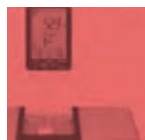


HCB HEALTHCARE BUSINESS

Health and medical devices and services for home and medical institutions



Omron Healthcare Co., Ltd. (HCB) is seeking to expand business in emerging countries and developing products in line with its "Healthcare at Home" concept and its long-term business plan.

% of Net Sales
10%



Fiscal 2008 in Review

The economic recession and strong yen led to declines in sales and income

HCB net sales declined 10.9% year on year to ¥63.8 billion and operating income fell 48.5% to ¥4.8 billion in fiscal 2008.

Sales of pedometers and electric toothbrushes were brisk in Japan in the first half. Sales of home blood pressure monitors and body composition monitors, which were already slowing in the first half, plummeted in the second half as business conditions worsened and major retailers stepped up their inventory adjustments. Legislation by the Japanese government requiring physical examinations and health guidance to be offered to all holders of national health insurance aged 40 to 70 in fiscal 2008, did not create the desired, stimulating effect for the market.

Equipment sales to medical institutions were boosted in the first half by large-scale orders but started falling in the second half as institutions reduced spending on new equipment. Full-year sales to medical institutions ultimately fell below the previous year level.

Overseas sales held strong in the first half, supported by expanded sales channels via major distributors in North America. Sales were also brisk for blood pressure monitors in developing countries, specifically China and Russia and countries in Eastern Europe and the Middle East, where awareness of lifestyle-related disease prevention is growing as living standards rise. However, sales in developing nations slowed considerably when the economic recession intensified in the second half. This slowdown, coupled with the strong yen, resulted in sales in developing countries declining 3.1% for the full fiscal year.

Recognizing the challenging conditions, HCB launched aggressive marketing initiatives to boost sales in China and focused on fulfilling needs for its higher-priced line of blood pressure monitors. HCB also conducted dynamic marketing campaigns focused on Mother's Day, Father's Day, and other occasions, and displayed large-scale advertisements accompanied by in-store promotions. These efforts successfully raised full-year overseas sales above the previous year level.

HCB Results and Plans

| Fiscal Year | (Billions of yen) | | | | |
|--------------------------------|-------------------|-------|-------|------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 (Plan) |
| Net sales* | 61.1 | 65.7 | 71.6 | 63.8 | 61.5 |
| Domestic | 30.3 | 32.8 | 35.0 | 28.3 | 29.0 |
| Overseas | 30.8 | 32.9 | 36.6 | 35.5 | 32.5 |
| North America | 15.4 | 13.8 | 12.5 | 12.0 | 11.0 |
| Europe | 10.6 | 13.1 | 15.9 | 14.3 | 12.0 |
| Asia | 1.6 | 2.1 | 2.1 | 2.1 | 2.2 |
| China | 2.9 | 3.6 | 5.5 | 6.7 | 6.8 |
| Direct exports | 0.2 | 0.3 | 0.7 | 0.4 | 0.5 |
| Operating income* | 8.7 | 8.7 | 9.4 | 4.8 | 4.0 |
| Operating income margin* | 14.2% | 13.2% | 13.1% | 7.6% | 6.5% |
| R&D expenses* | 3.3 | 3.9 | 4.3 | 4.4 | |
| Depreciation and amortization* | 1.1 | 1.0 | 1.1 | 1.2 | |
| Capital expenditures* | 1.6 | 1.5 | 2.4 | 1.8 | |

* FY2009 (Plan) adopted from FASB Statement No.131, *Disclosures about Segments of an Enterprise and Related Information*.

* Projections for FY2009 are based on exchange rates of ¥95/US\$ and ¥125/Euro.

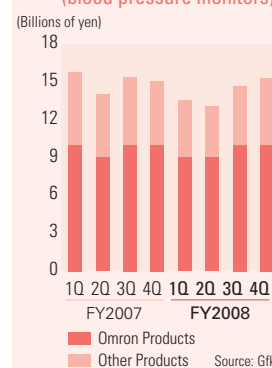
* The sales figures given indicate sales to external customers and exclude inter-segment transactions. Operating income indicates income including internal income prior to the deduction of amounts such as inter-segment transactions and head office expenses that are not apportionable.

