,710</td>
<td>106,509</td>
<td>95,125</td>
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<tr>
<td>Other current assets</td>
<td>31,457</td>
<td>32,385</td>
<td>29,638</td>
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<tr>
<td>Net property, plant and equipment</td>
<td>159,534</td>
<td>157,100</td>
<td>152,676</td>
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<tr>
<td>Buildings</td>
<td>130,698</td>
<td>129,781</td>
<td>128,183</td>
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<tr>
<td>Machinery and equipment</td>
<td>175,686</td>
<td>173,230</td>
<td>167,036</td>
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<tr>
<td>Accumulated depreciation</td>
<td>(182,077)</td>
<td>(183,996)</td>
<td>(175,946)</td>
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<tr>
<td>Other</td>
<td>35,227</td>
<td>38,085</td>
<td>33,403</td>
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<tr>
<td>Total investments and other assets</td>
<td>135,676</td>
<td>132,048</td>
<td>134,637</td>
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<tr>
<td>Investments in and advances to affiliates</td>
<td>17,336</td>
<td>16,813</td>
<td>16,645</td>
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<td>Investment securities</td>
<td>45,071</td>
<td>33,958</td>
<td>39,139</td>
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<tr>
<td>Other</td>
<td>73,269</td>
<td>81,277</td>
<td>78,853</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>620,493</td>
<td>619,469</td>
<td>617,367</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total current liabilities</td>
<td>170,790</td>
<td>179,374</td>
<td>177,069</td>
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<tr>
<td>Long-term debt</td>
<td>2,228</td>
<td>1,172</td>
<td>1,492</td>
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<td>Deferred income taxes</td>
<td>2,113</td>
<td>2,835</td>
<td>3,887</td>
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<td>Termination and retirement benefits</td>
<td>53,750</td>
<td>66,909</td>
<td>63,536</td>
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<tr>
<td>Other long-term liabilities</td>
<td>842</td>
<td>1,072</td>
<td>863</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>229,723</td>
<td>251,362</td>
<td>246,847</td>
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<tr>
<td>Minority interests in subsidiaries</td>
<td>1,897</td>
<td>2,021</td>
<td>2,018</td>
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<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock issued</td>
<td>64,100</td>
<td>64,100</td>
<td>64,100</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>98,886</td>
<td>99,019</td>
<td>98,961</td>
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<tr>
<td>Legal reserve</td>
<td>8,566</td>
<td>9,082</td>
<td>8,673</td>
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<tr>
<td>Retained earnings</td>
<td>272,373</td>
<td>274,500</td>
<td>266,451</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(3,076)</td>
<td>(36,170)</td>
<td>(28,217)</td>
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<tr>
<td>Treasury stock, at cost</td>
<td>(51,976)</td>
<td>(44,445)</td>
<td>(41,466)</td>
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<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>388,873</td>
<td>366,086</td>
<td>368,502</td>
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<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>620,493</td>
<td>619,469</td>
<td>617,367</td>
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</tbody>
</table>

**Notes:**
1. Amounts less than one million yen have been rounded.
2. Omron’s consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
### 1st Half Consolidated Statement of Income

