Q&A Session Summary
OMRON Corporation
Financial Results for the Fiscal Year Ended March 31, 2011 (FY10)
April 28, 2011
*Supplemental. Original presentation given in Japanese.

Q1: About variable costs. Any changes in midterm plan for variable costs following raw material price hikes and the 3.11 disaster?
A1: No. Our midterm target for sales-cost ratio (variable costs and fixed manufacturing costs) remains 58%. FY10 saw 62%, a bit high due to silver and copper impact.

Q2: You said you wanted to limit a growth of fixed manufacturing costs to one third of net sales. How did FY10 go? How about this year? How do you see investment, R&D and CapEx?
A2: It is not fixed manufacturing costs to be one third of a revenue growth but expenses. FY10 achieved the target. As for investment, our view is to create a system that can yield higher performance on investment. This we will achieve by promoting CMO - common module option - utilizing IT. The CapEx for this year is yet to be fixed, but it will be around JPY30b.

Q3: To Mr. Yamada, next President-to-be, about Omron's next mid-/long-term goals and tasks. How would you like to run Omron from now?
A3: We will announce the mid/long-term vision some time in July.
We will pursue both profitability and growth, aiming at 58% sales-cost ratio for the time being.
Omron has five business companies and new business departments that have strong vertical connections. We hope to strengthen crossing connections between such vertical structures to establish a total profit structure. Specifically, our focus will be on IAB (Industrial Automation Business) and EMC (Electronic and Mechanical Components Business) companies, and Environment Solutions Business among new business departments.

Q4: About material cost hike hitting EMC. Will it push up cost of good sold for this year?
A4: It will be challenging during the first quarter. We are eying to improve the ratio in the second and third quarters, and then limit the full-year ratio in the end.

Q5: How IAB is doing lately? How has Book-to-Bill (BB) ratio changed before and after 3.11? Do your orders include advanced orders from customers?
A5: Domestic BB ratio went up around 3.11. The ratio was below 1.0 at the end of February, but has been over 1.0 after the quake and tsunami. As pointed out, we see

that the orders include just-in-case advanced orders.
Overseas BB ratios are not as accurate and there are many order risks, but the order increase has less to do with the disaster.

Q6: Could you explain post-disaster, mid/long-term measures?
A6: We are actually taking emergency actions we have to take right now, including strengthening parts procurement.
As for future actions, we may need to review our mid/long-term plans, including head office location.

Q7: About SSB. FY10 result went short of January forecast. Any delayed projects? If so, are they incorporated in the FY11/Q1 forecast?
A7: Yes, we are aware of some projects carried over due to the 3.11 disaster, and have incorporated estimated figure into FY11/Q1 forecast.

Q8: About FY10 R&D and CapEx. Would they have been higher without the disaster?
A8: The quake and tsunami impact was minor. The decrease is partly due to our efforts to carefully select and focus only on investments that will surely create added values.

Q9: About operating income (OP) margins in Greater China and Asia Pacific. It seems the margins are on the decline. How do you see sales and market share in the regions?
A9: We are achieving double-digit annual OP growth in Greater China. We don't think profitability of the regions, including AP, is that bad.
As a measure to increase market share, we will work harder on IAB's solution business among others.

Q10: What is Omron's strength as a manufacturer in this hard time?
A10: There are two: we can in-house products if needed (instead of going fab-less); we can make improvement proposals, which I believe were demonstrated amid this disastrous time and would like to keep strengthening.