Earnings Announcement

November 14, 2001

Omron Corporation
Interim Financial Statement
as of September 30, 2001

Masaaki Sadatomo
Managing Officer
## Interim Financial Statement

(Unit: 100 million Yen)

<table>
<thead>
<tr>
<th></th>
<th>Sept. 2000</th>
<th>Sept. 2001</th>
<th>Comparison to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>2,716</td>
<td>2,562</td>
<td>94%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,024</td>
<td>911</td>
<td>89%</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>37.7%</td>
<td>35.6%</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>825</td>
<td>860</td>
<td>104%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>199</td>
<td>51</td>
<td>26%</td>
</tr>
<tr>
<td>Operating Income Ratio</td>
<td>7.3%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>NIBT</td>
<td>150</td>
<td>36</td>
<td>24%</td>
</tr>
<tr>
<td>NIBT Ratio</td>
<td>5.5%</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>NIAT</td>
<td>82</td>
<td>22</td>
<td>27%</td>
</tr>
</tbody>
</table>
Fluctuation in Operating Income

(Unit: 100 Million Yen)

Operating Income: 199

Sales Decrease: 90

Product Mix: 36

Exchange Gain: 13

SG&A Increase: 35

51

Sept. 2000

Sept. 2001
Industrial Automation Company

Sept. 2000

Domestic Sales

Overseas Sales

Sept. 2001

Domestic Sales

Overseas Sales

Weak investment in private-sector

Strong demand in mainland China

Integration of user-segment business

Operating Income

(Unit : 100 Million Yen)
Business Company Results

Electronic Components Company

(Unit: 100 Million Yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas Sales</td>
<td>266</td>
<td>287</td>
</tr>
<tr>
<td>Domestic Sales</td>
<td>374</td>
<td>321</td>
</tr>
<tr>
<td>Operating Income</td>
<td>93</td>
<td>43</td>
</tr>
</tbody>
</table>

Weak demand for electronic components.

Strong performance in automotive electronic components.
Strong sales in convenience store ATMs.

Completion of large railway gate projects, year-ended March 2001.
Healthcare Company

Operating Income


Domestic Sales

Overseas Sales

101  182
81    94

Low consumption level in domestic market.

Steady sales in US and European markets.

(Unit : 100 Million Yen)
### Others

(Unit: 100 Million Yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Sales</td>
<td>230</td>
<td>243</td>
</tr>
<tr>
<td>Overseas Sales</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>240</td>
<td>264</td>
</tr>
</tbody>
</table>

**Strong sales of entertainment equipment**

**New product introduction**
- e.g. Voice recognition systems

**Operating Income**
- 13
- 21
Full-year Forecast for March 2002 and Structural Reforms

Yoshio Tateisi
President and CEO
## Estimated sales by internal companies

(Unit: 100 Million Yen)

<table>
<thead>
<tr>
<th></th>
<th>Mar-01</th>
<th>Mar-02</th>
<th>Comparison to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td>2,277</td>
<td>1,910</td>
<td>-16%</td>
</tr>
<tr>
<td>ECB</td>
<td>1,294</td>
<td>1,230</td>
<td>-5%</td>
</tr>
<tr>
<td>SSB</td>
<td>1,419</td>
<td>1,380</td>
<td>-3%</td>
</tr>
<tr>
<td>HCB</td>
<td>393</td>
<td>410</td>
<td>4%</td>
</tr>
<tr>
<td>Others</td>
<td>560</td>
<td>570</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,943</strong></td>
<td><strong>5,500</strong></td>
<td><strong>-7%</strong></td>
</tr>
</tbody>
</table>
## Full-year Forecast

(Unit: 100 Million Yen)

<table>
<thead>
<tr>
<th></th>
<th>Mar-01</th>
<th>Mar-02</th>
<th>Comparison to previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,943</td>
<td>5,500</td>
<td>93%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>2,181</td>
<td>1,900</td>
<td>87%</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>1,738</td>
<td>1,765</td>
<td>102%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>443</td>
<td>135</td>
<td>30%</td>
</tr>
<tr>
<td>NIBT</td>
<td>400</td>
<td>-80</td>
<td>----</td>
</tr>
<tr>
<td>NIAT</td>
<td>223</td>
<td>-50</td>
<td>----</td>
</tr>
<tr>
<td>ROE</td>
<td>6.7%</td>
<td>----</td>
<td></td>
</tr>
</tbody>
</table>
Fluctuations in Full-year Operating Income

(Unit: 100 Million Yen)

March 2001

Sales Decrease: 207
Product Mix: 104
Exchange Gain: 30
SG&A Increase: 27

March 2002

443
135
Non-operating Income / Expenses

Non-Operating Expenses  21.5 billion yen

Ordinary expenses : Approx 2 billion yen
(exchange loss, etc.)
Estimated depreciation of stock : Approx 12 billion yen

+ Structural Reform Costs  7.5 billion yen
Rapidly Changing Business Environment

- Collapse of IT-induced bubble
- Terrorist attacks in the U.S.
- Chinese presence
- Competition in Production

The need for

‘No Retreat Structural Reform’

Management Structure Reforms
Business Structure Reforms
Cost Structure Reforms
Productivity Improvement Reform
[GOAL] For the next 2 years

• Cut global fixed and variable costs by 30 billion yen

Key Areas for Future Growth

Resources for Growth
Key Areas for Future Growth

Sensing and Control

- High value-added devices
- Optoelectronics components (B-MLA)
- Software/Services Solution
- M2M
- End User Segments (IAB)
- Security & Safety
- Assembly
  - IAB/ECB/SSB/HCB

Chinese market

Productivity Improvement Reform
Productivity Improvement Reform

- **Strengthen business and enhance productivity**
  - *Consolidate/integrate offices & facilities*
    - more than 5 domestic production bases
  - *Concentrate corporate resources in focused areas*
    - reallocate personnel and reorganize business
  - *Accelerate overseas production*
    - expand production in China and promote outsourcing

- **Eliminate non/low-profit-yielding businesses**
  - *Restructure businesses & subsidiaries*
    - more than 2 businesses and 5 subsidiaries
Productivity Improvement Reform

Improvement of employee productivity

• Reallocate human resources and expand options for working style and conditions

• Review remuneration system
  provide remuneration that matches individual achievements

Slim assets

• Sell unnecessary assets
  sell former R&D centers and employee dormitory property

• Compress operating capital
  reduce inventories and borrowing
Omron’s performance forecast figures listed in these slides were calculated based on information that could be collected at this time and assumptions that are deemed rational.

Overall economic conditions both in and outside Japan, movement in the demand for Omron products and services, currency exchange rate fluctuations and stock market trends all lack certainty. Due to this uncertainty, the performance forecast may not exactly reflect actual results.

Factors that are uncertain include but are not limited to those listed above.