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>366,110</td>
<td>354,670</td>
<td>762,985</td>
</tr>
<tr>
<td><strong>Costs of sales</strong></td>
<td>227,208</td>
<td>224,208</td>
<td>469,643</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>138,902</td>
<td>130,462</td>
<td>293,342</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>87,544</td>
<td>86,770</td>
<td>176,569</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>24,768</td>
<td>25,089</td>
<td>51,520</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>26,590</td>
<td>18,603</td>
<td>65,253</td>
</tr>
<tr>
<td>Other expenses (income), net</td>
<td>(738)</td>
<td>(688)</td>
<td>1,087</td>
</tr>
<tr>
<td><strong>Income from continuing operations before income taxes, minority interests, and equity in loss of affiliates</strong></td>
<td>27,328</td>
<td>19,291</td>
<td>64,166</td>
</tr>
<tr>
<td>Income taxes</td>
<td>11,227</td>
<td>7,157</td>
<td>24,272</td>
</tr>
<tr>
<td>Current</td>
<td>12,919</td>
<td>6,525</td>
<td>24,403</td>
</tr>
<tr>
<td>Deferred</td>
<td>(1,692)</td>
<td>632</td>
<td>(131)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>147</td>
<td>51</td>
<td>217</td>
</tr>
<tr>
<td>Equity in losses (gains) of affiliates</td>
<td>211</td>
<td>(338)</td>
<td>348</td>
</tr>
<tr>
<td><strong>Income from continuing operations</strong></td>
<td>15,743</td>
<td>—</td>
<td>39,329</td>
</tr>
<tr>
<td>Income from discontinued operations</td>
<td>3,054</td>
<td>—</td>
<td>3,054</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>18,797</td>
<td>12,421</td>
<td>42,383</td>
</tr>
</tbody>
</table>

Notes: 1. Amounts less than one million yen have been rounded.  
2. Omron’s consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

### 1st Half Consolidated Statement of Cash Flows (Summary)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>32,109</td>
<td>28,040</td>
<td>68,996</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(19,287)</td>
<td>(20,762)</td>
<td>(36,681)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(17,912)</td>
<td>(3,829)</td>
<td>(34,481)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>1,146</td>
<td>(2,616)</td>
<td>(205)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(3,944)</td>
<td>833</td>
<td>(2,371)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>42,995</td>
<td>40,624</td>
<td>42,995</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period (year)</td>
<td>39,051</td>
<td>41,457</td>
<td>40,624</td>
</tr>
</tbody>
</table>

Notes: 1. Amounts less than one million yen have been rounded.  
2. Omron’s consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).  
3. Accumulated comprehensive income, the total of net income of FY2008 1H and accumulated other comprehensive income, came to ¥4,468 million. Accumulated other comprehensive income includes foreign currency translation adjustments, minimum pension liability adjustments, unrealized gains (losses) on available-for-sale securities, and net gains (losses) on derivative instruments.
Stock Information

(as of September 30, 2008)

Stock and Ownership Breakdown

- Number of shares authorized: 487,000,000 shares
- Total number of shares issued: 239,121,372 shares
- Number of shareholders: 34,006

Principal Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held (thousands)</th>
<th>Equity stake (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Street Bank and Trust Company 505223</td>
<td>16,752</td>
<td>7.00</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>7,713</td>
<td>3.22</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>7,427</td>
<td>3.10</td>
</tr>
<tr>
<td>The Bank of Kyoto, Ltd.</td>
<td>7,069</td>
<td>2.95</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 4G)</td>
<td>6,436</td>
<td>2.69</td>
</tr>
<tr>
<td>Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension</td>
<td>6,301</td>
<td>2.63</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust account)</td>
<td>6,156</td>
<td>2.57</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>6,066</td>
<td>2.53</td>
</tr>
<tr>
<td>State Street Bank and Trust Company</td>
<td>5,699</td>
<td>2.38</td>
</tr>
<tr>
<td>The Chase Manhattan Bank, N.A. London S.L. Omnibus Account</td>
<td>5,615</td>
<td>2.34</td>
</tr>
</tbody>
</table>

Note: The Company holds 18,903 thousand own shares in treasury. However, it is excluded from the above list of principal shareholders.

On July 31, 2008, the Board of Directors resolved to purchase the Company’s own shares by the trust method on Osaka Securities Exchange, in accordance with provisions in Article 156 of the Company Law. The Company purchased 1,500 thousand common shares (at a total acquisition cost of ¥2,958,836,600) during the period between August 4 and 12, 2008.

