

March 5, 2002  
 Company: Omron Corporation  
 Stock code: 6645  
 Stock listings: First sections of Tokyo  
 Stock Exchange, Osaka Securities  
 Exchange, Nagoya Stock Exchange  
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### Notice Regarding Adjustments to Omron's Performance Forecast

March 5, 2002 -- Omron Corporation announces further adjustments to its consolidated and non-consolidated performance forecast (announced November 13, 2001). These adjustments, which reflect current business conditions, are detailed below.

#### 1. Adjustments to consolidated performance forecast (Unit: millions of yen, %)

Adjustments to forecasted consolidated performance figures for the fiscal year ending March 2002 (April 1, 2001 to March 31, 2002)

	Net Sales	Net Income Before Taxes	Net Income
Forecast from November 13, 2001 (A)	550,000	- 8,000	- 5,000
Adjusted forecast (B)	530,000	- 21,000	-12,500
Change in figures (B - A)	- 20,000	- 13,000	- 7,500
Percentage change	- 3.6	--	--
Previous fiscal year results (ending March 31, 2001)	594,259	40,037	22,297

#### 2. Adjustments to non-consolidated performance forecast (Unit: millions of yen, %)

Adjustments to forecasted non-consolidated performance figures for the fiscal year ending March 2002 (April 1, 2001 to March 31, 2002)

	Net Sales	Ordinary Income	Net Income
Forecast from November 13, 2001 (A)	365,000	5,000	2,000
Adjusted forecast (B)	345,000	- 2,500	- 9,500
Change in figures (B - A)	- 20,000	- 7,500	- 11,500
Percentage change	- 5.5	--	--
Previous fiscal year results (ending March 31, 2001)	429,306	28,120	16,839

### 3. Reasons for adjustments to consolidated/non-consolidated performance forecasts

Since the November 2001 forecast, there has been worldwide restraint in IT-related capital investment. As a result of this restraint, Omron's core businesses -- the Industrial Automation Company and the Electronic Components Company -- have been experiencing ongoing difficulty in the second half of the current fiscal year. The Social Systems Business Company has also found itself in a difficult situation due to several unforeseen factors that have become increasingly apparent since the start of the year. These include postponed projects in the area of train station management systems, and restrained public sector investment in traffic control and road information management systems. The Company is also feeling the repercussions of a considerable drop in demand for electronic fund transfer systems such as ATMs due to restrained capital investment by financial institutions. Consequently, the Social Systems Business Company will most certainly see a substantial decline in sales during the current quarter term (January to March 2002) when compared to previous years. Moreover, Omron's operating and non-operating expenses (special expenses for the non-consolidated performance of Omron Corporation) are expected to increase. Key contributing factors include a reduction in non-operating assets (accompanying the complete review of Omron's business structure), and an increased loss in the value of financial institution stocks as well as other stocks held by Omron (as a result of lowering stock prices).

On account of these circumstances, adjustments (as shown above) have been made once again to the current fiscal year's performance forecast announced last November. As for the term-end dividends, Omron will continue to pay 6.5 yen per share (13 yen for the full year).

### 4. Accelerating structural reforms

To remedy Omron's declining performance, the company will implement the following measures in order to accelerate its Non Retreat Structural Reform launched last November. In addition to these structural reform programs and as an emergency measure, remuneration for directors and officers will be cut by 25-30%.

#### (1) Internal Company Business Structure Reforms

- 1) The Industrial Automation Company and the Electronic Components Company will accelerate the transfer of manufacturing operations to countries outside Japan, mainly China. With this strategy, Omron aims to cut manufacturing in Japan by 25%.

2) The Social Systems Business Company, the Healthcare Company and the Creative Service Company will work toward streamlining and transforming their business structure into one that maximizes their individual competitive strengths. As part of this effort, Omron will also consider the possibility of turning these businesses into independent companies.

#### (2) Business Structure Transformation for the Social Systems Business Company

Due to declining profitability with the current business structure, the Social Systems Business Company will transform its company structure into one that consists of the following three business units.

- 1) Modules business: Manufacture and marketing of units (core modules) to be embedded in equipment
- 2) Solutions business: Offering solutions that consist of equipment and systems for the financial, train station management and traffic control markets
- 3) Service business: Offering equipment maintenance and other services, as well as infrastructure-related services targeting high-growth areas

In promoting these three businesses, the Social Systems Business Company will implement aggressive collaboration/alliance strategies, while also taking into consideration restructuring of the Company's organization. Along with these efforts, the Company will cut fixed costs and personnel related to its current business lines by 15%.

#### (3) Structural Reforms for Omron Corporate Headquarters

Toward the future aim of changing its corporate structure to that of a holding company, Omron will integrate the administrative functions of its headquarters. To build a streamlined and efficient structure optimized for managing the entire Omron Group, fixed costs and personnel of headquarters will be cut by 10%.

#### (4) Reallocation of Personnel (Human Resource Structure Reform)

Omron's Value-added Innovation Committee 21 (VIC21, established to improve Omron's group-wide productivity) has estimated that these reform programs, which will take place over a two-year period, may require the reallocation of approximately 2,000 people from the Omron Group in Japan. Along with streamlining through normal attrition, Omron will reallocate manpower to strengthen the total performance of the Omron Group. Toward this end, Omron will promote the reassignment and training of personnel to new positions to provide them with appropriate job opportunities within the Omron Group. However, for as many as half, reallocation may be difficult. As such, Omron will launch early retirement benefits that take into consideration the diversified preference of working styles among employees.

Note:

The above figures were calculated based on information that could be collected at this time. As a result of fluctuating currency exchange rates and an uncertain demand for equipment investment as well as other related factors which are difficult to predict, the performance forecast may not be consistent with actual results.