* Projected figures for R&D costs, depreciation costs, and capital expenditures are not publicized.

Check It Out!

Analysis of external environment

Changes in domestic electronics market (blood pressure monitors)



Domestic sales of blood pressure monitors were slightly affected by sluggish market conditions, but end-user sales regained a recovery track in the fourth quarter of fiscal 2008.

Yoshihito Yamada

Executive Officer
Company President
Representative Director and CEO,
Omron Healthcare Co., Ltd.



Business Strategy and Outlook for Fiscal 2009

Expand business in developing nations where health awareness is rising

We forecast a decline of 3.6% year on year to ¥61.5 billion in net sales and a decrease of 17.4% to ¥4.0 billion in operating income in fiscal 2009.

We expect the market environment to become more severe in Japan and other developed countries with mature economies as the economic recession continues to dampen private consumption and limit investments by medical institutions. Accordingly, we anticipate sluggish sales of healthcare devices and equipment for medical institutions. Economic conditions will likely make a temporary drop in consumption unavoidable in China, India, Eastern Europe, the Middle East, and other developing countries, but the potential for medium- and long-term growth in the healthcare equipment markets in these countries and regions remains unchanged.

HCB plans to continue developing innovative equipment based on its "Healthcare at Home" concept of personal health management which allows medical facilities to utilize, data measured at home. In line with this, HCB is developing healthcare devices compatible with wireless Bluetooth, FeliCa contactless IC cards, and other communications technology, and devices that are compatible with various types of equipment, such as computers and mobile phones. Following the shift in focus from treatment to prevention, HCB is fortifying its ability to develop new product proposals for equipment used in the prevention of lifestyle-related diseases, such as vascular screening devices.

Overseas, we plan to actively introduce products in lower price brackets in countries where health consciousness is rising as a strategy to stimulate demand and further establish the Company's presence in developing markets.

What's New

Expanding sales in developing countries, capturing top Russian market share for blood pressure monitors

HCB is aggressively investing to fortify its marketing capabilities in developing countries, primarily China, Russia, India, Mexico, and Brazil, where the standard of living is rising and the growing number of people with lifestyle-related diseases is increasing public awareness of health issues.

HCB is actively fortifying its worldwide business infrastructure and increasing recognition of the Omron brand as it establishes footholds in growth markets. The Company established a branch office in Russia in 2005 and reorganized its agency network. In October 2008, HCB offered a lineup of blood pressure monitors that succinctly matched the needs in the Russian market, and as quickly as March 2009 claimed top market share (research by RMBC). HCB also actively expanded its sales network across China by adding three new service centers during 2008, and now operates 20 marketing offices and 62 service centers. A marketing office was also established in Mexico in February 2009, and a full-time manager was dispatched from Japan to the marketing office in India. As we solidify our position in growth markets, we are strengthening business infrastructure and raising the profile of the Omron brand.



Digital Blood Pressure Monitor "Spot Arm" HEM-1020

The HEM-1020 digital blood pressure monitor automatically notifies users whether or not their arm is in the correct position, which it determines from the angle of the arm band. Users can relax and get a reading without bending their elbow.



MediClean Sonic Electric Toothbrush HT-B551

The HT-B551 MediClean Sonic Electric Toothbrush is the world's first toothbrush with a built-in three-dimensional acceleration sensor. The sensor detects which area of the teeth is being brushed and automatically adjusts the bristle movement for the most effective brush application.



Jog Style Activity Monitor HJA-300

Omron's Jog Style Activity Monitor HJA-300 allows individual data input for personalized calculation of physical exertion. Personalized programming captures detailed individual data for activities ranging from walking to jogging and other high-stress activities and increases the accuracy of data related to calories burned.