Stock Price and Trading Volume

![Graph showing Omron’s share price and trading volume]

Notes: 1. Shares are traded on the 1st Section of Osaka Securities Exchange.
2. The stock price represents the “common trades,” and the volume is the sum of all trades.
For detailed IR information, please refer to our website’s Investor Relations section. Various IR materials, such as required filings and stock-related information, are available.

http://www.omron.com/ir/

The 71st Ordinary General Meeting of Shareholders: Record attendance

On June 24, we held the 71st Ordinary General Meeting of Shareholders in Kyoto. A record 634 shareholders attended the meeting. After the general meeting, we also held a special meeting on our financial performance and future initiatives. At the reception following this meeting, division directors met face to face with the shareholders, talked and answered questions while showing products and panels on display.

IR Seminar – Top Interview:
IR seminar for individual investors with President Sakuta

On August 25, we held an IR seminar in Tokyo. 339 individual investors participated in the seminar. Following the introduction of the Company by President Hisao Sakuta, Ms. Atsuko Fukushima, an economic newscaster, interviewed him on the Company’s financial position, growth drivers, dividend policies and so on. Answering her pin-pointed questions helped investors further their understanding of the Company.
## Corporate Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name</td>
<td>Omron Corporation</td>
</tr>
<tr>
<td>Date of Establishment</td>
<td>May 10, 1933</td>
</tr>
<tr>
<td>Date of Incorporation</td>
<td>May 19, 1948</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>¥64,100 million</td>
</tr>
<tr>
<td>Number of Employees (Consolidated)</td>
<td>36,938</td>
</tr>
<tr>
<td>Number of Subsidiaries</td>
<td>165 (Domestic: 49, Overseas: 116)</td>
</tr>
<tr>
<td>Number of Affiliates</td>
<td>20 (Domestic: 14, Overseas: 6)</td>
</tr>
<tr>
<td>Corporate Core Value</td>
<td>“At work for a better life, a better world for all”</td>
</tr>
<tr>
<td>Corporate Motto</td>
<td>“Working for the benefit of society”</td>
</tr>
</tbody>
</table>

## Directors and Corporate Auditors

- **Yoshio Tateisi** | Chairman of the BOD |
- **Fumio Tateisi** | Director and Executive Vice Chairman |
- **Hisao Sakuta** | President and CEO |
- **Keiichiro Akahoshi** | Director and Executive Vice President |
- **Yutaka Takigawa** | Director and Executive Vice President |
- **Kazuhiko Toyama** | Director (external) |
- **Masamitsu Sakurai** | Director (external) |
- **Tsutomu Ozako** | Corporate Auditor |
- **Satoshi Ando** | Corporate Auditor (external) |
- **Hidero Chimori** | Corporate Auditor (external) |
- **Eisuke Nagatomo** | Corporate Auditor (external) |

## Executive Officers

- **Soichi Yukawa** | Senior Managing Officer |
- **Yoshinobu Morishita** | Senior Managing Officer |
- **Koichi Imanaka** | Managing Officer |
- **Takuji Yamamoto** | Managing Officer |
- **Yoshinori Suzuki** | Managing Officer |
- **Yukio Kobayashi** | Managing Officer |
- **Hideo Higuchi** | Managing Officer |
- **Hiroshi Fujiwara** | Managing Officer |
- **Kazunobu Amemiya** | Managing Officer |
- **Yutaka Fujiwara** | Managing Officer |
- **Kojiro Tobita** | Managing Officer |
- **Akihisa Nakatani** | Executive Officer |
- **Tatsunosuke Goto** | Executive Officer |
- **Mike van Gendt** | Executive Officer |
- **Tosho Yamashita** | Executive Officer |
- **Roberto Maietti** | Executive Officer |
- **Yoshisaburo Mogi** | Executive Officer |
- **Hiroshi Miyagawa** | Executive Officer |
- **Koichi Tada** | Executive Officer |
- **Koichiro Kondo** | Executive Officer |
- **Shigeki Fujimoto** | Executive Officer |
- **Masahiro Ijiri** | Executive Officer |
- **Masaki Arai** | Executive Officer |
- **Masayuki Tsuda** | Executive Officer |
- **Hideji Ejima** | Executive Officer |
- **Masaki Teshigahara** | Executive Officer |
- **Taiji Sogo** | Executive Officer |
- **Yoshihito Yamada** | Executive Officer |

## Headquarters

### Japan
- **Kyoto Head Office**
  - Phone: 81-75-344-7000
  - Fax: 81-75-344-7001

### Tokyo Head Office
- Phone: 81-3-3436-7011
- Fax: 81-3-3436-7035

### Europe
- **OMRON Europe B.V. (The Netherlands)**
  - Phone: 31-23-568-1300
  - Fax: 31-23-568-1391

### North America
- **OMRON Management Center of America, Inc. (Illinois)**
  - Phone: 1-224-520-7650
  - Fax: 1-224-520-7680

### Asia Pacific
- **OMRON Asia Pacific Pte. Ltd. (Singapore)**
  - Phone: 65-6835-3011
  - Fax: 65-6835-2711

### Greater China
- **OMRON (China) Co., Ltd. (Shanghai)**
  - Phone: 86-21-5888-1666
  - Fax: 86-21-5888-7633 / 7933

## Financial Results (Consolidated)

### Highlights of FY2008 1st Half

- Revenues: ¥1,672.4 billion, down ¥64.7 billion compared with the same period of the previous fiscal year
- Operating Income: ¥36 billion, down ¥27 billion

### Business Topics

- **OMRON Corporation**
  - “Omron’s revenue growth in FY2007 was ¥1,400.5 billion, and operating income was ¥176.8 billion. This represents increases of 19% and 25%, respectively, compared to the previous year.”

- **Reviewing economic conditions during the six months ended September 30, 2008**
  - “In the third quarter of FY2008, Omron’s consolidated net sales decreased by 3.0% compared with the same period of the previous fiscal year, to ¥725 billion.”

- **In this environment, sales for the first half decreased 3.0% compared with the same period of the previous fiscal year to ¥354.7 billion, reflecting weak sales in Japan as well as high energy prices.**

- **Omron Group’s markets are expected to become more difficult with the impact of the U.S. subprime loan crisis on countries around the world.**

- **Income down 45% at ¥36 billion.**

### Revised Initial and revised business performance forecasts for fiscal 2008

<table>
<thead>
<tr>
<th>Business Term</th>
<th>Sales</th>
<th>Operating Income</th>
<th>Operating Income Margin</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-of-term</td>
<td>¥780</td>
<td>¥58.5</td>
<td>7.7%</td>
<td>¥60.0</td>
</tr>
<tr>
<td>Revised</td>
<td>¥725</td>
<td>¥36.0</td>
<td>5.0%</td>
<td>¥20.5</td>
</tr>
</tbody>
</table>
Information for Investors

Fiscal Year-end: March 31
General Meeting of Shareholders: June
Record Dates for Dividends: March 31 (year-end), September 30 (interim)
Number of Shares per Trading Unit: 100 shares
Shareholders’ Register Manager for Common Stock:
Mitsubishi UFJ Trust and Banking Corporation

Contact Address:
Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081 Japan
Phone: 0120-232-711 (toll free within Japan)

Shareholders’ Register Agent (Dealing)*:
Any branch of Mitsubishi UFJ Trust and Banking Corporation
Headquarters and any branch of Nomura Securities Co., Ltd.

Requests to Purchase or Sell Shares Less Than a Trading Unit:
Corporate Agency Division and any branch of Mitsubishi UFJ Trust and Banking Corporation
Securities Code: 6645
Method for Public Notice: Electronic
Notice posted on
http://www.omron.co.jp/koukoku/index.html (Japanese)

*Shareholders’ Register Agent (Dealing)
When the electronic share certificate system is implemented, all the procedures for changes in shareholder status will be handled in principle via securities companies where shareholders’ accounts are held. Thus Shareholders’ Register Manager for Common Stock and Nomura Securities’ Shareholders’ Register Agent (Dealing) services will no longer be available once the implementation of the electronic share certificate system is completed.

Regarding unpaid dividends, headquarters and any branch of Mitsubishi UFJ Trust and Banking Corporation, the Shareholders’ Register Manager for Common Stock, will continue to handle payment for shareholders.

Requests for forms concerning stock holdings
Requests for forms concerning stock holdings (change of address, specifying a bank account for automatic dividend payment, request for purchase of shares less than a trading unit, etc.) are accepted 24/7 via phone or online. Please note that once the implementation of the electronic share certificate system is completed, forms available will be limited only to the shares recorded in “special accounts.”

Phone: 0120-244-479 (toll free within Japan)
Website: http://www.tr.mufg.jp/daikou/ (Japanese)

Notice concerning the electronic share certificate system effective January 5, 2009

■ Special Accounts

1. Recording balances in special accounts
The shares held by shareholders who do not use the Securities Custody & Book-Entry Transfer System, i.e., those who do not deposit shares with Japan Securities Depository Center, Inc. (JASDEC), will be recorded in special accounts that will be opened at Mitsubishi UFJ Trust and Banking Corporation (recording is scheduled for January 26, 2009). Mitsubishi UFJ Trust and Banking Corporation will mail the information, including the number of shares that are recorded in special accounts, to the addresses already submitted by said shareholders in mid-February 2009.

2. Procedures regarding handling of shares recorded in special accounts
For procedures regarding handling of shares recorded in special accounts (request for share-transfer into shareholder’s account, request for purchase or sale of shares less than a trading unit, change of address, specifying a bank account for automatic dividend payment, etc.), please contact Mitsubishi UFJ Trust and Banking Corporation (account managing institution) after the implementation of the electronic share certificate system is completed. Changes in status of the shareholders who are recorded in special accounts will be handled at the headquarters or any branch of Mitsubishi UFJ Trust and Banking Corporation.

3. Account management institution of special accounts
Account management institution of special accounts is Mitsubishi UFJ Trust and Banking Corporation, our Shareholders’ Register Manager for Common Stock.

Account management institution:
Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Contact Address:
Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081 Japan
Phone: 0120-232-711 (toll free within Japan)

4. First date of handling of special accounts at account management institution
Please note that all requests and submissions regarding shares recorded in special accounts including request for purchase or sale of shares less than a trading unit and share-transfer into shareholder’s account will not be handled until January 26, 2009 (Mon).

■ Requests to purchase or sell shares less than a trading unit in the time frame of the introduction of the electronic share certificate system

1. Requests regarding shares less than a trading unit which are not deposited with JASDEC

Requests to sell shares less than a trading unit
Requests made between January 5, 2009 (Mon) and January 25, 2009 (Sun) will not be accepted.
The purchase price for requests accepted between December 25 (Thu) and December 30, 2008 (Tue) will be the closing price of the date when the requests are accepted. However, the payment of the said purchase will be done on January 30, 2009 (Fri).

Requests to purchase shares less than a trading unit
Requests made between December 12, 2008 (Fri) and January 25, 2009 (Sun) will not be accepted.

2. Requests regarding shares less than a trading unit which are deposited with JASDEC

The Company understands that for a certain period of time securities companies will not accept requests to purchase or sell shares less than a trading unit in the time frame of the introduction of the electronic share certificate system. It is likely that the specific dates will differ depending on the company. Please ask your securities company for more details.

・Registration of address and name of shareholders
When the address and/or name of shareholders includes Chinese characters which JASDEC does not use, all or a part of the said characters will be changed to the characters JASDEC uses and has registered accordingly as replacements. Please note that if this is the case all the letters or notices mailed to the shareholders will be written with the characters JASDEC uses.